

# नालको NALCO

एनबीसी/एस/4.5 एवं 4.5(ए)/2021/ 1626  
दिनांक: 30.09.2021

NBC/S/4.5 & 4.5(A)/2021/ 1626  
Date: 30.09.2021

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 40<sup>th</sup> Annual General Meeting of the Company.**


Dear Sir/ महोदय,

The Chairman's speech for the 40<sup>th</sup> Annual General Meeting of the Company held on 30.09.2021 through Video Conferencing/Other Audio Visual Means is enclosed for your information and records. It is also 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)

महाप्रबंधक एवं कंपनी सचिव और अनुपालन अधिकारी  
GM & Company Secretary and Compliance Officer

नेशनल एल्यूमिनियम 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



# 40<sup>th</sup> Annual General Meeting Speech



**Shri Sridhar Patra**

*Chairman-cum-Managing Director*

30<sup>th</sup> September 2021, Bhubaneswar



*Celebrating  
Four Decades of  
Business Excellence*

**Esteemed Shareholders,**

I extend hearty welcome to all of you to the 40<sup>th</sup> Annual General Meeting of your Company, marking four decades of Business Excellence, since we began our journey in 1981. On behalf of the Board of Directors, I would like to sincerely thank you all for demonstrating your keen interest in the Company and joining the meeting through the virtual platform. In the last four decades, your Company has come a long way in the service of the Nation and powering India's Mineral Security. The Directors' Report, Audited Accounts and Auditors' Report for the year ended on 31<sup>st</sup> March, 2021 have been shared earlier through e-mail and with your permission, I take them as read.

I hope that you are doing well, and keeping safe and healthy. Before I deliberate on various aspects, let me take this opportunity to pay our sincere gratitude to each and every one working at the frontline - the medical community, sanitation workers, essential service providers and all other agencies, who are working diligently to be there for combating the pandemic in order to make the world safer.

The Year 2020-21 has been a year of accomplishments for your Company. It will go down as one of the most successful years in NALCO's history, despite the extremely challenging business environment. During this unprecedented time since the outbreak of COVID-19 pandemic, the world is going through a public health crisis. The spread of COVID-19 virus has presented extraordinary challenges to the global economy and human livelihood.

In spite of an extremely turbulent environment, coupled with volatile nature of LME prices and subdued demand for metal, we have made steady progress by focusing on the 5P's - **production, productivity, people, projects and profit**. Even the LME was at rock bottom in Q1; but with strategic initiatives, financial reengineering, along with effective procurement strategies led to a landslide improvement in the bottom-line of the company.

Adopting sustainable business practices has always been at the core of every aspect of NALCO's business. During this pandemic, your company has also taken proactive measures to prioritize the health of its employees and their family members. The Company's strong sense of commitment for the society and the inclusive approach while reaching out to people, the Central and State Government, during this pandemic, has helped your Company generate immense goodwill.

Before I take up the agenda for today's meeting, I would like to take this opportunity to apprise you on the economic scenario, both domestic and global, pertaining to the aluminium industry in particular and on your Company's achievements and performance during the Financial Year 2020-21.

**GLOBAL ALUMINA SCENARIO:**

During the year 2020, the global production of Metallurgical Grade Alumina (MGA) exhibited a Y-o-Y growth of 2.41%, while consumption grew by 2.36%. There was a sizeable surplus of 0.67 million tonnes during the period Jan-June 2020, followed by a deficit of 0.11 million tonnes during July-Dec 2020, which is reflective of the adverse impact of COVID-19 pandemic during the first half of the year and the recovery in consumption thereafter. The average Global Alumina Prices also recovered from around USD 233 per MT during Apr 2020 to USD 291 per MT in Mar 2021. Prices were hovering around USD 305 per MT at the end of August 2021. The global Alumina prices have not recovered to the extent which Aluminium metal prices have gained, as alumina price remains weighed down by a well-supplied market and high alumina freight costs between Western Australia and China. Freight rates have spiked this year due to several reasons, mainly the low availability of vessels, congestion at ports, rising demand for bulk vessels due to shortage of containers and container vessels, and delays caused by the Suez Canal blockage during March 2021. The tight freight situation is expected to continue till Q3 (Oct-Dec 2021), with congestion in containers to remain for remainder of 2021. *[Source: CRU Monitor]*

