

PRESS MEET

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1.0 CONTRIBUTION TO INDIAN ECONOMY

Incorporated in 1958, NMDC has grown from strength to strength and it is well on its path to nation building. Its contribution to the Indian economy until the financial year 2007-08 can be summarized as under:

- It has earned foreign exchange to the tune of Rs.13,400 crore.
- It has been paying dividend since 1990-91. The Government of India has so far been paid a sum of Rs.2,022 crore.
- It has issued bonus shares in the ratio of 2:1 (2 bonus shares for every one equity share held) in June 2008. The Government of India's shareholding in NMDC has therefore gone up from Rs.130 crore to Rs.390 crore.
- Its gross contribution to the national exchequer during the year 2007-08 was Rs.2,761 crore.
- It has 5,475 employees as on 31 July 2008.

NMDC has grown from a single-product-single-customer Company to a major Indian iron ore supplier in the national and international markets. In 2007-08, it produced about 30 million tonnes of iron ore and by 2014-15, it will step up its iron ore production to 50 million tonnes.

2.0 RECORD PERFORMANCE

NMDC's performance during the year under report has surpassed all its previous record achievements in most of the parameters. In summary, they are:

- ▮ Turnover touched a new high of Rs.5,711 crore, breaking the previous year's record of Rs.4,186 crore by 36%.
- ▮ Profit Before Tax shot up to Rs.4,947 crore, 41% higher when compared with the previous year's Rs.3,498 crore.
- ▮ As an MoU signing PSE with the Government of India, NMDC's performance during the year qualifies for 'Excellent' rating.
- ▮ Total excavation reached 399.19 lakh tonnes, registering an increase of 9% over the previous year's achievement of 367.14 lakh tonnes.
- ▮ ROM production went up to 306.24 lakh tonnes, an increase of 10% over the previous year's production of 277.30 lakh tonnes.
- ▮ Lump+finer production touched a record of 298.16 lakh tonnes, which is 10% over the previous year's 271.77 lakh tonnes.
- ▮ Iron ore sales increased to 298.16 lakh tonnes, ie, 14% increase over the previous year's sales of 262.25 lakh tonnes.
- ▮ Supply of iron ore to domestic industries recorded 244.06 lakh tonnes as against the previous year's supply of 223.28 lakh tonnes, an increase of 9%. Total export of iron ore during the year was 37.78 lakh tonnes against 32.61 lakh tonnes in the previous year, an increase of 16%.

In June 2008, NMDC issued bonus shares in the ratio of 2:1 (2 bonus shares for every one equity share held).

3.0 PHYSICAL PERFORMANCE

3.1 Production

Product	Achievement		Percentage change
	2006-07	2007-08	
Iron Ore (lakh tonnes)	271.77	298.16	(+)9.7

As a result of stoppage of Diamond mining activities at Panna from 22 Aug 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 Apr 2006, there is no production of diamonds during the year.

However, in its order dated 13 August 2008, the Hon'ble Supreme Court has approved our resumption of the Panna Diamond Mining Project subject to certain conditions on payment of NPV, depositing 5% of the capital cost for undertaking conservation and protection in the Panna National Park & Panna (Gangao) Wildlife Sanctuary, etc. A Committee under the Chairmanship of the Chief Wildlife Warden will monitor the project by prescribing various safeguards for operation of the mines, approval of mine closure plan, etc.

3.2 Sales of Iron Ore

NMDC could increase the market potential both in domestic and export markets.

The domestic sale has increased to a record high of 244.06 lakh tonnes compared to the previous year's record sale of 223.28 lakh tonnes, an increase of 9.3%. Including low grade ore, the export sales work out to 37.78 lakh tonnes, when compared to previous year's sale of 32.61 lakh tonnes.

Product	Achievement		Percentage change
	2006-07	2007-08	
Domestic	223.28	244.06	(+)9.3
Export through MMTC	32.61	37.78	(+)15.9

In this context I wish to share with you two aspects of iron ore sales.

One: The total export of iron ore during the year was 3.78 million tonnes as against the production of 29.82 million tonnes, which is to say that the export was only 12.68% of the production. The primacy is given to the domestic sector is part of NMDC's endeavour in contributing to the nation building.

Two: While there has been steep increase in iron ore prices, NMDC was obliged to increase the iron ore prices as per the provisions of the long-term contract with the domestic customers. However, the Company took a conscious decision to restrict the hike to a flat rate of Rs.574/- per tonne since October 2007 in order to ensure that the resultant increase in cost of steel making does not exceed Rs.860 or so. This was done in the overall interest of the nation.

