

**BIRD GROUP**

**बर्ड ग्रुप**

**90th Annual Report and Accounts  
for the year ended  
31st March, 2008**

**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

Fax : (033) 2321-3874

E-mail : [birdgroup@eth.net](mailto:birdgroup@eth.net)

Website : [www.birdgroup.gov.in](http://www.birdgroup.gov.in)



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

Shri K. L. Mehrotra (w.e.f. 08.02.2008)\*

Shri M. S. Barpanda (From 30.03.2007 to 07.02.2008)\*\*

Shri Tapan Biswas (From 11.10.2004 to 10.10.2007)\*\*\*

\* holding additional duties of CMD

\*\* was holding additional duties of CMD

\*\*\* was under suspension from 30.08.2005

**Directors :**

Shri K. L. Mehrotra (From 08.02.2008)

Shri M. S. Barpanda (From 13.04.2007 to 07.02.2008)

Shri Ajoy Kumar (From 25.08.2006 to 11.12.2007)

Shri J. P. Shukla (w.e.f. 25.08.2006)

Shri Subrata Sinharay (From 29.12.2005 to 26.09.2007)

Shri Ashoke K Dutta (From 29.12.2005 to 26.09.2007)

Shri Sadananda Panigrahy (w.e.f. 29.12.2005)

Shri R. R. Dash (w.e.f. 10.01.2007)

Shri S. K. Garg (From 17.08.2007 to 06.04.2008)

Shri U. P. Singh (From 12.12.2007 to 27.04.2008)

Dr. Dalip Singh (w.e.f. 28.04.2008)

**Secretary :**

Smt. S. Das

**Auditors :**

Sarma & Co

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-700106.

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

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) Ltd. (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



## CONTENTS

Notice .....	1
Directors' Report .....	5
Management Discussion and Analysis Report .....	13
Report on Corporate Governance .....	19
Corporate Governance Compliance Certificate .....	31
Compliance Certificate u/s 383A(1) .....	33
Auditors' Report .....	38
Balance Sheet .....	44
Profit & Loss Account .....	45
Schedules of Balance Sheet & Profit & Loss Account .....	46
Notes on Accounts .....	59
Balance Sheet Abstract and Company's General Business Profile .....	64
Cash Flow Statement .....	65



## NOTICE

**NOTICE** is hereby given that the 90<sup>th</sup> Annual General Meeting of **The Orissa Minerals Development Company Limited** will be held at Purbashree Auditorium of Eastern Zonal Cultural Centre at Bhartiyam Cultural Multiplex, IB-201, Salt Lake, Kolkata – 700 106 on Friday, the 19th September, 2008 at 11 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, 2008 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 Sadananda Panigrahy, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To fix 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 THAT** 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 re-appointed by the Comptroller & Auditor General of India for the financial year 2008-09 under provision of section 619(2) of the Companies Act, 1956 be paid a remuneration of Rs.1,50,000/- (Rupees one lacs fifty thousand only) plus out of pocket expenses, if any, for the audit job.”

### As Special Business :

To consider and, if thought fit, to pass with or without modification(s), the following resolutions as :

#### 5. An Ordinary Resolution :

**“RESOLVED THAT** Shri K. L. Mehrotra 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 Mehrotra as a director, be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation.

#### 6. An Ordinary Resolution :

**“RESOLVED THAT** Dr. Dalip Singh 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 Dr. Singh as a director, be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation.

### Registered Office :

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

Dated : 25th July, 2008

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/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b) 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.
- c) Members are requested to bring their admission slips alongwith copy of the Report and Accounts to the Annual General Meeting.
- d) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- e) Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the Special Business to be transacted at the Annual General Meeting is annexed.
- f) The Register of Members and Share Transfer Books of the company will remain closed from 12<sup>th</sup> September, 2008 to 19<sup>th</sup> September, 2008 (both days inclusive).
- g) The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 19<sup>th</sup> September, 2008. 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 11<sup>th</sup> September, 2008.
- h) 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 centers are requested to furnish the relevant details in the form provided.
- i) Members can avail of the nomination facility by filing (Form 2B) with the company. Blank Forms will be supplied on request.
- j) Please note that as per the notifications of SEBI, the company's equity shares have been under compulsory demat trading mode for all the investors. You are therefore, requested to demat your shareholding to avoid inconvenience in future.

