

# BOARD COMMITTEES

## Audit Committee

### Brief description of terms of reference

i.

The role of the Audit Committee shall include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Sec 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue etc) the statement of funds utilized for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency the utilization of proceeds of a public or right issue, and making appropriate recommendation to the Board to take up the steps in the matter.
- Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors and/or auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- To review the follow up action on the audit observations of the C&AG audit.
- To review the follow up action taken on the recommendations of Committee on Public Undertakings of the Parliament.
- Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
- Review and pre-approve all related party transactions in the Company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions.
- Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
- Consider and review the following with the independent auditor and the management:
  - The adequacy of internal controls including computerized information system controls and security;
  - Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.

- Consider and review the following with the management, internal auditor and the independent auditor:
  - Significant findings during the year, including the status of previous audit recommendations.
  - Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

The Audit Committee consists of the following Directors:

- Shri Y.K. Sharma, Independent Director and Chairman (w.e.f. 14.07.2010)
- Shri S. Venkatesan, Director (Production)
- Lt. Gen. (Retd.) Arvind Mahajan, Independent Director and Member (w.e.f. 14.07.2010)
- Shri R.N. Aga, Chairman (upto 03.06.2010)
- Dr (Mrs.) Indira Misra, Member (upto 03.06.2010)
- Ms Teresa Bhattacharya, Member (upto 23.12.2010)
- The Company Secretary acted as the Secretary to the Audit Committee as was laid down under the provisions of clause 49.
- Shri S. Thiagarajan, Director (Finance), Representatives of Statutory and Internal Auditors, Functional Directors, besides, Head of Audit and Executives of other Departments are invited on need basis.

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

During the year under report, six meetings of the Audit 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	16.04.2010	4	3
2	22.05.2010	4	4
3	02.08.2010	4	3
4	23.09.2010	4	4
5	27.10.2010	4	4
6	01.02.2011	3	3

iv. Attendance of each Director at the Audit Committee meetings

Sl.No.	Name of the Director	No. of meetings Held	No. of meetings attended
1	Shri R.N. Aga (upto 03.06.2010)	2	2
2	Shri Y.K. Sharma	4	4
3	Dr. (Mrs.) Indira Misra (upto 03.06.2010)	2	2
4	Ms. Teresa Bhattacharya (upto 23.12.2010)	5	4
5	Shri S. Venkatesan	5	4
6	Lt. Gen. (Retd.) Arvind Mahajan (w.e.f. 14.07.2010)	4	4

4. Remuneration Committee

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

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

Sl.No.	Name
1	Shri R.N. Aga, Independent Director & Member
2	Shri Y.K. Sharma, Independent Director & Member
3	Shri K.S. Raju, Independent Director & Member
4	Director (Personnel), NMDC, Secretary, to attend as Special Invitee.

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

During the year under review, 1 meeting of the Remuneration Committee was held on 28th April, 2010. All the Directors attended the meeting of the Remuneration Committee.

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

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

The details of remuneration paid to Functional Directors during the financial year 2010-11 are as follows:

(In Rs.)

Sl. No.	Name of the Director	Pay & Benefits	Contribution to PF & other funds	Other benefits	Total
1	Shri Rana Som Chairman-cum-Managing Director	26,91,548	2,12,865	21,76,400	50,80,813
2	Shri V.K. Sharma, Director (Commercial)	21,81,176	1,89,712	14,53,539	38,24,427
3	Shri S. Venkatesan, Director (Production)	22,39,491	1,85,189	14,18,320	38,43,000
4	Shri N.K. Nanda, Director (Technical)	23,08,177	1,83,699	14,04,420	38,96,296
5	Shri S. Thiagarajan, Director (Finance)	22,82,532	1,80,683	13,79,504	38,42,719
6	Shri G.B. Joshi, Director (Personnel) (w.e.f. 13.08.2010)	15,49,148	1,16,578	10,16,817	26,82,543
		<b>1,32,52,071</b>	<b>10,68,726</b>	<b>88,49,000</b>	<b>2,31,69,797</b>

# As per existing pay scales

## Notice period of 3 months or salary in lieu thereof is required for severance of service.

1. The Company has not introduced any stock option scheme.
2. The remuneration does not include the provision made on actuarial valuation of retirement benefit schemes and provision made for post retirement medical benefits as the same is not separately identifiable for individual directors.

