

**Notice of 51st Annual General Meeting
of the Company for the year
2008 - 09**



NMDC Limited



NMDC Limited

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Directors' Report for the year 2008-09

Dear Members,

On behalf of the Board of Directors, I take pleasure in presenting the 51st Annual Report on the performance of your Company, together with the Audit Report and Audited Accounts, for the year ended 31 March 2009 and the Report thereon by the Comptroller and Auditor General of India.

1.0 RECORD PERFORMANCE

Despite economic recession during the 2nd half of the year under review, your Company's financial performance during the year has surpassed its previous record achievements. In brief, they are summarized as under:

- Turnover reached a new high of Rs. 7564 crore breaking the previous year's record of Rs. 5711 crore.
- Profit before tax shot up to Rs. 6648 crore, 34% higher than the previous year high of Rs. 4947 crore and the profit after tax increased to Rs. 4372 crore, 34 % higher than the previous year high of Rs. 3251 crore.
- Networth increased to Rs. 11615 crore as on 31-03-2009, 41% higher than Rs 8265 crore of the corresponding date of the previous year.
- Interim dividend totaling 103% was paid.
- As an MOU signing PSE with the Government of India, your Company's performance during the year qualifies for Excellent rating.
- Supply of Iron Ore to domestic industries recorded 225.98 lakh tonnes as against the previous year's supply of 244.06 lakh tonnes, recording a decrease of 7.41%. Total export of Iron Ore during the year was 38.74 lakh tonnes against 37.78 lakh tonnes in the previous year, an increase of 2.54%.
- During the year, 7 Units of Wind Electricity Generators having a capacity of 1.5 MW each have been commissioned and generated 65.46 lakh KWH of power. The power is being transmitted to the grid of Karnataka Power Transmission Corporation Limited.

I am pleased to present in brief the physical and financial performance of your Company during the year under review:

2.0 PHYSICAL PERFORMANCE

2.1 Production

Product	Achievement		Percentage change
	2007-08	2008-09	
Iron Ore (lakh tonnes)	298.16	285.15	(-) 4.36

Note:

- a. As a result of stoppage of Diamond mining activities at Panna from 22nd August 2005 as per the directive of Madhya Pradesh Pollution Control Board and suspension of plant operation as directed by the Central Empowered Committee constituted by the Hon'ble Supreme Court of India from 19 April 2006, there is no production of diamonds during the year.
- b. Silica sand mining operations are suspended since November, 2007 due to commercial reasons and the Lalapur Silica sand mines are kept under care and maintenance. (Previous year production was 0.03 lakh tonnes).

2.2 Sales of Iron Ore

The economic recession during the 2nd half of the year impacted the sale of iron ore. However, timely measures taken by your company could reduce the severity of the impact of the same.

(in lakh tonnes)

Product	Achievement		Percentage change
	2007-08	2008-09	
Domestic	244.06	225.98	(-) 7.41
Export through MMTC	37.78	38.74	2.54

2.3 Other Sales

Products	Achievement	
	2007-08	2008-09
a) Diamond		
Sales (carats)	2631.51	-
Value (Rs. in crore)	3.75	-
b) Silica Sand		
Sales (lakh tonnes)	0.02	0.02
Value (Rs. in crore)	0.09	0.08
c) Wind Power		
Sales (lakh KWs)	-	65.46
Value (Rs in crore)	-	2.22

3.0 FINANCIAL PERFORMANCE

3.1 Operating Results

Parameter	Achievement		Percentage change
	2007-08	2008-09	
Profit Before Tax (Rs. in crore)	4,947.47	6648.23	34.38
Net Worth (Rs. in crore)	8,265.10	11614.71	40.53
Book value per share (Rs.)	20.85	29.30	40.53
Earnings per Share (Rs.)	8.20	11.03	34.51

Note:

The Company split the face value of the shares to Re. 1/- per share on 21st April 2008 and the shareholders were allotted two bonus shares for every share held on 22-05-2008. Accordingly, the book value and EPS for the year 2007-08 have been reworked.

3.2 Profit & Dividend

During the year under report, your Company earned a profit (before tax) of Rs. 6648 crore, an all-time record, on a turnover of Rs. 7564 crore in

comparison with those of the previous year's achievement of Rs. 4947 crore on Rs.5711 crore.

Your Company has paid an interim dividend of 103% to the shareholders for the year under report amounting to Rs. 408.36 crores. In respect of the holding of Government of India of 98.38% in the equity of your Company, a sum of Rs. 401.77 crore was paid towards interim dividend. The Board has recommended subject to shareholders approval, payment of final dividend of Rs. 467.84 crores. (Total dividend aggregating Rs. 876.20 crores).

4.0 DEPOSITS

The Company has not accepted any Fixed Deposits during the year under review.

5.0 NEW PROJECTS & BUSINESS DIVERSIFICATIONS

5.1 Projects under construction

5.1.1 Bailadila deposit-11/B

To achieve targeted production of 50 MTPA by 2014-15 the construction of Deposit 11B mine at expanded capacity of 7.0 million tonnes of ROM per annum has been taken on priority. The estimated capital expenditure towards this is Rs. 607 crores. The expected date of completion is March 2010.

5.1.2 Uniflow System at Bachel

The work is in progress and is estimated to be completed by 2009-10.

5.1.3 Fourth Line in Screening Plant-II of Bailadila-14/11C

To meet increasing production demands up to 7 MTPA and considering the lower lump recoveries anticipated in the future years this scheme of 4th production line in addition to the existing three lines has been envisaged and work was awarded on 02.11.2006.. This scheme has been completed.

5.1.4 Slime-based Pig Iron Plant at Jagdalpur

Matter related to setting of slime based Pig Iron Plant is kept under abeyance.

5.1.5 Merger of Sponge Iron India Limited

In pursuance of order of Ministry of Corporate Affairs (MCA) Government of India dated 17-04-2009, the

Company is required to convene a meeting of its Equity Shareholders and Unsecured Creditors on 22.05.2009 in order to approve the Scheme of Amalgamation of Merger of SIIL into NMDC. In the meetings held on 22nd May, 2009, the Unsecured Creditors and Equity shareholders have approved the Scheme of amalgamation between SIIL and NMDC. Confirmation Petition has been filed with Ministry of Corporate Affairs (MCA), Government of India. Upon merger, the Company is contemplating to expand the capacity of the plant at Paloncha, A.P.

5.1.6 Kumaraswamy Iron Ore Project

To compensate the depleting reserve of Donimalai iron mine and augmenting production capacity towards achieving the target of 50 MTPA the construction of Kumaraswami mine with capacity of 7.0 MTPA was envisaged. Mecoh is appointed as EPCM consultant. The entire project has been planned to be executed in 6 packages. Tendering activities of the packages are in progress.

5.1.7 Windmill in Karnataka

9.0 MW Wind Power Project has been commissioned on 30th September 2008 and connected to KPTCL grid. 1.5 MW Wind Energy Farm has been commissioned on 31st March 2009 and connected to KPTCL grid.

5.1.8 Low Silica Limestone Project, Arki (HP)

NMDC is having lease of Arki Limestone mine in the state of Himachal Pradesh. This deposit was earmarked for use of metallurgical limestone by Steel plants of SAIL. Because of adverse logistic conditions, SAIL could not lift the material from Arki Limestone Mine. Afterwards State Govt. allowed use of limestone by the local Ambuja cement plant in the State, till tie up is made for sale of material to SAIL. Presently, formation of a JV with SAIL for operationalisation the mine is under finalization.

5.1.9 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 to produce dead burnt magnesite. The JV is named as J&K Mineral Development Corporation Ltd and is a subsidiary of NMDC. Because of depressed market

scenario, the operation of magnesite mine could not be started till 2008. In view of the present market of dead burn magnesite (DBM), the Board of NMDC has decided to revive the Panthal magnesite project, by constructing a 30,000 tonnes per annum DBM Plant. Engagement of EPCM Consultant is in progress, detailed project report has been prepared by MECON and is ready for due diligence process.

5.2 Joint Ventures

5.2.1 Bailadila Iron Ore Deposit-13

Your Company has formed a Joint Venture Company NMDC-CMDC Ltd with CMDC to develop Deposit-13 as a stand alone project of 10 MTPA. Necessary clearances to execute the project are awaited.

5.2.2 Bailadila Deposit-4

It is envisaged to develop deposit 4 as JV with CMDC.

5.2.3 Rail Link between Rowghat and Jagdalpur

A new BG Rail link is being planned from Dalli Rajahara to Rowghat over a distance of 95 km in the first phase primarily for the mines of SAIL. It is also being planned to extend the rail link, in the second phase, from Rowghat to Jagdalpur over a distance of 140 km. As this rail link will provide additional route for evacuation from the Bailadila mines, your Company has become part of the Joint Venture for the project along with the Indian Railways, Government of Chhattisgarh and SAIL by signing an MoU amongst the parties.

5.2.4 Coal ventures abroad-International Coal Ventures (P) Ltd (ICVL)

The Joint Venture Agreement has been signed to incorporate the International Coal Ventures limited (ICVL). The new Company has already been incorporated on 20-05-2009 as a private limited Company. The acquisition of the coal properties in target countries such as Australia, Mozambique, Canada, Indonesia and USA are pursued with the help of the empanelled Merchant Bankers/ Investment Bankers, Technical Consultants and Legal Consultants.

5.3 Foreign venture

5.3.1 Tanzania

In Tanzania your Company is pursuing Gold exploration in Bulayang Ombe & Siga Hills. The exploration has been completed under the supervision of CSA consultant. The consultant has submitted the exploration report suggesting NMDC to carry out further exploration work to assess the Gold reserves. Retention licence has been obtained for 5 years over the PL areas. To facilitate grant of mining lease, M/s. MTL Consulting Company, Tanzania has been awarded the work to prepare EIA Report.

5.3.2 Tunisia

Your Company in consortium with M/s. Rashtriya Chemicals and Fertilizers Ltd (RCF) as lead member, KRIBHCO and GSFC has participated for a Rock phosphate deposit in Tunisia.

5.4 Leases for minerals

5.4.1 Iron Ore

5.4.1.1 In respect of Bailadila-1 & 3

Your Company has filed Writ Petition before the Hon'ble High Court of Delhi against allotment of PL in favour of Tata Steel & ESSAR respectively. The Writ Petitions are pending before the Hon'ble High Court of New Delhi.

5.4.1.2 The PLs of your Company being pursued in Chhattisgarh are - South of Bailadila Dep-14, East of Bailadila-1, North of Deposit 1, Eklama Iron ore complex Kwardha.

5.4.1.3 In Jharkhand your Company is pursuing ML application for Ghatkuri Iron Ore Deposit for exploitation in JV with State Government. Your Company has filed a Writ Appeal in the Supreme Court against the directions of the Court Order, which directed the State Govt. to consider the application of private parties for allotment of Mining Lease. The Writ Appeal is pending before the Hon'ble Supreme Court of India, New Delhi. In addition, your Company is also pursuing for MLs for Budhaburu, Ankua RF, Jhilingburu and PLs & MLs for Sasangada and Barajamda.

5.4.1.4 In Karnataka, your Company is pursuing for ML for Ramandurg, Kumaraswamy (contiguous to ML No. 1111), Kudre Kanive Kaval, Jaisingpur, Bhavihalli, Narayanpura, Vyasankere & Hanumanhalli, Sy. No. 278 of Kenkere, Ramthal & Alihole and Bababudangiri.

5.4.1.5 In Orissa your Company is pursuing for ML for Mankadnacha.

5.4.2 Gold

5.4.2.1 In Jharkhand your Company is pursuing ML/PL for Pahardia - Rungikocha and Parasi-Kutachauli-Khotadih.

5.4.3 Diamond

5.4.3.1 In Andhra Pradesh, your Company is pursuing for ML for Anumpalli, Venkatampalli, Thimmasamudram, Wajrakarur, Chigicherla and PLs of Kalyandurg.

5.4.3.2 In Madhya Pradesh, your Company has been granted 2 PLs over Baghain block and Sarang block. Your Company is also pursuing for other 3 blocks viz. Rampura Mutwa, Karmatia and Lakshmipur blocks.

5.4.4 Beach Sands

Your Company has been granted PL in Ganjam. First Phase exploration has been completed. However, results are not so promising and it has been decided to relinquish the area.

5.4.5 Platinum Group of elements

5.4.5.1 In Uttar Pradesh, your Company is pursuing for PL for Tsganan area, Dangli and Dangli RF.

5.4.5.2 In Karnataka your Company is pursuing for PLs for Hanumalapura Rangayyagiri State Forest, Basavanahalli Masanikere area.

5.4.6 Coal

5.4.6.1 In Chhattisgarh, your Company has applied for 8 Coal Blocks viz. West of Bejjin Phatepur, Girari, Gitkunwari, Ongaon-Potia, Batatikolga Central, Puta Parogia & Karline and Tara Coal Block in Raigarh and Sarguja District.

5.4.6.2 Your Company has also applied for 7 Coal Blocks in **Jharkhand** viz. Pachwara South, Tokisud South, Babupara, Jhirki West OC, Pushro, Duni and Barabatur.

5.4.6.3 In **Madhya Pradesh**, your Company was granted 2 Coal Blocks viz. Shahapur East and Shahpur West in Sahdol District. The Coal exploration in the above 2 Blocks has been completed by MECL (Nagpur) and Geological Report is under preparation for development and exploitation.

5.4.6.4 In **Orissa**, your Company has applied for 1 Coal Block i.e. Kupano- Labo.

5.4.7 Bauxite

In **Jharkhand** your Company is pursuing for PL/ML for Mahaudih village, Kujam village, Utani, Akasi & Putrang villages, Kotih village, Kujam & Chirodih villages in Gumla District.

5.5 Business Diversification

Your Company has undertaken various business diversification initiatives as under:

5.5.1 3.0 MTPA Integrated Steel Plant in Chhattisgarh

- In principle' decision is taken for setting up of 3.0 MT Integrated Steel Plant at Nagarnar, near Jagdalpur, Chhattisgarh where NMDC already has 995 acres of land in its possession.
- Foundation stone for the plant has been jointly laid on 03.09.2008 at the hands of honorable Shri Ram Vilas Paswan, Union Minister for Chemicals, Fertilizers and Steel and Shri Raman Singh, Chief Minister of Chhattisgarh.
- MOUs have been signed between Chhattisgarh Government and NMDC as well as between NMDC and CMDC on 03.09.2008.
- Industrial Entrepreneurship Memorandum acknowledgement has been received and Rail Transport clearance has also been received.
- TEFR (Techno-Economic Feasibility Report) has been finalized and the same is under-going "due diligence".

- Other pre-project activities like obtaining environmental clearance, appointment of consultant on EPCM (Engineering Procurement & Construction Management) basis, Railway Consultant are in progress.
- Applications have already been submitted for acquisition of additional land of about 778 acres in two phases, for supply of power required during construction & operation, and water required during construction & operation of plant to the concerned State authorities.

5.5.2 2.0 MTPA Pellet Plant at Bachel

The main objective of this project is to prolong the life of Tailing Dam at Bachel Complex. TEFR has been prepared. Other activities for obtaining statutory approvals and environment clearance are in progress. The project is scheduled to be completed by 2011-12.

5.5.3 1.2 MTPA Pellet Plant at Donimalai

The main objective of this project is to prolong the life of Tailing Dam at Donimalai. TEFR has been prepared. Other activities for obtaining statutory approvals and environment clearance are in progress. The project is scheduled to be completed by 2011-12.

5.5.4 MOU has been signed with the West Bengal Mineral Development & Trading Corporation Limited for exploring coal blocks allotted to them.- No further development.

5.6 New Initiatives

5.6.1 Underground Coal Gasification (UCG)

To harness energy from deep un-mineable coal seams in an environmentally clean way and viewing the Underground Coal Gasification (UCG) potential in India, your Company has entered into a understanding with Clean Coal Ltd. (CCL) of UK to jointly develop resources using UCG.

5.6.2 SOLAR POWER PLANT

Your Company is venturing to develop solar power development projects in India along with the technology providers in joint venture.

5.6.3 A Demonstration beneficiation plant for BHI is being considered at Donimalai (3 lakh TPA).

5.7 Strategic alliances

5.7.1 Your Company signed MOU with Spice Metals and Minerals on Strategic partnership for planning, acquisition, development and management of metal & mineral projects outside India.

5.7.2 Your Company signed MOU with Rio Tinto India Private Limited to co-operate in investigating mutually advantageous potential investment opportunities primarily for iron ore and other commodities both within India and globally.

5.7.3 Moving globally your Company has also joined hands with Kopano Ke Matla Investment Company (Pty) in the Republic of South Africa for exploring and exploiting the mineral resources in South Africa.

6.0 R&D ACTIVITIES

Details as required under the Company's Rules 1988 (Disclosure of particulars in the report of Board of Directors) are at Annexure-I.

7.0 SUBSIDIARY COMPANIES

7.1 J&K Mineral Development Corporation Ltd (JKMDC)

The annual report of the subsidiary is annexed.

7.2 NMDC-CMDC Ltd (NCL)

The annual report of the subsidiary is annexed.

7.3 NMDC SARL, Madagascar

The annual report of the subsidiary is annexed.

7.4 NAM - India MDC (Pty) Ltd, Namibia

The annual report of the subsidiary is annexed.

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

8.0 ENVIRONMENT MANAGEMENT:

Your Company prompted to design, develop, document and implement Environmental

Management Systems in line with ISO 14001 Environmental Management System standards at all its Iron Ore and Diamond production projects, with the aim of strengthening and achieving continuous improvements in environmental performance.

- The four major production projects, Bailadila Dep-14/11C, Dep-5, Donimalai and Diamond Project have been accredited with ISO 14001-2004 EMS by M/s DNV, Hyderabad. The EMS certification for BIOP Dep-5, 14/11C and Donimalai Projects were issued on 4.12.2008 and were valid up to 2011.
- The Corporate approach to environmental management seeks continuous improvement in performance by taking account of evolving scientific knowledge and community expectation.
- Environmental monitoring studies at all the production projects have been successfully completed for the year 2008-09 by the external approved agencies and also by the respective State Pollution Control Board authorities. The studies indicate that all the parameters at all the production projects are well within the prescribed norms.

9.0 SAFETY

Your Company accords more priority attention to safety aspects as it does to Production and Productivity. Pit Safety Committee meetings were regularly conducted in every mine and safety parameters strictly monitored. Tripartite Safety Committee Meeting were held at Mine Level and Corporate Level with officials from the Directorate General of Mines Safety, representatives of Trade Unions & management of the corporation.

Mandays lost on account of accidents were 6806 during the year under report as against 13093 during the previous year.

Injury frequency rate was 1.50 during the year under report as against 2.69 during the previous year.

10.0 ISO CERTIFICATION

Your Company, having obtained ISO 9001-2000 Certification for BIOM Kirandul Complex, BIOM Bacheli Complex, DIOM Donimalai, and R & D

Centre, second surveillance Audit for Kirandul Complex and Bacheli complex, first surveillance audit for Donimalai and re-certification audit for R&D Centre were conducted successfully during the year under review.

ISO - 9000 Certification:

Your Company is in the process of acquiring OHSAS 18001:2007 Certification for its occupational Safety and Health Management Regular internal quality audits and management review meetings were carried out for effective implementation of quality management system. Surveillance and re-certification audits were successful conducted for Continuation of ISO 9001 : 2000 Certification in Bailadila Iron Ore Mine, Kirandul Complex, Bailadila Iron Ore Mine, Bacheli Complex, Donimalai Iron Ore Mine , Donimalai and R& D, Centre Hyderabad during the year under review.

11.0 IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

During the year 2008-09 the Company continued its efforts for the progressive use of Official language in all its production Units and Head office as well as in other units. Successful efforts were made to use Official language in administrative as well as in technical fields. Incentive Scheme at Central and Regional level was implemented and suitable prizes were awarded to the eligible employees.

Training in Hindi and Hindi stenography was imparted to the employees. Hindi -Workshops were also conducted for the officers and employees having working knowledge of Hindi.

Various programmes such as "Hindi Divas, Rajbhasha Pakhwadas, Rajbhasha Maah" , District level competitions in Hindi etc were organized during the year to bring awareness among the employees and their family members and also among the employees of other offices situated in and around Head Office and various production Units.

Rajbhasha Technical /Professional Seminars in Hindi were organized during the year at Head Office

as well as in Production Units. **Rajbhasha Souvenir and technical Seminar books were also published.** Apart from these publications- **Hindi House Journals** viz. **NMDC Patrika** published in bi-lingual at head office level and **Baila samachar, Bacheli Samachar, Hira Samachar - monthly Hindi bulletins** and **Doni- samachar- tri-lingual monthly bulletin** are published at production unit level. In addition to these "**Khanij Bharati**" a literary Hindi magazine was also published in Hindi.

Your Company's efforts in the implementation of the Official language policy found recognition in the following coveted awards were received during the year.

- 1 NMDC was awarded the **first prize** of Government of India's **Indira Gandhi Rajbhasha shield** for excellent implementation of the Official Language policy and progressive use of Hindi amongst the PSUs of Region 'C' for the year 2006-07. Sri Rana Som CMD, NMDC Ltd received the shield from Her Excellency President of India Mrs. Prathibha Devi Singh Patil at a function held at Vignan Bhawan, New Delhi on Hindi divas -14th September 2008.
- 2 NMDC was awarded **Steel Ministry's Rajbhasha shield** for excellent implementation of the Official Language policy and progressive use of Hindi amongst the PSUs of Region 'C' for the year 2007-08. Sri V.K. Sharma, Director(commercial), NMDC Ltd received the shield from Honorable Minister for Chemical, Fertilisers & Steel, Sri Ram Vilas Paswan at a function held at Goa on 10th February, 2009.
3. NMDC Ltd was also awarded **Rajbhasha shield - 1st prize** for the year 2007-08 of Town Official Language implementation committee (undertakings) Hyderabad, Secunderabad, for excellent implementation of the Official Language policy amongst the PSUs situated in twin cities, Sri Vijay kumar, AGM (Official language) NMDC Ltd received the shield at a function held at Rural Electrification Corporation Limited, Hyderabad on 20th November 2008.

12.0 MANPOWER

12.1 Employee-Employer relations

The overall industrial relations situation was peaceful and cordial during the year. There was no strike or lock out affecting the production/productivity.

12.2 Scheduled Castes & Scheduled Tribes

Seventy Nine persons belonging to Scheduled Castes and 98 persons belonging to Scheduled Tribes were appointed during the year 2008-2009 against 432 posts filled in by direct recruitment.

12.3 Strength of SCs & STs as on 31 Mar 2009

1. Total number of employees	=	5652
2. Scheduled Castes amongst them	=	1018
3. Scheduled Tribes amongst them	=	1229
4. Total SCs and STs	=	2178

12.4 Physically challenged

Thirty five physically challenged persons were on rolls of the Company as on 31 March 2009. Under special drive for recruitment of persons with disabilities, offers of appointment have been issued to 10 persons with disabilities.

12.5 Particulars of employees drawing Rs.2 lakh per month or Rs.24 lakh per annum under Section 217 (2-A): NIL.

12.6 Staff Welfare activities - Education, health and township facilities. Workers' Participation in Management Scheme has been functioning satisfactorily and its working is closely monitored. Project tournaments, both indoor and outdoor games, cultural programmes etc were held in different projects during the year under review.

13.0 HUMAN RESOURCES DEVELOPMENT

Your Company has taken various HRD initiatives during the year under report. 71.2% of the employees were covered in various training events.

HRD index, i.e. training mandays/working mandays achieved for all the employees during the year is 1.06 against the target of 0.98.

13.1 In-Company Training Programmes

Your Company conducted 26 in-company training programmes covering 633 employees during the period under review. The areas covered include Advanced Maintenance Practices, Reliability Centered Maintenance, AUTO CAD LY 2007, General Management Programme, Management Development Programme, Training and Coaching, Career Development Programme (EDP) for Junior Officers, Communications Skills, Pygmalion Manager, Discover the Power within, Performance Enhancement through NLP, Managerial Introspection, Developing Executive Secretaries, Reservation Policy for SC/ST/OBC and planning for post Retirement Life etc.

13.2 External Training Programmes

Your Company nominated 342 executives to 113 External Training Programmes during the year under report.

13.3 Foreign Training Programmes

Your Company deputed 29 Executives to attend training /seminars/conferences and study tours abroad in 8 events during the year under report.

13.4 Executive Trainees

Your Company recruited 15 Executive trainees (Mining, Mechanical, Electrical and Mineral Processing) during the year.

14.0 CONSULTANCY

Your Company has gained expertise in investigation, planning, construction operation and maintenance of opencast mines over a period of more than five decades and takes up consultancy work in all areas of mining including design of flow-sheet, mine planning report, feasibility report, R&D works, etc.

15.0 VIGILANCE

Your Company's Vigilance Department certified to confirm to the Quality Management Systems and the second mandatory surveillance audit was completed in October 2008. For increasing transparency, Vigilance Department has provided online facility in the Company's website for lodging of complaints and submission of Annual Property Returns. Your Company's Vigilance Department is continuing its efforts for system improvements and procedures to bring more and more transparency. Your Company's Vigilance Department conducted various training programmes, interactive sessions for Vigilance awareness among the employees.

16.0 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 accounts for the financial year ending 31st March 2009, 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 judgements 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 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) It is also confirmed that there are no material changes between Balance Sheet date and the

date of Directors' Report which have bearing on the operations or on the nature of business carried on by the Company as well as on the subsidiary companies.

