

# 55<sup>th</sup>

## Annual Report 2012-13



**Towards a better tomorrow  
A Greener tomorrow**



**NMDC Limited**  
(A Govt. of India Enterprise)





Signing of MoU between NMDC Power Limited and IEDCL in the presence of Shri Beni Prasad Verma, Hon'ble Minister of Steel and Shri Jyotiraditya M. Scindia, Minister of State for Power (Ic)



Shri Beni Prasad Verma, Hon'ble Union Minister of Steel and Pawan Kumar Bansal, Hon'ble Minister for Railways at the MoU signing ceremony between Indian Railways and NMDC



Signing of MoU between NMDC and Ministry of Steel, Govt. of India on the commitments of NMDC regarding its performance for the year 2013-14.

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#### **STATUTORY AUDITORS**

**M/s. Venugopal & Chenoy**  
Hyderabad, Andhra Pradesh

#### **BRANCH AUDITORS**

**M/s. Brahmaya & Co.**  
Visakhapatnam, Andhra Pradesh

**M/s. P.K. Subramaniam & Co.**  
Raichur, Karnataka

**M/s. Gopal Gupta & Co.**  
Allahabad, Uttar Pradesh

#### **COST AUDITORS**

**Shri P.V. Prasad**  
Hyderabad, Andhra Pradesh

#### **BANKERS**

State Bank of India  
Canara Bank  
UCO Bank  
State Bank of Mysore  
State Bank of Hyderabad

#### **REGD. OFFICE:**

**NMDC Limited**  
"Khanij Bhavan",  
10-3-311/A, Castle Hills  
Masab Tank, Hyderabad - 500 028

#### **SHARE TRANSFER AGENT**

**M/s Aarathi Consultants Pvt Ltd**  
D.No. 1-2-285, Domalguda  
Hyderabad - 500 029.  
Phone Nos. 040-27638111/27634445  
Fax No. 040-27632184  
Email: info@aarthiconsultants.com

## Achievements

◆	Turnover	–	Rs.	10,704	Crore
◆	Profit before Tax (including discontinued operations)	–	Rs.	9,465	Crore
◆	Cash Profit	–	Rs.	9,607	Crore
◆	Net Profit	–	Rs.	6,342	Crore
◆	Total Assets	–	Rs.	30,894	Crore
◆	Net Worth	–	Rs.	27,505	Crore
◆	Book Value per Share	–	Rs.	69.37	
◆	Earnings per Share	–	Rs.	16.00	
◆	Return on Capital Employed	–		27%	
◆	Return on Net Worth	–		23%	
◆	Dividend :				
	- Interim	I	–	200%	
		II	–	100%	
	- Final		–	400%	
◆	Value added per Employee	–	Rs.	159.04	Lakh
◆	Output per Manshift (Iron Ore)	–		28.20	Tonnes



## Board of Directors



**C.S. Verma**  
Chairman-cum-Managing Director



**Vinod Kumar Thakral**  
Director



**Syedain Abbasi**  
Director



**R.N. Aga**  
Director



**Parminder Hira Mathur**  
Director



**Dronadeb Rath**  
Director



**S.J. Sibal**  
Director



**Dr. Noor Mohammad**  
Director



**Vinai Kumar Agarwal**  
Director



**Mahesh Shah**  
Director



**N.K. Nanda**  
Director (Technical)



**S. Thiagarajan**  
Director (Finance)



**Subimal Bose**  
Director (Production)



**S.K. Das**  
Director (Commercial)



**Rabindra Singh**  
Director (Personnel)



**Kumar Raghavan**  
Company Secretary & ED (L&CC)



**E.K. Bharat Bhushan**  
Director  
(Upto 29.04.2013)



**J.P. Shukla**  
Director  
(Upto 18.10.2012)



**Arvind Mahajan**  
Director  
(Upto 31.03.2013)

As on 23.08.2013 (date of Printing)

## Senior Management



**Usha Chandrashekar**  
Chief Vigilance Officer (CVO)  
Head Office



**Atul Bhatt**  
Executive Director (BD & Comml.)  
Head Office



**Ganesh Vishwakarma**  
Executive Director (Steel)  
Head Office



**L.N. Mathur**  
Executive Director  
Donimalai



**L.B. Singh**  
General Manager  
Bachel Complex



**K.M. Sathees Kumar**  
General Manager (Engg.)  
Head Office



**C.E. Kindo**  
General Manager  
Panna



**G.S.S. Yadav**  
General Manager (PC)  
Head Office



**Alok Kumar Mehta**  
General Manager (Power)  
Head Office



**S.K. Verma**  
General Manager (Production)  
Donimalai



**C.S. Joshi**  
General Manager (P&A)  
Head Office



**Prashant Das**  
General Manager (Technical)  
NISP



**P.K. Satpathy**  
General Manager  
Kirandul Complex



**Bal Swarup**  
General Manager  
Central Workshop



**Dr. R.K. Shrivastava**  
General Manager (Medical Services)  
Kirandul Complex



**D. Sree Rama Sastry**  
General Manager (Finance)  
Head Office



**Dr. Rabinarayan Patnaik**  
General Manager (Finance)  
NISP



**V.V.S. Sundaram**  
General Manager (Personnel)  
NISP



**Sandeep Tula**  
General Manager (Personnel)  
Head Office

As on 23.08.2013 (date of Printing)



## Directors' Report for the year 2012-13

Dear Members,

Your Directors are pleased to present the 55th Annual Report on the performance of your Company, together with the Audit Report and Audited Accounts, for the year ended 31 March 2013 and the Report thereon by the Comptroller and Auditor General of India.

### 1.0 PERFORMANCE HIGHLIGHTS

During the year under review, the Company has recorded turnover of Rs.10,704 crores, achieved Profit Before Tax (PBT) of Rs.9,465 crores and achieved Profit after Tax (PAT) of Rs.6,342 crores.

The major performance highlights are summarized as under:

- Turnover for the year under review was Rs.10,704 crores compared to Rs.11,262 crores in the previous financial year 2011-12 recording a decrease of 5%.
- Profit before tax from continuing operations was Rs.9,462 crores compared to Rs.10,760 crores in the previous financial year 2011-12 recording a decrease of 12%.
- Profit after tax was Rs.6,342 crores compared to Rs.7,265 crores in the previous financial year 2011-12 recording a decrease of 13%.
- Net worth increased to Rs.27,505 crores as on 31.03.2013, 13% higher than Rs.24,396 crores in the previous financial year 2011-12.



Deposit-10/11A, Bailadila Complex, Chhattisgarh

## ANNUAL REPORT 2012-13

- 1st Interim Dividend @ 200% on the paid up equity share capital of the Company aggregating Rs.793 crores was paid by the Company. 2nd Interim Dividend @ 100% on the paid up equity share capital of the Company aggregating Rs.396 crores was also paid by the Company. The total interim dividends paid by the Company aggregates Rs.1,189 crores.
- Supply of Iron Ore to domestic industries recorded 246.72 lakh tonnes as against the previous year supply of 269.16 lakhs tonnes, recording a decrease of 8%. Total exports of Iron Ore during the year was 16.02 lakh tonnes against 3.85 lakh tonnes in the previous financial year 2011-12 recording an increase of 316%.
- Sponge Iron production during the year under review was 36,289 tonnes as against previous year 37,260 tonnes.
- Diamond production for the year under review was 31,533 carats as against previous year 18,043.44 carats.
- A Joint Venture Company named Jharkhand National Mineral Development Corporation Limited (JNMDC) in Joint Venture with Jharkhand State Mineral Development Corporation Ltd. (JSMDC) was incorporated 06.08.2012 for exploration and exploitation of Iron Ore Deposits from Sasangoda Iron Ore lease, Jharkhand. The shareholding ratio between NMDC and JSMDC is 60% and 40% respectively and accordingly, JSMDC is a subsidiary of NMDC.
- Department of Disinvestment, Government of India completed further disinvestment of 10% of the shareholding of President of India through OFS route. The realization netted by Government of India on account of the said divestment is Rs.5,973.27 crores during the month of December 2012.
- The Equity Shares of NMDC has been included into CNX NIFTY Index of National Stock Exchange w.e.f. 01.04.2013.
- To further strengthen evacuation infrastructure, the following major initiatives have been taken:
  - (a) Uniflow Railway Line commissioned in May 2012 which further augments evacuation capacity by 3 million tonnes;
  - (b) In-principle approval has been accorded for construction of a slurry pipeline from Bacheli to Nagarnar at an estimated cost of Rs. 2123.81 crores;
  - (c) MoU signed with RINL for development of a Slurry Pipeline from Nagarnar to Visakhapatnam and a Pellet Plant in Visakhapatnam under Joint Venture route;
  - (d) Signed a MoU with Ministry of Railways on 21.12.2012 for doubling of KK line between Kirandul & Jagdalpur of around 150 kms at an estimated cost of Rs.827 crores.



Deposit-11B, Crushing Plant under construction



## 2.0 PHYSICAL PERFORMANCE

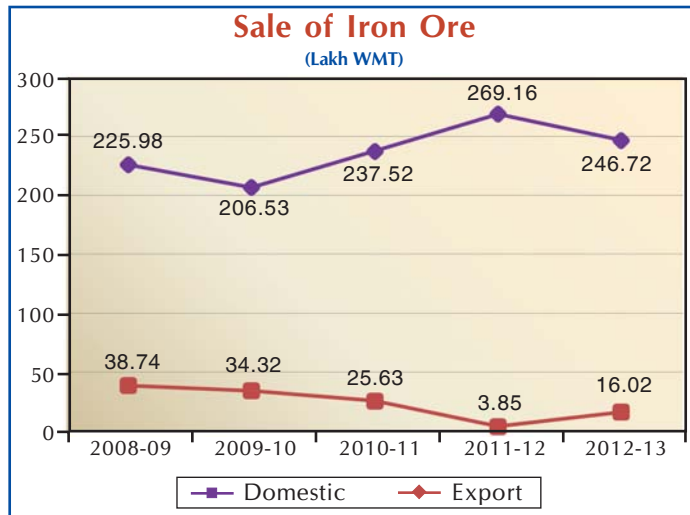
### 2.1 Production

Product	Achievement		Percentage change
	2011-12	2012-13	
Iron Ore (lakh tonnes)	272.60	<b>271.84</b>	-0.28%
Diamond (Carats)	18,043.44	<b>31,533.39</b>	75%
Sponge Iron (Tonnes)	37,260.00	<b>36,289.00</b>	-3%

#### Notes:

In respect to DMP, Panna:

- Plant operation stopped from 01.07.2010 due to expiry of supplementary lease on 30.06.2010. Stage-I approval was cleared on 04.01.2011. The operations resumed w.e.f. 17.06.2011.
- Obtained temporary permission for operation till 22.11.2011 and further extension was accorded upto 20.06.2012.
- Received the final clearance on 14.06.2012 from MoEF for a period of 5 years upto 30.06.2015. The Mine and Plant are in operation.



## 3.0 SALES OF IRON ORE

Particulars	Physical (in lakh tonnes)			Value (Rs. in crore)		
	Achievement		% of change	Achievement		% of change
	2011-12	<b>2012-13</b>		2011-12	<b>2012-13</b>	
Domestic	269.16	<b>246.72</b>	-8%	10,894.63	<b>9,602.72</b>	-12%
Export through MMTC	3.85	<b>16.02</b>	316%	272.93	<b>955.99</b>	250%
<b>Total Sales</b>	273.01	<b>262.74</b>	-4%	11,167.56	<b>10,558.71</b>	-5%

## 3.1 Other Sales

Products	Achievement	
	2011-12	2012-13
<b>a) Diamond</b>		
Sales (carats)	8,085.00	17,862.57
Value (Rs. in crore)	9.84	28.51
<b>b) Sponge Iron</b>		
Sales (tonnes)	33,731.79	37,599.54
Value (Rs. in crore)	65.93	73.50

## 4.0 FINANCIAL PERFORMANCE

### 4.1 Operating Results

Parameter	Achievement		Percentage of change
	2011-12	2012-13	
Profit Before Tax from continuing operations (PBT) (Rs. in crore)	10,760	9,462	-12%
Profit After Tax (PAT) (Rs. in crore)	7,265	6,342	-13%
Net Worth (Rs. in crore)	24,396	27,505	13%
Book value per share (Rs.)	61.53	69.37	13%
Earnings per Share (Rs.)	18.33	16.00	-13%

### 4.2 Profit & Dividend

During the year under review, your Company has earned profit before tax from continuing operations of Rs.9,462 crores on a turnover of Rs.10,704 crores in comparison with those of previous year's achievement of Rs.10,760 crores and Rs.11,262 crores respectively.

The Company has paid 1st interim dividend @ 200% on the equity shares of Re.1/- each aggregating Rs.793 crores and 2nd Interim Dividend also @ 100% on the paid up equity share capital of the Company aggregating Rs.396 crores. The Board has recommended subject to shareholder's approval, payment of final dividend @ 400% on the paid up equity share capital of the Company aggregating Rs.1,586 crores. The total dividend payout for the year under review aggregates Rs.2,775 crores. The share of Government of India stands at Rs.2,300 crores.



## 5.0 DEPOSITS

The Company has not accepted any fixed deposits during the year under review.

## 6.0 HON'BLE SUPREME COURT VERDICT ON MINING IN KARNATAKA

As stated in the Directors' Report for the year 2011-12, the case on mining issues in Karnataka went on before the Green Bench of the Hon'ble Supreme Court, and it pronounced the judgement on 18.04.2013 after taking into account

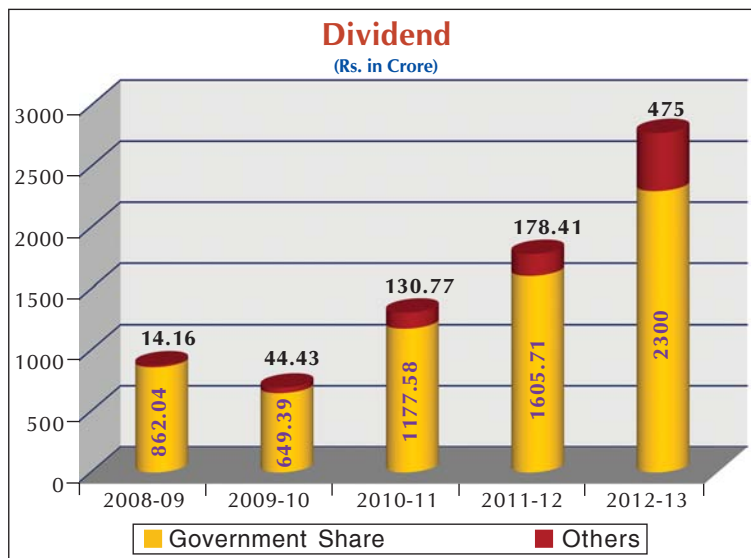
the interim orders it had passed in the matter, the survey report of the Joint Committee, the Final Report and the Modified Report of the Central Empowered Committee, and the submissions made by all the Parties concerned. In short, the judgement has approved and accepted (a) the findings of the survey conducted by the Joint Team; (b) the categorization of the mines into 'A', 'B', and 'C'; (c) the CEC's recommendations, including that of the role of the Monitoring Committee; and (d) the grant of fresh mining leases and consideration of pending applications be dealt with in accordance with law and the judgement.

The impact on NMDC in relation to its Donimalai and Kumaraswamy mines situated in Karnataka are given below in brief:

- i) NMDC's mines at Donimalai and Kumaraswamy have been placed in Category-A. However, the Hon'ble Supreme Court took the view that NMDC has to pay the compensation as per Category-B even after NMDC's detailed submissions, including those based on historical factors;
- ii) Monitoring Committee, appointed by the Hon'ble Supreme Court, will continue the sales of Donimalai and Kumaraswamy products through e-auction.

## 7.0 DISINVESTMENT OF SHARES BY GOVERNMENT OF INDIA

During the year under review, 39,64,71,600 equity shares of the face value of Rs.1/- each aggregating 10% of the total paid up equity share capital of the Company was disinvested by Department of Disinvestment (DoD), Govt. of India in the month of December 2012. The disinvestment was done under Offer for Sale (OFS) route through Stock Exchange mechanism as per SEBI rules/regulations. In this regard, the entire deal was executed through Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) with NSE being the designated Stock Exchange. The floor price was fixed by Government of India at Rs.147 per share. The average sale price in NSE as per their contract note is Rs.150.8014 per share and in BSE as per their contract note is Rs.150.84 per share. As informed by Department of Disinvestment, Government of India, the net



realization accrued to Government of India on account of 10% disinvestment of NMDC's shares stands at Rs.59,73,27,22,792.80 i.e. Rs.5,973.27 crores. Post disinvestment of shares, the shareholding of Government of India stands at 3,17,19,46,580 equity shares constituting 80% of the total paid up equity share capital of the Company.

## 8.0 INCLUSION OF EQUITY SHARES OF NMDC INTO CNX NIFTY INDEX W.E.F. 01.04.2013

The Equity Shares of NMDC has been included into CNX NIFTY Index of National Stock Exchange w.e.f 01.04.2013. To commemorate the inclusion of NMDC shares into CNX NIFTY Index, an opening Bell Ceremony was held on 01.04.2013 at National Stock Exchange, Mumbai. CNX Nifty comprises of 50 large and liquid scrips representing 22 sectors. It represents 67% of free float market capitalization, 50% of total traded turnover of total number of companies traded at NSE.

Inclusion of NMDC shares in CNX Nifty Index of NSE is a historic occasion which will lead to greater visibility and bring out the true potential of the Company, both to domestic and international investors.



Shri C.S. Verma, CMD, NMDC on the occasion of ringing-the-bell ceremony of NMDC, after its inclusion in CNX Nifty Index of NSE, at National Stock Exchange in Mumbai on April 1, 2013



Shri C.S. Verma, CMD; Shri N.K. Nanda, Director (Technical); Shri S. Thiagarajan, Director (Finance); Shri Subimal Bose, Director (Production); Shri S.K. Das, Director (Commercial); Shri Rabindra Singh, Director (Personnel) and Shri Kumar Raghavan, CS&ED(L&CC) on the occasion of ringing-the-bell ceremony of inclusion of NMDC in the CNX Nifty Index of NSE in Mumbai on April 1, 2013

After SESA GOA, it is the next iron ore mining Company and the first CPSE under the administrative control of Ministry of Steel, Government of India to be included in CNX NIFTY Index.

## 9.0 NEW PROJECTS & BUSINESS DIVERSIFICATIONS

### 9.1 Projects under construction

#### 9.1.1 Bailadila Deposit-11/B

As part of plan to enhance production, the construction of Deposit-11B mine at an expanded capacity of 7.0 Million Tonnes of ROM per annum has been taken up. The estimated capital expenditure towards this is Rs.607 Crores, out of which Rs. 320 Crores is for Plant and Rs. 188 Crores is for mining machineries. Naxal activities have seriously hindered the progress of the project work. More than 90% work is completed. Trial runs of Secondary Crusher, EOT Crane in Secondary crusher house, Scalping screen & some of the downhill conveyors completed. Balance work will be completed during FY 2013-14.

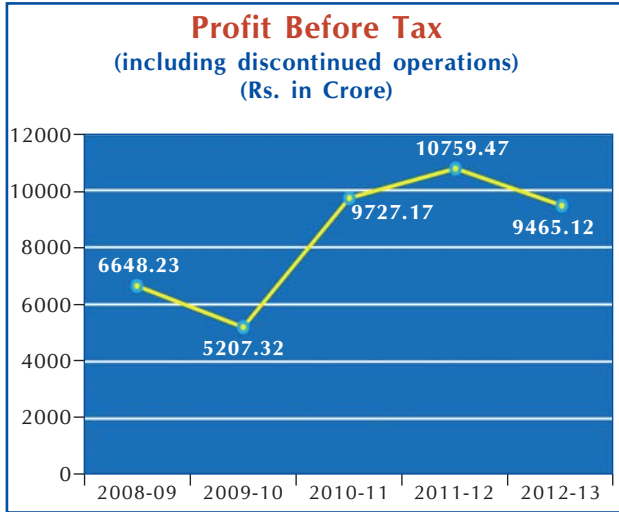
#### 9.1.2 Uniflow System at Bachel

East Coast Railways was assigned the work of execution of the "construction of Uniflow Dispatch Line at Bachel on K-K Line of East Coast Railways. The work is completed and the system is in operation.



### 9.1.3 Ore Beneficiation and Slurry Pipeline Transportation system from Bailadila to Vizag

The Slurry Pipeline Transportation System is intended for transportation of Pellet Feed Concentrate from Bailadila to Vizag via Jagdalpur along National/State Highways with a provision of partial off-take at Nagarnar for making Pellets required for feeding to NMDC's Steel Plant at Nagarnar. For part of this Project, investment proposal involving 2 MTPA Ore Processing Plant at Bachel, Slurry Pipeline from Bachel to Nagarnar and 2 MTPA Pellet Plant at Nagarnar has been approved by NMDC Board. Gazette Notification for 'Right of Use' for a corridor of land to lay the Slurry Pipeline has been issued by Govt. of India in August 2012. Mecon has been appointed as Consultant for Detailed Route Survey of Slurry Pipeline Project. Work is in progress.



### 9.1.4 BHJ Beneficiation Plant at Donimalai

For treating low grade iron ore Banded Hematite Jasper (BHJ), a Beneficiation Plant is being set-up at Donimalai Iron Ore Mine for processing 3.6 lakh tonnes per annum of BHJ iron ore to produce 1.18 lakh tonnes per annum of BF Grade Pellet Feed Concentrate at an estimated cost of Rs.134.42 crores. As part of plant construction, the work of setting up of Beneficiation Plant is awarded to Hindustan Dorr Oliver Limited (HDOL). However, further work has not progressed due to non-receipt of clearance from Forest Department.

### 9.1.5 Kumaraswamy Iron Ore Project

To augment the production capacity towards achieving the target of 40 MTPA by 2014-15, the construction of Kumaraswamy Iron Ore Mine with capacity of 7.0 MTPA was taken up with an estimated capital outlay of Rs.898.55 Crs. MECON is appointed as EPCM consultant. The entire project has been planned to be executed in six packages. Work orders are placed for Crushing Plant Package, Downhill conveyor Package, Electrics and Substation package and Service Centre facilities packages. Orders for other minor packages like Approach road & Telecommunication system packages will be placed shortly. Construction works are in progress. The project is expected to be completed during the FY 2013-14.



Rotary Kiln at Pellet Plant, Donimalai  
(under construction)

**9.1.6 Low Silica Limestone Project, Arki (HP)**

Arki Limestone Deposit was identified as a potential source to supply SMS grade low silica limestone to steel plants of SAIL.

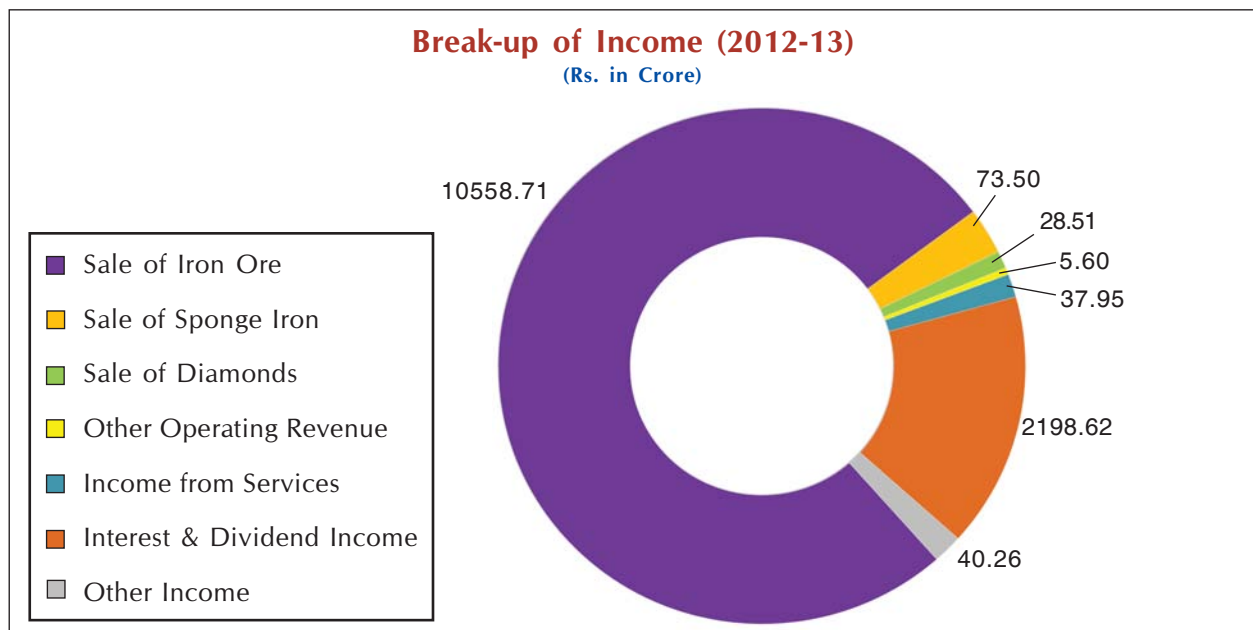
Under MOU between your Company and SAIL, M/s Tata Consulting Engineers Limited (TCE), Kolkata has been appointed as a Consultant for preparation of Feasibility Report of the project. TCE has submitted the final draft Feasibility Report and the same is under examination. Simultaneously, the Company obtained:

- (i) 1st stage Forest clearance from MoEF for diversion of 84.36 ha forest land with certain terms and conditions.
- (ii) Approval of the Mining Plan from IBM with Progressive Mine Closure Plan of Arki Limestone deposit on 27-04-2012.

**9.1.7 Panthal Magnesite Project**

NMDC has formed a joint venture Company with J&K Minerals Limited in the year 1989 to explore and exploit Panthal magnesite mine and to produce dead burnt magnesite. The Joint Venture is named as J&K Mineral Development Corporation Ltd (J&KMDC) and is a subsidiary of NMDC. After an initial phase of uncertainty regarding future of the Panthal Magnesite Plant due to inadequate demand in the market, J&KMDC Board in its 93rd meeting held on 27.08.2009 decided to revive the project. NMDC Board in its 417th meeting held on 07.01.2010 endorsed to revive the project by setting up a 30,000 TPA Dead Burnt Magnesite plant.

Mining Lease renewed for 10 years w.e.f from 11.01.2009 and registered on 21.05.2010. Mining lease was transferred to J&KMDC on 10th Jan'2011. It has been registered on 07.04.2011 at Hon'ble court of Katra in favour of J&KMDC.



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Public hearing for Environmental Clearance (EC) was held successfully. MoEF has issued E.C on 03.05.2011 subject to obtaining NOC from NBWL. NBWL vide its letter dated 14.11.2011 & corrigendum dated 31.01.2012 has issued NOC to J&K state Forest department. J&K has issued NOC dated 13.03.2012. Two nos. of PIL's which were filed against Panthal Magnesite Project in Hon'ble high court of J&K in March'2012, was dismissed by Hon'ble high court of J&K.

M/s Dasturco is EPCM consultant for this project. The Project is planned to be executed in four major packages. Soil investigation work Completed. Work order is placed for "Balance civil works" package and the works were resumed after dismissal of PIL and are in progress.

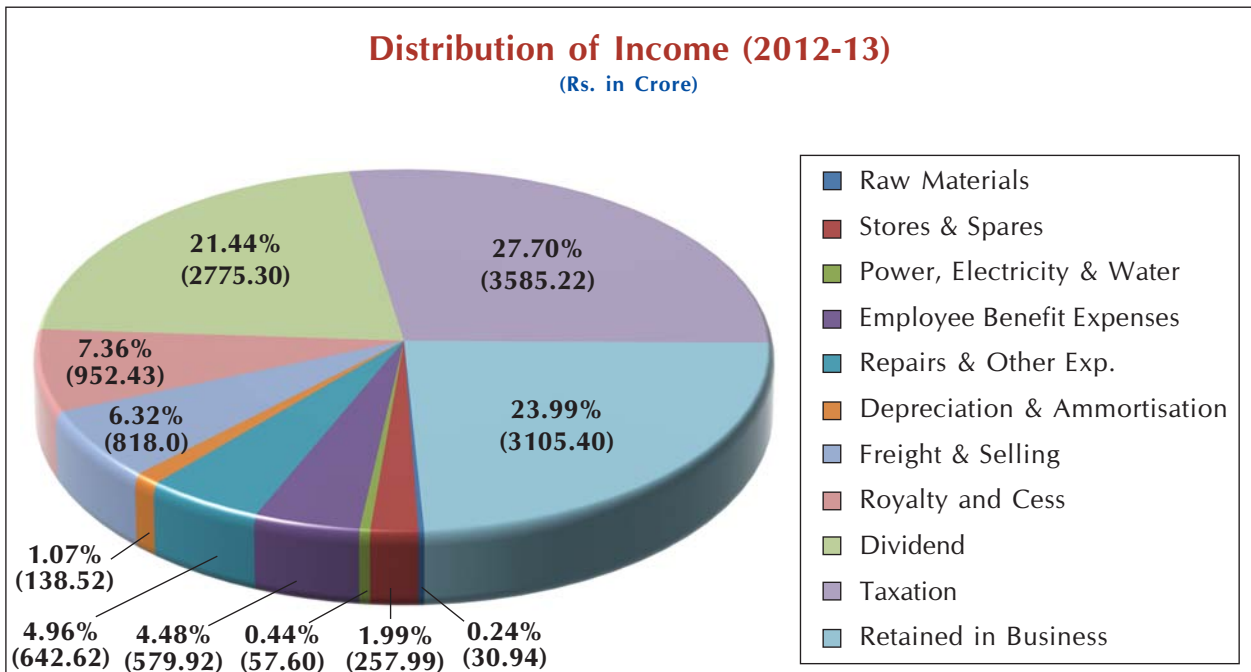
### 9.1.8 Screening Plant III at Kirandul Complex

To augment the production capacity of Kirandul complex the construction of 12.0 MTPA screening plant with loading facilities is envisaged. This plant caters both Dep. 11-B & Dep. 14 of Kirandul complex. The estimated capital expenditure is Rs.951 crores. TATA Consulting Engineers (TCE) is appointed as EPCM consultant. The entire project has been planned to be executed in seven packages. Tender activities are in progress.

MoEF has accorded 1st stage clearance in Jan'2012. Final Clearances from MoEF are awaited.

### 9.1.9 1.2 MTPA Pellet Plant at Donimalai

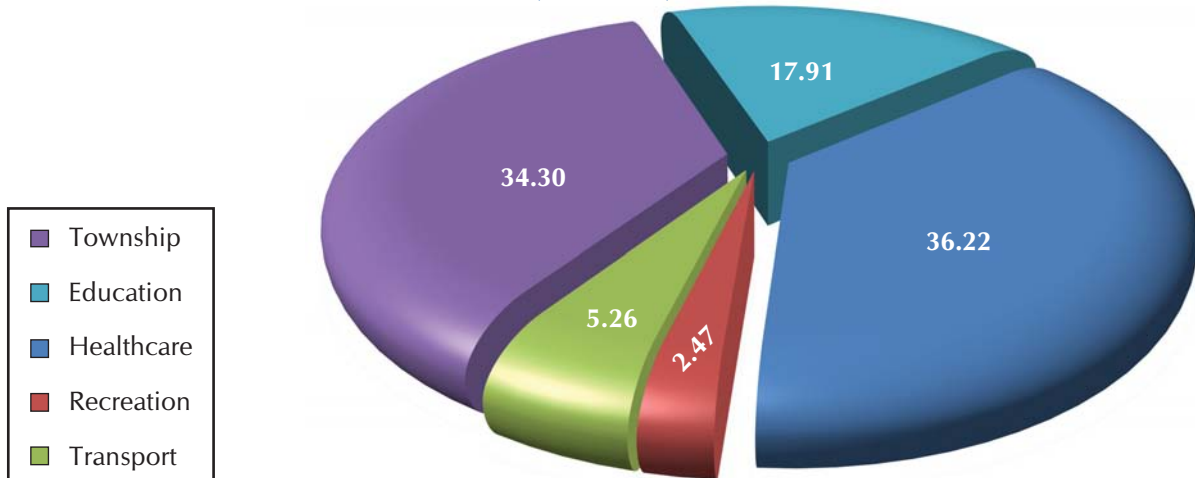
One of the main objectives of this project is to prolong the life of Tailing Dam at Donimalai by using the slimes for making pellets. M N Dastur & Co. appointed as EPCM consultant. Execution of Project divided into Six Packages. The estimated capital expenditure is Rs.572 crores. Orders placed for Major Packages. Major civil works completed. Technological equipment received at site. Structural & erection works are in progress. Project is scheduled to be completed in FY 2013-14.





### Break-up of Expenditure in Social Amenities (2012-13)

(Rs. in Crore)



#### 9.1.10 Doubling of Railway Line

NMDC has signed a MoU with Ministry of Railways in the august presence of Hon'ble Minister of Steel & Hon'ble Minister for Railways on 21.12.2012 for Doubling of KK line between Kirandul & Jagdalpur at an estimated expenditure of Rs.826 crores for enhancement in the infrastructure facilities for evacuation of the iron ore produced at the Kirandul and Bacheli complexes to various customer destinations with a timeline of 5 years and 8 months. East Coast Railways have taken up the work.

#### 9.1.11 3.0 MTPA Integrated Steel Plant in Chhattisgarh

As you aware, your Company is setting up a 3.0 MTPA Steel Plant at Nagarnar near Jagdalpur, District Bastar, Chhattisgarh at an estimated cost of Rs. 15525 crores where the Company is in possession of about 2120 acres of land for the steel plant, township and for other facilities.

Necessary statutory clearances including Environmental Clearance from Ministry of Environment and Forests (MOEF) and the Government of Chhattisgarh have already been obtained. Rail Transport Clearance was received. Final Detailed Project Report (DPR) along with cost estimates submitted to East Coast Railway for their approval which is under process.

Government of Chhattisgarh has sanctioned water and power for construction as well as for operation of the plant. For providing power for operation of the steel plant, Chhattisgarh State Power Transmission Company Limited (CSPTCL) has awarded work order for the construction of 400 KV transmission line from Raipur to Jagdalpur (about 320 Kms.) and 400 / 220 KV substation at Jagdalpur. The cost of construction of 400 KV transmission line from Raipur to Jagdalpur and substation at Jagdalpur will be equally shared by NMDC & CSPTCL. For the 200 KV power line from Jagdalpur to Nagarnar the entire cost will be borne by NMDC.

Engineering Consultancy and Project Monitoring Services contracts have been awarded to M/s MECON Ltd. Enabling works packages like soil investigation, temporary power and plant entrance road have been completed.



Visit of Shri C.S. Verma, CMD, NMDC and  
Shri Subimal Bose, Director (Production) to Bacheli Complex

Other enabling works like site levelling, Plant Road network, Construction water, Construction power and construction of plant boundary wall were awarded and works are in progress at site.

For expeditious execution and commissioning of the steel plant the nine Major Technological packages in respect of various production units viz. Sinter Plant, Blast Furnace Complex, Raw Material Handling System, Coke Oven Plant, By Product Plant, Steel Melting Shop, Thin Slab Caster & Hot Strip Mill, Lime & Dolo Plant and Oxygen Plant have been awarded on turnkey basis. Civil & structural works for the aforesaid major technological packages are in progress.

While one of the major auxiliary package i.e. Power & Blowing Station has been awarded, other auxiliary packages like Permanent water, Power and Blowing Station, Turbo Blowers and Main Receiving Sub-station are in different stages of order placement.

For providing residential accommodation to the employees of NMDC and consultants, construction of studio apartments near the plant site have been taken up of with 110 units in the first phase are ready for occupation. Works for construction of permanent township, construction colony are also under progress.

### 9.1.12 Steel Plant at Bellary

In pursuance of the MoU signed between the Government of Karnataka and your Company, action for setting up of a 3 MTPA Integrated Steel Plant at Bellary, in the State of Karnataka has been initiated by the Company. Acquisition of about 3000 acres of land for the proposed steel plant through Karnataka Industrial Areas Development Board (KIADB) was under progress subsequent to publication of statutory preliminary notifications in the gazette of Karnataka in this respect. However, on consideration of Writ Petitions, the Hon'ble High Court of Karnataka (Circuit Bench, Dharwad) passed an interim order staying

issue of final notification. The matter is at present pending for hearing before the Hon'ble High Court. The Company has deposited Rs.158.67 crore with KIADB, being the tentative cost of the land plus service charges payable to KIADB in terms of the agreement executed between your Company and KIADB. Government of Karnataka also accorded approval towards allotment of water and power for operation of the proposed steel plant. M/s MECON has been engaged as consultant for preparation of Techno Economic Feasibility Report (TEFR).

## 9.2 Other initiatives

### 9.2.1 Bailadila Iron Ore Deposit-13

NMDC formed a Subsidiary Company NMDC-CMDC Ltd. with 49% partnership of CMDC Limited to develop Deposit-13 as standalone project of 10 MTPA.

Mining plan for the area has been approved by Indian Bureau of Mines (IBM) on 12.09.2008 for obtaining forest clearance which is being pursued.

### 9.2.2 Bailadila Deposit-4

It is envisaged to develop Deposit 4 with CMDC Ltd. as partner for supplying raw material to the steel plant at Nagarnar. Govt of Chhattisgarh recommended the ML application of NMDC to Ministry of Mines, GOI for prior approval for grant of ML in favour of NMDC. Ministry of Mines on 30.11.2011 has given the prior approval for grant of ML in favour of NMDC over an area of 646.60 Ha. Mine Plan is under approval.



Visit of Shri C.S. Verma, CMD, NMDC along with Shri N.K. Nanda, Director (Technical) and Shri Rabindra Singh, Director (Personnel) to NISP, Nagarnar





Overview of Pellet Plant, Donimalai under construction

### 9.2.3 Rail Link between Dalli-Rajhara - Raoghat, Jagdalpur Railway Line Project

The leveling for erection of railway track between Dalli Rajhara to Bhanupratappur, which is around 35 kilometers from Bhanupratappur to village Kewanti around 10 kilometers and from Kewanti to Antagarh, which is around 15 kilometers, is in progress. Tree felling and other works could not be taken up due to Naxal activities.

Further progress is still at halt due to stoppage of tree felling and railway line leveling & alignment work by agitating villagers near village Kewanti, Bhanupratappur. Now it can only be resumed after deployment of sufficient paramilitary forces in disturbed area.

### 9.2.4 International Coal ventures (P) Limited (ICVL)

The Company International Coal Ventures (P) Limited (ICVL) has been incorporated between SAIL, NMDC, NTPC, Coal India and RINL. The objective of the Company is to primarily acquire coking and thermal coal assets abroad.

### 9.2.5 NMDC Global

#### Strategic Alliances

#### Kopano-NMDC Minerals (Pty) Ltd.

The JV with Kopano (Johannesburg, South Africa) has become functional and the first board meeting was held. Proposals related to coal assets are being reviewed by the JV.

#### ITMK3 Based Nugget Plant

Your Company had made significant progress in the ITMK3 initiative by testing the raw material i.e. domestic coal and NMDC iron ore. Feasibility study is kept in abeyance due to process stabilization issues.

**9.3 Foreign Venture**

**9.3.1 Gold in Tanzania**

In Tanzania, your Company has been granted 4 Mining Lease for Gold over an area of 38.83 sq. kms. for a period of 10 years w.e.f. 13.02.2012. Your Company has been granted Retention Licence at Siga Hill area and PL renewal of Masabi East area. NMDC Board has decided that Gold Mining Project at in Bulyang'Ombe will be developed by NMDC. Necessary steps are being taken to start the mining in the Bulyang'Ombe ML areas.



Steel Ministry delegation headed by Shri Beni Prasad Verma, Minister of Steel, Govt. of India to Zimbabwe for bilateral co-operation in Mineral Sector

**9.3.2 Australia**

**Legacy Iron Ore, Perth, Australia**

Legacy Iron Ore Ltd, an ASX listed entity based in Perth, Australia in which NMDC has 49.61% equity holds prospective iron ore tenements in both the Central Yilgarn and Pilbara areas of Western Australia. All project areas are located close to established infrastructure. Legacy's major gold focus lies in the South Laverton region, where the Company holds some 560 square kilometres of prospective ground.

Legacy has acquired 60% interest in Mt Bevan Iron Ore Project from Hawthorn Resources Ltd in Western Australia and also acquired three coal tenements in Queensland.

**9.3.3 Coking Coal**

Your Company had reviewed various acquisition opportunities in coking coal in Mozambique, USA, Russia, Australia and Canada.

**9.4 Leases for Minerals**

**9.4.1 Iron Ore**

**9.4.1.1 In respect of Bailadila-1 & 3**

The PLs are as under:

**9.4.1.2 The PLs being pursued in Chhattisgarh**

Your Company has applied 3 PL's in Dantewada District (2006-2008) and is pursuing the PLs with Chhattisgarh Govt.



Visit of Shri C.S. Verma, CMD, NMDC along with Shri Rabindra Singh, Director (Personnel) to R&D Centre, Hyderabad

## 9.4.1.3 In Jharkhand

### Sasangada:

The Company applied for PL in the west Singhbhum district. State Govt. recommended to Central Govt. for prior approval for grant of PL in favour of JV Co. (NMDC & JSMD). MoM, GoI has conveyed its prior approval for grant of PL in favor of JV of NMDC Ltd & JSMD for a period of 3 years. Grant order from State Govt. is awaited.

DMG Govt of Jharkhand asked NMDC to provide the Consent letter of Forest Department, Latest ownership certificate of NMDC-JSMD, JV Company & Latest Income Tax Payment certificate to facilitate for grant of PL to NMDC-JSMD JV Company. A JV Company, Jharkhand National Mineral Development Corporation Limited (JNMDC) has been incorporated on 06.08.2012, with its registered office at Ranchi. All the information have been provided to the DMG and the matter is pursued with the DMG, Govt of Jharkhand for grant of PL in favour of JNMDC.

### MoU with DMG, Jharkhand:

The Company has signed MOU with Dept. of Mines & Geology (DMG), Jharkhand for exploration of Iron ore and other minerals in the State of Jharkhand. Under the MoU signed, the Company is executing exploration for iron ore in Silpunji - Kantoria area in West Singhbhum Dist. Geological mapping and topographical survey on 1:4000 scale has been completed.

### Ghatkuri (Notified Forest):

The Company is pursuing PL & ML application for Ghatkuri Iron Ore Deposit for exploitation in JV with State Government. Your Company has filed Impleadment Petition requesting the Apex Court to direct maintaining status-quo of the State Government Notification of 27.10.2006 which reserves exploitation of Ghatkuri deposit by PSU's. Hon'ble Supreme Court of India vide order dated 26.07.2012 has dismissed all the appeals filed by the private parties. The Company is pursuing the matter of grant of ML with the state Govt.

The Company has applied for 3 PL's (March 2011) in West Singhbhum District.

## 9.4.1.4 In Karnataka

The Company is pursuing for ML for Ramandurg and Kumaraswamy deposit (contiguous to ML No.1111). Both the MLs are subjudice, pending in the Hon'ble Supreme Court of India and in Hon'ble High Court of Karnataka respectively. The Company has applied for 7 ML application (Aug 2007) in Chitradurga, Bellary, Tumkur and Bagalkote Districts.

In addition, the Company has also applied for another 6 PL applications (June 2010) in



Stacking the CLO (Iron Ore) with Stacker at NMDC Loading Plant



Tumkur, Bellary and Chitradurga Districts. The Company has applied 7 ML applications in Karnataka (4 against Govt Notification & 3 in Donimalai Range (Dec 2010).

#### 9.4.1.5 In Odisha

The Company is pursuing for ML for Mankadnacha iron ore.

#### 9.4.1.6 In Rajasthan

The Company is pursuing for PL applied near Malikhera village in Bhilwara District for iron ore.

### 9.4.2 Gold

#### 9.4.2.1 In Jharkahand

The Company is pursuing for ML / PL for Pahardia - Rungikocha (West Singhbhum District) and Parasi-Kutachauli-Khotadih (Ranchi District).

### 9.4.3 Diamond

#### 9.4.3.1 In Andhra Pradesh

The Company is pursuing forest permission for exploration in 3 PLs falling in the Forest area (Renewal application submitted) in Kalyandurg area, Anantapur District.

The Company has submitted one more PL application for Diamond in Anantapur district on 25.09.2012.

#### 9.4.3.2 In Madhya Pradesh

The Company has carried out exploration work in granted 2 PLs (Baghain & Sarang). Renewals have been granted for these two PLs for two years. 2nd renewal for 1 year has also been applied. The Company has been granted the PL of Rampura Motwa for a period of two years. The Company has applied for one more PL in Panna District of MP. Exploration works in granted PL areas is under progress.

The Company is pursuing for 3 PLs viz., Karmatia, Lakshmpur & Pali for early grant in favour of NMDC.

### Tikamgarh RP

The Company has been granted Reconnaissance Permit (RP) on 30.09.2009 in the Tikamgarh District of M.P. Exploration work has been completed under RP and the Exploration cum Relinquishment Report has been submitted. The Company has applied 5 PLs in Tikamgarh after completion of the RP works.

### 9.4.4 Platinum Group of Elements

#### 9.4.4.1 In Uttar Pradesh

The Company is pursuing for PLs for Tsganan area, Dangli and Dangli RF in Lalitpur district.



Shri C.S. Verma, CMD along with functional Directors of NMDC at a Press Meet

## 9.4.5 Coal

### Shahpur East and Shahpur West Coal Blocks

The Company was allocated two coal blocks i.e. Shahpur East (Area 693 Ha) and Shahpur West (587.5 Ha) Coal Blocks in M.P. by Ministry of Coal, Govt. of India, on 25.07.2007 under Government Dispensation Route for Commercial Mining. Both blocks were regionally explored by GSI. Later NMDC conducted exploration through MECL, Nagpur and obtained Geological Reports for both the coal blocks. Mining Plans and Mine Closure Plans for Shahpur East and Shahpur West Coal Blocks have been approved by MoC.



Greenery in NMDC Mines

Prior approval was granted by MOC for grant of ML of Shahpur West Coal Block. Matter is being pursued for getting prior approval for ML of Shahpur East Coal Block.

Land survey for acquisition of land for infrastructure and boundary demarcation in Shahpur East and Shahpur West Coal Blocks have been completed and Application for land acquisition for both the coal blocks have been submitted to Collectors, Shahdol & Umaria Districts.

Detailed Project Report (DPR) for both the coal blocks is being prepared by the Consultant M/s SCCL and is under finalization.

Applications for 12 coal blocks submitted to MOC against notification for competitive bidding for Power and Commercial Mining.

## 9.4.6 Bauxite

### 9.4.6.1 In Jharkahand

The Company is pursuing for PL / ML for Mahaudih village, Kujam village, Utani, Akasi and Putrang villages, Kotih village, Kujam and Chirodih villages in Gumla District.

## 9.4.7 Dolomite:

### 9.4.7.1 In Chhattisgarh

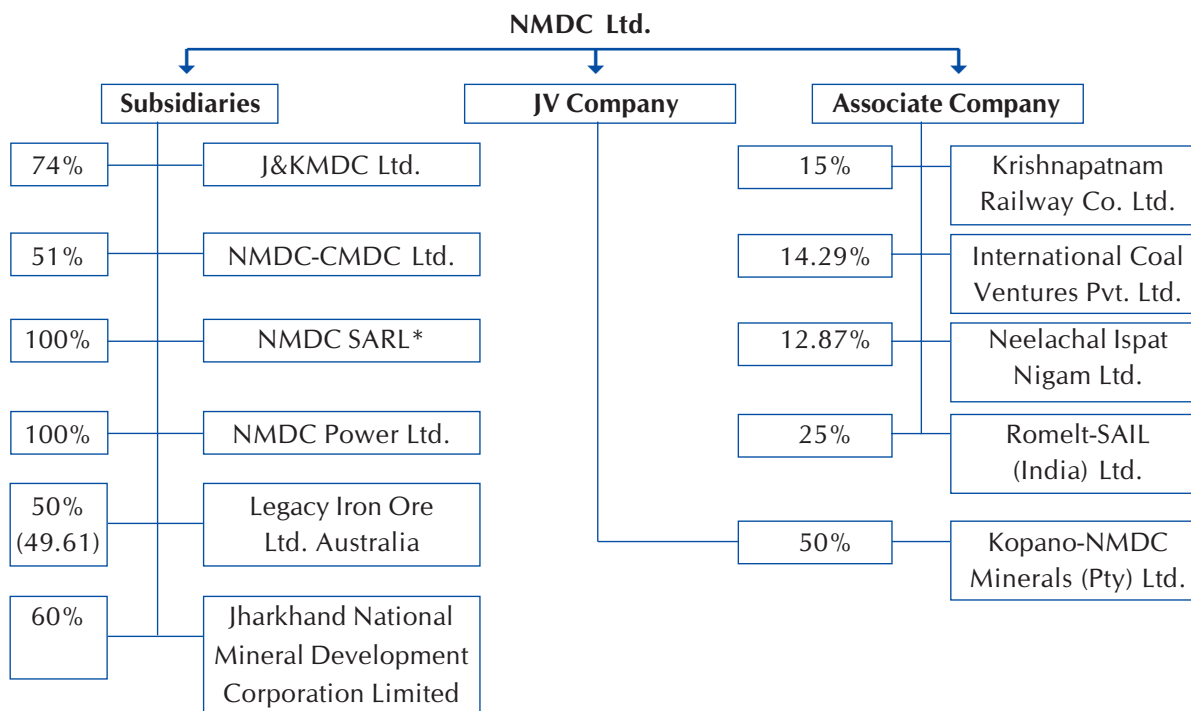
The Company is pursuing ML application for Sadartera Dolomite Block in Bastar District.



Shri C.S. Verma, CMD along with functional Directors of NMDC interacting with Shri Gurudas Das Gupta, President and Shri S.Q. Zama, Secretary of All India NMDC Workers Federation

**10.0 SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANIES MONITORING FRAMEWORK**

NMDC has six subsidiaries, stake in five Associate Companies and one JV Company. The names of these Companies and percentage of NMDC stake in these Companies are as follows:



\* Under closure

The subsidiaries of NMDC are Board managed with the primary interest to manage such Companies in the best interest of the shareholders. The framework for Subsidiary / Associate / Joint Venture Companies are as under:

- i) All investments in these Companies are approved by the Board of Directors.
- ii) The Company nominates its representatives on the Board of these Companies.
- iii) The minutes of the meeting of the Board of Directors of Subsidiary Companies are reviewed by the Board of NMDC.

**10.1 J&K Mineral Development Corporation Ltd (JKMDC)**

The Annual Report of the subsidiary Company is annexed.

**10.2 NMDC-CMDC Ltd (NCL)**

The Annual Report of the subsidiary Company is annexed.

**10.3 NMDC Power Ltd. (NPL)**

The Annual Report of the subsidiary Company is annexed.

**10.4 Jharkhand National Mineral Development Corporation Limited (JNMDC)**

The Annual Report of the subsidiary Company is annexed.



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## 10.5 NMDC SARL, Madagascar

The Annual Report of the subsidiary Company is annexed. The wholly owned subsidiary Company is under closure.

## 10.6 Legacy Iron Ore Co. Ltd., Australia

It is a listed Company in Australia. The Annual Report of the subsidiary Company is annexed.

## 11.0 ENVIRONMENT MANAGEMENT:

The Company has been accredited with ISO 14001 Environment System certification in respect of NMDC's four major production projects, i.e., Bailadila Deposit-14/11C, Deposit-5, Donimalai and Diamond Mining Project Panna. The Certification is valid up to November'2014. The Company has obtained Terms of Reference from MoEF, GoI for preparation of EAI / EMP report for combined peak production capacity of 1.3 MTPA in Shahpur East and Shahpur West underground coal mining projects for obtaining Environmental Clearance. The Company has obtained Final Forest Clearance from MoEF on 14.6.2012 for diversion of 74.018 ha of forest land for renewal of supplementary ML Diamond Mining Project Panna. The Company is in the process of compliance of First Stage Forest clearance conditions for obtaining final forest clearance for diversion of 84.36 Ha of forest land for Arki Lime stone Project and 65.936 ha Forest Land for construction of screening plant at Kirandul complex. The Company has initiated advance action and submitted Forest Clearance application forms to State Forest Department, Raipur for obtaining forest clearance for renewal of Mining Lease of Bailadila Deposit-14, 14 NMZ, Kirandul Complex and Deposit-5 and Deposit 10, Bachel Complex.

The Company is organizing environmental monitoring studies at all the production projects by engaging the MOEF recognized laboratories. The studies indicate that PM10, PM2.5, SO2, NOx and CO levels at all the production projects are well within the prescribed limits as per MoEF / CPCB and State Pollution Control Board Standards.

## 11.1 Sustainable Development Performance

In compliance with GoI, Department of Public Enterprises, New Delhi guidelines on Sustainable Development (S.D) for Central Public Sector Enterprises (CPSE's) for the purpose of performance evaluation under MoU system, your Company has chosen five S.D. Projects / activities such as Bio-Diversity survey & Conservation Plan, Energy Management, Carbon Management, Water Management and Training on S.D for employees for the year 2012-13. The Company has reviewed the above S.D. Projects by Board level S.D. Committee and details are given bellow:

### (i) Bio-Diversity Survey and conservation plan:

The Company has engaged M/s. IIBRD, Kolkata for undertaking Biodiversity studies



Aerial View of a Mine at Bailadila

and conservation plan at Bailadila Iron Ore Mining Complex, C.G, Donimalai - Kumaraswamy Iron Ore Mining Complex, Karnataka and Diamond Mining Project, Panna, M.P. The study recorded around 208 species belonging to 10 Faunal Groups and 213 floral species within which 77 are tree species, 53 are shrubs and 76 are herbs in the Core and Buffer Areas of Bailadila iron ore complex and the area is suitable for the sustenance of wild animals in their preferred habitat. Canopy cover in most places of the forest area is within 40-70% which is known to be dense forest as per the FSI classification. Under bio-diversity conservation plan, the Company has proposed to undertake development of habitat conservation through plantation, soil conservation, grass land development and development of water bodies in buffer zone areas.

**(ii) Energy Management**

The Company has completed Energy Audit studies at NMDC projects through M/s. Centre of Plant Engineering Services (COPES), Secunderabad. The Energy Conservation Options as suggested by the COPES shall be implemented for becoming more energy efficient.

**(iii) Carbon Management**

The Company has undertaken Carbon foot print studies at all projects through M/s. First Climate India Pvt. Ltd., Kolkata. The firm estimated the carbon footprint for F.Y 2011-12 in accordance with ISO: 14064 and GHG protocol following tier-2 approach and Scope 1, 2 and 3 emissions. The Company has purchased voluntarily 2500 no.s of Renewable Energy Certificates (non-solar).

**(iv) Water Management**

The Company is in the process of appointment of an agency on EPP basis for construction of STP using SBR technology at Bachel complex for recycling of treated water in the process and other purposes.

**(v) Training programme on S.D**

The Company has arranged training programme on S.D aspects covering Bio-diversity, water management, energy management, carbon management, etc covering about 438 employees at all projects.

**12.0 SAFETY**

**Mine Safety - Activities**

NMDC has its training centers in all its projects. They are equipped with infrastructure as required under Mines Vocational Training Rules. These centers cater to the needs of basic training, refresher training and training for skilled workers and also for those injured on duty.



24th Corporate Level Tripartite Safety Committee Meetings organized at Hyderabad

In each mining project of NMDC sufficient number of workmen inspectors are nominated / appointed for mining operations, mechanical and electrical installations as per statutory requirements.

Mine Level Tripartite Safety Committee Meetings have been conducted in each of the operating mines. This meeting is conducted once in a year at project level with senior officials, Union Representatives and DGMS Officials in which Safety Performance and its appraisal are made and the recommendations are implemented.



Loading Bunkers at NMDC Mine, Bachel, CG

Corporate Level Tripartite Safety Committee Meetings are being held regularly once in a year

at Head Office. 24th Corporate Level Tripartite Safety Committee Meeting of Donimalai Iron Ore Mine was conducted on 04.04.2013 and Bailadila Iron Ore Mines/Diamond Mining Project on 05.04.2013.

Safety Committees have been constituted in every operating mine and pit safety meetings are held every month discussing the safety matters and corrective actions related to work atmosphere.

Man days lost per 1000 man days worked for the year 2012-13 is 0.32 and 0.46 for the year 2011-12.

## 13.0 ISO CERTIFICATION

### ISO 9001:2008 Certification:

NMDC Projects - BIOM, Kirandul Complex; BIOM, Bachel Complex; Donimalai Iron Ore Mine and R & D Center are accredited with ISO 9001:2008 Certification. Re-Certification Audit was conducted successfully at Donimalai Iron Ore Mine; BIOM, Bachel Complex and BIOM, Kirandul Complex in the month of October / November 2012. II Surveillance Audit was conducted successfully at R&D Center in the month of September 2012.

### OHSAS 18001:2007 Certification:

NMDC Projects - BIOM, Kirandul Complex; BIOM, Bachel Complex; Donimalai Iron Ore Mine and Diamond Mining Project, Panna are accredited with OHSAS 18001:2007 Certification. Re-Certification Audit was conducted at BIOM, Kirandul Complex; BIOM, Bachel Complex and Donimalai Iron Ore Mine in the month of December 2012. I Surveillance Audit of Diamond Mining Project, Panna was conducted in the month of August 2012.

### OHS Activities:

Occupational Health Services have been provided with adequate manpower and infrastructure and are functioning in full-fledged manner at all the projects, headed by Qualified Doctors trained in OHS at Central Labour Institute, Mumbai. Periodical Medical Examination under statute is carried out regularly in all the projects, with a planned programme.



#### 14.0 IMPLEMENTATION OF INTEGRITY PACT

1. With a view to maintain transparency in all dealings with contractors and vendors and keeping with international practices, NMDC & Transparency International India (TII) developed an Integrity Pact Programme.
2. All the tenders for the contracts and civil works above threshold value of Rs. 20.00 crore and procurements above threshold value of Rs.10.00 crore are the subject matters of Integrity Pact.
3. After the implementation of said programme, Head of Safety Dept. was appointed as Nodal Officer and a Review Committee comprising of Functional Directors of NMDC was constituted. This Committee was also vested with the powers to modify the Integrity Pact procedure and systems.
4. Shri S. Anwar, IAS (Retd) and Dr. J.S. Juneja, Former Chairman, NSIC have been appointed as independent external monitors (IEMs) for overseeing the Integrity Pact programme.
5. Till March 2013 a total of 67 cases of tenders with an indented value of Rs. 19,347.08 Crore were covered under the Integrity Pact.

#### 15.0 NMDC's R&D CENTRE AT HYDERABAD

NMDC has an R&D Centre at Hyderabad which has been bestowed with "Centre of Excellence" by UNIDO. The centre has capabilities for undertaking studies on mineralogy, batch ore dressing, mineral beneficiation pilot plant, agglomeration, pyro and hydro metallurgy, bulk solids flowability with facilities for chemical analysis, electronic data processing and development of new products.

#### 16.0 GLOBAL EXPLORATION CENTRE, RAIPUR

NMDC's Global Exploration Centre at Raipur is continuously doing exploration in the mines of NMDC and adding new reserves every year. NMDC has offered to State Governments to undertake free exploration to quantify mineral resources in the State.

#### 17.0 IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

During the year under review, NMDC Limited made all efforts for the implementation of the Official Language Policy and for the use of Official Language in all its Projects, Units and Head Office.

Hindi Workshops were conducted for employees to make them efficient to use Official Language in their day-to-day official work. During Hindi Workshops all employees were imparted Micro Soft Indic Computer training on Phonetic Hindi Keyboard.

To bring awareness among the employees and their family members as well as employees of



NMDC awarded Rajbhasha Shield - 2nd prize for the year 2011-12 by the Town Official Language Implementation Committee (Undertakings) Hyderabad-Secunderabad for excellent implementation of the Official Language Policy

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Central Govt. / Central Govt. Undertakings/ State Govts Offices situated in the vicinity of NMDC Office various competitions like Hindi Essay, Hindi Noting, Drafting and Technical Terms, Hindi Anuvad, Laughter Competition, Unicode hindi typing on Computer, Quiz, Hindi Shabdahgyan, Cooking Competition (procedure of recipe in Hindi) etc were also conducted and prizes were awarded to winners during Rajbhasha Pakhwara.

Monthly Hindi Cash Incentive Schemes were implemented to propagate the usage of Hindi and large number of employees were benefitted under this scheme.

To encourage the employees to implement Official Language Hindi in the technical fields 53 Rajbhasha Technical Seminars were organized till now and Technical Seminar Patrika "Takneeki Sopan, Takneeki Kshitiz" and Rajbhasha Souvenirs "Sarjana , Kaanan Kusum" were also published.

During the year monthly bulletins "Baila Samachar, Bacheli Samachar" in Hindi and Doni Samachar in trilingual were also published.

NMDC Limited was awarded "Ispat Rajbhasha Protsahan Shield" by the Honorable Minister of Steel, Ministry of Steel, New Delhi for the undertakings situated in 'C' Region, for the excellent implementation of the Official Language Policy and Progressive Use of Hindi in the year 2010-11.

NMDC was also awarded Rajbhasha Shield as 2nd Prize for the year 2011-12 by the Town Official Language Implementation Committee (Undertakings) Hyderabad-Secunderabad, for excellent implementation of the Official Language Policy.

### **18. DETAILS REQUIRED TO BE FURNISHED IN TERMS OF MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED)**

Necessary details required to be mentioned in the Annual Report in compliance with provisions of MSMED Act are as follows:

(Rs. In lakhs)

Sl.No.	Particulars	Year 2012-13
a.	Total Annual Procurement (includes H.O., Kirandul, Bacheli, Donimalai, Panna & SIU).	30845.03
b.	Total Value of Goods & Services procured from MSEs (including MSEs owned by SC / ST Entrepreneurs).	1711.33
c.	Total Value of Goods & Services procured from only MSEs owned by SC / ST Entrepreneurs.	Not Available
d.	%age of Procurement from MSEs (including MSEs owned by SC/ ST Entrepreneurs) out of total Procurement.	5.55%
e.	%age of Procurement from only MSEs owned by SC / ST Entrepreneurs) out of total Procurement.	Not Available
f.	Total No. of Vendor Development Programme for MSEs	03
g.	No. of MSE Vendors Registered against MSE Vendor Development Program.	07

**19.0 MANPOWER**

**19.1 Employee-Employer relations**

The overall industrial relations situation was peaceful and cordial during the year. There was no strike / lockout against the Company's policies affecting production and productivity. However, on two occasions unions went for strike against Government's policy of disinvestment of Company's shareholding.

**19.2 Scheduled Castes & Scheduled Tribes**

25 persons belonging to Scheduled Caste and 32 persons belonging to Scheduled Tribes were appointed in the year 2012 against 205 posts filled by direct recruitment.

**19.3 Strength of SCs & STs as on 31st March 2013**

1. Total number of employees	=	5777
2. Scheduled Castes amongst them	=	1021
3. Scheduled Tribes amongst them	=	1273
4. Total SCs and STs	=	2294
5. Physically challenged employees	=	40

**19.4 Particulars of employees drawing Rs.5 lakhs per month or Rs.60 lakhs per annum under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.**

NIL

**19.5 Staff Welfare activities**

Adequate facilities for education, health, accommodation and recreation were in place. Various bipartite fora have been functioning satisfactorily.

**19.6 Promotion of Sports**

Inter Project tournaments, both indoor and outdoor, for employees and games & sports for the wards were held in different Projects during the year apart from promoting sports events under CSR.

**20.0 HUMAN RESOURCES DEVELOPMENT**

One in-house programme on 'Reservation for SC/ST/OBC' was organized. Advanced Management, Mentorship Development & Leadership programme have been organized for Senior Executives. In various International



NMDC honoured as the Best Organization for supporting Quality Circle Movement by QCFI for the year 2012.



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Conferences like Mining Indaba in South Africa and PDAC in Canada, some Sr. Executives had participated. 20 Quality Circle Projects have been completed during the year. HRD Department has also organized a National Seminar on New CSR & Sustainability Guidelines of DPE successfully. The efforts of HRD Department resulted in training man days of 3.23 per employee per year as against the MoU target of 3.0 per employee per year. A number of knowledge-based Seminars, Conferences, Workshops etc. were also sponsored in which NMDC Executives had participated actively.

### 21.0 VIGILANCE

Vigilance Department in the Company has been focusing on "Preventive and Proactive Vigilance". Periodic Review Meetings with Vigilance officers were held on quarterly basis wherein various discussions were held about vigilance activities carried out during the year and also to draw-up future Action Plans in conformity with the directives of the Central Vigilance Commission. Further, Vigilance Department coordinated with other departments in the organization in improving the existing procedures and systems to achieve the overall objectives of the Company. The Vigilance Department also carried out various studies in the fields of Contracts, Procurement, Recruitment and Commercial activities etc and suggested system improvements to the management for implementation.

Vigilance Department in NMDC is certified under ISO 9001:2008 conforming to the Quality Management System. It has been certified as per ISO standards since October, 2006 by Integrated Quality Certification Private Limited, Bangalore. For re-certification of Quality Management System (QMS) of Vigilance Department, M/s. TQ Services conducted an external audit on 20.10.2012 and awarded the certificate of compliance to Quality Management System on 10.02.2013.

Vigilance Department has been overseeing the implementation of Integrity Pact in the Company. Till date, the Integrity Pact has been entered into 65 contracts with a value of Rs. 18438.62 crores.

The Vigilance Awareness Week was observed from 29.10.2012 to 02.11.2012 on the inaugural day, Pledge was administered by Director (Technical) to all the employees of Corporate office of NMDC, which was followed by a talk by Shri. V V Lakshmi Narayana, Jt. Director, CBI, Hyderabad. Talks were arranged by eminent personalities on "Transparency in Public Procurement". On the concluding day, a talk by Shri Pratyush Sinha, Former Central Vigilance Commissioner, Central Vigilance Commission was organized. Prizes were distributed by the Chief Guest to all the winners of the competitions held during the Vigilance Awareness Week.



Vigilance Awareness Week observed at NMDC Head Quarters, Hyderabad

As a part of the week, a Workshop on e-procurement was conducted by General Manager (Materials) for the benefit of officials of NMDC and vendors. All the vendors who attended were guided and assisted for obtaining digital signature to participate in prospective e-tender. They were also trained in the e-procurement portal of CI India, the service provider for NMDC. A talk on e-procurement and e-tendering for Transparency in Public Procurement" by Shri. Jitendra Kohli, Founder and Managing Director of Electronic Tender was also organised. Various queries raised by the NMDC officials related to e-procurement and e-tendering were clarified.

The Vigilance Department intranet portal developed inhouse was inaugurated by Shri. R. Sri Kumar, Vigilance Commissioner, Central Vigilance Commission on 18.12.2012. The portal features information on the CVC Circulars, Rules of the organization, FAQ's on vigilance, knowledge bank on vigilance related issues and provision for online submission of APRs.

NMDC Vigilance Department in coordination with Vigilance Study Circle, organised a 5-day Training Programme from December 18th to 22nd, 2012 on "Vigilance for Organisational Excellence" for Vigilance Executives of various PSUs including NMDC, Banks and other Insurance Companies at NMDC Learning Centre.

## 22.0 DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) In the preparation of the annual accounts for the financial year ended 31st March 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under report;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.



Excavation activity at NMDC Mine

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### 23.0 DIRECTORS

During the year under review, the following were appointed as Directors of the Company pursuant to orders of Ministry of Steel, Government of India:

i)	Shri C.S. Verma, CMD	w.e.f. 25.05.2012
ii)	Shri E.K. Bharat Bhushan, Special Secretary & Financial Advisor, MoS	26.07.2012
iii)	Shri J.P. Shukla, Joint Secretary, MoS	30.07.2012
iv)	Shri Syedain Abbasi, Joint Secretary, MoS	18.10.2012
v)	Dr. Noor Mohammad, Independent Director	26.11.2012
vi)	Shri Vinai Kumar Agarwal, Independent Director	26.11.2012
vii)	Shri Mahesh Shah, Independent Director	26.11.2012
viii)	Shri Vinod Kumar Thakral, Additional Secretary & Financial Advisor, Mos	07.06.2013

The following Directors ceased to be Directors on the Board of the Company for the year under review:

i)	Shri N.K. Nanda, CMD	upto 24.05.2012
ii)	Shri Y.K. Sharma, Independent Director	18.06.2012
iii)	Shri Abdul Kalam, Independent Director	18.06.2012
iv)	Shri K.S. Raju, Independent Director	18.06.2012
v)	Shri U.P. Singh, Joint Secretary, MoS	16.07.2012
vi)	Shri S. Machendranathan, Additional Secretary & Financial Advisor, MoS	16.07.2012
vii)	Shri J.P. Shukla, Joint Secretary, MoS	18.10.2012
viii)	Shri E.K. Bharat Bhushan, Special Secretary & Financial Advisor, MoS	28.04.2013

The Board places on record its deep appreciation for the valuable contribution made by Shri Y.K. Sharma, Shri Abdul Kalam, Shri K.S. Raju, Shri U.P. Singh, Shri S. Machendranathan, Shri J.P. Shukla and Shri E.K. Bharat Bhushan during their tenure on the Board of the Company.



## 24.0 AUDIT

### a. Statutory Auditors

On the advice of the Comptroller and Auditor General of India, New Delhi, your Company appointed the following firms of Chartered Accountants as Statutory Auditors of the Company for the year 2012-13:

Sl.No.	Unit	Statutory Auditors
1.	Head Office R & D Center, SIU & Consolidation	M/s. VENUGOPAL & CHENOY Chartered Accountants, 4-1-889/16/2, Tilak Road, HYDERABAD 500 001 Andhra Pradesh
2.	Kirandul Bacheli NISP, Jagdalpur Central Work Shop Vizag Office	M/s. BRAHMAYYA & CO, Chartered Accountants "Suhasini", 10-50-24, Sripuram Junction, Visakhapatnam -530 003 Andhra Pradesh
3.	Donimalai	M/s. P K SUBRAMANIAM AND CO, Chartered Accountants 11-5-23, Karthik complex, Above Vijaya Bank, Bresthwarpet, RAICHUR-584 001 Karnataka.
4.	Panna	M/s. GOPAL GUPTA & CO, Chartered Accountants 588, Mutthiganj, 1st Floor, Allahabad, Allahabad - 211 003.

### b. Cost Audit

Pursuant to Section 233B of the Companies Act, 1956, your Company carried out an audit of cost records relating to Iron Ore Product and Sponge Iron Product. The Company appointed Shri P V Prasad, Cost Accountant of H.No.2-4-911, Road No.6, Samatapuri Colony, Post Saroor Nager, Hyderabad - 500 035 as Cost Auditor, with due approval of the Central Government, to audit the cost accounts of the Company for the financial year ending on 31st March, 2013.

The cost audit report for the financial year 2011-12 was filed with the Ministry of Corporate Affairs on December 26, 2012 much earlier than the due date of February 28, 2013. The due date for filing the cost audit report for the financial year 2012-13 is September 27, 2013 and the report is yet to be filed.

## 25.0 CORPORATE SOCIAL RESPONSIBILITY (CSR)

NMDC is one of the very few organizations which have overtly realized the linkage of a business organization with the well-being of the society. It is a matter of pride that several CSR initiatives have been in place right from the inception of the Company and they have become an integral part of the business model of NMDC.

During the year 2012-13 an amount of Rs.72.38 crore has been invested in CSR activities, which works to about 1.14% of its net profit after tax (PAT) of the previous financial year.

