CHAPTER - IV
ORGANIZATIONAL PROFILE
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4.1 Introduction

Globalization of Indian economy is compelling organizations to rethink about their future strategies. It is now widely recognized that transformation is a pre-requisite to their survival and growth. Business organizations in India, especially public enterprises are experiencing winds of change.

The story of National Aluminium Company Limited (NALCO) is deep rooted in the bounty and the benevolence of benign mother earth and in the indomitable spirit of man. NALCO heralded a new era of aluminium, making in the country, not only in the use of modern technology but also in the production of world standard aluminium products. It is always aiming to reach the top of its line of business, progressive changes in the policies and the rules, which regulate the conditions of service and development of employees. Incorporated in 1981, as a Public Sector Enterprise of the Government of India, National Aluminium Company Limited (NALCO) is Asia's largest integrated aluminium complex, encompassing bauxite mining, aluminium refining, aluminium smelting and casting of Aluminium Ingots, Wire Rods and Billets, Power generation, Rail and Port operations. Presently, Govt. of India holds 87.15% share of NALCO. It is an integrated and diversified mining, metal and power group. NALCO is a Central Public Sector Enterprise (CPSE) with sales of Rs. 7247 crores in FY12-13. The Company has bulk shipment facilities at Vizag port, besides utilizing the facilities at Kolkata and Paradeep ports.

NALCO is having its own Captive Power Plant and Port Facilities for handling imported Caustic Soda and Export of Alumina. Commissioned during 1985-87, under extremely difficult logistics of project management, that too without the time or cost overruns, NALCO has emerged to be a star performer in the production and export of alumina and aluminium and more significantly, in propelling self sustained growth. Leveraging the technical collaboration with Aluminium Pechiney of France (now Rio-Tinto Alcan).
With a consistent track record in capacity utilization, technology absorption, quality assurance, export performance and profitability of NALCO, a bright example of bauxite-alumina-aluminium India's Industrial capability. Today, as ISO - 9001, ISO 14001, and OHSAS 18001 company with its product registered in London stock exchange. Since April 2008, NALCO have enjoyed the status of a Navaratna Company.

NALCO has continued to add value and is poised to grow further. Transparent and successful operations of NALCO, as well as its contributions, have brought about remarkable socioeconomic progress in two underdeveloped districts of Orissa, where the Company's plant and facilities are located.

The registered office of the company is located in Bhubaneswar, the capital of Odisha and it has five segments spread over in Odisha and Andhra Pradesh with an initial investment of about Rs. 2408 crores and present expansion programme of about Rs. 3227 crores having five strategic business units. NALCO successfully constructed and commissioned each of its units on the following dates:

a) Port Facility – September, 1985
b) Bauxite Mines - November, 1985
c) Alumina Refinery - September, 1986
d) Captive Power Plant – September, 1986
e) Smelter Plant – March, 1987

The commencement of sale of aluminium is from May, 1987. The commencement of alumina export in Jan, 1988 and aluminium export from September, 1988. Presently, NALCO has charted a course of international confidence in India’s industrial capability. Since commencement of commercial operations in 1987-88; NALCO’s Smelter Unit has constantly produced high quality products at competitive prices for both domestic and overseas customers and established itself in National and International market. NALCO has not only addressed to the need for self-sufficiency in aluminium, but also given the country the technological edge in producing strategic metals as per world standard.
NALCO is a Government of India Enterprise under the Administrative Control of the Ministry of Mines. It is managed by a board of directors appointed by the President of India. The board consist of maximum 18 directors, including the Chairman-cum-Managing Director of the company, apart from CMD, there are five functional or full time directors heading ‘Finance, Personnel & Administration, Production, Project & Technical, and commercial. Besides, the functional directors, there are non-official directors on the board and two senior Govt. officials nominated to the board as directors by the Government of India.

The board, enjoys maximum possible operational autonomy consistent with the overall corporate objectives, basic policies and programmes with a view to achieve optimum utilization of resources as per the provisions of the Indian Companies Act. The memorandum and articles of association, MOU signed with the Government and also subject to policies formulated by the board of directors from time to time. The CMD has full powers to sanction expenditure or to deal with other matters for effective functioning of the company.