3.3 Sales of Diamond

Product	Achievement		Percentage change
	2006-07	2007-08	
Sales (carats)	14,588.00	2,632.00	(-)82.0
Value (Rs. in crore)	10.60	3.75	(-)64.6

3.4 Sales of Silica Sand

Product	Achievement		Percentage change
	2006-07	2007-08	
Sales (lakh tonnes)	0.37	0.02	(-)94.6
Value (Rs. in crore)	1.34	0.09	(-)93.28

4.0 FINANCIAL PERFORMANCE

4.1 Operating Results

Parameter	Achievement		Percentage change
	2006-07	2007-08	
Profit Before Tax (Rs. in crore)	3498.31	4,947.47	(+)41.4
Net Worth (Rs. in crore)	5774.13	8,265.10	(+)43.1
Book value (Rs.)	436.91	625.38	(+)43.1
Earnings per Share (Rs.)	175.56	245.99	(+)40.1

Note:

- i. Both Book Value and Earnings per Share are based on the pre-bonus issue with face value of Rs.10 per share.
- ii. The Company split the face value of the shares to Re.1/- per share on 21 April 2008 and the shareholders were allotted two bonus shares for every one equity share held. The record date for the purpose was 22 May 2008. Accordingly, the EPS, post split and bonus would work out to Rs.8.20.

4.2 Profit & Dividend

NMDC earned a profit (before tax) of Rs.4,947.47 crore, an all-time record, on a turnover of Rs.5,711 crore in comparison with those of the previous year's achievement of Rs.3,498.31 crore on Rs.4,186 crore.

The Company paid a total sum of Rs.651.53 crore as the dividend for the year 2007-08 as against Rs.465.19 crore of the previous year.

In June 2008, NMDC issued bonus shares in the ratio of 2:1 (2 bonus shares for every one equity share held).

5.0 NEW PROJECTS & BUSINESS DIVERSIFICATIONS

GENERAL

The iron ore requirement is ever growing with the increasing demand for steel from infrastructure and manufacturing and construction sectors. NMDC has geared up to meet, at least, in part the increasing demand of iron ore. The mission is to achieve 50 million tonnes of iron ore by 2014-15. The capacities of the existing mines are being expanded by upgrading equipment. A new mine, Bailadila deposit-11/B, with a capacity of seven million tonnes will be opened by 2009. The Kumaraswamy deposit, which is now being developed for an annual production of capacity of three million tonnes, will be ramped up to seven million tonnes.

In June 2008, the joint venture company, NMDC-CMDC Limited, was incorporated at Raipur, to develop Bailadila deposit-13 for priority allocation of ore from this mine to the steelmakers in the State of Chhattisgarh, in terms of the Memorandum and Articles of Association.

VALUE ADDITION

NMDC believes in value addition to the ore where it is mined. NMDC is now directing its resources to diversify into steel making. An integrated steel plant with a capacity of three million tonnes per annum will be set up in the State of Chhattisgarh. Being a green field project, the investment would be in the range of Rs.12,000 crore.

i. Projects under construction

a. Bailadila-11/B

The project, with a revised capital outlay of Rs.468 crore for a capacity of 3.0 million tonnes of ROM per annum (which will be expanded to 7.0 million tonnes of ROM per annum), commenced the construction on 1st Jan 2007. Work orders on major packages have been issued and the construction at site is in progress. The project is likely to be commissioned during the last quarter of 2009.

b. Uniflow System at Bacheli

Uniflow system consists of construction of the uniflow dispatch line at Bacheli on KK line of East Coast Railways of Waltair Division, including slewing of fine ore and lump ore loading lines of Bailadila deposit-5 to achieve disruption-free movement of rakes at Bacheli. Railways have been entrusted with this work as a deposit work. The construction work is in progress and will be completed during 2008-09.