17.0 DIRECTORS

During the year under report, the following were appointed as Additional Directors on the Board of the Company pursuant to the orders of Ministry of Steel (MoS), Government of India:

Sl.No.	Name	Appointed on
1	Shri S. Venkatesan, Director (Production)	01.08.08
2	Shri N.K. Nanda, Director (Technical)	01.12.08

The following ceased to be Directors on the Board of the Company upon their superannuation / completion of their tenure:

Sl.No.	Name	w.e.f.
1	Shri V.K. Jain, Director (Production)	31.07.2008
2	Dr. Uddesh Kohli	24.10.2008
3	Shri Y.K. Sharma	24.10.2008
4	Shri RG James Kuttickattu	24.10.2008
5	Ms. M. Prabhavathi	24.10.2008
6	Shri P.S. Upadhyaya, Director (Technical)	30.11.2008

18.0 AUDIT

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 your Company for the year 2008-09:

SI No.	Name & address of Auditors	Units to be covered
1.	M/s. Ramamoorthy (N) & Co., 4-1-1229, Gulshan Manzil, Boggulakunta, Abids, Hyderabad-500 001.	Head Office and R&D Centre; Consolidation
2.	M/s. Sreeramamoorthy & Co. D No. 47-9-39/173C, Sai Sadan Apartments, Dwarakanagar, Visakhapatnam-530 016	Bailadila Dep-14/11C, Bailadila Dep-5,10 & 11A, Central Workshop, NISP, RO, Vishakapatnam
3.	M/s. D.V. Sarovar & Co, First Floor, D.No. 45/3 Ward No.V, Car Street, Bellary-583 101	Donimalai Iron Ore Mine
4.	M/s. Hari Gupta & Co, Purvasha, 5A/7A, Dr. Panna Lal Road, Allahabad-211 002	Diamond Mining Project, Panna, Silica Sand Project, Lalapur.

19.0 CORPORATE GOVERNANCE

The details on Corporate Governance are given at Annexure-III:

20. Report on Management Discussions

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

21. Corporate Social Responsibility

NMDC believes that the well being of the society at large is an essential pre-requisite for the progress of its business and prosperity of the organization.

With 'People' at heart of its philosophy and approach to CSR, NMDC is seeking to carryout meaningful work in the fields of Education, Health care, Sustainable Income generation and Agricultural development thus contributing to the Nation Building.

EDUCATION

NMDC Shiksha Sahayog Yojana

NMDC has introduced a scholarship scheme to encourage education beyond 8th class till professional degrees in five districts in Bastar area of Chhattisgarh and 8 villages surrounding Donimalai.

Rs.42.80 lakhs paid for 2789 students. Likely to pay Rs.1 Crore in 2009-10 for 5000 scholarships.

Mid-day meal program

NMDC supports the mid-day meal program in innovative ways. It had partnered with Akshaya Patra, an NGO, in operating two customized vehicles to distribute mid-day meals from a centralized kitchen to as many as 10,000 children in schools of the surrounding areas of NMDC establishment at Donimalai, Karnataka.

Infrastructural and other support

9660 No-of school uniforms distributed.

Construction of new school buildings - 3 nos.

NMDC Education Trust

Since NMDC has taken up its initiatives on the Education front on a wider geographical area, a need was felt to establish 'NMDC Education Trust' to ensure that the benefits flowing from its CSR activities related to Education reach the beneficiaries effectively and expeditiously, NMDC has created a 'Trust'. The following activities are on the anvil.

1. Residential School at Geedam, Dantewara, Nagarnar, Kuwakonda in C.G. and Sitapur in U.P.
2. Polytechnics at Dantewara, Nagarnar, in C.G.
3. ITI at Nagarnar, in C.G.

EMPLOYMENT GENERATION

Skill Development

Skill Development workshops on Jute / Bamboo / Bell Metal / Terra kota to develop the inherent skills of the Bastar Villagers were organized in three villages - Nerli, Kumharras and Gamawada - 200 unemployed youth benefitted and engaged themselves in self employment.

Opportunities to local Manpower

4467 mandays of work generated for local manpower through village development initiatives. 2392 mandays of employment provided to local educated unemployed youth.

Training activities such as Tailoring is on hand.

HEALTH CARE

Medical Camps

12 Medical Camps conducted in the fields of General Medicine, ENT, Ophthalmology and Dermatology providing benefit to 7931 villagers around NMDC projects at an expenditure of Rs.69.64 lakhs.

Free Treatment

80801 Adivasis and locals were provided free treatment in NMDC's Project Hospitals at an expenditure of Rs.266.18 lakhs.

Hospital on Wheels

Introduced Medicare through "Hospital on Wheels" in Bailadila, C.G. and Sitapur, U.P. 18059 patients from interior villages have been benefitted.

Medical College at Jagdalpur

Contributed Rs.2000 lakhs as the third and fourth installments for Medical College at Jagdalpur. So far, Rs.4000 lakhs have been provided against total commitment of Rs.5000 lakhs.

ADOPTION OF VILLAGES

Action initiated to adopt 58 villages in C.G. for providing intensive assistance on Healthcare, Sanitation, Employment generation & Community development in these villages.

Pre-project survey completed in 45 villages, 9 villages earmarked as "NMDC Adarsh Gaon".

Work in progress in two NMDC Adarsh Gaon.

SOLAR ELECTRIFICATION

Solar electrification has been initiated in the houses of the villages of Dantewara & Kuakonda Blocks of Dantewara district alongwith street lighting in Bijapur, Dantewara, Jagdalpur and Narayanpur districts of C.G. at a total cost of Rs.1611.29 lakhs.

INFRASTRUCTURE DEVELOPMENT

Assistance to State Governments

Financial assistance provided to initiatives taken by State Governments for Social development.

Rs.989.35 lakhs to Bailadila Sector for various construction works.

Rs.1500.00 lakhs to Donimalai Sector for construction of 36,630 houses in 300 acres of land.

Infrastructure development work taken up directly by NMDC

Bailadila : Roads, Culverts, Community Halls etc at a cost of Rs.923.8 lakhs.

In Kadampal Village - A NMDC Adarsh Gaon - Infrastructural works amounting to Rs.696.34 lakhs have been initiated.

Donimalai : Various development works amounting to Rs.1500.00 lakhs were initiated.

Other CSR Works

- For Flood relief measures both temporary and permanent Rs.1317.18 lakhs contributed.
- Distributed 80 Tri-Cycles to physically challenged people in Rewa, M.P.
- Distributed uniforms to all 1200 deaf students and Computers to the special schools in the twin cities of Hyderabad and Secunderabad on World Disability Day.

22. Implementation of Right to Information Act, 2005

Your Company is proactively complying with the provisions of the Right to Information Act, 2005. All information sought under the Act have been furnished within the stipulated time period.

23.0 ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the support, cooperation and guidance received from the Ministry

of Steel, Ministry of Mines and Ministry of Forests & Environment, the Department of Science and Technology 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 national 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 long-term 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.

**For and on behalf of the
Board of NMDC Ltd**



Rana Som
Chairman-cum-Managing Director

Place : Bangalore
Date : 29.07.2009

Annexure - I

Annexure to Directors' Report as required under the Companies (Disclosure of particulars in Report of Board of Directors) Rules 1988

Specific Areas in which R&D works were carried out by Company

Technology Absorption, 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 products.

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 the year are listed below.

1.0 Technology Development Projects

1.1 UTILIZATION OF BLUE DUST

1.1.1 Pilot Plant Facility for Production of Carbon Free Sponge Iron Powder from Blue dust

- An extensive development work carried out by NMDC in collaboration with DMRL has established the feasibility of producing "Carbon free sponge iron powder" from Blue dust of Bailadila at laboratory scale.

- Accordingly, a decision has been taken by NMDC to setup a pilot plant of 300 TPA capacity for production of carbon free sponge iron powder at R&D Centre of NMDC.
- The work of construction of this pilot plant has been awarded to M/s. Gas Institute of National Academy of Sciences, Ukraine in January 2006 and the same has been commissioned on 25.11.2008. The trial run is undergoing for stabilizing the plant by 15th May, 2009.
- Application areas for this iron powder are in soft - magnetic iron, friction components, food fortification, micro-motors, food preservation and high compressibility admixes etc.

1.1.2 Nano Crystalline Powder from Blue Dust:

- A technology for production of nano iron powder using Blue Dust has been established at lab scale in collaboration with MISA (Moscow State Institute of Steel and Alloys). The product is evaluated and accordingly facilities for the production of nano iron powder on lab scale are being created at R&D Centre.
- Procurement of critical equipments has been completed & civil works are under progress.
- The major applications of nano-structured iron powder are in electromagnetic, automobile, computer, paint, coating, medicinal, pharmaceuticals & chemical industries etc.

1.2 BEACH SAND

1.2.1 Development of Indigenous Technology for Production of value added products from Beach Sand

- As an initiative to develop an indigenous technology for production of value added products from ilmenite obtained from the

high iron containing beach sands of East Coast region of India, an extensive developmental work has been carried out.

- As a result of this activity a technology based on thermal plasma has been established for production of Titania slag and pig iron from East Coast ilmenite and the same has been demonstrated at a scale of 30 Kg/hr and 100 Kg/hr.
- In view of lack of promising results, NMDC has decided to relinquish the project to other partners.

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

1.3.1 Studies on "Technical suitability of utilization of Kimberlite tailings as a performance improver in the manufacture of cement as per BIS specifications":

- Studies have been completed for utilization of Kimberlite tailings as a performance improver in cement industries in association with M/s National Council of Cement and Building Materials lab (NCCBM), Ballabgarh. Report has been submitted to BIS for including Kimberlite tailings as a performance improver in the manufacture of cement.

1.4 Development of Various Grades of Ferrite Powders

- NPD has developed four new grades of Mn - Zn Ferrites (PF-6, HP-10, HP-101 & HP-1001).
- NPD has developed two grades of Ni-Zn Ferrites.
NZ - 01 (equivalent to F-14 of MMG India)
NZ - 101 (equivalent to F-19 A of MMG India)
- NPD has produced 6.3 MT RTP Ferrite Powder (P-11 & F - 58 grades for MMG India Chennai).
- Development of economical process for production of high grade Mn₃O₄, which will be used as a raw material for the production

of power ferrites. Presently, this material is being imported from South Africa & Belgium and contributes 60% of the total cost of Ferrite.

1.5 ISO - 9000 Certification

Regular internal quality audits and management review meetings were carried out for effective implementation of Quality management system. Renewal audit based on the revised standard of ISO-9001-2000 was carried out successfully during October 2008 and the Auditors had recommended for continuation of "Certificate of approval" for quality management system, which is valid upto October 2009.

2.0 Investigation /Exploration Support:

- Processing of 170.84 MT LDD core sample & 1387.07 MT Bulk sample from Anumpalle for recovery of Diamond completed.
- Processing of 31.27 MT of LDD core sample from Venkatampalli for recovery of Diamond completed.
- Processing of 504.025 MT of Bulk sample from Chigicherla for recovery of Diamond is completed.
- Processing of 80.240 MT out of 132.29 MT of Kimberlite LDD from Chigicherla completed balance is in progress. .PL area for recovery of diamond and heavy minerals is in progress.
- Heavy mineral recovery from the Ganjam Beach Sand Bore Hole samples (283 samples), East Coast, Orissa - work is completed.

3.0 Development Support

- Physical & chemical analysis of fused Magnesia from Panthal Magnesite completed.
- Recovery of iron values from the iron based residue/COB from Sukinda Mines, Orissa through Hydrometallurgy and physical beneficiation route. Studies are under progress.

- During iron ore mining about 10-12% waste is being generated in the form of low iron value slime, which are lying in tailing dam and creating space and environment problems. Studies of possible utilization of Slime without beneficiation in sintering are under progress.
- Studies of utilization of Slimes after beneficiation for iron ore pellet making have been completed.
- Studies of utilization of BH5 by beneficiation process has been completed and a demo plant of 60 T/Hour capacity is under consideration.

4.0 Production / Projects Support

- 37 no of In-house project works were taken for testing of different iron samples.

5.0 Sponsored Projects

- 28 number of various sponsored Projects were taken up for variety of iron Ores, slimes and tailings for evaluation including beneficiation studies, Flowability studies, Magnetic separation testing, physical and Chemical Analysis etc.

6.0 Future Plans

- Upgradation of technology for beneficiation of low-grade iron ore.
- Creation of facility for reduction under load testing: To determine softening characteristic of iron ore & pellets and optimizing operational parameters in Blast furnace.
- Creation of facility for coke making and testing.

7.0 TOTAL R&D EXPENDITURE AND TURNOVER YEAR WISE

(Rs in Crore)

Year	Expenditure on R&D			Annual Turnover	Percentage (%)
	Revenue	Capital	Total		
2006-2007	5.24	1.29	6.53	4150.00	0.16
2007-2008	5.63	4.39	10.02	5711.31	0.18
2008-2009	6.98	13.63	20.61	7564.03	0.27

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 SARM Madagascar	NAM - India Minerals Development Corporation (Pty) Limited Namibia
1. The Financial year of the Subsidiary Companies ended on	31st March, 2009	31st March 2009	30th June, 2008	31st March, 2009
2. a. Paid-up Capital of the Subsidiary Company	Rs. 4.74 Crore.	Rs.1.50 Crore.	FMG 1,046.40 Cr.	N\$ 3,967
b. Number of shares held by NMDC with its nominees in the Subsidiaries.	3,96,002 Equity shares of the face value of Rs.100/- each fully paid up.	7,65,000 Equity shares of the face value of Rs.100/- each full paid up.	41,85,590 equity shares of the face value of FMG 2500 each fully paid up.	3,967 Equity shares of the face value of N\$1 each fully paid up.
c. Extent of interest of holding Company at the end of financial year	Rs.3.96 Crore (83.54%)	(51%)	FMG 1,046.40 Cr. (100%)	N\$ 3,967 (100%)
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. (-) 0.30 Crore	Rs. (-) 0.12 Crore	-	N\$ (-) 3.82 Lakh
ii) For the previous financial years of the Subsidiary Companies since they became the holding Company's Subsidiaries.	Rs. (-) 9.52 Crore	-	FMG (-) 798.64 Cr.	N\$ (-) 21.36 Lakh
b. Dealt with in the holding Company's accounts				
i) For the financial year of Subsidiary Companies	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

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.

2. Board of Directors

a. Composition and category of Directors:

Whole-time Directors

- i. Shri Rana Som, Chairman-cum-Managing Director
- ii. Shri VK Jain, Director (Production) (upto 31.07.2008)
- iii. Shri PS Upadhyaya, Director (Technical) (upto 30-11-2008)
- iv. Shri KR Venkateswarlu, Director (Finance)
- v. Shri VK Sharma, Director (Commercial)
- vi. Shri. S.Venkatesan, Director (Production)(w.e.f., 01.08.2008)
- vii. Shri. N.K. Nanda, Director (Technical) (w.e.f. 01-12-2008)

Government of India nominee Directors

- i. Shri BS Meena, Addl. Secretary & Financial Adviser, Ministry of Steel
- ii. Shri UP Singh, Joint Secretary, Ministry of Steel

Independent Directors

- i. Dr Uddesh Kohli (upto 24.10.2008)
- ii. Sri YK Sharma (upto 24.10.2008)
- iii. Sri RG James Kuttickattu (upto 24.10.2008)
- iv. Ms M Prabhavathi (upto 24.10.2008)
- v. Dr (Mrs.) Indira Misra
- vi. Sri RN Aga
- vii. Ms Teresa Bhattacharya

b. Attendance of each Director at the Board Meeting and the last AGM

Name of the Director	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM attended
Shri Rana Som, Chairman-cum-Managing Director	08	08	YES
Shri V.K. Jain, Director (Production) (upto 31.07.2008)	02	02	-
Shri P.S. Upadhyaya, Director (Technical) (upto 30-11-2008)	05	05	YES
Shri K.R. Venkateswarlu, Director (Finance)	08	08	YES
Shri V.K. Sharma, Director (Commercial)	08	08	YES
Shri S. Venkatesan, Director (Production) (w.e.f. 01.08.2008)	06	04	YES
Shri N.K. Nanda, Director (Technical) (w.e.f. 01-12-2008)	03	03	-
Shri U.P. Singh	08	07	NO
Shri B.S. Meena	04	04	NO
Shri Y.K. Sharma (upto 24.10.2008)	04	04	NO
Shri R.G. James Kuttickattu (upto 24.10.2008)	04	04	NO
Dr. Uddesh Kohli (upto 24.10.2008)	04	04	YES
Ms. M. Prabhavathi (upto 24.10.2008)	04	04	NO
Shri R.N. Aga,	08	08	NO
Dr. (Mrs.) Indira Misra	08	08	NO
Ms. Teresa Bhattacharya	08	05	NO

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

Name of the Director	No. of Directorship and Committee Membership / Chairmanship		
	Other Directorship	Committee Membership*	Committee Chairmanship
Sri Rana Som, Chairman cum Managing Director	2	–	1
Sri V.K. Jain, Director (Production) (upto 31.07.2008)	2	2	–
Sri P.S. Upadhyaya, Director (Technical) (upto 30-11-2008)	2	1	–
Sri K.R. Venkateswarlu, Director (Finance)	2	2	–
Sri V.K. Sharma, Director (Commercial)	1	1	–
Sri S. Venkatesan, Director (Production) (w.e.f. 01.08.2008)	2	3	–
Sri N.K. Nanda, Director (Technical) (w.e.f. 01-12-2008)	3	1	–
Sri B.S. Meena	4	–	–
Sri U.P. Singh	4	–	–
Dr. Uddesh Kohli (upto 24.10.2008)	7	–	1
Sri Y.K. Sharma (upto 24.10.2008)	1	1	–
Sri R.G. James Kuttickattu (upto 24.10.2008)	–	1	–
Ms. Prabhavathi (upto 24.10.2008)	–	1	–
Dr. (Mrs.) Indira Misra	–	1	–
Ms. Teresa Bhattacharya	–	1	–
Sri R.N. Aga	–	–	1

* Membership/Chairmanship of only the Audit Committee, Shareholders' Committee, Investor Grievance Committee of all Public Limited Companies (clause 49).

d. No. of Board Meetings held with dates

During the year 2008-2009, eight (8) Board meetings were held, the details of which are given below:

Sl. No.	Date	Board Strength	No. of Directors Present
1	16.05.08	14	12
2	24.07.08	14	13
3	12.09.08	14	14
4	16.10.08	14	14
5	27.10.08	10	9
6	04.12.08	10	9
7	28.01.09	10	9
8	28.03.09	10	9

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:
 - ❑ 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 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.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- 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.

ii. Composition, name of Members and Chairperson

The Audit Committee consists of non-executive Directors/independent Directors as follows:

- Dr Uddesh Kohli, Chairman (upto 24.10.08)
- Sri YK Sharma, Member (upto 24.10.08)
- Sri RG James Kuttickattu, Member(upto 24.10.08)
- Ms M Prabhavathi, Member(upto 24.10.08)
- Sri RN Aga, Chairman w.e.f. 27.10.08
- Dr (Mrs.) Indira Misra, Member
- Ms Teresa Bhattacharya, Member
- Shri. S. Venkatesan, Director (Production) w.e.f.4.12.2008
- Sri KR Venkateswarlu, Director (Finance) of the Company, Invitee
- Representatives of Statutory and Internal Auditors - Invitee.
- The Company Secretary acted as the Secretary to the Audit Committee as was laid down under the provisions of clause 49.

iii. Meetings and attendance during the year

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

SI.No.	Date	Strength of Audit Committee	No. of Members Present
1	16.05.08	7	6
2	24.07.08	7	7
3	12.09.08	7	7
4	27.10.08	3	3
5	28.01.09	4	3
6	28.03.09	4	3

iv. Attendance of each Director at the Audit Committee meetings

Name of the Directors	No of meetings held	No. of meetings attended
Dr. Uddesh Kohli (upto 24.10.2008)	03	03
Sri Y.K. Sharma (upto 24.10.2008)	03	03
Sri RG James Kuttickattu (upto 24.10.2008)	03	03
Ms. M. Prabhavathi (upto 24.10.2008)	03	03
Sri R.N. Aga	06	06
Dr. (Mrs.) Indira Misra	06	06
Ms. Teresa Bhattacharya	06	04
Shri S. Venkatesan (w.e.f. 4-12-2008)	02	01

4. Remuneration Committee

A Remuneration Committee was constituted by the Board at its 358th meeting held on 14 June 2002.

The Committee observed that the remuneration of the whole-time Directors is paid as per the terms of their appointment orders issued by the Government of India.

The non-executive Directors are paid sitting fee as per the guidelines issued by the Government of India.

Considering the above position and that the Committee has no specific role to play, the Board at its 393rd meeting held on 31 Oct 2006 dissolved the Committee.

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

The details of remuneration paid to Functional Directors during the financial year 2008-09 are as follows:

(In Rs)

Name of the Director	All elements of remuneration package of the Directors i.e. salary, benefit, bonus pension etc #	Details of fixed component and performance linked incentive	Other benefits
Shri Rana Som, Chairman-cum-Managing Director	1358841	-	313357
Shri V.K. Jain, Director (Production) (upto 31.07.2008)	1398281	-	118172
Shri P.S. Upadhyaya, Director (Technical) (upto 30-11-2008)	1701456	-	218157
Shri K.R. Venkateswarlu, Director (Finance)	1407435	-	299995
Shri V.K. Sharma, Director (Commercial)	1260241	-	274544
Shri S. Venkatesan, Director (Production) (w.e.f. 01.08.2008)	1254449	-	211795
Shri N.K. Nanda, Director (Technical) (w.e.f. 01-12-2008)	1284778	-	234356

As per existing pay scales

The Company has not introduced any stock option scheme. During the year, the part-time non-official Directors (Independent Director) received sitting fees for attending the meetings of the Board/Committees as follows:

Name of the Directors	Sitting Fees (In Rs.)
Dr. Uddesh Kohli (upto 24.10.2008)	110000/-
Sri Y.K. Sharma (upto 24.10.2008)	70000/-
Sri RG James Kuttickattu (upto 24.10.2008)	110000/-
Ms. M. Prabhavathi (upto 24.10.2008)	110000/-
Sri R.N. Aga	150000/-
Dr. (Mrs.) Indira Misra	170000/-
Ms. Teresa Bhattacharya	90000/-
Shri S. Venkatesan*	NIL

* Sitting Fees is not payable to Shri. S. Venkatesan.

5. Shareholders Committee

i. Share Transfer Committee

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

1. Chairman-cum-Managing Director
2. Director (Finance)
3. Director (Commercial)
4. Director (Production)
5. Director (Technical)
6. Company Secretary
7. Dy. Secretary (w.e.f.27-10-2008)

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

Sl.No.	Date	Strength of Share Transfer Committee	No. of Members present
1.	04.04.08	6	6
2.	11.04.08	6	4
3.	22.04.08	6	5
4.	22.05.08	6	3
5.	13.06.08	6	5
6.	25.07.08	7	4
7.	08.08.08	6	6
8.	11.08.08	6	6
9.	18.09.08	6	6
10.	18.10.08	6	6
11.	17.12.08	7	7
12.	20.01.09	7	6
13.	03.02.09	7	7
14.	12.03.09	7	7
15.	31.03.09	7	7

Attendance of each Members at the Share Transfer Committee meetings

Name of the Directors	No. of meetings held	No. of meetings attended
Chairman-cum-managing Director	15	14
Director (Production)	15	13
Director (Technical)	15	11
Director (Finance)	15	13
Director (Commercial)	15	14
Company Secretary	15	15
Dy. Secretary & Compliance Officer	5	5

ii. Name and designation of the Compliance Officer: Mohammad Imam, Dy. Secretary

iii. Details in respect of shareholders' complaints :

- No of shareholders complaints received so far-22
- No. not solved to the satisfaction of the shareholders- Nil
- Number of pending complaints- Nil

iv. Shareholders'/Investors' Grievance Committee

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

During the year 2008-2009, one meeting was held on 12th January 2009, where all the members attended.

6. General Body Meeting

i. Location and time where last three AGMs held.

ii. Whether any special resolution passed in the previous 3 AGMs.

The Annual General Meetings of the Company are held at the Registered Office of the Company. The details of the General Meetings held for the past three years are as under:

Nature of Meeting	Date & time	Special Resolutions passed
48th Annual General Meeting	31.07.06 at 1530 hrs	Six
49th Annual General Meeting	31.08.07 at 1530 hrs	Six
50th Annual General Meeting	08.08.08 at 1530 hrs	Five

iii. During the year 2008-09, there was no occasion to resort to Postal Ballot for consideration of the shareholders of the Company.

7. Disclosures

i. There was no 'materially significant related party transactions' that may have a potential conflict with the interests of Company, attracting the provisions of Sec. 297 of the Companies Act, 1956.

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. No personnel of the Company has been denied access to the Audit Committee.

iv. The Company has complied with the requirement of Clause 49 and DPE Guidelines on Corporate Governance except provision relating to composition of the Board of Directors relating to no. of Independent Director for which Ministry of Steel, Government of India is taking necessary action as NMDC is a Government Company.

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

- 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 Directors has served in aggregate for a period of nine years.
 - In respect of Remuneration Committee, details has been outlined in Sl. 4.
 - Training of Directors of the Company on Corporate Governance is given from time to time.
 - No person has been denied access to the Audit Committee.
- v. Other than the sitting fees paid (Rs.10,000/- per sitting as determined by the Government of India), part-time Directors have had no pecuniary relationship or transactions with the Company during the year under report.
- vi. Items of expenditure debited in books of accounts, which are not for the purposes of the business.
- Nil.
- vii. Expenses incurred which are personal in nature and incurred for the Boards of Directors and Top Management.
- Nil
- viii. Statutory Auditors' Certificate on Corporate Governance - attached.

8. Means of communication

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**

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

NMDC Limited

9. General Shareholders Information

i. AGM date, time and venue

Date	Time	Venue
29.08.2009	3.30 P.M.	Regd. Office of NMDC, Khanij Bhavan, Masab Tank, Hyderabad

ii. Financial Calendar for 2009-10

1st quarter results	(Unaudited)	on or before 31.07.2009
2nd quarter results	(Unaudited)	on or before 31.10.2009
3rd quarter results	(Unaudited)	on or before 31.01.2010
4th quarter results	(Unaudited)	on or before 30.04.2010
4th quarter results	(Audited)	on or before 30.06.2010

iii. Date of Book Closure : From 22.08.2009 to 29.08.2009 (both days inclusive)

iv. Dividend Payment date

Dividend to be paid within 30 days of declaration.

v. Listing on Stock Exchanges

NMDC shares are listed on Stock Exchanges at Bangalore, Chennai, Mumbai, Kolkata and New Delhi and National Stock Exchange, Mumbai. Listing Fees for the year 2008-09 has been paid to all the Stock Exchanges.