The management control system is based on delegation of authority and individual accountability for results. The responsibility and authority to take decisions on various matters are delegated by the CMD to different levels in the organizational hierarchy. For personnel matters such as appointments, confirmations, promotions, discipline, transfer, grant of various benefits, leave, etc. power has been delegated to different levels of executives. The schedule of delegation of powers is a published document available for reference. The objective of delegation of powers is to call for faster decision-making process by way of decentralizing of delegation so that NALCO can not only survive the onslaught of globalization but also grow at a reasonably higher rate. The revised delegation of powers prepared by a committee constituted for the purpose and approved by the competent authority of the company has been circulated with due amendments on 01.09.2004 to make the delegation of powers user friendly and forward looking suiting to the needs of the company.

The company is now planning for 3rd phase expansion in aluminium smelter and power plant with an investment of Rs. 6000 crores which will increase the aluminium capacity to 5.80 lakh tons and power generation to 1400 megawatts. To expand the business empire in the global market and to be a global repute NALCO is planning to invest 40,000 crores of
Indian rupees in the next five years. The investment will be made in alumina, smelter and power projects in Indonesia, South Africa, Iran and India. NALCO has been taking large numbers of initiatives to be a world leader in the manufacturing of alumina, aluminium and excavation of bauxite. Organization is striving hard to implement new technologies and redesigning of the work system. The organization is planning to grab the opportunities and convert the weakness into a strength. NALCO is exporting aluminium to the following countries: Italy, China, Sri Lanka, Myanmar, Singapore, Bahrain, Nepal, Turkey, Vietnam and UAE. To earn more foreign currency by exporting aluminium, the company is planning to fulfil the increase demand, create more demand in existing country as well as in other countries by using innovative technology and increasing productivity.

4.1.1 Vision
To be a reputed global company in the metals and energy sectors.

4.1.2 Mission
• To achieve growth in business with a global competitive edge in providing satisfaction to the customers, employees, shareholders & community at large.
• To continuously help human resource, create safe working conditions, improve productivity and quality, reduce cost and wastage.
• To satisfy the customer and share holders, employees and all other stakeholders.
• To be a good corporate citizen, protecting and enhancing the environment as well as discharging social responsibility in order to ensure sustainable growth.
• To intensify research and development towards technological development.

4.1.3 Mantra
“Ordinary people, extraordinary attitude”.

4.1.4 Objectives
• To maximize capacity utilization.
• To optimize operational efficiency and productivity.
• To maintain highest international standards of excellence in product quality, cost efficiency and customer service.
• To have global presence & earn foreign exchange.
• To maintain leadership in the domestic market.
• To provide a steady growth in business by technological up gradation, expansion & diversification.
• To maximize return on investment.
• To maximize internal customer satisfaction.
• To develop strong R & D base and increase business development activities.
• To foster high standards of health, safety and environment friendly products.
• To participate in peripheral development of the area.
• To promote result oriented organizational ethos and work culture that empowers employees and helps realization of individual and organizational goals.
• To instill financial discipline at all levels for achieving cost and budgetary controls, optimize utilization of working capital & effective cash flow management.

4.1.5 Corporate Strength
• Captive Resources
• Advance technology
• Integrated operation
• World class operation
• Well Trained Manpower
• Sound financial Management
• Care for ecology and environment.
• Self funded Expansion.
• Expertise in project management
• International linkage in technology and market.

4.2 HR Guiding Principles of NALCO
The focus of human resource management is to give NALCO a competitive advantage, by strengthening its position through various HR interventions. All efforts are aimed at maximizing the contribution of employees and directing them towards the achievement of organizational goals.
4.2.1 Present strategies

• Right-sizing of manpower.
• Continuous training and development of employees for performance effectiveness.
• Enhancing flexibility and versatility of manpower.
• Maintaining and promoting harmonious employee relations.
• Selection/retention/career advancement of human capital.
• Relaying of performance-based reward systems.
• Continuous improvement process for greater responsiveness.