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

To meet the increased production demands and considering the lower lump recoveries anticipated in the years to come, the Fourth Line is being added in the Screening Plant-II of the Kirandul complex. The work, awarded on 2 Nov 2006, is in progress and is expected to be completed during 2008-09.

d. Slime-based Pig Iron Plant at Jagdalpur

NMDC has been looking for a suitable process/technology for making pig iron. The search has zeroed in on HiSmelt technology developed by HiSmelt Corporation Pty, Australia, Rio Tinto group, which has set up a commercial plant of 0.8 MTPA in Australia, has given a conceptual report. This is under consideration, including the requirement of the testing and evaluation of our slimes in Australia.

e. Merger of Sponge Iron India Limited

The proposal to merge SIIL with NMDC as per the decision of the Government of India conveyed vide its letter dated 28 March 2006 is in progress. Upon merger, NMDC is contemplating to expand the capacity of the Plant at Paloncha.

f. Kumaraswamy Iron Ore Project

Planned with an initial production capacity of 3.0 million tonnes per year, which will be expanded to 7.0 million tonnes per year, consultancy contract was awarded to Mecon Limited. The work could not be progressed as planned because of the stay order by the Hon'ble High Court of Karnataka.

g. Windmill in Karnataka

NMDC is installing a windmill in the State of Karnataka with an initial capacity of 10 MW expandable to 20 MW. The work is awarded to Suzlon in March 2008 and is scheduled for completion during the year 2008-09.

h. Low Silica Limestone Project, Arki (HP)

The project continues to be under 'care and maintenance'.

ii. Joint Ventures

a. Bailadila Iron Ore Deposit-13

Subsequent to signing the the Shareholders'-cum-JV Agreement on 30 March 2007, action is on hand to get the Joint Venture Company incorporated.

b. 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, NMDC 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.

c. Coal ventures abroad

NMDC has joined the Special Purpose Vehicle, a Joint Venture amongst SAIL, RINL, CIL, NMDC and NTPC. The SPV is being formed to secure metallurgical coking coal and thermal coal supplies from overseas.

iii. Business Diversification

a. Integrated Steel Plant in CG

NMDC has decided to set up an integrated steel plant of three million tonnes per annum in the State of Chhattisgarh. With this NMDC will be foraying into value addition to the iron ore its produces from the Bailadila region.

The project, estimated to cost about Rs.14,000 crore, is being set up at Nagarnar, where NMDC had plans to set up a pig iron plant using the slimes of NMDC as the major input using Romelt technology. Since the process of getting Romelt technology could not fructify and sourcing of other technologies is taking time, NMDC has decided to set up the proposed integrated steel plant at Nagarnar.

The Hon'ble Steel Minister Sri Ram Vilas Paswan and the Hon'ble Chief Minister of Chhattisgarh Dr Raman Singh will be laying the foundation stone to the proposed integrated steel plant at Nagarnar on 3 September 2008.

c. Exploration of coal in WB

NMDC is envisaging a joint venture with the West Bengal Mineral Development & Trading Corporation Limited for exploring coal blocks allotted to them in the state of West Bengal.

6. ENVIRONMENT MANAGEMENT

NMDC prompted to design, develop, document and implement Environmental Management Systems in line with ISO 14001 standards at all its Iron Ore and Diamond production projects, with the aim of strengthening and achieving continuous improvement in environmental performance.

- The four major production projects, Bailadila Dep-14/11C, Dep-5, Donimalai and Diamond Mining Project have been accredited with ISO 14001-2004 EMS by M/s DNV, Hyderabad.
- The Corporate approach to environmental management seeks continuous improvement in performance by taking account of evolving scientific knowledge and community expectations.
- Environmental monitoring studies at all the production projects have been successfully completed for the year 2007-08 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 limits.

7. ISO CERTIFICATION

NMDC, having obtained ISO 9001-2000 Certification for BIOM Kirandul Complex, BIOM Bacheli Complex, DIOM Donimalai, and R&D Centre, first surveillance Audit for Kirandul complex and Bacheli complex, second surveillance audit for Donimalai and recertification for R&D Centre were conducted successfully during the year under review.

8. IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

NMDC continued its efforts for the progressive use of Hindi and implementation of Official Language Acts and Rules during the year under report. Extensive Hindi training programmes, Hindi workshops and Hindi computer training programmes were conducted for enhancing the efficiency of the employees in the Official Language. Incentive Schemes were implemented for encouraging more and more usage of the Official Language by the employees in their day-to-day official work.

For expanding the usage of the Official Language in technical and non-technical fields, Rajbhasha Seminars and Rajbhasha Technical Seminars were organized at Head Office and in the Projects.

NMDC's efforts in the implementation of the Official Language Policy found recognition in the following prestigious Awards it received during the year:

1. National Award: Indira Gandhi Rajbhasha Shield 'First Prize' (for 2005-06) received in September 2007 for the best implementation of the Official Language policy among the PSUs situated in 'C' region.
2. Rajbhasha Shield 'First Prize' of Town Official Language Implementation Committee (PSUs) Hyderabad-Secunderabad. The Shield for the year 2006-07 was received in December 2007.