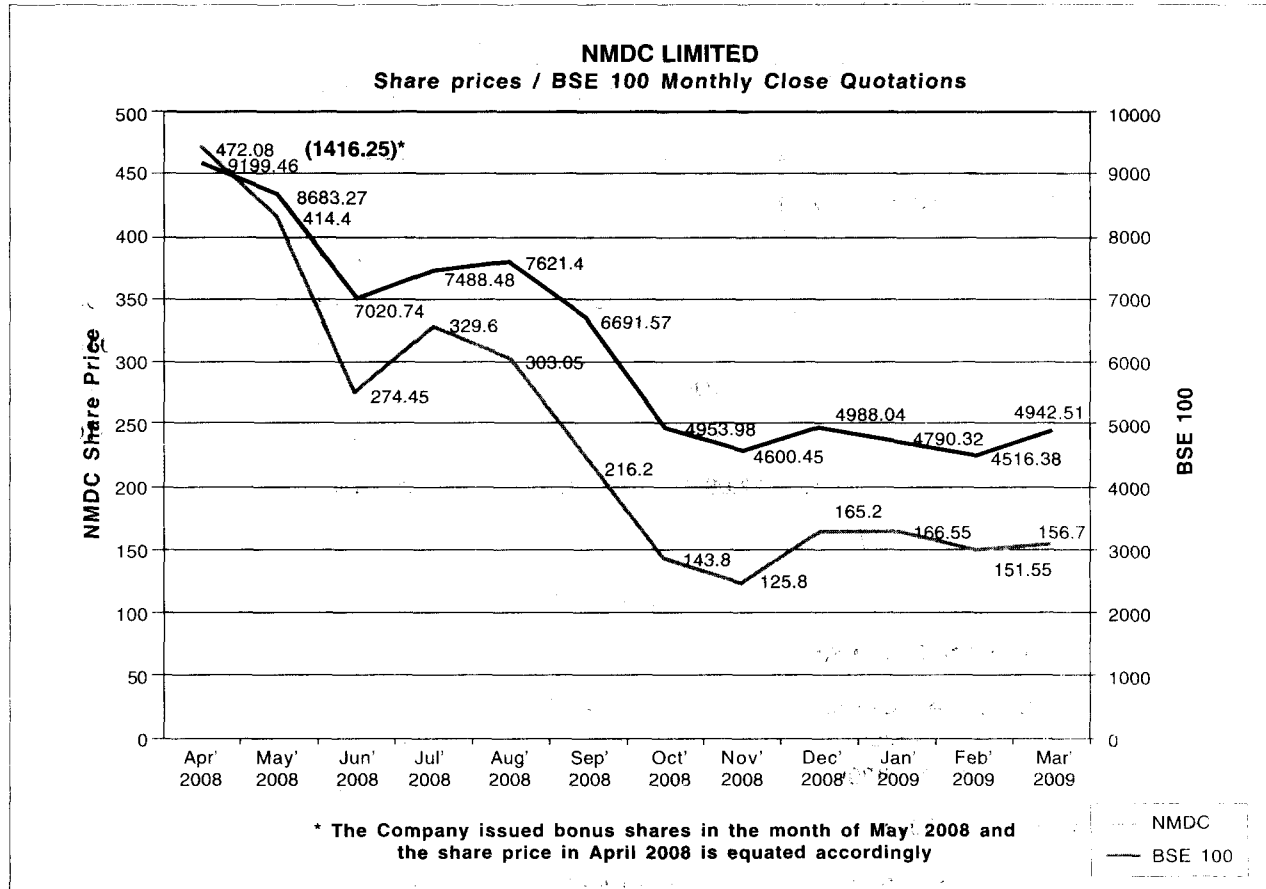
vi. Stock Code : 526371

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

Year	Month	Highest	Lowest
2008	April	13461.10	1196.60
2008	May	1570.45	411.10
2008	June	425.00	274.45
2008	July	329.60	208.70
2008	August	381.50	288.00
2008	September	324.80	201.25
2008	October	226.15	140.20
2008	November	204.05	115.20
2008	December	194.40	120.10
2009	January	200.70	140.00
2009	February	176.25	147.00
2009	March	172.00	140.30

The Company split the face value of the share to Re.1 per share from Rs. 10 per share on 21st April, 2008.

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



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 of shares of NMDC with CDSL and NSDL.

x. Share Transfer System

The Company has a Share Transfer Committee comprising of all the Functional Directors, Company Secretary and Deputy 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 application are kept pending beyond the stipulated period of thirty 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 as on 31.03.2009, pursuant to clause 35 of the Listing Agreement with the Stock Exchanges:

**NMDC LIMITED
SHAREHOLDING PATTERN AS ON 31/03/2009
(CONSOLIDATED)**

Category code	Category of Shareholder	Number of Share holders	Total Number of shares	Number of shares held in demateria-lised form	Total share-holding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Per-centage of (A+B)1	As a Per-centage of (A+B+C)	Number of Shares	As a Per-centage
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
a.	Individuals/ Hindu Undivided Family	0	0	0	0	0	0	0
b.	Central Government/ State Government(s)	1	3900661380	0	98.38	98.38	0	0
c.	Bodies Corporate	0	0	0	0	0	0	0
d.	Financial Institutions/Banks Others	0	0	0	0	0	0	0
e.	Mutual Funds	0	0	0	0	0	0	0
f.	Trusts	0	0	0	0	0	0	0
	Sub Total (A)(1)	1	3900661380	0	98.38	98.38	0	0
(2)	Foreign							
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 Others :	0	0	0	0	0	0	0
d.	Overseas Corporate Bodies	0	0	0	0	0	0	0
	Sub Total (A)(2)	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group							
	(A)=(A)(1)+(A)(2)	1	3900661380	0	98.38	98.38	0	0
(B)	Public Shareholding							
(1)	Institutions							
a.	Mutual Funds/UTI	1	5102000	5102000	0.13	0.13	0	0
b.	Financial Institutions/ Banks	1	60000	60000	0	0	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 demateria- lised form	Total share- holding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Per- centage of (A+B) ¹	As a Per- centage of (A+B+C)	Number of Shares	As a Per- centage
e.	Insurance Companies	7	49962822	49956822	1.26	1.26	0	0
f.	Foreign Institutional Investors	0	0	0	0	0	0	0
g. tr	Foreign Venture Capital Investors	0	0	0	0	0	0	0
	Others	0	0	0	0	0	0	0
h.	Foreign Companies	0	0	0	0	0	0	0
	Sub Total (B)(1)	9	55124822	55118822	1.39	1.39	0	0
(2)	Non-Institutions							
a.	Bodies Corporate	663	3202451	3059451	0.08	0.08	0	0
b.	Individuals	0	0	0	0	0	0	0
i.	Individual shareholders holding nominal share capital upto Rs.1 lakh	20520	5174495	4781573	0.13	0.13	0	0
ii.	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1	1089303000	108930	0	0	0	0
	Others							
c.	Non Resident Individuals	222	245020	245020	0.01	0.01	0	0
d.	Overseas Corporate Bodies	0	0	0	0	0	0	0
e.	Trusts	5	38600	38600	0	0	0	0
f.	Employees	74	92455	33235	0	0	0	0
g.	Clearing Members	131	67847	67847	0	0	0	0
h.	Foreign Nationals	0	0	0	0	0	0	0
	Sub Total (B)(2)	21616	8929798	8334656	0.23	0.23	0	0
	Total Public Shareholding (B)=(B)(1)+(B)(2)	21625	64054620	63453478	1.62	1.62	0	0
	Total (A)+(B)	21626	3964716000	63453478	100	100	0	0
(C)	Shares held by Custodians and against Depository Receipts have been issued	0	0	0	0	0	0	0
	Grand Total (A)+(B)+(C)	21626	3964716000	63453478	100	100	0	0

xii. Dematerialization of shares and liquidity

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

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

xiv. Plant Locations :

The mines 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
Bacheli Complex
P.O. Bacheli
Dist: Dantewada (Chhattisgarh)
- c. Donimalai Iron Ore Mine
Donimalai Township
Dist: Bellary - 583 118, Karnataka
- d. Diamond Mining Project
Majhgawan, Panna - 488 001 (MP)

xv. Address for correspondence :

Company Secretary
NMDC Limited
Regd. Office: 10-3-311/A
Castle Hills, Masab Tank
Hyderabad - 500 173
E-mail: ims@nmdc.co.in

Management Discussion & Analysis Report**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. NMDC has been paying dividends for the last 19 years.

The iron ore industry being cyclic in nature, NMDC is exposed to sharp fluctuation in demand for its products. 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. The sharp fall in the Iron and steel sector in the prevailing recessionary conditions globally has led to short fall in global consumption of Iron and steel.

2. Strength and weakness**Strength**

- Financial strength characterized by high net worth, zero debt, good credit rating.
- Good work culture - skilled, experienced and dedicated workforce.
- 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.

Weakness

- 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 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.
- 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.

iii. Opportunities and Threats

Opportunities

- Diversification in steel production
- Financial powers for investment in new projects as a Navaratna Company.
- Exploration and mining opportunities in India and abroad for high value minerals.
- Diversification into other areas for sustained growth.

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.
- 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.
- 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	2004-05	2005-06	2006-07	2007-08	2008-09
Sale of Iron Ore	2180.58	3669.47	4170.92	5705.32	7559.11
Sale of Diamonds	43.82	35.69	10.60	3.75	–
Sale of Wind Power	–	–	–	–	2.22
Turnover	2229.99	3710.92	4185.84	5711.31	7564.03
PBT	1223.65	2770.13	3498.31	4947.47	6648.23
PAT	755.44	1827.80	2320.21	3250.98	4372.38
Dividend	151.32	365.57	465.19	651.53	876.20

Physical Performance of NMDC

Details	2004-05	2005-06	2006-07	2007-08	2008-09
Production of Iron Ore (mt)	20.74	22.92	26.23	29.82	28.52
Production of Diamonds (carats)	78217	43878	1703	–	–
Sale of Iron Ore (mt)	23.22	24.85	25.59	28.18	26.47
Sale of Diamonds (carats)	86257	48825	14588	2632	–

4. Outlook

NMDC proposes to augment its production of iron ore from the present level of 30 million to 50 million tonnes by 2015. It also has chalked out plans for value addition by setting up pelletization plants in Chhattisgarh and Karnataka utilizing the slimes and an integrated steel plant in Chhattisgarh. NMDC is also planning to venture into coal mining.

The present global recession will affect the performance of the Company.

5. Risks and concerns

The major risk NMDC is facing is the Maoists' attacks on and around its project at Bailadila on and off. Though such attacks have not made much impact on production, yet the movement of ore from the Bailadila sector has been considerably affected. 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.

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.

NMDC's operational performance has been quite commendable as can be seen from the results of last five years. From about 18 million tonnes of iron ore production in 2003-04, the company has reached around 30 million tonnes and 29 million tones in 2007-08 and 2008-09 respectively. The contribution from other minerals like diamond, silica sand etc being marginal, it does not have any influence on the company's performance. The Company has also recorded sale of wind power of Rs. 2.22. crore. for the year under review. On the financial performance, the turnover of the Company has gone up from about Rs. 1532 crore in 2003-04 to about Rs. 7564 crore. So also, in the same period, profit before tax gone up from about Rs.616 crore to Rs. 6648 crore. The net worth of the Company has also gone up from about Rs.1967 crore to about Rs. 11615 crore; and the earnings per share has gone up from about Re.1.09 to Re. 11.03. During this period, the Company has earned 'Excellent' rating on the MoU it has been signing with the Ministry of Steel.

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 relation has been cordial all along. Any difference is sorted out through discussions at appropriate levels. The support of workmen needs special mention.

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. upgradation 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 is as follows:

2004-05	:	5,620
2005-06	:	5,667
2006-07	:	5,582
2007-08	:	5,560
2008-09	:	5,652

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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 31st March 2009. 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.

As per Clause 49-I(A) of the Listing Agreement, the Board of Directors of the Company shall have an optimum combination of Executive and Non-Executive Directors with not less than fifty percent of the Board of Directors comprising of Non –Executive Directors where the Chairman is Executive Chairrnan. It is observed that as on 31st March 2009 there are only three Non-Executive Directors against seven Executive Directors

In our opinion and to the best of our information and according to the explanations given to us and the disclosures made in the Directors Report, we hereby certify that the Company, subject to the above, has complied with the conditions of the Corporate Governance as stipulated in the Listing Agreement.

Place : Hyderabad
Dated : July 27, 2009

For MARTHI & CO.
COMPANY SECRETARIES


S.S. MARTHI
COMPANY SECRETARY
F.C.S-1989 CP-1997

**Chief Executive Officer (CEO) and
Chief Financial Officer (CFO) Certification**

We, Rana Som, Chief Executive Officer and Chairman-cum-Managing Director and K.R. Venkateswarlu, Chief Financial Officer and Director (Finance) of NMDC Limited, to the best of our knowledge and belief, certify that :

1. We have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements and the directors' report.
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct;
5. We have disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors (and persons performing the equivalent functions)
 - (a) All deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
 - (b) Significant changes in internal controls during the year covered by this report;
 - (c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
6. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.



(K.R. Venkateswarlu)
Director (Finance) & CFO



(Rana Som)
Chairman-Cum-Managing Director & CEO

Place : New Delhi
Date : 29.05.2009

Ten Years Performance

(Rs. in Crore)

	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	99-2000
Operating Statistics:										
Production @										
1 Iron Ore (WMT) (in million tonnes)	28.52	29.82	26.23	22.92	20.74	17.96	16.97	15.63	15.05	13.57
2 Diamonds (Carats)	0.00	0.00	1703.00	43878	78217	71163	84348	81251	56955	40230
Sales										
1 Iron Ore (WMT) (in million tonnes)	26.47	28.18	25.59	24.85	23.22	20.66	19.51	17.46	18.15	15.15
2 Diamonds (Carats)	0.00	2632	14588	48825	86257	84097	70787	76944	44514	43322
Financial Statistics:										
Income										
1 Sales Iron Ore	7559.11	5705.32	4170.92	3669.47	2180.58	1411.39	1177.28	1092.98	986.96	765.13
2 Sales Diamonds	0.00	3.75	10.60	35.69	43.82	36.19	31.17	33.78	24.48	20.17
3 Sale of Power	2.22	-	-	-	-	-	-	-	-	-
4 Sales Others	0.08	0.09	1.34	2.22	2.15	1.27	1.13	0.32	0.65	0.86
5 Income from services	2.62	2.15	2.98	3.54	3.44	4.84	4.65	2.97	2.96	4.33
6 Other Income	884.04	670.53	354.69	199.93	105.28	77.07	97.15	99.87	59.95	49.11
7 Stock Adjustments	127.39	30.17	-6.49	4.42	-3.75	1.94	-17.95	38.19	12.86	5.18
	8575.46	6412.01	4534.04	3915.27	2331.52	1532.70	1293.43	1268.11	1087.86	844.78
PROFIT										
1 Profit before depreciation, Interest & Taxes	6721.79	5007.47	3578.33	2883.82	1287.49	670.00	462.46	388.93	352.14	241.07
2 Depreciation	73.56	60.00	80.02	113.69	63.84	53.98	42.28	39.92	36.10	33.36
3 Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.07	0.00	0.00
4 Profit before tax	6648.23	4947.47	3498.31	2770.13	1223.65	616.02	420.18	343.94	316.04	207.72
5 Taxes	2275.85	1696.49	1178.10	942.33	468.21	183.39	107.98	87.39	81.06	47.72
6 Profit/Loss after depreciation Interest & Taxes	4372.38	3250.98	2320.21	1827.80	755.44	432.63	312.20	256.55	234.98	160.00
7 Dividend	876.20	651.53	465.19	365.57	151.32	46.25	39.65	33.04	33.04	33.04
FINANCIAL POSITION										
1 Equity (^)	396.47	132.16	132.16	132.16	132.16	132.16	132.16	132.16	132.16	132.16
2 Reserves & Surplus	11240.44	8157.49	5668.77	3882.32	2471.36	1893.20	1512.75	1245.27	1017.10	818.62
3 Gross Fixed Assets	1669.17	1421.40	1304.15	1259.68	1176.78	1148.15	807.10	757.08	742.69	689.07
4 Net Fixed Assets	746.63	568.06	504.90	530.16	537.44	574.27	285.16	272.64	293.76	274.75
5 Other Assets (intangible) \$	22.20	24.55	26.80	29.95	34.75	58.49	53.17	45.27	25.31	21.70
6 Capital Work-in-Progress	248.31	111.83	112.97	56.16	31.47	66.24	374.34	340.85	306.25	272.34
7 Current Assets	11771.02	8282.70	5525.84	4742.14	2804.78	1923.10	1457.96	1148.56	986.41	863.01
8 Current Liabilities	1164.75	774.76	417.36	1399.32	866.64	675.68	572.19	454.39	496.37	522.68
9 Deferred Tax Asset	-58.04	-6.01	-26.60	-18.46	-12.13	6.87	13.64	9.91		
10 Capital Employed *	11352.90	8076.00	5613.38	3872.98	2475.58	1821.69	1170.93	966.81	783.80	615.08
11 Net Worth	11614.71	8265.10	5774.13	3984.53	2568.77	1966.87	1591.74	1332.16	1123.95	929.08
12 Book value per share (Rs.) (^)	29.30	625.40	436.91	301.50	194.37	148.83	120.44	100.80	85.05	70.30
13 Earning per share (Rs.) (^)	11.03	245.99	175.56	138.30	57.16	32.74	23.62	19.41	17.87	12.11

@ Production figures as per Balance Sheet

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

* Excludes Investments

(^) 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 2008-09

(Rs. in Crore)

	2008-2009	2007-2008
HOW VALUE IS GENERATED:		
Value of Production	7,691.42	5,741.48
Less : Direct Material, Power & Water charges, Royalty & Freight	822.26	464.73
Total Value Added	6,869.16	5,276.75
HOW VALUE IS DISTRIBUTED:		
A. Employees		
Payments & Benefits	420.19	355.21
B. Suppliers of Materials and Services		
Stores & Spares	144.90	115.86
Selling Expenses	203.95	202.49
Others (Net of Miscellaneous Income)	-653.55	-424.97
TOTAL	-304.70	-106.62
C. Society - Corporate Social Responsibility		
	33.30	21.75
D. Govt. Payments - Income Tax		
	2,424.76	1,807.22
E. Providers of Capital		
Shareholders - Dividend	876.20	651.53
TOTAL	876.20	651.53
F. Re-investment in the Business		
Depreciation	72.66	59.16
Operational Profit	3,346.75	2,488.50
TOTAL	3,419.41	2,547.66
Total Value Distributed	6,869.16	5,276.75
Average Number of Employees	5,596	5,571
Value added per employee (Rs. in lakh)	122.75	94.72



Auditors' Report

To
The Members,
NMDC Ltd

We have audited the attached Balance Sheet of **NMDC LIMITED** (The company) as at 31st March, 2009 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto, into which are incorporated the accounts of eight Projects / Units audited by Branch Auditors and in respect of Head Office and R&D Labs audited by us, and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in

paragraphs 4 & 5 of the said Order, to the extent applicable.

1. Further to our comments in the Annexure referred to above, 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 purposes 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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditors Reports have been forwarded to us and have been appropriately dealt with;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the Projects / Units;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

Ramamoorthy (N) & Co.,

Chartered Accountants

Continuation Sheet

- (e) The Company has informed that Department of Company affairs vide the notification No. GSR 829(E) dt 21st October 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.
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and Notes forming part of accounts appearing in Schedule No.24 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view

in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31.03.2009;
- (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For RAMAMOORTHY (N) & Co.,
Chartered Accountant



(CA Surendranath Bharathi)
Partner
Membership No.23837

Place : New Delhi
Date : 29-May-2009



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 few fixed assets have been disposed off 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 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) 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) 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.
- (vi) The company has an internal audit system commensurate with the size and nature of its business.
- (vii) The maintenance of cost records under Section 209(1)(d) of The Act has not been prescribed by the Central government for the products of the company.
- (viii) **In respect of Statutory Dues:**
 - (a) According to the information and explanations given to us and the records of the company examined by

Ramamoorthy (N) & Co.,

Chartered Accountants

Continuation Sheet

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 31.03.2009 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, 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:

Name of the statute	Nature of dues which relates	Period to	Forum	Amount (Rs. in Crores)
Karnataka Forest Tax Act, 1963	Forest development tax	Aug'08 to Mar'09	Dy.Conservator of Forests, Bellary	18.96
Madhya Pradesh Entry Tax Act	Entry Tax	2001-02	Commissioner of Commercial Taxes (Appeal), Raipur.	0.01
Chhattisgarh Sales Tax Act, 1994	Sales Tax	2002-03	Commissioner of Commercial Taxes (Appeals), Raipur.	0.23
Chhattisgarh Entry Tax Act	Entry Tax	2003-04	Dy.Commissioner of Commercial Taxes (Appeal), Raipur.	1.58
Nagar Palika, Kirandul	Property tax	2008-09	Nagar Palika, Kirandul	0.05
Nagar Palika, Kirandul	Export tax	1995-96 to 2003-04	High Court, Chhattisgarh	10.53
Nagar Palika, Kirandul	Conservancy tax	1997-98 to 2005-06	High Court, Chhattisgarh	0.39
Nagarpalika, Bade Bacheli	Export Tax	May 2001 to July 2002	High Court of Chhattisgarh	0.26
Madhya Pradesh Commercial Tax Act, 1994	Entry Tax	2000-01	Dy.Commissioner of Commercial Tax (Appeal), Sagar	0.01
The Andhra Pradesh General Sales tax Act, 1957	Tax on REP licenses	1991-92 to 92-93	Commercial Tax Officer & Sales Tax Appellate Tribunal, Hyderabad	0.93
Karnataka Sales tax Act, 1957	Tax on REP licenses	1991-92 to 92-93	Deputy Commissioner of Commercial Taxes, Bellary	0.40
Karnataka Motor Vehicle taxation Act 1957	Road tax on dumpers	2003-04	Regional transport officer, Hospet	1.15
MMDR Act	Royalty	SEP-1977 to AUG-2005	Madhya Pradesh State Govt.	0.89
HMC Act, 1955	Property tax on vacant land	1999-2000 to 2000-01	High court of Andhra Pradesh	0.08
HMC Act, 1955	Property tax on V floor of Khanij Bhavan Building	Oct'07 to Mar'09	Municipal Corporation of Hyderabad	0.02
MP Commercial Tax Act, 1994	Commercial Tax	1997-98 2001-02 2003-04	Dy.Commissioner of Commercial Tax (Appeal), Sagar	0.01

Ramamoorthy (N) & Co.,

Chartered Accountants

Continuation Sheet

- (ix) In our opinion, the company has no accumulated losses as at 31.03.2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanation given to us, the company has not taken any loans from financial Institution, Bank and has not issued any debentures. Therefore, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xi) In our opinion and according to the information and explanation 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. Accordingly the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) 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.
- (xv) According to the information and explanations given to us, the company has not obtained any term loans. Therefore, the provisions of clause 4 (xvi) 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 raised on a short-term basis have been used for long-term investments.
- (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 4(xviii) 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 4(xix) 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 4(xx) 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 RAMAMOORTHY (N) & Co.,
Chartered Accountant



(CA Surendranath Bharathi)
Partner
Membership No.23837

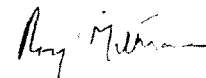
Place : New Delhi
Date : 29-May-2009

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 2009.

The preparation of financial statements of NMDC Limited, Hyderabad for the year ended 31 March 2009 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 2009.

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 on 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor 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 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



(Roy Mathrani)

Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board,
Hyderabad

Place : Hyderabad
Date : 11 June 2009

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 EXPENDITURE DURING CONSTRUCTION:

3.1 Development expenses (pre-construction period expenses) and Expenses on removal of overburden and preparation of mining benches are amortized in ten annual instalments from the date of commencement of production.

3.2 Expenditure incurred on supervision during the construction period in respect of projects for expansion of existing facilities or creation of new facilities are treated as period costs and charged to revenue. Further, all administrative expenses incurred during the period of delay in the construction and commissioning of facilities beyond the period contemplated by Detailed Project Report are similarly treated as revenue and charged to the Profit & Loss Account.

3.3 In respect of those projects under construction necessitating selection of a different technology than originally envisaged, for the reasons beyond the control of the management, the cumulative administrative expenses incurred on such projects having no other useful purpose till the date of the decision to go in for the new technology are charged to the profit and loss account for the year during which the relevant decision is taken. Further, all administrative expenses incurred on such projects subsequently till the new technology is identified are also treated as revenue and charged to the profit and loss account of the year in which they are incurred.

3.4 In the case of projects abandoned in the mid way due to unforeseen circumstances beyond the control of the management, the cumulative administrative expenditure incurred on such projects up to the date of abandonment are charged to the profit and loss account during the year of abandonment.

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 Work in process-Consultancy Contract job : At cost
- 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, low grade ore of Kumaraswamy Mine and slimes in case of Iron Ore.
 - 5.8.2 Stock of run of mine ore generated during construction period pending assessment of quality and saleability.
 - 5.8.3 Partly used stores and spares kept in stores.
 - 5.8.4 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 profit & loss account.

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 Profit & Loss Account.

7. GRANT-IN-AID:

7.1 The grant-in-aid received from Government of India for feasibility studies and the expenditure incurred thereon are shown separately until the feasibility expenditure is adjusted against the grant on fruition or abandonment of the feasibility study.

7.2 The grant-in-aid received from Government of India in respect of Research & Development is shown after adjusting the amounts utilised.

C. PROFIT & LOSS ACCOUNT

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 Railway receipt / Lorry receipt / Delivery challan.

1.3 **Obsolete Stores & Scrap:** Income is accounted on realization basis in respect of Used / surplus/obsolete/unserviceable materials 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.

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:** Gratuity payable to eligible employees is administered by a separate Trust, which has taken a Group gratuity policy with LIC. Demands made by the Trust including the annual contribution and risk premium for the future service gratuity of the LIC policy are charged to Profit & Loss Account.

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 remitted to a fund maintained by LIC.

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. The liability towards Settlement Allowance is remitted to a fund maintained by LIC.

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 of to Profit & Loss Account.

