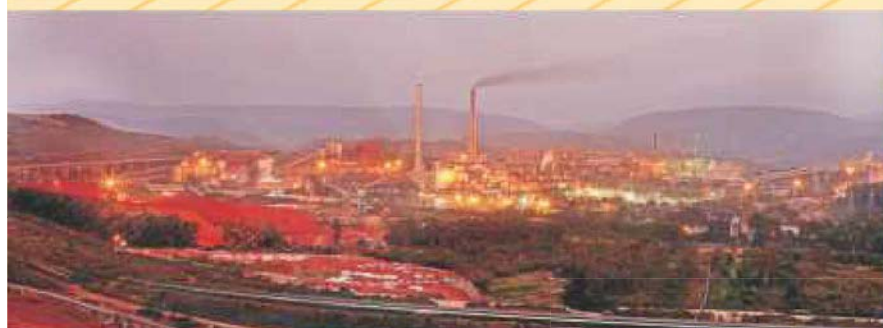
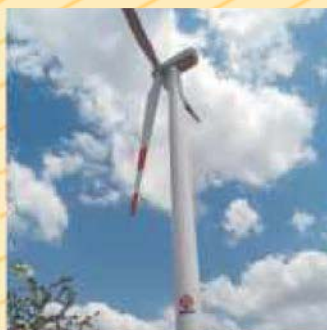
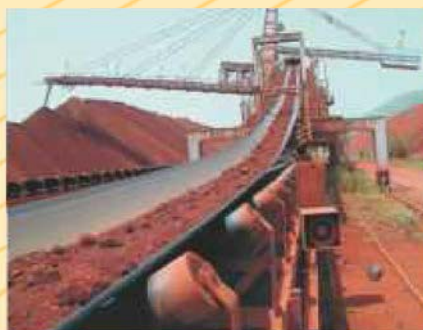
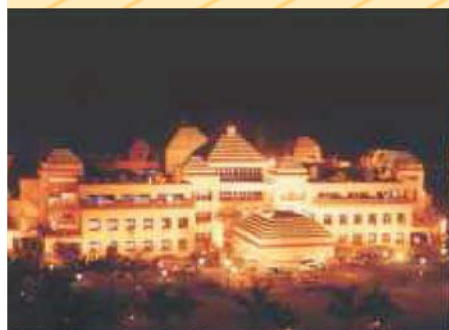


ANNUAL REPORT 2012-2013

WE REST
OUR
SUCCESS
ON THE
LAP OF
NATURE



नालको  **NALCO**
National Aluminium Company Limited
A NAVRATNA COMPANY
www.nalcoindia.com

Vision

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



THE YEAR AT A GLANCE

| Particulars | Unit | 2012-13 |
|----------------------|-------------|-----------|
| Physical | | |
| Bauxite | MT | 5,419,391 |
| Alumina Hydrate | MT | 1,802,000 |
| Aluminium | MT | 403,384 |
| Power (Net) | MU | 6,076 |
| Wind Power | MU | 14 |
| Financial | | |
| Export Turnover | ₹ in Crore | 3,410 |
| Gross Sales | ₹ in Crore | 7,247 |
| Profit Before Tax | ₹ in Crore | 905 |
| Profit After Tax | ₹ in Crore | 593 |
| Earning Per Share | ₹ | 2.30 |
| Book Value Per Share | ₹ | 46.30 |
| Dividend | ₹ Per Share | 1.25 |

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Registered Office & Corporate Office:

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

32nd Annual General Meeting

Friday, 27th September, 2013 at 11:00 A.M.
at NALCO Bhawan, P/1, Nayapalli,
Bhubaneswar - 751 061.

BOARD OF DIRECTORS



Shri Ansuman Das

Shri Ansuman Das is the Chairman-cum-Managing Director of the Company.

Born on 29.04.1955, Shri Das graduated in Mechanical Engineering from National Institute of Technology (Formerly Regional Engineering College), Rourkela in the year 1976. He holds a MBA degree from the University of Hull, United Kingdom. Shri Das started his professional career as a Management Trainee with Hindustan Aeronautics Ltd. and has also done a Post Graduation course in Aeronautical production from Indian Institute of Technology (IIT), Chennai.

Shri Das joined NALCO in the year 1982 in its formative days. He has served in several capacities in NALCO in its Technical Services Department, as Technical Officer to Chairman-cum-Managing Director. Corporate Planning and Commercial functions. With his close association with commissioning activities of NALCO during its formative days, he has rich experience of project implementation. He was instrumental in formation of various marketing policies and strategies both for overseas and domestic sales. 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) of NALCO in October, 2009. He was also holding the additional charge of Director (Human Resources) of NALCO for a brief period during 2012.

With his three decades long professional association with the Aluminium Industry, Shri Das is very well known both nationally and internationally for his contribution to the industry. Shri Das has travelled widely across the globe attending and presenting papers in various National & International Conferences. He presently holds various key positions in different Industry Associations like the Aluminium Association of India (AAI), Confederation of Indian Industry (CII) and EEPC India (Formerly Engineering Export Promotion Council). Presently Shri Das also holds the additional charge of Director (Finance) & Director(Commercial) of the Company.

Shri S.S. Mahapatra

Shri S.S. Mahapatra is the Director (Production) of the Company w.e.f. 01.10.2011.

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 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 & ISO 14001 in all four units completed in this 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), life member of Indian Institute of Metals and life member of Indian Institute of Welding. 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

Shri N.R. Mohanty is the Director (P&T) of the Company w.e.f. 01.02.2012.

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 like GM(O&M) and GM(Smelter) etc. before becoming Director (P&T). While working in Business Development Dept. of NALCO, he immensely contributed in preparation of new vision and mission plan of NALCO. During his tenure in Smelter, NALCO smelter achieved 100% capacity utilization and bagged 2nd prize in Aluminium sector for National Energy Conservation Awards, 2011. He has also successfully steered NALCO to set its first footprint outside the state of Odisha by foraying into the "Green Energy"

with the commissioning of its 1st Wind Power Project of 50.4 MW at Gandikota, Andhra Pradesh and commencement of the erection activities of its 2nd Wind Power Project of 47.6 MW at Jaisalmer, Rajasthan. Several other projects such as Alumina Refinery in Gujarat, 5th Stream in Alumina Refinery at Damanjodi, Smelter & Power Plant in Sundergarh Dist. Odisha, Caustic Soda Plant with GACL, Aluminium Conductor Plant in JV with PGCIL etc. are being actively pursued under his guidance. He is a life member of Indian Institute of Metals, Fellow member of Institute of Engineers and member of Indian Institute of Welding.



BOARD OF DIRECTORS



Shri S.C. Padhy

Shri S.C. Padhy is the Director (HR) of the Company w.e.f. 20.12.2012.

Born on 3rd June, 1956, Shri Padhy is a post graduate in Labour and Social Welfare from Berhampur University, Odisha. He started his career in 1979 with TATA mines and got rich experience in the management of human resources through his exposure in TATA mines, NTPC and SJVNL. Implementation of 'Performance Related Pay (PRP)' based on the tenet of balance score card at SJVNL and 'Rationalisation of Manpower' including effective utilisation of excess manpower through retaining and redeployment are two notable contributions to his credit. Shri Padhy also holds the post of Regional Vice President, NIPM Central Zone as well as Chairman, Mahanadi Chapter of NIPM. He has been awarded with best HR Leadership Award-2012 by Asia Pacific HRD Congress in September, 2012.

Shri Padhy was Director (HR) of Mahanadi Coalfields Limited before joining NALCO. In MCL, his major contributions were in the field of HRD, R&R of project affected families, strict implementation of statutory and non-statutory welfare measures of contract labour.

Shri Durga Shanker Mishra

Shri D.S. Mishra is the Part-time Official Director of the Company.

Born on 04.12.1961, Shri Mishra is a B.Tech(Electrical Engg.) from IIT, Kanpur and MBA(International Business) from University of Western Sydney Macarthur, Australia. He has also done Post Graduate Diploma in Human Resource Management from All India Management Association (AIMA) and Post Graduate Diploma in Democratization, Governance and Public Policy from Institute of Social Studies, The Hague, The Netherlands. He joined Indian Administrative Service (IAS) in 1984. He has served in various assignments in the Union and State Governments. He served as Director (Personnel) and Joint Secretary (Foreigners) in the Ministry of Home Affairs and Chief Vigilance Officer, Airport Authority of India. His significant assignments in the State Government have been Principal Secretary to the Chief Minister, Principal Secretary, Urban Development, Tax & Registration and Civil Aviation department. He takes keen interest in good corporate governance in the Government.

At present Shri Mishra is Joint Secretary in Ministry of Mines, Govt. of India. He is also holding directorship in Hindustan Zinc Limited and Mineral Exploration Corporation Ltd. Shri Mishra was appointed as a Director on the board of NALCO from 26.02.2013 to 21.04.2013. He was again inducted to NALCO Board on 04.07.2013.



Shri Ved Kumar Jain

Shri V.J. Jain is an Independent Director of the Company w.e.f. 21.03.2011.

Born on 15.12.1953, Shri 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., ICAI Accounting Research Foundation and Urban Improvement Company Private Limited. He is also proprietor of M/s. Ved Jain & Associates.

Shri P.C. Sharma

Shri P.C. Sharma is an Independent Director of the Company w.e.f. 21.03.2011.

Born on 31.03.1950, Shri 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 is also Director on the Board of Garden Reach Shipbuilders & Engineers Ltd. and Brahmaputra Chemicals & Polymers Ltd.



Shri G.P. Joshi

Shri G.P. Joshi is an Independent Director of the Company w.e.f. 15.09.2011.

Shri Joshi, born in 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 Hindustan Copper Limited, Saraf Foods Limited and Peaches & Plums Resorts Pvt. Limited.

BOARD OF DIRECTORS



Shri S. S. Khurana

Shri S.S. Khurana is an Independent Director of the Company w.e.f. 15.09.2011.

Shri 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 the wide ranging experience and exposure to the Railways in these countries.

Shri Madhukar Gupta

Shri Madhukar Gupta is an Independent Director of the Company w.e.f. 27.12.2011.

Shri 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, Regional Director (Middle East) Indian Investment Centre, Abu Dhabi, in the Central Government, 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. He also acted as Advisor to the Governor of Jharkhand during President Rule in the state.



Shri G.H. Amin

Shri G.H. Amin is an Independent Director of the Company w.e.f. 27.12.2011.

Born on 28.03.1947, Shri Amin is a Science graduate and holds a degree in Law. He is a practicing lawyer in Gujarat High Court for the last 38 years. He was former Chairman of Bar Council of Gujarat. Shri Amin has immensely contributed to the Co-operative 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 co-operative management,

felicitation by International Association of Educators for world peace by UNO and UNESCO.

Shri Qaiser Shamim

Shri Qaiser Shamim is an Independent Director of the Company w.e.f. 10.07.2012.

Born on 05.06.1951, Shri Shamim did his M.A. in Economics and LLB from Lucknow University. He has done M.Sc. in Fiscal studies from University of Bath, U.K. He had also done research in Economics from Hitotsubashi University, Tokyo, Japan. He has done a course on Trade Policy from The Kennedy School of Government of the Harvard University, USA and another on Japanese Language from Hitotsubashi University, Osaka, Japan. He joined IRS in 1974 and has 37 years of varied experience in the Govt. of India. He served as Joint Secretary to the Government of India, Ministry of Textiles looking after Textile Exports of India, WTO Negotiations etc. He served various Ministries before retirement as Chief Commissioner of Income Tax, Delhi. Shri Shamim is a seasoned specialist on matters relating to Corporate Governance having extensively dealt with the largest public and private sector corporations of the country. Presently, Shri Shamim is the Chairman of Haj Committee of India.



Shri Sanjiv Batra

Shri Sanjiv Batra is an Independent Director of the Company w.e.f. 10.07.2012.

Born on 17.09.1950, Shri Batra is a B.Tech (Electrical) from IIT, New Delhi and MBA from Delhi University. He had also done a certification course on International trade from IIFT. He has 40 years of work experience primarily in public and private sectors including marketing, strategic planning, business diversification, policy formulation for import and export of commodities, supply chain management, logistics and promoting trade related infrastructure. He last served MMTC Limited as CMD. He was instrumental in leading transformation of MMTC into an integral conglomerate following public private partnership route. He is also director on the Board of National Commodity and Derivatives Exchange of India (NCDEX), Mumbai, Mideast Steel Company Ltd. and Managing Director of New GEN Resources Pte. Ltd., Singapore.



EXECUTIVE DIRECTORS



Shri P K Mohanty, IAS
Chief Vigilance Officer



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



Shri Goutam Chand
ED (Marketing)



Sri N. Sundaray
ED (Materials)



Shri K. N. Ravindra
Company Secretary



Shri S.P. Pattnaik
ED (CP&BD)

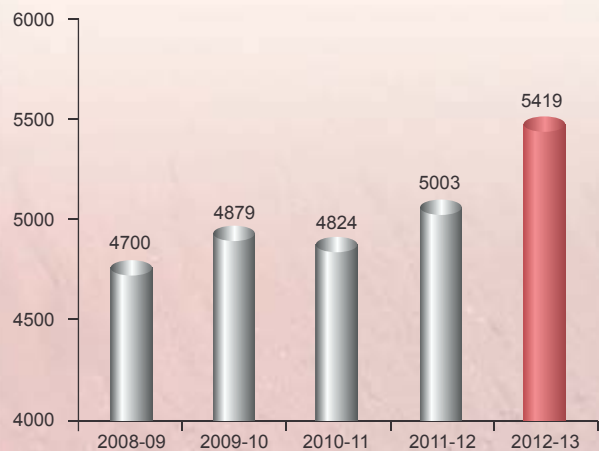


Shri K C Samal
ED (Finance)

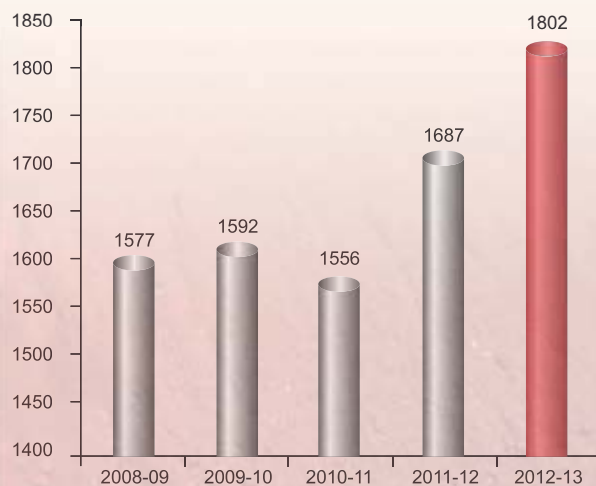


BAUXITE

(in '000 MT)

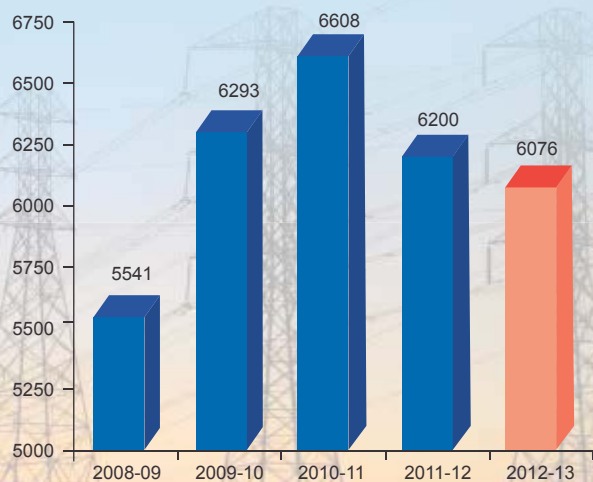


(in '000 MT)



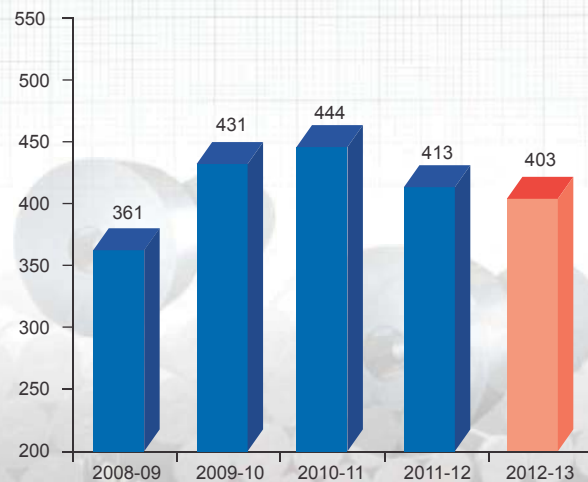
POWER GENERATION

(Million Units)



ALUMINIUM

(in '000 MT)



Directors' Report



Dear Members,

Your Directors have great pleasure in presenting the 32nd Annual Report of your Company together with the audited statement of accounts and Auditors' Report thereon for the financial year 2012-13.

Performance Highlights

You will be pleased to know that Bauxite Mines of your Company achieved the highest ever production since inception with transportation of 54.19 lakh MT against previous best of 50.03 lakh MT (2011-12), despite production loss of about one month on account of non-operation of Mines on expiry of mining lease and suspension of night-shift operation for 3 months due to law and order issues.

Similarly, your Company's Alumina Refinery plant at Damanjodi also achieved the highest ever production since inception with alumina hydrate production of 18.02 lakh MT against previous best of 16.87 lakh MT (2011-12).



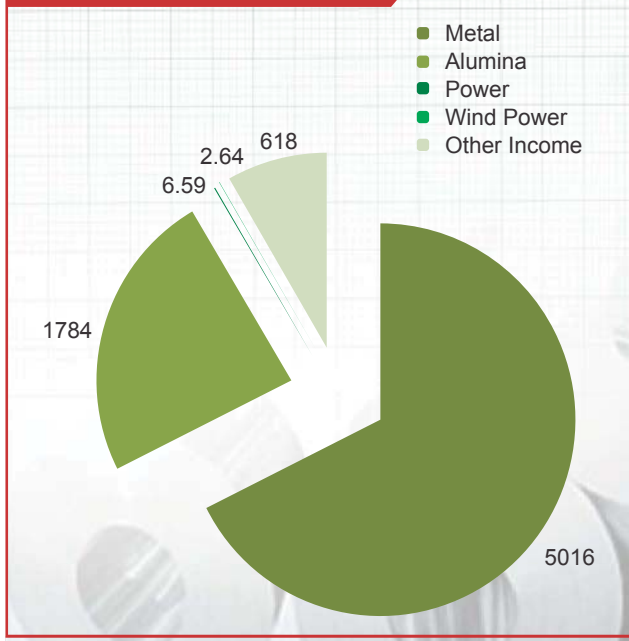
1st pour concrete for the new Fume Treatment Plant at Smelter by Hon'ble Minister

The Aluminium Smelter plant at Angul achieved the cast metal production of 4.03 lakh MT against the previous best of 4.44 lakh MT achieved in 2010-11 and 4.13 lakh MT achieved in 2011-12. In view of prevailing low LME prices, your Company took a conscious decision to further reduce metal production by stopping about 100 pots during the year under report. Your Company has further decided to operate around 625 pots, out of 960 pots, based on power generated mostly from linkage coal. This is in line with the international practice followed by smelters around the world. This has helped the Company to reduce the cost of production of metal.



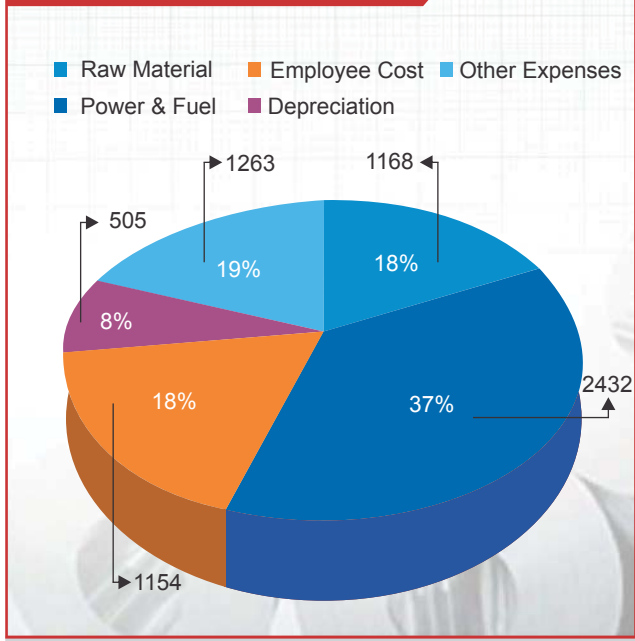
Income Break-up (2012-13)

₹ in crore



Cost Break-up (2012-13)

₹ in crore



Panoramic view of Captive Power Plant, Angul



The Captive Power Plant (CPP) at Angul achieved 'Net Power Generation' of 6,076 MU against the previous best of 6,608 MU achieved in 2010-11 and 6,200 MU achieved in the previous year 2011-12. Lower power generation was due to coal constraints and due to conscious decision taken, not to use expensive imported coal to curtail cost of production. However, you will be happy to note that CPP achieved the highest ever ash utilisation at 66% during the year 2012-13 compared to 61% in the previous year 2011-12.

You will be pleased to know that in pursuit of harnessing renewable energy sources, your Company has entered into new business of wind power generation with the establishment of 50.4 MW Wind Power Plant at Gandikota in Andhra Pradesh at an investment of ₹ 274 crore. This was synchronized in December, 2012 and started wind power generation. A total of 14 MU wind power was sold during the year 2012-13.

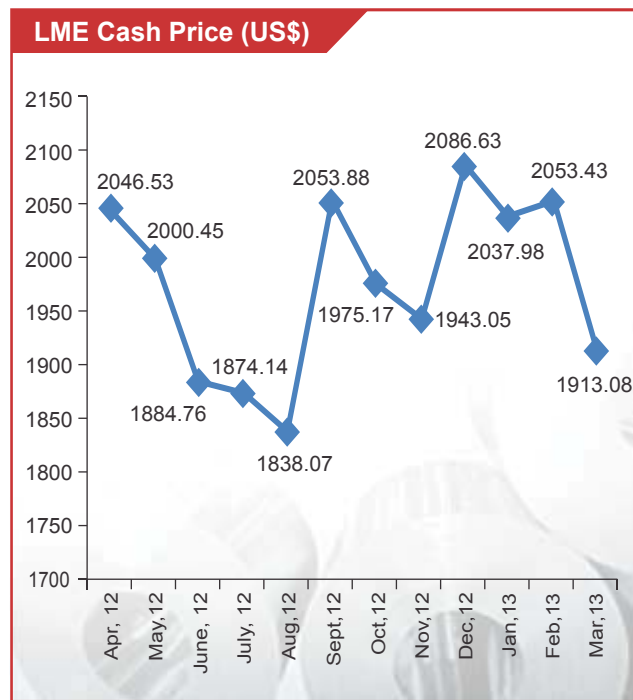
Production achieved during the year under report vis-à-vis the previous year is given below:

| | Unit | 2012-13 | 2011-12 |
|-------------------|------|-----------|-----------|
| Bauxite | MT | 54,19,391 | 50,02,626 |
| Alumina Hydrate | MT | 18,02,000 | 16,87,000 |
| Aluminium | MT | 4,03,384 | 4,13,089 |
| Electricity (Net) | MU | 6,076 | 6,200 |
| Wind Power | MU | 14 | Nil |

Sales Performance

You will be pleased to know that your Company achieved the highest ever sales turnover of ₹ 7247 crore and export earnings of ₹ 3410 crore in the year 2012-13 as against ₹ 6927 crore and ₹ 2569 crore respectively achieved in 2011-12.

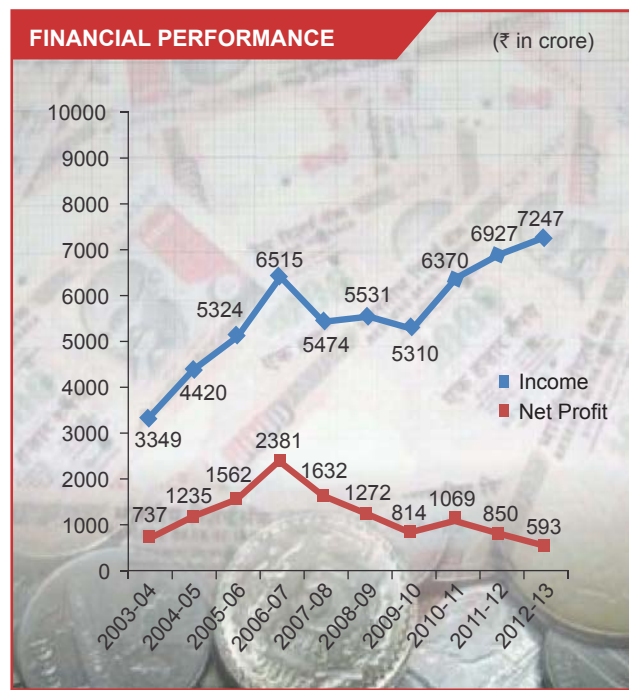
Your Company achieved total chemical sale of 9,84,722 MT in 2012-13 compared to 8,42,805 MT achieved during 2011-12. This includes Calcined Alumina export of 9,44,117 MT made during 2012-13 compared to 7,92,552 MT export made during 2011-12.



Nalco's Wind Power Plant at Jaisalmer, Rajasthan



The total metal sale during 2012-13 was 4,03,102 MT compared to 4,15,916 MT during 2011-12. Total metal sale consists of domestic sale of 2,58,941 MT and export sale of 1,44,161 MT. The domestic sales include sale of 79,752 MT Wire Rod, which is the highest ever sale made since inception surpassing the previous best of 76,849 MT achieved during 2009-10.



The total metal sales during the year under report was lower due to production curtailment at Smelter plant in view of high power cost. The metal inventory as on 31st March, 2013 was brought down to 5,542 MT from a level of 5,620 MT.

The sales break-up is given below:

| | Unit | 2012-13 | 2011-12 |
|-------------------------------------|------|---------|---------|
| Export | | | |
| Alumina | MT | 944,117 | 792,552 |
| Aluminium including Rolled Products | MT | 144,161 | 98,399 |
| Domestic | | | |
| Alumina & Hydrate | MT | 39,074 | 49,844 |
| Zeolite -A | MT | 1,531 | 409 |
| Aluminium | MT | 258,941 | 317,517 |
| Total Metal Sale | MT | 403,102 | 415,916 |
| Total Chemical Sale | MT | 984,722 | 842,805 |

The domestic metal sales were continued to be effected from the smelter plant at Angul and nine stockyards at Kolkata, Baddi, Jaipur, Faridabad, Bhiwandi, Silvassa, Bangalore, Chennai & Vizag.

Finance

Despite increase in turnover from ₹ 6927 crore during 2011-12 to ₹ 7247 crore during 2012-13, the net profit has gone down due to higher input costs.

The details of financial information is given below:

(₹ in crore)

| | 2012-13 | 2011-12 |
|-------------------------|---------|---------|
| Turn over | 7,247 | 6,927 |
| Total Expenses | 6,522 | 5,957 |
| Profit Before Tax (PBT) | 905 | 1,198 |
| Tax | 312 | 348 |
| Profit After Tax (PAT) | 593 | 850 |

The Company has achieved highest ever sales turnover of ₹ 7,247 crore which was higher by 4.62% as compared to the previous year. Higher turnover was mainly due to increase in alumina volume and higher net realization. The profit of the Company for the year 2012-13 has affected adversely, mainly due to increase in prices of inputs, coal, fuel oil and increase in employee costs. The profit after tax at ₹ 593 crore was lower by ₹ 257 crore over last year.



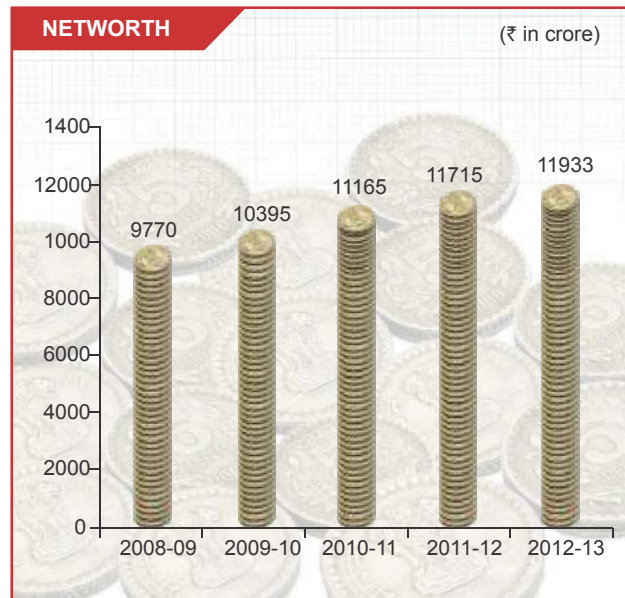
Foundation Day Lecture by Dr. E. Sreedharan

Dividend and Appropriations

Your Directors believe that shareholders' value in the Company can be enhanced by capacity expansion, backward & forward integration and undertaking various growth projects. Keeping this in mind and in accordance with your Company's policy of balancing dividend pay-out with funds requirement to deploy internal accruals for its growth projects and also keeping in view the falling profit margins due to slow down of global economy, your Directors have recommended payment of a final dividend @ ₹ 0.50 per share (10%) in addition to the interim dividend of ₹ 0.75 per share (15%) paid on 30.03.2013. The total dividend pay-out for the financial year 2012-13 thus works out to ₹ 1.25 per share (25%) as against ₹ 1.00 per share (20%) paid for the



previous year 2011-12. The final dividend will be paid after approval in the Annual General Meeting.



Your Directors propose to transfer ₹ 220 crore to General Reserve Account from the profits of the year 2012-13 as against ₹ 550 crore transferred in 2011-12.

Offer For Sale (OFS)

On 15th March, 2013, the Govt. of India divested 15,69,38,918 shares constituting 6.09% of total paid-up capital at a total consideration of ₹ 628.53 crores. With this divestment, the shares held by the President of India have come down to 81.06% from 87.15% of total paid-up capital of ₹ 1288.62 crores.

Presidential Directives on SC/ST reservation

In line with Presidential Directives, measures to improve the representation of the SC/ST Communities in employment of the Company continued. The provisions of the Persons with Disabilities Act, 1995 were complied with by your Company during the year under report.

Out of 7,555 employees (including Trainees) on the Company's roll as on 31.03.2013, there were 1,220 SCs, 1,361 STs, 763 OBCs and 79 Persons with Disabilities. The total number of lady employees in your Company stood at 353. Thus, 16.15% of the total employees are SCs, 18.01% are STs, 10.10% are OBCs and 1.05% are Persons with Disabilities and every third employee in your Company belongs either to SC or ST category.

Industrial Relations

Your Company maintained its tradition of resolving employee issues during the year through participative management, which resulted in a peaceful, healthy and conducive industrial relations climate for optimal utilization of human resources. The recognized Trade Unions at all the major locations of your Company played a very constructive and dynamic role in helping the Management to tide over many critical issues relating to cost control and sustainability. Your Company has an established system of workers participation at different levels starting from the shop level to the Chief Executive level to address various issues concerning with productivity, quality including quality of work life and employee related issues. Employee safety, welfare and grievance handling, both formal as well as informal remained the prime focus of the various joint committees formed with equal participation of representatives of workmen and the management.

As a recognition of your Company's continuous efforts to have decent work place and environment, all units of your Company continue to be certified under SA 8000 (Social Accountability 8000) certification.



Port Facilities at Vizag



During the year, secret ballot elections were held for ascertaining majority status of unions and recognition status was accorded to the unions having majority of votes during the year.

During the year, modified scheme was formulated for career growth/ conversion of semi-skilled employees to skilled posts in operation/ maintenance, based on weightage for different criteria of selection.

To improve discipline in the organization, biometric attendance recording system for employees has been started at the Corporate Office and regional offices. The same will be adopted at all units once the system is technically stabilized at Corporate Office. The biometric access control system for contract labourers at all the sites has also been introduced.

Corporate Social Responsibility

The Company is allocating 2% of net profit on CSR Fund, of which 1% is spent for peripheral development activities through Rehabilitation and Peripheral Development Advisory Committees (RPDACs), set up by State Govt. and another 1% is spent through Nalco Foundation (NF).

The main peripheral development activities undertaken through RPDACs were organizing health camps, imparting livelihood programmes, assisting in creation of infrastructure facilities in the peripheral villages, propagating green initiatives, providing relief to calamity affected people etc.

Some of the major CSR initiatives undertaken are as follows:

Mobile Health Units

You will be pleased to know that your Company is operating six Mobile Health Units (MHUs) in the periphery villages of its Smelter & Power Complex, Angul (43 villages) and Mining & Refinery Complex, Damanjodi (142 villages) (each unit has three MHUs). The Mobile Health Units at Damanjodi are being operated through Wockhardt Foundation. These MHUs provide primary health service at the villagers' doorsteps, comprising free medicine, diagnostics and awareness building through Information Education and Communication (IEC) activities. In the financial year 2012-13, 1,517 camps were conducted and over 67,000 patients from periphery villages of Damanjodi and Angul were treated free of cost.

Sponsoring formal education of children living in periphery villages of Damanjodi

You will be happy to note that your Company has sponsored residential education for 401 children from 16 periphery villages of Nalco's Mines & Refinery Complex at Damanjodi, in the tribal dominated and Maoist-infested district of Koraput. The Foundation's funding covers all the costs related to study, lodging and boarding of the students across 3 residential schools in Bhubaneswar (Kalinga Institute of Social Sciences) and Koraput (Koraput Development Foundation and Bikash Vidyalaya). The funding for residential education for the enrolled students is planned till they complete schooling.



CMD receiving the Gem Granites Environment Award 2012-13.



Water and Energy study in 142 periphery villages of Damanjodi

To take up projects which will have long term impact, NALCO Foundation, CSR arm of your Company has engaged Centre for Rural Energy and Water Access (CREWA) in Damanjodi. They have completed the study in the periphery villages of M&R Complex spread over 5 blocks of Koraput i.e. Laxmipur, Narayanpatna, Koraput, Dasmantpur and Semiliguda (including Sunabeda NAC) and also submitted draft report of the study. It is a comprehensive baseline survey capturing basic socio-economic dimensions along with the possibility of undertaking interventions related to water and energy solutions. This information will be helpful in planning of short term and long term interventions by Nalco Foundation.

In addition to the above, various CSR initiatives through NALCO Foundation include;

- Creating awareness about Malaria and distribution of Mosquito Nets.
- Propagation of safe drinking water by distributing water filters.
- Assisting establishments of remedial schools for drop-out children in the 5 peripheral villages of Damanjodi.
- Funding ₹ 4.08 Cr for setting up an ITI at Marichamal.
- Distribution of sports kits and educational kits in 16 periphery villages.
- Provision of drinking water through community-managed Gravity Fed Water Supply Systems in 7 villages of Gudem Kotha Veedhi Mandal (Visakhapatnam).
- Renovation of existing community water structures at Bodapadu village (Pottangi).
- Drinking water provision in Eklavya Model Residential School at Punger (Pottangi).
- Economic development through goat rearing in Bhitargarh and Kapsiput (Damanjodi).
- Promotion of solar energy in rural households by distribution of solar lanterns in periphery villages of Damanjodi.

In recognition of the CSR activities, NALCO received the following awards during 2012-13;

- Think Odisha Leadership award for the Education Initiatives in Tribal Belt of Koraput.
- IPE CSR Corporate Governance Award.
- 'Caring Company Award' at World CSR Congress.
- Best Corporate Social Responsibility Practices 2013 Award at the Responsible Summit and Awards held in Mumbai.

Visit of Parliamentary Committee

During the year 2012-13, Departmental Related Parliamentary Committee on Personnel, Public Grievances, Law and Justice visited Bhubaneswar from 15.02.2013 to 17.02.2013 and had interactions with the senior officials of your Company.