**GLOBAL ALUMINIUM SCENARIO:**

During 2020, global Aluminium production increased Y-o-Y by 2.31%, whereas consumption decreased by 2.66% resulting in surplus inventory across the globe to the tune of 1.83 million tonnes as reported worldwide during 2020. The LME Aluminium price averaged as low as USD 1,457 per MT in Apr 2020 at the peak of COVID-related lockdowns, but recovered to USD 2,192 per MT by March 2021. The upward price trend has continued during FY 2021-22 as well, with LME Aluminium price averaging USD 2,611 per MT during August 2021. Aluminium market fundamentals are presently strong. Demand outside of China is expected to grow by 14.4% Y-o-Y in 2021, while Chinese demand growth is expected to be around 6.3%. Overall, a deficit of 1.17 million tonnes is expected during 2021. *[Source: CRU Monitor]*

**DOMESTIC OUTLOOK: ALUMINIUM:**

During the Financial Year 2020-21, domestic Aluminium demand nosedived with announcement of nationwide lockdown during Mar-Apr 2020. In a sluggish domestic market, with rapid increase in unsold inventory, all out efforts were made to shift the focus and capture the export market. Consequently, NALCO registered its highest ever metal export figures of 1,92,174 MT during the Financial Year 2020-21. Metal demand in domestic market has picked up since July 2020, and the recovery of global metal prices over the last year has contributed towards the improved profitability of the Company. Although Aluminium prices are expected

to be supportive in the short term, risks of surge in COVID cases in the country still remain, which may impact the demand recovery.

### **SCALING NEW HEIGHTS OF SUCCESS:**

Amidst COVID-19 pandemic, with restrictions in manpower deployment and logistic constraints, NALCO's workforce exhibited exemplary dedication and sense of commitment which helped the company in achieving extraordinary performance, which is there before all of you to witness and appreciate. I would like to congratulate all our stakeholders for their unstinted support and valued contributions.

### **PHYSICAL PERFORMANCE:**

#### **Production:**

- Mines has achieved 73,65,001 tonnes of Bauxite Production which is highest ever since inception surpassing the previous "Highest ever Annual Production" of 73,02,245 tonnes (FY 2019-20).
- "Highest ever Calcined Alumina Monthly Production" of 2,14,000 tonnes at Alumina Refinery has been achieved in the month of Mar'21, surpassing the previous best of 2,13,000 tonnes (Mar'2018).
- In spite of restriction in manpower mobilization (Apr'20-Aug'20) on account of COVID-19 pandemic, NALCO achieved Alumina Hydrate production of 20,85,500 tonnes in Alumina Refinery, which is 99.30 % of normative capacity and Aluminium Smelter plant achieved cast metal production of 4,18,522 tonnes surpassing last year's production of 4,18,373 tonnes.
- Your company continues to be the lowest cost producer of Bauxite & Alumina in the world for the year 2020 (as per Wood Mackenzie report).

#### **Sales:**

- Export metal sale for the year was 1,92,174 tonnes which is highest ever since inception surpassing the previous "Highest ever Export Metal Sale" of 1,46,947 tonnes (FY 2009-10).
- Additional facility has been commissioned in berths of Visakhapatnam port for simultaneous loading of alumina ships and unloading of caustic soda ships (both berths are adjacent), with capital expenditure of approx. ₹ 1.79 Cr. This has enabled achieving reduction in incidence on ship detentions and ship demurrages, thereby providing flexibility of unloading of caustic soda ship at any of the berths.

### **FINANCIAL PERFORMANCE:**

The Company registered a sales turnover of ₹. 8869 crore during the year (with annual growth of 5%) against ₹ 8426 crore during the previous financial year. Similarly, it registered a PBT (Profit Before Tax) of ₹ 1317 crore during the year against ₹ 226 crore earned during the previous financial year 2019-20. Strong operational performance by Units with effective sales strategy, cost saving measures and optimized operations have driven these results.

**CAPITAL EXPENDITURE (CAPEX):**

Your company has achieved Capital expenditure of ₹ 1024.85 Crore, inclusive of ₹ 36 crore invested in the equity of JV Companies against a target of ₹ 1012 crore.

**MoU PERFORMANCE:**

Company has signed MoU with the Ministry of Mines, Govt of India for the financial year 2020-21. The MoU bears stipulation of both financial and non-financial parameters. Based on financial performance as per the audited accounts and other physical parameters covered in the MoU, your Company's provisional self-assessed score falls under "Excellent" rating for the year 2020-21. Final evaluation by the DPE is under process.

