Dear Members,

Your Directors are pleased to present the 58th Annual Report on the performance of your Company, together with the Audit Report and Audited Accounts, for the year ended 31st March 2016 and the Report thereon by the Comptroller and Auditor General of India.

1.0 PERFORMANCE HIGHLIGHTS

During the year under review, the Company has recorded turnover of Rs.6,456 crores, achieved Profit Before Tax (PBT) of Rs.4,505 crores and achieved Profit after Tax (PAT) of Rs.3,028 crores.

The major performance highlights are summarized as under:

● Achieved production of 285.74 MT and sales of 288.39 MT

● Turnover for the year under review was Rs.6,456 crores compared to Rs.12,356 crores in the previous financial year 2014-15 recording a decrease of 48%.

● Profit before tax (PBT) was Rs.4,505 crores compared to Rs.9,768 crores in the previous financial year 2014-15 recording a decrease of 54%.

● Profit after tax (PAT) was Rs.3,028 crores compared to Rs.6,422 crores in the previous financial year 2014-15 recording a decrease of 53%.

● Net worth increased to Rs.30,106 crores as on 31.03.2016, 7% lower than Rs.32,326 crores in the previous financial year 2014-15.
The Company has declared Interim Dividends of Rs.11.00 per share for FY 2015-16 which is the highest ever dividend paid by the Company.

Capital expenditure of Rs.3,679 crore has been incurred during the year under review, which is the highest since inception in any year.

Incorporated two subsidiary companies - Jharkhand Kolhan Steel Ltd. and NMDC-SAIL Ltd.

The Board of Directors has approved buyback of equity shares in its meeting dated 07.06.2016 for 80,08,25,526 equity shares from the shareholders of the Company through the tender offer route @ Rs.94/- per share aggregating Rs.7,528 crores.

### PHYSICAL PERFORMANCE

#### Production

<table>
<thead>
<tr>
<th>Product</th>
<th>Achievement</th>
<th>Percentage of change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron Ore (lakh tonnes)</td>
<td>304.41 285.74</td>
<td>(-) 6.13%</td>
</tr>
<tr>
<td>Diamond (Carats)</td>
<td>35,085 35,558</td>
<td>1.35%</td>
</tr>
<tr>
<td>Sponge Iron (Tonnes)</td>
<td>28,994 6,614</td>
<td>(-) 77.19%</td>
</tr>
</tbody>
</table>

#### SALES OF IRON ORE

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Physical (in lakh tonnes)</th>
<th>Value (Rs. in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Achievement</td>
<td>% of change</td>
</tr>
<tr>
<td>Domestic</td>
<td>280.49 277.13</td>
<td>(-) 1.20%</td>
</tr>
<tr>
<td>Export through MMTC</td>
<td>24.67 11.26</td>
<td>(-) 54.36%</td>
</tr>
<tr>
<td>Total Sales</td>
<td>305.16 288.39</td>
<td>(-) 5.50%</td>
</tr>
</tbody>
</table>
3.1 Other Sales

<table>
<thead>
<tr>
<th>Products</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014-15</td>
</tr>
<tr>
<td>a) Diamond</td>
<td></td>
</tr>
<tr>
<td>Sales (carats)</td>
<td>38,789</td>
</tr>
<tr>
<td>Value (Rs. in crore)</td>
<td>50.06</td>
</tr>
<tr>
<td>b) Sponge Iron</td>
<td></td>
</tr>
<tr>
<td>Sales (tonnes)</td>
<td>25,191</td>
</tr>
<tr>
<td>Value (Rs. in crore)</td>
<td>48.09</td>
</tr>
<tr>
<td>c) Wind Power</td>
<td></td>
</tr>
<tr>
<td>Sales (lakh units)</td>
<td>176</td>
</tr>
<tr>
<td>Value (Rs. in crore)</td>
<td>5.96</td>
</tr>
</tbody>
</table>

4.0 FINANCIAL PERFORMANCE

4.1 Operating Results

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Achievement</th>
<th>Percentage of change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014-15</td>
<td>2015-16</td>
</tr>
<tr>
<td>Profit Before Tax (PBT)</td>
<td>9,768</td>
<td>4,505</td>
</tr>
<tr>
<td>(Rs. in crore)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit After Tax (PAT)</td>
<td>6,422</td>
<td>3,028</td>
</tr>
<tr>
<td>(Rs. in crore)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Worth (Rs. in crore)</td>
<td>32,326</td>
<td>30,106</td>
</tr>
<tr>
<td>Book value per share (Rs.)</td>
<td>81.54</td>
<td>75.93</td>
</tr>
<tr>
<td>Earnings per Share (Rs.)</td>
<td>16.20</td>
<td>7.64</td>
</tr>
</tbody>
</table>

4.2 Profit & Dividend

During the year under review, your Company has earned profit before tax of Rs.4,505 crores on a turnover of Rs.6,456 crores in comparison with previous year's achievement of Rs.9,768 crores and Rs.12,356 crores respectively.

The Company has declared first Interim Dividend for FY 2015-16 @ Rs.9.50 per share involving an outgo of Rs.3,766 crores. Second Interim Dividend for the financial year 2015-16 was declared @ Rs.1.50 per share involving an outgo of Rs.595 crores.

The total interim dividend paid aggregates Rs.11.00 per share.
The total interim dividends for the current year is Rs.4,361 crores. Share of Government with equity stake of 80% is Rs.3,489 crores. No final dividend has been recommended by the Board of Directors for the year under review.

Meltdown in the prices of commodities especially iron ore, weakening of Chinese demand and low cost capacity addition of iron ore affected the profitability of the Company substantially during the year under review.

4.3 TRANSFER TO RESERVES

The Company proposed to transfer an amount of Rs.400 crores from net profit to General Reserve.

4.4 MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURED BETWEEN THE END OF FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT.

- Nil

4.5 DEPOSITS

The Company has not accepted any deposits covered under Chapter-V of the Companies Act, 2013 during the year under review.

5.0 INTERNAL CONTROL SYSTEMS

Necessary disclosure in respect of Internal Control Systems and their adequacy has been made in Annexure-C to the Independent Auditors’ Report dated 27.05.2016 which forms part of the Annual Report.

6.0 (a) PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Necessary details in this regard have been disclosed in the financial statements.

(b) RELATED PARTY DISCLOSURE

Disclosures on related party transactions forms part of the Notes to the Balance Sheet both of Standalone and Consolidated.

7.0 (a) STATUTORY AUDITOR’S REPORT

The Audit Report for both Standalone and Consolidated Financial Statements for the FY 2015-16 is unmodified and does not contain any qualification, reservation or adverse remark.

(b) SECRETARIAL AUDIT REPORT

The Secretarial Audit Report for the FY 2015-16 by M/s Hanumanta Raju & Co., Company Secretary in whole time practice does not contain any qualification, reservation or adverse remark.

8.0 NEW PROJECTS & BUSINESS DIVERSIFICATIONS

8.1 Projects under construction

8.1.1 Bailadila Deposit - 11/B

With a strategic vision to augment production, the construction of Deposit 11B mine at an enhanced capacity
of 7.0 Million tons of ROM per annum has been taken up. The estimated capital expenditure towards this is Rs.607 crores. Out of this Rs.320 crores is for Plant and Rs.188 crores is for mining machineries. The plant was commissioned on 22/08/2016. There after PG tests of 11-B project (7 MTPA Capacity) were completed in Nov.25 and production commenced.