k) Information pursuant to Clause 49 of the Listing Agreement in connection with the Directors seeking appointment/re-appointment:

Name of Director	Shri Sadananda Panigrahy	Shri K. L. Mehrotra	Dr. Dalip Singh
Date of Birth	10.05.1943	9.10.1948	9.04.1956
Date of Appointment	29.12.2005	8.02.2008	28.04.2008
Qualifications	BE from Benaras Hindu University, Fellow of IIM	B.Sc.(Engineering) from the Institute of Technology, Benaras Hindu University in 1970.	Doctorate in Psychology.
Experience in specific functional areas	Served in SAIL in different capacities for more than 39 years and retired from SAIL as Executive Director.	36 years experience in various positions in State, Central and Private Sector organizations in the fields of— Power & Co-generation projects, Chemical & Fertilizer industry, Mineral exploration, development & Mining etc.	Jt. Secretary, Ministry of Steel, Govt of India.
Directorship in other Companies	Nil	1. The Bisra Stone Lime Company Limited. 2. The Karanpura Development Co.Ltd. 3. Eastern Investments Limited. 4. Scott & Saxby Limited. 5. Manganese Ore India Limited(MOIL). 6. East India Minerals Limited (EIML).	1. Kudremukh Iron Ore Company Limited. 2. Sponge Iron India Limited. 3. Manganese Ore India Limited.
Chairman/ Membership of the Committee(s) of other Companies	Nil	Chairman of all the above four companies, CMD of MOIL and Director of EIML.	Nil
No. of shares held in his/her name or beneficial basis	Nil	Nil	Nil

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

**ITEM NO. 5**

Shri K. L. Mehrotra, CMD, MOIL, was inducted in the Board as an Additional Director of the Company effective from 8<sup>th</sup> February, 2008 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 Mehrotra 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 Mehrotra as a Director of the Company.

No other Director except Shri Mehrotra in his personal capacity is interested or concerned in the Resolution. Your Directors recommend his appointment in the interest of the Company.

**ITEM NO. 6**

Dr. Dalip Singh, Joint Secretary, Ministry of Steel was inducted in the Board as an Additional Director of the Company effective from 28<sup>th</sup> April, 2008 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article No. 94 of the Articles of Association of the Company.

Dr. Singh 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 Dr. Singh as a Director of the Company.

No other Director except Dr. Singh in his personal capacity is interested or concerned in the Resolution. Your Directors recommend his appointment in the interest of the Company.

**PHYSICAL AND FINANCIAL PERFORMANCE, OMDC**

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Production-Lakh Tonnes</b>					
Iron Ore	30.87	31.75	23.62	22.30	17.28
Manganese Ore	0.43	0.42	0.35	0.27	0.82
Sponge Iron	–	0.15	0.18	0.11	0.11
<b>Sales-Lakh Tonnes</b>					
Iron Ore	32.39	28.94	22.17	21.16	16.63
Manganese Ore	0.51	0.34	0.30	0.39	0.86
Sponge Iron	–	0.14	0.18	0.05	0.17
<b>Finance – Rs. In Crore</b>					
Turnover	230.33	291.71	260.06	308.66	246.31
Gross Margin	158.51	233.42	192.87	262.91	227.88
Profit Before Tax	156.62	230.15	188.88	259.00	224.46
Profit After Tax	104.24	145.54	129.93	173.46	148.84



**DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

The Shareholders,

Your Directors have the pleasure to submit their 90th Annual Report and Accounts of the company for the financial year ended on 31st March, 2008.

