

# नालको NALCO

एनबीसी/एस/4.5 एवं 4.5(ए)/2024/1716  
दिनांक: 26.09.2024

NBC/S/4.5 & 4.5(A)/2024/1716  
Date: 26.09.2024

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** 43<sup>वाँ</sup> वार्षिक साधारण बैठक में अध्यक्ष-सह-प्रबंध-निदेशक का संभाषण.

**Sub:** Chairman Speech for 43<sup>rd</sup> Annual General Meeting of the Company.

Dear Sir/ महोदय,

The Chairman's speech for the 43<sup>rd</sup> Annual General Meeting of the Company to be held on Friday, the 27<sup>th</sup> September, 2024 at 11:00 a.m. 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)

कार्यकारी निदेशक एवं कंपनी सचिव एवं अनुपालन अधिकारी  
ED & 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

CIN # L27203OR1981GOI000920

Tel.:0674-2301988-999,Fax:0674-2300677,Email:company\_secretary@nalcoindia.co.in,Website:www.nalcoindia.com

National Aluminium Company Limited

(A Government of India Enterprise)

REGD. & CORPORATE OFFICE

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

**नालको**  **NALCO**

## 43<sup>rd</sup> Annual General Meeting

**Chairman's Speech**



**Shri Sridhar Patra**

(Chairman-cum-Managing Director)

**National Aluminium Company Limited**

Bhubaneswar

**Dear Shareholders,**

**A very good morning and warm welcome to all of you.** On behalf of the Board of Directors of your Company, it is with great pride and a sense of responsibility that I address you today at the 43rd Annual General Meeting. I pray for the good health of all of you and your family members.

Thank you for your unwavering confidence and support. It is your trust and encouragement that drive us to continually sustain and enhance our performance. Since its inception in 1981, NALCO has been a beacon of industrial excellence and a testament to India's growth story. Over the decades, we have mirrored the nation's progress, evolving from a modest beginning to becoming one of the largest integrated bauxite-alumina-aluminium-power complexes in the world.

Our journey has been marked by significant milestones, including achieving record sales and production levels.

In the current economic and geopolitical landscape, we face numerous challenges, from fluctuating commodity prices to evolving environmental regulations. However, these challenges also present opportunities for growth and innovation.

As we look into the future, we are committed to leveraging our strengths to expand, explore new markets, enhance operational efficiencies, and contribute to the nation's vision of sustainable development.

Aligned with the goals of **Atmanirbhar Bharat** and **Viksit Bharat**, NALCO is dedicated to driving forward India's industrial prowess and economic resilience. The future holds immense possibilities for NALCO, as we continue to align our strategies with global trends and national priorities, ensuring that we remain at the forefront of the aluminium industry.

You have already received the Annual Report for the financial year 2023-24, and I trust that you have updated yourself with the Director's report and are well-informed about your Company's operational and financial performance. Let me briefly touch upon them;

**FY 23-24 was yet another milestone year for your Company and I highlight the notable achievements.**

- A significant milestone was achieved at the captive Utkal-D Coal block of your Company. **2 million tonnes** of coal have been supplied to the CPP in the FY23-24, effectively **reducing our dependence** on costly e-auction coal.
- Your Company executed mining lease for the Pottangi Bauxite Mines with the State of Odisha on 13 June 2024 for a period of 50 years. The mine has a mineable reserve of 111 million tonnes. This lease is a significant step in securing raw material supply, ensuring long-term resource availability and stability for the company's operations.

- As on date, about 67% physical progress of the 5th Stream brownfield Alumina Refinery expansion has been achieved. The Company is optimistic about commissioning the project by September 2025.
- The Aluminium Smelter plant recorded its highest ever cast metal production of 4,63,428 MT in FY 2023-24. Notably, for the **3<sup>rd</sup> successive year**, the smelter achieved **100% capacity** utilization.
- Panchpatmali Mines achieved a record Bauxite transportation of 75,27,016 MT in FY 2023-24, surpassing the previous high of 75,11,075 MT in FY 2021-22.
- The Alumina Refinery produced 21,24,000 MT of Alumina Hydrate, achieving **101.15%** of its normative capacity of 21,00,000 MT.
- Your Company achieved metal sales of 4,70,108 MT, which is an all-time-high.
- Your Company paid a dividend of Rs 734 Crore in FY 2023-24. This pay-out is **35.66%** of the PAT of the Financial Year.
- Your Company reported a revenue of Rs.13,149 crore from its operations and a Profit after Tax of Rs.2,060 crore.
- Awards are a testament to our relentless dedication and hard work. They inspire us to continue striving for excellence and achieving greater heights.
  - Panchpatmali Bauxite Mines secured the prestigious “Platinum” category recognition in the CII EXIM Bank Award for Business Excellence, 2023.
  - Your Alumina Refinery won the prestigious CII-EXIM Bank Business Excellence Award at the CII Excellence Summit, 2023.
- Your Company spent Rs.50.53 crore on various CSR projects in FY 2023-24, exceeding the mandated CSR obligation of Rs.48.15 crore, in compliance with its CSR policy and the Companies Act, 2013.