Awards & Recognitions

Your Company received the following awards during the year 2012-13, which stands ample testimony for the excellent performance of your Company in various fields :

- i) Dun & Bradstreet's Best PSU Award in Non-Ferrous Metal Category.
- ii) Performance Excellence Award for the year 2010-11 instituted by Indian Institute of Industrial Engineering (IIIE), Mumbai.
- iii) Best Mother Plant award for the year 2012 in appreciation of its dedicated efforts to promote Micro, Small and Medium Enterprises in Odisha.
- iv) Think Odisha Leadership Award instituted by the Times of India Group for the Education Initiative in Tribal Belt of Koraput.
- v) The prestigious "Non-ferrous Best Performance Award:2011-12" instituted by the Indian Institute of Metals, in the category of large integrated plants.
- vi) IPE- CSR Corporate Governance Award.
- vii) Global HR Excellence Award at World HR Congress.
- viii) The Caring Company Award at World CSR Congress.
- ix) EEPC INDIA (Eastern Region)'s Gold Trophy as Top Exporter from Eastern Region in Large Enterprise category for the year 2010-11.
- x) The Star Performer Award for the highest export in the category of Aluminium and Articles for 2011-12.
- xi) Gem Granites Environment Award – 2012-13, instituted by FIMI.



Admission of NALCO sponsored children in process



Calciner Plant at Refinery

Projects Under Implementation

Alumina Refinery- Upgradation Project

Capacity upgradation of 4th Stream of Alumina Refinery from 5.25 lakh TPY to 7.0 lakh TPY and that of Bauxite Mines from 6.3 Million TPY to 6.825 Million TPY at an estimated project cost of ₹ 409 crore is in progress since August, 2008. Commissioning activities have commenced in December, 2012. The plant is in the process of stabilization.

Utkal – E Coal Block

Your Company has taken up the Utkal-E Coal Block at an estimated cost of ₹ 337.61 crore at May, 2011 price level. As per the Feasibility Report, the total mineable reserve is 67.49 mln tons. The mine life works out to over 30 years at the target production of 2.0 mln tons per year.

Activities for acquisition of Govt. as well as private land, forest clearance, construction of R&R colony and appointment of MDO are at hand. The project is likely to become operational by December, 2014.

47.6 MW Wind Power Project-II in Rajasthan

You will be pleased to know that your Company has placed order on M/s. Gamesa Wind Turbines Pvt. Ltd. for setting up of 2nd wind power project of 47.6 MW at Jaisalmer, Rajasthan at an investment of ₹ 283 Crore. 36 turbines out of 56 have already been commissioned and generating power and the balance are under commissioning.

Amperage increase at Smelter

Smelter pot lines are operating with AP's 180 KA technology for last two and half decades. Globally, most of the AP-18 Smelters have migrated from 180 KA to 220 KA technologies for enhancing

pot productivity without major changes in the pot shell.

Your Company has undertaken a comprehensive study for higher amperage i.e 400 KA or above after dismantling the existing set up partially or fully vis-à-vis raising amperage to 195 / 220 KA, to improve productivity.

MoU Performance

Based on financial performance and achievement of other parameters laid down, your Company is likely to be rated 'Excellent' with rating score of 1.45 as per the Memorandum of Understanding (MoU), signed by the Company with the Government of India for the Financial Year 2012-13.



Signing of MoU with Ministry of Mines

Implementation of Official Language Policy

Your Company continued its efforts for implementation of the Official Language Policy in compliance with the Official Language Act, 1963 and the Official Language Rules, 1976 and accordingly, took steps for progressive improvement in use of Hindi in all its offices. Major steps taken during the year under report are;

- All the documents falling under Section 3(3) of Official Language Act were issued in bilingual form.
- Incentives & cash awards were given to 89 employees who passed Praveen and Pragya examinations in Hindi under Hindi Teaching Scheme, Govt. of India.
- The Official Language Implementation Committee Meetings were held at Corporate Office, S&P Complex and M&R Complex.
- Four Hindi Workshops were organized and 97 employees were trained in the said Hindi workshops.
- Hindi week and Hindi Day were observed from 07.09.2012 to 14.09.2012 at Corporate Office. Many competitions were organized for Hindi speaking, Non-Hindi speaking employees and students and prizes were given. Likewise Hindi Fortnight was observed from 10.09.2012 to 28.09.2012 at S&P Complex, Angul and Hindi Week was observed from 03.09.2012 to 10.09.2012 at M&R Complex, Damanjodi.



Vigilance

The Vigilance set up of the Company is an extended wing of CVC and works under direct supervision of Chief Vigilance Officer. The department has three wings, at Corporate Office, Bhubaneswar, at Smelter & Power Complex, Angul and at Mines & Refinery Complex, Damanjodi. In line with CVC guidelines, vigilance department carries out various preventive vigilance checks and inspections including CTE type intensive examination of works. Vigilance Department acts as an aid and assistance to the management in detecting and preventing corruption, which may creep in innocuously, during various operations of the organization. With the advice of Central Vigilance Commission and persistent efforts by the Vigilance department, the Company has implemented IT for various functions, including e-payment, which has reached about 99% of the total payments. During this year, e-tendering in some more functions have been done successfully.

For creating awareness and sensitizing the employees, Vigilance Awareness Week was celebrated from 29.10.2012 to 03.11.2012 at all the units including Corporate Office and regional offices. Various programs like seminars, quiz and elocution competitions were organized in Hindi, Odia and English among employees and school children.

10 Vigilance Awareness training programmes were conducted at different locations of the Company to create awareness on various vigilance functions.

Sustainable Development Report/Business Responsibility Report

The first Sustainable Development report of your Company was brought out for the financial year 2011-12. This report is based on the National Voluntary Guidelines of Ministry of Corporate Affairs, Govt. of India and SEBI guidelines. The Business Responsibility Report for the year 2012-13 is placed at **Annexure-I**.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

The particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, as required to

be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the **Annexure-II** to this report.

Particulars of Employees

A statement giving details of employees in receipt of remuneration of ₹ 5 lakh per month or ₹ 60 lakh per annum as prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, during the year 2012-13 is placed at **Annexure-III** to this report.

Listing in Stock Exchanges & Payment of Listing Fees

The equity shares of your Company continued to be listed on BSE Limited and NSE Ltd, the premier stock exchanges of the country having nation wide terminals. The listing fee for the year 2012-13 was paid to these stock exchanges on time.

Payment of Annual Custodial Fees to Depositories

The in-house Share Registry of your Company is providing services for both physical and electronic segments of share transfer and allied activities under one roof as per SEBI guidelines. For the purpose of holding shares in electronic mode your Company has established direct electronic connectivity with both the Depositories (NSDL & CDSL) since the Depository services started in India. Annual connectivity fees and custody charges for the year 2012-13 were paid to both NSDL and CDSL on time.

Directors' Responsibility Statement

Your Directors, pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, hereby confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance



Reclaimer in operation at M&R complex, Damanjodi



with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;

- That the directors have prepared the annual accounts on a going concern basis.

Corporate Governance

As per Stock Exchange listing requirements and DPE Guidelines, a report on Corporate Governance is prepared and placed at **Annexure-IV** to this report. Your Company, like previous years, got the Secretarial Audit carried out voluntarily by a practicing Company Secretary for the year 2012-13 as a part of good Corporate Governance practice and the Secretarial Audit Report is placed at **Annexure-V** to this report.

Management Discussion & Analysis Report

Management Discussion & Analysis report is placed at **Annexure-VI** to this report.

C & AG Comments

Comments of the Comptroller and Auditor General of India (C & AG) under Section 619(4) of the Companies Act, 1956 on the Accounts of your Company for the year ended March 31, 2013 are enclosed.

Public Deposits

During the year under report, your Company neither accepted nor renewed any public deposits.

Auditors

Your Company appointed the following auditing firms for carrying out various audit functions of your Company for the financial year 2012-13:

- Statutory Auditors : M/s C.K. Prusty & Associates and M/s Agasti & Associates.
- Cost Auditors : M/s S. Dhal & Co.
- Secretarial Auditors : M/s D.S. Mishra & Associates.
- Internal Auditors :
M/s Tej Raj & Pal (for Corporate Office, Bhubaneswar)
M/s B. N. Mishra & Co. (for Smelter Plant, Angul)
M/s GNS & Associates (for CPP, Angul)
M/s G.R Kumar & Co. (for M&R Complex, Damanjodi & Port Facilities, Visakhapatnam)
M/s P. Agarwal & Associates (for Northern Regional Office, New Delhi)
M/s DPSV & Associates (for Eastern Regional Office, Kolkata)
M/s Kumbhat & Co. (for Southern Regional Office, Chennai)
M/s Thingna & Contractor (for Western Regional Office, Mumbai)

Directors

The changes that took place in the Board of Directors of your Company since the last report are given below:

Appointment

- Shri Ansuman Das was appointed as Chairman-cum-Managing Director of the Company w.e.f. 19.07.2013. He is also holding additional charge of the post of Director (Finance) w.e.f. 10.05.2013 and the additional charge of the post of Director (Commercial) w.e.f. 30.7.2013.
- Ms. Gauri Kumar, IAS, Special Secretary, Ministry of Mines, Govt. of India was appointed as a Part-time Official Director for the period from 24.09.2012 to 30.06.2013.

- Shri S.C. Padhy was appointed as Director (HR) w.e.f. 20.12.2012.
- Shri Durga Shanker Mishra, IAS, Joint Secretary, Ministry of Mines, Govt. of India was appointed as a Part-time Official Director for the period from 26.02.2013 to 21.04.2013. He was again appointed as a Part-time Official Director w.e.f. 04.7.2013.

Cessation

- Shri Joy Varghese, Director (P&A), ceased to be a Director on the Board of your Company w.e.f. 31.08.2012 on attaining the age of superannuation.
- Shri A. K. Srivastava, Chairman-cum-Managing Director, who was under suspension w.e.f. 26.02.2011, was terminated from the services by the Govt. of India w.e.f. 11.12.2012.
- Shri Arun Kumar, IAS, Joint Secretary, Ministry of Mines, Govt. of India ceased to be a Part-time Official Director on the Board of your Company w.e.f. 26.02.2013.
- Shri B. L. Bagra, Director (Finance), ceased to be a Director on the Board of your Company w.e.f. 01.05.2013 on completion of his term of appointment.
- Ms. Gauri Kumar IAS ceased to be a Part-time official Director on the Board of your Company w.e.f. 01.07.2013.

Your Directors wish to place on record their appreciation for the valuable services rendered by Shri Joy Varghese, Shri A. K. Srivastava, Shri Arun Kumar, Shri B. L. Bagra and Ms. Gauri Kumar during their tenure on the Board of your Company.

Acknowledgement

Your Directors wish to acknowledge and express their gratitude for the co-operation and valuable guidance received from the Ministry of Mines and other Ministries/Departments of the Government of India and the support received from the Government of Odisha, Mahanadi Coalfields, Indian Railways, other Government agencies and CPSEs.

Your Directors express their sincere thanks to the Comptroller and Auditor General of India, the Principal Director of Commercial Audit & Ex-officio Member, Audit Board, Statutory Auditors, Cost Auditors, Secretarial Auditors, Internal Auditors, Bankers and JV Partners for the co-operation rendered by them.

Your Directors also wish to express their gratitude to the shareholders of the Company for the confidence reposed by them in the management of the Company.

Your Directors acknowledge and place on record their appreciation for the continued support and co-operation received from various domestic and international customers, vendors, solicitors, business associates and also look forward for maintaining such mutually supportive business relationship in the coming years too.

Your Directors also wish to put on record their deep sense of appreciation for the hard work and dedicated contribution made by all the employees at their levels of work and for the active support and co-operation received from the Trade Unions & Officers' Associations during the year under report.

For and on behalf of Board of Directors

(Ansuman Das)

Chairman-cum-Managing Director

Place : Bhubaneswar
Date : 20.08.2013



Business Responsibility Report for 2012-13

Section A: General Information about the Company

| S.No | Particulars | Company Information |
|------|--|---|
| 1 | Corporate Identification Number (CIN) of the Company | L27203OR1981GOI000920 |
| 2 | Name of the Company | National Aluminium Company Limited |
| 3 | Registered Office Address | NALCO Bhawan, Plot No. P/1, Nayapalli, Bhubaneswar -751061, Odisha, India |
| 4 | Website | www.nalcoindia.com |
| 5 | E-mail ID | knravindra@nalcoindia.co.in (Company Secretary) |
| 6 | Financial year reported | FY 2012-13 |
| 7 | Sector(s) that the Company is engaged in (industrial activity code-wise) | Bauxite Mines : Industrial Group Code 072 Alumina Refinery : 201 Aluminium Smelter : 242 Electricity Generation: 351 |
| 8 | List of three key products/services that the company manufactures/provides | Alumina <ul style="list-style-type: none"> • Calcined Alumina • Alumina Hydrate • Specialty Alumina & Hydrates • Detergent Grade Zeolite Aluminium <ul style="list-style-type: none"> • Standard Ingots • Sow Ingots • Wire Rods • Billets • Cast Strip • Flat Rolled Products (Coils, Sheets & Chequered Sheet) • T-Ingots |
| 9 | Total number of locations where operations are undertaken by the company: (1) Number of International Locations (2) Number of national locations | 1. No. of International Locations : NIL 2. National Locations : a) Mines & Refinery Complex, Damanjodi-763008, Dist. Koraput, Odisha b) Smelter Plant, Nalco Nagar, Angul-759145, Odisha c) Captive Power Plant, Angul - 759122, Odisha d) Port Facilities, Port Area, Visakhapatnam – 530035, Andhra Pradesh e) Wind Power Plant-I : Gandikotta, Dist.YSRKadappa, Andhra Pradesh f) Wind Power-II : Dist.Jaisalmar, Rajasthan g) No. of Port Facilities : 03 (Visakhapatnam, Kolkata, Paradeep) h) No. of Regional Offices : 04 (New Delhi, Mumbai, Chennai, Kolkata) i) Branch Office : 01 (Bengaluru) j) No. of Stockyards : 09 (Jaipur, Faridabad, Baddi, Kolkata, Bengaluru, Chennai, Visakhapatnam, Bhiwandi & Silvassa) |

| | | |
|----|-------------------------------|---|
| 10 | Markets served by the Company | <p>NALCO is a leading producer of Aluminium metal in the country. Aluminium markets served by the Company (in addition to India) include: Bangladesh, Korea, Malaysia, Singapore, Vietnam, Turkey, Thailand, Indonesia, China, UAE, Israel, Taiwan, Sri Lanka, etc.</p> <p>Calcined Alumina produced in excess of our own requirement is exported.</p> <p>Alumina markets served by the company (in addition to India) include : China, Egypt, Georgia, Iran, Romania, UAE, Ukraine, Bahrain, Qatar, etc.</p> |
|----|-------------------------------|---|

Section B: Financial Details of the Company

| S.No | Particulars | Company Information |
|------|---|---|
| 1 | Paid up Capital (INR), as on 31.3.13 | 1288.62 crores |
| 2 | Turnover (INR) : Gross : Net | 7247.17 crores 6809.45 crores |
| 3 | Profit after Tax (INR) | 592.83 crores |
| 4 | Total Spending on Corporate Social Responsibility (CSR) a) in terms of Section 135 of Company's Bill, 2011 (INR) b) As a percentage of profit after tax (%) | <p>a) 30.99 crores on CSR</p> <p>b) As a % of PAT (INR 849.5 crore) of previous year : 3.64%</p> |
| 5 | List the activities as per schedule VII of Company's Bill, 2011, in which expenditure in 4 above has been incurred | <p>a) Promotion of Education</p> <p>b) Eradication of poverty by providing Livelihood & Income Generation</p> <p>c) Health and Sanitation</p> <p>d) Environment, Water, energy related activities</p> <p>e) Promotion of Sustainability</p> <p>f) Building Community Infrastructure</p> <p>g) Relief Measures</p> <p>h) Enhancing Vocational Skills</p> <p>i) Promoting Cultural activities of Local Community</p> <p>j) Reaching out to Marginalised, Differently-abled persons in Society</p> |

Section C – Other Details

- Does the Company have any Subsidiary Company/ Companies?
No
- Do the Subsidiary Company/Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)
Not applicable
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]
Suppliers, Customers etc. do not participate in Business Responsibility initiatives taken by the organization.

Section D: Business Responsibility (BR) Information

- Details of Director/Directors responsible for BR
a) *Director (Production) is responsible for Sustainability Development(SD) initiatives whereas Director (HR) is responsible for CSR activities.*
b. 1) *Details of the BR head for Sustainability Development :*

| S. No. | Particulars | Details |
|--------|------------------|------------------------------|
| 1 | DIN Number | 03619725 |
| 2 | Name | Shri S. S. Mahapatra |
| 3 | Designation | Director (Production) |
| 4 | Telephone Number | 0674-2300660 |
| 5 | e-mail ID | ssmohapatra@nalcoindia.co.in |



b.2) Details of BR head for CSR activities :

| S. No. | Particulars | Details |
|--------|------------------|--------------------------|
| 1 | DIN Number | 02594088 |
| 2 | Name | Shri S. C. Padhy |
| 3 | Designation | Director (HR) |
| 4 | Telephone Number | 0674-2300430 |
| 5 | e-mail ID | scpadhy@nalcoindia.co.in |

b.3) NALCO constituted CSR & SD Committee in 2011. The present Committee comprises of 2 functional directors and 2 independent directors. During the reporting period, the committee met on 22nd Feb. '13. The committee has decided to meet once in a quarter, in future, to review the progress of Sustainable Development and CSR activities.

The present Committee members are :

| Name | Designation | DIN Number |
|--------------------|--|------------|
| Shri Sanjiv Batra | Independent Director and Chairman of Committee | 00602669 |
| Shri S S Mahapatra | Director (Production) | 03619725 |
| Shri S. C. Padhy | Director (HR) | 02594088 |
| Shri Kaiser Shamim | Independent Director | 03560915 |

2. Principle-wise (as per NVGs) Business Responsibility Policy/policies (Reply in Y/N)

The 9 principles (P1 to P9), broad areas of the principles are mentioned in brief, are :

Principle 1 : Ethics, Transparency & Accountability

Principle 2 : Goods and Services that are safe and contribute to sustainability throughout their Life Cycle

Principle 3 : Well-being of Employees

Principle 4 : Responsiveness to all Stakeholders

Principle 5 : Promoting Human Rights

Principle 6 : Protecting the Environment

Principle 7 : Influencing Public and Regulatory Policy in a responsible manner

Principle 8 : Supporting Inclusive Growth and Equitable Development

Principle 9 : Provide Value to Customers

The response regarding the above 9 principles (P1 to P9) is given below

| S.No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|-------|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 1. | Do you have a policy/policies for 9 NVG principles? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2. | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3. | Does the policy conform to any national/ international standards? If yes, specify? (50 words) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 4. | Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director? | Y | Y | N | Y | N | Y | Y | Y | N |
| 5. | Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6. | Indicate the link for the policy to be viewed online? ** | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8. | Does the Company have in-house structure to implement the policy/policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 10. | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | N | Y | Y |

With reference to Sl.No.3 above, the international Management System Standards are SA 8000 for Employee wellbeing and promotion of Human Rights, ISO 14001 for Environment and ISO 9001 for Customer Value(Quality Management).

**

| NVG Principles | Web-link of Policies |
|--|--|
| Principle 1: Ethics, transparency & accountability | 1. Code of Business conduct and Ethics for Board Members and Senior Management. 2. Fraud prevention policy 3. Whistle blower policy All the above policies available in http://www.nalcoindia.com/Policies.aspx |
| Principle 2: Sustainability in life-cycle of product | 1. Environment Policy: http://www.nalcoindia.com/Policies.aspx |
| Principle 3: Employee well-being | 1. Occupational Health & Safety Policy 2. Social Accountability Policy available in http://www.nalcoindia.com/Policies.aspx |
| Principle 4: Stakeholder engagement | 1. Partially addressed in Corporate Plan 2020 in NALCO intranet http://nalcoinsight/downloads/corplan%202020.pdf |
| Principle 5: Promotion of human rights | 1. Social accountability policy http://www.nalcoindia.com/Policies.aspx Partially in HR Manual : http://nalcoinsight/hrmanual |
| Principle 6: Environmental protection | 1. Environment Policy http://www.nalcoindia.com/Policies.aspx |
| Principle 7: Responsible public policy advocacy | Partially addressed in 1. HR Manual : http://nalcoinsight/hrmanual 2. Corporate Plan 2020 : http://nalcoinsight/downloads/Corporate Plan % 202020.pdf |
| Principle 8: Inclusive growth | 1. NALCO FOUNDATION Vision & Mission www.nalcoindia.com/NALCO_FOUNDATION.pdf |
| Principle 9: Customer value | 1. Quality policy: www.nalcoindia.com/Policies.aspx |

2a. If answer to S.No. 1, against any principle is 'No', please explain why: (Tick up to 2 options)

| S.No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-------|---|----|----|----------------|----|----|----|----|----|----|
| 1. | The Company has not understood the Principles | | | | | | | | | |
| 2. | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3. | The Company does not have financial or manpower resources available for the task | | | NOT APPLICABLE | | | | | | |
| 4. | It is planned to be done within next 6 months | | | | | | | | | |
| 5. | It is planned to be done within the next 1 year | | | | | | | | | |
| 6. | Any other reason (please specify) | | | | | | | | | |

3. Governance related to BR

3.1 Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

Annually once. During the year 2012-13, the Committee of the Board met once on 22nd February, 2013 to review CSR & SD activities.

3.2 Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The organisation's first published Sustainable Development report was for the F.Y.2011-12, which was brought out during F.Y. 2012-13. This report was based on the NVG principles. Web-link for the sustainability report published for year 2011-12 is: http://www.nalcoindia.com/download/Sustainable_Development_Report_2011-12.pdf

For the F.Y.2012-13, a Business Responsibility Report based on SEBI guidelines is being published, as part of our Annual Report to be available at the weblink :

A detailed Sustainable Development Report for the year 2012-13, based on GRI G3.1 guidelines, is also planned to be brought out during this Financial Year i.e. 2013-14.



Section E: Principle-wise Performance

Principle 1 : Ethics, Transparency & Accountability

1.1 Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?

- i. *We consider Corporate Governance as an integral part of good management. The code of conduct and ethics, policy on anti-corruption, bribery is approved by the Board.*

These are applicable to all personnel of NALCO working at all levels and grades including Directors, all Officers and employees whether permanent, or contractual, consultants, contractors, suppliers, stakeholders, wherever NALCO's fund is utilized. The policy lists tenets on ethical business conduct, definitions and the framework for reporting concerns.

- ii. *All the suppliers, contractors, etc. having business deal with Nalco are also covered vide terms of Contract.*

1.2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

- i. *During financial year 2012-13, 116 vigilance complaints were received. In addition to this, 52 complaints were pending from previous year. From the total 168 complaints, 122 have been resolved satisfactorily and 46 are pending.*

- ii. *Based on vigilance investigation, charge could be established against 12 employees and 8 employees have been issued with charged memorandum by the disciplinary authority.*

- iii. *Based on investigations, Systematic Improvements have been suggested to the management for better transparency.*

- iv. *Number of investor complaints received during the F.Y.is 97, all of which have been fully resolved.*

Principle 2 : Goods and Services that are safe and contribute to sustainability throughout their Life Cycle

2.1 List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Environmental concerns are addressed from product design stage itself, and right from the commissioning of our Plants all concerted efforts have been made to produce i) Alumina Hydrate ii) Calcined Alumina, as per the internationally recognized Metallurgical Grade Alumina standard, and iii) Aluminium, as per the P1020A specifications, required for registration in the London Metal Exchange.

Also, innovative process improvements are undertaken at units, in order to consistently produce quality products and address relevant environmental concerns. Environmental concerns pertaining to each product have been mapped and initiatives aimed at mitigating the adverse impacts, if any, are also undertaken over the year, at our units.

These environment concerns, risks, opportunities are addressed, mentioned Unit-wise :

| Units | Environmental concerns | Risk | Opportunity |
|---------------------|---|--|--|
| Bauxite Mines | Dust, Noise | Air Pollution, noise pollution | Afforestation in barren area after mining out. |
| Alumina Refinery | Caustic, Redmud, Fly Ash | Caustic spillover, air pollution, Ash spillage | Utilising waste like redmud, fly ash |
| Smelter | Fluoride emission, waste like spent potline | Fluoride contamination | Spent potline utilization in Cement industry |
| Captive Power Plant | Ash | Air Pollution, Ash Spillage | Fly ash utilization in brick making, cement plant etc. |

2.2 For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

- i) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain.

Yes, reduction in Specific Consumption, achieved during production in this year is given below :

| Specific Consumption per unit of production | Previous Year (F.Y. 2011-12) | Current Year (F.Y. 2012-13) |
|---|------------------------------|-----------------------------|
| Explosive consumption in Bauxite Mines | 127 gm/T | 125 gm/T |
| HFO consumption in Alumina Plant | 86.67 Ltr/MT | 83.79 Ltr/MT |
| DC Energy consumption in Smelter | 13527 KWH/MT | 13394 KWH/MT |
| AC Energy consumption in Smelter | 14801 KWH/MT | 14705 KWH/MT |
| HFO consumption in Smelter | 78 Ltr/MT | 71 Ltr/MT |
| Aluminium Fluoride Consumption in Smelter | 20.04 Kg/MT | 18.5 Kg/MT |
| Fuel Oil consumption in CPP | 3.95 ml/KWH | 3.27 ml/KWH |

- ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year.

Continual improvements in our processes have facilitated production of Calcined Alumina and Aluminium of desired quality, as per specifications, which in turn contributes to stable operations at customers end optimizing energy consumption at their end.

- 2.3 Does the Company have procedures in place for sustainable sourcing (including transportation)?

Yes

Alumina Refinery is situated very close to our own Bauxite Mines and sustainable supply of Bauxite is assured to operate Alumina Refinery and there is minimal environmental impact due to transportation by a single flight long distance cable belt conveyor. Similarly, the Captive Power Plant for Smelter is in a Coal belt area and well connected by road & rail. A dedicated Merry Go Round (MGR) captive rail system between the Bharatpur Coal mines of M/s MCL and our Captive Power Plant ensures reliable and cost effective coal transportation to the power plant. All input materials are sourced 100% sustainably, with procurement through competitive bidding. Sustainable supply of Bauxite to Alumina Refinery, Alumina to Smelter and Power to Smelter is envisaged through own/ captive Mines, Refinery & Power Plant. For water, sourcing is from river & streams in proximity of units, with necessary infrastructure arrangements by the Company. Only, the supply of Coal is affected by various constraints faced by the supplier (M/s MCL), time to time, to deliver consistently as per our requirements (quality and quantity) in line with the Fuel Supply agreement. However, shortfall in coal supply is bridged by purchasing of coal through imports, e-auctions based on cost-benefit analysis. Concerted efforts are made to improve sustainability of sourcing by developing local vendors and ancillary development activities, for Stores and Raw Materials.

- 2.4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

A well-developed Ancillary Development policy is in place for encouraging local suppliers and the organization supports, encourages and develops local vendors. MSME facilitation cells operating at our Units, provide guidance to vendors in Technical areas & Commercial terms & conditions. List of Goods and Services which can be procured from MSEs are displayed in Nalco website. Besides, permanent display halls at S&P Complex exhibit the materials required by units along with important informations i.e. technical specifications, annual requirement, price in the last purchase order for information of Local and Small vendors. Sub-plant Level Advisory Committee meetings involving the State Government(DIC) and local entrepreneurs are held at both Units to address various issues faced by the local vendors.

- 2.5 Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste?

NALCO is an integrated Aluminium producer; there is no scope for the production of recycled Aluminium. However, the organization has taken several initiatives aimed at recovery and re-use of material used in operations.

| Unit | Utilisation | Percentage |
|------------------|--|------------|
| Bauxite Mines | Overburden is utilized for reclamation for mined out areas | 100% |
| Alumina Refinery | Caustic Soda is recycled from red mud | 5-10% |
| | Ash utilization | 29.76% |
| Smelter | Aluminium dross recycled as input to process | >10% |
| CPP | Ash Utilisation | 66.07% |

Principle 3: Well-being of Employees

- 3.1 Please indicate the Total number of employees :

Total number of Employees as on 31.3.2013 is 7555.

- 3.2 Please indicate the Total number of employees hired on temporary/contractual/casual basis as on 31.3.13 :

Total 6 nos. are employed on contract basis at Units, in the Hospitals and Civil Engineering function.

Job Contractors are engaged in areas like hospitality, maintenance, sanitation, conservancy and project activities. The job contractors have engaged 10,708 workers for discharge of their contractual obligations.

- 3.3 Please indicate the Number of permanent women employees :

As on 31.3.2013, the strength of permanent women employees is 353.

- 3.4 Please indicate the Number of differently-abled permanent employees :

Total strength of permanently employed differently-abled persons, as on 31.3.13, is 79.

- 3.5 Do you have an employee association that is recognized by management.

Yes, the organization has many registered unions at its different production units and offices. The unions having majority membership in each unit are also accorded the status of Recognised Unions.



3.6 What percentage of your permanent employees is members of this recognized employee association?

About, 100% employees are members of the Registered Unions. As far as, the Recognised Unions are concerned, 46.4% of unionized employees are members of these Unions.

3.7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

The status is :

| S.No. | Category | No. of complaints filed during the FY | No. of complaints pending as on end of the FY |
|-------|---|---------------------------------------|---|
| 1 | Child labour/ forced labour/ involuntary labour | Nil | Nil |
| 2 | Sexual harassment | 01 | 01 |
| 3 | Discriminatory employment | Nil | Nil |

3.8 What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

- Permanent Employees; Permanent Women Employees; Casual/ Temporary/ Contractual Employees; Employees with disabilities.

The status is placed below:

| Category of employees | Present Strength | No. of persons undergone Safety & Skill upgradation training | Percentage of persons Undergone Training |
|--|------------------|--|--|
| Permanent Employees | 7555 | 2331 | 30.85% |
| Permanent Women Employees | 353 | 41 | 11.61% |
| Employees with Disabilities | 79 | 3 | 3.79% |
| Casual/ Temporary/ Contractual Employees | 6 | Nil | Nil |

For, employees engaged by Job Contractors, safety trainings are also imparted mostly at department level in shop floors and during the financial year, total 3717 were covered in such trainings, which is 34.7% of total strength.

Principle 4 : Responsiveness to all Stakeholders

4.1 Has the Company mapped its internal and external stakeholders?

Yes; The organisation has put in place suitable mechanisms for interaction with key stakeholders as categorised below : Stakeholder Groups :

- i. Customer*
- ii. Shareholders and Financial Institutions*
- iii. Government and their representatives and committees*
- iv. Regulatory authorities*
- v. Industry associations*
- vi. Local Communities and Civil Society organisations*
- vii. Employees*
- viii. Service providers and job contract workers*
- ix. Vendors*

The above stakeholders are engaged through formal structured process in most of the cases. The informations regarding stakeholders are periodically updated through either formal or informal channel of communication.

Furthermore, we have also taken adequate steps in respect of the provisions of the Right to Information Act (RTI) . Accordingly NALCO has appointed a Public Information Officer who is responsible for the provision of accurate and timely information that may be sought by stakeholders. In the reporting period, a total of 227 queries were received, out of which 198 have been serviced and balance are in different stages of processing.

With respect to need assessment related to our CSR activities, we have also mapped our external stakeholders. The external stakeholders are the inhabitants of the villages located within 15 kms radius of Nalco's Mines & Plants in Damanjodi and Angul, and also proposed mining areas in the districts of Angul, Koraput, Visakhapatnam & East Godavari districts of Andhra Pradesh.

4.2 Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

The communities, in the operational areas for CSR, predominantly belong to the economically disadvantaged, vulnerable and marginalised group of society.

4.3 Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders.

The CSR projects are mainly focused on education, health, poverty alleviation by activities on livelihood generation etc. Promoting education amongst marginalized communities in remote areas near our production units is accorded top most priority. Also, in order to enhance income generation of the disadvantaged, vulnerable & marginalized stakeholders through livelihood-provision in the local community, specific activities like backyard poultry training etc. are taken up. To enhance access to healthcare for the peripheral areas, community health camps and mobile health clinics etc. are also organized. In addition, for the benefit of our Stake holders, several Peripheral Development activities like building infrastructures, promoting local cultural activities are also taken up by us.

Principle 5: Promoting Human Rights

5.1 Does the policy of the company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?

The Human Rights concerns are addressed in the SA 8000 Policy & Management System, Code of Conduct, as well as various Human Resource Management (HRM) practices emanating from the statutes of Indian Factories Act. The same is extended across the value chain with applicable screening & evaluation done for suppliers and contractors.

5.2 How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Only one sexual harrasment complaint has been received during the year, which is yet to be resolved, as on 31.3.13.

Principle 6: Protecting the Environment

6.1 Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/ NGOs/others

The Corporate Environment Policy is extended to all the units. The units have implemented the Corporate Policy with specific objectives derived for each unit, as applicable to their nature of operations & aspects. It does not extend to suppliers, contractors etc.

6.2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes. The company has taken several initiatives to address global environmental issues such as climate change, global warming.

i. A pilot project on Carbon sequestration at CPP for capturing carbon dioxide from atmosphere

ii. Renewable energy :

- Wind power project of 50.4 MW completed and is in operation at Gandikota, AP.*
- For the Wind power project of 47.6 MW at Jaisalmer, Rajasthan, project activities have started.*
- Roof top solar energy projects at Corporate and units are planned for future.*

iii. PAT Scheme : Under the National Mission on Enhanced Energy Efficiency (NMEEE), the Ministry of Power has launched a market based mechanism for promotion of energy efficiency – titled Perform, Achieve and Trade – with the Bureau of Energy Efficiency (BEE) as the nodal body. Under the scheme, 8 energy intensive sectors (including Aluminium) have been identified and energy efficiency (enhancement) targets have been provided to industries from these sectors. Under the PAT scheme, Smelter & Power Complex and the Refinery of M&R Complex have been given average energy intensity improvement targets of 5.024% and 5.54% respectively. These targets are to be achieved within a period of 3 year i.e. by end of F.Y.2014-15. Different projects on Energy Conservation are taken up for this at Units are referred at ii above

6.3 Does the Company identify and assess potential environmental risks?

Yes. The nature of operations of the mining industry is such that it has significant impact on the environment. Many initiatives have been taken up as per continual improvement requirements of Environmental, Safety & Occupational Health Management practices. All our manufacturing units are ISO 14001 & OHSAS18001 certified. We are compliant to all applicable regulations, and continuously strive to 'go beyond compliance' in our performance. Risks are identified over product lifecycle and detailed at 2.1 above.

6.4 Does the Company have any project related to Clean Development Mechanism (CDM)? If yes, whether any environmental compliance report is filed?

Two Pilot CDM projects have been taken up (one at CPP and the other at Alumina (Refinery)).

i. The one at CPP, is regarding Continuous Blow Down (CBD) recovery system, for which the validation report is completed by the contracted Designated Operational Entity (DOE) i.e. M/s TUV India Ltd. subsidiary of TUV NORD, Essen, Germany and the validation report is under Technical Review at Essen, Germany. In order to maintain the boiler Silica content, normally a continuous blow down of the boiler drum water is allowed. In this process, there is substantial loss of heat energy, carried away by the blow down water. The CBD-CDM project has the objective to recover the heat loss from continuous blow down process and to use the recovered steam in boilers. This process, when implemented in Unit1 to Unit6, has a potential of reduction in coal consumption of 54.13 GWhr of thermal energy per annum and emission reduction of approx. 19680 tons of CO2 equivalent per annum. But this pilot CDM project, is yet to be registered, under the CDM mechanism.



- ii. The project at Alumina Refinery is regarding installation of Variable Frequency Drives (VFDs) for conservation of energy. As on 31.3.13, 23 number drives have been commissioned with estimated energy savings of 709.432 Mega Watt-hr/annum. As on 31.03.2013, since the baseline data for this not established to provide inputs for the Validation report by the DOE, the project is also not in the stage of Registration as a CDM project.

6.5 Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy? If yes, please give hyperlink for webpage etc.