**1. FINANCIAL RESULTS**

	<b>For the year ended 31-03-2008 (Rs. in crores)</b>	<b>For the year ended 31-03-2007 (Rs. in crores)</b>
Profit and Loss account after charging all expenses but before providing for depreciation	<b>227.88</b>	262.91
Depreciation	<b>3.42</b>	3.91
Net profit before tax	<b>224.46</b>	259.00
Provision for Tax (net)	<b><u>75.62</u></b>	<u>85.53</u>
Net profit after tax	<b>148.84</b>	173.47
Balance brought forward from previous year	<b><u>247.69</u></b>	<u>154.67</u>
	<b>396.53</b>	328.14
 <u>Appropriations</u>		
General Reserve	<b>50.00</b>	50.00
Proposed Dividend	<b>22.32</b>	26.02
Dividend Tax	<b><u>3.79</u></b>	<u>4.42</u>
Surplus transferred to balance sheet	<b><u>320.42</u></b>	<u>247.69</u>

**2. CURRENT YEAR IN RETROSPECT**

The Company's performance for the year under report was not at par in comparison with that of the previous year. The Company's total income declined from Rs. 338.39 Crores of the previous year to Rs. 302.54 Crores during the year. The Company's net profit after tax has also shown a little bit downward trend from Rs. 173.47 Crore of the previous year to Rs. 148.84 Crores. The Company was also not aloof from the recession in the economy world-wide. The country's industrial growth has also slowed down in last few consecutive months and it has affected the industries across the sectors.

However, the Company has achieved a far better performance in terms of its output and sales of Manganese Ore. The Output of Manganese Ore during the year was 82339 M.T. whereas the same was 27231 M.T. during the financial year 2006-2007. The sales of Manganese Ore was 85567 M.T. equivalent of Rs. 2102.60 Lacs in comparison to that of 39356 M.T. equivalent to Rs. 530.62 Lacs of the previous year. On the other hand the output of Sponge Iron Ore was 10971 M.T. whereas the same was 11105 M.T. during the financial year 2006-2007. The sales of

Sponge Iron Ore was 16775 M.T. equivalent to Rs.1165.03 Lacs in comparison to 5191 M.T. equivalent to Rs. 392.59 Lacs of the previous year. The output of the Iron Ore was 1727760 M.T. (Prev. Yr. 2229867 M.T.) whereas the sales was 1663458 M.T. equivalent to Rs. 21363.52 Lacs (Prev. Yr. 2116157 M.T. equivalent to Rs. 29069.45 Lacs). There was no export during the year under review in comparison to 0.14 M.T of iron ore fines with 63.5% Fe content generating US\$ 7 million equivalent to Rs. 30.96 Crores total FOB value of exports in the previous year.

The Company is hopeful of achieving better results with the improvement in the economic scenario of the Country and positive industrial growth in the coming year.

### **3. DIVIDEND**

Your Board is pleased to recommend a dividend at the rate of Rs. 372/- per share on the face value of Rs-10/- each of an equity share for the year and for this purpose there would be cash outgo of Rs.26.11 crores inclusive of Rs.3.79 crores towards tax on dividend.

### **4. OUTPUT & DESPATCH**

During the year under review production of iron ore decreased because of the problems related to non renewal of mining leases coupled with non-availability of mining permission in the forest areas(Thakurani Iron & Manganese Mines & Belkundi Iron & Manganese Mines) impacted adversely on production of ores. Mining operation in two leases( Dalki Manganese Mines & Kolha Roida Iron & Manganese Mines) had been suspended by State Govt. 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 paucity of coal as well as low quality of coal and logistic problem.

Despatch of iron ore during the year was low in comparison with that of the previous year owing to non-availability of railway rakes. Despatch made by road was also affected adversely due to continuous deterioration of State Highway and heavy traffic conjection. Despatch of manganese ore increased because of some movement of the low grade manganese ore. The sponge iron plant was suffering badly due to non availability of quality non coking coal .We had requested the Ministry of coal to allocate coal under linkage programme from MCL on regular basis for getting the quality and quantity production with higher campaign life of the kiln.

### **5. CAPITAL EXPENDITURE**

The company incurred capital expenditure of Rs. 2.18 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 current financial year, the company decided to go for value addition by way of putting up palletization plant for the iron ore/ beneficiation plant and/or sintering plant for the manganese ore and explore the possibility for getting the preparation of the techno economic feasibility report by engaging reputed consultancy firms.