Aluminium’s significance for a sustainable future arises from its unique properties and limitless recyclability, making it the ***metal of the future***. Your company is dedicated to participating in the aluminium value chain to ensure a brighter tomorrow.

Your company aspires to be a leading producer across the entire aluminium value chain, focusing on sustainable development in economic, social, and environmental spheres. Committed to inclusive growth through CSR initiatives, the company also strives for business excellence by meeting production and supply targets.

Before I elaborate further on the performance of the company let me give you a context of the environment and the market we are operating in.

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

- In 2023, global production of Alumina increased by 2.38% to 137.179 million tonnes, while consumption rose by 2.66% to 137.089 million tonnes. The projections for 2024 are a marginal increase.

- India's alumina production for FY 2023-24 was 7.52 million tonnes, with your company contributing 2.04 million tonnes (27.19%).
- In 2023, global aluminium production rose by 2.69% to 70.69 million tonnes, while consumption increased by 1.23% to 70.07 million tonnes. Chinese consumption grew by 5.09% in 2023 while the rest of the world saw a decline of 4.31%. India's consumption grew by 11.4% to 4.95 million tonnes. Projections for 2024 show an increase of 1.84% and 2.46% in global production and consumption, respectively.
- The average LME Cash Settlement Price during the financial year 2023-24 was USD 2,202 per MT, falling by 11.57% against the average of USD 2,490 per MT during the FY22-23. In the financial year 2023-24, LME monthly average price has been in the range of USD 2,100-2,300 per ton for most of the time.
- In 2024, aluminium prices have surged due to rising demand and supply uncertainties. Increased sustainability awareness and the growth of electric vehicles are boosting demand. Major producers are expanding capacities and developing low-carbon smelters and recycling facilities. This year is expected to see more adoption of greener technologies and renewable energy in production. Your company is aligning with these changes to stay at the forefront.
- While the global aluminium industry is set for growth there are challenges from geopolitical disruptions, supply uncertainties, sustainability, and regulatory pressures.
- As the world shifts to a low-carbon future, businesses must adapt to stay competitive. Solar and wind capacity are expected to see double-digit growth in 2024. The LME requires aluminium producers to report carbon emissions by March 2025, aligning with Europe's CBAM.

### **Domestic Scenario:**

- Indian Aluminium demand remained resilient in the FY23-24 at 4.9 million tonnes registering an increase by 11% compared to the FY22-23.
- Production increased to 4.2 million tonnes in the FY23-24 registering an increase of 2.3% compared to the FY22-23.
- ICRA has estimated that the domestic aluminium demand growth will remain healthy at 9% annually through the FY24-25.
- The growth in India is driven by factors such as the Government's Viksit Bharat initiatives, massive infrastructure development plans, growing urbanization, housing for all schemes, investment in the metro rail network, power transmission and solar installations.
- However, the industry faces challenges from rising imports, decreasing market share, and escalating costs. Sustainability is impacted by high energy costs and coal shortages. Corrective measures like duty rationalization and fixing the inverted duty structure are expected to improve competitiveness and attract new investments.

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

You will be happy to note that your company's revenue during the FY23-24 was Rs.13,149 crore. The PBT is Rs. 2,784 crores and the PAT is Rs. 2,060 crores. NALCO achieved this feat despite falling LME prices under challenging global business environment and market volatility.

## **Dividend:**

It gives me immense satisfaction in informing, that your company paid a **total dividend of Rs.734.65 crores** during the FY23-24. **Interim dividend of Rs.550.99 crores @ Rs. 3.00** per equity share was paid in two tranches and **final dividend of Rs.183.66 crores, for FY22-23**, was paid @ Rs.1.00 per equity share. The dividend pay-out is 35.66% of the PAT of the FY23-24.

## **MoU Performance:**

Your company was rated "Good" based on its physical and financial performance, as well as other parameters, under the Memorandum of Understanding (MoU) signed with the Ministry of Mines, Government of India, for FY 2022-23. **The MoU score for FY 2023-24 is still awaited from the Department of Public Enterprises (DPE).**

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

Your Company is executing several expansion projects. On a standalone basis the Company has achieved a CAPEX of Rs.1,957.06 crore. Considering the capitalization done by joint venture companies, on a consolidated basis the CAPEX of the Company stands at Rs.1,997.55 crore.