**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:

- Panchpatmali Bauxite Mines (Central & North Block) and South Block have all statutory clearances with lease validity up to 16.11.2032 and 19.07.2029 respectively. Both the Mines are in operation.
- Alumina Refinery Plant is having a Captive Steam and Power Plant (SPP) and Aluminum Smelter Plant is having Captive Power Plant for uninterrupted power supply. As against annual coal requirement of about 8 Million tonnes, Company is having Fuel Supply Agreement for about 6 Million tonnes and bridge linkage for 0.89 Million tonnes. Thus, the Company is having adequate fuel security arrangement i.e. 87% of annual fuel requirement, commensurate with production.
- Your company got all statutory clearances including Mining Opening permission for Utkal-D Coal Block. All out efforts are being made to make Utkal-D Coal block operational, followed by Utkal-E. Operationalization of these Coal Blocks will result in lower fuel cost and hence will add up to the profitability.

**MAJOR PROJECTS UNDER IMPLEMENTATION:**

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

**5th Stream of Alumina Refinery:**

- Your Company is in the process of setting up of 5<sup>th</sup> Stream in its existing Alumina Refinery which shall add 1.0 MTPY to its existing normative production capacity of 2.1 MTPY (total capacity 3.1 MTPY), at a projected expenditure of ₹6,435.90 crore at December, 2018 price level. This 5<sup>th</sup> stream expansion is based on improved Medium Pressure Digestion technology of M/s. Rio Tinto Alcan International Limited (RTAIL) which is cost effective.



- The EPCM consultants have been appointed for Refinery and Steam & Power Plant. Detailed engineering by the EPCM consultant is under progress. Majority of the long lead packages have already been awarded. Contractors for awarded packages have mobilized at the site for commencement of construction work. Site enabling work and Pilling works are in progress. Restrictive deployment of man power adhering to COVID-19 regulations, travel restriction of foreign technicians/ consultants of the vendors and demobilization of work force had impacted project progress. With close persuasion and constant follow-up, manpower deployment by different agencies has improved.
- As on date, award of work for some of the project packages are under various stages of tendering & evaluation. Major packages having longer lead time and project priority valuing ₹ 2800 Crore have already been awarded.

All out efforts are being made to commission the expansion project in the FY 2023-24.

#### **Pottangi Bauxite Mines:**

- Pottangi Bauxite Mines (75 Million Tonnes) has been reserved by Govt. of India in favour of your Company for meeting the bauxite requirement of 1 million tonne Alumina Refinery, which is under expansion. The Mining Plan has already been approved. The pre-project activities like obtaining Environmental Clearance and Forest Clearance for execution of Mining Lease and construction of 18 km long Over Land Conveyor are underway.
- Important milestones like preparation of Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) report, conduct of Public Hearing, identification of Compensatory Afforestation land for diversion of forest land and engagement of consultant for selection of Technology of Over Land Conveyor have already been completed.

#### **JV PROJECTS:**

- Your Company is in the process of setting up Angul Aluminium Park in JV with IDCO, a Govt of Odisha owned enterprise for value addition in different downstream products. Infrastructure development work of the Park is in progress.
- 2.7 lakh tonnes per annum Caustic Soda Plant in Gujarat under JV with GACL is in the process of execution, which is being carried out by the JV Company GNAL to meet caustic soda requirement of Alumina Refinery. This is expected to be commissioned by Dec'21.
- Your Company has formed a JV Company with M/s. MIDHANI, a CPSE under the Ministry of Defence, for setting up a high end Aluminum Alloys Plant at Nellore in Andhra Pradesh, having initial annual production capacity of 60,000 tonnes. The Environment Clearance for the project was obtained on 08.07.2021, while Consent for Establishment (CFE) was obtained on 05.08.2021.
- Your Company has also invested in the equity of the JV Company "KABIL" (Khanij Bidesh India Ltd) along with M/s.HCL and M/s.MECL, CPSEs under the Ministry of Mines for exploring acquisition of overseas strategic minerals. MoU between Ministry of Mines, Gol and Govt. of Australia was signed in June, 2020 for cooperation in the field of Mining and Processing of Critical and Strategic Minerals. Similarly MoU has been signed between M/s. KABIL and YPF, Argentina for exploring the possibility of Lithium mineral asset.