8.1.2 Kumaraswamy Iron Ore Project

As an addition to present Donimalai Iron Ore Mine and augmenting production Capacity, the construction of Kumaraswamy Iron Ore Mine with a capacity of 7.0 MTPA is being taken up with an estimated capital outlay of Rs.898.55 crores. MECON was appointed as the EPCM consultant. The entire project is being executed through six packages. Orders have been placed for all the packages and the major works have been completed. Integrated trial of crushing plant and downhill conveyor is in progress. Electrical substation charged. Service center facilities and water pipe line works are completed. Production is scheduled during the FY 2016-17.

8.1.3 1.2 MTPA Pellet Plant at Donimalai

One of the main objectives of this project is to prolong the life of the Tailing Dam at Donimalai by using slimes for making pellets. M N Dastur & Co. was appointed as the EPCM consultant. Execution of the Project is divided into Six Packages. The estimated capital expenditure is Rs.572 crores. Major works completed. MRSS Package was commissioned. Integrated Load Trails of Beneficiation Plant and Pellet Plant are in progress. Production of Pellets is scheduled in FY 2016-17.

8.1.4 3.0 MTPA Integrated Steel Plant in Chhattisgarh

As you are aware, your Company is setting up a 3.0 MTPA Integrated Steel Plant at Nagarnar near Jagdalpur in Bastar District of Chhattisgarh where the Company is in possession of about 2120 acres of land for the Steel Plant, township (Construction colony and Studio Apartments) and for other facilities.

 Necessary statutory clearances including Environmental Clearance from Ministry of Environment & Forests (MOEF) and the Government of Chhattisgarh have been obtained. Rail Transport Clearance was received and the Final Detailed Project Report of Railway siding is also approved by East Coast Railway, Government of Chhattisgarh has sanctioned water and power for construction as well as for operation of the plant. Regarding power for operation of the Steel Plant from Raipur through Chhattisgarh State Power Transmission Company Limited (CSPTCL) is progressing at site.

Engineering Consultancy and Project Monitoring Services contracts have been awarded to M/s. MECON Ltd.

For expeditious execution and commissioning of the Steel Plant, the nine Major Technological packages in respect of various production units viz. Sinter Plant, Blast Furnace Complex, Raw Material Handling System,
Coke Oven Plant, By Product Plant, Steel Melting Shop, Thin Slab Caster & Hot Strip Mill, Lime & Dolo Plant and Oxygen Plant have been awarded on turnkey basis to various global companies from countries like Germany, Italy, Austria, China, France, USA and several others. Major Indian Companies are also participating like L&T, BHEL, NCC, BEC & BEEKAY. Most of the auxiliary packages have also been awarded. Installation of the plant is moving at fast pace. Already more than 75% of major civil work has been completed and structural as well as equipment erection are at various stages of completion.

All critical packages required for commissioning of plant are tendered out and most of them are already awarded. So far, NMDC has invested Rs.9,162 crores in the Steel Plant.

8.1.5 Ore Beneficiation and Slurry Pipeline Transportation system from Bailadila to Vizag

The Slurry Pipeline Transportation System is intended for transportation of Pellet Feed Concentrate from Bailadila to Vizag via Jagdalpur along National/State Highways with a provision of partial off-take at Nagarnar for making Pellets required for feeding to NMDC’s proposed Steel Plant at Nagarnar. For first phase of implementation, investment proposal for construction of 2 MTPA Ore Processing Plant at Bacheli, 15 MTPA Slurry Pipeline system from Bacheli to Nagarnar and 2 MTPA Pellet Plant at Nagarnar was approved by NMDC Board.

Memorandum of Understanding for implementation of the Project with Chhattisgarh State Government was signed in May 2015 in presence of Prime Minister of India and Chief Minister of Chhattisgarh.

Various permissions for crossing Water bodies, Roads under PWD, National Highways and other district roads for laying the Slurry Pipeline have been received. Environmental clearance for setting up of the Pellet Plant has also been received. Activities for obtaining other clearances like MoEF clearance for Iron ore processing plant and Slurry Pipeline system, Consent for Establishment, Clearance from Railways for crossing railway tracks are in progress. Mecon is engaged as EPCM Consultant for this part of Project and basic engineering is completed.

8.1.6 Panthal Magnesite Project

J &K Mineral Development Corporation Limited (J & KMDC), a subsidiary of NMDC Limited has decided to set up a 30,000 TPA Dead Burnt Magnesia Plant at Panthal, Jammu.

M/s Dastur & Co is the EPCM consultant for this Project. The project is planned to be executed in four packages. Soil investigation work (Pkg-3) was completed. Execution of Balance civil and structural works (Pkg-4) is in progress. Letter for award of work for Pkg-1 for Material Handling, Material processing and kilns (technology package) has been placed on consortium of FLSmidth and IFCO, USA and contract agreement signed on 23.06.2015. MoEFCC, received a letter from H.K Governor of J&K and after examining the same and in view of proximity of the project to Holy Shrine of Vaishno Devi, MoEFCC has kept the Environment Clearance letter dated 03.05.2011 in abeyance. Accordingly, at present all the works at site are on hold. NMDC has taken up the issue with Govt of J&K for resolving the issue at the earliest.
8.1.7 (a) Screening Plant III at Kirandul Complex

MoEF has accorded 1st stage clearance in Jan’2012. Environment clearances was received on 05.11.2013. 2nd stage forest clearance was received on 10.04.2015. Tree cutting permission for major portion of land has been received. Tree cutting permission for the remaining land is yet to be received.

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

(b) Screening Plant II at Donimalai Complex:

To sustain production without interruption due to frequent breakdown of the existing screening plant, it is proposed to set-up a Screening Plant-II with Capital Outlay of Rs.400 Cr, which can handle / treat ore from either Kumaraswamy mine or Donimalai mine or both the mines. The installed capacity of this screening plant-II is to process Iron Ore up to 7 MTPA with a provision for handling additional 3 MTPA in future.

Applications have been submitted for obtaining statutory clearances, which are under process.

M/s M.N. Dastur & Co, Kolkata was appointed as EPCM Consultant.

8.1.8 Doubling of Railway Line between Kirandul and Jagdalpur

NMDC signed a MoU with Ministry of Railways on 21.12.2012 for doubling of rail line between Kirandul and Jagdalpur. The Project is required to augment evacuation capacity of Bailadila Sector by rail from the existing 28 MTPA to 40 MTPA of iron ore. The estimated Project cost is Rs.1,143.60 crores at 2013 price level and the expected date of commissioning is Jan’2019. An amount of Rs.300 crores has been deposited with East Coast Railways and the expenditure incurred as on 31.03.2016 is Rs.268.50 crores. For execution purpose, Railways has divided the 150 km length of doubling work into three Sections namely, Jagdalpur to Silakjori 45.50 km, Kirandul to Gidam 52.23 km and Silakjori to Gidam 52.73 km. Work is in progress in all three sections.

