

The Manager
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001
Scrip Code: 532234

The Manager
Listing Department
National Stock Exchange of India Ltd.,
Exchange Plaza, Bandra-Kurla Complex,
Bandra East, Mumbai - 400 051
Symbol : NATIONALUM

Sub: Chairman Speech at 37th Annual General Meeting of the Company

Dear Sir,

The excerpts of Chairman Speech at 37th Annual General Meeting held today i.e. 29.08.2018 which is being published in newspapers is enclosed for your information and records.

The Chairman Speech is also uploaded on the website of the company at www.nalcoindia.com.

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

Thanking you,

Yours faithfully,
for **National Aluminium Co. Ltd.**


(N K MOHANTY)
COMPANY SECRETARY

Encl: As above

नेशनल एल्युमिनियम 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, Nayapalli, Bhubaneswar-751013, India

CIN # L27203OR1981GOI000920

Tel.: 0674-2301988-999, Ext.: 2265, 2266, 2267, 2585, 2587, E-mail: company_secretary@nalcoindia.co.in, Website: www.nalcoindia.com

Valued Shareholders,

It gives me immense pleasure to welcome you all to the 37th Annual General Meeting of your Company. On behalf of the Board of Directors, it is my privilege to thank you all for being present here for showing your trust on us and solidarity with your Company. The Directors' Report, Audited Accounts and Auditors' Report for the year ended March 31st, 2018 are with you, and with your permission, I take them as read.

Year 2017-18 has been a rewarding year for NALCO on all fronts. We have not only excelled in making profit, production, productivity and people engagement; we have also made exemplary contribution in promoting and putting focus on nature, nurture and future. Sustainability has now become a part of our key business processes. The year was a testimony to NALCO being a partner in progress and an industry leader in promoting inclusive growth and propagating happiness amongst people. NALCO has declared FY 2018 as the Year of Happiness.

Before I take up the agenda for today's meeting, I must also put on record that our long association with our shareholders has been an enriching experience. The place of pride that we enjoy is largely due to the trust you have been reposing on us. 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 Economic Scenario:

The global output is estimated to have grown by 3.7 percent in 2017, which is ½ percentage point higher than in 2016 as estimated by IMF. Global growth forecasts for 2018 & 2019 are 3.9 percent. The improved global economic situation provides an opportunity for countries to focus policy towards long term issues such as low carbon economic growth, reducing inequalities, economic diversification and eliminating deep-rooted barriers that hinder development.

Indian Economic Scenario:

2017-18 was a defining year for Indian economy. Major initiatives like demonetization, GST, IBC etc. brought the much needed structural changes; the Indian economy is expected to expand with resilience after the implementation of these reforms, though the growth seems to have taken a pause with 6.7 % in the year 2017-18 from 7.1 % in the previous year. IMF has forecasted the Indian economy to grow at 7.4% in FY18 and further accelerate to 7.8% in FY19.

The Indian economy is looking at brighter side ahead with revival of domestic demand in most sectors which has further boosted output of both manufacturing and services.

Global Outlook: Alumina & Aluminium

During the year 2018, global alumina market will experience short supply of around 0.7 MlnT due to multiple factors like production cut in China, demand pick up of smelters in China as well as Middle East, 30% drop in Brazilian export, etc. Thus the prices of alumina in 2018 will remain firm. The global Aluminium production in 2018 is expected to be 66.2 MlnT as against the global demand of 66.5 MlnT with the market being deficit by 0.3 MlnT. The global production and consumption in 2018 will be affected by a number of factors such as the US sanctions against Russia, US import tariffs, Blue Sky policy & quota replacement policy in China, possible trade wars between US & China and US & other countries, etc.

