

नालको NALCO

एनबीसी/एस/4.5 एवं 4.5(ए)/2020/ 2174
दिनांक: 30.09.2020

NBC/S/4.5 & 4.5(A)/2020/ 2174
Date: 30.09.2020

प्रबंधक/The Manager बीएसई लिमिटेड/BSE Limited, फीरोज जीजीभोय टावर्स/ Phiroj Jeejeebhoy Towers, दलाल स्ट्रीट/Dalal Street, मुम्बई/MUMBAI- 400 001 स्क्रिप कोड/Scrip 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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Sub: Chairman Speech at 39th Annual General Meeting of the Company.

Dear Sir/ महोदय,

The Chairman's speech uploaded on the website of the Company as well as on website of M/s. KFin Technologies Private Limited, Registrar and Share Transfer Agent today, i.e. 30th September, 2020 and read out by the Chairman-cum-Managing Director of the Company in the 39th Annual General Meeting of the Company held on 30.09.2020 through Video Conferencing / Other Audio Visual means is enclosed for your information and records.

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

Thanking you/ धन्यवाद,

Yours faithfully/भवदीय,
for **National Aluminium Co. Ltd.**
कृते नेशनल एल्युमिनियम कंपनी लिमिटेड



(N. K. Mohanty)
(एन.के. महान्ति)

Company Secretary and Compliance Officer
कंपनी सचिव और अनुपालन अधिकारी

नेशनल एल्युमिनियम कम्पनी लिमिटेड
(भारत सरकार का उद्यम)

निगम कार्यालय

नालको भवन, नयापल्ली, भुवनेश्वर - 751 013 भारत

CIN # L27203OR1981GOI000920

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National Aluminium Company Limited

(A Government of India Enterprise)

REGD. & CORPORATE OFFICE

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

39th
**ANNUAL GENERAL MEETING
SPEECH**

by



Shri Sridhar Patra
Chairman-cum-Managing Director

30th September 2020, Bhubaneswar



**Determination,
Discipline and
Dedication**

Valued Shareholders,

It gives me immense pleasure in welcoming you all to the 39th Annual General Meeting of your Company. On behalf of the Board of Directors, it is my privilege to thank you all for your kind presence through the virtual platform, reposing your trust and solidarity with your Company. The Directors' Report, Audited Accounts and Auditors' Report for the year ended March 31, 2020 have been shared earlier through e-mail and with your permission, I take them as read.

Year 2019-20 has been a year of mixed results for your company. In spite of an extremely turbulent and challenging business environment, coupled with slump in prices and onset of COVID 19 pandemic in the last quarter of the year, we have made exemplary contribution in promoting and putting focus on *plant, production, productivity and people*.

Sustainability has now become a part of our key business processes. The year was a testimony to your company being a partner in progress in promoting inclusive growth as an industry leader and spreading happiness amongst people.

Before I take up the agenda for today's meeting, I avail this opportunity to share with you some of my thoughts on economic scenario of the country, the aluminium industry in particular and on your Company's present position, plans and prospects.

GLOBAL ALUMINA SCENARIO:

During the year 2019, both Global **production** as well as **consumption** of Metallurgical Grade Alumina (MGA) has shown declining trend registering de-growth on y-o-y basis @ 1.1% and 1.3 % respectively. China has the lion's share both in production and consumption at 55% and 55.9% respectively.

Subdued demand also affected the sale price adversely. Further, due to the outbreak of COVID-19 pandemic, Global Alumina prices have reduced by nearly 38% from USD 420 in April 2019 to USD 260 in March 2020.

GLOBAL ALUMINIUM SCENARIO:

During the year 2019, both Global **production** as well as **consumption** of Aluminum has shown declining trend registering de-growth on y-o-y basis @ 1.31% and 1.75 % respectively. China continued to be the largest producer as well as consumer during the year, contributing 55.7% share of the world production and 55.8% of the world consumption of Aluminium.

The average LME Cash Settlement price during the financial year 2019-20 was USD 1,749/ton which is 14.1% lesser than the corresponding figure of 2018-19 i.e USD 2,035/ton.