In the CSR area, the Company has focused on the following major works in the identified thrust areas:



Vocational Training at DAV-NMDC, ITC, Bhansi

### 1. Education

- Recognizing that Education is an integral and critical aspect of human development and a powerful instrument for emancipation, NMDC's focus has been on improving the literacy rate & quality of education in the tribal belt of Bastar in Chhattisgarh.
- NMDC has been contributing to empower Tribal, Scheduled Caste and Poor children by setting up free residential schools of high quality for them.
- Scholarships to 18000 tribal and poor students in 412 schools in Bastar Region at an annual expenditure of Rs 5 Crore.
- Construction of schools and hostels for students including girl students.
- Mid-day meal to 8000 rural students.
- Setting up ITI's & Polytechnic for technical education, focussing on backward region.
- Supporting the establishment of a medical college & reservation of seats in management institute (IPE) for tribal & poor children.

### Specific Education-related initiatives during 2012-13

#### 1.1 NMDC Shiksha Sahayog Yojana

- This is a Scholarship Scheme of NMDC designed to reduce the dropout rate of students belonging to SC/ST communities. It involves direct transfer of scholarship amount to the Bank/PO Account of the student.
- Students belonging to Bastar Region are covered under this scheme.

### 1.2 Balika Siksha Yojana

- This is a focused initiative through which tribal girls are sponsored to professional courses. During 2011-12, 25 tribal girls and during 2012-13 40 tribal girls are pursuing GNM & B.Sc. (Nursing) courses under the scheme in Apollo Hospitals, Hyderabad.



School children trained at NMDC school

### 1.3 Education improvement programme in South Bastar, Dantewada District

- An education improvement programme covering South Bastar schools and 4,200 beneficiaries is in progress in the South Bastar (Dantewada) District through Naandi Foundation.
- NMDC is also running a Polytechnic College at Dantewada since 2010 in Electrical and Mechanical streams with an intake of 120 students. A new building at an estimated expenditure of Rs.3,194.80 lakhs is under construction.

## 2. Infrastructure Development

- Infrastructure Development viz., Roads Bridges and Buildings is the most effective indicator of development process, particularly relevant in the Indian context where infrastructure alleviates poverty, providing access to opportunities.
- NMDC prioritizes its interventions to bridge the critical gap of poor connectivity by laying several kilometers of metalled & tarred roads and by building bridges and culverts to improve connectivity.

### 2.1 Infrastructure Development related initiatives during 2012-13

- Construction of SC/ST Girls Hostels at Ongole & Guntur @ Rs.31.50 lakh each in Partnership with Govt. of A.P. is in progress.
- Upgradation of Hostels for SC/ST/BCs in Bellary @ Rs.190.00 lakh in partnership with Govt. of Karnataka is completed.
- Strengthening PHCs in Bellary in partnership with Govt. of Karnataka by upgrading them/equipping them with various necessary/desirable medical equipment @ Rs.169.00 lakh is under implementation.
- Partnering with MGM Eye Institute, Raipur for expanding their infrastructure & other facilities & provide free treatment/mega eye camps for patients sponsored by NMDC.
- NMDC has partnered with the Govt. of Chhattisgarh for construction of Gaurav Path - 4 way lane at Dantewada @ Rs.1300.00 lakh.
- Electrification related works in 67 villages of Bastar District @ Rs.252.48 lakh.
- Construction of 30 Community Centres in 30 villages of Bastar District @ of Rs.30.00 lakh each at a total cost of Rs.900.00 lakh.



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- Construction of 'Shanti Dham' a home for destitute, mentally challenged and aged people @ Rs.505.00 lakh in Bellary District in partnership with Govt. of Karnataka.

## 3. Healthcare

### 3.1 Healthcare related initiatives during the year 2012-13

- The three hospitals at Project sites offer free medical treatment not only to NMDC employees and their families but to the local communities as well, addressing the needs of an average of 80000 out-patients & 8000 in-patients from local tribals every year.



Tribal Patients being treated at NMDC Hospital

- NMDC operates 'Hospital on Wheels' (HoW) service in Bailadilla benefitting about 20000 tribal villagers in 45 villages by providing free medi-care facilities at their doorsteps.

## 4. Drinking water Facility

### 4.1 Drinking Water Facility related initiatives during the year 2012-13

- NMDC has partnered with State Govt of Karnataka for providing Drinking Water facility in 7 villages of Bangalore Rural District, Karnataka @ Rs.78.34 lakh.

## 5. Integrated Village Development

### 5.1 Integrated Village Development related initiatives during the year 2012-13

- The work of Integrated Village Development has been taken up in 18 villages through reputed NGOs. The work involves focus on Literacy, Health & Hygiene, Agriculture, Livelihood Development, Infrastructure Development, etc.

## 6. Skill Development

### 6.1 Skill Development related initiatives during the year 2012-13

- 40 youth from Bastar Region were trained in Air Conditioning, Refrigeration, Automobile Repairs & Services at Raipur and successfully placed.
- 14 Tribal youth of Bastar Region were trained in Retail, BPO, and Hospitality Sectors and successfully placed.

## 26.0 IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005

All the provisions of the RTI Act 2005 are being complied with by the Company. In order to ensure timely disposal of RTI applications, PIOs have been appointed in each of NMDC's units.

A close monitoring of the RTI applications received is done to ensure that the replies are sent in time. The details of RTI applications received during the period 01.04.2012 to 31.03.2013 are as follows:

Month	No. of Applications Received	Information Provided	Rejected
Apr-2012	(Including 14 Pending) 37	24	03
May-2012	31	21	06
Jun-2012	16	20	Nil
Jul-2012	14	14	03
Aug-2012	16	14	02
Sept-2012	18	13	02
Oct-2012	18	12	01
Nov-2012	19	22	01
Dec-2012	14	17	01
Jan-2013	12	10	02
Feb-2013	15	10	02
Mar-2013	17	16	01
Total	227	193	24

Pending as on 01.04.2013 - 10 Requests

## 27.0 R&D ACTIVITIES

Particulars required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are at Annexure-I.



Pilot Scale Jig (Under Bed Air Pulsated Jig)

Bulk Solids Flowability lab,  
Jenike Ring Shear Tester

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## 28.0 STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Statement pursuant to section 212 of the Companies Act, 1956 relating to the Subsidiary Companies is at Annexure-II.

## 29.0 CORPORATE GOVERNANCE

The Board of Directors at their 427th meeting have approved the Policy on Corporate Governance. A separate section on Corporate Governance is enclosed at Annexure-III.

## 30.0 REPORT ON MANAGEMENT DISCUSSIONS AND ANALYSIS

A Report on Management discussions and Analysis as required in terms of Clause 49(F) of the Listing Agreement is enclosed at Annexure-IV.

## 31.0 GLOBAL COMPACT - COMMUNICATION ON PROGRESS

Report on compliance with principles of Global Compact is enclosed at Annexure-V.

## 32.0 BUSINESS RESPONSIBILITY REPORT

SEBI vide its Circular No. CIR/CFD/DIL/8/2012 dated 13.08.2012 has inter alia stipulated that considering the larger interest of public disclosure regarding steps taken by listed entities from an Environmental, Social and Governance ("ESG") perspective, it has been decided to mandate inclusion of Business Responsibility Reports ("BR reports") as part of the Annual Reports for listed entities. Accordingly, a new Clause 55 has been included in the Listing Agreement of the Stock Exchanges which inter alia stipulates that listed entities shall submit, as part of their Annual Reports, Business Responsibility Reports, describing the initiatives taken by them from an environmental, social and governance perspective, in the format as suggested. The requirement to include Business Responsibility Reports as part of the Annual Reports shall be mandatory for top 100 listed entities based on market capitalization at BSE and NSE as on March 31, 2012. The provisions of this circular shall be applicable with effect from financial year ending on or after December 31, 2012. The equity shares of NMDC are listed both in BSE / NSE and also form part of top 100 listed entities based on market capitalization criteria. Accordingly, as NMDC is fulfilling the criteria as stipulated, it is required to comply with clause 55 of the Listing Agreement. As such, Business Responsibility Report is annexed at Annexure-VI.

## 33.0 AWARDS RECEIVED BY THE COMPANY

The details of awards received by the Company for the year under review are as under:

- i) On 25th May'2012 NMDC received Bureaucracy Today Star PSU Excellence Award 2012 under CSR category organized by Bureaucracy Today.



Tribal Youth trained for making Bell Metal Handicrafts as part of CSR Activities



ii) On 28th May'2012 NMDC received  
i) Overall PSU Excellence, ii) Best Navratna Company iii) Best Mining PSU awards from Dr. Verappa Moily, Hon'ble Minister for Corporate Affairs, Govt. of India organized by Dun & Bradstreet.

iii) On 05th Jun'2012 CMD, NMDC received Rajbhasha Protsahan Shield for the year 2010-11 for implementation of Official Language policy in the Undertakings/ Offices under MoS for the excellent work done in Hindi. This award was presented by Sri Beni Prasad Verma, Hon'ble Minister for Steel, Govt. of India.



Tribal Women trained for making of Bamboo/Sisal handicrafts as part of CSR Activities

iv) On 01st Jun'2012, NMDC received 1st Rank in Mining Sector out of "Top 500 companies 2011" Organized by Dun & Bradstreet. This award was presented by Sri Kapil Sibal, Hon'ble Minister for Communication & IT Govt. of India.

v) On 12th Jul'2012 Director(Finance), NMDC is conferred with "Achievers and Leaders Award (Finance)" from Institute of Public Enterprises (IPE) and Banking Financial Services & Insurance (BFSI), Hyderabad.

vi) On 13th Jul'2012 Director(Technical), NMDC received Abheraj Baldota Memorial Award 'Mining Engineer of the year' for the year 2010-11 from Mining Engineers Association of India.

vii) On 23rd Jul'2012 Director(Finance), NMDC received "Icon of the Accounting Profession' Award from Institute of Public Enterprises (IPE), Hyderabad.

viii) On 06th Sep'2012 Director(Per.) has been conferred with HR Leadership Award at the Asia Pacific HRM Congress 2012 at Bengaluru. He was also honoured with a citation on inclusion of his name as one of the "Most Powerful HR Professional of India".

ix) On 20th Dec'2012 CMD, NMDC received PSE Excellence Award as Company of the year in the Navratna category for the year 2012 from Sri OP Rawat, Secretary, Department of Public Enterprises organized by Department of Public Enterprises & Indian Chamber of Commerce.

x) On 28th Jan'2013, NMDC received India Pride Award in the category "Metals, Minerals & Trade including Mining" for the year 2012-13 from Dr. M Veerappa Moily, Hon'ble Union Minister for Petroleum & Natural Gas, Govt. of India organized by Dainik Bhaskar Group.

xi) On 14th Feb'2013, NMDC received Quality Excellence Award for Best CSR practices from Star of the Industry Group, Mumbai.

xii) On 16th Feb'2013, Director(Per) received "Most talented HR Leader in PSUs" Award during the World CSR Congress.

xiii) On 17th Feb'2013, Director (Per) received "Global HR Excellence Award" during The World CSR Congress.

xiv) On 18th Feb'2013, NMDC received Fifty 'Most caring Companies of India' Award during the CSR Congress at Mumbai.



A view of park in NMDC Township

xv) On 23rd Mar'2013, NMDC received 'Best PSU Award 2013' under 'Most efficient Navratna in Non-Manufacturing' category from Sri Ajit Singh, Hon'ble Minister for Civil Aviation, Govt. of India organized by Dalal Street Investment Journal, New Delhi.

## 34.0 ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the support, cooperation and guidance received from the Ministry of Steel, Ministry of Mines and Ministry of Forests & Environment and other Departments of Government of India and the State Governments of Andhra Pradesh, Chhattisgarh, Karnataka, Madhya Pradesh and Jharkhand.

Your Directors acknowledge the support extended by the valued and esteemed international and domestic customers, shareholders, stakeholders, MMTC, Chennai Port Trust, Visakhapatnam Port Trust, Railways and other Departments of the Central and State Governments. We believe that our long-term success is dependant on our domestic customer relationship and responsiveness. We will do everything possible to provide our customers better, timely and value added services.

The success of your Company is due to the commitment and dedicated efforts of the managers and employees at all levels. Your Directors place on record their appreciation and also acknowledge the support and co-operation of All India NMDC Workers' Federation and their members for the smooth functioning of the Company's operations.

Handwritten signature of C.S. Verma in black ink.

(C.S. VERMA)

Chairman-cum-Managing Director

Place : Hyderabad

Date : 03.07.2013

## Annexure - I

### Particulars required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988

#### Technology: Efforts Made in Technology Absorption

R&D Centre is committed to maintain its excellence in undertaking product and Technology Development Missions related to ore and Minerals through continual improvement in process performance for enhanced customer satisfaction. The R&D Centre functions in the following Thrust Areas:

- Upgradation of processing Technology of existing process plants for better productivity and meet the customer requirement.
- Development of Technology for utilization of mine wastes.
- Development of Value Added process and product through innovation.

NMDC, being one of the MoU signing companies, has set yearly targets for all units including R&D. In this direction R&D Centre has achieved rating of "Excellent" in the MOU performance indicator. Achievements and improvements carried out in the development of new process, products, cost reduction, and quality improvement etc., of NMDC, R&D Centre during 1st April 2012 to 31st March 2013 are listed below.

#### 1.0 Technology Development Projects:

#### 1.1 UTILIZATION OF BLUE DUST

#### 1.1.1 300 TPA Carbon Free Sponge Iron Powder Plant:

To demonstrate Technology / process developed at lab to the pilot scale to commercialize the same, 300 TPA Carbon Free Sponge Iron Powder Plant was

setup at R&D center. The Electrolyser for H2 generation is under repair at present after about producing 5 T Carbon Free Sponge Iron Powder after a long gap. The product is under utilization by various industries, to assess the market potential and applicability in various applications.

#### 1.1.2 Nano-Iron Powder from Grade-I Concentrate (Blue Dust):

Nano Iron powder has been prepared at Lab scale in the newly set up Nano lab and first batch product has been characterized Spectrum of Nano Iron Powder and XRD data had confirmed the presence of magnetic metallic iron crystalline structure and Scanning Electronic Microscope analysis indicates that the shape of the particles is spherical with an average particle size of 80.4 nanometers.

Preparation of Nano iron powder has continued batch wise for further evaluation and approval by the user industries. Three batches has been Completed and sample will be send to user industries for indentifying the potential applications.

#### 1.2 Utilization of Kimberlite Waste

#### 1.2.1 Setting up of Pilot Plant for Commercialization of Precipitated Silica Sodium Silicate and Zeolite-A:

- i) A Memorandum of Understanding (MOU) has been signed between Central Salt & Marine Chemicals Research Institute (CSMCRI), NMDC Ltd and Kanoria Chemicals & Industries Ltd., to set up Pilot Plant for Scaling up the process for production of value added Silica based products from Kimberlite tailings.



- ii) NMDC & CSMCRI had approached funding agencies & submitted proposals for the funds.
- iii) NMDC has submitted proposal to New Millennium Indian Technology Leadership Initiative (NMITLI) for funding the project. This scheme has been selected for projectization. Letter has been received from CSIR, New Delhi for first meeting with Domain experts to discuss the proposal on 8th March 2011. In this connection project presentation has been prepared.
- iv) Project presentation has been prepared and presented at CSIR, New Delhi and discussed with Domain experts' on 8th March 2011.
- v) Now M/s Kanoria Chemicals & Industries Ltd has been takeover by M/s Aditya Birla Group.
- vi) NMITLI wants acceptance of MOU by M/s Aditya Birla Group for further course of action and acceptance of MOU by M/s Aditya Birla Group is yet to be received.
- vii) NMDC Ltd also made discussion with M/s Supersil Chemicals (India) Pvt. Ltd, Mumbai, for Setting up Precipitated silica pilot plant (20 TPD) from kimberlite waste.
- viii) As an alternate Proposal on "Up-scaling the process to the scale of 1 tonne per day Kimberlite processing and setting up the pilot plant for production of Zeolite-A, Sodium silicate and ppt silica at R&D center, is under process.

## 1.2.2 Utilization of Kimberlite in Agglomeration of Iron Ore:

### A) Kimberlite as binder in Iron Ore Pelletization:

Initially kimberlite was used as flux to achieve the desired properties of the

pellets. The Kimberlite contains about 32% [MgO + CaO] and rest are primarily Silica, Iron Oxide [Fe<sub>2</sub>O<sub>3</sub>] & LOI. During green pellet making it is observed that strength of pellets improves with higher dosages of kimberlite. Accordingly kimberlite based binder has been developed for production of iron ore green pellets at Lab. The green pellets has been produced and fired in pot grate furnace. The fired pellets has exhibited good physical and metallurgical properties and comparable with pellets produced from Bentonite as binder.

### B) Kimberlite as flux in iron ore sintering:

The further studies were taken to replace Dolomite with Kimberlite in iron ore sintering. Sintering studies has been carried out to use Kimberlite as Flux and the impact of kimberlite on overall properties of sinter. It is evident from the results that Fe content of the sinter produced is marginally lowered by 1% in sinter produced with 15-20% substitution of dolomite than the sinter with only Dolomite, which is only marginal. Also, the increase in gangue content of sinter is only 1.5%. However it is seen from finding, that the use of Kimberlite results in improvement of sintering parameters, such as yield, vertical sintering speed etc, along with improvement in physical and metallurgical properties of resultant sinter.

### 1.3 Flow Sheet Developmental Works on BHJ & BHQ Mine Waste:

A process flow sheet has been developed to process BHJ sample from Donimalai complex yielding a concentrate of 62% Fe, which may be used as a feed to pellet making. The process flow sheet for recovery of Iron values from BHQ and sub grade

ores (50-52% Fe) has been developed at R&D Centre for the samples from Bailadila - Dep14 Complex yielding a concentrate of > 63% Fe, which may find usage in Iron making through pelletization/sintering.

**Beneficiation studies of Banded Hematite Jasper [BHJ]:**

Beneficiation studies on BHJ sample form Donimalai Complex has been carried out at R&D centre to improve the process economics and ascertain into usage in pellet making is under progress. Based on the results of lab scale experiments, a demonstration plant having 0.36 MTPA (60T/Hr) is envisaged to be set up at Donimalai mine site, Bellary, Karnataka.

**1.4 ISO - 9000 Certification**

- Regular internal quality audits and management review meetings were carried out for effective implementation of Quality Management System.
- R&D Centre had acquired ISO certification in compliance to the new version of ISO 9001-2008 Quality Management System.

**2.0 Development Support**

**Beneficiation & Pelletization studies of Slime from Bailadila 5 and Donimalai:**

During wet processing of iron ore, the average generation of slimes is about 8 - 12% of the ROM which is generally let into the tailing dam after recovering the water through the thickener. These may be as high as 15 - 25% depending on softness & mineralogy of the ore. These slimes contain Fe in the range of 45 - 55%, sometimes the Fe values may go up to 60% depending on the mineralogy

of the ore. The Alumina and Silica put together will be in the range of 8 - 15%.

NMDC - Pioneer in Iron ore mining, led its way forward and accepted the challenge to beneficiate the slimes & to produce pellets from the concentrate. NMDC entrusted its R&D Centre to take up the responsibility to carry out the beneficiation studies with slimes of Bacheli [Bld -5] and Donimalai. The beneficiation studies have been completed by R&D centre and it was possible to produce concentrate assaying > 65% Fe, 1.68% SiO<sub>2</sub> and 1.18% Al<sub>2</sub>O<sub>3</sub> with a yield of 74% in case of Donimalai and >65% Fe, 2.00% SiO<sub>2</sub> and 0.53% Al<sub>2</sub>O<sub>3</sub> with a yield of 84.5% in case of Bacheli. The pellets produced from beneficiated slimes of Donimalai and Bacheli [Bld-5] possess metallurgical properties meeting the requirements of both BF and DR grade pellets. With the encouraging results NMDC is in process of setting up 1.2 MTPA capacity pellets at Donimalai, Karnataka. This will be the first pellet plant in India which will be using beneficiated slimes as feed to the pellet plant.

**Utilization of ultra fine slime as Sinter Feed [Hybrid Pellet Sintering]:**

The accumulation of slime results in environmental pollution, and space constraint at mine site. To sustain further operation of iron ore mining at Bailadila sector, this slime generated during operation need to be managed/utilized in an economical way. A number of methods have been tried for utilizing these slimes, but none are providing panacea to the problem. However one of the probable uses of these slime of finer size is being attempted through hybrid pellet sintering.

The slime of Bailadila Deposit-5 was taken for study which was containing 61.3% Fe[T] and D80 was 100 micron. Prima facie particle size of slime is not suitable for sinter production. However slime were subjected for Hybrid pellet sintering and the

results of sintering studies indicates that sinter for blast furnace feed can be produced from Slimes. Micro pellets of close size range [3mm-8mm] produced from slimes had provided better suction and uniform firing of sinter bed. The sinter produced had exhibited good physical and metallurgical properties comparable to the conventional sinters. To achieve required green micro pellet strength bentonite is used in combination with hydrated lime as binder.

### Dry beneficiation of blue dust:

Flow sheet for dry beneficiation of Blue dust has been developed and produced Blue dust concentrate for Sponge Iron Powder plant (4 Tons concentrate). The process will help the industries to operate more environment friendly way by not utilizing water resources for beneficiation and to arrest pollution of surrounding water bodies.

### Making of Tiles from Lean Grade Iron Ore:

It is observed that tailings of iron ore slime beneficiation will generate lean grade iron ore containing < 30% Fe and very fine size materials including clay to be range of 30-40% of slimes impounded in the tailing dams. In ordered to utilize these lean grade iron ore fines size tailings reject Hydrometallurgy of R&D centre, NMDC has taken the assignment to utilize the reject by making following products:

- Making of decorative roof Tiles.
- Making of Pavement Blocks for parking floor.
- Making of Vitrified Tiles for Wall / Floor.

Making of decorative 400 roof Tiles and pavement block from beneficiated lean grade iron ore reject slimes has been completed. The properties characterized at par with ISI standard.

### 3.0 Production / Projects Support

Major In-house Projects completed during 2012-13, in order to support production in various mines & NMDC:

- i) Beneficiation of sub-grade Iron ore samples from Bailadila Sector Bld-14.
- ii) Beneficiation studies with BHJ sample from Donimalai Iron Ore Mine to improve the process economics and to enhance recovery of Iron units.
- iii) Detailed Mineralogical and Characterization study on sub-grade sample from Dep. 10&11A and Kumaraswamy iron ore mines.
- iv) Evaluation of flow properties of composite Iron ore sample of Bailadila Deposit-5 and functional design of bunkers and chutes in connection with proposed additional screening facility at Deposit-5, Bachel complex.
- v) Flowability study and design of ROM bunkers for screening plant-II of Kumaraswamy mine, Donimalai Complex.
- vi) Evaluation of flow properties of sub grade ore of Bailadila-5, Bachel Complex and establishing the functional design parameters for storage silos and transfer chutes.
- vii) Physical and metallurgical studies for 29 iron ore samples of Bld 5, 10&11A, Bld 14&11C.
- viii) Pelletization Studies, Production of SR grade pellets for iron ore samples of Bld 5.
- ix) Monitoring and implementation of process flow sheet parameters at DMP, Panna and Donimalai Project.



**3.1 Development / MoU Projects Completed in 2012-13:**

- i) Beneficiation of Low grade Iron ore from Bailadila Phase-1.
- ii) Evaluation of flow properties of Low grade Iron ores of Bailadila, Bacheli complex and functional design of reliable flow storage silos/bunkers and transfers Chutes.
- iii) Development of technology for making of roof Tiles and pavement block from beneficiated lean grade iron ore slimes.
- iv) Process development for extraction of TiO<sub>2</sub> from kimberlite waste (Rich silica Residue) at lab scale level by Hydrometallurgical route.
- v) Reduction behaviour of Self Reducing [SR] grade iron ore pellets.

**4.0 Sponsored Projects**

Various sponsored Projects has been completed for variety of iron ores, slimes and tailings for including beneficiation studies, Flowability studies, and evaluation Metallurgical process of iron ore/ pellets.

**Major Sponsored projects completed in 2012-13:**

- i) Settling and Filtration test-work along with the test-work for determination of Bond's Ball Mill Work Index for M/s CET, SAIL.
- ii) Ball mill work Index determination for three nos samples received from M/s. Sesa Goa, Vedanta.
- iii) Batch scale beneficiation studies on low grade iron ore for Baffulona.
- iv) Ball Mill work Index determination, settling tests and filtration studies on slime sample from SAIL.

- v) Flow study and design of coal bunkers for ITPCL thermal power station, Cuddalore, Tamilnadu, (M/s Shandong Tiejun Electric Power).
- vi) Phase -1: Characterization and batch scale beneficiation studies on Iron ore sample from Bafoulabe, Mali (West Africa) for M/s Earthstone Group.
- vii) Metallurgical characterization studies for iron ore pellets M/s ESSAR STEEL, Hazira & Paradeep.
- viii) Metallurgical characterization studies for iron ore pellets M/s BMM ISPAT, Bellary.
- ix) Metallurgical characterization studies for iron ore pellets M/s GPIL, Raipur.
- x) Flow study and design of coal bunkers for Yermarus thermal power station, Karnataka, (Sponsored M/s BHEL, Noida).
- xi) Evaluation of Indian and Indonesian coal samples and design of coal bunkers for OPG power, Chennai, (Sponsored by M/s. ISGEC, Noida).
- xii) Physical and metallurgical studies for iron ore samples of M/s JSPL, Barbil.
- xiii) Studies on pellets ability test for iron ore samples of M/s JINDAL SAW.

**5.0 Proposed Collaborative Research Works**

- i) IMMT, Bhubaneswar: Development of Entrained flow Gasification System using non-coking coal (F-grade) blended with dolochar for thermal applications.

**ii) IIT, Hyderabad:**

- a. Project - 1: Improving the efficiency of Dense Medium separating the high NGM coal samples using GPU based CFD and PEPT methods.

- b. Project - 2: Energy optimization for comminution for Hard ores and Beneficiation of Low grade Iron Ores / Banded Iron formations (proposal topic approved, proposal preparation in progress Cost App.:2Crores).
- iii) JNTU, Hyderabad: Critical Analysis of Accretion formation (Ring) in Rotary kiln process at SIU, Paloncha.
- iv) CSIRO, Australia: Characterization and beneficiation studies on laterite / goethite Iron ores, Development of dry beneficiation technologies for processing of hydrated iron ores (proposal in pipeline).

## 6.0 Future Plans

### a. Projects as per MOU system with Ministry of Steel

- i) Investigations into the effect of bulk solid size distribution and liner surface roughness parameters on the coefficient of wall friction of different liner materials.
- ii) Feasibility of filtration of tailings generated from Iron Ore Processing & associated issues related to their transportation and stacking.
- iii) Pelletization studies with iron ore concentrate obtained by beneficiation of BHJ/BHQ from Donimalai region.
- iv) Feasibility study on Reduction of Coarse Size (-500 to +212 micron) Blue Dust Concentrate by hydrogen gas.
- v) Characterization of BIF from Bailadila Sector with reference to possible association of magnetic mineral/minerals.

### b. Development projects

- i) Upgradation of technology for beneficiation of low-grade iron ore containing < 50% Fe.

- ii) Creation of facility for reduction under load testing: To determine Softening characteristic of iron ore & pellets and optimizing operational parameters in Blast furnace - Under progress.
- iii) Development of an Eco-friendly tailing disposal system which involves Settling and Filtration studies with Different type of tailings (Silica rich, Alumina rich)
- iv) Development of an alternative process for classification of fines below 1mm.
- v) Any Other Sponsored work from various PSU and other organizations will be taken up.

### c. Modernization and upgradation with advance and latest Equipments to R&D Centre. Equipments added with an objective to make Southern region R&D Centre in Iron & Steel

S.No.	Description of Item
1	Shear Tester
2	Vertical Pulsating Ring High Gradient Magnetic Separator
3	All Flux Separator
4	XRF Spectra Meter
5	Stereo Zoom Micro Scope
6	Automated Mineralogy Solution QUEMSCAN
7	Scanning electron microscope
8	Proximate analyzer equipment for coal/coke analysis [TGA]
9	GF AAS SOELECTROMETER
10	CHNS Analyzer of coal/coke
11	Reduction & annealing furnace

**6.1 Effect of various coating in iron ore pellets properties:**

By usage of pellets in a blast furnace or DRI process, sticking or clustering of pellets at high temperature is observed before the pellets enter the cohesive region. If clustering of the particles in a pellet bed is pronounced, the smooth descending movement of the ferrous burden in the blast furnace or gas based DRI process can be disturbed. Another consequence of clustering in the pellet layers is the forming of gas channels. By using coated pellets, i.e. covering the pellet surface with a thin layer of non-sticking material, it should be possible to decrease the clustering tendency, at least above the cohesive zone of the blast furnace. The present work aims at checking the above problem by coating the iron ore pellets with Calcined Lime, quartzite, and calcined Dolomite.

- 7.0 a. Research papers presented:** More than 16 research papers presented in the national and international conferences and seminars during the year 2012-13.
- b. Renewal of Recognition for R&D center:** R&D center has been renewed the recognition by Department of Scientific and Industrial Research. Certificate of recognition has been received from DSIR on 18th April 2012 and recognition is valid up to 31-03-2017.
- c. Status of Carbonite formed coke Process:** NMDC in association with Carbonite Technology Solutions, Inc, USA have explored the possibilities of making Metallurgical coke from Indian non coking coal [Thermal grade]. "C" Grade coal from SCCL was subjected for beneficiation to prepare formed coke. Mild gasification is the first stage of the Carbonite Process in which, the

volatile content of coal was reduced by about 83 percent, resulting in the recovery of about one barrel (42 gallons) of coal oil liquids per ton of Grade C coal and solid by product (Char), called as Carbonite. The fixed carbon is increased by about 28 percent by the reduction in both moisture and volatiles. The Carbonite was converted to form coke using patented technology. The form coke produced from "C" Grade coal is acceptable for use in the Foundry Industry.

The outcome of research activities are as follows:

- i) Indian non coking coal can be used for production of coke, acceptable to foundry only.
- ii) The research work in collaboration with M/s Carbonite, though characterization & availability of process may improve quality of coke.
- iii) Techno economic evaluation for setting up pilot / commercial scale plant in India will be taken up based on these findings and market potential of the product.

**8.0 a. Beneficiation of FLOW SHEET DEVELOPMENT FOR NMDC**

**FLOW SHEET DEVELOPMENTAL WORKS ON BHJ & BHQ MINE WASTE:**

- i) Beneficiation studies with BHJ sample from Donimalai Iron Ore Mine to improve the process economics and to enhance recovery of Iron units.
- ii) Flow sheet developed for Tailing Beneficiation and pelletization plant.

- iii) Flow Sheet Development for Kumaraswamy mine and screening plant-II, Donimalai Complex.
- iv) Beneficiation Flow Sheet for sub grade iron ore of Dep-14 & SP III.
- v) Flow sheet developed from Lab scale studies on BHQ sample Bailadila region.

**b. Services provided to SAIL in the field of Mineral Beneficiation:**

- i) Bench scale and pilot scale beneficiation studies on Iron ore samples from Rowghat deposit SAIL (through M/s. Hatch, Gurgaon):
- ii) Pilot scale beneficiation studies on iron ore fines and slimes from Dalli mines SAIL.
- iii) Settling and Filtration test-work along with the test-work for determination of Bond's Ball Mill Work Index for M/s CET, SAIL.
- iv) Ball Mill work Index determination ,settling tests and filtration studies on slime sample from SAIL.
- v) Beneficiation studies on Iron ore samples of Taldih mines, SAIL (through M/s. Met Chem).

**c. Services provided to other iron ore mining Industries:**

- i) **BMM Ispat:** Studies were undertaken for effective utilization of Slime without beneficiation in pelletization process.
- ii) **JSPL, Barbil:** Carried out metallurgical characterization of iron ore pellets produced to achieve their quality objective.
- iii) **XINDIA, Koppal, ESSAR STEEL Hazira & Paradip:** Carried out physical and metallurgical characterization of iron ore pellets produced to achieve their quality objective.
- iv) **Jindal Saw:** Pellatibility studies were under taken to establish process parameter for green pellets production from beneficiated magnetite ore from Rajasthan.
- v) **Tata Steel:** Characterisation and Beneficiation studies with BHJ samples from Tata Steel Mines.
- vi) **Sesa Goa, Vedanta:** Ball mill work index determination for three nos. samples received from M/s. Sesa Goa, Vedanta.
- vii) **Baffulona:** Batch scale beneficiation studies on low grade iron ore for Baffulona.
- viii) **Earthstone: Phase -1:** Characterization and batch scale beneficiation studies on Iron ore sample from Bafoulabe, Mali (West Africa) for M/s Earthstone Group.

**9.0 Research and Development in Mineral Beneficiation with special significance to Iron Ore:**

- i) Beneficiation of Low grade Iron ore from Bailadila.
- ii) Evaluation of flow properties of Low grade iron ores of Bailadila, Bachel Complex and functional design of reliable flow storage silos/bunkers and transfers chutes.



- iii) Development of technology for making of roof tiles and pavement block from beneficiated lean grade iron ore slimes.
- iv) Reduction behaviour of Self Reducing [SR] grade iron ore pellets.
- v) Detailed Mineralogical and Characterization study on sub-grade sample from Dep-14 & Dep. 5.

**R&D EXPENDITURE AND TURNOVER YEAR WISE**

Rs. in Crores

Year	Expenditure on R&D			Annual Turnover	Percentage (%)
	Revenue	Capital	Total		
(1)	(2)	(3)	(4) (2 + 3)	(5)	(6) (4/5)
2010-2011	12.06	2.41	14.47	11,369.31	0.13
2011-2012	11.86	1.57	13.43	11,261.89	0.12
2012-2013	11.98	0.25	12.23	10,704.27	0.11

**Other Activities**

NABL Accreditation for Chemical Lab: Under Process.

Annexure - II

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Particulars	J&K Mineral Development Corporation Limited, Jammu	NMDC-CMDC Limited Raipur	NMDC SARKL Madagascar	NMDC Power Ltd.	Jharkhand National Mineral Dev. Corpn.	Legacy Iron Ore Limited Australia
1. The Financial year of the Subsidiary Companies ended on	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March 2013	30 <sup>th</sup> June, 2012	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2013	30 <sup>th</sup> June 2012
2. a. Paid-up Capital of the Subsidiary Company	Rs.4.74 Cr.	Rs.3.05 Cr.	MGA	Rs.0.05 Cr.	Rs.0.01 Cr.	AUD4.22 Cr.
b. Number of shares held by NMDC with its nominees in the Subsidiaries.	3,51,002 equity shares of the face value of Rs.100/- each fully paid up.	15,53,919 equity shares of the face value of Rs.10/- each fully paid up.	41,85,590 equity shares of the face value of MGA 500 each fully paid up.	50,000 equity shares of the face value of Rs.10/- each	6,000 equity shares of the face value of Rs.10/- each	28,83,62,699 equity shares of the value of AUD1.89 crore. No face value in Australia
c. Extent of interest of holding Company at the end of financial year	Rs.3.51 Cr. (74%)	Rs.1.55 Cr. (51%)	MGA 209.28 Cr. (100%)	Rs.0.05 Cr. 100%	Rs.0.01 Cr. 60%	Rs.1.89 AUD 49.61%
3. The net aggregate amount of the Subsidiary Companies profit/(loss) so far as it concerns the members of the holding Company.						
a. Not dealt with in the holding Company's accounts.						
i) For the financial year of Subsidiary Companies	Rs.(-)0.71 Crore	Rs.(-)0.01 Crore	-	Rs.(-)2.63 Crore *	Rs.(-)0.01 Crore **	AUD (-)0.41 Crore
ii) For the previous financial years of the Subsidiary Companies since they became the holding Company's Subsidiaries.	Rs.(-) 8.54 Crore	Rs.(-) 0.13 Crore	MGA (-)159.73 Crore	NA	NA	AUD (-)0.29 Crore
b. Dealt with in the holding Company's accounts						
i) For the financial year of Subsidiary Companies	Nil	Nil	Nil	Nil	Nil	Nil
ii) For the previous financial years of the Subsidiary Companies since they became the holding Company's Subsidiaries.	Nil	Nil	Nil	Nil	Nil	Nil

\* For the period from 12<sup>th</sup> December, 2011 to 31<sup>st</sup> March, 2013.

\*\* For the period from 6<sup>th</sup> August, 2012 to 31<sup>st</sup> March, 2013

NA : Not Applicable

## Report on Corporate Governance

### 1. A brief statement on Company's philosophy

NMDC, a Navaratna Company, believes in financial prudence, customer satisfaction, transparency, accountability and commitment to values. The good governance it practices is based on its stated belief and the guidelines of the Government of India issued from time to time should go a long way in enhancing value for all those who are associated with the Company: shareholders, customers, suppliers, creditors, Government of India, State Governments, Governmental agencies/departments and the society at large.

The Board of Directors at their 427th meeting have approved the Policy on Corporate Governance.

### 2. Board of Directors

As on 31st March, 2013 the Board of NMDC comprises of a full time Chairman-Cum-Managing Director and five Functional Directors, two Government Nominee Directors and eight Non-Executive (Independent) Directors.

#### a. Composition and category of Directors:

##### Whole-time Directors

- i) Shri C.S. Verma, Chairman-cum-Managing Director (w.e.f. 25.05.2012)
- ii) Shri N.K. Nanda, Chairman-cum-Managing Director (from 01.01.2012 upto 24.05.2012)
- iii) Shri N.K. Nanda, Director (Technical)
- iv) Shri S. Thiagarajan, Director (Finance)
- v) Shri S. Bose, Director (Production)
- vi) Shri S.K. Das, Director (Commercial)
- vii) Shri Rabindra Singh, Director (Personnel)

##### Government of India nominee Directors

- i) Shri S.Machendranathan, Additional Secretary & Financial Adviser (AS&FA), Ministry of Steel (upto 16.07.2012)
- ii) Shri E.K. Bharat Bhushan, Special Secretary & Financial Adviser (AS&FA), Ministry of Steel (w.e.f. 26.07.2012)
- iii) Shri U.P. Singh, Joint Secretary, Ministry of Steel (upto 16.07.2012)
- iv) Shri J.P. Shukla, Joint Secretary, Ministry of Steel (from 30.07.2012 to 18.10.2012)
- v) Shri Syedain Abbasi, Joint Secretary, Ministry of Steel (w.e.f. 18.10.2012)

## **Independent Directors**

- i) Shri Y.K. Sharma (upto 18.06.2012)
- ii) Shri Abdul Kalam (upto 18.06.2012)
- iii) Shri K.S. Raju (upto 18.06.2012)
- iv) Lt. Gen. (Retd.) Arvind Mahajan (upto 31.03.2013)
- v) Shri R.N. Aga
- vi) Mrs. Parminder Hira Mathur
- vii) Shri D. Rath
- viii) Shri S.J. Sibal
- ix) Dr. Noor Mohammad (w.e.f. 26.11.2012)
- x) Shri Vinai Kumar Agarwal (w.e.f. 26.11.2012)
- xi) Shri Mahesh Shah (w.e.f. 26.11.2012)

The Chairman-Cum-Managing Director and Functional Directors are appointed by Government of India for a period of five years or till the age of superannuation or until further orders whichever is earlier. The Directors are initially appointed by the Board as Additional Director in terms of the provisions of Section 260 of the Companies Act, 1956 and thereafter by the shareholders in the Annual General Meeting. The appointment may, however, be terminated by either side on three months notice or on payment of three months salary in lieu thereof.

Government Nominee Directors representing Ministry of Steel, retire from the Board on ceasing to be official of Ministry of Steel, Government of India.

Non Executive Directors (Independent) are normally appointed for a tenure of 3 years.

As on the date of the Report, the composition of the Board of NMDC is in conformity with Clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance.

## **b. BOARD MEETINGS**

### **Board Meeting Procedure:**

The Board Meetings are convened by giving appropriate advance notice after seeking approval of the Chairman of the Board / Committee as the case may be. In order to address specific urgent needs, meetings are also convened at a shorter notice. Resolutions are also passed by way of circulation in the eventuality of exigencies or urgency.

Detailed agenda note are circulated in advance to the Board Members for facilitating meaningful, informed and focused decision at the meeting. In case of special and exceptional circumstances, additional / supplemental agenda item(s) are also permitted.



**Information placed before the Board of Directors**

The Board of Directors has complete access to information within the Company. The information inter alia, regularly supplied to the Board includes:

- ❑ Annual Operating Plans and Budgets and any updates.
- ❑ Capital Budget, Revenue Budget and any updates.
- ❑ Quarterly / Annual Results of the Company.
- ❑ Minutes of Meeting of Audit Committee and other Committees of the Board.
- ❑ Minutes of the Meeting of Board of Directors of Subsidiary Companies.
- ❑ Major Investments in Subsidiaries, Associates, Joint Ventures and Strategic Alliances.
- ❑ Disclosure of Interest by Directors and other statutory items.
- ❑ Major expansion plans of the Company.
- ❑ Any significant development in Human Resources / Industrial Relation.

**Attendance of each Director at the Board Meeting and the last AGM**

Sl. No.	Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Last AGM Attended
1	Shri C.S. Verma Chairman-cum-Managing Director (w.e.f. 25.05.2012)	13	13	YES
2	Shri N.K. Nanda Chairman-cum-Managing Director (upto 24.05.2012)	1	1	YES
3	Shri N.K. Nanda Director (Technical)	13	12	YES
4	Shri S. Thiagarajan Director (Finance)	14	13	YES
5	Shri S. Bose Director (Production)	14	14	YES
6	Shri S.K. Das Director (Commercial)	14	14	YES
7	Shri Rabindra Singh Director (Personnel)	14	14	YES

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Sl. No.	Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Last AGM Attended
8	Shri S. Machendranathan (upto 16.07.2012)	3	3	NA
9	Shri E.K. Bharat Bhushan (w.e.f. 26.07.2012)	11	10	NO
10	Shri U.P. Singh (upto 30.07.2012)	3	3	NA
11	Shri J.P. Shukla (from 30.07.2012 to 18.10.2012)	4	4	YES
12	Shri Syedain Abbasi (w.e.f. 18.10.2012)	7	7	NA
13	Shri Y.K. Sharma (upto 18.06.2012)	2	2	NA
14	Shri Abdul Kalam (upto 18.06.2012)	2	2	NA
15	Shri K.S. Raju (upto 18.06.2012)	2	2	NA
16	Lt. Gen.(Retd.) Arvind Mahajan (upto 31.03.2013)	14	13	YES
17	Shri R.N. Aga	14	13	YES
18	Mrs. Parminder Hira Mathur	14	14	YES
19	Shri D. Rath	14	13	YES
20	Shri S.J. Sibal	14	11	YES
21	Dr. Noor Mohammad (w.e.f. 26.11.2012)	6	6	NA
22	Shri Vinai Kumar Agarwal (w.e.f. 26.11.2012)	6	6	NA
23	Shri Mahesh Shah (w.e.f. 26.11.2012)	6	6	NA

c. Number of other Boards or Board Committees in which he / she is a Member or Chairperson

Sl. No.	Name of the Director	No. of Directorship and Committee Membership / Chairmanship		
		Other Directorship	Committee Membership	Committee Chairmanship
1	Shri C.S. Verma Chairman-cum-Managing Director (w.e.f. 25.05.2012)	2	1	1
2	Shri N.K. Nanda Director (Technical)	9	2	Nil
3	Shri S. Thiagarajan Director (Finance)	6	2	Nil
4	Shri S. Bose Director (Production)	2	2	Nil
5	Shri S.K. Das Director (Commercial)	1	1	Nil
6	Shri Rabindra Singh Director (Personnel)	1	Nil	Nil
7	Shri S. Machendranathan (upto 16.07.2012)	8	Nil	Nil
8	Shri E.K. Bharat Bhushan (w.e.f. 26.07.2012)	6	Nil	Nil
9	Shri U.P. Singh (upto 30.07.2012)	3	Nil	Nil
10	Shri J.P. Shukla (from 30.07.2012 to 18.10.2012)	1	Nil	Nil
11	Shri Syedain Abbasi (w.e.f. 18.10.2012)	1	Nil	Nil
12	Shri Y.K. Sharma (upto 18.06.2012)	Nil	3	2
13	Shri Abdul Kalam (upto 18.06.2012)	1	Nil	Nil
14	Shri K.S. Raju (upto 18.06.2012)	Nil	1	Nil
15	Lt. Gen.(Retd.) Arvind Mahajan (upto 31.03.2013)	3	2	2
16	Shri R.N. Aga	Nil	1	Nil
17	Mrs. Parminder Hira Mathur	Nil	1	Nil
18	Shri D. Rath	2	1	Nil

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Sl. No.	Name of the Director	No. of Directorship and Committee Membership / Chairmanship		
		Other Directorship	Committee Membership	Committee Chairmanship
19	Shri S.J. Sibal	3	Nil	Nil
20	Dr. Noor Mohammad (w.e.f. 26.11.2012)	Nil	Nil	Nil
21	Shri Vinai Kumar Agarwal (w.e.f. 26.11.2012)	2	1	Nil
22	Shri Mahesh Shah (w.e.f. 26.11.2012)	2	Nil	Nil

## Notes:

- i) Excluding Private Limited Companies, Foreign Companies and Section 25 Companies.
- ii) Membership / Chairmanship of only the Audit Committee, Shareholders' Committee, Investor Grievance Committee of all Public Limited Companies (Explanation to clause 49(C) of the Listing Agreement). Committee Membership of NMDC is also included.
- iii) Directors are not inter se related to each other.

## d. No. of Board Meetings held, dates on which held.

During the year 2012-2013, fourteen (14) Board meetings were held, the details of which are given below:

S.No.	Board Meeting No.	Board Meeting Date	Board Strength	No. of Directors Present
1	446	16.04.2012	15	13
2	447	28.05.2012	16	16
3	448	29.06.2012	13	13
4	449	13.08.2012	13	12
5	450	21.08.2012	13	13
6	451	20.09.2012	13	12
7	452	08.10.2012	13	12
8	453	07.11.2012	13	12
9	454	06.12.2012	16	16
10	455	02.01.2013	16	14
11	456	11.01.2013	16	16
12	457	02.02.2013	16	15
13	458	13.02.2013	16	16
14	459	02.03.2013	16	16



Brief Resume / profiles of the Directors and expertise in specific functional areas forms part of the Annual Report.

### 3. Audit Committee

#### i. Brief description of terms of reference

The role of the Audit Committee shall include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Sec 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue etc) the statement of funds utilized for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency the utilization of proceeds of a public or right issue and making appropriate recommendation to the Board to take up the steps in the matter.
- Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- Discussion with internal auditors and/or auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors / auditors / agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- To review the follow up action on the audit observations of the C&AG audit.
- To review the follow up action taken on the recommendations of Committee on Public Undertakings of the Parliament.
- Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
- Review and pre-approve all related party transactions in the Company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions.
- Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
- Consider and review the following with the independent auditor and the management:
  - The adequacy of internal controls including computerized information system controls and security;
  - Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
- Consider and review the following with the management, internal auditor and the independent auditor:
  - Significant findings during the year, including the status of previous audit recommendations.
  - Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### ii. Composition, name of Members and Chairperson

#### **The Audit Committee consists of the following Directors:**

- Shri Y.K. Sharma, Independent Director and Chairman (upto 18.06.2012)
- Lt. Gen. (Retd.) Arvind Mahajan, Independent Director and Chairman (w.e.f. 19.06.2012)

- Shri R.N. Aga, Independent Director and Member
- Shri N.K. Nanda, Director (Technical) and Member
- Mrs. Parminder Hira Mathur, Independent Director and Member
- Shri D. Rath, Independent Director and Member (w.e.f. 13.08.2012)
- The Company Secretary acted as the Secretary to the Audit Committee as was laid down under the provisions of clause 49.
- Director (Finance), Representatives of Statutory and Internal Auditors, Functional Directors, besides, Head of Audit and Executives of other Departments are invited on need basis. Functional Directors of NMDC (except CMD) also attend the Audit Committee meetings as Special Invitees.

**iii. Meetings and attendance during the year**

During the year under report, four meetings of the Audit Committee were held. The details of attendance of the Members are indicated below:

Sl. No.	Meeting No.	Meeting Date	Strength of Audit Committee	No. of Members Present
1	57	28.05.2012	5	5
2	58	13.08.2012	5	5
3	59	07.11.2012	5	4
4	60	13.02.2013	5	5

**iv. Attendance of each Director at the Audit Committee meetings**

Sl. No.	Name of the Director	No. of meetings held	No. of meetings attended
1	Shri Y.K. Sharma Independent Director & Chairman (upto 18.06.2012)	1	1
2	Lt. Gen. (Retd.) Arvind Mahajan Independent Director & Chairman (w.e.f. 19.06.2012)	4	4
3	Shri N.K. Nanda Director (Technical)	5	4
4	Shri R.N. Aga Independent Director & Member	5	5
5	Mrs. Parminder Hira Mathur Independent Director & Member	5	5
6	Shri D. Rath Independent Director (w.e.f. 13.08.2012)	3	3

## 4. Remuneration Committee

The Board of Directors at its 411th meeting held on 24.04.2009 had constituted a Remuneration Committee of Directors in line with the DPE OM dated 26.11.2008.

Subsequently, keeping in view OM No.18(8)/2005-GM dated 14.05.2010 issued by DPE, the Board of Directors at its 430th meeting held on 01.02.2011 re-constituted the Remuneration Committee. The present composition of the Remuneration Committee are as under:

S.No.	Name
1	Shri R.N. Aga, Independent Director & Chairman
2	Shri D. Rath, Independent Director & Member
3	Mrs. P.H. Mathur, Independent Director & Member
4	Director (Personnel), NMDC, Secretary to attend as Special Invitee.

The scope, powers and terms of reference of the Remuneration Committee shall be as per the directives issued by DPE, Listing Agreement, the Companies Act, 1956 etc.

During the year under review, 1 meeting of the Remuneration Committee was held on 06.11.2012. All the Directors attended the meeting of the Remuneration Committee.

NMDC being a Government Company, the terms and conditions of appointment and remuneration of Functional Directors are determined by Government through its administrative Ministry, Ministry of Steel. Non-executive Part-time Official Directors (Independent) do not draw any remuneration.

The non-executive Directors are paid sitting fee as approved by the Board within the ceiling fixed under the Companies Act, 1956 and as per the guidelines issued by the Government of India.

The details of remuneration paid to Functional Directors during the financial year 2012-13 are as follows:

(Rs.)

Sl. No.	Name of the Director	Pay & Benefits other funds	Contribution to PF &	Other benefits	Total
1.	Shri N.K. Nanda, Director (Technical)	21,33,343	1,97,670	20,19,420	43,50,433
2.	Shri S. Thiagarajan, Director (Finance)	25,04,618	1,93,106	13,94,504	40,92,228
3.	Shri S. Bose, Director (Production)	20,33,056	1,89,697	10,73,194	32,95,947
4.	Shri S.K. Das, Director (Commercial)	23,43,447	1,93,053	8,77,118	34,13,618
5.	Shri Rabindra Singh, Director (Personnel)	21,70,967	1,93,836	6,15,000	29,79,803
<b>Total Rs.</b>		<b>1,11,85,431</b>	<b>9,67,362</b>	<b>59,79,236</b>	<b>1,81,32,029</b>



**Notes:**

1. Includes Basic Pay, DA, FPA (where applicable), HRA (where applicable), Perks, PLBS and other Misc. Payments due to Incremental diff, DA diff, 2 months HRA on superannuation (where applicable).
2. Contributions to PF and other Funds:  
Includes PF and EDLI have been included.
3. Other Benefits:  
Includes PRP, Lease/Self Lease, Rent (where applicable either one), Medical (in patient & out patient) Management Tax, Gift Items, Interest Subsidy (where applicable)
4. Shri C.S. Verma, CMD is the Chairman and permanent employee of SAIL and holding additional charge as CMD, NMDC. Hence the above details are not applicable to him.
5. Notice period of 3 months or salary in lieu thereof is required for severance of service.

The Company has not introduced any stock option scheme.

The remuneration does not include the provision made on actuarial valuation of retirement benefit schemes and provision made for post retirement medical benefits as the same is not separately identifiable for individual directors.

During the year under review, the part-time Directors (Independent Directors) were paid sitting fees of Rs.20,000/- per meeting. In respect of Board level Committee Meeting, sitting fees was Rs.10,000/- per meeting. Govt. Directors and Functional Directors are not paid sitting fees for attending the meeting of the Board or any Committee meeting thereof.

During the year, the part-time non-official Directors (Independent Director) received sitting fees for attending the meetings of the Board / Committees as follows:

S.No.	Name of the Director	Sitting Fees (in Rs.)
1	Lt. Gen.(Retd.) Arvind Mahajan	4,40,000
2	Shri R.N. Aga	3,60,000
3	Mrs. Parminder Hira Mathur	4,70,000
4	Shri Dronadeb Rath	4,40,000
5	Shri S.J. Sibal	3,40,000
6	Dr. Noor Mohammad (w.e.f. 26.11.2012)	1,20,000
7	Shri Vinai Kumar Agarwal (w.e.f. 26.11.2012)	1,40,000
8	Shri Mahesh Shah (w.e.f. 26.11.2012)	1,60,000
9	Shri Y.K. Sharma (upto 18.06.2012)	80,000
10	Shri Abdul Kalam (upto 18.06.2012)	70,000
11	Shri K.S. Raju (upto 18.06.2012)	90,000
	<b>Total:</b>	<b>27,10,000</b>

## No. of Equity Shares of the Company held by Directors as on 31st March, 2013.

S.No.	Name of the Director	No. of Shares of the Company
1	Shri C.S. Verma, Chairman-cum-Managing Director	NIL
2	Shri N.K. Nanda, Director (Technical)	320
3	Shri S. Thiagarajan, Director (Finance)	NIL
4	Shri S. Bose, Director (Production)	320
5	Shri S.K. Das, Director (Commercial)	NIL
6	Shri Rabindra Singh, Director (Personnel)	NIL
7	Shri E.K. Bharat Bhushan, Govt. Nominee Director	NIL
8	Shri Syedain Abbasi, Govt. Nominee Director	NIL
9	Dr. Noor Mohammad	NIL
10	Shri Vinai Kumar Agarwal	NIL
11	Shri Mahesh Shah	NIL
12	Lt. Gen.(Retd.) Arvind Mahajan	NIL
13	Shri R.N. Aga	NIL
14	Mrs. Parminder Hira Mathur	NIL
15	Shri Dronadeb Rath	NIL
16	Shri S.J. Sibal	100

## 5. Shareholders Committee

### i. Share Transfer Committee

The Board has constituted the Share Transfer Committee (STC) to consider and approve all related issues of Shares and Share transfers. The Members of the Committee are as under:

- i) Chairman-cum-Managing Director
- ii) Director (Technical)
- iii) Director (Finance)
- iv) Director (Production)
- v) Director (Commercial)
- vi) Company Secretary
- vii) Joint Company Secretary

During the year under report, three (3) meetings of the Committee were held. The details of attendance of the Members are indicated below:

Sl.No.	Meeting No.	Meeting Date	Strength of STC	No. of Members present
1	172	16.04.2012	6	6
2	173	29.06.2012	7	7
3	174	25.08.2012	7	7

**Attendance of each Member at the Share Transfer Committee meetings**

Sl.No.	Name of the Member	No. of meetings held	No. of meetings attended
1	Chairman-cum-managing Director	2	2 *
2	Director (Technical) & CMD I/c #	3	3
3	Director (Finance)	3	3
4	Director (Production)	3	3
5	Director (Commercial)	3	3
6	Company Secretary	3	3
7	Joint Company Secretary	3	3

\* Additional charge of CMD w.e.f. 25.05.2012.

# Held additional charge of CMD upto 24.05.2012.

ii. Name and designation of the Compliance Officer: Shri Mohammad Imam, Joint Company Secretary.

**iii. Details in respect of shareholders' complaints:**

- Number of complaints received - 145.
- Number of complaints not solved to the satisfaction of the shareholders - Nil.
- Number of complaints pending - Nil.

During the year under review, Securities and Exchange Board of India (SEBI) has introduced online complaint redressal system namely SEBI Complaint Redressal System (SCORES). During the year, under SCORES, 9 investor complaints were received & resolved and no complaint was pending as on 31.03.2013.

**6. Shareholders'/Investors' Grievance Committee**

Composition: The Board has constituted the Shareholders'/Investors' Grievance Committee comprising Chairman of Audit Committee (Chairman of the Committee) and Director (Finance) and Director (Production) as Members.

During the year under report, four (4) meetings of the Committee were held. The details of attendance of the Members are indicated below:

S.No.	Meeting No.	Meeting Date	Strength of Committee	No. of Members present
1	13	28.05.2012	3	3
2	14	13.08.2012	3	3
3	15	07.11.2012	3	3
4	16	13.02.2013	3	3

#### Attendance of each Member at the Shareholders' / Investors' Grievance Committee

Sl.No.	Name of the Member	No. of meetings held	No. of meetings attended
1	Chairman, Audit Committee	4	4
2	Director (Finance)	4	4
3	Director (Production)	4	4

Pursuant to an offer for sale, Government of India has disinvested 8.38% of its holding in the Company aggregating 33,22,43,200 equity shares of Rs.1/- each in the financial year 2009-10. M/s Karvy Computershare Pvt. Ltd., Hyderabad were appointed as Registrar to the offer for sale by Government of India. All grievances / complaints relating to offer for sale made by Government of India are exclusively dealt by M/s Karvy Computershare Pvt. Ltd., Hyderabad.

Department of Disinvestment, Government of India completed further disinvestment of 10% of the shareholding of President of India through OFS route in the financial year 2012-13. The realization netted by Government of India on account of the said divestment is Rs.5973.27 crores.

Both being an Offer for Sale, the Company has not received any proceeds of the offer(s) and all the proceeds thereof were received by Government of India. Accordingly, there are no projected utilization of funds and / or projected profitability statement in this regard.

#### Other Board level Sub-Committees of Directors

Apart from the above mentioned Committees, the Board also constituted various other Sub-Committees with specific terms of reference as per requirement. The minutes of such Board level Sub-Committees are placed before the Board.

#### 7. General Body Meeting

- i. Location and time where last three AGMs held.
- ii. Whether any special resolution passed in the previous 3 AGMs.

The details of the General Meetings held for the past three years are as under:

AGM No.	Venue	Date & time	Special Resolutions Passed
52nd AGM	Ravindra Bharati, Saifabad, Hyderabad	05.08.10 at 1430 hrs	One
53rd AGM	Hotel Taj Krishna, Hyderabad	20.09.11 at 1500 hrs	–
54th AGM	Sri Sathya Sai Nigamagamam, Hyderabad	20.09.12 at 1500 hrs	One

- iii. During the year 2012-13, there was no occasion to resort to Postal Ballot for consideration of the shareholders of the Company.



**8. Disclosures**

- i. There are no materially significant related party transactions' that may have a potential conflict with the interests of Company at large.
- ii. There was no case of non-compliance of statutory provisions of the Companies Act, 1956 or SEBI Regulations or provisions of Listing Agreement, or any other statutory authority. These authorities have not passed any strictures or imposed any penalty on the Company on any matter related to capital markets during last three years.
- iii. In respect of Whistle Blower Policy, no personnel of the Company has been denied access to the Audit Committee.
- iv. As on the date of Report, the Company has complied with the requirement of Clause 49 and DPE Guidelines on Corporate Governance.
- v. Other than the sitting fees paid (Rs.20,000/- per sitting of the Board Meeting and Rs.10,000/- per sitting of the Board level Committee Meeting), part-time Directors have had no pecuniary relationship or transactions with the Company during the year under report.
- vi. Details of Presidential Directives issued by Central Government and their compliances during the year and also in the last 3 years:  
The Company is following the Presidential Directives and guidelines issued by the Government of India from time to time regarding reservation for SCs, STs and OBCs, implementation of wage revision etc. It has complied with all Presidential Directives applicable to it during the year and also during the last three years.
- vii. Items of expenditure debited in books of accounts, which are not for the purposes of the business.  
Nil.
- viii. Expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management.  
Nil
- ix. Details of Administrative and Office expenses as a percentage of total expenses was 3.45%.

**9. Means of communication****(a) Quarterly Results:**

The Company publishes quarterly Un-audited / Audited financial results through leading National Daily Commercial / Economic newspapers and also Local language Daily newspapers including Hindi Daily newspaper.

These results are also posted on Company's website: [www.nmdc.co.in](http://www.nmdc.co.in). The Company's website also contains a dedicated section on 'Investors' where shareholders information is available viz. Annual Reports, Financial Details, etc.

In addition, the Company communicates major achievements and important events taking place in the Company through Press, Electronic Media and also on its Website.

**(b) Website:**

As per the provisions of the Listing Agreement, the Company's website i.e. [www.nmdc.co.in](http://www.nmdc.co.in) contains a separate section "Investors", where shareholders information is available.

## 10. General Shareholders Information

### i. AGM date, time and venue

Date	Time	Venue
25.09.2013	1130 hrs.	Grand Ball Room, Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad-500 034

### ii. Financial Calendar for 2013-14

1st quarter results	(Unaudited)	on or before 14.08.2013
2nd quarter results	(Unaudited)	on or before 14.11.2013
3rd quarter results	(Unaudited)	on or before 14.02.2014
4th quarter results	(Audited)	on or before 30.05.2014

### iii. Date of Book Closure : From 21.09.2013 to 25.09.2013 (both days inclusive)

### iv. Dividend Payment date

- (a) Dividend would be paid within 30 days of declaration as per the provisions of the Companies Act, 1956.
- (b) Details of interim dividend paid & final dividend proposed during the year under review are as under:

(Rs.in crores)

Particulars	GOI Share	Others	Total Dividend	% of Share Capital
1st Interim	713.68	79.26	792.94	200
2nd Interim	317.19	79.28	396.47	100
Final (proposed)	1268.78	317.11	1585.89	400
<b>Total</b>	<b>2299.65</b>	<b>475.66</b>	<b>2775.30</b>	<b>700</b>
Previous Year	1605.78	178.34	1784.12	450

### v. Listing on Stock Exchanges

NMDC shares are listed on six (6) Stock Exchanges at Bangalore, Chennai, Mumbai, Kolkata, New Delhi and National Stock Exchange, Mumbai. Listing Fees for the year 2013-14 has been paid to the six Stock Exchanges.

vi. Stock Code :

Sl.No.	Name of the Stock Exchange where Company's equity shares are listed	Scrip Code / Company Code
i)	Bombay Stock Exchange, Mumbai	526371
ii)	National Stock Exchange, Mumbai	NMDC
iii)	Delhi Stock Exchange, New Delhi	14090
iv)	Calcutta Stock Exchange, Kolkata	24131
v)	Madras Stock Exchange, Chennai	NATMINER
vi)	Bangalore Stock Exchange, Bangalore	NMN

vii. Market price data: High, Low during each month in last financial year

Market average prices at Bombay Stock Exchange (BSE) & National Stock Exchange (NSE)

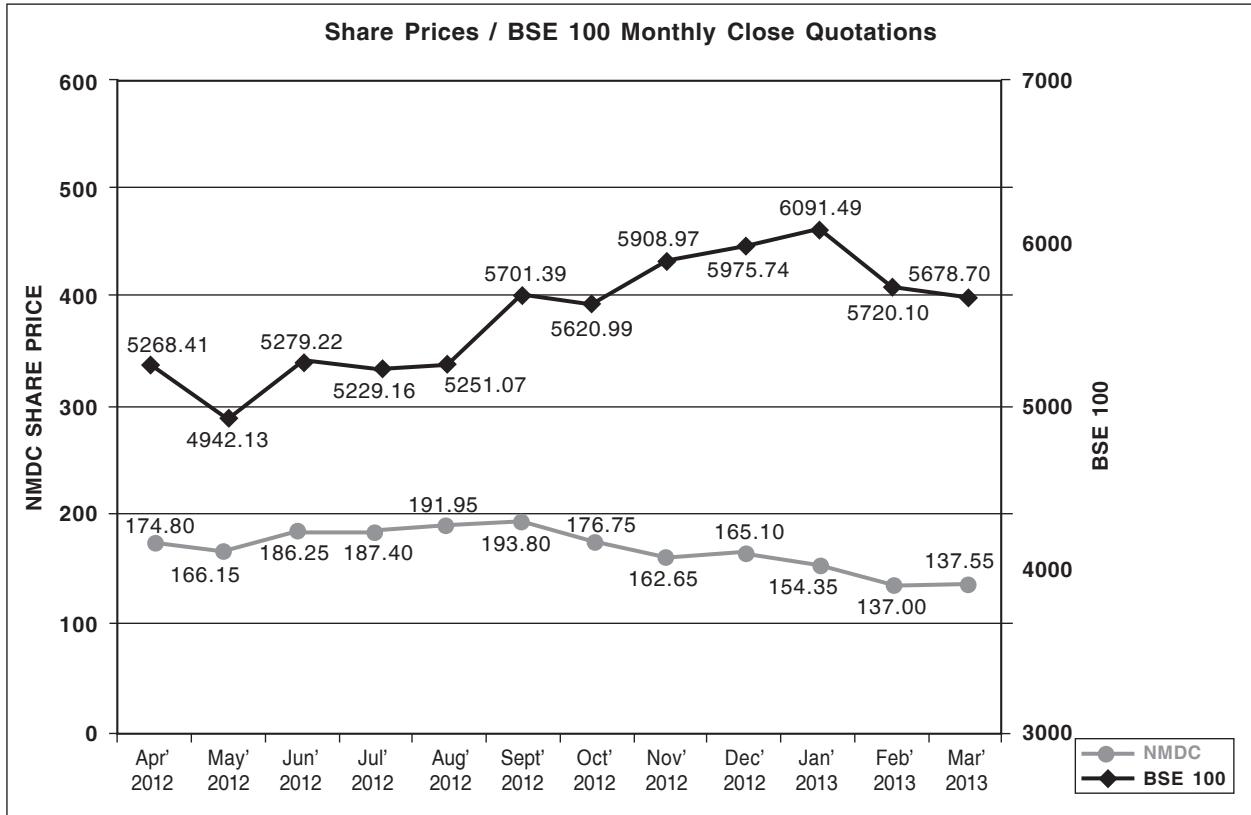
Year	Month	BSE		NSE	
		Highest	Lowest	Highest	Lowest
2012	April	186.10	160.00	170.32	165.61
2012	May	178.90	159.00	173.48	165.73
2012	June	187.00	163.40	173.70	169.34
2012	July	203.40	181.00	193.09	187.39
2012	August	200.90	179.90	189.00	183.88
2012	September	199.90	180.10	193.20	186.80
2012	October	199.00	176.25	190.38	185.89
2012	November	187.35	158.05	176.27	170.48
2012	December	167.90	149.95	163.60	158.74
2013	January	171.50	153.25	163.87	160.40
2013	February	156.95	134.00	150.27	145.89
2013	March	148.15	128.30	142.15	137.52

Note :

- i) The Company split the face value of the share to Re.1/- per share from Rs.10/- per share on 21<sup>st</sup> April, 2008.
- ii) The Company issued Bonus Shares @ two equity shares for every one share held on 22nd May 2008.