9. CORPORATE SOCIAL RESPONSIBILITY

NMDC is a socially conscious miner. It holds itself as a guardian of the Nation's assets. By means of scientific mining, it ensures conservation of the non-renewable mineral. At the same time, NMDC has always been in the forefront to take care of the local community. Earlier under Peripheral Development, and now under Corporate Social Responsibility, NMDC has taken up various programmes for the betterment of the local community around the projects. The details are as follows:

NMDC's major Iron Ore Production Units are in the Bailadila sector of Chhattisgarh state and Bellary district of Karnataka. These Projects are amidst severely under developed/undeveloped tribal / backward population. NMDC, therefore, had to assume the responsibility of contributing to the development of the surrounding villages from 1970's simultaneously along with the Production activities irrespective of the financial results. The focus was to provide drinking water, Medicare, Electricity, Roads, Bridges & culverts, Buildings for Schools, Community halls, Anganwadis, Primary Health Centers, Ashram Bhavans and miscellaneous works as per requirement of locals/district administration. A budget of about Rs. 1.5 crores for each project is provided every year for such peripheral works till 2005-06 in Bailadila sector. Subsequently to bring about systematic socio-economic change in the regions where it operates by taking up large scale developmental activities, an amount up to 5% of the retained profits of the previous year is earmarked for CSR works.

A separate CSR department has been created at Corporate Office to organize and monitor the progress of CSR activities at Projects. Dedicated CSR departments are being created in Projects also.

(i) Planning & implementation

Focus of the CSR activities now is 'Integrated Community Development'. NGOs & reputed Community based Organizations are being involved in adopting all the 58 villages within a radius of 20 Kms from mines at Kirandul and Bacheli and the Railway track up to Dantewada.

Work on pre-project survey for development of 28 villages around Kirandul and Bacheli areas of Bailadila sector as 'NMDC Adarsh Gaon' under Phase-I has been begun with the support of district and local authorities.

After a survey of 187 schools in 42 villages, action is on hand to engage tutors to support and enhance the quality of education and who will also counsel the drop out children to come back to school while coordinating with the State Government.

(ii) **Details of activities carried out under CSR**

a) Health & Medical

The tribal population is given free treatment at the 75-bedded project Hospital, which is well equipped with modern equipments/facilities. Free diet is also provided to the in-door tribal patients. Primary Health Centres have been constructed in the surrounding villages. The project doctors visit these Health Centres periodically and provide medical aid to these villages. Ambulance facility is provided to bring the tribal patients to the Project hospital. Eye camps & Family planning camps are organized regularly. The project has also donated ambulances to District Hospitals.

Plans are on the anvil to provide free medical treatment through fully equipped Mobile Medical vans which would visit all the 58 villages at fixed time throughout the year for taking care of health, treatment and nutrition. The quantitative details are as below :

Activities in the recent past

- Construction of Primary Health Centres - 14
- Construction of Veterinary Hospitals - 2
- Free Cataract Operations/year through medical camps – 300
- Free treatment to tribal villagers through Medical camps in various disciplines.
- Free Medical treatment to locals at Project hospitals

Out-patients	-	About Rs.1 lakh per year
In-patients	-	Around Rs.5,000 per year.

- Donation of Ambulances, X-Ray Machines, Ultra sound M/c Auto Analyser, Furniture, Beds, Mattresses etc. to state Hospitals

b) Creation of Infrastructure and provision of amenities

NMDC had been Laying Roads, Bridges & Constructing community buildings including Market places to facilitate the tribals in selling off their forest produce. The local tribal labour is employed in these construction activities thereby providing employment opportunities to the local population. The quantitative details of the works taken up are as follows :

Activities in the recent past

- Length of WBM roads laid - 123 Km
- No. of Beneficiary Villages - 33
- Length of roads Black topped - 140 Kms
- No. of Bridges & Culverts - 87
- No. of Beneficiary Villages - 83
- Electrification of villages - 25
- Construction of many Community Buildings
- Contribution towards Flood Relief

c) Education & Skill Development

NMDC has been building infrastructure to aid improvement of Education in the backward villages surrounding its Projects. It had built many School buildings, Extended Existing Schools buildings, Constructed Toilets, Mid-day meal sheds, boundary walls etc in the surrounding villages. It has been distributing Uniforms to schools children every year. It has also provided furniture, sports items, TVs etc in many schools. NMDC is also providing mid-day meals to 2150 children.