### **6. MEMORANDUM OF UNDERSTANDING WITH THE GOVERNMENT**

The Company has signed Memorandum of Understanding (MOU) in pursuance of the policy of the Government of India for implementation of the strategy of Memorandum of Understanding for the improvement of the performance of Public Sector Enterprises as indicated by the Department of Public Enterprises, Ministry of Programme Implementation and Ministry of Steel. MOU targets have been set on provisional basis subject to the renewal of four mining leases, which is pending.

## **7. FUTURE OUTLOOK**

The company is operating only through two of its mines, i.e. Bagiaburu Iron Mines and Bhadrasai Iron & Manganese Mines. Uncertainty in the renewal of four nos. of mining leases has stood on the way of the company to make move for diversification activities. Company's future actions will however, depend on the proposed restructuring, revamping and business development proposals for making the company as well as the group as a whole.

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

During the year under review the JVC registered a sales turnover of Rs. 97.76 Crores (Prev. Yr. Rs. 73.97 Crores) with a net profit after tax was Rs. 29.18 Crores (Prev. Yr. Rs. 21.45). The Company received an interim dividend to the tune of Rs.4.62 Crores against 26% holding of paid up share capital of the JVC. The Company had also received an interim dividend of Rs. 2.81 Crores in the previous year.

## **9. 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 (1276.79 hecets) held by OMDC expired on 15th August, 2006 and renewal application was filed within schedule time. Forest clearance was co-terminus with the lease period. At present mining operation is confined to non-forest area under Rule 24A(6) of M.C. Rule, 1960.

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 under Rule 24A(6) of M.C. Rule, 1960.

In respect of Kolha iron & manganese mines (254.952 hecets), renewal 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. Writ application has been filed by the company in the High Court of Orissa who has in turn passed interim order for operation of Mines but in the final order the Hon'ble High Court, Orissa uphold the order of the State Govt rejecting the RML application. Aggrieved on the decision of the Hon'ble High Court of Orissa, OMDC filed a Special Leave Petition (SLP) in the Hon'ble Supreme Court of India.

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.

## **10. 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 is enclosed and forms part of the report.

**11. CORPORATE GOVERNANCE :**

A report on Corporate Governance along with the 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.

**12. COMPLIANCE CERTIFICATE**

Compliance Certificate given from a practising Company Secretary as regards compliance with the provision of the Companies Act pursuant to the proviso to sub-section (1) of Section 383A of the Companies Act, 1956 is annexed and forms part of the report.

**13. PERIPHERY DEVELOPMENT AND WELFARE SCHEMES**

OMDC as a mining company take safety measures according to Directorate General of Mines Safety(DGMS) Guidelines such as maintaining mines and haulage roads as per safety regulations , providing safety accessories to the employees working in the mines, first aid training, display of safety slogans, arrangement for fire fighting demonstration, vocational training to mines workers and celebration and participation in Annual Mines Safety Week. During the year the company has undertaken manifold periphery development and welfare schemes:

- Providing educational facilities- OMDC extends aids to peripheral schools and colleges. The company extend aid in the form of construction of buildings, arranging study materials, providing furniture, school buses etc.
- Providing hospital facilities—OMDC run hospitals mainly for the treatment of people and employees belonging to weaker sections.
- Providing drinking water by dugwells, tubewells etc for the employees belonging to weaker sections and also nereby villagers.
- Undertaking of occupational health surveillance— The company undertakes programme for malaria eradication, pulse polio etc through the hospitals of OMDC mainly for the weaker sections.
- Occupational health surveillance covering facilities like X-ray, pathological laboratory, audiometry, ECG, Lung function test, dental clinic, operation theatre etc is conducted by OMDC from time to time for the employees belonging to weaker sections and also for nereby villagers.

**14. STEPS TAKEN FOR POLLUTION CONTROL**

Company has taken steps to minimize dust emission during crushing and screening operation, haulage of ores / minerals, drilling and blasting operation and at Sponge Iron Plant by adopting following practices :

- i) covering of conveyors at Crusher Plant with G. I. sheets as directed by State Pollution Control Board.
- ii) Regular sprinkling of water over haul roads and transfer points of crusher plants;
- iii) Improvement of water sprinkling arrangements through prescribed nuzzles at all the crusher units;
- iv) Provision of dust extraction system at Crusher Plant Unit – II;
- v) Provision of dust extractors in Wagon Drills;
- vi) Provision of ESP, GCT & Bag filters;
- vii) Developing green belt around crushing & screening plants, Sponge Iron Plants along haul roads and in colony areas.

