

BIRD GROUP

89th Annual Report and Accounts for the year ended 31st March, 2007

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

FD- 350, Salt Lake City,
Sector -III, Kolkata-700 106

Tel : (033) 2321-3983, 2337-3584, 2337-3582, 2334-3526

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THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

■ **Chairman cum Managing Director : (CMD)** _____

- Shri Tapan Biswas (w.e.f. 11.10.2004)*
- Shri R. C. Srivastava (31.08.2005 to 30.06.2006)**
- Shri C. Banerjee (01.07.2006 to 30.08.2006)**
- Shri P. Ganesan (From 31.08.2006 to 29.03.2007)**
- Shri M.S.Barpanda (From 30.03.2007)**
- * Under suspension from 30.08.2005
- ** Holding additional duties of CMD

■ **Directors :** _____

- Shri Ajoy Kumar (w.e.f. 25.08.2006)
- Shri J. P. Shukla (w.e.f. 25.08.2006)
- Shri C. Banerjee (upto 16.08.2007)
- Shri Subrata Sinharay (w.e.f. 29.12.2005)
- Shri Ashoke K Dutta (w.e.f. 29.12.2005)
- Shri Sadananda Panigrahy (w.e.f. 29.12.2005)
- Shri R. R. Dash (w.e.f. 10.01.2007)
- Smt. D. Vijayalakshmi (upto 09.01.2007)
- Shri P. K. Singh (From 02.09.2002 to 24.08.2006)
- Shri Deepak Anurag (21.04.2005 to 24.08.2006)
- Shri P. Ganesan (From 11.09.2006 to 29.03.2007)
- Shri M. S. Barpanda (From 13.04.2007)
- Shri S. K. Garg (From 17.08.2007)

■ **Secretary :** _____

- Smt. S. Das

■ **Auditors :** _____

- Bhadra & Bhadra
Chartered Accountants

■ **Bankers :** _____

- State Bank of India (Bikash Bhavan, GOC, Salt Lake, Kolkata)
- State Bank of India (N. S. Road, Kolkata)
- State Bank of India (Barbil, Orissa)
- Bank of Baroda (Barbil, Orissa)
- State Bank of India (Bokaro Steel City, Jharkhand)
- Indian Overseas Bank (India Exchange Place, Kolkata)
- Standard Chartered Bank (N. S. Road, Kolkata)

■ **Registered Office :** _____

- FD- 350, Salt Lake City, Sector -III, Kolkata-700 106
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- Fax: (033) 2321-3874
- E-mail : birdgroup@eth.net
- Website : www.birdgroup.gov.in

■ **Mines Office :** _____

- P.O. Thakurani, Via - Barbil,
- Dist. Keonjhar, Orissa, Pin - 758035
- Tel : (06767) 275218 / 379 / 382, Fax : (06767) 275530
- E-mail : omdctk@dte.vsnl.net.in

■ **Registrar and Share Transfer Agent :** _____

- CB Management Services (P) Limited (From 23.05.2006)
- P-22, Bondel Road
- Kolkata - 700019
- Phone : (033) 2280-6692-93-94/2486/2937
- Fax : (033) 2287-0263
- E-mail : cbmsl1@cal2.vsnl.net.in

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THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

NOTICE

Notice is hereby given that the 89th Annual General Meeting of **The Orissa Minerals Development Company Ltd.** will be held at the "AIKATAN" Eastern Zonal Cultural Centre, IA-290, Sector-III, Salt Lake City, Kolkata-700097 on Wednesday, the 26th September, 2007 at 10.30 A.M. to transact the following business :-

As Ordinary Business :

1. To receive, consider and adopt the Profit & Loss Account of the company for the year ended 31st March, 2007 and the Balance Sheet as at that date together with the Report of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Subrata Sinharay, who retires by rotation and, being eligible, offers himself for re-appointment.
"RESOLVED that Shri Subrata Sinharay, who retires by rotation, and being eligible, be and is hereby re-appointed as a Director of the company."
4. To appoint a Director in place of Shri Ashoke K. Dutta, who retires by rotation and, being eligible, offers himself for re-appointment.
"RESOLVED that Shri Ashoke K. Dutta, who retires by rotation, and being eligible, be and is hereby re-appointed as a Director of the company."
5. To fix the remuneration of Auditors in this respect to consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED pursuant to section 224(8)(aa) of the Companies Act, 1956 that M/s Sarma & Co, Chartered Accountants, Kolkata the statutory Auditors of the Company appointed by the Comptroller & Auditor General of India for the financial year 2007-08 under provision of section 619(2) of the Companies Act be paid a remuneration of Rs 60,000/- (Rupees sixty thousand only) plus out of pocket expenses, if any, for the audit job."

As Special Business :

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED that Shri M S Barpanda who was appointed as an Additional Director of the Company and who holds office as such up to the date of the ensuing Annual General Meeting and in respect of whom a Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri Barpanda as a director for the office of the Director of the Company, be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation."
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED that Shri S K Garg who was appointed as an additional director of the company and who holds office as such up to the date of the ensuing Annual General Meeting and in respect of whom a Notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri S K Garg as a director for the office of the director of the company, be and is hereby appointed as a director of the company whose period of office will be liable to determination by retirement by rotation."
8. To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution :
"RESOLVED that consent of the members under section 314 of the Companies Act, 1956 be accorded to the appointment of Shri S K Garg, who is holding the position of ED (C&CP) in the company on part time basis, as a director on the Board of directors of the company."

Registered Office :
FD-350, Sector-III, Salt Lake City
Kolkata - 700 106
Dated : 20th August, 2007

By Order of the Board
Sd/-
(Smt S. Das)
Company Secretary

NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b) The Register of Members and Share Transfer Books of the company will remain closed from 19th September, 2007 to 26th September, 2007. (both days inclusive)
- c) The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 26th September, 2007. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares whose names appear in the list furnished by the Depositories for this purpose as on 18th September, 2007.
- d) With a view to providing protection against fraudulent encashment of dividend warrants, the members were requested in the past to provide full particulars of their Bank Accounts. Those members who have not provided such information to our Registrars and Share Transfer Agents are again requested to provide the details quoting their Folio Number / DPID Number in the format enclosed. The shareholders will appreciate that the company will not be responsible for any loss arising out of such fraudulent encashment of dividend warrants. Further such of those shareholders who intend to receive their dividend amount through the ECS (Electronic Clearing System) route at the specified centres are requested to furnish the relevant details in the form provided.
- e) Members are requested to notify any change in their address immediately to the Company's Registrars and Share Transfer Agents, CB Management Services (P) Ltd, P-22, Bondel Road, Kolkata-700 019.
- f) Members can avail of the nomination facility by filing (Form 2B) with the company. Blank Forms will be supplied on request.
- g) A blank form of proxy is enclosed which, if used, should be returned to the company duly completed not later than 48 hours before the commencement of the Annual General Meeting.
- h) Member / Proxy must bring the Entrance Pass to the Meeting and hand it over at the entrance duly signed.

**EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE
COMPANIES ACT, 1956.**

ITEM NO. 6

Shri M S Barpanda, ED(MM) RSP, SAIL, was appointed as an Additional Director of the Company effective from 13th April, 2007 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article No. 94 of the Articles of Association of the Company.

Shri Barpanda holds office up to the date of ensuing Annual General Meeting. A Notice from a member of the Company under section 257 of the Companies Act, 1956 has been received proposing, the appointment of Shri Barpanda as a Director of the Company. No other Director except Shri Barpanda is interested or concerned in the Resolution.

Your Directors recommend his appointment in the interest of the Company.

ITEM NO. 7

Shri S K Garg, ED(C&CP) of OMDC was appointed as an Additional Director of the Company effective from 17th August, 2007 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article No. 94 of the Articles of Association of the Company.

Shri Garg holds office upto the date of ensuing Annual General Meeting. A Notice from a member of the Company under section 257 of the Companies Act, 1956 has been received proposing the appointment of Shri Garg as a Director of the Company. No other Director except Shri Garg is interested or concerned in the Resolution.

Your Directors recommend his appointment in the interest of the Company.

ITEM NO. 8

Section 314 of the Companies Act stipulates that no director of the Company shall hold any office of place of profit excepting Managing Director or Manager without the consent of the company accorded by a Special Resolution. Shri S K Garg who has been working as ED(C&CP) on part-time basis in OMDC has been appointed as Director on the Board on the basis of the Ministry's letter No.8(5)/ 2007-RMII dated 17th August, 2007. Since the position of ED(C&CP) is a place of profit, appointment of Shri S K Garg as Director on the Board needs approval of the shareholders by Special Resolution pursuant to section 314 of the Companies Act, 1956.

Nobody other than Shri S K Garg is interested in the Resolution.

This resolution is therefore commended for consideration for the members.

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2007

The Shareholders,

Your Directors have the pleasure to submit their 89th Annual Report and Accounts of the company for the financial year ended on 31st March, 2007.

1. GENERAL WORKING OF THE COMPANY

The market scenario in the iron ore segment remained favourable and by taking advantage of the same the company achieved since its inception the highest ever sales turnover of Rs.299.93 crore during the year under review. The company thus surpassed the sales figure of Rs.288.46 crore attained during the year ended 31st March, 2005 (Rs.252.71 crore for the previous year ended 31st March, 2006). Had the performance in other segments been upto the mark, the sales value during the year would have shown further upward swing.

The profit before tax during the year stood at Rs.259 crore while the net profit after tax was Rs.173.47 crore as compared to Rs.129.93 crore for the previous year and Rs.145.54 crore for the year ended 31st March, 2005, the company thus registering the highest ever profit in its corporate history.

2. ACCOUNTS

	For the year ended 31-03-2007 (Rs. in crores)	For the year ended 31-03-2006 (Rs. in crores)
Profit and Loss account after charging all expenses but before providing for depreciation	262.91	192.87
Depreciation	3.91	3.99
Net profit before tax	259.00	188.88
Provision for Tax (net)	<u>85.53</u>	<u>58.95</u>
Net profit after tax	173.47	129.93
Balance brought forward from previous year	<u>154.67</u>	<u>96.98</u>
	328.14	226.91
<u>Appropriations</u>		
General Reserve		
Proposed Dividend	50.00	50.00
Dividend Tax	26.02	19.50
	<u>4.42</u>	<u>2.74</u>
Surplus transferred to balance sheet	<u>247.69</u>	<u>154.67</u>

3. DIVIDEND

Your Board is pleased to recommend a dividend at the rate of Rs.434 per share of Rs.10/- each for the year and for this purpose there would be cash outgo of Rs.30.44 crore inclusive of Rs.4.42 crore towards tax on dividend.

4. OUTPUT & DESPATCH

During the year under review production in all segments reduced to certain extent. Production of iron ore and manganese ore decreased because of the problems related to renewal of mining leases. Mining operation in two or three leases had to be suspended. In certain areas mining operation had to be confined to non forest zone only subject to clearance the application for forest diversion. Production of sponge iron was hampered mainly due to technical lacuna being encountered in the plant.

Market remaining favourable despatch of iron ore during the year has almost been at par with that of the previous year. Despatch of manganese ore increased because of some movement of the low grade manganese ore. Despatch of sponge iron reduced significantly because of low production as well as non movement of the product due to non-availability of expected selling price.

5. EXPORT OF IRON ORE

During the year under review the company had exported 0.14 million tonne of iron ore fines with 63.5% Fe content. The total FOB value of the export stood at 7 million US dollar with equivalent rupee value to 30.96 crore.

6. CAPITAL EXPENDITURE

The company incurred capital expenditure of Rs.3.51 crore during the year mainly towards implementation of AMR Schemes. Because of pendency of renewal of four nos of mining leases of the company it has been difficult to surge ahead with the diversification and expansion programmes. The company is making endeavour to overcome the situation. In the capital expenditure budget for the current financial year the company has made adequate provisions for diversification and expansion schemes subject to granting of renewal of the mining leases.

7. MEMORANDUM OF UNDERSTANDING WITH THE GOVERNMENT

The company has signed Memorandum of Understanding (MOU) with the Ministry from the current fiscal for performance evaluation. MOU targets have been set on provisional basis subject to the renewal of four mining leases, which is pending.

8. FUTURE OUTLOOK

Uncertainty in the renewal of four nos of mining leases has stood on the way of the company to make move for diversification activities. The company has however kept provisions for projects in mineral based industries in the capital expenditure budget for the current year. Feasibility study of certain projects is being considered by engaging reputed consultancy firms. The company intends to proceed in the matter based absolutely on the Feasibility Reports.

**9. REPORT ON THE ACTIVITIES OF JOINT VENTURE COMPANY
(EAST INDIA MINERALS LIMITED)**

Performance of the company's joint venture project viz. East India Minerals Ltd (EIML) had also improved with the growing demand of iron ore. During the year under review the JVC registered a sales turnover of Rs.73.97 crore

(Rs.73.95 crore previous year) with a net profit after tax to the extent of Rs.21.45 crore (Rs.17.19 crore for previous year). The JVC declared interim dividend for the said year at the rate of 100% of the paid up capital. Your company received Rs.2.81 crore against 26% holding of paid up share capital of the JVC. The Board of directors of the JVC recommended final dividend at 150% of the paid up capital for the year under review. Further Rs.1.41 crore will be due from the JVC as dividend as and when declared.

10. LEASE MATTERS

The company has six mining leases in Barbil, district- Keonjhar, Orissa. In respect of two leases viz Bagiaburu iron ore mines (21.52 hecets) and Bhadrasai iron and manganese mines (998.70 hecets) held by OMDC lease period is valid upto 30th September, 2010. Renewal is pending in respect of remaining four leases.

Lease period of Belkundi iron and manganese mines (1276.77 hecets) held by OMDC expired on 15th August, 2006 and renewal application was filed. Forest clearance was co-terminus with the lease period. Mining operation is confined to non-forest area subject to clearance of the application for forest diversion.

In respect of Thakurani iron & manganese mines (1546.55 hecets) operated by OMDC renewal application was filed over revised area of 778.762 hecets for 20 years from 1st October, 2004. Application is under process. Mining operation is confined to non forest area only subject to clearance of the application for forest diversion.

In respect of Kolha iron & manganese mines (254.952 hecets), application was filed for 20 years effective from 15th August, 1996. The application was rejected by the State government and DDM, Joda issued order to take over possession of the ML area on 20.11.2006. The Hon'ble High Court, Orissa stayed the order of the DDM, Joda till disposal of RML application and revision petition. Further the Tribunal, Ministry of Mines, Government of India was also moved and the said Tribunal stayed the appeal of the company and granted stay over the State government's impugned order of rejection.

Renewal application in respect of another mines operated by OMDC Dalki manganese mines (266.77 hecets) for 20 years effective from 1st October, 1994 was also rejected by the State government. The Tribunal, Ministry of Mines, Government of India was approached and the Tribunal stayed the appeal of the company and granted stay over the State government's impugned order of rejection.

11. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Report on Management Discussion and Analysis of financial condition and results of the operations of the company for the year under review as stipulated under clause 49 of the Listing Agreement with the Stock Exchange forms part of this annual report.

12. CORPORATE GOVERNANCE

A separate section on corporate governance together with a certificate from a practising Company Secretary regarding compliance of the conditions of corporate governance as stipulated under clause 49 of Listing Agreement with the Stock Exchange also forms part of this annual report. All statutory requirements with regard to corporate governance have been complied with.

13. COMPLIANCE CERTIFICATE

Compliance Certificate from a practising Company Secretary as regards compliance with the provision of the Companies Act pursuant to section 383A (1) of the Companies Act is annexed with this report.

14. PERIPHERY DEVELOPMENT AND WELFARE SCHEMES

The company is aware of the corporate social responsibilities (CSR) and as part of that expended about Rs. 2.12 crore during the year towards various welfare schemes and periphery development. The company has built road as per CSR scheme for smooth communication and transportation. The company has extended support in education field, drinking water supply, providing medical facilities and also socio-economic development of the people in the area belonging mostly to the tribal category.

15. STEPS TAKEN FOR POLLUTION CONTROL

The company has taken various steps in order to protect and improve the ambient environment and aesthetics of the mining area. Some of the steps taken by the company are under noted below:-

- i) Afforestation : 37,500 saplings were planted during the year .
- ii) Dust Suppression Arrangement : Water sprinkling is done regularly over haul roads with water tanker (12000 ltr capacity) for suppression of dust emitted during transportation. Measures were taken to improve the water sprinkling arrangement in the crusher and screening units.
- iii) Avenue plantation has been undertaken along haul roads to arrest suspended particulate matters.
- iv) Conveyors of crushers have been covered with GI sheets to prevent air pollution.
- v) Boulder walls were constructed at the toe of waste dumps and ore fines dump to minimise wash off during monsoon.