In section-I i.e., Jagdalpur to Silakjori, Track work has been completed in the 17 km stretch between Jagdalpur and Tokopal stations. After obtaining approval of Commissioner of Railway Safety (CRS) the said 17 km stretch will be opened for commercial operation.

8.1.9 Steel Plant at Bellary

In pursuance of the MoU signed between the Government of Karnataka and your Company, action for setting up of a 3 MTPA Integrated Steel Plant at Bellary, in the State of Karnataka has been initiated by the Company. Acquisition of about 3000 acres of land for the proposed steel plant through Karnataka Industrial Area
Development Board (KIADB) is under progress subsequent to publication of statutory preliminary notification in the gazette of Karnataka in this respect.

Govt. of Karnataka had issued final notification under Section 28(4) of KIAD Act 1966 declaring private land of about 2850 acres is acquired by state Govt. So far, the company has deposited Rs.637.20 crores with KIADB, being the cost of the private land plus service charges payable to KIADB in terms of the agreement executed between your Company and KIADB.

As a next step KIADB is presently disbursing the compensation to individual land owners and thereafter hand over the possession of land to NMDC.

Government of Karnataka also accorded approval towards allotment of water and power for operation of the proposed steel plant. M/s MECON has been engaged as consultant for preparation of Techno Economic Feasibility Report (TEFR).

### 8.1.10 Rail Link between Dalli-Rajhara-Rowghat-Jagdalpur Railway Line Project

Laying of Railway line from 0 to 17 km from Dalli-Rajhara to Dondi towards Rowghat has been completed. Work on the next phase i.e., from 18 to 42 km from Dondi to Kaveti is in progress. Construction of Rail line from Dalli-Rajhara to Rowghat 95 km is being co-ordinated by SAIL with Railways.

Rail link between Rowghat-Jagdalpur of 142 km length at an estimated cost of Rs.2000 crores is proposed to be implemented by a JV company incorporated by the name "Bastar Railway Pvt. Ltd." having equity participation of NMDC 43%, IRCON 26%, SAIL 21% and Govt. of Chhattisgarh 10%.

NMDC signed a MoU with IRCON, SAIL and Govt. of Chhattisgarh on 09.05.2015. NMDC released pooled fund of Rs.6.50 crores to IRCON on 30.07.2015 for taking up both route survey and preparation of feasibility report. Detailed survey from Jagdalpur to Kondagaon (70 km) is completed and Kondagaon to Rowghat (72 km) is in progress.
NMDC has projected rail traffic of 4 MTPA by 2017, gradually increasing to maximum of 10.5 MTPA by 2037. CMDC has projected rail traffic of 0.343 MTPA by 2017, gradually increasing to 4.90 MTPA by 2024. Based on the above Traffic projections, IRCON will prepare draft feasibility report and DPR. The Shareholders agreement (SHA) was signed on 20.01.2016.

8.2 NMDC Global

8.2.1 Australia

Legacy Iron Ore, Perth, Australia

Legacy Iron Ore Ltd is an ASX listed entity based in Perth, Australia with a focus on iron ore, gold and base metals. NMDC had participated in the Legacy Iron’s rights issue in August 2014 and subscribed to its portion of equity with an investment of A$12.11 million. Post rights issue, NMDC’s equity in Legacy Iron had increased from 48.82% to 78.56%.

Legacy is presently carrying out exploration in its 19 exploration tenements in Western Australia in Iron Ore, Gold and base metals. Legacy has 60% interest in Mt Bevan Iron Ore Project which has a JORC compliant Indicated and Inferred resource of 1.17 billion tonnes magnetite. Legacy’s major gold focus lies in the South Laverton region and base metals focus lies in the Koongie Park region of Western Australia.

8.2.2 International Coal Ventures Pvt. Ltd. (ICVL)

ICVL post acquisition of Benga mine at Mozambique had tried various options of cost reduction and minimize the cash loss in operation. The company had achieved significant reduction in cost compared to the pre acquisition era. However, with the depressed coking coal prices, the operations continued to make losses. The mining operations had stopped from 31st December 2015. ICVL is undertaking a strategic review for future course of action.
8.2.3 Kopano NMDC Minerals (Pty) Limited

The Board Meeting and AGM of Kopano NMDC Minerals Ltd was held on 20th May 2016. The company has proposed for tie ups with other companies in the present market scenario and develop coking coal and manganese projects both independently and jointly in South Africa.

8.2.4 Venture into Strategic Raw materials

Tungsten metal is of strategic importance due to its essential requirement in defence and aerospace sector and currently India meets its entire requirement through imports. NMDC is in discussions with defence PSUs for forging a strategic alliance to acquire/invest-in prospective tungsten mineral assets abroad.

8.3 Leases for minerals

8.3.1 Iron Ore

8.3.1.1 In respect of Bailadila-1 & 3

Your Company has filed Writ Petition before the Hon’ble High Court of Delhi against allotment of PL of Deposit-1 in favor of Tata Steel & PL of Deposit-3 in favor of ESSAR Steels. The Writ Petitions being heard before the Hon’ble High Court of New Delhi.

8.3.1.2 The PLs being pursued in Chhattisgarh

Your Company has applied 2 PL’s in Dantewada District and is pursuing the PLs with Chhattisgarh Government.

8.3.1.3 In Jharkhand

Sasangoda:

A JV Company (NMDC 60% & JSMDC 40%), Jharkhand National Mineral Development Corporation Limited (JNMDC) has been incorporated on 06.08.2012, with its registered office at Ranchi. DMG, Government of Jharkhand has granted PL for iron ore & Manganese in Sasangada NE area in favor of JNMDC Limited for a period of 3 years. Detailed Geological mapping and topographical survey have been completed. Forest Clearance application for conducting drilling and other exploration works is submitted online on MoEF &CC website. Lol has been issued for carrying out exploratory drilling in PL area. Drilling will commence once Forest Permission is obtained.

MoU with DMG, Jharkhand:

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

Your Company is pursuing for ML for Ramandurg and Kumarswamy Deposit (contiguous to ML No.1111). Ramandurg iron ore deposit is subjudice and pending in the Hon’ble Supreme Court of India. The Hon’ble High Court of Karnataka vide order dated 02.01.2014 has disposed of the case of Kumarswamy iron ore deposit providing relief to NMDC.

8.3.1.5 In Odisha

Your Company is pursuing for ML for Mankadnacha iron ore deposit.

8.3.2 Diamond

8.3.2.1 In Andhra Pradesh

Your Company is pursuing forest clearance for exploration in 3 PLs falling in the Forest area (Renewal application submitted) in Kalyandurg area, Anantapur District. Recommendation of DFO, CF, PCCF and Special Chief Secretary to Govt. Environment, Forest, Science and Technology Department, A.P. are also uploaded online. Now the proposals are pending with MOEF &CC, New Delhi. Once the Forest Permission is granted, exploration will be commenced in 3 PL areas.

Your Company has also applied two more prospective blocks for Diamond and Iron Ore in Anantapur district on 25.09. 2012 and 23.10.2013 respectively. NMDC has requested State Govt. to reserve these areas in favour of NMDC under 17A (2A) of MM (D&R) Amendment Act, 2015.