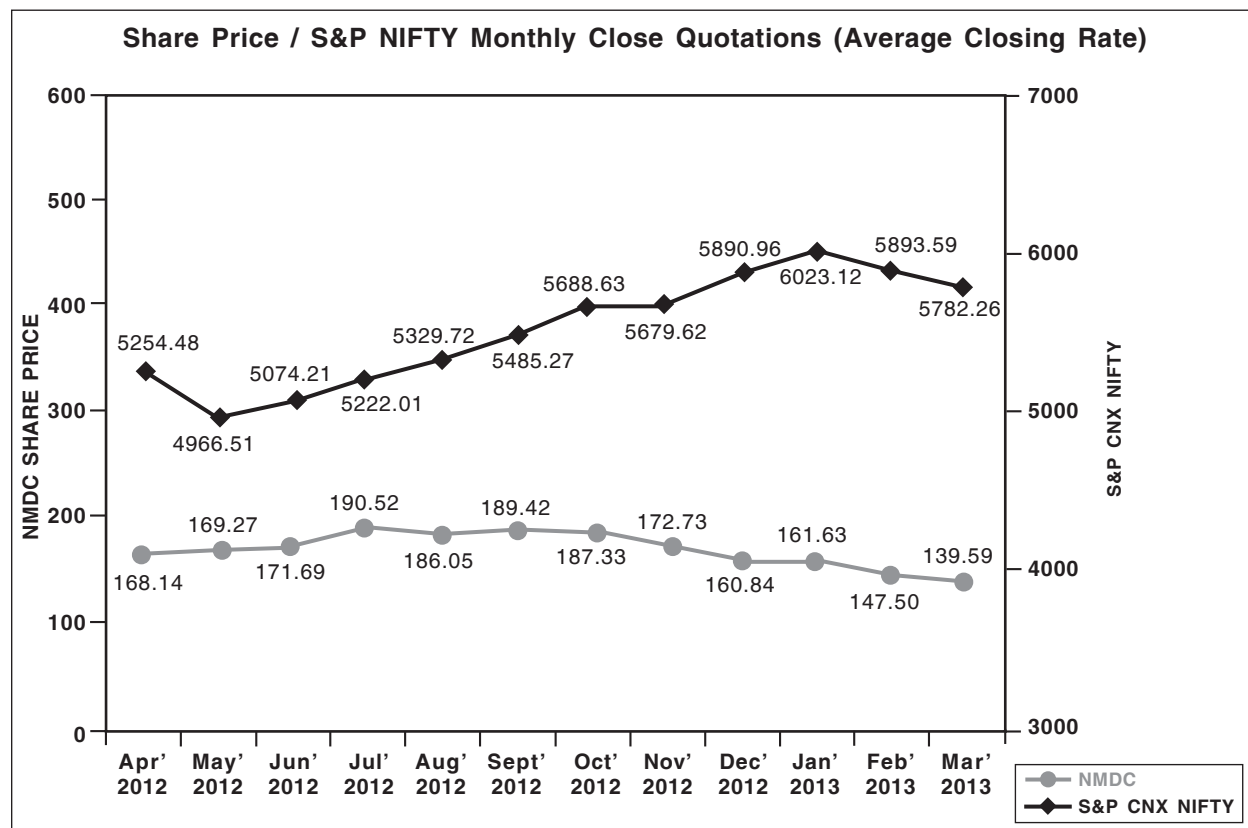
viii. Performance in comparison to broad based indices such as BSE Sensex, CRISIL Index etc.

a) BSE / Sensex and NMDC Share Price





b) NIFTY and NMDC Share Price



ix. Registrar & Transfer Agent

The Company has appointed Aarthi Consultants Pvt. Ltd., Hyderabad as Share Transfer Agent of NMDC for looking after the works relating to share transfer/transmission etc., and dematerialization / rematerialization of shares of NMDC with CDSL and NSDL.

x. Share Transfer System

The Company has a Share Transfer Committee comprising of Chairman-cum-Managing Director, Director (Technical), Director (Finance), Director (Production), Director (Commercial), Company Secretary and Joint Company Secretary which considers the request for Transfer / Transmission of shares, dematerialization of shares etc. The share transfer committee considers request for issue of share certificates. Transfers in physical form are registered after ascertaining objections, if any, from the transferors; and no valid transfer applications are kept pending beyond the stipulated period of fifteen days. Requests for dematerialization of shares are processed and confirmation is given to the respective depositories viz, NSDL and CDSL within 15 days.

xi. Distribution of Shareholding:

(a) Shareholding Pattern as on 31<sup>st</sup> March, 2013 pursuant to Clause 35 of the Listing Agreement (Consolidated)

Category code	Category of Shareholder	Number of Share holders	Total Number of shares	Number of shares held in dematerialised form	Total share holding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Percentage of (A + B) 1	As a Percentage of (A + B + C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VII)	(IX)=(VIII)/(IV)*100
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
<b>1</b>	<b>Indian</b>							
a.	Individuals/Hindu Undivided Family	0	0	0	0	0	0	0
b.	Central Government/ State Government(s)	1	3171946580	3171946580	80	80	0	0
c.	Bodies Corporate	0	0	0	0	0	0	0
d.	Financial Institutions/Banks	0	0	0	0	0	0	0
e.	Any Others (Specify):	0	0	0	0	0	0	0
e-i.	Mutual Funds	0	0	0	0	0	0	0
e-ii.	Trusts	0	0	0	0	0	0	0
	<b>Sub Total (A)(1)</b>	<b>1</b>	<b>3171946580</b>	<b>3171946580</b>	<b>80</b>	<b>80</b>	<b>0</b>	<b>0</b>
<b>2</b>	<b>Foreign</b>							
a.	Individuals (Non Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0
b.	Bodies Corporate	0	0	0	0	0	0	0
c.	Institutions	0	0	0	0	0	0	0
d.	Qualified Foreign Investor	0	0	0	0	0	0	0
e.	Any Others (Specify)	0	0	0	0	0	0	0
e-i.	Overseas Corporate Bodies	0	0	0	0	0	0	0
	<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Total Shareholding of Promoter and Promoter Group	0	0	0	0	0	0	0
	<b>(A) = (A)(1) + (A)(2)</b>	<b>1</b>	<b>3171946580</b>	<b>3171946580</b>	<b>80</b>	<b>80</b>	<b>0</b>	<b>0</b>
<b>(B)</b>	<b>Public Shareholding</b>							
<b>1</b>	<b>Institutions</b>							
a.	Mutual Funds/UTI	33	101596191	101596191	2.56	2.56	0	0
b.	Financial Institutions/Banks	31	109156718	109156718	2.75	2.75	0	0
c.	Central Government/ State Government(s)	0	0	0	0	0	0	0
d.	Venture Capital Funds	0	0	0	0	0	0	0

Category code	Category of Shareholder	Number of Share holders	Total Number of shares	Number of shares held in dematerialised form	Total share holding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Percentage of (A + B) 1	As a Percentage of (A + B + C)	Number of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VII)	(IX)=(VIII)/(IV)*100
e.	Insurance Companies	6	243816999	243816999	6.15	6.15	0	0
f.	Foreign Institutional Investors	136	188684348	188684348	4.76	4.76	0	0
g.	Foreign Venture Capital Investors	0	0	0	0	0	0	0
h.	Qualified Foreign Investor	1	450000	450000	0.01	0.01	0	0
i.	Any Others (Specify)							
i-i.	Foreign Companies	0	0	0	0	0	0	0
i-ii.	FPO Unclaimed a/c	1	2480	2480	0	0	0	0
	<b>Sub Total (B)(1)</b>	<b>208</b>	<b>643706736</b>	<b>643706736</b>	<b>16.24</b>	<b>16.24</b>	<b>0</b>	<b>0</b>
<b>2</b>	<b>Non-Institutions</b>							
a.	Bodies Corporate	1863	98360626	98327626	2.48	2.48	0	0
b.	Individuals							
i)	Individual shareholders holding nominal share capital upto Rs.1 lakh	189712	37630938	37494449	0.95	0.95	0	0
ii)	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	16	3830718	3830718	0.1	0.1	0	0
c.	Qualified Foreign Investor	0	0	0	0	0	0	0
d.	Any Others (Specify)							
d-i.	Non Resident Individuals	2508	2170484	2170484	0.05	0.05	0	0
d-ii.	Overseas Corporate Bodies	0	0	0	0	0	0	0
d-iii.	Trusts	31	552956	552956	0.01	0.01	0	0
d-iv.	Employees	65	80151	30031	0	0	0	0
d-v.	Clearing Members	159	6436811	6436811	0.16	0.16	0	0
d-vi.	Foreign Nationals	0	0	0	0	0	0	0
	<b>Sub Total (B)(2)</b>	<b>194354</b>	<b>149062684</b>	<b>148843075</b>	<b>3.76</b>	<b>3.76</b>	<b>0</b>	<b>0</b>
	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>194562</b>	<b>792769420</b>	<b>792549811</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>0</b>
	<b>Total (A) + (B)</b>	<b>194563</b>	<b>3964716000</b>	<b>3964496391</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>
(C)	Shares held by Custodians and against Depository Receipts have been issued							
1	Shares holding of Promoter and Promoter Group	0	0	0	0	0	0	0
2	Public Shareholding	0	0	0	0	0	0	0
	<b>Grand Total (A) + (B) + (C)</b>	<b>194563</b>	<b>3964716000</b>	<b>3964496391</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>

## (b) Distribution of Shareholding by size as on 31.03.2013

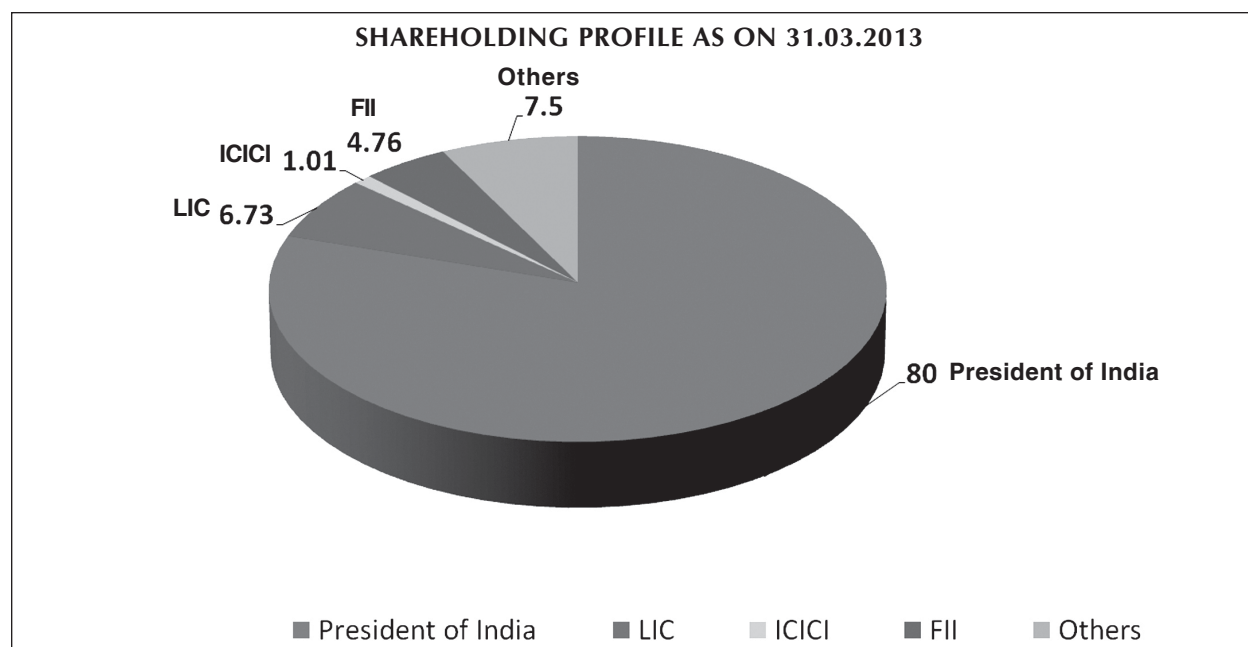
Sl.No.	Category	Holders	Holders percentage	Shares	Amount	Amount percentage
1	1 - 5000	193472	99.44	33777221	33777221	0.85
2	5001 - 10000	455	0.23	3323596	3323596	0.08
3	10001 - 20000	190	0.10	2789434	2789434	0.07
4	20001 - 30000	82	0.04	2135765	2135765	0.05
5	30001 - 40000	50	0.03	1765746	1765746	0.04
6	40001 - 50000	31	0.02	1461422	1461422	0.04
7	50001 - 100000	65	0.03	4624200	4624200	0.12
8	100001 & Above	218	0.11	3914838616	3914838616	98.74
	<b>Total</b>	<b>194563</b>	<b>100</b>	<b>3964716000</b>	<b>3964716000</b>	<b>100</b>

## (c) Top ten shareholders of the Company as on 31.03.2013

Sl.No.	Holder	No. of shares	%	Group	Category
1	President of India	3171946580	80	Promoter	Central Government/ State Government(s)
2	Life Insurance Corporation of India	219501966	5.54	Public	Insurance Companies
3	LIC of India Pension Plus Mixed Fund	47368983	1.19	Public	Financial Institutions/ Banks
4	ICICI Prudential MIP 25	39923456	1.01	Public	Mutual Funds/UTI
5	HSBC Global Investment Funds A/c HSBC Global Investment Funds Mauritius Limited	25122632	0.63	Public	Foreign Institutional Investors
6.	CITI Group Global Markets Mauritius Private Limited	19651478	0.5	Public	Foreign Institutional Investors
7	HDFC Standard Life Insurance Company Limited	17560521	0.44	Public	Bodies Corporate
8.	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund	16394889	0.41	Public	Foreign Institutional Investors
9.	Bajaj Allianz Life Insurance Company Limited	15949049	0.4	Public	Bodies Corporate
10.	State Bank of India	13065080	0.33	Public	Financial Institutions Banks
	<b>TOTAL</b>	<b>3586484634</b>	<b>90.45</b>		

(d) Geographical Distribution of Shareholders as on 31.03.2013

Sl.No.	City	No. of Shareholders	% to Total	No. of Shares	% to Total
1	AHMEDABAD	12840	6.47	2990729	0.08
2	BANGALORE	8970	4.52	2782471	0.07
3	BHUBANESWAR	596	0.30	89080	0.00
4	CHANDIGARH	822	0.41	132930	0.00
5	CHENNAI	7235	3.65	5499988	0.14
6	GUWAHATI	459	0.23	82540	0.00
7	HYDERABAD	8217	4.14	1883599	0.05
8	JAIPUR	5046	2.54	708741	0.02
9	KANPUR	1225	0.62	168335	0.00
10	KOLKATA	11291	5.69	9237878	0.23
11	MUMBAI	36120	18.20	738663352	18.63
12	NAGPUR	1000	0.50	208323	0.01
13	NEW DELHI	13099	6.60	3183780470	80.30
14	PATNA	1118	0.56	500726	0.01
15	TRIVANDRUM	667	0.34	131749	0.00
16	OTHERS	89726	45.22	17855089	0.45
	<b>TOTAL</b>	<b>198431</b>	<b>100.00</b>	<b>3964716000</b>	<b>100.00</b>





## xii. Dematerialization of shares and liquidity

The shares of the Company are dematerialized with Central Depository Services (India) Ltd and National Securities Depository Limited. The addresses of the Depositories are as under:

- (i) National Securities Depository Limited  
Trade World, 4th Floor, Kamala Mills Compound  
Senapati Bapat Marg  
Lower Parel, Mumbai - 400 013
- (ii) Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street  
Mumbai - 400 023

**No. of Shares held in dematerialized and physical mode as on 31st March, 2013 are as under:**

Particulars	No. of Shares	% of total capital issue
Held in dematerialized form in NSDL	394,95,66,136	99.62
Held in dematerialized form in CDSL	1,49,30,255	0.37
Physical	2,19,609	0.01
<b>Total:</b>	<b>396,47,16,000</b>	<b>100.00</b>

## xiii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity : NIL

## xiv. Unclaimed Dividend

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the dividends declared by the company, which remained unpaid or unclaimed, the particulars are given below:

Sl.No.	Particulars of Dividend	Date of declaration of Dividend	Proposed date of transfer to IEPF*
1	Final Dividend for the year 2006-07	31.08.2007	30.09.2014
2	Interim Dividend for the year 2007-08	25.10.2007	24.11.2014
3	2nd Interim Dividend for the year 2007-08	30.01.2008	28.02.2015
4	Final Dividend for the year 2007-08	08.08.2008	07.09.2015
5	Interim Dividend for the year 2008-09	28.01.2009	27.02.2016
6	Final Dividend for the year 2008-09	29.08.2009	28.09.2016
7	Interim Dividend for the year 2009-10	23.01.2010	22.02.2017
8	Final Dividend for the year 2009-10	05.08.2010	04.09.2017
9	Interim Dividend for the year 2010-11	01.02.2011	01.03.2018
10	Final Dividend for the year 2010-11	20.09.2011	19.10.2018
11	Interim Dividend for the year 2011-12	31.10.2011	30.11.2018
12	2nd Interim Dividend for the year 2011-12	31.01.2012	01.03.2019
13	Final Dividend for the year 2011-12	20.09.2012	19.10.2019
14	Interim Dividend for the year 2012-13	07.11.2012	06.12.2019
15	2nd Interim Dividend for the year 2012-13	13.02.2013	12.03.2020

\* Investor Education and Protection Fund (IEPF)

**xv. Unclaimed Shares Suspense Account**

Pursuant to an offer for sale, Government of India has disinvested 8.38% of its holding in the Company aggregating 33,22,43,200 equity shares of Rs.1/- each in the financial year 2009-10. During this period, two demat accounts were opened with NSDL & CDSL for crediting unclaimed / suspense equity shares. As per the provisions of Clause 5A of the Listing Agreement, the details of unclaimed shares lying in the unclaimed suspense account are given below:

Sl. No.	Particulars	NSDL		CSDL	
		Shareholders	Equity Shares	Shareholders	Equity Shares
1	Opening balance as on 01.04.2010	403	46,400	174	24,460
2	Requests received during the year 2010-11	361	41,760	174	24,460
3	Requests resolved during the year	361	41,760	174	24,460
4	Pending as on 31.03.2011	42	4,640	Nil	Nil
5	Requests received during the year 2011-12	8	1,100	Nil	Nil
6	Pending as on 31.03.2012	34	3,540	Nil	Nil
7	Requests received during the year 2012-13	7	1,060	Nil	Nil
8	Pending as on 31.03.2013	27	2,480	Nil	Nil

The voting rights on these equity shares mentioned in the closing balance shall remain frozen till the rightful owner of such shares claims the shares.

**xvi. Plant / Mine Locations:**

The mines / units of the Company are located in the following locations:

- a. Bailadila Iron Ore Mine  
Kirandul Complex, P.O. Kirandul  
Distt: Dantewada (Chhattisgarh)
- b. Bailadila Iron Ore Mine  
Bachel Complex, P.O. Bachel  
Dist: Dantewada (Chhattisgarh)
- c. Donimalai Iron Ore Mine  
Donimalai Township  
Dist: Bellary - 583 118, Karnataka
- d. Diamond Mining Project  
Majhgawan, Panna - 488 001 (MP)
- e. Sponge Iron Unit, NMDC Limited  
SIIL Campus, Paloncha - 507 154  
Dist. Khammam (A.P.)

**xvii. Address for Correspondence :**

Company Secretary  
NMDC Limited  
Regd. Office: 10-3-311/A  
Castle Hills, Masab Tank  
Hyderabad - 500 028  
E-mail: [ims@nmdc.co.in](mailto:ims@nmdc.co.in)

**xviii. Investors having any complaints relating to company "other than Offer for Sale made by the Government of India" may register the complaint with M/s Aarthi Consultants Pvt. Ltd. at the following address:**

M/s Aarthi Consultants Pvt Ltd.,  
D.No. 1-2-285, Domalguda  
Hyderabad - 500 029.  
Phone Nos. 040-27638111/27634445,  
Fax No. 040-27632184  
Email : [ims@nmdc.co.in](mailto:ims@nmdc.co.in),  
[info@arthiconsultants.com](mailto:info@arthiconsultants.com)  
Web site : [www.arthiconsultants.com](http://www.arthiconsultants.com)  
Contact Person: Mr. G. Bhaskara Murthy, General Manager

**xix. Investors having any grievance relating to "Offer for Sale made by the Government of India in March 2010" may register the complaint with M/s Karvy Computershare Pvt. Ltd. at the following address:**

Karvy Computershare Pvt. Ltd.  
Plot No. 17-24, Vittal Rao Nagar  
Madhapur, Hyderabad - 500 081  
Tel: 040-23420815  
Fax: 040-23431551  
Email: [nmdc.ipo@karvy.com](mailto:nmdc.ipo@karvy.com)  
Contact Person: Mr. M. Murali Krishna, General Manager

**xx. Investor Relation Cell**

The Investor Relation Cell is also looked after by Board Section. The company organizes Investors / Analysts / Brokers meet at regular intervals. Corporate Presentation made to Investors / Analysts / Brokers are uploaded on the company's website and also informed to Stock Exchange. During the year under review, the company organized 2 Investors / Analysts / Brokers meet at Mumbai. Besides Investors / Analysts are interacting with management in person and over teleconference.

**11. Non-mandatory Requirements**

In respect of non-mandatory requirements as prescribed in Annexure-I D to Clause 49 of the Listing Agreement, the extent of compliance are as under:

● **The Board:**

The Chairman cum Managing Director of the Company who is in whole time employment, is the Chairman of the Board. Therefore, there is no need for maintenance of a separate

Chairman's office. Independent Directors are appointed by Ministry of Steel, Govt. of India for a tenure not exceeding three years. No independent Director has served in aggregate for a period of nine years.

- **Remuneration Committee:**

In respect of Remuneration Committee, details have been outlined in Sl.4.

- **Shareholder Rights:**

The Quarterly Financial Results of the Company are published widely in leading newspapers. The said results are also hosted on the website of the Company.

- **Audit Qualification:**

The Company always aims to present unqualified financial statements.

- **Training of Board Members:**

The Directors of the Company are nominated for suitable training / programmes / seminars / mines visit from time to time. The Board of Directors has also approved a policy on training.

- **Mechanism for evaluating Non Executive Board Members:**

Being a PSU, the Non Executive Directors are appointed by Government of India. The Company has not adopted any mechanism for evaluating individual performance of Non Executive Board Members.

- **Whistle Blower Policy:**

NMDC being a PSU, the guidelines of Central Vigilance Commission (CVC) are applicable which provides adequate safeguard against victimization of the employees. No person has been denied access to the Audit Committee. However, in keeping with the recent direction of Ministry of Steel, Government of India, the Board of Directors approved the internal Whistle Blower Policy of NMDC. In terms of the said Policy, CVO NMDC has been designated as the Nodal Officer for implementation of Internal Whistle Blower Policy. The internal Whistle Blower Policy has also been uploaded on the intranet of the Company for information of all the employees.

## 12. **3rd Annual Report on the working of the Audit Committee for the financial year ended 2012-13.**

In keeping with the recommendations of the Report of Comptroller & Auditor General of India (C&AG) and as a matter of good corporate governance practice, the company has prepared its 3rd Annual Report on the working of its Audit Committee for the year ended 2012-13. The 3rd Annual Report on the working of its Audit Committee was also approved by the Board of Directors at its 462nd meeting held on 29.05.2013.

## 13. **Risk Management**

The Board of Directors has approved the broad approach / procedure on the policy on Risk Management and had desired that assistance of external experts may be sought for upgrading the document. Accordingly, the Company had appointed M/s Ernst & Young as Consultant for preparation of Risk Management Policy.

The Board at its 442nd meeting held on 19.01.2012 has approved the Risk Assessment and Risk Mitigation Policy / Enterprise Risk Management (ERM). Accordingly, the company has constituted a Board level Risk Management Committee comprising of all Functional Directors (excluding CMD) and Lt. Gen. (Retd.) Arvind Mahajan, Independent Director. During the year under review two meetings of the Risk Management Committee was held on 29.06.2012 and 08.03.2013. The minutes of the Board level Risk Management Committee are reviewed by the Board of NMDC at regular intervals.

#### **14. NMDC's Code for Prevention of Insider Trading**

In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board of NMDC has approved the Code for Prevention of Insider Trading in Securities and Code of Corporate Disclosure Practices of NMDC. The Code for Prevention of Insider Trading is framed with an aim that the employees of the Company and his/her Dependents shall not derive any benefit or assist others to derive any benefit from the access to and possession of Price Sensitive Information about the Company which is not in the public domain.

#### **15. Meeting of Non-official (Independent) Directors**

In compliance with DPE's Office Memorandum No. F. No. 16(4)/2012-GM dated 28' Dec 2012, a separate meeting of Non-official (Independent) Directors was held on 22.03.2013 without the attendance of Functional and Government Directors and members of management.

#### **16. Code of Conduct**

The Board of Directors at their meeting held on 06.01.2006 has approved the Code of Conduct for Directors and Senior Management Personnel of the Company. A copy of the Code of Conduct is posted at the website of the Company. Declaration as required under Clause 49 I(D) of the Listing Agreement is annexed at Annexure-III (A).

#### **17. CEO / CFO certification**

CEO / CFO certification as required in terms of Clause 49 (V) of the Listing Agreement is annexed at Annexure III (B).

#### **18. Compliance Certificate**

In Compliance with Clause 49 (VII) of the Listing Agreement, certificate from the Company Secretary in whole-time practice regarding compliance of conditions of Corporate Governance is annexed at Annexure III (C).



## Annexure - III(A)

### DECLARATION AS REQUIRED UNDER CLAUSE 49I(D) OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

In compliance with Clause 49(D) of the Listing Agreement, all the Members of the Board and senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2013.



**(C.S. Verma)**

Chairman-cum-Managing Director

Place : Hyderabad

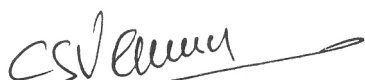
Date : 03.07.2013

## Annexure - III(B)

### Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification pursuant to Clause 49(V) of the Listing Agreement

We, C.S. Verma, Chief Executive Officer (CEO) and Chairman cum Managing Director (CMD) and S. Thiagarajan, Chief Financial Officer (CFO) and Director (Finance) of NMDC Limited, to the best of our knowledge and belief certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2013 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations,
- b. To the best of our knowledge and belief, no transactions entered into by the company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Company's auditors and the Audit committee:
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.



**C.S. Verma**

Chief Executive Officer (CEO)  
& Chairman-cum-Managing Director



**S.Thiagarajan**

Chief Financial Officer (CFO)  
& Director (Finance)

Place : Hyderabad

Date : 03.07.2013

Annexure - III(C)

**MARTHI & CO**  
COMPANY SECRETARIES

ANNEXURE – III (C)

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**  
(Clause 49VII of the Listing Agreement)

**To The Members of NMDC Limited**

We have examined all relevant records of NMDC Limited for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended 31<sup>st</sup> March 2013. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation process, adopted by the company for ensuring the compliances of the conditions of Corporate Governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we hereby certify that the Company as on date has complied with the conditions of the Corporate Governance as stipulated in the Listing Agreement.

Place : Hyderabad.  
Dated : 13.06.2013.

**For MARTHI & CO.**  
COMPANY SECRETARIES



**S.S. MARTHI**  
COMPANY SECRETARY  
F.C.S-1989 CP-1937

## Management Discussion & Analysis Report for the year 2012-13

### 1. Industry structure and developments

Established in 1958, over the years, NMDC has grown to be India's largest single iron ore producer, operating its mines in Chhattisgarh and Karnataka. Adopting modern technologies and commitment to quality of its products, NMDC is determined to be a world-class eco-friendly mining organization with diversification into Steel, Pellets and other value added projects. NMDC has been paying dividends for the last 23 years.

The iron ore industry being cyclic in nature, NMDC is exposed to sharp fluctuation in demand for its products. Historically, the international commodity prices for iron ore and the prevailing market for iron have been volatile and subject to wide fluctuations in response to relatively minor changes in supply and demand, market uncertainties, the overall performances of the global or regional economics, the related cyclicity in industries the company directly serves and a variety of other factors. Prices and the market for iron ore may continue to be volatile and subject to wide fluctuations in the future. Premises also may be affected by government actions, including the imposition of tariffs and import duties, speculative trades, regulatory issues arising due to judicial verdicts, the development of products substitutes or replacements, recycling practices, an increase in capacity or an oversupply of the company's products in its main markets. These external factors and the volatility of the commodity markets make it difficult to estimate future prices. The demand for Iron ore is related to growth of Indian economy and also that of the global economy reflected primarily in the growth of the infrastructure sector.

### 2. Strength and weakness

#### Strength

- Larger reserves of high grade of iron ore consisting principally of hematite ore with Fe content of predominantly > 64%.
- Largest producer of iron ore by volume.
- Resources making the company a low cost producer - the Company's cost of production are competitive with those of the leading iron ore producers in the world. The Company is seeking to further cover its cost across all of its operations.
- Financial strength characterized by high net worth, zero debt, good credit rating.
- Good work culture - skilled, experienced and dedicated workforce.
- Good Brand image of NMDC's iron ore in domestic/international market.
- Highly mechanized iron ore mines.

- Availability of technology and infrastructure of existing projects in Bailadila to add new projects in the area with comparatively less investment.
- Core competence in iron ore mining.
- In-house R&D capability - Research and Development Centre and an In-house exploration capability at Hyderabad which is capable of taking up assignments in the field of ore beneficiation and mineral processing.
- Diversification into manufacturing of Steel, Pellets and other value added products.
- Developing expertise in international acquisition space. In this regard, the company has completed acquisition of 50% equity stake in Legacy Iron Ore Ltd., a listed Australian Mining Company.

#### **Weakness**

- Geographically remote location of the projects acting as deterrent in attracting and retaining talent and also for reaching supplies and services.
- Delay in forest and environmental and other clearances affecting time schedules for opening and commissioning of new mines and affecting our investment plans.
- Extreme foggy weather conditions causing stoppage of mining operations at Bailadila complex during monsoon months.
- The Company has not diversified into other sector. As such, any adverse impact on the mining sector hits the profitability of the Company.

#### **Opportunities and Threats**

##### **Opportunities**

- 1) Continue diversifying and expanding its mining activities and products:

The Company believes diversification and expansion of its mining activities and products fits well with its strategy of becoming an integrated producer of iron and steel and will enable it to better balance cyclical change in mineral prices and economic change as well as to grow its business. The Company has applied for and has been granted mining leases for diamonds, limestone and magnesite. The Company also has acquired two coal blocks and is looking to diversify into other minerals including minerals used in fertilizer.

- 2) Expand and establish its presence as an integrated producer of iron and steel:

The Company plans to expand and establish its presence as an integrated producer of iron and steel through selective value addition projects. The Company has signed an MOU with the state government of Chhattisgarh to develop a steel plant with a capacity of 3 MTPA at Jagdalpur, and also has plans to develop a steel plant in Karnataka. Action has already been initiated for construction of 3 MTPA Integrated Steel Plant at Nagarnar. Furthermore, the



Company has already completed the acquisition of Sponge Iron India Limited, a Company involved in the production of Sponge Iron. Through this acquisition the Company has ventured for the first time into the manufacturing area. In addition, the Company plans to develop pellet plants and other value added projects.

3) Upgradation of Evacuation Infrastructure

Augmentation of evacuation infrastructure in the form of doubling of railway line between Jagdalpur and Kirandul and plan for construction of a Slurry Pipeline.

4) Continue to be a low cost, efficient and environmentally friendly mining Company.

5) Augment resources, improve infrastructure and enhance technology through joint ventures and commercial tie-ups - the company seeks to augment its resources and reserves, improve its infrastructure and enhance its technology through joint ventures and commercial tie-ups.

6) Financial powers for investment in new projects as a Navaratna Company.

7) Expand its international presence through the acquisition of Legacy Iron Ore Ltd.

### Threats

- Disturbances due to Maoists activities in Bailadila area.
- Intense competition from private sector in securing fresh mining leases, resulting in denial of leases in many cases and litigation delaying actions. Inability to secure additional reserves of iron ore that can be mined at competitive costs or cannot mine existing reserves at competitive costs, profitability and operating margins may be affected.
- Entry of MNCs and other Indian private companies into iron ore mining.
- The industry being cyclic in nature, NMDC is exposed to sharp fluctuations in demand for its products.
- Regulatory issues arising due to judicial verdicts may also affect mining and allotment of mining leases.
- As a mining Company, NMDC is subject to extensive regulations surrounding health, safety of the people and environment. However, regulatory standards and community expectations are constantly evolving and as a result the Company is exposed to increased litigation compliance cost and unforeseen environmental remediation expenses apart from constraints in operations.
- The Company faces risks in respect of high inventory of stocks and its disposal.

3. Product-wise performance

Financial Performance of NMDC

(Rs. in Cr.)

Details	2008-09	2009-10	2010-11	2011-12	2012-13
Sale of Iron Ore	7,559.11	6,222.60	11,285.33	11,167.56	10558.71
Sale of Diamonds	–	6.94	12.88	9.84	28.51
Sale of Wind Power	2.22	6.57	4.48	–	–
Sale of Sponge Iron	–	–	62.74	65.93	73.50
Sales-others	0.08	–	0.38	1.36	5.60
Income from Services	2.62	2.98	3.50	17.20	37.95
Turnover	7,564.03	6,239.09	11,369.31	11,261.89	10,704.27
PBT	6,648.23	5,207.32	9,726.28 *	10,759.70 *	9462.35*
PAT	4,372.38	3,447.26	6,499.22	7,265.39	6342.37
Dividend	876.20	693.82	1,308.35	1,784.12	2775.30

\* From continuing operations

Physical Performance of NMDC

Details	2008-09	2009-10	2010-11	2011-12	2012-13
Production:					
Production of Iron Ore WMT (In lakh tonnes)	285.15	238.03	251.55	272.60	271.84
Production of Sponge Iron (tonnes)	–	–	38,962.00	37,260.00	36289.00
Production of Diamonds (carats)	–	16,529.21	10,865.93	18,043.44	31533.39
Sales:					
Sale of Iron Ore (in lakh tonnes)	264.72	240.85	263.15	273.01	262.74
Sale of Diamonds (carats)	–	7,335.34	18,421.22	8,085.00	17862.57
Sale of Sponge Iron (tonnes)	–	–	39,775.00	33,731.79	37599.54

Capital Expenditure during the year 2013 stands at Rs.1607 crores and has achieved an impressive trend.

## 4. Outlook

NMDC proposes to augment its production of iron ore from the present level of about 30 million to 40 million tonnes by 2014-15 and 52 million tonnes in 2020. It also embarked on value addition projects by setting up pelletization plants by utilizing the slimes and 3.0 MTPA integrated steel plant in Chhattisgarh. NMDC is also planning to venture into coal mining and other minerals.

The world economy is stabilising from the recession and the Company anticipates strong growth in all parameters. However, weak European economy and slowdown in China growth rates continues to be a matter of concern.

## 5. Risks and concerns

The major risk NMDC is facing is the Maoists' attacks on and around its project at Bailadila on and off. Such attacks have made some impact on production which has affected the movement of ore from the Bailadila sector. The company is in contact with the Government agencies for support and protection of its people and installations. The initiatives taken by the Government of Chhattisgarh and the Central Government are expected to find a solution to the risk at the earliest.

The serious concern for NMDC in expanding its activities is the hurdle the Company is encountering in getting mining leases. All out efforts are being made to see that the Company gets the required mining leases for its expansion. Further, regulatory issues arising due to judicial verdicts may also affect mining and allotment of mining leases. Evacuation of iron ore is also a major area of concern.

The industry being cyclic in nature, NMDC is exposed to sharp fluctuations in demand for its products. The Company also faces risks in respect of high inventory of stocks and its disposal.

## 6. Internal control systems and their adequacy

NMDC has put in place all the necessary internal controls and they are found quite adequate.

## 7. Discussion on financial performance with respect to operational performance

Details on financial performance with respect to operational performance are given in detail in the Directors' Report. However, for the year under review, the Company has achieved production of 271.84 LT of Iron Ore. In respect of diamond, the Company achieved production of 31533 carats. On the financial performance, the turnover of the Company for the year under review was Rs.10704 crores. PBT from continuing operations for the year under review was Rs.9462 crores. PAT for the year under review was Rs.6342 crores. Net worth of the Company was Rs.27505 crores.

## 8. Material developments in Human Resources/Industrial Relations front, including number of people employed.

The employees of the Company have been dedicated and loyal to the Company. Though there has been attrition in certain disciplines, the employees in general have remained with the Company through thick and thin. On the part of the Management, it is ensuring all-round comfort levels to its employees, including the required training at all levels based on the need.

It is worth highlighting that industrial relations have been cordial all along during the year. Any difference is sorted out through bipartite discussions at appropriate fora. The cooperation and support of workmen represented by AINMDCWF in this regard is praiseworthy.

The Company is planning various diversification projects viz. Steel Plant, Pellet Plant, coal mining etc. Since inception, the employees of the Company are exposed only to Iron Ore industry. The Company's diversification project needs people with specific skill and knowledge in other industries viz. up gradation of skills for operating equipment with latest technology. In order to get people with requisite knowledge and skills, the Company has to train /retrain its existing manpower and also to go for fresh induction.

**During the last five years, the number of people employed are as follows:**

2008-09	:	5,652
2009-10	:	5,895
2010-11	:	6,128
2011-12	:	5,924
2012-13	:	5,777

**9. Environmental Protection and Conservation, Technological Conservation, Renewable Energy Developments, Foreign Exchange Conservation.**

Relevant Information in this regard is disclosed in the Directors' Report.

**10. Corporate Social Responsibility**

The Company is actively involved in various CSR initiatives. Detailed information is disclosed in the Directors' Report.

Annexure - V

Global Compact - Communication on Progress

ED/EPS/GC/03  
18<sup>th</sup> May 2013

Dear Stakeholders,

The United Nations Global Compact, is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption. Under the Global Compact, companies are brought together with UN agencies, labour groups and civil society. It is the world's largest corporate citizenship initiative with two objectives: "Mainstream the ten principles in business activities around the world" and "Catalyse actions in support of broader UN goals, such as the Millennium Development Goals (MDGs).

The Global Compact Network (GCN) India was registered on 24 November 2003, with Registrar of Societies, NCT, Delhi, as a non-profit body. The main objective of the Network is to provide a forum to various Indian Companies/Organizations to exchange experiences, network and work together on activities related to Corporate Social Responsibility (CSR). The Network, acts as an Apex level nodal agency representing various Indian Corporate bodies/ Institutions/ NGOs/ SMEs, who are committed to UN's Global Compact principles.

The Global Compact Network, India has been one of the pioneering local initiatives of the UN Global Compact. It is one of the first local networks to be set up as a legal entity. Over the last 9 years the network has seen modest growth and has been able to create a niche for itself with the efforts of the business community towards realizing the vision of sustainable development in India.

NMDC has been one of the earliest signatories and has also played an active role in the formation and growth of the Global Compact Network in India.

I take this opportunity to reiterate our commitment to the cause of UN Global Compact.

With warm regards,

Yours sincerely



**CS Verma**

Chairman-cum-Managing Director



## Principle 1:

### **Business should support and respect the protection of internationally proclaimed human rights.**

#### **Commitment**

Being a Government of India company, NMDC owes allegiance to the Constitution of India, which resolves to secure to all its citizens justice, liberty, equality and fraternity and which also encompasses the fundamental human rights as envisioned in the Universal Declaration of Human Rights. NMDC stands committed to support and respect the protection of internationally proclaimed human rights.

#### **Systems**

Though there is no specific provision as such for human rights in the Manual on Personnel Management of the company, the sub-stratum of the Manual ensures that its employees enjoy the fundamental human rights.

NMDC has in its management system provisions for health, safety, housing and education. Comprehensively covering all these aspects, NMDC has appropriate systems in place.

#### **Actions**

##### **Health**

- NMDC gives full and free medical care to its employees and the eligible members of their families.
- Under the NMDC Contributory Scheme for post-retirement medical facilities, the retired employees and their spouses get medical care for a nominal life-time membership.

##### **Safety**

- Being basically a mining organization, NMDC attaches greater importance for safety of the employees. In its mining projects, NMDC has

its own Training Centres equipped with the infrastructure as required under the Mines Vocational Training Rules. These centres cater to the needs of basic training, refresher training, and training for skilled trades and also for those injured on duty.

- Sufficient number of workmen inspectors are nominated/appointed for mining operations, mechanical installations and electrical installations in terms of the statutory requirement.
- Occupational Health Centres have been provided in the projects.
- Doctors have been given specialized training in occupational health.
- Periodical medical examinations of employees are done in accordance with the prescribed schedule.
- Safety appliances such as safety shoes, helmets, rain suits, goggles, etc, are provided to employees periodically.
- Every month safety committee meetings are conducted and accident analysis is discussed and remedial measures implemented.

##### **Housing**

- NMDC provides accommodation for the employees and the members of their families on nominal rents.
- NMDC provides house building advances for its employees to build their own houses at such locations in India as suitable to them.

##### **Education**

- NMDC trains its employees regularly to update themselves, professionally, managerially and technically.

- NMDC encourages its employees to better their educational and professional qualification by giving suitable incentives, study leave, etc.
- NMDC takes care of the school education of the employees' children in its projects and gives incentives and scholarships for their higher education. As its projects are located in remote areas, NMDC has arranged for quality schooling facilities at the projects itself.
- The schooling facilities available at the project are extended to the children of the surrounding villages as well.
- Training coverage is 68.5% of employees. Training mandays as % of working mandays is 3.23.
- Basic education has been extended to 100% of the employees' children.
- Recognizing the meritorious service rendered by the employees on the occasion of this year's Corporation Day, ie, 15 November 2012, NMDC has awarded suitable mementos to (a) 189 employees (cumulatively 7007) who have rendered 20 years' service; (b) 84 employees (cumulatively 5882) who have rendered 25 years' service; (c) 218 employees (cumulatively 5212) who have rendered 30 years' service (d) 232 employees (cumulatively 1404) who have rendered 35 years' service by organizing suitable function.

### Performance during the year 2012-13

- NMDC is providing complete health care to its employees and the members of their families.
- The injury frequency rate was 0.35. Mandays lost on account of accidents were 373.
- Housing has been extended to all its employees. In addition, house building advances were given to 22 employees (cumulatively to 2240 employees).
- 210 employees (cumulatively 4021) who retired from service certificates and suitable mementos during farewell parties, specially arranged in their honour, in appreciation of their service to NMDC. 181 employees (cumulatively 1229) who retired after putting in 30 years service in NMDC were awarded special mementos.

## Principle 2:

### **Business should ensure that they are not complicit in human rights abuses.**

#### **Commitment**

Being a Government of India Company, NMDC owes allegiance to the Constitution of India, which resolves to secure to all its citizens justice, liberty, equality and fraternity and which also supports the fundamental human rights as envisioned in the Universal Declaration of Human Rights. NMDC stands committed to protecting human rights in its workplaces.

#### **Systems**

- NMDC, being a Government Company, has come to inherit the Government regulations and, therefore, protecting human rights and ensuring that it is not complicit in human rights abuses, is a natural extension to all its policies and programmes.
- The security arrangement in the mines of the Company is given to the Central Industrial

Security Force (a Government arm), who owes equal allegiance to the Constitution of India and is duty bound to protect human rights.

- A Grievance Redressal procedure is in vogue.
- A separate Committee for redressal of grievances of women employees in particular has been constituted.

- NMDC has recognized Scheduled Caste/ Scheduled Tribe Associations in each of its units and corporate office.

**Actions & Performance during the year 2012-13**

No case of human rights violation has been reported during the year.

### Principle 3:

#### **Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.**

**Commitment**

NMDC stands committed to the protection of freedom of association among its employees and business partners.

**Systems**

NMDC has three layers of employees: workmen, supervisors and executives.

1. Workmen, who are mostly location specific, have their own Unions. More than one Union are functioning in each of the main units. Besides their affiliations to national bodies, cutting across such affiliations to central organizations, majority of the Unions at project level have formed an independent apex body called All-India NMDC Workers' Federation (AINMDCWF) positioned at the corporate office at Hyderabad. All these Unions have been given assistance by the Management as considered necessary for their functioning.

**The details of such affiliated Unions, unit-wise, are given below:**

**a. Bailadila Iron Ore Mine, Kirandul Complex**

- i Samyuktha Khadan Mazdoor Sangh (SKMS) affiliated to All India Trade Union Congress (AITUC).

- ii Metal Mine Works Union (MMWU) affiliated to Indian National Trade Union Congress (INTUC).

**b. Bailadila Iron Ore Mine, Bachel Complex**

- i Samyuktha Khadan Mazdoor Sangh (SKMS) affiliated to AITUC.
- ii Metal Mine Workers Union (MMWU) affiliated to INTUC.

**c. Donimalai Iron Ore Mine**

- i Donimalai Iron Ore Project Employees Association (DIOPEA) affiliated to AITUC.
- ii Metal Mine Workers Union (MMWU) affiliated to INTUC.

**d. Diamond Mining Project**

- i Panna Hira Khadan Mazdoor Sangh (PHKMS) affiliated to BMS.
- ii Madhya Pradesh Rashtriya Heera Khani Mazdoor Sangh (MPRHKMS) affiliated to INTUC.

2. NMDC is totally committed to workers' participation in the management. In pursuit

of such commitment, Committees/Councils, both statutory and non-statutory, are functioning at the shop level, project level and at corporate level with equal number of representatives of the management and the Unions.

3. Supervisors have their own association (NMDC Supervisors' Association) at unit level and at the corporate office.
4. Executives have their own association (NMDC Officers' Association) at unit level and at the corporate office.

#### **Actions**

Decisions related to workmen such as wage settlement, incentives, bonus, line of promotions,

working conditions, welfare measures, etc are taken in consultation with the representatives of unions/ Associations, both at the unit level and at the corporate level.

#### **Performance during the year 2012-13**

- All the workmen are subject to collective bargaining agreements and the supervisors and executives are governed by understanding/ consultations.
- No mandays were lost during the year because of rift or strike by employees due to the effectiveness of Collective Bargaining.
- The unanimous decisions taken at the Joint Committees are implemented and monitored.

## Principle 4:

### **Business should support the elimination of all forms of forced and compulsory labour.**

#### **Commitment**

NMDC stands committed not to resort to any form of forced and compulsory labour.

#### **Systems**

- No employee is required to deposit any sum of money for employment in NMDC.
- A service bond is insisted upon from only such of those employees who have been posted abroad. The bond period is for two years or a nominal amount of Rs.2,00,000/-.
- Any employee joining the company should declare that he or she is not an insolvent.

#### **Actions**

- Appointment orders issued by the Company very specifically state the various important conditions of appointment.

- Printed copies of Service Regulations and other rules are distributed to all Units for reference and use by every employee.
- The workmen in particular are given a copy of the certified Standing Orders precisely containing their general terms and conditions governing service conditions.
- An Executive Handbook containing the rules and regulations of the Company has been prepared and distributed widely.
- Employees are given incentives for achieving higher levels of output.
- Workmen have the additional facility of over-time payment for working beyond the prescribed working hours.

#### **Performance during the year 2012-13**

No form of forced or compulsory labour was resorted to.

## Principle 5:

### **Business should support the effective abolition of child labour.**

#### **Commitment**

NMDC stands committed not to engage any child labour and do all that it can to abolish it from its surroundings.

#### **Systems**

- For appointment in the Company, the minimum age prescribed and scrupulously followed is 18 years.
- Age verification is done with reference to approved documents in accordance with the practices prescribed by the Government of India.
- All employees are paid much above the minimum wages prescribed from time to time. Free and complete health care is given to all the employees and the members of their families. Free schooling facilities are provided at projects. Scholarships and hostel accommodation allowance, etc, are given for children's higher education.
- Skill development programme has been launched for training and increasing the

employability of local qualified youth of adjoining villages of Bailadila projects by providing monetary and other assistance.

#### **Actions**

- All contractors are forbidden to engage child labour.
- Government enforcement agencies like Inspectors from Labour Department inspect the sites of construction to check for employment of child labour. Those found guilty are liable for punitive action by the Government.
- Records of the labourers engaged by the contractors are kept at worksites.

#### **Performance during the year 2012-13**

- No child labour was employed by NMDC.
- No child labour was allowed to be employed by the contractors working for NMDC.
- NMDC does not promote trade with organisations engaging child labour.

## Principle 6:

### **Business should support the elimination of discrimination in respect of employment and occupation.**

#### **Commitment**

NMDC, by itself and as a Government Company, stands committed to follow the policy of non-discrimination in all matters - recruitment, employment opportunity, promotion, etc.

#### **Systems**

- The Constitution of India, under Article 15, unambiguously prohibits discrimination on grounds of religion, race, caste, sex or place of birth.



- As a Government Company, NMDC is bound to follow the Government directives, which are abundantly clear against any discrimination in any matters.
- As a measure of protecting and improving the conditions of the downtrodden, special provisions have been made in terms of the Government directives in respect of candidates belonging to Scheduled Caste, Scheduled Tribe and Backward class, both in recruitment and promotion.
- NMDC Recruitment and Promotion Rules provide for qualifications, skill and experience required for candidates for recruitment and promotion at various levels.
- The grievance procedure in the Company is designed in a very simple and easy to handle way for the employees to get grievances, if any, to be resolved quickly.
- Unions and Associations representing the various levels of employees have easy access to the management to discuss and resolve discriminations, if any, quickly and effectively.

## Actions

- The Company periodically assesses and evaluates job contents and job requirements.

## Performance during 2012-13

No discrimination was resorted to in respect of employment and occupation.

The Government directives against discrimination was adhered to in all matters.

The special provisions in respect of candidates belonging to Scheduled Castes, Scheduled Tribes and Backward classes made by the Government by way of Directives have been adhered to.

## As on 31st March, 2013 the manpower position was:

- Total number of employees 5777
- Scheduled Caste employees 1021 (17.67%)
- Scheduled Tribe employees 1273 (22.04%)
- Backward Class employees 824 (14.26%)
- Men : Women ratio 18.4 : 1

## Principle 7:

### Business should support a pre-cautionary approach to environmental challenges.

#### Commitment

As a responsible corporate citizen, NMDC Ltd believes in maintaining ecological balance and NMDC is committed to ensure that its environmental systems and practices are aligned with international best practices, such as the ISO 14001 standard. This standard enables NMDC to manage its environmental impacts while adhering to the requirements not only of the standard itself but also to those of national and international

norms, legislation, and regulations. It also forms the foundation for continuous improvement in environmental performance. NMDC's four major production units at Bailadila Dep-5, 10&11A, Bailadila Dep-14/ 11C, Donimalai Iron Ore Project and Diamond Mining Project, Majhagawan, Panna are certified with ISO 14001:2004 Environmental Management Systems.

Corporate Environmental Policy states, we shall therefore endeavour to:

- Prevent and control environmental pollution due to mining and associated activities by adopting safe, scientific and environmental friendly methods of mining and mineral processing for applicable legal requirements like forest, environmental and other statutory clearances.
- Maintain the machineries in excellent condition to ensure minimum impact of their operation on environment.
- Conserve the natural resources by ensuring minimum wastage of our product "Iron Ore and Diamond", optimum consumption of electricity, fuel oil, lubricant oil and water.
- Monitor and ensure compliance of all applicable environmental & forest clearance conditions.
- It shall report to Board of Directors and concerned stakeholders.
- Promote environmental awareness amongst employees, local communities and interested parties through proactive communication and training.
- Continuous Environmental performance improvement through framing objectives.
- Management will review the suitability and effectiveness of environmental objectives and targets through its periodic management review process.

The policy shall be communicated to employees at all levels, local communities and stakeholders for its compliance.

#### **Systems**

In order to ensure pollution-free environment, NMDC has built the following programmes into the day-to-day working of the mines:

- Environmental norms as laid down by the Ministry of Environment and Forests, and the

State and the Central Pollution Control Boards are meticulously followed.

- Regular physical monitoring for all environmental parameters, like micro-meteorology, ambient air quality, surface and ground water quality and ground water levels, work zone and ambient noise levels and soil quality.
- Detailed Bio diversity survey and conservation plan, carbon foot print assessment, Energy Management, carbon management.
- Environment up gradation works like massive afforestation, reclamation of waste rock dumps and mined out areas.
- Disaster Management Plans for the tailing dams at the projects.
- Protection measures for explosives' magazines at the projects.

#### **Actions**

- A separate department for environment management, headed by a General Manager has been positioned to extensively monitor and effectively implement environment management programmes.
- Separate Cells for production projects have been set up with qualified and experienced Environment Scientists/Engineers.
- The Research & Development Centre of NMDC is actively engaged in adding value to the waste generated in mining.
- Expert organizations in the area have been engaged to measure and report periodically the various parameters.

#### **Pollution control measures cover**

- Judicious and scientific planning of direct excavation, waste rock dumping and sitting infrastructure areas.

- Restricting use of forestlands to the barest minimum level.
  - Constructing ameliorative measures like buttress walls, digging contour trenches, biological reclamation of waste rock dumps, etc. to minimize land erosion.
  - Construction of check dams, Effluent Treatment Plant, Sewage Treatment Plant for treating effluents from service centers, Auto shops, etc to avoid water pollution.
  - Regular water sprinkling and grading of haul roads, scientific and massive afforestation for abating air pollution.
  - Create green belts; densify open scrublands, good arboriculture, and follow avenue plantation practices for improving the overall environment as well as aesthetic value.
  - Importance of value index of the region is envisaged and also to eradicate effects of visual intrusion by proper land scaping.
  - Regular maintenance of Heavy Earth Moving Machineries and OCSL Plant equipments and adopting good house keeping practices there by reducing noise pollution.
  - Monitor all environmental parameters such as PM10, PM2.5, SO2, NOx, CO, dust fall rate in ambient air, water quality as per IS standards in respect of oxidation pond, discharge water from auto shops and service centers, tailing dam discharge water etc., on regular basis following the statutory acts and their amendments of the GOI viz.,
  - Regular monitoring of ground water levels and quality.
  - Preparation and timely submission of six-monthly reports to MOEF, GOI Regional offices and annual environmental audit reports to respective state pollution control boards.
  - Creating environment awareness amongst all the employees and their children and the local population through celebration of Mines Environment & Mineral Conservation (MEMC) week under the aegis of Indian Bureau of Mines & World Environment Day celebrations.
  - Basic and refresher Training of employees for environmental consciousness by conducting regular classes under mines Vocational Training Rules.
  - Undertake of peripheral village community development works like improving roads, constructing school buildings, community halls, distributing books and stationery, extending schooling and medical facilities available in the project townships to the local people including adivasis as well.
  - Providing safe drinking water to the township dwellers and extending drinking water supply to population of neighbouring villages.
  - Obtaining consents for establishment and operation of mines / plants from the respective state pollution control boards.
  - Obtaining environmental clearances for new / expansion projects from central Govt.
  - Obtaining forestland clearances for renewal / fresh grant of mining leases.
  - Massive afforestation drive through social forestry division of the local forest department.
  - Stabilization of all the passive waste rock dumps and mined out areas.
- Performance during the year 2012-13**
- Final Forest Clearance from MoEF on 14.6.2012 for diversion of 74.018 ha of forest land for renewal of supplementary ML Diamond Mining Project Panna.

- First Stage Forest clearance conditions for obtaining final forest clearance for diversion of 84.36 Ha of forest land for Arki Lime stone Project.
- Forest Clearance for diversion of 65.936 Ha of revenue forest land (Bade Jhade Ki Jungle) for construction of SP-III on 7.1.12.
- Final Forest Clearance for supplementary mining lease DMP Panna project for 74.018 Ha forest land.
- Initiated advance action and submitted Forest Clearance application form to State Forest Department, Raipur for renewal of Mining Lease of Bailadila Deposit-14, 14 NMZ, Deposit 5 and Deposit 10.
- Obtained Terms of Reference from MoEF, Gol for preparation of EAI/ EMP report for combined peak production capacity of 1.3 MTPA in Shahpur East and Shahpur West underground coal mining projects for obtaining environmental clearance.

## Principle 8:

### **Business should undertake initiatives to promote greater environmental responsibility.**

#### **Commitment**

NMDC stands committed to promoting greater environmental responsibility in mining and processing of minerals in its mines for sustained development.

NMDC's Environmental Policy states, we shall therefore endeavour to:

- Prevent and control environmental pollution due to mining and associated activities by adopting safe, scientific and environmental friendly methods of mining and mineral processing for applicable legal requirements like forest, environmental and other statutory clearances.
- Promote environmental awareness amongst employees, local communities and interested parties through proactive communication and training.
- Continual Environmental performance improvement through framing objectives.
- Management will review the suitability and effectiveness of environmental objectives and

targets through its periodic management review process.

#### **Systems**

- Environmental aspects are carefully considered and appropriately incorporated at the planning stage of a project itself.
- Training programmes are arranged for employees on environmental awareness.

#### **Actions**

- NMDC is implementing ISO 14001:2004 environment systems management standard in its major production mines and is valid up to November'2014.
- The mines of NMDC participate in competitions on environment management.
- Water used for washing of ore is reclaimed for re-use.
- The electricity generated in the downhill conveyors is fed back into the grid, thereby reducing the draw of electricity from the

main grid at its projects in Bailadila and Donimalai.

- Distributed/displayed printed copies of the Environmental Policy of the Company among its employees and local communities.

### Performance during the year 2012-13

- As against the permissible limit of 120 microns per cu m of SO<sub>2</sub> and Nox in ambient air, the values actually encountered

at NMDC's mines were less than 30 microns per cu.m and carbon monoxide was observed to be below the detectable limit of the approved instruments.

- About 25% of the annual consumption of different lubricants in NMDC mines was disposed of to agencies duly authorized for recycling as per HWM Rules and its amendments issued by the Ministry of Environment and Forests, Government of India.

## Principle 9:

### **Business should encourage the development and diffusion of environmentally friendly technologies.**

#### **Commitment**

NMDC stands committed to encouraging the development and diffusion of environment-friendly technologies.

NMDC's Environmental Policy states

- Prevent and control environmental pollution due to mining and associated activities by adopting safe, scientific and environmental friendly methods of mining and mineral processing for applicable legal requirements like forest, environmental and other statutory clearances.
- Maintain the machineries in excellent condition to ensure minimum impact of their operation on environment.

#### **Systems/Actions**

- Dust collectors are provided to the drills to control fugitive emissions at source.
- Wet drilling is adopted to mitigate the effect of dust on the work force.

- Main mine haul roads air regularly graded and water mixed with additives is sprinkled to suppress dust.
- Jet sprinklers are provided at all strategic and transverse points to control dust during crushing and transportation of ore at the plant.
- Closed conveyor belt system is provided to control dust generation and spreading during ore transportation.
- Rubber screens and rubber linings are provided at transfer points and along conveyor system to control noise and dust generation.

### Performance during the year 2012-13

- The adoption of environment-friendly technologies is making NMDC more efficient in controlling various types of pollution well within the prescribed limits and improving the health of employees and the members of their families.



## Principle 10:

### **Business should work against corruption in all its forms, including extortion and bribery.**

#### **Commitment**

Vigilance Department guides and facilitates for impartial, fair and transparent decision making and gives priority to preventive vigilance, with proactive attitude.

#### **Systems**

- A full-fledged Vigilance Department is at the Corporate Office headed by Chief Vigilance Officer and assisted by Vigilance Officers. At each of the Projects, there is one Vigilance Officer.
- The Chief Vigilance Officer has the equal status of Functional Director of the Company. He is appointed by the Government of India on deputation.
- Vigilance cases are monitored by the Vigilance Officers under the guidance of CVO.
- Surprise, regular checks, CTE type inspections and other major vigilance investigations are carried out based on the strength of complaint / source information.
- The executives have to submit Annual Property Returns every year as on 1st January.
- Employees are required to furnish the information regarding acquisition/disposal of movable and immovable property. As per CDA Rules of the Company acquisition of movable property exceeding Rs.50,000/- in case of executive and Rs.35,000/- in case of workmen to be intimated to Vigilance Department within 30 days from the date of its acquisition. But in the case of Immovable property irrespective of its value, prior permission to be obtained before acquisition.
- Foreign travels by employees are also monitored.
- The Chief Vigilance Officer has been nominated as the 'Nodal Authority' to receive complaints.

#### **Actions**

- Action Plan for the year 2012-13 was finalized wherein various vigilance activities were carried out by the Vigilance Officers. The reports received were discussed in detail and improvements in systems / procedures were suggested.
- Surprise and regular checks were carried out every quarter in the year 2012-13 and the deficiencies and deviations from the procedures wherever noticed brought to the notice of the Management for corrective action.
- Pending disciplinary / CTE / CBI cases were reviewed in the quarterly meetings of VOs held at Head Office, and follow-up actions were taken for timely completion of inquiries and awarding penalties.
- Many system improvements such as uniformity in recruitment process, banning of negotiations with L1 party, procurement and awarding of contracts on single tender / nomination basis, implementation of e-payment etc., are taken up as part of preventive vigilance.
- Vigilance Awareness Period was observed in the Corporate Office and all units of NMDC. Various competitions, seminars and lecture programmes were arranged to create awareness of Vigilance amongst the employees.
- Various Training Programmes were conducted for Employees / Executives Trainees as preventive vigilance.
- The progress on vigilance activities and disciplinary cases were appraised through a Note to Board of Directors for review on half-yearly basis.
- Online system has been provided in the Company's website for lodging of complaints and submission of Annual Property Returns by all the executives.

- The Vigilance Department ensures the rotation of staff posted in sensitive posts in order to see that vested interests are not developed.

### Performance during the year 2012-13

NMDC Vigilance Department had taken several initiatives during the year. Various programmes were conducted for awareness on vigilance matters for the employees of the Corporation. Emphasis was laid on adequate checks and balances in the form of well defined systems and procedures. The vigilance functionaries at the projects have conducted regular training classes for the employees on the vigilance matters. Executives of Vigilance Department were sent for training to various organizations like CBI Academy - Ghaziabad, Vigilance Study Circle - Hyderabad, training programme on "Security & Vigilance" in Kolkata, Management Development Programme on Vigilance Procedures in PSU & Departmental Enquiries at Hyderabad etc., for enriching their knowledge, and improving their skills on Vigilance.

As per the Action Plan, surprise and regular checks were conducted besides study of files. Irregularities and omissions under the provisions of the rules are identified and improvements in the systems are suggested. Based on the observations of Vigilance, recoveries were made from the contractors bills for not conforming to the contractual terms. During the year, 178 surprise checks, 145 regular inspections and 30 CTE type inspections were conducted.

Complaints received were taken up for investigation and necessary disciplinary action wherever required was recommended.

As part of implementation of "Leveraging of Technology for transparency" in all the transactions, information about limited tender enquiries above Rs. 30 lakhs, details of contracts concluded above Rs. 10 lakhs, works awarded on nomination basis, single tender basis above Rs. 1 lakh, information regarding bill payments to the contractors etc., are provided on the Company's website.

NMDC has adopted implementation of Integrity Pact since November, 2007. The threshold limit of Rs. 20 crores in case of civil works and contracts and Rs. 10 crores in case of procurement is being followed. Till date, the Integrity Pact has been entered into 65 contracts with a value of Rs. 18438.62 crores. As such, more than 90% of

the total value of the contracts are covered under Integrity Pact. In addition, implementation of e-procurement and e-auction have been taken up. Vigilance Department in NMDC is certified under ISO 9001:2008 conforming to the Quality Management System. It has been certified as per ISO standards since October, 2006 by Integrated Quality Certification Private Limited, Bangalore and ISO certificate was extended upto 25.10.2012. For re-certification of Quality Management System (QMS) of Vigilance Department, M/s. TQ Services conducted an external audit was conducted on 20.10.2012. The certificate is valid upto Feb, 2016.

The Vigilance Awareness Week was observed from 29.10.2012 to 02.11.2012. The Pledge was administered by Director (Technical) to all the Directors and Senior Executives of NMDC on the Inaugural day of the week and Shri V V Lakshmi Narayana, Jt. Director, CBI addressed the Executives & Staff at the Corporate Office. Talks were arranged by eminent personalities on "Transparency in Public Procurement". On the concluding day, a talk by Shri Pratyush Sinha, former Central Vigilance Commissioner, Central Vigilance Commission was organized.

As a part of the week, a Workshop on e-procurement was conducted by General Manager (Materials) for the benefit of officials of NMDC and vendors. A talk on e-procurement and e-tendering for Transparency in Public Procurement" by Shri Jitendra Kohli, Founder and Managing Director of Electronic Tender was also organised. Various queries raised by the NMDC officials related to e-procurement and e-tendering were clarified during the talk.

NMDC - Vigilance Department intranet website was inaugurated by Shri R Sri Kumar, Vigilance Commissioner, Central Vigilance Commission on 18.12.2012.

NMDC Vigilance Department in coordination with VSC organised a 5-day Training Programme on "Vigilance for Organisational Excellence" from December 18th to 22nd, 2012 for Vigilance Executives of various PSUs including NMDC, banks and other insurance companies at NMDC Learning Centre. A total of 34 Participants belonging to 22 PSUs / banks and insurance companies participated in the Training Programme and the same was very-well received by all.

## Annexure - VI

### Business Responsibility Report

#### Section A: General Information about the Company

1. **Corporate Identity Number (CIN) of the Company** L13100AP1958G01001674
2. **Name of the Company** NMDC Limited (NMDC)
3. **Registered address** Khanji Bhavan, 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028
4. **Website** www.nmdc.co.in
5. **E-mail id** ims@nmdc.co.in
6. **Financial Year reported** April 1, 2012 - March 31, 2013
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):** The company is engaged in exploration and production of Iron Ore along with Diamond, production and sale of Sponge Iron and generation and sale of Wind Power.

Description	Group	Class	Sub Class
Mining of Iron Ore	071	0710	07100
Mining of Diamond	089	0899	08991
Manufacture of Sponge Iron	241	2410	24102
Electric power generation (wind)	351	3510	35106

8. **List three key products/services that the Company manufactures/provides (as in balance sheet):**

Iron Ore, Diamond and Sponge Iron

9. **Total number of locations where business activity is undertaken by the Company**

**i. Number of International Locations (Provide details of major 5):** One(1); One Subsidiary Company, Legacy Iron Ore Ltd located in Perth, Australia **ii. Number of National Locations :** Four - Chhattisgarh, Karnataka, Madhya Pradesh and Andhra Pradesh.

10. **Markets served by the Company - Local/State/National/International:** NMDC serves the National market and also the International market by exporting iron ore to countries like China, Japan and South Korea.

## Section B: Financial Details of the Company

- |   |   |
|---|---|
| 1. <b>Paid up Capital (INR)</b>   | 396.47 crores   |
| 2. <b>Total Turnover (INR) (Total Income)</b>   | 10704 crores  |
| 3. <b>Total profit after taxes (INR)</b>  | 6342 crores   |
| 4. <b>Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)</b> | Allocation for CSR: 1.83 (%) and Actual Expenditure on CSR 1.14 (%) |
| 5. <b>List of activities in which expenditure in 4 above has been incurred:</b>                         |   |

NMDC has framed a comprehensive CSR policy for addressing its objectives, focus areas, organizational mechanism, guidelines for identifying the CSR activities along with the implementation and monitoring strategies. The policy also addresses in detail the budgetary allocation, approval methodology and fund utilization mechanism. The major areas in which expenditure has been incurred are Education, Drinking Water, Health and Hygiene, Infrastructure and Environment.

## Section C: Other Details

1. **Does the Company have any subsidiary company / companies?**

Yes. NMDC has six subsidiary companies, viz;

- J&KMDC Limited
- NMDC-CMDC Limited
- NMDC SARL
- NMDC Power Limited
- Legacy Iron Ore Ltd, Australia
- Jharkhand National Mineral Development Corporation Limited

2. **Do the subsidiary company / companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).**

NMDC keeps all its subsidiaries informed about the Business Responsibility initiatives. It also encourages its subsidiaries to participate in such initiatives.

3. **Do any other entity / entities that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

No.

## Section D: Business Responsibility Information

### 1. Details of Director / Directors responsible for BR

#### a) Details of the Director/Director responsible for implementation of the BR Policy /Policies

DIN Number	02455894
Name	Shri N.K Nanda
Designation	Director (Technical)

#### b) Details of the BR head

S.No	Particulars	Details
1	DIN Number (if applicable)	NA
2	Name	Shri. Kumar Raghavan
3	Designation	Company Secretary and Executive Director, Law and Corporate Communications(L&CC)
4	Telephone number	040-23538757
5	Email-id	kumarraghavan@nmdc.co.in

### 2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 Businesses should promote the wellbeing of all employees.
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 Businesses should respect and promote human rights.
- P6 Business should respect, protect, and make efforts to restore the environment.
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 Businesses should support inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.



# ANNUAL REPORT 2012-13

		Business ethics	Product responsibility	Wellbeing of Employees	Stakeholder engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify?	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate link for the policy to be viewed online	Yi	Yii	Yiii	Yiv	Yv	Yvi	Yvii	Yviii	Yix
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y#	Y#	Y#	Y^	Y#	Y^	Y#	Y^	Y#

\* All the policies are embed and aligned to ISO 14001:2004 (Environmental management systems), ISO 9001:2008 (Quality management systems) and OHSAS 18001:2007 (Occupational health and safety), United Nations Global Compact, Corporate Environmental Policy and CSR policy.

(i) [www.nmdc.co.in/Docs/MOU\\_NMDC.doc](http://www.nmdc.co.in/Docs/MOU_NMDC.doc) (ii) <http://www.nmdc.co.in/Handlers/DownloadCommunicationOnProgress.ashx?ID=65243eb7-5ad1-4ba5-9fd8-24fa0012c626>, (iii) <http://www.nmdc.co.in/Handlers/DownloadCommunicationOnProgress.ashx?ID=65243eb7-5ad1-4ba5-9fd8-24fa0012c626>, (iv) <http://www.nmdc.co.in/CSR.aspx>, (v) <http://www.nmdc.co.in/Handlers/DownloadCommunicationOnProgress.ashx?ID=65243eb7-5ad1-4ba5-9fd8-24fa0012c626>, (vi) <http://www.nmdc.co.in/Docs/Environment/envpolicy.pdf>, (vii) <http://www.nmdc.co.in/Handlers/DownloadCommunicationOnProgress.ashx?ID=65243eb7-5ad1-4ba5-9fd8-24fa0012c626>, (viii) <http://www.nmdc.co.in/CSR.aspx> (ix) <http://www.nmdc.co.in/Handlers/DownloadCommunicationOnProgress.ashx?ID=65243eb7-5ad1-4ba5-9fd8-24fa0012c626>, (iv) <http://www.nmdc.co.in/CSR.aspx>

# Internal; ^ External

**2a. If answer to S. No. 1 against any principle is 'No', provide explanation:**

Sl.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	Not Applicable								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

**3. Governance related to BR:**

**Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

NMDC assesses its BR performance every quarter through its Board level Sustainable Development Committee meetings. Also, the Chairman-cum-Managing Director of NMDC communicates the performance of the NMDC on the ten principles of the International framework 'United Nations Global Compact' annually.

**Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

NMDC has been one of the earliest signatories to the United Nations Global Compact Network and has also played an active role in the formation and growth of the network in India. Please see the below hyperlink for more information on the NMDC's performance and actions taken on the 10 principles of United Nations Global Compact.

<http://www.nmdc.co.in/CommunicationProgress.aspx>

NMDC has published its CSR policy along with monthly update on CSR Activities valuing INR.2 lakhs & above on its website. Please see below given hyperlink for more information:

<http://www.nmdc.co.in/CSR.aspx>

NMDC also publishes its Corporate Environmental policy along with monthly environmental progress reports for its project sites on its website. Please see the below hyperlink for more information on the environmental progress reports.

<http://www.nmdc.co.in/EnvironmentalMgmt.aspx>

## Section E: Principle-wise Performance

### Principle 1: Ethics, transparency and accountability

- 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

Yes, NMDC and its subsidiaries are committed to working with stakeholders in government, business and civil society to promote good governance, responsible use of mineral wealth and to prevent corruption. NMDC has also signed the Integrity Pact (IP) with Transparency International India (TII). Also, the Vigilance department at NMDC guides and facilitates for impartial, fair and transparent decision making and gives priority to preventive vigilance, with proactive attitude.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

There have been 145 Stakeholders (shareholders) complaints received in the financial year 2012-13, and all of them have been resolved. NMDC has also formulated its Whistle Blower Policy to achieve the highest possible standards of ethical, moral and legal business conduct and also to strengthen its commitment to open and transparent communication.

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

NMDC employs sustainable mining practices and production processes for all its three products viz; Iron Ore, Diamond and Sponge Iron. It ensures to implement appropriate environmental measures in all its mining operation phases to safeguard the environmental parameters such as air, water, land, noise and biodiversity. Few of the measures taken in this respect are : recycle and reuse of water for beneficiation, construction of ameliorative measures like buttress walls, digging contour trenches and biological reclamation of rock waste dumps to minimize land erosion and, construction of check dams, effluent treatment plant, sewage treatment plant for treating effluents to avoid water pollution.

Along with safeguarding the environment, NMDC also supports the local community along its mining belts. It has a well defined CSR policy run by the CSR department. The CSR team consults the local community around its mining belts and identifies the major focus areas for implementing various CSR activities. It has contributed to the society by implementing activities like building of residential schools and hostels, operating 'hospitals on wheels', conducting medical camps and providing free treatment to local tribal's, electrification of villages and many more such initiatives.

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc) per unit of product (optional):**

- i. Reduction during sourcing / production / distribution achieved since the previous year.**

NMDC believes in optimum consumption of its electricity, fuel oil, lubricant oil and water. It sets targets for specific consumption of water and energy, to achieve the target it conducts energy audits

for all its project sites. The energy audits also help to identify and prioritise energy efficient technological measures and savings opportunities. The specific energy consumption at the project sites is seen to be improving with the implementation of few of the energy efficient, measures. For instance, the average specific electrical consumption of the Bailadilla Iron Ore Mines for the year 2010-2011 was 1.44 Kwh/ton Iron ore which has been reduced to 1.39 Kwh/ton Iron ore in the year 2011-12; the similar trend is anticipated to continue in the coming years and with respect to water, the specific consumption is relatively low, however measures like reuse and recycle of water are been taken up.

- ii. Reduction during usage by consumers (energy, water) achieved since the previous year.

The volume of NMDC's final product is bulk in nature and gets complex to track the reduction during usage by consumer. However, it sensitizes the use of water and energy where ever possible.

- 3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, NMDC employs sustainable sourcing practices. It utilizes Alternative Fuels and Raw Materials (AFR) which help to conserve natural resources and encourages procurement through vendors who adopt sustainable practices. While the transportation is concerned, most of the bulk materials are transported by rail. NMDC has also made proper arrangements to control dust emissions during loading and unloading of the raw material and finished product(s) at the sites.

- 4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

Yes, NMDC Supports and encourages the participation of local and small vendors in procurement of goods and services. It is taking steps to improve the capacity and capability of local and small vendors. A special drive for registering Micro and Small scale vendors has been initiated in FY2012-13, which acted as a platform for many local and small vendors to understand and participate in NMDC's tendering process.

- 5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste? (Separately as < 5%, 5-10%, > 10%). Also, provide details thereof, in about 50 words or so.**

Yes, NMDC employs safe, scientific and environmental friendly methods of mining and mineral processing. It strives to apply the 3R policy (reduce, re-use and recycle) to its waste management plan with the aim of avoiding potentially harmful environmental and social impacts, during both the operational and post-closure phases. NMDC's mining sites are expected to continually research, develop and implement productivity improvement measures and waste reduction initiatives along with exploring the re-use of by products. Different lubricants in NMDC mines are disposed of to the agencies duly authorized for recycling. Also, the mines waste such as slimes and Kimberlite products are been used to produce various byproducts.