16. PARTICULARS OF THE EMPLOYEES

Provision of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is not attracted in respect of remuneration of any employee of the company.

17. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Energy Conservation

The energy used for mining and ancillary activities as well as for running of Sponge Iron Plant constitutes electrical energy only. For conservation of electrical energy following measures have been taken :-

- i) Proper metering arrangement.
- ii) Installation of MCB of proper rating at quarters in phased manner.
- iii) Installation of pole fuse for individual consumers.
- iv) Under ground cabling with local distribution panels for theft prone areas.
- v) Installation of MCCB with overhead relay facility at switch room.

a) Electricity Units consumed :	4008964	(Rs.1.51 crore)
b) <u>P.O.L.</u>	<u>Purchased</u> Ltrs	<u>Consumed</u> Ltrs
Diesel	503061	501146

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Petrol	231	231
Lubricants	20171	21694

Technology absorption

The company has not adopted any new technology during the year. Nor any specific technology has been absorbed for its operational activities.

	<u>Rs. in crore</u>	
<u>Foreign Exchange Earned and Outgo</u>	<u>2006-07</u>	<u>2005-06</u>
Foreign Exchange Earned	30.96	38.91
Expenditure in Foreign Currency	-	-

18. AUDITORS

In the context of OMDC's annual turn over nearing Rs. 300 crore and net profit after tax nearing Rs. 170 crore it was decided by the Board of Directors for coverage of the company under supplementary audit of the comptroller of Auditor General of India pursuant to section 619 of the Companies Act, 1956 in order to institute stricter control and put the company under government norms and financial rules & regulations notwithstanding that the company does not fall under section 619B of the Companies Act, 1956. The request of the Board of directors of the company forwarded through the administrative Ministry has been acceded to by the Office of the Comptroller of Auditor General of India. From the current financial year 2007-08 the company has been brought under the purview of supplementary audit of CAG pursuant to section 619(4). Appointment and re-appointment of statutory auditors shall also be made by CAG's office. Messrs Sarma & Co, Chartered Accountants of 8/2, Kiran Sankar Roy Road, 2nd Floor, Room No. 13 &14 Kolkata- 700001 have been appointed by the CAG as Statutory Auditors for the financial year 2007-08.

In terms of provision of section 224(8)(aa) of the Companies Act, 1956 inserted by the Companies Amendment Act, 2000, remuneration of the Auditors shall be fixed by the company in general meeting or any such manner as the company in the general meeting may determine. Accordingly a resolution has been proposed by your directors at the ensuing AGM for consideration.

19. DIRECTORATE

Shri R C Srivastava ceased to be Director of the company and also ceased to hold additional charge of Chairman Cum Managing Director (CMD) effective from close of business of 30th June, 2006 consequent to his superannuation from the services of Steel Authority of India Ltd (SAIL).

Shri Champak Banerjee, Director of the company was given day to day charge of the Chairman cum Managing Director of the company effective from 1st July, 2006. He held the day to day charge of CMD till 30th August, 2006.

Shri P Ganesan, Chairman cum Managing Director of the Kudremukh Iron Ore Company Ltd (KIOCL) under the Ministry of Steel was given additional charge of Chairman cum Managing Director of the company effective from 31st August, 2006. Shri Ganesan became Additional Director from 11th September, 2006 and was again appointed at the Annual General Meeting of the company held on 26th September, 2006 subject to retirement by rotation. Shri P Ganesan ceased to be director and also to hold additional charge of CMD from close of business of 29th March, 2007.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

Shri M S Barpanda, Executive Director, Rourkela Steel Plant under Steel Authority of India Ltd was given additional charge of Chairman cum Managing Director of the company effective from 30th March, 2007. Shri Barpanda was appointed as Additional Director on the Board of Directors of the company effective from 13th April, 2007.

A Notice under section 257 of the Companies Act, 1956 has been received from a member of the company proposing the name of Shri M S Barpanda as Director on the Board of Directors of the company subject to retirement by rotation at the forthcoming Annual General Meeting.

Shri R R Dash of Life Insurance Corporation of India (LICI) was nominated by LICI on the Board as a nominee Director effective from 10th January, 2007 in place of Smt. D Vijayalakshmi who held office till 9th January, 2007.

Shri S K Garg, DGM(PET) CMO, SAIL and who has been working as ED(C&CP) in OMDC on part time basis has been appointed as additional director on the Board of directors of the company effective from 17th August, 2007.

A notice under section 257 of the Companies Act has been received from members of the company proposing the name of Shri S K Garg as director on the Board of directors of the company subject to retirement by rotation at the forthcoming Annual General Meeting.

A special resolution is also placed before the AGM for consideration and according consent by members in regard to the position of place of profit of ED(C&CP) held by Shri S K Garg as part time director on the Board of directors of the company.”

Shri C Banerjee ceased to be director from 17th August, 2007.

Shri Subrata Sinha Roy retires by rotation and, being eligible, offers himself for re-election.

Shri Ashoke Kumar Dutta retires by rotation and, being eligible, offers himself for re-election

20. DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217 (2AA) of the Companies Act, 1956, your Directors confirm that –

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- b) the Directors have selected such accounting policies and applied them consistently and made judgements, 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
 - profit or loss of the company for that period.
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the company and to prevent and detect fraud and irregularities.
- d) the Directors have prepared the annual accounts on a going concern basis.

21. ACKNOWLEDGEMENT

Your Directors take this opportunity to express their grateful appreciation for the continued support and guidance received from the Government of India especially the Ministry of Steel, the Ministry of Environment and Forest and the Ministry of Corporate Affairs. The Directors place on record their thanks to the Government of Orissa, the Railways, the Bankers, the Customers, Suppliers and the Shareholders for their continued co-operation. The Directors also wish to convey their appreciation to all the employees of the organisation for their valuable contributions and support.

Registered Office :

FD-350, Sector – III

Salt Lake City

Kolkata – 700 106

Dated the 20th August, 2007

For and on behalf of the Board

Sd/-

M S BARPANDA

CHAIRMAN CUM MANAGING DIRECTOR, I/C

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

**COMMENTS / OBSERVATIONS BY THE STATUTORY AUDITORS
AND REPLIES BY THE COMPANY**

AUDITORS' COMMENTS	MANAGEMENT REPLIES
1) Para 3.1 of the report regarding non ascertainment and non-provision of liability in respect Royalty if any, on shortage of Manganese Ore (and also Iron Ore).	Ascertainment of royalty on shortage of manganese ore and iron ore would be done and dealt with on cash basis at the time of assessment with the appropriate authority.
2) Para 3.2 of the report 19 regarding non payment/non-provision of Service Tax, if any, in connection with transportation services provided by the contractors in the capacity of Goods Transport Agency.	Auditor's observations noted. The matter is being looked into.
3) Para 3.3 of the report regarding not carrying out physical verification of Fixed Assets and non identification of Assets requiring impairment in terms of Accounting Standard (AS-28).	Owing to various constraints physical verification of Fixed Assets could not be carried out during the year. It will be conducted during the current financial year. On the basis of previous year's report there appears to be no impairment in the fixed assets.
4) Para 3.4 and Para 3(a) pertaining to annexure of the main report as regards unsecured loan of Rs. 25.00 lacs to an associate company, necessary formalities in terms of Section 295 of the Companies Act, 1956 do not seem to have complied with.	The loan was sanctioned to meet the urgent statutory dues of the associate company. There appears to be no violation of the Companies Act, 1956.
5) Para 3.5 of the report regarding ascertainment of closing stocks of Iron and Manganese Ores on the basis of verification/certification by outside technical agency and non inclusion of value of surplus stock arising out of such verification to the tune of Rs. 245.51 lacs and resultant understatement of profit for the year as well as accumulated Profit and Current Assets in the form of inventories as on 31.03.2007.	Reasons for occurrence of the excess quantity for both Iron Ore and Manganese Ore is under the process of investigation by the management. In view of this, excess quantity of ores has been considered without valuation because it could have inflated the profit. On completion of investigation the value would be considered during the current financial year.
6) Para 3.6 of the main report inviting attention to non-availability of balance confirmation/ reconciliation and consequential adjustment, if any, arising therefrom.	A system needs to be developed for such confirmation / reconciliation of the balances. The company is making earnest endeavour for the same.
7) Para 3.7 of the report regarding non recovery of Sundry Debtors to the tune of Rs. 91.80 lacs due from various associate companies.	Because of financial constraints faced by some associate companies recovery could not be made. It is expected that as soon as their financial health improves, repayment will be made by these companies. The book debts are therefore considered good.

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<p>8) Para 3.8 of the report - old liabilities to the tune of Rs. 291.40 lacs has been lying unadjusted since long. Reason for non payment/non adjustment of such liability should be enquired into and necessary adjustments as may be necessitated should be carried out.</p>	<p>Most of the cases are either disputed or subjudiced. Initiation for adjustment will be taken on completion of negotiation/legal procedures.</p>
<p>9) Para 2(a) of the annexure to the main report-Year-end Stock-in-trade and stock of raw materials excluding stock of Sponge Iron and stores and spare parts have been physically verified by the management with the help of external technical agencies. While Stock of Sponge Iron has been physically verified by the management internally, no physical verification (except on test basis during the course of Internal Audit) has been conducted in respect of stock of stores and spare parts.</p>	<p>Auditor's observations have been noted. Physical verification of stock of store & spare parts will be conducted during the current financial year.</p>
<p>10) Para 2(b) of the annexure to the main report-The procedures and frequency of physical verification of stocks followed by the management are in our opinion not reasonable and adequate in relation to the size of the company and the nature of the business, particularly in view of the fact significant quantum of discrepancies found (refer Note 19A of Schedule 19) as a result of physical verification conducted by the outside technical agency. Proper enquiry, should in our opinion, be initiated without delay.</p>	<p>Auditors' observations have been noted and will be duly complied with.</p>
<p>11) Para 2(c) of the annexure to the main report-As mentioned in para 2(b) above, having regard to the quantum of discrepancies found during the course of physical verification, frequency of verification and reconciliation thereof need to be increased.</p>	<p>Auditors' observations have been noted and will be complied with.</p>
<p>12) Para 4 of the annexure to the main report-We have neither come across nor have we been informed of any instances of major weakness in the aforesaid internal control systems, except that internal control in respect of consumption of coal used for Sponge Iron Plant needs strengthening in the form of regular and comprehensive reconciliation in respect of procurement vis a vis consumption thereof and having regard to the significant quantum of discrepancies found in respect of stock of Iron and Managanese Ore, internal control procedure in respect of production, despatch and stock of those items need to strengthened. Since evaluation of internal control and effectiveness thereof depends, to a great extent on the proper functioning of internal audit, management is urged to strengthen the latter to the maximum possible extent.</p>	<p>Auditors' observations have been noted. Steps are being taken for strengthening the internal control systems and procedures.</p>

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRIES STRUCTURE AND DEVELOPMENT

1) Indian Economy

India is passing through an accelerated economic growth. Market liberalisation and technological advancement in the services as well as manufacturing sector have given thrust to the growth. India's gross domestic product (GDP) grew by 9.4% for the year 2006-07 higher than the expected 9.2% growth.

India's low cost economy is reaping the rewards of market liberalisation. Indian companies are seizing the opportunities presented by new technologies and a more open economy. Initially the service sector has taken the lead. The manufacturing sector has also thereafter not remained far behind.

Steel Industry

The progress of the steel industry has a critical influence on the pace of India's development. The existing regime of liberalization, decontrol and deregulation of industry in the country has opened up new opportunities for the expansion of the steel industry. With a view to accelerating the growth of the steel sector and attaining the vision of India becoming the developed economy by 2020, the Ministry of Steel formulated a National Steel Policy (NSP) in 2005. The goal of the NSP is to achieve steel production of 110 million tones by 2019-2020. The NSP inter-alia seeks to mount aggressive R & D efforts to create manufacturing capability for special type of steel, substitute coking coal, use iron ore fines, developed new products suited to rural needs, enhance material and energy efficiency, utilise waste and arrest environmental degradation.

The long term goal of the NSP is that India should have a modern and efficient steel industry of world standards, catering to diversified steel demand. The focus of the policy is to achieve global competitiveness not only in terms of cost, quality and product mix but also in terms of global benchmarks of efficiency and productivity.

Mining Industry

Iron Ore

Iron ore as a commodity continues to be under limelight since demand shows no signs of slowing down, while supply remains tight. Global iron ore prices are also on the rise and this is expected to continue till supply catches up with the demand.

According to data from the United Nations Conference on Trade and Development (UNCTAD) Brazil is the largest producer of iron ore in the world. Next come China and Australia. India has also a place to reckon with in iron ore production. Investments in iron ore are increasing global wise every year and the gap in the supply and demand positions in this regard is likely to be bridged by 2009.

In India the draft new Mineral Policy based on the recommendation of the Hoda Committee is under consideration of the government. The new policy is expected to work towards long-term interests of the country. This would imply that value addition (steel making) would be given preference over export of basic raw material. If the thought finds any form in the policy, it would give a big boost to creation of additional steel

making capacity in the country. While complete ban on export of iron ore may not be suggested, it would definitely recommend change in the policy that gives preference to steel making while allotting iron ore mines. Existing mining companies may also be asked to set up steel making facilities rather than continue with export of basic ore.

India has 23 billion tones of iron ore reserves, out of which around 13 billion tones are recoverable resources. With this position it is expected that there should not be any apprehension about any impediment in the way of the development of steel industry as envisaged in the NSP.

The Indian Bureau of Mines (IBM) has revealed that high grade iron ore resources (Haematite) have increased by about 530 million tones in the country between 2000-2005. This revelation has laid to rest the apprehension of steel industry of the mineral depletion. This supports the contention that intensive mining could lead to the discovery of new resources and deposits.

Manganese Ore

High grade manganese ore is the raw material for manufacturing of ferro alloys – an essential ingredient for steel making. Dioxide ore is used for manufacturing dry batteries. Steel mill grade (low grade) manganese ore is also used in steel making.

High grade manganese ore prices have surged by about 25% since the end of the previous year because of strong demand from the steel industry and also more limited availability of ore.

Export of Iron Ore Fines

The country produced about 160 million tones of iron ore during the year 2006-07. About 90 million tones of iron ore including fines were exported. Low grade iron ore fines constituted relatively the major portion of the export. Low grade fines are generally not usable in domestic steel plants for lack of adequate sintering capacity.

An imposition of export duty of Rs.300/- per tonne of iron ore on all the grades of iron ore effective from 1st March, 2007 resulted in marginal decline in export at the year end. Subsequently, the government reduced export duty on iron ore fines with less than 62% iron content from Rs.300/- per tonne to Rs.50/- tonne. However, the export duty on iron ore fines with iron content of over 62% has remained unaltered at Rs.300/- per tonne.

Sponge Iron

Sponge iron is a major raw material for making steel while iron ore is one of the major ingredients for production of sponge iron. Because of soaring price of iron ore the sponge iron producers have been struggling to maintain their margins. Even with the rise in prices of the sponge iron, the sponge iron producers have not been able to match the soaring iron ore prices and consequently their profit margin reduced significantly.