8.3.2.2 In Madhya Pradesh

Your Company has applied 17 Nos. of areas for Diamond and Iron ore (5 Prospective Blocks in Panna Dist., 5 PL’s in Tikamgarh Dist., 3 Large Prospective Blocks for Diamond, 3 Prospective Blocks for Iron Ore and 1 Prospective Block for various minerals like Diamond, Gold, PGE, Nickel, etc.).

Panna PL and Prospective Blocks:

Exploration to start after signing of Tripartite MoU among NMDC, MPMC & GoMP in rest of the 5 Prospective Blocks namely Karmatiya Prospective Block, Lakshmipur Prospective Block, Pali prospective block, Khirwa South and Khirwa West.
Tikamgarh PL's:

Based on RP works, 5 PL applications namely Acharra, Dargany Kalan, Jalandarpur, Sunrai Khas & Birorakhets were submitted to Mining Officer, Tikamgarh on 27.02.2013.

MoM, New Delhi requested Secretary, MRD, GOMP Bhopal, Controller General of IBM and Director General of GSI for their comments for grant of Prospecting License in Dargany Kalan and Jalandarpur in favour of NMDC under 4(2)(a) of Mineral (Evidence of Mineral Content) Rules, 2015 and Rule 7 of MCR, 1960 & 3A to 3E of MCDR, 1988. Your Company will start detail exploration in these areas after grant of PL.

Large area Diamond Prospective Blocks:

Your company has applied three large area Prospective Blocks namely Damoh Block, Chhattarpur Panna Block and Chhattarpur Panna Block 2 for diamond exploration. Exploration to start after signing of Tripartite MoU among NMDC, MPSMC & GoMP in these areas.

Iron Ore Prospective Blocks:

Three Prospective Blocks were applied for Iron Ore i.e. Sidhi Block, Bagrodha PF & Dulchipur RF and Dhaurra Village. GoMP has given permission to NMDC for prospecting works in Dhaurra area after getting statutory clearances from forest and revenue departments under Sub-section (1) of Section (4) of MM(D&R) Amendment Act, 2015. Exploration to start after signing of Tripartite MoU among NMDC, MPSMC & GoMP in these areas.

Prospective block for various minerals:

One area was applied for various minerals (Diamond, Gold, PGE, Nickel, etc.) in Jabalpur Katni Block (563 Sq. Km.). Exploration to start after signing of Tripartite MoU among NMDC, MPSMC & GoMP in this area.

8.3.3 Platinum Group of elements

8.3.3.1 In Uttar Pradesh

Your Company is pursuing for Tsganan area, Dangli and Dangli RF in Lalitpur District.

8.3.4 Coal

For Shahpur East & Shahpur West Coal Blocks:

- Hon’ble Supreme Court of India, cancelled all the coal blocks by Govt. of India vides its verdict dated 24.09.2014 both the Coal Blocks and MoC, GoI issued Ordinance on 21.10.2014. Thus, Shahpur East & Shahpur West Coal Blocks allotted to your Company were de-allocated.

- NMDC had made revised claims towards expenditure incurred during development activities to Ministry of Coal in respect of MOC’s circular No. 110/1/2014/NA dated 16.12.2015.

- As per the directives of Ministry of Coal, GoI, Coal Controller (HQ), Kolkata has returned Original Bank Guarantees in respect of Shahpur West Coal Block and Shahpur East Coal Block.

Coal Blocks allocation under Section-5 of the Coal Mines (Special Provisions) Act, 2015:

- As per the Section-5 of the Coal Mines (Special Provisions) Act, 2015, Your Company is trying to get Coking & Non Coking Coal Blocks for captive and commercial mining.
9.0 SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES MONITORING FRAMEWORK

a) NMDC has ten subsidiaries and stake in seven Associate / JV Companies. The names of these Companies and percentage of NMDC stake in these companies are as follows:

<table>
<thead>
<tr>
<th>NMDC Ltd.</th>
<th>Subsidiaries</th>
<th>JV Company</th>
<th>Associate Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>95.86%</td>
<td>J&amp;KMDC Ltd.</td>
<td>14.82%</td>
<td>Krishnapatnam</td>
</tr>
<tr>
<td>51%</td>
<td>NMDC-CMDC Ltd.</td>
<td>26.49%</td>
<td>Railway Co. Ltd.</td>
</tr>
<tr>
<td>100%</td>
<td>NMDC Power Ltd.</td>
<td>12.87%</td>
<td>International Coal Ventures Pvt. Ltd.</td>
</tr>
<tr>
<td>78.56%</td>
<td>Legacy Iron Ore Ltd. Australia</td>
<td>25%</td>
<td>Neelachal Ispat Nigam Ltd.</td>
</tr>
<tr>
<td>60%</td>
<td>Jharkhand National Mineral Development Corporation Limited</td>
<td>26%</td>
<td>Romelt-SAIL (India) Ltd.*</td>
</tr>
<tr>
<td>100%</td>
<td>Karnataka Vijaynagar Steel Ltd.</td>
<td>43%</td>
<td>Bastar Railway Private Ltd</td>
</tr>
<tr>
<td>100%</td>
<td>NMDC Steel Limited</td>
<td>50%</td>
<td>Kopano-NMDC Minerals (Pty) Ltd.</td>
</tr>
<tr>
<td>100%</td>
<td>Jharkhand Kolhan Steel Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>51%</td>
<td>NMDC-SAIL Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>NMDC SARL*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Under closure

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

i) All investments in these Companies are approved by the Board of Directors.

ii) The Company nominates its representatives on the Board of these Companies.

iii) The minutes of the meeting of these Companies are placed before the Board.

c) Incorporation of 2 subsidiary companies

i) A 100% subsidiary company by the name Jharkhand Kolhan Steel Ltd. was incorporated on 24.09.2015 to develop a steel plant in the State of Jharkhand through SPV route.

ii) NMDC-SAIL Ltd. with shareholding ratio of 51:49 between NMDC & SAIL was incorporated on 23.05.2016 for the purpose of setting up a mining SPV with CMDC.
10.0 ENVIRONMENT MANAGEMENT:

The Company has obtained Environmental clearance from Gol, MOEFCC, New Delhi for (i) Bailadila Iron Ore Project, Deposit-13 at Kirandul, Chhattisgarh for production capacity of 10 million tons per annum and (ii) Setting up of 2 MTPA Pellet Plant at Integrated Iron and Steel Plant complex at Nagarnar in Chhattisgarh. Expert Appraisal Committee, MOEFCC in its meeting held on 28.01.2016 has also recommended the project "setting up of 4 MTPA Iron Ore Beneficiation Plant at Bacheli along with Slurry Pipeline from Bacheli to Nagarnar" for Environmental Clearance. The Environmental Public consultation meetings held successfully for Bailadila Iron Ore Project, Deposit-4 on 07.12.2015 at Dantewada and on 10.03.2016 for proposed Screening Plant-II at Donimalai. The Company also obtained Terms of Reference from MOEFCC on 08.01.2016 for preparation of EIA report for obtaining Environmental clearance for capacity expansion of Bailadila Iron Ore Project, Deposit-14/11C, Kirandul from 12.0 to 20.0 MTPA. The Company is in process for obtaining Environmental clearances for other expansion projects.