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 Profit & Loss account 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 and on behalf of the Board

For **RAMA.MOORTHY (N) & CO,**
Chartered Accountants



(CA SURENDRANATH BHARATHI)
Partner
Membership No. 23837



(KR VENKATESWARLU)
Director (Finance)



(RANA SOM)
Chairman-cum-Managing Director



(KUMAR RAGHAVAN)
Company Secretary

Place : New Delhi
Date : 29-May-2009

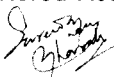
Balance Sheet as at 31st March, 2009

(Rs. in Crore)

	Schedule	As at 31st March, 2009	As at 31st March, 2008
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	396.47	132.16
Reserves & Surplus	2	<u>11,240.44</u>	<u>8,157.49</u>
		11,636.91	8,289.65
Grants-in-aid	3	-	-
Deferred Tax Liability		<u>58.04</u>	<u>6.01</u>
TOTAL		<u>11,694.95</u>	<u>8,295.66</u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	4	1,669.17	1,421.40
Less : Depreciation		<u>922.54</u>	<u>853.34</u>
Net Block		746.63	568.06
Capital Work in Progress	5	<u>248.31</u>	<u>111.83</u>
		994.94	679.89
Investments	6	71.54	83.28
Current Assets, Loans & Advances :			
Inventories	7	302.46	166.14
Sundry Debtors	8	1,027.24	487.71
Cash & Bank Balances	9	9,739.65	7,198.80
Other Current Assets	10	298.35	186.26
Loans & Advances	11	<u>403.32</u>	<u>243.79</u>
		11,771.02	8,282.70
Less : Current Liabilities & Provisions :			
Current Liabilities	12	484.58	418.44
Provisions	13	<u>680.17</u>	<u>356.32</u>
		1,164.75	774.76
Net Current Assets		10,606.27	7,507.94
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	22.20	24.55
TOTAL		<u>11,694.95</u>	<u>8,295.66</u>

Subject to our Report of even date Accounting Policies and Schedules 1 to 24 form part of accounts.

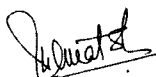
For RAMAMOORTHY (N) & Co.,
Chartered Accountants



(CA SURENDRANATH BHARATHI)
Partner
Membership No. 23837

Place : New Delhi
Date : 29.05.2009

For and on behalf of the Board



(KR VENKATESWARLU)
Director (Finance)



(RANA SOM)
Chairman-cum-Managing Director



(KUMAR RAGHAVAN)
Company Secretary

Profit & Loss Account for the year ended 31st March, 2009

(Rs. in Crore)

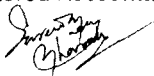
Schedule	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
INCOME:		
	7,559.19	5,709.16
Sales	2.62	2.15
Income from Services	2.22	-
Income from sale of power	884.04	670.53
Other Income	127.39	30.17
Accretion / (Decretion) to stock	<u>8,575.46</u>	<u>6,412.01</u>
TOTAL		
EXPENDITURE:		
	44.33	25.38
Raising & Transportation charges	213.52	175.33
Consumption of Stores & Spares	42.21	47.40
Power, Electricity and Water	421.10	355.62
Payments & Benefits to employees	51.64	39.43
Repairs & Maintenance	62.79	54.36
Royalty & Cess		
Selling Expenses - Freight Outwards	650.23	316.07
- Others	<u>203.95</u>	<u>202.49</u>
	854.18	518.56
Other Expenses	166.55	191.49
Depreciation	73.56	60.00
Miscellaneous/Promotional/Deferred	3.46	3.46
Revenue Expenditure written off		
Gross Expenditure	1,933.34	1,471.03
Less : Transfer to Capital Accounts	5.59	6.27
Net Expenditure	1,927.75	1,464.76
Profit before prior Year items	6,647.71	4,947.25
Add/(Less) prior Year items	0.52	0.22
Profit before taxes	6,648.23	4,947.47
Less : Provision - Taxation-Current Year	2,238.00	1701.00
- Earlier Years (Net)	-18.70	11.27
- Interest on Income Tax	-6.65	-0.99
TOTAL (a)	2,212.65	1711.28
Fringe Benefit Tax - Current Year	6.25	6.00
- Earlier Years (Net of interest)	4.92	-0.20
TOTAL (b)	11.17	5.80
TOTAL (a+b)	2,223.82	1,717.08
Add : Deferred Tax adjustment for the year	-52.03	20.59
Profit after taxes	4,372.38	3,250.98
Profit brought forward from previous Year	1.65	1.93
Profit available for Appropriations	4,374.03	3,252.91
Less : Appropriations:		
Interim Dividend	408.36	437.44
Tax on Interim Dividend	69.40	74.34
Proposed Dividend (Final)	467.84	214.09
Tax on final Dividend	79.51	36.39
General Reserve	3,348.00	2489.00
	4,373.11	3,251.26
Balance carried over to Balance Sheet	0.92	1.65
Detailed Information	23	
Notes forming part of Accounts	24	
Earnings per Share (Basic & Diluted) Rs.	11.03	8.20

Subject to our Report of even date

Accounting Policies and Schedules 1 to 24 form part of accounts.

For **RAMAMOORTHY (N) & Co.**,
Chartered Accountants

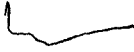
For and on behalf of the Board


(CA. SURENDRANATH BHARATHI)
Partner
Membership No. 23837


(KR VENKATESWARLU)
Director (Finance)


(RANA SOM)
Chairman-cum-Managing Director

Place : New Delhi
Date : 29.05.2009


(KUMAR RAGHAVAN)
Company Secretary

Schedules

Schedule - 1 : Share Capital

	(Rs. in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
Authorised:		
4,00,00,00,000 Equity Shares (Previous year 15,00,00,000) of Rs.1/- each (Previous year Rs.10/- each)	<u>400.00</u>	<u>150.00</u>
Issued, Subscribed & Paid up:		
3,96,47,16,000 Equity Shares of Rs.1/- each fully paid up (Previous year 13,21,57,200 of Rs.10/- each fully paid) includes 2,55,00,000 shares of Rs.1/ each allotted for consideration other than cash (Previous year 25,50,000 shares of Rs.10/- each) and 2,64,31,44,000 shares of Rs.1/- each (Previous year NIL) allotted as bonus shares.	<u>396.47</u>	<u>132.16</u>
TOTAL	<u>396.47</u>	<u>132.16</u>

Schedule - 2 : Reserves and Surplus

	(Rs. in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
a) General Reserve:		
As per last Balance Sheet	8,155.84	5,666.84
Less : Utilised for Bonus issue	-264.32	0.00
Additions during the Year	<u>3,348.00</u>	<u>2,489.00</u>
	11,239.52	8,155.84
b) Profit & Loss Account - Surplus	<u>0.92</u>	<u>1.65</u>
TOTAL	<u>11,240.44</u>	<u>8,157.49</u>

Schedule - 3 : Grants-in-aid

	(Rs. in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
For Research & Development	<u>7.03</u>	<u>7.03</u>
Less : Amount Utilised	<u>7.03</u>	<u>7.03</u>
Note : An amount of Rs.881/- (Previous year Rs.881) is lying unutilised.	<u>0.00</u>	<u>0.00</u>
TOTAL	<u>0.00</u>	<u>0.00</u>

Schedule - 4 : Fixed Assets

(Rs. in Crore)

ASSETS	GROSS BLOCK			
	As at 1st April, 2008	Additions during the year	Ded/Adj. during the year	As at 31st March, 2009
A. Plant, Mines & Others				
Land - Free hold	9.16	0.43	0.00	9.59
Land - Lease hold	85.87	47.68	0.00	133.55
Roads, bridges etc.	13.94	0.92	0.00	14.86
Buildings	44.68	3.07	0.00	47.75
Dams, Wells & Pools	11.83	0.00	0.00	11.83
Adit & tunnel	3.71	0.00	0.00	3.71
Railway sidings	19.17	0.00	0.00	19.17
Plant & Machinery	601.43	73.12	-0.21	674.76
Heavy Mobile Equipment	410.27	104.34	4.27	510.34
Furniture & fittings	5.44	0.66	0.04	6.06
Vehicles	18.86	4.03	0.01	22.88
Locomotives	7.21	0.00	0.00	7.21
Electrical Installations	45.60	4.52	0.00	50.12
Sanitary & W. S. Installations	14.12	0.36	0.00	14.48
Other assets	25.63	4.80	0.46	29.97
Intangible Asset - Computer software	2.58	0.36	0.00	2.94
TOTAL 'A'	1,319.50	244.29	4.57	1,559.22
Figures for the previous year	1,206.92	119.54	6.96	1,319.50
B. Social Facilities				
Land - Free hold	2.62	0.00	0.00	2.62
Land - Lease hold	0.02	0.00	0.00	0.02
Roads, bridges etc.	5.22	1.64	0.00	6.86
Buildings	63.50	3.51	0.01	67.00
Cess fund quarters	12.57	0.00	0.00	12.57
Dams, Wells & Pools	0.23	0.00	0.00	0.23
Plant & Machinery	0.01	0.00	0.00	0.01
Furniture & fittings	1.25	0.17	0.00	1.42
Vehicles	2.37	1.65	-0.03	4.05
Cess Fund Vehicles	0.00	0.00	0.00	0.00
Electrical Installations	1.83	0.33	0.00	2.16
Sanitary & W S. Installations	6.39	0.00	0.00	6.39
Other assets	5.79	0.74	0.01	6.52
Cess fund other assets	0.10	0.00	0.00	0.10
TOTAL 'B'	101.90	8.04	-0.01	109.95
Figures for the previous year	97.23	5.08	0.41	101.90
TOTAL 'A + B'	1,421.40	252.33	4.56	1,669.17
Figures for the previous year	1,304.15	124.62	7.37	1,421.40

Schedule - 4 : Fixed Assets (Contd..)

(Rs. in Crore)

ASSETS	DEPRECIATION						NET BLOCK	
	Upto 31st March, 2008	For the year	Asset impair- ment	Prior period adjust- ments	Dedu- ctions/ adjust- ments	Upto 31st March, 2009	As at 31st March, 2009	As at 31st March 2008
A. Plant, Mines & Others								
Land - Free hold	0.00	0.00	0.00	0.00	0.00	0.00	9.59	9.16
Land - Lease hold	38.82	5.62	0.00	0.00	0.00	44.44	89.11	47.05
Roads, bridges etc.	9.94	0.26	0.00	0.00	0.00	10.20	4.66	4.00
Buildings	17.07	1.61	0.00	0.00	0.00	18.68	29.07	27.61
Dams, Wells & Pools	11.42	0.03	0.00	0.00	0.00	11.45	0.38	0.41
Adit & tunnel	3.71	0.00	0.00	0.00	0.00	3.71	0.00	0.00
Railway sidings	8.56	0.76	0.00	0.00	0.00	9.32	9.85	10.61
Plant & Machinery	409.38	21.16	-0.50	0.00	-0.30	430.34	244.42	192.05
Heavy Mobile Equipment	234.53	30.28	1.69	0.00	4.18	262.32	248.02	175.74
Furniture & fittings	3.98	0.41	0.00	0.00	0.03	4.36	1.70	1.46
Vehicles	11.10	2.17	0.00	0.00	0.03	13.24	9.64	7.76
Locomotives	7.21	0.00	0.00	0.00	0.00	7.21	0.00	0.00
Electrical Installations	28.67	3.44	0.01	0.00	0.04	32.08	18.04	16.93
Sanitary & W.S. Installations	8.62	0.53	0.00	0.00	0.00	9.15	5.33	5.50
Other assets	17.73	2.22	-0.03	0.00	0.37	19.55	10.42	7.90
Intangible Asset - Computer software	1.81	0.52	0.00	0.00	0.00	2.33	0.61	0.77
TOTAL 'A'	812.55	69.01	1.17	0.00	4.35	878.38	680.84	506.95
Figures for the previous year	760.92	58.81	-1.59	-0.03	5.56	812.55	506.95	446.00
B. Social Facilities								
Land - Free hold	0.00	0.00	0.00	0.00	0.00	0.00	2.62	2.62
Land - Lease hold	0.02	0.00	0.00	0.00	0.00	0.02	0.00	0.00
Roads, bridges etc.	2.38	0.18	0.00	0.00	0.00	2.56	4.30	2.84
Buildings	22.33	1.82	0.00	0.00	0.01	24.14	42.86	41.17
Cess fund quarters	4.21	0.25	0.00	0.00	0.00	4.46	8.11	8.36
Dams, Wells & Pools	0.15	0.00	0.00	0.00	0.00	0.15	0.08	0.08
Plant & Machinery	0.01	0.00	0.00	0.00	0.00	0.01	0.00	0.00
Furniture & fittings	1.11	0.12	0.00	0.00	0.01	1.22	0.20	0.14
Vehicles	1.56	0.29	0.00	0.00	-0.03	1.88	2.17	0.81
Cess Fund Vehicles	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Electrical Installations	1.40	0.08	0.00	0.00	0.00	1.48	0.68	0.43
Sanitary & W.S. Installations	4.04	0.24	0.00	0.00	0.00	4.28	2.11	2.35
Other assets	3.48	0.40	0.00	0.00	0.02	3.86	2.66	2.31
Cess fund other assets	0.10	0.00	0.00	0.00	0.00	0.10	0.00	0.00
TOTAL 'B'	40.79	3.38	0.00	0.00	0.01	44.16	65.79	61.11
Figures for the previous year	38.33	2.77	0.01	0.00	0.32	40.79	61.11	58.90
TOTAL 'A + B'	853.34	72.39	1.17	0.00	4.36	922.54	746.63	568.06
Figures for the previous year	799.25	61.58	-1.58	-0.03	5.88	853.34	568.06	504.90

Schedule - 4 : Fixed Assets (Contd..)

Notes:

1. Roads, Bridges etc., constructed by the Company and handed over to Chhattisgarh State Government for maintenance are discontinued to be shown in the books of account on being fully depreciated.
2. Capital Expenditure not represented by assets and written off over a period of five years:

(Rupees in crore)

	Unit	Gross Block	Depreciation	Net Block
Roads & Bridges	Lalapur	0.74 (0.74)	0.74 (0.74)	0 (0)
Electrical Installations	Lalapur	0.90 (0.90)	0.90 (0.90)	0 (0)
	Vizag	0.36 (0.36)	0.36 (0.36)	0 (0.00)
	Jagdapur	0.91 (0.91)	0.91 (0.74)	0 (0.17)
Vehicles	Bld-5	0.16 (0.16)	0.11 (0.08)	0.05 (0.08)

3. Assets valuing Rs. 5.09 crores (previous year Rs.5.09 crore) acquired wholly out of Grant-in-aid from Government of India are included in the Schedule 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
TOTAL	5.09

NMDC Limited

Particulars of assets relating to Steel Development Fund / Govt. Grant:

	(Rs. in crore)
Plant & Machinery	
Cost as at 31.03.2009	0.66 (0.66)
Less : Grant	0.17 (0.17)
Amount Capitalised	0.49 (0.49)

4. Intangible assets: Computer software is capitalized and amortised over a period of three years.
5. Rates of Depreciation could not be specified in view of Accounting Policy No.B.2.1.
6. 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.

7. The value of land of 114.01 hectares taken over from District Industries Centre, Jagdalpur for construction of Romelt 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.
8. Particulars of assets relating to Cess Fund Assets/Grant:

	(Rs. in crore)			
	Quarters	Vehicles	Sanitary & Water Supply Installations	Other Assets
Cost as at 31.03.2009	15.90 (15.90)	0 (0.07)	2.18 (2.18)	0.58 (0.58)
Less : Cess Fund Grant	3.33 (3.33)	0 (0.01)	0.27 (0.27)	0.01 (0.01)
Amount Capitalised	12.57 (12.57)	0 (0.06)	1.91 (1.91)	0.57 (0.57)

9. The land on which Cess Fund Quarters were constructed prior to 1984-85 was leased out to Cess Fund Authorities.
10. 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.

11. Formal agreements / Transfer deeds remain to be executed in respect of the following:

- (a) Residential flats purchased at Mumbai have been registered in the name of the Company during April 2009.
- (b) Renewal of Mining Leases at Deposit 10 (Float Ore) & Panna & Donimalai.
- (c) Lease deeds in respect of parts of land for township at Bailadila-5, Bacheli and Bailadila-14, Kirandul.
- (d) Lease deeds in respect of land for Screening Plant at Visakhapatnam.
- (e) Mining lease to the extent of 22.00 hectares of Silica Sand Plant near Lalapur (Allahabad).
- (f) Lease in respect of a portion of the land at R&D center measuring 7.0 acres has expired during Feb 07 and process of renewal of the lease is under progress.
- (g) Lease deed in respect of Wind Electrical Generators at Banjangondalhalli/Annehal in Chitradurga Dist, Karnataka.

12. Details of Assets retired from active use and held for disposal as on 31.03.2009:

(Rs. in crore)

Assets	Gross Block	Accumulated Depreciation	Net Block
1. Heavy Mobile Equipments	22.62 (14.88)	22.62 (14.88)	0 (0)
2. Vehicles	1.09 (1.00)	1.02 (0.95)	0.07 (0.05)
3. Other Assets	0.02 (0.26)	0.02 (0.26)	0 (0)

Note : Figures in brackets pertain to previous year.

Schedule - 5 : Capital Work in Progress

(Rs. in Crore)

	As at 31st March, 2009	As at 31st March, 2008
Construction work in progress	204.26	58.38
Less : Impairment	0.24	0.24
	204.02	58.14
Construction Stores	2.60	2.25
Capital Assets in stores awaiting installation or in transit	12.69	26.10
Less : Impairment	0.04	0.00
	12.65	26.10
Advances to suppliers/contractors for Capital Expenditure	17.19	17.62
Expenditure incidental to construction awaiting allocation	11.85	7.72
TOTAL	248.31	111.83

Notes:

Particulars of advances to suppliers/contractors
for Capital Expenditure:

Advances considered good in respect of which:

i) the Company is fully secured	0.00	0.00
ii) the Company holds no security other than debtors personal security	17.19	17.62

Schedule - 6 : Investments

(Rs. in Crore)

	As at 31st March, 2009	As at 31st March, 2008
In Trust Securities :		
<u>Non-trade & Quoted at cost:</u>		
6.75% Tax Free US 64 Bonds in Unit Trust of India Current Year NIL (Previous year 23,00,944 of the face value of Rs 100/- each)	0.00	23.01
In Shares:		
<u>Trade & Unquoted at cost:</u>		
i) 3,96,002 (previous Year 3,96,002) Equity Shares of Rs.100 each fully paid up in Subsidiary Company J&KMDC Ltd, Jammu	3.96	3.96
Less : Investment deration	3.96	3.96
	0.00	0.00
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	7.20	7.20
Less : Investment deration	7.20	7.20
	0.00	0.00
iii) 3,967(previous year 3,967) Equity shares of N\$ 1 each fully paid up in wholly owned Subsidiary Company Nam-India Minerals Development Corporation (Pty) Ltd, Namibia Rs.24,311 (Previous year Rs. 24,311)	0.00	0.00
Less : Investment deration Rs.24,310 (previous year Rs. 24,310)	0.00	0.00
	0.00	0.00
iv) 4,90,00,000 (previous year 4,90,00,000) Equity shares of Rs.10 each fully paid up in Nilachel Ispat Nigam Limited, Bhubaneswar	49.00	49.00

Schedule - 6 : Investments (Contd..)

		(Rs. in Crore)	
		As at 31st March, 2009	As at 31st March, 2008
v)	1,05,000 (previous year 1,05,000) Equity Shares of Rs.10/- each fully paid up in Romelt SAIL India Ltd, New Delhi	0.11	0.11
	Less : Deration	<u>0.11</u>	<u>0.11</u>
		0.00	0.00
vi)	7,65,000 (Previous Year NIL) Equity share of Rs.10/- each fully paid up in NMDC CMDC Ltd	0.77	0.00
Non-trade & Unquoted at cost:			
i)	150 Shares (previous year 150 Shares) of Rs.1000 each fully paid up in Whole-sale Consumers Co-operative Stores, Kirandul Rs.1,50,000 (Previous year Rs.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)	0.00	0.00
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)	0.00	0.00
iv)	500 Shares (previous year 500 shares) of Rs.100 each fully paid up in NMDC Employees Co-operative Society Ltd, Panna Rs. 50,000 (previous year Rs.50,000)	<u>0.00</u>	<u>0.00</u>
		0.02	0.02
Advance for Investment :			
	4 crore equity shares of Rs 10/- each in Krishnapatnam Railway Co. Ltd., partly paid, pending allotment.	<u>21.75</u>	<u>11.25</u>
	TOTAL	<u>71.54</u>	<u>83.28</u>

Notes:

1. Aggregate amount of Quoted Investments Gross Rs.0 crore and Net Rs.0 crore (Previous year Gross Rs. 23.01 crore and Net Rs. 23.01 crore).
2. Aggregate amount of Unquoted Investments Gross Rs.82.04 crore and Net Rs.71.54 crore (Previous Year Gross Rs.71.54 crore and Net Rs.60.27 crore).
3. During the year the company has disposed off entire units of US-64 Bonds. (Previous Year NIL).
4. All the above are long term investments.

Schedule - 7 : Inventories

(As Valued and Certified by the Management)

(Rs. in Crore)

	As at 31st March, 2009	As at 31st March, 2008
Stores & Spares	81.53	72.64
Loose tools and Implements	<u>0.25</u>	<u>0.21</u>
	81.78	72.85
Finished Goods:		
Iron Ore	220.60	93.13
Silica sand	0.00	0.08
Ferric Oxide & Ferrite Powder	0.06	0.06
Ultra Pure Ferric Oxide Rs.57/- (previous year Rs 57/-)	0.00	0.00
Diamonds & Precious Stones	<u>0.00</u>	<u>0.00</u>
	220.66	93.27
Work-in-Process :		
Diamonds	0.02	0.02
TOTAL	<u>302.46</u>	<u>166.14</u>

Notes:

1. Stores and Spares include:

a) Stores-in-transit	16.81	16.15
b) Non moving stores & spares valued at 15% of their original value of Rs.0.53 crore (previous year Rs.0.73 crore)	0.08	0.11
c) Obsolete stores & spares valued at Rs.1/- per unit of their original value of Rs.1.70 crore (previous year Rs.1.64 crore)	0.02	0.01

Schedule - 8 : Sundry Debtors

(Rs. in Crore)

	As at 31st March, 2009	As at 31st March, 2008
Debts outstanding for a period		
exceeding six months	4.14	3.26
Other debts	1,024.55	486.51
	1,028.69	489.77
Less : Provision for bad & doubtful debts	1.45	2.06
	1,027.24	487.71
TOTAL	1,027.24	487.71

Notes:

1. Particulars of Sundry Debtors:

a) Debts considered good in respect of which:

i) the Company is fully secured	0.00	0.00
ii) the Company holds no security other than the debtor's personal security	1,027.24	487.71

b) Debts considered doubtful & provided for	1.45	2.06
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Schedule - 9 : Cash and Bank Balances

(Rs. in Crore)

	As at 31st March, 2009	As at 31st March, 2008
Cash and Cheques on hand	1.23	34.57
Balances with :		
(a) Scheduled Banks :		
On Current Accounts	36.79	42.78
On Deposit Accounts (Rs.71 crore offered as security for Bank Guarantees and Letters of Credit) (Previous Year Rs.15 crore)	9,701.40	7,121.15
	9,738.19	7,163.93
(b) Other Banks on Current Accounts:		
(i) Exim Bank (Tanzania) Ltd (Shillings Account) (Maximum balance during the year Rs.8,94,454/-) (Previous Year Rs.16,53,225/-)	0.01	0.04
(ii) National Micro Finance Bank (Shillings Account) (Maximum balance during the year Rs.9,51,418/-) (Previous Year Rs.8,60,633/-)	0.02	0.07
(iii) Exim Bank (Tanzania) Ltd. (US \$ account) (Maximum balance during the year Rs.30,26,667/-) (Previous Year Rs. 1,25,51,604/-)	0.20	0.19
	0.23	0.30
TOTAL	9,739.65	7,198.80

Schedule - 10 : Other Current Assets

(Rs. in Crore)

	As at 31st March, 2009	As at 31st March, 2008
Interest accrued on Investments	0.00	0.52
Accrued interest on deposits with banks	298.35	185.74
TOTAL	298.35	186.26

Schedule - 11 : Loans and Advances

(Rs. in Crore)

	As at 31st March, 2009	As at 31st March, 2008
Advances recoverable in cash or kind or for value to be received (include shortage of stores under investigation Rs.Nil (previous year Rs. 0.05 crore)	145.99	74.52
Less : Provision for bad & doubtful advances (include shortage of stores under investigation Rs.Nil (previous year Rs. 0.05 crore)	<u>0.29</u>	<u>0.31</u>
	145.70	74.21
Advance Income Tax & TDS	4,136.22	1,873.08
Less : Provision	<u>3,959.39</u>	<u>1,746.74</u>
	176.83	126.34
Advance Fringe benefit tax	8.79	7.24
Less : Provision	<u>6.29</u>	<u>6.03</u>
	2.50	1.21
Inter Corporate Loans to PSUs	4.50	4.50
Less : Loans deration	<u>4.50</u>	<u>4.50</u>
	0.00	0.00
Balance with Customs, Port Trust etc.	5.84	1.13
Deposit with Others	72.55	41.00
Less : Provision	<u>0.10</u>	<u>0.10</u>
	72.45	40.90
TOTAL	<u>403.32</u>	<u>243.79</u>

Notes:

Particulars of Loans and advances:

a) Considered good in respect of which:		
i) the Company is fully secured	19.73	20.81
ii) the Company holds no security other than the debtors personal security	383.59	222.98
b) Considered doubtful and provided for	4.89	4.91
c) Amount due by Directors/Officers:		
i) Amount due	0.02	0.11
ii) Maximum amount due at any time during year	0.03	0.16
d) Advances to Subsidiary Companies (b&c are wholly owned subsidiaries):		
i) Amount outstanding:		
a) J&K MDC Limited, Jammu	0.00	0.00
b) NMDC SARL, Madagascar	0.00	0.00
c) NAM India MDC, Namibia	0.00	0.00
d) NMDC CMDC Ltd	0.04	0.00
ii) Maximum amount outstanding at any time during the year		
a) J&K MDC Limited, Jammu	0.27	0.15
b) NMDC SARL, Madagascar	0.00	0.00
c) NAM India MDC, Namibia	0.01	0.00
d) NMDC CMDC Ltd	0.04	0.00

Schedule - 12 : Current Liabilities

(Rs. in Crore)