2) Segmentwise performance

Production quantitywise and despatch quantity as well as valuwewise of the three segments of the company are given as below:

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Production

	<u>2006-07</u>	<u>2005-06</u>
	MT	MT
Manganese Ore	27,231	35,499
Iron Ore	22,29,867	23,62,040
Sponge Iron	11,105	18,520

Despatch/Sales

Manganese Ore (MT)	39,356	29,824
Rs. in crore	5.31	4.54
Iron Ore (MT)	21,16,157	22,16,865
Rs. in crore	290.69	234.47
Sponge Iron (MT)	5,191	18,082
Rs. in crore	3.93	13.71

3) Discussion on financial performance of the company

a) Sales from Operations and Profit

(Rs.in crores)

	2006-07	2005-06	Change	Change in %
Sales	299.93	252.71	47.22	18.69
Profit before tax and depreciation	262.91	192.87	70.04	36.31
Profit after tax and depreciation	173.47	129.93	43.54	33.51

Sales value increased by 18.69% whereas PAT and PBT increased by 36.31% and 33.51% respectively.

b) Payment to Employees

(Rs.in crores)

	2006-07	2005-06	Change	Change in %
Payment to and Provisions for Employees	8.53	7.17	1.36	18.97

The marginal increase in employment costs is due to pay revision for executives, annual increments and enhanced dearness allowance for all categories of employees.

c) Other Expenditure

(Rs. in crore)

	2006-07	2005-06	Change	Change in %
Mining, Selling and Administrative Expenses	66.94	76.90	(-) 9.96	(-) 12.95

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Because of decline in production in iron ore segment and sponge iron segment Expenditure has reduced by 12.95%.

d) Fixed Assets

(Rs. in crore)

	2006-07	2005-06	Change	Change in %
Gross Block	49.60	46.09	3.51	7.62
Less: Depreciation	25.53	21.61	3.92	18.14
Net Block	24.07	24.48	(-)0.41	(-)1.67

Net Block has shown marginal decline as compared to the previous year due to increase in the amount of depreciation arising out of capitalisation of WIP.

e) Stock-in-Trade, Raw Materials and Stores & Spares

(Qty. in MT
Value Rs. crore)

	2006-07		2005-06		Change		Percentage	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Iron Ore	6,25,371	8.25	4,04,498	6.81	2,20,873	1.44	54.60	21.15
Manganese Ore	14,939	0.59	62,315	4.21	(-)47,376	(-)3.62	76.03	(-) 85.99
Sponge Iron	6,745	3.32	1,025	0.56	5,720	2.76	558.05	492.86
Stores & Spares		1.00		0.76		0.24		31.58
Raw Materials		1.07		1.19		(-)0.12		(-)10.08

Mines stock as on 31st March, 2007 could be arrived at after physical verification. Shortage wherever located in respect of iron ore and manganese ore has been adjusted. Increase in physical quantity of iron ore has arisen due to excess quantity found during physical verification without considering value thereof.

f) Consumption of raw materials

(Qty. in MT
Value Rs. crore)

	2006-07		2005-06		Change		Percentage	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Coal Indigenous	22,159	4.60	34,885	5.73	(-)12,726	(-)1.13	36.48	(-)19.72
Coal Imported	2,482	0.67	2,448	0.67	34	-	1.39	NIL
Dolomite	166	0.002	379	0.004	(-)213	(-)0.002	56.20	(-)50%

Consumption of raw materials is less because of less production of sponge iron.

g) Sundry debtors

(Rs. in crore)

	2006-07	2005-06	Change	Percentage
Gross Debtors	15.05	8.16	6.89	84.44
Less: Provision for Doubtful debts	1.60	1.46	0.14	9.59
Net Debtors	13.45	6.70	6.75	100.75

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Sundry debtors increased due to billing in the month of March, 2007 including that for export, which have been realized subsequently.

h) Loans and Advances

(Rs. in crore)

	2006-07	2005-06	Change	Percentage
Loans and advances	299.69	198.75	100.94	50.79

Loans and advances increased by 50.79% as compared to the previous year mainly due to higher amount of advance payment of tax.

i) Current Liabilities

(Rs. in crore)

	2006-07	2005-06	Change	Percentage
Current Liabilities	74.28	65.15	9.13	14.01

Current liabilities increased by 14.01% with respect to the previous year due to adjustment of customers balance.

j) Appropriation

The company has transferred Rs. 50 crore to the General Reserve during the year (Previous year Rs. 50 crore)

k) Dividend

The Board of Directors of the company recommended a dividend of Rs.434/- per share of Rs.10/- for the year ended 31st March, 2007 subject to the approval of the shareholders. The dividend will be paid on 6,00,000 shares of Rs.10/- each. The total payment on account of the above dividend would be Rs. 30.44 crore (including tax on dividend amounting to Rs.4.42 crore).

4) Internal Control Systems and their adequacy

The company maintains system of internal controls to ensure that all assets are safeguarded and protected against losses from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly. Internal control system is supplemented by internal audit and a Chartered Accountant Firm conducts the audit and submits reports on quarterly basis. The management as well as the Audit Committee of the Board review the findings and suggestions of the internal auditor for implementation wherever necessary.

In order to strengthen the internal control systems the company is planning to undertake system study and with this in view step is being initiated for engagement of a reputed Chartered Accountant Firm for evolving more effective systems of internal controls.

5) Outlook

The company has reserves of about 208 million tones of iron ore and 44 million tones of manganese ore in the mining leaseholds. Position is quite satisfactory for sustaining the activities for a long duration. Systematic and scientific development of mines is imperative for augmenting production and emphasis is obviously laid on that.

The government now stresses on value addition (steel making) in respect of the ore producing companies. As a first measure towards value addition the company set up a 30,000 TPA sponge iron plant. The company has further programmes for diversification and expansion. Feasibility study is being considered by engaging consultancy firms and the company will take firm steps for value addition based on the feasibility reports. In its capital expenditure budget for the current fiscal the company has made provisions for expansion and diversification schemes. .

6) Opportunities and Threats

The opportunities before the company are –

- i) satisfactory reserves of iron ore and manganese ore in the mining leaseholds;
- ii) favourable market scenario for iron ore with demand likely to sustain;
- iii) expected rising demand of manganese ore.

While the opportunities show the silver lining before the company, threats portray an adverse picture. Renewal of four nos of mining leases of the company are still pending. The State Government already refused renewal application of the company in respect of two mining leases. Against such refusal the company is taking appropriate steps.

Because of pendency of renewal of four nos of mining leases company's expansion and diversification activities are also getting jolt. Concrete steps for scientific development of mines for boosting production also can not be undertaken. The Company prefers to adopt administrative measures for expeditious settlement of the crucial issues with the State Government. The Ministry of Steel, the administrative Ministry, has been extending helping hand in this respect.

The new mineral policy expected to come up soon is likely to put up in place a competitive bidding process for grant of mining rights to companies. If this stipulation be included in the new policy the company may find it difficult to obtain the lease rights in competition with the private enterprises and this may in effect jeopardize the interest of the company substantially.

7) Industrial Relation and Human Resources Management

Industrial relation remained more or less cordial at the mines as well as at the head office. Men on roll in the company as on 31st March, 2007 were 855 as compared to 925 as on 31st March, 2006.

The earlier concept of human resources (HR) has undergone sea change. HR has evolved from just being a staff function to a line function. The development of human resources is a key strategic challenge in order to prepare people for future responsibilities in terms of professional skills as well as business skills. The company, being well aware of the changing scenario, is thinking of investment in training of manpower for upgrading their skill.

8) Risks and Concerns

All business organisations face risks either from internal operations or from external environment. One of the important challenges therefore before CEO and CFO is to define optimum risk level for their business to ensure that the activities of the organisation produce risk adjusted returns. Meticulous care needs to be taken so that all significant risks are managed through a well defined framework.

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The risk factors such as high inflation, rising energy prices, uncertain domestic and international political environment, change in government policies and other such unavoidable factors could have an unfavourable reflection on the business environment which is likely to result in slowdown in the operational efficiency and performance.

Inadequate infrastructure in the company for movement of ore by rail and road has an adverse effect on the despatch. The company is endeavouring to overcome the situation by going for an additional railway siding and also taking such measures as deemed appropriate.

The demand of low grade manganese ore is not at all encouraging. The company has been making effort to face the odds by exploring the market for low grade manganese ore, production of which is inevitable with the production of medium grade manganese ore.

The Sponge Iron Plant (SIP) has teething problem from the initial. With the external help the company is trying to take steps to put SIP in order as a profit center.

Theft and pilferage of iron ore were on the rise with the growing demand of the ore. This has lowered the company's revenue to considerable extent and as such the company with the help of the administrative Ministry arranged for deployment of CISF personnel at the mines to prevent theft and pilferage.

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance, to us, relates to systems and processes that direct corporate resources and management strategies towards maximization of value for stakeholders ensuring at the same time accountability, probity and openness in the conduct of business within the acceptable legal and ethical framework. A good governance process should thus provide sufficient transparency, several corporate policies, strategies and the decision making process while strengthening internal control systems and build relationship with stakeholders including employees and shareholders. We believe that corporate governance is a voluntary and self disciplined code which ensures compliance with regulatory requirements while being responsive to our stakeholders needs. As a good Corporate citizen the Company is committed to sound corporate practices based on fairness professionalism and accountability in building confidence of various stakeholders and paving thereby the way for long term success. Company's thinking towards corporate governance is clearly manifested in this annual report.

COMPOSITION OF BOARD OF DIRECTORS

The Board of your Company presently comprises eight directors—One executive director (presently under suspension), two government nominee directors, two directors one of whom is holding additional charge of CMD and four non-executive independent directors including one nominee director from Life Insurance Corporation of India(LIC).The Chairman of the Board is Non Executive Director holding additional charge, the regular incumbent being under suspension.

The table enumerated below gives the composition of the Board and other relevant details including inter alia the outside directorship held by each of the director.

Name of Director	Category	No. of Board Meetings attended	Attendance in last AGM	No. of other Directorships	Details of other Board Committee Membership	
Shri Tapan Biswas* CMD	Executive	Nil	No	5	Member -	Chairman ---
Shri M. S. Barpanda Director holding additional charge of CMD ##	Non- Executive	Nil	No	5	2	1
Shri Ajoy Kumar	Govt Nominee (Non- Executive Promoter Director)	2	No	4	-	-
Shri J. P. Shukla	Govt Nominee (Non- Executive Promoter Director)	3	No	3	1	-
Shri C. Banerjee ###	Non Executive	6	Yes	5	-	-

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Name of Director	Category	No. of Board Meetings attended	Attendance in last AGM	No. of other Directorships	Details of other Board Committee Membership	
Shri Subrata Sinharay	Independent Non-Executive	6	Yes	Nil	-	-
Shri Sadananda Panigrahy	Independent Non-Executive	6	No	Nil	-	-
Shri Ashoke Kr. Dutta	Independent Non-Executive	6	No	6	2	1
Shri R. R. Dash	Independent Non-Executive (Nominee of LIC)	2	No	Nil	-	-
Smt D. Vijayalakshmi **	Independent Nominee of LIC Non-Executive	1	No	Nil	-	-
Shri Deepak Anurag***	Govt Nominee (Non-Executive Promoter Director)	2	No	3	-	-
Shri P. K. Singh ****	Govt Nominee (Non-Executive Promoter Director)	1	No	2	-	-
Shri R. C. Srivastava *****	Non-Executive	2	No	4	1	-
Shri P. Ganesan#	Non-Executive	3	Yes	6	-	-
Shri S. K. Garg*****	Deemed Executive	Nil	No	Nil	Nil	Nil

*Under suspension from 30th August,2005

** Ceased from directorship effective from 10th January,2007

*** Ceased from directorship effective from 25th August,2006

**** Ceased from directorship effective from 25th August,2006

***** Ceased from directorship from the close of business hours of 30th June,2006

***** Shri S. K. Garg was appointed w.e.f. 17th August, 2007

Ceased from directorship from the close of business hours of 29th March,2007

Shri M.S.Barpanda was appointed w.e.f.13th April,2007 (holding additional charges of CMD from 30th March, 2007)

Ceased from directorship effective from 17th August, 2007

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

All major decisions are placed before the Board for its consideration and decision.

The following information is placed before the Board alongwith specific agenda items:

- 1 Annual operating plans and budgets, capital budgets and any updates.
- 1 Quarterly, half yearly and annual financial results.
- 1 Minutes of Audit Committees and other committees of the Board.
- 1 Notices u/s 274(1)(g) of the Companies Act, 1956.
- 1 Materially important show cause notice, litigation, prosecution and penalty notice.
- 1 Fatal or serious accidents or dangerous occurrences, any material effluents and pollution problems.
- 1 Any issue which involves possible public or product liability claims of substantial nature.
- 1 Transactions that involve substantial payment.
- 1 Social/Community initiative.
- 1 Events which are not in normal course of Business.

Details of Board Meetings held during the financial year 2006-07

During the year,6 Meetings of the Board of Directors of the Company were held on 5th May, 2006, 29th June, 2006, 28th July, 2006, 17th Nov, 2006, 29th Jan, 2007 and 28th Feb, 2007.

BOARD COMMITTEES

The terms of reference of Board Committees are determined by the Board from time to time. Presently the Company has three committees- Audit Committee, Share Transfer Committee and Shareholders/ Investors Grievances Committee. All the decisions pertaining to the constitution of the Committees, appointment of members, and fixing of terms of reference for committee members are taken by the Board of Directors.

AUDIT COMMITTEE

The Board of Directors of the Company has duly constituted an Audit Committee comprising two independent directors and one non executive Director in compliance with the provision of clause 49 of the listing agreement with the Stock Exchange. The Audit Committee was formed to provide and monitor financial accuracy, adequacy, disclosure and transparency in order to ensure that financial statements furnished by the management including reports of the Internal Auditor and Statuary Auditors are correct, sufficient and credible.

The constitution of the Audit Committee and details of the meetings held during the year under review are as given below:

Name	Category	Status	No. of meetings attended
Shri Subrata Sinharay	Non-Executive & Independent Director	Chairman	5
Shri Ashoke Kr. Dutta	Non-Executive & Independent Director	Member	5
Shri Champak Banerjee*	Non-Executive Director	Member	1
Shri J.P.Shukla**	Non-Executive & Promoter Director	Member	nil
Shri Deepak Anurag***	Non-Executive & Promoter Director	Member	nil

* Ceased to be a member w.e.f 5th May, 2006

** Inducted as a member w.e.f 17th Nov, 2006

* **ceased to be member of the Audit Committee w.e.f 25th Aug, 2006

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The Audit Committee reviews various aspects of internal audit control system, financial and risk management policies on regular basis. The management makes presentation before the Audit Committee on the observations and suggestions of the auditors and on issues having major impact on control system and compliance. Internal Auditors are the permanent Invitee at the Audit Committee meetings. The Company Secretary acts as the Secretary of the Committee.

Terms of Reference & scope of the Audit Committee are in accordance with paragraph C&D of the Clause 49 of listing Agreement and include the following :

- 1 Effective supervision of financial reporting process.
- 1 Review of annual, half yearly and quarterly financial results before submission to the Board.
- 1 Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub- section (2AA) of Section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Compliance with listing and other legal requirements relating to financial statements.
 - * Ensuring completeness of coverage and proper disclosure of financial reporting.
 - * Review of adequacy of internal control & audit and actions taken.
 - * Recommending the appointment of Internal Auditor and Statutory Auditors and their fees.

Meetings of the Audit Committee and attendance of the members during the year 2006-07

The Audit Committee Meeting was held on 4th May,2006, 27th June, 2006,26th July, 2006, 14th November, 2006,25th January, 2007.

SHAREOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the Company constituted a Shareholders'/ Investors' Grievance Committee, comprising Shri Ashoke Kr. Dutta,(Non Executive Independent Director as Chairman), Shri Subrata Sinharay,(Non Executive Independent Director as Member) and Shri M.S.Barpananda (Non Executive Director). Smt S. Das, Company Secretary, is the Compliance Officer.

The Committee examines and redresses the grievances of shareholders/ investors. The Committee noted that suggestions were received from the shareholders in regard to listing of Company's shares with NSE & BSE, issue of Bonus shares etc. During the year, the company has not received any investors' complaint. There are no investors' complaints pending at the beginning of the quarter or lying unresolved at the end of the quarter.

SHARE TRANSFER COMMITTEE

The Share Transfer Committee governs the physical share transfer related activities and meets as and when required. Presently Shri M.S. Barpananda, Shri S.Sinharay and Smt S. Das are the members of the Share Transfer Committee.

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The Committee inter-alia, approves issue of duplicate certificates, reviews all matters connected with securities transfers and other processes, reviews the redressal of investor complaints pertaining to transfer of shares, non-receipt of balance-sheet, non-receipt of dividends, etc. The Committee also oversees the performance of the Registrar and Transfer Agents, CB Management Service (P) Ltd ('Registrars') and recommends measures for overall improvement in the quality of investor services. The Board of Directors of the company have delegated the powers of approving transfer of securities to the Company's Registrars under the supervision and control of the Company Secretary, subject to placing of a summary statement of transfer/ transmission, etc. of securities of the Company at all meetings of the said committee as well as to the Board of Directors.

REMUNERATION COMMITTEE

The Orissa Minerals Development Company Limited (OMDC) is a company under the administrative control of Ministry of Steel. The Chairman cum Managing Director (CMD) including majority of non-executive directors are Ministry's appointees. CMD's remuneration is determined by the Ministry of Steel, Govt of India subject to compliance of the provision of the Companies Act and hence, the Company does not need to have a Remuneration Committee. In any case this is not a mandatory requirement.

SITTING FEES PAID DURING THE YEAR

The Company pays sitting fees to its Non- Executive Directors, other than those representing Govt of India at the rate of Rs.3,500 for each meeting of the Board and/or Committees thereof attended by them.