As part of efforts to increase the employability of the Tribal youth, NMDC is conducting a Skill Development Program named 'Kaushal Vikas' Program – A skill training imparted to 8th pass students for 1 year duration for better employability. A stipend of Rs.1200/- per month is paid during the training program apart from free boarding & lodging. A special training of 3 yrs duration – Equivalent to ITI is also being imparted to Tribal students. A stipend of Rs. 2500/3500/5000 per month is paid in the three years respectively along with provision of free boarding & lodging.

Activities in the recent past

- No. of new school buildings constructed - 41
- No. of School buildings extended - 29
- No. of existing school buildings renovated - 21
- Boundary walls for existing schools - 49
- No. of Ashram Bhawans Constructed - 9
- Distribution of Uniforms to Schools Children - About 5000 per year
- Construction of Toilets, Mid-day Meal sheds, in 41 schools
- Donation of furniture, Sports items, TVs etc to many schools.
- Running an ITI at 'Bhansi'
- Imparting skill development training at NMDC training institutes.

d) Uplift of the weaker sections

In order to improve the living conditions of the tribal and increase their income levels through different economic activities, NMDC is taking up about 58 villages for overall development in 187 schools.

NMDC is considering various alternatives for imparting self employment skills to unemployed youth and agricultural techniques for tribal farmers for higher income generation

e) Aiding the physically handicapped/disabled people

- i. NMDC distributed tri-cycles to the physically challenged persons at Bailadila on 15.11.2007 its formation day. Some more cycles are being distributed in a phased manner.
- ii. Sports kit bags and caps were presented to 40 sportsmen from AP Sports Council for deaf, participating in national hockey championship at Haryana
- iii. 80 Tri-cycles are provided by NMDC for distribution to the physically challenged person at Rewa in Madhya Pradesh as per the request received from the village by Hon'ble Steel Minister.

f) Creation of Model villages & sustainable income generation.

Work of pre-project survey for development of 28 villages around Kirandul and Bachelia areas of Bailadila sector as 'NMDC Adarsh Gaon' under Phase-I has been taken up

g) Drinking water

NMDC continuously digs Bore-wells apart from taking up maintenance of the existing ones in order to provide potable drinking water to the people living in the surrounding villages of its feasibilities. In addition to Bore-wells, NMDC has also constructed Overhead tanks and also dug Open wells & Ponds.

Activities in the recent past

• No. of Bore wells dug	-	409
• No. of Open wells dug	-	37
• No. of Ponds constructed	-	1
• No. of water tanks constructed	-	6

h) Innovative CSR programmes

Grameen Pusti Yojana - A unique project supplying fortified food to children below six years, pregnant & lactating women and adolescent girls was launched by Hon'ble Steel Minister on 15th Jan, 2008 at Bailadila, Chhattisgarh. The project envisages distribution in the entire Dantewara district through all the 1214 Anganwadi centers.

Mid day meal programme has been launched in Donimalai, Karnataka on 8th Feb'2008. The programme is administered through 'Akshaya Patra' foundation to cater to 2150 children of the surrounding schools of Donimalai project.

2 customized vehicles were given to 'Akshaya Patra foundation' for distribution of mid-day meal from their centralized kitchen.

i) Other Areas

Support ranging from a few thousands to a few lakh extended to various voluntary organizations regularly.

A batch of Tribal students from Dantewara Dist, who never visited the city of Hyderabad, were brought in a bus and were taken around to all the important landmarks in and around Hyderabad.

Rs. 4 crore contributed for construction of 23731 Toilets in 107 Villages in Chhattisgarh.

v) Upcoming initiatives in CSR

- Adoption of villages : Adoption of all the 58 villages with in the radius of 20 Kms from mines at Kirandul and Bachel and the railway track up to Dantewara and 8 villages in Donimalai Sector to ensure not only the development in infrastructure, Education and Healthcare but also improvement in the overall Quality of life including Employment generation.
- Healthcare through Mobile Clinics : In addition to free treatment in our Project Hospital for the people of the surrounding area, Healthcare facilities through mobile clinics with up to date Medical equipment shall be extended through fixed visits to all the 58 villages.
- Supply of Nutritious food : Provisions of fortified food for every child below 6 yrs of age and every pregnant/lactating woman in the entire Dantewara District through tie-up with M/s. UN-World Food Programme.
- Literacy Improvement Programme : To support and enhance the Quality of Education and counseling the drop out children to come back to schools through an NGO.
- Scholarship Scheme : To encourage education beyond 8th class, a monthly financial assistance to about 5000 students to be introduced.
- Establishment of Polytechnic at Dantewara to start from the academic year 08-09.