During the year under review, the part-time Directors (Independent Directors) were paid sitting fees of Rs.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.

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

S.No.	Name of the Director	Sitting Fees (in Rs.)
1	Shri Y.K. Sharma	1,40,000
2	Shri Abdul Kalam	1,60,000
3	Shri K.S. Raju	2,40,000
4	Lt. Gen.(Retd.) Arvind Mahajan (w.e.f. 01.04.2010)	2,00,000
5	Shri R.N. Aga (upto 03.06.2010) (reappointed w.e.f. 03.12.2010)	1,00,000
6	Mrs. Parminder Hira Mathur (w.e.f. 03.12.2010)	40,000
7	Shri Dronadeb Rath (w.e.f. 03.12.2010)	40,000
8	Dr. (Mrs.) Indira Misra (upto 03.06.2010)	40,000
9	Ms. Teresa Bhattacharya (upto 23.12.2010)	80,000
10	Shri S. Venkatesan	-
	<b>Total:</b>	<b>10,40,000</b>

\* Sitting Fees is not payable to Shri. S. Venkatesan, Director (Production)

**No. of Equity Shares of the Company held by Directors as on 31st March, 2011.**

<b>S.No.</b>	<b>Name of the Director</b>	<b>No. of Shares of the Company</b>
1	Shri Rana Som, Chairman-Cum-Managing Director	NIL
2	Shri V.K. Sharma, Director (Commercial)	60
3	Shri S. Venkatesan, Director (Production)	120
4	Shri N.K. Nanda, Director (Technical)	320
5	Shri S. Thiagarajan, Director (Finance)	NIL
6	Shri G.B. Joshi, Director (Personnel) (w.e.f. 13.08.2010)	100
7	Shri S. Machendranathan, Govt. Nominee Director	NIL
8	Shri U.P. Singh, Govt. Nominee Director	NIL
9	Shri R.N. Aga (re-appointed w.e.f. 03.12.2010)	NIL
10	Shri Y.K. Sharma	NIL
11	Shri Abdul Kalam	NIL
12	Shri K.S. Raju	NIL
13	Lt. Gen.(Retd.) Arvind Mahajan (w.e.f. 01.04.2010)	NIL
14	Mrs. Parminder Hira Mathur (w.e.f. 03.12.2010)	NIL
15	Shri Dronadeb Rath (w.e.f. 03.12.2010)	NIL

**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 (Commercial)
3. Director (Production)
4. Director (Technical)
5. Director (Finance)
6. Company Secretary
7. Dy. Secretary

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

Sl.No.	Date	Strength of Share	No. of Members present Transfer Committee
1	19.04.2010	7	7
2	21.05.2010	7	7
3	15.07.2010	7	6
4	26.08.2010	7	7
5	21.09.2010	7	7
6	28.10.2010	7	7
7	25.11.2010	7	7
8	19.01.2011	7	7
9	05.02.2011	7	7
10	24.02.2011	7	7

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

Sl.No.	Name of the Member	No. of meetings held	No. of meetings attended
1	Chairman-cum-managing Director	7	7
2	Director (Commercial)	7	7
3	Director (Production)	7	6
4	Director (Technical)	7	7
5	Director (Finance)	7	7
6	Company Secretary	7	7
7	Dy. Secretary	7	7

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

iii. Details in respect of shareholders' complaints:

- No. of shareholders complaints received so far - 3,280 (3,239 related to FPO).
- No. not solved to the satisfaction of the shareholders- Nil
- Number of pending complaints- Nil

## 6. Shareholders'/Investors' Grievance Committee

**Composition:** The Board has constituted the Shareholders'/Investors' Grievance Committee comprising Chairman of Audit Committee (Chairman of the Committee) and Director (Production) and Director (Finance) as Members. During the year 3 meetings were held on 02.08.2010, 27.10.2010 and 12.01.2011.