The sitting fees paid during the financial year 2006-07 to the Directors are as follows:

(In Rupees)

Name of the Director	Sitting fees
Shri R.C. Srivastava	7,000
Shri C.Banerjee	24,500
Shri Subrata Sinharay	38,500
Shri Ashoke Kr. Dutta	38,500
Shri Sadananda Panigrahy	21,000
Smt D.Vijayalakshmi	3,500
Shri R.R.Dash	7,000

GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

Year	Venue	Date	Time
2005-06	"GORKHA BHAVAN" DD-28, Sector-1, Salt Lake City, Kolkata-700064	26.09.2006	9.30 A.M
2004-05	AIKATAN Eastern Zonal Cultural Center , IA- 290, Sector-III, Salt Lake City, Kolkata-700097	23.09.2005	12.30 P.M
2003-04	"	17.09.2004	11.30 A.M

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The last four years Extra Ordinary General Meetings were held as under:

Date	Time	Venue
4.01.2005	12.00 Noon	AIKATAN Eastern Zonal Cultural Center , IA- 290, Sector-III, Salt Lake City, Kolkata-700097
27.02.2004	11.30 A.M	”
21.02.2003	11.30 A.M	”

Date of Annual General Meeting	No. of Special Resolution passed	Details of Special Resolution
17.09.2004	1 (One)	Re-appointment of Auditors under provision of Section 224A of the Companies Act.
23.09.2005	2 (Two)	1. Re-appointment of Auditors under provision of Section 224A of the Companies Act. 2. Amendment of Articles of Association under section 31 of the Companies Act for incorporation of buy back of shares, nominee director of FIs and deletion of certain provisions not applicable.
26.09.2006	1 (One)	Re-appointment of Auditors under provision of Section 224A of the Companies Act.

Details of Special Resolutions passed at Extra Ordinary General Meeting :

Date of Extra Ordinary General Meeting	No. of Special Resolution passed	Details of Special Resolution
27.02.2004	2 (Two)	1. Amendment of Articles of Association pursuant to Section 31 of the Companies Act for incorporation of dematerialization of Securities. 2. Approval for enhancement of investment limit pursuant to Section 372 A of the Companies Act.

Details of Special Resolutions passed during the year 2005-06 by Postal Ballot procedure :

Date of passing the Resolution	No. of Special Resolution passed	Details of Special Resolution
12.04.2006	1 (One)	1. Alteration of clause 97 of the Article of Association of the company pursuant to Section 31 of the Companies Act for Inclusion of sitting fees of Rs.3500/-

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		2. Commencement of new business pursuant to Section 149 (2A) Read with 192A of the Companies Act for commencing activities in mineral based industries.
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DISCLOSURES

- a. **Related Party Transactions** : Details of transactions with related parties during the year have been furnished in the Schedule 18 and Notes on Accounts of the Annual Accounts.
- b. **Non-compliance/strictures/penalties imposed** : No non-compliance/ strictures/penalties have been imposed on the Company by the SEBI or the Stock Exchange or any statutory authorities on any matters relating to capital markets during the last three years.
- c. **Accounting Treatment** : In the preparation of financial statement, the Company has followed the Accounting Standards issued by ICAI. The significant accounting policies which are consistently applied have been set out in the Notes on Accounts.
- d. **Risk Management** : Risk evaluation and management is an ongoing process within the Organization. A detailed exercise on risk management covering the entire gamut of operation of the Company is being planned during the current fiscal.
- e. **Details of compliance with mandatory requirements and adoption of non- mandatory requirements:**
The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. Non-mandatory requirements would be subject to review by the Board from time to time.

MEANS OF COMMUNICATION

The quarterly, half-yearly and the annual financial results are published in English & vernacular newspapers and are also furnished to the stock exchanges with whom the Company has listing arrangements to enable them to put them on their websites. Such results were published, inter alia, in "Economic Times" and "Dainik Statesman" from Kolkata, and on an all India basis. The Company has its own web- site www.birdgroupcompanies.com wherein all relevant information alongwith the financial results are displayed. The Management's Discussion and Analysis Report is part of the Directors' Report and forms a part of the Annual Report. All price sensitive information or clarifications on the decisions of the Board are communicated immediately to the Stock Exchanges for dissemination to the shareholders.

CODE OF CONDUCT

The Company has introduced a Code of Conduct which lays down procedures to be followed by directors and the senior management employees as defined in the Clause 49 of the Listing Agreement to promote ethical conduct and maintain high standards in carrying out business transactions of the Company.

An annual declaration confirming compliance is given by the directors and senior management personnel. The code is also posted on the Company's Web-site.

Declaration regarding compliance by the Board Members and Senior Management Personnel with the Company's Code of Conduct is annexed herewith.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

PARTICULARS OF DIRECTORS REAPPOINTED

In accordance with the provisions of Companies Act, 1956 Shri Subrata Sinharay and Shri Ashoke K.Dutta retire by rotation and being eligible offers themselves for re-appointment.

As required under clause 49 of the Listing Agreement, the details of membership of the Directors and other relevant details in respect of Directors who are being recommended for reappointment are given hereunder:

Name of the Director	Age	Date of appointment	Qualifications	Expertise in specific functional areas	Directorship in other companies
Shri Subrata Sinharay	63 years	29.12.05	M.Com, FCA	Served in Govt & PSU Organisations in managerial capacity in IFFCO Ltd, MSTC Ltd under Ministry of Steel. Also served NJMC Ltd under Ministry of Textile as Director (F) with additional charge assigned by the Ministry. Presently on superannuation from service, associated with a CA firm as a partner.	Nil
Shri Ashoke K.Dutta	60 years	29.12.05	B.Sc(Hons) PGDM(IIM)	Presently associated with Indian Institute of Social Welfare and Business Management (IISWBM) as a Director .	1.Computech International Ltd. 2. All India Technologies Ltd. 3. Batchmates Com- Pvt Ltd. 4.GardenReach Shipbuilders Engineers Ltd. 5. Khadim India Ltd. 6. International Sign Association of India.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

GENERAL SHAREHOLDER INFORMATION

i. AGM Details

Date	26th September, 2007
Venue	"AIKATAN" Eastern Zonal Cultural Centre, IA-290, Sector-III, Salt Lake City, Kolkata-700 097
Time	10.30 A.M.
Book Closure Dates	19th September to 26th September, 2007
Dividend Payment Date	9th October, 2007

ii. Last date of submission of ECS mandate/Bank Particulars : 18th September, 2007
to
CB Management Services (P)Ltd
P-22, Bondel Road, Kolkata- 700019
Phone:(033)2280-6692-93-94/2486/2937
Fax: (033) 2247-0263
E-mail: cbms11@ cal2.vsnl.net.in

iii. Market price data of the Company's shares in the Calcutta Stock Exchange Association Limited (CSE) :

No trading took place during the year.

iv. Depositories with whom Company has entered into agreement

Name	ISIN Code
Central Depository Services (India) Limited (CDSL)	INE 725E01016
National Securities Depository Limited (NSDL)	-Do-

v. Listing on stock exchange : The Calcutta Stock Exchange Association Limited
7, Lyons Range, Kolkata- 700001.
The company has paid listing fee for the year 2007-08 in time.

vi. Stock code : 25058

vii. Registrar & Share Transfer Agent : CB Management Services (P)Ltd
(w.e.f 23.05.06) P-22, Bondel Road, Kolkata- 700019
Phone:(033) 2280-6692-93-94/2486/2937
Fax: (033) 2247-0263
E-mail: cbms11@ cal2.vsnl.net.in

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

viii. Physical/NSDL/CDSL/Summary Report as on 31st March, 2007

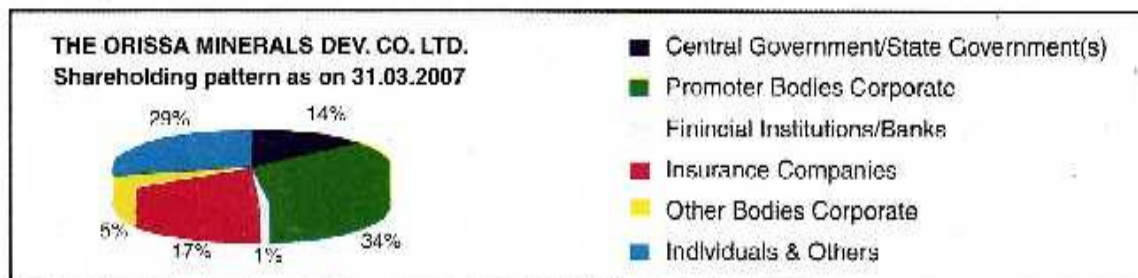
PARTICULARS	SHARES	%	NO OF SHAREHOLDERS	%
PHYSICAL	401876	66.98	382	41.88
NSDL	36651	6.11	380	41.67
CDSL	161473	26.91	150	16.45
TOTAL	600000	100.00	912	100.00

ix. Top Ten Shareholders of the company as on 31st March, 2007

Sl. No.	Name of the Shareholder	No. of Shares held	% of Shareholding
1.	Eastern Investments Limited	203870	33.98
2.	Life Insurance Corporation of India.	103500	17.25
3.	President of India	85219	14.20
4.	The Property Company Private Ltd	14500	2.42
5.	Murari Lal Sarawagi	12650	2.11
6.	Mahendra Girdharlal Wadhawanl	9051	1.51
7.	Aspi H. Tangree	7600	1.27
8.	Allahabad Bank Nominees Pvt. l. td.	6600	1.10
9.	Dhruva Agarwal	6500	1.08
10.	Misri Lal Jain	4950	0.82

x. Categories of Shareholders with Shareholding Pattern as on 31.03.2007

	<u>No. of Shares</u>	<u>%</u>
Central Government/ State Government(s)	85219	14
Promoter Bodies Corporate	203870	34
Financial Institutions/Banks	4400	1
Insurance Companies	103500	17
Other Bodies Corporate	30201	5
Individuals & Others	172810	29
Total	600000	100



THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

xi . Financial Calendar

Financial Year :1st April to 31st March

For the year ended 31st March, 2007, results were announced on

1.	First Quarter Results	July,2006
2.	Second Quarter and Half Year Results	October,2006
3.	Third Quarter Results	January, 2007
4.	Annual Results	June,2007

xii. Dividend History (Last 3 years)

Financial year ended	Dividend Per Share (Rs.)	Total Dividend (Rs.in crores)
31.03.2004	5.00	0.30
31.03.2005	364.00	21.84
31.03.2006	325.00	19.50

xiii. Unclaimed Dividend

Financial year	Date of Declaration of Dividend	Total Dividend (Rs in crores)	Unclaimed Dividend as on 31.03.2007	Due for transfer to IEPF on
2003-04	17.09.2004	0.30	87,915	19.09.2011
2004-05	23.09.2005	21.84	65,47,632	24.09.2012
2005-06	10.10.2006	19.50	68,68,225	11.10.2013

xiv. CEO/CFO Certification

Pursuant to clause 49V of the listing agreement Shri M. S. Barpanda, CEO and Shri A. K. Majumder, CFO of the company have reported to the Board certifying that the financial statements as well as cash flow statement for the year ended 31st March, 2007 have been reviewed by them and that to their best of knowledge and belief the statements do not contain any untrue or misleading statement. The statements present true and fair view of the company's affairs and they are in compliance with the existing accounting standards, applicable laws and regulations.

CEO/CFO further reported that no transactions were entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct. Internal control system was existing and deficiencies in this regard were disclosed to the auditors and audit committee. There have been no instances of significant fraud either by the management or an employee having a significant role in the company's internal control systems over financial reporting. There has been occurrence of theft cases of mineral stock at mines, for which preventive actions are being initiated.

xv. Mines Location : a) Thakurani Iron and Manganese Mines
The O.M.D.Co. Ltd
At/P.O. Thakurani,
Via- Barbil,
Dist: Keonjhar(Orissa)
Pin:758035

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

- b) Belkundi Bagiaburu Iron Mines
The O.M.D.Co. Ltd
At/P.O. Nalda,
Via- Barbil,
Dist: Keonjhar(Orissa)
Pin:758035

- c) Bhadrasahi Iron and Manganese Mines
The O.M.D.Co. Ltd
At Kolha Roida
Via- Joda,
Dist: Keonjhar(Orissa)
Pin:750038

- d) OMDC Sponge Iron Plant
The O.M.D.Co. Ltd
At/P.O. Thakurani,
Via- Barbil,
Dist: Keonjhar(Orissa)
Pin:758035

xvi. Secretarial Audit Report

The secretarial Audit Report of the Company prepared in terms of SEBI Circular No.D& CC/FITTC/CIR-16/2002 dated December 31,2002 reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/paid up capital of the Company is placed before the Board of Directors and duly submitted to the Stock Exchange(s) for every quarter.

xvii. Address for correspondence:

The shareholders may address their communications/suggestions/grievances/queries to:

CB Management Services (P)Ltd

P-22,Bondel Road, Kolkata- 700019
Phone:(033) 2280-6692-93-94/2486/2937
Fax: (033) 2247-0263
E-mail: cbms11@ cal2.vsnl.net.in

OR

The Orissa Mineals Development Company Limited

Secretarial Department
FD-350, Sector-III, Salt Lake City,
Kolkata- 700106
Tel No. (033) 2321- 3983
Fax: (033) 2321-3874
E-mail: Birdgroup@ vsnl.net

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

Declaration regarding compliance by the Board Members and Senior Management Personnel with the Company's Code of Conduct

This is to confirm that the company has adopted Code of Conduct for its Board members and senior management personnel. These codes are available on the company's website.

I confirm that the company has in respect of the financial year ended 31st March, 2007 received from the senior management team of the company and the members of the Board affirmation as regards compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration senior management team under the Board level mean the General Manager (Technical), Deputy General Manager (I/C), Deputy General Manager, Chief Manager (Finance), Company Secretary and Heads of the Commercial, Materials and the Personnel department.

Kolkata
1st Aug, 2007



(M S BARPANDA)
DIRECTOR HOLDING ADDITIONAL
CHARGE OF
CHAIRMAN CUM MANAGING DIRECTOR

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

Certificate on compliance with the conditions of Corporate Governance
under Clause 49 of the Listing Agreement

CERTIFICATE

To
The Members of
The Orissa Minerals Development Company Limited

I have examined all the relevant records of The Orissa Minerals Development Company Limited (hereinafter referred to as the "Company") for the purpose of certifying compliance of the conditions of the Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchange for the year ended 31st March, 2007.

I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

I state that no investor grievances are pending for a period exceeding one month as per the records maintained by the Shareholders / Investors Grievance Committee, except where disputed or subjudiced or where policy decision is imperative.

I further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Sunil Kumar Banerjee
Practising Company Secretary
FCS 2189; CP No. 4652

Dated : The 9th August, 2007
Place : Kolkata

COMPLIANCE CERTIFICATE

To
The Members of
The Orissa Minerals Development Company Limited
FD – 350, Salt Lake City
Sector – III
Kolkata – 700 106

Registration No. : 21 – 003026
C I N : U99999WB1918PLC003026
Nominal Capital Rs. : 60,00,000/-

I have examined the registers, records, books and papers of **THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2007. In my opinion and to the best of information and according to papers, documents and records submitted before me and examination thereof as well as explanations furnished to me by officers of the Company, I certify that in respect of the aforesaid financial year :

01. The Company has kept and maintained registers as stated in Annexure “A” to this certificate, as per the provisions of the Act, and the Rules made thereunder and all entries therein have been duly recorded.
02. The Company has duly filed the forms and returns within the stipulated periods as stated in Annexure “B” to this certificate, with the Registrar of Companies, West Bengal under the Act and the Rules made thereunder.
03. The Company has paid up capital of Rs. 60 lacs and as such complies with the requirement pursuant to Section 3(4) of the Act, as regards paid up capital in respect of a public limited company. The Company, being a public limited company, further comments are not required.
04. The Board of Directors duly met six (6) times one each on 5th May, 2006, 29th June, 2006, 28th July, 2006, 17th November, 2006, 29th January, 2007 and 28th February, 2007 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed, including 12 (twelve) nos. of circular resolutions passed, in the Minutes Book maintained for the purpose.
05. The Company closed its Register of Members from 19th September, 2006 to 26th September, 2006 (both days inclusive).
06. The Annual General Meeting for the financial year ended on 31st March, 2006 was held on 26th September, 2006 after giving due notice to the members of the Company and resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
07. No Extraordinary General Meeting of the members of the Company was held during the year under review.
08. The Company has not advanced any loan to its directors or persons or firms or companies referred to under section 295 of the Act except as specified in Para 25 of the Certificate.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

09. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act during the financial year. During the year there were no contracts or arrangements referred to in section 301 of the Act that were needed to be entered in the register maintained under that section except sanctioning of a loan of Rs. 25 lacs to an associate company as referred to in para 25 below.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained approvals from the Board of Directors, Members or Central Government.
12. The Company has issued forty two (42) duplicate share certificates during the financial year. There have been issue of eight (8) nos. of certificates on sub – division. There has been no case of consolidation, renewal or exchange.
13.
 - i) The Company has delivered all share certificates lodged for transfer within the stipulated period.
 - ii) The Company deposited requisite amount in a separate Bank Account, as dividend was declared by the Company during the financial year.
 - iii) The Company posted warrants to members of the Company as dividend was declared by the Company during the year.
 - iv) The Company transferred the unpaid / unclaimed amount in unpaid dividend account. The Company was not required to transfer any application money due for refund, matured deposits, matured debentures and any interest accrued thereon to Investor Education and Protection Fund since there was no such amount remaining unclaimed or unpaid for a period of seven years.
 - v) The Company has duly complied with the requirement of the section 217 of the Act.
14. The Board of Directors of the company was duly constituted. Appointment of three (3) Additional Directors was made during the year for being in office till the annual general meeting of the Company held during that year only.
No appointment of any Alternate Directors and Directors to fill casual vacancies was made during the year.
15. The Company has a Managing Director who was put under suspension since the previous financial year. One director was given additional charge of Managing Director. The Company has no other whole time Director or Manager.
16. The Company has not appointed any sole selling agent during the year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such authorities prescribed under the various provisions of the Act during the year under review.
18. The Directors of the Company have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and Rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the year.
21. The Company has not issued any preference shares or debentures and hence redemption of preference shares and / or debentures during the year does not arise.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

22. There was no transaction necessitating the Company to keep in abeyance the right to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including unsecured loans falling within the purview of sections 58A, 58AA or any other relevant provisions of the Act during the financial year.
24. The Company has not made any borrowing during the year.
25. During the year under review, the company has given loan to an associate company listed in the register maintained under section 301 of the Companies Act. Sanctioning of the loan appears to be not made in compliance with the provisions of section 295 of the Companies Act.