## **Major projects under implementation:**

In FY23-24, your company enhanced its mining and operational capabilities while maintaining a strong commitment to sustainable practices. Guided by a long-term growth-oriented plan, the company has been progressing with expansion initiatives in its core business and ensuring raw material security.

### **5<sup>th</sup> stream alumina refinery**

Your company is undertaking a project to expand the Alumina refinery capacity by adding a 5<sup>th</sup> stream with a capacity of 1 million TPA, at an estimated cost of ₹5,677 crore. Once completed, this will increase the total capacity to 3.1 million TPA. 67% of the project has been completed and we are optimistic of meeting the commissioning in Sept'25.

### **Alternate sourcing of Bauxite for 5<sup>th</sup> Stream**

Work on an alternative bauxite source, for the 5<sup>th</sup> Stream, from the existing Panchpatmali Mines South Block is in progress with an estimated capital outlay of Rs. 483 crores. The project is expected to be completed by May 2025.

### **Combined Utkal-D and E Coal Blocks**

Your company was allotted two coal blocks, Utkal-D and E, each with a peak production capacity of 2 million MT per annum. Utkal-D is already operational, achieving 2 million tonnes of production in FY 23-24. The company has applied to consolidate statutory clearances for both blocks to operate them as a single mine,

aiming to benefit from scaled-up production and access the barrier coal at the common boundary. The company is optimistic about obtaining the necessary permissions and reaching a peak production of 4 million MT soon.

### **Pottangi bauxite mines:**

The bauxite for the 5th stream expansion of the Alumina Refinery will come from the Pottangi Mine. The mining lease deed was executed on June 13, 2024, covering 697.979 hectares. The mine will have an annual production capacity of 3.5 million tonnes and an estimated reserve of 111 million tonnes. The project cost is around ₹2,577 crore, with a projected mine life of 32 years. Statutory clearances are being obtained before making the mine operational.

This strategic move ensures a secure supply of raw materials for NALCO's existing refinery and supports future expansion activities.

### **Raw material security:**

- Effective April 2023, your Company renewed Fuel Supply Agreement (FSA) with M/s. MCL for 4.716 million tonnes of coal for running its Captive Power Plant and 0.873 million tonnes for the captive steam & power plant at refinery for further period of five years.
- As part of the backward integration efforts, Caustic Soda, the principal chemical input, for refinery is sourced from GNAL (JV Plant of NALCO and GACL) and partially from other domestic sources through open tender.

### **Corporate Governance**

Your company upholds high ethical standards. With the induction of the requisite number of Independent Directors, your company now fully complies with all statutory requirements for Corporate Governance.

**Since** its inception, your company's journey and growth have been remarkable. By integrating world-class engineering with top talent, it delivers high-quality products and services to its stakeholders. The company prioritizes quality, policies, resources, technology, regulations, standards, and relationships. Let's delve deeper into the aspects that make NALCO a leader in the metal industry of the future.

### **People Management & Industrial Relations**

- Employees are the driving force behind your company's sustained stellar performance, significantly contributing to achieving the highest-ever production & sales during 23-24.
- As of March 31, 2024, your company has a manpower strength of 4,874.
- To infuse fresh perspectives, innovation, creative ideas and strengthen the existing work force, your Company recruited executives at lateral & entry level as well as non-executive at different levels
- Your company adheres to all applicable presidential directives and guidelines regarding reservations for SC/ST/OBC/EWS and other categories such as PWD and ex-servicemen.
- Compliance with applicable labor laws, adherence to government guidelines, and consultative decision-making continue to be core strengths in addressing employee benefits and welfare issues.

- Your company invested in 10,851 training man-days during the FY23-24 to skill and continuously update the workforce.
- All units of your company are certified to the latest version of SA 8000, for maintaining high standards of social accountability.

### **Research & Development**

- Your company is advancing in R&D, focusing on waste utilization, maximizing productivity, reducing consumption, and developing new products and alloys.
- Several projects have been taken up including those notable among which are the Gallium extraction project with BARC, Collaborative project for Holistic utilization of Red Mud to extract Iron, titanium, Scandium and other minor metals under the aegis of NITI Aayog.
- 4 patent applications were granted to your company in FY23-24.

### **Corporate Social Responsibility (CSR)**

Your company consistently strives for sustainable development across economic, social, and environmental dimensions. The company's CSR initiatives have been crucial in prioritizing developmental actions in operational areas. The thrust areas are Healthcare, Education, Drinking water, Rural development, Environmental sustainability and development of Iconic city, Puri.