The Company has obtained stage-1 forest clearances from MOEFCC for (i) diversion of 33.00 Ha forest land for construction of Iron Ore Beneficiation plant at Bacheli on 02.11.2015 and (ii) 4.01 Ha forest land for Transmission line of Pellet plant at Donimalai on 22.09.2015. The company is pursuing with State and Central Government for obtaining forest clearances for other proposals.

The company has participated in Chhattisgarh Hari Har during the year 2015 and contributed Rs.10.97 crores to C.G.R.V.V.N. Ltd., Raipur for undertaking 100-km road side tree plantation in state of Chhattisgarh. The company is undertaking all environmental pollution control works such as de-silting of check dams / check bunds, Tailing dams and construction of buttress walls at toe of waste dumps and Geo-coir matting on waste rock dumps for stabilization of dumps. The company is organizing environmental monitoring studies at all the production projects by engaging MOEFCC recognized laboratories. The studies indicated that PM10 PM2.5 SO2, NOx and CO levels at the projects are well within the prescribed limits as per MOEFCC/CPCB standards.

10.1 Sustainable Development Performance

Under S.D. programme, the Company has installed Sewage Treatment Plant with SBR technology at Bacheli at a cost of Rs.6.61 crores for treatment of township domestic waste water. The Company has taken up GHG assessment for the year 2014-15 and disclosed GHG emissions in Carbon disclosure project for first time. The similar studies for the year 2015-16 are also taken up for GHG assessment and disclosure in CDP.
11.0 SAFETY

Mine Safety - Activities

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

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

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

Corporate Level Tripartite Safety Committee Meetings are being held regularly once in a year at Head Office. 26th Corporate Level Tripartite Safety Committee Meeting of Bailadila Iron Ore Mines / Diamond Mining Project was conducted on 17.07.2015 and Donimalai Iron Ore Mine / Kumaraswamy Iron Ore Mine was conducted on 05.10.2015.

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

Man days lost per 1000 man days worked for the year 2014-15 is 0.14 and 0.34 for the year 2015-16.

12.0 ISO CERTIFICATION


Consultancy work of integrating all the four systems i.e. Quality Management System (QMS - ISO 9001:2008); Environmental Management System (EMS - ISO 14001:2004; Occupational Health & Safety Management System (OHSMS - OHSAS 18001:2007; Social Accountability (SA 8000) has been completed at all the projects viz. BIOM, Bacheli Complex; BIOM, Kirandul Complex; Donimalai Iron Ore Mine; Diamond Mining Project and R&D Centre.

Certifying body, M/s DNV Business Assurance India Private Limited, Hyderabad was appointed for BIOM, Bacheli Complex; BIOM, Kirandul Complex; DIOM and R&D Centre.

First Stage Audit completed at BIOM, Bacheli Complex and BIOM, Kirandul Complex. Certification Audit is scheduled in the month of May 2016 at both the Projects.

For DIOM and R&D Center Certification Audit has been completed and recommended for certification of all the four standards.

Certifying body, M/s RINA India Private Limited, Mumbai was appointed for Diamond Mining Project, Panna. Certification Audit completed and recommended for certification.
OHS Activities:

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

Safety Management System:

Safety Management system has been implemented in all our mines. Risk Assessment studies are being conducted regularly.

13.0 IMPLEMENTATION OF INTEGRITY PACT:

- With the objective of improving transparency in public procurement and contracts, we have entered into MoU with Transparency International India for implementation of Integrity Pact Programme during September 2007.
- We are one of the first Mining Navaratna Company to have entered into the Integrity Pact Programme during the year 2007.
- For covering the majority of the procurements initially (2007), the threshold values for entering into the Integrity Pact have been fixed as follows:
  
  Civil Works - Rs.50.00 crores  
  Contracts - Rs.50.00 crores  
  Procurement - Rs.15.00 crores

- To widen the coverage of Integrity Pacts, the threshold limits have been revised from 2009 onwards as follows:
  
  Civil Works - Rs.20.00 crores  
  Contracts - Rs.20.00 crores  
  Procurement - Rs.10.00 crores

1st Batch of IEM

1. Shri M. Gopalakrishna, IAS (Retd.), from 04.10.2007 to 30.09.2010.
2. Dr. S. Ramnarayan, Prof. ISB, Hyderabad, from 04.10.2007 to 30.09.2010.

2nd Batch of IEM

2. Dr. J.S. Juneja, Former Chairman, NSIC, from 01.10.2010 to 30.09.2013
3rd Batch of IEM
1. Shri Ajit Kumar Jain, IAS (Retd.), from 26.12.2013
2. Shri Ramesh Chandra Panda, IAS (Retd.), from 19.12.2013

The review meetings with IEMs are conducted regularly on a quarterly basis.

14.0 NMDC’s R&D Centre at Hyderabad

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

15.0 Global Exploration Centre, Raipur

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

16.0 Implementation of Official Language Policy

Your Company continued its efforts to successfully implement Official Language Policy of Govt. of India and related Act and Rules in its Headquarter, projects and units.

Hindi Workshops were conducted in every quarter at Headquarter and its Projects/units in order to impart training to Officers and employees to do their official work in Hindi. Training on Unicode Hindi Software was also imparted. Hindi Stenography training classes were conducted regularly. Meetings of Rajbhasha Representatives nominated in various departments of Head Office were conducted to give momentum and direction in increasing usage of Rajbhasha.

To propagate use of Official Language, cash incentive schemes for noting and drafting in Hindi, working on computer in Hindi, dictation in Hindi were operated. Hindi Fortnight was organized during which various competitions were conducted and prizes were distributed. To encourage use of Hindi, another innovative scheme named "Monthly Hindi Competition for Non-Hindi speaking personnel" has been started.

Meetings of Official Language Implementation Committees of Headquarter and various projects/units were conducted in every quarter. To monitor implementation of Official Language Policy and suggest ways and means to improve upon that, inspections of various projects and units were done and desk trainings were also conducted during such inspections. Various departments at Headquarter were also inspected.

A Seminar on Rajbhasha was organized under the aegis of Ministry of Steel for Officers of all the PSUs of the Ministry at New Delhi.

During the year Rajbhasha Technical Seminars were conducted. House Journal in Hindi "Khanij Bharati" was published from Head Office. Hindi / bilingual magazines viz Sarjana, Takaneeki Sopan, Takaneeki Khitiz, Baila Samachar, Bacheli Samachar, Doni Samachar, Nisp Patrika and NMDC Samachar, She News were published from Head Office and Projects.
Rajbhasha Trophy was awarded to NMDC Headquarter by Town Official Language Implementation Committee (Undertakings), Hyderabad-Secunderabad in recognition of commendable work done in field of implementation of Rajbhasha.

17.0 Details required to be furnished in terms of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED).

NMDC is looking to improve its Vendor base under MSE Category in procurement of goods. It always supports and encourages the participation of MSEs in various procurements duly indicating the concessions applicable for MSEs as per Govt. guidelines in all the tender documents. NMDC has given exclusive Expression of Interest for vendor empanelment of SC/ST MSEs during 2015-16.