The Company has not made any advances or given any guarantees or provided securities to other bodies corporate and consequently no entry has been made for the purpose.

The Company has, however, given advances to associate Companies against job orders allotted to them.
26. The Company has not altered the provisions of the Memorandum of Association in respect of situation of the Company's Registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to the main and ancillary and other objects to attainment of the main objects during the year.
28. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to name of the Company during the year under review.
29. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to share Capital of the Company during the year under review.
30. The Company has altered its Articles of Associations during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishments were imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contributions to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

(Sunil Kumar Banerjee)
Practising Company Secretary
FCS 2189; CP No. 4652

Dated : The 9th August, 2007
Place : Kolkata

Annexure – A

Registers maintained by the Company

01. Register of Investments under section 49 of the Act.
02. Register of Members and Index under section 150 and 151 of the Act.
03. Minutes Book of Board Meetings and General Meetings under section 193 of the Act.
04. Register of particulars of Contracts in which Directors are interested under section 301 of the Act.
05. Register of Directors, Managing Director, Manager and Secretary under section 303 of the Act.
06. Register of Directors' shareholdings under section 307 of the Act.
07. Register of Transfer.
08. Common Seal Register.

Annexure – B

Forms and Returns as filed by the Company with the Registrar of Companies, West Bengal during the financial year ended on 31st March, 2007.

SL. NO.	FORM NO.	PARTICULARS OF FILING	DATE OF FILING	WHETHER WITH SPECIFIED PERIOD
01.	FORM 32	SPECIAL RESOLUTION FOR ALTERATION OF ARTICLES OF ASSOCIATIONS (ENHANCEMENT OF SITTING FEE FOR NON EXECUTIVE DIRECTORS)	08.05. 2006	YES
02.	FORM 32	APPOINTMENT OF LIC NOMINEE DIRECTOR (SMT. D. VIJAYALAKSHMI)	10. 05. 2006	YES
03.	FORM 32	CESSATION OF DIRECTOR (SHRI R. C. SRIVASTAVA)	13. 07. 2006	YES
04.	FORM 32	APPOINTMENT OF ONE ADDITIONAL DIRECTOR (SHRI AJOY KUMAR)	14. 09. 2006	YES
05.	FORM 32	(a) APPOINTMENT OF ONE ADDITIONAL DIRECTOR (SHRI J. P. SHUKLA)	14. 09. 2006	YES

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

(b) CESSATION OF TWO DIRECTORS
(SHRI DEEPAK ANURAG
AND
SHRI P. K. SINGH)

06.	FORM 32	APPOINTMENT OF ONE ADDITIONAL DIRECTOR (SHRI P. GANESHAN)	10. 10. 2006	YES
07.	FORM 66	COMPLIANCE CERTIFICATE U/S. 383A OF THE ACT FOR THE YEAR ENDED 31ST MARCH, 2006.	13. 10. 2006	YES
08.	FORM 23	SPECIAL RESOLUTION REGARDING RE – APPOINTMENT OF STATUTORY AUDITORS	14. 10. 2006	YES
09.	FORM 23AC	BALANCE SHEET AS AT 31ST MARCH, 2006.	18. 10. 2006	YES
10.	FORM 23ACA	PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006.	18. 10. 2006	YES
11.	FORM 32	APPOINTMENT OF DIRECTORS SUBJECT TO RETIREMENT BY ROTATION AT ANNUAL GENERAL MEETING HELD ON 26TH SEPTEMBER, 2006 i) SHRI S. SINHARAY ii) SHRI A. K. DUTTA iii) SHRI S. PANIGRAHY	20. 10. 2006	YES
	FORM 32AD	APPOINTMENT OF DIRECTORS SUBJECT TO RETIREMENT BY ROTATION AT ANNUAL GENERAL MEETING HELD ON 26TH SEPTEMBER, 2006 i) SHRI P. GANESHAN ii) SHRI AJOY KUMAR iii) SHRI J. P. SHUKLA	20. 10. 2006	YES
12.	FORM 22B	ANNUAL RETURN MADE UP TO 26TH SEPTEMBER, 2006.	23. 11. 2006	YES

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

13.	DIN 3	DINs FILED IN RESPECT OF i) SHRI AJOY KUMAR ii) SHRI J. P. SHUKLA iii) SHRI P. GANESHAN iv) SHRI C. BANERJEE v) SHRI S. SINHARAY vi) SHRI A. K. DUTTA vii) SHRI S. PANIGRAHY viii) SMT. D. VIJAYALAKSHMI	29. 11. 2006	YES
14.	FORM 32	(a) APPOINTMENT OF LIC's NOMINEE DIRECTOR (SHRI R. R. DASH) (b) CESSATION OF L I C's NOMINEE DIRECTOR (SMT. D. VIJAYALAKSHMI)	07. 02. 2007	YES
15.	DIN 3	DIN FILED FOR (SHRI TAPAN BISWAS)	20. 02. 2007	YES
16.	DIN 3	DIN FILED FOR (SHRI R. R. DASH)	29. 03. 2007	YES

Sunil Kumar Banerjee
Practising Company Secretary
FCS 2189; CP No. 4652

Dated : The 9th August, 2007
Place : Kolkata

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

1st August, 2007

To
The Board of Directors
The Orissa Minerals Development Co Ltd.
FD-350, Sector - III
Salt Lake City
Kolkata 700 106

Dear Sirs,

In respect of the annual accounts of the company for the financial year ended 31st March, 2007 we report as below :

- a) We have reviewed the financial statements and cash flow statement for the year end and that to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions which are fraudulent, illegal and violative of company's code of conduct were entered into by the company during the year.
- c) We accept responsibilities for establishing and maintaining internal controls for financial reporting and that we have evaluated effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and Audit Committee, deficiencies in the design or operation of such internal controls of which we are aware and steps we have taken or proposed to take to rectify the deficiencies.
- d) We have indicated to the auditors and the Audit Committee :
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes on accounts; and
 - iii) that we are not aware of any significant fraud and involvement if any, of the management or an employee having a significant role in the company's internal control systems over financial reporting. There has been occurrence of theft cases of mineral stock at the mines, for which preventive actions are being initiated.



(M S BARPANDA)
CHIEF EXECUTIVE OFFICER (CEO)



(A K MAJUMDER)
CHIEF FINANCE OFFICER (CFO)

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

**AUDITORS' REPORT
TO THE MEMBERS OF
THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED.**

1. We have audited the attached Balance Sheet of The Orissa Minerals Development Company Limited as at 31st March 2007 and the annexed Profit and Loss Account and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. *Attention is invited to :*
 - 3.1 *Note 4 of Schedule 19 regarding non ascertainment and non-provision of liability in respect Royalty if any, arising out of shortage of Manganese Ore (as well as Iron Ore).*
 - 3.2 *Note 12 of Schedule 19 regarding non payment/non-provision of Service Tax and ascertainment of liability if any, in connection with transportation services provided by the contractors in the capacity of Goods Transport Agency.*
 - 3.3 *Note 16 of Schedule 19 regarding not carrying out physical verification of Fixed Assets and non identification of Assets requiring impairment in terms of Accounting Standard (AS -28).*
 - 3.4 *Note 18, as regards unsecured loan to the tune of Rs. 25.00 lacs given to an associate company, necessary formalities in terms of Section 295 of the Companies Act, 1956 do not seem to have been complied with.*
 - 3.5 *Note 19A of Schedule 19 regarding ascertainment of closing stocks of Iron and Manganese ores entirely on the basis of verification/certification by an outside technical agency as regards stocks derived by them and non inclusion of value (surplus quantity considered for the purpose of quantitative analysis) of surplus stock arising out of such verification to the tune of Rs.245.51 lacs and resultant understatement of profit for the year as well as accumulated Profit and Current Assets in the form inventories as on 31.03.2007.*
 - 3.6 *Note 24(a) of Schedule 19 regarding non-availability of balance confirmation/reconciliation and consequential adjustment, if any, arising therefrom.*
 - 3.7 *Non recovery of Sundry Debtors to the tune of Rs.96.82 lacs due from various associate companies as referred to Note 25 of the Notes on Accounts vide Schedule 19.*
 - 3.8 *Our scrutiny reveals that old liabilities to the tune of Rs.291.40 lacs have been lying unadjusted since long, reason for non payment/non adjustment of such liability should be enquired into and necessary adjustments as may be necessitated should be carried out.*

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

- 3.9 Resultant impact if any, arising as a result of not conducting physical verification of Stores and Spare Parts (except on test basis during the course of Internal Audit) could neither be ascertained and given effect to.
4. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to the above, we report that :
- 5.1 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 5.2 In our opinion, proper books of account as required by law, have been kept by the company, so far as it appears from our examination of those books.
- 5.3 The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- 5.4 In our opinion and to the best of our information and according to the explanations given to us, the said account together with the schedules and notes thereon give the information required by the Companies Act 1956, in the manner so required.
- 5.5 On the basis of written representations received from the Directors, wherever applicable, we report that none of the directors are disqualified as on 31st March 2007, from being reappointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
- 5.6 In our opinion, the Balance Sheet, Profit and Loss Account and The Cash Flow Statement have been prepared in compliance with the applicable Accounting Standards as referred to in Section 211(3C) of the Companies Act 1956, reference may however be drawn to the Note 19 of Schedule 19 regarding non-ascertainment of economic viability of business assets in terms Accounting Standard (AS-28) relating to Impairment of Assets.
6. The said accounts, *subject to our remarks in para 3 above* and read with the other Notes on Accounts vide Schedule 19 give a true and fair view in conformity with the accounting principles generally accepted in India.
- (i) In so far as it relates to the Balance Sheet, of the state of affairs of the company as at 31st March 2007.
- (ii) In so far as it relates to the Profit & Loss Account, of the profit of the company for the year ended on that date.
- (iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For Bhadra & Bhadra
Chartered Accountants
Sd/-

D. Bhadra
Partner

(Membership No. 52176)

Place : Kolkata
Dated the 9th August,2007

ANNEXURE REFERRED TO IN PARAGRAPH 4 OF OUR REPORT OF EVEN DATE

1. (a) As explained to us, the Company has a system of maintaining records showing full particulars including quantitative details and situation of its fixed assets and as informed, *updation of particulars in this regard is yet to be completed.*
- (b) *Reference is invited to Note 16 of Schedule 19 and para 3.3 of the Auditors' Report regarding company's inability to carry out physical verification during the year.*
- (c) No substantial disposal of fixed assets has taken place during the year.
2. (a) Year-end Stock-in-trade has been got physically verified by an external technical agency. Year-end stock of raw materials has been physically verified by the management internally. *No physical verification (except on test basis during the course of Internal Audit) however has been conducted in respect of stock of stores and spare parts.*
- (b) *The procedures and frequency of physical verification of stocks followed by the management are in opinion not reasonable and adequate in relation to the size of the Company and the nature of the business, particularly in view of the fact significant quantum of discrepancies found (refer Note 19A of Schedule 19) as a result of physical verification conducted by the outside technical agency. Proper enquiry in this regard, should in our opinion, be initiated without delay.*
- (c) *As mentioned in para 2(b) above, having regard to the quantum of discrepancies found during the course of physical verification, frequency of verification and reconciliation thereof need to be increased.*
3. (a) As informed to us, during the year, the Company has granted unsecured loan to the tune of Rs.25.00 lacs to Scott and Saxby Limited, a company listed in the Register maintained under Section 301 of the Companies Act. As referred to in para 3.4 of the Audit Report, *necessary formalities in terms of Section 295 of the Companies Act, 1956 do not seem to have been complied with in this regard.* This apart, advances stated to be in the nature of trade advances given to two associates is outstanding to the tune of Rs.85.21 lacs including those given in the earlier years.
- (b) Interest at a rate which is not prima-facie prejudicial to the interest of the company has been charged during the year on the above advances in terms of decision taken by the management.
- (c) As explained, the trade advance being in the nature of advance towards procurement of materials/ services there has been no stipulation as regards receipt of the principal, repayment in respect of the unsecured loan advanced towards the end of the year is yet to fall due.
- (d) In view of clause 3.(c) above, clause iii(d) of the Order is not applicable.
- (e) As the company has not taken any loans, secured or unsecured, clauses iii(e), iii(f) and iii(g) of the are not applicable.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instances of major weakness in the aforesaid internal control systems, *except that internal control in respect of consumption of coal used for Sponge Iron Plant needs strengthening in the form regular and comprehensive reconciliation in respect procurement vis a vis consumption thereof, also having regard to the significant quantum of discrepancies found in respect stock of Iron and Manganese Ores, internal control procedure in respect production, despatch and stock of those items need to strengthened. Since evaluation of internal control and effectiveness thereof depends, to a great extent on the proper functioning of internal audit, management is urged strengthen the later to the maximum possible extent.*
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us, where each of such transaction exceeding Rupees five lacs in value have been made at the prices which are prima facie reasonable having regard to the prevailing market price .
6. The Company has not accepted any deposit from the public within the meaning of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and other relevant Rules.
7. The Company has an internal audit system, carried out by a firm of Chartered Accountants which, in our opinion, *can not be considered to be commensurate with the size of the Company and the nature of its business.*
8. Maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to this Company.
9. (a) According to the information and explanations made available to us, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Royalty etc. are repaid on regular basis to the appropriate authorities. As explained there are no undisputed amount payable in respect of the aforesaid dues as on 31st March, 2007 outstanding for a period of more than six months from the date they had become payable.
- (b) According to the information and explanations made available to us, details of disputed dues as on 31.03.2007 are as follows :

Name of the Statute	Nature of dues	Forum where dispute is pending	Amount (Rs.)
Orissa Sales Tax Act	Sales Tax	Appellate Tribunal	26,311
		Asstt. Commissioner	64,395
		Commissioner	1,80,809
Central Sales Tax Act	Sales Tax	Appellate Tribunal	1,65,143
		Asstt. Commissioner	8,65,788
		Commissioner	12,87,547

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

10. The Company does not have any accumulated loss at the end of the relevant financial year and it has not incurred any cash losses during the current and in the immediately preceding financial year.
11. Since the Company does not have any borrowings from financial institution, bank or in the form of debentures, this clause is not applicable.
12. According to the information and explanations made available to us, no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
14. In our opinion and according to the information and explanations made available to us, the Company is not dealing in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations made available to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
16. The Company has not obtained any such loan, as such, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
17. According to the information and explanations made available to us, that no such funds have been raised during the year, as such this clause is not applicable.
18. During the year the Company has not made any preferential allotment of shares.
19. The Company has not issued any Debentures.
20. The Company has not made any public issue during the year.
21. Based upon the audit procedures performed and information and explanations made available by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Place : Kolkata
Dated the 9th August,2007

For Bhadra & Bhadra
Chartered Accountants
Sd/-
D. Bhadra
Partner
(Membership No. 52176)

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2007

	Schedule No.	31st March, 2007 <u>Rs.in lacs</u>	31st March, 2006 <u>Rs.in lacs</u>
SOURCES OF FUNDS			
1. Shareholders' Funds :			
a) Capital	1	60.00	60.00
b) Reserves & Surplus	2	<u>45,858.88</u>	<u>31,556.52</u>
2. Deferred Tax Liabilities (Net)		—	27.70
TOTAL		<u>45,918.88</u>	<u>31,644.22</u>
APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	3	4,960.22	4,609.45
b) Less : Depreciation		<u>2,552.54</u>	<u>2,161.08</u>
c) Net Block		2,407.68	2,448.37
Discarded Assets		2.19	2.19
d) Capital Work-in-progress at cost		<u>318.50</u>	<u>514.53</u>
		2,728.37	2,965.09
2. Investments	4	1,412.06	1,412.06
3 Deferred Tax Asset (Net)		129.40	—
4. Current Assets Loans & Advances			
a) Inventories	5	1,422.61	1,292.82
b) Sundry Debtors	6	1,345.60	670.37
c) Cash & Bank Balances	7	45,497.30	32,648.92
d) Other Current Assets	8	2,164.55	1,078.77
e) Loans & Advances	9	<u>29,969.20</u>	<u>19,874.96</u>
		80,399.26	55,565.83
Less : Current Liabilities & Provisions	10	<u>38,750.21</u>	<u>28,305.42</u>
Net Current Assets		41,649.05	27,260.41
5 Preoperative Expenses	11	—	6.66
TOTAL		<u>45,918.88</u>	<u>31,644.22</u>
Segment Reporting	17		
Related Party Disclosure	18		
Notes on Accounts	19		

Note : The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

Signed pursuant to the provisions of Section 215 of the Companies Act, 1956 in authentication of this Balance Sheet.