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

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

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

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

## 7. General Body Meeting

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

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

AGM No.	Venue	Date & time	Special Resolutions passed
50th AGM	Regd. Office, Hyderabad	08.08.08 at 1530 hrs	Five
51st AGM	Regd. Office, Hyderabad	29.08.09 at 1530 hrs	Seven
52nd AGM	Ravindra Bharati, Saifabad Hyderabad	05.08.10 at 1430 hrs	One

- During the year 2010-11, there was no occasion to resort to Postal Ballot for consideration of the shareholders of the Company.

## 8. Disclosures

- There are no 'materially significant related party transactions' that may have a potential conflict with the interests of Company at large.
- There was no case of non-compliance of statutory provisions of the Companies Act, 1956 or SEBI Regulations or provisions of Listing Agreement, or any other statutory authority. These authorities have not passed any strictures or imposed any penalty on the Company on any matter related to capital markets during last three years.

- iii. In respect of Whistle Blower Policy, no personnel of the Company has been denied access to the Audit Committee.
- iv. As on the date of Report, the Company has complied with the requirement of Clause 49 and DPE Guidelines on Corporate Governance.

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

● **The Board:**

The Chairman cum Managing Director of the Company who is in whole time employment, is the Chairman of the Board. Therefore, there is no need for maintenance of a separate Chairman's office. Independent Directors are appointed by Ministry of Steel, Govt. of India for a tenure not exceeding three years. No independent Directors has served in aggregate for a period of nine years.

● **Remuneration Committee:**

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

● **Shareholder Rights:**

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

● **Audit Qualification:**

The Company always aims to present unqualified financial statements.

● **Training of Board Members:**

The Directors of the Company are nominated for suitable training / programmes / seminars from time to time.

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

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

● **Whistle Blower Policy:**

NMDC being a PSU, the guidelines of Central Vigilance Commission (CVC) are applicable which provides adequate safeguard against victimization of the employees. No person has been denied access to the Audit Committee.

- v. Other than the sitting fees paid (Rs.10,000/- per sitting as determined by the Government of India), part-time Directors have no pecuniary relationship or transactions with the Company during the year under report.
- vi. Details of Presidential Directives issued by Central Government and their compliances during the year and also in the last 3 years:

The Company is following the Presidential Directives and guidelines issued by the Government of India from time to time regarding reservation for SCs, STs and OBCs. As per the 'Presidential Directives' received from the Ministry of Steel vide letter No.12(65)/2008-RMI dated 01.05.2009, the revised pay scales and allowances of the Board level and below Board level have been implemented w.e.f. 01.01.2007.

- vii. Items of expenditure debited in books of accounts, which are not for the purposes of the business.  
Nil.
- viii. Expenses incurred which are personal in nature and incurred for the Boards of Directors and Top Management.  
Nil
- ix. Details of Administrative and Office expenses as a percentage of total expenses - 3.43%.

**9. Means of communication**

**(a) Quarterly Results:**

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

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

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

**(b) Website**

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

**10. General Shareholders Information**

**i. AGM date, time and venue**

Date	Time	Venue
20.09.2011	1500 hrs	Grand Ball Room, Hotel Taj Krishna, Road No.1 Banjara Hills, Hyderabad - 500 034

**ii. Financial Calendar for 2011-12**

1st quarter results	(Unaudited)	on or before 14.08.2011
2nd quarter results	(Unaudited)	on or before 14.11.2011
3rd quarter results	(Unaudited)	on or before 14.02.2012
4th quarter results	(Audited)	on or before 30.05.2012

**iii. Date of Book Closure : From 17.09.2011 to 20.09.2011 (both days inclusive)**

**iv. Dividend Payment date**

Dividend to be paid within 30 days of declaration as per the provisions of the Companies Act, 1956.

**v. Listing on Stock Exchanges**

NMDC shares are listed on Stock Exchanges at Bangalore, Chennai, Mumbai, Kolkata, New Delhi and National Stock Exchange, Mumbai. Listing Fees for the year 2011-12 has been paid to all the Stock Exchanges.