During the FY 2015-16, NMDC has participated in various National and State Level Vendor Development Programmes/MSME Expo for Buyer - Seller meet at Hyderabad, Guntur, Raipur, Bangalore, Hubli, Tumkur and Shimoga.

18.0 Manpower

18.1 Employee-Employer relations

The overall industrial relations situation was peaceful and cordial during the year. There was no strike/lockout against the Company's policies affecting production and productivity.

18.2 Scheduled Castes & Scheduled Tribes

65 candidates belonging to Scheduled Caste and 79 candidates belonging to Scheduled Tribes were appointed in the year 2015 against 469 posts filled by direct recruitment.

18.3 Strength of SCs & STs as on 31st March 2016

1. Total number of employees = 5773
2. Scheduled Castes amongst them = 990
3. Scheduled Tribes amongst them = 1221
4. Total SCs and STs = 2211
5. Physically challenged employees = 63

18.4 Particulars of employees drawing remuneration of Rs.8.5 lakhs per month or Rs.1.02 crores per annum under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended.

NIL
18.5 **Staff Welfare activities**

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

18.6 **Promotion of Sports**

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

18.7 **Disclosure under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

No complaint has been received and no case has been filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the financial year 2015-16.

19.0 **HUMAN RESOURCES DEVELOPMENT**

- Human Resource Development activities embraced many structured, focused and progressive interventions during FY 2015-16 taking a further step into clustering of training families first time scientifically.
- Apart from training, seminars, conferences & symposium many other in-house customized training programs were conducted like mentoring & coaching, capability building program, senior management program for strategic growth, advance management program, program on MoU etc. Assessment Development Center was conducted for Succession Planning by covering 14 Executives in the level of E-7 and above. Under skill development program as an initiative of Government of India, a tripartite MoU was signed with NSDC and NSDF for skilling 1200 nos. of non-stakeholders.
- 229 ETs have been recruited in year 2015. All of them underwent induction program for one week and are undergoing training in all the projects of NMDC and reputed steel plants as a part of ETs one year training scheme.
- 40 Quality Circles were functioning throughout the year in association with Quality Circle Forum of India QCFI and bagged many par excellence & excellence awards in National Conference of Quality Circles (NCQC).
- HRMS Training Clustering prepared for 1255 Executives to facilitate tailor-made customized HRD programs.
- In-Company Training Programs: 333 Executives trained through 14 customized training programs under tie-up arrangements.
- External Training Programs: 849 Executives covered through 190 training Programs on various subjects.
- Foreign Training Programs: 25 Executives were sent abroad for exposure / AMP.
- Capability Building Program: 88 middle and senior level executives imparted training on "Capability Building & Mentoring" to develop leadership pipeline.
- NMDC participated in various business quizzes & case study contests organized by MTI, Ranchi, SCOPE, New Delhi, INSSAN, New Delhi etc. and bagged few Awards in the area of Case Study and HR related issues.
20.0  VIGILANCE

NMDC Vigilance Department guides and facilitates impartial, fair and transparent decision making and gives priority to preventive vigilance, with proactive measures. Department had taken several initiatives during the year. Various programmes were conducted for awareness on vigilance matters for the employees of the Corporation. Executives of Vigilance Department were nominated for training / workshops being organized in India.

Vigilance Department in NMDC is certified under ISO 9001:2008 conforming to the Quality Management System. It has been certified as per ISO standards since October 2006 by Integrated Quality Certification Private Limited, Bangalore. For re-certification of Quality Management System (QMS) of Vigilance Department, M/s. Integrated Quality Certification Pvt Ltd conducted an external audit on 22.1.2016 and the certification was extended up to 14.9.2018.

During the year (Apr, 2015 - March, 2016) 118 surprise checks, 96 regular inspections and 7 CTE type inspections were conducted. During period, 60 grievances were addressed in the CPGRAMS Portal. Complaints received were taken up for investigation and necessary disciplinary action wherever required was recommended.

Apart from these, the thrust area studies were conducted on following core activities:

1. Ore despatches by Rail and Road including penalty and demurrage payments, chemical analysis of ore.
2. Maintenance Contracts of HEMS(MARC & CAP)
3. Standardisation of specifications
4. CSR activities
5. Estate Matters

Guidelines for Banning of Business prepared by the Vigilance Department has been implemented.

In-house quarterly magazine of the Vigilance department "Sphoorthy" is being published periodically.

As part of implementation of “Leveraging of Technology for transparency” in all the transactions, information about limited tender enquiries above Rs.30 lakhs, details of contracts concluded above Rs.10 lakhs, works awarded on nomination basis, single tender basis above Rs.1 lakh, information regarding bill payments to the contractors etc., are provided on the company’s website. Efforts to encourage e-procurement, e-tender, e-auction are being made continuously.

NMDC has adopted implementation of Integrity Pact since November, 2007. The threshold limit of Rs.20 crores in case of civil works and contracts and Rs.10 crores in case of procurement is being followed. Till date, the Integrity Pact is entered into 75 contracts with a value of Rs.20,131.65 crores. As such, more than 90% of the total value of the contracts is covered under Integrity Pact. In addition, procurements through e-procurement and sales through are in place.
The Vigilance Awareness Week on the theme "Preventive Vigilance as a tool of Good Governance" commenced from 26.10.2015 to 31.10.2015 with the administration of pledge to all the employees. On 28.10.15 and 29.10.2015, a two day workshop on "Vigilance aspect in procurement".

Units of NMDC at - Kirandul, Bacheli, Donimalai, Panna, NISP, Nagarnar, Sponge Iron Unit and Regional Offices at New Delhi, Bangalore, Kolkata, Vizag etc., observed the Vigilance Awareness Week.

CVC's Annual Sectoral Review Meeting with CVOs of Steel and Mines Sector was held on 26.11.2015 at NMDC, Hyderabad.

21.0 DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 with respect to Directors Responsibility Statement it is hereby confirmed that:

(a) in the preparation of the annual accounts for the financial year ended 31.03.2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis; and

(e) the Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

22.0 DECLARATION ON MEETING THE CRITERIA OF INDEPENDENCE AS PER THE COMPANIES ACT, 2013

The Independent Directors have given a declaration on meeting the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013 in the FY 2016-17. The Board of Directors at its 495th meeting held on 27.05.2016 has noted the declaration as made by the Independent Directors.
23.0 NUMBER OF BOARD MEETINGS HELD

During the year under review 11 meetings of the Board was held. For further details, reference may kindly be made to Corporate Governance Section of the Annual Report.

24.0 IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Board at its 442nd meeting held on 19.01.2012 has approved the Risk Assessment and Risk Mitigation Policy / Enterprise Risk Management (ERM) of the company. Accordingly, the company has constituted a Board level Risk Management Committee comprising of all Functional Directors (excluding CMD) and one Independent Director.

The company as a part of its current Risk Management Policy has identified top 15 Risks That Matters (RTMs) and documented Mitigation Plan / Strategy for the same.

During the year under review, four meetings of the Board level Risk Management Committee were held.