With regards to promoting Clean Technology, a unique pilot scale project for carbon sequestration by algae has been commissioned at CPP. This is a recent technological development in which carbon dioxide from flue gas is directly absorbed and is utilized for growth of algae. The algae produced is under testing for establishing biomass characteristics i.e. percent fat content etc. in the recovered biomass, to assess the carbon sequestration efficiency.

Details are provided in the Annual Report, regarding measures taken for Energy Efficiency.

Initiatives taken on renewable energy are: A 50.4 MW Wind Power Plant has been commissioned at Gandikota, Andhra Pradesh and project activities started for another wind power project of 47.6 MW, at Jaisalmer, Rajasthan.

Though there is no dedicated website, information regarding renewable energy is available in [http:// www.nalcoindia.com/Press-Brief.aspx](http://www.nalcoindia.com/Press-Brief.aspx)

6.6 Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes; mandatory reporting as required under Indian regulations have been filed. No monetary (or otherwise) sanctions were issued against the company, for above, in the reporting period.

6.7 Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

None; No monetary (or otherwise) sanctions were issued against the company in the reporting period.

Principle 7: Influencing Public and Regulatory Policy in a Responsible Manner

7.1 Is your Company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:

Yes. The major ones are given below:

| Sl. No. | Organisations |
|---------|--|
| 1. | Standing Conference of Public Enterprise, New Delhi. |
| 2. | Federation of Indian Mineral Industries (FIMI), New Delhi. |
| 3. | National Safety Council, Mumbai |
| 4. | Confederation of Indian Industry (CII) |
| 5. | Aluminium Association of India, Bangalore |

7.2 Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes specify the broad areas (E.g., Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Our organization strives to use collective platforms i.e. Aluminium Association of India, FIMI, CII etc. for advocating public policy related to the development of the industry and working towards the benefits in the Aluminium, Mining, Alumina Refining and Power sectors as a whole & the inclusive development policies for equitable growth in our areas of operations.

Principle 8: Supporting Inclusive Growth and Equitable Development

8.1 Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Since inception, inclusive growth is accorded top priority in our agenda and focused initiatives on Sustainability & CSR have been taken up for the benefit of local and marginalized communities. The Company has also developed an Ancillary Development policy for promotion of local suppliers, thereby contributing to inclusive growth.

On the Sustainable Development arena, major projects taken up are in the areas of Rain Water Harvesting in Mines& CPP, Recycling of treated water in Smelter, Pilot project on Carbon Sequestration at CPP.

Some of the major activities taken up by the organization on CSR front, during this financial year, are :

- i) Organising Mobile Health Camps by deploying 7 Mobile Health Units at Damanjodi and Angul
- ii) Sponsoring formal education of 401 children from 18 tribal dominated villages in the periphery of Damanjodi
- iii) Remedial Schools for 150 drop-out Children in five peripheral villages at Damanjodi
- iv) Provision of drinking water through community-managed Gravity Fed Water Supply Systems in 7 villages of Gudem Kotha Veedhi Mandal near Visakhapatnam.

- v) *Provision of drinking water facility at Putraghati near Damanjodi.*
- vi) *Renovation of existing community water structures at Bodapadu village and Drinking Water provision in a residential school, near Pottangi.*
- vii) *Economic development through goat rearing in Bhitargarh and Kapsiput at Damanjodi*
- viii) *Promotion of solar energy in rural households by distribution of solar lanterns at Damanjodi*
- ix) *Construction of roads, school buildings, Public Health Centres at villages near Angul*
- x) *Restoration/ Renovation activities of Ponds, Water Bodies, Drinking Water Facilities at villages near Angul*
- xi) *Organising Animal Health Camps at villages near Angul*
- xii) *Providing relief materials to fire victims*
- xiii) *Distribution of aids/equipments to Disabled persons at villages near Angul*
- xiv) *Training on better farming methods for the farmers of peripheral villages near Damanjodi and Backyard Poultry training near Angul.*

8.2 Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

CSR activities are undertaken by the Company as projects through NALCO Foundation in collaboration with NGOs and government organizations.

8.3 Have you done any impact assessment of your initiative?

Yes, Social Impact Assessment, was carried out for the year 2012-13 by the Central University of Odisha at Koraput.

8.4 What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

The Company carried out CSR projects in pursuance of inclusive development, primarily focusing on :

- Promotion of Education
- Eradication of poverty by activities on Livelihood & Income Generation
- Promotion of Health and Sanitation
- Environment, Water, energy related projects
- Promotion of Sustainability
- Building Community Infrastructure
- Providing Relief Measures for redressal of Calamities, disasters
- Enhancing Vocational Skills
- Promoting Cultural activities of Local Community
- Reaching out to Marginalised, Differently-abled persons in Society

During the Financial Year 2012-13, the direct contribution for CSR is Rs. 30.99 Crore

8.5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

The projects are envisioned after doing the need assessment of the community. During the process of need assessment, the opinion of the community, local government and district authorities are also taken into account. Regular assessment and monitoring of the projects are done by the internal team and annual impact assessment by an external agency is also undertaken there. Through these processes, it is ensured that the community development initiatives are successfully adopted by the community.

Principle 9: Provide Value to Customers

9.1 What percentage of customer complaints/consumer cases are pending as on the end of financial year i.e. 31st March 2013?

| Status Report of Customer Complaints | |
|--|---------|
| Complaints pending as on 31.3.12 | 7 |
| Complaints received during FY 12-13 | 26 |
| Complaints disposed during FY 12-13 | 27 |
| Complaints pending as on 31.3.13 | 6 |
| Percentage of Customer Complaints Pending on 31 st March 2013 | 18.18 % |

Out of 6 pending complaints, 4 complaints were received during the month of March'2013.

None of our customers, in any of the product sectors, have filed any consumer cases/legal cases in the Court of law.



9.2 Does the company display product information on the product label, over and above what is mandated as per local laws?

No.

In case of Aluminium metal, the product grade, stack no., bundle no., net weight is displayed on the product label. In case of Rolled Products, Name of the Company & production unit and place, Coil No, Grade, Size (Thickness X Width) in mm, Net Weight (in kgs.), Signature of the inspecting authority, Date of Packaging, No. of sub-stacks and total no. of sheets per packet (for Rolled sheets only) is displayed on the product label.

9.3 Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof.

No.

9.4 Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes, the company conducts consumer survey and collects customers' feedback for calculation of customer satisfaction index (CSI) twice every Financial Year i.e. the end of September and March.

STATEMENT OF PARTICULARS UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 AND RULES MADE THEREUNDER

A. CONSERVATION OF ENERGY

Various energy conservation measures that have been adopted for optimal utilization of energy resources in different units of the Company during the year 2012-13 are as under:

CAPTIVE POWER PLANT

1. Energy management certificate under ISO 50001: CPP was certified under ISO-50001 on 13.02.2013 and is valid for two years . The certification audit was carried out on 04.01.2013 by M/s. DNV.
2. Carbon Sequestering Project: CPP has undertaken a pilot project for carbon sequestering by algae. This is a latest technology for absorbing CO₂ directly from flue gas and the same would be utilized for growth of algae which can be further utilized as bio-diesel, a high protein food for cattle or can be used as a fuel to the boilers. Process initiation of the said project was done on 29-10-2012 by member secretary, OSPCB. A team of Sub-committee III of House committee on environment visited CPP on 07-02-2013 and during their visit to carbon Sequestration Project highly appreciated NALCO for the efforts towards reduction of carbon to the atmosphere.
3. Utilization of Effluent(Ash Pond): During the year 1,87,64,710 M³ of Ash water was recycled from the Ash Pond.
4. Retrofitting of ESP with 3rd Pass: The project of retrofitting of ESPs by installing an additional pass in the existing ESPs by M/s NASL with an expenditure of ` 135.53 crore for Unit 1, 2, 3, 4 & 6 is in progress. Retrofitting of ESP of Unit-5 and 6 has been completed. Total retrofitting work is scheduled to be completed by July'2014.
5. Energy saving luminaries like 2 x 28 W, T5 tube light fitting – 1000 Nos. in place of 2 x 40W TL fitting, Electronic Tube light chokes 2500 Nos. in place of copper chokes and 70 W HPSV fittings of 1250 Nos. in place of 125 W HPMV fittings are replaced at different locations inside the plant.
6. Replacement of 900 KW old type PA fan motors with new design motors: The 900 KW motors of Unit#1 to Unit#5 are old type and failure was very frequent in 2009-10. It was decided to replace it with new design PA fan motors of BHEL make for improving the reliability. Finally six motors were procured. Already 4 Nos. of motors in location of Unit#1 PA fan-A, Unit#3 PA fan-A and B and Unit#4 PA fan-B have been replaced. Another two nos. will be replaced in due course of time.
7. Energy audit of unit #7 and unit #8: Energy audit of unit #7 was conducted by M/S Schneider during July-2012 and again of unit #8 during October-2012. They have identified few of the areas where there is scope of energy saving like reduction of unburnt carbon in fly ash and bottom ash, improvement in performance of LPH-3 and HPH -6, reduction in leakage in air preheater.

SMELTER:

1. The specific DC energy consumption in Smelter has reduced to all time best figure of 13394 KWHr/MT , which could be achieved by control of bath drop with ALPSYS advanced regulation system, reducing anodic problems, use of graphitised cathode block, use of slotted anodes in two potlines (433 pots), increasing Anode stub hole and pin length in all running pots. The activities has lead to increase in overall Current Efficiency to 94.32% against 93.8% in 2011-12.
 - Annual saving of electrical energy is 63,411,192 KWHr.
 - Financial benefits for the year are ` 1826.24 Lakhs @ ` 3.10 per KWHr.
2. The Specific fuel oil consumption is also achieved to be all time best figure of 71 Lt/MT , through various controlling measures such as reduction of furnace idling time, incorporation of magnetic resonator in HFO line & semiautomatic firing with PID controller for optimum firing resulting in proper atomisation & combustion in the furnaces of Rolling plant.
 - Annual saving of fuel oil (thermal energy) :- 2016.920 KL.
 - Financial benefits for the year are ` 822.70 Lakhs @ ` 40,790 per KL.
3. Smelter has taken up ten nos. of PAT projects (Perform, Achieve & Trade) to achieve the PAT target assigned. Out of ten projects, three projects are completed contributing to above reduction in specific Energy consumption.
4. Feasibility study for Solar PV cells to harness the Renewable energy in compliance to RPO obligation is underway through external consultant and final report will be submitted by end of Sept'13. Depending on the report, Installation of solar PV cells on the roof of thirteen buildings of Smelter plant & Township having total area of 7500M² . It is assessed to have solar potential for generation of 1.17 MW during peak hour.



REFINERY

1. Installation of VVFD in 23 nos of drives at various Locations of refinery and SPP resulting saving of Power to the tune of 87 KW.
2. A new type of coupling i.e. Magnadrive coupling which transmits the torque using principle of magnetic induction was successfully installed in Conveyor-6A. With this unique feature of torque transmission, Magnadrive coupling has resulted many advantages over conventional fluid coupling like Electrical Energy saving to the tune of 4%, vibration isolation, misalignment tolerance, shock load tolerance etc.
3. Suitable modification was carried out to eliminate the feed water loss from BFP(Boiler Feed Pump) warm up line. This has resulted in recovery of thermal energy and DM water.
4. Reduction in idle running of equipments was implemented in crusher and evaporator drives. Running of Agitators in isolated tanks were standardized to 5 minutes daily and also trial run of drives were standardized for 10 minutes daily. This has resulted in saving in electrical energy.
5. Optimization of running of CW Pumps in Old evaporator has resulted in saving in electrical energy and Running the evaporator in 6-6 mode has resulted in reduction in steam consumption.

PANCHPATMALI BAUXITE MINES

1. Forty (40) energy meters installed earlier have been hooked up with Energy Management System (EMS) using the existing LAN network & dedicated servers. The system has been fine tuned & now the same is capable of generating various analysis reports for energy consumption patterns.
2. Detailed energy audit has been completed by M/s National Productivity Council (NPC). Out of their 13 recommendations with huge energy saving potential in Mines, one has been implemented while for the rest, the procurement & implementation actions are in progress.

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption:

| | | Captive Power Plant | | Alumina Refinery | | Smelter Plant | |
|----|---|--------------------------------------|------------------------------------|-----------------------------------|------------------------------------|-------------------------------|-------------------------------|
| | | Current Year 2012-13 | Previous year 2011-12 | Current Year 2012-13 | Previous year 2011-12 | Current Year 2012-13 | Previous year 2011-12 |
| 1. | 1.1 Electricity (a) Purchased from GRIDCO Unit (Million KWH) Total amount (₹ in lakh) Rate/Unit (₹ / KWH) | 106.297 7,334.52 6.90 | 139.362 9,332 6.70 | 74.306 5,312.91 7.15 | 66.103 4,281.32 6.48 | NA | |
| | (b) Own Generation | | | | | | |
| | i) Through Diesel Generator Unit Unit per Ltr. of diesel oil Cost/Unit | (i) NA | | NA | | | |
| | ii) Through Steam Turbine/Generator Units (Gross)/Million KWH Units per litre of fuel oil/gas Cost/Units (₹ /KWH) | 6855.271MU NA ₹ 310.68 | 6983.33 284.40 2.82 | 363.722 - - | 365.038 - - | | |
| 2. | Coal (Specify quality & where used) (Quality Grade - F&G, Import) used for own generation of Electricity & Steam. Quantity (Tonnes) Total cost (₹ in lakh) Average rate (₹ /Tonne) | 5,709,496 1,04,090.94 1,823.11 | 5,622,764 93,857.86 1,669.25 | 1,153,566 29,071.41 2520.15 | 1,105,716 23,312.80 2,108.39 | | |
| 3. | Furnace Oil Quantity (KL) Total Amount (₹ in lakh) Average rate (₹ /Tonne) | 19,823.701 8,986.27 45,330 | 24,555 9,704.06 39,520 | 147,696.5 59,587.24 39,667 | 144,722 53,155.08 36,729 | 28,639 11,681.93 40,790 | 32,157 11,606.88 36,094 |
| 4. | Others/Internal generation Quantity Total Cost Rate/Unit | NA | NA | NA | NA | NA | NA |

B. Consumption per unit of production

| Products (with details) | Unit | Standards (if any) | Current Year 2012-13 | Previous year 2011-12 |
|------------------------------|-----------|--------------------|-------------------------|--------------------------|
| 1. Alumina | | | | |
| (a) Power | (Kwh/MT) | 335 | 349.28 | 341.68 |
| (b) Fuel oil for calcination | (Ltr/MT) | 77 | 77.56 | 76.95 |
| (c) Coal for steam | (Kg/MT) | 620 | 640 | 652 |
| (d) Oil for steam | (Ltr/MT) | 4 | 6.09 | 8.73 |
| 2. Aluminium | | | | |
| (a) A.C. Power | (Kwh/MT) | 14,800 | 14,708 | 14,801 |
| (b) Fuel Oil | (Ltr./MT) | 90 | 71 | 77 |
| (c) Others | - | - | - | - |



Form B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D activities carried out by the Company are:

A) In-house R&D Activities

Alumina Plant

1. Studies to establish Solubility of CaO from different sources of Lime. (Completed)
2. Installation of heating bundles in pre desilication tank. (one tank completed- performance is satisfactory)
3. Extraction of Vanadium sludge from Process liquor (continuing)
4. Rectification of Rotary kiln to produce Low soda high Alpha Special alumina for ceramic use. (project continuing)
5. Laboratory scale studies were carried out along with the suppliers of various flocculants for use in High Rate thickeners and Deep cone washers of new stream.

Smelter Plant

1. Regular characterization of baked anode and monitoring of its quality
2. Studies for improvement in quality of raw materials to carbon plant
3. Anode bench scale studies for anode quality improvement
4. Regular metallographic studies of cast products for quality improvement
5. Commencement of production and use of Slotted anodes and anodes with higher stub hole depth in potline.
6. Magnetic Resonators installed on trial basis in cast house furnaces for fuel oil saving
7. Bench Scale investigation carried out to establish the utilization of carbon portion of spent pot lining
8. Measurement of melt loss in cast house furnaces
9. Process monitoring carried out for reduction of iron content in anodes
10. Trial undertaken for reduction of dross generation by application of flux
11. Regular metallographic study of Tibor rods used for grain refining in cast products.
12. Trial undertaken for development of new products from rolled aluminum sheet.
13. PFC measurement has been taken in Potlines for the first time since inception
14. A project for development of model & tool for ACD measurement and optimization is in progress
15. A model was developed on anode shift cycle in Potlines
16. Plant scale studies carried out on reassessment of C.P. coke quality received from Numaligarh Refinery vis a vis anode quality
17. Preliminary studies undertaken to modify the properties of C.P. coke at supplier's end to improve anode quality.

B) Collaborative R&D Activities

Some of the Collaborative R&D work in which substantial progress has been made during the year is as below:

1. Plasma smelting of Red mud for production of Pig /Cast iron and Alumina rich slag in collaboration with IMMT, BBSR-completed.
2. Development of Heat Treatment Process for Destruction of Toxic Cyanide and Recovery of Valuables (Sodium, Fluorides, etc. from Spent Pot-Linings Materials (SPL) – completed.
3. Preparation of Low Ferric alum from waste aluminium dross-completed.
4. Development of Light weight aggregates from Red mud-completed.
5. Bench scale studies for Development of Glass Ceramics from Red mud- completed.
6. Lab scale study on alumina tri-hydrate productivity using catalyst by IMMT, BBSR- completed.
7. Development of ceramic tiles from fly ash in collaboration with IIT, Kharagpur and lab scale work completed.
8. Development of metal matrix composites with IIMT, Bhubaneswar-continuing.
9. Development of Probe for liquidus temperature determination of Electrolytic bath-completed.
10. Detailed study in melt loss generation and derive solution for reduction of melt loss-completed.
11. Development of High speed extrusion alloy for the Indian Aluminium industry-continuing.
12. Infra Red Thermography studies with JNARDDC, Nagpur-2nd phase studies continuing.
13. Study of Effect on Alumina quality on solubility of Electrolytic bath-continuing.
14. Assessment of billet quality in DC cast AA6063 alloys-continuing.
15. An investigation on treatment of bauxite through hydrogen plasma-just started with NIT, Rourkela.

16. Up gradation of Alumina in NALCO Fly ash through bio leaching of silica and subsequent recovery of alumina through piro/hydrometallurgical routes- just started with IMMT, Bhubaneswar.

2. Benefits Derived as a result of the above R&D (In-House & Collaborative)

1. The tests have revealed that the solubility of CaO in liquor while using a particular source of lime is comparatively higher. Recommendation has been given to operation department to blend the lime from the particular source with lime from other sources to maintain the CaO in product.
2. Elimination of condensate dilution in process liquor, thus saving in steam and hence energy required for evaporation.
3. Vanadium sludge is a value added byproduct. Removal of the salts from the liquor also helps in preventing scaling in pipes and Equipments & Reduction in lime consumption.
4. Low soda high Alpha Special Alumina is a value added product.
5. For evaluating the performance of various flocculants, before introducing the new production stream.
6. Introduction of chequered sheet as a new product has resulted in variety and product mix and benefitted smelter plant by added revenue.
7. Inclusion analysis and metallographic studies have helped to improve product quality.
8. Regular analysis of baked anodes have helped to improve anode quality.
9. Base line data of melt loss in cast house furnaces has been attempted.
10. Use of slotted anodes and anodes with higher stub hole depth in potlines have resulted in considerable savings due to reduction in DC energy consumption.
11. Due to R&D effort good quality coke has been used in green anode plant. Both green anode density & baked anode density has shown improvements. Potline performance has also improved due to better quality anodes.
12. Trial with non-wetting castable tapping ladles of potline has resulted in increase in average ladle life from 5.5 months to one yr Expected annual savings approx ` 7.95 lakhs
13. Process developed for production of ferric alum from smelter plant dross.
14. Process developed for cyanide removal of spent potline for subsequent handling of spent potlines to recover valuables in carbon portion of SPL.

3. Future Plan of action and new Projects

1. Setting up of a world class Nalco Research & Technology Centre at Bhubaneswar, along with revamping R&D centres at both sites.
2. Commercialisation of few R&D processes.
3. Utilisation of Fly ash in Ceramic Tiles manufacturing, industrial investigation.
4. Development of a process know how for extraction of alumina from fly ash.
5. Studies related to CaO incorporation in product
6. Utilisation of existing facilities of Oxalate Removal unit/ Zeolite plant for separation of salt from Green liquor for marketing.
7. Reaction kinetics study for optimizing the process parameters.
8. Reaction kinetics study of precipitation for improving productivity with minimal impurity occlusion.
9. Adoption of various new technologies and measures to reduce melt loss in cast house.
10. Modeling studies of different sub processes of smelter plant.
11. Development of a bench scale process for recovery of valuables from spent pot lining carbon portion.
12. Selection of a suitable process for dross processing.
13. Bench scale/pilot scale studies to improve anode quality.
14. Development of value added and new products.
15. Projects/studies related to improvement of quality of process and products of smelter plant.
16. Studies on improvement of oxidation behavior of anodes.
17. Extraction of alumina from bauxite/red mud etc. in collaboration with M/s. Orbite Inc., Canada.

Mission:

In line with the vision and mission of the Company, following has been drawn as the mission for R&D

1. Creation of facilities at R&D Centres to develop and strengthen technological expertise pertaining to Bauxite Mining, Alumina Refining, Aluminum smelting for improvement of efficiency, reduction of cost in various units including CPP, in association with site R&D.
2. To continuously work on development of improved raw materials, new products, improve quality, waste utilization and analytical innovation.
3. To provide continuous technical assistance to all production units, in association with site R&D.



Goals and Objectives

The main thrusts areas which form the goals and objectives are given below:

- Increasing extraction efficiency and productivity to maximise production;
- Reduction in the cost of production of bauxite, power, alumina and aluminium;
- Development of new aluminium alloys and value added products;
- Waste utilisation and disposal and
- Attain analytical excellence along with development of reference standards.

A revised Roadmap for implementation of R&D Centres at sites with the details of R&D projects that are to be taken up has been prepared. The revised Road map is made through by the Technology Committee and subsequently approved by board.

Thrust has been laid on patenting of process know-how developed in the Company either through in-house or collaborative R&D efforts. Till date 22 patents have been sent for filings which include 3 nos. of patents being filed in the current year. Board level technology committee meetings are being held once in a quarter to review the R&D activities of the Company including technological up gradation and innovative modification carried out in different units and benefits derived thereon for further improvements and the process and productivity. Also MOU related R&D projects were reviewed by an independent committee RSAC (Research & Scientific Advisory Committee) as per guideline of DPE.

4. Expenditure on R&D

(` in lakhs)

| | 2012-13 | 2011-12 |
|---|---------|---------|
| a) Capital | 1,226 | 416 |
| b) Recurring | 666 | 699 |
| c) Total | 1,892 | 1,115 |
| d) Total R&D Expenditure as % of total turnover | 0.26 | 0.16 |

5. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

(a) M&R Complex, Damanjodi

| Sl. No | Details of modification | Benefits thereof |
|--------|--|--|
| 1 | Split feeding in precipitators | Reduced soda impurity |
| 2 | High rate settling technology | Lower reversion loss of alumina , soda and heat losses, Reduced foot print area and Capex |
| 3 | Use of TCA as filter aid | Improved specific filtration rate, enhanced flow rate. |
| 4 | Advanced vertical Diaster filters in place of Kelly filters | Enhanced flow rate and reduced CAPEX. No washing required, reducing dilution in circuit thus saving on evaporation costs |
| 5 | Two stage PHE eliminating water cooling stage in existing 3 stage PHE | Higher heat recovery. |
| 6 | Incorporation of Seed grinder to maintain average seed particle size at 10-12% less than 45µ on continuous basis | Improved Liquor productivity and Reduction in product soda to the tune of 200 ppm. |

b) Smelter Plant, Angul

| Sl. No | Details of Modification | Benefits thereof |
|--------|---|--|
| 1 | Stub hole depth increased from 90mm to 110mm in GAP1 &2 of carbon plant | • Reduction in DC energy consumption in potlines |
| 2 | Radio Remote Control has been installed & commissioned for 2 nos EOT cranes, in addition to pendant control in Cast house A | • Easy and safe operation • Latest technology |
| 3 | 2.2KW Lerroy Somer Make(Imported origin) ECL#2 Cabin CT motor was replaced with indigenous make (CGL Make) in CH-A. | • Import substitution • Cost reduction |

DETAILS OF TECHNOLOGY IMPORTED /UPGRADED DURING LAST 5 YEARS:**(a) M&R Complex , Damanjodi**

| Technology Imported | Year of import | Has technology been fully absorbed | If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action |
|---|----------------|------------------------------------|---|
| Potentiometer analysis of Bayer liquor for soda and dissolved alumina in place of titration based analysis. | 2008-09 | Fully Absorbed | - |
| Seed grain size control through addition of micro fined hydrate. | 2008-09 | Fully Absorbed | - |
| Ion Chromatograph for analysis of Fluoride, Oxalate etc. | 2008-09 | Fully Absorbed | - |
| Auto Analyser for particle size analysis | 2010-11 | - | Under evaluation |
| IR Thermography studies to locate hot spots in furnaces and electrical Switchyard equipments | 2009-11 | - | Estimations done were under a collaborative project with JNARDDC. Thermography camera under procurement for carrying out thermography a standard practice. |

b) Smelter Plant, Angul

| Technology Imported/Upgraded | Year of import | Has technology been fully absorbed | If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action |
|--|----------------|------------------------------------|---|
| Continuous fully automated Horizontal Direct Chill (HDC) Casting Machine installed by Hertwich Engineering, Austria for the production of T-ingots. T-ingots are of better quality and appearance compared to open top mould cast ingots. | 2010-11 | Yes | |
| ALPSYS pot regulation system has been implemented in Potline 1 The benefits through the implementation of ALPSYS system is quite significant as compared to the older system as given below • Maximising current efficiency • Reducing Anode effect frequency, PFC generation, energy consumption • Increasing labour productivity through advanced and flexible reporting features. | 2012-13 | Yes | |
| Automatic Robotic Skimmer system has been commissioned and put in service in ICM-1 of Cast House-A. This will improve productivity. | 2012-13 | Yes | System is under observation |
| ECL-1 Main Hoist and Aux. Hoist drives are upgraded with latest technology 755 power flex drive of Rockwell Automation in Cast House-B | 2012-13 | Yes | |
| 160MT ECL Crane commissioned in Potline | 2012-13 | Yes | |

6. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company for the year 2012-13 was ` 3378 crore as against ` 2,558 crore in 2011-12.

The foreign exchange outgo of your Company for the year under report was ` 287crore as against ` 328 crore in the previous year.



Annexure III

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

| Sl. No | Name of the Employee (S/Shri) | Designation of Employee | Remuneration Received (`) | Qualification and experience (years) | Date of commencement of employment | Age as on 31/03/2013 | Last employment held before joining the Company |
|--|--------------------------------|-------------------------|-----------------------------|--|------------------------------------|----------------------|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Employed throughout the financial year and in receipt of remuneration of not less than ` 60,00,000/- in the aggregate for the year. | | | | | | | |
| NIL | | | | | | | |
| Employed for part of the financial year 2012-13 and in receipt of remuneration of not less than, ` 5,00,000/- p.m. | | | | | | | |
| 01. | G S Mohapatra | AM (Vigilance) | 5,24,862.00 | BA, Dip in Electrical/ Electronics/ Radio/ Communication Engg. 40yrs | 10/06/1989 | 60 years 11 months | Indian Air Lines |
| 02. | H K Pratap | AGM (Co-ordn.) | 26,25,610.00 | MA,LL.B, PGDMM 36 years | 28/03/1984 | 60 years 10 months | ALIMCO |
| 03. | S C Patnaik | AGM (HRD) | 18,44,999.00 | B.Sc, LL.B,MLS, PGDIRPM 39 yrs | 29/09/1982 | 60 years 08 months | Hindustan Aeronautics Ltd |
| 04. | Joy Varghese | D (P&A) | 32,70,991.00 | MSW,MBA 35 years | 01/10/2007 | 60 years 07 months | KIOCL |

Notes: 1. Remunerations excludes LTC and medical reimbursement and includes contribution to the Provident Fund.

2. All appointments are on regular basis.

3. Terms and conditions are as per Rules of the Company.

4. Chairman-cum-Managing Director and Functional Directors are appointed by the President of India and are on tenure contract.

5. Percentage of equity shares held by the employees of the Company is nil for the year under report.

6. None of the above employee is related to any of the Directors of the Company.

Report on Corporate Governance

1.0 Philosophy

Corporate Governance is an institutional framework with proper checks and balances to undertake, co-ordinate and oversee the interest of all stakeholders. Every organization runs with a two-tier system, i.e. Board of Directors and the management. The Board strives to ensure that the management is doing the best towards performance and profitability of the Company while ensuring a strong culture of value, ethics, integrity, reliability and fairness in dealing within and outside the organization. Corporate Governance thus establishes a control system and structure to guide decision making process to ensure high degree of accountability and credibility that focuses on building trust and confidence among all stakeholders.

NALCO, as an organization believes in sound management, transparency and sharing all related information to its stakeholders. Besides adhering to provisions of Listing Agreement, the Company also follows the Guidelines on Corporate Governance issued by Department of Public Enterprises, Government of India, from time to time.

2.0 Board of Directors

Company being a legal juristic person, the Board of Directors is entrusted with the responsibility of formulation of policies and strategies. While the full-time directors through their hierarchies i.e. the management, ensure overseeing the day-to-day activities and formulate long term plan, the part-time official and non-official directors share their wisdom and expertise in policy formulations and strategies. The Corporate Governance practice thus brings in a blend of full time directors and independent directors on the Board.

2.1 Size of the Board

Articles of Association of the Company provides for not less than four and not more than eighteen Directors on the Board. Being a Government Company, the power to appoint directors vests with the President of India. The constitution of the Board is as follows:

- i. Six full time Directors including Chairman-cum-Managing Director
- ii. Two part time official Directors, basically nominee directors from Government of India
- iii. Eight part time non-official (Independent) Directors who are appointed by the Government of India through a Search Committee.

2.2 Composition

Against the sanctioned strength of sixteen Directors, the Board had 15 directors comprising of five full time directors, two non-executive official directors and eight non-executive non-official (independent) directors as on 31st March, 2013. The Listing Agreement and DPE guidelines on Corporate Governance stipulate a condition that half of the Board should comprise of independent directors. The Board level position vis-à-vis the requirements of Listing Agreement and DPE guidelines on corporate governance are given below:

| Period | Composition of Full time and Part time Official Directors | Requirement of Independent Directors | Actual no. of Independent Directors |
|--------------------------|---|--------------------------------------|-------------------------------------|
| 01.04.2012 to 29.04.2012 | 6 | 6 | 6 |
| 30.04.2012 to 30.05.2012 | 7 | 7 | 6 |
| 31.05.2012 to 09.07.2012 | 6 | 6 | 6 |
| 10.07.2012 to 30.08.2012 | 6 | 6 | 8 |
| 31.08.2012 to 23.09.2012 | 5 | 5 | 8 |
| 24.09.2012 to 19.12.2012 | 6 | 6 | 8 |
| 20.12.2012 to 31.03.2013 | 7 | 7 | 8 |

There was non-compliance in the composition of the Board for a short period from 30.04.2012 to 30.05.2012. However, the vacancy was filled up within 180 days, as specified under Clause 49 of the Listing Agreement.

2.3 Resume of Directors

The brief resume of Directors retiring by rotation and additional Directors seeking appointment including nature of their experience in specific functional areas, names of Companies in which they hold directorship and membership/chairmanship of Board/ Committees is appended to the Notice calling the Annual General Meeting.



2.4 Age limit and tenure of Directors

Being a Government Company, the age limit of the Chairman-cum-Managing Director and other whole-time directors is 60 years. All the functional directors are appointed for five years from the date of taking over the charge or until the date of superannuation or until further orders from the Government of India, whichever event occurs earlier.

The upper age limit for consideration of appointment of independent directors is 65 years. They are generally appointed by the Government of India for a tenure of three years.

Government Nominee Directors representing Ministry of Mines, Government of India cease to be director on the Board on ceasing to be officials of the Ministry of Mines.

2.5 Board Meetings

Board meetings are convened by giving at least seven days notice in advance after obtaining approval of the Chairman of the Board/Committee. In case of exigencies or urgency, resolutions are also passed by circulation which are subsequently placed before the Board for confirmation.

As per the requirements of Listing Agreement, there should not be gap of more than four months between two Board meetings. Similarly, DPE guidelines on corporate governance for CPSEs prescribe that there should not be more than three months gap between any two Board meetings. During the financial year, there is one instance where the gap between two Board meetings was more than three months.

Five Board meetings were held during the year on 21.05.2012, 21.08.2012, 25.10.2012, 15.12.2012 and 20.03.2013. The minimum and maximum time gap between any two Board meetings was 51 days and 94 days respectively. Details of Board meetings and presence of directors in the meeting are as follows:

| Board Meeting No. & Date | Board Strength | No. of Directors Present |
|--------------------------|----------------|--------------------------|
| 261/21.05.2012 | 13 | 12 |
| 262/21.08.2012 | 14 | 13 |
| 263/25.10.2012 | 14 | 12 |
| 264/15.12.2012 | 14 | 13 |
| 265/20.03.2013 | 15 | 13 |

Details of Board meetings attended by the directors, attendance at last Annual General Meeting, number of other directorship/committee membership held by the directors are given below:

a. Whole time Directors

| Name & Designation | Board Meetings | | Attendance at 31 st AGM held on 14.08.2012 | No. of other directorships | Membership in the Committees of other Companies* | |
|--|------------------------|----------|---|----------------------------|--|--------------|
| | Held during the tenure | Attended | | | Membership | Chairmanship |
| Shri Ansuman Das, Director (Commercial) & CMD (1) | 5 | 5 | Yes | Nil | Nil | Nil |
| Shri B.L. Bagra, Director (Finance) (2) | 5 | 5 | Yes | 2 | 1 | - |
| Shri S.S. Mahapatra, Director (Production) | 5 | 5 | Yes | Nil | Nil | Nil |
| Shri N.R. Mohanty, Director (P&T) | 5 | 5 | Yes | Nil | Nil | Nil |
| Shri S.C. Padhy Director (HR) (w.e.f. 20.12.2012) | 1 | 1 | NA | Nil | Nil | Nil |
| Shri A.K. Srivastava, Chairman-cum-Managing Director (3) | - | - | - | Nil | Nil | Nil |
| Shri Joy Varghese, Director (Pers. & Admn.) (up to 31.08.2012) | 2 | 2 | Yes | Nil | Nil | Nil |

b (i) Part - time official Directors (Non-independent)

| | | | | | | |
|---|---|---|----|-----|-----|-----|
| Ms. Gauri Kumar, IAS (w.e.f. 24.09.2012) | 3 | 2 | NA | Nil | Nil | Nil |
| Shri Durga Shanker Mishra, IAS (w.e.f. 26.02.2013) | 1 | 1 | NA | 2 | 2 | Nil |
| Shri Arun Kumar, IAS (from 30.04.2012 to 26.02.2013) | 4 | 3 | No | 1 | Nil | 1 |
| Shri S.K. Srivastava, IAS (upto 31.05.2012) | 1 | - | NA | Nil | Nil | Nil |

b (ii) Part time non official (Independent) Directors

| | | | | | | |
|---|---|---|-----|-----|-----|-----|
| Shri Ved Kumar Jain | 5 | 5 | Yes | 5 | 5 | 3 |
| Shri P.C. Sharma, IAS (Retd.) | 5 | 5 | No | 2 | 1 | 1 |
| Shri G.P. Joshi, IAS (Retd.) | 5 | 5 | No | 3 | 1 | Nil |
| Shri S.S. Khurana | 5 | 4 | No | Nil | Nil | Nil |
| Shri Madhukar Gupta, IAS (Retd.) | 5 | 4 | No | 1 | - | - |
| Shri G.H. Amin | 5 | 4 | Yes | Nil | Nil | Nil |
| Shri Kaiser Shamim (w.e.f. 10.07.2012) | 4 | 3 | Yes | Nil | Nil | Nil |
| Shri Sanjiv Batra (w.e.f. 10.07.2012) | 4 | 4 | No | 3 | 2 | Nil |

* Membership/Chairmanship only in the Audit Committee and Shareholders/ Investors Grievance Committee is considered as per the Listing Agreement.