For Bhadra & Bhadra
Chartered Accountants

M. S. Barpanda
Director

J. P. Shukla
Director

C . Banerjee
Director

D. BHADRA
Partner
(Membership No. 52176)

S. Sinharay
Director

R. R. Dash
Director

S. Panigrahy
Director

A. K. Dutta
Director

Kolkata, Dated the 9th August, 2007.

S. Das
Secretary

A. K. Majumder
Chief Manager (Finance)

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule No.	<u>31st March, 2007</u> Rs.in lacs	<u>31st March, 2006</u> Rs.in lacs
INCOME			
Sales	12	29,992.66	25,271.31
Other Income	13	3,788.77	2,146.84
Increase / (Decrease) in Stock	14	57.15	275.77
		<u>33,838.58</u>	<u>27,693.92</u>
EXPENDITURE			
Payment to and Provisions for Employees	15	853.19	717.23
Other Mining, Selling and Administrative Expenses	16	6693.99	7,690.29
Depreciation		391.45	398.56
		<u>7,938.64</u>	<u>8,806.08</u>
Net Profit before Tax		<u>25,899.94</u>	<u>18,887.84</u>
Provision for Tax - Current		(8,690.00)	(5,891.00)
Provision for Fringe Benefit Tax		(20.50)	(10.00)
Provision for Tax - Deferred		157.10	5.99
Net Profit after Tax		<u>17,346.54</u>	<u>12,992.83</u>
Balance brought forward		15,467.02	9,697.67
Profit Available for Appropriation		<u>32,813.56</u>	<u>22,690.50</u>
Appropriations :			
Proposed Dividend		2601.98	1,950.00
Dividend Tax		442.21	273.48
General Reserve		5,000.00	5,000.00
		<u>8044.19</u>	<u>7,223.48</u>
Surplus Transferred to Balance Sheet		<u>24,769.37</u>	<u>15,467.02</u>
Earning per share (Rs.) - Basic & Diluted		<u>2,891.09</u>	<u>2165.47</u>
Segment Reporting	17		
Related Party Disclosure	18		
Notes on Accounts	19		

Note : The Schedules referred to above form an integral part of the Profit & Loss Account

This is the Profit & Loss Account referred to in our report of even date.

Signed pursuant to the provisions of Section 215 of the Companies Act, 1956 in authentication of this Profit & Loss Account.

For Bhadra & Bhadra
Chartered Accountants

M. S. Barpanda
Director

J. P. Shukla
Director

C . Banerjee
Director

D. BHADRA
Partner
(Membership No. 52176)

S. Sinharay
Director

R. R. Dash
Director

S. Panigrahy
Director

A. K. Dutta
Director

Kolkata, Dated the 9th August, 2007.

S. Das
Secretary

A. K. Majumder
Chief Manager (Finance)

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

SCHEDULES

	<u>31st March, 2007</u>		<u>31st March, 2006</u>	
	<u>Rs.in lacs</u>	<u>Rs.in lacs</u>	<u>Rs.in lacs</u>	<u>Rs.in lacs</u>
<u>SCHEDULE : 1</u>				
CAPITAL				
<u>Authorised</u>				
6,00,000 Ordinary Shares of Rs.10/- each		<u>60.00</u>		<u>60.00</u>
<u>Issued and Subscribed</u>				
6,00,000 Ordinary Shares of Rs.10/- each		<u>60.00</u>		<u>60.00</u>

Notes : Of the Subscribed Capital :

- 1) 30,000 Ordinary Shares were allotted as fully paid-up pursuant to a contract without payment being received in cash.
- 2) 5,00,000 Ordinary Shares were allotted as fully paid-up Bonus Shares by way of capitalisation of General Reserve.

SCHEDULE : 2

RESERVES AND SURPLUS

Capital Reserve		89.50		89.50
(Arising out of Revaluation of Fixed Assets)				
General Reserve				
Balance as per last Account	16,000.00		11,000.00	
Add : Transferred during the year	<u>5,000.00</u>	21,000.00	<u>5,000.00</u>	16,000.00
Profit & Loss Account Balance		24,769.37		15,467.02
		<u>45,858.88</u>		<u>31,556.52</u>

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

SCHEDULE NO. : 3 FIXED ASSETS (Rs. In lacs)

PARTICULARS	Value of Cost/Book	Addition	Assets Sold/ Adjusted	Adjusted Value of Cost/Book	Depre- ciation as at 01.04.2006	Depre- ciation Adjusted During the year	Depre- ciation Added During the year	Depre- ciation as at 31.03.2007	Net Value as at 31.03.2007	Net Value of Assets as at 31.03.2006
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
LAND	0.28	—	—	0.28	—	—	—	—	0.28	0.28
LEASE-HOLD LAND	53.50	143.27	—	196.77	1.08	—	1.99	3.07	193.70	52.41
BUILDING	665.73	53.95	—	719.68	160.18	—	30.14	190.32	529.36	505.54
LEASE HOLD PROPERTIES	439.58	—	—	439.58	335.55	—	21.26	356.81	82.77	104.03
RAILWAY SIDING	290.30	69.65	—	359.95	102.87	—	31.86	134.73	225.22	187.44
PLANT & MACHINERY	2,960.87	74.04	—	3,034.91	1,488.19	—	285.69	1773.88	1,261.03	1,472.68
FURNITURE & FIXTURE	28.59	9.03	—	37.62	21.48	—	6.01	27.49	10.13	7.11
PROSPECTING & DEVELOPMENT	150.75	—	—	150.75	48.15	—	10.26	58.41	92.34	102.61
MOTOR VEHICLES	19.85	0.83	—	20.68	3.59	—	4.24	7.83	12.85	16.26
DISCARDED ASSETS AWAITING DISPOSAL	2.19	—	—	2.19	—	—	—	—	2.19	2.19
Total	4,611.64	350.77	—	4,962.41	2,161.09	—	391.45	2,552.54	2,409.88	2450.56
Previous year	4,140.13	553.76	84.44	4,609.45	1,844.42	(81.90)	398.56	2,161.08	2,450.56	—

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

	31st March, 2007		31st March, 2006	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
SCHEDULE : 4				
INVESTMENTS, UNQUOTED : (Longterm)				
<u>Trade</u>				
East India Minerals Limited 28,11,010 Nos. Equity Shares @ Rs.10/- each, fully paid-up.		281.10		281.10
<u>Others</u>				
* In Government Securities - Face Value 7 Year National Savings Certificate	0.05		0.05	
* National Defence Certificate	<u>0.02</u>	0.07	<u>0.02</u>	0.07
<u>QUOTED</u>				
9.5% Tax Free Sardar Sarovar Nigam Ltd. Bonds 112 Nos. of Bond (Face Value of Rs.1,00,000/-)	13.10		13.10	
7.0% I.D.B.I. Omni Bond - 10 Nos. of Bonds (Face Value of Rs.10,00,000/- each)	100.00		100.00	
11.50% ICICI SLR Bond -10,000 Nos. of Bonds (Face Value of Rs.1,000/- each)	116.66		116.66	
8.95% Gujrat Electricity Bond - 100 Nos. of Bonds (Face Value of Rs.1,00,000/- each)	104.15		104.15	
11.50% IDBI 2004 Bond - 600 Nos. of Bonds (Face Value of Rs.1,000/- each)	6.00		6.00	
14.15% MSRDC Non Convertible Bond - 200 Nos. of Bonds (Face Value of Rs.1,00,000/- each)	245.50		245.50	
10.95% APPFC Bonds -100 Nos. of Bonds (Face Value of Rs.1,00,000/- each)	107.90		107.90	
7.50% APPFC Bonds - 20 Nos. of Bonds (Face Value of Rs.10,00,000/- each)	200.00		200.00	
12.00% Gujrat Electricity Bond - 10 Nos. of Bonds (Face Value of Rs.10,00,000/- each)	111.70		111.70	
13.50% MSRDC Non Convertible Bond -100 Nos. of (Face Value of Rs.1,00,000/- each)	<u>123.40</u>	1,128.41	<u>123.40</u>	1,128.41
<u>IN OTHER COMPANES</u>				
The East India Clinic Ltd. 5% Non-Redeemable Debenture Stock 1957	0.05		0.05	
The Sijua (Jherriah) Electric Supply Co. Limited [100 Nos. Ordinary Shares of Rs.10/- (Face Value) each]	0.01		0.01	
The Eastern Investments Limited [25,434,Nos. Ordinary Shares of Rs.10/- (Face Value) each]	<u>2.42</u>	2.48	<u>2.42</u>	2.48
		<u>1,412.06</u>		<u>1,412.06</u>
* Deposited with the Government Authorities, Matured but not encashed as yet. Market Value of quoted investments - Rs.1184.88 lacs (P.Y. Rs.1083.67 lacs)				

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

	<u>31st March, 2007</u>		<u>31st March, 2006.</u>	
	<u>Rs.in lacs</u>	<u>Rs.in lacs</u>	<u>Rs.in lacs</u>	<u>Rs.in lacs</u>
<u>SCHEDULE : 5</u>				
<u>INVENTORIES</u>				
(As taken, valued and certified by the management)				
Stock of Raw Materials		106.80		118.88
Stores & Spare Parts		100.10		75.80
Stock-in-trade	1215.71		1,158.56	
Less : Provision for Stock	—	1,215.71	60.42	1,098.14
		<u>1,422.61</u>		<u>1,292.82</u>

SCHEDULE : 6

SUNDRY DEBTORS - Unsecured

Debts outstanding for more than six months

Considered Good	252.79		443.51	
Considered Doubtful	<u>159.73</u>	412.52	<u>145.73</u>	589.24

Other Debts : Considered good

<u>1,092.81</u>	<u>226.86</u>
1,505.33	816.10

Less : Provision for Doubtful Debts

<u>159.73</u>	<u>145.73</u>
<u>1,345.60</u>	<u>670.37</u>

Note : Debts due from Associate Company /
Companies under the same management :-

- i) **The Bisra Stone Lime Company Limited -
Rs.82.67 lacs** (2005-06 Rs.79.41 lacs)
- ii) **Eastern Investments Limited -
Rs.1.20 lacs** (2005-06 Rs.0.61 lacs)
- iii) **Scott & Saxby Limited Rs.3.92 lacs**
(2005-06 Rs.4.06 lacs)
- iv) **The Karanpura Development Co. Ltd.
Rs.9.03 lacs** (2005-06 Rs.7.53 lacs)

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

	<u>Rs.in lacs</u>	<u>31st March, 2007</u> <u>Rs.in lacs</u>	<u>Rs.in lacs</u>	<u>31st March, 2006</u> <u>Rs.in lacs</u>
SCHEDULE : 7				
CASH AND BANK BALANCES				
Cash - in - hand (As certified by the management)		2.10		1.31
Balances with Scheduled Banks :-				
On Current Accounts	626.35		1,188.31	
On Short Term Deposit Accounts	<u>44,838.63</u>	45,464.98	<u>31,329.00</u>	32,517.31
Drafts/Cheques in Hand		30.14		130.22
Balance in Post Office Savings Bank Account * (Lodged with Government Authorities as Security Deposit)		0.08		0.08
		<u>45,497.30</u>		<u>32,648.92</u>

* **Maximum amount at any time during the year**
Rs.0.08 lacs (2005-2006- 0.08 lacs)

SCHEDULE : 8

OTHER CURRENT ASSETS : (Unsecured-Considered Good)

Interest Accrued				
On Short Term Deposits with Banks		1,841.60		1,035.29
On Post Office Savings		0.07		0.07
On Other Investment		41.78		43.41
Dividend Income Receivable		281.10		—
		<u>2,164.55</u>		<u>1,078.77</u>

SCHEDULE : 9

LOANS & ADVANCES - Unsecured

Advances recoverable in cash or in kind or for value to be received :				
Considered Good	462.54		407.94	
Considered Doubtful	<u>59.22</u>	521.76	<u>59.22</u>	467.16
Less : Provision for Doubtful Advances		<u>59.22</u>		<u>59.22</u>
		462.54		407.94
<u>Security Deposit</u>				
Considered Good		157.84		101.93
Advance payment of Tax Considered Good		29,348.82		19,365.09
		<u>29,969.20</u>		<u>19,874.96</u>

Note : **Advances due from Companies under
the same management :-**
Scott & Saxby Limited Rs.51.92 lacs
(2005-06 Rs.17.10 lacs)
The Bisra Stone Lime Co. Ltd.
Rs.58.29 lacs (2005-2006 Rs.53.73 lacs)

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

	<u>Rs.in lacs</u>	<u>31st March, 2007</u> <u>Rs.in lacs</u>	<u>Rs.in lacs</u>	<u>31st March, 2006</u> <u>Rs.in lacs</u>
<u>SCHEDULE : 10</u>				
A. CURRENT LIABILITIES :				
Unpaid/Unclaimed Dividend	135.13		84.82	
Sundry Creditors	3,667.93		3,646.30	
Customers Balance	3,623.75		2,782.10	
Grant-in-Aid (Ministry of Labour)	<u>1.32</u>	7,428.13	<u>1.32</u>	6,514.54
 B. PROVISIONS				
Provision for Income Tax	28,277.90		19,567.40	
Proposed Dividend	2601.98		1,950.00	
Tax on Proposed Dividend	<u>442.20</u>	<u>31,322.08</u>	<u>273.48</u>	<u>21,790.88</u>
		<u>38,750.21</u>		<u>28,305.42</u>

SCHEDULE : 11

PREOPERATIVE EXPENSES(To the extent not written off or adjusted)

Balance as per last Account

Sponge Iron Plant	6.66		13.32	
Less : Written off during the year	6.66		6.66	

	<u>—</u>		<u>6.66</u>	
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SCHEDULE : 12

SALES

Iron Ore		29,069.46		23,446.56
Manganese Ore		530.61		453.59
Sponge Iron		392.59		1,371.16
		<u>29,992.66</u>		<u>25,271.31</u>

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

	<u>31st March, 2007</u>		<u>31st March, 2006</u>	
	<u>Rs.in lacs</u>	<u>Rs.in lacs</u>	<u>Rs.in lacs</u>	<u>Rs.in lacs</u>
SCHEDULE : 13				
OTHER INCOME				
Interest Income : - (Gross)				
On Investments (Long Term)				
(Tax deducted at Source Rs.18.94 lacs, 2005 - 06 Rs.23.43 lacs)	107.40		109.26	
On Fixed Deposit with Banks				
(Tax deducted at Source Rs.319.48 lacs, 2005 - 06 Rs.210.33 lacs)	<u>2,904.71</u>	3,012.11	<u>1,559.93</u>	1,669.19
Sundry Income (Includes Rent received)		222.78		43.61
Rs. 3.24 lacs (2005-2006-Rs.3.91 lacs)				
Establishment Charges		207.74		228.26
Liabilities no longer required written back		4.62		36.26
Profit on Disposal of Fixed Assets		—		0.14
Income arising out of Refund of Cess on Royalty		—		140.96
Adjustments in respect of earlier years(net)		—		28.42
Dividend Income		281.10		—
Provision for Stock written back		60.42		—
		<u>3,788.77</u>		<u>2,146.84</u>
SCHEDULE : 14				
STOCK INCREASE/(DECREASE) IN STOCK				
Closing Stock		1,215.71		1,158.56
Opening Stock		<u>1,158.56</u>		<u>882.79</u>
Stock Increase / (Decrease)		<u>57.15</u>		<u>275.77</u>
SCHEDULE : 15				
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :				
Salaries, Wages & Bonus		563.30		468.84
Gratuity		26.94		9.11
Contribution to P.F. & Other Funds		97.18		70.18
Staff & Workers' Welfare				
Wages	52.69		54.73	
Stores	53.86		61.42	
Others	<u>59.22</u>	<u>165.77</u>	<u>52.95</u>	<u>169.10</u>
		<u>853.19</u>		<u>717.23</u>