## **Principle 3: Businesses should promote the well-being of all employees**

**1. Please indicate the total number of employees (as on 01.04.2013) :**

Total: 5777; Category wise breakup is shown below:

Executives: 1151, Jr.Officers: 265 , Workmen : 4631

**2. Please indicate the total number of employees hired on temporary / contractual / casual basis:**

Nil.

**3. Please indicate the number of permanent women employees:**

There are 298 permanent women employees.

**4. Please indicate the number of permanent employees with disabilities:**

There are 40 permanent employees with disabilities

**5. Do you have an employee association that is recognized by Management?**

Yes,

- Majority of the unions at project level have formed an independent apex body called All India NMDC workers federation (AINMDCWF).
- Supervisors have their own association (NMDC Supervisors' Association) at unit level and at corporate office.
- Executives have their own association (NMDC officers' Association) at unit level and at the corporate office.

**6. What percentage of your permanent employees are members of this recognized employee association?**

All (100%) our permanent employees are members of their respective recognized employee association.

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

There have been no complaints with regard to child labour, forced labour, involuntary labour, and sexual harassment in the FY2012-13.

**8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

The safety training of the employees is a vital component of the Occupational Health and Safety Policy at NMDC. As the motto of NMDC goes 'A safe mine is a productive Mine'. The target is to achieve zero accident with optimum use of human resources, materials & machines with higher production/ dispatches.



**The training statistics are given below for the FY 2012-13:**

- The percentage of employees trained to the total number of employees is 68.51(%)
- Training man days per employee per year is 3.23
- Safety Training: Initial / Basic training : 100 (workmen), Fire Fighting Training = 417 (Workmen), 30 (Executives)
- Persons trained for multi-skilling /skill up gradation is 1067 (25 % of the workmen have been trained).

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

**1. Has the Company mapped its internal and external stakeholders? Yes / No**

Yes, NMDC has mapped its internal and external stakeholders for the purpose of stakeholder engagements. The key categories are as below:

- Government and Regulatory Authorities
- Customers
- Investors
- Employees
- Local Community
- NGO's and other stakeholders

NMDC engages with the identified stakeholders and communicates its major environmental, social and community development initiatives in different forms and also considers the stakeholders feedback in planning future initiatives and programmes.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

Yes, NMDC has identified the disadvantaged, vulnerable and marginalized stakeholders with the help of socio-demographic data of the community through base line surveys conducted as the part of its CSR policy objectives.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

Yes, some of the major CSR activities implemented by NMDC which have benefitted the disadvantaged, vulnerable and marginalized stakeholders are given below:

- A residential school has been established at Nagarnar which has benefitted around 386 tribal boys & girls students mostly from the remote villages of Bastar.

- The Scholarship Scheme named "NMDC Shiksha Sahayog Yojana" to motivate ST/SC students is in operation and during the year 2011-12, 6619 scholarships have been awarded. In order to increase the coverage to retain the spirit of the scheme eligibility criteria of 40% marks has been reduced to 'pass' during 2012-13 which has resulted in distribution of 18000 scholarships.
- NMDC has introduced a focused initiative called Balika Siksha Yojana for the benefit of the tribal girl students of Bastar Region. In the first year during 2011-12, 25 tribal girls were sponsored in nursing courses at Apollo Hospitals Hyderabad. During the current academic 2012-13 year second batch of 40 girls have been sponsored in GNM & B.Sc. nursing courses at Apollo Hospitals, Hyderabad.
- NMDC runs three hospitals at Project sites, in collaboration with M/s Apollo and M/s Yashoda Hospitals offering free medical treatment not only to staff but to the local communities as well addressing the needs of an average 80000 out-patients & 9000 in-patients from local tribes every year.
- NMDC operates 'Hospital on Wheels' (HoW) service in Bailadila benefitting about more than 43000 tribal villagers in 45 Villages by providing free medi-care facilities at their doorsteps.

### **Principle 5: Businesses should respect and promote human rights**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

NMDC supports the Universal Declaration on Human Rights and the United Nations Global Compact. It owes allegiance to the constitution of India, which resolves to secure to all its citizens justice, liberty, equality and fraternity, also encompasses the fundamental human rights as envisioned in the Universal Declaration of Human Rights. It stands committed to protecting human rights in its workplaces and of its subsidiaries. Also a separate committee for redressal of grievances of women employees in particular has been constituted.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?**

There have been no cases of human right violation during the FY 2012-13.

### **Principle 6: Businesses should respect, protect, and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The environmental management at NMDC is governed by its Corporate Environmental Policy. The policy extends to NMDC and its subsidiaries.

**2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y / N. If yes, please give hyperlink for webpage etc.**

Yes, NMDC understands and recognizes the implications that climate change would have on its business, environment and community. NMDC has framed policies around the climate change and other global

environmental challenges. It stands committed in promoting greater environmental responsibility in mining and processing of minerals for sustainable development. The environmental management at NMDC is governed by its Corporate Environmental Policy. The Policy outlines its commitment to prevention and control of environmental pollution, conserve the natural resources, monitor and ensure compliance, continual environmental performance improvement, safeguarding the environment, educating its employees and communities about the environmental commitments, and applying proven management practices to prevent or mitigate negative environmental impacts. As a part of the climate change initiatives, NMDC measures its impact on the environment by mapping the carbon footprint of all its project sites periodically. Also, NMDC being a signatory to the 'United Nations Global Compact, it reports its environmental performance annually under the defined principles of UNGC. The hyperlinks to view the Corporate Environmental Policy and UNGC principles are given below.

<http://www.nmdc.co.in/EnvironmentalMgmt.aspx> <http://www.nmdc.co.in/CommunicationProgress.aspx>

**3. Does the Company identify and assess potential environmental risks? Y / N**

Yes, NMDC has defined methods of identifying and assessing potential environmental risks. It carries out Environmental Impact Assessment of operations/activities to identify impacts on the surrounding environment and initiate mitigation measures accordingly. EIA for all its mines and industrial activities has been conducted and mitigation measures are been implemented accordingly. Regular monitoring of environmental parameters is carried out to ensure the effectiveness of the measures implemented and to comply with the CPCB laws.

NMDC project sites are certified to ISO 9001: 2008, ISO 14001: 2004 and OHSAS 18001-2007 and as a part of requirements of ISO-14001 EMS (IMS): 2004 carries out aspect-impact studies for all the activities and operations for identification of critical activities for setting objectives and targets. The system is audited biannually through third party auditors (apart from the periodic audits carried out by certified internal auditors) to verify adequacy and effectiveness of the system and to identify changes if any required in objectives, targets and management plan.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

Yes, NMDC has a project related to Clean Development Mechanism. It is a 10.5MW Wind Project, initiated in 2009. The project has been registered with the United Nations Framework Convention for Climate Change (UNFCCC).

**5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy etc? Y / N. If yes, please give hyperlink to web page etc.**

Yes, NMDC being a signatory to UNGC, it stands committed in encouraging the development of environment-friendly technologies along with its Corporate Environmental Policy. Also, NMDC's research and development centre has earned rare distinction of competence of undertaking technology development mission related to efficient mineral processing. To know more about the initiatives, please see the hyperlink given below:

<http://www.nmdc.co.in/EnvironmentalMgmt.aspx>

**6. Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

Yes. All emissions & wastes generated by NMDC are monitored on a regular basis and are within permissible limits as specified by CPCB/SPCB. Also, the returns are filed regularly to the statutory authorities as per requirement.

**7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as of end of financial year.**

Nil.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.**

Yes. NMDC is a member of various trade and chambers /associations. Few of the major ones are listed below:

- International Framework 'United Nations Global Compact'
- Confederation of Indian Industry (CII)
- Federation of Indian Mineral Industries, New Delhi
- All India Management Association, New Delhi
- Federation of Indian Export Organization, Chennai

**2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Polices, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

Yes, following are the broad areas:

- Sustainable Mining Practices
- Energy Conservation
- Inclusive Development

**Principle 8: Businesses should support inclusive growth and equitable development**

**1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

Yes, NMDC has host of programmes/initiatives /projects in its identified focus sectors defined in the CSR Policy. Some of the major CSR initiatives are listed below:

**Literacy and Education**

- NMDC's Siksha Sahayog Yojana
- Residential school at Nagarnar
- Industrial Training Institutes (ITI's)
- Education improvement program
- Balika Siksha Yojana

**Healthcare**

- Free medical treatment at project hospitals
- Hospitals on wheels
- Medical Camps

**Infrastructure**

- Construction of roads and Bridges
- Electrification of villages , street lights , home lights and public buildings
- Construction of houses for slum dwellers
- Provision of drinking water

**2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**

NMDC takes up various CSR activities through an internal team as well as in partnership with non governmental organization (NGO's), State /District Authorities and Trusts depending on the specifications of the activity proposed. The CSR initiatives taken up through partnerships are evaluated and monitored jointly by the CSR department and the partnering organization.

**3. Have you done any impact assessment of your initiative?**

Yes. Impact assessment is been carried out for NMDC's CSR activities through a third party.

**4. What is the Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

NMDC has spent an amount of INR 101 crores in development projects as under in FY 2012-13:

Category	Amount (INR crores)
Infrastructure	50.28
Education	30.81
Health and Hygiene	13.54
Drinking Water	1.94
Environment	1.66
Others	2.87



5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes, our CSR teams take project feedback from the beneficiaries to know its impact or scope for improvements if any.

### **Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year?**

There have been no customer complaints pending in FY 2012-13.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)**

Not Applicable. Our product being a bulk commodity, it is not feasible to put product labels. The product specifications are being displayed on the company's website. To know more about the product specifications, please see the below hyperlink:

<http://www.nmdc.co.in/Products.aspx>

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as of end of financial year? If so, provide details thereof, in about 50 words or so.**

There has been a single case filed against NMDC regarding anti-competitive behavior in FY 2012-13. The same has been closed by Competition Commission of India (CCI).

4. **Did your Company carry out any consumer survey / consumer satisfaction trends?**

Yes, NMDC carries out Customer Satisfaction Survey every year at all its Iron Ore Projects against various parameters described in the ISO format of 10 Point Scale. NMDC has incorporated 'Customer Satisfaction Index' in its MoU with Administrative Ministry, being signed every year. The Customer Satisfaction Index during FY 2012-13 works out to 9.54.

### **Cautionary Statement**

**The Statements in the Directors' Report and Management Discussion and Analysis Report are forward-looking statements and progressive within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors that may arise. Shareholders / Readers are cautioned not to place undue reliance on the forward looking statements.**

Ten Years Performance

(Rs. in Crore)

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
<b>Operating Statistics:</b>										
<b>Production @</b>										
1 Iron Ore (WMT) (in lakh tonnes)	271.84	272.60	251.55	238.03	285.15	298.16	262.25	229.23	207.40	179.59
2 Diamonds (Carats)	31533.39	18043.44	10865.93	16529.21	0	0	1703.00	43878	78217	71163
3 Sponge Iron (in tonnes)	36289	37260	38962							
<b>Sales</b>										
1 Iron Ore (WMT) (in lakh tonnes)	262.74	273.01	263.15	240.85	264.72	281.84	255.89	248.45	232.22	206.64
2 Diamonds (Carats)	17863	8085	18421	7335	0	2632	14588	48825	86257	84097
3 Sponge Iron (in tonnes)	37600	33732	39775							
<b>Financial Statistics:</b>										
<b>Income</b>										
1 Sales Iron Ore	10558.71	11167.56	11285.33	6222.60	7559.11	5705.32	4170.92	3669.47	2180.58	1411.39
2 Sales Sponge Iron	73.50	65.93	62.75							
3 Sales Diamonds	28.51	9.84	12.88	6.94	0.00	3.75	10.60	35.69	43.82	36.19
4 Sale of Power	0	0.00	4.48	6.57	2.22	0.00	0.00	0.00	0.00	0.00
5 Sales Others	5.60	1.36	0.00	0.00	0.08	0.09	1.34	2.22	2.15	1.27
6 Income from services	37.95	17.20	3.50	2.98	2.62	2.15	2.98	3.54	3.44	4.84
7 Other Income	2238.87	2016.49	1205.70	861.71	884.04	670.53	354.69	199.93	105.28	77.07
8 Stock Adjustments	184.33	22.72	113.17	-1.90	127.39	30.17	-6.49	4.42	-3.75	1.94
	13127.47	13301.10	12687.81	7098.90	8575.46	6412.01	4534.04	3915.27	2331.52	1532.70
<b>PROFIT</b>										
1 Profit before depreciation, Interest & Taxes	9616.84	10891.12	9848.69	5280.48	6721.79	5007.47	3578.33	2883.82	1287.49	670.00
2 Depreciation	138.52	130.17	121.52	73.16	73.56	60.00	80.02	113.69	63.84	53.98
3 Interest	13.20	1.48					0.00	0.00	0.00	0.00
4 Profit before tax	9465.12	10759.47	9727.17	5207.32	6648.23	4947.47	3498.31	2770.13	1223.65	616.02
5 Taxes	3122.75	3494.08	3227.95	1760.06	2275.85	1696.49	1178.10	942.33	468.21	183.39
6 Profit/Loss after depreciation Interest & Taxes	6342.37	7265.39	6499.22	3447.26	4372.38	3250.98	2320.21	1827.80	755.44	432.63
7 Dividend	2775.30	1784.12	1308.35	693.82	876.20	651.53	465.19	365.57	151.32	46.25
<b>FINANCIAL POSITION</b>										
1 Equity (^)	396.47	396.47	396.47	396.47	396.47	132.16	132.16	132.16	132.16	132.16
2 Reserves & Surplus	27114.49	24009.89	18818.05	13875.96	11240.44	8157.49	5668.77	3882.32	2471.36	1893.20
3 Gross Fixed Assets	2581.95	2388.12	2272.82	1771.14	1669.17	1421.40	1304.15	1259.68	1176.78	1148.15
4 Net Fixed Assets	1264.66	1188.80	1099.26	787.15	746.63	568.06	504.90	530.16	537.44	574.27
5 Other Assets(intangible) \$	6.24	10.07	14.45	16.78	22.20	24.55	26.80	29.95	34.75	58.49
6 Capital Work-in-Progress	3236.09	1494.16	677.17	561.29	248.31	111.83	112.97	56.16	31.47	66.24
7 Current Assets	25592.18	23195.21	19171.56	14263.61	11771.02	8282.70	5525.84	4742.14	2804.78	1923.10
8 Current Liabilities	3235.68	2105.13	1780.72	1347.66	1164.75	774.76	417.36	1399.32	866.64	675.68
9 Deferred Tax Asset	-104.49	-100.09	-102.88	-84.88	-58.04	-6.01	-26.60	-18.46	-12.13	6.87
10 Capital Employed *	23621.16	22278.88	18490.10	13703.10	11352.90	8076.00	5613.38	3872.98	2475.58	1821.69
11 Net Worth	27504.72	24396.29	19200.07	14255.65	11614.71	8265.10	5774.13	3984.53	2568.77	1966.87
12 Book value per share (Rs.) (^)	69.37	61.53	48.43	35.96	29.30	625.40	436.91	301.50	194.37	148.83
13 Earning per share (Rs.) (^)	16.00	18.33	16.39	8.69	11.03	245.99	175.56	138.30	57.16	32.74
14 "Valued added per emp"Rs. In lakhs"	159.04	167.10	159.05	93.58	122.75	94.72	67.12	56.83	30.86	17.69

\$ Includes Expenditure on Feasibility studies from 1999-00 to 2003-04.

\* Excludes Investments, Capital WIP

(^ ) During 2008-09, Equity share splitted from Rs.10/- per share to Rs.1/- per share and Bonus shares issued in the ratio of 1:2

## Value Added Statement for the year 2012-13

(Rs. in crore)

	2012-13	2011-12
<b>HOW VALUE IS GENERATED:</b>		
Value of Production	<b>10,888.60</b>	11,284.61
Less : Direct Material, Power & Water charges, Royalty & Freight	<b>1,583.15</b>	1,215.29
<b>Total Value Added</b>	<b><u>9,305.45</u></b>	<b><u>10,069.32</u></b>
<b>HOW VALUE IS DISTRIBUTED:</b>		
<b>A. Employees</b>		
Payments & Benefits	<b>579.92</b>	529.10
<b>B. Suppliers of Materials and Services</b>		
Stores & Spares	<b>158.27</b>	145.95
Selling Expenses	<b>364.14</b>	102.33
Others (Net of other Income)	<b>-1,487.94</b>	-1,716.85
<b>TOTAL</b>	<b><u>-965.53</u></b>	<b><u>-1,468.57</u></b>
<b>C. Society -Corporate Social Responsibility</b>		
	<b>72.38</b>	63.32
<b>D. Govt.Payments - Income Tax</b>		
	<b>3,598.42</b>	3,784.99
<b>E. Providers of Capital</b>		
Shareholders - Dividend	<b>2,775.30</b>	1,784.12
<b>F. Re-investment in the Business</b>		
Depreciation	<b>141.98</b>	186.39
Operational Profit	<b>3,102.98</b>	5,189.97
<b>TOTAL</b>	<b><u>3,244.96</u></b>	<b><u>5,376.36</u></b>
<b>Total Value Distributed (A + B + C + D + E + F)</b>	<b>9,305.45</b>	10,069.32
Average Number of Employees	<b>5,851</b>	6,026
Value added per employee (Rs. in lakh)	<b>159.04</b>	167.10

**VENUGOPAL & CHENYOY**  
**Chartered Accountants**

Tilak Road, Hyderabad  
Phs. : 24753454,24752853,24753852  
Fax: 040-24756885  
E-mail : info@venugopalandchenoy.com

## Independent Auditors' Report

To  
The Members  
NMDC Ltd.

### Report on Financial Statements

We have audited the accompanying financial statements of NMDC Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss into which are incorporated the accounts of Seven Projects/ Units audited by Branch Auditors and of Head Office, Sponge Iron Unit and R&D Labs audited by us, and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub section (3C) of section 211 of Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the

Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements, together with the Accounting

**VENUGOPAL & CHENOY**  
**Chartered Accountants**

Continuation Sheet

Policies and Notes to Accounts, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

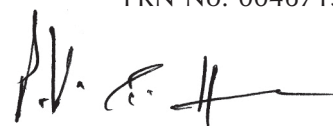
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. The Company has informed that Department of Company affairs vide the notification No.GSR 829(E) dt October 21, 2003, notified that Section 274(1)(g) of the Companies Act, 1956, is not applicable to the Government Companies. Hence Clause regarding disqualification of directors is not applicable.
- f. The Company has provided for cess under section 441A of the Companies Act, 1956 but the same has not been deposited, pending notification specifying the manner of payment.

**For VENUGOPAL & CHENOY,**  
 Chartered Accountants  
 FRN No: 004671S



**(P.V. SRI HARI)**  
 Partner

Membership No. 21961

Place : New Delhi  
 Date : 29-05-2013



**VENUGOPAL & CHENYOY**  
**Chartered Accountants**

Tilak Road, Hyderabad  
 Phs. : 24753454,24752853,24753852  
 Fax: 040-24756885  
 E-mail : info@venugopalandchenoy.com

## Annexure to Auditor's Report

**Re: NMDC LIMITED**

**[Referred to in our report of even date]**

- (i) In respect of Fixed Assets:
- (a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, a few fixed assets have been disposed off/ identified for disposal by the Company. On the basis of information and explanations given to us, we are of the opinion that disposal of the part of fixed assets has not affected the going concern status of the Company.
- (ii) In respect of Inventories:
- (a) The inventory has been physically verified by the management during the year applying ABC system except the inventory with Third parties. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management
- are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) According to the information and explanation given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans secured or unsecured to/from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 (The Act), hence clauses iii (a, b, c, d, e, f and g) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) According to the information and explanations given to us, there are no contracts or agreements that need to be

**VENUGOPAL & CHENOY**  
**Chartered Accountants**

Continuation Sheet

- entered into the Register maintained under section 301 of the Companies Act, 1956. As there are no such contracts or agreements, Clause v (b) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, is not applicable.
- (vi) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA or any other relevant provision of the Act and the rules framed there under.
- (vii) The Company has an internal audit system commensurate with the size and nature of its business.
- (viii) During the year, the Company has come under the ambit of Cost Audit of mining of Iron Ore in addition to Sponge Iron activity. Considering this, we have broadly reviewed the books of account maintained by the Company pursuant to Companies (Cost Accounting Records) Rules, 2011, and Companies (Cost Audit Report) Rules, 2011, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) In respect of Statutory Dues:
- (a) According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor education and protection fund, Employees' state insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
- (b) According to information and explanation given to us, no undisputed amounts payable in respect of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and Cess were in arrears, as at 31.03.2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are dues of Forest Development Tax, Forest Permit fee, Income Tax, Entry Tax, Sales Tax, Property Tax, Export Tax, Conservancy Tax, Road Tax and Property Tax which are not deposited on account of dispute which are as follows:

**VENUGOPAL & CHENOY**  
Chartered Accountants

Continuation Sheet

Name of the Statute/Authority	Nature of dues which relates	Period to which it relates	Forum	Amount (Rs. In Crores)
Nagar Palika, Kirandul	Export Tax	1995-96 to 2003-04	High Court, Chhattisgarh	10.83
Nagar Palika, Kirandul	Conservancy Tax	1997-98 to 2005-06	High Court, Chhattisgarh	0.52
MP Commercial Tax Act, 1994	Commercial Tax	2002-03 2005-06 2008-09	Dy. Commissioner of Commercial Tax (Appeal), Sagar	1.60
Nagarpalika, Bade Bachel, Kirandul	Export Tax	May 2001 to July 2002	High Court of Chhattisgarh	0.62
DFO, Dantewada and Stage of Chattisgarh	Forest Permit Fee	Jun'2002 to Oct'2012	High Court, Chhattisgarh	143.32
GHMC, Hyderabad	Property Tax	2011-12	GHMC, Hyderabad	0.07
Income tax Act, 1961	Income-tax	2006-07 & 2009-10 2007-08, 2008-09 &	CIT (Appeals) Hyderabad ITAT, Hyderabad	496.67
Karnataka Forest Tax Act, 1963	Forest Development Tax	Aug'08 to Mar'12	Dy. Conservator of Forests, Bellary	247.96
Karnataka Sales Tax Act, 1957	Tax on REP Licenses	1991-92 to 92-93	Deputy Commissioner of Commercial Taxes, Bellary	0.80
Karnataka Motor Vehicle Taxation Act 1957	Road Tax on Dumpers	2003-04	Regional Transport Officer, Hospet	0.96
MMDR Act	Royalty	SEP-1977 to AUG-2005	Madhya Pradesh State Govt.	0.89
APGST	Sales Tax	2004-05	ADC, Warangal	0.01
AP VAT	VAT	2006-07	ADC, Warangal	0.02
Service Tax Act	Service Tax	2007-08 to 2011-12	Commissioner of Customs, Central Excise & Service Tax, Hyderabad	1.13

- (x) In our opinion, the Company has no accumulated losses as at 31.03.2013 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not taken any loans from financial Institution or Banks and has not issued any debentures. Therefore, the provisions of clause xi of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xii) In our opinion and according to the information and explanation given to us, the Company has not granted loans and

**VENUGOPAL & CHENOY**  
**Chartered Accountants**

Continuation Sheet

- advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause xii of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause xiii of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause xiv of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the Company has not obtained any term loans. Therefore, the provisions of clause xvi of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds were raised by the Company. Accordingly, the provisions of clause xvii of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xviii) According to the information and explanation given to us, the Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of The Act. Accordingly, the provisions of clause xviii of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xix) According to the information and explanation given to us, the Company has not issued any debentures. Therefore, the provisions of clause xix of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xx) According to the information and explanation given to us, the Company has not raised any money by public issues during the year. Accordingly, the provisions of clause xx of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For VENUGOPAL & CHENOY,**  
 Chartered Accountants  
 FRN No: 004671S



**(P.V. SRI HARI)**  
 Partner

Membership No. 21961

Place : New Delhi

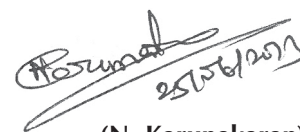
Date : 29-05-2013

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NMDC LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2013**

The preparation of financial statements of NMDC Limited, Hyderabad for the year ended on 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on the independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 May 2013.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of NMDC Limited, Hyderabad for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and the Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

**For and on behalf of the  
Comptroller and Auditor General of India**



**(N. Karunakaran)  
Principal Director of Commercial Audit &  
Ex-Officio Member, Audit Board,  
Hyderabad.**

Place : Hyderabad  
Dated : 25 June 2013



Balance Sheet as at 31<sup>st</sup> March, 2013

(Rs. in Crore)

Particulars	Note No	Figures as at the end of current reporting period 31-March-2013	Figures as at the end of previous reporting period 31-March-2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds:</b>			
Share Capital	2.1	396.47	396.47
Reserves & Surplus	2.2	<u>27,114.49</u>	<u>24,009.89</u>
		<b>27,510.96</b>	24,406.36
<b>Non-current Liabilities :</b>			
Deferred Tax Liability (Net)	2.3	104.49	100.09
Other Long term Liabilities	2.4	30.78	23.41
Long Term Provisions	2.5	<u>12.38</u>	<u>13.45</u>
		<b>147.65</b>	136.95
<b>Current Liabilities :</b>			
Trade payables	2.6	160.76	165.82
Other current Liabilities	2.7	1,214.53	781.15
Short term Provisions	2.8	<u>1,860.39</u>	<u>1,158.16</u>
		<b>3,235.68</b>	2,105.13
<b>TOTAL</b>		<b><u>30,894.29</u></b>	<b><u>26,648.44</u></b>
<b>ASSETS :</b>			
<b>NON-CURRENT ASSETS :</b>			
<b>Fixed Assets :</b>			
Tangible Assets	2.9	1,182.60	1,111.00
Intangible Assets	2.10	82.06	77.80
Capital Work in Progress	2.11	<u>3,236.09</u>	<u>1,494.16</u>
		<b>4,500.75</b>	2,682.96
Non-current investments	2.12	249.67	247.77
Long term Loans and Advances	2.13	545.45	512.43
Other non-current assets	2.14	<u>5.37</u>	<u>6.61</u>
		<b>5,301.24</b>	3,449.77
<b>CURRENT ASSETS :</b>			
Inventories	2.15	637.46	458.92
Trade receivables	2.16	1,082.21	737.02
Cash and bank balances	2.17	21,025.75	20,264.58
Short term Loans and Advances	2.18	2,058.10	1,047.64
Other Current Assets	2.19	<u>789.53</u>	<u>690.51</u>
		<b>25,593.05</b>	23,198.67
<b>TOTAL</b>		<b><u>30,894.29</u></b>	<b><u>26,648.44</u></b>
<b>Significant accounting policies and Notes on accounts forming part of accounts.</b>	1 & 2		

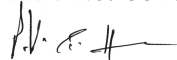
Subject to our Report of even date

For and on behalf of the Board

**For Venugopal & Chenoy**

Chartered Accountants

FRN No: 004671S



**(P.V. SRI HARI)**

Partner

Membership No: 21961

  
**(S. THIAGARAJAN)**  
Director (Finance)

  
**(C.S. VERMA)**  
Chairman-cum-Managing Director

  
**(KUMAR RAGHAVAN)**  
Company Secretary

Place : New Delhi

Date : 29-05-2013

Statement of Profit and Loss for the Year Ended 31<sup>st</sup> March, 2013

(Rs. in Crore)

Particulars	Note No	Figures for the current reporting period 31-March-2013	Figures for the previous reporting period 31-March-2012
<b>I. Gross Revenue from Operations</b>	2.20	<b>10,713.44</b>	11,268.73
Less : Excise duty		<u>9.17</u>	<u>6.84</u>
Net Revenue from operations		<b>10,704.27</b>	11,261.89
<b>II. Other Income</b>	2.21	<b>2,238.87</b>	2,016.49
<b>III. Total Revenue (I + II)</b>		<b>12,943.14</b>	13,278.38
<b>IV. Expenses :</b>			
Consumption of raw materials	2.22	<b>30.94</b>	24.01
Consumption of Stores & Spares		<b>257.99</b>	232.56
Changes in inventories of finished goods and work-in-progress	2.23	<b>-184.33</b>	-22.72
Employee Benefit expense	2.24	<b>579.92</b>	529.10
Power, Electricity and Water	2.25	<b>57.60</b>	50.13
Repairs & Maintenance	2.26	<b>73.61</b>	67.03
Royalty & Cess		<b>952.43</b>	1,022.61
Selling Expenses	2.27	<b>818.00</b>	144.02
Finance cost - interest on Income Tax		<b>13.20</b>	1.48
Depreciation & Amortisation	2.9 & 2.10	<b>138.52</b>	130.17
Other Expenses	2.28	<b>742.91</b>	288.99
<b>Total Expenses</b>		<b>3,480.79</b>	2,467.38
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>9,462.35</b>	10,811.00
<b>VI. Exceptional items</b>	2.31	<b>-</b>	51.30
<b>VII. Profit before extraordinary items and tax (V-VI)</b>		<b>9,462.35</b>	10,759.70
<b>VIII. Extraordinary Items</b>		<b>-</b>	-
<b>IX. Profit before tax (VII-VIII)</b>		<b>9,462.35</b>	10,759.70
<b>X. Tax expense :</b>			
(1) Current tax		<b>3,087.52</b>	3,486.94
Earlier years (net)		<b>29.93</b>	10.00
(2) Deferred tax		<b>4.40</b>	-2.79
<b>XI. Profit for the year from continuing operations after tax (IX-X)</b>		<b>6,340.50</b>	3,494.15
<b>XII. Profit from discontinuing operations before tax</b>		<b>2.77</b>	-0.23
<b>XIII. Tax expense of discontinuing operations</b>		<b>0.90</b>	-0.07
<b>XIV. Profit from discontinuing operations after tax (XII-XIII)</b>		<b>1.87</b>	-0.16
<b>XV. Profit for the year (XI + XIV)</b>		<b>6,342.37</b>	7,265.39
<b>XVI. Earning per equity share :</b>			
(Face value Re.1/- each)			
(i) Basic		<b>16.00</b>	18.33
(ii) Diluted		<b>16.00</b>	18.33
<b>Significant accounting policies and Notes on accounts forming part of accounts.</b>	1 & 2		

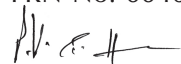
Subject to our Report of even date

For and on behalf of the Board

**For Venugopal & Chenoy**

Chartered Accountants

FRN No: 004671S



**(P.V. SRI HARI)**

Partner

Membership No: 21961

  
**(S. THIAGARAJAN)**  
Director (Finance)

  
**(C.S. VERMA)**  
Chairman-cum-Managing Director

  
**(KUMAR RAGHAVAN)**  
Company Secretary

Place : New Delhi

Date : 29-05-2013

Cash Flow Statement for the year ended 31<sup>st</sup> March, 2013

(Rs. In crore)

	Year ended 31-Mar-13	Year ended 31-Mar-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax from continuing operations	9,462.35	10,759.70
Profit before tax from discontinued operations	2.77	-0.23
Adjustments for :		
Depreciation & Amortisation (incl impairment)	141.09	184.35
Interest on deposits with banks	-2,198.62	-1,962.13
Other Interest Income	-2.33	-3.67
Profit on reinstatement of investments	-	-3.96
Prov for bad & doubtful advances & Misc.losses written off	1.61	15.54
Profit/loss on sale of fixed assets (net)	-5.24	-7.04
Unamortised expenditure written off	3.46	3.46
Operating profit before working capital adjustments	7,405.09	8,986.02
Increase(-)/Decrease(+) in Inventories	-178.54	-43.49
Increase(-)/Decrease(+) in Trade Receivables	-345.19	-251.62
Increase(-)/Decrease(+) in Short term and Long term Loans & Advances	-39.25	-503.33
Increase(-)/Decrease(+) in accrued interest on deposits with banks	-101.59	-290.71
Increase(-)/Decrease(+) in Assets held for disposal	-0.02	-0.27
Increase(+)/Decrease(-) in long term, Short term Liabilities and trade payables	435.69	198.51
Increase(+)/Decrease(-) in long term and Short term Provisions	-2.28	0.07
Cash Generated from Operations	7,173.91	8,095.18
Interest paid on Income tax	13.20	1.48
Direct taxes (Net)	-4,100.04	-3,502.08
<b>Net Cash Flow from Operating Activities</b>	<b>3,087.07</b>	<b>4,594.58</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Tangible and Intangible Assets	-217.36	-284.69
Increase(-)/Decrease(+) in Capital work in progress	-1,741.93	-926.47
Increase(-)/Decrease(+) in Capital advances	-24.15	-311.06
Purchase of Investments	-1.90	-108.58
Reinstatement of investments	-	3.96
Interest on deposits with Banks	2,198.62	1,962.13
Other interest Income	2.33	3.67
Sale of Investments	-	0.45
Sale/Deletion of Fixed Assets	5.65	13.95
Increase(-)/Decrease(+) in Unamortised expenditure	0.37	0.91
Increase(-)/Decrease(+) in Investment in term deposits with more than three months	2,012.00	45.50
Increase(-)/Decrease(+) in Bank Deposits offered as security for BG/LCs	-1,565.00	-1,137.00
<b>Net Cash flow from Investing Activities</b>	<b>668.63</b>	<b>-737.23</b>

(Rs. In crore)

	Year ended 31-Mar-13	Year ended 31-Mar-12
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Interest on income tax	-13.20	-1.48
Payment of dividends	-2,180.59	-1,645.46
Tax on dividend	-353.74	-265.39
Increase(-)/Decrease (+) in balances with banks for unpaid dividend	-0.19	-0.11
<b>Net cash used in Financing Activities</b>	<b>-2,547.72</b>	<b>-1,912.44</b>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	 <b>1,207.98</b>	 1,944.91
 Cash & Cash equivalents at the end of the year	 <b>4,306.17</b>	 3,098.19
Cash & Cash equivalents at the beginning of the year	<b>3,098.19</b>	1,153.28
	<b>1,207.98</b>	<b>1,944.91</b>
 <b>Components of Cash &amp; Cash equivalents:</b>		
Cash & cheques on hand	0.16	0.13
Balances with Scheduled banks		
in current account	65.01	77.06
in Term deposits with original maturity less than 3 months	4,241.00	3,021.00
	<b>4,306.17</b>	<b>3,098.19</b>

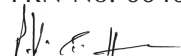
Note : The previous year figures have been rearranged/regrouped wherever necessary to conform to current year classification.

Subject to our Report of even date

**For Venugopal & Chenoy**

Chartered Accountants

FRN No: 004671S




**(P.V. SRI HARI)**

Partner

Membership No: 21961

For and on behalf of the Board



**(S. THIAGARAJAN)**  
Director (Finance)



**(C.S. VERMA)**  
Chairman-cum-Managing Director



**(KUMAR RAGHAVAN)**  
Company Secretary

Place : New Delhi

Date : 29-05-2013

## Significant Accounting Policies and Notes on Accounts

### Note-1 : Significant Accounting Policies

#### A. BASIS OF ACCOUNTING

The Company prepares its financial statements as a going concern, under historical cost convention and on accrual basis, in accordance with the generally accepted accounting principles.

#### B. BALANCE SHEET

##### 1. FIXED ASSETS:

1.1 Fixed Assets are stated at historical cost.

1.2 Assets acquired / constructed by the Company with the subsidy sanctioned by Iron Ore Mines Labour Welfare Cess Fund are capitalised to the extent of cost to the company. However, the work-in-progress and the subsidy thereon are shown separately till capitalisation.

1.3 The fixed assets acquired against Govt. Grants are shown in the Balance Sheet after deducting the grant received. However, where the grant received is equal to the cost of the asset, such asset is shown at a nominal value of Re.1/- per asset.

1.4 The Insurance Spares which can only be used in connection with an item of Fixed Asset and whose use is expected to be irregular are capitalised and depreciated from the date of acquisition over the balance useful life of the respective assets.

##### 2. DEPRECIATION:

2.1 Depreciation is charged on straight-line method based on the life of the assets determined by technical assessment. The rates are equal to or higher than those prescribed in Schedule-XIV to the Companies Act, 1956. In the case of assets acquired

before 01.04.1987 depreciation is continued to be provided at the rates based on the lives adopted earlier.

2.2 Depreciation is charged on pro-rata monthly basis on additions / disposals of assets during the year taking the first day of the month for acquisition / commissioning and the last day of the month for disposals.

2.3 In respect of additions forming an integral part of an existing asset, depreciation is charged over the remaining useful life of the asset. In case the asset is already fully depreciated, such additions are depreciated in full.

2.4 Cost of leasehold land is amortized over the period of lease.

2.5 The life of the assets constructed on leasehold land is restricted to the lease period except in case of mining projects.

##### 3. DEVELOPMENT EXPENSES:

Development expenses (pre-construction period expenses) and Expenses on removal of overburden and preparation of mining benches are amortized in ten annual installments from the date of commencement of production.

##### 4. INVESTMENTS:

Long-term investments are stated at cost. A provision for diminution is made to recognise the decline in value, other than temporary, on an individual investment basis.

##### 5. INVENTORIES:

Items of inventories as certified by the Management are valued on the basis mentioned below:



- 5.1 Finished Goods : At cost OR Net Realisable value whichever is lower.
- 5.2 Work-in-process : At cost OR Net Realisable value whichever is lower.
- 5.3 Raw materials : At cost on weighted average method
- 5.4 Stores & Spares : At cost on weighted average method. However, Stationery, Medical, Canteen, School stores, Cotton Waste, Hospital stores and lab stores (excluding for R & D Lab): charged off to Revenue on procurement.
- 5.5 Stores & spares not moved for 5 years and above and identified as obsolete by technical assessment : At Re.1 per unit.
- 5.6 Stores-in-Transit : At cost.
- 5.7 Loose Tools & Implements : At cost on weighted average method.
- 5.8 No credit is taken in the Accounts in respect of :
- 5.8.1 Stock of run of mine ore, embedded ore and slimes in case of Iron Ore.
- 5.8.2 Partly used stores and spares kept in stores.
- 5.8.3 Surplus/Obsolete stores and spares determined and not disposed of.
- 6. FOREIGN CURRENCY TRANSACTIONS:**
- 6.1 Foreign Currency Transactions are accounted for at the exchange rates prevailing on the date of transactions.
- 6.2 Fixed Assets are translated at the exchange rates on the date of transaction. The exchange difference in each financial year, up to the period of settlement is taken to Statement of Profit and Loss.
- 6.3 The monetary items in foreign currencies are translated at the closing exchange rate on the date of balance sheet and gains / losses thereon adjusted in the Statement of Profit and Loss.
- C. STATEMENT OF PROFIT AND LOSS**
- 1. REVENUE RECOGNITION:**
- 1.1 **Export sales:** Export sales are recognized on the date of Bill of Lading. However, final adjustments are made in the year of receipt of discharge port analysis.
- 1.2 **Domestic sales:** Domestic sales are accounted on the date of Forwarding Note (Rail dispatches) / Lorry receipt / Delivery challan.
- 1.3 **Obsolete Stores & Scrap:** Income is accounted on realization basis in respect of Used/Surplus/obsolete/unserviceable materials/waste products and scrap.

## 2. EMPLOYEES BENEFITS:

### 2.1 Payments under Employees' Family Benefit Scheme:

Under the NMDC Employees' family benefit scheme, monthly payments are made till the normal date of retirement to the family members of those employees who are discharged from service due to medical reasons or death, on deposit of the amount envisaged in the scheme and liability for the payments are accounted for on the basis of actuarial valuation and the amount is administered by a separate trust.

### 2.2 Leave Travel Concession: (Encashment / Availment):

Liability towards encashment / availment of Leave Travel Concession is accounted for on the basis of actuarial valuation.

### 2.3 Gratuity & Provident fund:

**2.3.1** Gratuity payable to eligible employees is administered by a separate Trust. Payments to the trust towards contributions and other demands are made on the basis of actuarial valuation.

**2.3.2** The Company's contribution to the provident fund is remitted to a separate trust based on a fixed percentage of the eligible employees' salary. Further, the Company makes good the shortfall, if any, between the return from investments of trust and the notified rate of interest on actuarial valuation basis.

### 2.4 Accrued Leave Salary:

Liability towards Accrued Leave Salary, as at the end of the year is recognized on the basis of actuarial valuation and the amount is administered by a separate trust.

### 2.5 Other Benefits:

Liability towards Long service award, Settlement Allowance and Post Retirement Medical Facilities to employees as at the end

of the year is recognized on the basis of actuarial valuation. Such amounts towards Settlement Allowance and Post retirement medical benefits are administered by a separate trust.

## 3. GENERAL:

### 3.1 Research & Development Expenditure:

The expenditure on Fixed Assets relating to Research & Development is capitalized and depreciated in the same method as any other assets of the Company. Other Research & Development expenditure of revenue nature incurred during the year is charged off to Statement of Profit and Loss.

### 3.2 Mine Closure Obligation:

The liability to meet the obligation of mine closure and restoration of environment as per Mines & Minerals (Development and Regulation) Act 1957 (MMDR 1957) at the time of closure of the mine has been estimated on the basis of technical assessment and charged to Statement of Profit and Loss on the basis of Run of Mine ore production of the mine. The liability is remitted to a Fund maintained by LIC.

### 3.3 Pre-paid Expenses:

Expenses are accounted under prepaid expenses only where the amounts relating to unexpired period exceed Rs.2,00,000/- in each case.

### 3.4 Prior period adjustments:

Income/Expenditure relating to prior period of over Rs 2,00,000/- in each case arising out of errors and omissions are accounted as prior period adjustments.

### 3.5 Insurance Claims:

Insurance claims are accounted as under :  
In case of transit insurance-on the basis of claim lodged with the Insurance Company.

In case of other Insurance - on the basis of Survey reports received.

Differences between insurance claims accounted for and actual receipt are accounted as Miscellaneous Expenditure / Income in the year of settlement.

Subject to our Report of even date

**For Venugopal & Chenoy**

Chartered Accountants

FRN No: 004671S



**(P.V. SRI HARI)**

Partner

Membership No: 21961

Place : New Delhi

Date : 29-05-2013

For and on behalf of the Board



**(S. THIAGARAJAN)**

Director (Finance)



**(C.S. VERMA)**

Chairman-cum-Managing Director



**(KUMAR RAGHAVAN)**

Company Secretary

2. Notes on Accounts for the Year Ended 31<sup>st</sup> March 2013

## Note-2.1 : Share Capital

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
<b>Authorised:</b>		
4,00,00,00,000 Equity Shares (Previous year 4,00,00,00,000) of Rs.1 each (Previous year Rs.1/- each)	<u>400.00</u>	<u>400.00</u>
<b>Issued,Subscribed &amp; Paid up:</b>		
3,96,47,16,000 Equity Shares of Rs.1/- each fully paid up (Previous year 3,96,47,16,000 Equity shares of Rs.1/- each fully paid up)	<u>396.47</u>	<u>396.47</u>
<b>TOTAL</b>	<u><u>396.47</u></u>	<u><u>396.47</u></u>

**Addl. Notes :**

- 1) No new shares were issued during the current year. Hence, there is no change in number of shares outstanding as at the beginning and as at the end of the reporting period.
- 2) The above issued,subscribed & paid up equity shares includes 2,64,31,44,000 shares issued by way of bonus shares in 2008-09.
- 3) Terms/Rights attached to equity shares : The Company has only one class of equity shares having par value of Rs.1/- each and each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- 4) The details of shares in the Company held by each shareholder holding more than 5% shares :

Name of the Share holder	2012-13		2011-12	
	% of share-holding	No. of shares	% of share-holding	No. of shares
i) Hon'ble President of India	80.00	3,171,946,580	90.00	3,568,418,180
ii) LIC of India (incl all Schemes)	6.82	270,196,806	6.24	247,489,512

During the current year, the Central Government holding in the Company has come down from 90% to 80% as the Government has divested 10% of its holding in the Company.

## Note-2.2 : Reserves and Surplus

	(Rs. in Crore)	
	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
<b>a) General Reserve (Free Reserve)</b>		
As per last Balance Sheet	24,009.22	18,817.22
Add : Additions during the year	<u>3,105.00</u>	<u>5,192.00</u>
At the end of the year	27,114.22	24,009.22
<b>b) Capital Grant- R&amp;D</b> (Corresponding nominal value of assets Rs. 881/- (P.Y. Rs.881/-))	-	-
<b>c) Statement of Profit and Loss - Surplus</b>		
As per last Balance Sheet	0.67	0.83
Add : Profit for the year	<u>6,342.37</u>	<u>7265.39</u>
	6,343.04	7266.22
Less : Appropriations :		
Interim Dividend	1,189.41	792.94
Tax on Interim Dividend	192.95	128.64
Proposed Final Dividend	1,585.89	991.18
Tax on Final Dividend	269.52	160.79
General Reserve	<u>3,105.00</u>	<u>5192.00</u>
	6,342.77	7265.55
At the end of the year	0.27	0.67
<b>TOTAL</b>	<u><u>27,114.49</u></u>	<u><u>24,009.89</u></u>



## Note-2.3 : Deferred Tax Liability (Net)

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
<b>A. Deferred tax Liability :</b>		
Related to fixed assets	110.94	108.74
Accrued expenses	2.20	0.33
Misc.expenses	0.22	0.11
	<u>113.36</u>	<u>109.18</u>
<b>B. Deferred tax assets :</b>		
Provision for bad and doubtful debts and advances	4.40	4.62
Provision for post retirement medical benefits	4.47	4.47
	<u>8.87</u>	<u>9.09</u>
<b>C. Net deferred tax liability (A-B)</b>	<u><u>104.49</u></u>	<u><u>100.09</u></u>

## Note-2.4 : Other Long Term Liabilities

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
Deposits from Suppliers, Contractors and Others	30.78	23.41
	<u>30.78</u>	<u>23.41</u>

## Note-2.5 : Long Term Provisions

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
<b>Employee Benefits :</b>		
LTC	–	2.85
Long Service Reward	12.38	10.60
	<u>12.38</u>	<u>13.45</u>

## Note-2.6 : Trade Payables

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
Outstanding dues of micro and small enterprises	0.52	0.08
Other than micro & small enterprises	160.24	165.74
(including Rs.NIL (Previous year Rs.Nil) payable to Subsidiary Companies)	160.76	165.82
	<u>160.76</u>	<u>165.82</u>

### Disclosure relating to Micro and Small Enterprises :

i) (a) The principal amount remaining unpaid to the supplier as at the end of the year.	0.52	0.08
(b) The interest due on the above amount, remaining unpaid to the supplier as at the end of the year.	NIL	NIL
ii) the amount of interest paid in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	NIL	NIL
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act,2006;	NIL	NIL
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL

## Note-2.7 : Other Current Liabilities

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
Advances from customers	107.34	142.90
Unpaid Dividend	0.58	0.39
Mine closure liability	239.68	211.30
Less : Fund with LIC	<u>234.61</u>	<u>211.30</u>
	5.07	–
<b>Others:</b>		
Deposits from Suppliers, Contractors and Others	152.89	159.03
<b>Other Payables</b> (like withholding and other taxes payable, amounts payable to employees and others)	948.65	478.83
	<u>1,214.53</u>	<u>781.15</u>

## Note-2.8 : Short Term Provisions

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
<b>Employee Benefits :</b>		
LTC	1.66	3.79
Long Service Reward	3.32	2.40
<b>Others :</b>		
Proposed Final dividend	1,585.89	991.18
Tax on Final dividend	<u>269.52</u>	<u>160.79</u>
	1,855.41	1,151.97
	<u>1,860.39</u>	<u>1,158.16</u>

## Details of Provisions (in Compliance of AS-29)

(Rs. in Crore)

	Opening Balance 1-Apr-12	Adjustment during year	Addition during year	Closing Balance 31-Mar-13
Proposed Dividend and Tax thereon	1,151.97 (990.69)	-2,534.33 (-1,912.27)	3,237.77 (2,073.55)	1,855.41 (1,151.97)

Note : Figures in bracket indicate previous year figures

Note-2.9 : Tangible Assets

(Rs. in Crore)

ASSETS	GROSS BLOCK				
	As at 1st Apr, 2012	Additions during the year	Ded/Adj during the year	Internal transfer	As at 31st MAR 2013
<b>A. General</b>					
<b>Land :</b>					
- Free hold	253.85	1.62	-	-	255.47
- Lease hold	2.41	-	-	-	2.41
Buildings	74.53	7.80	(0.37)	3.71	85.67
Plant & Machinery	720.60	7.94	(0.27)	(3.71)	724.56
Heavy Mobile Equipt.	791.56	99.97	(20.46)	-	871.07
Furniture & fittings	10.26	2.02	(0.01)	-	12.27
Vehicles	25.80	3.41	(1.40)	0.07	27.88
Office Equipment	43.15	4.35	(0.51)	0.78	47.77
<b>Others :</b>					
Roads, bridges etc.	37.54	3.40	-	-	40.94
Dams, Wells & Pools	11.95	0.02	-	-	11.97
Adit & tunnel	3.71	-	-	-	3.71
Railway sidings	19.84	34.17	-	-	54.01
Locomotives	8.13	-	-	(0.92)	7.21
Electrical Installations	68.56	22.50	(0.34)	0.14	90.86
Sanitary & W. S. Installations	17.57	-	(0.04)	-	17.53
<b>TOTAL 'A'</b>	<b>2,089.46</b>	<b>187.20</b>	<b>(23.40)</b>	<b>0.07</b>	<b>2,253.33</b>
Figures for the previous year	1,982.96	267.66	(161.11)	(0.05)	2,089.46
<b>B. Social Facilities</b>					
<b>Land :</b>					
- Free hold	0.29	-	-	-	0.29
- Lease hold	0.02	-	-	-	0.02
Buildings	87.37	11.35	-	-	98.72
Plant & Machinery	0.05	0.15	-	-	0.20
Furniture & fittings	2.12	0.32	(0.01)	-	2.43
Vehicles	3.70	0.17	(0.03)	(0.07)	3.77
Office Equipment	8.90	1.05	(0.02)	-	9.93
<b>Others :</b>					
Roads, bridges etc.	7.14	0.39	-	-	7.53
Cess fund quarters	12.57	-	-	-	12.57
Dams, Wells & Pools	0.23	-	-	-	0.23
Electrical Instaln.	2.41	0.18	-	-	2.59
Sanitary & W.S.Instlns.	6.99	0.33	-	-	7.32
Cess fund other assets	0.10	-	-	-	0.10
<b>TOTAL 'B'</b>	<b>131.89</b>	<b>13.94</b>	<b>(0.06)</b>	<b>(0.07)</b>	<b>145.70</b>
Figures for the previous year	119.55	13.77	(1.48)	0.05	131.89
<b>TOTAL 'A + B'</b>	<b>2,221.35</b>	<b>201.14</b>	<b>(23.46)</b>	<b>-</b>	<b>2,399.03</b>
Figures for the previous year	2,102.51	281.43	(162.59)	-	2,221.35

## Note-2.9 : Tangible Assets (Contd..)

(Rs. in Crore)

ASSETS	DEPRECIATION BLOCK						NET BLOCK		
	Upto 31st March 2012	For the year	Asset Impairment	Prior period adj.	Deductions/adjustments	Internal transfers	Upto 31st March 2013	As at 31st March 2013	As at 31st March 2012
<b>A. General</b>									
<b>Land :</b>									
- Free hold	-	-	-	-	-	-	-	<b>255.47</b>	253.85
- Lease hold	1.60	0.04	-	-	-	-	<b>1.64</b>	<b>0.77</b>	0.81
Buildings	33.39	2.44	-	-	(0.17)	3.70	<b>39.36</b>	<b>46.31</b>	41.14
Plant & Machinery	538.48	22.41	-	-	(0.28)	(4.35)	<b>556.26</b>	<b>168.30</b>	182.12
Heavy Mobile Equipmt.	336.29	83.80	-	-	(20.46)	-	<b>399.63</b>	<b>471.44</b>	455.27
Furniture & fittings	6.25	0.85	-	-	(0.01)	-	<b>7.09</b>	<b>5.18</b>	4.01
Vehicles	16.20	2.98	-	-	(1.33)	0.05	<b>17.90</b>	<b>9.98</b>	9.60
Office Equipment	25.53	3.85	-	-	(0.49)	0.14	<b>29.03</b>	<b>18.74</b>	17.62
<b>Others :</b>									
Roads, bridges etc.	12.11	1.22	-	-	-	-	<b>13.33</b>	<b>27.61</b>	25.43
Dams, Wells & Pools	10.71	0.06	-	-	-	-	<b>10.77</b>	<b>1.20</b>	1.24
Adit & tunnel	3.71	-	-	-	-	-	<b>3.71</b>	-	-
Railway sidings	12.32	2.51	-	-	-	-	<b>14.83</b>	<b>39.18</b>	7.52
Locomotives	7.43	0.05	-	-	-	(0.27)	<b>7.21</b>	-	0.70
Electrical Installations	43.65	4.00	-	0.05	(0.34)	0.14	<b>47.50</b>	<b>43.36</b>	24.91
Sanitary & W. S. Installations	10.83	0.57	-	-	(0.02)	0.64	<b>12.02</b>	<b>5.51</b>	6.74
<b>TOTAL 'A'</b>	<b>1,058.50</b>	<b>124.78</b>	-	<b>0.05</b>	<b>(23.10)</b>	<b>0.05</b>	<b>1,160.28</b>	<b>1,093.05</b>	<b>1,030.96</b>
Figures for the previous year	1,046.05	116.96	51.67	0.15	(156.31)	(0.02)	1,058.50	1,030.96	936.91
<b>B. Social Facilities</b>									
<b>Land :</b>									
- Free hold	-	-	-	-	-	-	-	<b>0.29</b>	0.29
- Lease hold	0.02	-	-	-	-	-	<b>0.02</b>	-	-
Buildings	26.89	2.21	-	-	-	-	<b>29.10</b>	<b>69.62</b>	60.48
Plant & Machinery	0.04	0.03	-	-	-	-	<b>0.07</b>	<b>0.13</b>	0.01
Furniture & fittings	1.58	0.15	-	-	(0.01)	-	<b>1.72</b>	<b>0.71</b>	0.54
Vehicles	2.35	0.41	-	-	(0.03)	(0.05)	<b>2.68</b>	<b>1.09</b>	1.35
Office Equipment	5.24	0.71	-	-	(0.01)	-	<b>5.94</b>	<b>3.99</b>	3.66
<b>Others :</b>									
Roads, bridges etc.	3.23	0.23	-	-	-	-	<b>3.46</b>	<b>4.07</b>	3.91
Cess fund quarters	5.24	0.25	-	-	-	-	<b>5.49</b>	<b>7.08</b>	7.33
Dams, Wells & Pools	0.16	0.01	-	-	-	-	<b>0.17</b>	<b>0.06</b>	0.07
Electrical Instaln.	1.92	0.11	-	-	-	-	<b>2.03</b>	<b>0.56</b>	0.49
Sanitary & W.S.Instlns.	5.08	0.29	-	-	-	-	<b>5.37</b>	<b>1.95</b>	1.91
Cess fund other assets	0.10	-	-	-	-	-	<b>0.10</b>	-	-
<b>TOTAL 'B'</b>	<b>51.85</b>	<b>4.40</b>	-	-	<b>(0.05)</b>	<b>(0.05)</b>	<b>56.15</b>	<b>89.55</b>	<b>80.04</b>
Figures for the previous year	48.99	4.14	-	-	(1.30)	0.02	51.85	80.04	70.56
<b>TOTAL 'A + B'</b>	<b>1,110.35</b>	<b>129.18</b>	-	<b>0.05</b>	<b>(23.15)</b>	<b>0.00</b>	<b>1,216.43</b>	<b>1,182.60</b>	<b>1,111.00</b>
Figures for the previous year	1,095.04	121.10	51.67	0.15	(157.61)	-	1,110.35	1,111.00	1,007.47



## Note-2.10 : Intangible Assets

(Rs. in Crore)

ASSETS	GROSS BLOCK			
	As at 1st Apr, 2012	Additions during the year	Ded/Adj during the year	As at 31st MAR 2013
<b>GENERAL</b>				
Goodwill	14.09	–	–	<b>14.09</b>
Computer software	5.94	0.08	–	<b>6.02</b>
Mining rights	146.77	16.14	(0.10)	<b>162.81</b>
<b>TOTAL</b>	<b>166.80</b>	<b>16.22</b>	<b>(0.10)</b>	<b>182.92</b>
Figures for the previous year	170.31	3.26	(6.77)	166.80

## Note - 2.10 : Intangible Assets (Contd..)

(Rs. in Crore)

ASSETS	AMORTISATION BLOCK					NET BLOCK	
	Upto 31 <sup>st</sup> March 2012	For the year	Prior period adj.	Deductions/ adjustments	Upto 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>GENERAL</b>							
Goodwill	14.09	–	–	–	<b>14.09</b>	–	–
Computer software	4.38	0.90	–	–	<b>5.28</b>	<b>0.74</b>	1.56
Mining rights	70.53	10.96	–	–	<b>81.49</b>	<b>81.32</b>	76.24
<b>TOTAL</b>	<b>89.00</b>	<b>11.86</b>	<b>–</b>	<b>–</b>	<b>100.86</b>	<b>82.06</b>	<b>77.80</b>
Figures for the previous year	78.52	11.58	(1.15)	0.05	89.00	77.80	91.79

## Additional notes to 2.9 & 2.10 : TANGIBLE AND INTANGIBLE ASSETS

1. Assets valuing Rs.5.09 crore (previous year Rs.5.09 crore) acquired wholly out of Grant-in-aid from Government of India are included in the notes as per Accounting Policy No. B.1.3. The details of original value of such assets are as under.

(Rupees in Crore)	
Category	Original value
Land	0.02
Roads & Bridges	0.01
Buildings	0.57
Sanitary & water supply	0.05
Plant & Machinery	4.04
Furniture	0.02
Electrical Installations	0.27
Other Assets	0.11
<b>TOTAL</b>	<b>5.09</b>

Particulars of assets relating to Steel Development Fund / Govt. Grant:

(Rs. in crore)	
	Plant & Machinery
Cost as at 31.03.2013	0.66 (0.66)
Less : Grant	0.17 (0.17)
Amount Capitalised	0.49 (0.49)

2. The Company adopted the following rates of depreciation which are higher than Schedule-XIV rates to the Companies Act, 1956 except in case of 'Heavy mobile equipment' (Refer Accounting Policy on Depreciation No.B.2.2.1)

**Tangible Assets:**

i)	Buildings	1.72%,2.5%,3.45%,3.57%,5%,5.56%,100%
ii)	Plant and machinery	5.56%,8.33%,10%,14.29%,20%
iii)	Heavy mobile equipment	11.31%
iv)	Furniture and Fittings	10%
v)	Vehicles (5% of original cost retained as residual value)	16.67%
vi)	Office Equipment	6.67%,8.33%,16.67%, 20%
vii)	Railway sidings	5.56%
viii)	Locomotives	10%
ix)	Electrical installations	5.56%,6.67%,10%,14.29%,20%,33.33%
x)	Sanitary and water supply installations	5.56%

**Intangible Assets:**

i)	Intangible asset - Computer software	Amortized over 3 years
ii)	Mining rights	Amortized over the period of lease
iii)	Goodwill on amalgamation of SILL	Amortized over a period of 3 years

Items not exceeding Rs.5,000/- are depreciated fully in the year of addition

3. The value of lease hold land measuring 3021.35 Sq. Mts and 24719.49 Sq. Mts. (previous year 3021.35 Sq. Mts. and 24719.49 Sq. Mts.) taken from Vizag Port Trust Authorities for construction of Regional office buildings and Screening Plant respectively has not been brought into books as the exact amount payable to the lessor during the lease period of land is not ascertainable under the terms of lease agreement. However, the yearly rent payable in this regard is charged off in the accounts.

Depreciation in respect of Roads, Buildings, Culverts, Bridges, Plant & Machinery and Electrical Installations constructed on the land referred to above has been provided, restricting the life to the lease period.

4. The value of land of 114.01 hectares taken over from District Industries Centre, Jagdalpur for construction of Steel Plant near Nagarnar has not been brought into the books as the amount payable is not ascertainable in the absence of any demand from the concerned authorities.

5. Particulars of assets relating to Cess Fund Assets/Grant:

(Rs. in crore)

	Quarters	Sanitary & Water Supply Installations	Other Assets
Cost as at 31.03.2013	15.90 (15.90)	2.18 (2.18)	0.58 (0.58)
Less : Cess Fund Grant	3.33 (3.33)	0.27 (0.27)	0.01 (0.01)
Amount Capitalised	12.57 (12.57)	1.91 (1.91)	0.57 (0.57)

6. The land on which Cess Fund Quarters were constructed prior to 1984-85 was leased out to Cess Fund Authorities.
7. The ownership of Cess Fund assets constructed prior to 1984-85 vests with the Cess Fund Authorities. However, as per agreement with Cess Fund Authorities, the quarters constructed after 1984-85 shall remain charged in their favour.
8. The note on tangible assets does not include assets of Rs.436.62 lakhs and services of Rs.394.71 lakhs received as grant from United Nations Development Programme by the erstwhile SILL towards first plant at Paloncha.
9. Formal agreements / Transfer deeds remain to be executed in respect of the following:
  - (a) Renewal of Mining Leases at Deposit 10 (Float Ore) & Panna & Donimalai.
  - (b) Lease deeds in respect of parts of land for township at Bailadila-5, Bacheli and Bailadila-14. Kirandul.
  - (c) Lease deeds in respect of land for Screening Plant at Visakhapatnam.
  - (d) Mining lease to the extent of 22.00 hectares of Silica Sand Plant near Lalapur (Allahabad).
  - (e) Lease in respect of a portion of the total land at R&D Center measuring 10.96 acres has expired during Feb 07 (7.0 acres) and the balance in Feb 2010 (3.96 acres). The process of renewal of the lease is under progress.
  - (f) Only Provisional allotment letters issued for the land to the extent of 13.43 acres purchased from M/s APIIC at Industrial park, Paloncha. However, on physical survey found only 10.23 acres of land. No effect is given in books, pending confirmation from M/s APIIC.
  - (g) Land to the extent of 26.39 acres purchased at Patancheru, Hyderabad from the Official Liquidator of Allwyn Watches Ltd. However, on physical survey found only 24.23 acres of land. No effect is given in books, pending confirmation from the Official Liquidator of Allwyn Watches Ltd.
  - (h) Final forest clearance yet to be received from Ministry of Environment and Forests for the 84.36 hectares of forest land at Arki.

10. Reconciliation of Depreciation and Amortisation as per Statement of Profit and Loss:

(Rs. in Crore)

Note no.	Particulars	2012-13	2011-12
Note No: 2.9	Depreciation on Tangible Assets	<b>129.18</b>	121.10
Note No: 2.10	Amortisation of Intangible Assets	<b>11.86</b>	11.58
	<b>TOTAL</b>	<b>141.04</b>	132.68
Note No: 2.11.1	Transferred to IEDC	<b>(-)2.52</b>	(-) 1.76
	Amount included in discontinued operations	–	0.75
Depreciation and amortisation as per Statement of Profit and Loss		<b>138.32</b>	130.17

## Note-2.11 : Capital Work in Progress

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
Construction work in progress	2,824.38	1,181.17
Construction Stores	2.20	2.63
Capital Assets in stores awaiting installation or in transit	72.69	110.43
Expenditure incidental to construction awaiting allocation (See note 2.11.1)	336.82	199.93
<b>TOTAL</b>	<b>3,236.09</b>	<b>1,494.16</b>

### Note-2.11.1 : Expenditure Incidental to Construction Awaiting Allocation

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
<b>a. Opening balance</b>	<b>199.93</b>	117.35
<b>b. Net Expenditure incurred during the year</b>		
Consumption of stores and spares	0.02	0.47
Employee Benefit expense :		
Salaries, Wages & Bonus	16.89	11.15
Contribution to Provident fund, EPS, DLI	1.30	1.03
Contribution to Gratuity fund	0.59	0.11
Staff Welfare expenses	4.12	2.94
	<b>22.90</b>	15.23
Power, Electricity & Water	2.29	0.28
Repairs and Maintenance	0.18	0.31
Depreciation and amortisation	2.52	1.76
Other expenses :		
Rent, Insurance, Rates and taxes	0.07	0.10
Payment to auditors : As auditors	0.02	0.01
Reimbursement of expenses	—	—
	<b>0.02</b>	0.01
Travelling and Conveyance expenses	0.68	0.50
Consultancy expenditure	105.10	62.63
CISF/Security expenditure	0.67	0.46
Other expenditure	5.38	3.16
	<b>139.83</b>	84.91
<b>Less : Recoveries/Income</b>		
Other income	2.94	2.33
<b>Total b</b>	<b>136.89</b>	82.58
<b>Sub-total (a + b)</b>	<b>336.82</b>	199.93
Less : Amount allocated to Fixed assets / Capital W I P	—	—
<b>TOTAL</b>	<b>336.82</b>	199.93



## Note-2.12 : Non-Current Investments

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
<b>In Equity Shares:</b>		
<b><i>Investments in Subsidiary Companies :</i></b>		
<b><i>Trade &amp; quoted at cost:</i></b>		
i) 28,83,62,699 (Previous year 28,83,62,699) equity shares fully paid up in Legacy Iron Ore Ltd, Australia (No face value in Australia)	<b>99.63</b>	99.63
<b><i>Trade &amp; Unquoted at cost:</i></b>		
i) 3,51,002 (Previous Year 3,51,002) equity shares of Rs.100 each fully paid up in Subsidiary Company J&KMDC Ltd, Jammu	<b>3.51</b>	3.51
ii) 41,85,590 (Previous Year 41,85,590) equity shares of FMG 2500/- each fully paid up in wholly owned subsidiary Company NMDC SARL, Madagaskar	<b>7.20</b>	7.20
Less : Investment deration	<b>7.20</b>	7.20
	-	-
iii) 15,53,919 (Previous Year 15,53,919) equity shares of Rs.10/- each fully paid up in NMDC CMDC Ltd.	<b>1.55</b>	1.55
iv) 50,000 (Previous year 50,000) equity shares of Rs.10/- each fully paid up in NMDC Power Ltd	<b>0.05</b>	0.05
v) 6,000 (Previous year Nil) equity shares of Rs.10/- each fully paid in Jharkhand National Mineral Development Corporation Limited	<b>0.01</b>	-
<b><i>Investments in Joint venture - Trade and unquoted at cost</i></b>		
i) 50 (Previous year Nil) equity shares of South African Rand 1/- each fully paid in Kopano-NMDC Minerals (Proprietary) Limited (Rs.1,501/- only)	-	-
<b><i>Investments in Associates - Trade and unquoted at cost</i></b>		
i) 1,05,000 (previous year 1,05,000) equity shares of Rs 10/- each fully paid up in Romelt SAIL India Ltd., New Delhi	<b>0.11</b>	0.11
Less : Deration	<b>0.11</b>	0.11
	-	-
ii) 4,25,000 (Previous year 4,25,000) equity shares of Rs.10/- each fully paid up in International Coal Ventures (P) Ltd	<b>0.43</b>	0.43
iii) 4,00,00,000 (Previous year 4,00,00,000) equity shares of Rs. 10/- each fully paid up in Krishnapatnam Railway Company Ltd	<b>40.00</b>	40.00
iv) 7,47,99,878 (previous year 7,47,99,878) equity shares of Rs.10 each fully paid up in NINL, Bhubaneswar	<b>100.60</b>	100.60

Note-2.12 : Non-Current Investments (Contd..)

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
<b>Advance against equity for Trade and unquoted investments in Associates :</b>		
i) 38,75,000 (Previous year 19,75,000) equity shares of Rs.10/- each in International Coal Ventures (P) Ltd. fully paid up, pending issue of shares	3.87	1.98
<b><i>Non-trade and unquoted shares in co-operative societies</i></b>		
i) 150 Shares (previous year 150 Shares) of Rs 1,000/- each fully paid up in Whole-sale Consumers Co-operative Stores, Kirandul Rs 1,50,000 (Previous year 1,50,000)	0.02	0.02
ii) 500 Shares (previous year 500 Shares) of Rs 10/- each fully paid up in NMDC Employees Co-operative Society Ltd, Bacheli Rs.5,000 (previous year Rs 5,000)	–	–
iii) 25 Shares (previous year 25 Shares) of Rs 100 each fully paid up in NMDC Employees Co-operative Society Ltd, Donimalai Rs.2,500 (previous year Rs 2,500)	–	–
iv) 0 Shares (previous year 500 shares) of Rs. 100 each fully paid up in NMDC Employees Co-operative Society Ltd., Panna Rs. NIL (previous year Rs 50,000)	–	–
	<b>0.02</b>	<b>0.02</b>
<b>TOTAL</b>	<b>249.67</b>	<b>247.77</b>

1. Aggregate amount of Quoted Investments Rs. 99.63 crore (Previous year- Rs.99.63 crore). Market value Rs.79.65 crore (Previous year- Rs.204.45 crore).
2. Aggregate amount of Unquoted Investments Gross Rs.157.35 crore and Net Rs.150.04 crore. (Previous Year Gross Rs.155.45 crore and Net Rs.148.14 crore).
3. Aggregate amount of provision for diminution in value of the investments is Rs.7.31 crore. (Previous year Rs.7.31 crore).
4. All the above are long term investments.

## Note-2.13 : Long Term Loans and Advances

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
<b>Capital Advances</b>	<b>444.68</b>	420.53
<b>Loans and advances to related parties :</b>		
Loans and Advances to Subsidiaries	2.63	–
Loans and Advances to Directors	–	–
	<u>2.63</u>	–
<b>Others:</b>		
Other Loans and advances (Recoverable advances to Employees & Outsiders)	41.27	35.78
Deposit with Others	56.87	56.34
Less : Provision	–	0.22
	<u>56.87</u>	<u>56.12</u>
<b>TOTAL</b>	<b><u>545.45</u></b>	<b><u>512.43</u></b>
Secured, considered good	17.30	18.25
Unsecured, considered good	528.15	494.18
Doubtful	–	0.22

## Note-2.14 : Other Non-Current Assets

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
Un amortised expenditure: (to the extent not written off or adjusted)		
Development expenses	5.37	5.82
Expenses on removal of overburden and preparation of Mining Benches	–	0.79
<b>TOTAL</b>	<b><u>5.37</u></b>	<b><u>6.61</u></b>

## Note-2.15 : Inventories

(As Valued and Certified by the Management)

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
Raw materials	4.73	0.73
<b>Work-in-Process :</b>		
Diamonds	11.90	0.57
Sponge Iron	0.97	0.49
	<b>12.87</b>	1.06
<b>Finished Goods:</b>		
Iron Ore	492.26	332.70
Sponge Iron	3.48	5.84
Ultra Pure Ferric Oxide Rs.10/- (Previous year Rs.57/-)	–	–
Diamonds & Precious Stones	30.98	16.51
Generated Iron ore fines at Sponge Iron unit	3.58	3.04
	<b>530.30</b>	358.09
Stores & Spares	89.23	98.68
Loose tools and Implements	0.33	0.36
	<b>637.46</b>	<b>458.92</b>

Inventories are valued at cost or NRV whichever is lower.