	As at 31st March, 2009	As at 31st March, 2008
Sundry Creditors :		
Outstanding dues of micro and small enterprises	0.11	0.00
Other than micro & small enterprises including Rs.NIL (Previous year Rs.Nil) payable to Subsidiary Companies)	<u>383.17</u>	<u>228.70</u>
	383.28	228.70
Advances from Customers	31.39	124.82
Mine closure Liability	134.58	109.00
Less : Fund with LIC	<u>128.51</u>	<u>105.32</u>
	6.07	3.68
Deposits from Suppliers, Contractors and Others	31.77	30.83
Less : Investments received as security Deposit	<u>0.05</u>	<u>0.05</u>
	31.72	30.78
Sales Tax on REP Licences	2.38	2.38
Less : Amount paid	<u>1.00</u>	<u>1.00</u>
	1.38	1.38
Investor Education & Protection Fund not due :		
Unpaid Dividend	0.07	0.06
Other liabilities	30.67	29.02
TOTAL	<u>484.58</u>	<u>418.44</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	0.11	NIL
(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

Schedule - 13 : Provisions

(Rs. in Crore)

	As at 31st March, 2009	As at 31st March, 2008
Proposed dividend	467.84	214.09
Tax on Proposed Dividend	79.51	36.39
	547.35	250.48
Employee Benefits :		
a. Gratuity	0.00	0.95
b. Accrued leave salary	49.03	38.71
Less : Fund with LIC	45.49	38.71
	3.54	0.00
c. Settlement allowance	11.66	10.90
Less : Fund with LIC	11.66	10.90
	0.00	0.00
d. Post Retirement Medical Benefits	105.50	74.96
e. Leave Travel Concession	5.32	10.69
f. Long service award	7.53	7.55
g. Employees Family Benefit Scheme	10.93	11.69
	132.82	105.84
TOTAL	680.17	356.32

Details of Provisions (in compliance of AS-29):

(Rs. in crore)

	Opening Balance	Adjustment during year	Addition during year	Closing Balance
Proposed Dividend and Tax thereon	250.48 (131.42)	-728.25 (-643.21)	1025.12 (762.27)	547.35 (250.48)
Gratuity	0.95 (1.34)	-0.95 (-0.39)	0.00 (0.00)	0.00 (0.95)
Accrued Leave salary	38.71 (40.06)	-2.28 (-13.49)	12.60 (12.14)	49.03 (38.71)
Settlement Allowance	10.90 (11.58)	-0.17 (-1.55)	0.93 (0.87)	11.66 (10.90)
Post Retirement Medical benefits	74.96 (13.78)	-14.33 (-3.37)	44.87 (64.55)	105.50 (74.96)
Leave Travel concession	10.69 (0.00)	(5.37) (0.00)	0.00 (10.69)	5.32 (10.69)
Long Service Awards	7.55 (0.00)	(0.02) (0.00)	0.00 (7.55)	7.53 (7.55)
Family Benefit scheme	11.69 (0.00)	(0.76) (0.00)	0.00 (11.69)	10.93 (11.69)
TOTAL	405.94	(752.13)	1083.52	737.33
Previous year	(198.18)	(-662.01)	(869.76)	(405.93)

Note : Figures in bracket indicate previous year figures

Schedule - 14 : Miscellaneous/Promotional & Deferred Revenue Expenditure (to the extent not written off or adjusted)

	(Rs. in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
Development Expenses	8.82	8.02
Others:		
Expenses on removal of overburden and preparation of Mining Benches	13.38	16.53
TOTAL	22.20	24.55

Schedule - 15 : Other Income

	(Rs. in Crore)	
	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
Income on investments :		
6.75% US 64	0.26	1.55
Interest on :		
Deposits with Banks (Tax deducted at source Rs.197.50 crore, (Previous Year Rs. 143.21 crore)	866.96	638.28
Others (Tax deducted at source Rs.0.02 crore, (Previous year Rs. 0.49 crore))	1.83	5.92
	868.79	644.20
Profit on Sale of investments	0.00	2.60
Profit on sale of assets	0.01	0.64
Gain in Foreign Exchange variation	0.00	0.08
Miscellaneous Income	14.98	21.46
TOTAL	884.04	670.53

Schedule - 16 : Accretion / (Decretion) to Stock

(Rs. in Crore)

	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
Work-in-process:		
Balance as at close of the Year	0.02	0.02
Less : Balance as at the beginning of the Year	<u>0.02</u>	<u>0.03</u>
	0.00	-0.01
Finished Goods:		
Balance as at close of the Year	220.66	93.27
Less : Balance as at the beginning of the Year	<u>93.27</u>	<u>63.09</u>
	127.39	30.18
TOTAL	<u>127.39</u>	<u>30.17</u>

Schedule - 17 : Power, Electricity & Water

(Rs. in Crore)

	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
Power charges	33.83	35.65
Electricity charges	7.66	7.64
Water charges	<u>0.72</u>	<u>4.11</u>
TOTAL	<u>42.21</u>	<u>47.40</u>

Note:

Power charges exclude the expenditure on internal generation of power accounted under following primary heads of accounts:

a) Payments and benefits to employees	0.13	0.05
b) Consumption of Stores & spares	<u>0.17</u>	<u>0.09</u>
	<u>0.30</u>	<u>0.14</u>

Schedule - 18 : Payments & Benefits to Employees

(Rs. in Crore)

	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
Salaries, Wages & Bonus	265.62	193.99
Contribution to Staff PF, EPS & DLI	20.28	17.41
Contribution to Group Gratuity Fund	53.15	1.01
Workmen and Staff Welfare Expenses	82.05	116.10
Transitional liability of AS-15(REV)	0.00	27.11
TOTAL	421.10	355.62

Schedule - 19 : Repairs & Maintenance

(Rs. in Crore)

DESCRIPTION	For the Year ended 31st March, 2009					For the Year ended 31st March, 2008
	Buildings	Plant & Machinery	Vehicles	Others	Total	
Gross Expenditure	23.23	149.34	5.76	30.16	208.49	189.92
Less :						
Expenditure under primary heads:						
Payments & Benefits to employees	5.80	41.21	4.78	0.03	51.82	69.55
Consumption of Stores	11.33	92.75	0.61	0.34	105.03	80.94
Sub Total	17.13	133.96	5.39	0.37	156.85	150.49
Net Expenditure	6.10	15.38	0.37	29.79	51.64	39.43

Schedule - 20 : Other Expenses

(Rs. in Crore)

	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
Rent	1.13	1.10
Insurance	2.47	1.51
Rates & Taxes	4.74	4.20
Directors' Travelling expenses	1.48	1.16
Directors' Sitting fee	0.08	0.09
Payment to Auditors:		
As Auditors:		
Audit Fee	0.09	0.08
In other capacity	0.04	0.04
Out of pocket expenses	0.02	0.02
	<u>0.15</u>	<u>0.14</u>
Loss on sale/adjustment of Assets	0.06	0.33
Miscellaneous losses written off	0.58	0.41
Provisions for :		
Doubtful debts/advances etc.	0.13	1.35
Contingencies - Other losses	0.00	0.05
	<u>0.13</u>	<u>1.40</u>
Mine closure Obligation	15.38	19.63
Entertainment	1.29	1.03
Donations	0.00	0.13
Sundries:		
Travelling & Conveyance	17.63	16.10
Advertisement & Publicity	15.44	30.04
Postage, Telephone & Telex	2.11	1.75
Stationery & Printing	2.20	1.83
Consultancy charges	4.91	5.41
CISF/Security guards	30.33	26.86
Safety expenses	0.47	0.44
Corporate Social Responsibility	33.30	21.75
Loss in Exchange variation	0.97	0.00
Environmental Development	9.39	11.04
Golden Jubilee year award	0.00	25.00
Other expenses	22.31	20.14
	<u>139.06</u>	<u>160.36</u>
TOTAL	<u><u>166.55</u></u>	<u><u>191.49</u></u>

Schedule - 21 : Expenditure Transferred to Capital Accounts

(Rs. in Crore)

	For the Year ended 31st March, 2009		For the Year ended 31st March, 2008	
Amounts transferred to Capital Accounts as per details shown below (Net) :	5.59		6.27	
DESCRIPTION	Miscellaneous/ Promotional Expenditure		Incidental Expenditure During Construction	
	March, 2009	March, 2008	March, 2009	March, 2008
Consumption of Stores & Spares	-	-	0.03	0.01
Power	-	-	0.39	-
Payments & Benefits to Employees	-	-	0.91	0.41
Repairs & Maintenance	-	-	0.16	0.02
Other Expenditure :				
Consultancy	1.46	0.93	0.88	2.93
Environment	-	-	0.01	-
Sample Analysis	-	-	0.01	-
Others	-	0.29	0.84	0.84
Depreciation	-	-	0.90	0.84
TOTAL	1.46	1.22	4.13	5.05
Less : Income	-	-	-	-
Net Expenditure	1.46	1.22	4.13	5.05

Schedule - 22 : Prior-Period Adjustments

(Rs. in Crore)

	For the Year ended 31st March, 2009		For the Year ended 31st March, 2008	
	Income	Expenditure	Income	Expenditure
Royalty & Cess	-	-	-	0.72
Consumption of stores & spares	0.13	-	0.39	-
Repairs & Maintenance	0.59	-	0.31	-
Other Income	-	-	0.17	-
Depreciation	-	-	0.03	-
Other Expenses	0.04	-	0.04	-
TOTAL	0.76	-	0.94	0.72
Net Income/(expenditure)	0.76	-	0.22	-
Less : Transfer to Expr. incidental to construction	0.24	-	-	-
Total transferred	0.24	-	-	-
Net Income/Expenditure	0.52	-	0.22	-

Schedule - 23 : Detailed Information

1. Particulars of Licenced Capacity, Installed Capacity :

Details	Licenced Capacity	Installed Capacity (As certified by the Management)
Iron Ore	Not applicable	31 Million WMT of ROM (31 Million WMT of ROM)
Diamonds	Not applicable	84,000 Carats (84,000 Carats)
Wind power	Not applicable	10.5 MW (Nil)
Silica sand	Not applicable	3.00 lakh tonnes of products (3.00 lakh tonnes of products)
Ultra Pure Ferric Oxide	Not applicable	3,000 tonnes of products (3,000 tonnes of products)

2. Particulars of Opening Stock, Actual Production, Sales and Closing Stock :

Particulars	Iron Ore		Diamonds		Silica Sand		Wind Power
	Quantity (lakh WMT)	Value (Rs. Crore)	Quantity (Carats)	Value (Rs. Crore)	Quantity (WMT)	Value (Rs. Crore)	Value (Rs. Crore)
1. Opening stock as on 01-04-2008	39.18 (20.05)	93.13 (58.81)	6.20 (2637.71)	- (4.05)	2,209 (1,751)	0.08 (0.06)	- (-)
2. Production	285.15 (298.16)	- -	- -	- -	- (2920)	- -	- -
3. Qty retrieved at Project	2.48 (4.59)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
4. Qty retrieved at Port	0.38 (0.45)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
5. Qty available for sale : (A)	327.19 (323.25)	- (-)	6.20 (2,637.71)	- (-)	2,209 (4,671)	- (-)	- (-)
6. Sales	264.72 (281.84)	7,559.11 (5705.32)	- (2,631.51)	- (3.75)	1,966 (2462)	0.08 (0.09)	2.22 (-)
7. Loss in transit/handling	2.22 (2.23)	- (-)	- (-)	- (-)	193 (-)	- (-)	- (-)
TOTAL - B	266.94 (284.07)	- (-)	- (2,631.51)	- (-)	2,159 (2,462)	- (-)	- (-)
8. Closing stock (A-B) as on 31-03-09	60.25 (39.18)	220.60 (93.13)	6.20 (6.20)	- (-)	50 (2,209)	- (0.08)	- (-)

Schedule - 23 : Detailed Information (Contd..)

The following details are further disclosed :

1. There was an opening and closing stock of 57 mt of Ultra pure ferric oxide, valuing Rs NIL, with no production and sales during the year.

(Previous year : the opening and closing stock was 57 mt valuing Rs NIL).

2. The Opening and Closing stock of 26.744 mt of ferrite powder, valuing Rs 0.06 crore with no production and sales during the year.

(Previous year : the opening and closing stock of ferrite powder - 26.744 mt, valuing Rs 0.17 crore and Rs 0.06 crore respectively).

3. The value of services rendered during the year Rs. 2.62 crore. (Previous year Rs.2.15 crore)

Details of Sales: (Iron Ore)

	Quantity (Lakh WMT)	Value (Rs. Crore)
Export through MMTC	38.74 (37.78)	1,710.01 (875.28)
Domestic Sales	225.98 (244.06)	5,849.10 (4,830.04)
TOTAL	264.72 (281.84)	7,559.11 (5,705.32)

Notes :

1. Figures in brackets pertain to previous Year.
2. Iron ore production at SI No 2 above excludes Low grade fine ore at Kumaraswamy mine 3.32 lakh wmt. (Previous year 0.93 lakh WMT).
3. The closing stock of iron ore is exclusive of 0.06 lakh WMT valuing Rs. 25.05 lakhs taken from M/s MMTC on loan account. (Previous year stock is exclusive of 0.30 lakh WMT, valuing Rs.3.09 crore taken from MMTC on loan account).
4. The stock of diamonds of 6.2 (previous year 6.2) carats is under judicial custody.
5. The following quantity of iron ore is not considered in stock as per the policy of the Company :
 - a. Embedded Fine ore lying in dumps prior to 01/04/2007 : 8.78 lakh WMT (previous year 8.78 lakh WMT).
 - b. Desilted slimes stacked at various locations 16.46 lakh WMT (previous year 20.77 lakh WMT).
 - c. Stocks of LG Fines at Kumaraswamy 9.16 lakh WMT (previous year 5.84 lakh WMT).

Schedule - 23 : Detailed Information (Contd..)

(Rs. in Crore)

	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008		
3. Particulars of Directors' Remuneration: (including Chairman & Managing Director)				
a) Salaries	0.70	0.31		
b) Contribution to PF, FPS & DLI	0.05	0.06		
c) Contribution to Gratuity	0.20	-		
d) Medical reimbursement	0.03	0.04		
e) House Rent	0.11	0.09		
f) LTC	0.03	0.01		
g) Others	0.01	-		
	1.13	0.51		
4. Value of imports calculated on CIF basis:				
i. Components & Spare parts	23.21	9.04		
ii. Capital Goods	0.81	6.23		
5. Expenditure in foreign currency:				
i. Consultancy charges	0.21	0.34		
ii. Others	1.74	5.11		
6. Particulars of consumption of raw material & Stores & spares:				
Components & spare parts (including consumable stores)	Value	Percentage	Value	Percentage
a) Imported	11.86	5.55	8.96	5.11
b) Indigenous	201.66	94.45	166.37	94.89
	213.52	100.00	175.33	100.00
7. Foreign Exchange earnings : (on realisation basis)				
a) Export of Iron Ore (Direct)	-	-	-	-
b) despatch money	-	-	-	-
c) Consultancy	0.08	-	-	-

Schedule - 23 : Detailed Information (Contd..)

9. Segment Reporting

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

There are no inter-segment transfers for the Company. 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
1. REVENUE								
External Sales	7,559.11	5,705.32	4.92	5.78	-	0.21	7,564.03	5,711.31
Inter-Segment Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	7,559.11	5,705.32	4.92	5.78	-	0.21	7,564.03	5,711.31
2. RESULT								
Segment Result	5,941.27	4,490.09	-22.13	-24.36	-222.18	-252.12	5,696.96	4,213.61
Unallocated Corporate Exps							82.22	88.11
Operating Profit							5,779.18	4,301.72
Interest Expense							-	-
Interest Income							869.05	645.75
Income Taxes							-2,275.85	-1,696.49
Net Profit							4,372.38	3,250.98
3. OTHER INFORMATION								
Segment Assets	2,159.79	1,338.34	73.46	7.50	10,284.40	7,504.92	12,517.65	8,850.76
Segment Liabilities	393.21	403.24	14.94	14.62	756.60	356.90	1,164.75	774.76
Additions to assets during the year :								
Fixed Assets	248.33	116.78	0.02	0.83	3.62	6.37	251.97	123.98
Intangible Assets	0.04	0.24	-	-	0.32	0.40	0.36	0.64
Depreciation & Amortization expenses during the year	67.70	56.95	1.77	-1.24	4.09	4.29	73.56	60.00
Non-Cash expenses other than Depreciation & amortization	0.26	1.48	0.06	0.37	0.45	0.29	0.77	2.14

Schedule - 23 : Detailed Information (Contd..)

Secondary Segments

Sales Revenue by location of Customers:

Revenue from External customers	(Rs. in Crore)	
	Current Year	Previous Year
- Domestic	5,854.02	4,836.03
- Export : Through MMTC	1,710.01	875.28
TOTAL	7,564.03	5,711.31

Assets by Geographical Location:

Location	(Rs. in crore)			
	Carrying amount of Segment Assets		Additions to Fixed and Intangible Assets	
	Curr. Year	Prev. Year	Curr. Year	Prev. Year
Chattisgarh	1,752.63	1,124.34	102.36	108.52
Andhra Pradesh	10,268.78	7,488.32	3.39	3.08
Others	432.54	238.10	146.58	13.02
TOTAL	12,517.65	8,850.76	252.33	124.62

10. DISCLOSURE OF EMPLOYEE BENEFITS AS PER AS-15(REV)

GENERAL DESCRIPTION OF DEFINED BENEFIT PLANS :

PLAN	DESCRIPTION
1. Gratuity	Eligible amount is paid to the employees on separation by NMDC Group Gratuity Trust.
2. Accrued Leave Salary	Encashment of accumulated leave is payable as per the rules of the Company to the employees during the service/on separation.
3. Settlement Allowance	Employees are paid eligible amount at the time of retirement for their settlement.
4. 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.
5. Leave Travel Concession	Payable to the eligible employees on availment/encashment of Home Town LTC/All India LTC.
6. 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.
7. Long Service Award	Employees are presented with an award in kind on rendering prescribed service.

Schedule - 23 : Detailed Information (Contd..)

OTHER DISCLOSURES :

	(Rs in crore)						
	Gratuity	Accrued Leave Salary	Settlement Allowance	Post retirement medical facilities	LTC	FBS	Long Service Award
A. Changes in the present value of the Obligation as on 31st Mar 2009							
Present value of obligation at the beginning of the year	75.32	38.71	10.90	74.96	10.69	11.69	7.55
Interest cost	6.40	3.29	0.93	6.00	0.00	0.00	0.00
Current service cost	1.59	9.31	0.00	13.28	0.00	0.00	0.00
Past service cost	0.00	0.00	0.00	25.59	0.00	0.00	0.00
Benefits paid	(9.88)	(5.20)	(0.66)	(7.42)	0.00	0.00	0.00
Actuarial gain/loss on obligation	3.65	2.92	0.49	(6.91)	(5.37)	(0.76)	(0.02)
Present value of obligation at the end of the year	77.08	49.03	11.66	105.50	5.32	10.93	7.53
B. Changes in the fair value of the Plan Assets as on 31st Mar 2009							
Fair value of plan assets at the beginning of the year	74.37	38.71	10.90	0.00	0.00	0.00	0.00
Expected return on plan assets	6.94	4.32	1.10	0.00	0.00	0.00	0.00
Contributions	3.76	7.66	0.32	0.00	0.00	0.00	0.00
Benefits paid	(9.88)	(5.20)	(0.66)	0.00	0.00	0.00	0.00
Actuarial gain/loss on plan assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fair value of plan assets at the end of the year	75.19	45.49	11.66	0.00	0.00	0.00	0.00
C. Amounts recognised in the Balance sheet as on 31st Mar 2009							
Present value of the obligations at the end of the year	77.08	49.03	11.66	105.50	5.32	10.93	7.53
Fair value of plan assets at the end of the year	75.19	45.49	11.66	0.00	0.00	0.00	0.00
Liability/Asset recognised in the balance sheet	1.89	3.54	0.00	105.50	5.32	10.93	7.53

Schedule - 23 : Detailed Information (Contd..)

(Rs in crore)

	Gratuity	Accrued Leave Salary	Settlement Allowance	Post retirement medical facilities	LTC	FBS	Long Service Award
D. Amounts recognised in the P&L account for the year ended on 31st Mar 2009							
Current service cost	1.59	9.31	0.00	13.28	0.00	0.00	0.00
Past service cost	0.00	0.00	0.00	0.00	25.59	0.00	0.00
Interest cost	6.40	3.29	0.93	6.00	0.00	0.00	0.0
Expected return on plan assets	(6.94)	(4.32)	(1.10)	0.00	0.00	0.00	0.00
Net actuarial gain/loss recognised in the year	3.65	2.92	0.49	(6.91)	(5.37)	(0.76)	(0.02)
Expenses recognised in P&L a/c	4.70	11.20	0.32	37.96	(5.37)	(0.76)	(0.02)

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.0.45 cr	(Rs.0.38 cr)
ii. Increase/(Decrease) on present value of defined benefit obligations as at 31-03-2009	Rs.9.45 cr	(Rs.8.18 cr)

F. PRINCIPAL ACTUARIAL ASSUMPTIONS :

DESCRIPTION	2008-09	2007-08
i. Discount Rate	8%	8%
ii. Mortality Rate	LIC 1994-96 ultimate	LIC 1994-96 ultimate
iii. Medical Cost Trend rates	4%	4%
iv. Medical withdrawal rate	1%	1%
iv. Future salary increase	5%	5%

G The Actuarial gains or losses arising during the year are taken to Profit and Loss account.

Schedule - 24 : Notes Forming Part of Accounts

1. Contingent liabilities:

		Rs. in Crore	
	Particulars	2008-09	2007-08
1.1	Claims against the company not acknowledged as debts consists of:		
a	Appeal pending in respect of levy of TDS	0.36	0.36
b	Disputed claims under Property tax, Export tax, Conservancy Tax, Sales tax etc.,	34.97	36.96
c	Claims by contractors under arbitration	20.07	21.14
d	Other claims on company not acknowledged as debts	4.08	4.11
1.2	Uncalled liability on Shares partly paid: in Krishnapatnam Railway Company Ltd.	18.25	28.75
1.3	Estimated amount of contracts remaining to be executed on Capital account	373.22	318.57
1.4	Contingent liability on Bills discounted under LCs / counter guarantees given for BGs	15.54	247.67

2. Disclosures under Accounting Standards:

2.1 Employee Benefits (AS-15 - Rev): Necessary details have been disclosed in Schedule 23-Detailed information.

2.2 Segment Reporting (AS-17): Necessary details have been disclosed in Schedule 23-Detailed information.

2.3 Related Party Disclosures (AS-18):

(i) List of Related parties with whom transactions have taken place and their relationships:

A. Subsidiary Companies:

1. JK Mineral Development Corporation Limited, Jammu
2. NMDC SARL, Madagascar
3. NAM INDIA Mineral Development Corporation (PTY) Limited, Namibia
4. NMDC-CMDC Ltd., Raipur

B. Associate Companies:

Romelt- Sail (India) Limited, New Delhi

C. Key Management Personnel: (Directors)

1. Sri Rana Som
2. Sri K.R.Venkateswarlu
3. Sri VK Sharma
4. Sri S.Venkatesan (from 01/08/08)
5. Sri N K Nanda (from 01/12/08)
6. Sri V.K.Jain (till 31/07/08)
7. Sri. P.S.Upadhyaya (till 30/11/08)

NMDC Limited

(ii) Transactions during the year with Related parties:

SI No	Particulars	Rs. crore	
		2008-09	2007-08
1.	Subsidiary Companies:		
	a) Investments:		
	Opening balance	11.16	11.16
	Investment made during the year	0.77	0.00
	Closing balance	11.93	11.16
	Investment deration/Provision	11.16	11.16
	b) Loans and Advances:		
	Opening balance	0.00	0.00
	Advances given during the year	0.33	0.16
	Adjusted against amounts payable	0.00	0.00
	Advance written off during the year	0.29	0.16
	Closing balance	0.04	0.00
2.	Associate Companies:		
	Investments:		
	Opening balance	0.11	0.11
	Paid during the year towards equity	0.00	0.00
	Closing balance	0.11	0.11
	Deration against diminution in value of investment	0.11	0.11
3.	Key Management Personnel:		
	Managerial Remuneration	1.13	0.51
	Assets sold at concessional values	0.01	0.01

2.4 Earnings per share (AS-20): The details are as under:

Particulars	Year Ended	
	31.03.09	31.03.08
1. Profit after Tax (Rs Crore)	4372.38	3250.98
2. No of Equity shares	3,96,47,16,000	13,21,57,200
3. Nominal value per Equity share (Rs)	1	10
4. Basic and Diluted Earnings per share (Rs)	11.03	245.99
5. EPS post split (from 21-04-2008) Rs.	0.00	24.60
6. EPS post split and bonus (from 22-05-2008) Rs	11.03	8.20

2.5 Consolidated Financial Statements (AS-21): The two subsidiaries of the Company Viz., NMDC SARL, Madagascar and NAM India Mineral Development Corporation Limited, Namibia are under closure and in the process of winding up. There are no significant transactions in respect of another subsidiary, J&K Mineral Development Corporation Ltd., Jammu. All the above subsidiaries significantly impair their ability to transfer funds to the parent company. The Company has been writing off the loan advanced to these subsidiaries and de-rated the equity investment of these subsidiaries accordingly.

A new subsidiary, NMDC-CMDC Ltd., Raipur has been incorporated during the year. Since the operations of this venture are yet to commence, the transactions are not significant.

Considering the above aspects and in terms of Clause 11 of Accounting Standard-21, consolidated financial statements of NMDC Ltd., have not been drawn up for the year 2008-09 also, as per the practice followed in earlier years.

2.6 Accounting for Taxes on Income (AS-22): The details of deferred tax liability as at 31st March 09 is as follows:

(Rs. in crore)

Particulars	Year Ended	
	31.03.09	31.03.08
A. Deferred Tax Liability :		
Related to Fixed Assets	67.96	47.22
B. Deferred Tax assets:		
1. Provision for bad & doubtful debts and advances	0.63	0.84
2. Provision for post retirement medical benefits	4.68	25.48
3. Provision for other employee benefits	0.00	10.18
4. Accrued Expenses	4.06	4.17
5. Other provisions	0.55	0.54
TOTAL (B)	9.92	41.21
C. Net Deferred Tax Liability (A-B)	58.04	6.01

3.0 Discontinuing Operations (AS-24) :

It has been decided to lease / sell the plant and machinery of Silica Sand Project, Lalapur and action has been initiated accordingly. Pending the above and as the transactions of the unit are not material, no further disclosure under the standard is considered necessary.