Domestic Outlook: Aluminium

The per capita consumption of aluminium in India is only 2.5 Kgs as against the World Average of 10 Kgs which implies there is a scope for increasing aluminium consumption with a high consumption multiple of 4. Rising imports which is more than 50% of domestic consumption in last financial year is a cause of concern. Increased urbanization & rising middle-class with disposable income along with Govt. efforts for Make in India, construction, transportation, rural electrification, housing for all, smart cities, introduction of electric vehicles (EVs) and the drive to move towards a low carbon economy is expected to increase domestic demand to 7 million tons in next 5 years i.e. in 2022-23.

The New Corporate Plan:

The Company has developed short, medium & long term strategies to face the uncertain price fluctuations, changing regulations & policies and has rolled out a new Corporate Plan with new vision and mission to achieve sustained growth. The plan has laid down core and beyond core business initiatives along with

“GLOBAL BENCHMARKING DRIVES ENHANCED PERFORMANCE”

Excerpts from Chairman's Statement at the 37th Annual General Meeting of National Aluminium Company Limited



HIGHLIGHTS

- ❖ Lowest cost Alumina producer & 2nd lowest cost bauxite producer in the World for the year 2017 (Wood McKenzie): Global benchmark
- ❖ One of the top three CPSEs with highest net foreign exchange earnings
- ❖ Successful commercialisation of 1st of its kind in the world Nano technology based De-fluoridisation plant to reduce fluoride content in effluent water
- ❖ "Zero Effluent Discharge" and 9.88 million trees planted
- ❖ Five Star Rating for Panchpatmali Bauxite Mines by Ministry of Mines for 2nd consecutive year.
- ❖ SCOPE Award of Excellence in Institutional Category & CSR meritorious Award from Hon'ble President of India

Performance Highlights

Financial:

- ❖ Highest ever Sales Turnover and Export Earnings
- ❖ Highest PAT in last 10 years
- ❖ PAT doubled in FY 2017-18 compared to last year
- ❖ Highest ever dividend paid
- ❖ CAPEX of Rs 1080 crore achieved-highest since 2009-10



Production:

- ❖ Highest ever Bauxite transportation since inception
- ❖ 100% Capacity utilisation of North & Central Block for 2nd consecutive year
- ❖ Highest ever Alumina Hydrate production since inception
- ❖ Metal production (4.26 lakh Ton) highest since last 5 years.
- ❖ Production Growth in all Segments

Others:

- ❖ New corporate plan (2017-32) of the Company rolled out with new Vision & Mission
- ❖ GST system implemented successfully

MAJOR PROJECTS UNDER IMPLEMENTATION

- ❖ New 1 MT Alumina Refinery
- ❖ Alternate sourcing of Bauxite for 5th Stream
- ❖ Pottangi Bauxite Mines
- ❖ Utkal D & Utkal E Coal Blocks
- ❖ Alloy wire rod Plant (Capacity: 60,000 TPA)
- ❖ Brownfield Expansion of Smelter and Captive Power Plant
- ❖ Angul Aluminium Park Pvt. Ltd.
- ❖ Aluminium Downstream Projects
- ❖ High End Aluminium Alloy Plant
- ❖ Greenfield Aluminium Smelter in Odisha

functional initiatives to achieve the desired growth to double the revenue by 2024 and triple it by 2032

Roadmap for Transformative Changes:

In CPSE Conclave, Hon'ble Prime Minister has given a clarion call to CPSEs to redefine their role in building a new India. Your Company has responded to the call and has developed an action plan for bringing in transformative change in functioning of the company and enhancing its contribution in nation building.

Raw Material Security:

Your company has achieved major milestone for securing critical raw materials for the future.

- Terms and conditions for grant of Mining Lease for 75 Mln T Pottangi Bauxite Mines has been accepted
- Utkal- D & E coal mines has been allotted to the Company, various statutory clearances are under progress for opening of Utkal-D first.
- The Company is also planning to participate in the Coal block allotment process of

Govt. of India, notified recently to further augment energy security for its expansion plans.