## R&D AND INNOVATION

The future of industries across the globe is driven by Technology- *Research, Development & Innovation*. Your company, NALCO, in its pursuit towards organizational growth through sustained development in Processes, Products and Technology through Research, Development & Innovation activities, has revamped all its R&D Centres in order to have the state of the art research facilities in the field of Aluminium and related areas including waste management for a better environment. All 3 R&D centers of NALCO have Department of Scientific & Industrial Research (DSIR) recognition. Nalco Research and Technology Center (NRTC) at Bhubaneswar, in addition to its own R&D activities, also extends testing services to external clients, including research institutes and research scholars through a well laid down policy. NALCO is working with various research and educational institutes including JNARDDC, CSIR institutes, IITs and NITs. As on date, 21 patents (out of 39 applied) have been granted and 8 have been commercialized.

## DIVIDEND:

During the year, your Company has paid interim dividend @ ₹ 2.50 per equity share in two tranches amounting to total amount of ₹ 460.61 crore.

The Board has also recommended final dividend @ 20% i.e. ₹ 1 per equity share, subject to approval of the shareholders in this Annual General Meeting.

Thus the total dividend pay-out for financial year 2020-21 comes out to ₹ 644.27 crore, as against ₹ 279.84 crore during the previous year.

## OTHER HIGHLIGHTS:

### Buy-back of shares:

The buy-back of shares process was completed on 17.03.2021. Post buyback, the paid-up capital of the company stood at ₹ 918.32 Cr and the shareholding of Gol stands at 51.28% from earlier 51.50% of total paid-up share capital.

### Procurement:

- Against mandatory target of 25% of total procurement from MSMEs, NALCO achieved 30.42% of total procurement (₹ 536.73 Cr), in FY 2020-21.
- All out efforts are being made for procurement through GeM portal. Your Company has procured different goods and services valuing approximately ₹ 343.19 Cr in FY 2020-21, which is significantly higher than the procurements made through GeM in the FY 2019-20 (₹ 8.42 Cr).

### Projects:

- Lease deed of Utkal-D Coal block has been executed on 25.03.2021, paving the way for secure supply of coal & further expansion plans.
- Statutory clearances of Utkal – E Coal Block are under process.



- During the year 2020-21, the much delayed Lean Slurry Project execution was expedited. Subsequently, commissioning activities of the slurry disposal system was completed on 31st July 2021. Slurry disposal to mines void has started w.e.f 30<sup>th</sup> August 2021.

### **EFFORTS OF NALCO TO COMBAT COVID-19**

Several initiatives were taken to combat COVID-19 and reach out to people during the crisis, which reflects the caring and sharing approach of your Company. As a responsible corporate entity, NALCO has stood in solidarity with the State of Odisha in the fight against COVID-19 pandemic. Your Company has taken up major initiatives like funding an exclusive 200 bedded COVID-19 Hospital at Nabarangpur to cater the needs of undivided Koraput District, donating a high-end Refrigerated Truck of 25,70,000 dose capacity to State Immunisation Cell for transportation of COVID vaccines and providing Ventilator Ambulances to State Health Department. Furthermore, NALCO has funded the exclusive 70 bedded COVID hospital at Saheed Laxman Nayak Medical College and Hospital at Koraput and 150 bedded dedicated Covid Hospital set up at ESI Hospital in Angul district. Besides, your Company has also set up dedicated COVID Care Centres at its production sites and has been regularly organising COVID vaccination camps in the periphery of its production units at Damanjodi and Angul.

### **ENVIRONMENT, SAFETY, OCCUPATIONAL HEALTH, TQM, SUSTAINABILITY & BUSINESS EXCELLENCE**

Your Company has taken several initiatives for Environmental Excellence by adopting 4R principle i.e. **Reduce, Reuse, Recycle and Redesign** in the area of air pollution, water pollution, waste management and resource conservation, beyond the call for regulatory compliances. All production units of your Company are certified to International Standards on Management Systems and Energy Management System and are operating with valid Consents, Clearances, Authorizations and Licenses etc as per applicable Regulations i.e. "Consent to Operate" under Air & Water Act, Clearances under Environmental Protection Act and Forest Act, Authorizations under different applicable Law (Hazardous Waste Authorization, Biomedical Waste Authorization etc.) and Licenses under different applicable Laws (Factory Licenses, Explosive Licenses etc.).