4.0 Impairment of Assets (AS - 28):

During the year, the Hon'ble Supreme Court has revoked the suspension of the activities of Panna Diamond Project, subject to complying with certain conditions. The unit is yet to commence production.

There is no change during the year in the status of impaired UPFO plant, which is under 'care & maintenance'.

The impairment of assets has been reviewed during the year in respect of the above 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 01-04-08	Adjustments during 2008-09		Impaired Amount as on 31-03-09
			Reversal	Addition	
UPFO, Vizag	2005-06	37.97	0.51	0.00	37.46
SSP, Lalapur	2005-06	12.54	0.00	0.00	12.54
DMP, Panna	2006-07	20.93	0.03	1.71	22.61

The Recoverable amount of the assets of the above units has 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.

5. Provisions, Contingent Liabilities and Contingent Assets (AS-29): Necessary details in regard to provisions have been disclosed in Schedule 13-Provisions.

6. Others:

6.1 The Research & Development expenditure, charged to Profit & Loss account is Rs. 17.36 crore (previous year Rs. 12.87 crore), including expenditure of Rs. 10.38 crore (previous year Rs. 7.24 crore) on feasibility studies.

6.2 Govt. of India, Ministry of Steel through letter dated 28/03/2006 had directed the Company to merge M/s Sponge Iron India Ltd (SIIL) with NMDC Ltd. Legal formalities for merger of M/s SIIL with the Company are under progress. Pending merger of M/s SIIL with the Company, no accounting adjustments are made.

6.3 The share holders of the Company have in the Extra ordinary General Meeting held on 03.04.2008 approved:

- a) the splitting up of the existing equity shares of Rs.10/- each into shares of Re 1/- each;
- b) the issue of two bonus shares of Re 1/- each for every share of Re 1/- held;
- c) the proposal to increase the Authorised share capital of the Company from the present Rs 150 crore to Rs 400 crore, by creation of further 250,00,00,000 equity shares of Re 1/- each ranking pari passu with the existing shares; and
- d) relevant amendments to Memorandum of Association and Articles of Association and capitalization of reserves.

6.4 The undistributed golden jubilee gifts pertaining to the eligible employees are kept in the custody of the Company.

6.5 A liability of Rs 0.38 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 1.24 crore (Previous year Rs. 0.86 crore)) and the same is not remitted to Central Govt., in the absence of any notification issued by the Central Govt. in this regard.

- 6.6 Replies to some of the letters seeking confirmation of balances with regard to Sundry Debtors, Advances and Deposits are awaited.
- 6.7 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 and on behalf of the Board

For **RAMAMOORTHY (N) & CO,**
Chartered Accountants



(CA SURENDRANATH BHARATHI)
Partner
Membership No. 23837



(KR VENKATESWARLU)
Director (Finance)



(RANA SOM)
Chairman-cum-Managing Director



(KUMAR RAGHAVAN)
Company Secretary

Place : New Delhi
Date : 29-May-2009

Schedule - 25 : Expenditure on Social Amenities

(Rs. in Crore)

Description	For the Year ended 31st March, 2009						For the Year ended 31st March, 2008
	Township	School & Educational Facilities	Medical Facilities	Social & Cultural Activities	Transport	Total	
Consumption of Stores & Spares	0.43	0.00	0.20	0.00	0.18	0.81	0.65
Power	4.81	0.58	0.92	1.05	0.00	7.36	7.66
Salaries, Wages & Bonus	9.84	2.21	7.35	0.00	1.00	20.40	15.60
Contribution to Provident Fund	0.85	0.19	0.70	0.00	0.08	1.82	1.44
Group Gratuity	1.37	0.27	0.97	0.00	0.15	2.76	0.04
Welfare Expenses	0.80	6.15	10.41	0.36	0.87	18.59	21.09
Repairs & Maintenance	5.19	1.09	2.35	0.05	0.56	9.24	7.40
Rates, Taxes & Insurance	0.02	0.00	0.00	0.00	0.16	0.18	0.14
Other Expenses	0.71	0.25	0.47	0.00	0.61	2.04	2.53
Depreciation	2.74	0.17	0.22	0.03	0.21	3.37	2.74
Total Expenditure	26.76	10.91	23.59	1.49	3.82	66.57	59.29
Less : Receipts	0.77	0.04	0.72	0.00	0.01	1.54	1.38
Net Expenditure	25.99	10.87	22.87	1.49	3.81	65.03	57.91

Schedule - 26 : Additional Information on Expenditure on Foreign Travel & Public Relations/Publicity

(Rs. in Crore)

Details	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
1. Expenditure on Foreign Travel :		
1.1 Number of Foreign Tours undertaken (No)	56	68
1.2 Expenditure incurred	1.41	1.53
2. Details of expenditure on Public Relations/Publicity :		
2.1 Expenditure on Public Relations/Publicity	11.95	27.86
2.2 Expenditure on staff engaged on Public Relations/Publicity works :		
2.2.1 Salaries & Allowances	0.14	0.05
2.2.2 Welfare Expenses	0.00	0.00
2.2.3 Other Expenses	0.00	0.00
	<u>0.14</u>	<u>0.05</u>
2.3 Ratio of Annual expenditure on Advertisement/Publicity to Annual Income	1 : 707	1 : 229

NMDC Limited

Cash Flow Statement for the year ended 31st March, 2009

(Rs. in Crore)

	Year ended 31-Mar-09	Year ended 31-Mar-08
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxes and Extraordinary items	6,648.23	4,947.47
<i>Adjustments for :</i>		
Depreciation	73.56	59.97
Interest on Investments – UTI Tax free bonds	0.00	-1.55
Interest on deposits with banks	-866.96	-638.28
Interest - Others	-1.83	-5.92
Increase in Prov for bad & doubtful advances	-0.63	0.95
Profit on sale of fixed assets	-0.01	-0.64
Profit on sale of Investments	0.00	-2.60
Deferred revenue expenditure written off	3.46	3.46
Operating profit before working capital	<u>5,855.82</u>	<u>4,362.86</u>
<i>Adjustments for :</i>		
Increase(-)/Decrease(+) in Inventories	-136.32	-39.40
Increase(-)/Decrease(+) in Receivables	-538.92	-205.29
Increase(-)/Decrease(+) in Loans & Advances	-90.88	-14.01
Increase(+)/Decrease(-) in current Liabilities & Provisions	93.13	238.74
Increase(+)/Decrease(-) in other current assets	-112.09	-102.02
Cash Generated from Operations	<u>5,070.74</u>	<u>4,240.88</u>
Interest paid	0.00	0.00
Direct taxes	-2,292.45	-1,764.94
Net Cash Flow from Operating Activities	<u>2,778.29</u>	<u>2,475.94</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-252.33	-124.62
Increase(-)/Decrease(+) in Capital work in progress	-136.48	1.14
Purchase of Investments	-11.27	-11.25
Interest on tax-free Bonds	0.00	1.55
Interest on deposits with Banks	866.96	638.28
Interest - others	1.83	5.92
Sale of Investments	23.01	4.95
Sale/Deletion of Fixed Assets	0.20	2.13
Increase(-)/Decrease(+) in Deferred Revenue Expenditure	-1.11	-1.21
Net Cash from Investing Activities	<u>490.81</u>	<u>516.89</u>

NMDC Limited

(Rs. in Crore)

	Year ended 31-Mar-09	Year ended 31-Mar-08
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of dividends	-728.25	-643.20
Net cash used in Financing Activities	-728.25	-643.20
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	2,540.85	2,349.63
Cash & Cash equivalents at the beginning of the year	7,198.80	4,849.17
Cash & Cash equivalents at the end of the year	9,739.65	7,198.80
	2,540.85	2,349.63

Cash and Cash Equivalents consists of Cash in hand and balances with various banks in current accounts & deposit accounts.

Subject to our Report of even date

For and on behalf of the Board

For **RAMAMOORTHY (N) & CO,**
Chartered Accountants



(CA SURENDRANATH BHARATHI)
Partner
Membership No. 23837



(KR VENKATESWARLU)
Director (Finance)



(RANA SOM)
Chairman-cum-Managing Director



(KUMAR RAGHAVAN)
Company Secretary

Place : New Delhi
Date : 29-May-2009

**Twentieth Annual Report
2008-2009**

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J&K Mineral Development Corporation Limited

(A Subsidiary of NMDC Limited)

Regd. Office : 33-B/B, IInd Extension, Gandhi Nagar, Jammu - 180 004

Phone : 0191-2431396, Fax No.0191-2436950

jkmdc@nmdc.co.in

Directors' Report for the year 2008 - 2009

To
The Members
J&K Mineral Development Corporation Ltd.
Jammu.

I have pleasure in presenting to you on behalf of the Board of Directors, the Twentieth Annual Report of your Company for the year ended 31 March 2009.

1. Present Status:

The Board of Directors at its 57th Meeting held on 23rd May, 2002 had deliberated and reviewed the Status of production of Dead Burnt Magnesite including the sale of Raw Magnesite and other efforts made by the Company for revival. The Board desired to stop all the developmental activities of the Company and to take up the issue of dissolution and winding up of J&KMDC with the Government of India and State Government of J&K. The Board also desired to refer the matter to the Boards of NMDC and JKML.

As desired, the Company had taken action with the Government of India for approval of winding up of J&KMDC Limited and also with the Holding Company (NMDC Ltd), State Government of Jammu & Kashmir and J&K Minerals Limited. The matter was submitted to the Board of Directors of NMDC at its 358th Meeting held on 14.6.2002 and the Board of NMDC had approved the action as suggested by the Board of J&KMDC Limited and desired that the same be referred to the Administrative Ministry for its approval.

In the mean time, the Board of JKML reviewed the matter for winding up of J&KMDC Ltd in its 157th meeting held on 30th November 2004 and the Board of JKML desired to ascertain the demand for raw Magnesite ore by market survey from within and outside the state of J&K and to work out its competitiveness for sale in the market vis-a vis imported material considering the change in present market scenario.

Keeping in line with the requirement of JKML, the Board of J&KMDC Ltd decided to conduct various market surveys. For incurring the expenditure, the Board of NMDC Ltd. decided to take up the above studies and in its 396th Meeting held on 30.05.2007, it was decided to continue support for a further period of two years.

Further, NMDC Ltd., in its 409th Board Meeting held on 28.01.2009, decided to provide additional support of Rs. 12 lakhs (approx) during the financial year 2008-09 and continue to support the set-up for further two years from 01.04.2009 to 31.03.2011 by contributing Rs. 20 lakhs per annum.

NMDC Ltd submitted lease 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 renewal application is in process with Govt. of J&K.

The Board in its 89th and 90th meetings deliberated upon revival of Panthal Magnesite Project and status of Detailed Project Report (DPR) to be finalized by Consultant, M/s Mecon on erection and operation of DBM Plant of Capacity of 30,000 TPA at an estimated project cost of Rs. 114 crores. Accordingly, various efforts are being taken.

The Company has not produced sized raw Magnesite during the year 2008-2009. The total expenditure incurred during 2008-09 including provision for taxation is Rs. 30.43 lakhs.

2. Share Capital:

The Authorized Share Capital of the Company is Rs.10.00 crores divided into 10,00,000 Equity Shares of Rs. 100/- each. Your

Company has issued till 31st March, 2009, 3,96,002 Equity Shares of Rs.100/- each fully paid to NMDC Limited (including 1,07,937 shares of Rs.100/- each other than cash) and 78,001 Equity Shares of Rs.100/- each fully paid to J&K Minerals Ltd, against cash received. The total paid up share capital of the Company as on 31st March, 2009 stands at Rs.4.74 crores against the subscribed capital of Rs. 6.00 crores.

NMDC Limited is advancing the loan to meet the day-to-day expenditure of the Company in the absence of Equity subscription and further funding from J&KML. The loan amount advanced by NMDC is Rs. 521.61 lakhs up to 31.3.2009.

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 Vijay Gupta & Co., Chartered Accountants, Jammu, have been appointed on the advice of the Office of the Comptroller and Auditor General of India as the statutory auditors of your Company for the year 2008-2009. The Statutory Auditors' comments on the Accounts of the Company for the year 2008-2009 and the Management's reply thereon are at Annexure-I, 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 2008-2009 are at Annexure-II, which forms part of this Report.

5. Board of Directors: (as on 31st March, 2009)

During the year Shri R.N. Aga, Shri S. Venkatesan, and Shri N.K. Nanda were nominated by NMDC Limited in place of Dr. Uddesh Kohli, Shri V.K. Jain and Shri P.S. Upadhyaya respectively. Government of Jammu & Kashmir nominated Shri Manzoor Ahmad Shah and Shri V.C. Sharma in place of Shri P.S. Betab and Shri A.K. Khullar respectively. All nominees were appointed as Additional Directors on the Board of the Company.

Board placed on record its appreciation for the services rendered by Shri V.K. Jain, Shri P.S. Upadhyaya, Dr. Uddesh Kohli, Shri P.S. Betab and Shri A.K. Khullar during their tenure as Directors 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, 2009, 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 31 March 2009 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 is not applicable to the Company.

8. 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 companies.'

Since the turnover and net worth of J&KMDC is much less than 20% of the turnover and net worth of NMDC, the provisions of the Corporate Governance on subsidiary companies have been regarded as not applicable to J&KMDC.

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

Place : Hyderabad
Date : 15.05.2009

Sd/-
Rana Som
Chairman

Annexure - I

**REPLIES OF THE MANAGEMENT ON COMMENTS OF
THE STATUTORY AUDITORS' REPORT-2008-09**

Auditors' Comments	Management's Reply
<p>Point No.9 to Annexure to Auditors' Report:</p> <p>According to the information and explanations given to us the internal control for purchase of inventory and fixed assets and for sale of goods during the year has been exercised by employees of the holding Company (N.M.D.C.Ltd.), who are neither the employees of the Company nor are they bound by any contract between the company and them for providing such service (of internal control) to the Company and such system of control lacks the essential principle of accountability in any internal control mechanism. As such the internal control procedure commensurate with the size of the company and nature of its business for purchase of stores, equipments, etc. can not be termed as adequate.</p>	<p>NMDC is an established mining company having executives with expertise in different fields. In order to minimize the administrative expenditure of the company, the service of required personnel of NMDC wherever required is being taken. NMDC being a holding company and as Management of the Company is being controlled by NMDC, it is also responsible for any contingency. Though required assistance is being taken for examining and processing the proposals, the proposals are being finally approved by the Director-in-charge to whom powers have been delegated by Board.</p>

Annexure - II

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 2009.

The preparation of financial statements of **J&K Mineral Development Corporation Limited** for the year ended 31 March 2009 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 04 May 2009.

I on behalf of the Comptroller and Auditors General of India have decided not to review the report of the Statutory Auditors' on the accounts of **J&K Mineral Development Corporation Limited** for the year ended 31 March 2009 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
Sd/-
(Birendra Kumar)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-I,
New Delhi.**

**Place : New Delhi
Dated : 15 May 2009**

Auditors' Report

To
The Members
J&K Mineral Development Corporation Ltd.
Jammu

We have audited the attached Balance Sheet of J&K Mineral Development Corporation Limited, as at 31st March 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the

Company so far as appears from our examination of those books;

- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) 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;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to para 9 of our report hereto as required by the Companies (Auditors Report) Order, 2003, give the information required by the Companies Act, 1956, 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2009; and
 - b) In the case of Profit & Loss Account, of the loss for the year ended on that date.

For **VIJAYA GUPTA & CO.**
Chartered Accountants

Sd/-

(VIJAY GUPTA)

Proprietor

Mem.No.-080034

Place : Jammu
Date : 04-05-2009

Annexure to the Auditors' Report

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 and in terms of information and explanations given to us and on the basis of such checks as we considered appropriate, we report that :

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 2) Fixed assets are stated to have been physically verified by the management at the end of the year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies are reported to have been noticed on such verification.
- 3) The Company, during the past period, has transferred a few of the assets to its Holding Company on book value basis.
- 4) Physical verification has been conducted by the management at the end of the year in respect of inventory and in our opinion such frequency of verification is reasonable.
- 5) According to the information and explanations given to us, in our opinion, the procedure of physical verification in respect of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- 6) The Company is maintaining proper records of inventory and no discrepancies are reported to have been noticed on physical verification.
- 7) The Company has not granted any loan, secured or unsecured, to the Companies, firms or other parties falling within the purview of Section 301 of the Companies Act 1956 and hence no such registers are reported to have been maintained. The Company has taken certain amounts from its holding Company N.M.D.C. Ltd. during the year and the maximum balance involved during the year was Rs.27.16 lakhs and the year end balance of such loan stands at Rs.521.61 lakhs.
- 8) 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.
- 9) **According to the information and explanations given to us the internal control for purchase of inventory and fixed assets and for sale of goods during the year has been exercised by employees of the holding Company (N.M.D.C.Ltd.), who are neither the employees of the Company nor are they bound by any contract between the company and them for providing such service (of internal control) to the Company and such system of control lacks the essential principle of accountability in any internal control mechanism. As such the internal control procedure commensurate with the size of the company and nature of its business for purchase of stores, equipments, etc. can not be termed as adequate.**
- 10) In our opinion according to the information and explanations given to us no purchase of goods and material & for sale of goods have

been made in pursuance of contracts or arrangements under section 301 of the companies act 1956 as aggregate to Rs. 5,00,000 or more in respect of each party and no such registers are reported to have been maintained.

- 11) The Company has not accepted any deposits from the public as defined under Section 58 A of the Companies Act 1956.
- 12) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 13) Maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act 1956 for this Company.
- 14) i) According to the information and explanations given to us and the records examined by us, the Company has been generally regular in depositing with appropriate Authorities, undisputed Statutory dues including P.F., investor education protection fund, employees state insurance, income tax, fringe benefits tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
ii) According to the information and explanations given to us and the records examined by us, there were no undisputed amounts payable in respect of Income Tax, Sales Tax, Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues wherever applicable etc. as at 31st

March 2009 which were outstanding for a period of more than 6 months from the date of they became payable, except for a sum of Rs.216.10 lakhs based on the decision of Income Tax Tribunal for which, as explained, demand from Income Tax Department has not yet been received.

- 15) There were no pending dispute for dues of sales tax/Income Tax/custom Duty/wealth Tax, Service Tax, excise duty/cess.
- 16) Accumulated losses of the company at the end of the financial year -2008-2009, are more than its net worth and the Company has suffered cash losses in current as well as in the immediately preceding financial year.
- 17) The Company has not taken any loan from Financial Institution or bank or debenture holder for the year.
- 18) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 19) The provisions of any special statute applicable to chit fund are not applicable to this Company.
- 20) The Company is not dealing or trading in shares, securities, debentures and other investments.
- 21) In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from the Bank or Financial Institutions during the year.
- 22) The Company has not taken any term loans during the year.

- 23) No funds raised during the year on short term basis have been used for long term investment.
- 24) The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Act.
- 25) The Company has not issued any debentures and hence no creation of securities was required.

- 26) The Company has not made any public issue during the year.
- 27) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **VIJAYA GUPTA & CO.**
Chartered Accountants

Sd/
(VIJAY GUPTA)

Place : Jammu
Date : 04-05-2009

Proprietor
Memb.No.-080034

Significant Accounting Policies

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.
2. **Depreciation:**
 - 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.
 - 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.
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.
4. **Inventories:**
 - 4.1 Items of inventory as certified by the management are valued on the basis mentioned below:
 - 4.1.1 Finished Goods are valued at cost or Net Realisable Value, whichever is lower.
 - 4.1.2 Stores and Spares (excluding stationery, which is charged off to revenue on *procurement*) at cost on weighted average method.
 - 4.1.3 Loose tools and implements on stock (items issued during the year are charged off in that year) at cost.
 - 4.2 No credit is taken in the accounts in respect of the following:
 - 4.2.1 Stock of run of mine ore and dumped fines.
 - 4.2.2 Stock of run of mine ore generated during construction period pending assessment of quality and saleability.
 - 4.2.3 Partly used stores and spares kept in stores.
5. **Employees benefits:**
 - 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.
 - 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 and on behalf of Board

For **VIJAYA GUPTA & CO.**
Chartered AccountantsSd/-
(VIJAY GUPTA)
Proprietor
Memb. No.-080034Sd/-
(K.R. VENKATESWARLU)
DirectorSd/-
(N.K. NANDA)
DirectorSd/-
(RANA SOM)
ChairmanPlace : Jammu
Date : 04.05.2009Sd/-
(MOHD. IMAM)
Company SecretaryJammu
04.05.2009

J&KMDC Limited

Balance Sheet as at 31st March, 2009

(Rupees)

Description	Schedule No.	As at 31st March, 2009	As at 31st March, 2008
Sources of Funds			
Share Capital	1	4,74,00,300	4,74,00,300
Loans		Nil	Nil
TOTAL		4,74,00,300	4,74,00,300
Application of Funds			
Fixed Assets:			
Gross Block	2	4,95,08,312	4,94,27,162
Less : Depreciation		4,27,86,323	4,27,83,618
Net Block		67,21,989	66,43,544
Capital Work In Progress	3	Nil	Nil
		67,21,989	66,43,544
Current Assets, Loans & Advances:			
Inventories	4	36,839	36,839
Cash & Bank Balances	5	1,37,989	1,23,093
Loans and Advances	6	5,309	15,021
		1,80,137	1,74,953
Less : Current Liabilities & Provisions:			
Current Liabilities	7	5,43,92,519	5,16,04,899
Provisions	8	33,47,123	30,08,259
		5,77,39,642	5,46,13,158
Net Current Assets		-5,75,59,505	-5,44,38,205
Miscellaneous Expenditure: (to the extent not written off or adjusted)	9	Nil	Nil
Profit & Loss Account (Debit Balance)		9,82,37,816	9,51,94,961
TOTAL		4,74,00,300	4,74,00,300

Accounting Policies & Schedules 1 to 16 form part of Accounts.

In terms of our report of even date

For and on behalf of Board

For **VIJAYA GUPTA & CO.**
Chartered Accountants

Sd/-
(VIJAY GUPTA)
Proprietor
Memb. No.-080034

Sd/-
(K.R. VENKATESWARLU)
Director

Sd/-
(N.K. NANDA)
Director

Sd/-
(RANA SOM)
Chairman

Place : Jammu
Date : 04.05.2009

Sd/-
(MOHD. IMAM)
Company Secretary

Jammu
04.05.2009

Profit & Loss Account for the year ended 31st March, 2009

(Rupees)

Description	Schedule No.	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
Income:			
Sales		Nil	1,09,558
Other Income		Nil	55,275
Accretion / (Decretion) to stock	10	Nil	(1,09,223)
TOTAL		Nil	55,610
Expenditure:			
Sizing, sorting & transportation		Nil	Nil
Consumption of Stores & Spares		Nil	Nil
Electricity charges		20,232	21,355
Payments & Benefits to employees	11	13,64,423	10,73,878
Repairs & Maintenance	12	14,080	17,318
Royalty & Cess		8,63,823	1,69,855
Selling Expenses		Nil	21,273
Other Expenses	13	6,35,143	5,99,243
Depreciation		2,705	Nil
Miscellaneous Expenditure written off	14	Nil	Nil
TOTAL		29,00,406	19,02,922
Profit/(Loss) before prior Year items		(29,00,406)	(18,47,312)
Add/(Less) prior Year items		Nil	Nil
Profit/(Loss) before Taxes		(29,00,406)	(18,47,312)
Provision for Taxation - Earlier Years Tax		1,31,541	1,31,541
- Fringe Benefits Tax		10,908	8,697
		1,42,449	1,40,238
Profit/(Loss) after tax		(30,42,855)	(19,87,550)
Loss brought forward from previous Year		(9,51,94,961)	(9,32,07,411)
Loss carried over to Balance Sheet		(9,82,37,816)	(9,51,94,961)
Detailed Information	15		
Notes Forming Part of Accounts	16		

Accounting Policies & Schedules 1 to 16 form part of Accounts.

In terms of our report of even date

For and on behalf of Board

For **VIJAYA GUPTA & CO.**
Chartered Accountants

Sd/-
(VIJAY GUPTA)
Proprietor
Memb. No.-080034

Sd/-
(K.R. VENKATESWARLU)
Director

Sd/-
(N.K. NANDA)
Director

Sd/-
(RANA SOM)
Chairman

Place : Jammu
Date : 04.05.2009

Sd/-
(MOHD. IMAM)
Company Secretary

Jammu
04.05.2009

J&KMDC Limited

Schedules

Schedule - 1 : Share Capital

Description	(Rupees)	
	As at 31st March, 2009	As at 31st March, 2008
Share Capital :		
Authorised:		
10,00,000 Equity Shares of Rs.100 each	<u>10,00,00,000</u>	<u>10,00,00,000</u>
Issued:		
6,00,003 Equity shares of Rs.100 each	<u>6,00,00,300</u>	<u>6,00,00,300</u>
Subscribed & paid up:		
4,74,003 Equity shares of Rs.100 each	<u>4,74,00,300</u>	<u>4,74,00,300</u>
(includes 1,07,937 Shares for consideration other than cash) (out of above shares issued 3,96,002 shares (previous year 3,96,002 shares) are held by Holding company i.e. M/s NMDC Ltd)		
TOTAL	<u><u>4,74,00,300</u></u>	<u><u>4,74,00,300</u></u>

Shares yet to be subscribed and paid up by the Holding company (NMDC) is 48,000 shares of Rs.100 each (previous year 48,000 shares of Rs.100 each) amounting to Rs.48,00,000/- (previous year Rs.48,00,000/-) and other promoter M/S.JKML is 78,000 shares of Rs.100 each (previous year 78,000 shares of Rs.100 each) amounting to Rs.78,00,000/- (previous year Rs.78,00,000/-).