4.2.2 Process

A four step process was followed to realize HRD objectives and human potentials.

1. Individual: Employees are helped to explore their self and develop values oriented to the organization and society.

2. Team: Individuals are helped to understand group dynamics through trans-hierarchical and interdisciplinary groups for building team effectiveness.

3. Meshing into an organization: Employees are helped to establish linkages between self, groups and the organization.

4. Environmental linkages: Individuals and groups are helped to explore the environment as opportunities to learn and develop.

4.2.3 HRM Philosophy

• To attract competent personnel with growth potential and develop their skills and capabilities in a congenial work and social environment.
• To develop and nurture a favourable attitude among employees.
• To obtain their best contribution to the organization by providing stable employment, safe working conditions, job satisfaction, quick redress of grievances and through good pay and welfare amenities.
• To foster fellowship and a sense of belongingness among all sections of employees through closer association of employees with the management and by encouraging healthy trade union practices.
4.3 Human Resource Management

NALCO has been able to build up an excellent resource based on technical and managerial cadres by recruiting bright Graduate Engineer Trainees and Management Trainees in keeping the long-term strategic manpower needs. Starting a core group of 262 employees in 1982 the progressive growth of manpower has taken place in a planned manner matching the different states of the project and its requirement. The categories of manpower in NALCO are two types, i.e. Executive and Non-Executive.

4.3.1 Executives

The employees of this category are usually gratified with a degree in engineering, i.e. Technical or degree in any other professional subject, i.e. non-technical. The employees at E0 to E9 are coming under this category.

4.3.2 Non-Executives

Highly Skilled: Basically the employees who have technically educated and trained or diploma in engineering generally holds supervisory positions. The employees at S0 to S4, T3 to T6, P3 to P7, M3 to M7 are a highly skilled group.

Skilled: These employees with technical background, in general I.T.I qualified. T0 to T2, P0 to P2, W3 to W5, M0 to M2 group of workers are coming under this category.

Semi-skilled and unskilled: These employees are without having technical background W1 to W2 groups are coming under this category.

4.3.3 Executive Hierarchy

The Executive Hierarchy of NALCO is as follows:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>E0</td>
<td>Assistant Engineer/ Assistant Officer</td>
</tr>
<tr>
<td>E1</td>
<td>Junior Manager</td>
</tr>
<tr>
<td>E2</td>
<td>Assistant Manager</td>
</tr>
<tr>
<td>E3</td>
<td>Deputy Manager</td>
</tr>
<tr>
<td>E4</td>
<td>Manager</td>
</tr>
<tr>
<td>E5</td>
<td>Senior Manager</td>
</tr>
<tr>
<td>E6</td>
<td>Chief Manager</td>
</tr>
<tr>
<td>E7</td>
<td>Deputy General Manager</td>
</tr>
<tr>
<td>E8</td>
<td>General Manager</td>
</tr>
<tr>
<td>E9</td>
<td>Executive Director</td>
</tr>
</tbody>
</table>
Table 4.1  Total Manpower (2002-2013)

<table>
<thead>
<tr>
<th>Year</th>
<th>Executive</th>
<th>Non-executive</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>1607</td>
<td>5047</td>
<td>6654</td>
</tr>
<tr>
<td>2003-04</td>
<td>1702</td>
<td>5000</td>
<td>6702</td>
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<tr>
<td>2004-05</td>
<td>1745</td>
<td>5340</td>
<td>7085</td>
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<tr>
<td>2005-06</td>
<td>1770</td>
<td>5636</td>
<td>7406</td>
</tr>
<tr>
<td>2006-07</td>
<td>1827</td>
<td>5598</td>
<td>7426</td>
</tr>
<tr>
<td>2007-08</td>
<td>1786</td>
<td>5596</td>
<td>7382</td>
</tr>
<tr>
<td>2008-09</td>
<td>1839</td>
<td>5622</td>
<td>7461</td>
</tr>
<tr>
<td>2009-10</td>
<td>1829</td>
<td>5638</td>
<td>7467</td>
</tr>
<tr>
<td>2010-11</td>
<td>1884</td>
<td>5830</td>
<td>7714</td>
</tr>
<tr>
<td>2011-12</td>
<td>1851</td>
<td>5854</td>
<td>7705</td>
</tr>
<tr>
<td>2012-13</td>
<td>1799</td>
<td>5756</td>
<td>7555</td>
</tr>
</tbody>
</table>

(Source: Dept. of HR and Administration).