In contrast to global market deficit of about 1.0 Million Tonnes in 2019, a huge market surplus of about 5.5 Million Tonnes is expected in 2020, mainly due to sharp drop in demand owing to COVID-19 without any significant production cuts. (Source: CRU)

The outbreak of COVID-19 pandemic has aggravated the situation with lockdowns / shutdown, which resulted in further downward movement of price of both Alumina and Aluminium. After Q1 of 2020-21 there are some signs of recovery with easing of restrictions and resumption of economic activities. This gives rays of hope for better financial performance.

DOMESTIC OUTLOOK: ALUMINIUM:

In the Domestic Market, the demand for Aluminium remained steady for most part of the year, but it dropped steeply in March, 2020 upon announcement of nationwide lockdown following outbreak of COVID-19 pandemic. This has adverse impact on both sales volume and realization. Downward price movement, coupled with Covid 19 pandemic had resulted in lower turnover and profit during the F.Y.2019-20.

Furtherance to declaration of unlock, the economic activities have resumed partially and market demand has partially picked up. However, it will take some more time for attaining normal pre Covid business situation.

SCALING NEW HEIGHTS OF SUCCESS:

You will be pleased to know that, the year 2019-20 has been a year of stellar performances in terms of production and productivity under challenging business environments. It is pertinent to state here that, your Company has once again proved its mettle by registering record performance in terms of physical performances.

PHYSICAL PERFORMANCE:

- Mines has achieved 73.02 lakh tonnes of Bauxite transportation which is highest ever since inception.
- Alumina Refinery has achieved 102.9% of normative capacity (i.e. 21 lakh tonne) with production of 21.61 lakh tonnes of Alumina Hydrate, which is also highest ever since inception.
- Aluminium Smelter has achieved metal production of 4.18 lakh tonne in FY 2019-20 which was optimized considering the availability of coal and LME price of Aluminium.
- Aluminium Smelter has achieved lowest ever DC energy consumption of 13,367 KWhr/tonne and lowest ever net carbon consumption of 422.8 Kg/tonne.

- Your Company has been rated as lowest cost producer of Bauxite and Alumina in the World for the year 2019 by Wood Mackenzie.

FINANCIAL PERFORMANCE:

The Company registered a sales turnover of ₹8,426 crores during the year. The reduction in turnover as compared to previous financial year (₹11,386 Cr) is mainly attributable to falling LME and Alumina prices.

CAPITAL EXPENDITURE (CAPEX):

Your company has achieved Capital expenditure of Rs. 970 cr. The expenditure was incurred for capital replacement of outlived plant to maintain current level of operations, business expansion projects by capacity addition and investment in JVs for backward and forward integration.

DIVIDEND:

During the year, your Company has paid interim dividend @ ₹1.50 per equity share amounting to ₹279.84 crores and final dividend for the year 2018- 19 @ ₹1.25 per equity share totaling to ₹233.20 crores. Dividend including the applicable dividend distribution tax works out to a payout of 244.06% of the PAT against 74.65% of the previous financial year.

MoU PERFORMANCE:

Based on financial performance and achievement of other parameters, your Company has been rated as “Excellent” as per the Memorandum of Understanding (MoU), signed by your Company with the Government of India for the Financial Year 2018-19.

RAW MATERIAL SECURITY:

Your Company has taken different measures towards security of source mineral, processing chemicals and other raw materials aiming at uninterrupted sustained production. Following measures have been taken :

- Renewal of mining leases of Panchapatmali Bauxite Mines (Central & North Block) and South Block with all statutory clearances. Leases are valid up to 16.11.2032 & 19.07.2029 respectively.
- For sustained supply of coal, the Company has obtained Fuel Supply Agreements with Coal India Limited through linkage, bridge linkage and auction routes.
- Setting up Caustic Soda Plant at Dahej, Gujarat under JV with GACL.
- Long term contracts signed with different potential suppliers.
- Operationalisation of Utkal D at the earliest followed by Utkal E Coal block.