### **INDUSTRIAL RELATIONS:**

Your Company continued to maintain a cordial Industrial Relations culture during the year 2020-21 despite challenges faced due to outbreak of COVID-19 pandemic and the lockdown measures. There was zero man-days loss on account of labour disputes in spite of uncertainties due to COVID pandemic. The cordial industrial climate was ensured through participative management of the Company. 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**

NALCO believes in promoting inclusive growth and equitable development. Your Company has continued to reach out to people residing in the periphery of its Plants through impactful CSR programs on the ground. Your Company has spent ₹ 35.00 crore in FY 2020-21 on various CSR programs against the mandated CSR obligation of ₹ 33.42 crore, thereby complying with the requirements of CSR Policy, in line with Companies Act, 2013. The Company has always given thrust for undertaking theme based CSR activities in line with National Policy. Some of our initiatives include interventions in focused areas such as Education, Healthcare, Sanitation, Drinking Water, Environment Sustainability and Rural Infrastructure. The flagship CSR initiatives on education of tribal children and empowerment of the girls through education, namely "Indradhanush" and "Nalco Ki Ladli" have been further strengthened and the beneficiary base has been enhanced during the year.

**BOARD OF DIRECTORS:**

Your Board has been strengthened with induction of Shri Manasa Prasad Mishra as Director (P&T) and Shri Bijay Kumar Das as Director (Production) w.e.f. 01.11.2020 and 01.12.2020 respectively. Shri Sanjay Lohiya, IAS, Additional Secretary, Ministry of Mines joined the Board as Part-time Official Director w.e.f. 09.11.2020.

As of today, the Board comprises of six directors, i.e. four Functional Directors including Chairman-cum-Managing Director and two Part-time Official Directors. While Director (P&T) is holding additional charge of Director (Finance) w.e.f. 1st March, 2021, Director (Production) is holding additional charge of Director (Commercial) from the same date. The Company does not have Independent Directors on its Board since 8th September, 2020. The appointment of required number of Independent Directors by the Government of India is expected soon.

**CORPORATE GOVERNANCE:**

Corporate Governance encourages a trust worthy, moral as well as ethical environment. It lays the foundation for transparency, disclosure, accountability and integrity. Corporate Governance in true sense promotes stakeholder's confidence, which in turn capitalizes the brand value of an organization. It helps in value addition to the stakeholders' expectations and helps in ensuring strong and balanced economic development. In NALCO, the Board believes in shared value creation and accepts the inalienable right of shareholders as true owners.

Your Company has complied with all the requirements of SEBI Regulations, Companies Act, 2013 and DPE Guidelines on Corporate Governance except in the composition of Board and different statutory committees since Company does not have any Independent Director. We have been following up with the Ministry of Mines for filling up the vacancies.

**AWARDS & ACCOLADES:**

The Company has been recognized by various reputed institutions/ organisations for its stellar performance. Major accolades that came our way during the year are stated below :

- The PSE Excellence Award in recognition of Excellence in CSR activities.
- CII-EXIM Bank Platinum Award for Business Excellence in recognition for the Company's Smart strategies & implementation of best management practices in Alumina Refinery. Panchpatmali Mine & Smelter Plant were awarded in Gold Plus categories in their maiden attempt.
- The Captive Power Plant in Angul bagged the "Best Energy Efficient Power Plant-Coal (CPP)" in eastern region
- Alumina Refinery in Damanjodi was awarded for "Best Environment, Health and Safety practices in Industry" by CII.
- NALCO was awarded 'Certificate of Excellence' under the Public Sector category, at the National-level Odisha MSME Trade Fair 2021 and Alumina Refinery unit was conferred with 'Kalinga Safety Platinum Award'.

**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 and the Government of Odisha. We would like to sincerely thank the Ministry of Mines, Govt. of India, for providing the impetus in advancing the interests and supporting the growth of your Company.

We also acknowledge the cooperation extended by various other Ministries, particularly the Ministry of Environment & Forest, Department of Public Enterprises, statutory agencies of the Central Government as well as the State Governments.

I also sincerely thank the Govt. of Odisha for supporting the growth of the Company. I would like to place on record our deep appreciation for the support extended by the Comptroller & Auditors General of India, Indian Railways, Mahanadi Coalfields Ltd, Auditors and other Government agencies who have wholeheartedly supported your Company.

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.

I convey my appreciation to my colleagues on the Board and all employees for their valuable contribution towards the growth of the Company. Here, I would especially like to acknowledge the NALCONians and their family members for their sustained support even in the wake of the COVID pandemic. The extraordinary results that ordinary people – our employees, can deliver, is there for everyone to witness. I urge each and everyone to continue their fullest support for enabling the company to scale new heights of success and achievements. I have no doubt that, ***together, we can achieve more and no dream is too big.***

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 30, 2021

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