Schedule - 2 : Fixed Assets

(Rupees)

Description	GROSS BLOCK				
	Life (Yrs)	As at 31st March, 2008	Additions/ Adjustments	Deduction/ Adjustments	As at 31st March, 2009
Freehold Land	-	66,43,544			66,43,544
Roads & Bridges	28	3,90,21,484			3,90,21,484
Building-Non Factory	29	9,15,501			9,15,501
Building-Factory	28	9,67,284			9,67,284
Plant & Machinery	7	Nil			Nil
Heavy Mobile Equipment	7	Nil			Nil
Electrical Installation	10	63,800			63,800
Vehicles	6	1,78,539			1,78,539
Furniture	10	2,36,673			2,36,673
Internal Communications	18	36,643			36,643
Other Assets	12	13,63,694	81,150		14,44,844
TOTAL		4,94,27,162	81,150	Nil	4,95,08,312
Figures for previous year		4,94,27,162	Nil	Nil	4,94,27,162

Description	DEPRECIATION						NET BLOCK	
	Upto 31st March, 2008	For the period	Asset impair- ment	Prior Period Adjustments	Deduct- ion/Adjust- ments	Upto 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
Freehold Land	Nil	Nil	Nil			Nil	66,43,544	66,43,544
Roads & Bridges	3,90,21,484	Nil	Nil			3,90,21,484	Nil	Nil
Building-Non Factory	9,15,501	Nil	Nil			9,15,501	Nil	Nil
Building-Factory	9,67,284	Nil	Nil			9,67,284	Nil	Nil
Plant & Machinery	Nil	Nil	Nil			Nil	Nil	Nil
Heavy Mobile Equipment	Nil	Nil	Nil			Nil	Nil	Nil
Electrical installation	63,800	Nil	Nil			63,800	Nil	Nil
Vehicles	1,78,539	Nil	Nil			1,78,539	Nil	Nil
Furniture	2,36,673	Nil	Nil			2,36,673	Nil	Nil
Internal Communications	36,643	Nil	Nil			36,643	Nil	Nil
Other Assets	13,63,694	2,705	Nil			13,66,399	78,445	Nil
TOTAL	4,27,83,618	2,705	Nil	Nil	Nil	4,27,86,323	67,21,989	66,43,544
Figures for previous year	4,27,83,618	Nil	Nil	Nil	Nil	42783618	66,43,544	66,43,544

J&KMDC Limited

Schedule - 3 : Capital Work in Progress

(Rupees)

Description	As at	
	31st March, 2009	31st March, 2008
Construction Work in Progress	14,92,114	14,92,114
Capital Assets in Stores awaiting/under installation or in transit	Nil	Nil
	<u>14,92,114</u>	<u>14,92,114</u>
Less : Provision	14,92,114	14,92,114
TOTAL	Nil	Nil

Schedule - 4 : Inventories (As valued and certified by the management)

(Rupees)

Description	As at	
	31st March, 2009	31st March, 2008
Stores & Spares	Nil	Nil
Finished goods	36,839	36,839
TOTAL	36,839	36,839

1. Basis of valuation of various items of Inventory is given in accounting policy.

Schedule - 5 : Cash and Bank Balances

(Rupees)

Description	As at	
	31st March, 2009	31st March, 2008
Cash and Cheques on hand	15,444	7,011
Balance with Scheduled Banks		
In Current Account :		
State Bank of India, Jammu	1,22,545	1,16,082
Canara Bank, Jammu	Nil	Nil
Canara Bank, Hyderabad	Nil	Nil
TOTAL	1,37,989	1,23,093

Schedule - 6 : Loans and Advances

(Rupees)			
Description	As at		As at
	31st March, 2009		31st March, 2008
Advances recoverable in cash or kind or for value to be received	3,759		13,471
Less : Provision for Bad & Doubtful Advances	<u>Nil</u>	3,759	<u>Nil</u> 13,471
Advance Tax-Fringe Benefits Tax	10,168		8,697
Less : Provision for Fringe Benefits Tax	<u>10,168</u>	<u>Nil</u>	<u>8,697</u> Nil
Deposits with others		1,550	1,550
TOTAL		<u>5,309</u>	<u>15,021</u>
Notes :			
Particulars of Loans & Advances :			
a) Loans considered good in respect of which :			
i) The company is fully secured		Nil	Nil
ii) The company holds no security other than the debtors' personal security		5,309	15,021
b) Loans & advances considered doubtful and provided for.		Nil	Nil
c) Amount due by Directors/ Officers:			
i) Amount Due		Nil	Nil
ii) Maximum Amount Due at any time during the year		Nil	Nil

Schedule - 7 : Current Liabilities

(Rupees)			
Description	As at		As at
	31st March, 2009		31st March, 2008
Sundry Creditors			
Outstanding dues - micro enterprises & small enterprises		Nil	Nil
Outstanding dues - Other than micro enterprises & small enterprises	21,02,847	21,02,847	20,84,588 20,84,588
Advance from Customers		29,085	29,085
Deposits from Suppliers, Contractors and Others		5,000	5,000
Other Liabilities (*)		5,22,55,587	4,94,86,226
TOTAL		<u>5,43,92,519</u>	<u>5,16,04,899</u>
(*) Includes amount due to Holding Company (M/s.NMDC Limited)		5,21,60,881	4,94,44,770

Note: There are no transactions and outstandings in respect of micro enterprises & small enterprises.

J&KMDC Limited

Schedule - 8 : Provisions

Description	(Rupees)	
	As at 31st March, 2009	As at 31st March, 2008
Gratuity	1,75,385	1,77,394
Accrued Leave	1,64,169	1,67,167
Provision for taxation	26,10,202	24,78,661
Expenses	3,97,367	1,85,037
TOTAL	33,47,123	30,08,259

Description	(Rupees)			
	Opening Balance	Adjustment during year	Addition during year	Closing Balance
Gratuity	1,77,394 (1,41,363)	33,023 -	31,014 (36,031)	1,75,385 (1,77,394)
Accrued Leave	1,67,167 (1,32,642)	31,555 -	28,557 (34,525)	1,64,169 (1,67,167)
Provision for taxation	24,78,661 (23,47,120)	- -	1,31,541 (1,31,541)	26,10,202 (24,78,661)
Expenses	1,85,037 -	1,44,314 -	3,56,644 (1,85,037)	3,97,367 (1,85,037)
TOTAL	30,08,259	2,08,892	5,47,756	33,47,123

Note : Figures in brackets indicates previous year figures.

Schedule - 9 : Miscellaneous Expenditure

(to the extent not written off or adjusted)

Description	(Rupees)	
	As at 31st March, 2009	As at 31st March, 2008
Preliminary Expenses	Nil	Nil
Feasibility Expenditure	Nil	Nil
Mine Development Expenditure	Nil	Nil
TOTAL	Nil	Nil

Schedule - 10 : Accretion / (Decretion) to Stock

Description	(Rupees)	
	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
FINISHED GOODS:		
Balance as at close of the Year	36,839	36,839
Less : Balance as at the beginning of the Year	36,839	1,46,062
TOTAL	Nil	(1,09,223)

Schedule - 11 : Payments and Benefits to Employees

(Rupees)		
Description	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
Salaries, Wages & Bonus	11,91,562	9,18,082
Contribution to PF, FPS & EDLI	81,354	63,864
Gratuity	52,457	53,832
Workmen and Staff welfare expenses	39,050	38,100
TOTAL	13,64,423	10,73,878

Schedule - 12 : Repairs and Maintenance

(Rupees)		
Description	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
Plant & Machinery	Nil	Nil
Buildings	Nil	Nil
Vehicles	10,043	7,818
Others	4,037	9,500
TOTAL	14,080	17,318

Schedule - 13 : Other Expenses

(Rupees)

Description	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
Rent	1,68,000	1,65,000
Insurance	4,177	4,259
Rates & Taxes	11,363	13,845
Payment to Auditors		
As auditors:		
Audit Fee	15,000	15,000
Out Of Pocket Expenses	<u>Nil</u>	<u>Nil</u>
Miscellaneous Losses written off	Nil	Nil
Provision for other losses (reduction in value of Sub Station- Schedule-3)	Nil	Nil
Miscellaneous Expenses		
Travelling & Conveyance	52,509	44,696
Postage, Telephone & Telex	36,721	35,510
Stationery & Printing	9,726	8,986
Consultancy Charges	Nil	Nil
Security Charges	2,17,383	1,87,272
P.O.L. for Personal Transport	22,906	21,613
Equipment/vehicle Running Exp. (Labour)	Nil	Nil
Others	<u>97,358</u>	<u>1,03,062</u>
	4,36,603	4,01,139
TOTAL	<u>6,35,143</u>	<u>5,99,243</u>

Schedule - 14 : Miscellaneous Expenditure Written Off

(Rupees)

Description	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
Preliminary Expenses	Nil	Nil
Feasibility Expenditure	Nil	Nil
Mine Development Expenditure	Nil	Nil
TOTAL	Nil	Nil

Schedule - 15 : Detailed Information

1. Particulars of Licensed capacity, Installed capacity:

Details	Licensed Capacity	Installed Capacity
Raw Magnesite Ore (Sized)	Not applicable	25,000 MT

2. Particulars of opening stock, actual production, sales & closing stock:

Description	(Qty. in Metric Ton)			(Value in Rs.)			
	Opening Stock		Actual Production	S a l e s		Closing Stock	
	Qty	Value		Qty	Value	Qty	Value
Raw Magnesite Ore (Sized)	51 (171)	36,839 (1,46,062)	Nil (Nil)	Nil (120)	Nil (1,09,558)	51 (51)	36,839 (36,839)

Notes: : Figures in brackets pertain to Previous Year.

3. Expenditure in foreign currency:

	For the Year ended 31st March, 2009 (Rs.)	For the Year ended 31st March, 2008 (Rs.)
a. Consultancy charges	Nil	Nil
b. Others	Nil	Nil

4. Particulars of Consumption of Materials:

Components & Spare Parts (including consumable stores)	Value	Percentage	Value	Percentage
	(Rs.)		(Rs.)	
a) Imported	Nil	Nil	Nil	Nil
b) Indigenous	Nil	Nil	Nil	Nil
TOTAL	Nil	Nil	Nil	Nil

5. Foreign Exchange earnings:	Nil	Nil
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Schedule - 15 : Detailed Information (Contd..)

6. Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details:

Registration No.	07-01110 of 1989	State Code-07
Balance Sheet Date	31-03-2009	

II. Capital raised during the year:

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds:

	Total Liabilities	Total Assets
	10,51,39,942	10,51,39,942
Sources of Funds	Paid-up Capital	Reserve & Surplus
	4,74,00,300	Nil
	Secured Loan	Unsecured Loan
	Nil	Nil
Application of Funds	Net Fixed Assets	Investments
	67,21,989	Nil
	Net Current Assets	Misc. Expenditure
	-5,75,59,505	Nil
	Accumulated losses	
	9,82,37,816	

IV. Performance of Company:

Turnover	Nil	Total Expenditure	29,00,406
Profit Before Tax	-29,00,406	Profit After Tax	-30,42,855
Earnings per Share	Nil		

V. Generic Name of Principal Products of the Company (as per monetary terms):

Product Description	Raw Magnesite Ore (Sized)
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Schedule - 16 : Notes Forming Part of Accounts

1. Contingent liabilities

- 1.1 Claims against the Company not acknowledged as debts Rs.129.88 Lakhs (previous Year Rs.125.85 Lakhs).
- 1.2 Estimated amount of Contracts remaining to be executed on capital account & not provided for Rs. Nil (Previous year Rs. Nil).
2. Since the mining lease for Panthal Magnesite deposit was executed in the name of NMDC Ltd prior to the incorporation of the Company (which was valid upto 02.01.09 only), NMDC Ltd had submitted lease renewal application with Govt. of Jammu & Kashmir on 17.12.08 and also furnished an undertaking in the shape of Board Resolution for transfer of the same to J&KMDC Ltd. after its renewal. The renewal application is under active consideration of concerned departments of Govt. of J&K. Necessary action to get the lease transferred in the name of the Company will be taken in due course.
3. In pursuance of order of Income Tax Appellate Tribunal, Amritsar, the Company has made a provision for income Tax & interest thereon amounting to Rs. 26,10,202/- for the Assessment year -1991-92, 1992-93 and 1993-94 including Rs. 1,31,541/- provided for during the current Year.
4. The Board of Directors in 57th meeting held on 23.05.2002 have taken a decision to wind up the Company subject to approval of Govt. of India and State Govt. of Jammu & Kashmir. Subsequently, it was apprised to the Board in its 90th meeting held on 25.02.09 that revival plan is being finalized. An updated DPR for setting up of 100 TPD DBM Plant has been prepared by M/s. MECON, the consultants, which is under finalization. Expression of Interest for short listing competent parties for building and operating the DBM plant was issued and the responses received are under active consideration. In view of the above developments towards revival of the project, the accounts are prepared on "going concern" basis.
5. In compliance with AS-28, the Company provided for an impairment loss of Rs. 286.08 lakhs during the year 2005-06, to the extent of 100% of the book value of all assets except for the freehold land. The same was reviewed during the current year and no adjustment is considered necessary in the current year accounts.
6. 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.
7. Considering the past trend of continuous losses and future projections, no provision for the Deferred Tax assets is being made as the same can not be realised as such in the foreseeable future.
8. Schedule and significant accounting policies form an integral part of these accounts.
9. Previous Year figures have been regrouped and rearranged where ever necessary, to make them comparable with current Year figures.
10. Financial figures have been rounded off to nearest rupee.

In terms of our report of even date

For and on behalf of Board

For **VIJAYA GUPTA & CO.**
Chartered Accountants

Sd/-
(VIJAY GUPTA)
Proprietor
Memb. No.-080034

Sd/-
(K.R. VENKATESWARLU)
Director

Sd/-
(N.K. NANDA)
Director

Sd/-
(RANA SOM)
Chairman

Place : Jammu
Date : 04.05.2009

Sd/-
(MOHD. IMAM)
Company Secretary

Jammu
04.05.2009

First Annual Report 2008-2009

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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 2008 - 2009

The Members

NMDC-CMDC Ltd (NCL)

Raipur.

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 year ended 31st March 2009 and the Report thereon by the Comptroller and Auditor General of India.

1. Incorporation Status

The Company was incorporated on 19th June 2008 as a private limited Company for exploitation and development of Bailadila Block Iron Ore deposit No-13 in joint venture with NMDC Ltd and Chhattisgarh Mineral Development Corporation Ltd. (CMDC). The initial share ratio holding between NMDC and CMDC is 51% and 49%. Accordingly, your 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

In respect of development of Block No.13, Forest application has been filed on 15-10-2008 and the application has reached the Nodal Officer (FC Act) Govt. of Chhattisgarh routed through DFO, Dantewada. The said application has to be forwarded to Ministry of Environment & Forest (MoEF), New Delhi by the State Government for getting stage-1 clearance. NIT to appoint MDO for developing Dep.13 is prepared by NMDC subject to the approval of NCL Board. Additional area for setting up of infrastructure (out of mining lease area) such as loading, crushing and screening plant etc is yet to be identified and surveyed by seeking assistance from NMDC and CMDC. EMP preparation work is to be finalized by NMDC.

3. Share Capital:

The authorized share capital of the Company is Rs.4.00 crores. The Company has issued 1500000 Equity Shares of Rs.10 each which was subscribed fully by NMDC Limited, CMDC Ltd and their nominees in the respective ratios. Accordingly, the total paid up Equity Share Capital of the Company as on 31st March, 2009 stands at Rs. 1.5 crores.

4. Board of Directors: (as on 31st March, 2009)

The First Directors of the Company were Shri. Rana Som, Dr. Uddesh Kohli, Shri. P.S.Upadhyaya, Shri. G.S. Agarwal, Shri. P.K.Mishra, and Shri. P.S. Yadav. During the year Dr. Uddesh Kohli, Shri. P.S.Upadhyaya and Shri. P.K.Mishra ceased to be Directors of the Company. Shri. S.K. Trivedi and Shri N.K. Nanda were appointed as Additional Director on the Board.

5. Statutory Auditors

Comptroller & Auditor General of India (C&AG) vide their letter dated 23.01.2009 has communicated the appointment of M/s. DL Goenka & Co., Raipur as the Statutory Auditors of the Company for the financial year 2008-2009. The members of the Company at their Extra Ordinary General Meeting (EOGM) held on 30-04-2009 has fixed the remuneration of the Statutory Auditors of the Company M/s. DL Goenka & Co., at Rs. 10,000/- (excluding travel and out of pocket expenses) for the financial year 2008-09.

The Statutory Auditors' Report on the accounts of the Company for the year 2008-09 is at Annexure-I, which forms part of this Report. The Report of C & A G of India under Section 619(4) of the Companies Act, 1956 on the Accounts of the Company for the year 2008-2009 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 accounts for the financial year ended 31st March, 2009, the applicable Accounting Standards have been followed alongwith 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 31 March 2009 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, 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 is 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 companies.'

The Company is yet to commence commercial operations and as such, the provisions of the Corporate Governance on subsidiary Companies is presently not applicable to NCL.

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 Chhattisgarh, NMDC Ltd, and Chhattisgarh Mineral Development Corporation Ltd.

Sd/-

Place : Hyderabad
Date : 11.06.2009

(Rana Som)
Chairman

Auditors' Report

To,
The Members
M/s. NMDC-CMDC Limited
Raipur (C.G.)

1. We have audited the attached Balance Sheet of NMDC-CMDC LIMITED (The Company), CIVIL LINES, RAIPUR (C.G.), as at 31st March 2009 and the Profit and Loss Account for the period ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to above, 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 purposes 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, Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
- (d) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956;
- (e) The company has informed that department of company affairs vide notification no. GSR829(E) dtd. 21.10.2003 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) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policy and notes forming part of accounts appearing in Schedule No. 9 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
 - (ii) in the case of the Profit and Loss Account, of the **LOSS** for the period from 19.06.2008 to 31.03.2009.

For **D. L. Goenka & Co.**,
Chartered Accountants

Sd/-

Place : Raipur
Dated : 29.05.2009

(D. L. Goenka)
Proprietor

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) In respect of Fixed Assets :

- (a) The company was not required to maintain proper records showing full particulars including quantitative, as there was no manufacturing or trading activity during the period (from 19.06.2008 to 31.03.2009) but has maintained proper records showing full particulars of fixed assets.
- (b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) That no fixed assets have been disposed off during the year, therefore, the provisions of clause 4(i)(c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(ii) In respect of Inventories :

- (a) As explained to us by the management that there was no inventory, as there was no manufacturing or trading activities during the period ended on 31st March 2009 hence no comment on this point.
- (b) In our opinion and according to the information and explanations given to us, no procedure of physical verification of inventory was followed by the management, as there was no manufacturing or trading activities during the period ended on 31st March 2009, hence no comment on this point.
- (c) In our opinion and according to the information and explanation given to us, the Company was not required to maintain proper records of its inventories as there was no manufacturing or trading activities during the period ended on 31st March 2009 hence no comment on this point.

(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, hence clause iii (a, b, c, d, e, f and g) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, no adequate internal control procedures commensurate with the size of the company and the nature of its business was required, as there was no manufacturing and trading activities during the period ended on 31st March 2009, hence no comment on this point.

(v) According to the information and explanations given to us, the company has not entered into any transactions with any of the parties as listed in the register maintained under section 301 of the Companies Act, 1956, therefore, the provisions of clause 4(v)(a) & 4(v)(b) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(vi) In our opinion and according to the information and explanation given to us, the company has not accepted any deposits from public during the year, therefore, the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the company.

(vii) In our opinion, the company was not required an internal audit system, as there was no manufacturing or trading activities during the period ended on 31st March 2009 hence no comment on this point.

(viii) The Central Govt. has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. As there was no manufacturing activities during the period ended on 31st March 2009, therefore, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.

(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 regular in depositing with appropriate authorities undisputed statutory dues i.e. incometax (TDS) and other statutory dues applicable to it. Employees' state insurance, sales tax, wealth tax, custom duty, excise duty, cess etc. are not applicable.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2009.
- (x) This is the first year of the company hence question of accumulated loss does not arise, however the company has incurred loss during the period ended on 31st March 2009 covered by our audit.
- (xi) In our opinion and according to the information and explanations given to us, the company has not taken any loan from the financial institution, bank and has not issued any debentures. Therefore the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xii) In our opinion and 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. Accordingly the provisions of clause 4(xii) 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 4(xiii) 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 4(xiv) 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 guarantee 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 provision of clause 4(xvi) 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 no funds were raised on short-term basis, hence no comment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to the parties and companies covered in the register maintained u/s. 301 of The Act. Accordingly, the provisions of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xix) According to the information and explanations given to us, the company has not issued any debentures, therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) According to the information and explanations given to us, the company has not raised any money by public issue during the period. Accordingly the provisions of clause 4(xx) 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 **D. L. Goenka & Co.,**
Chartered Accountants

Sd/-

Place : Raipur
Dated : 29.05.2009

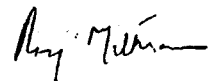
(D. L. Goenka)
Proprietor

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 2009.

The preparation of financial statements of NMDC-CMDC Limited, Raipur for the year ended on 31 March 2009 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 29 May 2009.

I, on behalf of Comptroller and Auditor General of India, have decided not to review the report of Statutory Auditor on the accounts of NMDC-CMDC Limited, Raipur for the year ended on 31 March 2009 and as such have no comments to make under 619(4) of the Companies Act, 1956.

*For and on the behalf of the
Comptroller and Auditor General of India.*



**Roy Mathrani
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad.**

**Place : Hyderabad
Date : 11 June 2009**

NMDC-CMDC Limited

Balance Sheet as at 31st March, 2009

(Rupees)

Particulars	Schedule	Amount	Previous Year
SOURCES OF FUNDS :			
Shareholder's Fund			
Share Capital	1	15,000,000.00	-
Reserves & Surplus	2	(1,284,345.00)	-
Loan Fund	3	-	-
TOTAL		13,715,655.00	-
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	4	189,132.00	-
Less : Depreciation		2,846.00	-
Net Block		186,286.00	-
Investments		-	-
Current Assets, Loans & Advances			
(a) Sundry Debtors		-	-
(b) Cash & Bank Balances	5	13,855,097.00	-
(c) Loans & Advances	6	73,271.00	-
		13,928,368.00	-
Less : Current Liabilities & Provisions	7	398,999.00	-
Net Current Assets		13,529,369.00	-
Miscellaneous Expenditure (to the extent not W/Off)		-	-
TOTAL		13,715,655.00	-

For NMDC-CMDC Limited

As per our report of even date

For D.L. GOENKA & CO
Chartered Accountants

Sd/-
(RANA SOM)
Chairman

Sd/-
(P. JOY OJHA)
Director

Sd/-
(ARUN K. SHUKLA)
CEO

Sd/-
(D.L. GOENKA)
Proprietor

Place : New Delhi
Date : 29.05.2009

Raipur
29.05.2009

NMDC-CMDC Limited

Profit & Loss Account for the period from 19.06.2008 to 31.03.2009

(Rupees)

Particulars	Schedule	Amount	Previous Year
INCOME:		-	-
TOTAL		<u>-</u>	<u>-</u>
EXPENDITURE:			
Administrative & Other Exp.	8	1,275,939.00	-
TOTAL		<u>1,275,939.00</u>	<u>-</u>
Profit/(Loss) before Depreciation		(1,275,939.00)	-
Less : Depreciation		2,846.00	-
Profit/(Loss) before Taxation		(1,278,785.00)	-
Fringe Benefit Tax (A.Y.09-10)		5,560.00	-
Net Profit/(Loss) after Taxation		<u>(1,284,345.00)</u>	<u>-</u>
Notes on Accounts	9		

For NMDC-CMDC Limited

As per our report of even date

For **D.L. GOENKA & CO**
Chartered Accountants

Sd/-
(RANA SOM)
Chairman

Sd/-
(P. JOY OOMMEN)
Director

Sd/-
(ARUN K. SHUKLA)
CEO

Sd/-
(D.L. GOENKA)
Proprietor

Place : New Delhi
Date : 29.05.2009

Raipur
29.05.2009

Schedules

Schedule - 1 : Share Capital

Particulars	(Rupees)	
	Amount	Previous Year
AUTHORISED CAPITAL		
40,00,000 Equity Shares of Rs.10/- each	40,000,000.00	-
TOTAL	<u>40,000,000.00</u>	<u>-</u>
ISSUED, SUBSCRIBED & PAID-UP EQUITY SHARES		
15,00,000 Equity Shares of Rs.10/- each fully paid	15,000,000.00	-
TOTAL	<u>15,000,000.00</u>	<u>-</u>

Schedule - 2 : Reserves & Surplus

Particulars	(Rupees)	
	Amount	Previous Year
Profit & Loss A/c.		
Opening Balance	-	-
Profit/(Loss) for the year	(1,284,345.00)	-
TOTAL	<u>(1,284,345.00)</u>	<u>-</u>

Schedule - 3 : Loan Fund

Particulars	(Rupees)	
	Amount	Previous Year
(a) Secured Loans	-	-
(b) Unsecured Loans	-	-
TOTAL	<u>-</u>	<u>-</u>

Schedule - 4 : Fixed Assets

(Rupees)

Assets	G R O S S B L O C K		
	Cost as on 01.04.2008	Additions/Deductions during the year	Total cost as on 31.03.2009
1. FURNITURE			
Computer Table 11.11.2008	-	5,005.00	5,005.00
Computer Chair 12.11.2008	-	3,599.00	3,599.00
Almirah & Tables 01.03.2009	-	20,191.00	20,191.00
Almirah 13.03.2009	-	9,322.00	9,322.00
Room Cooler 14.03.2009	-	5,600.00	5,600.00
TOTAL (A)	-	43,717.00	43,717.00
2. ELECTRICAL EQUIPEMENTS			
Air Conditioner 29.10.2008	-	29,800.00	29,800.00
Mobile Cell Phone 29.10.2008	-	9,100.00	9,100.00
Water Dispencer Machine (Voltas) 30.03.2009	-	8,325.00	8,325.00
OFFICE APPLIANCES			
3. Photocopier Machine (Canon) 06.01.2009	-	59,040.00	59,040.00
4. COMUTER MACHINE			
HCL Desktop PC 06.11.2008	-	39,150.00	39,150.00
TOTAL (B)	-	145,415.00	145,415.00
TOTAL (A + B)	-	189,132.00	189,132.00

Assets	D E P R E C I A T I O N				N E T B L O C K	
	Rate as per Schedule XIV 9SLM)	Upto 31.03.2008	For the Year	Total upto 31.03.2009	As on 31.03.2009	As on 31.03.2008
1. FURNITURE						
Computer Table 11.11.2008	6.33	-	132.00	132.00	4,873.00	-
Computer Chair 12.11.2008	6.33	-	95.00	95.00	3,504.00	-
Almirah & Tables 01.03.2009	6.33	-	107.00	107.00	20,084.00	-
Almirah 13.03.2009	6.33	-	49.00	49.00	9,273.00	-
Room Cooler 14.03.2009	6.33	-	30.00	30.00	5,570.00	-
TOTAL (A)		-	413.00	413.00	43,304.00	-
2. ELECTRICAL EQUIPEMENTS						
Air Conditioner 29.10.2008	4.75	-	708.00	708.00	29,092.00	-
Mobile Cell Phone 29.10.2008	4.75	-	216	216.00	8,884.00	-
Water Dispencer Machine (Voltas) 30.03.2009	4.75	-	33.00	33.00	8,292.00	-
OFFICE APPLIANCES						
3. Photocopier Machine (Canon) 06.01.2009	4.75	-	701.00	701.00	58,339.00	-
4. COMPUTER MACHINE						
HCL Desktop PC 06.11.2008	4.75	-	775.00	775.00	38,375.00	-
TOTAL (B)		-	2,433.00	2,433.00	142,982.00	-
TOTAL (A + B)		-	2,846.00	2,846.00	186,286.00	-

NMDC-CMDC Limited

Schedule - 5 : Cash & Bank Balances

(Rupees)		
Particulars	Amount	Previous Year
Cash in hand	-	-
Bank Balance with Axis Bank, Raipur	13,855,097.00	-
TOTAL	<u>13,855,097.00</u>	<u>-</u>

Schedule - 6 : Loans & Advances

(Rupees)		
Particulars	Amount	Previous Year
Advances recoverable in cash or in kind		
From Officers		
1 Mr. A.K.Shukla (CEO)	20,000.00	-
2 Departmental Advance	5,717.00	-
From Others		
3 Guest House Rent Advance	44,000.00	-
4 Shri Brajesh R.Agrawal (C.S.) (TDS)	3,554.00	-
TOTAL	<u>73,271.00</u>	<u>-</u>

NMDC-CMDC Limited

Schedule - 7 : Current Liabilities & Provisions

(Rupees)

Particulars	Amount	Previous Year
OTHER LIABILITIES		
1 M/s. D.L.Goenka & Co., Raipur	10,000.00	-
2 For Telephone Expenses	3,272.00	-
3 NMDC Limited, Hyderabad	376,613.00	-
4 TDS Payable	3,554.00	-
5 Fringe Benefit Tax Payable	5,560.00	-
TOTAL	398,999.00	-

Schedule - 8 : Administrative & Other Expenses

(Rupees)

Particulars	Amount	Previous Year
1 Payment to Officers		
Salary & Allowances	336,231.00	-
2 Contribution to Provident Fund	31,692.00	-
3 Payment to Consultants	266,700.00	-
4 Salary to Office Assistants	28,800.00	-
5 Travelling Expenses (Officer)	208,056.00	-
6 Hire Charges of Vehicles	158,151.00	-
7 Guest House Rent	132,000.00	-
8 Telephone Charges	29,757.00	-
9 Legal Expenses	3,870.00	-
10 Repairs & Maintenance	3,794.00	-
Auditor's Remuneration		
11 Audit Fees	10,000.00	-
12 Other Misc. Expenses	30,342.00	-
13 Printing & Stationery	21,526.00	-
14 Books & Periodicals	2,434.00	-
15 Postage Expenses	396.00	-
16 Mining Lease Application Fee	3,500.00	-
17 BOD Meeting Expenses	8,690.00	-
TOTAL	1,275,939.00	-

As per our report of even date

For **D. L. Goenka & Co.**,
Chartered Accountants.