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

	<u>31st March, 2007</u>		<u>31st March, 2006</u>	
	<u>Rs.in lacs</u>	<u>Rs.in lacs</u>	<u>Rs.in lacs</u>	<u>Rs.in lacs</u>
SCHEDULE : 16				
OTHER MINING, SELLING AND ADMINISTRATIVE EXPENSES				
Contract Labour				
Mining	2,202.76		1,895.00	
Development & Over Burden Removal	258.23		682.74	
Ores Transporting	367.12		178.15	
Others	<u>143.00</u>	2,971.11	<u>181.66</u>	2,937.55
Stores & Spares consumed		200.05		301.79
Raw Material consumed		466.71		643.39
Power & Fuel		156.45		174.26
Repairs & Maintenance-Plant & Machinery				
Wages	44.58		43.69	
Stores	126.47		156.14	
Contract Repairs	<u>146.20</u>	317.25	<u>182.38</u>	382.21
Repairs & Maintenance - Buildings				
Stores	3.52		2.04	
Contract Repairs	<u>40.92</u>	44.44	<u>37.21</u>	39.25
General Repairs		6.61		0.21
Rent		1.84		2.76
Rates & Taxes		5.85		6.06
Insurance		3.40		1.29
Royalty		360.93		390.03
Selling Expenses				
Siding Charges	8.14		17.26	
Handling Charges	720.22		855.40	
Analysis Charges	24.04		28.19	
Demurrage	15.20		1.95	
Wagon Loading	250.77		148.19	
E. Auction	61.70		—	
Railway Freight	<u>642.37</u>	1,722.44	<u>1,547</u>	2,597.63
Duty on Export		116.78		—
Peripheral Development		8.65		9.02
Directors' Fees		1.40		0.28
Law Charges		12.66		3.69
Sales Tax		—		0.85
Bank & Financial Charges		3.88		10.12
Loss on impairment of Assets		—		0.31
Preoperative Expenses Written off		6.66		6.66
Prior Period Adjustment		46.03		—
Provision for Doubtful Debts		14.00		23.30
Provision for Leave Encashment		17.82		—
Miscellaneous Expenses		209.04		159.63
		<u>6,693.99</u>		<u>7,690.29</u>

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**SCHEDULE : 17
SEGMENT REPORTING**

	IRON ORE	MANGANESE ORE	SPONGE IRON PLANT	CONSOLIDATED TOTAL
	(Rs. In lacs)	(Rs. In lacs)	(Rs. In lacs)	(Rs. In lacs)
A. REVENUE				
Segment Revenue				
- External Sales	29,069.46 <i>23,446.56</i>	530.61 <i>453.59</i>	392.59 <i>1,371.16</i>	29,992.66 <i>25,271.31</i>
- Inter Segment Sales	—	—	—	—
Total Revenue before Tax and Interest	29,069.46 <i>23,446.56</i>	530.61 <i>453.59</i>	392.59 <i>1,371.16</i>	29,992.66 <i>25,271.31</i>
B. RESULT				
Segment Result	23,730.28 <i>17,756.73</i>	(303.39) <i>(135.05)</i>	(765.63) <i>(416.55)</i>	22,661.26 <i>17,205.14</i>
Unallocated (Expenses)/ Income (Net)				226.55 <i>13.52</i>
Operating Profit				22,887.81 <i>17,218.66</i>
Interest Expenses				—
Interest Income				3,012.13 <i>1,669.19</i>
Net Profit (Loss)				25,899.94 <i>18,887.84</i>
C. OTHER INFORMATION				
Segment Assets	6,698.02 <i>5,650.94</i>	279.12 <i>532.44</i>	1,688.00 <i>1,428.15</i>	8,665.14 <i>7,611.53</i>
Unallocated Corporate Assets				76,003.96 <i>52,337.99</i>
Total Assets				84,669.10 <i>59,949.51</i>
Segment Liabilities	4,784.43 <i>4,037.19</i>	149.23 <i>155.25</i>	31.66 <i>51.81</i>	4,965.33 <i>4,244.25</i>
Unallocated Corporate Liabilities				33,934.67 <i>24,088.86</i>
Total Liabilities				38,900.00 <i>28,333.11</i>
Capital Expenditure	121.15 <i>460.43</i>	12.20 <i>51.16</i>	11.73 <i>149.08</i>	145.08 <i>923.30</i>
Depreciation	229.58 <i>225.06</i>	25.51 <i>25.01</i>	130.51 <i>146.57</i>	385.60 <i>398.56</i>
Non Cash Expenditure Other than Depreciation	14.00 <i>23.61</i>	—	6.66 <i>6.66</i>	20.66 <i>30.27</i>

Note : (i) Prevailing Sale value of Iron ore as consumed by the Sponge Iron Plant has been considered for the purpose of Raw material consumed by the Sponge Iron Segment and as income of Iron Ore Segment for the purpose segmental result, though no Inter Segment Sales has not been effected.
(ii) Figures relating to previous year have been shown below each item in italics.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

SCHEDULE : 18

RELATED PARTY DISCLOSURE

LIST OF RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS etc.

A. Associates/Group Companies & Joint Ventures :

Associates/Group Companies

- i. The Bisra Stone Lime Company Limited.
- ii. Eastern Investments Limited.
- iii. Scott & Saxby Limited.
- iv. The Karanpura Development Company Limited

Joint Ventures

East India Minerals Limited.

B. Key Management Personnel :

- | | |
|--|--|
| i. Shri Tapan Biswas
(w.e.f. 11.10.2004)* | Chairman cum Managing Director |
| ii. Shri R. C. Srivastava
(from 31.08.05 to 30.06.06) | Director (Holding additional charge
of Chairman cum Managing
Director) |
| iii. Shri P. Ganesan
(from 11.09.06 to 29.03.07) | Director (Holding additional charge
of Chairman cum Managing
Director) |
| iv. Shri M. S. Barpanda
(w.e.f. 30.03.2007) | Director (Holding additional charge
of Chairman cum Managing
Director) |
| v. Shri P. K. Singh
(from 02.09.02 to 24.08.06) | Director |
| vi. Shri Deepak Anurag
(from 21.04.05 to 24.08.06) | Director |
| vii. Shri J. P. Shukla
(from 25.08.2006) | Director |
| viii. Shri A. Kumar
(from 25.08.2006) | Director |
| ix. Shri C. Banerjee (w.e.f. 22.07.04)
* Under suspension from 30.08.2005 | Director |

C. Employees' Gratuity Funds where there is significant influence :

- i. The Orissa Minerals Development Co. Ltd. Provident Institution
- ii. The Orissa Minerals Development Co. Ltd Gratuity Fund.
- iii. The Orissa Minerals Development Co. Ltd Superannuation Fund.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

**DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES
AND THE STATUS OF THE OUTSTANDING BALANCES AS ON 31.03.2007**

	Associates/Gr. Cos. & Jt. Ventures	Key Management Personnel	Employees' Benefit Funds
	Rs.in Lacs	Rs.in Lacs	Rs.in Lacs
1. Remuneration to Key Management Personnel		-	
2. Common Expenses borne for Associate Companies	11.05		
3. Common Expenses recovered from Associate Companies	11.64		
4. Common Expenses borne By Associate Companies debited to us	—		
5. Establishment Charges actually recoverable from Joint Venture Company	207.74		
6. Establishment Charges actually recovered from Joint Venture Company	231.48		
7. Advance Given (towards services)	55.21		
8. Unsecured Loan	25.00		
9. Loan/Advances Recovered/ Adjusted (against service rendered)	35.49		
10. Interest Charged	5.82		
11. Raw Material Purchased	4.42		
12. Service received	3.15		
13. Outstanding balance a As on 31.03.2007 :			
Receivable	109.64		
Payable	—		
14. Contribution to Employee's Retirement Fund			29.11

SCHEDULE-19

NOTES ON ACCOUNTS

01. Principal Accounting Policies

a) Convention :

The financial statements have been prepared in accordance with the relevant presentational requirement of the Companies Act, 1956 and the acceptable Accounting Standards in India. A summary of significant accounting policies which have been applied consistently is set out below.

b) Basis of Accounting :

The financial statements have been prepared in accordance with the historical cost convention.

c) Fixed Assets and Depreciation :

i) Fixed assets are stated at cost of acquisition including appropriate incidental expenses except for certain items of fixed assets which were revalued on 30.06.1978 and 30.06.1982 and shown at replacement cost.

ii) The cost of replacements/modifications of plant and machinery, wherever the same, in the opinion of the management, would result in improvements in reliability of the assets concerned and useful economic life thereof, are capitalised.

iii) Prospecting and Development expenses excepting those in the nature of preliminary and preoperative and included under fixed assets are charged off in the year in which they are incurred.

iv) Capital work in progress includes advances paid for capital jobs.

v) Depreciation on assets other than Leasehold Properties and Prospecting and Development are provided on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on leasehold properties being expenditure incurred for renewal of mining leases as per terms stipulated by the appropriate authority, is provided in equal instalments spread over the life of the lease, whereas addition on account of Prospecting and Development is amortised at the rate of 10% on W.D.V. method. Differential amount of depreciation arising out of revaluation of fixed assets is not adjusted to the concerned reserve.

d) Investments : (Long Term)

Investments are shown at cost, less permanent fall in value of investment, if any.

e) Inventories :

Stock in trade is stated at cost or market value whichever is lower. Cost comprises of expenditure incurred in the normal courses of business in bringing such stocks to their location and includes appropriate overhead. Stock of stores and spare parts is valued at weighted average cost or under and stores-in-transit are stated at their invoice value.

f) Revenue Recognition :

Mercantile system of accounting is followed with recognition of income and expenditure on accrual basis except those with significant uncertainties.

g) Sales

Sales represent invoiced value of goods supplied less sales tax and discount but include royalty.

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h) Retirement Benefits :

- i) The Company contributes to Provident Funds which are administered by duly constituted and approved independent Trust/Government.
- ii) The Scheme of payment of Gratuity to the employees is operated through a separate Fund under the management of Trustees. Administration of the fund however is in the hand of Life Insurance Corporation of India (L.I.C.) in terms of L.I.C.'s Group Gratuity Scheme. Yearly contribution payable as determined by the L.I.C.I. is provided in the Accounts.
- iii) The company is contributing to Superannuation Fund for certain employees at the rate of 13% of the employees' current salary. The fund is independent of the company's finances and administered by trustees.
- iv) Year-end liability towards Leave Encashment of employees are provided as per actuarial valuation.

i) Consideration for use of Company's facilities :

Consideration received for the authority given for use of a part of the available facilities of the company is recognised as revenue in the year of receipt/realisation.

j) Government Grants :

Grant in Aids/Subsidies received from Government and,

- i) related to revenue are deducted in reporting to related expense.
- ii) related to specific fixed assets are deducted from the cost of such assets.

k) Prior Period Items :

- i) Income/Expenses relating to earlier year (s) are either accounted for under the respective heads with proper indication or disclosed separately as Prior Period Items.
- ii) Expenditure relating to Peripheral Development is accounted for in the year in which there is an accepted liability towards demand if any raised by the competent authority within the year and/or expenditure incurred/amount spent during the year.

l) Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act , 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws enacted or substantially enacted on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent there is a reasonable certainty that the assets will be recognised in future.

02. Estimated amount of contracts remaining to be executed on Capital A/c. not provided for Rs.190.37lacs (2005-2006 Rs.177.31 lacs).

03. Contingent Liabilities not provided for :-

- i) In respect of Sales Tax demands not admitted by the Company and under appeal Rs.76.39 lacs (2005-2006 Rs. 65.95 lacs)
- ii) Contractors' claims not acknowledged as debt Rs. 10.85 lacs (2005-2006 Rs.10.85 lacs)
- iii) Workers' claims towards compensation not acknowledged as debt Rs. 5.35 lacs (2005-2006 Rs.5.35 lacs)
- iv) Income Tax demand to the tune of Rs.56.69 claimed by the Department is not admitted and an appeal against such demand has been preferred by the company.
- v) Claim by two contractors towards reimbursement of Service Tax over and above the contractual amount to the tune of Rs.319.95 lacs has not been acknowledged by the company.
- vi) Claim by a party towards alleged non fulfillment of M.O.U. in respect of supply of material to the tune of

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Rs.2860.02 lacs pending before Arbitration.

- vii) In terms of order of Hon'ble High Court, Kolkata, the Company has been advised to keep reserved 25,000 M.T. of Sponge Grade Iron Lump as a result of a dispute with a party which was allotted material at a floor price lower than the official one due to technical problem on the part of the agent handling the auction. The matter being still sub-judice, financial implication if any, is not ascertainable at the present stage.
04. Royalty, if any payable on shortage of Manganese Ore stock as on 31.03.2007 has not been ascertained and provided for.
05. Pursuant to the amendments of the Orissa Land Reforms Act, Sub-Collector, Champua had served a Notice against the Company for alleged unauthorised possession of 10.79 acres of leasehold land on the ground that the said land belongs to Adivasis and based on that, the Revenue Inspector asked OMDC to vacate the land. The Company filed an appeal before the Addl. District Magistrate. The appeal was not allowed. During April, 1999 the Company filed a writ application and obtained Stay Order from the Hon'ble High Court of Orissa to maintain the status quo about the possession of the land until further order.
06. During the year company has incurred duty on export imposed in terms of Finance Act, 2007 w.e.f. 28.02.2007 to the tune of 116.78 lacs. The company had charged the entire amount to the foreign buyer along with F.O.B. price fixed in terms of an agreement entered into on 01.03.2007. The entire amount thus included in sales has since been realized, the buyer however, has paid the amount "on protest" and the matter is pending before Arbitration.
07. With reference to the Accounting Policy vide 01.(l), the company has not provided any liabilities towards contribution in respect of Peripheral Development, if any. Expenditure incurred during the year however has been charged to revenue as mentioned in the Accounting Policy mentioned above. The effect if any due to change in the Accounting Policy however is not readily ascertainable, in absence of any specific demand from the concerned authority in the current financial year.
08. **Lease Matters**
Status of grant of renewal of mining lease of area totaling 4365.262 hectares including lease rights granted to erstwhile Bharat Process and Mechanical Engineers Ltd. (BPMEL), which is under liquidation covering 2068.272 hectre is detailed below :
- a) 1546.55 hectre(BPMEL-Thakurani) : 2nd renewal of mining lease expired on 30.09.2004. Pending 3rd renewal of mining lease application, mining operation is being carried out in terms of amended provisions of Rule 24(a)(6) of the Mineral Concession Rule 1960.
- b) 266.77 hectre (BPMEL-Dalki) : Renewal application filed for grant of 3rd renewal of mining lease for a period of 20 years w.e.f. 01.10.1994 has been rejected vide proceeding No. iii(A)SM-13/2003/12765 dtd. 24.08.2006 by the Govt. of Orissa. Presently mining operation in the area is being continued on the basis of stay order granted by the Ministry of Mines, Govt. of India.
- c) 254.952 hectre(BPMEL-Roida) : Renewal application filed for grant of 3rd renewal of mining lease for a period of 20 years w.e.f. 01.10.1994 has been rejected vide proceeding No. 16731/SM dtd. 16.11.2006 by the Govt. of Orissa. Presently mining operation in the area is being continued on the basis of stay order granted by the Ministry of Mines, Govt. of India.
- d) 1276.77 hectre (OMDC-Belkundi) : Lease period expired on 15.08.2006. Pending renewal of lease application, mining operation is being carried out in terms of amended provisions of Rule 24(a)(6)) of the Mineral Concession Rule 1960.
- e) 21.52 hectre (OMDC-Bagiaburu) : Lease period is valid till 30.09.2010.
- f) 998.70 hectre (OMDC-Roida) : Lease period is valid till 30.09.2010.

