

# नालको NALCO

एनबीसी/एस/4.5 एवं 4.5(ए)/2023/1680  
दिनांक: 21.09.2023

NBC/S/4.5 & 4.5(A)/2023/1680  
Date: 21.09.2023

प्रबंधक/The Manager बीएसई लिमिटेड/BSE Limited, फीरोज जीजीभोय टावर्स/ Phiroj Jeejeebhoy Towers, दलाल स्ट्रीट/Dalal Street, मुम्बई/MUMBAI- 400 001 स्क्रिप कोड/Scrp Code: 532234	प्रबंधक/The Manager अनुसूचन विभाग/Listing Department नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लि., National Stock Exchange of India Ltd., एक्सचेंज प्लाजा, बांद्रा-कुर्ला कम्प्लेक्स, Exchange Plaza, Bandra-Kurla Complex, बांद्रा ईस्ट/Bandra East, मुम्बई/MUMBAI-400 051 प्रतीक/Symbol: NATIONALUM
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**विषय** 42<sup>वीं</sup> वार्षिक साधारण बैठक में अध्यक्ष-सह-प्रबंध-निदेशक का संभाषण.

**Sub:** Chairman Speech for 42<sup>nd</sup> Annual General Meeting of the Company.

Dear Sir/ महोदय,

The Chairman's speech for the 42<sup>nd</sup> Annual General Meeting of the Company to be held at 11:00 a.m. today i.e. Thursday, the 21<sup>st</sup> September, 2023 through Video Conferencing/Other Audio Visual Means is enclosed for your information and record. It is also being uploaded in the website of the Company.

You are requested to please take a note and disseminate the same in your Exchange.

Thanking you/ धन्यवाद,

**भवदीय/Yours faithfully,**  
**कृते नेशनल एल्यूमिनियम कंपनी लिमिटेड**  
**For National Aluminium Co. Ltd.**

(एन. के. महान्ति)

(N.K. Mohanty)

**समूह महाप्रबंधक एवं कंपनी सचिव और अनुपालन अधिकारी**  
**GGM & Company Secretary and Compliance Officer**

Encl.: As above

**नेशनल एल्यूमिनियम कम्पनी लिमिटेड**  
(भारत सरकार का उद्यम)

**निगम कार्यालय**

नालको भवन, नयापल्ली, भुवनेश्वर -751 013 भारत

**National Aluminium Company Limited**

(A Government of India Enterprise)

**REGD. & CORPORATE OFFICE**

NALCO Bhawan, Plot No.P/1, Nayapalli, Bhubaneswar-751013, India

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# 42<sup>nd</sup> Annual General Meeting

## Chairman's Speech



**Shri Sridhar Patra**  
(Chairman-cum-Managing Director)

National Aluminium Company Limited  
Bhubaneswar

**Esteemed Shareholders, Ladies and Gentlemen....**

**A very good morning and warm welcome to all.**

It is with great pleasure and gratitude, I welcome you all to the 42<sup>nd</sup> Annual General Meeting of your company *National Aluminium Company Limited (NALCO)*. I also take this opportunity to welcome the vibrant management team present here along with all the shareholders connected virtually for this meeting. I thank you all for your continued trust, encouragement and support to the Company and its Management.

Your company's Annual Report for the financial year 2022-23 is already with you and I'm confident that you are aware of the operational and financial performance of your company.

### **Key Performance Highlights and Major Achievements of the Company during the FY 2022-23:**

- The towering production figures continued for the year as the Aluminium Smelter achieved full capacity production of 4.6 lakh MT, with all 960 pots in operation for the 2<sup>nd</sup> consecutive year
- Alumina Refinery achieved Alumina Hydrate production of 21.23 lakh MT against normative capacity of 21.0 lakh MT, which is 101.1% capacity utilization
- All time high total sales of metal with a 35.54% jump since its inception during the financial year 2022-23
- Total income of Rs.14,491/- crore and Profit after Tax of Rs.1,544/- crore
- A total of Rs.918.32/- crore has been paid as dividend which is 59.48% of the profit after taxes of current financial year
- Operationalization of Utkal – D coal block during the FY 2022-23
- All statutory clearances have been obtained for Utkal – E Coal Mines. Mining lease deed has also been executed with Angul district administration
- Panchapatmali Bauxite Mines (Central & North Block) and South Block have all statutory clearances and both the Mines are in operation
- Based on financial performance and achievement of other parameters, your Company is rated "Excellent" as per the Memorandum of Understanding (MoU), signed by your Company with the Government of India for the financial year 2021-22
- A total of Rs.39.54 crore has been spent towards CSR projects against the mandated CSR obligation of Rs.36.64 crore

Dear all,

Aluminium is represented as the second largest metal market in the world. This renowned metal is recyclable and environment-friendly, hence largely used by automotive, power, construction, aerospace, packaging and other industries.