Sd/-

(D. L. Goenka)

Proprietor

Place : Raipur
Dated : 29.05.2009

Schedule - 9 : Accounting Policies & Notes on Accounts

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 These are stated At Historical Cost.

1.2 Assets acquired are capitalized to the extent of cost to the company.

2. DEPRECIATION :

2.1 Depreciation is charged on straight-line method. The rates are equal to those prescribed in Schedule - XIV.

2.2 Depreciation is charged on pro-rata monthly basis on additions of the assets during the year taking the 1st day of the month for acquisition.

3. INVESTMENTS :

There are no investments.

4. INVENTORIES :

No inventories, hence no comment.

5. EXPENDITURE :

5.1 Recognition of Income & Expenditure :

Items of Income & Expenditure are recognised on accrual basis.

NOTES ON ACCOUNTS :

1. Contingent Liabilities not provided for

(a) Claims against the Company not acknowledged as debts	-	NIL
(b) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	NIL
(c) Uncalled liability on equity shares	-	NIL
(d) Other money for which the company is contingently liable	-	NIL

2. Information pursuant to the provision of paragraph 3 & 4 of para II of Schedule VI of Companies Act, 1956.

(a) Since this is the first year of the company, the company has not manufactured anything during the period ended on 31.03.2009, no question of giving quantitative details in respect of opening & closing stock, production and sales.

(b) Remuneration to Director

No Remuneration given to any Director - NIL

NMDC-CMDC Limited

3. Event occurring after Balance Sheet date :

As explained there is no such 'Event occurring after Balance Sheet date', which is of material value.

4. Since this is the first accounting year, no previous year figures is required to be given.

For NMDC-CMDC Limited

As per our report of even date

For **D.L. GOENKA & CO**
Chartered Accountants

Sd/-
(RANA SOM)
Chairman

Sd/-
(P. JOY OOMMEN)
Director

Sd/-
(ARUN K. SHUKLA)
CEO

Sd/-
(D.L. GOENKA)
Proprietor

Place : New Delhi
Date : 29.05.2009

Raipur
29.05.2009

Annual Report 2007-2008

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NMDC SARL

Villa No.2, Cite Sarda Les Peches, Antanimora
BP 3791, Antananarivo 101, Madagascar

Directors' Report on the Annual Accounts for Financial Year ended 30th June 2008

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 5,000,000 FMG (Five million Malagasy Francs). 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.

Accordingly no transaction has been incurred for the financial year ended on 30th June 2008. Hence only the Balance Sheet has been prepared.

Sd/-
S Venkatesan
Director - Manager

Balance Sheet as at 30th June, 2008

ASSETS	Amount in FMG	
	F.Y. 2007-2008	F.Y. 2006-2007
I. <u>FIXED ASSETS</u>		
Establishment expenses	738,992,217	738,992,217
Gold Research Expenses	3,081,369,115	3,081,369,115
	<u>3,820,361,332</u>	<u>3,820,361,332</u>
<u>CORPOREAL ASSETS</u>		
Equipment & Tools	0	0
Vehicles	0	0
Office Equipment & Office furniture	0	0
Computer Equipment	0	0
Office & Accommodation Furniture	0	0
	<u>0</u>	<u>0</u>
TOTAL OF FIXED ASSETS	<u>3,820,361,332</u>	<u>3,820,361,332</u>
II. <u>RUNNING ASSETS</u>		
DEBTS		
* VAT Credit	0	0
* Prepaid advance for company tax profit (IBS)	0	0
* Other Debts	0	0
LIQUID ASSETS		
* Bank	0	0
* Cash	0	0
	<u>0</u>	<u>0</u>
TOTAL OF RUNNING ASSETS	<u>0</u>	<u>0</u>
III. <u>EARLY NOTED CHARGES</u>		
* Advances	0	0
TOTAL GENERAL (I + II + III)	<u>3,820,361,332</u>	<u>3,820,361,332</u>

Balance Sheet as at 30th June, 2008

LIABILITIES	Amount in FMG	
	F.Y. 2007-2008	F.Y. 2006-2007
I. EQUITY CAPITAL		
Issued Capital:		
2,000 shares of stock 2500 FMG each	5,000,000	5,000,000
Result pending for affectation	(5,584,099,270)	(5,584,099,270)
Result of the F.Y.: Net Loss	(2,402,324,250)	(2,402,324,250)
Net situation	(7,981,423,520)	(7,981,423,520)
II. DEBTS		
Suppliers and related accounts	0	0
OTHER DEBTS		
Shareholders - operations on the capital	11,801,784,852	11,801,784,852
TOTAL OF DEBTS	11,801,784,852	11,801,784,852
GRAND TOTAL (I + II)	3,820,361,332	3,820,361,332

Sd/-
(S Venkatesan)
Director - Manager

Annual Report 2008-09

C O N T E N T S

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Nam-India Mineral Development Corporation (Pty) Limited

Windhoek, Namibia.

(Registration No. 2001/039)

Statement of Responsibility by the Director for the year ended 31st March, 2009

The Director is responsible for the preparation, integrity and fair presentation of the financial statements of Nam India Mineral Development Corporation (Pty) Ltd. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in Namibia.

No activities were taken up during the accounting year in view of the decision of the parent company to voluntarily wind up the subsidiary. The company has applied for deregistration with the Registrar of Companies, Windhoek. The bank accounts have also been closed.

The director is also liable for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to

adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. The director is responsible for all the information provided in these financial statements for both its accuracy and consistency.

The financial statements have been audited by the independent auditors, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data. The report of the independent auditors is presented on page 139.

The financial statements set out in pages 140 to 151 were approved and authorized for issue by the director on 31-March-2009.

Place : Hyderabad
Date : 31-March-2009

Sd/-
(Kumar Raghavan)
Director



PricewaterhouseCoopers
Third floor
344 Independence Avenue
Windhoek
P O Box 1571
Windhoek Namibia
Telephone +264 (61) 284 1000
Facsimile +264 (61) 284 1001
www.pwc.com/na

INDEPENDENT AUDITOR'S REPORT TO
NAM-INDIA MINERAL DEVELOPMENT CORPORATION (PTY) LTD

Report on the Financial Statements

We have audited the annual financial statements of Nam-India Minerals Development Corporation (Pty) Ltd, which comprise the directors' report and the balance sheet as at 31 March 2009, the income statement, the statement of changes in equity, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 16.

Director's Responsibility for the Financial Statements

The company's director is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act of Namibia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial statements 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 entity'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 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, the financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act of Namibia.

Report on Other Legal and Regulatory Requirements

With the written consent of the members, we have performed certain accounting and secretarial duties.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
05/06/2009
Windhoek

Managing Partner: Albé Botha
Assurance Partners: Stephen D Viljoen, Carl P van der Merwe, Louis van der Riet, R Nangula Usandja, Anneli EJ Rossouw, Sorolla N Lombard

Director's Report for the year ended 31st March, 2009

The Director presents his report which forms part of the financial statements of the company for the year ended 31 March 2009.

Transition to International Financial Reporting Standards (IFRS).

As at the end of previously reported financial year, the company prepared its financial statements in accordance with Namibian Statements of Generally Accepted Accounting Practice. As a result of preparing financial statements in accordance with Namibian Statements of Generally Accepted Accounting Practice (GAAP), the company has effectively applied the text of International Financial Reporting Standards (IFRS), due to the harmonization of Namibian GAAP with IFRS from 1 January 2005.

Effective 1 April 2008, the company adopted IFRS as the basis of preparing financial statements. The date of transition to IFRS is thus 1 April 2007, which is the date of opening balance sheet of the comparative information presented. The company did not use any of exemptions in *IFRS 1: First-time Adoption of International Financial Reporting Standards* during conversion process and no reconciliation is thus required between the amounts previously reported under Namibian GAAP and IFRS.

The International Financial Reporting Standards applied are those issued by the International Accounting Standards Board as at 31 March 2009, including the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as applicable to the company.

General Review

The company is a wholly owned subsidiary of NMDC Limited, having its registered office at

Hyderabad, India. The Board of Directors of the holding company, in its 383rd meeting held on 26-May-2005 had decided to wind up the subsidiary company at Namibia in view of economic un-viability of operations at Namibia. The parent company has also received the approval of the Ministry of Steel, Govt. of India and Reserve Bank of India for closure of the subsidiary company. Consequently, the company has applied for voluntary winding up and deregistration effective from 1st April 2009 with the Ministry of Revenue, Republic of Namibia through M/s. Pricewaterhousecoopers, who are the Secretaries of the Company at Windhoek and has also closed the bank accounts at Namibia.

Activities & Financial Results

No activities were undertaken in the financial year 2008-09. The financial results during the year under report are set on pages 142 to 151. The net expenditure incurred during the year has been added to the accumulated loss at the beginning of the year. There are no creditors and other liabilities on the last day of the accounting year other than unsecured loan from the parent company.

Share Capital

There was no change in the authorized and issued share capital during the year.

Loan from the holding company

The entire expenditure of the company has been met out of the Interest-free unsecured Loan from the holding company. During the year the administrative expenses were met out of further loan received from the holding company. As no revenue was generated by the company during the period of operation in Namibia, the loan amount could not be repaid to the parent company. The parent company has written off the total amount of Loan as unrecoverable.

NAM-India MDC (PTY) Ltd

Holding company

The company is a wholly owned subsidiary of the holding company, NMDC Limited, (formerly National Mineral Development Corporation Limited), a Government of India undertaking, having its registered office at Hyderabad, India.

Directors

The sole Director of the company is:

Mr. Kumar Raghavan

Mr. Kumar Raghavan was appointed Director with effect from 30 October 2008 in place of Mr. K V V Sastry who resigned on 31 August 2008.

Secretaries

During the year 2008-09, PricewaterhouseCoopers Services Tax and Advisory Services (Pty) Ltd, whose address is given below, have rendered secretarial administration and tax compliance services.

Business Address:

Third Floor,
344, Independence Avenue
Windhoek, Namibia

Postal Address:

P.O Box 1571
Windhoek
Namibia

Auditors

During the year 2008-09, PricewaterhouseCoopers, Windhoek were reappointed auditors of the company and will continue in office in accordance with section 270(2) of the Companies Act.

Place : Hyderabad
Date : 31-March-2009

Sd/-
(Kumar Raghavan)
Director

Balance Sheet as at 31st March, 2009

(Nam Dollars)

	Schedule	As at 31st March 2009	As at 31st March 2008	
ASSETS				
Non-current Assets				
Gross Block	1	-	3,190	
Less : Accumulated Depreciation		-	2,320	
Net Block		-		870
Current Assets				
Cash & Cash Equivalents	2	-	10,118	
Receivables & advances		-	-	
		-		10,118
Total Assets		-	-	10,988
EQUITY AND LIABILITIES				
Capital and Reserves				
Share Capital		3,967	3,967	
Less : Accumulated losses		(3,967)	(2,136,268)	
		-		(2,132,301)
Non-current Liabilities				
Long term loans		-	-	
Current Liabilities				
Interest-free Unsecured Loan from Parent Company	3	-	2,133,522	
Outstanding Expenses		-	9,767	2,143,289
Total equity and liabilities		-	-	10,988

Sd/-
(B. Govinda Rao)
Asst. General Manager (Finance)

Sd/-
(Kumar Raghavan)
Director

Place : Hyderabad
Date : 31-Mar-2009

Income Statement for the year ended 31st March, 2009

(Nam Dollars)

	Notes	For the year ended 31st March 2009	For the year ended 31st March 2008
REVENUE			
Unsecured interest-free Loan from Parent Company written up as not payable		2,514,672	—
EXPENDITURE			
Consumption of stores & spares		—	—
Power		—	—
Payments & Benefits to employees		—	—
Repairs & Maintenance		—	—
Exploratory works		—	—
Other expenses	5	384,402	277,820
Depreciation	1	158	158
TOTAL		384,560	277,978
Operating Income/(Loss) before finance items		2,130,112	(277,978)
Finance Items	4	2,189	205
Net Income/(Loss)		2,132,301	(277,773)

Sd/-
(B. Govinda Rao)
Asst. General Manager (Finance)

Sd/-
(Kumar Raghavan)
Director

Place : Hyderabad
Date : 31-Mar-2009

Statement of Changes in Equity for the year ended 31st March, 2009

(Nam Dollars)

	Share Capital	Accumulated Losses	Total
At 31 March 2009			
Authorised:			
4,000 Ordinary Shares of N\$.1/- each	<u>4,000</u>		<u>4,000</u>
Issued:			
Balance as at 1st April 2008: 3967 Ordinary Shares of N\$ 1/- each	3,967	-	3,967
Accumulated Losses as at 1st April 2008	-	(2,136,268)	(2,136,268)
Income/(Loss) during the year	-	2,132,301	2,132,301
Balance as at 31st March 2009: 3967 Ordinary shares of N\$ 1/- each	<u>3,967</u>	<u>(3,967)</u>	<u>-</u>
At 31 March 2008			
Authorised:			
4,000 Ordinary Shares of N\$.1/- each	<u>4,000</u>		<u>4,000</u>
Issued:			
Balance as at 1st April 2007: 3967 Ordinary Shares of N\$ 1/- each	3,967	-	3,967
Accumulated losses as at 1st April 2007	-	(1,858,495)	(1,858,495)
Income/(Loss) during the year	-	(277,773)	(277,773)
Balance as at 31st March 2008: 3967 Ordinary shares of N\$ 1/- each	<u>3,967</u>	<u>(2,136,268)</u>	<u>(2,132,301)</u>

Sd/-
(B. Govinda Rao)
Asst. General Manager (Finance)

Sd/-
(Kumar Raghavan)
Director

Place : Hyderabad
Date : 31-Mar-2009

Cash Flow Statement for the year ended 31st March, 2009

(Nam Dollars)

	For the year ended 31st March 2009	For the year ended 31st March 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Income/(Loss) as per Income statement	2,132,301	(277,773)
<i>Adjustments for :</i>		
Finance items - Interest & Gains in foreign exchange	2,189	205
Non-cash items - Depreciation	(158)	(158)
Operating Income/(Loss) before Finance items	<u>(2,130,270)</u>	<u>(277,820)</u>
<i>Adjustments for :</i>		
Increase(-)/Decrease(+) in Receivables	-	-
Increase(+)/Decrease(-) in current Liabilities	(2,143,289)	276,614
Net Cash Flow from Operating Activities	<u><u>(13,019)</u></u>	<u><u>(1,207)</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	-
Deletion on disposal of Fixed Assets	712	-
Net Cash flow from Investing Activities	<u><u>712</u></u>	<u><u>-</u></u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Long term loans	-	-
Finance Items - interest & Gains in foreign exchange	2,189	205
Increase in Share capital	-	-
Net cash flow from Financing Activities	<u><u>2,189</u></u>	<u><u>205</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	<u><u>(10,118)</u></u>	<u><u>(1,002)</u></u>
Cash & Cash equivalents at the beginning of the year	10,118	11,120
Cash & Cash equivalents at the end of the year	<u><u>-</u></u>	<u><u>10,118</u></u>
	<u><u>(10,118)</u></u>	<u><u>(1,002)</u></u>

Sd/-
(B. Govinda Rao)
Asst. General Manager (Finance)

Sd/-
(Kumar Raghavan)
Director

Place : Hyderabad
Date : 31-Mar-2009

Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below and are consistent with those of the previous year.

1. BASIS OF PREPARATION:

The financial statements are prepared on the historical cost basis and in compliance with International Financial Reporting Standards (IFRS) and interpretations of those standards, as adopted by International Accounting Standards Board (IASB) and the requirements of Companies Act of Namibia.

The adoption of IFRS has not resulted in material IFRS adjustments; accordingly no reconciliation has been prepared between amounts previously reported under Namibian GAAP and IFRS.

2. FIXED ASSETS:

Fixed Assets are stated at historical cost less accumulated depreciation.

3. DEPRECIATION:

Depreciation is charged on straight-line method based on the life of the assets determined by technical assessment at the following rates:

Vehicles - 16.67%, Other Assets - 8.33%,
Communication Instruments - 33.33%.

3.1 Assets costing less than N\$1000 each are depreciated fully in the year of putting to use.

3.2 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.

3.3 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.

4. PRELIMINARY EXPENDITURE:

Preliminary Expenses are amortized, where future economic benefits are certain, in five equal annual instalments from the year of commencement of commercial production.

5. FOREIGN CURRENCY TRANSACTIONS:

5.1 Transactions in Foreign Currency are accounted for at the exchange rates prevailing on the date of the transaction.

5.2 Current Assets and Current Liabilities in foreign currencies are translated at the closing exchange rate on the date of Balance sheet and gains / losses are adjusted in the Income Statement.

6. GENERAL:

Pre-paid Expenses

Expenses are accounted under prepaid expenses only where the amounts relating to unexpired period exceed N\$.10,000/- in each case.

Financial Instruments

Financial instruments carried on the Balance sheet include Cash and Bank balances, Pre-paid expenses, Loans and advances, Deposits and Borrowings. The particular recognition methods adopted are disclosed in the relevant accounting policy statement associated with each item.

Cash and Cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, current accounts in bank.

Sd/-
(B. Govinda Rao)
Asst. General Manager
(Finance)

Sd/-
(Kumar Raghavan)
Director

Place : Hyderabad
Date : 31-Mar-2009

Notes to Financial Statements

1. Schedules to Financial Statements

SCHEDULE - 1 : FIXED ASSETS

(Nam Dollars)

Assets	Vehicles	Office Equipments other Assets	Communi- cation instruments	Total
At 31 March 2009				
<i>Gross Block:</i>				
Opening Balance on 01-04-2008	-	2,323	867	3,190
Additions during the year	-	-	-	-
TOTAL	-	2,323	867	3,190
Deductions/Adjustments	-	2,323	867	3,190
Closing Balance on 31-03-2009	-	-	-	-
<i>Depreciation :</i>				
Opening Balance on 01-04-2008	-	1,454	866	2,320
Depreciation for the year	-	158	-	158
TOTAL	-	1,612	866	2,478
Deductions/Adjustments	-	1,612	866	2,478
Closing Balance on 31-03-2009	-	-	-	-
Net book amount:	-	-	-	-
At 31 March 2008				
<i>Gross Block:</i>				
Opening Balance on 01-04-2007	-	2,323	867	3,190
Additions during the year	-	-	-	-
TOTAL	-	2,323	867	3,190
Deductions/Adjustments	-	-	-	-
Closing Balance on 31-03-2008	-	2,323	867	3,190
<i>Depreciation :</i>				
Opening Balance on 01-04-2007	-	1,296	866	2,162
Depreciation for the year	-	158	-	158
TOTAL	-	1,454	866	2,320
Deductions/Adjustments	-	-	-	-
Closing Balance on 31-03-2008	-	1,454	866	2,320
Net book amount:	-	869	1	870

Minor value Assets costing less than N\$ 1,000/- each depreciated fully during the year amount to Nil (Previous year Nil)

SCHEDULE - 4 : FINANCE ITEMS

	(Nam Dollars)	
	For the year ended 31st March, 2009	For the year ended 31st March, 2008
Interest on :		
Current account - USD account	<u>44</u>	<u>53</u>
	44	53
Others:		
Gain in Exchange variation	<u>2,145</u>	<u>151</u>
TOTAL	<u><u>2,189</u></u>	<u><u>205</u></u>

SCHEDULE - 10 : OTHER EXPENSES

	(Nam Dollars)	
	For the year ended 31st March, 2009	For the year ended 31st March, 2008
Rent, Insurance, Rates & Taxes	-	-
Payment to Auditors:		
Taxation matters	11,409	-
Audit Fee 08-09	3,450	-
Audit Fee 07-08	-	6,843
Audit Fee 06-07	-	6,842
Deregistration charges	4,140	-
Secttl Admn Fee	-	2,925
	<u>18,999</u>	<u>16,610</u>
Loss on Adjustment of Assets on Winding up	712	-
<i>Sundries:</i>		
Travelling & Conveyance	-	-
Postage, Telephone & Courier service etc.	-	-
Loss in Foreign Exchange	361,071	258,753
Misc Expenses	21	-
Bank charges	3,599	2,457
TOTAL	<u><u>384,402</u></u>	<u><u>277,820</u></u>

: DETAILED INFORMATION :

1. Particulars of Directors' Remuneration:

	(Nam Dollars)	
	For the year ended 31st March, 2009	For the year ended 31st March, 2008
Foreign Allowances paid to Director	<u>Nil</u>	<u>Nil</u>
	-	-

Notes to Financial Statements (Contd..)

2. SHARE CAPITAL:

There is no change in the ordinary share capital at 31st March 2009, which stood at 3,967 shares of N\$1/- each issued against the initial expenditure incurred for the formation of the company. All the shares are held by the parent company, NMDC Limited.

3. UNSECURED LOANS:

During the year, the company received a sum of US\$3,200 as interest-free loan from the holding company, NMDC Limited, (formerly National Mineral Development Corporation Limited), Hyderabad, India to meet administrative expenditure in Namibia. The cumulative balance of the loan at 31st Mar 2009 stood at US\$ 265,529.36 (N\$2,519,494), (Previous year - US\$ 262,329.36 (N\$2,133,522)). As no revenue has been generated by the company so far, the loan amount has not been repaid. In view of the decision of the holding company, the entire amount of Loan has been written off in the books of the parent company.

4. REVENUE:

All the expenses of the company during the year were met out of the Interest-free loan received during the year from the holding company, viz., NMDC Limited, Hyderabad, India and no revenue accrued to the company.

5. INCOME STATEMENT:

During the year 2008-09, no activity was taken up by the company. The current year's expenses are confined to secretarial & audit

fee, bank charges etc incurred for administrative purposes.

6. TAXATION:

No provision for income tax was made, as the company did not have any income during the year. In view of the decision by the parent company to wind up the subsidiary, the company has not calculated tax loss during the year.

7. Other Notes:

Contingent Liabilities

There are no claims against the company, which are not acknowledged as debts at 31 March 2009.

Financial Instruments

In the normal course of its operations, the company is exposed to liquidity and foreign exchange risk. The company manages these risks as follows:

Foreign exchange risk:

The company does not hedge its exposure to foreign currency risk. The exposure as at 31-March-2009 was US\$265,130.90 (Previous year US\$ 261,207.22) at the exchange rate of US\$1 = N\$9.48857 (Previous year = N\$8.13299).

Liquidity risk:

The company has minimized its risk of liquidity by ensuring that it has adequate financial support from the holding company.

Fair value:

The director is of the opinion that the carrying value of financial instruments approximates fair value.

Related party transactions

The company is controlled by NMDC Limited (formerly National Mineral Development Corporation Limited), having its registered office at Hyderabad, India, which owns 100% of the company's shares.

Outstanding balances arising from inter-company transactions:

Payable to related parties: (refer to schedule 3 for outstanding balances).

Sd/-
(B. Govinda Rao)
Asst. General Manager
(Finance)

Sd/-
(Kumar Raghavan)
Director

Place : Hyderabad
Date : 31-Mar-2009



NMDC Limited

Registered Office : Khanij Bhavan, 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 173.

Website : www.nmdc.co.in