4.4 Strategic Business Units of NALCO

The integrated complex has five segments. These are:

4.4.1 Bauxite Mine

Bauxite is the primary raw material used to produce alumina. With the discovery of the vast eastern coast bauxite reserves in Panchpatmali hills, a new chapter in the history of alumina and aluminium in India began in 1979. Government of India decided to set up a mine & refinery unit, and accordingly the foundation stone was laid by the then Prime Minister Mrs. Indira Gandhi. Bauxite deposited over the full length of the Panchpatmali plateau, which spans over 18kms.

Bauxite mine is situated a hill in Damanjodi, Koraput, in the state of Odisha. In this plateau, bauxite deposit is mined by a fully mechanized system at capacity of 6.3 million tons per annum.
4.4.2 Aluminium Refinery

The alumina Refinery is located at Damanjodi, Odisha, approximately 14km from the bauxite mine at Panchpatmalli. The 15,75,000 tpa energy-efficient Alumina Refinery, having three parallel streams of equal capacity, is located in the picturesque valley of Damanjodi. The Refinery provides alumina to the Company’s Smelter at Angul and exports the balance alumina to overseas markets through Visakhapatnam Port. Presently, it is being expanded to 21,00,000 tpa capacity.

4.4.3 Smelter Plant

The Smelter Plant which has the aluminium Production Capacity of 3,45,000 tones per annum is located at Angul, the rapidly growing industrial city of Orissa on National Highway No.42 at about 160 Kms north of Bhubaneswar. It is based on state of the art technology of electrolytic reduction of alumina into aluminium, obtained from Aluminium Pechiney of France. Its capacity is being further expanded to 4,60,000 tpa.
Special Technological Features:

- Advanced 180 KA Cell technologies
- Microprocessor based Pot-Regulation Systems.
- Fume Treatment with dry-scrubbing Systems.
- Manufacturing of carbon anodes, bus bars, anode stems etc.
- Integrated facilities for manufacturing Ingots, Sows, Billets, Wire Rods, Strips and Rolled Products.

4.4.4 Captive Power Plant

As close to Aluminium Smelter, it has the capacity of 960 MW. It is commissioned to feed the Smelter with 400 MW steady powers and is connected to the Orissa State Grid. The facility of NALCO is the largest of its kind in India. The raw water for the power plant is drawn from river Brahmani through 7 KM long double circuit pipeline discharging 7200 M2 /Hr Water. The Coal demand is met from a mine of 3.5 million TPY capacity opened up for NALCO at Bharatpur in Talcher Coal fields by Coal India Ltd. The ongoing expansion shall raise its capacity to 1200 mw.
4.4.5 Wind Power Plant

The company has already ventured into the renewable energy sector. NALCO’s first wind power plant 50.4 MW at Gandikota, Andhra Pradesh has an investment of 274 crores has been commissioned in December 2012. The 2nd wind power plant of 47.6 MW at Jaisalmer, Rajstan (Rs. 283 crore) is in progress out of which 30.6 MW capacity has been commissioned as of July, 2013. NALCO has sold 14MU of electricity in 2013.

4.4.5 (a) Special Technological Features:-
# Microprocessor based burner management.
# Automatic turbines run up system
# Specially designed high pressure power plant
# Advanced electrostatic precipitators turbines
4.4.6 Port Facility
On the northern arm of the inner harbour of Visakhapatnam Port NALCO has established mechanized storage and material handling facilities for export of 3,75,000 MT of alumina and import of 1,20,000 tones per annum of Caustic Soda lye. The design caters to loading of ships up to 35,000 DWT or more capacity ships, though a mobile ship loader installed on wharf itself inside the port.