India continues to be a pioneer in the Global Aluminium scenario and will do so in the foreseeable future. As you may be aware, your company's goal is to achieve sustainable development across the economic, social and environmental dimensions addressing the five P's of sustainability namely *People, Planet, Prosperity, Partnership and Peace*. Your company's efforts are anchored by the 5 Ps with a broader goal of achieving inclusive growth

of the marginalized through CSR initiatives. However, the company is also committed towards achieving business excellence by increasing both production and supplies to the mandated levels.

Before we move towards the detailed performance of your company, let's have an idea of the market.

### **Global Alumina and Aluminium Scenario:**

- As per data of CRU International Ltd., global demand for Alumina during calendar year 2022 was 133.61 million metric tonne whereas the projection for calendar year 2023 is 133.46 million metric tonne. In case of Aluminium metal demand, projection for 2023 remains at 68.88 million metric tonne. If we look at the price trend as per London Metal Exchange, the projected price per metric tonne is projected to be 2304 USD during FY 2023-24 against 2769 USD during 2021. This falling trend in price may pose a challenge for the business.
- During the FY 2022-23, your company was able to export 11.82 lakh MT alumina along with 0.25 lakh MT of aluminium.

### **Domestic Scenario:**

- India has a futuristic strategy with sustainable growth plans in the aluminium industry. It is one of the largest producers in the world. Aluminium production in India during the FY 2022-23 was 35.03 lakh tonne out of which your company's contribution is 4.60 lakh tonnes.
- This year, a total of 21.23 Lakh MT of Alumina Hydrate was also produced by your company against normative capacity of 21.0 lakh tonne, which is 101.1 % capacity utilization
- A total of 0.65 lakh MT alumina hydrate along with 4.38 lakh aluminium was sold in the domestic market which accounted for a growth of 1.58% compared to the previous FY.

### **Financial Performance of the Company:**

You will be happy to note that your company's total income during the FY 2022-23 was Rs.14,491/- crore. The Profit Before Tax (PBT) is Rs.1,955/- crores and the Profit After Tax (PAT) is Rs.1,544/- crores. NALCO achieved this feat in the face of higher input cost coupled with challenging global business environment, supply-demand and market volatility.

### **Dividend:**

It gives me immense satisfaction in informing that the company has paid a total dividend of Rs.918.32 /- crores during the FY out of which Rs.642.82/- crores as interim dividend @ Rs. 3.50/- per equity share in two tranches and Rs.275.49/- crores @ Rs.1.50/- per equity share as final dividend for the FY 2021-22.

### **MoU Performance:**

Evaluation of your Company's performance against the predefined targets is done every year and performance rating is assigned by the Department of Public Enterprises. While we are awaiting the score for financial year 2022-23, you will be happy to know that NALCO has been rated as "Excellent" as per the Memorandum of Understanding signed with Govt. of India for the financial year 2021-22. I congratulate all of you for this achievement.

## **Capital Expenditure (CAPEX):**

On a standalone basis, your company has achieved a CAPEX of Rs.1,816.78/- crore (excluding investment in joint ventures companies). Considering the capitalization done by joint venture companies, on a consolidated basis, the CAPEX of the Company stands at Rs.1,876.16/- crore.

## **Recent Developments in Raw Material Securitization:**

- Having a lease validity up to 16.11.2032 and 19.07.2029 respectively, both “Panchapatmali Central” and “Panchapatmali North” block bauxite mines are now compliant to all statutory clearances
- Your company is having 1.141 million MT fuel supply agreement with Coal India Limited Subsidiaries for sustainable supply of coal to captive Steam & Power Plant
- Your Company is having fuel supply agreement with Mahanadi Coalfields Limited for 4.716 Million MT Coal, and 0.90 million MT Bridge Linkage coal. This is a step towards sustainable power supply to the Captive Power Plant which requires around 6.8 million MT coal per annum
- With the operationalization of Utkal D coal block, your company is planning to fast-track the coal production and is planning to achieve 2 million MT coal production during FY 2023-24