- (1) Holding additional charge of the post of Chairman-cum-Managing Director w.e.f. 29.08.2012.
- (2) Held additional charge of the post of Chairman-cum-Managing Director from 27.02.2011 to 28.08.2012.
- (3) Was under suspension since 26.02.2011. Subsequently his services were terminated by the Govt. of India w.e.f. 11.12.2012.

2.6 Information placed before the Board of Directors

Information as prescribed under Clause 49 of the Listing Agreement is regularly placed before the Board. The Board got complete access to all information within the Company. Information regularly supplied to Board includes;

- Annual operating plans and budgets and any updates.
- Capital Budgets and any updates.
- Quarterly financial results and the business segments.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- Review of progress of on-going projects.
- Annual Accounts, Directors' Report, Business Responsibility Report etc.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems etc.
- Operational highlights and substantial non-payment for goods sold by the Company.
- Major investments, formation of collaboration, Joint Ventures, Strategic Alliances, signing of MoU etc.
- Award of large value contracts.
- Disclosure of Interest by Directors about directorship and committee positions occupied by them in other Companies.
- Report on Short Term Deposits and Investments.
- Quarterly Report on Contract awarded on nomination basis.
- Quarterly Report on Reconciliation of Share Capital Audit, Half-yearly certificate on share transfers as per provisions in Listing Agreement.
- Report on Compliance of various laws.
- Matters relating to Industrial Relations viz. wage agreement, employees' welfare schemes etc.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of dividend, delay in share transfer, etc.
- Information relating to major legal disputes.
- Action Taken Report on all pending matters.
- Any other information required to be presented to the Board for information or approval.



2.6.1 Post meeting follow-up

Decisions taken at Board meetings are promptly communicated to respective departments for compliance and action, if any. Action taken report on decisions of previous meetings is placed in the succeeding meeting for information of the Board.

Company Secretary plays a key role in ensuring the Board procedures are followed diligently. He is responsible for and required to adhere to all applicable laws and regulations under different statutes. The Company substantially follows the secretarial standards on Board meetings, General meetings and minutes of meetings prescribed by the Institute of Company Secretaries of India.

3.0 Board Committees

Details of the Committees constituted by the Board are as follows:

- a. Audit Committee (also entrusted with the responsibilities of Shareholders' / Investors Grievance Committee)
- b. Human Resources Committee
- c. Remuneration Committee
- d. Technology Committee
- e. Committee of Directors for consideration of unaudited results
- g. Ethics & Corporate Governance Committee
- h. Risk Management Committee
- i. CSR & Sustainability Development Committee
- j. Committee of Directors for Projects and New Ventures

3.1 Audit Committee

The role of the Audit Committee inter-alia includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Approval of payment to statutory auditors for any other services rendered by them.
3. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors on any significant findings and follow-up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee has the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.

3. To obtain outside legal or other professional advice, subject to the approval of Board of Directors.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To protect whistle blowers.

The Audit Committee's functions also include the following:

- a) To check whether controls are adequate commensurate with size of the operations.
- b) To study the areas where income can be increased and the areas where cost can be reduced.
- c) Management Information System on each of the above areas.

The Audit Committee comprised of following members as on 31st March, 2013:

1. Shri V.K. Jain – Independent Director
2. Shri P.C. Sharma – Independent Director
3. Shri G.P. Joshi – Independent Director
4. Shri Qaiser Shamim – Independent Director

Shri V.K. Jain is the Chairman of the Committee. All members possess financial/accounting knowledge. The composition meets requirement of Section 292A of the Companies Act, 1956, clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance.

Director (Finance), Statutory Auditors, Cost Auditors and Chief of Internal Audit are invited to the meetings for interaction with the members. Other functional directors and senior functional executives are also invited to the meetings to provide necessary information, as and when required.

The Company Secretary acts as Secretary to the Audit Committee.

Audit Committee meetings and attendance

The Audit Committee met 6 times during the year. The maximum gap between any two Audit Committee meetings was 72 days. Dates of meetings with attendance of members are tabulated below:

| Sr. No. | Name of the Members | Dates of Meetings | | | | | |
|---------|---------------------|-------------------|----------|----------|----------|----------|----------|
| | | 21.05.12 | 21.07.12 | 13.08.12 | 25.10.12 | 14.12.12 | 31.01.13 |
| 1. | Shri V.K. Jain | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2. | Shri P.C. Sharma | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3. | Shri G.P. Joshi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4. | Shri Qaiser Shamim | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Shri V.K. Jain, Chairman, Audit Committee attended the last Annual General meeting held on 14.08.2012 to answer queries of shareholders.

3.2 Shareholders'/Investors Grievance Committee

The Audit Committee is assigned with the responsibilities of Shareholders'/Investors Grievance Committee. The Committee looks into redressal of shareholders'/investors' complaints/grievances pertaining to share transfers/transmissions, non-receipt of dividend/Annual Reports, issue of duplicate share certificates, rematerialization/dematerialization of shares, change in address, bank particulars and other miscellaneous complaints.

Shri K. N. Ravindra, Company Secretary is the compliance officer in terms of clause 47 of the Listing Agreement.

During the financial year, the Company has attended the grievances expeditiously except the cases where legal impediments are involved. Break-up of different types of complaints and total no. of complaints received and resolved to the satisfaction of investors are given below:

| Types of complaints | No. of complaints |
|---------------------------------------|-------------------|
| Non-receipt of dividend | 81 |
| Non-receipt of Annual Report | 07 |
| Split and bonus issue of shares | 03 |
| Non-receipt of interest on debentures | 03 |
| Transfer of shares | 02 |
| Short receipt of dividend | 01 |
| TOTAL | 97 |



Against a shareholder base of more than 66,000, the Company had received only 97 complaints during the year. Further, details of complaints received, resolved and pending, during the financial year are as under:

| Particulars | Opening Balance | Received during the year | Resolved | Pending |
|----------------------------|-----------------|--------------------------|-----------|------------|
| SCORES - SEBI | Nil | 05 | 05 | Nil |
| Individuals & Institutions | Nil | 88 | 88 | Nil |
| Stock Exchanges | Nil | 04 | 04 | Nil |
| TOTAL | | 97 | 97 | Nil |

3.3 Human Resources Committee

Terms of reference of HR Committee include:

To study and recommend to the Board for approval, proposals in the following areas:

- Framing of rules and regulations and changes therein relating to recruitment, transfer, promotion, deputation and other conditions of service in respect of employees of the Company, other than those which are approved by the Board and which are delegated to CMD.
- Wage structure and scales of pay of the employees of the Company and any changes therein.
- Organization chart including manpower planning.
- Any other reference made by the Board from time to time.

The HR Committee comprised of following members as on 31st March, 2013:

- Shri P.C. Sharma – Independent Director
- Shri S.S. Khurana – Independent Director
- Shri G.H. Amin – Independent Director
- Shri S.S. Mahapatra – Director (Production)
- Shri S.C. Padhy – Director (HR)

The Committee is headed by Shri P.C. Sharma, Independent Director.

Meetings and attendance

Four meetings of HR Committee took place during the year. Dates of the meetings and attendance of Directors in the meetings are as follows:

| S. No. | Name of the Members | Dates of Meetings | | | |
|--------|--|-------------------|----------|----------|----------|
| | | 08.05.12 | 13.08.12 | 27.12.12 | 29.01.13 |
| 1. | Shri P.C. Sharma | ✓ | ✓ | ✓ | ✓ |
| 2. | Shri S S Khurana | ✓ | ✓ | ✓ | x |
| 3. | Shri G.H. Amin | ✓ | ✓ | ✓ | x |
| 4. | Shri S.S. Mahapatra Director (Prod.) | ✓ | ✓ | ✓ | ✓ |
| 5. | Shri S.C. Padhy, Director (HR) (w.e.f. 20.12.012) | - | - | ✓ | ✓ |
| 6. | Shri Joy Varghese, Director (P&A) (upto 31.08.2012) | ✓ | ✓ | - | - |

3.4 Remuneration Committee

Remuneration Committee has been constituted as per the provisions in DPE guidelines to decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors, within the prescribed limits.

The Remuneration Committee comprised of following members as on 31st March, 2013:

- Shri Madhukar Gupta – Independent Director
- Shri P.C. Sharma – Independent Director
- Shri Sanjiv Batra – Independent Director

The members met twice during the year. Dates of meetings and attendance of members are as follows:

| Srl. No. | Name of the Members | Dates of Meetings | |
|----------|-------------------------------------|-------------------|----------|
| | | 04.04.12 | 20.03.13 |
| 1. | Shri Madhukar Gupta | ✓ | x |
| 2. | Shri P.C. Sharma | ✓ | ✓ |
| 3. | Shri Sanjiv Batra (w.e.f. 21.08.12) | - | ✓ |
| 4. | Shri V.K. Jain (upto 21.08.12) | ✓ | - |

Remuneration of Directors

(a) Whole time directors

Being a public sector enterprise, appointment, tenure and remuneration of the Chairman-cum-Managing Director and other whole-time directors are decided by the President of India. Details of remuneration of the whole-time directors paid during the financial year 2012-13 are as follows:

| Name | Relationship with other Directors | Remuneration for the year 2012-13 (₹) | | |
|---|-----------------------------------|--|-----------------|-----------|
| | | All elements of remuneration package, i.e. salary, PF contribution, Pension, Gratuity etc. | Other benefits* | Total |
| Shri Ansuman Das, Director (Comm.) & CMD | No | 38,53,461 | 1,48,827 | 40,02,288 |
| Shri B.L. Bagra, Director (Fin.) | No | 46,21,311 | 69,353 | 46,90,664 |
| Shri S.S. Mahapatra, Director (Prod.) | No | 33,76,710 | 1,36,762 | 35,13,472 |
| Shri N.R. Mohanty, Director (P&T) | No | 37,15,870 | 1,76,184 | 38,92,054 |
| Shri S.C. Padhy, Director (HR) (w.e.f. 20.12.2012) | No | 5,99,083 | 6,25,961 | 26,878 |
| Shri Joy Varghese, Director (P&A) (upto 31.08.2012) | No | 32,67,843 | 1,88,265 | 34,56,108 |
| Shri A.K. Srivastava, CMD (upto 11.12.2012) | No | 19,04,537 | 12,226 | 19,16,763 |

* Other benefits include Medical facilities, Leave Travel Concession, Residential Accommodation, Electricity & water charges, Upkeep allowance, Entertainment allowance, productivity and performance related incentives etc.

The Company has not issued any stock options during 2012-13.

(b) Part-time Non-official (Independent) Directors

Sitting fees is payable to the Independent Directors as per the ceiling prescribed under the Companies Act, 1956. Presently, sitting fees of ₹ 20,000/- for each meeting of the Board/ Committee meetings is being paid to each of the Independent Directors.

Details of sitting fees paid to the Independent Directors during the financial year are given below:

| Name | Sitting Fees (₹)* | | |
|---------------------|-------------------|--------------------|-----------|
| | Board Meetings | Committee Meetings | Total (₹) |
| Shri Ved Kumar Jain | 1,00,000 | 2,40,000 | 3,40,000 |
| Shri P.C. Sharma | 1,00,000 | 2,40,000 | 3,40,000 |
| Shri G.P. Joshi | 1,00,000 | 2,00,000 | 3,00,000 |
| Shri S.S. Khurana | 80,000 | 80,000 | 1,60,000 |
| Shri Madhukar Gupta | 80,000 | 60,000 | 1,40,000 |
| Shri G.H. Amin | 80,000 | 80,000 | 1,60,000 |
| Shri Qaiser Shamim | 60,000 | 80,000 | 1,40,000 |
| Shri Sanjiv Batra | 80,000 | 60,000 | 1,40,000 |

*subject to applicable tax.

(c) Part-time official Directors

There were two part-time official directors on the Board of the Company as on 31st March, 2013. No remuneration was paid to the part-time official directors.

There is no provision for payment of severance fees to any category of Directors.



3.5 Technology Committee

The Committee monitors and pays special attention to the assessment of the Company's efforts to develop technology and acquiring and assimilating new technologies necessary to make it competitive and to its own R&D efforts for maintaining a sustained strength in the technological field and review specific consumption norms pertaining to Smelter, Refinery etc.

The Committee comprised of following members as on 31st March, 2013:

1. Shri S.S. Khurana – Independent Director
2. Shri G.P. Joshi – Independent Director
3. Shri Sanjiv Batra – Independent Director
4. Shri S.S. Mahapatra – Director (Production)
5. Shri N. R. Mohanty – Director (P&T)

The Committee is headed by Shri S.S. Khurana, Independent Director.

The members met once on 25.02.2013 during the year.

3.6 Committee of Directors for consideration of unaudited financial results

The Committee considers and takes on record, the quarterly Financial Results of the Company in terms of Clause 41(II) of the Listing Agreement, when it is not convenient to call a Board meeting. The minutes of the Committee are placed in the subsequent Board meetings for information.

The Committee comprised of following members as on 31.03.2013:

1. Chairman-cum-Managing Director
2. Director (Finance)
3. Chairman of the Audit Committee
4. Part-time official Director
5. Shri Madhukar Gupta – Independent Director

The Committee met twice on 14.08.2012 and 30.01.2013 during the year.

3.7 Ethics & Corporate Governance Committee

The terms of reference of the Committee include:

- (i) Practices of Corporate Governance at all levels and to suggest remedial measures wherever necessary.
- (ii) Provision of correct inputs to the media so as to preserve and protect the Company's image and standing.
- (iii) Dissemination of factually correct information to the investors, institutions and public at large.
- (iv) Interaction with existing and prospective FIIs and rating agencies, etc.
- (v) Establishing oversight on important corporate communication on behalf of the Company with the assistance of consultants/ advisors, if necessary.
- (vi) Institution of standardized channels of internal communications across the Company to facilitate a high level of disciplined participation.
- (vii) Compliance of the following, formulated in terms of SEBI & DPE guidelines:
 - a) Code of Conduct for Senior Management
 - b) Insider Trading Regulations
 - c) Related Party transactions
 - d) Vigilance Related issues
 - e) Whistle Blower Policy

The Committee comprised of following members as on 31.03.2013:

1. Shri G.H. Amin – Independent Director
2. Shri Qaiser Shamim – Independent Director
3. Shri B.L. Bagra – Director (Finance)
4. Shri S.C. Padhy – Director (HR)

Shri G.H. Amin is the Chairman of the Committee.

The Committee met once on 21.05.2012 during the year.

3.8 Risk Management Committee

The terms of reference include:

- Assisting the Board of Directors in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks.
- Overall responsibility for monitoring and approving the risk policies and associated practices of the Company.
- Reviewing and approving risk disclosure statements in any public documents or disclosures.

The Committee comprised of following members as on 31.03.2013:

1. Shri S.S. Khurana – Independent Director
2. Shri Madhukar Gupta – Independent Director
3. Shri G.H. Amin – Independent Director
4. Shri B.L. Bagra – Director (Finance)
5. Shri S.S. Mahapatra – Director (Production)

Shri S.S. Khurana is the Chairman of the Committee.

There was no meeting during the year.

3.9 CSR & Sustainability Development Committee

The terms of reference include:

- i) Overseeing peripheral development activities being undertaken by the Company through the respective Rehabilitation and Periphery Development Advisory Committees (RPDAC) and proposed to be taken under proposed MMDR Bill.
- ii) Nalco Foundation.
- iii) Environment Protection & Pollution controls.

The Committee comprised of following members as on 31.03.2013:

1. Shri Sanjiv Batra – Independent Director
2. Shri Kaiser Shamim – Independent Director
3. Shri S.S. Mahapatra – Director (Production)
4. Shri S.C. Padhy – Director (HR)

Shri Sanjiv Batra is the Chairman of the Committee.

The Committee met once on 22.02.2013 during the year.

3.10 Committee of Directors for Projects and New Ventures

The terms of reference of the Committee include:

- a) Appraisal and approval of the procedures and formalities in respect of various stages of new projects including preparation of DPR.
- b) To study and recommend to the Board, proposals for investment in new projects, in India and abroad, exceeding ` 10 crores each.
- c) Review the status of capital projects, costing over ` 100 crores each.

The Committee comprised of following members as on 31.03.2013:

1. Chairman-cum-Managing Director
2. Director (Finance)
3. Director (Commercial)
4. Director (P&T)
5. Part-time official Director
6. Shri V.K. Jain – Independent Director
7. Shri G.P. Joshi – Independent Director
8. Shri Madhukar Gupta – Independent Director

The Committee met thrice on 21.07.2012, 14.12.2012 and 30.01.2013 during the year.

3.11 Other Committees

Beside the above designated Committees constituted by the Board, there are few other Committees comprising of internal directors for specific purposes. Those committees are;

- a. Investment Committee
- b. Committee of Directors for Sales
- c. Committee of Directors for Procurements
- d. Share Transfer Committee

Only functional directors including Chairman-cum-Managing Director are members of these Committees except Share Transfer Committee where CMD is not a member.

These Committees take care of certain regular activities within the scope approved by the Board.

4.0 Accountability of Functional Directors

The Company enters into a Memorandum of Understanding (MoU) with the Administrative Ministry i.e. Ministry of Mines on annual basis setting targets in financial and non-financial areas. The performance with regard to MoU is reviewed by the Ministry on half yearly basis.



5.0 Statutory Auditors

M/s. C.K. Prusty & Associates, Bhubaneswar and M/s. Agasti & Associates, Bhubaneswar continue to be joint Statutory Auditors of the Company for the financial year 2012-13.

The fees paid/payable to the joint statutory auditors for the year 2012-13 was ₹ 16 lakhs towards statutory audit fees.

M/s. S. Dhal & Associates, Cost Accountants have been appointed as Cost Auditors of the Company for the financial year 2012-13.

M/s. D.S. Mishra & Associates, Company Secretaries have been appointed as Secretarial Auditors of the Company for the financial year 2012-13.

6.0 General Meetings of Shareholders

Particulars of the General Meetings of the shareholders held during last 3 years:

Annual General Meeting

| Year | 2010 | 2011 | 2012 |
|--------------------|--|--|--|
| Date/Time | 30.09.2010/11.00 A.M. | 29.09.2011/11.00 A.M. | 14.08.2012/11.00 A.M. |
| Venue | NALCO Bhawan, P/1, Nayapalli Bhubaneswar-751 061 | NALCO Bhawan, P/1, Nayapalli Bhubaneswar-751 061 | NALCO Bhawan, P/1, Nayapalli Bhubaneswar-751 061 |
| Special Resolution | Nil | Nil | Nil |

Extra-ordinary General Meeting

| Year | 2010 | 2011 | 2012 |
|--------------------|------|---|------|
| Date/Time | -- | 05.03.2011/10.00 A.M. | -- |
| Venue | -- | NALCO Bhawan, P/1, Nayapalli Bhubaneswar-751 061 | -- |
| Special Resolution | Nil | 1. Amendment to the Articles of Association 2. Offer of shares to employees under ESOP | Nil |

No special resolution was passed through postal ballot during the year under review. No special resolution requiring postal ballot is being proposed in the ensuing Annual General Meeting.

7.0 Disclosures

Material Contracts/Related Party Transactions

There are no materially significant related party transactions which have potential conflict with the interest of the Company at large. Details of related party transactions are included in the notes to accounts as per Accounting Standard (AS)-18 of the Companies (Accounting Standard) Rules, 2006. Note No. 43 of Notes to financial statements in the Annual Report outlines the disclosure of transactions with the related parties.

As per DPE guidelines, the following information are disclosed:

- Items of expenditure debited in books of accounts, not related to business - Nil
- Expenses incurred which are personal in nature and incurred for the Board of Directors and top management - Nil.
- Administrative and office expenses as a percentage of total expenses are given below:

(₹ in Lakh)

| Particulars | 2012-13 | 2011-12 |
|---|----------|----------|
| Administrative and office expenses | 93.47 | 100.34 |
| Total expenses | 6,522.49 | 5,933.59 |
| Administrative and office expenses as a % of total expenses | 1.43 | 1.69 |

The financial expenses for the current year is ₹ 7.45 crore (previous year- ₹ 0.87 lakhs) whose % is negligible as compared to total expenses.

Compliance

There has been no instance of non-compliance by the Company on any matter related to capital markets or Listing Agreement during last three years except intermittent non-compliance on the composition of the Board of Directors. Compliance on composition of the Board of Directors is beyond the control of the Company. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities during the last three years.

The Company has complied with the requirements of the guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India. The Company is regularly submitting the quarterly self appraisal report on compliance of the guidelines on Corporate Governance prescribed by the Dept. of Public Enterprises. The Company is placed at 'Excellent' grade for the financial year 2012-13.

The Company has complied with all Presidential directives issued during last three years.

8.0 Corporate Ethics

Code of conduct for prevention of Insider Trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time, the Company has formulated a 'Code of Conduct for Prevention of Insider Trading' with an objective to prevent dealing in shares of the Company by an insider on basis of unpublished price sensitive information. All insiders i.e. Directors, Officers, designated employees and their dependants are prohibited from dealing in shares of the Company when the trading window is closed. Permission of Compliance Officer is required to deal in the securities of the Company beyond specified limit. All directors/officers/designated employees are also required to disclose their holding periodically as per the code and in turn it will be forwarded to Stock Exchanges.

Code of Conduct

The Board has adopted a comprehensive code of business conduct prescribed by the Department of Public Enterprises. The code is circulated to all the Directors and management personnel and compliance of the same is affirmed annually.

Model business code of conduct is posted at Company's website: www.nalcoindia.com.

A declaration signed by Chairman-cum-Managing Director to this effect is given below:

"I hereby confirm that the Company has obtained from the members of the Board and senior management (Key Executives), affirmation that they have complied with the Code of Conduct for Directors and senior management in respect of the financial year 2012-13."

Sd/-

(Ansuman Das)

Chairman-cum-Managing Director

CEO/CFO certification

The annual certification of financial reporting and internal controls by the Chairman-cum-Managing Director and Director (Finance) of the Company was placed in the meeting of the Board of Directors on 27.05.2013 as required under clause 49 of the Listing Agreement. The CMD and Director (Finance) also give quarterly certification on financial results while placing the quarterly results before the Board/Committee of Directors for consideration of unaudited financial results in terms of clause 41 of the Listing Agreement.

9.0 Means of Communication

Quarterly/annual financial results

- Quarterly financial results were published in the following newspapers:

| Newspaper | Publication of Unaudited Financial Results for the quarter ended | | | |
|------------------------|--|------------|------------|------------|
| | 30.06.2012 | 30.09.2012 | 31.12.2012 | 31.03.2013 |
| Financial Express (E) | 15.08.2012 | | | |
| Dainik Jagran (H) | 15.08.2012 | | | |
| Pragativadi (O) | 15.08.2012 | | | |
| Business Line (E) | | 27.10.2012 | | |
| Navbharat Times (H) | | 27.10.2012 | | |
| Sambad (O) | | 26.10.2012 | | |
| Business Standard (E) | | | 31.01.2013 | |
| Samay (O) | | | 31.01.2013 | |
| Dainik Bhaskar (H) | | | 31.01.2013 | |
| The Economic Times (E) | | | | 28.05.2013 |
| Hindustan (H) | | | | 28.05.2013 |
| Suryaprava (O) | | | | 28.05.2013 |
| Dharitri (O) | | | | 28.05.2013 |

E- English, H- Hindi, O- Odia

- Quarterly/half-yearly results are immediately faxed and mailed to BSE & NSE where shares of the Company are listed.
- Results are also uploaded in Corporate Filing & Dissemination System (CFDS) portal under clause 52 of the Listing Agreement. Results are also uploaded in Company's website.
- Quarterly Shareholding Pattern and Corporate Governance Report are also filed electronically with NSE Electronic Application Processing System (NEAPS).



News releases, presentations

Presentations made to Institutional Investors, analysts are displayed in Company's website www.nalcoindia.com. Such presentations are also sent to the BSE & NSE.

Website

Pursuant to new clause 54 of the Listing Agreement, the Company maintains a dedicated website www.nalcoindia.com containing details of its business, financial information, shareholding pattern, compliance with Corporate Governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances. The website is being updated from time to time.

Annual Report

As a part of the Green Initiative initiated by MCA, the Annual Reports and NECS intimation letters are now sent by e-mail to shareholders whose e-mail ids are registered with the Depositories and with the Company. Efforts are being made to send quarterly financial results and other communiqué to the shareholders through mail. Annual Reports and all such communiqués are uploaded in the website www.nalcoindia.com.

Chairman's Speech

Printed copies of Chairman's speech are distributed to all shareholders at the Annual General Meeting and in Extra-ordinary General Meeting. The same is uploaded in the investors' page in the Company's website too.

10.0 Shareholders' information

(i) Annual General Meeting

Date: 27th September, 2013

Time: 11.00 A.M.

Venue: NALCO Bhawan, P/1, Nayapalli, Bhubaneswar-751 061

(ii) Financial Calendar for 2013-14:

| Events | Tentative Date |
|--|--|
| Unaudited Financial Results for the first three quarters | Within 45 days of closure of respective quarter |
| Audited Financial results for the year including 4 th quarter results | Within 60 days from date of closure of the Financial year. |
| Annual General Meeting for the year ending March 31, 2014 | By September, 2014 |

(iii) Book Closure Dates

| Book Closure/Record Date | Purpose |
|--|---|
| 28 th March, 2013 | Interim Dividend @ ` 0.75 per share for 2012-13 |
| 24 th September, 2013 to 27 th September, 2013 | Final Dividend @ ` 0.50 per share for 2012-13 |

(iv) Dividend payment

The Board has recommended a final dividend of ` 0.50 per share (` 128.86 crores) for the financial year 2012-13 in addition to the interim dividend of ` 0.75 per share (` 193.29 crores) paid on 30.03.2013.

Details of dividend paid in last five years are as follows:

| Year | Dividend per share (`) | Total Equity Shares | Total Dividend (` in crores) |
|-------------------|--------------------------|---------------------|-------------------------------|
| 2008-2009* | 5.0 | 64,43,09,628 | 322.15 |
| 2009-2010* | 2.5 | 64,43,09,628 | 161.07 |
| 2010-2011* | 2.5 | 257,72,38,512 # | 257.72 |
| 2011-2012* | 1.0 | -do- | 257.72 |
| 2012-13 (Interim) | 0.75 | -do- | 193.29 |
| 2012-13 (Final)## | 0.50 | -do- | 128.86 |

* Including interim dividend.

Subsequent to the split and bonus issue.

Recommended.

The Company has paid ` 4,390.31 crores (excluding the final dividend recommended) as dividend since inception.

(v) Equity Shares in Suspense Account

No equity share is lying in suspense account in terms of clause 5A(I) of the Listing Agreement, for the year under review.

(vi) Divestment of shares by Government of India

The President of India disposed off 15,69,38,918 equity shares i.e. 6.09% of the paid-up capital of the Company for ₹ 628.53 crores in the secondary market through Offer for Sale (OFS). The present holding of the President of India in NALCO after this OFS is 81.06%.

(vii) Transfer of unpaid/unclaimed dividend to IEPF

The Company sends reminder notices both physically and electronically to all shareholders who have not claimed or who have not en-cashed their dividend warrants. The details of unpaid/unclaimed dividends, account wise are uploaded periodically in the Company's website for information of the shareholders.

During the year under review, the following unpaid/unclaimed dividends were transferred to the Investor Education and Protection Fund (IEPF):

| Financial Year | Nature of Payment | Amount (₹) | Date of Transfer |
|----------------|-------------------|------------|------------------|
| 2004-05 | Final Dividend | 4,22,231 | 18.10.2012 |
| 2005-06 | Interim Dividend | 3,76,570 | 29.01.2013 |

(viii) Listing on Stock Exchanges

Listing status of NALCO shares in Stock Exchanges are given below:

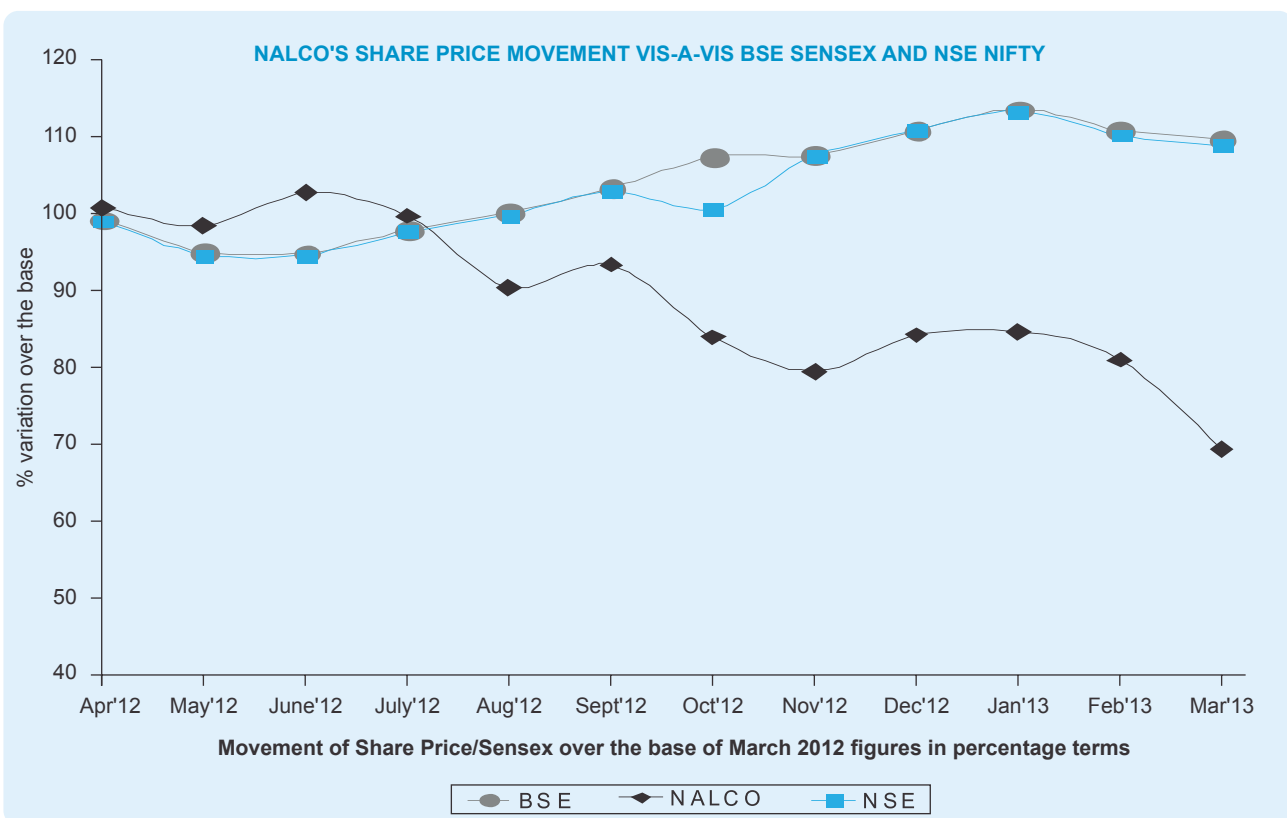
| Particulars | Stock Exchanges where shares are listed | |
|-------------------------------------|---|---------------------------------------|
| | BSE Limited | National Stock Exchange of India Ltd. |
| Scrip code | 532234 | NATIONALUM |
| Traded from | 19.10.1992 | 28.04.1999 |
| Stock Code (ISIN) | INE 139A01034 | INE 139A01034 |
| Payment of Listing Fees for 2013-14 | 20.04.2013 | 20.04.2013 |

Annual custody fee for the financial year 2013-14 was paid to both the Depositories i.e. NSDL and CDSL on 03.05.2013 and 18.04.2013 respectively.

(ix) Market Price Data

| MONTH | SHARE PRICE (BSE) | | | SHARE PRICE (NSE) | | |
|---------------|-------------------|-------|---------------------|-------------------|-------|---------------------|
| | H | L | Avg. Daily Turnover | H | L | Avg. Daily Turnover |
| April, 2012 | 62.90 | 54.30 | 159783 | 62.95 | 54.65 | 574184 |
| May | 63.80 | 56.00 | 66241 | 63.90 | 50.55 | 159984 |
| June | 62.45 | 56.90 | 28275 | 62.50 | 56.90 | 92415 |
| July | 63.65 | 51.20 | 86655 | 64.75 | 51.25 | 202348 |
| August | 56.15 | 49.20 | 41307 | 56.20 | 49.00 | 92436 |
| September | 59.40 | 49.20 | 69404 | 56.50 | 49.15 | 214201 |
| October | 52.40 | 45.40 | 76174 | 52.40 | 45.25 | 232689 |
| November | 48.50 | 44.00 | 59809 | 48.10 | 44.05 | 173239 |
| December | 51.70 | 46.30 | 81577 | 51.80 | 46.20 | 185618 |
| January, 2013 | 52.00 | 46.45 | 96501 | 52.00 | 46.50 | 224889 |
| February | 49.70 | 44.00 | 33373 | 50.20 | 44.00 | 87189 |
| March | 47.45 | 32.95 | 402799 | 47.70 | 33.00 | 1089779 |

H=Highest, L=Lowest Source: Websites of BSE & NSE



(x) Reconciliation of Share Capital

Share Capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital is carried out through a qualified Practicing Company Secretary. The audit confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Pursuant to Clause 47-C of the Listing Agreement, half-yearly certificates on compliance of share transfer formalities obtained from Practicing Company Secretary have been submitted to Stock Exchanges in time.

11.0 Non-mandatory Requirements

The Company has adopted the following non-mandatory provisions of clause 49 of the Listing Agreement:

Remuneration Committee

The Company has constituted a Remuneration Committee to decide the annual bonus/variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits. As such, constitution of Remuneration Committee is mandatory under the DPE guidelines on Corporate Governance for CPSEs.

Accounting Standards

The Company has been getting 'NIL' comment from C&AG for last 14 years which indicate a regime of unqualified financial statements.

Whistle Blower Policy

The Company has put in place a mechanism for reporting unethical/illegal behaviour or activities in the Company. The whistle blower policy maintains confidentiality of employees' identity to encourage them to report any unethical behaviour, violation of conduct, actual or suspected fraud which may have serious repercussion in the working of the Company. The policy is posted in the Company's website.

The Company affirms that it has not denied any personnel access to the compliance officer, designated committee or Audit Committee.

Training of Board Members

Independent Directors are encouraged and sponsored to attend various training programmes conducted by SCOPE, DPE to gain knowledge on latest changes/updates in corporate governance, discharge of duties as Directors etc.

12.0 Registrar and Transfer Agents

The Company is having In-house Share Registry to provide all kinds of investors' related services, both in physical as well as electronic segments. Details of the Share Registry i.e. address, contact no., mail-ids are given below:

National Aluminium Company Ltd.