4.4.6 (a) Special Technological Features
# Mechanized storage facility of 3X25,000T capacity
# Mechanized Mobile Ship loader of 2200 tph capacity
# Capacity to handle ships up to 35,000 DWT

4.4.7 Rolled Products Unit
NALCO has set up a 50,000 MT per annum Rolled Products Unit, integrated with the Smelter Plant at Angul, for production of aluminium cold rolled sheets and coils from the continuous caster route, based on the advanced technology of FATA Hunter, Italy.
Side wall type Melting Furnace Ensures better temperature control, composition uniformity, higher melt rate and higher yields when melting light scrap. Excellent level control of metal in the launder which results in better quality. On-line Degassing Facility Removes hydrogen and alkali metal impurities from molten aluminium Ceramic Foam filter.

Eliminates inclusions and suspended impurities Unique 15° tilt Super Caster Eliminates ripple effect, ensures high quality cast coils with better profile, accurate gauge and metallurgical properties of International Standards Four separate Casting lines individually complete with its own Furnaces, Casters recto ensure casting of four different grades of aluminium products simultaneously, thus reducing lead time drastically. Cold Rolling Mill with automatic gauge control and automatic flatness control, reduction in thickness up to 0.12 mm with gauge accuracy and flatness to International Standards Annealing Furnace with Nitrogen Controlled atmosphere Ensures brighter surface with no brown stain Precision Slitters & Cut-to-Length equipment. Ensure close tolerance on width, length and diagonal, straight build-up and smooth, tear-free edge. Special Roll Grinder with Millerton System Computerized numerical control cambering maintains stringent tolerance while recording actual profile of the roll in the form of a chart. Along with the above, the plant has facilities for analysis through Optical Emission Spectrometer, fully computerized Tensile Testing Machine, Hydrogen Analyzer, combined with an overall close vigil on the process and an all-round in-line Quality System Standard from input to finished product conforming to world class standards.
4.5 Organization Structure

Figure 4.1 Organizational Structure of NALCO

- Chairman Cum Managing Director (CMD)
  - Company Secretary
    - Director (Production)
    - Director (Personnel & Administration)
    - Director (Finance)
    - Director (Project & Technical)
    - Director (Commercial)
    - Chief Vigilance Officer
      - Executive Director (Smelter & Power plant)
      - Executive Director (HRD & Administration)
      - Executive Director (Finance)
      - Executive Director (Project & Technical)
      - Executive Director (Marketing)
      - Executive Director (Materials)
      - Executive Director (Business Development & Corporate Planning)

4.6 Quality Policy

- To ensure a healthy return on investment by maximizing operational efficiency, capacity utilization and productivity.
- To continually improve and redesign systems, processes and practices in order to ensure error prevention and improve response time.
- To adopt an internal customer focus as a means of external customer satisfactions.
- To treat the human resource as the key to quality Excellency and ensure development, involvement, satisfactions.
- To create HR as the key to quality excellency.
- To ensure high quality inputs through proactive interaction with suppliers.
• To meet obligations towards society as a responsible corporate citizen.
• To provide value for money to all stakeholders.
• To follow ethical business philosophy at all time commitment.
• To dedicate ourselves to quality policy and objectives of the company in letter and spirit and commit to continually strive for their fulfilment.

4.7 Total Quality Management

Quality management system at all strategic business units (SBUs) and associated corporate functions have successfully undergone twice biannually surveillance audit each by the certification body, i.e M/S DNV and the certification of the units to the latest Quality Management Standard ISO 9001:2008 is maintained. Regular training programmes for integrated management system are being conducted with the help of external faculty. The Apex Manuals of IMS at Alumina Refinery, Smelter, CPP &Mines were issued after adequacy audit by the certification body.

4.8 Ongoing Expansion of Projects

The company has initiated activities for 3rd phase brown field expansion of existing facilities at Anugul and Damanjodi, in Odisha at an estimated investment of Rs. 7,500 crore. In line with the vision of the company and in pursuit of endeavour to harness the potential of renewable energy sources, the board has approved the investment of Rs. 274 crore for setting up of 50MW wind power plant in Andhra Pradesh.