## **Major Projects under Implementation:**

During the FY 2022-23, your company continued to strengthen the mining and operational capabilities while remaining committed to sustainable practices. Based on the long term growth oriented plan, the company has been marching ahead with the following projects;

### **5th Stream of Alumina Refinery:-**

- This will add 1.0 MTPY to its existing installed capacity of 2.1 MTPY at a projected expenditure of Rs.6,435.90/- crore at December, 2018 price level. Currently, the projected cost is being revised to March, 2023 price level
- Contractors for most of the packages have been mobilized at the site for commencement of construction work.
- Overall progress of 5<sup>th</sup> stream refinery including alternate bauxite sourcing is 59.28%. The project is targeted to be commissioned by May, 2025.
- 5<sup>th</sup> stream Alumina Refinery was conceptualized with allocation of Pottangi Bauxite mines. Since this mines would take considerable time for getting required clearance & infrastructure for mining, alternate sourcing of bauxite from Panchapatmali was finalized till the period bauxite is ensured from Pottangi.
- Accordingly, order for major packages such as Over Land Conveyor, Crusher Plant, Water System, Electrical System and Site & Infrastructure packages are finalized. Site construction activities are under progress. The project is targeted to be completed by January, 2025.

### **Pottangi Bauxite Mines**

- This treasure has been allocated to your company with a total of 75 million tonnes reserve that will meet the bauxite the requirement of 1 Million Tonne Alumina Refinery under expansion.
- The Mining Plan has already been approved. Important statutory clearances like Forest Clearance, Environment Clearance and Consent to Establish have been obtained. Grant Order for Mining Lease has also been obtained from Govt. of Odisha.

- Consultant for preparation of DPR for Pottangi Mines has been engaged. The Mines is likely to be operational in the 1<sup>st</sup> quarter of financial year 2025-26.

## **Utkal-D & E Coal Blocks**

- A total of 175 Million Tonnes reserve allocation
- Execution of the Mining Lease deed of Utkal-D after obtaining requisite regulatory clearances and completing land acquisition in the Mining Lease area
- Signing of Coal Mining Agreement has been completed for Utkal-D & Utkal-E Coal Mines
- R&R benefits and PDF list for Utkal-D & Utkal-E Coal Mines has been finalized in RPDAC meeting. 1st tranche of Rs.80 crore and 2nd tranche of Rs.100 crore has been released by NALCO towards R & R Funds for Utkal-D & E. Disbursement of R&R benefits by District Authorities is under way
- Mining commenced from Utkal D mines from November 2022 and coal dispatch to CPP started from April 2023
- Forest Clearance, Environment Clearance, Consent to Establish and Consent to Operate have been obtained for Utkal-E Coal mines and Mining Lease deed of Utkal-E has been executed with District Administration in January, 2023.

## **Corporate Governance**

Your Company follows high ethical standards. Furtherance to induction of requisite number of Independent Directors, your Company meets all the statutory requirements of Corporate Governance compliance.

**Dear all.....** Since inception, the journey and growth of your company has been exceptional. It integrates world-class engineering with top brains to bring out quality product and services for the stakeholders. Quality, policies, resource, technology, regulations, standards, and relations are the utmost priority areas of your company. Let's have a deeper look at the areas that make NALCO a home for metal of the future.

## **People Management & Industrial Relations**

- Your Company complies with all applicable presidential directives and other guidelines in the matter of reservations of SC/ST/OBC/EWS and other categories like PWD and Ex-servicemen
- Your Company's manpower strength is 5,190 as on 31st March, 2023
- Employees are the driving force behind the sustained stellar performance of your Company and they contributed significantly in achieving highest ever production of the Company during 2022-23
- Compliance of applicable Labour Laws, adherence to Government Guidelines and consultative decision making, continued to be the core strengths in dealing with employee benefits and welfare issues
- All the units of your Company are certified to the latest version of SA 8000 i.e. SA 8000:2014. All the Production Units including Corporate Office are certified to SA 8000:2014 standard.

## Research & Development

Your company's focussed efforts towards R&D has been instrumental in achieving excellence in technology and innovation.

- Your company released BARC - B120 (the first of its kind Certified Reference Material) on 24th March, 2023
- There are many other research projects in the development process and pipeline

## Corporate Social Responsibility (CSR)

As I have highlighted earlier, your company always aims towards achieving sustainable development across the economic, social and environmental dimensions addressing the five P's of sustainability. CSR initiatives of the company have been pivotal in prioritizing developmental actions in operational areas.