The above initiatives will result in raw material security as well as increase the profitability of the company on a sustainable basis.

MAJOR PROJECTS UNDER IMPLEMENTATION:

Your Company has a long term growth oriented business plan to be implemented in phases. Brief particulars of the 1st Phase expansion activities are summarized below :

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

Your Company is setting up 5th Stream in its existing Alumina Refinery which shall add 1.0 MTPY to its capacity, at a projected expenditure of Rs.6,436 crores, based on improved Medium Pressure Digestion technology of M/s. Rio Tinto Alcan International Limited (RTAIL). All the statutory clearances have been received and work order for major packages are in different stages of ordering. The project is likely to be completed by 2022-23.

- **Pottangi Bauxite Mines:**

Pottangi Bauxite Mines (111 Million Tonnes) has been reserved by Govt. of India in favour of your Company.

Public hearing has been conducted on 17th Dec' 2019 as required for environmental clearance. Grama Sabha has also been conducted in Jun'19. Obtaining Forest Right Act Certificate is under process for Forest Diversion Proposal (FDP).

- **Alternate Sourcing of Bauxite from South Block of Panchpatmali Mines:**

Your Company is setting up a 2nd crusher and conveyor line for transporting Bauxite from South Block of Panchpatmali Bauxite deposits. EC amendment for the project has been received & packaging philosophy finalized. Award of work for project packages are under various stages of tendering.

Apart from the above your Company has also initiated pre-project works for other brown field and green field expansion projects and power sourcing. Your Company has been able to create market at door step with completion of AAP (Angul Aluminium Park). Efforts are made to explore possibilities of setting up of downstream production facilities for value addition of different products.

Your Company has set up a JV Company under the name of UADNL (Utkarsha Aluminium Dhatu Nigam Limited) with M/s. MIDHANI as a JV Partner for setting up a high end Aluminum Alloys Plant at Nellore of AP having initial annual production capacity of 60,000 tonnes. Your Company is also a JV partner in the newly formed JV Company "KABIL" (Khanij Bidesh India Ltd) to explore acquisition of overseas strategic minerals.

EFFORTS OF NALCO TO COMBAT COVID-19:

- As a responsible Corporate entity your company has contributed Rs.5 crore to PM CARES FUND. Apart from the above employees have also contributed one day salary amounting to Rs.2.6 crore each to PM CARES FUND and Chief Minister's Relief Fund, Odisha.
- Showing commitment and solidarity with the home state Odisha, in the fight against COVID-19 pandemic, NALCO has funded an exclusive 200 bedded COVID-19 hospital at Nabarangpur, Odisha. This hospital has been extremely beneficial for the undivided Koraput district with high tribal population and help in combating COVID-19. Besides, your company has also set up two COVID care centres at its two production sites.

SAFETY, OCCUPATIONAL HEALTH & ENVIRONMENT MANAGEMENT:

All production units are certified to International Standards on Environmental Management Systems (ISO14001) as well as Occupational Health and Safety Management Systems (OHSAS 18001). All the units of your Company including its townships are operating with valid "Consent to Operate" under Air & Water Act, valid Authorisation under different applicable Law (Hazardous Waste Authorisation, Biomedical Waste Authorisation etc.), valid Licenses under different applicable Law (Factory Licences, Explosive Licenses etc.)

INDUSTRIAL RELATIONS:

In keeping with the excellent Industrial Relation culture of your company, the year 2019-20 passed off as yet another year with zero man-days loss on account of labour disputes. This helped your company in achieving several milestones in productivity during the year. The tradition of participative management in the company ensured a cordial industrial climate. Compliance of applicable Labour Laws, adherence to Government Guidelines and consultative decision making continued to remain core strengths in dealing with employee benefits and welfare issues.

CORPORATE SOCIAL RESPONSIBILITY: JOY OF GIVING:

Your Company's CSR Philosophy "Always with the Community" has been exhibited with all compassion and sympathy for the community around its locality and beyond. Your Company has taken up various CSR initiatives in the periphery of operating plants aligning with the community need and national priority. The CSR initiatives formulated are need based and as per the recommendations of State and Central Government.