The company has also entered into a joint venture with Nuclear Power Corporation of India for setting up of 1400mw nuclear power plant in Gujarat at an estimated cost of Rs. 11,459 crore.

4.9 Production and Financial Performance

The table 2.10.1 reflects about the production of alumina and aluminium; generation of electricity and profit during the period 2002-2013.
Table 4.2 Status of Productivity and Profit

<table>
<thead>
<tr>
<th>Year</th>
<th>Profits in Crores</th>
<th>Alumina (Metric Tons)</th>
<th>Aluminium (Metric Tons)</th>
<th>Power (Mega Units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>521</td>
<td>14,80,000</td>
<td>2,44,708</td>
<td>4291</td>
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<tr>
<td>2003-04</td>
<td>737</td>
<td>15,50,100</td>
<td>2,98,207</td>
<td>5122</td>
</tr>
<tr>
<td>2004-05</td>
<td>1235</td>
<td>15,75,500</td>
<td>3,38,483</td>
<td>5617</td>
</tr>
<tr>
<td>2005-06</td>
<td>1562</td>
<td>15,90,000</td>
<td>3,58,954</td>
<td>5679</td>
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<tr>
<td>2006-07</td>
<td>2381</td>
<td>14,75,200</td>
<td>3,58,734</td>
<td>5968</td>
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<tr>
<td>2007-08</td>
<td>1632</td>
<td>15,75,500</td>
<td>3,60,475</td>
<td>5609</td>
</tr>
<tr>
<td>2008-09</td>
<td>1272</td>
<td>15,76,500</td>
<td>3,61,262</td>
<td>5541</td>
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<tr>
<td>2009-10</td>
<td>814</td>
<td>15,91,500</td>
<td>4,31,488</td>
<td>6293</td>
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<tr>
<td>2010-11</td>
<td>1096</td>
<td>15,56,000</td>
<td>4,43,597</td>
<td>6608</td>
</tr>
<tr>
<td>2011-12</td>
<td>850</td>
<td>16,87,000</td>
<td>4,13,089</td>
<td>6200</td>
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<tr>
<td>2012-13</td>
<td>593</td>
<td>18,02,000</td>
<td>4,03,384</td>
<td>6076</td>
</tr>
</tbody>
</table>

Source: Dept. of Production and Operation.

4.10 Awards and Recognitions

- NALCO received following awards in various fields during the year 2011-12
  - PSE Excellence Award 2011, in the Maharatna and Nabaratna category, for corporate Social Responsibility & Responsiveness, instituted by the Department of Public Enterprises, Govt. of India and Indian Chamber of Commerce.
  - Top Export Award of CAPEXIL, for outstanding export performance during 2010-11.
  - Best Exporters' Award from Directorate of Export Promotion and Marketing, Govt of Odisha for outstanding export of Alumina and Aluminium for the year 2009-10
  - Prestigious National Energy Conservation Award for the year 2011 from Ministry of Power for Smelter.
  - Three Prestigious awards: CEO With "HR Orientation", "HR Leadership Award" and "Organization with Innovative HR Practices" at the Global HR Excellence Awards ceremony during the World HRD Congress-2012.
  - Gem Granites Environment Award – 2012-13, instituted by IFMI.

In recognition of the CSR activities, NALCO received the following awards during 2012-13:

- Think Odisha Leadership award for the Education Initiatives in Tribal Belt of Koraput.
- IPE Corporate Social Responsibility, Corporate Governance Award.
• 'Caring Company Award' at World CSR Congress.
• Best Corporate Social Responsibility Practices 2013 Award at the Responsible Summit and Awards held in Mumbai.

NALCO, a Navaratana, central public sector undertaking (CPSU), has emerged as a global leader in alumina and aluminium production in Asia. Since inception NALCO has been a growing and forward looking organization, aiming at excellence and to emerge as a role model for other PSUs. Change is inevitable. Management has developed a good organization culture, modernizing the production system and adopting proactive management strategies. The overall impact of these measures has created among employees a sense of involvement and has motivated them to contribute their best for achieving the sustainable development.
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