1. Raw material-in-transit	–	0.04
2. Stores and Spares include:		
a) Stores-in-transit	9.78	17.94
b) Obsolete stores & spares valued at Rs1 per unit of their original value of Rs.3.51 crore (previous year Rs.2.65 crore)	0.03	0.01

## Note-2.16 : Trade Receivables

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
Trade receivables outstanding for a period exceeding six months from the due date of payment	251.61	17.36
Other trade receivables	842.80	733.10
	<u>1,094.41</u>	<u>750.46</u>
Less : Provision for bad & doubtful trade receivables	12.20	13.44
	<u>1,082.21</u>	<u>737.02</u>
<b>TOTAL</b>	<b><u>1,082.21</u></b>	<b><u>737.02</u></b>
<b>See Note no: 2.32</b>		

1. Particulars of Trade Receivables:

i) Secured, Considered good	–	–
ii) Unsecured considered good	1,082.21	737.02
iii) Doubtful	12.20	13.44

## Note-2.17 : Cash and Bank Balances

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
<b>CASH AND CASH EQUIVALENTS :</b>		
<b>Balances with Banks</b>		
On Current Accounts	65.01	77.06
On Deposit Accounts (Maturity less than 3 months)	4,241.00	3,021.00
	<u>4,306.01</u>	<u>3,098.06</u>
Cash on hand	0.16	0.13
	<u>4,306.17</u>	<u>3,098.19</u>
<b>OTHER BANK BALANCES :</b>		
Balances with banks on Deposits accounts (Maturity more than 3 months but less than one year)	13,937.00	15,949.00
Bank deposits offered as security for Bank Guarantees and Letters of Credit	2,782.00	1,217.00
Balances with Banks for unpaid dividend	0.58	0.39
	<u>16,719.58</u>	<u>17,166.39</u>
<b>TOTAL</b>	<b><u>21,025.75</u></b>	<b><u>20,264.58</u></b>

Note-2.18 : Short-term Loans and Advances

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
<b>Loans and advances to related parties:</b>		
Loans and advances to Subsidiaries	10.54	5.21
Loans and advances to Directors	–	0.04
<b>Others :</b>		
Other Loans and advances (Recoverable advances to Employees & Outsiders)	1,482.28	653.34
Less : Provision for bad and doubtful advances	1.37	0.73
	1,480.91	652.61
Advance Income tax & TDS	10,462.27	8,893.97
Less : Provision	9,903.44	8,510.28
	558.83	383.69
Advance Fringe benefit tax	0.04	0.04
Less : Provision	0.04	0.04
	–	–
Inter Corporate Loans to PSUs	4.50	4.50
Less : Loans deration	4.50	4.50
	–	–
Balances with Customs and Port Trust	7.80	6.06
Deposit with Others	0.02	0.03
Less : Provision	–	–
	0.02	0.03
<b>TOTAL</b>	<b>2,058.10</b>	<b>1,047.64</b>
Secured, considered good	4.24	6.88
Unsecured, considered good	2,053.86	1,040.76
Doubtful	5.87	5.23



## Note-2.19 : Other Current Assets

(Rs. in Crore)

	Figures as at the end of 31-March-2013	Figures as at the end of 31-March-2012
Accrued interest on deposits with banks	788.37	686.78
Assets held for disposal (See note 2.19.1)	0.29	0.27
Un amortised expenditure: (to the extent not written off or adjusted)		
Development expenses	0.08	0.31
Expenses on removal of overburden and preparation of Mining Benches	0.79	3.15
<b>TOTAL</b>	<b>789.53</b>	<b>690.51</b>

### Note-2.19.1 : Assets held for Disposal

(Rs. in Crore)

Assets	Gross Block	Depreciation Block	Net Block
	As at 31-March-2013	Upto 31-March-2013	As at 31-March-2013
Free hold land	0.18	–	0.18
Buildings	1.24	1.24	–
Plant & Machinery	60.28	60.28	–
Heavy Mobile Equipt.	64.71	64.71	–
Furniture & Fittings	0.09	0.09	–
Vehicles	2.18	2.07	0.11
Office Equipment	0.32	0.32	–
<b>Others :</b>			
Roads, Bridges, etc.	0.74	0.74	–
Dams, Wells & Pools	0.84	0.84	–
Electrical Installations	3.56	3.56	–
Sanitary & W.S. Installations	0.51	0.51	–
<b>TOTAL</b>	<b>134.65</b>	<b>134.36</b>	<b>0.29</b>
Figures for the previous year	111.17	110.90	0.27

## Note-2.20 : Gross Revenue from Operations

(Rs. in Crore)

	For the year ended 31-March-2013	For the year ended 31-March-2012
<b>Sale of Products :</b>		
Iron ore :		
Export through MMTC	955.98	272.93
Domestic	9,602.73	10,894.63
	<u>10,558.71</u>	11,167.56
Sponge Iron	82.58	72.77
Diamonds	28.51	9.84
	<u>10,669.80</u>	11,250.17
<b>Sale of Services</b>	37.95	17.20
<b>Other operating revenue</b>	5.69	1.36
<b>TOTAL</b>	<u><u>10,713.44</u></u>	<u><u>11,268.73</u></u>

## Note-2.21 : Other Income

(Rs. in Crore)

	For the year ended 31-March-2013	For the year ended 31-March-2012
<b>Interest Income :</b>		
On deposits with Banks	2,198.62	1,962.13
Others	2.33	3.67
	<u>2,200.95</u>	1,965.80
Profit on sale of assets	1.78	7.04
Other non-operating Income	36.14	43.65
<b>TOTAL</b>	<u><u>2,238.87</u></u>	<u><u>2,016.49</u></u>

## Note-2.22 : Consumption of Raw Materials

(Rs. in Crore)

	For the year ended 31-March-2013	For the year ended 31-March-2012
Iron ore	10.34	6.32
Coal	20.03	17.17
Lime Stone	0.19	0.17
Internal handling of raw materials	0.38	0.35
<b>TOTAL</b>	<b>30.94</b>	<b>24.01</b>

Note : Value of iron ore consumed is after adjustment of inter unit transfer value of Rs. 51.20 cr (Previous year Rs.43.35 cr) at Sponge Iron Plant, Paloncha.

## Note-2.23 : Changes in Inventories of Finished Goods and Work-in-Progress

(Rs. in Crore)

	For the year ended 31-March-2013	For the year ended 31-March-2012
<b>Work-in-process:</b>		
Balance as at close of the Year	-12.87	-1.06
Less : Balance as at the beginning of the Year	1.06	0.82
	<b>-11.81</b>	<b>-0.24</b>
<b>Finished Goods:</b>		
Balance as at close of the Year	-527.15	-354.22
Less : Balance as at the beginning of the Year	354.22	332.63
	<b>-172.93</b>	<b>-21.59</b>
Less : Excise duty on accretion / decretion of stock (net)	0.41	-0.89
	<b>-172.52</b>	<b>-22.48</b>
<b>TOTAL</b>	<b>-184.33</b>	<b>-22.72</b>

## Note-2.24 : Employee Benefit Expense

(Rs. in Crore)

	<b>For the year ended 31-March-2013</b>	For the year ended 31-March-2012
Salaries, Wages & Bonus	<b>417.59</b>	374.41
Contribution to Provident fund and other funds :		
Provident Fund, EPS & DLI	<b>30.55</b>	26.56
Gratuity Fund	<b>13.66</b>	21.75
Staff Welfare Expenses	<b>118.12</b>	106.38
<b>TOTAL</b>	<b><u>579.92</u></b>	<u>529.10</u>

## Note-2.25 : Power, Electricity & Water

(Rs. in Crore)

	<b>For the year ended 31-March-2013</b>	For the year ended 31-March-2012
Power charges	<b>46.67</b>	40.88
Electricity charges	<b>9.62</b>	7.84
Water Charges	<b>1.31</b>	1.41
<b>TOTAL</b>	<b><u>57.60</u></b>	<u>50.13</u>

## Note-2.26 : Repairs and Maintenance

(Rs. in Crore)

	For the year ended 31-March-2013	For the year ended 31-March-2012
Buildings	12.97	12.40
Plant and Machinery	27.01	27.39
Vehicles	0.54	1.01
Others	33.09	26.23
<b>TOTAL</b>	<b>73.61</b>	<b>67.03</b>

## Note-2.27 : Selling Expenses

(Rs. in Crore)

	For the year ended 31-March-2013	For the year ended 31-March-2012
Railway freight	453.86	41.69
Export duty	308.25	55.90
Infrastructure Development cess	9.25	10.79
Environmental Development cess	9.25	10.79
Other selling expenses	37.39	24.85
<b>TOTAL</b>	<b>818.00</b>	<b>144.02</b>

## Note-2.28 : Other Expenses

(Rs. in Crore)

	For the year ended 31-March-2013	For the year ended 31-March-2012
Rent	3.22	2.76
Insurance	6.41	5.76
Rates & Taxes	12.80	5.71
Directors' Travelling expenses	3.76	3.05
Directors' Sitting fee	0.30	0.27
Payment to Auditors:		
As Auditors	0.18	0.14
For Taxation matters	0.03	0.01
For Other services	0.14	0.13
For reimbursement of expenses	0.08	0.07
	0.43	0.35
Loss on sale/adjustment of Assets	0.02	0.18
Miscellaneous losses written off	1.17	0.89
Provision for doubtful debts/advances	0.44	12.15
Mine closure Obligation	8.21	9.12
Raising and Transportation	76.15	44.74
Contribution to SPV in Karnataka	337.13	-
Compensation paid to Statutory Agencies	68.66	-
Entertainment	0.69	0.63
Donations	1.38	0.02
Travelling & Conveyance	24.91	20.65
Advertisement & Publicity	5.11	5.76
Postage, Telephone & Telex	3.26	2.97
Stationery & Printing	4.06	3.68
Consultancy charges	4.64	18.00
CISF/Security guards	64.85	52.81
Safety expenses	0.92	0.99
Unamortised expenditure written off	3.46	3.46
Corporate Social Responsibility	72.38	63.32
Loss in Exchange variation (net)	0.57	2.56
Environmental Development	11.08	9.71
Other expenses	28.52	21.32
Prior period items (See Note 2.28.1)	-1.62	-1.87
<b>TOTAL</b>	<b>742.91</b>	<b>288.99</b>



## Note-2.28.1 : Prior-Period Items

(Rs. in Crore)

	For the year ended 31-March-2013		For the year ended 31-March-2012	
	Income	Expenditure	Income	Expenditure
Sales	-	-	1.53	-
Consumption of stores & spares	-	-	-	0.08
Power, Electricity and Water	-	1.22	-	-
Rates, Taxes & Insurance	0.02	-	-	-
Repairs & Maintenance	0.09	-	-	0.08
Royalty and Cess	-	-	-	0.63
Other Income	0.34	-	-	-
Selling Expenses	-	-	0.13	-
Depreciation & Amortisation	-	0.05	1.00	-
Other Expenses	2.44	-	-	-
<b>TOTAL</b>	<b>2.89</b>	<b>1.27</b>	2.66	0.79
Net Income (-) /Expenditure (+)		<b>(1.62)</b>		(1.87)

## Note-2.29 : Additional Information

(Rs. in Crore)

	For the year ended 31-March-2013		For the year ended 31-March-2012	
	Value	Percentage	Value	Percentage
<b>2.29.1. Value of imports calculated on CIF basis:</b>				
i. Components & Spare parts	9.82		35.85	
ii. Capital Goods	172.35		71.96	
<b>2.29.2. Expenditure in foreign currency:</b>				
i. Consultancy charges	0.76		2.83	
ii. Others	2.80		1.89	
<b>2.29.3. Particulars of consumption of raw material</b>				
Raw material				
a) Imported	-	-	-	-
b) Indigenous	30.94	100.00	24.01	100.00
	<b>30.94</b>	<b>100.00</b>	24.01	100.00
<b>2.29.4. Particulars of consumption of Stores &amp; spares:</b>				
Components & spare parts (including consumable stores)				
a) Imported	23.24	9.01	17.99	7.74
b) Indigenous	234.75	90.99	214.57	92.26
	<b>257.99</b>	<b>100.00</b>	232.56	100.00
<b>2.29.5. Foreign Exchange earnings:</b>		-		-

## Note-2.30 : Contingent liabilities and Commitments (to the extent not provided for)

### A. Contingent liabilities

Rs. in crore			
	Particulars	As at 31-MAR-13	As at 31-MAR-12
<b>1.1</b>	Claims against the company not acknowledged as debts consisting of:		
a	Disputed claims under Property tax, Export tax, Conservancy Tax, Sales tax, Income tax etc.,	<b>905.40</b>	1,297.76
b	Claims by contractors under arbitration	<b>0.16</b>	6.06
c	Other claims on company not acknowledged as debts	<b>58.88</b>	41.40
<b>1.2</b>	Contingent liability on bills discounted under LCs	<b>14.20</b>	9.13

#### 1.3 Disputed claims under Income Tax Act:

During the Financial year 2011-12, Income Tax Authorities re-opened the assessment for the Financial year 2007-08 and further during the assessment of the Financial year 2008-09 included income of Rs.2517.21 crore and Rs.278.03 crore alleging under invoicing of exports and raised demand notices for Rs.1255.83 crore and Rs.102.85 crore for the respective years. Similarly, during the current year, Income Tax Authorities re-opened the assessment for the Financial year 2006-07 and further during the assessment of the Financial year 2009-10 included income of Rs.506.11 crore and Rs.255.03 crore for the same reasons and raised demand notices for Rs.177.90 crore and Rs.94.36 crore for the respective years.

The company has contested the allegations stating that all the transactions are transparent as well routed through Bank accounts and filed appeals before the appellate authorities.

Pending disposal of the appeals, an amount of Rs.1134.27 crore (Previous year Rs.341.42 crore) paid to IT authorities is shown as amount recoverable from the department (included in note 2.18) and the balance disputed amount of Rs.496.67 crore is shown under 1.1.a Contingent liabilities.

#### 1.4 Disputed claims under Forest Development tax Act:

Government of Karnataka introduced Forest Development Tax (FDT) at the rate of 12% on the Sale Value of Iron Ore with effect from 27.08.2008. NMDC preferred an appeal before Hon'ble High Court of Karnataka and the court passed an interim order directing the Company to pay 50% of FDT, consisting of 25% in Cash and balance 25% in the form of Bank Guarantee. Accordingly, the company has paid an amount of Rs.119.71 crore (Previous year Rs.115.16 crore) in cash and submitted a bank guarantee for Rs.119.71 crore (Previous year Rs.115 crore).

The balance company's liability after issue of Bank guarantee towards FDT is Rs.247.96 crore (Previous year Rs.257.16 crore) which is included under disputed taxes under 1.1.a Contingent liabilities.

### B. Commitments:

Rs. in crore			
	Particulars	As at 31-MAR-13	As at 31-MAR-12
1.1	Estimated amount of contracts remaining to be executed on Capital account	<b>11,562.05</b>	8,511.48
1.2	Other commitments- commitments to subsidiaries and JV	<b>67.71</b>	74.97

## Note-2.31 : Exceptional Items

		Rs. in crore	
	Particulars	As at 31-MAR-13	As at 31-MAR-12
<b>Income :</b>			
1	The investments in the subsidiary JKMDc which were derated in earlier years are reinstated to its full value during the current year consequent to the sanction and initiation of Dead Burnt Magnesia Project by the subsidiary.	-	3.96
<b>Expenditure :</b>			
1	Impairment of Windmills in Karnataka, a cash generating unit as the same is not in operation pending forest clearance issues	-	52.76
2	Loss of Drill due to fire accident at Bachel	-	2.50
<b>Total net exceptional items</b>		<b>-</b>	<b>51.30</b>

## Note-2.32 : Mining issues at Donimalai complex in Karnataka

The Hon'ble Supreme Court, in its judgement on the Karnataka illegal mining cases delivered on 18<sup>th</sup> April 2013, has not considered the Company's submissions praying for exemption and consequently, the following amounts have been adjusted from the 20% of sale proceeds amounting to Rs.674.26 crore withheld by the Monitoring Committee as on 31/03/2013.

- 10% of sale proceeds at Donimalai complex amounting to Rs. 337.13 crore (includes previous year amount of Rs. 88.36 crore) towards contribution for the Special Purpose Vehicle to be created as per the directions of the Court and shown as part of 'other expenses' in note no: 2.28.
- An amount of Rs. 68.66 crore is provided towards penalty/compensation for encroachment of the mining area beyond the sanctioned lease area and shown as part of 'other expenses' in note no: 2.28.

Further, no provision has been made towards cost of implementation of Rehabilitation and Reclamation Plans (R&R Plans) pending finalisation of the same by the Monitoring Committee.

After the above adjustments, the amount refundable (subject to recovery towards cost of implementation of R&R plans) by the monitoring committee as on 31/03/2013 is Rs.268.47 crore and is appearing under Trade receivables.

## Note-2.33 : Disclosure Under Accounting Standards

### 2.33.1 Employee Benefits as per AS-15(Rev)

#### GENERAL DESCRIPTION OF DEFINED BENEFIT PLANS :

PLAN	DESCRIPTION
1. Provident fund	The Company's contribution to the provident fund is remitted to a separate trust based on a fixed percentage of the eligible employees' salary. Further, the company makes good the shortfall, if any, between the return from investments of trust and the notified rate of interest on actuarial valuation basis.
2. Gratuity	Eligible amount is paid to the employees on separation by NMDC Group Gratuity Trust.
3. Accrued Leave Salary	Encashment of accumulated leave is payable as per the rules of the Company to the employees during the service/on separation by the NMDC Employees Superannuation Benefit fund trust.
4. Settlement Allowance	Employees are paid eligible amount at the time of retirement for their settlement by the NMDC Employees Superannuation Benefit fund trust.
5. Post Retirement Medical Facilities	Retired employees opting for the Post Retirement Benefit Scheme on contribution of prescribed amount can avail medical benefits as per the Scheme and the liability is funded to NMDC Employees Superannuation Benefit fund trust.
6. Leave Travel Concession	Payable to the eligible employees on availment/encashment of Home Town LTC/All India LTC.
7. Family Benefit Scheme	Monthly payments to disabled separated employees/legal heirs of deceased employees on deposit of prescribed amount, till the notional date of superannuation and the liability is funded to NMDC Employees Superannuation Benefit fund trust.
8. Long Service Award	Employees are presented with an award in kind on rendering prescribed service.

#### OTHER DISCLOSURES :

##### i) Provident fund :

The Company has two PF trusts. During the year, the Company has conducted Actuarial valuation of PF trusts and as per actuarial valuation, the two trusts do not have any deficit as on 31<sup>st</sup> March, 2013.

## ii) Other defined benefit plans :

(Rs in crore)

	Gratuity	Accrued Leave Salary	Settlement Allowance	Post retirement medical facilities	LTC	Family Benefit Scheme	Long Service Award
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### A. Changes in the present value of the Obligation as on 31<sup>st</sup> Mar 2013

Present value of obligation at the beginning of the year	157.84 (147.70)	56.02 (63.64)	20.44 (12.32)	148.51 (122.26)	6.64 (6.93)	13.32 (12.43)	13.00 (11.22)
Interest cost	12.63 (12.56)	4.48 (5.41)	1.64 (1.04)	11.88 (9.78)	– –	– –	– –
Current service cost	5.78 (5.24)	12.15 (18.19)	2.39 (2.18)	20.23 (17.79)	– –	– –	– –
Past service cost	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Benefits paid/payable	-25.93 (-24.75)	-10.81 (-8.28)	-0.95 (-0.65)	-13.43 (-9.52)	– (–)	-3.34 (-3.15)	– (–)
Actuarial gain/loss on obligation	9.26 (17.09)	1.75 (-22.94)	3.28 (5.55)	16.26 (8.20)	-4.98 (-0.29)	5.69 (4.04)	2.70 (1.78)
Present value of obligation at the end of the period	<b>159.58</b> (157.84)	<b>63.59</b> (56.02)	<b>26.80</b> (20.44)	<b>183.45</b> (148.51)	<b>1.66</b> (6.64)	<b>15.67</b> (13.32)	<b>15.70</b> (13.00)

### B. Changes in the fair value of the Plan Assets as on 31<sup>st</sup> Mar 2013

(Rs in crore)

Fair value of plan assets at the beginning of the year	168.34 (120.98)	101.71 (99.84)	19.16 (13.51)	125.14 (103.93)	– –	10.19 (11.24)	– –
Expected return on plan assets	14.84 (13.11)	8.92 (10.15)	1.82 (1.30)	14.22 (12.40)	– –	0.99 (0.91)	– –
Contributions	14.50 (59.00)	0.03 –	1.51 (5.00)	24.00 (18.33)	– –	3.50 (1.19)	– –
Benefits paid/payable	-25.93 (-24.75)	-10.81 (-8.28)	-0.95 (-0.65)	-13.43 (-9.52)	– (–)	-3.34 (-3.15)	– (–)
Actuarial gain/loss on plan assets	0.03 (–)	– (–)	– (–)	(0.02) (–)	– (–)	(0.03) (–)	– (–)
Fair value of plan assets at the end of the period	<b>171.78</b> (168.34)	<b>99.85</b> (101.71)	<b>21.54</b> (19.16)	<b>149.91</b> (125.14)	<b>–</b> (0)	<b>11.31</b> (10.19)	<b>–</b> –

Note : Figures in bracket indicate previous year figures

ii) Other defined benefit plans (Contd.) :

(Rs in crore)

	Gratuity	Accrued Leave Salary	Settlement Allowance	Post retirement medical facilities	LTC	Family Benefit Scheme	Long Service Award
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C. Amounts recognised in the Balance sheet as on 31<sup>st</sup> Mar 2013

Present value of the obligations at the end of the year	159.58 (157.84)	63.59 (56.02)	26.80 (20.44)	183.45 (148.51)	1.66 (6.64)	15.67 (13.32)	15.70 (13.00)
Fair value of plan assets at the end of the year	171.78 (168.34)	99.85 (101.71)	21.54 (19.16)	149.91 (125.14)	– (–)	11.31 (10.19)	– (–)
Liability(+)/Asset (-) recognised in the balance sheet	<b>(12.20)</b> (-10.50)	<b>(36.26)</b> (-45.69)	<b>5.26</b> (1.28)	<b>33.54</b> (23.37)	<b>1.66</b> (6.64)	<b>4.36</b> (3.13)	<b>15.70</b> (13.00)

D. Amounts recognised in the Statement of P&L for the period ended on 31<sup>st</sup> Mar 2013

(Rs in crore)

Current service cost	5.78 (5.24)	12.15 (18.19)	2.39 (2.18)	20.23 (17.79)	– (–)	– (–)	– (–)
Past service cost	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Interest cost	12.63 (12.56)	4.48 (5.41)	1.64 (1.04)	11.88 (9.78)	– (–)	– (–)	– (–)
Expected return on plan assets	-14.84 (-13.11)	-8.92 (-10.15)	-1.82 (1.30)	-14.22 (-12.40)	– (–)	-0.99 (-0.91)	– (–)
Net actuarial gain/loss recognised in the year	9.29 (17.09)	1.75 (-22.94)	3.28 (5.55)	16.24 (8.20)	-4.98 (-0.29)	5.66 (4.04)	2.70 (1.78)
Expenses recognised in Statement of Profit and Loss	<b>12.86</b> (21.78)	<b>9.46</b> (9.49)	<b>5.49</b> (7.47)	<b>34.13</b> (23.37)	<b>(4.98)</b> (-0.29)	<b>4.67</b> (3.13)	<b>2.70</b> (1.78)

Note : Figures in bracket indicate previous year figures



**E. Effect of one percentage point change in the assumed inflation rate in case of valuation of benefits under post-retirement medical benefit scheme:**

	one percentage point increase in medical inflation rate	one percentage point decrease in medical inflation rate
i. Increase/Decrease on aggregate service and interest cost of post retirement medical benefits	Rs.1.16 cr (Rs.0.34 cr)	Rs.-0.99 cr (Rs.-1.83 cr)
ii. Increase/(Decrease) on present value of defined benefit obligations as at 31-03-2013	Rs.16.23 cr (Rs.10.37 cr)	Rs.-13.94 cr (Rs.-12.09 cr)

Note : Figures in bracket indicate previous year figures

**F. Principal Actuarial Assumptions**

DESCRIPTION	2012-13	2011-12
i. Discount Rate	8%	8%
ii. Mortality Rate	LIC 1994-96 ultimate	LIC 1994-96 ultimate
iii. Medical Cost Trend rates	4%	4%
iv. Withdrawal rate	1% to 3%	1% to 3%
iv. Future salary increase	5%	5%

**G. The Actuarial gains or losses arising during the year are taken to Statement of Profit and Loss.**

## Note-2.33.2 : Segment Reporting as per AS-17

The Management evaluates the Company's performance and allocates the resources based on analysis of various performance indicators by business / product segments i.e.,

- i) Iron Ore
- ii) Other minerals & services

The inter segment transfers are accounted for at market prices as charged to other customers and the same are offsetted in consolidation.

The Company has identified the primary and secondary segment reporting under AS-17 as under:

### **Information about Business Segments**

#### **Primary Business Segments**

(Rs. in Crore)

	Iron Ore		Other Minerals & Services		Other reconciliation items		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>1. REVENUE</b>								
External Sales	10,558.71	11,167.56	145.56	94.33	0.00	-	10,704.27	11,261.89
Inter-Segment Sales	50.79	37.00	-	-	-50.79	-37.00	-	-
Total Revenue	10,609.50	11,204.56	145.56	94.33	-50.79	-37.00	10,704.37	11,261.89
<b>2. RESULT</b>								
Segment Result	7,385.10	8,969.24	28.76	-54.76	-4.61	-2.85	7,409.25	8,911.63
Unallocated Corporate Exps							(131.88)	(116.48)
Operating Profit							7,277.37	8,795.15
Interest Expense - On IncomeTax							(13.20)	(1.48)
Interest Income							2,200.95	1,965.80
Income Taxes							(3,122.75)	(3,494.08)
Net Profit							6,342.37	7,265.39
<b>3. OTHER INFORMATION</b>								
Segment Assets	3,951.37	2,978.76	133.33	99.90	26,803.35	23,559.70	30,888.05	26,638.36
Segment Liabilities	902.65	765.45	26.95	20.22	2,349.24	1,356.32	3,278.84	2,141.99
Additions to assets during the year :								
Tangible Assets	194.66	133.51	3.31	2.83	3.16	145.09	201.13	281.43
Intangible Assets	6.72	3.04	-	-	9.50	0.22	16.22	3.26
Depreciation and Amortisation expenses during the year	124.62	116.80	5.74	5.68	8.16	7.69	138.52	130.17
Impairment reversal/ provided	-	-	-	51.67	-	-	-	51.67
Non-Cash expenses other than depreciation & amortization	1.39	15.23	0.11	0.11	0.11	0.20	1.61	15.54

## Secondary Segments

### Sales Revenue by location of Customers:

(Rs. in crore)

Revenue from External customers	Curr. Year	Prev. Year
- Domestic	<b>9,748.29</b>	10,988.96
- Export : through MMTC	<b>955.98</b>	272.93
<b>TOTAL</b>	<b>10,704.27</b>	11,261.89

### Assets by Geographical Location:

(Rs. in crore)

Location	Carrying amount of Segment Assets		Additions to Tangible and Intangible Assets	
	Curr. Year	Prev. Year	Curr. Year	Prev. Year
Chattisgarh	<b>4,956.99</b>	3,091.31	<b>167.38</b>	134.16
Andhra Pradesh	<b>24,276.72</b>	22,410.80	<b>13.65</b>	139.12
Others	<b>1,654.34</b>	1,136.25	<b>36.32</b>	11.41
<b>TOTAL</b>	<b>30,888.05</b>	26,638.36	<b>217.35</b>	284.69

**2.33.3 Related Party Disclosures (AS-18):**

(i) List of Related parties with whom transactions have taken place and their relationships:

<b>A.</b>	<b>Subsidiary Companies:</b>	<b>% of Shareholding</b>
1.	JK Mineral Development Corporation Limited, Jammu	74
2.	NMDC SARL, Madagaskar	100
3.	NMDC-CMDC Ltd., Raipur	51
4.	Legacy Iron Ore Ltd, Perth, Australia	49.61
5.	NMDC Power Ltd, Hyderabad	100
6.	Jharkhand National Mineral Development Corporation Ltd, Ranchi	60

<b>B.</b>	<b>Joint venture Company :</b>	<b>% of Shareholding</b>
1.	Kopano-NMDC Minerals (Proprietary) Limited, Johannesburg, South Africa	50

<b>C.</b>	<b>Asssocate Companies:</b>	<b>% of Shareholding</b>
1.	Romelt- Sail (India) Limited, New Delhi (in the process of liquidation)	25
2.	International Coal Ventures (Pvt) Ltd, New Delhi	14.29
3.	Nilachal Ispat Nigam Ltd, Bhubaneswar	12.87
4.	Krishnapatnam Railway Co. Ltd, Secunderabad	14.81

**D. Key Management Personnel: (Directors)**

1. Sri C.S.Verma (w.e.f. 25/05/2012)
2. Sri N K Nanda
3. Sri S.Thiagarajan
4. Sri Subimal Bose
5. Sri S K Das
6. Sri Rabindra Singh

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ii) Transactions during the year with Related parties:

Sl No	Particulars	Rs. in Crore	
		Year ended	
		31-MAR-13	31-MAR-12
<b>1.</b>	<b>Subsidiary Companies:</b>		
	<b>a) Investments:</b>		
	Opening balance	111.95	11.93
	Investment made during the year	0.01	100.47
	Investment sold during the year	-	0.45
	Closing balance	111.96	111.95
	Investment deration/ Provision	7.20	7.20
	Investment reinstatement	-	3.96
	<b>b) Loans and Advances:</b>		
	Opening balance	5.21	2.06
	Advances given during the year	7.95	3.15
	Closing balance	13.16	5.21
<b>2.</b>	<b>Joint venture Company :</b>		
	<b>Investments :</b>		
	Opening balance	-	-
	Investment made during the year (Rs.1,501/-)	-	-
	Closing balance (Rs.1,501/-)	-	-
<b>3.</b>	<b>Associate Companies:</b>		
	<b>Investments (incl Advance for investment):</b>		
	Opening balance	143.12	135.00
	Paid during the year towards equity	1.89	8.12
	Closing balance	145.01	143.12
	Deration against diminution in value of investment	0.11	0.11
	<b>Key Management Personnel:</b>		
	Managerial Remuneration	3.19	2.62

**2.33.4 Earnings per share (AS-20):- The details are as under :**

Particulars	Year ended	
	31-MAR-13	31-MAR-12
1. Profit after Tax (Rs Crore)	6,342.37	7265.39
2. No of Equity shares	3,96,47,16,000	3,96,47,16,000
3. Nominal value per Equity share (Rs)	1	1
4. Basic and Diluted Earnings per share (Rs)	16.00	18.33

**2.33.5 Consolidated Financial Statements (AS-21) :** The subsidiary of the Company Viz., NMDC SARM, Madagascar is under closure and in the process of winding up. The above subsidiary suffers from significant impairment in its ability to transfer funds to the parent company in terms of para 11 of AS 21.

The transactions during the period ended 31st MAR 2013 of the following subsidiaries are not material in terms of para 4.3 of Preface to the statements of Accounting Standards issued by ICAI.

- a) J&K Mineral Development Corporation Ltd, Jammu
- b) NMDC-CMDC Ltd., Raipur
- c) NMDC Power Ltd., Hyderabad
- d) Legacy Iron Ore Ltd., Perth, Australia
- e) Jharkhand National Mineral Development Corporation Ltd, Ranchi (Incorporated on 06/08/2012)

Considering the above, consolidated financial statements of NMDC Ltd and its above subsidiaries have not been drawn up for the period ended 31-MARCH-2013 also, as per the practice followed in earlier years.

**2.33.6 Accounting for Taxes on income (AS-22) :** Necessary details have been disclosed in note no: 2.3.

**2.33.7 Discontinuing Operations (AS-24) :**

On 25/02/2008 and on 30/12/2010 the Board of directors had announced a plan to dispose of the plant and machinery of Silica Sand Project, Lalapur and UPFO Plant, Vizag respectively which are included in the segment of "Other minerals and services."

During the current year, the Plant and machinery at UPFO, Vizag is sold. The Company is actively seeking a buyer for the Lalapur unit.

Particulars	AS AT	
	31-03-13	31-03-12
Rs. in Crore		
<b>UPFO Plant, Vizag :</b>		
Carrying value of Assets	<b>0.72</b>	0.87
Carrying value of liabilities	<b>0.12</b>	0.10
<b>Silica Sand Project, Lalapur</b>		
Carrying value of Assets	<b>0.76</b>	0.78
Carrying value of liabilities	<b>0.50</b>	0.53



The following statement shows the revenue and expenses of discontinued operations:

Rs. In crore		
Particulars	For the year ended 31-Mar-2013	For the year ended 31-Mar-2012
<b>A. Total Revenue</b>		
Revenue from operations	0.13	-
Other income	3.49	0.13
<b>Total Revenue</b>	<b>3.62</b>	0.13
<b>B. Expenses</b>		
Power, Electricity and Water	0.23	0.21
Repairs and Maintenance	0.02	0.04
Royalty and Cess	-	0.01
Depreciation and Amortisation (Net of impairment reversal)	-	-0.35
Other expenses	0.59	0.44
<b>Total Expenses</b>	<b>0.84</b>	0.36
<b>C. Profit(+)/Loss(-) from discontinued operations before tax (A-B)</b>	<b>2.77</b>	-0.23

### 2.33.8 Intangible Assets (AS-26) : R&D

The Research & Development expenditure, charged to Statement of Profit & Loss during the year is Rs.15.45 crore (previous year Rs.14.31 crore), including expenditure of Rs. 3.47 crore (previous year Rs.2.45 crore) on feasibility studies.

The amount of revenue expenditure incurred at Research & Development unit, Hyderabad is as under:

Rs. in crore		
Head of account	2012-13	2011-12
Consumption of Stores and Spares	0.15	0.43
Power, Electricity, Water	0.40	0.45
Employee benefit expense	7.06	7.42
Repairs and Maintenance	0.12	0.10
Other expenditure	2.37	2.09
Depreciation & Amortisation	3.66	3.27
Total expenditure	<u>13.76</u>	<u>13.76</u>
Less : Other income	1.78	1.90
Total net R&D expenditure	<u>11.98</u>	<u>11.86</u>

During the year, at R&D unit, the additions to tangible assets (except land and buildings) are Rs.0.10 crore. (Previous year Rs.2.54 crore).

**2.33.9 Joint ventures (AS-27) - Jointly controlled entity :**

Name of the Joint Venture	Country of Incorporation	Proportion of Ownership	
		2012-13	2011-12
Kopano-NMDC Minerals (Proprietary) Limited	South Africa	50%	–

Other details of company's share in each of the assets, liabilities, income, expenses and contingent liabilities could not be disclosed as the accounts of this joint venture for the financial year 2012-13 are not yet prepared. However, the company's share of commitment as on 31/03/2013 is Rs. 0.68 crore.

**2.33.10 Impairment of Assets (AS-28):**

The impairment of assets has been reviewed during the year in respect of the following cash generating units, included under the segment 'Other Minerals and Services' and necessary adjustments have been carried out as detailed below :

Rs in crore

Unit	Year of impairment	Impaired Amount as on 01-04-12	Adjustments during 2012-13			Impaired Amount as on 31-03-13
			Reversal	Deletion	Addition	
UPFO, Vizag	2005-06	36.37	–	34.21	–	2.16
SSP, Lalapur	2005-06	12.54	–	–	–	12.54
SAF Plant at Sponge Iron Unit	2004-05	15.48	–	–	–	15.48
Windmills at Donimalai	2011-12	52.76	–	–	–	52.76

Action has been initiated to sell the plant and machinery of Silica Sand Project, Lalapur.

During the current year, the UPFO Plant at Vizag is sold for Rs.3.51 crore and consequently, the corresponding impaired amount of that plant is reduced from the impairment.

The Recoverable amount of the assets of the UPFO, Vizag, SSP, Lalapur unit and Windmills at Donimalai have been arrived at considering the 'value in use'. Since the value in use has resulted in negative cash flows, the recoverable amount has been taken as nil without applying any discount rate. In the case of SAF plant at the Sponge Iron Unit, the impairment is based on net selling price as assessed by the approved valuer.

**2.33.11 Provisions, Contingent Liabilities and Contingent Assets (AS-29) :** Necessary details in regard to provisions have been disclosed in notes 2.8.

## Note-2.34 : Disclosure as required by clause 32 of listing agreement:

### 2.34.1 Loans and advances in the nature of loans to Subsidiary companies where there is no repayment schedule or no interest :

Rs. in crore

Name of the Company	Outstanding balance		Maximum Balance outstanding	
	As at 31/03/2013	As at 31/03/2012	As at 31/03/2013	As at 31/03/2012
JK Mineral Development Corporation Limited, Jammu	<b>10.34</b>	5.03	<b>10.34</b>	5.03
NMDC SARL, Madagaskar	–	–	–	–
NMDC-CMDC Ltd., Raipur	<b>0.19</b>	0.18	<b>0.19</b>	0.18
NMDC Power Ltd, Hyderabad	<b>2.62</b>	–	<b>2.62</b>	–
Legacy Iron Ore Ltd, Australia	–	–	–	–
Jharkhand National Mineral Development Corporation Limited, Ranchi	<b>0.01</b>	–	<b>0.01</b>	–

2.34.2 There are no Investments by the loanees as mentioned in 2.34.1 in the shares of NMDC Ltd.

2.34.3 No loans and advances have been given to the Associate Companies.

2.34.4 There are no loans and advances in the nature of loans, to firms/companies, in which directors are interested.

## Note-2.35 : Others

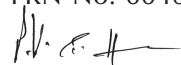
- 2.35.1** The Board in its meeting held on 06/12/2012 has approved in principle to introduce Defined Contribution Pension Scheme for NMDC employees with employer's contribution at 8% of salary, with effect from 1<sup>st</sup> Jan 2007, subject to the approval of Ministry of Steel, Government of India. Pending formulation of the Pension Scheme and submission to the Ministry, no provision has been made in the books.
- 2.35.2** A liability of Rs 0.54 crore has been made during the current year, towards Rehabilitation Cess u/s 441A of the Companies Act, 1956 at the minimum rate of 0.005% on the turnover (cumulative provision Rs.3.23 crore (Previous year Rs.2.69 crore)) and the same is not remitted to Central Govt., in the absence of any notification issued by the Central Govt. in this regard.
- 2.35.3** Replies to some of the letters seeking confirmation of balances with regard to Trade receivables, Advances and Deposits are awaited.
- 2.35.4** Figures for the previous year have been regrouped wherever considered necessary so as to conform to the classification of the current year.

Subject to our Report of even date

**For Venugopal & Chenoy.,**

Chartered Accountants

FRN No: 004671S



**(P.V. SRI HARI)**

Partner

Membership No: 21961

Place : New Delhi

Date : 29-05-2013

For and on behalf of the Board



**(S. THIAGARAJAN)**  
Director (Finance)



**(C.S. VERMA)**  
Chairman-cum-Managing Director



**(KUMAR RAGHAVAN)**  
Company Secretary

## Expenditure on Social Amenities

(Rs. in Crore)

Description	For the Year ended 31 <sup>st</sup> March, 2013						For the Year ended 31 <sup>st</sup> March, 2012
	Township	School & Educational Facilities	Medical Facilities	Social & Cultural Activities	Transport	Total	
Consumption of Stores & Spares	0.33	–	0.14	–	0.03	0.50	0.62
Power	6.77	0.83	1.33	1.63	–	10.56	8.77
Salaries, Wages & Bonus	11.94	2.83	8.73	–	1.38	24.88	21.71
Contribution to Provident Fund	0.85	0.20	0.69	–	0.11	1.85	1.63
Group Gratuity	0.40	0.09	0.28	–	0.05	0.82	1.35
Welfare Expenses	1.76	10.92	19.24	0.67	1.89	34.48	28.89
Repairs & Maintenance	8.59	2.77	6.16	0.15	1.47	19.14	11.82
Rates, Taxes & Insurance	0.03	–	–	–	–	0.03	0.03
Other Expenses	0.77	0.11	0.12	–	0.09	1.09	1.24
Depreciation	3.51	0.21	0.27	0.03	0.25	4.27	9.71
Total Expenditure	34.95	17.96	36.96	2.48	5.27	97.62	85.77
Less : Receipts	0.65	0.05	0.74	0.01	0.01	1.46	1.27
Net Expenditure	34.30	17.91	36.22	2.47	5.26	96.16	84.50

## Twenty Fourth Annual Report 2012-2013

### BOARD OF DIRECTORS

As on 15.07.2013  
(Date of AGM Notice)

<b>Shri N.K. Nanda</b>	Director-in-charge
<b>Shri S. Thiagarajan</b>	Director
<b>Shri Khurshid Ahmad Shah</b>	Director
<b>Shri A.S. Hussain</b>	Director
<b>Shri Mohd. Imam</b>	Company Secretary

#### Bankers

State Bank of India  
Gandhi Nagar  
Jammu - 180 004

#### Auditors

**M/s. O.P. GARG & ASSOCIATES**  
Chartered Accountants,  
Gali Ghass Mandi  
Rajinder Bazar  
Jammu - 180 001 (J&K)

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## J&K Mineral Development Corporation Limited

(A Subsidiary of NMDC Limited)

Regd. Office : 143-A, Gandhi Nagar, Jammu - 180 004

Phone : 0191-2431396, Fax No.0191-2436950

Email : jkmdc@nmdc.co.in



## Directors' Report for the year 2012 - 2013

To  
The Members  
J&K Mineral Development Corporation Ltd.  
Jammu.

We have pleasure in presenting to you on behalf of the Board of Directors of the Company, the Twenty Fourth (24th) Annual Report of your Company for the year ended 31 March, 2013.

### 1. Present Status:

After taking the decision of reviving Panthal Magnesite Project, NMDC took following actions towards realization of the project.

- i) NMDC Ltd. submitted mining lease (ML) renewal application with Government of Jammu & Kashmir for Panthal Magnesite deposit for a further period of 20 years with effect from 02.01.2009 and also furnished an Undertaking in the shape of Board Resolution for transfer of the same to J&KMDC Ltd. after its renewal. The lease has been renewed in favour of NMDC with effect from the date of expiry of the present lease for a period of ten years and the Mining Lease has been transferred to J&KMDC on 10.01.2011 as per Mining Lease renewal order.
- ii) The Detailed Project Report (DPR) of Panthal Magnesite Project has been prepared by M/s MECON, Ranchi in May 2009.
- iii) Due-diligence (DDR) of the same with a Capex of Rs.122.89 crores completed by M/s IFCI, Hyderabad in August 2009 which was approved by J&KMDC Board. Further the Capex was revised to Rs.143.00 crores after including the cost of water scheme, road from mine to Plant, scheme for receiving Power which was earlier not included in Project Capex.
- iv) MOEF issued Environment Clearance (EC) vide order dated 03.05.2011 with a specific condition to obtain NOC from National Board for Wild Life (NBWL).

Standing Committee of NBWL in its 23rd Meeting held on 14.10.2011 cleared the proposal forwarded by State Board for Wild Life (J&K), vide letter dated 14.11.2011 and subsequent corrigendum dated 31.01.2012 with the conditions as proposed by SBWL/CWLW.

- v) Mr. Vilakshana Singh and Mr. Divakara Sharma jointly and Mr. Rinku Sharma had filled PIL No. 03/2012 and 2/2012 respectively against the Project in the Hon'ble High Court of J&K and the Hon'ble High Court had issued interim order to maintain "Status Quo". Accordingly activities at site were kept on hold. J&KMDC and NMDC, being respondents along with eight other respondents, had taken appropriate action towards vacating both the PILs. Hon'ble High Court of J&K quashed both the PILs in July 2012.
- vi) Execution of the Project  
NMDC has appointed M/s M N Dastur as EPCM Consultant for execution of the Project. The project is envisaged to be executed in four packages.  
Pkg-1: Kilns, Material processing and handling equipments.  
Pkg-2: Electrical system  
Pkg-3: Soil Investigation  
Pkg-4: balance Civil and Structural works.  
Pkg-3 (Soil Investigation) This package has already been awarded and completed in May 2011.  
Pkg-4 Letter of Award of Contract for Pkg-4 (Balance Civil and Structural Works) was placed on M/s Onycon Engineers, Mumbai on 21.11.2011. Works at site started as per the drawings released by M N Dastur. However due to stay order issued by Hon'ble High Court of J&K, works at site were kept on hold since March 2012. Works have

resumed at site after vacating stay by Hon'ble High Court of J&K.

Pkg-1 Tender for Pkg-1(Kilns, Material processing and handling equipments) was issued in May 2011 and two offers were received. Both the bidders took major commercial deviations. NMDC put vigorous efforts for the past one year but had achieved limited success in resolving the issues. Finally NMDC Board in December 2012, advised to cancel the tender and issue fresh revised tender after incorporating accepted modified commercial and payment terms. Fresh tender has been issued on the 3rd April 2013.

Pkg-2 Tender for Pkg-2 (Electrical System) will be issued after finalization of technology package.

- vi) Water Scheme: Public Health Engineering Dept., Reasi submitted the final scheme of water as deposit work for a value of Rs.10.40 Cr which has been approved by NMDC. Rs.3.00 Cr has already been released to Public Health Engineering Dept., Reasi, as initial payment towards as this deposit work.
- vii) Power Scheme: Power availability Certificate for 1428 KVA has been issued by Superintending Engineer, System and Operation Circle-I, Jammu. However, due to rationalization of process flow sheet the maximum demand has been revised to 3.0 MVA. Final scheme is awaited.

The Company has not produced sized raw Magnesite during the year 2012-2013. The total loss incurred during 2012-13 was Rs. 95.73 lakhs including prior period expenditure of Rs.30.00 lakhs towards payment of filing fee of ROC for increasing the Authorized Share Capital during 2010-11.

## 2. Share Capital:

The Authorized Equity Share Capital of the Company is Rs.70.00 crores divided into 70,00,000 Equity Shares of Rs.100/- each.

The total paid up share capital of the Company as on 31st March, 2013 stands at Rs.4.74 crore against the issued capital of Rs.6.00 crore.

During the year, there was no change in the paid up capital of the company. As on 31st March, 2013, the Equity share holding of NMDC Ltd stood at 3,51,002 Equity shares of Rs.100/- each fully paid (including 1,07,937 shares of Rs.100/- each other than cash) and J&K Minerals Ltd stood at 1,23,001 Equity Shares of Rs.100/- each fully paid against cash received respectively, which was in the agreed Equity ratio of 74:26.

NMDC Limited has been advancing the funds required to meet the Project Capex and the day-to-day expenditure pending receipt of subscription from the proposed further issue of equity share capital as envisaged. The amount advanced by NMDC was Rs.1,587 lakh up to 31.3.2013.

## 3. Statutory Information:

- (i) Under the provisions of Section 217(2-A) of the Companies Act, 1956 read with the Companies (particulars of the employees) Rules 1975, no employee of your Company was in receipt of remuneration as prescribed under the said rules.
- (ii) Further, under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, the information regarding conservation of energy, technology absorption, foreign exchange earnings and out go concerning your Company is 'NIL'.

## 4. Audit:

M/s. O.P.Garg & Associates, Chartered Accountants, Jammu, have been appointed on the advice of the Office of the Comptroller & Auditor General of India as the statutory auditors of your Company for the year 2012-2013. The Statutory Auditors' Report on the Accounts of the Company for the year 2012-2013 is enclosed, which forms part of this Report.

The Comments of Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of the Company for the year 2012-2013 and the Management's reply thereon are at Annexure-I, which forms part of this Report.

## 5. Board of Directors:

During the year, Shri N. K. Nanda, Director-in-charge of the Company was also assumed the post of Chairman of the Company during the period he was holding the additional charge of the post of Chairman-cum-Managing Director of NMDC Ltd. Thereafter, no Director was nominated by NMDC Ltd on the Board of the Company.

## 6. Directors' Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2013; the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2013 on a 'going concern' basis.

## 7. (a). Board Meetings:

During the year under review five (5) Board meetings were held as required under the provisions of the Companies Act, 1956.

## (b) Audit Committee:

The provisions under Section 292-A of the Companies Act, 1956, for constitution of Audit Committee of Directors are not applicable to the Company.

## 8. Corporate Governance

The guidelines on Corporate Governance for Central Public Sector Enterprises 2010 issued by the Government of India, Department of Public Enterprises under explanation after clause 6.3 states: 'For the purpose of these guidelines, only those subsidiaries whose turnover or net worth is not less than 20% of the turnover or net worth respectively of the Holding Company in the immediate preceding accounting year may be treated as subsidiary Companies'.

Since the turnover and net worth of J&KMDC Ltd is much less than 20% of the turnover and net worth of NMDC Ltd, the provisions of the Corporate Governance on Subsidiary Companies have been regarded as not applicable to J&KMDC Ltd.

## 9. Acknowledgement:

Your Directors appreciate the efforts put in by the employees of your Company and the employees of NMDC Ltd., who have been closely associated with the project. The Directors gratefully acknowledge the assistance, support and valuable guidance given to your Company by the Government of India (Ministry of Steel), NMDC Ltd., J&K Minerals Limited and the Government of Jammu and Kashmir.

For and on behalf of Board

  
S. Thiagarajan  
Director

  
N.K. Nanda  
Director-in-Charge

Place : Hyderabad  
Date : 11.07.2013

## Annexure - I

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF J&K MINERAL DEVELOPMENT CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2013**

The preparation of financial statements of **J&K Mineral Development Corporation Limited** for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 01 June 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of **J&K Mineral Development Corporation Limited** for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and the Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which has come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report.

**General**

As required under the Accounting Standard - 3 'Cash Flow Statement', the application of this standard is mandatory for all Companies except Small and Medium Sized Companies and non-corporate entities falling in Level II and Level III as defined in Appendix-I 'Applicability of Accounting Standards to various entities'. Therefore, the Company need to prepare the 'Cash Flow Statement' as it does not fall in exempted category. Thus, the financial statement of the Company is deficient to that extent.

For and on behalf of the  
Comptroller and Auditor General of India



(Naina A. Kumar)

Principal Director of Commercial Audit  
& ex-officio Member, Audit Board-I,  
New Delhi.

Place : New Delhi  
Dated : 08 July 2013

**REPLY TO COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013.**

Audit Comment	Management's Reply
<p><b>General</b></p> <p>As required under Accounting Standard-3 'Cash Flow Statement', the application of this standard is mandatory for all Companies except Small and Medium Sized Companies and non-corporate entities falling in Level II and Level III as defined in Appendix-I 'Applicability of Accounting Standards to various entities'. Therefore, the Company needs to prepare the 'Cash Flow Statement' as it does not fall in exempted category. Thus, the financial statement of the Company is deficient to that extent.</p>	<p>As the Company was not having any major activities all along, 'Cash Flow Statement' has not been prepared. However, considering the likely increase in various activities at Panthal Magnesite Project during the Financial year 2013-14, the 'Cash Flow Statement' will be prepared from the Financial Year 2013-14 onwards.</p>



## Auditors' Report

The Members  
J&K Mineral Development Corporation Ltd.  
Jammu

### Report on the Financial Statements:

We have audited the accompanying financial statements of J&K Mineral Development Corporation Ltd., which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Report on Other Legal and Regulatory Matters:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. **As required by section 227(3) of the Act, we report that:**
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) as per information and explanations given to us, the clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable to this Company;
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A



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of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

### Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the

state of affairs of the Company as at March 31, 2013; and

b) in the case of the Profit and Loss Account, of the loss for the year ended on that date.

**For O.P.Garg & Associates**  
Chartered Accountants



**(O.P.Garg)**

FCA

Proprietor

M. No. 081386

FRN 003391N

Place : Jammu

Date : 01.06.2013

## The Annexure referred to in Our Report of even date to the members of J&K Mineral Development Corporation Ltd. on the accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has taken certain amounts from its holding Company NMDC Ltd. during the year and the maximum balance involved during the year was Rs.531.54 lakhs and the year end balance of such loan stands at Rs.1587.36 lakhs.
  - (b) The Company has taken interest free amounts from its Holding Company NMDC Ltd during the year. The terms and conditions of such advance are prima facie not prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. According to the information and explanations given to us, there are no contracts or agreements that need to be entered into the Register maintained under section 301 of the Companies Act, 1956. As there are no such contracts or agreements, clause v (b) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, is not applicable.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.

8. Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act for this Company.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. Accumulated losses of Rs1249.45 lakhs of the Company at the end of the financial year 2012-13, are more than its net worth and the Company has suffered cash losses in current as well as in the immediately preceding financial year.
11. The Company has not taken any loan from Financial Institution or bank or debenture holder during the year.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the Company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

**For O.P.Garg & Associates**  
Chartered Accountants



**(O.P.Garg)**  
FCA

Proprietor

M. No. 081386

FRN 003391N

Place : Jammu

Date : 01.06.2013

Balance Sheet as at 31<sup>st</sup> March, 2013

(Rupees)

Particulars	Note	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
Share capital	2.1	4,74,00,300	4,74,00,300
Reserve & surplus	2.2	-12,49,45,334	-11,53,72,469
		-7,75,45,034	-6,79,72,169
<b>NON-CURRENT LIABILITIES:</b>			
Other Long term liabilities		Nil	Nil
Long term provisions	2.3	3,40,000	3,13,929
<b>CURRENT LIABILITIES:</b>			
Trade paybles	2.4	1,08,309	64,712
Other current liabilities	2.5	20,77,61,108	11,01,56,358
Short term provisions	2.6	3,11,508	2,97,789
		20,81,80,925	11,05,18,859
<b>TOTAL</b>		<b>13,09,75,891</b>	<b>4,28,60,619</b>
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS:</b>			
<b>Fixed Assets:</b>			
Tangible assets	2.7	66,57,069	66,74,777
Intangible assets	2.8	1,38,99,752	1,63,17,100
Capital work in progress	2.9	10,95,17,551	1,51,50,293
		13,00,74,372	3,81,42,170
Long term loans and advances	2.10	10,050	8,69,869
Other non-current assets	2.11	Nil	30,00,000
		13,00,84,422	4,20,12,039
<b>CURRENT ASSETS:</b>			
Inventories	2.12	36,839	36,839
Trade receivables		Nil	Nil
Cash and cash equivalents	2.13	8,04,671	8,04,789
Short term loans and advances	2.14	49,959	6,952
Other current assets		Nil	Nil
		8,91,469	8,48,580
<b>TOTAL</b>		<b>13,09,75,891</b>	<b>4,28,60,619</b>
Significant accounting policies and Notes on accounts forming part of accounts	1&2		

In terms of our report of even date

For and on behalf of Board

For **O.P. GARG & ASSOCIATES**

Chartered Accountants

  
**(O.P. GARG)**


Proprietor  
M.No.081386  
FRN.003391N

Place : Jammu  
Date : 01.06.2013

  
**(D.S.R.SASTRY)**  
Gen. Manager (Fin)

  
**(KHURSID AHMAD SHAH)**  
Director

  
**(N.K. NANDA)**  
Director

  
**(MOHD. IMAM)**  
Company Secretary

Hyderabad  
23.05.2013

Statement of Profit & Loss for the Year Ended 31<sup>st</sup> March, 2013

(Rupees)

Particulars	Note	Figures for the Current reporting period 31st March, 2013	Figures for the previous reporting period 31st March, 2012
I. Revenue from operations		Nil	Nil
II. Other income	2.15	47,955	Nil
<b>III. Total Revenue (I + II)</b>		<b>47,955</b>	<b>Nil</b>
<b>IV. Expenses:</b>			
Consumption of stores & spares		Nil	Nil
Changes in inventories of finished goods	2.16	Nil	Nil
Employee benefits expense	2.17	9,59,949	10,89,141
Electricity charges		50,161	41,304
Repairs & Maintenance	2.18	25,631	40,903
Royalty & Cess		9,70,600	9,70,600
Selling expenses		Nil	Nil
Depreciation & Amortisation		24,35,056	24,36,111
Other expenses	2.19	51,79,423	18,27,399
<b>Total expenses</b>		<b>96,20,820</b>	<b>64,05,458</b>
<b>V. Profit/(Loss) before tax (III-IV)</b>		<b>(95,72,865)</b>	<b>(64,05,458)</b>
<b>VI. Tax expense:</b>			
Current year		Nil	Nil
Earlier years		Nil	Nil
		<b>Nil</b>	<b>Nil</b>
VII. Profit/(Loss) for the period (V-VI)		<b>(95,72,865)</b>	<b>(64,05,458)</b>
VIII. Earning per equity share (Face value Rs.100 each)			
(i) Basic		-20.20	-13.51
(ii) Diluted		-20.20	-13.51
<b>Significant accounting policies and Notes on accounts forming part of accounts</b>	1&2		

In terms of our report of even date

For and on behalf of Board

For **O.P. GARG & ASSOCIATES**  
Chartered Accountants

  
**(O.P. GARG)**  
Proprietor  
M.No.081386  
FRN.003391N

  
**(D.S.R.SASTRY)**  
Gen. Manager (Fin)

  
**(KHURSID AHMAD SHAH)**  
Director

  
**(N.K. NANDA)**  
Director

Place : Jammu  
Date : 01.06.2013

  
**(MOHD. IMAM)**  
Company Secretary

Hyderabad  
23.05.2013

## Significant Accounting Policies and Notes on Accounts

### Note-1 : Significant accounting policies

**1.1 Incidental expenditure during construction period:**

Expenditure incurred by the Company during the construction/trial runs of the project (including interest on borrowed capital, if any) are capitalized.

**1.2 Depreciation:**

**1.2.1** Depreciation is charged on straight line method based on the life of the asset determined on technical assessment. The rates are equal to or higher than those prescribed under schedule XIV of the Companies Act, 1956. The depreciation is charged on pro rata monthly basis on additions/disposal of assets during the year taking the first day of the month for acquisition and the last day of the month for disposal.

**1.2.2** Plant & Machinery, electrical installations, sanitary and water supply installations, office installations, office appliances and other equipments and those assets grouped under the category of "other assets" individually costing Rs.5,000/- and below are depreciated fully in the year of use till 15th December 1993. From 16th December 1993 onwards assets of all description valuing Rs.5,000/- or below are depreciated fully during the year of use.

**1.3 Miscellaneous Expenditure:**

Development expenses (pre-construction expenses), expenditure on removal of over burden and preparation of Mining benches and preliminary expenses are amortised

in five annual installments from the year of commencement of commercial production.

**1.4 Inventories:**

**1.4.1** Items of inventory as certified by the management are valued on the basis mentioned below:

**1.4.1.1** Finished Goods are valued at cost or Net Realisable Value, whichever is lower.

**1.4.1.2** Stores and Spares (excluding stationery, which is charged off to revenue on procurement) at cost on weighted average method.

**1.4.1.3** Loose tools and implements on stock (items issued during the year are charged off in that year) at cost.

**1.4.2** No credit is taken in the accounts in respect of the following:

**1.4.2.1** Stock of run of mine ore and dumped fines.

**1.4.2.2** Stock of run of mine ore generated during construction period pending assessment of quality and saleability.

**1.4.2.3** Partly used stores and spares kept in stores.

**1.5 Employees benefits:**

**1.5.1** Provident fund contributions are made as per the provisions of the J&K Employees Provident Fund Act, 1961 and deposited with Regional Provident Fund Authorities, Jammu.

**1.5.2** Provision for Gratuity and Leave Encashment are made based on accrued liability at the end of each financial year.

In terms of our report of even date

For **O.P. GARG & ASSOCIATES**  
Chartered Accountants



**(O.P. GARG)**  
Proprietor  
M.No.081386  
FRN.003391N

Place : Jammu  
Date : 01.06.2013



**(D.S.R.SASTRY)**  
Gen. Manager (Fin)



**(KHURSID AHMAD SHAH)**  
Director



**(MOHD. IMAM)**  
Company Secretary



**(N.K. NANDA)**  
Director

Hyderabad  
23.05.2013

For and on behalf of Board



## Note-2 : Notes on Accounts for the Year Ended 31-March-2013

## Note-2.1 : Share Capital

Particulars	(Rupees)	
	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
<b>Share Capital :</b>		
<b>Authorised:</b>		
70,00,000 Equity Shares of Rs.100 each	<u>70,00,00,000</u>	<u>70,00,00,000</u>
<b>Issued:</b>		
6,00,003 Equity Shares of Rs.100 each	<u>6,00,00,300</u>	<u>6,00,00,300</u>
<b>Subscribed &amp; paid up:</b>		
4,74,003 Equity shares of Rs.100 each	<u>4,74,00,300</u>	<u>4,74,00,300</u>
<b>TOTAL</b>	<u><b>4,74,00,300</b></u>	<u><b>4,74,00,300</b></u>

Shares yet to be subscribed and paid up by the Holding Company (M/s. NMDC) is 93,000 shares of Rs.100 each (previous year 93,000 shares of Rs.100 each) amounting to Rs.93,00,000/- (previous year Rs.93,00,000/-) and other promoter M/S.JKML is 33,000 shares of Rs.100 each (previous year 33,000 shares of Rs.100 each) amounting to Rs.33,00,000/- (previous year Rs.33,00,000/-).

**Addl. Notes:**

- 1) No new shares were issued during the current year. Hence there is no change in number of shares outstanding as at the beginning and as at the end of the reporting period.
- 2) The details of shares in the company held by each shareholder holding more than 5% shares:

Name of the shareholder	As on 31st March,2013		As on 31st March,2012	
	% of shareholding	No. of shares	% of shareholding	No.of shares
i) NMDC Ltd (Holding Company) and its nominee shareholders	74	3,51,002	74	3,51,002
ii) JKML and its nominee shareholders	26	1,23,001	26	1,23,001

## Note-2.2 : Reserves and Surplus

(Rupees)

Particulars	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
Surplus as at the beginning of the year	-11,53,72,469	-10,89,67,011
Addition during the year	-95,72,865	-64,05,458
<b>TOTAL</b>	<b>-12,49,45,334</b>	<b>-11,53,72,469</b>

## Note-2.3 : Long Term Provisions

(Rupees)

Particulars	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
<b>Employee benefits:</b>		
Gratuity	3,40,000	3,13,929
<b>Others:</b>		
Expenses	Nil	Nil
<b>TOTAL</b>	<b>3,40,000</b>	<b>3,13,929</b>

## Note-2.4 : Trade Payables

(Rupees)

Particulars	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
Outstanding dues - micro enterprises & small enterprises	Nil	Nil
Outstanding dues -Other than micro enterprises & small enterprises	1,08,309	64,712
<b>TOTAL</b>	<b>1,08,309</b>	<b>64,712</b>

Note: There are no transactions and outstandings in respect of micro enterprises & small enterprises.

## Note-2.5 : Other Current Liabilities

(Rupees)

Particulars	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
Advance from customers	Nil	Nil
<b>Other paybles:</b>		
Deposits from suppliers, contractors and others	15,000	5,000
Other payables (*)	20,77,46,108	11,01,51,358
<b>TOTAL</b>	<b>20,77,61,108</b>	<b>11,01,56,358</b>
(*) Includes amount due to Holding Company (M/s.NMDC Limited)	15,87,36,494	10,55,82,030

## Note-2.6 : Short Term Provisions

(Rupees)

Particulars	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
<b>Employee Benefits:</b>		
Accrued Leave	3,11,508	2,97,789
<b>Others:</b>		
Provision for taxation	Nil	Nil
Expenses	Nil	Nil
<b>TOTAL</b>	<b>3,11,508</b>	<b>2,97,789</b>

## Details of Short Term Provisions

(Rupees)

	Opening Balance	Adjustment during year	Addition during year	Closing Balance
Accrued Leave	2,97,789	-	13,719	3,11,508
	(2,02,851)	-	(94,938)	(2,97,789)
Provision for taxation	-	-	-	-
Expenses	-	-	-	-
<b>TOTAL</b>	<b>2,97,789</b>	<b>-</b>	<b>13,719</b>	<b>3,11,508</b>

Note: Figures in brackets indicates previous year figures.

## Note-2.7 : Tangible Assets

(Rupees)

Assets	G R O S S B L O C K				
	Life (Yrs)	As at 1st April, 2012	Additions/ Adjustments	Deduction/ Adjustments	As at 31st March, 2013
Land-Freehold	–	66,43,544			<b>66,43,544</b>
Building-Non Factory	29	9,15,501			<b>9,15,501</b>
Building-Factory	28	9,67,284			<b>9,67,284</b>
Plant & Machinery	7	Nil			<b>Nil</b>
Heavy Mobile Equipment	7	Nil			<b>Nil</b>
Vehicles	6	1,78,539			<b>1,78,539</b>
Furniture	10	2,36,673			<b>2,36,673</b>
<b>Others:</b>					
Roads & Bridges	28	3,90,21,484			<b>3,90,21,484</b>
Electrical Installation	10	63,800			<b>63,800</b>
Internal Communications	18	44,243			<b>44,243</b>
Other Assets	12	14,44,844			<b>14,44,844</b>
<b>TOTAL</b>		4,95,15,912	Nil	Nil	<b>4,95,15,912</b>
Figures for previous year		4,95,15,912	Nil	Nil	4,95,15,912

Assets	D E P R E C I A T I O N B L O C K					N E T B L O C K		
	Upto 31st March, 2012	For the period	Asset impairment	Prior Period Adjustments	Deduct- ion/Adjust- ments	Upto 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
Land-Freehold	Nil	Nil	Nil			<b>Nil</b>	<b>66,43,544</b>	66,43,544
Building-Non Factory	9,15,501	Nil	Nil			<b>9,15,501</b>	<b>Nil</b>	Nil
Building-Factory	9,67,284	Nil	Nil			<b>9,67,284</b>	<b>Nil</b>	Nil
Plant & Machinery	Nil	Nil	Nil			<b>Nil</b>	<b>Nil</b>	Nil
Heavy Mobile Equipment	Nil	Nil	Nil			<b>Nil</b>	<b>Nil</b>	Nil
Vehicles	1,78,539	Nil	Nil			<b>1,78,539</b>	<b>Nil</b>	Nil
Furniture	2,36,673	Nil	Nil			<b>2,36,673</b>	<b>Nil</b>	Nil
<b>Others:</b>								
Roads & Bridges	3,90,21,484	Nil	Nil			<b>3,90,21,484</b>	<b>Nil</b>	Nil
Electrical installation	63,800	Nil	Nil			<b>63,800</b>	<b>Nil</b>	Nil
Internal Communications	42,765	1,478	Nil			<b>44,243</b>	<b>Nil</b>	1,478
Other Assets	14,15,089	16,230	Nil			<b>14,31,319</b>	<b>13,525</b>	29,755
<b>TOTAL</b>	4,28,41,135	17,708	Nil	Nil	Nil	<b>4,28,58,843</b>	<b>66,57,069</b>	66,74,777
Figures for previous year	4,28,22,372	18,763	Nil	Nil	Nil	4,28,41,135	66,74,777	66,93,540

Note-2.8 : Intangible Assets

(Rupees)

Assets	G R O S S B L O C K				
	Life (Yrs)	As at 1st April, 2012	Additions/ Adjustments	Deduction/ Adjustments	As at 31st March, 2013
Mining rights	10	2,35,69,144			<b>2,35,69,144</b>
<b>TOTAL</b>		2,35,69,144	Nil	Nil	<b>2,35,69,144</b>
Figures for previous year		2,35,69,144	Nil	Nil	2,35,69,144

Assets	A M O R T I S A T I O N B L O C K					N E T B L O C K		
	Upto 31st March, 2012	For the period	Asset impairment	Prior Period Adjustments	Deduct- ion/Adjus- tments	Upto 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
Mining rights	72,52,044	24,17,348	Nil			<b>96,69,392</b>	<b>1,38,99,752</b>	1,63,17,100
<b>TOTAL</b>	72,52,044	24,17,348	Nil	Nil	Nil	<b>96,69,392</b>	<b>1,38,99,752</b>	1,63,17,100
Figures for previous year	48,34,696	24,17,348	Nil	Nil	Nil	72,52,044	1,63,17,100	1,87,34,448

Note-2.9 : Capital Work in Progress

(Rupees)

Particulars	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
Construction work in progress	<b>11,10,09,665</b>	1,66,42,407
Capital assets in stores awaiting /under installation or in transit	<b>Nil</b>	Nil
	<b>11,10,09,665</b>	1,66,42,407
Less : Provision	<b>14,92,114</b>	14,92,114
<b>TOTAL</b>	<b>10,95,17,551</b>	1,51,50,293
	<b>10,95,17,551</b>	<b>1,51,50,293</b>

## Note-2.10 : Long Term Loans and Advances

(Rupees)

Particulars	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
Capital Advances	Nil	8,62,319
Loans and advances to related parties:		
Loans and Advances to Directors	Nil	Nil
Others:		
Other loans and advances	7,500	5,000
Deposits with others	2,550	2,550
<b>TOTAL</b>	<b>10,050</b>	<b>8,69,869</b>

### Notes :

1. Particulars of Long term Loans & Advances :		
Secured, considered good	Nil	Nil
Unsecured, considered good	10,050	8,69,869
Doubtful	Nil	Nil
2. Loans and Advances due by Directors/other Officers or any of them severally or jointly with any other persons:	Nil	Nil

## Note-2.11 : Other Non-Current Assets

(Rupees)

Particulars	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
Unamortised expenditure (to the extent not written off or adjusted)	Nil	30,00,000
<b>TOTAL</b>	<b>Nil</b>	<b>30,00,000</b>

## Note-2.12 : Inventories (as valued and certified by the Management)

(Rupees)

Particulars	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
Finished goods	36,839	36,839
Stores & spares	Nil	Nil
<b>TOTAL</b>	<b>36,839</b>	<b>36,839</b>

Finished goods are valued at cost or Net Realisable Value, whichever is lower



## Note-2.13 : Cash and Cash Equivalents

(Rupees)

Particulars	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
<b>Balance with Banks:</b>		
In Current Account		
State Bank of India, Jammu	1,42,569	7,94,098
Cash on hand	8,107	10,691
<b>Other Bank balance:</b>		
Bank deposits offered as security for Bank Guarantees (maturity more than one year)	6,53,995	Nil
<b>TOTAL</b>	<b>8,04,671</b>	<b>8,04,789</b>

## Note-2.14 : Short Term Loans and Advances

(Rupees)

Particulars	Figures as at the end of current reporting period 31st March, 2013	Figures as at the end of previous reporting period 31st March, 2012
Loans and advances to related parties:		
Loans and advances to Directors	Nil	Nil
Others:		
Other loans and advances (recoverable advances to employees & outsiders)	45,019	6,952
Advance Income Tax and TDS	4,940	Nil
<b>TOTAL</b>	<b>49,959</b>	<b>6,952</b>

Notes :

## 1. Particulars of short term loans &amp; advances :

Secured, considered good	Nil	Nil
Unsecured, considered good	49,959	6,952
Doubtful	Nil	Nil

2. Loans and advances due by Directors/other Officers or  
any of them severally or jointly with any other persons:

Nil Nil

## Note-2.15 : Other Income

(Rupees)

Particulars	Figures for the current reporting period 31st March, 2013	Figures for the previous reporting period 31st March, 2012
<b>INTEREST INCOME:</b>		
On deposits with Banks	47,955	Nil
<b>TOTAL</b>	<u>47,955</u>	<u>Nil</u>

## Note-2.16 : Changes in Inventories of Finished Goods

(Rupees)

Particulars	Figures for the current reporting period 31st March, 2013	Figures for the previous reporting period 31st March, 2012
<b>FINISHED GOODS:</b>		
Balance as at close of the year	36,839	36,839
Less : Balance as at the beginning of the year	36,839	36,839
<b>TOTAL</b>	<u>Nil</u>	<u>Nil</u>

## Note-2.17 : Employee Benefits Expense

(Rupees)

Particulars	Figures for the current reporting period 31st March, 2013	Figures for the previous reporting period 31st March, 2012
Salaries, wages & bonus	8,48,822	9,01,975
Contribution to provident and other funds:		
Provident fund & EDLI	55,056	51,679
Gratuity	26,071	1,00,326
Staff welfare expense	30,000	35,161
<b>TOTAL</b>	<u>9,59,949</u>	<u>10,89,141</u>

## Note-2.18 : Repairs and Maintenance

(Rupees)

Particulars	Figures for the current reporting period 31st March, 2013	Figures for the previous reporting period 31st March, 2012
Buildings	Nil	Nil
Plant & Machinery	Nil	Nil
Vehicles	16,010	14,738
Others	9,621	26,165
<b>TOTAL</b>	<b>25,631</b>	<b>40,903</b>

## Note-2.19 : Other Expenses

(Rupees)

Particulars	Figures for the current reporting period 31st March, 2013	Figures for the previous reporting period 31st March, 2012
Rent	2,64,000	2,60,000
Insurance	5,828	5,294
Rates & taxes	19,972	7,286
Directors' Travelling expenses	25,674	Nil
Payment to Auditors		
As auditors:	33,150	15,000
In other capacity	Nil	Nil
For reimbursement of expenses	Nil	Nil
	<b>33,150</b>	<b>15,000</b>
Miscellaneous losses written off	Nil	Nil
Sizing, sorting & transportation	Nil	Nil
Travelling & conveyance	69,112	80,135
Postage, Telephone & Telex	58,586	61,981
Stationery & Printing	74,741	68,948
Consultancy Charges	Nil	Nil
Security Charges	4,57,817	3,40,956
P.O.L. for personal transport	1,10,001	69,410
Equipment/vehicle running exp.(Labour)	Nil	Nil
Environmental development	Nil	6,29,764
Legal expenses	5,84,394	Nil
Hire charges of vehicles	2,13,046	79,379
Others	2,63,102	2,09,246
Prior period items- other expenses	30,00,000	Nil
<b>TOTAL</b>	<b>51,79,423</b>	<b>18,27,399</b>

## Note-2.20 : Additional Information

Particulars	For the Year Ended 31st March, 2013 (Rs.)		For the Year Ended 31st March, 2012 (Rs.)	
	<b>2.20.1: Value of Imports calculated on CIF basis:</b>			
a. Component and spare parts		Nil		Nil
b. Capital Goods		Nil		Nil
<b>2.20.2: Expenditure in foreign currency:</b>				
a. Consultancy charges		Nil		Nil
b. Others		Nil		Nil
<b>2.20.3: Particulars of consumption of materials:</b>				
	<b>Value (Rs.)</b>	<b>Percentage</b>	<b>Value (Rs.)</b>	<b>Percentage</b>
Components & spare Parts (including consumable stores)				
a) Imported	Nil	Nil	Nil	Nil
b) Indigenous	Nil	Nil	Nil	Nil
<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>2.20.4: Foreign exchange earnings:</b>				
	Nil		Nil	

## Note-2.21 : Other Notes

### 2.21.1 Contingent liabilities and commitments

#### 2.21.1.1 Contingent liabilities:

- (i) Claims against the Company not acknowledged as debts Rs.1,46,50,702 (previous Year Rs.1,42,35,018).
- (ii) Bank Guarantees Outstanding at the year end - Rs. 610980.00 (previous year Nil).