25.0 NMDC STRATEGIC MANAGEMENT PLAN (NMDC VISION 2025).

The Board of Directors at its 485th meeting approved a long-term strategic management plan (SMP), ‘Vision 2025’, as per which its Iron ore Mining capacity was envisaged to be increased to 75 million tonnes per annum (MTPA) by 2018-19 and 100 MTPA by FY 2021-22. This was in line with the roadmap charted out by the Ministry of Steel, Government of India to augment India’s steel production to 300 MTPA in the next decade. SMP 2025 was formulated after extensive deliberations within the company across functional areas, adopting a bottoms-up approach to ensure ownership.

Since the formulation of SMP, the business environment for commodities/iron ore witnessed severe downturn, necessitating a re-look at the ambitious growth agenda. The prices of steel products and iron ore have come down significantly in the last one year. The subdued market conditions are likely to continue in the foreseeable future for both the steel and the iron ore industry globally, with supplies exceeding demand. Accordingly, ‘Vision 2025’ of the Company is under review to align the growth plan in line with global and Indian iron ore market scenario.

The expansion plan of NMDC takes into account the high prospects of the growth of the Indian Steel Industry in the coming years with several factors indicating the same, such as, thrust of the government on infrastructure development, growing urbanization, extensive plans of rail network expansion, improving power generation, etc. Low per capita steel consumption in the country at 61 kg/t vis-à-vis the world average of 208 kg/t also indicate the huge growth potential the Indian steel industry has.

Besides the expansion plan, the SMP approved by the Board in June, 2015 also envisaged introduction of systemic interventions in six strategic transformation areas - Business, Operations, Sustainability, Capital Projects, Human Resource and IT. Several

Graduation Ceremony - 2015 of NMDC sponsored tribal girls at Apollo College of Nursing, Hyderabad
initiatives in this respect are under implementation such as, License-to-Operate computer-based model (in which all the statutory approvals will be brought under one umbrella), setting up of Business Excellence Cell for working towards cost reduction, developing senior management dash board, etc. Thrust is also being given on profitability improvements programmes and strategic interventions in automation, technology and productivity.

26.0 DIRECTORS

The following Directors ceased to be Directors on the Board of the Company:

w.e.f.

i) Shri Rabindra Singh, Director (Personnel) 31.08.2015
ii) Dr. Noor Mohammad, Independent Director 25.11.2015
iii) Shri Vinai Kumar Agarwal, Independent Director 25.11.2015
iv) Shri Mahesh Shah, Independent Director 25.11.2015
v) Shri Narendra Kothari, CMD 31.12.2015

The following Directors were appointed on the Board of the Company:

w.e.f.

i) CA. Arun Kumar Srivastava, Independent Director 13.11.2015
ii) Smt. Bhagwati Mahesh Baldewa, Independent Director 13.11.2015
iii) Shri Rajesh Kumar Mangal, Independent Director 13.11.2015
iv) Shri Pradip Bhargava, Independent Director 27.11.2015
v) Dr. Syamal Kumar Sarkar, Independent Director 27.11.2015
vi) Shri S.M. Nigam, Independent Director 27.11.2015
vii) Shri Sandeep Tula, Director (Personnel) 03.08.2016

The Board places on record its deep appreciation for the valuable contribution made by Shri Rabindra Singh, Dr. Noor Mohammad, Shri Vinai Kumar Agarwal, Shri Mahesh Shah and Shri Narendra Kothari during their tenure on the Board of the Company.

Smt. Bharathi S. Sihag, AS & FA, Ministry of Steel, Govt. of India has been assigned the additional charge of the post of CMD w.e.f. 01.01.2016. Dr. T.R.K. Rao was assigned the additional charge of the post of Director (Personnel) from 01.12.2015 to 02.08.2016.
27.0 AUDIT

a. Statutory Auditors

On the advice of the Comptroller and Auditor General of India, New Delhi, your Company appointed the following firms of Chartered Accountants as Statutory Auditors of the Company for the year 2015-16:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Unit</th>
<th>Statutory Auditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Head Office, R&amp;D Centre, SIU &amp; Consolidation</td>
<td>M/s. Tej Raj &amp; Pal, Chartered Accountants 2nd Floor, 252 3RT, Central Bank of India Building, Opp. Vijay Nagar Colony Post Office Hyderabad-500057, Telengana</td>
</tr>
<tr>
<td>2</td>
<td>Kirandul Bacheli NISP, Jagdalpur Vizag Office</td>
<td>M/s. O P Totla &amp; Co., Chartered Accountants C-16, First Floor, Shyam Market, Near LIC Building, Pandri, Raipur-492004(C.G)</td>
</tr>
<tr>
<td>3</td>
<td>Donimalai</td>
<td>M/s. Vijay Panchappa &amp; Co. Chartered Accountants Maruti Complex II Floor Line Bazar Dharwad, Dharwad-580001</td>
</tr>
<tr>
<td>4</td>
<td>Panna</td>
<td>M/s. Gopal Gupta &amp; Co., Chartered Accountants 588, Mutthiganj, 1st Floor, Allahabad-211003(UP)</td>
</tr>
</tbody>
</table>

b. Cost Auditors

M/s Prasad Bharathula & Associates Cost and Management Consultants House No.2-4-911, Road No.6, Samatapuri Colony, Post. Saroornagar, HYDERABAD - 500 035

c. Secretarial Auditors

M/s D. Hanumanta Raju & Co. Company Secretaries B-13, F1, P.S. Nagar, Vijaynagar Colony Hyderabad - 500 057

28.0 IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005

All the provisions of the RTI Act 2005 are being complied with by the Company. In order to ensure timely disposal of RTI applications, PIOs have been appointed in each of NMDC’s Units. A close monitoring of the RTI applications received is done to ensure that the replies are sent in time.
The details of RTI applications received in Head Office and all the Units of the Company during the period 01.04.2015 to 31.03.2016 are as follows:

<table>
<thead>
<tr>
<th>Month</th>
<th>No of Applications received (Pending As on 01.04.2015)</th>
<th>Information Provided</th>
<th>Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2015*</td>
<td>32</td>
<td>19</td>
<td>01</td>
</tr>
<tr>
<td>May 2015</td>
<td>22</td>
<td>15</td>
<td>Nil</td>
</tr>
<tr>
<td>June 2015</td>
<td>25</td>
<td>30</td>
<td>Nil</td>
</tr>
<tr>
<td>July 2015</td>
<td>135</td>
<td>43</td>
<td>Nil</td>
</tr>
<tr>
<td>August 2015</td>
<td>54</td>
<td>129</td>
<td>02</td>
</tr>
<tr>
<td>September 2015</td>
<td>110</td>
<td>23</td>
<td>Nil</td>
</tr>
<tr>
<td>October 2015</td>
<td>81</td>
<td>47</td>
<td>20</td>
</tr>
<tr>
<td>November 2015</td>
<td>80</td>
<td>123</td>
<td>01</td>
</tr>
<tr>
<td>December 2015</td>
<td>60</td>
<td>74</td>
<td>16</td>
</tr>
<tr>
<td>January 2016</td>
<td>69</td>
<td>77</td>
<td>Nil</td>
</tr>
<tr>
<td>February 2016</td>
<td>28</td>
<td>45</td>
<td>02</td>
</tr>
<tr>
<td>March 2016</td>
<td>20</td>
<td>39</td>
<td>01</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>716</strong></td>
<td><strong>664</strong></td>
<td><strong>43</strong></td>
</tr>
</tbody>
</table>

* Includes previous year pending cases - 15

Pending as on 31.03.2016 - 07 Requests and 02 Applications have been transferred to other CPIOs.