Let's have a look at some of the CSR highlights;

- The Company has undertaken theme based CSR activities on "Health and Nutrition" as per Department of Public Enterprises, Government of India OM dated 5th April, 2022
- The thrust areas of implementation are Healthcare, Education, Drinking Water, Rural Development, Environmental Sustainability and Development of Iconic city, Puri and construction of pilgrim accommodation block at Badrinath, Uttarakhand.
- Your Company has spent Rs.39.54 crore in the financial year 2022-23 on various CSR projects against the mandated CSR obligation of Rs.36.64 crore.

## Digital Technology, Services and Governance

- Your company is having an automated business process based on advanced IT framework and uses Enterprise Resource Planning across units
- Employee services along with services for external stakeholders have been digitized and E-procurement of goods & services are carried out through GeM Portal, Supplier Relationship Management (SAP SRM) and Central Public Procurement Portal (CPPP)
- Web-based applications are in place for governance and monitoring supported by data analytics and advanced communication system for effective and uninterrupted service delivery
- Your company is having Total Quality Management System through Integrated Management System (IMS), Energy Management System (EnMS), apart from having Quality Circles, Kaizen Teams and 5S Groups involved in improvement projects by involving employees at all levels.

## Awards and Accolades

- Alumina Refinery Unit bagged the prestigious CII-EXIM Bank Business Excellence award for the year 2022 in the 'Platinum' Category during the CII-IQ National Quality Summit and also conferred with consistent progressive organization award.
- Panchpatmali Bauxite Mines and Captive Power Plant Units secured the prestigious "Gold Plus" category recognition on in the CII EXIM Bank Award for Business Excellence 2022.
- Panchpatmali Bauxite Mines was successfully recertified and received QCFI-JUSE 5S Excellence award by Union of Japanese Scientists & Engineers (JUSE) for 5 S work place management system during 8th National conclave on 5 S.

## Board of Directors

The Board plays a pivotal role in the overall performance and visibility of the Company. An enlightened Board formulates vision, strategy and policy for the Company and reviews them periodically for its effectiveness. The Board believes in the inalienable rights of the shareholders as true owners of the Company and its role as trusteeship to the stakeholders.

Let's have a look at the changes that took place in the Board of Directors of your Company during the year

- Shri Pankaj Kumar Sharma was appointed as Director (Production) w.e.f. 01.02.2023.
- Tenure of Shri Bijay Kumar Das as Director (Production) ended on 31.01.2023.
- Tenure of Shri Manasa Prasad Mishra as Director (P&T) ended on 31.07.2023.

## Acknowledgement

Before concluding, I take this opportunity to thank each and everyone who have contributed and played their roles in the improved performance of the Company.

I, on behalf of the Board would also like to acknowledge the unstinted support provided by the Government of India, (especially Ministry of Mines and other allied department) and the Government of Odisha (particularly Ministry of Steel and Mines, Home Department and Local District Administrations at Angul and Koraput).

I would like to express my heartfelt appreciation to our esteemed shareholders, investors, customers, suppliers, bankers, consultants and business associates for their unwavering support. Your Company is also thankful to the people residing in the periphery of our production units for their support and for providing a conducive environment for us to operate. Last but not the least, your Directors also place on record their deep sense of appreciation for the dedication and commitment shown by all employees, contractors and contract workers.

The Board of Directors also endorses and appreciates the hard work demonstrated by the employees at all levels, trade unions officers association and other associations for their continued support and dedication. The Company's consistent growth was made possible due to belongingness, solidarity, co-operation and support received from all fronts.

I convey my appreciation to my colleagues on the Board and all employees for their valuable contribution towards the growth of the Company. Setting higher benchmarks in business value and societal value has been the hallmark of NALCO. The extraordinary results is a testimony to the extraordinary attitude demonstrated by the employees in the face of pandemic induced adversity. I urge each and every one to continue their unstinted support and cooperation for enabling the company to scale new heights of growth, success and achievements.

With this belief, I once again convey my best wishes to you, your family members and to all our stakeholders.

**(Sridhar Patra)**

**Chairman-cum-Managing Director**

**Bhubaneswar**

**September 21, 2023**

*Note: This does not purport to be a record of the proceedings of the Annual General Meeting*