#### 2.21.1.2 Commitments:

Estimated amount of Contracts remaining to be executed on capital account & not provided for Rs. 23,44,17,159 (Previous year Rs. 22,36,72,234).

- 2.21.2 The Board of Directors in 57th meeting held on 23.05.2002 had taken a decision to wind up the Company subject to approval of Govt. of India and State Govt. of Jammu & Kashmir. Subsequently, based on DPR & Due Diligence Report, Board in its 95th meeting held on 19.02.2010 has approved the Capex of Rs.131.89 Crores for setting up of 100TPD DBM Plant, which was further revised to Rs.143 Crores in its 96th meeting held on 01.05.2010. Accordingly, appointment of EPCM consultant has been made; environmental clearance, consent for Establishment etc have been received; soil investigation work, balance civil & structural works have been awarded and further actions are being taken for awarding the contract for Technology package etc.. In view of the above developments towards revival of the project, the accounts are prepared on "going concern" basis.
- 2.21.3 In view of the decision taken for winding up of company and in compliance to AS-28 issued by The Institute of Chartered Accountants of India, the Company provided for an impairment loss of Rs. 2,86,08,217 during the year 2005-06, to the extent of 100% of the book value of all assets except for the freehold land. The residual value, if any of such impaired assets shall be assessed and accounted for on completion of Revival Project under implementation. No adjustment is therefore considered necessary in this respect as of now.
- 2.21.4 An amount of Rs.1,84,865/- was provided during 2000-01 towards amount payable to State Power Development Department of Jammu & Kashmir for construction of sub-station work at mine site, Panthal. No demand from the concerned authorities have, so far, been received in this regard.
- 2.21.5 Although, the Revival Package is under implementation but keeping in view the huge amount of accumulated losses and long gestation period in implementation of revival project i.e. award of major contracts and final commissioning of the plant, there is no time certainty of generation of enough profits for set off against losses. No adjustment for Deferred Tax Asset has therefore been made in the financial statements.
- 2.21.6 In compliance to CAG comment of last year, the expenditure of Rs.30.00 lakhs towards fee paid during the year 2010-11 to Registrar of Companies for increase in Authorized Share Capital of the Company, which was considered as unamortized expenditure under Non-Current assets in last year accounts, has been charged to Profit & Loss account in current year under Prior Period Expenditure.
- 2.21.7 Notes and significant accounting policies form an integral part of these accounts.
- 2.21.8 Previous Year figures have been regrouped and rearranged where ever necessary, to make them comparable with current Year figures.
- 2.21.9 Financial figures have been rounded off to nearest rupee.

In terms of our report of even date

For and on behalf of Board

For **O.P. GARG & ASSOCIATES**  
Chartered Accountants



**(O.P. GARG)**  
Proprietor  
M.No.081386  
FRN.003391N

Place : Jammu  
Date : 01.06.2013



**(D.S.R.SASTRY)**  
Gen. Manager (Fin)



**(KHURSID AHMAD SHAH)**  
Director



**(N.K. NANDA)**  
Director



**(MOHD. IMAM)**  
Company Secretary

Hyderabad  
23.05.2013

Fifth Annual Report  
2012-2013

**BOARD OF DIRECTORS**

As on 25.07.2013

<b>Shri N.K. Nanda</b>	Director
<b>Shri Gauri Shankar Agrawal</b>	Director
<b>Shri M.K. Tyagi</b>	Director
<b>Shri S. Thiagarajan</b>	Director
<b>Shri Prem Kumar</b>	Director

**Statutory Auditors**

**M/s. KUMAR RAJESH & ASSOCIATES**  
Chartered Accountants  
Raipur, Chhattisgarh

**Bankers**

**Axis Bank**  
Tagore Nagar Branch, Raipur  
**Bank of Baroda**  
Vivekananda Nagar Branch, Raipur

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**NMDC-CMDC Limited**

(A subsidiary of NMDC Limited)  
Regd. Office : "Angela Cottage", H.No.3/883  
Civil Lines, Raipur, Chhattisgarh-492001



## Directors' Report for the year 2012-13

The Members  
**NMDC-CMDC Ltd. (NCL)**  
 Raipur

On behalf of the Board of Directors, I take pleasure in presenting the Fifth Director's Report of your Company, together with the Audit Report and Audited Accounts, for the year ended 31st March 2013 and the Report thereon by the Comptroller and Auditor General of India (C & AG).

### 1. Performance status:

The year 2012-13 was another tough year for the Company. The Company is taking all efforts to develop both its mines i.e. Baladilha Iron Ore Deposit No. 13 and 4.

#### Deposit No. 13:

In view of the rejection of the Forest clearance proposal of the Company by the FAC, MoEF, New Delhi, the Company has taken all efforts to re-submit the proposal before MoEF. The Company has received Bio-diversity Report and Conservation Plan for Deposit No. 13 from Prof. S. B. Roy, Chairman, Indian Institute of Bio-Social Research and Development, Kolkata (IIBSRD) who was appointed as Advisor for preparation of these reports so that the clearance from MoEF, New Delhi can be obtained.

The forest clearance proposal has been resubmitted on 26.10.2012 to the nodal officer, Govt. of Chhattisgarh covering the reply on the issues raised by the FAC.

The proposal was sent to DFO Dantewada and CF, Jagdalpur for vetting. However due strike of the employees of grade III and IV of the Government of Chhattisgarh, the matter was perused and proposal got forwarded from DFO Dantewada and CF Jagdalpur to CCF, Land Management on 14.02.2013. CCF, Land

Management has forwarded it to the Principal Secretary to Govt. of Chhattisgarh on 12.04.2013 for resubmission to Ministry of Environment and Forest (MoEF), Government of India for reconsideration.

#### Deposit No. 4

The Mining Plan in respect of Iron Ore Deposit No. 4 was prepared by NMDC Limited and was submitted to Indian Bureau of Mines (IBM) for approval in June 2012. The mine site was inspected by the officers of IBM on 17.10.2012.

IBM has made some observations and asked for necessary modifications in the Mining Plan NMDC is preparing the same and submitting it to IBM for approval.

### 3. Share Capital:

The authorized and paid up Equity share capital of the Company is Rs.4.00 Crore and Rs. 3.05 Crore respectively. There is no change in the Capital during the year.

### 4. Board of Directors: (as on 31st March, 2013)

As on 31st March, 2013, Shri N.K. Nanda, Shri Gauri Shankar Agrawal, Shri S.Thiagrajan, Shri M. K. Tyagi and Shri Prem Kumar are the Directors of the Company.

The following Directors ceased to be Directors of the Company for the year under review:

S.No.	Name of Director	w.e.f.
1	Shri Vijendra	27.12.2012
2	Shri Rajesh Kumar Goverdhan	27.12.2012

The Board placed on records its deep appreciation for the valuable contribution made by Shri Vijendra and Shri Rajesh Kumar Goverdhan during their tenure on the Board of the Company.

Shri M. K. Tyagi and Shri Prem Kumar were appointed as Additional Directors of the company during the year and being eligible their appointments are proposed to be confirmed during the ensuing Annual General Meeting.

**5. Statutory Auditors**

Comptroller & Auditor General of India (C&AG) has communicated the appointment of M/s Kumar Rajesh & Associates, Raipur (CG) as the Statutory Auditors of the Company for the financial year 2012-2013.

The Statutory Auditors' Report on the accounts of the Company for the year 2012-13 is at Annexure-I, which forms part of this Report. The Report of C&AG of India under Section 619(4) of the Companies Act, 1956 on the Accounts of the Company for the year 2012-2013 are at Annexure-II, which forms part of this Report.

**6. Directors' Responsibility Statement:**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March 2013, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end

of the financial year and of the profit or loss of the Company for the year under review;

- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31 March 2013 on a 'going concern' basis.

**7. Particulars of Employees under Section 217(2-A) of the Companies Act, 1956**

Under the provisions of Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975 as amended, no employee of your Company was in receipt of remuneration as prescribed under the said rules.

**8. Conservation of energy, technology absorption, foreign exchange earnings and outgo under Section 217(1)(e) of the Companies Act, 1956.**

Under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, the information regarding conservation of energy, technology absorption, foreign exchange earnings and out go concerning your Company is 'NIL'.

**9. Audit Committee**

The provisions under Section 292A of the Companies Act, 1956 regarding constitution of the Audit Committee of the Directors are presently not applicable to the Company.

**10. Corporate Governance**

The guidelines on Corporate Governance for Central Public Sector Enterprises issued by the

Government of India, Department of Public Enterprises under explanation to Chapter-6 states: 'For the purpose of these guidelines, only those subsidiaries whose turnover or net worth is not less than 20% of the turnover or net worth respectively of the holding Company may be treated as subsidiary Companies.'

The Company is yet to commence commercial operations and as such, the provisions of the Corporate Governance on subsidiary Companies are presently not applicable to NCL.

## 11. Compliance Certificate

Compliance Certificate issued by Company

Secretary in whole time practice is at Annexure-III.

## 12. Acknowledgement:

The Directors gratefully acknowledge the assistance, support and valuable guidance given to your Company by Ministry of Steel, Government of India, Government of Chhattisgarh, NMDC Ltd, and Chhattisgarh Mineral Development Corporation Ltd.

For NMDC-CMDC Limited

Sd/-  
**(S. Thiagarajan)**  
Director

Sd/-  
**(Prem Kumar)**  
Director

Place : 25.07.2013

Date : Raipur

## Annexure - I

## Independent Auditors' Report

To  
The Members of  
**NMDC-CMDC Limited**  
**Raipur (C.G.)**

**Report on the Financial Statements**

We have audited the accompanying financial statements NMDC-CMDC Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit

involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the

- matters specified in paragraphs 4 and 5 of the Order.
2. The Balance Sheet and Statement of Profit and Loss approved by the Board of Directors in their 25th Board meeting and certified by us on 28.05.2013 were revised in the light of the audit observations of the Comptroller and Auditor General of India u/s 619(4) of the Companies Act, 1956 by provision of Rs.4,19,000.00 as preliminary expenses pertaining to financial year 2008-09 provided during this year resulting in a net loss of Rs.1,22,446.00 after tax for the year ended 31st March 2013 and an increase of Rs.54,997.00 in Assets and equal amount increase in equity and liabilities in the Balance Sheet as at 31st March 2013.
  3. As required by section 227(3) of the Act, we report that:
    - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
    - c) the Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
    - d) in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
    - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
    - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For KUMAR RAJESH & ASSOCIATES**

Chartered Accountants

FRNo. 006002C

Sd/-

**(Atal Singh Hanspal)**

Partner

Mem. No. 079717

Place : RAIPUR

Date : 25.07.2013

## Annexure to the Auditor's Report Referred to in Paragraph (3) of our Report of Even Date to the Members

- |  |  |
|--|--|
| <p>i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) As explained to us, the fixed assets have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.</p> <p>(c) In our Opinion, the Company has not disposed of substantial part of fixed assets during the year and consequently the going concern status of the Company is not affected.</p> | <p>Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.</p>  |
| <p>ii. (a) As company has no inventory, hence no physical verification has been conducted.</p> <p>(b) As no physical verification was made, question of reasonableness and adequacy of the procedure for physical verification of inventory does not arise.</p> <p>(c) As the Company has no stock of inventory, the question of maintaining proper records of inventory does not arise.</p>   | <p>iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets, however there was no purchase of inventory and sale of goods/services. During the course of our audit, no major material weakness has been noticed in the internal controls.</p>   |
| <p>iii. (a) As informed to us, the Company has not taken any loans secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year. The Company has also not taken any loans from Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.</p> <p>(b) The Company has not granted any loans secured or unsecured to the Companies, firms and other parties as listed in the register maintained under section 301 of Companies Act, 1956 or to the</p>                              | <p>v. According to the information and explanations given to us, the Company has not entered into any contracts of arrangement with the parties referred to in Section 301 of the Act as a result Clause 4 (v) (a) &amp; (b) of the order is not applicable to the Company.</p> <p>vi. The Company has not accepted any deposits from the public.</p> <p>vii. The Company has an internal audit system. Which on the basis of test checks carried out by us is commensurate with the size and nature of its business.</p> <p>viii. Since no Manufacturing activities were commenced during the financial year, question of maintenance of cost record by the Company under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 does not raise.</p> <p>ix. (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income-Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty</p> |



and excise duty, were outstanding, at the yearend for a period of more than six months from the date they become payable.

According to the records of the Company, there are no dues outstanding of sales tax, income tax, custom tax, wealth tax, and excise duty, cess on account of any dispute.

- x. As the five year period from the incorporation of the company is not completed, the provisions of clause 4 (x) of the companies (Auditors' Report) Order, 2003 regarding accumulated losses and cash loss is not applicable to the company.
- xi. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures securities.
- xiii. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- xiv. In Our opinion, the Company is not dealing in or trading in shares, Securities, Debentures, other investment and contracts during the year.
- xv. According to the information and explanations given to us, the Company has not given any

guarantee for loans taken by its subsidiaries and associates from bank or financial institutions.

- xvi. Based on information and explanations given to us by the management, the Company has not obtained any term loans.
- xvii. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, no fund raised on short term basis have used for long term investment.
- xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money through a public issue during the year.
- xxi. Based upon the audit procedures performed and information given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For KUMAR RAJESH & ASSOCIATES**

Chartered Accountants

FRNo. 006002C

Sd/-

**(Atal Singh Hanspal)**

Partner

Mem. No. 079717

Place : RAIPUR

Date : 25.07.2013

## Annexure - II

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NMDC-CMDC LIMITED, RAIPUR FOR THE YEAR ENDED ON 31 MARCH 2013.**

The preparation of financial statements of NMDC-CMDC Limited, Raipur for the year ended on 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25 July 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of NMDC-CMDC Limited, Raipur for the year ended on 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records. In view of the revisions made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Note No.25 of the Notes forming part of Accounts, I have no further comments to offer upon or supplement to the Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the  
Comptroller and Auditor General of India



(N. Karunakaran)  
Principal Director of Commercial Audit  
& Ex-Officio Member, Audit Board,  
Hyderabad.

Place : Hyderabad

Dated : 05 August 2013

**CS Brajesh R. Agrawal**  
Practicing Company Secretary  
B.Com, F.C.S.

T-305, Dolphin Chambers, Opp. Bank of Baroda,  
Cloth Market, Pandri, Raipur (C.G.) - 492001  
Phone : 0771-4061914 (O)  
Mobile : 98264-26263,  
Email : office.csps@gmail.com

CIN - U13100CT2008GOI020711  
Authorized Capital - Rs. 40,000,000/-  
Paid-Up Capital - Rs. 30,469,000/-

FORM  
[SEE RULE 3]

**Compliance Certificate**

To

The Members  
NMDC-CMDC Limited  
Angela Cottage, H.No.3/883  
Civil Lines,  
Raipur, CG

We have examined the registers, records, books and papers of **NMDC-CMDC Limited** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the memorandum and articles of association of the Company for the financial year ended on **31<sup>st</sup> March 2013** (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company is incorporated as a private limited company, however, being subsidiary of **NMDC Limited** (Public Limited Company) Company is considered as a public limited company. The company has minimum prescribed paid-up capital and their maximum numbers of members during the said financial year, excluding its present and past employees was not more than the maximum number as provided under section 3 of the Companies Act, 1956 and the Company during the year under scrutiny:



- (i) has not invited public to subscribe for its shares or debentures; and  
(ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors duly met 5 (five) times on the following dates:
- |                                   |                                |
|-----------------------------------|--------------------------------|
| 1. 18 <sup>th</sup> May 2012      | 4. 20 <sup>th</sup> March 2013 |
| 2. 31 <sup>st</sup> August 2012   | 5. 20 <sup>th</sup> March 2013 |
| 3. 27 <sup>th</sup> December 2012 |                                |
- in respect of which proper notices were given and the proceedings were properly recorded and signed in the minute book maintained for the purpose.
5. The Company was not required to close its Register of Members or Debenture holders during the year.
6. The Annual General Meeting for the financial year ended **31<sup>st</sup> March 2012** was held on **24<sup>th</sup> July, 2012** after giving due notice to the shareholders and other concerned persons. The resolutions passed in the meeting have been duly recorded in the Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year under scrutiny.
8. As per information made available to us, the company has not advanced any loans to directors or persons or firm or companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. As informed to us the Company was not required to make any entries in the register maintained under section 301 of the Act.
11. As per information made available to us, there were no instances falling within the purview of section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or previous approval of the Central Government.
12. The Board of Directors has not issued any duplicate share certificate as there were no incidences requiring the issue of duplicate Share Certificate during the year.
13. The Company :
- (i) has delivered all the certificates on transfer of securities and there was no allotment /transmission of securities during the financial year.
- (ii) was not required to deposit any amount in a separate bank account as no dividend was declared during the financial year.
- (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
- (iv) was not required to transfer any amount to the Investor Education and Protection Fund.



(v) has duly complied with the requirements of section 217 of the Act.


14. The Board of Directors of the company is duly constituted and there were appointment of additional directors, however, form-32 regarding this appointment could not be filed so far and there was no appointment of alternate director and director to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/ Whole-time Director during the financial year.
16. The Company has not appointed any sole-selling agent during the financial year.
17. As explained and information provided to us, there were no instances requiring the approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares / debentures/ other securities during the financial year under scrutiny.
20. The Company has not bought back any shares during the financial year under scrutiny.
21. The Company's share capital consists of only equity shares and the Company has not issued debentures; therefore the clause relating to redemption of preference shares / debentures is not applicable to the Company.
22. According to information made available to us, there were no transaction necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. As explained and information provided to us the Company has not invited / accepted any deposits from public within the meaning of section 58A and Rules framed there under.
24. The Company has not made any borrowing in contravention of the provision of section 293(1)(d) of the Act.
25. According to information made available to us, the Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. According to information made available to us, the Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.





27. According to information made available to us, the Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. According to information made available to us, the Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. According to information made available to us, the Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. According to information made available to us, The Company has not altered the provisions of the articles of association during the financial year under scrutiny.
31. As explained and information provided to us, no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. As explained and information provided to us, the Company has not received any money as security from its employees during the financial year.
33. As explained and information provided to us, the company was regular in depositing the required amount in provident fund as contemplated under section 418 of the Act.

**Date: 28/05/2013**  
**Place: Hyderabad**

  
**(Brajesh R. Agrawal)**  
**Practicing Company Secretary**  
**C.P. No. : 05649**




Annexure 'A'

Registers as maintained by the NMDC-CMDC Limited:

Sr. No	Name of the Register	Section Reference
1.	Register of Members	Section 150
2.	Register of contracts, companies and firms in which directors are interested	Section 301
3.	Register of director, managing director etc.	Section 303
4.	Register of directors' share and debenture holdings	Section 307
5.	Books of Accounts	Section 209
6.	Minutes Books for Board Meetings and General Meeting	Section 193
7.	Index of Members	Section 151
8.	Register of Charges	Section 143
9.	Application and Allotment register	-
10.	Register of Directors and Shareholder's Attendance	-
10.	Share Transfer Register	-

Date: 28/05/2013  
Place: Hyderabad

  
(Brajesh R. Agrawal)  
Practicing Company Secretary  
C.P. No. : 05649

**Annexure B**

Forms and Returns as filed by the **NMDC-CMDC Limited** with the Registrar of Companies (ROC) during the financial year ending on 31<sup>st</sup> March 2013.

Sr. No	Form No.	Filed u/s	For	Remark
2	20B	159	Annual Return as on 24 <sup>th</sup> July, 2012.	Filed with ROC within time on 23/08/2012 vide SRN P88578729.
3	66	383A	Secretarial Compliance Certificate for financial year ending on 31 <sup>st</sup> March 2012	Filed with ROC within time on 23/08/2012 vide SRN P88578570.
4	23AC & 23ACA (XBRL)	220	Balance Sheet as on 31 <sup>st</sup> March, 2012	Filed with ROC within time on 15/01/2013 vide SRN Q05915319 with normal filing fees.

Forms and Returns as filed by the **NMDC-CMDC Limited** with the other authorities under the Act during the financial year ending on 31<sup>st</sup> March 2013. NIL

Date: 28/05/2013  
Place: Hyderabad

  
**(Brajesh R. Agrawal)**  
 Practising Company Secretary  
 C.P. No. : 05649

Balance Sheet as at 31<sup>st</sup> March 2013

(Amount in Rs.)

Particulars	Note No.	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2	<b>3,04,69,000</b>	3,04,69,000
(b) Reserves and surplus	3	<b>(27,36,417)</b>	(26,13,971)
(c) Money received against share warrants		-	-
<b>Share application money pending allotment</b>			
<b>Non-current liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (net)		-	-
(c) Other long-term liabilities		-	-
(d) Long-term provisions		-	-
<b>Current liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities	4	<b>34,41,881</b>	31,75,972
(d) Short-term provisions	5	<b>57,318</b>	41,573
<b>TOTAL</b>		<b><u>3,12,31,782</u></b>	<b><u>3,10,72,574</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	6	<b>2,74,498</b>	1,81,915
(ii) Intangible assets		-	-
(iii) Capital work-in-progress	7	<b>6,57,193</b>	6,57,193
(iv) Intangible assets under development		-	-
(v) Fixed assets held for sale		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	8	<b>12,51,693</b>	11,42,870
(d) Long-term loans and advances	9	<b>1,58,32,367</b>	1,58,06,208
(e) Other non-current assets		-	-
<b>Current assets</b>			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and cash equivalents	10	<b>1,22,32,995</b>	1,21,90,270
(e) Short-term loans and advances		-	-
(f) Other current assets	11	<b>9,83,036</b>	10,94,118
<b>TOTAL</b>		<b><u>3,12,31,782</u></b>	<b><u>3,10,72,574</u></b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	1 to 25	-	-

As per our report on even date

For and on behalf of the Board of Directors

**For Kumar Rajesh & Associates**

Chartered Accountants

FR No.006002C

Sd/-

**ATAL SINGH HANSPAL**

Partner

Mem. No. 079717

Place : Raipur

Date : 25.07.2013

**NMDC-CMDC LIMITED**

Sd/-

**S.THIAGARAJAN**  
DIRECTOR

Sd/-

**PREM KUMAR**  
DIRECTOR

Sd/-

**A.K.SHUKLA**  
CEO

Statement of Profit & Loss for the Year Ended 31<sup>st</sup> March 2013

(Amount in Rs.)

Particulars	Note No.	Figures for the year ended on 31st March, 2013	Figures for the year ended on 31st March, 2012
<b>CONTINUING OPERATIONS</b>			
Revenue from operations (gross)		-	-
Less : Excise duty		-	-
Revenue from operations (net)		-	-
Other income	12	<b>10,74,964</b>	<b>10,29,765</b>
<b>TOTAL REVENUE (1 + 2)</b>		<b>10,74,964</b>	<b>10,29,765</b>
<b>Expenses</b>			
(a) Cost of materials consumed		-	-
(b) Cost of Store & Sapres consumed		-	-
(c) Purchases of stock-in-trade		-	-
(d) Changes in inventories of finished goods, work-in-progress and stock-in-trade		-	-
(e) Other Direct Manufacturing Expenses		-	-
(f) Employee benefits expense	13	<b>3,43,611</b>	2,99,055
(g) Finance costs		-	-
(h) Depreciation and amortisation expense	14	<b>27,686</b>	23,231
(i) Other expenses	15	<b>5,15,936</b>	<b>5,17,243</b>
<b>TOTAL EXPENSES</b>		<b>8,87,233</b>	<b>8,39,529</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>		<b>1,87,731</b>	1,90,236
Exceptional items/Extraordinary items		-	-
<b>Profit / (Loss) before Prior Period Adjustment</b>		<b>1,87,731</b>	1,90,236
Prior Period Income/(Expense)		<b>(4,19,000)</b>	-
Net Profit/(Loss) Before Tax		<b>(2,31,269)</b>	1,90,236
<b>Tax expense:</b>			
(a) (Less) : Current tax expense for current year (MAT)		-	-
(b) (Less) : MAT credit (where applicable)		-	-
(c) (Less) : MAT tax expense relating to prior years		<b>36,250</b>	-
(d) Add : Mat Credit Entitlement		<b>36,250</b>	-
(e) Add : Deferred tax Asset		<b>1,08,823</b>	<b>11,42,870</b>
<b>Profit / (Loss) for the year</b>		<b>(1,22,446)</b>	<b>13,33,106</b>
<b>Earnings per share (of Rs.10/- each):</b>			
(a) Basic & diluted		<b>(0.04)</b>	0.81
<b>NOTES TO FINANCIAL STATEMENTS</b>	1 to 25		

As per our report on even date

For and on behalf of the Board of Directors

**For Kumar Rajesh & Associates**

**NMDC-CMDC LIMITED**

Chartered Accountants

FR No.006002C

Sd/-

Sd/-

Sd/-

Sd/-

**ATAL SINGH HANSPAL**

**S.THIAGARAJAN**  
DIRECTOR

**PREM KUMAR**  
DIRECTOR

**A.K.SHUKLA**  
CEO

Partner

Mem. No. 079717

Place : Raipur

Date : 25.07.2013

## Notes Annexed to and Forming Part of The Statement Accounts for the Year Ended 31<sup>st</sup> March 2013

### Note-1 : Significant Accounting Policies

#### (1.1) BASIS OF PREPARATION OF FINANCIAL STATEMENT:

Financial Statements are prepared under the historical cost convention, on accrual basis, in accordance with the requirements of the Companies Act, 1956, and mandatory Accounting Standards prescribed in the companies (Accounting Standards) Rules 2006 issued by the Central Government.

#### (1.2) FIXED ASSETS AND DEPRECIATION:

Fixed assets are stated at cost (net of cenvet credit, wherever applicable) less depreciation. The cost includes cost of acquisition, construction, erection, installation etc., preoperative expenses (including trial run) and borrowing cost incurred during preoperational period.

##### EXPENDITURE INCURRED DURING CONSTRUCTION PERIOD:

- A) Expenditure incurred on administrative and supervision during the construction period in respect of new facilities are treated as period costs and charged to revenue.
- B) Development expenses (pre-construction period expenses) will be amortised in ten annual installments from the date of commencement of production.
- C) All revenue expenditure incurred during the construction period which are directly or indirectly attributable to the acquisition/construction of fixed assets, will be capitalized at the time of commissioning of such assets.

##### DEPRECIATION

Depreciation on Fixed assets is provided on Straight Line Method as per the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on addition/deletion to fixed assets is calculated pro-rata from/upto the date of such additions/deletions.

#### (1.3) IMPAIRMENT OF ASSETS:

The Company assesses at each Balance Sheet date whether there is any indication that an assets. If such recoverable amount of the assets or recoverable amount of cash generating unit to which the assets belongs is less than its carrying amount. The reduction is treated as an impairment loss and is recognized in the profit & loss account. If Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the reflected at the recoverable amount.

#### (1.4) ACCOUNTING FOR TAXES:

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax on timing defference between taxable income & accounting income is accounted for using the tax rates and the tax laws enacted or substantially enacted as on the Balance Sheet date. Deferred tax assets are recognized only to the extent there is a virtual certainty for realization.

**MINIMUM ALTERNATE TAX (MAT) CREDIT:** MAT is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit become eligible to be recognized as an asset in accordance with the recommendation contained in the Guidance note issued by the ICAI, that said asset is created by way of a credit to the statement of Profit & Loss & is shown as MAT credit Entitlement. The Company review the same at each balance sheet date and writes down the carrying amount of MAT credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period.

#### (1.5) PROVISION & CONTINGENT LIABILITY AND CONTINGENT ASSETS:

Provision involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past event and it is probable that there will be an out flow of resources. Contingent liability are not recognized but are disclosed in notes. Contingent assets are neither recognized nor disclosed in the financial statements.

## Notes on Accounts

### Note-2 : SHARE CAPITAL

a) **Authorised, Issued and Paid up Share Capital :**

Share Capital	31.03.2013		31.03.2012	
	Number	Amount in Rs.	Number	Amount in Rs.
<b>Authorised</b>				
Equity Shares of Rs.10/- each	40,00,000	4,00,00,000	40,00,000	4,00,00,000
<b>Issued, Subscribed and fully paid-up share</b>				
<b>Issued</b>				
Equity Shares of Rs.10/- each	30,46,900	3,04,69,000	30,46,900	3,04,69,000
<b>Subscribed &amp; Paid up</b>				
Equity Shares of Rs.10/- each	30,46,900	3,04,69,000	30,46,900	3,04,69,000
Total issued, subscribed and fully paid-up share capital	30,46,900	3,04,69,000	30,46,900	3,04,69,000

b) **Reconciliation of the shares outstanding at the beginning and at end of the reporting period**

Particulars Equity Share	31.03.2013		31.03.2012	
	Number	Amount in Rs.	Number	Amount in Rs.
Shares outstanding at the beginning of the year	30,46,900	3,04,69,000	15,46,900	1,54,69,000
Shares Issued during the year	-	-	15,00,000	1,50,00,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	30,46,900	3,04,69,000	30,46,900	3,04,69,000

c) **Details of shareholders holding more than 5% shares in the Company**

Name of Shareholder	31.03.2013		31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
NMDC Limited & its nominees	15,53,919	51%	15,53,919	51%
CMDC Limited & its nominees	14,92,981	49%	14,92,981	49%



## Note-3 : RESERVES &amp; SURPLUS

(Amount in Rs.)

	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
<b>a. Securities Premium Account</b>		
Opening Balance	–	–
Add : Securities premium credited on Share issue	–	–
Closing Balance	–	–
<b>b. Surplus</b>		
Opening balance	(26,13,971)	(39,47,077)
(+) Net Profit/(Net Loss) for the current year	(1,22,446)	13,33,106
Closing Balance	(27,36,417)	(26,13,971)
<b>TOTAL</b>	<b>(27,36,417)</b>	<b>(26,13,971)</b>

## Note-4 : OTHER CURRENT LIABILITIES

(Amount in Rs.)

	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
Outstanding Liabilities for Expences	44,812	4,644
Other Payables	29,78,069	31,71,328
CMDC Ltd.	4,19,000	–
	<b>34,41,881</b>	<b>31,75,972</b>

## Note-5 : SHORT TERM PROVISIONS

(Amount in Rs.)

	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
Audit Fees Payable A/c	21,068	41,573
Provision for Income Tax	36,250	–
	<b>57,318</b>	<b>41,573</b>

Note-6 : FIXED ASSETS - TANGIBLE ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Rate of Depreciation (SLM method)	As on 1.4.2012	Additions During Year	Deductions During Year	As on 31.3.2013	For the Year	Reversal	Upto 31.3.2013	As on 31.3.2012	As on 31.3.2013
Plant & Machinery	7.07%	2,700	-	-	2,700	191	-	668	2,223	2,032
Furniture & Fixture	6.33%	53,470	1,20,269	-	1,73,739	7,796	-	17,387	43,879	1,56,352
Computer & EPBX	16.21%	90,380	-	-	90,380	14,651	-	58,684	46,347	31,696
Office Appliances	4.75%	1,06,265	-	-	1,06,265	5,048	-	21,847	89,466	84,418
<b>TOTAL</b>		2,52,815	1,20,269	-	3,73,084	27,686	-	98,586	1,81,915	2,74,498
Previous Year Figure		2,46,615	6,200	-	2,52,815	23,231	-	70,900	1,98,946	1,81,915

## Note-7 : CAPITAL WORK IN PROGRESS

(Amount in Rs.)

	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
Expenditure incidental to construction awaiting allocation	6,57,193	6,57,193
	<u>6,57,193</u>	<u>6,57,193</u>

## Note-8 : DEFERRED TAX ASSETS (NET)

(Amount in Rs.)

	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
Deferred Tax asset	12,51,693	11,68,115
Less : Deferred Tax Liabilities	–	(25,245)
	<u>12,51,693</u>	<u>11,42,870</u>

## Note-9 : LONG TERM LOANS AND ADVANCES

(Amount in Rs.)

	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
<b>Unsecured, Considered Goods</b>		
Capital Advances	1,57,96,117	1,58,06,208
Mat Credit Entitlement	36,250	–
	<u>1,58,32,367</u>	<u>1,58,06,208</u>

## Note-10 : CASH AND CASH EQUIVALENTS

(Amount in Rs.)

	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
Cash in Hand	7.00	7.00
<b>Balances with Bank:</b>		
State Bank of India (Current Account)	1,23,572	2,33,991
Bank of Baroda (Current Account)	11,09,416	9,56,272
Bank of Baroda (Deposit Accounts)	–	1,10,00,000
Bank of Maharashtra (Deposit Accounts)	1,10,00,000	–
	<u>1,22,32,995</u>	<u>1,21,90,270</u>

## Note-11 : OTHER CURRENT ASSETS

(Amount in Rs.)

	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
TDS Receivable	3,43,841	2,36,344
Other Receivables	–	750
Accrued Interest on FDR	6,39,195	8,57,024
	<u>9,83,036</u>	<u>10,94,118</u>

## Note-12 : OTHER INCOME

(Amount in Rs.)

	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
Interest on Deposits with Banks	10,74,964	10,29,765
	<u>10,74,964</u>	<u>10,29,765</u>

## Note-13 : EMPLOYEE BENEFIT EXPENSE

(Amount in Rs.)

	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
Salary and Wages	3,03,240	2,65,617
Employee Provident Fund	40,371	33,438
	<u>3,43,611</u>	<u>2,99,055</u>

## Note-14 : DEPRECIATION AND AMORTISATION EXPENSE

(Amount in Rs.)

	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
Depreciation on tangible assets	27,686	23,231
	<u>27,686</u>	<u>23,231</u>

## Note-15 : OTHER EXPENSES

(Amount in Rs.)

	Figures as at the end of 31st March, 2013	Figures as at the end of 31st March, 2012
Advertisement Recruitment	8,506	—
Auditor's Remuneration	13,483	13,483
Bank Charges	343	916
BOD Meeting Expenses	1,27,167	88,505
Books & Periodicals	2,586	2,906
Hire charges on vehicle	22,794	7,807
Legal, professional & consultancy charges	2,19,339	2,26,590
Other Expenses	58,660	1,16,125
Postage, Telephone & Telex	48,834	49,146
Repair & Maintenance (Others)	6,883	9,030
Stationery & printing	3,303	2,735
Workmen Expenses	4,038	—
	<u>5,15,936</u>	<u>5,17,243</u>

## Notes on Account:

### Note-16 Contingent Liability:

As per the JV Agreement between NMDC Ltd. and CMDC Ltd., the Company has to adjust the expenditure incurred by NMDC on pre-feasibility and feasibility studies, exploration etc. up to the date of incorporation of JVC on deposit-13 by converting the same into equity. Accordingly, NMDC Ltd, the parent company claimed an amount of Rs.12,26,59,914/- (Actual expenditure of Rs.6,43,28,791/- but escalated, considering the RBI indexation to Rs.12,26,59,914/-) to consider as equity which is subject to confirmation by CMDC. Further, as per the JV agreement, the mining lease of deposit-13 to be granted to NMDC Ltd. by the Chhattisgarh State Govt. which shall be transferred by it to NMDC-CMDC Ltd. for basic engineering survey/studies and for installation of the required infrastructure facilities for development of the project. Pending final mining lease grant to NMDC Ltd. by the State Government, the advance approval is continued to be in the name of NMDC Ltd. As the mining lease of Deposit-13 is continued to be in the name of NMDC Ltd. and further, as CMDC has not yet confirmed the expenditure claimed by NMDC Ltd. for an amount of Rs.12,26,59,914/-, considered in our books as contingent liability.

### Note-17 Capital commitment:

Unexecuted portion of Rs.1,54,68,984/- against construction of Office building at Boriyakala is payable on demand as per agreement entered between NMDC-CMDC and C.G. Housing Board.

### Note-18 The computation of Basic and Diluted earning per share:

Particulars:		<b>2012-13</b>	2011-12
Net profit/loss as available to equity share holder	In Rs.	<b>(1,22,446)</b>	13,33,106
Weighted average number of equity shares	Nos.	<b>30,46,900</b>	16,39,857
Nominal value per share	In Rs.	<b>10/-</b>	10/-
Basic and Diluted Earning Per share	In Rs.	<b>(0.04)</b>	0.81

- Note-19** (i) There are no major events occurring after the Balance Sheet date.  
(ii) There was no extraordinary item during the year which requires to be reported.  
(iii) Balance under Long term loans and advances are subject to confirmation.

### Note-20 Deferred Tax:

As required by Accounting Standard-22 "Accounting for Taxes on Income" issued by the ICAI, the Company has recognize the deferred tax.

Opening Balance of Deferred tax Asset	In Rs.	11,42,870
Add : Current year Deferred tax Asset	In Rs.	1,08,823
<b>Net Deferred Tax Asset</b>	<b>In Rs.</b>	<b><u>12,51,693</u></b>

### Note-21 Micro Small and Medium Enterprises

There is no Micro, Small and Medium Enterprises in respect of whom the Company dues are outstanding for more than 45 days the Balance Sheet date. The above information regarding Micro, Small and Medium enterprises have been determined to the extent such parties have been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.



**Note-22** Consequent to the adoption of Accounting Standard on Employees Benefit (AS-15 revised 2005) Issued by the Institute of Chartered Accountant of India, the following disclosures have been made as required by standard:

<b>DEFINED CONTRIBUTION PLANS</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Contribution to Provident Fund	<b>40,371</b>	33,438

**Defined Benefit Contribution (Non-funded):**

The Company has not formulated any policy on gratuity (retirements benefit) since the payment of Gratuity, 1972 is not applicable to the Company.

**Note-23** As per Accounting Standard 18, notified in the Companies (Accounting Standards) Rules, 2006, the disclosures regarding related parties as defined in the Accounting Standard are given below:

**Name of the Related Parties & Description of Relationship:**

**A. Key Managerial Personnel**

Shri Narendra Kumar Nanda - Director

Shri Gauri Shankar Agrawal - Director

Shri Swaminathan Thiagarajan - Director

Shri M K Tyagi - Director

Shri Prem Kumar - Director

**B. Material Transaction with related parties**

There were no transactions in current year or previous year with the above mentioned related parties.

**Note-24** Other Disclosures as prescribed in Para11 is NIL

**Note-25** The Balance Sheet and Statement of Profit and Loss approved by the Boad of Directors in their 25th Board Meeting and certified by the Statutory Auditors on 28.05.2013 were revised in the light of the audit observations of the Comptroller and Auditor General of India u/s 619(4) of the Companies Act, 1956 resulting in a net loss of Rs.1,22,446.00 after Tax for the year ended 31st March 2013 and an increase of Rs.54,997.00 in Assets and equal amount increase in Equity and Liabilities in the Balance Sheet as at 31st March 2013.

Signature to Notes "1" to "25"

**For Kumar Rajesh & Associates**  
Chartered Accountants  
FR No.006002C

Sd/-  
**ATAL SINGH HANSPAL**  
Partner  
Mem. No. 079717

Place : Raipur  
Date : 25.07.2013

For and on behalf of the Board of Directors

**NMDC-CMDC LIMITED**

Sd/-  
**S.THAGARAJAN**  
DIRECTOR

Sd/-  
**PREM KUMAR**  
DIRECTOR

Sd/-  
**A.K.SHUKLA**  
CEO

**First Annual Report  
2012-2013**

**BOARD OF DIRECTORS**

As on 10.05.2013

<b>Shri N.K. Nanda</b>	Director
<b>Shri S. Thiagarajan</b>	Director
<b>Shri S.K. Das</b>	Director

**Bankers**

State Bank of Hyderabad  
NMDC Branch  
Hyderabad

**Auditors**

**M/s. J.S. SUNDARAM & CO.**  
Chartered Accountants,  
Hyderabad

**C O N T E N T S**

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**NMDC Power Limited**

(A wholly owned Subsidiary of NMDC Limited)

Regd. Office : 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.

## Directors' Report for the year 2012 - 2013

The Members

NMDC Power Ltd. (NPL)

Hyderabad

On behalf of the Board of Directors, I take pleasure in presenting the First Director's Report of your Company, together with the Audit Report and Audited Accounts, for the period from 12.12.2011 to 31.03.2013 and the Report thereon by the Comptroller and Auditor General of India.

### 1. Incorporation Status

The Company was incorporated on 12.12.2011 as a Public Limited Company, primarily for setting up a Power Plant for supply of Power to the 3.0 MTPA Integrated Steel Plant being constructed at Nagarnar and other facilities of NMDC. The Company is initially a wholly owned subsidiary Company with its entire shareholding being held by NMDC and their Nominees. The Registered Office of the Company is situated at Hyderabad, Andhra Pradesh. Accordingly, being a wholly owned subsidiary Company of NMDC Ltd., it also falls under the definition of a Government Company under the provisions of the Companies Act, 1956.

### 2. Performance Status

Your Company has been incorporated as a Special Purpose Vehicle (SPV) initially as a wholly owned Public Limited subsidiary of NMDC under the Companies Act, 1956 for supply of Power to the 3.0 MTPA Integrated Steel Plant being constructed at Nagarnar and other facilities of NMDC.

The proposed plant would be set up through a Joint Venture and the JV Partner would be selected through a Tariff based International Competitive Bidding carried out in line with 'Case 2' of Guidelines. This SPV would be converted into a Joint Venture Company having NMDC shareholding of at least 26% and the balance shareholding of the bidder selected on

the basis of tariff based international competitive bidding. This would qualify the power plant developed by the Joint Venture (JV) Company as captive generation project. The above has been suggested as per Rule 3 of the Electricity Rules 2005 under the Electricity Act, 2003, a power plant to qualify as a Captive Generating Plant has to meet the following:

- (a) Not less than 26% of the ownership is held by the captive user(s);
- (b) Not less than 51% of the aggregate electricity generated in such plant, determined on an annual basis, is consumed for the captive use.

Development of the power plant on a Joint Venture basis is advantageous due to the following reasons:

- Tariff based competitive bidding will lead to most efficient and transparent price discovery through bidding process.
- It is expected to provide cheaper tariff than conventional cost based tariff (through an In-house unit).

The above proposal envisages that the Joint Venture partner would be bringing in almost 74% of the equity, expertise etc. and would also be arranging for necessary debts. This would also lead to better cash management situation for NMDC.

NMDC Ltd., the holding Company has awarded contract to PFC Consulting Ltd. for providing consultancy services for setting up a Power Plant on JV basis with captive status.

Your Company is also looking into opportunities for setting up a Power Plant in the State of U.P.

Pursuant to Section 293(1)(d) of the Companies Act, 1956 and other applicable provisions of

the Articles of Association of the Company, the shareholders of the Company at an Extraordinary General Meeting (EoGM) held on 31.03.2012 at Hyderabad, unanimously approved the resolution authorizing the Board of Directors of the Company to borrow from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company a sum not exceeding the aggregate of the paid-up capital and free reserves of the Company by more than the sum of Rs.50 crores.

Government of India, Ministry of Corporate Affairs, Office of the Registrar of Companies, Andhra Pradesh vide its letter dated 05.06.2012 has granted approval for extension of financial year under section 210(4) read with proviso of the Companies Act, 1956 and accordingly the Company has been permitted to prepare the accounts as at 31.03.2013 in terms of the said extension.

### 3. Share Capital:

The authorized and paid up Equity share capital of the Company is Rs.5 lakhs. The paid up Equity share Capital has been subscribed fully by NMDC Ltd.

### 4. Board of Directors: (as on 31st March, 2013)

As on 31st March, 2013, Shri N. K. Nanda, Shri S. Thiagarajan and Shri S.K. Das are the Directors of the Company.

### 5. Statutory Auditors

Comptroller & Auditor General of India (C&AG) vide their letter dated 21.09.2012 has communicated the appointment of M/s J.S. Sundaram & Co., Chartered Accountants, Hyderabad, Andhra Pradesh as the Statutory Auditors of the Company for the financial year 2012-2013.

The Statutory Auditors' Report on the accounts of the Company for the year 2012-13 is at Annexure-I, which forms part of this Report. The Report of C&AG of India under Section 619(4) of the Companies Act, 1956 on the

Accounts of the Company for the year 2012-13 are at Annexure-II, which forms part of this Report.

### 6. Directors' Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the period from 12.12.2011 to 31.03.2013, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the period from 12.12.2011 to 31.03.2013 on a 'going concern' basis.

### 7. Particulars of Employees under Section 217(2-A) of the Companies Act, 1956

Under the provisions of Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975 as amended, no employee of your Company was in receipt of remuneration as prescribed under the said rules.

8. Conservation of energy, technology absorption, foreign exchange earnings and outgo under Section 217(1)(e) of the Companies Act, 1956.

Under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, the information regarding conservation of energy, technology absorption, foreign exchange earnings and outgo concerning your Company is 'NIL'.

## 9. Audit Committee

The provisions under Section 292A of the Companies Act, 1956 regarding constitution of the Audit Committee of the Directors are presently not applicable to the Company.

## 10. Corporate Governance

The guidelines on Corporate Governance for Central Public Sector Enterprises 2007 issued

by the Government of India, Department of Public Enterprises under exemption to clause 5.3 states: 'For the purpose of these guidelines, only those subsidiaries whose turnover or net worth is not less than 20% of the turnover or net worth of the holding Company may be treated as subsidiary companies.'

The Company is yet to commence commercial operations and as such, the provisions of the Corporate Governance on subsidiary Companies are presently not applicable to NPL.

## 11. Acknowledgement:

The Directors gratefully acknowledge the assistance, support and valuable guidance given to your Company by Ministry of Steel, Government of India and NMDC Ltd.

Place : Hyderabad  
Date : 10.05.2013

Sd/-  
**N.K. Nanda**  
Director

## Independent Auditors' Report

**To**  
**Members of NMDC Power Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of NMDC Power Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 "the Act". This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and

### **Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by section 227(3) of the Act, we report that:
- a.) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) as per information and explanations given to us, the clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable to this Company;
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Subject to our Report of even date

For **J S Sundaram & Co.,**  
Chartered Accountants  
FRN No: 004209S

Sd/-  
**Krishna Chaitanya Janga**  
Partner  
Membership No: 230882

Place : Hyderabad

Date : 10th May, 2013

The Annexure referred to in paragraph 7 of the Our Report of even date to the members of NMDC Power Limited on the accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. The Company does not have any Fixed Assets. It has neither acquired/nor disposed any Fixed Assets. Therefore the provisions of clause 4(i) of the Order are not applicable to the Company.
2. The Company does not have any inventory. Therefore the provisions of clause 4(ii) of the Order are not applicable to the Company.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The Holding Company NMDC Ltd. has spent an amount of Rs. 2,62,37,220/- towards consultancy charges & incorporation expenses on behalf of the Company which is standing as advance, maximum balance involved during the year was Rs. 2,62,37,220/- and the year end balance stands at Rs. 2,62,37,220/-.
- (b) The Company has taken interest free amounts from its Holding Company NMDC Ltd during the year. The terms and conditions of such advance are prima facie not prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business for payment for expenses. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. According to the information and explanations given to us, there are no contracts or agreements that need to be entered into the Register maintained under section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act for this Company.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, there were no outstanding statutory dues as on 31<sup>st</sup> of March, 2013 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. Accumulated losses of the Company at the end of the financial year 2012-13, are more than its net worth and the Company has suffered cash losses in current financial year.
  11. The Company has not taken any loan from Financial Institution or bank or debenture holder during the year.
  12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
  14. The Company is not dealing or trading in shares, securities, debentures and other investments.
  15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
  16. Based on our audit procedures and on the information given by the management, we report that the Company has not raised any term loan during the year.
  17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
  18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
  19. The Company has no outstanding debentures during the period under audit.
  20. The Company has not raised any money by public issue during the year.
  21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

Subject to our Report of even date

For **J S Sundaram & Co.,**  
Chartered Accountants  
FRN No: 004209S

Sd/-  
**Krishna Chaitanya Janga**  
Partner  
Membership No: 230882

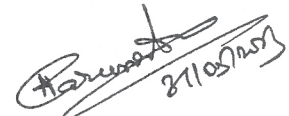
Place : Hyderabad  
Date : 10th May,2013

**Annexure - II****COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NMDC POWER LIMITED, HYDERABAD FOR THE YEAR ENDED ON 31 MARCH 2013.**

The preparation of financial statements of NMDC Power Limited, Hyderabad for the year ended on 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 10 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of NMDC Power Limited, Hyderabad for the year ended on 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the  
Comptroller and Auditor General of India



(N. Karunakaran)

**Principal Director of Commercial Audit  
& Ex-Officio Member, Audit Board,  
Hyderabad.**

Place : Hyderabad  
Dated : 31 May 2013

Balance Sheet as at 31<sup>st</sup> March, 2013

(Amount in Rupees)

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>I. EQUITY AND LIABILITIES</b>			
1 Shareholders' funds			
(a) Share capital	3	5,00,000	—
(b) Reserves and surplus	4	-2,62,65,760	—
(c) Money received against share warrants		—	—
2 Share application money pending allotment		—	—
3 Non-current liabilities			
(a) Long-term borrowings		—	—
(b) Deferred tax liabilities (Net)		—	—
(c) Other Long term liabilities	5	2,62,37,220	—
(d) Long-term provisions		—	—
4 Current liabilities			
(a) Short-term borrowings		—	—
(b) Trade payables		—	—
(c) Other current liabilities	6	30,28,090	—
(d) Short-term provisions		—	—
<b>TOTAL</b>		<b>34,99,550</b>	<b>—</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
1 (a) Fixed assets			
(i) Tangible assets		—	—
(ii) Intangible assets		—	—
(iii) Capital work-in-progress		—	—
(iv) Intangible assets under development		—	—
(b) Non-current investments		—	—
(c) Deferred tax assets (net)		—	—
(d) Long-term loans and advances		—	—
(e) Other non-current assets		—	—
2 Current assets			
(a) Current investments		—	—
(b) Inventories		—	—
(c) Trade receivables		—	—
(d) Cash and cash equivalents	7	34,99,550	—
(e) Short-term loans and advances		—	—
(f) Other current assets		—	—
<b>TOTAL</b>		<b>34,99,550</b>	<b>—</b>
Significant accounting policies and Notes on accounts forming part of accounts	1 & 2		

Subject to our Report of even date

For and on behalf of the Board

For **J S Sundaram & Co.,**

Chartered Accountants

FRN No: 004209S

Sd/-

**Krishna Chaitanya Janga**

Partner

Membership No: 230882

Sd/-

**(S. K. Das)**

Director

Sd/-

**(N. K. Nanda)**

Director

Sd/-

**(D.S.R. Sastry)**

General Manager(Fin.)

Place : Hyderabad

Date : 10.05.2013

Statement of Profit and loss for the period from 12<sup>th</sup> Dec. 2011 to 31<sup>st</sup> March 2013

(Amount in Rupees)

Particulars	Reference Note No.	Figures for the current reporting period	Figures for the previous reporting period
<b>I</b> Revenue from operations		-	-
<b>II</b> Other income		-	-
<b>III Total Revenue (I + II)</b>		-	-
<b>IV Expenses:</b>			
Cost of materials consumed		-	-
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		-	-
Employee benefits expense		-	-
Finance costs		-	-
Depreciation and amortization expense		-	-
Other expenses	8	2,62,65,760	-
<b>Total expenses</b>		<u>2,62,65,760</u>	-
<b>V Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>-2,62,65,760</b>	-
<b>VI Exceptional items</b>		-	-
<b>VII Profit before extraordinary items and tax (V - VI)</b>		<b>-2,62,65,760</b>	-
<b>VIII Extraordinary Items</b>		-	-
<b>IX Profit before tax (VII- VIII)</b>		<b>-2,62,65,760</b>	-
<b>X Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>XI Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>-2,62,65,760</b>	-
<b>XII Profit/(loss) from discontinuing operations</b>		-	-
<b>XIII Tax expense of discontinuing operations</b>		-	-
<b>XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>		-	-
<b>XV Profit (Loss) for the period (XI + XIV)</b>		<b>-2,62,65,760</b>	-
<b>XVI Earnings per equity share:</b>			
(1) Basic & Diluted		<b>-525.32</b>	-

Subject to our Report of even date

For and on behalf of the Board

For **J S Sundaram & Co.,**  
Chartered Accountants  
FRN No: 004209S

Sd/-  
**Krishna Chaitanya Janga**  
Partner  
Membership No: 230882

Sd/-  
**(S. K. Das)**  
Director

Sd/-  
**(N. K. Nanda)**  
Director

Place : Hyderabad  
Date : 10.05.2013

Sd/-  
**(D.S.R. Sastry)**  
General Manager(Fin.)



## Note-1 : Significant accounting policies

### A. Basis of Accounting:

The Company prepares its financial statements as a going concern, under historical convention and on accrual basis, in accordance with the generally accepted accounting principles.

### B. Use Of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as at the date of financial statements and reported amount of income and expenses during the period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

### C. Recognition Of Income & Expenditure:

The Company follows the mercantile system

of Accounting and recognizes Income and Expenditure on Accrual Basis.

### D. Balance Sheet:

#### 1. Fixed Assets:

Fixed Assets are stated at historical cost.

#### 2. Depreciation:

Depreciation is charged on straight line method based on the life of the assets determined by the technical assessment.

### E. Contingent Liabilities and Provisions:

Depending on facts of each case and after due evaluation of relevant legal aspects, the Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. The disclosure is made for all possible or present obligations that may but probably will not require outflow of resources as contingent liability in the financial statements.

## Note-2 : Notes to Accounts

### 1. Contingent Liability

Other Commitments to PFC LTD  
Rs. 12.38 crores (15.00 - 2.62).

- 1.1 With the approval of MCA vide letter dated 5th June' 2012, the Financial Statements comprising of Balance sheet and Statement of Profit and Loss for the period from 12th December 2011 to 31st March 2013 are prepared for the first time and hence there are no corresponding figures shown in the previous year.
2. A Debit Note has been raised for Rs.2,62,17,500/- by NMDC Limited for payments made to M/s PFC Consulting Limited towards consultancy fees is accounted in the books of accounts.
3. The Company has received participation fees an amount Rs.10,00,000/- each from ERA Infra, Jindal Power Limited and IL & FS Energy Development Company Ltd from prospective joint venture partners and shown under Current Liabilities. These Fees will be refunded to the unsuccessful bidders. The Fees collected will be treated as income in respect those bidder who qualify as joint venture partner.
4. The Board of Directors of the Company held its meeting on 19th Feb 2013 has decided to engage M/s MECON LTD on nomination basis for preparation of TEFR, EOI and RAP for setting up a power plant (2 x 250 Megawatt) in the state of U. P. Pending finalization of agreement with M/s MECON Ltd, no expenditure has been recognized in the books of accounts.

### 5. Related Party Transactions (AS 18):

5.1 Holding Company : NMDC LIMITED

5.2 Key Management Personnel (Directors)

Sri. N K Nanda

Sri. S. Thiagarajan

Sri. S. K Das

5.3 Transaction taken place during the year with Related Parties.

Non current liabilities

Unsecured advance from NMDC Ltd  
Rs.2,62,37,220/-.

6. Preliminary expenses of Rs.19,720 have been written off completely in the year of occurrence as per AS-26 "Accounting For Intangible Assets".
7. Sundry debtors, Sundry Creditors and loans and Advances are subject to confirmation.

### 8. Auditors Remuneration:

(In INR)

Particulars	FY 2012-13
Statutory Audit Fee	16,854/-
Internal Audit Fee(In INR)	11,236/-

9. Contingent Losses- There is no Contingent Losses As on 31.03.2013.
10. The figures have been rounded off to the nearest Rupee.

Subject to our Report of even date

For **J S Sundaram & Co.,**  
Chartered Accountants  
FRN No: 004209S

Sd/-

**Krishna Chaitanya Janga)**

Partner

Membership No: 230882

Place : Hyderabad

Date : 10.05.2013

Sd/-

**(D.S.R. Sastry)**

General Manager(Fin.)

For and on behalf of the Board

Sd/-

**(S. K. Das)**

Director

Sd/-

**(N. K. Nanda)**

Director

Note-2 : Notes to Accounts for the Year Ended 31<sup>st</sup> March 2013

## Note-3 : Share Capital

(Amount in Rupees)	
	<b>Figures as at 31.03.2013</b>
<b>Authorised Capital</b> (50,000 Equity Shares @ 10/- each face value)	<b>5,00,000</b>
<b>Issued, Subscribed and Paid up</b> (50,000 Equity Shares @ 10/- each face value)	<b>5,00,000</b>
100% of Equity Shares with Rs.10/- Face Value each are issued, subscribed and fully paid up by NMDC Ltd during the period. The Details of shares in the Company held by the shareholder	
Name of the shareholder	<b>2011-2013 % of share holding</b>
NMDC LIMITED	<b>100</b>
No new shares have been issued in current period	

## Note-4 : Reserve and Surplus

(Amount in Rupees)	
	<b>Figures as at 31.03.2013</b>
<b>General Reserve</b>	
Statement of Profit and Loss - Loss / Deficit for the period	<b>-2,62,65,760</b>
	<b>-2,62,65,760</b>

## Note-5 : Non Current Liabilities

(Amount in Rupees)	
	<b>Figures as at 31.03.2013</b>
Unsecured advance from NMDC LIMITED	<b>2,62,37,220</b>

### Note-6 : Other Current Liabilities

(Amount in Rupees)

	<b>Figures as at 31.03.2013</b>
Refundable deposit from ERA Infra Engg Ltd	<b>10,00,000</b>
Refundable deposit from Jindal Power Ltd	<b>10,00,000</b>
Refundable deposit from IL & FS Energy Dev Co Ltd	<b>10,00,000</b>
Payable to Statutory Auditor and Reimbursement of ST	<b>16,854</b>
Payable to Internal Auditor and Reimbursement of ST	<b>11,236</b>
	<b><u>30,28,090</u></b>

### Note-7 : Cash and Cash Equivalents

(Amount in Rupees)

	<b>Figures as at 31.03.2013</b>
Cash in Bank (SBH)	<b>34,99,550</b>
	<b><u>34,99,550</u></b>

### Note-8 : Other Expenses

(Amount in Rupees)

	<b>Figures as at 31.03.2013</b>
Consultancy fee	<b>2,62,17,500</b>
Preliminary Expenses	<b>19,720</b>
Internal Audit Fee	<b>11,236</b>
Statutory Audit Fee - as auditor	<b>16,854</b>
Bank Charges	<b>450</b>
	<b><u>2,62,65,760</u></b>

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## First Annual Report 2012-2013

### BOARD OF DIRECTORS

As on 28.05.2012

<b>Shri N.K. Nanda</b>	Director
<b>Shri S. Thiagarajan</b>	Director
<b>Shri Subimal Bose</b>	Director
<b>Shri Kumar Raghavan</b>	Director
<b>Shri B.B. Singh</b>	Director
<b>Shri S.K. Baranwal</b>	Director

#### Bankers

Union Bank of India  
B.S.M.D.C. Branch,  
Nepal House Area  
Ranchi

#### Statutory Auditors

**M/s. B.C. DUTTA & CO.**  
Chartered Accountants,  
Ranchi

### C O N T E N T S

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## Jharkhand National Mineral Development Corporation Limited

Regd. Office : C/o. JSMDCL Limited, Khanij Nigam Bhawan,  
Nepal House Area, Doranda, Ranchi - 834 002



## Directors' Report for the year 2012 - 2013

The Members

### **Jharkhand National Mineral Development Corporation Ltd. (JNMDC)**

Ranchi

On behalf of the Board of Directors, I take pleasure in presenting the First Director's Report of your Company, together with the Audit Report and Audited Accounts, for the period from 06.08.2012 to 31.03.2013 and the Report thereon by the Comptroller and Auditor General of India.

#### **1. Incorporation Status**

The Company was incorporated on 06.08.2012 as a Private Limited Company for exploration and exploitation of Iron Ore Deposits from Sasangoda Iron Ore lease, Jharkhand in a Joint Venture with NMDC Ltd. and Jharkhand State Mineral Development Corporation Ltd. (JSMDC). The shareholding ratio between NMDC and JSMDC is 60% and 40% respectively. The Registered Office of the Company is situated at Ranchi, Jharkhand. Accordingly, the Company is a subsidiary Company of NMDC Ltd. and also falls under the definition of a Government Company under the provisions of the Companies Act, 1956.

#### **2. Performance Status**

NMDC applied for PL for Sasangda Iron Ore Deposit for Iron Ore over an area of 1.1546 sq. km. on 21.05.07. As per the agreement, the deposit will be developed through a JV Co. of NMDC & JSMDC Ltd (on 60:40 basis). Based on the recommendations of DMG, Govt. of Jharkhand, Ministry of Mines, Govt. of India has conveyed prior approval on 29.09.2011 for grant of PL in favour of Joint Venture of M/s NMDC and JSMDC for a period of 3 years.

DMG Govt. of Jharkhand asked NMDC to provide the Consent letter of Forest Department, Latest ownership certificate of NMDC-JSMDC, JV Company & Latest Income

Tax Payment certificate to facilitate for grant of PL to the Joint Venture Company. All the information have been provided to the DMG and the matter is pursued with the DMG, Govt. of Jharkhand for grant of the PL in favour of JNMDC.

The shareholders of the Company at an Extraordinary General Meeting (EoGM) held on 16.01.2013 at Ranchi, Jharkhand, unanimously approved the resolution(s) for amending the Memorandum and Articles of Association of the Company in line with the decision of the Board of Directors.

#### **3. Share Capital:**

The authorized and paid up Equity share capital of the Company is Rs.1 lakh. The paid up Equity share Capital has been subscribed fully by NMDC Limited, JNMDC Ltd and their nominees in the respective shareholding ratio of 60:40. There has been no change in share capital status for the year under review.

#### **4. Board of Directors: (as on 31st March, 2013)**

As on 31st March, 2013, Shri N.K. Nanda, Shri S. Thiagarajan, Shri S. Bose, Shri Kumar Raghavan, Shri A.K. Sarkar and Shri B.B. Singh are the Directors of the Company.

#### **5. Statutory Auditors**

Comptroller & Auditor General of India (C&AG) vide their letter dated 01.01.2013 has communicated the appointment of M/s B.C. Dutta & Co., Chartered Accountants, Ranchi, Jharkhand as the Statutory Auditors of the Company for the financial year 2012-2013.

The Statutory Auditors' Report on the accounts of the Company for the year 2012-13 is at Annexure-I, which forms part of this Report. The Report of C&AG of India under Section 619(4) of the Companies Act, 1956 on the

Accounts of the Company for the year 2012-13 are at Annexure-II, which forms part of this Report.

#### 6. Directors' Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the period from 06.08.2012 to 31.03.2013, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the period from 06.08.2012 to 31.03.2013 on a 'going concern' basis.

#### 7. Particulars of Employees under Section 217(2-A) of the Companies Act, 1956.

Under the provisions of Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975 as amended, no employee of your Company was in receipt of remuneration as prescribed under the said rules.

#### 8. Conservation of energy, technology absorption, foreign exchange earnings and

outgo under Section 217(1)(e) of the Companies Act, 1956.

Under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, the information regarding conservation of energy, technology absorption, foreign exchange earnings and out go concerning your Company is 'NIL'.

#### 9. Audit Committee

The provisions under Section 292A of the Companies Act, 1956 regarding constitution of the Audit Committee of the Directors are presently not applicable to the Company.

#### 10. Corporate Governance

The guidelines on Corporate Governance for Central Public Sector Enterprises 2007 issued by the Government of India, Department of Public Enterprises under exemption to clause 5.3 states: 'For the purpose of these guidelines, only those subsidiaries whose turnover or net worth is not less than 20% of the turnover or net worth of the holding Company may be treated as subsidiary Companies.'

The Company is yet to commence commercial operations and as such, the provisions of the Corporate Governance on subsidiary Companies are presently not applicable to JNMDC.

#### 11. Acknowledgement:

The Directors gratefully acknowledge the assistance, support and valuable guidance given to your Company by Ministry of Steel, Government of India, Government of Jharkhand, NMDC Ltd, and Jharkhand State Mineral Development Corporation Ltd.

Sd/- <b>(B.B.Singh)</b> Director	Sd/- <b>(Kumar Raghavan)</b> Director	Sd/- <b>(N.K.Nanda)</b> Director
--	---	--

Place : Ranchi  
Date : 28.05.2013

## Auditors' Report

The Members

**Jharkhand National Mineral Development Corporation Ltd. (JNMDC)**

Ranchi

We have audited the accompanying financial statements of JHARKHAND NATIONAL MINERAL DEVELOPMENT CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the period 6th August 2012 to 31st March 2013, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 "the Act". This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

1. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account;

- d) in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) as per information and explanations given to us, the clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable to this Company;
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies

Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For M/s B C DUTTA & Co**  
Chartered Accountants  
FRN No: 004589C

Sd/-  
**CA. SUMEET MAHESHWARI**  
(Partner)  
Membership No: 408532

Place : Ranchi  
Date : 28 May 2013

The Annexure referred to in paragraph 7 of the Our Report of even date to the members of Jharkhand National Mineral Development Corporation Ltd. on the accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. The Company does not have any Fixed Assets. It has neither acquired/nor disposed any Fixed Assets. Therefore the provisions of clause 4(i) of the Order are not applicable to the Company.
2. The Company does not have any inventory. Therefore the provisions of clause 4(ii) of the Order are not applicable to the Company.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The Holding Company NMDC Ltd. has spent an amount of Rs. 60,173/- towards incorporation expenses on behalf of the Company which is standing as advance, maximum balance involved during the year was Rs. 60,173/- and the year end balance stands at Rs. 60,173/-.
- (b) The Company has taken interest free amounts from its Holding Company NMDC Ltd during the year. The terms and conditions of such advance are prima facie not prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business for payment for expenses. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. According to the information and explanations given to us, there are no contracts or agreements that need to be entered into the Register maintained under section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act for this Company.
9. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, there were no outstanding statutory dues as on 31<sup>st</sup> of March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.



10. Accumulated losses of the Company at the end of the financial year 2012-13, are not more than its net worth and the Company has suffered cash losses in current financial year.
11. The Company has not taken any loan from Financial Institution or bank or debenture holder during the year.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the Company has not raised any term loan during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

**For M/s B C DUTTA & Co**  
Chartered Accountants  
FRN No: 004589C

Sd/-  
**CA. SUMEET MAHESHWARI**  
(Partner)  
Membership No: 408532

Place : Ranchi  
Date : 28 May 2013

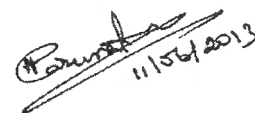


**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF JHARKHAND NATIONAL MINERAL DEVELOPMENT CORPORATION LIMITED, RANCHI FOR THE YEAR ENDED ON 31 MARCH 2013.**

The preparation of financial statements of Jharkhand National Mineral Development Corporation Limited, Ranchi for the year ended on 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of Statutory Auditor on the accounts of Jharkhand National Mineral Development Corporation Limited, Ranchi for the year ended 31 March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the  
Comptroller and Auditor General of India



11/06/2013

(N. Karunakaran)  
Principal Director of Commercial Audit  
& Ex-Officio Member, Audit Board,  
Hyderabad.

Place : Hyderabad  
Dated : 11 June 2013

Balance Sheet as at 31<sup>st</sup> March, 2013

(Amount in Rupees)

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>I. EQUITY AND LIABILITIES</b>			
1 Shareholders' funds			
(a) Share capital	2.1	1,00,000	—
(b) Reserves and surplus	2.2	(88,263)	—
(c) Money received against share warrants		—	—
2 Share application money pending allotment		—	—
3 <b>Non-current liabilities</b>			
(a) Long-term borrowings		—	—
(b) Deferred tax liabilities (Net)		—	—
(c) Other Long term liabilities	2.3	60,173	—
(d) Long-term provisions		—	—
4 <b>Current liabilities</b>			
(a) Short-term borrowings		—	—
(b) Trade payables		—	—
(c) Other current liabilities	2.4	28,090	—
(d) Short-term provisions		—	—
<b>TOTAL</b>		<u>1,00,000</u>	<u>—</u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
1 (a) <b>Fixed assets</b>			
(i) Tangible assets		—	—
(ii) Intangible assets		—	—
(iii) Capital work-in-progress		—	—
(iv) Intangible assets under development		—	—
(b) Non-current investments		—	—
(c) Deferred tax assets (net)		—	—
(d) Long-term loans and advances		—	—
(e) Other non-current assets		—	—
2 <b>Current assets</b>			
(a) Current investments		—	—
(b) Inventories		—	—
(c) Trade receivables		—	—
(d) Cash and cash equivalents	2.5	1,00,000	—
(e) Short-term loans and advances		—	—
(f) Other current assets		—	—
<b>TOTAL</b>		<u>1,00,000</u>	<u>—</u>
Significant accounting policies and Notes on accounts forming part of accounts	1 & 2		

Subject to our Report of even date

For and on behalf of the Board

For M/s B C Dutta & Co.,  
Chartered Accountants  
FRN No: 004589C

Sd/-  
(CA. SUMEET MAHESHWARI)  
Partner  
Membership No: 408532

Sd/-  
(B.B. Singh)  
Director

Sd/-  
(N. K. Nanda)  
Director

Place : Ranchi  
Date : 28 May 2013

Sd/-  
(D.S.R. Sastry)  
General Manager(Fin.)