Necessary disclosures under RTI Act, 2005 has been made in NMDC’s website under the link: https://www.nmdc.co.in/RightoInformationAct.aspx

**29.0 DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE. NIL**

**30.0 AWARDS RECEIVED BY THE COMPANY**

The details of awards received by the Company are as follows:

- HRD Awards: Corporate HRD participated in National Awards like NIPM, ISTD, Greentech etc. and bagged coveted Awards like Genentech Platinum Award, NIPM National Award & ISTD National Certificate for "Excellence in Training Activities" during the year 2015.

- "Rajbhasha Trophy" for the Year 2014-15 was awarded to NMDC Headquarter by Town Official Language Implementation Committee, Hyderabad-Secunderabad for commendable implementation of Rajbhasha on 10-10-2015.

- "Vishwa Mukti Rashtriya Rajabhasha Sammaan-2015" was conferred on NMDC for excellent implementation of Rajbhasha at a function organized at Vishakhapatnam on 16.11.2015.

- "Special Award for Implementation of Rajbhasha in C region" was given to NMDC Headquarter in a programme organized by Rajbhasha Sewa Sansthan at Goa on 10-05-2015.
"Rajbhasha Sri Sammaan" was awarded to BIOM, Kirandul Complex by Bharatiya Bhasha ewam Sanskriti Kendra, New Delhi at a function organized at Goa on 31-10-2015.

On 06th Jun’2015, CMD, NMDC received "India Pride Award-2015" under the category Metals, Minerals and Trade (including Mining) from Shri Arun Jaitley, Hon’ble Union Minister of Finance, Corporate Affairs & I&B.

On 23rd Jul’2015 NMDC received "India’s Top PSUs Award 2015" under the sector Mining - Metals & Minerals category" organized by Dun & Bradstreet.

On 8th October 2015, ED(NISP) received "IIIE Performance Excellence Award (Platinum category)" organized by IIIE.

On 14th November’2015, CMD, NMDC received "Tata Gold Medal" by the Indian Institute of Metals for the year 2015.

On 17th December’2015, NMDC received "Governance Now PSU Award" from 'Governance Now Magazine'.

31.0 VIGIL MECHANISM

NMDC being a PSU, the guidelines of Central Vigilance Commission (CVC) are applicable which provides adequate safeguard against victimization of the employees. No person has been denied access to the Audit Committee. The Board of Directors at its 451st meeting held on 20.09.2012 approved the internal Whistle Blower Policy of NMDC. In terms of the said Policy, CVO, NMDC has been designated as the Nodal Officer for implementation of Internal Whistle Blower Policy. The internal Whistle Blower Policy has also been uploaded on the intranet of the Company for information of all the employees.

32.0 DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OTHER THAN WHICH ARE REPORTABLE TO CENTRAL GOVT. - NIL

33.0 BUYBACK OF EQUITY SHARES BY THE COMPANY

The Board of Directors of the Company at its meeting held on 7th June, 2016 approved buyback of not exceeding 80,08,25,526 (Eighty Crore Eight Lakh Twenty Five Thousand Five Hundred and Twenty Six) equity shares of the Company (representing 20.20% of the total number of equity shares in the paid-up share capital of the Company), from all the members holding equity shares of the Company on a proportionate basis through the "Tender Offer" route at a price of Rs.94/- (Rupees Ninety Four only) per equity share of face value of Rs.1/- each payable in cash for an aggregate consideration not exceeding Rs.7527,75,99,499/- (Rupees Seven Thousand Five Hundred and Twenty Seven Crore Seventy Five Lakhs Ninety Nine Thousand Four Hundred and Ninety Nine only). The Buyback shall be not exceeding 25% of the aggregate of fully paid up share capital and free reserves of the Company as per audited accounts of the Company for the financial year ended March 31, 2016.

Approval of the shareholders of the Company has been sought by way of Special Resolution through postal ballot vide Postal Ballot notice dated 7th June 2016. Further, the Special Resolution was duly approved by the shareholders through Postal Ballot, the results of which were declared on 4th August, 2016. Public Announcement dated 4th August, 2016 was published in newspapers on 8th August, 2016. The Draft Letter of Offer (DLOF) was approved in the Buyback Committee.
34.0 IMPLEMENTATION OF ERP IN NMDC

ERP, as a business solution software suite, integrates various business activities and information flow in the organisation into a unified system. The broad advantages of ERP implementation are as follows:

- Increase in operational efficiency, productivity and responsiveness.
- Integration of various cross functional activities, procedures, systems. Native integration exists across all functional modules viz. Production, Maintenance, Finance, HR, Materials Management, Sales etc.
- Transparency and visibility of decision making.
- Provides visibility of business process end to end.
- Information is available in real-time.
- Easier Regulatory Compliance.
- Deloitte has been appointed as ERP Consultant.

Tender for procurement of ERP licenses and selection of Implementation Partner(IP) was issued on 23/03/2016. Offers received against this tender were opened on 15/06/2016 and are under evaluation. Go-live date for ERP implementation is scheduled for 01/07/2018.

35.0 REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER THE COMPANIES (ACCOUNTS) RULES, 2014 IS AT ANNEXURE-I.

36.0 CORPORATE GOVERNANCE

Report on Corporate Governance is at Annexure-II

37.0 REPORT ON MANAGEMENT DISCUSSIONS AND ANALYSIS

A Report on Management discussions and Analysis as required in terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is at Annexure-III.

38.0 EXTRACT OF ANNUAL RETURN UNDER SECTION 92(3) OF THE COMPANIES ACT, 2013.

The extract of Annual Return as provided under Sub-Section (3) of Section 92 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is at Annexure-IV.

39.0 SECRETARIAL AUDIT REPORT

Secretarial Audit Report in Form No.MR-3 pursuant to Section 204(1) of the Companies Act, 2013 is at Annexure-V.

40.0 BUSINESS RESPONSIBILITY REPORT

In compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Business Responsibility Report (BRR) is at Annexure-VI.

41.0 GLOBAL COMPACT - COMMUNICATION ON PROGRESS

Report on compliance with principles of Global Compact is at Annexure-VII.
42.0 STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES (FORM AOC-1) IS ENCLOSED AT ANNEXURE-VIII.

43.0 REPORT ON CSR ACTIVITIES

The Company has in place a Board approved Corporate Social Responsibility.

The major focus of the CSR activities of the company are primarily in the following areas:

i. Education promotion
ii. Health care, Water & Sanitation
iii. Infrastructure development
iv. Integrated Development of Villages
v. Skill development for sustainable income generation

Report in terms of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is at Annexure-IX.

44.0 ACKNOWLEDGEMENT

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

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

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

(Bharathi S. Sihag)
Chairman-cum-Managing Director

Place : New Delhi
Date : 12th August, 2016

Under Skill India Initiative of Govt. of India, NMDC is organizing programmes for non-NMDC stakeholders in partnership with NSDC