Share Registry

NALCO Bhawan,

Plot No. P/1, Nayapalli,

Bhubaneswar – 751 061 (Odisha)

Tel : 0674-2303197

0674-2301988 to 2301999 (12 lines) (EPABX)

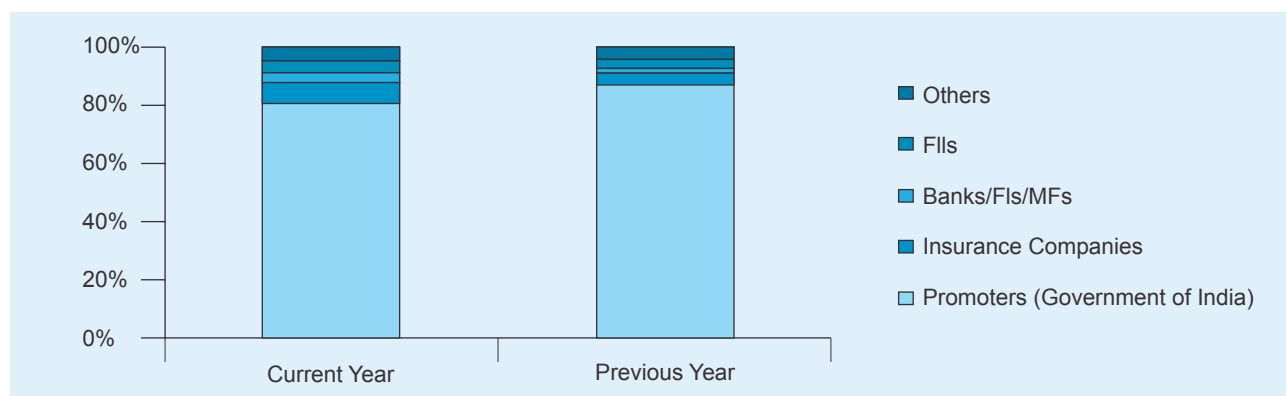
(Extn. 2585-87)

Fax. 0674-2300677

E-mail addresses: i) knravindra@nalcoindia.co.in
ii) nkmohanty@nalcoindia.co.in
iii) bharatsahu@nalcoindia.co.in

Shareholding pattern as on 31.03.2013

| Sl. No. | Category | No. of Shareholders | No. of shares | Percentage of shareholding |
|---------|---------------------------------|---------------------|----------------------|----------------------------|
| 1. | Promoters (Government of India) | 1 | 208,90,59,622 | 81.06 |
| 2. | Mutual Funds | 18 | 2,72,202 | 0.01 |
| 3. | Banks/ Financial Institutions | 40 | 8,86,18,735 | 3.44 |
| 4. | Insurance Companies | 7 | 17,80,36,102 | 6.91 |
| 5. | FIs | 78 | 10,74,33,219 | 4.17 |
| 6. | Bodies Corporate | 1,197 | 8,08,12,072 | 3.13 |
| 7. | Indian Public | 62,880 | 2,92,65,109 | 1.14 |
| 8. | Others | 2,271 | 37,41,451 | 0.14 |
| | TOTAL | 66,492 | 257,72,38,512 | 100.00 |



Distribution schedule of shareholding

| Number of shares | No. of Shareholders | Total share capital held (₹) | % of share capital |
|------------------|---------------------|------------------------------|--------------------|
| 1-200 | 40,028 | 1,97,76,680 | 0.15 |
| 201-500 | 14,835 | 2,81,42,810 | 0.22 |
| 501-1000 | 6,076 | 2,46,60,925 | 0.19 |
| 1001-50000 | 5,411 | 10,05,61,975 | 0.78 |
| 50001-100000 | 61 | 2,16,63,525 | 0.17 |
| 100001 and above | 81 | 12,69,13,86,645 | 98.49 |



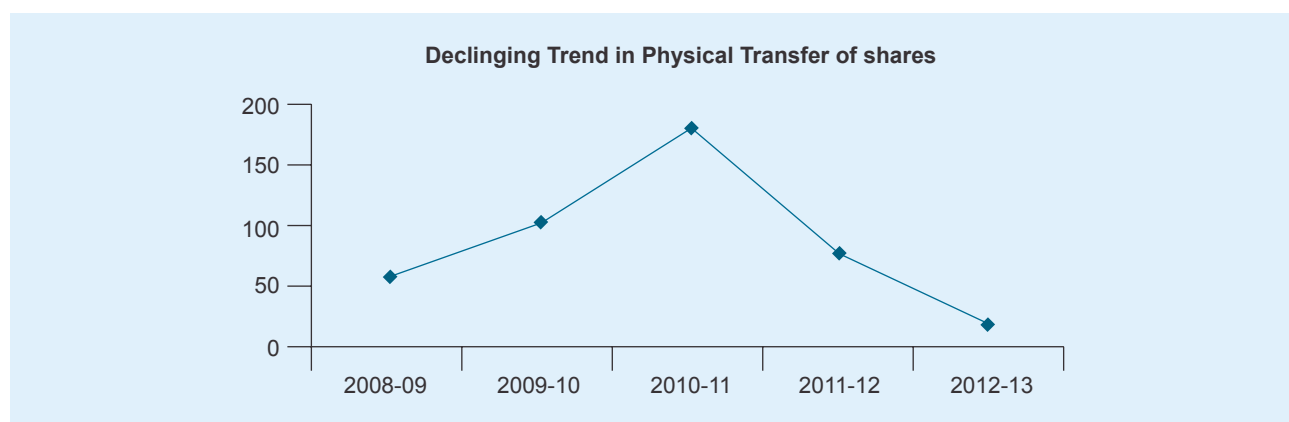
Major shareholders as on 31.03.2013

Details of major shareholders as on 31.03.2013 are given below:

| Name of shareholder | No. of shares held | % of paid-up capital |
|-------------------------------------|--------------------|----------------------|
| President of India | 208,90,59,622 | 81.06 |
| LIC of India & others | 18,23,65,523 | 7.08 |
| Franklin Templeton Investment Funds | 6,60,50,239 | 2.56 |
| Hindalco Industries Ltd. | 2,86,67,404 | 1.11 |

Dematerialisation/Rematerialisation of Listed Shares & Liquidity

NALCO shares are traded in compulsory dematerialized segment. The Company has entered into agreement with both the Depositories i.e. NSDL and CDSL for providing depository services to the shareholders. 99.90% of the Company's share capital stands dematerialized as on 31st March, 2013. Limited no. of shares are left out in physical segment. The declining trend in receiving the requests for transfer of physical shares is shown below in graphical manner.



The total no. of shares held in physical and in dematerialization mode is given below:

| | No. of Shares | % of total shares |
|-------------------------|---------------|-------------------|
| Demat shares with NSDL | 250,81,58,922 | 97.32 |
| Demat shares with CDSL | 6,65,27,411 | 2.58 |
| Shares in physical mode | 25,22,179 | 0.10 |

During the year, the Company has confirmed only one rematerialisation request for 10 shares and the physical share certificate was dispatched to the shareholder in time.

13.0 Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

The Company has neither issued any GDR / ADR nor any convertible instrument outstanding as on date.

14.0 Plant locations of the Company

| | |
|--|--|
| Registered & Corporate Office NALCO Bhawan Plot No. P/1, Nayapalli Bhubaneswar – 751 061 (Odisha) | Smelter Plant Nalco Nagar Angul - 759 145 (Odisha) |
| Mines & Refinery Mines & Refinery Complex Damanjodi - 763 008 Dist.-Koraput (Odisha) | Captive Power Plant Angul - 759 122 (Odisha) |



| | |
|--|---|
| Port Facilities Opposite Ore Handling Complex Port Area Visakhapatnam – 530 035 (Andhra Pradesh) | Utkal E-Coal Block S & P Complex NALCO Nagar Angul - 759145 (Odisha) |
| Jaisalmer 47.6 MW Wind Power Plant National Aluminium Company Limited Village - Ludarva, Kahela, Khadero-Ki-Dhani, Tawariya, Chatrel Division/Taluk/District - Jaisalmer Rajasthan - 345 001 | Gandikota 50.4 MW Wind Power Plant National Aluminium Company Limited Village - Gandikota Division - Prodattur Taluka - Jammalmadugu District - Kadapa Andhra Pradesh- 516 434 |

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AUDITORS' CERTIFICATE

To
The Members
National Aluminium Company Limited
Bhubaneswar

We have examined the compliance of conditions of Corporate Governance by **NATIONAL ALUMINIUM COMPANY LIMITED**, for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement subject to:

The company had not requisite number of independent directors on its Board from 30.04.2012 to 30.05.2012.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For C. K. Prusty & Associates
Chartered Accountants
FRN-323220E

(CA C.K. Prusty)
Partner
Membership No.057318

For Agasti & Associates
Chartered Accountants
FRN-313043E

(CA P.R. Das)
Partner
Membership No.060597

Place : Bhubaneswar
Date: The 5th day of July, 2013

SECRETARIAL AUDIT REPORT

To
The Members
National Aluminium Company Limited
NALCO Bhawan,
P/1, Nayapalli, Bhubaneswar

We have examined all registers, records and documents maintained by National Aluminium Company Limited for the financial year ended 31st March, 2013 according to the provisions of :-

- The Companies Act, 1956 and the rules made there under.
- The Depositories Act, 1996 and Business Rules of the Depositories.
- Various regulations and guidelines prescribed under the Securities and Exchange Board of India (SEBI) Act, 1992.
- Listing Agreements with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

Based on our examination, verification of records, documents and based on the information and explanations given to us by the Company, we report that :

1. Maintenance of Statutory Records

The Statutory Registers, records and other registers as prescribed under various provisions of the Companies Act, 1956, the Depositories Act, 1996 and the rules made there under are kept and maintained properly with all necessary entries made therein. Provisions of the Companies Act, 1956 were duly complied with regard to closure of Register of Members.

2. Filing of Statutory Returns

The provisions of the Companies Act, 1956 and other statutes are duly complied with regard to timely filing of various forms and returns with the Registrar of Companies and other Statutory Authorities. All documents/intimations under various Statutes/Listing Agreement/Business Rules were also regularly filed with the Stock Exchanges and Depositories (NSDL and CDSL) within the due dates.

3. Composition of the Board

Clause 49 of listing agreement requires that if the Chairman of the Company is an Executive Chairman then not less than half of the Board of Directors should comprise of independent directors. As far as compliance of Clause 49 of listing agreement pertaining to composition of Board is concerned, the Company has complied with the provisions except during the period from 30.04.2012 to 30.05.2012.

4. Board Meetings

The Company held five Board Meetings during the financial year with a maximum gap of 94 days during two consecutive Board Meetings with valid quorum being present in all meetings. The Company has complied with the provisions of Companies Act, 1956 in respect of service of notice of Board Meetings, recording of all proceeding of the meetings including circular resolutions in the Minutes Book.

5. In-house Share Registry

The Company has its own In-house Share Registry located at its Registered Office at NALCO Bhawan, P/1, Nayapalli, Bhubaneswar-751 061. It handles all share related activities both physical and electronic segments in compliance with the SEBI Circular No. D&CC/FITTC/CIR-15/2002 dt.27.12.2002.

6. Share Transfer Committee

The Share Transfer Committee (STC), constituted by the Board of Directors considers and approves issue of new share certificates in case of torn/mutilated/defaced/lost/rematerialisation of shares and also transfer/transmission of shares. For quick disposal of requests, Company Secretary has been authorized by the Board to consider only the cases of the transfer/transmission of shares. During the year ended 31st March, 2013 share transfer/transmission and issue of new share certificates arising out of torn/mutilated/defaced/lost/rematerialisation were approved 6 times through Share Transfer Committee and Company Secretary approved transfer/transmission of shares 19 times.

7. Redressal of Investors Grievances

All complaints/grievances relating to share transfers, transmissions, demat/remat of shares, issue of duplicate share certificates, payment of dividend etc. were attended and resolved within 2-3 days time of their receipt. Details of these complaints/grievances, share transfers, electronic holding of shares (both NSDL and CDSL) were put up in every Audit Committee Meeting (Audit Committee is also entrusted with the job of looking into redressal of investors grievances).

During the Financial Year, the Company has received 97 complaints including 5 lodged through the SEBI introduced web based complaint redress system SCORES. All the complaints have been redressed duly.

8. Daily Reconciliation of Listed and Paid-up Capital

The reconciliation of physical and dematerialised shares with the total shares issued by the Company is carried out on a daily basis. The Company has adequate transparent systems and procedures to carry out the above reconciliation. The Company has complied with the provisions of Depositories Act, 1996 and the bye-laws framed thereunder by the Depositories with regard to reconciliation of records of dematerialised securities with all securities issued by the Company.



9. Dematerialisation /Rematerialisation

The dematerialization/rematerialization requests received from participants (DPs) of the Depositories (NSDL/CDSL) are attended immediately. The requests are confirmed within 8-10 days of receipt of the physical documents as against 15 days from the date of receipt stipulated by the Depositories and 21 days from the date of uploading the individual requests stipulated by SEBI. The Company has duly complied with the provisions of Depositories Act, 1996 and the rules and regulations made there under with regard to dematerialisation/rematerialisation of securities.

During the year under review, the DP operations of NALCO were inspected by the authorized inspecting officials of NSDL and CDSL on 26.02.2013. CDSL had no observation/remark after the inspection. NSDL had also no remark on operational side.

10. Payment of Corporate Cash Benefits to the Shareholders

The provisions of the Companies Act, 1956 are duly complied with regard to payment of dividend in time to share holders after declaration and wherever necessary rights to dividends were kept in abeyances, pending registration of transfer of shares/ pending final settlement of legal suits. The Company had paid an interim dividend of ₹ 0.75 per share on the face value of ₹ 5 per share on 30.03.2013 and has recommended a final dividend of ₹ 0.50 per share for the financial year 2012-13 making it a total of ₹ 1.25 per share.

11. Transfer to Investor Education and Protection Fund

In terms of Section 205A of the Companies Act, 1956 and the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the Company has transferred the following unpaid/unclaimed dividends to the Investor Education and Protection Fund on expiry of 7 years period from the date of declaration/payment:

Transfer of unpaid/unclaimed Dividend

| Financial Year | Amount (₹) | Date of Transfer |
|------------------------------|------------|------------------|
| 2004-2005 (Final Dividend) | 4,22,231/- | 18.10.2012 |
| 2005-2006 (Interim Dividend) | 3,76,570/- | 29.01.2013 |

12. Corporate Governance, Business code of conduct and ethics

The Board of Directors have adopted the guidelines on Corporate Governance, model business code of conduct and ethics for Board members and senior management, prescribed by DPE. The code of business conduct is circulated to all Board members and senior management at the beginning of the financial year and compliance of the same is affirmed by them annually.

13. Whistle Blower Policy

The Company has suitably adopted and pursuing the mechanism for reporting unethical/illegal behaviour or activities in the Company. The whistle blower policy maintains confidentiality of employees' identity to encourage them to report any unethical behaviour, violation of conduct, actual or suspected fraud which may have serious repercussion in the working of the Company. The policy is posted in the Company's website.

14. Insider Trading Regulations

The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures by the directors, officers and designated employees and has maintained proper records required under these regulations. The company has also framed code of internal procedures and conduct as per the regulations.

15. Legal Notice

During the year under review, the company has not received any legal notice from any Statutory Authorities like SEBI, Stock Exchanges and Registrar of Companies for any shortcomings/deviations in the securities transactions.

16. Public Deposits

The Company has not accepted any Public Deposits under Companies (Acceptance of Deposits) Rules, 1975 during the year under review. The company has neither issued any GDR/ADR nor any convertible instrument during the year under review.

17. Divestment of shares by Government of India

The Government of India has divested 15,69,38,918 no. of equity shares comprising 6.09% of the paid-up capital of the Company through Offer For Sale (OFS) on 15th March, 2013. The Government's holding has come down to 81.06% of the paid-up capital of the Company after the OFS. The Company has complied with all applicable provisions under SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI (SAST) Regulations, 2011 etc.

M/s. D.S. Mishra & Associates
(Company Secretaries)

Place: Bhubaneswar
Date: 19.06.2013

D.S. Mishra
(C.P.No-4002)

Management Discussion & Analysis Report

1. INDUSTRY STRUCTURE & DEVELOPMENTS

During the year 2012, the global Alumina & Aluminium industry was affected by diverse multifaceted economic, political, structural and fundamental factors that had a bearing on the price of Aluminium and the mechanism of price determination in Alumina.

ALUMINA

Against a back drop of declining Aluminium prices and soft market sentiments, Alumina prices have also fallen and market conditions are subdued. Low alumina prices have prompted some alumina refineries, mainly in Shandong in China, to cut production. Announcement by Alcoa to review its 460,000 tpy of smelting capacity over the next 15 months for possible curtailment in order to maintain the company's competitiveness will also have an impact on Alumina demand.

China is expected to stockpile bauxite throughout the course of this year and estimate total bauxite stocks will amount to about 8m tonnes and approximately 55.4 million tonnes of bauxite is expected to be imported by China this year.

The World ex-China alumina market is expected to remain in surplus and a surplus of approximately 298,000 tonnes is expected in Q2, 2013. This takes into account the resumption of regular alumina production at both the Queensland Alumina Limited (QAL) and Yarwun alumina refineries, which suffered production disruptions earlier in the year. The overall surplus is expected to continue for the remainder of this year, which will limit the scope in which alumina prices can increase. Should the global alumina surplus remain as high as currently predicted in Q2, 2013, a lack of improvement in alumina demand could prompt refining cuts.

ALUMINIUM

The world aluminium production & consumption grew by 4.5% & 5% in 2012 to 47.718 and 47.258 million tonnes respectively. The Aluminium market recorded another year of surplus of 0.46 million tonnes. The production growth of 11.8% took place only in Asia while all other regions showed negative growth. The growth of production in China was 14.1% and the World ex-China was -2.5%.

The consumption growth of 8.3% & 6% took place in Asia and North America. The growth in China was 10.4% and World ex-China was 1%.

Weak sentiments and the global economic turmoil continued to have an effect on the aluminium market throughout the year. The global demand excluding China remained sluggish due to weak economic activity in the Eurozone. Japan's economy was also in recession due to very weak performance of its export sector.

The production and consumption growth remained strong in China during 2012 as new capacities were commissioned in Northwest China. There were less closures or disruptions of Smelter Plants as Govt. power subsidies, State Reserve Bureau (SRB) buying of metal supported the high cost smelters to remain on stream. The production and consumption of Aluminium in China during 2012 were 22 & 21.479 million tonnes respectively.

The LME prices for aluminium remained volatile during 2012 and the average cash price fluctuated in a range of USD 1874 to 2086/t. The average LME cash price for aluminium during 2012-13 was USD 1975.60/t. The aluminium prices were affected by sluggish macroeconomic data, negative economic scenario and poor market fundamentals. Supply outpaced demand as a result, the reported & unreported stocks rose. The market was oversupplied which put pressure on prices and there was increased inflow of metal into LME warehouses and the stocks rose from 5.01 million tonnes during April'12 to 5.24 million tonnes at the end of March'13.

2. STRENGTHS AND WEAKNESS

Strengths

As reported in last year's report, skilled and committed manpower, good quality bauxite reserves, efficient technology, various well planned and ideally located infrastructure facilities, efficient operations, production of quality alumina and aluminium products at competitive cost, excellent customer service, prudential financial management and commitment to sound Corporate Governance practices in all facets of operations are some of the key strengths of your Company and your Directors are committed to bank upon these strengths for the sustained growth of your Company.

Weakness

Shortage of coal, limited product range, escalating production cost including that of labour, fluctuations in the LME prices as well as in exchange rates are some of the weaknesses that continue to affect the profitability of your Company.

3. OPPORTUNITIES AND THREATS

Opportunities

The availability of surplus alumina with the Company after 2nd phase expansion has put the Company in an advantageous position and offers attractive opportunities for another Greenfield Smelter and Power Plant.

Threats

The cost of coal and its sustained availability is a problem for energy intensive aluminium industry. Rise in input material cost is a major threat for aluminium producers like NALCO.



The threat perceptions for the Company include price instability at LME, shrinking profit margins and competition from private players. Replenishment of the experienced manpower who are aging remains a challenge. Maintaining the profit margin with all round cost push is a major challenge.

The other threat perceptions includes competition from scrap imports, substitute materials particularly plastics, 2.5% tariff differential between virgin, scrap imports of aluminium, and increasing raw material costs.

The outlook for the aluminium market is somewhat subdued, as the abundance of stocks in LME warehouses prevents speculative buying and thus LME cash prices are expected to remain range-bound between USD 2,000-USD 2,100/t in 2013. Analysts expect around 1.0 million tonne surplus in aluminium market in 2013.

China actually increased production despite lower prices for much of 2012. The Chinese Govt. provided power subsidies that helped aluminium smelters avoid losses and there were even reports that the subsidies led to some aluminium capacity being restarted. The Chinese Govt. was more willing to keep industries running and workers employed than idling inefficient capacity based on margin pressures. Although aluminium prices remained poor, output continued to grow despite poor demand growth which had negative impact on primary metal market.

Power is one of the major inputs for aluminium production and it constitutes about 40% of the production cost. Substantial increase in cost of coal in recent past has put additional cost pressure on aluminium producers in India. On the other hand, the availability of low-cost aluminium from smelters in West Asia is expected to impact Indian smelters, where production capacity has increased considerably in the past decade due to cheap gas from oil refineries making the region ideal to set up aluminium plants.

However, opportunity exists in the domestic market as the per-capita consumption of aluminium is set to increase in the country as per capita consumption of aluminium in India is among the lowest in the world with only 1.3 kg as compared to world average of 12-15 kg. Significant opportunity exists for exports to neighbouring countries because of their low production levels.

4. SEGMENTWISE PERFORMANCE

The detailed segment wise information is furnished below:

| | Chemicals (Alumina) | | Aluminium | | Power | | Unallocable | | Total |
|-------------------------------|---------------------|--------|-----------|--------|----------|--------|-------------|--------|----------|
| | ` in cr. | Share | ` in cr. | Share | ` in cr. | Share | ` in cr. | Share | ` in cr. |
| Net Sales & Operating revenue | 2,953 | 29.79% | 5,016 | 50.60% | 1,942 | 19.59% | 3 | 0.00 | 6,809* |
| PBIT | 561 | 61.51% | (34) | -3.73% | 117 | 12.83% | 272 | 29.82% | 912 |
| Capital Employed | 2,847 | 22.18% | 3,203 | 24.96% | 1,395 | 10.87% | 5,390# | 41.99% | 12,835 |
| ROCE (%) | | 19.70% | | -1.06% | | 8.39% | | 5.05% | 7.11% |
| PBIT Margins (%) | | 19.00% | | -0.68% | | 6.02% | | | 13.39% |

Includes Cash balance and Capital works in progress of expansion units.

*Internal Transfers have been eliminated.

The discussions on financial performance with respect to operational performance is dealt with in the Directors' Report.

5. OUTLOOK FOR FUTURE

In its future strategic growth plans, the Company is to concentrate more on its core competence areas with further expansion of the capacities in Mines, Refinery, Smelter and Captive Power Plants with certain backward and forward integration.

With proposed Refinery (Gujarat) on board and a 5th stream addition in Damanjodi, the Company is poised to become a major global alumina producer. Company's diversification to other sources of power, specifically in wind energy gives it a new foot print as a responsible corporate caring for the environment.

Domestic Market Outlook

The aluminium metal production in India has grown by 3.2% to 1.72 million tonnes during 2012-13 compared to a production of 1.67 million tonnes in 2011-12. The production during the financial year was affected by power disruptions in smelters. The growth of domestic metal sale and exports by the primary producers during 2012-13 were 1% & 11% respectively. The domestic consumption of aluminium has also grown by 7% to 1.68 million tonnes during 2012-13 compared to a consumption of 1.57 million tonnes during 2011-12.

The domestic consumption is likely to increase with increase in usage of aluminium in various application areas and increasing the per-capita consumption as compared to other developing countries. The major drivers for this growth would be from power generation & transmission, building & construction and automobile sectors.

International Outlook

The world production of aluminium is expected to be around 50 million tonnes in 2013 primarily driven by China and other Asian countries.

- Greenfield projects of 740,000 tpy Ma'aden smelter in Saudi Arabia, 240,000 tpy Similajau Smelter in Malaysia, 359,000 tpy Mahan smelter in India and 1st phase of 588,000 tpy Boguchansky smelter in Russia will start ramping up in 2013.
- In China, approx. 3 to 4 million tones of additional capacity is expected to be commissioned in 2013 in the north-western provinces.
- Global demand for aluminium will maintain its growth and increase by 6% reaching 49 million tonnes in 2013 primarily driven by China, other Asian countries and United States.
- Chinese consumption will grow backed by increase in car production, infrastructure investment and stimulus program for home appliances in rural areas.
- US consumption will be supported by increased capacity utilization in the automotive sector as well as by the building and construction sectors.
- European consumption growth of aluminium remains negative for 2013 despite the efforts taken by ECB to solve the debt problem, large budget deficit and cuts in capital spending.

6. RISKS & CONCERNS

The fluctuations in US Dollar/Euro, rising oil & coal prices, power shortages and weak growth in traditionally strong economies, debt contagion, rise in interest rates, drop in credit rating of certain developed economies and its effect on the global economy in general are causes for concern.

The fluctuation in LME prices, exchange rate, rising oil and coal prices, restricted availability of linkage coal, uneconomical power purchase are causes of concern to the Company.

Aluminium, not being in the priority sector, would be adversely affected by the increase in cost of coal. For viability of 2nd Greenfield smelter, allotment of coal block may be essential. Delay in establishment of Greenfield smelter in India and the recent developments in coal project of the identified Coal Mining Company are a cause of concern with respect to its growth plan. Maoist activities around bauxite mines area also pose concern to the Company.

Risk Management

Your Company follows DPE guidelines on Risk Management which inter-alia stipulate that the Board should ensure the integration and alignment of the Risk Management System with Corporate and operational objectives and also that Risk Management is undertaken as a part of normal business practice and not as a separate task at set times.

Your Company has a Risk Management Committee at Board level. The Committee reviews the exceptional Risk Reports and advises remedial measures from time to time. The Risk mitigation measures are periodically reviewed to ensure that executive management, controls risks through means of a properly defined frame work. For the identified risks the nominated risk officers maintain risk registers in prescribed format. Such risk registers are also audited at frequent intervals by internal auditors of the Company and deviation if any, are reported to the Audit Committee. Periodical Report on implementation of integrated Risk Management Policy is being placed before the Risk Management Sub-Committee of the Board.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Directors are pleased to inform that NALCO has well established internal control systems, commensurate with the nature and size of its operations. Your Company has entrusted its internal audit function to eight reputed and well experienced external Chartered Accountants' firms for objective and impartial assessment of its financial and non-financial transactions carried during the year under report including assessment of Statutory Compliances, and reviewing risk management practices. The internal audit reports submitted by the auditors are discussed at functional directors level in the first instance and then material observations are submitted to the Audit Committee for its review, analysis and advice to further strengthen the internal control systems covering all functional areas. The Company also facilitates interaction among Statutory Auditors, Cost Auditors & Internal Auditors at regular intervals to discuss various issues involving internal controls and measures to be taken for improvement. Action taken reports on the observations of the Audit Committee on internal audit reports are regularly reviewed by the Audit Committee.

8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

Human Resources

Total manpower strength of your Company as on 31.03.2013 was 7,555 as against 7,705 at the last day of the previous financial year. The detailed break-up is given below:

| Sl No. | Position* | As on 31.03.2013 | As on 31.03.2012 |
|--------|------------------------|------------------|------------------|
| A | Executives | 1,799 | 1,851 |
| B. | Supervisory | 863 | 860 |
| C. | Skilled/Highly Skilled | 3,951 | 4,014 |
| D. | Unskilled/Semi-Skilled | 942 | 980 |
| | Total | 7,555 | 7,705 |

* Including GETs/MTs/SOTs/JOTs



Training & Development

Human Resources Development is the key for the success of your Company. Keeping this in mind, functional and developmental training needs are identified from multiple sources, primary being, the competency related needs, secondly, needs arising from organizational requirements and finally departmental / sectional imperatives. Emphasis is being placed on specific position related training needs and there is an attempt to customize programmes, to the extent possible. Training effectiveness evaluation is also carried out in line with the requirement of quality management systems, to measure the benefits emanating from the action.

The training statistics for the year 2012-13 is given below:

| Description | Persons | Man days |
|----------------|--------------|---------------|
| Executives | 2,128 | 8,570 |
| Non-Executives | 3,875 | 12,635 |
| Total | 6,003 | 21,205 |

09. CORPORATE PLAN AND BUSINESS DEVELOPMENT

CORPORATE PLAN:

The Company has adopted vision 2020 to become a reputed global Company in metals and energy sectors. The Corporate Plan crafted in 2009 enumerates the Company's plans to expand in alumina and aluminium sectors in India and abroad, to diversify into energy sector and to look for business opportunities in other metals. With its enlarged vision, the Company is concentrating on three key directions to achieve its goals for future growth;

- Globalisation
- Diversification
- Growth

BUSINESS DEVELOPMENT:

Pottangi Bauxite Mine:

In May, 2012, Govt. of Odisha has communicated their in-principle approval for reservation of Pottangi Bauxite Mine having geological reserve of 75 million tons with some new conditions like increase in CSR expenditure from 1% to 2% of PAT or ` 20 crore, whichever is higher. Besides, this contribution should be over and above additional benefits that may accrue on account of the proposed amendment to the MMDR Act and w.e.f. 01.04.2010. NALCO conveyed its acceptance of the conditions to Govt. of Odisha in November, 2012 with a request to expedite the grant of mineral concession.

5th Stream at Alumina Refinery:

Subject to availability of Pottangi Mines, Nalco has plans to go for 5th stream Refinery based on medium pressure digestion technology. The capacity of the stream will be apprx. 1 million tonne per annum and investment will be apprx. ` 4571 Crore. Draft DPR received from M/s M.N Dastur & Co., is under finalisation.

Alumina Refinery Project in Gujarat

Subsequent to the short listing by Gujarat Mineral Development Corporation (GMDC), NALCO submitted bid for setting up of 1.0 MTPA alumina refinery project based on bauxite deposits in Kutch district, Gujarat. Detailed Project Report (DPR) for alumina refinery project is under preparation. Project Agreement and other agreements for sourcing raw materials for the project are under finalization.

Nuclear Power Plant in JV with Nuclear Power Corporation of India Ltd (NPCIL)

A JV Company "NPCIL- Nalco Power Company Ltd" (NNPCL) has been incorporated in March, 2012 for establishment of Kakrapar Atomic Power Station (KAPS) 3&4. Approval for establishment of the project in JV mode by Govt. of India and equity investment by NALCO is being pursued at highest level. It is learnt that a comprehensive amendment to the Atomic Energy Act, 1962 to facilitate the process for the JV Company is under active consideration of the Govt. of India. Till date, five meetings of Board of Directors of the JV Company NNPCL have been held.

2nd Smelter and CPP in Odisha

The proposal for Smelter and Power Plant in Sundargarh dist., Odisha was approved by High Level Clearance Authority, chaired by Hon'ble Chief Minister, Govt. of Odisha in Sept, 2012. Site selection study and preliminary land survey for proposed project is underway. The Company is actively pursuing for allocation of coal block for the said project, which would be necessary to make the project viable.

Mines & Refinery in Andhra Pradesh

Mining Plan for the project is under preparation. However, due to security concerns, the progress has not been as per the plan. Soft CSR activities have been carried out in the surrounding villages near Gudem Blocks. As advised by the Govt. of India, the project is not being pursued vigorously at this point of time.

Wind Power Plant III

The Company is also planning to set up a wind power project in mined out area of its bauxite mines in Damanjodi, for which detailed feasibility report has been prepared. Administrative approval for investment of approx ` 82 Crore for 14 MW Wind Power Project would be taken up shortly.

Caustic Soda Project

Pursuing the MOU signed with Gujarat Alkalis and Chemicals Ltd. (GACL) for setting up of a caustic soda plant, Detailed Project Report (DPR) is being prepared by GACL. Other issues like JV Agreement, possible terms and conditions for commercial transaction of caustic soda, chlorine etc. are under finalization between the parties.

Aluminium and Aluminium Alloy Conductor Plant

MOU was signed with Power Grid Corporation of India Ltd (PGCIL) to set up a JV for manufacture of aluminium and aluminium alloy electrical conductors. Techno Economic Feasibility Report (TEFR) is under finalisation.

10. COMPUTERISATION ACTIVITIES

Your Company relies significantly on Information and Communication Technology (ICT) as one of the foundations for strong and efficient business processes in all functional areas. Starting with Geo-statistics and Mines Planning application in 1982, Nalco has had extensive use of ICT as a basic tool in its day-to-day functioning, as also to aid its strategic business objectives.

You will be pleased to know that your Company has built a strong IT infrastructure at enterprise level to support all the major as well as minor functions, as also pushed strongly on office automation to help enhance and enable individual productivity. Enterprise solutions were continuously upgraded with time to incorporate best available technology, in the areas of server hardware, operating systems, databases and developer tools, networking and security. With time, the solutions emerged as Ramco ERP based Maintenance Management implemented since 2000, followed by SAP ERP for all the major functions in 2010. NALCO migrated all its major legacy applications into the SAP environment across the organisation, including for the Sales Offices. SAP implementation covers the areas of Materials & Contracts (MM), Sales & Distribution (SD), Production Planning (PP) with Advanced Planning & Optimization (APO) module, Quality, Finance & Controlling (FICO) and Human Resource Management (HR) modules.

The ERP solution is hosted from the Corporate state of the art Data Centre with 24x7 conditioned power supply and air conditioning along with the usual safety measures and monitoring systems at Corporate Office, which provides stable and reliable housing for the Company's SAP and other servers and the core network. This is being further strengthened with a Disaster Recovery site, so as to effectively implement Business Continuity Plan for the IT based processes. NALCO has strengthened its data pipelines both to the Internet and to the Works Locations with fault tolerant high bandwidth links from multiple service providers, to ensure un-interrupted data connectivity.

New technologies like server virtualisation for enterprise services, have been implemented, which apart from offering technical advantages, also is a significant green measure. Video conferencing has been popularised, extending it to about 100 desktops as well, and the infrastructure is being further enhanced for higher availability for concurrent conferencing, so as to make video conferencing a practical tool in day to day working.

In the area of e-governance, e-tendering in the Materials has been launched on SRM 7 of SAP, with Digital certificates feature for both tendering side and bidding side. E-tendering for export sales has been continuing with PKI infrastructure. Your Company has fully complied with the recent Central Public Procurement Portal (CPPP) initiative of the Government, whereby all tenders and awarded contracts of the Company are published in the CPPP site. Biometric based attendance solution has been implemented for few Offices, and is under implementation for the Units.

GET recruitment has been modernized this year with online application system and integration with GATE scores.

11. TOTAL QUALITY MANAGEMENT

Quality Management

Quality Management Systems at five units i.e. Smelter, CPP, Alumina Refinery, Mines & Port Facilities, have been integrated into Integrated Management System comprising of ISO 9001, ISO 14001 & OHSAS 18001. All the five units have successfully completed external audits on Integrated Management System by Feb.'13.

Your Company organised the All-Odisha Quality Circle Convention in April 2012. This Convention, a flagship event in the Quality movement of the State, had Quality Circles/ TPM Circles from twenty five units/ plants of different organisations in the State, as participants.

Quality Circle "Prerana" of Smelter Plant, participated in International Convention on Quality Control Circles (ICQCC) 2012 at Kuala Lumpur, Malaysia during Oct.'12.

Lean Six Sigma initiatives were taken up at CPP, Alumina Refinery & Mines in addition to Smelter, taking up projects in each unit.

Energy Management System

During this year, Energy Management System conforming to ISO 50001, was successfully implemented at CPP. After external audits by the Certification Body, CPP was recommended for Certification in Jan.'13. Activities for installing ISO 50001 system in Alumina Refinery and Smelter were launched during the year.

12. SAFETY & HEALTH

The performance of your Company in Safety & Health management has been satisfactory during the year under report. Utmost priority has been given to the preservation of safe working condition in all it's operating units right from the beginning & same was maintained all through. You will be pleased to know that there were no fatal accidents during the year under report. All units of your Company have approved "on site emergency plan" in place and to check the response, mock drills were conducted regularly as per statutory guideline. The periodic audit for OHSAS-18001: 2007 and SA-8000: 2008 have been completed successfully in all the units.



13. ENVIRONMENTAL PROTECTION & CONSERVATION

Your Company continues to pay due importance to clean & green environment. Various modern technologies for controlling / monitoring air and water pollution have been put in place. Following are some of the achievements in this regard.