- The company has plans to participate in auction of Bauxite Blocks for merchant mining.
- Your company has formed a JV Company "GACL-NALCO Alkalies & Chemicals Pvt. Ltd." with Gujarat Alkalies and Chemicals Ltd. (GACL) for Caustic Soda which is in advanced stage of project implementation.
- MoU signed to form a JV Company with Neelachal Ispat Nigam Ltd. for production of CT Pitch.

Research & Development:

- During FY 2017-18, four (4) patents have been granted.
- Your company has introduced, the first of its kind in the world, Emrion Nano Technology based De-fluoridation Plant which is running successfully in commercial scale, meeting the environments norm stipulated by OSPCB at Smelter Plant.

A Game Changing Business Model :

Your Company has drawn up a game changing business model including operation of Utkal-D coal block, commissioning of 1 MT refinery, rolling out wire rods from new wire rod mill, cashless model for MSMEs and commercial production of caustic soda plant in next two to three years to earn an additional net profit of around Rs.1,000 Cr in a year to elevate the company to a level of consistent profitability never before.

Corporate Social Responsibility- Joy of Giving:

Your Company's CSR policy is fully compliant with Company's Act, 2013. The CSR expenditure for the year 2017-18 is Rs.29 Cr against a target of Rs.27.88 Cr.

The Company is reaching out to the under privileged section of the society – remotely located through educational initiatives Indradhanush benefiting 812 tribal children of Koraput district. To empower the girl child in line with 'Beti Bachao Beti Padhao' of Govt. of India, your company is scaling up its successful scheme of 'NALCO ki Ladli' to a pan India level in collaboration with Kendriya Vidyalayas/ Navodaya Vidyalaya/State Govt. schools to benefit the identified underprivileged girl children across the country.

For Health care, your company's operates two full-fledged hospitals at its operating complexes and has deployed 9 mobile health units in peripheral villages treating more than one lakh patients in a year. The company is also bringing up a super specialist eye care centre at Angul in association with LVPEI for the benefit of peripheral villagers.

Your company has been given the task of Iconic Shrine development Project Puri by Govt. of India, 22 projects have been taken up for the purpose, out of which temple LED illumination, Open Air theatre near slum dwelling, thematic wall painting of both sides of VIP road, deployment of electric vehicles (EVs) for pilgrims & park at Gandhi Ghat near seashore for eco-tourism have been completed and other projects are under different stages of implementation.

Employment & Employability Ecosystem:

Angul Aluminium Park and cashless model for MSME are Nalco initiatives to build up employment ecosystem. In a move to create skilled manpower and make unemployed youth job ready, Centre of Excellence for Skill Development with Heavy mining equipment simulator facility and training are being established at Bhubaneswar and Damanjodi. Skill training has already been inducted to 1100 candidates and also another 564 un-employed youths. These moves have created employment opportunities for 710 local youths.

Lastly, I take this opportunity on behalf of the Board of Directors to place on record my gratitude & deep appreciation of our esteemed customers, suppliers, bankers and consultants for their continued support. I sincerely thank Govt. of India, particularly the Ministry of Mines, Ministry of Coal, Ministry of Environment & Forest and Department of Public Enterprises for their unstinted support and valuable guidance and thankfully acknowledge the support extended by CAG, auditors, Indian Railways, MCL and Govt. of Odisha. I sincerely thank you the shareholders for the unstinting trust reposed, to help us reach this place of pride.

(Signature)

(Dr. Tapan Kumar Chand)
Chairman-cum-Managing Director

Bhubaneswar
August 29, 2018

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

नालको NALCO
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Nalco Bhawan, P/1, Nayapalli, Bhubaneswar - 751 013
www.nalcoindia.com
A NAVRATNA COMPANY



Hon'ble Minister of Mines Honoring Dibyangs with NALCO Smiles Award

Financial Assistance to 'Nalco ki Ladli'

Secretary Mines Shri Anil Mukim laying Foundation Stone for Wire Rod Plant

CMD handing over dividend cheque to Hon'ble Minister of Mines

Dr. K Rajeshwar Rao, Additional Secretary Inspiring Performance