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09. In terms of the Memorandum of Understanding (MOU) dated 24.04.1992 between the Company and Usha Rectifier Corporation (I) Limited (now Usha India Limited) and an agreement dated 04.10.1993 between the Company and East India Minerals Limited (EIML), the Joint Venture Company (JVC), certain facilities in the form of land for construction of plant, railways siding etc. were provided to EIML on right to use basis, initially for a period of 20 years depending upon the leasehold rights of the company, as consideration towards of 26% of the paid up equity shares of the JVC. As per the terms of the MOU as well as the agreement, permission for mining in the leasehold areas was also extended to the JVC against establishment charges to be paid by them for such permission. Necessary charges payable by EIML in this regard has been taken into income as establishment charges. Minerals raised by EIML in terms of the said arrangement 4,23,013 M.T. (Previous Year 4,62,705 M.T.) however has not been included to arrive at Company's production and therefore not shown under quantitative information vide para 19A below.
10. Interim dividend to the tune of Rs.281.10 lacs from the Joint Venture Company (EIML) declared and disbursed within but actually received after 31.03.2007 has been taken into account. Proposed final dividend to the tune of Rs.140.55 lacs being subject to approval of the shareholders has not been considered in the Accounts.
11. Service Tax to the tune of Rs.29.86 lacs reimbursed during the year to certain contractors along with contractual rates have been charged to revenue, the company however is contemplating expert legal opinion to ascertain the applicability of Service Tax to the concerned services rendered by the contractors from its categorization point of view.
12. Pending review of applicability, neither any Service Tax has been paid nor ascertained/provided in respect of transportation services provided by the contractors in connection with mining activities carried out by the company.
13. Remuneration to Chairman-cum Managing Director included in respective heads of accounts appearing in Profit and Loss Account are as under :-

	2006-2007	2005-2006
	Rs. In lacs	Rs. In lacs
(a) Salary	-	0.44
(b) (i) Contribution to Provident Fund and Superannuation Fund	-	0.11
(ii) Provision for Gratuity	-	-
(iii) Provision for Leave Encashment	-	0.04
(c) Value of Perquisites	-	0.17
(Above expenditure represent 50% of the total expense borne together with an associate company)		

14. In terms of communiqué received from the Ministry of Steel, Government of India, subsistence allowance, being 50% of basic pay and other allowances paid to Sri Tapan Biswas, Chairman cum Managing Director (presently incapacitated since 30th August, 2005) has been included under "Salaries, Wages & Bonus" but not included under managerial remuneration. Proportionate share of such allowance however has not been charged to an associate company as is done in the case of remuneration under normal circumstances.

15. Miscellaneous expenses include -

	2006-2007	2005-2006
	Rs. In lacs	Rs. In lacs
Auditors' Remuneration(excluding Service Tax)		
For Audit Fees	0.60	0.60
For Limited review	0.36	0.34
For Certification Job	0.09	0.09
For Tax Audit Fees	0.15	0.15

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16. During the year the company has not been able to carry out physical verification of its Fixed Assets and as a result, the exercise relating to identification of assets requiring impairment in terms of AS 28 could not also been undertaken by the company.
17. Drafts/cheques in hand include cheques drawn in the name of various parties but remained undisbursed till 31.03.2007.
18. Disclosure in respect of Loans and Advances in the nature of Loan pursuant to Clause 32 of the Listing Agreement :

	Outstanding Balance As on 31.03.2007 Rs. In lacs	Maximum Balance during the year Rs. In lacs
Loans and Advances in the nature of loans Given to Associates		
Scott & Saxby Limited (Unsecured)	25.00 (—)	25.00 (—)
Investment by loanee in the shares of the Company	—	—
(The Company does not have any subsidiary) (Figures within bracket represent those relating to earlier year)	(—)	(—)

19. A.	OPENING STOCK		CLOSING STOCK	
	<u>2006-2007</u> M.T.	<u>2005-2006</u> M.T.	<u>2006-2007</u> M.T.	<u>2005-2006</u> M.T.
Manganese Ore*	62,315	57,101	14,939	62,315
“ Rs.in lacs	421.42	429.31	58.67	421.42
Iron Ore**	404,498	3,58,100	6,25,371	404,498
“ Rs.in lacs	680.67	425.84	825.14	680.67
Sponge Iron***	1,025	590	6,746	1,025
“ Rs.in lacs	56.47	27.64	331.90	56.47

* **After adjusting 35,251 M.T.** (2005-2006 – 461 M/Ts)
short (net) found on physical verification

** **After adjusting 1,26,252 M.T. excess** (2005-2006 – 64,680
M.T.) (net) short found on physical verification)

*** **After adjusting 194 M.T.** (2005-06 – 3 M.Ts
short found on physical verification)

Closing Stocks of Iron Ore and Manganese Ore, incorporated in the Account have been arrived at on the basis of physical verification conducted as on 31.03. 2007 has been considered. In terms of the said verification report, shortage of 61,931 MT of Iron Ore(valued at Rs.143.99lacs) and 39,592 MT of Manganese Ore((valued at Rs.224.29lacs) has been adjusted. Apart from this an excess quantity of 1,88,183 MT of Iron Ore(valued at Rs.226.90lacs) and Manganese Ore of 4341 MT(valued at Rs.18.51lacs) found surplus on physical verification have not been considered in the Accounts.

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Shortage of Manganese Ore includes off grade material of 17,750 M.T. as such provision of Rs.60.42 lacs created on such stock created earlier, being no longer required has been written back

B. OUTPUT

	<u>2006-2007</u>	<u>2005-2006</u>
	<u>M.T.</u>	<u>M.T.</u>
Manganese Ore	27,231	35,499
Iron Ore	22,29,867	23,62,040
Sponge Iron	11,105	18,520

C. SALES

Manganese Ore :	M.T.	39,356	29,824
	Rs. In lacs	530.62	453.59
Iron Ore :	M.T.	21,16,157	22,16,865
	Rs. In lacs	29,069.45	23,446.56
Sponge Iron :	M.T.	5,191	18,082
	Rs. In lacs	392.59	1371.16

D. CONSUMPTION OF RAW MATERIALS

(Indigenous)

	<u>2006-2007</u>	<u>2005-2006</u>
	<u>M.T.</u>	<u>M.T.</u>
	<u>Rs. in lacs</u>	<u>Rs.in lacs</u>
Coal	22,159.40	34,885.46
Dolomite	165.92	379.24
(Imported)	2,481.67	2447.59
	66.62	66.63

[Consumption of iron ore for the purpose of production of sponge iron 19,088 M.T. (Previous year 33,246.46 M.T.) has not been considered, this however does not have any effect on the overall profitability]

E. F.O.B. Value of Export : Rs.3095.93 lacs (Previous Year :Rs.3891.27 lacs)

20. In terms of available clarification, Accounting Standard (AS-15, Revised) has become mandatory in nature in respect of Accounting Period commencing on and from 07.12.2006, as such necessary compliance/disclosure will be made in the next year's Accounts.

21. Value of Stores and Spares Parts Consumed.

	<u>2006-2007</u>	2005-2006
(all indigenous) Rs. In lacs	330.04	459.97

22. During the year 2005-06, 9574 M.T. of Iron Ore meant for export was found short as a result of physical verification of stock lying at the ports conducted by an outside technical agency. Since the entire operation of export including handling and shipment of materials was entrusted to an outside agency, the management with a view to fix up the responsibility of such shortage decided to carry out enquiry with the help of adequate technical assistance. In terms of the decision of the management, the agency entrusted with the job of handling and shipment has since been held responsible for the shortage and a sum of Rs.175.82 lacs treated as miscellaneous income has been debited to the party concerned pending confirmation from them.

23. Sundry Income includes deduction of penalty amounting to Rs.10.00 lacs from a customer has since been disputed with a claim lodged for refund of the same.

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24. (a) Outstanding balances in respect of Sundry Debtors, Loans and Advances (including balances from associate companies), Sundry Creditors, Advance from Customer Security Deposits etc. are subject to confirmation/reconciliation and consequential adjustments if any.
 (b) Sundry Creditors include amount due to SSI Unit Rs. 0.27 lacs (Previous Year Rs.0.99 lacs). There is however no party with amount exceeding Rs.100 thousand and remained outstanding for more than 30 days.
25. Sundry Debtors include Rs.96.82 lacs (Previous Year Rs.91.80 lacs) due from various associate companies. In view of the fact that the management is hopeful as regards recovery of the dues from all these associate companies, the same has not been considered to be doubtful and no provision has been made in the accounts.
26. As per the practice followed by the company, dividend amount deposited with the bank is discharged through warrants/ECS/Bank Drafts, as regards bank drafts, the amounts involved are directly debited at the time issuing such drafts, however drafts, if any remaining unencashed at the end of the year could not be ascertained and balances remaining in the concerned bank accounts are reflected as unpaid dividend balances.
27. Relevant information in terms of Micro, Small and Medium Enterprises Development Act, 2006, being under process of compilation, necessary disclosure including estimation of additional liabilities in respect of parties if any, falling under the categories prescribed in the Act, could not be made.

28. Deferred Tax Assets comprises of the following :

	31.03.2007	31.03.2006
	Rs. In lacs	Rs. In lacs
<u>Deferred Tax Assets</u>		
Expenditure deductible on payment/deferred basis including provision for doubtful debts	21.99	12.72
Timing difference on account of Depreciation of Fixed Assets	107.41	—
<u>Deferred Tax Liability</u>		
Timing difference on account of Depreciation of Fixed Assets	—	40.42
 Net Deferred Tax Asset/(Liabilities)	 129.40	 (27.70)

29. Earning per Share

Earning per Share has been computed as under

	<u>31.03.2007</u>	<u>31.03.2006</u>
(a) Profit/(Loss) after Taxation (Rs.in lacs)	17346.54	12,992.83
(b) No. of Ordinary Shares	6,00,000	6,00,000
(c) Earning per Share (Face value Rs. 10/- per Share (a)/(b) (Basic and diluted) (in Rupees)	2891.09	2165.47

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

30. Figures have rounded off to the nearest Rupees in lacs.

Previous Year's figures have been re-grouped and rearranged wherever necessary.

Signed pursuant to the Provisions of Section 215 of the Companies Act, 1956 in authentication of the Schedules 1 to 19.

For Bhadra & Bhadra
Chartered Accountants

D. BHADRA
Partner
(Membership No. 52176)

Kolkata, Dated the 9th August, 2007.

M. S. Barpanda
Director

S. Sinharay
Director

S. Das
Secretary

J. P. Shukla
Director

R. R. Dash
Director

A. K. Majumder

Chief Manager (Finance)

C . Banerjee
Director

S. Panigrahy
Director

A. K. Dutta
Director

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(1) REGISTRATION DETAILS

Registration No.	:	3026	State Code	:	021
Balance Sheet Date	:	31st March 2007			
		Date	Month	Year	

(2) CAPITAL RAISED DURING THE YEAR : (Amount in Rs. Thousand)

Public Issue	:	NIL	Rights Issue	:	NIL
Bonus Issue	:	NIL	Private Placement/Others	:	NIL

(3) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Amount in Rs. Lacs)

Total Liabilities	:	45,918.88	Total Assets	:	45,918.88
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SOURCES OF FUNDS :

Paid-up Capital	:	60.00	Reserves & Surplus	:	45,858.88
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APPLICATION OF FUNDS

Net Fixed Assets	:	2,728.37	Investments	:	1412.06
Net Current Assets	:	41,649.05	Deffered Tax	:	129.40

(4) PERFORMANCE OF COMPANY : (Amount in Rs. Lacs)

Turnover	:	29,992.66	Total Expenditure	:	7,938.64
Profit/Loss before Tax	:	25,899.94	Profit/Loss after tax	:	17,346.54
Earning Per Share in Rs.	:	2,891.09	Dividend Rate (%)	:	4340

(5) GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)	:	260111.01
Product Description	:	IRON ORE
Item Code No. (ITC Code)	:	260200.04,260200.03,260200.01
Product Description	:	MANGANESE ORE
Item Code No. (ITC Code)	:	SPONGE IRON

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	<u>31st March,2007</u>	<u>31st March,2006</u>	
	<u>Rs. in lacs</u>	<u>Rs. in lacs</u>	<u>Rs. in lacs</u> <u>Rs. in lacs</u>
A) <u>CASH FLOW FROM OPERATING ACTIVITIES :</u>			
Net Profit/(Loss) before Taxation	25,899.94		18,887.84
Adjustments For :			
Depreciation	391.45		398.56
Interest Income	(3,012.12)		(1,669.19)
Dividend Income	(281.10)		-
Liabilities no longer required written back	(4.62)		(36.26)
Profit on sale of Fixed Assets	-		(0.14)
Provision for Stock written back	(60.42)		
Provision for doubtful debts	14.00		23.30
Loss on Impairment of Assets	-		0.31
Writing off Pre-operative Expenditure	6.66	(2,946.15)	<u>6.66</u> <u>(1,276.75)</u>
Operating Profit before Working Capital Changes.	22,953.79		17,611.10
Inventories	(69.38)		(412.99)
Debtors	(689.22)		246.11
Loans and advances	(110.52)		4.16
Trade Payable	867.90	(1.21)	<u>(2,062.26)</u> (2,224.97)
Cash generated from operations	22,952.58		15,386.12
Direct taxes paid	(9,983.72)		(5,478.23)
Net Cash Flow from operating activities.	12,968.86		9,907.89
B) <u>CASH FLOW FROM INVESTING ACTIVITIES :</u>			
Investments during the Year	-		(2.42)
Proceeds from sale of Investments	-		5.00
Purchase of Fixed Assets	(154.74)		(923.30)
Proceeds from sale of Fixed Assets	-		0.30
Interest Received			1,262.92
Net Cash used in Investing Activities.	2,207.43	2,052.69	<u>-</u> 342.50

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

C) CASH FLOW FROM FINANCING ACTIVITIES :

Interest paid	—	—
Payment of Unsecured Loans	—	—
Payment of Dividend	(1,899.69)	(2,101.36)
Payment of Dividend Tax	<u>273.48</u>	<u>285.42</u>
Net Cash used in Financing Activities.	(2,173.17)	(2,386.78)
Increase/(Decrease) in Cash & Cash equivalent (A+B+C)	12,848.38	7,863.61
Cash & Cash equivalent (Opening balance)	32,648.92	24,785.30
Cash & Cash equivalent (Closing balance)	<u>45,497.30</u>	<u>32,648.92</u>

NOTE : i) Cash & Cash equivalents include Fixed Deposits with scheduled Banks.
 ii) Previous Year's Figures have been regrouped/rearranged wherever necessary.
 iii) Negative figures have been indicated in brackets.

This is the Cash Flow Statement referred to in our report of even date.

On behalf of the Board

For Bhadra & Bhadra
Chartered Accountants

M. S. Barpanda
Director

J. P. Shukla
Director

C . Banerjee
Director

D. BHADRA
Partner
(Membership No. 52176)

S. Sinharay
Director

R. R. Dash
Director

S. Panigrahy
Director

A. K. Dutta
Director

Kolkata, Dated the 9th August, 2007.

S. Das
Secretary

A. K. Majumder
Chief Manager (Finance)

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

ENTRANCE PASS

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED
(To be presented at the entrance)

ATTENDANCE SLIP : 89TH ANNUAL GENERAL MEETING ON 26TH SEPTEMBER, 2007 AT 10.30 A.M. at "AIKATAN" EASTERN ZONAL CULTURAL CENTRE, IA-290, SECTOR-III, SALT LAKE CITY, KOLKATA-700097

Folio No. DP ID No. Client A/c No.

Name of the Shareholder :

Signature of the Shareholder

(Only shareholders/proxies are allowed to attend the meeting)

PROXY FORM

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

I/We.....of.....being a member (s) of THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED hereby appoint.....of.....or failing him.....of.....or failing him.....of.....as my/our proxy to attend and vote for me/us and on my / our behalf at the Eighty ninth Annual General Meeting of The Orissa Minerals Development Company Limited to be held on 26th September, 2007 and at any adjournment thereof.

Folio No. DP ID No. Client A/c No.

No. of shares held.....
Signed this.....day of , 2007

Affix rupee one
Revenue Stamp

BANK ACCOUNT PARTICULARS/ECS MANDATE FORM

I/Wedo hereby authorize THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED.

To Print the following details on my/our dividend warrant.

To credit my dividend amount directly to my Bank account by ECS.

(*Strike out whichever is not applicable.) My / our Folio No. :

Particulars of Bank Account : DP ID No. Client A/c No.

A. Bank Name :

B. Branch Name :

Address (for Mandate only)

C. 9 Digit Code number of the bank & branch as appearing on the MICR cheque :

D. Account Type (Saving / Current) :

E. Account No. as appearing on the cheque :

F. STD Code & Telephone No. :

MAIL TO - CB Management Services (P) Ltd
or to your Depository Participant if
you hold shares in electronic form.

.....
Signature of the shareholder

Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the 9 digit code number.

In case you are holding shares in demat form, kindly advise your Depository Participant to take note of your Bank account particulars/ECS mandate.