- All operating units of your Company have adopted zero discharge with respect to their waste water as well as sewage water management. The treated waste water was recycled for use in process/horticulture purpose.
- Roof top water harvesting system has been installed in cooling water pump house and water collected during monsoon is fed to cooling water fore-bay and fire hydrant forebay respectively, thereby reducing water make-up in CPP.
- For monitoring waste water quality, stack emission, ambient air quality, adequate laboratory facilities along with installation of on-line monitoring equipments have been provided. Equipments for real time transmission of pollution related datas has been taken-up. Automatic weather monitoring system have been installed in all the units.
- CPP has taken up one CDM (Clean Development Mechanism) project to reduce carbon emission. The project is "Heat recovery from CBD (Continuous Blow Down) and reutilizing in the de-aerators of the boiler." DNA (Designated National Authority), MoEF, New Delhi has given clearance to this project and the project has been registered with UNFCCC.
- CPP, has also taken up a pilot project for carbon sequestration by algae. This is a latest technology for absorbing CO₂ directly from flue gas and the same would be utilized for growth of algae which can be further utilized as bio-diesel, a high protein food for cattle or can be used as a fuel to the boilers. Your Company's efforts towards reduction of carbon dioxide to the atmosphere was highly appreciated by all concerned statutory authorities.
- Total fly ash utilization during the year was 29.76 % in SPP, Damanjodi & 66.7 % in CPP, Angul. Company is taking various measures like filling of low-lying area, abandoned stone quarries, road & embankment construction, brick and block manufacturing etc. to increase utilization of fly ash apart from the project for back filling of abandoned coal mine voids by lean slurry mode which is in progress.
- Covering of fly ash and soil on the dry portion of Red Mud Pond at Damanjodi, to avoid fugitive emission and for development of natural vegetation on experimental basis is in progress as per recommendation of IISc, Bengaluru.

14. ANCILLARY DEVELOPMENT

Your Company has been laying emphasis towards development of MSME units by giving them opportunity to produce and supply various inputs. 53 nos. MSEs have been awarded Ancillary status based on their performance. The total value of orders placed on Ancillary units has increased by about 71.4% during 2012-13 to ` 174.81 Crores vis-a-vis ` 101.99 Crores in the year 2011-12.

In order to encourage local MSMEs and improve their share in ordering, continuous efforts are made by your Company. Plant Level Sub-Committee meetings were organized alongwith State/ Central Govt MSME officials and SSI Units at Angul and Damanjodi separately to facilitate participation of SSI Units. Besides above, Plant Level Advisory Committee (PLAC) meeting was organized at Bhubaneswar. Further, your Company has been participating in various Industrial Exhibitions conducted by State/ Central Govt MSME Deptt. and various Industries Associations of Odisha to enhance the level of interaction with the industry and project the Company's commitment for promotion of MSME Units. The various inputs for Mines, Refinery, Power Plant and Smelter which can be developed by MSMEs are displayed in the Exhibitions for the interested Entrepreneurs.

In the 26th Annual State Level Convention & Seminar on Credit Flow to MSMEs held during August, 12 at Cuttack, Odisha, your Company was given "Best Mother Plant" Award.

In the National Level Vendor Development Programme & Annual Exhibition-cum-Buyer Seller's Meet held during November, 2012 at Cuttack, Odisha, your Company bagged the "Best Display" Award.

In a continued effort to have decent work place and environment, all units of your Company continue to be certified with SA 8000 (Social Accountability 8000) certification.

15. IMPLEMENTATION OF THE RIGHT TO INFORMATION ACT, 2005

You will be pleased to know that your Company is implementing the provisions of Right to Information Act, 2005 in letter and spirit.

During the year 2012-13, your Company periodically reviewed and updated the proactive disclosures published under Section 4(1)(b) and also the directives issued by the Central Information Commission under Section 19(8)(a) of the RTI Act in the RTI segment of your Company's website "www.nalcoindia.com".

The status of information requests received by your Company and appeals made under the RTI Act during the year 2012-13 is given in the following table:

| Information Requests/Appeals | Opening Balance as on 01.04.2012 | Received during the year | No. of requests transferred to other Public Authorities | No. of requests/ 1st appeals rejected under various provisions of the Act | No. of requests serviced/1 st & 2 nd appeals disposed off during 2012-13 | No. of requests/ appeals pending for disposal as on 31.03.2013 |
|--|----------------------------------|--------------------------|---|---|--|--|
| Information requests received by PIO | 18 | 227 | 02 | 26 | 198 | 19 |
| 1 st Appeal before Appellate Authority of the Company | Nil | 52 | Nil | 1 | 51 | Nil |
| 2 nd Appeal before CIC, New Delhi | 01 | 09 | NA | NA | 09 | 01 |

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AGASTI & ASSOCIATES

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INDEPENDENT AUDITORS' REPORT

To
THE MEMBERS OF
NATIONAL ALUMINIUM COMPANY LIMITED,

Report on the Financial Statement

We have audited the accompanying financial statements of National Aluminium Company Limited, ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956; and
 - e. In terms of Government of India, Ministry of Finance, Department of Company Affairs, Notification No.GSR 829 (E) dated 21st October, 2003, Government Companies are exempt from the applicability of provisions of Section 274 (1)(g) of the Companies Act, 1956;

For Agasti & Associates
Chartered Accountants
Firm Registration No. 313043E

CA. M. Bandyopadhyay
Partner
Membership No.050968

Place: New Delhi
Dated 27th May' 2013

For C.K. Prusty & Associates
Chartered Accountants
Firm Registration No. 323220E

CA. G.V. Jayabal
Partner
Membership No.015616



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date)

- i) In respect of Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) All the movable assets have been physically verified by a Firm of Chartered Accountants during the year:
Non-movable assets have been physically verified by the Management at an interval of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets;
As informed to us, no material discrepancies between book records and physical assets have been noticed;
 - (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of fixed assets during the year and the going concern status of the Company has not been affected;
- ii) In respect of Inventories:
 - (a) As explained to us, all inventories, except stocks relating to expansion project, stocks lying with third parties and stocks in-transit have been physically verified by a Firm of Chartered Accountants at reasonable intervals during the year;
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed are reasonable and adequate in relation to the size of the Company and the nature of its business;
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification between physical stocks and book records were not material;
- iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses (iii) (a) to (g) of paragraph 4 of the Order are not applicable;
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system;
- v) According to the information and explanations given to us, the Company has not entered into any contract or arrangement which requires to be entered in the register maintained under Section 301 of the Companies Act, 1956. Hence clause (v) (b) of paragraph 4 of the Order is not applicable;
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed thereunder;
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business;
- viii) We have broadly reviewed the books of account maintained by the Company, pursuant to the Companies (Cost Accounting Records) Rule, 2011 prescribed by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of manufacturing activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate and complete;
- ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and Electricity Duty with the appropriate authorities;
According to the information and explanations given to us, no undisputed amounts are payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues as at 31st March, 2013 for a period of more than six months from the date they became payable;

- (b) According to the information and explanations given to us, disputed statutory dues which have not been deposited as on 31st March' 2013 are as under:

| Name of the Statute | Nature of Dues | Amount disputed (` in crore) | Amount deposited (` in crore) | Forum where disputes are pending |
|--------------------------|----------------|---------------------------------|----------------------------------|-------------------------------------|
| Sales Tax | Sales Tax | 187.37 | 31.11 | Commissioner |
| | | 183.64 | 53.73 | Tribunal |
| | | 162.77 | 30.29 | High Court |
| | | 533.78 | 115.13 | |
| Entry Tax | Entry Tax | 107.78 | 31.83 | Commissioner |
| | | 29.18 | 20.94 | Tribunal |
| | | 7.84 | 3.51 | High Court |
| | | 144.80 | 56.28 | |
| Central Excise Act, 1944 | Excise Duty | 12.38 | 2.51 | Commissioner |
| | | 26.51 | 0.62 | Tribunal |
| | | 59.26 | 0.00 | High Court |
| | | 98.15 | 3.13 | |
| Customs Act, 1962 | Customs Duty | 0.76 | 0.01 | Commissioner |
| | | 0.16 | 0.00 | Tribunal |
| | | 0.92 | 0.01 | |
| Income Tax Act, 1961 | Income Tax | 378.54 | 316.93 | Commissioner |
| | | 107.65 | 104.83 | High Court |
| | | 486.19 | 421.76 | |
| | Total | 1,263.84 | 596.31 | |

- x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year;
- xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders;
- xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- xiii) In our opinion and according to information and explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order is not applicable to the Company;
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provisions of clause 4 (xiv) of the Order is not applicable to the Company;
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions;
- xvi) According to the information and explanations given to us, the Company has not raised any term loan during the year;
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment;
- xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956;
- xix) According to the information and explanations given to us, the Company has not issued any debentures during the year;
- xx) According to the information and explanations given to us, the Company has not raised any money by way of public issues during the year;
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Agasti & Associates
Chartered Accountants
Firm Registration No. 313043E

CA. M. Bandyopadhyay
Partner
Membership No.050968

Place: New Delhi
Dated 27th May' 2013

For C.K. Prusty & Associates
Chartered Accountants
Firm Registration No. 323220E

CA. G.V. Jayabal
Partner
Membership No.015616



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER
SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NATIONAL
ALUMINIUM COMPANY LIMITED, BHUBANESWAR FOR THE YEAR ENDED
31 MARCH 2013.**

The preparation of financial statements of National Aluminium Company Limited, Bhubaneswar for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27.05.2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of National Aluminium Company Limited, Bhubaneswar for the year ended 31 March 2013. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

(Nandana Munshi)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-I,
Kolkata

Place: Kolkata
Date: 25 June, 2013

Balance Sheet as at 31.03.2013

(₹ in Crore)

| Particulars | Note No. | Figures as at the end of current reporting period | Figures as at the end of the previous reporting period |
|--------------------------------|----------|---|--|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 1 | 1,288.62 | 1,288.62 |
| Reserves and surplus | 2 | 10,643.83 | 10,426.46 |
| Non-current liabilities | | | |
| Deferred tax liabilities (Net) | 3 | 903.13 | 849.11 |
| Other Long term liabilities | 4 | 70.82 | 41.41 |
| Long-term provisions | 5 | 208.62 | 238.29 |
| Current liabilities | | | |
| Trade payables | 6 | 503.56 | 425.90 |
| Other current liabilities | 7 | 2,545.70 | 2,206.01 |
| Short-term provisions | 8 | 162.67 | 44.98 |
| Total | | 16,326.95 | 15,520.78 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 9 | 6,523.80 | 6,498.96 |
| Intangible assets | 9 | 105.09 | 113.39 |
| Capital work-in-progress | 10 | 1,001.92 | 684.44 |
| Non-current investments | 11 | 161.04 | 1.02 |
| Long-term loans and advances | 12 | 1,422.80 | 1,165.15 |
| Other non-current assets | 13 | 36.49 | 35.49 |
| Current assets | | | |
| Current investments | 14 | 1,329.02 | 753.24 |
| Inventories | 15 | 1,380.64 | 1,195.80 |
| Trade receivables | 16 | 142.99 | 138.12 |
| Cash and Bank Balances | 17 | 3,504.38 | 4,168.35 |
| Short-term loans and advances | 18 | 525.00 | 515.34 |
| Other current assets | 19 | 193.78 | 251.48 |
| Total | | 16,326.95 | 15,520.78 |

Significant Accounting Policies

See accompanying notes to the financial statements. 1 - 43

For and on behalf of Board of Directors

(CS. K.N. Ravindra)
Company Secretary

(S.S. Mahapatra)
Director (Production)

(Ansuman Das)
Chairman-cum-Managing Director

In terms of our report of even date attached.

For Agasti & Associates
Chartered Accountants
FRN - 313043E

(CA. M.Bandyopadhyay)
Partner (M.No.050968)

For C.K.Prusty & Associates
Chartered Accountants
FRN - 323220E

(CA.G.V.Jayabal)
Partner (M.No.015616)

Place : New Delhi
Dated : 27th May, 2013



Statement of Profit and Loss for the year ended 31.03.2013

(₹ in Crore)

| Particulars | Note No. | Figures for the current reporting period | Figures for the previous reporting period |
|---|----------|--|---|
| Revenue from operations | 22 | 6,916.48 | 6,611.57 |
| Other income | 23 | 511.05 | 541.67 |
| Total Revenue | | <u>7,427.53</u> | <u>7,153.24</u> |
| Expenses: | | | |
| Cost of materials consumed | 24 | 1,167.83 | 1,030.78 |
| Power and Fuel | 25 | 2,432.27 | 2,196.68 |
| Changes in inventories of finished goods, intermediaries and work-in-progress | 26 | (64.25) | 2.71 |
| Employee benefits expense | 27 | 1,153.93 | 1,034.54 |
| Finance costs | 28 | 7.45 | 0.87 |
| Depreciation and amortization expense | 29 | 505.43 | 466.55 |
| Other expenses | 30 | 1,319.83 | 1,201.46 |
| Total expenses | | <u>6,522.49</u> | <u>5,933.59</u> |
| Profit before exceptional items and tax | | 905.04 | 1,219.65 |
| Exceptional items | 31 | - | 21.90 |
| Profit Before Tax | | <u>905.04</u> | <u>1,197.75</u> |
| Tax expense: | | | |
| (1) Current tax | | 263.30 | 237.94 |
| (2) MAT Credit Entitlement | | - | (39.89) |
| (3) Deferred tax | | 54.02 | 155.65 |
| (4) Earlier Years | | (5.11) | (5.45) |
| Profit / (Loss) for the period | | <u>592.83</u> | <u>849.50</u> |
| Earning per Share | | | |
| (a) Profit After Tax | | 592.83 | 849.50 |
| (b) Average Number of equity shares (Face value ` 5/- each) | | 2,577,238,512 | 2,577,238,512 |
| Earning per Share (`) - Basic (a/b) | | 2.30 | 3.30 |
| Earning per Share (`) - Diluted (a/b) | | 2.30 | 3.30 |

Significant Accounting Policies

See accompanying notes to the financial statements. 1 - 43

For and on behalf of Board of Directors

(CS. K.N. Ravindra)
Company Secretary

(S.S. Mahapatra)
Director (Production)

(Ansuman Das)
Chairman-cum-Managing Director

In terms of our report of even date attached.

For Agasti & Associates
Chartered Accountants
FRN - 313043E

For C.K.Prusty & Associates
Chartered Accountants
FRN - 323220E

(CA. M.Bandyopadhyay)
Partner (M.No.050968)

(CA.G.V.Jayabal)
Partner (M.No.015616)

Place : New Delhi
Dated : 27th May, 2013

Cash Flow Statement for the year 2012-13

(₹ in Crore)

| | Figures for the current reporting period | Figures for the previous reporting period |
|--|--|---|
| A. Cash flow from Operating Activities : | | |
| Net Profit before tax and Extraordinary Income | 905.04 | 1,197.75 |
| Adjustments for : | | |
| Depreciation | 505.43 | 466.55 |
| Interest and financing charges | 7.45 | 0.87 |
| Provisions (Net) | 24.99 | 1.29 |
| Claims/Recoverables written off | 1.97 | 2.81 |
| Stores and spares written off | 11.88 | 16.30 |
| Dividend Income | (73.10) | (98.47) |
| Loss/(Profit) on sale of assets (net) | 0.17 | 0.21 |
| | 478.79 | 389.56 |
| Operating Profit before working capital changes | 1,383.83 | 1,587.31 |
| Adjustments for : | | |
| Inventories | (205.25) | (162.91) |
| Trade & other receivables | (75.32) | (163.39) |
| Trade & other payables | 208.02 | (70.26) |
| | (72.55) | (396.56) |
| Cash generated from Operations | 1,311.28 | 1,190.75 |
| Direct taxes paid | (435.11) | (304.05) |
| Cash flow before Extraordinary Items | 876.17 | 886.70 |
| Extraordinary Items | -- | -- |
| Net cash from operating activities | 876.17 | 886.70 |
| B. Cash Flow from Investing Activities: | | |
| Purchase of fixed assets | (648.93) | (758.16) |
| Purchase/Sale of Investments | (735.80) | 577.41 |
| Dividend income from Mutual fund | 73.10 | 98.47 |
| Net cash used in investing activities | (1,311.63) | (82.28) |
| C. Cash Flow from Financing Activities: | | |
| Interest and Financing charges | (7.45) | (0.87) |
| (Payment)/Proceeds of short term borrowings | - | (14.88) |
| Dividends including dividend tax paid | (221.06) | (415.55) |
| Net cash used in financing activities | (228.51) | (431.30) |
| D. Net changes in Cash & Cash equivalents (A+B+C) | (663.97) | 373.12 |
| E. Cash & Cash equivalents - Opening balance | 4,168.35 | 3,795.23 |
| F. Cash & Cash equivalents - Closing balance (D+ E) | 3,504.38 | 4,168.35 |

Note:

- Cash and Bank Balances under Current Assets at note 17 are Cash and Cash equivalents for the purpose of drawing Cash Flow statement. Therefore reconciliation statement required under para-42 of the Accounting Standard 3 is not furnished separately.
- Cash and cash equivalents includes ₹ 526.93 crore (Previous Year ₹ 415.97Crore) towards disputed electricity duty, ₹ 37.36 Crore towards unpaid dividend (Previous year ₹ 3.82 crore) , not freely available for use by the Company.
- Figures in brackets are cash outflow/income, as the case may be.

For and on behalf of Board of Directors

(CS. K.N. Ravindra)
Company Secretary

(S.S. Mahapatra)
Director (Production)

(Ansuman Das)
Chairman-cum-Managing Director

In terms of our report of even date attached.

For Agasti & Associates
Chartered Accountants
FRN - 313043E

(CA. M.Bandyopadhyay)
Partner (M.No.050968)

For C.K.Prusty & Associates
Chartered Accountants
FRN - 323220E

(CA.G.V.Jayabal)
Partner (M.No.015616)

Place : New Delhi
Dated : 27th May, 2013



Segmentwise Information

(₹ in Crore)

| | Chemicals | | Aluminium | | Electricity | | Unallocated Common | | Total | |
|---|--------------|---------------|--------------|---------------|--------------|---------------|--------------------|---------------|--------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| BUSINESS SEGMENTS | | | | | | | | | | |
| A. Revenue | | | | | | | | | | |
| External sales | 1,783.83 | 1,531.09 | 5,016.39 | 4,968.05 | 6.59 | 1.13 | 2.64 | - | 6,809.45 | 6,500.27 |
| Inter-segment transfers | 1,169.05 | 1,124.68 | - | - | 1,935.87 | 1,975.38 | - | - | 3,104.92 | 3,100.06 |
| Total Revenue | 2,952.88 | 2,655.77 | 5,016.39 | 4,968.05 | 1,942.46 | 1,976.51 | 2.64 | - | 9,914.37 | 9,600.33 |
| Less: Elimination | | | | | | | | | (3,104.92) | (3,100.06) |
| Net Revenue | | | | | | | | | 6,809.45 | 6,500.27 |
| B. Result | | | | | | | | | | |
| Segment result | 561.20 | 590.11 | (34.19) | (16.19) | 116.61 | 286.83 | (199.26) | (182.53) | 444.36 | 678.22 |
| Interest expense | | | | | | | | | 7.45 | 0.87 |
| Interest income | | | | | | | | | 468.13 | 520.40 |
| Income taxes | | | | | | | | | 312.21 | 348.25 |
| Net Profit | | | | | | | | | 592.83 | 849.50 |
| C. Other Information | | | | | | | | | | |
| Segment assets | 3,351.82 | 3,190.72 | 3,716.83 | 3,723.70 | 3,055.41 | 2,969.18 | 6,202.89 | 5,637.18 | 16,326.95 | 15,520.78 |
| Segment liabilities | 504.88 | 484.26 | 513.59 | 543.32 | 1,659.93 | 1,423.50 | 812.97 | 505.51 | 3,491.37 | 2,956.59 |
| Capital expenditure | 146.91 | 1,369.79 | 73.13 | 274.56 | 132.15 | 168.76 | 470.33 | (965.67) | 822.52 | 847.44 |
| Depreciation | 177.33 | 143.07 | 194.56 | 189.27 | 125.00 | 128.85 | 8.54 | 5.36 | 505.43 | 466.55 |
| Non-cash expenses (other than depreciation) | 7.15 | 20.87 | 3.64 | 19.02 | 28.04 | 9.13 | - | 1.92 | 38.83 | 50.94 |

| GEOGRAPHIC SEGMENTS | India | | | Outside India | | | Total | |
|-----------------------------|--------------|---------------|--|---------------|---------------|--|--------------|---------------|
| | Current Year | Previous Year | | Current Year | Previous Year | | Current Year | Previous Year |
| A. Revenue | | | | | | | | |
| External sales | 3,398.96 | 3,931.67 | | 3,410.49 | 2,568.60 | | 6,809.45 | 6,500.27 |
| B. Other Information | | | | | | | | |
| Segment assets | 16,201.13 | 15,399.82 | | 125.82 | 120.96 | | 16,326.95 | 15,520.78 |
| Capital expenditure | 822.52 | 847.44 | | - | - | | 822.52 | 847.44 |

For and on behalf of Board of Directors

(CS. K.N. Ravindra)
Company Secretary

(S.S. Mahapatra)
Director (Production)

(Ansuman Das)
Chairman-cum-Managing Director

In terms of our report of even date attached.

For Agasti & Associates
Chartered Accountants
FRN - 313043E

For C.K.Prusty & Associates
Chartered Accountants
FRN - 323220E

(CA. M.Bandyopadhyay)
Partner (M.No.050968)

(CA.G.V.Jayabal)
Partner (M.No.015616)

Place : New Delhi
Dated : 27th May, 2013

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The financial statements are prepared under historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, and the relevant provisions of the Companies Act, 1956.

2. USE OF ESTIMATES

In preparing the financial statements in conformity with accounting principles generally accepted in India, the company makes estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the amount of revenues and expenses during the reported period. Actual result in some cases could differ from those estimates. Any revision of such estimates is recognized in the period in which the same is determined.

3. COMPLIANCE TO REQUIREMENT OF REVISED SCHEDULE-VI TO THE COMPANIES ACT, 1956

The Financial Statements are prepared in compliance with the provisions of revised Schedule VI to the Companies Act 1956. All assets and liabilities have been classified as current and/ or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956.

4. (A) FIXED ASSETS

- 4.1 All fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment loss, if any. Cost includes all direct expenditure of acquisition, attributable borrowing cost and net of CENVAT/VAT credit, wherever applicable.
- 4.2 Expenditure on development of land including leasehold land is capitalized as part of cost of land.
- 4.3 Intangible Assets are stated at acquisition cost, net of accumulated amortization and are amortized on a straight line basis over their estimated useful lives.
NPV and related payments made to Govt. authorities for bauxite mines, Application Software packages like ERP and application development tools like RDBMS and Technical know-how right are treated as intangible assets.
- 4.4 Insurance spares valuing more than ₹ 1 lakh per unit are capitalized.
- 4.5 Fixed assets retired from active use and held for disposal are stated at net book value less provision for doubtful realization if any and considered as other current asset till the time of its disposal.

4. (B) DEPRECIATION

- 4.1 Depreciation on tangible assets is provided on straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956 except in respect of the following assets, where depreciation at higher rate is provided based on their estimated remaining useful life, evaluated on the basis of technical estimate made periodically.

Earth work portion of:

- a) Red mud pond at Alumina Refinery;
- b) Ash pond at Alumina Refinery;
- c) Ash ponds at Captive Power Plant.
- 4.2 Intangible assets for application software is amortized over a period of 3 years and intangible assets for Mining Rights is amortized over 20 years from the date of payment or date of renewal / deemed renewal whichever is earlier based on respective lease life.
Technical know-how right is amortized over the useful life of related plant and machinery. As per the license agreement with M/s. Rio Tinto Alcan, the license is valid for the full life of related plant i.e Smelter and Alumina Refinery. Both the asset groups are continuous process plants. Accordingly, the useful life of intangible asset "Technical know-how right – RTA license" is amortized over the useful life of related plant & machinery.
- 4.3 Depreciation in respect of railway sidings and wagons are provided at the rate of 5.28% in line with continuous process plant.
- 4.4 Certain assets at Port Facilities are depreciated at rates calculated on the basis of balance lease period of land belonging to the Port Authority on which these assets are installed.
- 4.5 Assets costing ₹ 5,000/- or less individually are depreciated fully in the year in which they are put to use.
- 4.6 Assets laid on land not owned by the Company are depreciated over a period of five years.
- 4.7 Classification of plant and machinery into continuous and non-continuous is made on the basis of technical opinion and depreciation provided accordingly.
- 4.8 Depreciation on value adjustment is provided prospectively.

5. BORROWING COST

- 5.1 General and specific borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset until such time the assets are ready for their intended use.
- 5.2 Other borrowing costs are recognized as expenses in the period in which these are incurred.



6. IMPAIREMENT

The Company reviews the carrying amount of its fixed assets, whenever circumstances indicate that the carrying amount of the asset may not be recoverable. If the estimated discounted future cash flow expected to result from use of the asset is less than its carrying amount, the asset is deemed to be impaired. The impairment loss is measured as the difference between the carrying amount and recoverable amount.

7. INVESTMENTS

7.1 Investments intended to be held for not more than one year from the date of such investment, are classified as current investments. All other investments are classified as long term investments. Long-term investments are carried at cost, after providing for diminution in value, if it is of a permanent nature.

7.2 Current investments are stated at cost or fair value whichever is lower.

8. INVENTORY

8.1 Inventory of stores and spares are valued at cost net of CENVAT / VAT credit wherever applicable. Cost is determined on moving weighted average price on real time basis.

8.2 Stores and spares other than insurance spares held but not issued for more than 5 years are valued at 5% of the cost.

8.3 Shortage of coal up to 1% of the receipt quantity is treated as normal loss and beyond 1% is treated as abnormal loss.

8.4 Materials and other supplies held for use in the production (other than considered as non-moving) are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost.

8.5 Inventories of finished goods, semi-finished goods, intermediary products and work in process except anode butts and rejects are valued at lower of cost and net realizable value. Cost is generally determined at moving weighted average price of materials on real time basis, appropriate share of labour and related overheads. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale.

Anode rejects and butts are valued at lower of past realized value or 45% of direct material cost.

8.6 Scrap of various nature internally generated is valued at estimated net realizable value.

9. GOVERNMENT GRANTS

9.1 Fixed assets acquired out of financial grant from Government are shown at cost by crediting the grant-in-aid received to Subsidy Reserve.

9.2 Export incentives/Duty drawback on exports made during the year, are accounted for on accrual basis and shown as other operating income.

9.3 The saving on account of application of concessional rate of customs duty against EPCG licenses is disclosed as commitments towards its Export Obligation.

10. FOREIGN CURRENCY TRANSACTIONS

10.1 All foreign currency transactions are recorded by applying the exchange rate as on the date of transactions.

10.2 Monetary assets and liabilities in foreign currency are restated at year-end exchange rates. Exchange difference on restatement is recognized in the statement of Profit & Loss.

10.3 In respect of forward contracts relating to firm commitments and highly probable forecast transactions, loss due to exchange difference is recognized in the profit and loss account in the reporting period in which the exchange rate changes. Any profit or loss arising on renewal or cancellation of such contracts is recognized as income or expense for the period.

11. REVENUE RECOGNITION

11.1 Sales in the domestic market are recognized at the time of dispatch of materials to the buyers. Export sales are recognized on issue of Bill of Lading. Domestic Sales include excise duty and are net of rebate and price concessions.

11.2 If there is uncertainty in realization, revenue recognition is postponed.

11.3 Claims and interest receivables are accounted for in the statement of Profit & Loss based on certainty of their realization.

11.4 Interest income on term deposits is recognized on a time proportion basis taking in to account the amount outstanding and the rate applicable.

12. LONG TERM EMPLOYEE BENEFITS

12.1 Contributions towards Provident Funds & Pension Scheme are charged to the Profit and Loss Account for the period as and when the contributions to the Funds are due.

12.2 The provisions/liabilities towards gratuity, accrued leave, long service awards, post retirement medical and settling-in benefits, future payments to the legal heirs of deceased employees under the NEFFARS scheme, are made based on the actuarial valuation as at the end of the year and charged to statement of Profit & Loss after considering actuarial gains/losses.

12.3 Expenditure on voluntary retirement compensation is charged off in the year in which it is incurred.

13. PRIOR PERIOD /PREPAID ITEMS

Income/Expenditure relating to prior period and prepaid expenses not exceeding ₹ 5 lakh in each case is treated as income/expenditure for the current year.

14. EXPENDITURE ON NEW PROJECTS

Expenses on account of new potential projects incurred till investment approval, are charged to revenue. Expenditure incurred thereafter in case of successful projects are accounted for under capital-work-in progress and capitalized subsequently.

15. EXPENDITURE ON RESEARCH AND DEVELOPMENT

Expenditure incurred during research phase is charged to revenue when no intangible asset arises from such research.

Development expenditure except capital nature is charged to statement of Profit & Loss in the year incurred after setting of incidental income, if any.

16. EXCEPTIONAL ITEMS

Exceptional items are the items of income and expenses within profit or loss from ordinary activities of such size, nature or incidence whose disclosure is necessary.

17. DEFERRED TAX

17.1 Deferred Tax expense or benefit is recognized on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

17.2 Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

18. SEGMENT REPORTING

18.1 The Company has considered Chemicals, Aluminium and Electricity as the three primary business segments. Chemicals include Calcined Alumina, Alumina Hydrate and other related products. Aluminium includes aluminium ingots, wire rods, billets, strips, rolled and other related products. Bauxite produced for captive consumption for production of alumina is included under chemicals. Wind Power Plant commissioned primarily to harness the potential renewable energy sources is included in the unallocated Common segment.

18.2 India and outside India are the two geographical segments. Since all production and other facilities are located in India, segment assets except export debtors are shown under one geographic segment i.e. India.

18.3 Inter-unit transfer of Calcined Alumina is considered at lower of average price from export sales during the period less freight and cost plus 15.50% return on investment on gross fixed assets. For electricity, lower of the average sales price to GRIDCO and cost plus 15.50% return on investment on gross fixed assets (as per CERC guidelines), has been considered for transfer pricing.

18.4 Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities. Revenue, expenses, assets and liabilities, which relate to the enterprise as a whole and are not allocable on a reasonable basis, have been included under Unallocated Common segment.

19. JOINT VENTURES

19.1 Interest in a jointly controlled entity has been accounted for as an investment in accordance with Accounting Standard (AS) 13, Accounting for investments.

19.2 Interest in a jointly controlled asset is classified and disclosed according to the nature of assets.

20. PROVISIONS AND CONTINGENT LIABILITIES & CONTINGENT ASSETS

20.1 A provision is recognized when there is present obligation as a result of a past event and it is probable that an out flow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. These are reviewed at end of each year and adjusted to reflect the best current estimate.

20.2 Provision is made/written back in respect of balances on account of sums payable/receivable for more than 3 years, in respect of parties other than Govt. Dept./ Govt. Companies. In case of Govt. Dept./ Govt. Companies, the same is made on case to case basis depending upon the merit of the case.

20.3 Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require any out flow of resources.

20.4 No provision is recognized or disclosure for contingent liability is made, when there is a possible obligation or a present obligation and the likelihood of out flow of resources is remote.

20.5 Contingent assets are neither recognized nor disclosed in the financial statement.



Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
|---|---|--|
| Note 1 : Share Capital | | |
| Share Capital | | |
| Equity Share Capital | | |
| AUTHORISED | | |
| 600,00,00,000 shares of par value of ₹ 5/- each (Previous year 600,00,00,000 shares of par value of ₹ 5/- each) | <u>3,000.00</u> | <u>3,000.00</u> |
| ISSUED, SUBSCRIBED AND FULLY PAID-UP | | |
| 2,57,72,38,512 shares of par value of ₹ 5/- each fully paid up (Previous year 2,57,72,38,512 shares of par value of ₹ 5/- each fully paid-up) | <u>1288.62</u> | <u>1288.62</u> |
| <p>a) The Government of India holds 208,90,59,622 equity shares (81.06%), Previous year 224,59,98,540 equity shares (87.15% of the total equity shares) of the company.</p> <p>b) After disinvestment by Govt. of India in the year 2012-13, the holding of equity shares of the company by Life Insurance Corporation of India is 15,52,66,579 (6.02%), Previous year 8,38,16,579 (3.25%).</p> <p>c) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the company.</p> <p>d) During the financial year 2010-11, the company has issued 128,86,19,256 equity shares as fully paid bonus shares. The bonus issue was made subsequent to splitting up of shares from the face value of ₹ 10/- each into 2 equity shares of ₹ 5/- each in the said year. Other than the said bonus issue, the company has not issued/bought back any equity shares in the last 5 years.</p> | | |
| Note 2 : Reserve and Surplus | | |
| a) Capital Reserve | | |
| As per last balance sheet | 0.35 | 0.42 |
| Less : Transferred to Subsidy Reserve | 0.35 | - |
| Less : Transferred to Surplus | - | 0.07 |
| Closing balance | - | 0.35 |
| b) General Reserve | | |
| As per last balance sheet | 10,419.90 | 9,869.90 |
| Add : Transfer from Surplus | 220.00 | 550.00 |
| Closing balance | 10,639.90 | 10,419.90 |
| c) Surplus | | |
| - Balance as at the beginning of the year | 6.21 | 5.67 |
| - Add : Profit after tax for the year transferred from statement of profit and loss | 592.83 | 849.50 |
| - Add : Transferred from Capital Reserve | | 0.07 |
| - Less : Transfer to General Reserve | 220.00 | 550.00 |
| - Less : Interim dividend # | 193.29 | 231.95 |
| - Less : Tax on interim dividend | 31.36 | 37.63 |
| - Less : Proposed final dividend # | 128.86 | 25.77 |
| - Less : Tax on proposed final dividend | 21.90 | 3.68 |
| Closing balance | 3.63 | 6.21 |
| d) Other Reserve | | |
| Subsidy Reserve | | |
| - As per last balance sheet | - | - |
| - Add : Transferred from Capital Reserve | 0.35 | - |
| - Less : Transferred to depreciation | 0.05 | - |
| Closing balance | 0.30 | - |
| Total : | <u>10,643.83</u> | <u>10,426.46</u> |

Refer Note - 40

Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
|---|---|--|
| Note 3 : Deferred Tax Liabilities (Net) | | |
| Deferred Tax Liability : | | |
| Difference of tax depreciation over book depreciation | 1,121.14 | 1037.15 |
| Less : Deferred Tax Assets | | |
| Disallowances u/s 43B of the Income Tax Act, 1961 | 106.16 | 78.81 |
| On retirement Benefits expenses as per AS - 15 | 74.65 | 80.12 |
| Provision for doubtful debts, claims & provisions | 37.20 | 29.11 |
| Closing balance | 218.01 | 188.04 |
| Total : | 903.13 | 849.11 |
| Note 4 : Other Long Term Liabilities | | |
| Trade payables | 30.10 | 12.17 |
| Others liabilities | | |
| Payable for capital expenditure | 7.19 | 5.35 |
| Others | 33.53 | 23.89 |
| Sub total : | 40.72 | 29.24 |
| Total : | 70.82 | 41.41 |
| Note No. 5 : Long Term Provisions | | |
| Provisions for Employee Benefits : | | |
| Leave encashment | 173.07 | 184.75 |
| Post retirement medical benefits | 5.51 | 8.23 |
| Settling-in- benefit | 6.44 | 11.12 |
| Long service reward | 11.53 | 15.20 |
| NEFFARS | 12.07 | 18.99 |
| Total : | 208.62 | 238.29 |
| Note 6 : Trade Payables | | |
| Trade payables | | |
| Micro and small enterprises # | 0.85 | 0.78 |
| Others | 502.71 | 425.12 |
| Total : | 503.56 | 425.90 |

Refer Note - 39



Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
|--|---|--|
| Note 7 : Other Current Liabilities | | |
| Employee benefits payable | 194.68 | 294.76 |
| Statutory dues | | |
| Excise duty | 10.75 | 11.76 |
| Electricity duty & interest thereon | 1,092.26 | 927.17 |
| Water charges & interest thereon | 329.15 | 268.08 |
| Income Tax (TDS & TCS) | 20.62 | 18.58 |
| Others | 13.45 | 11.82 |
| Sub total : | 1,466.23 | 1,237.41 |
| Creditors for capital expenditure | 629.06 | 457.33 |
| Customers credit balances & advance from customers | 115.79 | 140.30 |
| Renewable Purchase Obligation ## | 39.87 | 20.29 |
| Other payables | 62.71 | 52.10 |
| Unpaid dividend | 37.36 | 3.82 |
| Total : | 2,545.70 | 2,206.01 |

Refer Note - 36

Note 8 : Short Term Provisions

| | | |
|---|---------------|--------------|
| Provisions for Employee Benefits : | | |
| Gratuity | - | 5.21 |
| Leave encashment | 3.74 | 3.37 |
| Post retirement medical benefits | 0.20 | 0.30 |
| Settling-in- benefit | 0.47 | 0.67 |
| Long service reward | 0.06 | 0.09 |
| NEFFARS | 6.54 | 4.23 |
| Sub total : | 11.01 | 13.87 |
| Others : | | |
| Provision for wealth tax | 0.90 | 1.16 |
| Provision for dividend | 128.86 | 25.77 |
| Tax provision for dividend | 21.90 | 4.18 |
| Sub total : | 151.66 | 31.11 |
| Total : | 162.67 | 44.98 |

Notes to the Financial Statements

Note 9 : Fixed Assets

(₹ in Crore)

| | Gross Block | | | Depreciation | | | Net Block | |
|-------------------------------------|---------------------|---------------------------|---------------|---------------------|---------------|---------------|---------------------|---------------------|
| | As on 01.04.2012 | Addition / Adjustments | Deductions | As on 31.03.2013 | For the Year | Deductions | As on 31.03.2013 | As on 31.03.2012 |
| A. TANGIBLE ASSETS | | | | | | | | |
| Land | | | | | | | | |
| Free Hold | 73.31 | 0.10 | - | 73.41 | - | - | 73.41 | 73.31 |
| Lease | 5.88 | 2.40 | - | 8.28 | 0.09 | - | 6.23 | 3.92 |
| Buildings | 974.91 | 28.28 | - | 1,003.19 | 28.57 | - | 610.78 | 611.07 |
| Railway Sidings | 73.48 | 8.78 | - | 82.26 | 1.15 | - | 21.13 | 13.50 |
| Plant and Equipments | 12,185.47 | 468.60 | (1.01) | 12,653.06 | 454.70 | (0.96) | 5,718.02 | 5,704.17 |
| Furniture and fixtures | 26.27 | 1.80 | (0.55) | 27.52 | 1.14 | (0.50) | 8.36 | 7.75 |
| Vehicles | 45.64 | 3.32 | (3.16) | 45.80 | 3.12 | (3.00) | 17.37 | 17.33 |
| Office equipments | 41.90 | 2.45 | (1.10) | 43.25 | 3.34 | (1.01) | 13.43 | 14.41 |
| Miscellaneous equipments | 98.99 | 5.96 | (0.33) | 104.62 | 4.29 | (0.23) | 55.07 | 53.50 |
| Total : | 13,525.85 | 521.69 | (6.15) | 14,041.39 | 496.40 | (5.70) | 6,523.80 | 6,498.96 |
| B. INTANGIBLE ASSETS | | | | | | | | |
| Softwares | 10.77 | 0.81 | - | 11.58 | 2.88 | - | 1.34 | 3.41 |
| Mining Rights | 107.30 | - | - | 107.30 | 5.37 | - | 90.74 | 96.11 |
| Licenses & Franchise | 14.70 | - | - | 14.70 | 0.86 | - | 13.01 | 13.87 |
| Total Intangible Assets : | 132.77 | 0.81 | - | 133.58 | 9.11 | - | 105.09 | 113.39 |
| Grand Total | 13,658.62 | 522.50 | (6.15) | 14,174.97 | 505.51 | (5.70) | 6,628.89 | 6,612.35 |
| Grand Total (Previous Year) | 12,076.15 | 1,586.05 | (3.58) | 13,658.62 | 466.59 | (2.94) | 6,612.35 | 5,493.53 |

Note :

- The cumulative impairment provision included in cumulative value of depreciation in buildings & structures is ₹ 6.14 crore (previous Year ₹ 6.76 crore)
- The cumulative impairment provision included in cumulative value of depreciation in plant and equipments is ₹ 37.62 crore (previous Year ₹ 41.04 crore)
- The impairment provision included in depreciation in buildings & structures is ₹ (0.62) crore (previous Year ₹ (0.62) crore)
- The impairment provision included in Depreciation in Plant and equipments is ₹ (3.42) crore (previous year ₹ (3.42) crore)
- Gross Block includes the following capital expenditure (fully depreciated) represented by assets not owned by the company.
 - Buildings - ₹ 6.32 crore (Previous year ₹ 6.32 crore)
 - Railway Sidings - ₹ 2.26 crore (Previous year ₹ 2.26 crore)
 - Plant and Equipments - ₹ 16.18 crore (Previous year ₹ 16.18 crore)
- Title deeds have been executed for freehold land acquired through state Government, except for land measuring 64.15 acres. Process of conversion of freehold land for Industrial use has been taken- up with Revenue Authorities.
- Leasehold land includes 1454.03 acres of land in respect of which lease deeds are yet to be executed. However, the Company has been permitted by the state Government to carry on its operations on the said land.
- Registration formalities in respect of office space for 6,459 Sq.ft purchased from Kolkata Municipal Development Authority valuing ₹ 5.50 crore in Kolkata is under progress.



Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
|--|---|--|
| Note 10 : Capital Work - in - Progress | | |
| Capital Work - in - progress at cost # | 714.86 | 493.22 |
| Construction materials including in transit (at cost) | 200.63 | 109.95 |
| Expenditure during construction pending allocation (Note 10.1) | <u>86.43</u> | <u>81.27</u> |
| Total : | <u>1,001.92</u> | <u>684.44</u> |
| Note 10.1 | | |
| EXPENDITURE DURING CONSTRUCTION | | |
| Pending allocation (opening balance) | 81.27 | 218.86 |
| Add : Expenditure during the year | | |
| Technical consultants fee and know how | 6.35 | 27.80 |
| Startup & commissioning | - | 35.08 |
| Other expenses | 11.20 | 9.71 |
| Depreciation | <u>0.03</u> | <u>0.04</u> |
| | 17.58 | 72.63 |
| Less : Income during the year | | |
| Income out of trial operation | <u>-</u> | <u>8.70</u> |
| Net expenditure during the year | <u>17.58</u> | <u>63.93</u> |
| Total expenditure | <u>98.85</u> | <u>282.79</u> |
| Less : Allocated to fixed assets | <u>12.42</u> | <u>201.52</u> |
| Balance carried forward | <u>86.43</u> | <u>81.27</u> |

Includes jointly controlled asset of ₹ 8.13 crore (Refer Note - 38)

Note 11 : Non-Current Investments

| | No. of Units in '000 | | No. of Units in '000 | |
|--|----------------------|----------------------|----------------------|--------------------|
| Trade Investments & Unquoted | | | | |
| Equity Investments | | | | |
| Equity Shares in Bhubaneswar Stock Exchange Ltd | | 0.03 | | 0.03 |
| Equity Shares in Excel Services Ltd | | * | | * |
| Investment in Joint Ventures (Refer Note 43) | | | | |
| (Face value of ₹ 10 each) | | | | |
| Equity shares in Angul Aluminium Park Pvt.Ltd | 990 | 0.99 | 990 | 0.99 |
| NPCIL-NALCO Power Company Ltd | | 0.02 | | - |
| Other Investments & Quoted | | | | |
| Investment in Mutual Funds | | | | |
| (Face value of ₹ 10 each) | | | | |
| SDFS-14 Months-Series-I | 15,000 | 15.00 | - | - |
| LIC Nomura FMP Series -56-18 Months-Growth | 45,000 | 45.00 | - | - |
| UTI-FTIF Series-XIV-VIII-371 Days Direct Growth Plan | 100,000 | 100.00 | - | - |
| Total : | | <u>161.04</u> | | <u>1.02</u> |
| Aggregate amount of Quoted Investments | | 160.00 | | - |
| Aggregate amount of Quoted Investments market value | | 160.92 | | - |
| Aggregate amount of Unquoted Investments | | 1.04 | | 1.02 |

* Amount is less than one lakh

Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
|--|---|--|
| Note 12 : Long term Loans and Advances | | |
| Capital Advances | | |
| Unsecured, considered good # | 303.30 | 320.75 |
| Doubtful | 0.26 | 0.26 |
| Less : Allowances for doubtful realisation | <u>0.26</u> | <u>0.26</u> |
| Sub total : | 303.30 | 320.75 |
| Other loans and advances | | |
| Loans to Employees | | |
| Secured, considered good | 50.80 | 29.68 |
| Unsecured, considered good | <u>50.58</u> | <u>7.93</u> |
| Sub total : | 101.38 | 37.61 |
| Loans to others | | |
| Secured, considered good | 0.08 | - |
| Deposits (undisputed, unsecured, considered good) | | |
| Customs, Excise, Sales Tax, Port Trusts etc. | 19.14 | 14.22 |
| Income Tax Authority | 131.08 | 108.50 |
| Other Government Authorities | 233.19 | 236.15 |
| Others | <u>6.37</u> | <u>5.54</u> |
| | 389.78 | 364.41 |
| Deposits (disputed, unsecured, considered good) | | |
| Customs, Excise, Sales Tax, Railways, Port Trusts etc. | 205.12 | 188.89 |
| Income Tax Authority | 421.61 | 251.96 |
| Others | <u>1.53</u> | <u>1.53</u> |
| | 628.26 | 442.38 |
| Deposits (disputed, unsecured, considered doubtful) | | |
| Others | 0.24 | 1.93 |
| Less : Allowances for doubtful realisation | <u>0.24</u> | <u>1.93</u> |
| | - | - |
| Sub total : | 1,018.04 | 806.79 |
| Total : | <u>1,422.80</u> | <u>1,165.15</u> |

The Company has paid ₹ 151 crore to Gujarat Mineral Development Corporation Ltd (GMDC) towards upfront payment while bidding for a new project for establishing Alumina Refinery and Aluminium Smelter with supply of Bauxite by GMDC in the state of Gujarat.

Note 13 : Other Non Current Assets

| | | |
|--|---------------------|---------------------|
| Long Term Trade Receivables | | |
| Doubtful | 38.95 | 38.95 |
| Less : Allowances for doubtful realisation | <u>38.95</u> | <u>38.95</u> |
| Sub total : | - | - |
| Interest Accrued on | | |
| Loans to employees | | |
| Secured, considered good | 33.54 | 35.02 |
| Unsecured, considered good | <u>2.95</u> | <u>0.47</u> |
| Sub total : | 36.49 | 35.49 |
| Loans to others | | |
| Secured, considered good | * | - |
| Sub total : | * | - |
| Total : | <u>36.49</u> | <u>35.49</u> |

* Amount is less than one lakh



Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures as at the end of current reporting period | | Figures as at the end of previous reporting period | |
|---|---|--------|--|--------|
| Note 14 : Current Investments | Units in '000 | | Units in '000 | |
| Investment in Mutual Funds (Face Value of ₹ 10 Each) | | | | |
| Canara Robeco Interval Series 2 Qtrly Plan | | | 25,000 | 25.00 |
| LICN MF Interval Fund Series -1 Qtrly Dividend Plan-I | | | 10,000 | 10.00 |
| SBI Debt Fund Series-90 Days- 56 - Dividend | | | 10,000 | 10.00 |
| SBI Debt Fund Series-90 Days- 60 - Dividend | | | 50,000 | 50.00 |
| SBI Debt Fund Series-90 Days - 54 - Dividend | | | 18,000 | 18.00 |
| UTI FIIF-Series II QIP IV | | | 15,000 | 15.00 |
| UTI FIIF-Series II QIP VII | | | 15,000 | 15.00 |
| UTI FIIF-Series II QIP VII | | | 240.82 | 0.24 |
| (Long Term Investment with Maturity less than 12 months from the date of balance sheet date) | | | | |
| LIC NOMURA MF FMP Series 52-367 Days - Gr | | | 50,000 | 50.00 |
| IDBI FMP -370 Days Series - II(March12)C | | | 25,000 | 25.00 |
| IDBI FMP -370 Days Series - II(March12)D | | | 15,000 | 15.00 |
| SBI Debt Fund Series 367 Days - 13- Gr | | | 30,000 | 30.00 |
| SBI Debt Fund Series 367 Days - 16- Gr | | | 50,000 | 50.00 |
| SBI Debt Fund Series 370 Days - 11- Gr | | | 50,000 | 50.00 |
| SBI Debt Fund Series 367 Days - 18- Gr | | | 100,000 | 100.00 |
| UTI FTIF Series X Plan- VI(368 Days) | | | 25,000 | 25.00 |
| UTI FTIF Series X Plan- VIII(368 Days) | | | 100,000 | 100.00 |
| UTI FTIF Series XI Plan- III(368 Days) | | | 50,000 | 50.00 |
| SBI SDFS 18 Months Series - 5 | | | 10,000 | 10.00 |
| SBI SDFS 13 Months Series - 11 | | | 25,000 | 25.00 |
| UTI MF YFMP 03/11 (396 Days) | | | 30,000 | 30.00 |
| Canara Robeco FMP -13-Series - 6B | | | 50,000 | 50.00 |
| UTI-FTIF Series XI Plan- VIII | 75,000 | 75.00 | - | - |
| UTI-FTIF Series XI Plan IX | 40,000 | 40.00 | - | - |
| UTI-FTIF Series XI Plan X | 50,000 | 50.00 | - | - |
| UTI-FTIF Series XII Plan I | 80,000 | 80.00 | - | - |
| UTI-FTIF Series XII Plan II | 5,000 | 5.00 | - | - |
| UTI-FTIF Series XII Plan IV | 50,000 | 50.00 | - | - |
| UTI-FTIF Series XII Plan IX | 20,000 | 20.00 | - | - |
| UTI-FIIF Series III-Annual IntervalPlan- RetailOption-Growth | 26,471 | 40.00 | - | - |
| UTI-FTIF Series-XIV-II-366 Days Direct Growth Plan-U2-G1 | 40,000 | 40.00 | - | - |
| SBI-SDFS-366 Days- Series 1 | 150,000 | 150.00 | - | - |
| SBI-SDFS-366 Days- Series 2 | 25,000 | 25.00 | - | - |
| SBI-SDFS -366 Days-Series 3 | 75,000 | 75.00 | - | - |
| SBI-SDFS -366 Days-Series 4 | 20,000 | 20.00 | - | - |
| SBI-SDFS -366 Days-Series 5 | 75,000 | 75.00 | - | - |
| SBI-SDFS -366 Days-Series 6 | 35,000 | 35.00 | - | - |
| SBI-SDFS -366 Days-Series 8 | 30,000 | 30.00 | - | - |
| SBI-SDFS -366 Days-Series 11 | 20,000 | 20.00 | - | - |
| SBI-SDFS -366 Days-Series 12 | 25,000 | 25.00 | - | - |
| SBI-SDFS -366 Days-Series 15 | 20,000 | 20.00 | - | - |
| SBI-SDFS -366 Days-Series 18 | 50,000 | 50.00 | - | - |
| SBI-SDFS-366 Days-Series-22 | 60,000 | 60.00 | - | - |
| IDBI-FMP Sereies - III- 367 Days - A | 25,000 | 25.00 | - | - |
| IDBI-FMP Sereies - III- 367 Days - A | 25,000 | 25.00 | - | - |
| LICN-FMP Series -52-367 Days-Growth Plan-V2 | 50,000 | 50.00 | - | - |
| LICN-Interval Fund Yearly Plan Series - 1 | 14,000 | 14.00 | - | - |
| LICN-FMP Series 53 - 367 Days - Growth | 25,000 | 25.00 | - | - |
| LICN-Interval Fund Quarterly Plan Series - 1 | 10,000 | 10.00 | - | - |
| LICN-FMP Series-54-375 Days - Direct Plan-V4-G1 | 45,000 | 45.00 | - | - |

Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures as at the end of current reporting period | | Figures as at the end of previous reporting period | |
|--|---|-------------------------------|--|-------------------------------|
| Note 14 : Current Investments Contd... | | | | |
| LICN-FMP Series-61-365 Days Direct Growth Plan-S1-G1 | 30,000 | 30.00 | | |
| Union KBC | 10,000 | 10.00 | | |
| Investment in Mutual Funds (Face Value ₹ 1000.600 Each) | | | | |
| SBI Mutual Fund Liquid | 1,100 | 110.02 | - | - |
| Total | | <u>1,329.02</u> | | <u>753.24</u> |
| Aggregate amount of Quoted Investments | | 1,329.02 | | 753.24 |
| Aggregate amount of Quoted Investments market value | | 1,410.73 | | 776.21 |
| Note 15 : Inventories | | | | |
| Raw Materials | 94.23 | | 101.79 | |
| Add :In Transit | <u>38.83</u> | 133.06 | <u>23.63</u> | 125.42 |
| Work-in-Progress | 186.29 | | 166.35 | |
| Intermediaries | 115.58 | | 104.48 | |
| Finished Goods | <u>202.84</u> | 504.71 | <u>169.63</u> | 440.46 |
| Stores & Spares | 442.74 | | 407.94 | |
| Add :In Transit | <u>69.45</u> | 512.19 | <u>35.16</u> | 443.10 |
| Coal & fuel oil | 191.21 | | 169.34 | |
| Add :In Transit | <u>39.47</u> | 230.68 | <u>17.48</u> | 186.82 |
| Total : | | <u><u>1,380.64</u></u> | | <u><u>1,195.80</u></u> |
| Note 16 : Trade Receivables | | | | |
| Unsecured, Considered Good | | | | |
| - Outstanding for a period exceeding 6 months from the date they are due | - | | - | |
| - Others | <u>142.99</u> | 142.99 | <u>138.12</u> | 138.12 |
| Total : | | <u><u>142.99</u></u> | | <u><u>138.12</u></u> |
| Note 17 : Cash and Bank Balances | | | | |
| Cash and Cash Equivalents | | | | |
| Balances With Banks | | | | |
| In Current Account | 112.70 | | 3.18 | |
| Cash on hand including stamps | <u>0.19</u> | 112.89 | <u>0.17</u> | 3.35 |
| Sub total : | | | | |
| Other Bank Balances | | | | |
| Unpaid Dividend Account* | 37.36 | | 3.82 | |
| Term deposits having maturity more than 3 months but less than 12 Months | 2,783.00 | | 3,701.00 | |
| Term deposits as per court order # | 469.26 | | 429.55 | |
| Escrow deposits as per court order # | <u>101.87</u> | 3,391.49 | <u>30.63</u> | 4,165.00 |
| Sub total : | | 3,391.49 | | 4,165.00 |
| Total: | | <u><u>3,504.38</u></u> | | <u><u>4,168.35</u></u> |

* Amount due at the end of the current year (nil) (previous year nil) for credit to Investors Education and Protection Fund.

Includes ₹ 526.93 crore (Previous year ₹ 415.97 crore) for disputed electricity duty as per court order.



Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
|--|---|--|
| Note 18 : Short term Loans and Advances | | |
| Other loans & Advances | | |
| Secured, considered good | | |
| - Loans to employees | 11.79 | 8.87 |
| Unsecured, considered good | | |
| - Loans to employees | 12.36 | 4.73 |
| - Advances to employees | 81.65 | 80.13 |
| - Advances to Vendors | 120.36 | 142.85 |
| - VAT Credit Receivable | 12.27 | 13.41 |
| - Cenvat Credit Receivable | 137.51 | 105.66 |
| - Advance income tax (Net of Provision) | 51.24 | 27.82 |
| - MAT Credit Entitlement | - | 39.89 |
| - Claims receivable from Customs, Excise and Railway Authorities | 3.06 | 3.25 |
| - Prepaid Expenses | 4.13 | 1.63 |
| - Others | 90.63 | 87.10 |
| Sub total : | 513.21 | 506.47 |
| Unsecured , considered doubtful | | |
| - Advances to employees | 0.01 | 0.01 |
| - Advances to Vendors | 2.33 | 2.42 |
| - VAT credit receivable | 25.07 | - |
| - Claims receivable from Customs, Excise and Railway Authorities | 1.15 | 1.05 |
| - Others | 3.52 | 1.95 |
| | 32.08 | 5.43 |
| Less : Allowances for doubtful realisation | 32.08 | 5.43 |
| Sub total : | - | - |
| Total : | 525.00 | 515.34 |
| Note 19 : Other Current Assets | | |
| Interest accrued on | | |
| Unsecured, considered good | | |
| Bank deposits | 125.47 | 167.18 |
| Loans to employees | 0.54 | 0.49 |
| Other loans and advances | 0.16 | 0.17 |
| Secured, considered good | 126.17 | 167.84 |
| Loans to employees | 3.56 | 2.57 |
| Sub total : | 129.73 | 170.41 |
| Export incentive claims | - | 61.02 |
| Gold coin on hand | 0.06 | 0.06 |
| Non trade receivables | | |
| Unsecured, considered good | 0.98 | 0.97 |
| Unsecured, considered doubtful | 0.14 | 0.06 |
| Less : Allowances for doubtful realisation | 0.14 | 0.06 |
| Sub total : | 0.98 | 0.97 |
| Insurance claims | 11.01 | 10.02 |
| Less : Allowances for doubtful realisation | 7.73 | 7.84 |
| Sub total : | 3.28 | 2.18 |
| Scraps & unservicable materials | 25.21 | 15.92 |
| Less : Allowances for doubtful realisation | 0.16 | 0.16 |
| Sub total : | 25.05 | 15.76 |
| Fixed assets awaiting disposal | 4.86 | 5.34 |
| Less : Allowances for doubtful realisation | 4.33 | 4.26 |
| Sub total : | 0.53 | 1.08 |
| Total: | 193.78 | 251.48 |

Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
|--|---|--|
| Note 20 : Contingent Liabilities not provided for | | |
| Claims against the company not acknowledged as debts : | | |
| 1. Sales tax | 534.81 | 470.37 |
| 2. Excise duty | 169.17 | 112.68 |
| 3. Customs duty | 0.92 | 0.62 |
| 4. Claims of contractor's suppliers & others | 185.83 | 98.90 |
| 5. Land acquisition and interest there on | 49.30 | 47.89 |
| 6. Income tax & wealth tax | 486.19 | 361.61 |
| 7. Entry tax and road tax | 147.92 | 110.09 |
| 8. Employee state insurance | 0.32 | 0.40 |
| 9. Provident fund commissioner | 0.08 | - |
| 10. Royalty | 0.48 | 0.48 |
| 11. NPV and related expenses under mining lease | 106.71 | 106.04 |
| Total : | <u>1,681.73</u> | <u>1,309.08</u> |

Note 21 : Capital and other commitments

| | | |
|---|------------------------|------------------------|
| a) Capital commitments | | |
| 1. Estimated amount of contracts on capital account and not provided for remaining to be executed | 556.16 | 498.18 |
| b) Other commitments | | |
| 1. The company has imported capital goods under the Export Promotion Capital Goods scheme (EPCG) of the Govt. of India at concessional rates of duty under the scheme to fulfill quantified exports for duty saved ₹ 105.06 crore(previous year ₹ 274 crore). | 1,017.65 | 2,195.00 |
| 2. The company has availed concessional rate of duty through EPCG license for its Rolled Product Unit established earlier as 100% EOU which was debonded w.e.f. 15.5.2007 (previous year duty saved ₹ 27.83 crore) | - | 223.00 |
| Total : | <u>1,573.81</u> | <u>2,916.18</u> |



Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures for the current reporting period | Figures for the previous reporting period |
|--|--|---|
| Note 22 : Revenue From Operations | | |
| Sale of Products | | |
| (i) Export : | | |
| Alumina | 1,686.91 | 1,420.33 |
| Aluminium | <u>1,723.58</u> | <u>1,148.27</u> |
| | 3,410.49 | 2,568.60 |
| (ii) Domestic : | | |
| Alumina | 109.05 | 122.44 |
| Aluminium | 3,718.40 | 4,234.76 |
| Electricity | <u>9.23</u> | <u>1.13</u> |
| | 3,836.68 | 4,358.33 |
| Turnover (Gross) | <u>7,247.17</u> | <u>6,926.93</u> |
| (iii) Less : Excise Duty | | |
| Alumina | 12.13 | 11.66 |
| Aluminium | <u>425.59</u> | <u>415.00</u> |
| | 437.72 | 426.66 |
| Sub total : Turnover (Net) | <u>6,809.45</u> | <u>6,500.27</u> |
| Other Operating Revenue | | |
| (i) Export Incentives | | |
| Alumina | 70.32 | 76.56 |
| Aluminium | <u>33.40</u> | <u>28.12</u> |
| | 103.72 | 104.68 |
| (ii) Own manufactured goods internally used /capitalised | <u>3.31</u> | <u>6.62</u> |
| Sub total : | <u>107.03</u> | <u>111.30</u> |
| Total : | <u>6,916.48</u> | <u>6,611.57</u> |

Note 23 : Other Income

| | | |
|---|----------------------|----------------------|
| Interest Income on:* | | |
| Bank deposits | 378.58 | 414.09 |
| Loans to employees | 6.32 | 3.05 |
| Interest on income tax refund | 6.60 | - |
| Others | <u>3.53</u> | <u>4.79</u> |
| Sub total : | <u>395.03</u> | <u>421.93</u> |
| Income on Investments: | | |
| Net Gain /(Loss) on | | |
| Dividend plan investments | 11.01 | 6.90 |
| Short term investments | 4.55 | 19.02 |
| Long term investments | <u>57.54</u> | <u>72.55</u> |
| Sub total : | <u>73.10</u> | <u>98.47</u> |
| Net gain/ (loss) on foreign exchange translation & transactions | <u>6.60</u> | <u>0.69</u> |
| General scrap income | <u>19.30</u> | <u>11.80</u> |
| Miscellaneous income | <u>18.09</u> | <u>8.78</u> |
| Adjustments pertaining to earlier years | <u>(1.07)</u> | <u>-</u> |
| Total : | <u>511.05</u> | <u>541.67</u> |

*Includes Income Tax Deducted at source ` 36.49 Crore (Previous year ` 41.65 Crore)

Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures for the current reporting period | | Figures for the previous reporting period | |
|--|--|----------------------|---|----------------------|
| Note 24 : Cost of Materials Consumed | | | | |
| Raw Materials | Quantity(MT) | | Quantity(MT) | |
| Caustic Soda | 157,674 | 467.44 | 144,631 | 370.40 |
| C.P. Coke | 156,163 | 393.07 | 159,969 | 428.36 |
| C.T. Pitch | 37,445 | 163.66 | 36,634 | 120.30 |
| Aluminium Flouride | 7,463 | 71.51 | 8,279 | 62.36 |
| Lime | 57,946 | 40.40 | 44,845 | 27.79 |
| Others | | 31.75 | | 27.07 |
| Sub Total : | | 1,167.83 | | 1,036.28 |
| Adjustments Pertaining to earlier years | | - | | (5.50) |
| Total : | | 1,167.83 | | 1,030.78 |
| Note 25 : Power and Fuel | | | | |
| Coal | | 1,325.54 | | 1,171.71 |
| Fuel Oil | | 809.65 | | 744.66 |
| Duty on own generation | | 135.71 | | 138.01 |
| Purchased power | | 152.84 | | 136.14 |
| Power transmission charges | | 4.34 | | 4.39 |
| Sub Total : | | 2,428.08 | | 2,194.91 |
| Adjustments Pertaining to earlier years | | 4.19 | | 1.77 |
| Total : | | 2,432.27 | | 2,196.68 |
| Note 26 : Changes in inventories of finished goods, intermediaries and work-in-progress | | | | |
| Finished Goods | Basic | Excise Duty included | Basic | Excise Duty included |
| Opening Stock | | | | |
| Bauxite | 14.96 | - | 25.25 | - |
| Chemical | 94.33 | 2.79 | 81.20 | 6.49 |
| Aluminium | 48.90 | 8.65 | 90.91 | 10.87 |
| | 158.19 | 11.44 | 197.36 | 17.36 |
| Less: Closing stock | | | | |
| Bauxite | 8.92 | - | 14.96 | - |
| Chemical | 129.46 | 5.14 | 94.33 | 2.79 |
| Aluminium | 51.46 | 7.86 | 48.90 | 8.65 |
| | 189.84 | 13.00 | 158.19 | 11.44 |
| (Accretion)/Depletion | (31.65) | (1.56) | 39.17 | 5.92 |
| Net (Accretion)/Depletion - (A) | | (33.21) | | 45.09 |
| Intermediaries | | | | |
| Opening stock | | | | |
| Anodes | 88.44 | | 94.79 | |
| Others | 16.04 | | 7.38 | |
| | 104.48 | | 102.17 | |
| Less: Closing stock | | | | |
| Anodes | 112.41 | | 88.44 | |
| Others | 3.17 | | 16.04 | |
| | 115.58 | | 104.48 | |
| (Accretion)/Depletion | (11.10) | (11.10) | (2.31) | (2.31) |
| Other adjustments | | - | | 0.05 |
| Net Accretion(-)/Depletion - (B) | | (11.10) | | (2.26) |
| Work in Process | | | | |
| Opening stock | 166.35 | | 117.53 | |
| Less: Closing stock | 186.29 | | 166.35 | |
| (Accretion)/Depletion | (19.94) | (19.94) | (48.82) | (48.82) |
| Other adjustments | | - | | 8.70 |
| Net (Accretion)/Depletion - (C) | | (19.94) | | (40.12) |
| Total (A+B+C) : | | (64.25) | | 2.71 |



Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures for the current reporting period | Figures for the previous reporting period |
|--|--|---|
| Note 27 : Employee Benefit Expenses | | |
| Salaries and wages | 919.53 | 891.86 |
| Contribution to Provident, Pension and Gratuity Fund | 190.30 | 101.94 |
| Staff welfare expenses | 44.10 | 40.78 |
| | <u>1,153.93</u> | <u>1,034.58</u> |
| Adjustments pertaining to earlier years | - | (0.04) |
| Total : | <u>1,153.93</u> | <u>1,034.54</u> |

Long term Employee Benefit obligations (As per AS-15) included in Note 27 above

| | Gratuity | Leave Encashment | Post Retirement Medical Benefit | Settling-in-Benefit | Leave Travel Benefit | NEFFAR Scheme | Long Service Reward |
|---|----------------|------------------|---------------------------------|---------------------|----------------------|---------------|---------------------|
| Amount Recognised in Balance Sheet: | | | | | | | |
| Present value of obligation | 273.92 | 176.81 | 5.71 | 6.91 | - | 18.61 | 11.59 |
| | 262.12 | 188.12 | 8.53 | 11.79 | - | 23.22 | 15.29 |
| Fair value of Plan Asset | 270.96 | - | - | - | - | - | - |
| | 256.91 | - | - | - | - | - | - |
| Funded Status[Excess/(Short)] | (2.96) | - | - | - | - | - | - |
| | (5.21) | - | - | - | - | - | - |
| Net Liability recognised | 2.96 | - | - | - | - | - | - |
| | 5.21 | - | - | - | - | - | - |
| Amount Recognised in Profit & Loss Account: | | | | | | | |
| Current Service cost | 20.86 | 45.75 | - | - | - | - | 0.58 |
| | 18.36 | 43.07 | - | - | - | - | 0.76 |
| Interest cost | 20.33 | 11.78 | 0.63 | 0.93 | - | - | 0.96 |
| | 19.60 | 11.78 | 0.58 | 0.88 | - | - | 1.31 |
| Expected Return on Plan Asset | 20.55 | - | - | - | - | - | - |
| | 18.97 | - | - | - | - | - | - |
| Net Actuarial (gain)/loss | (13.55) | 12.91 | (2.14) | (5.32) | - | (4.61) | 1.50 |
| | (13.52) | 2.02 | 1.34 | 0.09 | (3.34) | 5.07 | (0.10) |
| Expenses recognised | 7.09 | 70.44 | (1.51) | (4.39) | - | (4.61) | 3.04 |
| | 5.47 | 56.87 | 1.92 | 0.97 | (3.34) | 5.07 | 1.97 |
| Movement of Net Liability Recognised in Balance Sheet: | | | | | | | |
| Opening Net Liability | 5.22 | 188.12 | 8.53 | 11.79 | - | 23.22 | 15.29 |
| | 13.05 | 163.06 | 7.88 | 11.20 | 3.34 | 18.15 | 19.56 |
| Expenses recognised | 7.09 | 70.44 | (1.51) | (4.39) | - | (4.61) | 3.04 |
| | 5.47 | 56.87 | 1.92 | 0.97 | (3.34) | 5.07 | 1.97 |
| Benefits paid | 15.84 | 81.75 | 1.31 | 0.49 | - | - | 6.74 |
| | 13.30 | 31.81 | 1.27 | 0.38 | - | - | 6.24 |
| Contributions | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| Closing Net Liability | (3.53) | 176.81 | 5.71 | 6.91 | - | 18.61 | 11.59 |
| | 5.22 | 188.12 | 8.53 | 11.79 | - | 23.22 | 15.29 |

Note :

- Figures in italics pertain to previous year.
- Gratuity is a post employment funded defined employee benefit plan.
- Other benefits are un-funded defined employee benefit plan.

Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures for the current reporting period | Figures for the previous reporting period |
|--|--|---|
| Note 27 : Employee Benefit Expenses Contd... | | |
| A. Actuarial Assumptions | | |
| Mortality Table (LIC) | LICI 1994 -1996 | LICI 1994 -1996 |
| Discount rate | 8.00% | 8.00% |
| Return on plan assets | 8.00% | 8.00% |
| Rate of escalation in salary | 5.00% | 5.00% |
| Superannuation Age | 60 Years | 60 Years |
| The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Further, the expected return on plan asset is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of asset management and historical returns from plan assets. | | |

B. Investment Details of Plan Assets

| | ₹ in Crore | % | ₹ in Crore | % |
|--|----------------------|---------------|----------------------|---------------|
| Insurer Managed Fund | 270.93 | 99.99 | 256.89 | 99.99 |
| Others | 0.03 | 0.01 | 0.02 | 0.01 |
| Total : | 270.96 | 100.00 | 256.91 | 100.00 |
| C. Actual Return on Plan Assets | ₹ 24.39 Crore | | ₹ 17.05 Crore | |

D. General description of various defined benefit schemes are as under :

- (i) **Provident Fund** : The company pays fixed contribution to Provident Fund at pre-determined rates, to a separate trust, which invests the funds in permitted securities. On contributions, the trust is required to pay a minimum rate of interest, to the members, as specified by Govt. of India. If the trust is unable to pay interest at the declared rate for the reasons that the return on investment is less or for any other reason, then the deficiency shall be made good by the company.
- (ii) **Pension Fund** : The Company pays fixed contribution to the trustee bank of PFRDA, which in turn invests the money with the insurers as specified by the employee concerned. The Company's liability is limited only to the extent of fixed contribution.
- (iii) **Gratuity** : Gratuity payable to employees as per Gratuity Act. subject to a maximum of ₹ 10,00,000/-. The gratuity scheme is funded by the Company and is managed by a separate trust. The liability for gratuity under the scheme is recognised on the basis of actuarial valuation.
- (iv) **Post Retirement Medical Benefit** : The benefit is available to retired employees and their spouses who have opted for the benefit. In-patient treatment can be availed from the Company's hospital/ Govt. Hospital/ hospitals notified by the Company. They can also avail treatment as out-patient subject to ceiling limit of expenses fixed by the Company. The liability under the scheme is recognised on the basis of actuarial valuation.
- (v) **Settling-in-benefit** : On superannuation/retirement/termination, the employees who have opted for the benefit and/or family shall be entitled to get traveling allowance as fixed by the Company (as per TA rule) from the last headquarters to the home town or any other place of settlement. The liability for the same is recognised on the basis of actuarial valuation.
- (vi) **Long Service Reward** : The employee who completes 25 years of service are entitled for a long service reward which is equal to one month basic pay and DA. The liability for the same is recognised on the basis of actuarial valuation.
- (vii) **NEFFARS** : In the event of disablement/death, the Company pays monthly benefit to the employee/legal heir at their option and on deposit of prescribed amount as stipulated under the scheme upto the date of notional superannuation. The liability for the same is recognised on the basis of actuarial valuation.
- (viii) **Leave Encashment** : The accumulated earned leave, half pay leave & sick leave is payable on separation, subject to maximum permissible limit as prescribed in the leave rules of the Company. During the service period encashment of accumulated leave is also allowed as per company's rule. The liability for the same is recognised on the basis of actuarial valuation.