Your Company has spent *Rs.39.71 crore* in FY 2019-20 on various CSR programs against the mandated CSR obligation of *Rs.38.35 crore* complying with the requirements of CSR Policy, which is in line with Companies Act, 2013.

The Company has always given thrust for undertaking theme based CSR activities in line with National Policy. Major focus areas of CSR activities are Education, Healthcare, Sanitation, Environment sustainability and, Protection of National Heritage & development of Iconic City, Puri. Your Company has also rendered Door Step Primary Healthcare services in nearby peripheral villages of both the plant complexes through Mobile Health Units (MHUs).

BOARD OF DIRECTORS:

- (a) Additional charge of the post of Chairman-cum-Managing Director was assigned to me w.e.f. 01.12.2019 in addition to my original assignment as Director (Finance), upon superannuation of Dr. T. K. Chand on 30.11.2019. I took over as full-time Chairman-cum-Managing Director w.e.f. 17.12.2019
- (b) Your Board has been strengthened with induction of Shri Radhashyam Mahapatro as Director (HR) of the Company w.e.f. 01.01.2020, after completion of tenure by Shri B. K. Thakur and with the induction of Shri Satendra Singh, IAS, Joint Secretary, Ministry of Mines and Shri Upendra C. Joshi, IRTS, Joint Secretary, Ministry of Mines as Part-time Official Directors w.e.f. 05.08.2020.

As of today, the Board of Directors of your Company consists of five Functional Directors [Director (Production) holding addl. charge of Director (Finance)] including Chairman-cum-Managing Director and two Part-time Official Directors. The Company does not have any Independent Director on its Board.

CORPORATE GOVERNANCE:

NALCO endorses its core value as BEST: Benefitting stakeholders, Excellence and quality, Sustainability, Trust & Integrity. A stronger Corporate Governance norm enhances the trust and confidence level of investors' community. The Company has complied with all the requirements of SEBI Regulations, the Act and DPE Guidelines on Corporate Governance.

AWARDS & ACCOLADES:

The Company has bagged several awards for its performance and service to society. Some of those are as follows:

- National CSR award by Ministry of Corporate Affairs, Govt of India for Excellence in the field of Corporate Social Responsibility.
- 'Dun & Bradstreet PSU Awards 2019 for Best Export Performance'

- 'Business Excellence Star Recognition Award -2019' of CII for operational excellence by Panchpatmali Bauxite Mines & Captive Power Plant
- IBM award to Panchpatmali Bauxite Mine for afforestation, reclamation and rehabilitation, sustainable development & overall performance
- Bureau of Energy Efficiency Platinum Award to Alumina Refinery.
- Times Award for Business Excellence.

ACKNOWLEDGEMENT:

On behalf of the Board of Directors, I would like to express my heartfelt gratitude to our esteemed shareholders, customers, suppliers, bankers, consultants and business associates for their unstinted support. I would like to sincerely thank the Govt. of India, particularly the Ministry of Mines, Ministry of Coal, Ministry of Environment & Forest and Department of Public Enterprises for their valuable support and guidance. I also sincerely thank the Govt. of Odisha for all the support provided to us. I would like to put my deep appreciation for the support extended by the Comptroller & Auditors General of India, Indian Railways, Mahanadi Coalfields Ltd, Auditors and other Government agencies. I also express my sincere gratitude to other stakeholders including suppliers, customers, associates and particularly people residing in the periphery of our sites for their support and the conducive business environment for us to perform. I would also like to thank my colleague Directors on the Board for their strategic planning and contribution in steering the Company on growth path. I also feel privileged to put on record that our long association with all our shareholders has been quite meaningful and valuable. The place of pride that we enjoy today is largely due to the trust you have been reposing on us. I sincerely acknowledge the support, team work and co-operation of Nalconians and their families for their untiring efforts in propelling the company in the growth trajectory.

Sd/-

(Sridhar Patra)

Chairman-cum-Managing Director

Bhubaneswar
September 30, 2020

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