#### **Let me share with you a few CSR highlights;**

- Your company spent Rs 50.53 crore on CSR projects in FY23-24, exceeding the mandated Rs 48.15 crore.
- Healthcare support was provided to Angul and Koraput districts, benefiting over 1.18 lakh people.
- The company supports residential education for 1,191 poor and tribal children in Koraput under the "Indradhanush Scheme".
- It also promotes traditional arts and handicrafts, funds the "PARAB" and "Zilla Mahotsav" festivals, and introduced battery-operated vehicles for senior citizens, persons with disabilities, and women at key railway stations and in Puri.

### **Digital Technology, Services and Governance**

Your company uses an advanced IT framework with ERP, digitized services, and e-procurement via GeM Portal and CPPP. Web-based applications, data analytics, and advanced communication systems ensure effective governance and service delivery. Robust IT security mitigates cyber-risks. Online applications enable real-time monitoring of capital expenditure, fund utilization, compliance, and vigilance complaint resolution, ensuring timely decisions and effective resource management.

All units of your company have ISO certifications for Quality Management Systems, Environment Management Systems, OHS and Energy Management System (EnMS). Apart from this there are Quality Circles, Kaizen Teams and 5S Groups working on small improvements and efficiencies.



## **Awards and Accolades**

Your Company has been recipient of several awards and recognition. These awards are testimony to the excellence in all spheres of the company. Here are a few notable ones.

- Your Company was honored with the prestigious “Biju Patnaik Sports Award 2023” for its outstanding contribution to the promotion of sports and games. The award was presented by the Hon’ble Chief Minister of Odisha on National Sports Day, August 29, 2024.
- The Smelter Plant was awarded the “Excellent Energy Efficient Unit” title at the CII National Energy Conservation Award 2023, recognizing its strong commitment to energy efficiency.
- The Panchpatmali Bauxite Mine, Alumina Refinery, and Smelter Plant received the CII-EXIM Bank Business Excellence Award 2023. The Platinum award for Panchpatmali Bauxite Mines is a matter of great pride.
- The Captive Power Plant received the Odisha State “Best Performance Award 2023” for energy conservation in the CPP category from the Government of Odisha.

## **Board of Directors**

The Board is vital to the Company’s success and reputation. It sets the vision, strategy, and policies, regularly reviewing them for effectiveness. The Board also protects shareholders’ rights and acts as trustees for all stakeholders. Let’s review the changes in the Board of Directors during 23-24.

- a) Tenure of Shri Manasa Prasad Mishra as Director (P&T) ended on 31.07.2023.
- b) Upon appointment of Adv. George Kurian, Independent Director as Minister of State in the Union Govt. of India, Adv. Kurian had tendered his resignation, effective from 09.06.2024.
- c) Shri Jagdish Arora was appointed as Director (P&T) wef 11.10.2023.
- d) Shri Radhashyam Mahapatro, Director (HR) was placed under suspension vide Ministry of Mines, Govt. of India Order dated 13.03.2024. Upon revocation of suspension of Shri Radhashyam Mahapatro vide Ministry of Mines Order dated 30.07.2024, Shri Mahapatro will handle the co-ordination work with Ministry of Defence on the M/s. Utkarsha Aluminium Dhatu Nigam Limited. The work of HR Department of the Company will continue to be looked after by Shri Jagdish Arora, Director (P&T) of the Company, until further order, as communicated vide Ministry of Mines Order dated 06.08.2024.

## **Acknowledgement**

As I conclude, I want to take a moment to personally thank everyone who has played a part in our Company's success. On behalf of the Board, I extend our heartfelt gratitude to the Government of India, especially the Ministry of Mines and related departments, as well as the Government of Odisha, particularly the Ministry of Steel and Mines, the Home Department, and the local administrations in Angul and Koraput. Your support has been invaluable.

To our dedicated employees, contractors, and contract workers, your hard work and commitment are the backbone of our achievements. We also appreciate the unwavering support from our shareholders, investors, customers, suppliers, bankers, consultants, and business partners. The communities around our production facilities have been instrumental in creating a favorable environment for our operations, and we are deeply grateful for their support.

I also want to acknowledge the continuous support and dedication of our trade unions, officers' associations, and other groups. Our consistent growth is a testament to the unity, cooperation, and support from all corners.

I extend my appreciation to my fellow Board members and all employees have made significant contributions to our progress, setting new benchmarks in business and societal value. The outstanding results reflect the exceptional attitude shown by our employees. I encourage everyone to continue their dedicated support and cooperation as we strive for even greater success and achievements.

Thank you for being an integral part of our journey. My best wishes to you, your families, and all our stakeholders.

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

**Bhubaneswar**  
**September 27, 2024**

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