Note 28 : Finance Cost

| | | |
|---|-------------|-------------|
| Interest Expense | | |
| Interest on short term loans | 2.14 | 0.76 |
| Other Borrowing Costs | | |
| Interest on bills discounting | - | 0.11 |
| Applicable net (gain)/loss on foreign currency transaction and translation | | |
| Adjustment to interest cost | 5.31 | - |
| Total : | 7.45 | 0.87 |



Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures for the current reporting period | Figures for the previous reporting period |
|---|--|---|
| Note 29 : Depreciation and Amortisation Expenses | | |
| Depreciation for the current year | 493.52 | 466.47 |
| Less : Transferred to Capital Account | 0.03 | 0.04 |
| Less : Transferred from Subsidy Reserve | 0.05 | - |
| Sub total : | 493.44 | 466.43 |
| Adjustments pertaining to earlier years | 11.99 | 0.12 |
| Total : | 505.43 | 466.55 |
| Note 30 : Other Expenses | | |
| Repairs and Maintenance | | |
| Repairs to Building | 37.37 | 35.25 |
| Repairs to Plant & Machinery | 123.06 | 111.52 |
| Repairs to Others | 12.56 | 11.87 |
| Sub Total : | 172.99 | 158.64 |
| Consumption of Stores & Spare Parts etc. | | |
| Stores & Spares* | 272.59 | 303.57 |
| Consumables | 109.40 | 100.92 |
| Sub Total : | 381.99 | 404.49 |
| Other Manufacturing Expenses | | |
| Royalty & Cess | 67.70 | 65.63 |
| Water Charges | 23.80 | 23.44 |
| Others | 42.89 | 36.14 |
| Sub Total : | 134.39 | 125.21 |
| Freight and Forwarding Expenses | | |
| Incoming Materials | 80.75 | 68.62 |
| Outgoing Materials | 105.83 | 69.17 |
| Sub Total : | 186.58 | 137.79 |
| Rent | 2.32 | 1.29 |
| Rates & Taxes | 3.05 | 2.70 |
| Insurance | 5.76 | 4.99 |
| Payment to Auditors | | |
| As Auditors | 0.16 | 0.14 |
| For Taxation matters | 0.03 | 0.03 |
| For Company law matters | 0.12 | 0.10 |
| For reimbursement of expenses | 0.11 | 0.14 |
| Sub Total : | 0.42 | 0.41 |
| Payment to Cost Auditors | 0.02 | 0.02 |
| Security & fire fighting expenses | 69.82 | 60.93 |
| CSR expenses | 30.99 | 34.22 |
| Miscellaneous | | |
| Administrative and general expenses | 93.47 | 100.34 |
| Interest on disputed Govt. dues & others | 168.50 | 131.30 |
| Selling & distribution expenses | 20.58 | 15.34 |
| Others | 27.69 | 29.26 |
| Provisions | 24.99 | 1.29 |
| Sub Total : | 335.23 | 277.53 |
| Adjustments pertaining to earlier years | (3.73) | (6.76) |
| Total : | 1,319.83 | 1,201.46 |

*Not included in Repairs & Maintenance

Notes to the Financial Statements

(₹ in Crore)

| Particulars | Figures for the current reporting period | Figures for the previous reporting period |
|-------------------------------------|--|---|
| Note 31 : Exceptional Items | | |
| Employee benefit expense* | - | 140.61 |
| Power and fuel (electricity duty)** | - | (118.71) |
| Total : | - | 21.90 |

*Performance Related Pay (PRP) payable to Executives w.e.f. financial year 2007-08 was finalized during 2011-12. The additional impact over and above the liability provided up to 31.3.2011 works out to ₹ 54.77 crore mainly due to certain new clarification issued by Govt. of India during the year. As per the long term wage settlement for unionized employees, contribution for pension benefit under New Pension scheme up to 31.3.2011 has been provided in the year 2011-12 amounting to ₹ 85.84 crore.

** Based on the Judgment of Hon'ble High Court of Odisha, Transformer and Transmission loss of power is not subject to levy of Electricity Duty and amount paid, if any is refundable. The impact of liability provided on this account up to 2010-11 amounts to ₹ 118.71 crore, written back.

Note 32 : Expenditure incurred in Foreign Currency

| | | |
|----------------------------------|-------------|--------------|
| Professional & consultation fees | 8.55 | 9.31 |
| Other expenses | 0.83 | 0.75 |
| Total : | 9.38 | 10.06 |

Note 33 : Earnings in Foreign Currency

| | | |
|---|-----------------|-----------------|
| Export of goods calculated on FOB basis | 3,376.35 | 2,556.93 |
| Other Income(despatch money claim) | 1.15 | 0.85 |
| Total : | 3,377.50 | 2,557.78 |

Note 34 : Value of Imports calculated on CIF basis

| | | |
|--------------------------|---------------|---------------|
| Raw materials | 129.83 | 181.37 |
| Coal | 266.73 | 301.74 |
| Components & spare parts | 79.63 | 75.55 |
| Capital goods | 68.57 | 60.93 |
| Total : | 544.76 | 619.59 |

Note 35 : Value of Raw Materials, Spare parts & components consumed during the year

| | Value | % | Value | % |
|--------------------------------------|-----------------|---------------|-----------------|---------------|
| a) Raw Material | | | | |
| Imported | 152.19 | 13.03 | 163.17 | 15.75 |
| Indigenous | 1,015.64 | 86.97 | 873.11 | 84.25 |
| Total : | 1,167.83 | 100.00 | 1,036.28 | 100.00 |
| b) Spare parts and components | | | | |
| Imported | 105.77 | 27.69 | 143.79 | 35.55 |
| Indigenous | 276.22 | 72.31 | 260.70 | 64.45 |
| Total : | 381.99 | 100.00 | 404.49 | 100.00 |

**Note No.36. Renewable Purchase Obligation (RPO):**

As per the provisions of Odisha Electricity Regulatory Commission (OERC) notification, Nalco, being an obligated entity has the obligation to generate power for 5.50% (Previous year 5.00%) of its total consumption from renewable sources comprising of 3.95% (Previous year 3.70%) from Co-generation, 0.15% (Previous Year 0.10%) from Solar renewable source and 1.40% (previous year 1.20%) from Non-solar renewable source. The company has fulfilled the requirement of its Co-generation obligation for the year 2012-13 through co-generation of power from Steam Power Plant at Refinery Unit.

The Company has provided an amount of ₹19.59 Crore (Previous Year ₹ 29.29 crore) towards Renewable Purchase Obligation (RPO) for the year due to non-fulfillment of the obligation to generate power from renewable source of Solar and Non-solar. The obligation towards Solar and Non-solar obligation as on the end of the year has been valued at weighted average price of respective certificates quoted at IEX and PXIL.

Note No 37: Extra claim by GRIDCO towards billing @ 15 minutes slot:

During the year M/s. GRIDCO has raised claim of ₹15.56 crore (from Dec' 2011 to Jan 2013) on the company towards extra charges on account of billing @ 15 minutes slot (injection by CPP and drawal at Refinery at every 15 minutes slot). The extra amount is claimed by GRIDCO considering the part of power wheeled by the Company for its Refinery Unit as inadvertent power. While recognizing the amount, the inadvertent power as claimed by GRIDCO is considered as sale of Power by the company at the price considered by GRIDCO. To that extent the quantity of Power drawal at Refinery has been considered as Purchase power. The company has recognized the above claim of GRIDCO including estimated additional liability up to the month of March 2013 amounting to ₹ 17.12 Crore.

Note No. 38: Jointly Controlled assets:

The Company has entered in to an MOU with M/s. Aditya Aluminium & M/s Utkal Alumina International Limited for construction of a 220 KV switch station at Laxmipur area of Koraput District in the state of Odisha for supply of power to their respective premises. Each beneficiary shares the capital expenditure in equal proportion. Total amount of investment in jointly controlled asset by the Company as on 31.3.2013 is ₹ 8.13 crore and included in Capital work in progress. The facility shall be used exclusively by the beneficiaries and the operation and maintenance expenses shall also be jointly shared.

Note No.39. Dues payable to Micro, Small and Medium Enterprises:

Dues payable to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 have been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure pursuant to said Act is as under :

(₹ in crore)

| | | As at 31st March 2013 | As at 31st March 2012 |
|------|---|--------------------------|--------------------------|
| i) | Principal amount due | 0.85 | 0.78 |
| ii) | Interest on principal amount due | Nil | Nil |
| iii) | Interest and principal amount paid beyond appointment day | Nil | Nil |
| iv) | The amount of interest due and for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the amount of interest specified under MSME Development Act 2006. | Nil | Nil |
| v) | The amount of interest accrued and remaining unpaid at the end of the year. | Nil | Nil |
| vi) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSME Development Act 2006. | Nil | Nil |

Note No.40. Dividend for the year:

- 40.1 The Company has paid interim dividend of ₹ 0.75 per equity share of ₹ 5/- each for the year 2012-13 (previous year ₹ 0.90 per equity share of ₹ 5/- each).
- 40.2 The provision for final dividend of ₹ 0.50 per equity share of ₹ 5/- each is made for the year 2012-13 (previous year ₹ 0.10 per equity share of ₹ 5/- each) .
- 40.3 Total dividend for the year 2012-13 works out to ₹1.25/- per equity share of ₹ 5/- each (previous year ₹ 1/- per equity share of ₹ 5/- each). Total amount of proposed dividend for the year 2012-13 is ₹ 322.15 crore (previous year ₹ 257.72 crore).

Note No.41. Change in Accounting Policy/ Practice:**41.1. Increase in limit of prior period and prepaid expenses.**

During the year, limit for Pre-paid transaction has been increased from ₹1.00 lakh in each case to ₹ 5.00 lakh in each case. This change in policy has resulted decrease in profit for the year by ₹ 0.19 Crore.

During the year, limit for Prior Period transaction has been increased from ₹ 1.00 lakh in each case to ₹ 5.00 lakh in each case. Due to this change in policy, there is no change overall profitability of the company for the current year. However the change in policy has resulted in regrouping of figures between current year expenses and prior period expenses by ₹ 0.43 Crore.

41.2. Change in treatment of Government Grant by transferring from capital reserve to subsidy reserve.

Fixed assets acquired out of financial grant from Government are shown at cost by crediting the grant in aid received to capital reserve up to last year and the corresponding depreciation on the said asset for each year was adjusted between capital reserve and General Reserve/surplus.

During the year the amount of depreciation on the said assets has been reduced by transferring equal amount from Subsidy Reserve.

Impact of this change in policy have resulted increase in profit by ₹ 0.05 crore.

Note No.42.Regrouping of previous year's figures:

Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable.

Note No.43 Related Party Disclosures:

43.1 As per AS-18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the names of the related parties during the year are given below:-

i) Whole time Directors:

- (a) Shri Ansuman Das
- (b) Shri B.L. Bagra
- (c) Shri S.S. Mahapatra
- (d) Shri N.R. Mohanty
- (e) Shri S.C. Padhy (w.e.f. 20.12.2012)
- (f) Shri Joy Varghese (Up to 31.08.2012)
- (g) Shri A.K. Srivastava (up to 11.12.2012)

ii) Part time Official Directors: (Nominee of Govt. of India):

- (a) Shri S.K. Srivastava, IAS (Up to 24.09.2012)
- (b) Shri Arun Kumar, IAS (from 30.04.2012 to 26.02.2013)
- (c) Ms. Gauri Kumar, IAS (w.e.f.24.09.2012)
- (d) Shri Durga Shanker Mishra, IAS (w.e.f.26.02.2013)

iii) Part time non official (Independent) Directors:

- (a) Shri Ved Kumar Jain
- (b) Shri P.C. Sharma, IAS (Retd.)
- (c) Shri G.P. Joshi, IAS (Retd.)
- (d) Shri S.S. Khurana
- (e) Shri Madhukar Gupta, IAS (Retd.)
- (f) Shri G.H. Amin
- (g) Shri Qaiser Shamim (w.e.f.10.07.2012)
- (h) Shri Sanjiv Batra (w.e.f.10.07.2012)

iv) Joint Ventures:

| Sl. No. | Name of Joint Venture | Country of incorporation | Share in Joint Venture | Transactions during 2012-13 | Transactions during 2011-12 |
|---------|--------------------------------|--------------------------|------------------------|-------------------------------------|-------------------------------------|
| 01 | Angul Aluminium Park Pvt. Ltd. | India | 49.50% | Nil | Equity contribution of ₹ 0.99 Crore |
| 02 | NPCIL-NALCO Power Company Ltd. | India | 26.00% | Equity contribution of ₹ 0.03 Crore | Nil |

**43.2 Related party transactions:**

Remuneration and loans to whole time directors are as furnished below:

₹ in Crore

| S.No. | Particulars | Current Year | Last Year |
|-----------|--|--------------|-----------|
| 1. | Whole time Directors Remuneration: | | |
| | Salaries | 2.01 | 1.74 |
| | Company's Contribution to Provident Fund | 0.12 | 0.14 |
| | Medical Benefits | 0.01 | 0.02 |
| | Other Benefits | 0.07 | 0.12 |
| | Total | 2.21 | 2.02 |
| 2. | Loans / advances due from Directors: | | |
| | Outstanding at the end of the year | 0.07 | 0.08 |
| | Maximum amount due at any time during the year | 0.10 | 0.08 |

5 YEARS PERFORMANCE AT A GLANCE - PHYSICAL

| Sl. | Particulars | Units | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|----------|--------------------------------------|-------|-----------|-----------|-----------|-----------|-----------|
| 1 | Production: | | | | | | |
| | Bauxite | MT | 5,419,391 | 5,002,626 | 4,823,908 | 4,878,888 | 4,700,027 |
| | Alumina Hydrate | MT | 1,802,000 | 1,687,000 | 1,556,000 | 1,591,500 | 1,576,500 |
| | Aluminium | MT | 403,384 | 413,089 | 443,597 | 431,488 | 361,262 |
| | Power (Net) | MU | 6,076 | 6,200 | 6,608 | 6,293 | 5,541 |
| | Wind Power | MU | 14 | - | - | - | - |
| 2 | Export Sales: | | | | | | |
| | Alumina | MT | 944,117 | 792,552 | 639,855 | 702,554 | 851,886 |
| | Aluminium | MT | 144,161 | 98,399 | 98,200 | 146,947 | 82,317 |
| 3 | Domestic Sales: | | | | | | |
| | Alumina, Hydrate and Other Chemicals | MT | 40,605 | 50,253 | 45,916 | 44,420 | 37,637 |
| | Aluminium | MT | 258,941 | 317,517 | 340,752 | 289,032 | 271,274 |
| | Power (Net) | MU | 26 | 16 | 56 | 15 | 81 |
| | Wind Power | MU | 14 | - | - | - | - |

5 YEARS PERFORMANCE AT A GLANCE - FINANCIAL (₹ in crore)

| Sl. | Particulars | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|----------|---|---------|---------|---------|---------|---------|
| A | Income Statement : | | | | | |
| 1 | Exports | 3,410 | 2,569 | 2,065 | 2,209 | 2,085 |
| 2 | Domestic Sales | 3,837 | 4,358 | 4,305 | 3,101 | 3,446 |
| 3 | Gross Sales (1+2) | 7,247 | 6,927 | 6,370 | 5,310 | 5,531 |
| 4 | Less : Excise Duty | 438 | 427 | 411 | 256 | 423 |
| 5 | Net Sales (3 - 4) | 6,809 | 6,500 | 5,959 | 5,054 | 5,108 |
| 6 | Other Income : | | | | | |
| 7 | Operating | 107 | 112 | 98 | 119 | 123 |
| 8 | Non-operating | 511 | 542 | 353 | 374 | 400 |
| 9 | Operating expenses | 6,010 | 5,467 | 4,464 | 4,071 | 3,427 |
| 10 | Operating Profit (5+7-9) | 906 | 1,145 | 1,593 | 1,102 | 1,804 |
| 11 | Exceptional Expenditure | - | 22 | - | - | - |
| 12 | Earning before interest, dep. & taxes (EBIDT)(10+8 -11) | 1,417 | 1,665 | 1,946 | 1,476 | 2,204 |
| 13 | Interest & Financing charges | 7 | 1 | - | 2 | 4 |
| 14 | Earning before dep. & taxes (EBDT) (12-13) | 1,410 | 1,664 | 1,946 | 1,474 | 2,200 |
| 15 | Depreciation and Amortisation | 505 | 467 | 422 | 319 | 273 |
| 16 | Profit Before Tax (PBT) (14-15) | 905 | 1,198 | 1,524 | 1,155 | 1,927 |
| 17 | Provision for Tax | 312 | 348 | 455 | 341 | 655 |
| 18 | Net Profit (PAT) (16 - 17) | 593 | 850 | 1,069 | 814 | 1,272 |
| B | Balance Sheet : | | | | | |
| 19 | Equity Capital | 1,289 | 1,289 | 1,289 | 644 | 644 |
| 20 | Reserves & Surplus | 10,644 | 10,426 | 9,876 | 9,751 | 9,126 |
| 21 | Networth (19+20) | 11,933 | 11,715 | 11,165 | 10,395 | 9,770 |
| 22 | Loans | - | - | 15 | 9 | - |
| 23 | Net Fixed Assets | 6,629 | 6,612 | 5,494 | 4,836 | 4,032 |
| 24 | Working Capital | 3,411 | 4,193 | 3,304 | 2,998 | 2,596 |
| 25 | Capital Employed (23+24) | 10,040 | 10,805 | 8,798 | 7,834 | 6,628 |
| C | Ratios : | | | | | |
| 26 | Operating Profit Margin (OPM) (%) (10 / 5*100) | 13.31 | 17.62 | 26.73 | 21.80 | 35.32 |
| 27 | Net Profit Margin (%) (18 / 5 *100) | 8.71 | 13.07 | 17.94 | 16.11 | 24.90 |
| 28 | Return on Capital Employed (ROCE) (%) (18/25*100) | 5.91 | 7.86 | 12.15 | 10.39 | 19.19 |
| 29 | Return on Networth (RONW)(%) (18/21*100) | 4.97 | 7.25 | 9.57 | 7.83 | 13.02 |
| D | Others : | | | | | |
| 30 | Book value per share of ₹ 5 each (in ₹) | 46.30 | 45.46 | 43.32 | 40.34 | 37.91 |
| 31 | Earnings per share (in ₹) | 2.30 | 3.30 | 4.15 | 3.16 | 4.94 |
| 32 | Dividend (₹ Per Share) | 1.25 | 1.00 | 2.50 | 2.50 | 5.00 |



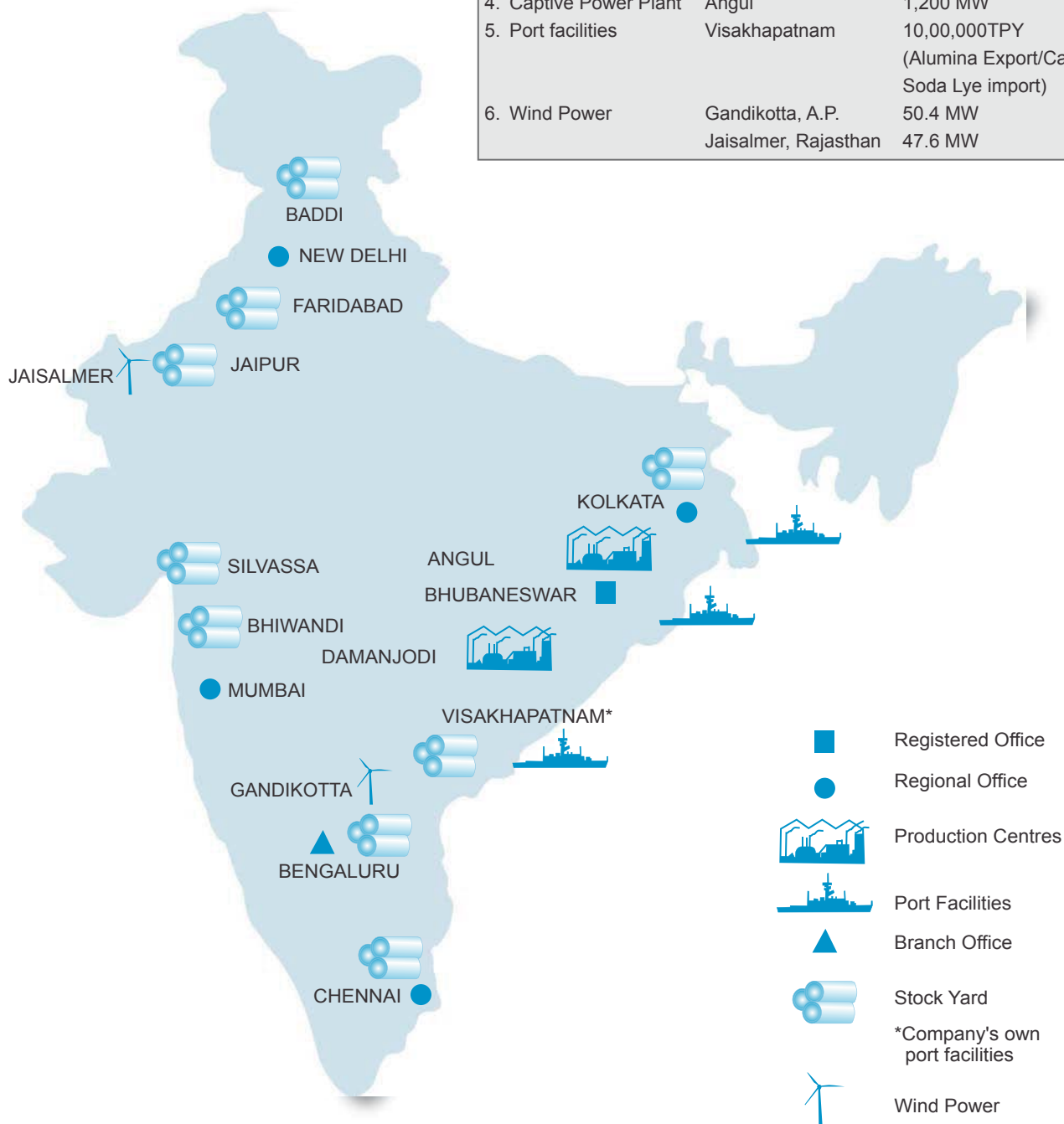
Reconciliation of Published Quarterly (Unaudited) Financial Results and Annual (Audited) Financial Results for the year 2012-2013

(` in crore except sl. no. 10 & 11)

| Sl. No. | Particulars | 1st Quarter (Reviewed) | 2nd Quarter (Reviewed) | 3rd Quarter (Reviewed) | 4th Quarter (Reviewed) | Total of four Quarters | Full Year (Audited) | Variances |
|---------|---|------------------------|------------------------|------------------------|------------------------|------------------------|---------------------|-----------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1 | Gross Turnover | 1827.63 | 1704.74 | 1776.38 | 1938.42 | 7247.17 | 7247.17 | - |
| | Less: Excise Duty | 109.33 | 118.82 | 106.32 | 103.25 | 437.72 | 437.72 | - |
| | Net Sales | 1718.30 | 1585.92 | 1670.06 | 1835.17 | 6809.45 | 6809.45 | - |
| 2 | Other Income | 170.07 | 161.50 | 135.44 | 151.07 | 618.08 | 618.08 | - |
| 3 | Total Expenditure | 1443.85 | 1609.96 | 1510.16 | 1445.64 | 6009.61 | 6009.61 | - |
| 4 | Interest & Financing Charges | 3.17 | 4.07 | 0.21 | - | 7.45 | 7.45 | - |
| 5 | Depreciation & Provision | 122.35 | 123.92 | 123.11 | 136.05 | 505.43 | 505.43 | - |
| 6 | Profit Before Tax (PBT) | 319.00 | 9.47 | 172.02 | 404.55 | 905.04 | 905.04 | - |
| 7 | Provision for Tax | 95.92 | 4.69 | 53.08 | 158.52 | 312.21 | 312.21 | - |
| 8 | Net Profit (PAT) | 223.08 | 4.78 | 118.94 | 246.03 | 592.83 | 592.83 | - |
| 9 | Paid-up Equity Share Capital | 1288.62 | 1288.62 | 1288.62 | 1288.62 | 5154.48 | 1288.62 | - |
| 10 | Earning per Share (`) | 0.87 | 0.02 | 0.46 | 0.95 | 2.30 | 2.30 | - |
| 11 | (Not annualised) | | | | | | | |
| | Aggregate of non-promotor Shareholding: | | | | | | | |
| | Number of Shares | 331,239,972 | 331,239,972 | 331,239,972 | 488,178,890 | 488,178,890 | 488,178,890 | |
| | Percentage of Shareholding | 12.85 | 12.85 | 12.85 | 18.94 | 18.94 | 18.94 | |

NALCO'S VARIOUS PRODUCTION UNITS, THEIR LOCATION & INSTALLED CAPACITIES

| | | |
|------------------------|----------------------|--|
| 1. Bauxite Mines | Panchpatmali | 63,00,000 TPY |
| 2. Alumina Refinery | Damanjodi | 21,00,000 TPY |
| 3. Smelter Plant | Angul | 4,60,000 TPY |
| 4. Captive Power Plant | Angul | 1,200 MW |
| 5. Port facilities | Visakhapatnam | 10,00,000TPY (Alumina Export/Caustic Soda Lye import) |
| 6. Wind Power | Gandikotta, A.P. | 50.4 MW |
| | Jaisalmer, Rajasthan | 47.6 MW |





OFFICES AND CUSTOMER CONTACT CENTRES

REGD. & CORPORATE OFFICE

NALCO Bhawan
Plot No. - P/1, Nayapalli
Bhubaneswar - 751 061 (Orissa)
Phone : 0674-2301988 to 2301999

UNITS

1. Mines & Refinery

Mines & Refinery Complex
Damanjodi - 763 008
Dist. : Koraput (Orissa)
Phone : 06853-254515/254550
254251

2. Captive Power Plant

Dist. : Angul (Orissa)
PIN : 759 122
Phone : 06764-220158
Fax : 06764-220646

3. Smelter Plant

NALCO Nagar - 759 145
Dist. : Angul (Orissa)
Phone : 06764-220110
Fax : 06764-220738/220206

PORT FACILITIES

Visakhapatnam

Opp Ore Handling Complex
Port Area
Visakhapatnam - 530 035
Andhra Pradesh
Phone : 0891-2561433/2561435
Fax : 0891-2561598
E-mail : gmport@nalcoindia.co.in

Paradip (Port Office)

'V' Point

Badapadia
Paradip : 754142
Phone : 06722-221286
Fax : 06722-221286
E-mail : nalco_paradeep@nalcoindia.co.in

REGIONAL OFFICES

1. Eastern Region

1st floor, J K Millenium Centre
46-D, Chowringhee Road,
Kolkata - 700 071
Phone : 033-66224510-34
Fax : 033-22810393/22878936

2. Western Region

215, T.V. Industrial Estate
S.K. Ahire Marg, Worli,
Mumbai - 400 025
Phone : 022-24939288/89
Fax : 022-24950500
E-mail : mldewangan@nalcoindia.co.in

3. Northern Region

Core -4, 5th Floor, South Tower,
District Centre, Scope Minar,
Laxmi Nagar, Delhi 110 092
Phone : 011-22010793/794/801
Fax : 011-22010800/
22010790/792
E-mail : asahluwalia@nalcoindia.co.in

4. Southern Region

3E, Century Plaza, 560, Anna Salai,
Teynampet, Chennai-600 018
Phone : 044-24344162/24349157
Fax : 044-24343495
E-mail : rmsouth@nalcoindia.co.in

BRANCH OFFICE

Bengaluru

Karnataka Urban Water Supply and Drainage
Board
Ground Floor, Jal Bhavan, No. 6,
1st Stage, 1st Phase, BTM Layout
Bannerghatta Main Road,
Bengaluru-560 029
Phone : 080-26637297/ 26637083/
26637084
Fax : 080-26530148
E-mail : mktblr@sify.com
nalblr@nalcoindia.co.in

STOCK YARDS

1. Bhiwandi
National Aluminium Company Limited
C/o. NSIC Limited,
Godown No. 42/57 Indian Corp. Compound
Mankoli Naka, Mumbai Nasik Road,
Bhiwandi
Phone : 02522-320047

2. Kolkata

National Aluminium Company Limited
C/o. Balmer Lawrie & Company Limited
WH, 1-Sonapur Road,
Kolkata- 700 088
Phone : 033-24506840

3. Bengaluru

National Aluminium Company Limited
C/o. M/s. Container Corporation of
India Limited
Warehouse no. 3, Whitefield Road,
Bengaluru - 560 066
Phone : 080-28451327/28
Fax : 080-28451329

4. Jaipur

National Aluminium Company Limited
C/o. Central Warehousing Corporation
Central Warehouse
SP-1296, Sitapur Industrial Area
Tonk Road, Jaipur- 302 022
Phone : 0141-2770226
Fax : 0141-2770817

5. Silvassa

National Aluminium Company Limited
C/o. NSIC Limited
80/4, Dayat Falia Road,
Amli (Piparia), Silvassa-396 230
(U.T. of Dadra Nagar Haveli)
Phone : 0260-2641436

6. Faridabad

National Aluminium Company Limited
C/o. NSIC Limited
India Garage Equipment,
Plot No. 51, Sec-6
Faridabad, Haryana - 121 003
Phone : 0129-4102430

7. Visakhapatnam

National Aluminium Company Limited
NALCO Port Facilities
Port Area, Visakhapatnam - 530 035
Godown : Shalimar Enterprises Corporation
Andhra Pradesh
Phone : 0891-2721032

8. Baddi

National Aluminium Company Limited
C/o. NSIC Limited
Village : Dharampur, Thana Road,
P. O. : Baddi, Tehsil : Nalagarh,
Dist. : Solan (HP)
Phone : 0179-5657114

9. Chennai

National Aluminium Company Limited
C/o. NSIC Limited, NAFED Ware Housing
Complex, CDMA Truck Terminal,
Ponnammanmedu Post,
Madhavaram, Chennai - 600 010
Phone : 044-25530310
Fax : 044-25530320



2. First Shareholder's Name : Shri/Smt./Kum./M/s.

3. First Shareholder's Address:

Pin Code :

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

[illegible][illegible][illegible]

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| Branch Code (9 Digit MICR code appearing on the MICR Band of the cheque) | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

(Please attach a Xerox copy of a cheque or a blank cheque of your bank duly cancelled)

Account Type

| | | | | | |
|----|--|----|--|----|--|
| SB | | CA | | CC | |
|----|--|----|--|----|--|

Account Number.

[illegible]

5. Date from which the mandate should be effective:

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected for reasons due to incomplete or incorrect information, I shall not hold National Aluminium Company Limited responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of the amount through NECS (Credit Clearing).

Signature of Shareholder(s)

Place:

Date :

NOTE: In case the shareholder is not in a position to enclose a photocopy of a blank cheque, a certificate from the Bank as under may be furnished.

Certified that the particulars furnished above are correct as per our records.

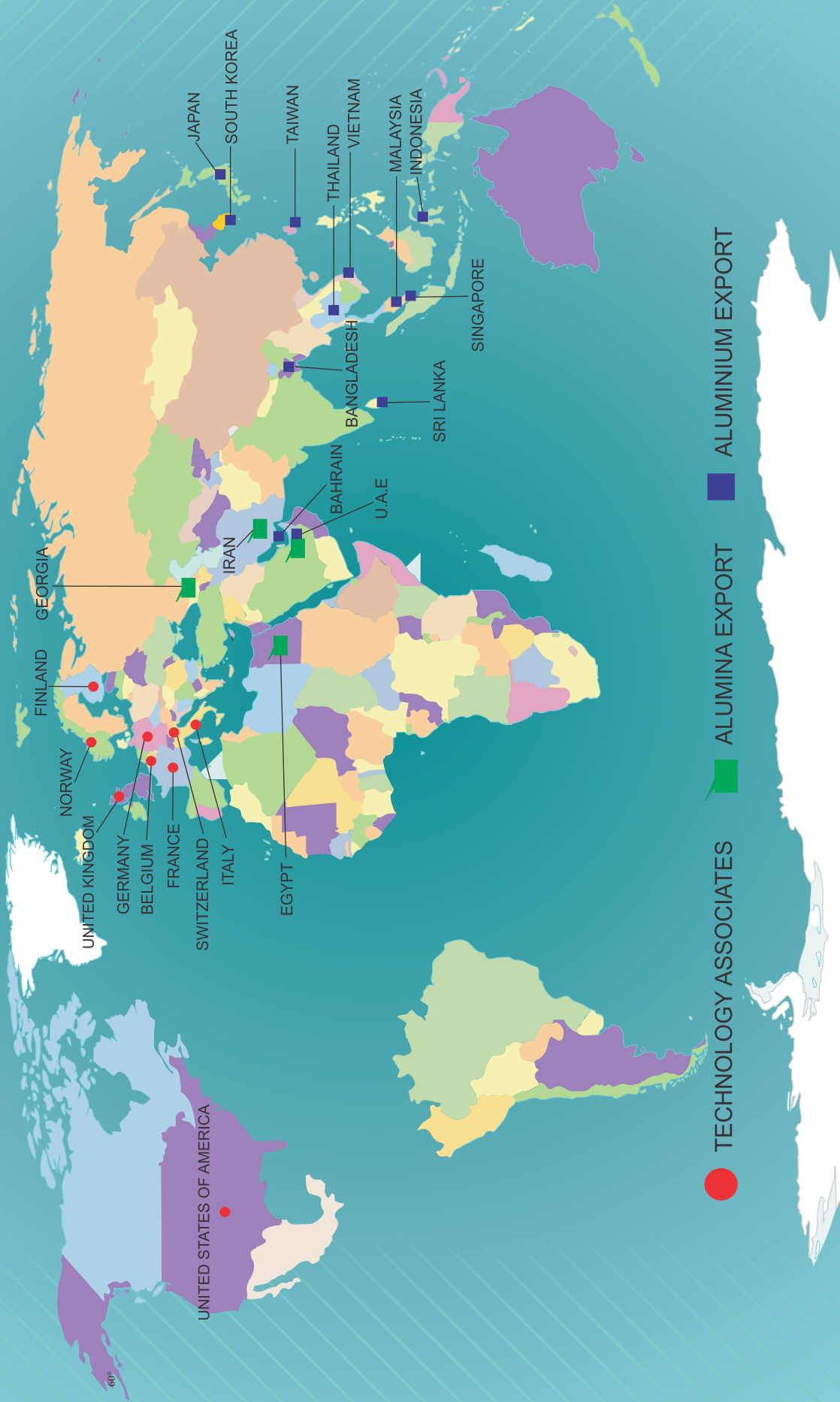
Bank's Stamp:

Date:

Signature of the Authorized Official from the Bank

National Aluminium Company Limited, Nalco Bhawan, Nayapalli, Bhubaneswar – 751 061,
INDIA. Tel.0674-2300677/2301988-99. www.nalcoindia.com

Global Reach



A Responsible Corporate Citizen



नालको  **NALCO**

National Aluminium Company Limited


A Navratna PSU under Ministry of Mines
(Government of India)



www.nalcoindia.com

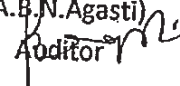

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1. Name of the Company : National Aluminium Company Limited
2. Annual financial statements for the year ended : 31st March' 2013
3. Type of Audit observation : Un-qualified
4. Frequency of observation : Not Applicable


(Ansuman Das)
Chairman-cum-
Managing Director &
Director (Finance)
ANSUMAN DAS
Chairman-cum-Managing Director
National Aluminium Company Ltd.
Bhubaneswar-751 081


(CA. C K Prusty)
Auditor



(CA. B. N. Agasti)
Auditor



(Ved Kumar Jain)
Chairman
Audit Committee