Sd/-  
(Kumar Raghavan)  
Director

Statement of Profit and loss for the period from 6<sup>th</sup> August 2012 to 31<sup>st</sup> March 2013

(Amount in Rupees)

Particulars	Reference Note No.	Figures for the current reporting period	Figures for the previous reporting period
<b>I</b> Revenue from operations		-	-
<b>II</b> Other income		-	-
<b>III Total Revenue (I + II)</b>		-	-
<b>IV</b> Expenses:			
Cost of materials consumed		-	-
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		-	-
Employee benefits expense		-	-
Finance costs		-	-
Depreciation and amortization expense		-	-
Other expenses	2.6	88,263	-
Total expenses		88,263	-
<b>V Profit before exceptional and extraordinary items and tax (III-IV)</b>		(88,263)	-
<b>VI</b> Exceptional items		-	-
<b>VII Profit before extraordinary items and tax (V - VI)</b>		(88,263)	-
<b>VIII</b> Extraordinary Items		-	-
<b>IX Profit before tax (VII- VIII)</b>		(88,263)	-
<b>X</b> Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>XI Profit (Loss) for the period from continuing operations (VII-VIII)</b>		(88,263)	-
<b>XII</b> Profit/(loss) from discontinuing operations		-	-
<b>XIII</b> Tax expense of discontinuing operations		-	-
<b>XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>		-	-
<b>XV</b> Profit (Loss) for the period (XI + XIV)		(88,263)	-
<b>XVI</b> Earnings per equity share:			
(1) Basic & Diluted		(8.83)	-
Significant accounting policies and Notes on accounts forming part of accounts	1 & 2		

Subject to our Report of even date

For and on behalf of the Board

For **M/s B C Dutta & Co.,**  
Chartered Accountants  
FRN No: 004589C

Sd/-  
**(CA. SUMEET MAHESHWARI)**  
Partner  
Membership No: 408532

Sd/-  
**(B.B. Singh)**  
Director

Sd/-  
**(N. K. Nanda)**  
Director

Place : Ranchi  
Date : 28 May 2013

Sd/-  
**(D.S.R. Sastry)**  
General Manager(Fin.)

Sd/-  
**(Kumar Raghavan)**  
Director

## Note-1 : Significant accounting policies

### A. Basis of Accounting:

The Company prepares its financial statements as a going concern, under historical convention and on accrual basis, in accordance with the generally accepted accounting principles.

### B. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as at the date of financial statements and reported amount of income and expenses during the period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those

estimates. Any revision to accounting estimates is recognized in the current and future periods.

### C. Recognition Of Income & Expenditure:

The Company follows the mercantile system of Accounting and recognizes Income and Expenditure on Accrual Basis.

### D. Contingent Liabilities and Provisions:

Depending on facts of each case and after due evaluation of relevant legal aspects, the Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. The disclosure is made for all possible or present obligations that may but probably will not require outflow of resources as contingent liability in the financial statements.

## Note-2 : Notes to Accounts for the Year Ended 31-March-2013

## Note-2.1 : Share Capital

(Amount in Rupees)	
	<b>Figures as at 31.03.2013</b>
<b>Authorised Capital</b> (10,000 Equity Shares @ 10/- each face value)	<b>1,00,000</b>
<b>Issued, Subscribed and Paid up</b> (10,000 Equity Shares @ 10/- each face value)	<b>1,00,000</b>
The Details of shares in the company held by the shareholder	
Name of the Shareholder	<b>2012-2013 % of share holding</b>
NMDC LIMITED	<b>60</b>
JSMDC LIMITED	<b>40</b>

## Note-2.2 : Reserve and Surplus

(Amount in Rupees)	
	<b>Figures as at 31.03.2013</b>
<b>General Reserve</b>	
Statement of Profit and Loss - Loss / Deficit for the period	<b>(88,263)</b>
	<b>(88,263)</b>

## Note-2.3 : Non Current Liabilities

(Amount in Rupees)	
	<b>Figures as at 31.03.2013</b>
Unsecured advance from NMDC LIMITED	<b>60,173</b>
	<b>60,173</b>

## Note-2.4 : Other Current Liabilities

(Amount in Rupees)

	<b>Figures as at 31.03.2013</b>
Payable to Statutory Auditor including Out of Pocket Expense & Service Tax	<b>16,854</b>
Payable to Internal Auditor including Service Tax	<b>11,236</b>
	<b>28,090</b>

## Note-2.5 : Cash and Cash Equivalents

(Amount in Rupees)

	<b>Figures as at 31.03.2013</b>
Cash in Bank (Union Bank of India, BSMDC Branch, Ranchi - Current A/c No. 528901010290132)	<b>1,00,000</b>
	<b>1,00,000</b>

## Note-2.6 : Other Expenses

(Amount in Rupees)

	<b>Figures as at 31.03.2013</b>
Preliminary Expenses	<b>60,173</b>
Audit Fees	
Statutory Audit Fee	<b>10,000</b>
Out of pocket expenses	<b>5,000</b>
Add : Service Tax 1854	<b>16,854</b>
Internal Audit Fee	<b>10,000</b>
Add: Service Tax 1236	<b>11,236</b>
	<b>88,263</b>



## Note-2.7

- |  |   |
|--|---|
| <p>1. The Financial Statements comprising of Balance sheet and Statement of Profit and Loss for the period from 6th August 2012 to 31st March 2013 are prepared for the first time and hence there are no corresponding figures shown in the previous year.</p> <p>2. A Debit Note has been raised for Rs.60,173/- by NMDC Limited for payments made towards incorporation expenses and accounted in the books of accounts as advance from NMDC on the basis of the Debit Note.</p> <p>3. Related Party Transactions (AS 18):</p> <p>3.1 Holding Company : NMDC LIMITED</p> <p>3.2 Key Management Personnel (Directors)</p> <p style="padding-left: 20px;">Nominees from NMDC Limited</p> <p style="padding-left: 20px;">Sri. N K Nanda</p> <p style="padding-left: 20px;">Sri. S. Thiagarajan</p> <p style="padding-left: 20px;">Sri. Subimal Bose</p> <p style="padding-left: 20px;">Sri. Kumar Raghavan</p> <p style="padding-left: 20px;">Nominees from JSMDCLIMITED</p> | <p>Addl. Chief Secretary / Principal Sec, Dept. of Mines and Geology, Govt. of Jharkhand</p> <p>Director, Dept of Mines, Govt. of Jharkhand</p> <p>Managing Director, JSMDCLimited</p> <p>3.3 Transaction taken place during the year with Related Parties</p> <p>Non-Current Liabilities</p> <p>Unsecured Advance from NMDC Ltd Rs. 60,173/-.</p> <p>4. Sundry Creditors and Loans and Advances Payable are subject to confirmation.</p> <p>5. Preliminary expenses of Rs. 60,173 have been written off completely in the year of occurrence as per AS-26 "Accounting For Intangible Assets".</p> <p>6. Contingent Losses- There is no Contingent Losses As on 31.03.2013.</p> <p>7. Fixed Assets &amp; Depreciation : No fixed assets were acquired/disposed off during the period and hence no depreciation on fixed assets.</p> |
|--|---|

Subject to our Report of even date

For and on behalf of the Board

For **M/s B C Dutta & Co.,**  
Chartered Accountants  
FRN No: 004589C

Sd/-  
**(CA. SUMEET MAHESHWARI)**  
Partner  
Membership No: 408532

Sd/-  
**(B.B. Singh)**  
Director

Sd/-  
**(N. K. Nanda)**  
Director

Place : Ranchi  
Date : 28 May 2013

Sd/-  
**(D.S.R. Sastry)**  
General Manager(Fin.)

Sd/-  
**(Kumar Raghavan)**  
Director

**CORPORATE DIRECTORY**

**DIRECTORS**

Mr Narendra Kumar Nanda	Non-Executive Chairman
Ms Sharon Heng, Executive	Director & Managing Director
Mr Swaminathan Thiagarajan	Non-Executive Director
Mr Subimal Bose	Non-Executive Director
Mr Timothy Turner	Non-Executive Director

**COMPANY SECRETARY**

Mr Benjamin Donovan

**PRINCIPAL AND REGISTERED OFFICE**

Level 5, Citibank House  
37 St George's Terrace  
PERTH WA 6000  
PO Box 5768  
St George's Terrace PERTH WA 6831  
Ph: (08) 9421 2005 Fax: (08) 9421 2001  
Website: [www.legacyiron.com.au](http://www.legacyiron.com.au)  
Email: [info@legacyiron.com.au](mailto:info@legacyiron.com.au)

**AUDITORS**

Grant Thornton Audit Pty Ltd  
Level 1, 10 Kings Park Road  
West Perth WA 6005  
Ph: (08) 9408 2000  
Fax: (08) 9322 7787

**SHARE REGISTRY**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
Ph: (08) 9315 2333  
Fax: (08) 9315 2233

**SOLICITORS**

Hilary Macdonald  
Corporate and Resource Lawyer Suite 23,  
18 Stirling Highway  
Nedlands WA 6009

**STOCK EXCHANGE LISTING**

Australian Securities Exchange  
(Home Exchange: Perth, Western Australia)  
Code: LCY, LCYOA, LCYOB

## Directors' Report

Your Directors present their report on Legacy Iron Ore Limited ("Legacy") or (the "Company") for the year ended 30 June 2012.

### 1. DIRECTORS

The names of Directors in office during the whole of the year and up to the date of this report unless otherwise stated:

Mr Narendra Kumar Nanda, Non-Executive Chairman (appointed 16 December 2011)

Ms Sharon Heng, Executive Director & Managing Director

Mr Timothy Turner, Non-Executive Director (resigned 16 December 2011 and re-appointed 27 January 2012)

Mr John Hebenton, Executive Director (appointed 12 September 2011 and resigned from position of Director 16 December 2011 and resigned from position of Chief Executive Officer 31 August 2012)

Mr Tao Han, Non-Executive Director (removed 29 February 2012)

Mr Rana Som, Non-Executive Director (appointed 16 December 2011 and resigned 18 January 2012)

Mr Swaminathan Thiagarajan, Non-Executive Director (appointed 16 December 2011)

Mr Subimal Bose, Non-Executive Director (appointed 18 January 2012)

### 2. COMPANY SECRETARY

Mr Benjamin Donovan held the position of Company Secretary from 8 July 2011 up to the date of this report. Mr Ivan Wu held the position of Company Secretary until 8 July 2011.

### 3. PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were the exploration and evaluation of the Company's iron ore and gold assets.

### 4. REVIEW OF OPERATIONS

#### ● NMDC Limited Acquires Substantial Shareholding

On December 2011, the Company issued to NMDC Limited, a Government of India owned listed enterprise, a 50% interest in the issued capital and options of the Company for AUD\$18.89 million and 3 representatives were appointed as Non-Executive Directors including one as the Non-Executive Chairman.

#### ● SpringTree Funding

Legacy continued to receive \$300,000 per month under the SpringTree funding agreement to 31 December 2011. All funds received were converted to fully paid ordinary shares. On 27 January 2012, Legacy terminated this agreement.

- **Additional Convertible Securities**

The Company entered into two short term funding agreements with two funds separately managed by founders of SpringTree Global Investors, LLC. This provided the Company with \$1,000,000 interest free and unsecured against the Company's assets. These were repaid in full during the year.

- **Acquisition of Six Queensland Coal Projects**

On 3 May 2012, the Company has entered into a binding term sheet with three vendors to acquire six prospective coal tenements located in Queensland coal basins. A refundable deposit of \$200,000 was made during the year ended 30 June 2012. The remaining consideration will be payable in two tranches (i) \$3,100,000 upon granting of the EPCAs and completion of the due diligence; and (ii) \$2,500,000 deferred performance based cash payment payable upon the delineation of an inferred JORC standard resource of no less than 100Mt of thermal coal with a Calorific Value greater than 5,000 Kcal/kg calorific value on tenements EPCA 2303 and 2304.

Completion of the acquisition must occur within 6 months from execution of the binding term sheet and includes re-imburement of the first year tenement rents.

- **Mt Bevan**

During the period, the Company continued to undertake discussions with its Joint Venture partner, Hawthorn Resources Limited, to advance the Mt Bevan iron ore deposit in the most appropriate way.

On 18 June 2012, the Company announced that it had incurred expenditure totalling \$3.5m satisfying the condition to earn 60% of the Mt Bevan iron ore project under its joint venture with Hawthorn Resources Limited.

On 11 September 2012, Legacy is a 60% registered owner of the Mt Bevan iron ore project.

## 5. OPERATING RESULTS

The Company incurred a loss after income tax of \$9,617,052 for the year (2011: Loss of \$6,426,026). This increased loss is a result of the following expenditure:

- Costs incurred in securing NMDC's equity investment;
- Investigating potential strategic asset acquisitions; and
- Some specialist resource modelling and mineral resource estimation and infrastructure studies.

The Company has cash funds on hand of \$13,428,361 at 30 June 2012 (30 June 2011: \$1,285,161).

## 6. DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## 7. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the matters outlined in Section 4 above, no significant changes in the Company's state of affairs occurred during the financial year.

## 8. AFTER BALANCE DATE EVENTS

On 2 August 2012, the Company announced it had finalised the purchase of 2 Queensland coal tenements, EPC2303 and 2304 for the payment of \$1,815,000 cash and the reimbursement of first year rents on the tenements. Deferred consideration based on performance as per section 4 above.

On 31 August 2012, Mr John Hebenton has resigned from the position of Chief Executive Officer.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

- (a) the Company's operations in the future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the Company's state of affairs in future financial years.

## 9. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company will continue its mineral exploration activity its exploration projects with the object of identifying commercial resources. The main area of focus will be the ongoing development of the Mt Bevan iron ore project and the recently acquired Queensland coal project. The Company will also seek to acquire other exploration and mining projects.

## 10. ENVIRONMENTAL ISSUES

The Company is subject to significant environmental regulation in respect of its exploration activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the period under review.

## 11. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

**Mr. Narendra Kumar Nanda** : Non-executive Chairman (appointed 16 December 2011).

**Qualifications** : He is a fellow member of the Institution of Engineers (India), a fellow member of the Mining Engineers Association of India and a Council Member of the Mining Engineers Association of India. Shri. Nanda holds a Bachelor's Degree in Mining with a 1st Division from Indian School of Mines, Dhanbad and a Master's Degree in Mining from Indian School of Mines, Dhanbad.

**Experience** : Shri N. K. Nanda, currently a Director (Technical) in NMDC Limited, a Government of India Enterprise, under the Ministry of Steel, was born in 1960. After having early education in Orissa, he graduated with B. Tech. (Mining) from prestigious Indian School of Mining, Dhanbad in 1982 and further his education with a post graduate of M-Tech. from ISM, Dhanbad in 2000.

He started his career with Hindustan Copper Ltd., Malanjkhand in 1982 and after a five-year stint at ACC Ltd., joined NMDC in 1989.

After enriching experience to his credit, in various capacities and projects of NMDC, he has been elevated on the Board of NMDC as Director (Technical) in 2008. He was also awarded "Eminent Engineer" award by the Institution of Engineers, Bhilai in 2004.

As Director (Technical), NMDC, he is looking after Research & Development, Investigation, Engineering, New Project Execution including NMDC Integrated Steel Plant at Nagarnar, apart from Joint Ventures, mergers and acquisitions.

Shri Nanda specialises in projects planning, execution and development and has special interest in diversification activities. He has published and presented a number of technical papers during various seminars in India as well as abroad.

Shri Nanda is conferred with Abheraj Baldota Memorial Award "Mining Engineer of the Year for 2010 - 2011" by the Mining Engineers Association of India on 13 July 2012 at Ahmedabad.

**Other Directorships :** NMDC Limited, JKMDCL Limited, NMDC-CMDC Limited, NMDC-SARL, NMDC Power Limited (subsidiaries of NMDC Limited), Krishnapatnam Railway Company Limited and ICVL Pty Ltd.

**Interest in Shares and Options :** NIL. It is noted that Mr Nanda is a Director of NMDC Limited, but is not deemed to control NMDC Limited.

**Special Responsibilities :** Mr Nanda is a member of the Audit Committee and is Chairman of the Remuneration and Nomination Committee.

**Ms Sharon Heng :** Executive Director/Managing Director

**Qualifications :** B.A. (Pol Sc), MBA

**Experience :** Ms Heng has a background in commodities trading, international business development and strategic alliance planning. She has over 14 years' experience in international business consultancy, joint venture negotiations, resource funding and capital raising. Ms Heng has extensive experience in China, dealing with government and private sectors, within the oil and gas, energy, infrastructure and mining industries.

**Other Directorships :** Ms Heng has not held a directorship in any other listed company in the last 3 years.

### Interest in Shares and Options

Fully Paid Ordinary Shares	43,947,603
Piggyback options exercisable at \$0.22 on or before 7/1/2012	11,000,000
25 cents, 6 April 2015 Employee Options	1,800,000
25 cents, 31 December 2014 options	2,000,000
30 cents, 31 December 2014 options	2,000,000
35 cents, 31 December 2014 options	2,000,000
40 cents, 31 December 2014 options	2,000,000
45 cents, 31 December 2014 options	2,000,000



**Special Responsibilities :** Ms Heng is a member of the Audit and Remuneration and Nomination Committees.

**Mr. Timothy Paul Turner :** Non-Executive Director

**Qualifications :** B.Bus, FCPA, FTIA, Registered Company Auditor

**Experience :** Mr Turner specialises in business structuring, corporate and trust tax planning and has in excess of 23 years' experience in new ventures and capital raisings. As the senior partner of the accounting firm Hewitt, Turner & Gelevitis he specialises in all areas of business consultancy, strategic planning and is responsible for the issuing of audit opinions.

Mr Turner has a Bachelor of Business (Accounting and Business Administration), is a Registered Company Auditor, a Fellow of CPA (Australia) and a Fellow of the Taxation Institute of Australia.

**Other Directorships :** Mr Turner is also a Director of Cape Lambert Resources Limited (appointed 16 September 2004), International Petroleum Limited (appointed 31 January 2006) and African Petroleum Corporation Limited (appointed 16 May 2007).

### Interest in Shares and Options

Fully Paid Ordinary Shares	750,000
25 cents, 6 April 2015 Employee Options	100,000
Unlisted piggyback Options	500,000
Special Responsibilities	NIL

**Mr Swaminathan Thiagarajan :** Non-Executive Director (appointed 16 December 2011)

**Qualifications :** Bachelor's Degree in Science from the University of Madras and a Fellow Member of the Institute of Chartered Accountants of India.

**Experience :** Shri Swaminathan Thiagarajan has been Director of Finance at National Mineral Development Corp. Ltd. (NMDC) since July 9, 2009 and serves as its Chief Financial Officer. Shri Thiagarajan has approximately 32 years of experience in the field of Finance. He is actively involved in all the expansion and diversification activities of NMDC, both India and abroad. He is also handling investor / analyst relations post-divestment of 10% of equity of GOI to public. He joined NMDC in March 1979 and has served in various capacities in different units of it during his service with it. He served as Head of Finance Department at the Corporate office at NMDC since 2004.

**Other Directorships :** NMDC Limited, JKMD Limited, NMDC-CMDC Limited and NMDC Power (subsidiaries of NMDC Limited).

**Interest in Shares and Options :** NIL. It is noted that Mr Thiagarajan is a Director of NMDC Limited, but is not deemed to control NMDC Limited.

**Special Responsibilities :** Mr Thiagarajan is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

**Mr Subimal Bose** : Non-Executive Director (appointed 18 January 2012)

**Qualifications** : B.Tech. (Hons) Degree in Mining Engineering from LIT., Kharagpur and I Class Mines Manager Certificate of Competency.

**Experience** : Mr Subimal Bose has been the Director of Production at NMDC Limited since 17 June 2011. Mr Bose has about 30 years of experience in the field of mining. Mr Bose served as General Manager of Kirandul at NMDC Limited until 17 June 2011. Mr Bose joined NMDC as Deputy General Manager (Mining) in 2001, where he served in various positions such as Additional General Manager, Joint General Manager and General Manager/Head of the Project. He was associated with Cement Corporation of India Limited from 30 December 1981 to 12 November 2001.

**Other Directorships** : Mr Bose has been a Director of NMDC Limited since 17 June 2011.

**Interest in Shares and Options** : NIL. It is noted that Mr Bose is a Director of NMDC Limited, but is not deemed to control NMDC Limited.

**Special Responsibilities** : NIL

**John E Heberton** : Executive Director (appointed 12 September 2011, resigned from position of director 16 December 2011)

**Qualifications** : FIEAust, CPEng, MAusIMM

**Experience** : Mr Heberton, is a Chartered Professional Engineer, and has extensive experience in managing multi-disciplinary project task forces and the implementation of successful turn-key solutions to many significant resource projects. He has over 35 years' experience, gained from international and domestic projects, in the areas of feasibility studies, project evaluation/development, project design and management, plant construction and commissioning across a diverse range of large-scale process plants. His previous appointments have included Lurgi (Australia) Pty Ltd and Outokumpu Lurgi (Australasia) Pty Ltd from 1989-2007, including as State Manager (WA) from 1995 to 2007.

**Other Directorships** : Mr Heberton has not held a directorship in any other listed Company in the last 3 years.

**Interest in Shares** : Fully Paid Ordinary Shares 290,000

**Special Responsibilities** : Mr Heberton was a member of the Audit Committee and a member of the Remuneration and Nomination Committee

**Benjamin Donovan** : Company Secretary (appointed 8 July 2011)

**Qualifications** : B.Com (Hons.)

**Experience** : Mr Donovan is a member of Chartered Secretaries Australia and provides corporate advisory and consultancy services to a number of companies.

Mr Donovan is currently a Director and Company Secretary of several ASX listed and public unlisted companies, and has extensive experience in listing rules compliance and corporate governance, having served as a Senior Adviser at the Australian Securities Exchange (ASX) in Perth, including as a member of the ASX JORC Committee.

In addition, Mr Donovan has experience in the capital markets having raised capital and assisted numerous companies on achieving a listing on ASX, as well as for a period of time, as a private client adviser at a boutique stock broking group.

## 12. REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for the Directors and other key management personnel of Legacy Iron Ore Limited.

### **Non-Executive Director Remuneration Policy**

The key principle underpinning Non-Executive Director remuneration is the need to attract skilled and experienced Directors to direct the current business and into the future. The Board's policy is to periodically review its approach to Non-Executive Director remuneration and seek independent advice to ensure its Non-Executive Directors' fees remain competitive with other similarly sized mining exploration companies listed on the ASX. The Board also periodically reviews its policies to ensure these are in line with best practice and follow principles of good corporate governance.

### **Non-Executive Director Fees**

Total fees, are set within the maximum aggregate amount approved by shareholders at the November 2011 Annual General Meeting, being in aggregate \$500,000. Currently Non-Executive Directors receive a fixed fee for their services as a Director and do not receive additional committee fees or other payments for additional services.

There is no direct link between remuneration paid to the Non-Executive Directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

There are no retirement benefits for Non-Executive Directors.

In addition to these fees, Non-Executive Directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred attending meetings of the Board, committees or shareholders, or while engaged on the Company's business.

It is noted that the Non-Executive Directors appointed by NMDC Limited, (Mr Nanda, Mr Thiagarajan and Mr Bose) have not claimed their director fees.

The total remuneration paid to, or in respect of, each Non-Executive Director during the year is set out in this report.

### **Executive Remuneration Policy**

The Company's Remuneration Policy aims to reward executives fairly and responsibly in accordance with the Australian market and ensure that the Company:

- provides competitive rewards that attract, retain and motivate executives of the highest calibre;
- structures remuneration at a level that reflects the executive's duties and accountabilities and is competitive within Australia;

- aligns executive incentive rewards with the creation of value for shareholders; and
- complies with applicable legal requirements and appropriate standards of governance.

The Company does not use any external remuneration consultants.

### **Voting and Comments made at the Company's 2011 Annual General Meeting**

The Company received less than 1% of "no" votes on its remuneration report for the 2011 financial year. The Company did not receive any specific feedback at the AGM on its remuneration report.

### **Details of Directors and Key Management Personnel**

#### **(i) Directors**

Mr Narendra Kumar Nanda (appointed 16 December 2011)

Ms Sharon Kia Le Heng

Mr Tao Han (removed 29 February 2012)

Mr Timothy Paul Turner (resigned 16 December 2011, re-appointed 27 January 2012)

Mr Swaminathan Thiagarajan (appointed 16 December 2011)

Mr Subimal Bose (appointed 18 January 2012)

#### **(ii) Other Key Management Personnel**

Mr John Heberton - Chief Executive Officer (resigned 31 August 2012)

Mr Steve Shelton - Exploration Manager

Mr Benjamin Donovan - Company Secretary (appointed 8 July 2011)

Mr Ivan Wu - Company Secretary and General Manager (resigned 8 July 2011)

### **Company Performance and Shareholder Wealth and Directors' and Executives' Remuneration**

Options were issued to key management personnel to increase goal congruence between shareholders and key management personnel.

In considering the Company's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Loss per share (cents)	(2.27)	(3.60)	(3.36)	(4.45)	(50.65)
Net loss	(9,617,052)	(6,426,026)	(4,494,115)	(3,866,629)	(6,241,8744)
Share price	10 cents	10 cents	12 cents	8 cents	N/A

However given the nature and stage of the Company's operation being exploration and evaluation activities, the Board does not believe historical performance is the most appropriate basis to compensate key management personnel.

## Options

To provide further goal congruence between shareholders and key management personnel:

**(a) Sharon Hong, in the year ended 30 June 2012, was issued:**

Number	Tranche	Expiry date	Date of Issue	Exercise price
2,000,000	Tranche 1	31 December 2014	19 December 2011	\$0.25
2,000,000	Tranche 2	31 December 2014	19 December 2011	\$0.30
2,000,000	Tranche 3	31 December 2014	19 December 2011	\$0.35
2,000,000	Tranche 4	31 December 2014	19 December 2011	\$0.40
2,000,000	Tranche 5	31 December 2014	19 December 2011	\$0.45

## Details of Remuneration for Year Ended 30 June 2012

- (b) During the year ended 30 June 2012, the Chief Executive Officer, John Heberton was issued 3,000,000 options exercisable at \$0.26 each on or before 31 December 2013.
- (c) During the year ended 30 June 2011, the Company Secretary was issued 3,000,000 options exercisable at \$0.10 each on or before 23 December 2015.

The Company has no other policy for other short term or long term incentive bonuses or other benefits.

The remuneration for key management personnel of the entity during the year was as follows:

30 June 2012	Short Term Benefits		Share-Based Payments			Post Employment Benefits			
	Salary, fees and Commissions \$	Non-Cash Benefits (i) \$	Shares \$	Options \$	Performance Shares \$	Superannuation Contribution \$	Termination Benefits	Total \$	Value of Options/ performance shares as a proportion of remuneration %
Narendra Kumar Nanda	-	-	-	-	-	-	-	-	-
Sharon Heng	473,882	16,006	-	574,537	-	27,497	-	1,091,922	53%
Timothy Turner	72,000	-	-	-	-	-	-	72,000	0%
John Hebenton	231,246	7,044	-	172,361	-	20,812	-	431,463	40%
Tao Han	-	-	-	-	-	-	-	-	-
Rana Som	-	-	-	-	-	-	-	-	-
Swaminathan Thiagarajan	-	-	-	-	-	-	-	-	-
Subimal Bose	-	-	-	-	-	-	-	-	-
Ben Donovan	69,571	-	-	690,672	-	-	-	760,243	91%
Ivan Wu	-	-	-	-	-	-	81,446	81,446	0%
Steve Shelton	227,122	-	-	4,557	-	20,441	-	252,120	2%
<b>Total</b>		<b>1,073,821</b>	<b>23,050</b>		<b>1,442,127</b>	<b>-</b>	<b>68,750</b>	<b>81,446</b>	<b>2,689,194</b>

- It is noted that the Non-Executive Directors appointed by NMDC Limited, (Mr Nanda, Mr Thiagarajan and Mr Bose) have not claimed their director fees.



## Details of Remuneration for Year Ended 30 June 2011

30 June 2011	Short Term Benefits		Share-Based Payments			Post Employment Benefits		
Name	Salary, fees and Commissions \$	Non-Cash Benefits (i) \$	Shares \$	Options \$	Performance Shares \$	Superannuation Contribution \$	Total \$	Value of Options/ performance shares as a proportion of remuneration \$
Shareon Heng	178,605	–	–	–	473,095	16,074	667,774	71%
John Hebenton	–	–	–	–	–	–	–	–
Tao Han	–	–	–	–	–	–	–	–
Timothy Turner	72,000	–	–	–	–	–	72,000	–
Ben Donovan	–	–	–	–	–	–	–	–
Ivan Wu	166,636	17,744	–	230,493	–	14,997	429,870	54%
Steve Shelton	187,616	–	–	332,371	–	16,885	536,872	62%
<b>Total</b>	<b>604,857</b>	<b>17,744</b>	<b>–</b>	<b>562,864</b>	<b>473,095</b>	<b>47,953</b>	<b>1,706,516</b>	

(i) The non-cash benefit relates to the use of a motor vehicle.

## SHARE BASED COMPENSATION

### Options Issued as Part of Remuneration for the Year Ended 30 June 2012

The following ordinary shares, options and performance shares were granted to key management personnel and their personally related entities. Shares and options were granted for nil consideration. Options and performance shares carry no dividend or voting rights.

30 June 2012	10 cent Options No.	25 cent Options No.	25 cent Options No.	30 cent Options No.	35 cent Options No.	40 cent Options No.	45 cent Options No.	Total Fair Value \$
Sharon Heng	–	–	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	574,537
John Hebenton	–	3,000,000	–	–	–	–	–	172,361
Ben Donovan	3,000,000	3,150,000	–	–	–	–	–	690,672
<b>Total</b>	<b>3,000,000</b>	<b>6,150,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>1,437,570</b>

The following assumptions were used in determining the fair value of the options on grant date:

Valuation Assumption	10 cent Options	25 cent Options	25 cent Options	30 cent Options	35 cent Options	40 cent Options	45 cent Options
Underlying security value	18.5 cents	13.5 cents	13.5 cents	13.5 cents	13.5 cents	13.5 cents	13.5 cents
Grant date	14/7/2011	19/12/2011	19/12/2011	19/12/2011	19/12/2011	19/12/2011	19/12/2011
Vesting period	Immediately	Immediately	Immediately	Immediately	Immediately	Immediately	Immediately
Exercise price	\$0.10	\$0.25	\$0.25	\$0.30	\$0.35	\$0.40	\$0.45
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%
Risk free rate	3.9%	3.079%	3.072%	3.072%	3.072%	3.072%	3.072%
Volatility	96%	100%	100%	100%	100%	100%	100%
Probability of vesting	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expiry date	23/12/2015	31/12/2013	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Fair value per security	\$0,1215	\$0.05745	\$0.05745	\$0.05745	\$0.05745	\$0.05745	\$0.05745

#### Options Issued as Part of Remuneration for the Year Ended 30 June 2011

The following ordinary shares, options and performance shares were granted to key management personnel and their personally related entities: Shares and options were granted for nil consideration. Options and performance shares carry no dividend or voting rights.

30 June 2011 Name	10 cent Options No.	18 cent Options No.	Total Fair Value \$
Sharon Heng	–	–	–
Timothy Turner	–	–	–
Tao Han	–	–	–
Ivan Wu	3,000,000	–	230,493
Steve Shelton	4,000,000	2,000,000(i)	552,335
<b>Total</b>	<b>7,000,000</b>	<b>2,000,000</b>	<b>782,828</b>

- (i) These options were issued to a closely related family member of Mr Shelton in her capacity as employee of the Company and have been excluded from key management personnel remuneration.

The following assumptions were used in determining the fair value of the options on grant date:

Valuation Assumption	10 cent Options	18 cent Options
Underlying security value	\$0.088	\$0.135
Grant date	22 December 2010	24 May 2011
Vesting period	Immediately	Immediately
Exercise price	\$0.10	\$0.18
Expected dividend yield	0%	0%
Risk free rate	5.33%	5.06%
Volatility	110%	97%
Probability of vesting	N/A	N/A
Expiry date	23 December 2015	4 May 2016
Fair value per security	\$0.077	\$0.11

On 16 November 2011, 785,000 options exercisable at \$0.10 on or before 31 December 2015 were exercised. No other options issued to key management personnel were exercised during the year ended 30 June 2012.

Key management personnel are prohibited from hedging their exposure to incentive remuneration for arrangements entered into on or after 1 July 2011.

## SERVICE AGREEMENT

### Executive Director - Sharon Heng

On 12 September 2011, the Company entered into a services agreement with Sharon Heng as Managing Director. The key terms being:

- Annual gross salary of \$300,000 plus superannuation of 9% per annum.
- Subject to review 36 months from the date of commencement.
- Entitled to any bonus once declared by the Board.
- Entitled to the use of a fully maintained company car.
- Termination can occur by either party giving 3 months' notice. If the Company requires Ms Heng to not fulfil the 3 months' notice, she is eligible to 3 months payment in lieu.

### Chief Executive Officer - John Hebenton (resigned 31 August 2012)

On 12 September 2011, the Company entered into a services agreement with John Hebenton as Chief Executive Officer. The key terms being:

- Annual gross salary of \$300,000 plus superannuation of 9% per annum.
- Subject to review 36 months from the date of commencement.
- Entitled to any bonus once declared by the Board.
- Entitled to the use of a fully maintained company car.
- Termination can occur by either party giving 3 months' notice, If the Company requires Mr Heberton to not fulfil the 3 months' notice, he is eligible to 3 months payment in lieu.

Effective 31 August 2012, following a restructure, Mr Heberton's position as Chief Executive Officer was made redundant and he was paid a termination payment of \$75,000.

#### **Non-Executive Director - Tim Turner**

On 8 August 2011, the Company entered into a 3 year consultancy contract with Mr Turner for \$72,000 per annum. This contract ends on 7 August 2014 with an option to extend for a further 12 month period. Following the re-appointment of Mr Turner in January 2012, the Company renewed this agreement.

On 8 September 2011, the Company also entered into an agreement with Hewitt Turner & Gelevitis for the provision of accounting services and ATO compliance. The agreed fee was \$5,000 per month until 1 November 2011 where the fee increased to \$5,600 per month in line with commercial terms.

#### **Exploration Manager**

Effective 12 October 2009, the Company entered into an employment contract with Mr Steve Shelton to provide the services of Exploration Manager of the Company. His base salary was \$180,000 per annum plus superannuation. The contract expires with one month's notice. Upon termination he is entitled to any unpaid salary until the date of termination.

#### **Company Secretary**

Effective 4 July 2011, the Company entered into a Company Secretary services agreement with Mr Benjamin Donovan. His fee is \$50,400 per annum for a 3 year period ending 3 July 2014. Except for gross misconduct, which allows for immediate termination of the agreement, the Company and Mr Donovan may terminate the agreement by either party giving 3 months' notice. If the Company requires Mr Donovan to not fulfil the 3 months' notice, he is eligible to 3 months payment in lieu. At the end of the 3 year period, the agreement will be deemed to be automatically renewed for a further 2 years, unless the Company provides written notice of its intention not to renew the agreement not less than 3 months prior to the end of the initial 3 year period. An amendment was made in January 2012 to increase the fee to \$72,000 per annum.

## 13. MEETINGS OF DIRECTORS

During the year 16 Directors' meetings were held. Attendances by each Director during the year were as follows:

### Directors' Meetings

Director	Number Eligible to Attend	Meetings Attended
Narendra Kumar Nanda (appointed 16 December 2011)	4	4
Sharon Heng	16	16
Tao Han (removed 29 February 2012)	13	1
Timothy Turner (resigned 16 December 2011, reappointed 27 January 2012)	15	15
John Hebenton (appointed 12 September 2011, resigned 31 August 2012)	7	7
Rana Som (appointed 16 December 2011, resigned 18 January 2012)	1	1
Swaminathan Thiagarajan (appointed 16 December 2011)	4	4
Subimal Bose (appointed 18 January 2012)	3	2

The above includes meetings carried out as circular resolutions of the Board.

Given the size of the Company there were no separate subcommittees or audit committee meetings held however the board as a whole reviewed matters relating to audit, nomination and remuneration matters as indicated below.

Director	Audit		Nomination and Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended
Narendra Kumar Nanda (appointed 16 December 2011)	1	1	2	1
Sharon Heng	2	2	3	3
Tao Han (removed 29 February 2012)	1	–	4	–
Timothy Turner (resigned 16 December 2011, reappointed 27 January 2012)	2	2	4	4
John Hebenton (appointed 12 September 2011, resigned 31 August 2012)	1	–	2	2
Rana Som (appointed 16 December 2011, resigned 18 January 2012)	–	–	2	1
Swaminathan Thiagarajan (appointed 16 December 2011)	1	1	2	1
Subimal Bose (appointed 18 January 2012)	1	1	–	–

**14. INDEMNIFYING OFFICERS OR AUDITOR**

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Director, Principal Executive Officer or Secretary of the Company shall be indemnified out of the property of the Company against any liability incurred by him/her in his/her capacity as Director, Principal Executive Officer or Secretary of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. During the year the Company paid a premium to insure the Directors and Secretary of the Company. The terms of the contract of insurance prohibit disclosure of the premium paid and nature of liabilities covered.

**15. PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceeding. The Company was not a party to any such proceedings during the year.

**16. OPTIONS**

**Unissued Shares under Option**

At the date of this report unissued ordinary shares of the Company under option are:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number Under Option</b>
31 December 2012	\$0.15	27,910,094
31 December 2012	\$0.10	28,000,000
31 December 2012	\$0.10	1,000,000
31 December 2012	\$0.30	2,000,000
7 January 2013	\$0.2229	56,000,000
31 December 2013	\$0.25	6,000,000
14 February 2014	\$0.1173	4,300,000
31 December 2014	\$0.25	4,000,000
31 December 2014	\$0.30	4,000,000
31 December 2014	\$0.35	4,000,000
31 December 2014	\$0.40	4,000,000
31 December 2014	\$0.45	4,000,000
23 December 2015	\$0.10	12,430,000
1 April 2015	\$0.25	11,660,000
31 December 2015	\$0.25	46,200,000
24 May 2016	\$0.18	4,000,000
<b>TOTAL</b>		<b>219,500,094</b>

All options issued to NMDC Limited are subject to a voluntary escrow, where the options held by NMDC can only be exercised following the exercise by an optionholder unrelated to NMDC Limited.

During the year ended 30 June 2012, no amounts are unpaid on any of the shares. No option holder has any right under the options to participate in any other share issue of the Company or any other entity.



## Details of shares issued during or since year end as a result of exercise of options

During the year ended 30 June 2012, the following ordinary shares of the Company were issued on the exercise of options granted. No further shares have been issued since year-end. No amounts are unpaid on any of the shares.

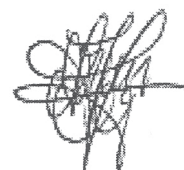
	Grant Date	Exercise Price	Number of Shares Issued
Employee Option Plan	16 November 2011	\$0.10	785,000
Other	10 May 2012	\$0.12	1,500,000
<b>TOTAL</b>			<b>2,285,000</b>

## 17. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 57 of the annual report.

## 18. NON AUDIT SERVICES

During the year, Grant Thornton Audit Pty Ltd did not provide any non-audit services to the Company. This report is made in accordance with a resolution of the Board of Directors.



**Sharon Heng**  
Director

Perth  
28 September 2012



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**Auditor's Independence Declaration  
To the Directors of Legacy Iron Ore Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Legacy Iron Ore Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive script that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in cursive script that reads "C.A. Becker".

C.A. Becker  
Partner - Audit & Assurance

Perth, 28 September 2012

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## Statement of Comprehensive Income for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue	3	211,738	112,730
Compliance and regulatory expenses		(144,823)	(106,688)
Depreciation and amortisation	11	(76,129)	(53,989)
Key management personnel remuneration		(781,023)	(290,473)
Employee benefit expense		(827,078)	(290,359)
Exploration expenditure expensed		(36,170)	(3,708)
Exploration tenements written off	12	(346,306)	(2,813,146)
Occupancy expenses		(383,155)	(365,165)
Legal expenses		(235,457)	(68,972)
Travel expenses		(206,004)	(28,128)
Other expenses		(769,413)	(491,629)
Corporate services	4	(1,948,585)	(220,798)
Finance expense	4	(223,541)	(368,653)
Share-based payments	4 & 25	(3,851,096)	(1,437,048)
Loss before income tax	4	(9,617,052)	(6,426,026)
Income tax benefit	5	–	–
Loss for the year		(9,617,052)	(6,426,026)
<b>Other comprehensive income/(loss)</b>			
Changes in the fair value of Available-for-Sale Financial Assets, net of tax	13	(1,754,500)	2,000,000
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(11,371,5521)</b>	<b>(4,426,026)</b>
Basic and diluted (loss) per share	6	(2.27) cents	(3.60) cents

The accompanying notes form part of these financial statements.

Statement of Financial Position  
for the Year Ended 30 June 2012

	Note	30 June 2012 \$	30 June 2011 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	9	13,428,361	1,285,161
Other Receivables	10	553,771	123,965
<b>TOTAL CURRENT ASSETS</b>		<b>13,982,132</b>	<b>1,409,126</b>
<b>Non Current Assets</b>			
Plant and Equipment	11	176,092	117,410
Exploration and Evaluation Expenditure	12	13,709,370	9,995,587
Other Financial Assets	13	1,760,500	3,500,000
<b>TOTAL NON CURRENT ASSETS</b>		<b>15,645,962</b>	<b>13,612,997</b>
<b>TOTAL ASSETS</b>		<b>29,628,094</b>	<b>15,022,123</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	14	1,480,628	364,061
Employee Benefits	15	157,275	35,297
Borrowings	16	–	322,619
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,637,903</b>	<b>721,977</b>
<b>Non Current Liabilities</b>			
Borrowings	16	–	43,913
Employee Benefits	15	23,759	–
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>23,759</b>	<b>43,913</b>
<b>TOTAL LIABILITIES</b>		<b>1,661,662</b>	<b>765,890</b>
<b>NET ASSETS</b>		<b>27,966,432</b>	<b>14,256,233</b>
<b>Equity</b>			
Issued Capital	17	42,155,838	20,195,483
Reserves	18	15,672,539	14,305,643
Accumulated Losses		(29,861,945)	(20,244,893)
<b>TOTAL EQUITY</b>		<b>27,966,432</b>	<b>14,256,233</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity for the Year Ended 30 June 2012

	Note	Ordinary Share Capital \$	Share Based Payment Reserve \$	Option Premium Reserve \$	Financial Assets Reserve \$	Accumu- lated Losses \$	Total \$
BALANCE AT 30 JUNE 2010		16,157,790	10,778,056	90,539	–	(13,818,867)	13,207,518
Loss attributable to members of the Company		–	–	–	–	(6,426,026)	(6,426,026)
Other comprehensive income	18	–	–	–	2,000,000	–	2,000,000
Total Comprehensive income for the year	–	–	–	–	2,000,000	(6,426,026)	(4,426,026)
Shares issued during the year	17	4,143,056	–	–	–	–	4,143,056
Transaction costs	17	(105,363)	–	–	–	–	(105,363)
Recognition as remuneration of options and performance shares issued	18	–	1,437,048	–	–	–	1,437,048
BALANCE AT 30 JUNE 2011		20,195,483	12,215,104	90,539	2000,000	20,244 893	14,256,233
Loss attributable to members of the Company		–	–	–	–	(9,617,052)	(9,617,052)
Other comprehensive income	18	–	–	–	(1,754,500)	–	(1,754,500)
Total comprehensive income for the year		–	–	–	(1,754,500)	(9,617,052)	(11,371,552)
Shares issued during the year	17	26,329,450	–	–	–	–	26,329,450
Transaction costs relating to shares/options issued	17	(4,369,095)	–	–	–	–	(4,369,095)
Recognition as remuneration and borrowing costs of options and performance shares issued	18	–	3,121,396	–	–	–	3,121,396
BALANCE AT 30 JUNE 2012		42,155,838	15,336,500	90,539	245,500	(29,861,945)	27,966,432

The accompanying notes form part of these financial statements.

## Statement of Cash Flow for the Year Ended 30 June 2012

	Note	30 June 2012 \$	30 June 2011 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		16,656	19,721
Payment to suppliers and employees		(4,666,596)	(1,783,730)
Interest received		195,298	104,962
Interest paid		(223,481)	(8,244)
Net cash flows (used in) operating activities	24	(4,678,123)	(1,667,291)
<b>Cash flows from Investing Activities</b>			
Payments for purchase of fixed assets		(138,151)	(51,546)
Payments for exploration and evaluation		(3,605,519)	(2,122,042)
Payments for financial assets		(15,000)	(1,500,000)
Payment for deposit of prospects		(200,000)	–
Proceeds from sale of fixed assets		5,870	–
Net cash flows (used in) investing activities		(3,952,800)	(3,673,588)
<b>Cash Flows from Financing Activities</b>			
Repayment of borrowings		(386,532)	(34,666)
Proceeds from issue of convertible securities		2,800,000	1,750,000
Proceeds from issue of shares		18,890,000	2,300,000
Proceeds from borrowings		320,000	–
Repayment of convertible loan		(1,000,000)	–
Payments for costs of capital raising		(103,795)	(15,363)
Proceeds from exercise of options		254,450	1,337
Net cash flows from financing activities		20,774,123	4,001,308
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		12,143,200	(1,339,571)
<b>Cash and Cash Equivalents at the Beginning of Year</b>		1,285,161	2,624,732
<b>Cash and Cash Equivalents at the End of Year</b>	9	<b>13,428,361</b>	<b>1,285,161</b>

The accompanying notes form part of these financial statements.



## Notes to the Financial Statements for the Year Ended 30 June 2012

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Legacy Iron Ore Limited as an individual entity (the 'Company' or 'entity'). The Company is domiciled in Australia and the address of the registered office is Level 5, Citibank House, 37 St George's Terrace, Perth WA 6000. The Company is primarily involved in mineral exploration.

The financial report was approved by the Board of Directors on 28 September 2012.

#### **Basis of Preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial report is presented in Australian dollars, which is the Company's functional currency.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets and share-based payments.

#### **(a) Income Tax**

The income tax expense/(revenue) for the year comprises current and deferred taxation. Income tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes.

Temporary differences are not provided for where the initial recognition of assets and liabilities affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **(b) Plant and Equipment**

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

### **Depreciation**

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets for 2012 are as follows:

Motor Vehicles	25%
Computers and Software	67%
Equipment	20%
Furniture and fittings	4-20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

### **(c) Exploration and Evaluation Expenditure**

Mineral tenements are carried at cost, less accumulated impairment losses. Mineral exploration and evaluation is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest or sale of that area of interest, or exploration and evaluation activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations on or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area of interest are written off in full against profit in the year in which the decision to abandon that area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

## **(d) Leases**

### **Finance Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased assets or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

### **Operating Leases**

Payment made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

## **(e) Financial Instruments**

### **Initial Recognition and Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by market place convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through the profit and loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the statement of comprehensive income immediately. Financial instruments are classified and measured as set out below.

### **Classification and Subsequent Measurement**

#### **Available for Sale Financial Assets**

Available for sale financial assets represent non-derivative financial assets that are not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor determinable payments. Available for sale financial assets are included in noncurrent assets, except those which are expected to mature within 12 months after the end of the reporting period.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. The fair value of trade and other receivables, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

**Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method. The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and options pricing models.

**Impairment**

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in the profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at that point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial asset is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognised the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related

obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

### **(f) Impairment of Non Financial Assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### **(g) Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

### **Defined Contribution Plans**

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the Statement of Comprehensive Income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### **Equity-Settled Compensation**

The Company operates equity-settled share-based payment share and option schemes to Directors and employees. The fair value of the equity to which Directors and employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Binomial or Black and Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

### **(h) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(i) Earnings per Share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and performance shares.

**(j) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

**(k) Share-Based Payments**

The fair value determined at grant date of equity settled share-based payments is treated as the cost of assets acquired or expensed on a straight line basis over the vesting period, based on the company's estimate of shares that will eventually vest. Vesting is not conditional upon a market condition. No asset or expense is recognised for share based payments that do not vest. For cash settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

**(l) Share Capital and Transaction Costs**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of any tax effects.

**(m) Revenue Recognition**

Interest income is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

**(n) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to the ATO is included as a current asset or liability.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(o) Jointly Controlled Assets**

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 26.



## **(p) Critical Accounting Estimates and Judgments**

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 12 Exploration and Evaluation Expenditure
- Note 25 Measurement of Share-Based Payments.

## **(q) Adoption of New and Revised Accounting Standards**

During the current year the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Company.

Adoption of AASBs and improvements to AASBs 2011 - AASB 1054 and AASB 2011-1

The AASB has issued AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project and made several minor amendments to a number of AASBs. These standards eliminate a large portion of the differences between the Australian and New Zealand accounting standards and IFRS and retain only additional disclosures considered necessary. These changes also simplify some current disclosures for Australian entities and removes others.

## **(r) New Accounting Standards for Application in Future Years**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 27] (applicable for annual reporting periods commencing on or after 1 January 2015).

These standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with-held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on:
  - a. the objective of the entity's business model for managing the financial assets; and
  - b. the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

AASB 2010-8: Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1121 (applicable for annual reporting periods commencing on or after 1 January 2012).

This standard makes amendments to AASB 112: Income Taxed and Incorporates Interpretation 121: Income Taxes - Recovery of Revalued Non-Depreciable Assets into AASB 112. Under the current AASB112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to impact the Company.

AASB 10: Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12: Disclosures of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to

Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5,9, 16 & 17] (applicable for annual reporting periods commencing on or after January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation - Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Company has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint venture arrangements to be classified as either 'joint operations' (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Company.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to impact the Company.

AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from ASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128,131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023& 1038 and Interpretations 2, 4, 12, 13, 14, 17,19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard of framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

Inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and

Enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Company.

AASB 2011-9: Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039& 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in Other Comprehensive Income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Company.

AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plan. The Company does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- (i) For an offer that may be withdrawn - when the employee accepts;
- (ii) For an offer that cannot be withdrawn - when the offer is communicated to the affected employees; and
- (iii) Where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions - when the related restructuring costs are recognised.

The Company has not yet been able to reasonably estimate the impact of these changes to AASB 119.

AASB 2012-2: Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Liabilities. This standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this standard. This standard is unlikely to impact the Company.

AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities. This standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This standard is unlikely to impact the Company.

#### **(s) Comparative Figures**

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the company has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its

financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

## 2. DIVIDENDS

No dividends have been paid or proposed during the year ended 30 June 2012 (2011; NIL). There are no franking credits available for use in subsequent reporting periods.

## 3. REVENUE

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Interest income on bank deposits	208,875	93,010
Other revenue	2,863	19,720
<b>Total Revenue</b>	<b>211,738</b>	<b>112,730</b>

## 4. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging the following expenses:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Depreciation of non-current assets	76,129	53,989
Exploration expenditure expensed	36,170	3,708
Exploration tenements written off	346,306	2,813,146
Share based payment - finance expenses	-	181,125
Finance expenses - other	223,541	368,653
Finance expenses - total	223,541	549,778
Key management personnel remuneration (A)	781,023	290,473
Loss on sale of assets	22,693	-
Operating lease rental expense	345,206	33,043
Share based payment- Consultancy expenses (B)	1,980,000	-
Corporate services (C)	1,948,585	220,798

A. Costs of \$445,328 (2011: \$389,446) directly related to exploration efforts are recognised in exploration and evaluation expenditure.

B. This is a once-off expense incurred during the financial year. There were agreements with specialist advisors to assist the Company in structuring, negotiating and announcing any transaction whereby

investors may look to acquire via outright purchase, joint venture or some other process any asset in the Company. A total fee of 18,000,000 shares with deemed issued price of \$0.11 each were issued to these advisors.

- C. Corporate services include but not limited to technical consultants, some specialist resources modelling and mineral resource estimation and infrastructure studies that do not fall into the category of exploration expenditure. While the Company is still in exploration and development stage, the strategy is to engage consultants who have the expertise and availability when required. This is the most efficient use of resources given the size and development stage of the Company. As the Company grows, some of these services will be undertaken in-house. This will mean employing personnel on the Company's payroll.

## 5. INCOME TAX

	2012 \$	2011 \$
(a) The components of tax expense comprise:		
Current tax	–	–
Deferred tax	–	–
(b) The prima facie tax on loss before income tax is reconciled to income tax benefit as follows:		
Prima facie tax benefit on loss before income tax at 30%	(2,885,116)	(1,927,808)
Add /(Less) Tax effect of:		
- Non deductible share-based payments	1,155,329	524,630
- Unrecognised deferred tax asset attributable to tax losses	1,729,787	1,403,178
Income Tax Attributable to the Company	–	–
(c) Deferred Tax Assets and Liabilities		
Deferred tax assets and liabilities are attributable to the following:		
<b>Deferred Tax Liabilities</b>		
Prepayments	11,454	7,257
Exploration and evaluation expenditure	4,087,836	2,973,701
Available for Sale Financial Assets	73,650	600,000
Interest receivable	5,505	1,432
<b>Total Deferred Tax Liabilities</b>	4,178,445	3,582,390
<b>Deferred Tax Assets</b>		
Accrued expenses	14,011	4,878
Provisions	54,311	10,589
Leased assets	–	5,340
Capital raising costs	297,993	446,122
Tax losses recognised	3,812,130	3,115,461
<b>Total Deferred Tax Assets</b>	4,178,445	3,582,390
<b>Net Tax Assets/Liabilities</b>	–	–



(d) Tax Losses

At 30 June 2012, the Company has \$30,846,979 (2011: \$20,279,693) tax losses that are available for offset against future taxable profits of the Company. Amount of tax losses recognised at 30 June 2012 to offset deferred tax liabilities is \$12,707,100. Amount of unrecognised tax losses at 30 June 2012 is \$18,139,879.

The potential benefit of carried forward losses will only be obtained if assessable income is derived of a nature and, of an amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Company providing that:

- (i) the provisions of deductibility imposed by law are complied with; and
- (ii) no change in tax legislation adversely affect the realisation of the benefit from the deductions.

**6. LOSS PER SHARE**

	<b>2012</b>	<b>2011</b>
(a) Basic and diluted loss per share	(2.27) cents	(3.60) cents
(b) Loss used in the calculation of basic and diluted loss per share	(\$9,617,052)	(\$6,426,026)
	<b>No</b>	<b>No</b>
(c) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	423,663,776	178,385,908

(d) Options

The options to subscribe to ordinary shares and performance shares have not been included in the calculation of diluted earnings per share because they are anti dilutive for the years ended 30 June 2012 and 30 June 2011. These options and performance shares could potentially dilute basic earnings per share in the future.

**7. KEY MANAGEMENT PERSONNEL DISCLOSURES**

**(a) Name and Positions of Key Management Personnel at any time during the Financial Year are:**

Mr Narendra Kumar Nanda	Chairman
Ms Sharon Heng	Executive Director/Managing Director
Mr Tao Han	Non - Executive Director
Mr Timothy Turner	Non - Executive Director
Mr Rana Som	Non-Executive Director
Mr Swaminathan Thiagarajan	Non-Executive Director
Mr Subimal Bose	Non-Executive Director
Mr Ivan Wu	General Manager and Company Secretary
Mr Steve Shelton	Exploration Manager
Mr Ben Donovan	Company Secretary
Mr John Heberton	Chief Executive Officer

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

**(b) Ordinary Shareholdings**

Number of ordinary shares held directly, indirectly or beneficially by Directors and other Key Management Personnel:

2012	Balance at 1 July 2011 No	Balance on appointment No	Received as Compensation No	Conversion of Performance Shares No	Net Change Other* No	Balance 30 June 2012 No
Narendra Kumar Nanda	NA**	–	–	–	–	–
Sharon Heng	43,947,603	–	–	–	1,500,000	45,447,603
Tao Han	9,500,000	–	–	–	–	NA**
Timothy Turner	750,000	–	–	–	–	750,000
Ivan Wu	1,100,000	–	–	–	–	NA**
Steve Shelton	310,000	–	–	–	220,000	530,000
John Heberton	–	–	–	–	290,000	290,000
Rana Som	NA**	–	–	–	–	–
Swaminathan Thiagaraian	NA**	–	–	–	–	–
Subimal Bose	NA*	–	–	–	–	–
Ben Donovan	NA**	2	2,000,000	–	2,660,000	4,660,002
<b>Total</b>	<b>55,607,603</b>	<b>2</b>	<b>2,000,000</b>	<b>–</b>	<b>4,670,000</b>	<b>51,677,605</b>

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2011	Balance at 1 July 2010 No	Balance on appointment No	Received as Compensation No	Conversion of Performance Shares No	Net Change Other* No	Balance 30 June 2011 No
Sharon Heng	51,547,603	–	–	28,000,000	(35,600,000)	43,947,603
Tao Han	5,800,000	–	–	–	3,700,000	9,500,000
Timothy Turner	750,000	–	–	–	–	750,000
Ivan Wu	1,100,000	–	–	–	–	1,100,000
Steve Shelton	310,000	–	–	–	–	310,000
<b>Total</b>	<b>59,507,603</b>	<b>–</b>	<b>–</b>	<b>28,000,000</b>	<b>(31,900,000)</b>	<b>55,607,603</b>

\* Net Change Other refers to shares purchased or sold during the financial year.

\*\* Did not hold office at this date hence disclosure is not necessary.

## (c) Option Holdings

### Numbers of options held by Key Management Personnel:

2012	Balance at 1 July No	Balance on Appoint- ment No	Granted During the the Year as Compensa- tion No	Net Change Other No	Balance at 30 June No	Total Vested No	Total Exercisable at 30 June 2012 No
Narendra Kumar Nanda	NA**	–	–	–	–	–	–
Sharon Heng	24,309,836	–	10,000,000	(22,509,836)	11,800,000	11,800,000	11,800,000
Tao Han	600,000	–	–	NA**	NA**	NA**	NA**
Timothy Turner	700,000	–	–	(200,000)	500,000	500,000	500,000
Ivan Wu	8,500,000	–	–	NA**	NA**	NA**	NA**
Steve Shelton(i)	5,000,000	–	–	500,000	5,500,000	5,500,000	5,500,000
John Hebenton	–	–	3,000,000	–	3,000,000	3,000,000	3,000,000
Rana Som	NA**	–	–	–	–	–	–
Swaminathan Thiagarajan	NA**	–	–	–	–	–	–
Subimal Bose	NA**	–	–	–	–	–	–
Ben Donovan	NA**	500,000	6,150,000	(785,000)	5,865,000	5,865,000	5,865,000
<b>Total</b>	<b>39,109,836</b>	<b>500,000</b>	<b>19,150,000</b>	<b>(22,994,836)</b>	<b>26,665,000</b>	<b>26,665,000</b>	<b>26,665,000</b>

# LEGACY IRON ORE LIMITED

2011	Balance at 1 July No	Balance on Appoint- ment No	Granted During the the Year as Compensa- tion No	Net Change Other No	Balance at 30 June No	Total Vested No	Total Exercisable at 30 June 2011 No
Sharon Heng	46,309,836	–	–	(22,000,000)	24,309,836	24,309,836	13,309,836
Tao Han	600,000	–	–	–	600,000	600,000	550,000
Timothy Turner	700,000	–	–	–	700,000	700,000	600,000
Ivan Wu	5,500,000	–	3,000,000	–	8,500,000	8,500,000	6,800,000
Steve Shelton(i)	1,000,000	–	4,000,000	–	5,000,000	5,000,000	5,000,000
<b>Total</b>	<b>54,109,836</b>		<b>7,000,000</b>	<b>(22,000,000)</b>	<b>39,109,836</b>	<b>39,109,836</b>	<b>26,259,836</b>

(i) In addition there exists a number of incentive options that will vest to Mr Steve Shelton, the Exploration Manager:

- (a) 1,000,000 \$0.34 options upon the Company's share price remaining at or above \$0.40 for 30 consecutive trading days;
- (b) 1,000,000 \$0.30 options upon the Company's share price remaining at or above \$0.70 for 30 consecutive trading days;
- (c) 500,000 \$0.30 options upon publication of a JORC compliant resource of at least 500,000 ounces of gold; and
- (d) 500,000 \$0.30 options upon publication of a JORC compliant resource of at least 50 million tonnes of iron ore.

These incentive options are not exercisable at 30 June 2012.

#### (d) Performance Shareholdings

No performance shares were on issue during the year ended 30 June 2012.

2011	Balance at 1 July 2010	Received as Compen- sation	Converted to Ordinary Shares	Balance at 30 June 2011	Total Vested	Total Exercisable at 30 June 2011
Sharon Heng	28,000,000	–	(28,000,000)	–	–	–
	<b>28,000,000</b>	–	<b>(28,000,000)</b>	–	–	–

#### (e) Loans to Key Management Personnel

There have been no loans made to key management personnel (2011: NIL).

#### (f) Other Transactions with Key Management Personnel

Refer to Note 19 for details on other transactions with key management personnel.

## 8. AUDITORS' REMUNERATION

	2012 \$	2011 \$
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	40,805	24,635
<b>Total remuneration for assurance services</b>	<b>40,805</b>	<b>24,635</b>

## 9. CASH AND CASH EQUIVALENTS

	2012 \$	2011 \$
Cash at bank and on hand	12,291,187	1,285,161
Short term bank deposits	1,137,174	-
	<b>13,428,361</b>	<b>1,285,161</b>

The effective interest rate on cash at bank was 2.84% (2011: 4.76%). The deposits have an average maturity of 6 months (2011: at call). Cash deposit of \$199,174 has been pledged as security for a bank guarantee provided to the lessor. Refer further to Note 22.

## 10. OTHER RECEIVABLES

	2012 \$	2011 \$
<b>Current</b>		
Sundry Receivables	553,771	123,965
	<b>553,771</b>	<b>123,965</b>

The Company has no significant concentration of credit risk with respect to any single counterparty. No amounts are past due nor impaired.

## 11. PLANT AND EQUIPMENT

	2012 \$	2011 \$
<b>Furniture, fittings and equipment</b>		
At cost	260,460	134,888
Accumulated deprecation	(86,126)	(56,532)
	174,334	78,356
Motor vehicles		
At cost	149,184	149,184
Accumulated depreciation	(147,426)	(110,130)
	1,758	39,054
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>176,092</b>	<b>117,410</b>

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the financial year are set at below:

<b>2012</b>	<b>Motor Vehicles</b>	<b>Furniture, Fittings and Equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net carrying value at 1 July 2011	39,054	78,356	117,410
Additions		163,375	163,375
Disposals		(28,564)	(28,564)
Depreciation	(37,296)	(38,833)	(76,129)
<b>Net Carrying Value at 30 June 2012</b>	<b>1,758</b>	<b>174,334</b>	<b>176,092</b>

<b>2011</b>			
Net carrying value at 1 July 2010	75,352	44,500	119,852
Additions	718	50,829	51,547
Depreciation	(37,016)	(16,973)	(53,989)
<b>Net Carrying Value at 30 June 2011</b>	<b>39,054</b>	<b>78,356</b>	<b>117,410</b>

## 12. EXPLORATION AND EVALUATION EXPENDITURE

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Non-Current</b>		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases - at cost	13,709,370	9,995,587
<b>Movement in Carrying Amounts</b>		
Carrying amount at the beginning of the year	9,995,587	10,649,870
Exploration expenditure capitalised	4,060,089	2,158,863
Less : Exploration written-off on areas to be relinquished	(346,306)	(2,813,146)
<b>Carrying Amount at the End of the Year</b>	<b>13,709,370</b>	<b>9,995,587</b>

The recoverability of the carrying amount of exploration and evaluation is dependent on:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and commercial exploitation of the areas of interest, or alternatively, by their sale.



The Company's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

## Impairment of Exploration and Evaluation Assets

The ultimate recoupment of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties. The Company undertakes at least on an annual basis, a comprehensive review for indicators or impairment of these assets. Should an indicator exist, then the area of interest is tested for impairment. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

In addition, an allocation of the cost associated with acquired mineral rights to individual projects was performed during the year. This allocation process required estimates and judgement by management as to the fair value of those projects acquired.

## 13. AVAILABLE FOR SALE FINANCIAL ASSETS

	2012 \$	2011 \$
Shares in listed corporations at fair value	1,760,500	3,500,000
<b>During the year, the movement in the balance is as follows:</b>		
Opening balance 1 July 2011	3,500,000	–
Acquired pursuant to share subscription agreement (i)	–	1,500,000
Further acquisitions	15,000	–
Fair value gain(loss) on available-for-sale assets reserve (ii)	(1,754,500)	2,000,000
<b>Closing balance 30 June 2012</b>	<b>1,760,500</b>	<b>3,500,000</b>

(i) In October 2010, in conjunction with entering into a joint venture agreement with Hawthorn Resources Limited for the development of the Mt Bevan Iron Ore Assets, Legacy agreed to acquire \$1.5m shares in Hawthorn Resources Limited at a share price of \$0.006 per share. This shareholding does not give Legacy control or significant influence of Hawthorn Resources Limited.

(ii) Fair value is determined by reference to quoted prices in an active market (ASX).

**14. TRADE AND OTHER PAYABLES**

<b>Current</b>		
Trade payables	1,000,476	105,521
Sundry payables and accrued expenses	480,152	258,540
	<b>1,480,628</b>	<b>364,061</b>

Trade payables and sundry payables are non-interest bearing and are normally settled on 45 day terms.

**15. EMPLOYEE BENEFITS**

<b>Current</b>		
Liability for annual leave	157,275	35,297
	<b>157,275</b>	<b>35,297</b>
<b>Non Current</b>		
Liability for long service leave	23,759	–
	<b>23,759</b>	<b>–</b>

**16. BORROWINGS**

Lease liability (i)	–	22,619
Convertible securities (ii)	–	300,000
	<b>–</b>	<b>322,619</b>

**NON CURRENT**

Lease liability (i)		43,913
		<b>43,913</b>

- (i) The lease liability represents amounts due on non-cancellable finance leases entered into by the Company for motor vehicles with an effective interest rate of 9.69% (2011: 9.69%). The lease was paid out in full during May 2012.
- (ii) The convertible securities were converted to fully paid ordinary shares at 90% of the average of the daily volume weighted average prices of shares during a specified period prior to the relevant issuance date of the securities.

This agreement was terminated during the year.

## 17. ISSUED CAPITAL

	2012		2011	
	No		No	
581,283,502 Fully paid ordinary shares (30 June 2011: 229,839,454) (a)	<b>581,283,502</b>		<b>229,839,454</b>	
	30 June 2012		30 June 2011	
	No	\$	No	\$
<b>(a) Fully Paid Ordinary Shares</b>				
<b>At the Beginning of the Reporting Year</b>	229,839,454	20,195,483	156,103,280	16,157,790
<b>Shares Issued During the Reporting Year</b>				
12 October 2010- Shares issued at 10 cents per share to sophisticated investor	–	–	23,000,000	2,300,000
24 December 2010- Shares issued as consideration for advisory services	–	–	1,000,000	80,000
7 February 2011 - Exercise of options	–	–	6,000	1,337
14 February 2011 - Shares issued as part consideration for convertible securities facility	–	–	3,463,541	311,719
14 March 2011 - Conversion of convertible securities at 7 cents per share	–	–	2,857,143	200,000
11 April 2011 - Conversion of convertible securities at 6.62 cents per share	–	–	3,776,435	250,000
15 April 2011 - Conversion of convertible securities at 6.7 cents per share	–	–	2,238,806	150,000
13 May 2011 - Conversion of convertible securities at 8.55 cents per share	–	–	3,508,772	300,000
20 May 2011 - Conversion of convertible securities at 8.55 cents per share	–	–	2,923,977	250,000
14 June 2011 - Conversion of convertible securities at 10.13 cents per share	–	–	2,961,500	300,000
20 June 2011 - Conversion of performance shares	–	–	28,000,000	–

# LEGACY IRON ORE LIMITED

	30 June 2012		30 June 2011	
	No	\$	No	\$
14 July 2011 - Conversion of convertible notes at \$0.0909 per share	3,300,330	300,000	-	-
16 August 2011 - Conversion of convertible notes at \$0.098 per share	3,006,012	300,000	-	-
15 September 2011 - Conversion of convertible notes at \$0.1553 per share	1,931,745	300,000	-	-
12 October 2011 - Issue to corporate advisors at \$0.11 per share	18,000,000	1,980,000	-	-
14 October 2011 - Conversion of convertible notes at \$0.1066 per share	2,814,259	300,000	-	-
16 November 2011 - Options exercised	785,000	78,500	-	-
16 November 2011 - Conversion of convertible notes at \$0.1072 per share	2,798,507	300,000	-	-
16 December 2011 - Conversion of convertible notes at \$0.1039 per share	2,887,392	300,000	-	-
19 December 2011- Issue to corporate advisors at \$0.135 per share	23,000,000	3,105,000	-	-
19 December 2011 - Issue to NMDC at \$0.0655 per share	288,362,699	18,890,000	-	-
27 January 2012- Conversion of convertible notes at \$0.0981 per share	3,058,104	300,000	-	-
17 February 2012- Options exercised	1,500,000	175,950	-	-
Transaction costs relating to share issues	-	(4,369,095)	-	(105,363)
<b>At Reporting Date</b>	<b>581,283,502</b>	<b>42,155,838</b>	<b>229,839,454</b>	<b>20,195,483</b>

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held irrespective of the amount paid up or credited as paid up, less any amounts which remain unpaid on these shares at the time of the distribution.

At shareholders' meetings each share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

	30 June 2012 No	30 June 2011 No
<b>(b) Options on issue</b>		
<b>At the Beginning of the Reporting Year</b>	120,034,619	108,140,619
<b>Options Issued During the Reporting Year</b>		
22 December 2010- Options issued to KMP	–	7,000,000
7 February 2011 - Options exercised	–	(6,000)
11 February 2011 - Options issued to lender as borrowing expenses	–	2,900,000
24 May 2011 - Employee options issued	–	2,000,000
9 August 2011 - Options issued to key management personnel	500,000	–
24 August 2011 - Employee options lapsed	(4,800,000)	–
15 September 2011 - Options issued to key management personnel	3,000,000	–
15 September 2011 - Options issued to consultant	1,600,000	–
16 November 2011 - Options exercised	(785,000)	–
19 December 2011 - Options issued to consultant	19,950,000	–
19 December 2011 - Options issued to key management personnel	16,150,000	–
19 December 2011 - Options issued to NMDC	155,649,619	–
7 January 2012- Options expired	(90,299,144)	–
10 May 2012- Options exercised	(1,500,000)	–
<b>At Reporting Date</b>	<b>219,500,094</b>	<b>120,034,619</b>

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity. Refer further to Note 25 Share Based Payments for details of options granted, lapsed, exercised and expired.

**(c) Capital Management**

The Board as a whole controls the capital of the Company in order to ensure the Company can fund its operations and continue as a going concern. The Directors oversee the risk management strategy.

The entity's capital consists of financial liabilities supported by financial assets. There are no externally imposed capital requirements. The Board effectively manage the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. This strategy is to ensure that there is sufficient cash to meet trade payables and ongoing exploration expenditure commitments. The Company is dependent on its ability to raise capital from the issue of equity from time to time.

**18. RESERVES**

	<b>2012</b>	<b>2011</b>
Option Premium Reserve (a)	90,539	90,539
Share-Based Payment Reserve (b)	15,336,500	12,215,104
Financial Asset Reserve (c)	245,500	2,000,000
	<b>15,672,539</b>	<b>14,305,643</b>

**(a) Option Premium Reserve**

Balance at the beginning and end of the reporting year	90,539	90,539
--	--------	--------

The option premium reserve is used to recognise premiums paid by option holders, net of transaction costs.

**(b) Share Based Payment Reserve**

Balance at the beginning of the reporting year	12,215,104	10,778,056
Vesting component of performance shares granted 7 January 2008 (refer Note 25)	–	473,095
Vesting of employee option	4,657	25,047
24 December 2010 - 7,000,000 options issued to employees	–	537,817
11 February 2011 - 2,900,000 options issued as part consideration for convertible securities agreement	–	181,125
24. May 2011 - 2,000,000 options issued to employees	–	219,964
14 July 2011 -3,000,000 options issued to key management personnel	456,240	–
15 September 2011 -1,600,000 options issued to consultant	194,438	–
19 November 2011 -16,800,000 options issued to consultants as consideration for capital raising	1,250,300	–
19 November 2011 -3,150,000 options issued to consultant	234,432	–
19 November 2011 -16,150,000 options issued to key management personnel	981,329	–
<b>Balance at the end of the reporting year</b>	<b>15,336,500</b>	<b>12,215,104</b>

Refer to Note 25 for further details on share-based payments.

**(c) Financial Asset Reserve**

Balance at the beginning of the reporting period	2,000,000	–
Revaluation/(Devaluation)	(1,754,500)	2,000,000
Balance at the end of the reporting period	<b>245,500</b>	<b>2,000,000</b>

The financial assets reserve records revaluation of Available-for-Sale financial assets.



## 19. RELATED PARTY TRANSACTIONS

Transactions between related parties are on commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

### Key Management Personnel Remuneration

Key management personnel remuneration is as follows:

	2012 \$	2011 \$
Short-term employee benefits	1,178,317	622,601
Post employment benefits	68,750	47,956
Share-based payments	1,442,227	1,035,959
<b>TOTAL</b>	<b>2,689,294</b>	<b>1,706,516</b>

Details of key management personnel remuneration are disclosed in Note 7 to the financial statements and in the Remuneration Report section of the Directors report.

Refer to Note 7 for shares and options issued to key management personnel and their personally related entities during the year.

### Other Transactions with Key Management Personnel and Their Personally Related Entities

	2012 \$	2011 \$
Provision of accountancy services by Hewitt Turner & Gelevitis, an entity related to Director, Mr Timothy Paul Turner	82,325	63,210
Provision of consultancy services by Precipio Capital Pty Ltd, an entity Related to Company Secretary, Mr Benjamin Donovan	2,000	–
Remuneration to closely related family member of Director, Ms Sharon Heng	61,403	127,755
Remuneration to closely related family member of Exploration Manager, Mr Stephen Shelton, including share based payment (i)	213,095	415,837
Remuneration to closely related family member of Exploration Manager, Mr Stephen Shelton	8,448	10,354
<b>Outstanding balances arising from these transactions</b>		
Sundry receivables	32,110	–
Trade and other payables	(59,341)	(12,100)
Employee benefits	(136,475)	(88,368)

- (i) Included in remuneration to a closely related family member of Mr Stephen Shelton is a share based payment of NIL (2011: \$219,964. This represents the fair value of 2,000,000 \$0.18 options with an expiry date of 24 May 2016 issued on 24 May 2011).

## **20. SEGMENT INFORMATION**

### **Identification of Reportable Segments**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources.

The Company is managed on the basis of there being 2 (two) reportable segments being:

- (i) Gold exploration and development in Australia; and
- (ii) Iron ore exploration and development in Australia.

The mineral assets held via outright ownership or joint venture are considered 2 (two) business segments being gold and iron ore in Australia.

Basis of accounting for purposes of reporting by operating segments:

#### **(a) Accounting Policies Adopted**

Unless otherwise stated, all amounts reported to the Board of Directors, being the Chief Operating Decision Makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the financial statements of the Company.

#### **(b) Inter-Segment Transactions**

There are no inter-segment transactions. Segment assets are clearly identifiable on the basis of their nature. Segment liabilities include trade and other payables.

#### **(c) Corporate charges are not allocated to reporting segments.**

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Segment Performance	Western Australia Iron Ore \$	Western Australia Gold \$	Corporate \$	Total \$
<b>2012</b>				
<b>SEGMENT REVENUE</b>	–	–	211,738	<b>211,738</b>
<b>SEGMENT NET LOSS BEFORE TAX</b>				
Exploration tenements written off	–	346,306	–	346,306
Depreciation	–	–	76,129	76,129
Corporate charges	–	–	9,406,355	9,406,355
Segment loss	–	346,306	9,270,746	<b>9,617,052</b>
<b>SEGMENT ASSETS</b>	<b>11,562,003</b>	<b>2,147,367</b>	<b>15,918,724</b>	<b>29,628,094</b>
Segment asset increases/(decreases) for the year:	3,515,826	197,957	10,892,188	14,605,971
<b>SEGMENT LIABILITIES</b>	–	–	1,661,662	<b>1,661,662</b>
<b>Segment Performance</b>	<b>Western Australia Iron Ore \$</b>	<b>Western Australia Gold \$</b>	<b>Corporate \$</b>	<b>Total \$</b>
<b>2011</b>				
<b>SEGMENT REVENUE</b>	–	–	112,730	–
Reconciliation of segment revenue to total company revenue				
Interest revenue	–	–	93,010	93,010
Other revenue	–	–	19,720	19,720
Total Revenue	–	–	112,730	<b>112,730</b>
<b>SEGMENT NET LOSS BEFORE TAX</b>				
Exploration tenements written off	1,174,910	1,638,236	–	2,813,146
Depreciation	–	–	53,989	53,989
Corporate charges	–	–	3,558,891	3,558,891
Segment loss	1,174,910	1,638,236	3,612,880	<b>6,426,026</b>
<b>SEGMENT ASSETS</b>	<b>8,046,177</b>	<b>1,949,410</b>	<b>5,026,536</b>	<b>15,022,123</b>
Segment asset increases/(decreases) for the year:	205,942	(860,225)	2,203,956	1,549,673
<b>SEGMENT LIABILITIES</b>	–	–	765,890	<b>765,890</b>

**21. EVENTS SUBSEQUENT TO REPORTING DATE**

On 2 August 2012, the Company announced it had finalised the purchase of 2 Queensland coal tenements, EPC2303 and 2304 for the payment of \$1,815,000 cash and the reimbursement of first year rents on the tenements.

On 31 August 2012, Mr John Heberton has resigned from the position of Chief Executive Officer.

No matter or circumstance has arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

**22. CAPITAL AND LEASING COMMITMENTS AND CONTINGENCIES**

	2012	2011
	\$	\$
<b>(a) Lease Commitments</b>		
Commitments in relation to finance leases are payable as follows:		
Within 1 year	–	27,561
Later than 1 year but not later than 5 years	–	48,032
Later than 5 years	–	–
Minimum lease payments	–	75,593
Future finance charges	–	(9,011)
<b>Recognised as a Liability</b>	<b>–</b>	<b>66,582</b>
Commitments in relation to non-cancellable operating leases not recognised as liabilities:		
Within 1 year	392,862	32,914
Later than 1 year but not Later than 5 years	411,966	11,164
Later than 5 years	–	–
	<b>804,828</b>	<b>44,078</b>

The property lease is a non-cancellable sub-lease with a fixed term of 2 years and 9 months with rent payable monthly in advance. The lease does not allow for further subletting of the leased area. Cash deposit of \$199,174 has been pledged as security for a bank guarantee provided to the lessor.

**(b) Minimum Exploration Expenditure Commitments**

In order to maintain current rights of tenure to exploration and mining tenements, the Company has the following discretionary exploration expenditure and rental requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

Within 1 year	997,377	1,136,335
Later than 1 year but not later than 5 years	1,315,965	2,009,246
Later than 5 years	1,379,132	1,491,697
	<b>3,692,474</b>	<b>4,637,278</b>

If the Company decides to relinquish certain leases and/or does not meet these requirements, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm out of exploration rights to third parties will reduce or extinguish these obligations.

**(c) Acquisition Commitments**

On 3 May 2012, the Company has entered into a binding term sheet with three vendors to acquire six prospective coal tenements located in Queensland coal basins. A refundable deposit of \$200,000 was made during the year ended 30 June 2012. The remaining consideration will be payable in two tranches (i) \$3,100,000 upon granting of the EPCAs and completion of the due diligence; and (ii) \$2,500,000 deferred performance based cash payment payable upon the delineation of an inferred JORC standard resource of no less than 100Mt of thermal coal with a Calorific Value greater than 5,000 Kcal/kg calorific value on tenements EPCA 2303 and 2304.

Completion of the acquisition must occur within 6 months from execution of the binding term sheet and includes re-imburement of the first year tenement rents.

**23. FINANCIAL RISK MANAGEMENT****(a) Financial Risk Management Policies**

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

**Derivatives are not used by the Company.**

**(i) Treasury Risk Management**

The Board analyses financial risk exposure and evaluates treasury strategies in the context of the most recent economic conditions and forecasts.

The overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

**(ii) Financial Risk Exposure and Management**

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

**Interest Rate Risk**

Exposure to interest rate arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or fair value of fixed financial instruments. Interest rate risk is managed by the Company only using fixed rates on debt. Refer to Note 23(b)(ii) for further details on interest rate risk.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by monitoring forecast and actual cash flows. Trade and other payables have contractual maturities of six (6) months or less.

**Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no other material amounts of collateral held as security at 30 June 2012.

The Board manages credit risk by only depositing cash with Australian Authorised deposit taking institutions.

As the Company operates primarily in exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables. Management does not expect any counterparty in respect of other receivables to fail to meet its obligations.

The carrying amount of the Company's financial assets represents the maximum credit exposure:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Other receivables	553,771	123,965
Cash and cash equivalents	13,428,361	1,285,161
Available for Sale Financial Investments	1,760,500	3,500,000
	<b>15,742,632</b>	<b>4,909,126</b>

None of the Company's other receivables are past due (2011: NIL).

**(b) Financial Instruments****(i) Derivative Financial Instruments**

Derivative financial instruments are not used by the Company.



## (ii) Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period maturity, as well as management's expectations of the settlement period for all other financial instruments. As such the amount may not reconcile to the Statement of Financial Position.

2012	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing within 1 Year \$	\$	Non-Interest Bearing Maturing within 6 Months \$	Total \$
<b>Financial Assets</b>						
Cash & cash equivalents	2.84	12,290,187	1,137,174	–	1,000	13,428,361
Loans & receivables Available for Sale		–	–	–	553,771	553,771
Financial Investments		–	–	1,760,500	–	1,760,500
		12,290,187	1,137,174	1,760,500	554,771	15,742,632
<b>Financial Liabilities (at Amortised Cost)</b>						
Trade & other payables					1,480,628	1,480,628
Borrowings		–	–	–	1,480,628	1,480,628
<b>Net Financial Assets/(Liabilities)</b>		<b>12,290,187</b>	<b>1,137,174</b>	<b>1,760,500</b>	<b>925,857</b>	<b>14,262,004</b>
<b>2011</b>						
<b>Financial Assets</b>						
Cash & cash equivalents	4.76	1,285,061	–	–	100	1,285,161
Loans & receivables Available for Sale		–	–	–	123,965	123,965
Financial Investments		–	–	3,500,000	–	3,500,000
		1,285,061	–	3,500,000	124,065	4,909,126
<b>Financial Liabilities (at Amortised Cost)</b>						
Trade & other payables		–	–	–	(364,061)	(364,061)
Borrowings	1.76	–	(22,619)	(43,913)	(300,000)	(366,532)
		–	(22,619)	(43,913)	(664,061)	(730,593)
<b>Net Financial Assets/(Liabilities)</b>		<b>1,285,061</b>	<b>(22,619)</b>	<b>3,456,087</b>	<b>539,996</b>	<b>4,178,533</b>

All trade and sundry payables are expected to be paid in less than 6 months.

**(iii) Net Fair Value of Financial Assets and Liabilities**

The net fair value of the financial assets and financial liabilities approximates their carrying value.

The available for sale financial investment's fair value has been determined using Level 1 inputs, ie quoted prices in active markets. The fair value of these financial assets has been based on the closing quoted bid prices at reporting date, excluding transaction costs.

**(iv) Sensitivity Analysis**

**Interest Rate Risk**

The Company has performed a sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

**Interest Rate Sensitivity Analysis**

As 30 June 2012, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	<b>(Higher)/Lower</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>(Increase)/Decrease in loss</b>		
- Increase in interest rate by 100 basis points	122,334	12,851
- Decrease in interest rate by 100 basis points	(122,334)	(12,851)
<b>Change in equity</b>		
- Increase in interest rate by 100 basis points	122,334	12,851
- Decrease in interest rate by 100 basis points	(122,334)	(12,851)

The movements in the loss for the year are due to higher/lower interest revenue from cash balances.

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

## 24. CASH FLOW INFORMATION

	2012 \$	2011 \$
<b>(i) Reconciliation of Cash Flows from Operating Activities with Loss from or after Income Tax</b>		
- Loss from ordinary activities after income tax	(9,617,052)	(6,426,026)
<b>Non-cash flows in loss from ordinary activities</b>		
- Share-based payments expense	3,851,096	1,828,767
- Depreciation	76,129	53,989
- Exploration tenements written off	346,306	2,813,146
- Loss from sale of fixed assets	22,693	-
<b>Changes in assets and liabilities</b>		
- Increase/(decrease) in other receivables	(121,641)	(41,280)
- Increase/(decrease) in trade and other payables	564,517	10,311
- Increase/(decrease) in employee benefits	199,829	93,802
<b>Net Cash Outflows from Operating Activities</b>	<b>(4,678,123)</b>	<b>(1,667,291)</b>
<b>(ii) Non-Cash Financing and Investing Activities</b>		
- Capital raising costs paid for by way of issue of options	1,250,300	-
<b>(iii) Finance Facilities</b>		
At the reporting date the Company has the following finance facilities representing finance leases and convertible note facility		
Amount used	-	1,816,532
Amount unused	-	5,850,000
<b>Total Facility</b>	<b>1,250,300</b>	<b>7,666,532</b>

**25. SHARE-BASED PAYMENTS**

The following options were granted to Directors, employees, promoters, vendors, lenders and advisers for no consideration as part of their remuneration package and/or ongoing support of the Company. All options granted confer a right of one ordinary share for every option held. Options granted under the plan carry no dividend or voting rights.

Option Grantee	Grant Date	Expiry Date	Exercise Price \$	Granted during Year No	Exercisable at End of Year No	Note
Underwriters	19/11/2009	31/12/2012	0.10	10,000,000	10,000,000	
Corporate Advisors	19/11/2009	31/12/2012	0.10	5,000,000	4,000,000	
Brokers	7/12/2009	31/12/2012	0.15	3,500,000	3,500,000	
Key Management Personnel	1/4/2010	31/12/2012	0.10	1,000,000	1,000,000	
Key Management Personnel	1/4/2010	31/12/2012	0.30	1,000,000	–	(i)
Key Management Personnel	1/4/2010	31/12/2012	0.30	1,000,000	–	(ii)
Key Management Personnel	1/4/2010	31/12/2012	0.30	500,000	–	(iii)
Key Management Personnel	1/4/2010	31/12/2012	0.30	500,000	500,000	(iv)
Employees	1/4/2010	1/4/2015	0.25	3,230,000	1,430,000	
Key Management Personnel	6/4/2010	1/4/2015	0.25	2,800,000	2,800,000	
Corporate Advisors	8/4/2010	7/1/2012	0.22	6,000,000	–	
Key Management Personnel	22/12/2010	23/12/2015	0.10	7,000,000	4,000,000	
Lender	11/12/2011	14/2/2014	0.12	2,900,000	1,400,000	
Key Management Personnel	24/5/2011	4/5/2016	0.16	2,000,000	2,000,000	
Key Management Personnel	14/7/2011	23/12/2015	0.10	3,000,000	2,215,000	
Corporate Advisors	15/9/2011	1/4/2015	0.25	1,600,000	1,600,000	
Corporate Advisors	16/11/2011	31/12/2015	0.25	23,100,000	23,100,000	
Key Management Personnel	16/11/2011	31/12/2013	0.25	3,000,000	3,000,000	
Key Management Personnel	16/11/2011	31/12/2014	0.25	2,000,000	2,000,000	
Key Management Personnel	16/11/2011	31/12/2014	0.30	2,000,000	2,000,000	
Key Management Personnel	16/11/2011	31/12/2014	0.35	2,000,000	2,000,000	
Key Management Personnel	16/11/2011	31/12/2014	0.40	2,000,000	2,000,000	
Key Management Personnel	16/11/2011	31/12/2014	0.45	2,000,000	2,000,000	

- (i) Options will be issued upon the share price of the Company remaining at or above \$0.40 per share for 30 consecutive days.

At 30 June 2012, the Directors have estimated conditions will be met 30 June 2013 (30 June 2011: 30 June 2012).

- (ii) Options will be issued upon the share price of the Company remaining at or above \$0.70 per share for 30 consecutive days.

At 30 June 2012, the Directors have estimated conditions will be met 31 December 2013 (30 June 2011: 31 December 2012).

- (iii) Options will be issued upon publication of a JORC compliant resource of at least 500,000 ounces of gold.

At 30 June 2012, the Directors have estimated conditions will be met 31 December 2013 (30 June 2011: 31 December 2012). Accordingly the vesting of the options has been made progressively from date of issue to 31 December 2013.

- (iv) Options will be issued upon publication of a JORC compliant resource of at least 50 million tonnes of iron ore.

This vesting condition was satisfied on 4 August 2011 and accordingly the options were issued on that date.

## Fair Value of Options and Performance Shares Granted

The fair value of the options granted to employees, directors, lenders and advisors is deemed to represent the value of the employees, directors, lenders or advisors services received over the vesting period.

The assessed fair values at grant date of options granted during the year ended 30 June 2012 are set out in the tables below. The fair values at grant date are independently determined using a Binomial or Black and Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield, the probability of the share price reaching forecast target and the risk free interest rate for the term of the option. No allowance has been made for the effects of early exercise.

The weighted average fair value of options granted during the year was \$0.0743 (2011: \$0.0789).

The following inputs were applied into the pricing model:

	2012	2011
Weighted average price per share	\$0.1407	\$0.097
Weighted average exercise price	\$0.22	\$0.16
Weighted average life of the option	3.63	4.52
Weighted average expected share price volatility	100%	102%
Weighted average risk free interest rate	3.24%	5.2%
Expected dividend yield	0%	0%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

Total amounts arising from share based payment transactions recognised during the year are as follows:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Statement of Comprehensive Income	3,851,096	1,437,048
Recognised directly in equity		
– Capital raising expenses	1,250,300	–
	<b>5,101,396</b>	<b>1,437,048</b>

The number and weighted average exercise prices of share options are as follows:

	<b>2012</b>		<b>2011</b>	
	<b>Weighted Average Exercise Price</b>	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Options</b>
Outstanding at 1 July	\$0.19	120,034,619	\$0.20	108,140,619
Granted during the year	\$0.22	196,849,619	\$0.12	11,900,000
Forfeited during the year	\$0.22	(95,099,144)	–	–
Exercised during the year	\$0.11	(2,285,000)	\$0.22	(6,000)
Outstanding and exercisable at 30 June	\$0.20	219,500,094	\$0.19	120,034,619

The weighted average remaining contractual life of options outstanding at year end was 2.13 years (2011: 1.51 years).



## 26. INTERESTS IN JOINT VENTURES

The Company has an interest in the following joint venture:

	<b>2012</b> \$	<b>2011</b> \$
Mt. Bevan (Hawthorn Resources Limited)	60%	Nil

The Company entered into a joint venture agreement with Hawthorn Resources Limited to farm into the Mt Bevan iron ore project. On 18 June 2012, the Company had satisfied all conditions and earned a 60% interest in the Mt Bevan iron ore tenements. The principal activity of the joint venture is mineral exploration.

The Company's interest in the joint venture is included in the Statement of Financial Position in accordance with the accounting policy described in note 1(o) under the following classifications:

	<b>2012</b> \$	<b>2011</b> \$
Exploration and evaluation expenditure	4,325,222	1,083,524
	<b>4,325,222</b>	<b>1,083,524</b>

Legacy earned the 60% interest in the Mt Bevan project through the expenditure of \$3,500,000 on exploration to a pre-feasibility stage. The Mt Bevan iron ore project is now proceeding as a jointly managed programme through a soon to be formed joint venture technical committee. Further contributions in excess of the \$3,500,000 minimum are to be shared in proportion to the participants' relative interests in the project. Legacy is expected to be reimbursed for 40% of the expenditure in excess of \$3,500,000 however at 30 June 2012 this expenditure had not yet been validated by the other joint venture participant as approved works. This 40% reimbursement has not been brought to account at 30 June 2012 and accordingly 100% of the expenditure had been booked as exploration and evaluation expenditure.

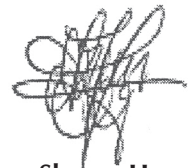
Included in the Company commitments (Note 22(c)) are the following commitments in relation to the joint venture.

	<b>2012</b> \$	<b>2011</b> \$
<b>Minimum Exploration Expenditure Commitments</b>		
Not later than 1 year	160,463	–
Later the 1 year but not later than 5 years	18,718	–
Later than 5 years	–	–
	<b>179,181</b>	<b>–</b>

## Directors' Declaration

- 1 The Directors of the Company declare that.
- (a) the financial statements and notes as set out on the accompanying pages, are in accordance with the Corporations Act 2001 and:
    - (i) Comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    - (ii) give a true and fair view of the Company's financial position as at 30 June 2012 and of the performance for the year ended on that date;
  - (b) the Directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer; and
  - (c) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**Sharon Heng**  
Director  
Perth

28 September 2012



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**Independent Auditor's Report  
To the Members of Legacy Iron Ore Limited**

**Report on the financial report**

We have audited the accompanying financial report of Legacy Iron Ore Limited (the "Company"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

**Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

**Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

#### **Auditor's opinion**

In our opinion:

- a the financial report of Legacy Iron Ore Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

#### **Report on the remuneration report**

We have audited the remuneration report included in pages 48 to 54 of the directors' report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Legacy Iron Ore Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

*C A Becker*

C A Becker  
Partner - Audit & Assurance

Perth, 28 September 2012

**C O N T E N T S**

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## Annual Report 2011-2012

### Directors' Report on the Annual Accounts for the Financial Year ended 30th June 2012

To  
Shareholders,  
NMDC SARL

Dear Shareholders

The NMDC SARL (a Wholly Owned Subsidiary of NMDC) is a Company registered under Malagasy right having a registered capital of 1,000,000 MGA (One million Malagasy ariary). Its main activity is prospecting, exploration and exploitation of high value mineral deposits in Madagascar. The Company had suspended its operation from March 2002 due to disturbed political situation in the country and also due to poor exploration results.

In view of the above, NMDC took a decision to wind up NMDC SARL. The process of winding up is on hand. There have been no transactions after March 2002.

On 1st January 2005, the Malagasy ariary (MGA) replaced the previous currency i.e. Malagasy franc (FMG) and one Malagasy franc was valued at 0.2 ariarys and accordingly the FMG monetary value are converted into MGA.

No transactions pertaining to the company have occurred during the financial year ended on 30th June 2012. Hence only the Balance Sheet has been reproduced without any change from the previous year's figures.

Sd/-  
**N.K. Nanda**  
Director - Manager

## NMDC SARL

(A wholly owned Subsidiary of NMDC)

Villa No.2, Cite Sarda Les Peches, Antanimora, BP 3791, Antananarivo 101, Madagascar



## Balance Sheet as at 30th June, 2012

ASSETS	Amount in MGA	
	F.Y. 2011-2012	F.Y. 2010-2011
<b>I. FIXED ASSETS</b>		
Establishment expenses	147,798,443	147,798,443
Gold Research Expenses	616,273,823	616,273,823
	<u>764,072,266</u>	<u>764,072,266</u>
<b><u>CORPOREAL ASSETS</u></b>		
Equipment & Tools	-	-
Vehicles	-	-
Office Equipment & Office Furniture	-	-
Computer Equipment	-	-
Office & Accommodation Furniture	-	-
	<u>-</u>	<u>-</u>
<b>TOTAL OF FIXED ASSETS</b>	<u>764,072,266</u>	<u>764,072,266</u>
<b>II. RUNNING ASSETS</b>		
<b>DEBTS</b>		
VAT Credit	-	-
Prepaid advance for company tax profit (IBS)	-	-
Other Debts	-	-
<b>LIQUID ASSETS</b>		
Bank	-	-
Cash	-	-
	<u>-</u>	<u>-</u>
<b>TOTAL OF RUNNING ASSETS</b>	<u>-</u>	<u>-</u>
<b>III. EARLY NOTED CHARGES</b>		
Advances	-	-
<b>TOTAL GENERAL (I + II + III)</b>	<u>764,072,266</u>	<u>764,072,266</u>

Balance Sheet as at 30th June, 2012

LIABILITIES	Amount in MGA	
	F.Y. 2011-2012	F.Y. 2010-2011
<b>I. EQUITY CAPITAL</b>		
ISSUED CAPITAL:	1,000,000	1,000,000
Result pending for affectation	(1,597,284,704)	(1,597,284,704)
<b>Net situation</b>	<b>(1,596,284,704)</b>	<b>(1,596,284,704)</b>
<b>II. DEBTS</b>		
Suppliers and related accounts	–	–
<b>OTHER DEBTS</b>		
Shareholders - operations on the capital	2,360,356,970	2,360,356,970
<b>TOTAL OF DEBTS</b>	<b>2,360,356,970</b>	<b>2,360,356,970</b>
<b>GRAND TOTAL (I + II)</b>	<b>764,072,266</b>	<b>764,072,266</b>

Sd/  
(N.K. Nanda)  
Director - Manager

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## NOTICE

### 55<sup>th</sup> Annual General Meeting

Date : 25<sup>th</sup> September, 2013  
Day : Wednesday  
Time : 1130 hrs  
Venue : Grand Ball Room  
Hotel Taj Krishna  
Road No.1, Banjara Hills  
Hyderabad - 500 034

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## Notice

Notice is hereby given that the 55th Annual General Meeting of NMDC Limited (AGM) will be held at 1130 hours on Wednesday, the 25.09.2013 at Grand Ball Room, Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad - 500 034 to transact the following business:

### A. ORDINARY BUSINESS:

#### 1. Adoption of Audited Accounts, Directors' and Auditors' Reports

To receive, consider and adopt the Statement of Profit & Loss for the financial year ended 31st March, 2013, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.

#### 2. Declaration of Dividend

To declare the Final Dividend as recommended by the Board.

#### 3. Re-appointment of Directors

- i) To appoint Shri C.S. Verma, as Chairman-cum-Managing Director, who retires by rotation and is eligible for re-appointment.
- ii) To appoint Shri N.K. Nanda, as Director (Technical), who retires by rotation and is eligible for re-appointment.
- iii) To appoint Shri S. Thiagarajan, as Director (Finance), who retires by rotation and is eligible for re-appointment.
- iv) To appoint Shri S. Bose, as Director (Production), who retires by rotation and is eligible for re-appointment.
- v) To appoint Shri S.K. Das, as Director (Commercial), who retires by rotation and is eligible for re-appointment.

- vi) To appoint Shri Rabindra Singh, as Director (Personnel), who retires by rotation and is eligible for re-appointment.
- vii) To appoint Shri R.N. Aga, as Director, who retires by rotation and is eligible for re-appointment.
- viii) To appoint Smt. Parminder H. Mathur, as Director, who retires by rotation and is eligible for re-appointment.
- ix) To appoint Shri D. Rath, as Director, who retires by rotation and is eligible for re-appointment.
- x) To appoint Shri S.J. Sibal, as Director, who retires by rotation and is eligible for re-appointment.

#### 4. Remuneration of Statutory Auditors

In terms of the amended Section 224 of the Companies Act, 1956 vide Clause (aa) of Sub-section 8, the remuneration of Auditors of Government Companies, appointed by Comptroller and Auditor General of India, shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. Hence, it is proposed that the members may fix the remuneration of the Statutory Auditors of the Company for the year 2013-14, as may be deemed fit.

### B. SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:

#### RESOLVED THAT

"Shri Vinod Kumar Thakral be and is hereby appointed as Director of the Company on the

existing terms of his appointment, who is liable to retire by rotation."

6. To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:

**RESOLVED THAT**

"Shri Syedain Abbasi be and is hereby appointed as Director of the Company on the existing terms of his appointment, who is liable to retire by rotation."

7. To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:

**RESOLVED THAT**

"Dr. Noor Mohammad be and is hereby appointed as Director of the Company on the existing terms of his appointment, who is liable to retire by rotation."

8. To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:

**RESOLVED THAT**

"Shri Vinai Kumar Agarwal be and is hereby appointed as Director of the Company on the existing terms of his appointment, who is liable to retire by rotation."

9. To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:

**RESOLVED THAT**

"Shri Mahesh Shah be and is hereby appointed as Director of the Company on the existing terms of his appointment, who is liable to retire by rotation."

By Order of the Board



**(Kumar Raghavan)**

Company Secretary &  
Executive Director (L&CC)

Place : Hyderabad  
Date : 23.08.2013

**Copy to:**

1. All Members
2. Statutory Auditors

**Encls:**

1. Notes to Notice.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business.
3. Proxy Form and Attendance Slip.
4. ECS Form
5. A copy of the 55th Annual Report of the Company for the year 2012-13.



### Notes to the Notice

1. None of the Directors of the Company are interested in the business except to the extent of their appointment / re-appointment and shareholding which is below 2% of the paid - up capital of the Company.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company. A blank Proxy Form also enclosed.
3. Should any Member choose to exercise his / her right to appoint a proxy, the proxy form duly completed should be deposited at the Registered Office of the Company not less than forty eight (48) hours before the time of holding of the Meeting.
4. During the year Government of India has further divested its 10% of stake in the Company through OFS route in December 2012, as a result of divestment the public holding increased from 10% to 20% and President of India holding reduced to 80%.
5. During the year the Company had paid two interim dividends @ Rs.2/- each and Re.1/- each, on the paid-up equity share of Re.1/- each of the company in November 2012 and March 2013 respectively totaling to Rs.1189.41 crore on the nominal value of the paid-up equity shares of the Company to the Members.
6. Final Dividend @ Rs. 4/- per share as recommended by Board, if declared by the members at the meeting, will be paid / dividend warrants despatched with effect from 14.10.2013 by the Company to those Members, whose names appear in the Register of Members of the Company as on 21.09.2013, being the book closure commencement date and also to the Beneficial Owners of shares held in electronic form on the said date as per the details furnished by the Depositories for this purpose.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 21.09.2013 to 25.09.2013 (both days inclusive).
8. Members are requested to bring their copy of this Report to the meeting.
9. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is enclosed.
10. (i) The Company has appointed Aarthy Consultants Private Limited as Share Transfer Agents (STA) of NMDC Ltd. The address and contact numbers are given below:

Mr. G. Bhaskara Murthy  
General Manager,  
M/s Aarthy Consultants Pvt Ltd.,  
D.No. 1-2-285, Domalguda  
Hyderabad - 500 029.  
Phone Nos. 040-27638111/27634445,  
Fax No. 040-27632184  
Email : info@aarthyconsultants.com  
ims@nmdc.co.in  
Web site : www.aarthyconsultants.com

Members are requested to correspond at above address with STA on all the matters relating to share transfers/ dividend etc., except divestments made in March 2010 and December 2012 and also for any clarifications thereon.
- (ii) It is to inform that shares of your Company have been dematerialized in Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The ISIN number allotted is "ISIN-INE584A01023". Members are advised to get in touch with the Depository participant (DP)/STA for any clarification on dematerialization of shares held.

- (iii) Members are requested to correspond with M/s Karvy Computershare Pvt. Ltd., Registrar to the Offer for Sale made by Government of India in March 2010 on all matters relating to divestment of 8.38% shares held by the President of India in the Company aggregating 33,22,43,200 equity shares of Re.1/- each in the month of March, 2010, at the following address:
- Mr. M. Murali Krishna  
 Karvy Computershare Pvt. Ltd.,  
 Plot No. 17-24, Vittal Rao Nagar,  
 Madhapur, Hyderabad - 500 081,  
 Tel: 040-23420815, Fax: 040-23431551  
 Email: nmhc.ipo@karvy.com /  
 einward.ris@karvy.com.  
 website: www.karvy.com
11. Members holding shares in Demat form are requested to notify immediately, any change in their address, with complete postal address, with PIN, telephone numbers and email address etc. to their Depository Participants (D.Ps).
12. Members holding shares in Physical Form are requested to notify immediately, any change in their address, with complete postal address, with PIN, telephone numbers and email address etc. at the following address:
- (i) The Company Secretary & Executive Director (L&CC)  
 Khanij Bhavan, 10-3-311/A  
 Castle Hills, Masab Tank  
 Hyderabad - 500 028.  
 Phone No.040-2353 8757  
 Fax No.040-2353 8759  
 E-mail: ims@nmhc.co.in  
 Web site: www.nmhc.co.in
- (ii) The General Manager  
 M/s Aarthi Consultants Pvt Ltd  
 D.No. 1-2-285, Domalguda  
 Hyderabad - 500 029.  
 Phone Nos. 040-27638111/27634445  
 Fax No. 040-27632184  
 Email: info@aarthiconsultants.com
13. The Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA) have made it mandatory for all the Listed Companies to offer Electronic Clearing Service (ECS) facilities for payment of dividend, wherever applicable. This facility offers various benefits like timely credit of dividend to the shareholders account, elimination of loss of instrument in transit or fraudulent encashment etc.
- In view of the above:**
- (i) Shareholders holding shares in Physical Form and desirous of availing the facility are requested to complete ECS form attached to this Annual Report and forward the same to the Company's Share Transfer Agent (STA) for effecting ECS payment.
- (ii) Shareholders holding shares in Dematerialized Form are requested to provide the Bank details to their Depository Participants for incorporation in their records. The Depository in turn would forward the required information to the Company's STA for effecting ECS payment.
14. Members are requested to register their e-mail address and changes therein from time to time with their DP if shares are in Demat Form and to the Share Transfer Agent (STA) of the Company if shares are in physical form, for service of documents, notices, annual reports etc. through e-mail as per the Green Initiative undertaken by Ministry of Corporate Affairs, Government of India vide Circular No.17/2011 which is available at www.mca.gov.in.

## 55th AGM NOTICE

### Brief Resume of the Directors

Name	Shri C.S. VERMA	Shri N.K. NANDA
Date of Birth & Age	29.09.1959 & 53 years	28.07.1960 & 53 years
Date of Appointment	25.05.2012	01.12.2008
No. of shares held in NMDC	Nil	320
Qualifications	i) M.Com. ii) MBA iii) Bachelor's degree in Law & Legislatures iv) Fellow Member of Institute of Company Secretaries of India (ICSI) v) Fellow Member of Institute of Cost Accountants of India (ICAI)	i) B.Tech.(Mining) from ISM, Dhanbad. ii) M.Tech. (By Research) from ISM, Dhanbad in Mining Engg.
Expertise in specific functional area	Presently holding the post of Chairman of Steel Authority of India Ltd. (SAIL), a Maharatna PSU since June 2010.  Spanning nearly 32 years, his career profile also covers stints as Director (Finance) of BHEL and ITI Ltd., as Group General Manager of Indian Railway Finance Corporation, and as General Manager of Delhi Stock Exchange (DSE), besides experience of working in a Financial Institution for about nine years.	<ul style="list-style-type: none"> <li>● Qualified Engineer for mine plan preparation.</li> <li>● Expert in the field of blasting and slope stability in large opencast mines.</li> <li>● Qualified System Analyst for opencast mines and project monitoring.</li> <li>● Expert in the field of mineral processing, particularly beneficiation of low grade iron ore.</li> <li>● Expert in merger and acquisition activities. Can lead team to successful acquisition and diversification.</li> <li>● Expert in Long-term Strategic Planning and Project Implementation.</li> </ul>
Directorship held in other Companies	i) Steel Authority of India Ltd. (SAIL) - Chairman ii) International Coal Ventures Pvt. Ltd. - Chairman	i) J&K Mineral Development Corpn. Ltd. ii) NMDC-CMDC Ltd. iii) Krishnapatnam Railway Co. Ltd. iv) NMDC-SARL. v) International Coal Ventures Pvt. Ltd. vi) Legacy Iron Ore Ltd. vii) NMDC Power Ltd. viii) Jharkhand National Mineral Development Corporation Ltd. ix) Kopano-NMDC Minerals (Pty) Ltd.
Memberships / Chairmanship of Committees across all Public Companies	Chairman, Share Transfer Committee, NMDC Ltd.	i) Member, Audit Committee, NMDC. ii) Member, Share Transfer Committee, NMDC Ltd.

Name	Shri S. THIAGARAJAN	Shri SUBIMAL BOSE
Date of Birth & Age	30.12.1954 & 58 years	20.10.1954 & 58 years
Date of Appointment	09.07.2009	17.06.2011
No. of shares held in NMDC	Nil	320
Qualifications	i) Bachelor of Science ii) Chartered Accountant	i) B. Tech. (Hons.) (Mining) Year 1978. IIT, Kharagpur ii) 1st Class Mines Manager Certificate of Competency (Restricted)
Expertise in specific functional area	As Finance Director of NMDC, statutorily responsible for timely submission of financial statements of the Company to the statutory authorities / share holders. Expertise in i) corporate tax management ii) project appraisal and financing iii) financial concurrence to proposals for revenue and capital items for existing and new projects as per the special requirements of a PSU iv) optimum deployment of company's cash resources in various investment opportunities / CAPEX avenues v) formulation of strategies with regard to critical issues such as product pricing, evacuation, M&A etc.	<ul style="list-style-type: none"> <li>● Prior to joining NMDC, held various positions in Mining Departments of M/s Cement Corporation of India Ltd.</li> <li>● After joining NMDC, worked as Dy. General Manager (Mining) at Bacheli Complex in Chhattisgarh. Worked in all Iron Ore Projects of NMDC as Head of the Project.</li> <li>● As a General Manager of Projects, was responsible for overall operation, production, execution, direction and control of the Projects.</li> </ul>
Directorship held in other Companies  Memberships / Chairmanship of Committees across all Public Companies	i) J&K Mineral Development Corporation Ltd. ii) Legacy Iron Ore Limited iii) NMDC-CMDC Limited iv) NMDC Power Limited v) Jharkhand National Mineral Development Corporation Ltd. vi) Kopano-NMDC Minerals (Pty) Ltd.	i) Legacy Iron Ore Limited ii) Jharkhand National Mineral Development Corporation Limited
	i) Member, Share Transfer Committee, NMDC Limited ii) Member Shareholders' / Investors' Grievance Committee, NMDC Ltd.	i) Member, Share Transfer Committee, NMDC Ltd. ii) Member, Shareholders' / Investors' Grievance Committee, NMDC Ltd.

## 55th AGM NOTICE

Name	Shri S.K. DAS	Shri RABINDRA SINGH
Date of Birth & Age	29.08.1954 & 58 years	08.08.1955 & 58 years
Date of Appointment	11.08.2011	01.10.2011
No. of shares held in NMDC	Nil	Nil
Qualifications	<ul style="list-style-type: none"> <li>i) M.Sc. (Physics)</li> <li>ii) M.A. (Public Administration)</li> <li>iii) P.G. Diploma in Sales &amp; Marketing Management</li> </ul>	<ul style="list-style-type: none"> <li>i) B.A. (Hons.)</li> <li>i) P.G. Diploma in Personnel Management</li> <li>ii) P.G. Diploma in Social Work (Labour Welfare)</li> </ul>
Expertise in specific functional area	<p>Joined SAIL as Management Trainee during 1979 and held various positions in Marketing like Branch Manager, Regional Manager, General Manager and Executive Director.</p> <p>He attended many specialized training programmes, seminars and workshops in India and abroad.</p> <p>He has rich experience in domestic and international steel marketing, warehousing / logistics management and also has been actively involved in planning and formulation of marketing, pricing and business development strategies.</p>	<p>Prior to joining NMDC, Shri Rabindra Singh was Executive Director (P&amp;A), Steel Authority of India Limited (SAIL), Bokaro Steel Plant, Bokaro.</p> <p>He has about 35 years of rich experience in all facets of Personnel Management in varied work situations in different units of SAIL. He has worked through almost the length and breadth of SAIL. He has been Head of Personnel of SAIL Plants / Units viz. Bokaro Steel Plant, Central Marketing Organisation, Raw Materials Division and also Durgapur Steel Plant.</p>
Directorship held in other Companies	NMDC Power Ltd.	Neelachal Ispat Nigam Ltd.
Memberships / Chairmanship of Committees across all Public Companies	Member, Share Transfer Committee, NMDC Ltd.	Nil

<b>Name</b>	<b>Shri R.N. AGA</b>	<b>Mrs. PARMINDER H. MATHUR</b>
<b>Date of Birth &amp; Age</b>	09.07.1945 & 68 years	17.08.1949 & 64 years
<b>Date of Appointment</b>	03.12.2010	03.12.2010
<b>No. of shares held in NMDC</b>	Nil	Nil
<b>Qualifications</b>	M.Sc. (Physics)	i) M.A. (Political Science) ii) M.B.A., Leeds University (U.K.)
<b>Expertise in specific functional area</b>	<p>Shri R.N. Aga joined Indian Railways Traffic Service in November 1968. After serving in Indian Railways for over 37 years in various capacities including Divisional Railway Manager, General Manager and Member (Traffic) Railway Board and Ex-officio Secretary to the Government of India. He retired from service in July 2005. As Member Traffic, Railway Board he also functioned as Chairman of Container Corporation of India (CONCOR), Indian Railway Catering and Tourism Corporation (IRCTC) and Pipavav Rail Corporation Limited (PRCL). After retirement, he has been associated with Asian Institute of Transport Development (AITD) as Secretary and Senior Fellow. AITD is a non-profit non-commercial organization and is recognized by UN as a centre of excellence and has a MoU with UNESCAP.</p>	<p>Mrs. Parminder H. Mathur joined the Indian Administrative Service (H.P.Cadre) and has served in various capacities till her retirement from the post of Additional Chief Secretary, Himachal Pradesh in August 2009.</p> <p>During her career spanning over 35 yrs she has served as a Secretary to the Government of Himachal Pradesh in a range of key sectors like Industries, Labour &amp; Employment, Social Justice and Empowerment, Rural Development, Food &amp; Civil Supplies, Consumer Affairs, Women &amp; Child Development, Land Revenue Management, Disaster Management etc.</p>
<b>Directorship held in other Companies</b>	NIL	NIL
<b>Memberships / Chairmanship of Committees across all Public Companies</b>	Member, Audit Committee, NMDC Ltd.	Member, Audit Committee, NMDC Ltd.



## 55th AGM NOTICE

Name	Shri D. RATH	SHRI S.J. SIBAL
Date of Birth & Age	11.02.1950 & 63 years	30.09.1950 & 62 years
Date of Appointment	03.12.2010	28.12.2011
No. of shares held in NMDC	Nil	100
Qualifications	B.Sc. Engg. (Mechanical)	<p>i) B.Sc. (Hons.), Mining Engineering</p> <p>ii) 1st Class Manager's Competency Certificates for Coal &amp; Metalliferrous Mines.</p>
Expertise in specific functional area	<p>Shri D. Rath was the Chairman-cum-Managing Director of MECON since September 2005. Shri Rath holds a Bachelor of Science Degree in Engineering (Mechanical). He joined MECON in March 1972 and has served in various capacities in the commercial/project management/marketing/contracts disciplines. He has approximately 41 years of experience in the fields Project Management &amp; Execution, Quality Control, Design &amp; Engineering.</p>	<p>Mr. S.J. Sibal served for over 38 years in NCDC, CIL and DGMS. He is a former Director General of Mines Safety. He has expertise in the coal and non-coal mining sector with rich experiences in the mining industry and mines safety spanning over 38 years, is dedicated to maintaining a reputation built on quality, service, and uncompromising ethics.</p>
Directorship held in other Companies	<p>i) L&amp;T Ltd. (ECC)</p> <p>ii) Orissa State Police Housing &amp; Welfare Corporation Ltd.</p>	<p>i) Northern Coal Fields Ltd.</p> <p>ii) C-FARM (Sec. 25 Company)</p> <p>iii) Hindustan Zinc Ltd.</p>
Memberships / Chairmanship of Committees across all Public Companies	Member, Audit Committee, NMDC Ltd.	Advisor, HZL (Vedanta Enterprises)



Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

**SPECIAL BUSINESS**

**Item No.5 to 9: Appointment of Directors**

In line with the Government of India orders, Shri Vinod Kumar Thakral & Shri Syedain Abbasi, Government Nominee Directors and Dr. Noor Mohammad, Shri Vinai Kumar Agarwal & Shri Mahesh Shah, Non-Executive Directors (Independent Directors) were appointed as Additional Directors by the Board of Directors of NMDC Ltd. after the last AGM. In terms of the provisions of the Companies Act, 1956 as Additional Directors they hold office up to the date of AGM only, therefore, it is proposed to appoint them as Directors of the Company at this Annual General Meeting.

The Brief Bio-Data of the above Directors is given below:

Name	Shri VINOD KUMAR THAKRAL	Shri SYEDAIN ABBASI
Date of Birth & Age	02.07.1956 & 57 years	29.01.1967 & 46 years
Date of Appointment	07.06.2013	18.10.2012
No. of shares held in NMDC	Nil	Nil
Qualifications	M.A. - Political Science	M.A. - Modern Indian History
Expertise in specific functional area	Shri Vinod Kumar Thakral is a senior IAS officer, Government of India. Presently serving as the Additional Secretary & Financial Advisor, Ministry of Steel, Government of India. He has about 31 years of experience in administration & has served in various capacities / positions in the Government.	Shri Syedain Abbasi is a Senior IAS Officer, Government of India. Presently serving as the Joint Secretary, Ministry of Steel, Government of India. He has about 22 years of experience in administration & has served in various capacities / positions in the Government.
Directorship held in other Companies	<ul style="list-style-type: none"> <li>i) Government Director, SAIL</li> <li>ii) Government Director, KIOCL</li> <li>iii) Government Director, RINL</li> <li>iv) Government Director, MECON Ltd.</li> </ul>	Government Director, MECON India Ltd.
Memberships / Chairmanship of Committees across all Public Companies	Nil	Nil

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Name	Dr. NOOR MOHAMMAD	Shri VINAI KUMAR AGARWAL
Date of Birth & Age	30.07.1951 & 62 years	30.10.1950 & 62 years
Date of Appointment	26.11.2012	26.11.2012
No. of shares held in NMDC	Nil	Nil
Qualifications	<ul style="list-style-type: none"> <li>i) Ph.D. - Economics</li> <li>ii) M.Sc. - Administrative Sciences &amp; Development Problems</li> <li>iii) M.Sc. - Physics</li> <li>iv) M.A. - Economics</li> </ul>	<ul style="list-style-type: none"> <li>i) B.Sc.</li> <li>ii) B.E. - Civil</li> </ul>
Expertise in specific functional area	<p>Dr. Noor Mohammad retired from Indian Administrative Service on 31.07.2011. He has more than 35 years of vast experience in administration and he has held various senior positions in the Government of Uttar Pradesh as well as in the Central Government. He retired as Secretary, National Disaster Management Authority.</p>	<p>Shri Vinai Kumar Agarwal was Managing Director of RITES Ltd. from April 2004 to October 2010. Shri Agarwal holds Bachelor of Engineering in Civil Discipline from University of Roorkee (IIT Roorkee). He served in RITES and Indian Railways in various capacities covering various areas such as Consultancy and Project Management, Constructing and Operating Rail Company in India and abroad. He has approximately over 37 years of experience in Construction and Maintenance of Rail Network, Buildings, Bridges.</p>
Directorship held in other Companies	Nil	<ul style="list-style-type: none"> <li>i) Independent Director, KIOCL</li> <li>ii) Independent Director, Dredging Corporation of India</li> </ul>
Memberships / Chairmanship of Committees across all Public Companies	Nil	<ul style="list-style-type: none"> <li>i) Member, Audit Committee, KIOCL.</li> <li>ii) Member, Audit Committee, Dredging Corporation of India.</li> </ul>

<b>Name</b>	<b>Shri MAHESH SHAH</b>
<b>Date of Birth &amp; Age</b>	25.12.1952 & 60 years
<b>Date of Appointment</b>	26.11.2012
<b>No. of shares held in NMDC</b>	Nil
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>i) B.Com.</li> <li>ii) LL.B</li> <li>iii) F.C.A. (Fellow Chartered Accountant), Institute of Chartered Accountants of India, New Delhi.</li> <li>iv) F.C.S. (Fellow Company Secretary), Institute of Company Secretaries of India, New Delhi.</li> <li>v) F.C.M.A. (Fellow of Institute of Cost Accountants of India), Institute of Cost Accountants of India, Kolkata</li> </ul>
<b>Expertise in specific functional area</b>	Shri Mahesh Shah, Former President of Institute of Company Secretaries of India and Institute of Cost Accountants of India. He is Fellow Member of Institute of Chartered Accountant of India, Institute of Company Secretaries of India and Institute of Cost Accountants of India. He has more than 35 years experience in the areas of Law, Accounts, Taxation, Costing and Financial Management.
<b>Directorship held in other Companies</b>	<ul style="list-style-type: none"> <li>i) Inter Corporate Financiers &amp; Consultants Ltd.</li> <li>ii) Power Grid Corporation of India Ltd.</li> </ul>
<b>Memberships / Chairmanship of Committees across all Public Companies</b>	Chairman, Audit Committee, NMDC Ltd.

The Board of Directors recommend the above proposals for approval of the shareholders.

None of the Directors of the Company is interested or concerned in the above resolutions except to the extent of their re-appointment / appointment.

By Order of the Board of Directors,  
For and on behalf of NMDC Ltd



**(Kumar Raghavan)**  
Company Secretary &  
Executive Director (L&CC)

Place : Hyderabad  
Date : 23.08.2013

## BRIEF PROFILE OF NMDC BOARD MEMBERS

### I. FUNCTIONAL DIRECTORS

#### 1. SHRI C.S. VERMA, CMD (ADDITIONAL CHARGE), NMDC LIMITED



Shri Chandra Shekhar Verma is the Chairman, Steel Authority of India Limited (SAIL), a Maharatna Company, since June 2010 and took over additional charge as Chairman-cum-Managing Director, NMDC Ltd. on 25.05.2012.

Shri Verma is also the Chairman of International Coal Ventures Limited (ICVL) - a Joint Venture of five leading Public Sector Enterprises viz. SAIL, CIL, RINL, NMDC and NTPC formed with special approval of Govt. of India for acquisition of coal assets in overseas territories.

Shri Verma has special interest in professional activities. He chairs the 'National Committee on Steel' of Confederation of Indian Industries (CII) from 2010-11. He is a Governing Council member of the All India Management Association, Member on the Board of Governors & Society of Indian Institute of Management, Raipur, Council member of Indian Institute of Metals, etc.

Prior to this assignment, Shri Verma was Director (Finance) of Bharat Heavy Electricals Limited (BHEL), India's largest engineering and manufacturing enterprise in the energy-related/infrastructure sector.

Spanning nearly 32 years, Shri Verma's career profile also covers stints as Director (Finance) of ITI, Group General Manager of Indian Railway Finance Corporation, and General Manager of Delhi Stock Exchange, besides experience of working in a Financial Institution for about nine years.

Fellow Member of the Institute of Company Secretaries of India and also Fellow member of the Institute of Cost Accountants of India. Shri Verma is a Commerce post-graduate with a Master's degree in Business Administration and Bachelor's degree in Law & Legislatures.

He has received many awards during his career, including 'CEO of the Year 2011 award' (PSE) by Indian Institute of Materials Management (IIMM), 'Best CFO Award' of CNBC-TV 18 and 'Top Rankers Excellence Award for Best Professional'. Recently, Shri Verma has been awarded 'Icon of the Year' Award by ICAI, 'Trail Blazer Leader of the Year' by World HRD Congress.

Steel Authority of India Limited - the largest steel producer in India, owns and operates eight plants - five integrated steel units and three alloy/special steel & stainless steel plants. It also owns and operates the second largest iron ore mines network in the country, for its captive use. Having a turnover of over Rs.50,000 crores, SAIL has been accorded the status of 'Maharatna' by the Government of India. It is currently implementing over Rs.70,000 crores modernization & expansion plan in its plants and mines to nearly double its crude steelmaking capacity.

#### 2. SHRI N.K. NANDA, DIRECTOR (TECHNICAL), NMDC LIMITED

Shri N.K. Nanda, Director was appointed as Director (Technical), NMDC Limited w.e.f. 1st December, 2008. He graduated in B.Tech. (Mining) from prestigious Indian School of Mining, Dhanbad in the year 1982 and further he post-graduated in M.Tech. (by Research) from ISM, Dhanbad during 2000. He submitted a thesis on "Reliability of Mine Operation".



After working in Hindustan Copper Ltd., Malanjkhand and ACC Ltd., Haryana, Shri Nanda joined NMDC in the year 1989. Because of his varied experience in copper, limestone, iron ore and initial training in coal mines, he has risen to the post of Director (Technical)

in the year 2008. He has been conferred with the awards like (i) 'Eminent Engineer' award by Institution of Engineers, Bhilai (ii) 'The IME Journal Golden Jubilee Award' for his contribution to iron ore mining, processing and infusing new technologies and (iii) prestigious award - Abheraj Baldota Memorial Award of 'Mining Engineer of the Year' for 2010 by Mining Engineers Association of India.

Shri Nanda specializes in mine operation and mine development and spent 20 years in production related activity, before getting elevated as Director (Technical). He has proficiency in project planning & execution, development and has special interest in diversification activities. He has published and presented a number of technical papers during various seminars in India as well as abroad.

Shri Nanda is a Fellow Member of Institution of Engineers and Fellow Member of Mining, Geological, Metallurgical Institute of India. Shri Nanda is also the Chairman of Legacy Iron Ore Ltd., a company in Australia, where NMDC is the major shareholder. He Chairs the National Committee on Mining of Confederation of Indian Industries (CII) from 2010-2011.

He is also the Member in the Governing Council of Global Compact Network India (GCNI) and also Vice President, GCNI, Hyderabad. He is also Vice Chairman of Kopano-NMDC Minerals Pty. Ltd., the Joint Venture Company of NMDC in South Africa. He is also Vice President, Southern and Western Zone of MGMI.

As Director (Technical) Shri Nanda is looking after, Research & Development, Investigation, Engineering, New Project Execution, apart from Joint Ventures, mergers and acquisitions. The upcoming Steel Plant of the Company at Nagarnar, Chhattisgarh, under his technical and administrative control, is expected for commencement of steel production by the end of the year 2015.

Shri Nanda has also held Additional Charge of Chairman-cum-Managing Director of the Company w.e.f. 1st January 2012 till 24th May 2012.

**Recent Papers submitted:**

1. Paper titled 'Mergers & Acquisitions vis-à-vis Global Mining Industry' submitted to World Mining Congress.
2. Paper on 'Indian Iron Ore Mining Industry and Future Prospects' presented in 4th Asian Mining Congress.
3. Professor S.K. Bose Memorial Lecture at ISM, Dhanbad on 19.04.2012 on "Sustainable Mining & Environment".

**3. SHRI S THIAGARAJAN, DIRECTOR (FINANCE), NMDC LIMITED**

Shri S Thiagarajan has been appointed as Director (Finance) of the Company with effect from 09 July 2009. He has been with the company for about 34 years. Over the years, he has held various positions in the discipline of Finance in various projects of the company to reach the helm as Head of Finance Department at the Corporate office in the year 2004 and subsequently as Director (Finance) of the Company in 2009.



He holds a Bachelor's of Science degree and is a Chartered Accountant. In addition to his core profession, his long tenure and experience in various production projects of the company has added to his abilities to have an integrated and holistic view on various financial, non financial and technical issues.

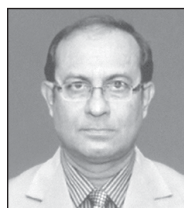
In addition to his responsibilities as Finance Director, he has been actively involved in all the expansion and diversification activities of the company, both India and abroad. Currently, he is also handling investor

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/ analyst relations post divestment of 20% of equity of GOI to public. As a member of various committees, he has extensively contributed to issues such as product pricing, overseas acquisitions, risk management etc.

He is also on the Board of JKMDL Ltd, NMDC-CMDC Ltd., Legacy Iron Ore Ltd., NMDC Power Ltd., Jharkhand National Mineral Development Corporation Ltd. and Kopano-NMDC Minerals (Pty) Ltd.

#### 4. SHRI S. BOSE, DIRECTOR (PRODUCTION), NMDC LIMITED



Shri S. Bose, aged 58 years, is the Director (Production) of the Company with effect from 17.06.2011. He holds B.Tech. (Hons.) Degree in Mining Engineering from I.I.T. Kharagpur and I Class Mines Manager Certificate of Competency (Restricted).

He has about 32 years of experience in the field of mining. He joined the Company as Deputy General Manager (Mining) in the year 2001. He has served in various positions such as Additional General Manager, Joint General Manager and General Manager-Head of the project until the Government of India appointed him as Director (Production) on the Board of the Company with effect from June 17, 2011. Prior to joining the Company, Shri Bose was associated with Cement Corporation of India Limited from 30.12.1981 to 12.11.2001. Prior to joining Cement Corporation of India Ltd., he worked for a short while in Ingersoll Rand (India) Ltd. and Sandvik Asia Ltd.

#### 5. SHRI S.K. DAS, DIRECTOR (COMMERCIAL), NMDC LIMITED



Shri S.K. Das, aged 58 years, is the Director (Commercial) of our company with effect from 11.08.2011. He holds Post Graduate Degree in Physics and Public Administration. He also holds P.G. Diploma in Sales & Marketing Management. Prior to joining NMDC, he was with SAIL since 1979 and held various positions in Marketing like Branch Manager, Regional Manager, General Manager and Executive Director.

He attended many specialized training programmes, seminars and workshops in India and abroad.

He has rich experience in domestic and international steel marketing, warehousing / logistics management and also has been actively involved in planning and formulation of marketing, pricing and business development strategies.

He holds Directorship on the Board of NMDC Power Ltd. as part-time nominee Director of NMDC Limited. He is not holding any equity shares of NMDC Ltd.

#### 6. SHRI RABINDRA SINGH, DIRECTOR (PERSONNEL), NMDC LIMITED



Shri Rabindra Singh has done Post Graduate Diploma in Personnel Management and also Post Graduate Diploma in Social Work (Labour Welfare). Prior to his present appointment, Shri Rabindra Singh was Executive Director (P&A), Steel Authority of India Limited (SAIL), Bokaro Steel Plant, Bokaro.

He has about 35 years of rich experience in all facets of Personnel Management in varied work situations in different units of SAIL. He has worked through almost the length and breadth of SAIL. He has been Head of Personnel of SAIL Plants / Units viz. Bokaro Steel Plant, Central Marketing Organization, Raw Materials Division and also Durgapur Steel Plant.



**II. GOVERNMENT NOMINEE DIRECTORS**

**1. SHRI VINOD KUMAR THAKRAL, ADDITIONAL SECRETARY AND FINANCIAL ADVISOR, MINISTRY OF STEEL**



Shri Vinod Kumar Thakral is a senior IAS officer, Government of India. Presently serving as the Additional Secretary & Financial Advisor, Ministry of Steel, Government of India. He has about 31 years of experience in administration & has served in various capacities / positions in the Government.

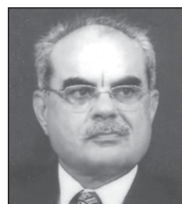
**2. SHRI SYEDAIN ABBASI, JOINT SECRETARY, MINISTRY OF STEEL**



Shri Syedain Abbasi is a Senior IAS Officer, Government of India. Presently serving as the Joint Secretary, Ministry of Steel, Government of India. He has about 22 years of experience in administration & has served in various capacities / positions in the Government.

**III. INDEPENDENT DIRECTORS**

**1. SHRI R.N. AGA**



Shri R.N. Aga joined Indian Railways Traffic Service in November 1968. After serving in Indian Railways for over 37 years in various capacities including Divisional Railway Manager, General Manager and Member (Traffic) Railway Board and Ex-officio Secretary to the Government of India, he retired from service in July 2005. As Member (Traffic, Railway Board he also functioned as Chairman of Container Corporation of India (CONCOR), Indian Railway Catering and Tourism Corporation (IRCTC) and Pipavav Rail Corporation Limited (PRCL). After retirement, he has been associated with Asian Institute of Transport Development (AITD) as Secretary and Senior Fellow. AITD is a non-profit non-commercial organization and is recognized by UN as a centre of excellence and has an MoU with UNESCAP.

**2. Mrs. PARMINDER H. MATHUR**



Mrs. Parminder H. Mathur is a postgraduate in Political Science and has a degree in MPA from Leeds University (U.K). She joined the Indian Administrative Service (H.P. Cadre) in 1974 and after serving for 35 years retired as Additional Chief Secretary (ACS), Himachal Pradesh equivalent in rank to Chief Secretary in August 2009. Though empanelled as Secretary to Government of India she continued to serve the State Government till her superannuation. As Secretary to the Government of Himachal Pradesh she has worked in several key sectors like Industries, Labour & Employment, Transport, Women & Child Development, Social Justice & Empowerment, Land Revenue Management, Relief & Rehabilitation, Food & Civil Supplies, Consumer Affairs, Disaster Management, Rural Development etc.

She has extensive experience in a wide range of fields like Human Resource Development, Personnel Management, Financial Management, Vigilance Management, Training & Capacity Building etc. As ACS (Industries) she was Chairperson of the High Powered Committee constituted by the H.P. High Court to regulate mining activities and prevent mining related environmental degradation in the State. In Labour & Employment, she addressed herself to the adherence and compliance of Labour Laws, with special emphasis on the welfare of workers, equality in wages for women and prevention of child labour.

Mrs. Mathur has been associated with Public Sector Undertakings in her capacity as Managing Director of the HP State Small Industries & Export Corporation and as Director in HP Financial Corporation, HP State Industrial Development Corporation. She has also held Director level appointments in two Navratna Central PSUs viz. Hindustan Petroleum Corporation Ltd. and Videsh Sanchar Nigam Ltd. as Chief Vigilance Officer.



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### 3. SHRI D. RATH



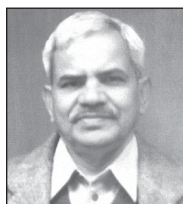
Shri D. Rath was the Chairman-cum-Managing Director of MECON from September 2005 till his retirement in February 2010. Shri Rath holds a Bachelor of Science Degree in Engineering (Mechanical). He joined MECON in March 1972 and has served in various capacities in the commercial / project management / marketing / contracts disciplines. He has approximately 41 years of experience in the fields Project Management & Execution, Quality Control, Design & Engineering.

### 4. SHRI S.J. SIBAL



Mr. S.J. Sibal, aged 62 years, is a Graduate in B.Sc. (Hons.), Mining Engg. He served for over 38 years in NCDC, CIL and DGMS. He is a former Director General of Mines Safety. He is an expert in the coal and non-coal mining sector with rich experiences in the mining industry and mines safety spanning over 38 years, is dedicated to maintaining a reputation built on quality, service, and uncompromising ethics.

### 5. DR. NOOR MOHAMMAD



Dr. Noor Mohammad retired from Indian Administrative Service on 31.07.2011. He is a Post Graduate in Physics, Economics and Development Issues. He has more than 35 years of vast experience in administration and he has held various senior positions in the Government of Uttar Pradesh as well as in the Central Government. He retired as Secretary, National Disaster Management Authority. He held important positions like Member Secretary, NCR Planning Board, Chief Electoral Advisor UNDP, Kabul, International Election Commissioner, Afghanistan, Deputy Election Commissioner, Election Commission of India and Chief Electoral Officer, Uttar Pradesh and Principal Secretary of various departments in U.P.

He worked as government nominee on the Board of Directors of a number of U.P. State Corporations and also Chennai Metro Rail Corporation. In addition, he worked as Chairman Association of Municipalities and Development Authorities, Chairman, U.P. Waqf Development Corporation, Managing Director, U.P. Waqf Development Corporation and Managing Director, U.P. Minorities Financial and Development Corporation where he made manifest contributions.

### 6. SHRI VINAI KUMAR AGARWAL



Shri Vinai Kumar Agarwal was the Managing Director of RITES Ltd. from April 2004 till his retirement in October 2010. He holds a Bachelor of Science Degree and Bachelors Degree in Engineering (Civil) from I.I.T. (Roorkee). Prior to his appointment as Managing Director, he was Divisional Railway Manager, Indian Railways. He also served as Executive Director and National Project Director for U.N. Funded Projects, Ministry of Railways. in various capacities in the commercial / project management / marketing / contracts disciplines. He has approximately 37 years of experience in the fields Project Management & Execution, Quality Control, Design & Engineering. While working as Managing Director, RITES Ltd. he was awarded the prestigious "Stevie International Business Awards, 2008" for 'Best Executive in Asia (Subcontinent), Australia and New Zealand'.

### 7. SHRI MAHESH SHAH



Shri Mahesh Shah, Former President of Institute of Company Secretaries of India and Institute of Cost Accountants of India. He is Fellow Member of Institute of Chartered Accountant of India, Institute of Company Secretaries of India and Institute of Cost Accountants of India. He has more than 35 years experience in the areas of Law, Accounts, Taxation, Costing and Financial Management.



# NMDC Limited

Registered Office : Khanij Bhavan, 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.

## PROXY FORM

I/We \_\_\_\_\_ being a Member / Members of the  
above named Company, hereby appoint Mr./Mrs./Miss \_\_\_\_\_ in the district  
of \_\_\_\_\_ or failing him/her,  
Mr./Mrs./Miss. \_\_\_\_\_ of \_\_\_\_\_ in the district of  
\_\_\_\_\_ as my/our Proxy to vote for me/us on my/our behalf at the 55<sup>th</sup> Annual  
General Meeting of the Company to be held on Wednesday, the 25th September, 2013 at 1130 hrs at Grand  
Ball Room, Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad-500034 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Ledger Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Affix  
Re.1  
Revenue  
Stamp

(Signature of Member(s) as per specimen signature on Company's record)

Note: Proxies in order to be valid must be duly filled in, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before the time of commencement of the Meeting.





# NMDC Limited

Registered Office : Khanij Bhavan, 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.

## ATTENDANCE SLIP 55<sup>th</sup> ANNUAL GENERAL MEETING

L.F./Demat A/c No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Names(s) in Full

Name & Address as Regd. with the Company

1. \_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

\_\_\_\_\_

3. \_\_\_\_\_

\_\_\_\_\_

I hereby record my presence at the meeting of the 55<sup>th</sup> Annual General Meeting of Shareholders of NMDC Ltd at Grand Ball Room, Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad-500 034 on Wednesday the 25th day of September, 2013 at 1130 hours.

Please tick  in the Box

Equity Shareholder

Proxy

\_\_\_\_\_  
Equity Shareholder's Signature

\_\_\_\_\_  
Proxy's Signature

### Notes:

1. Equity Shareholders / Proxies are requested to bring this slip with them. Duplicate slips will not be issued at the entrance of the venue of the meeting.
2. Equity Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting place.





# NMDC Limited

Registered Office : Khanij Bhavan, 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.

## ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM FOR PAYMENT OF DIVIDEND

### All Demat Shareholders to forward:

To  
The Depository Participant (DP)

### Only Physical Shareholders to forward:

To  
M/s. Aarthi Consultants Private Limited (STA)  
(Unit: NMDC Limited)  
D.No.1-2-285, Domalguda  
Hyderabad - 500 029

Shareholder's authorisation to receive dividends through Electronic Credit Clearing Mechanism.

Registered Folio No.	ECS Ref. No.: (for Office use only)
Name of the first/sole shareholder	
Bank Name	
Branch Address & Telephone No. of Branch	
Bank Account Number (As appearing on the Cheque Books)	
9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank. (Please attach a blank cancelled cheque, or a photocopy (xerox copy) of a cheque issued to you by your Bank, for verification of the above particulars)	
Account Type (Please tick the option)	<input type="checkbox"/> Savings <input type="checkbox"/> Current <input type="checkbox"/> Cash Credit
Bank Account Ledger Folio No. (If any)	
Effective date of this mandate	

I hereby, declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete or incorrect information, I will not hold M/s. NMDC Limited responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I, further undertake to inform the DP / STA of any subsequent change(s) in the above particulars.

Place : \_\_\_\_\_ Name of First Holder : \_\_\_\_\_

Date : \_\_\_\_\_ Signature of First Holder : \_\_\_\_\_

### Note:

1. Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.
2. In case of shareholders holding the equity shares in demat form, the shareholders are requested to provide details to their respective Depository participants. Shareholders are also requested to note that changes, if any, intimated by the Demat Account holders directly to the Company will not be considered.





Shri C.S. Verma, CMD, NMDC received the Prestigious “Company of the year” award Instituted by Indian Chambers of Commerce from Shri O.P. Rawat, Secretary, Department of Public Enterprises



Shri C.S. Verma, CMD, NMDC received Best PSU Award in Human Resource Utilization from Shri Praful Patel, Hon'ble Minister for Heavy Industries and Public Enterprises, organized by Governance Now

Shri C.S. Verma, CMD, NMDC received DB - India Pride Award in the category “Metals, Minerals & Trade including Mining” for NMDC for the year 2012-13 from Dr. M Veerappa Moily, Hon'ble Union Minister for Petroleum & Natural Gas.





## **NMDC Limited**

(A Govt. of India Enterprise)

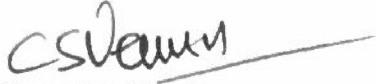



Regd. Office : 'Khanij Bhavan', 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028

Website : [www.nmdc.co.in](http://www.nmdc.co.in)

## FORM A

## COVERING LETTER OF THE ANNUAL AUDIT REPORT

## TO BE FILED WITH THE STOCK EXCHANGES

1	Name of the Company	NMDC LIMITED
2	Annual financial statements for the year ended	31-MAR-2013
3	Type of audit observation	UN-QUALIFIED
4	Frequency of observation	Not applicable
5	<p><b>Signed by :</b></p> <p>i) C.S.Verma  Chairman Cum Managing Director</p> <p>ii) S.Thiagarajan  Director (Fin)</p> <p>iii) Mahesh Shah  Audit Committee Chairman</p> <p>iv) Auditors For Venugopal &amp; Chenoy Chartered Accountants FRN NO: 004671S</p> <p> (P.V.Srihari) Partner M. No: 21961</p> 