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 : 32,250 saplings were planted during the year covering an area of 12.90 acres.
- 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.

#### 15. **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.

#### 16. **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

##### Energy Conservation

The Company consumes purchased electricity, petrol and diesel oil. Adequate steps are taken by the company to control the consumption. During non- availability of electricity, the company runs crusher, sponge iron plant and hospital with the help of D.G. Set.

a) Electricity Units consumed :	459090	( Rs.1.46 crore )
b) <u>P.O.L.</u>	<u>Purchased</u>	<u>Consumed</u>
	<u>Ltrs</u>	<u>Ltrs</u>
Diesel	408290	415315
Petrol	497	497
Lubricants	15920	22166

##### Technology absorption

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

#### 17. **AUDITORS**

In the context of OMDC's annual turnover exceeding Rs.300 crore and net profit after tax nearing Rs. 173 crore in the previous year itself, 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 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 Koikata- 700001 have been appointed by the CAG as Statutory Auditors for the financial year 2007-08. The present auditors have expressed their willingness and eligibility for re-appointment as auditors of the Company for the next financial year too.

**18. DIRECTORATE**

Shri Sadananda Panigrahy, Director retires by rotation and, being eligible, offers himself for re-appointment.

Shri K. L. Mehrotra, CMD., MOIL and Dr. Dalip Singh, Joint Secretary, Ministry of Steel were inducted in the Board as Additional Directors on 08.02.2008 and 28.04.2008 respectively and their appointment ceases at the forthcoming Annual General Meeting of the members of the Company. The Company has received valid notices from the members proposing their name for the directorship in terms of Section 257 of the Companies Act, 1956. The necessary resolutions for confirmation of their appointment are proposed for your approval. Shri K. L. Mehrotra was also put on additional charge of Chairman-cum-Managing Director of the company since the date of his induction in the Board on 08.02.2008. The concerned resolution for confirmation of his appointment in that capacity is also proposed for your approval.

Shri M. S. Barapanda, Executive Director, Rourkela Steel Plant under SAIL was given additional charge of Chairman-cum-Managing Director since 30<sup>th</sup> March, 2007 and was appointed as Additional Director on the Board of Directors of the Company effective from 13<sup>th</sup> April, 2007. He was appointed at the Annual General Meeting of the company held during 2007 as regular Director subject to retirement by rotation. His tenure was terminated from 08.02.2008. Shri K. L. Mehrotra was inducted in place of Mr. Barapanda w.e.f. 08.02.2008 with additional charge of Chairman-cum-Managing Director. Mr. Tapan Biswas, the former Chairman-cum-Managing Director of the Company and who was under suspension since 30.08.2005 released from the office of CMD w.e.f. 11.10.2007.

During the year, Shri Ajoy Kumar, Shri S. Sinharay, Shri A. K. Dutta, Shri S. K. Garg and Shri C. Banerjee resigned from the Board on 12.12.2007, 27.09.2007, 27.09.2007, 07.04.2008 and 17.08.2007 respectively. Shri U. P. Singh was inducted in the Board as Additional Director on 12.12.2007 and resigned from the Board on 28.04.2008. The Board took on record its deep sense of appreciation for the services rendered by them during the tenure of their directorship.

**19. DEPOSIT**

The Company has not accepted any deposit pursuant to Section 58A of the Companies Act, 1956.

**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. **LISTING**

The Company's shares are listed at The Calcutta Stock Exchange Association Limited. The listing fee is paid upto 31<sup>st</sup> March, 2009.

22. **DEPOSITORY SYSTEM**

The Company's shares are under compulsory demat mode. The Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (I) Limited (CDSL). Members are requested to dematerialize their holdings for operational convenience.

23. **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 : 25th July, 2008

For and on behalf of the Board

Sd/-

**K. L. Mehrotra**

CHAIRMAN CUM MANAGING DIRECTOR, I/C



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

<b>AUDITORS' COMMENT</b>	<b>MANAGEMENT REPLIES</b>
a) Note No.8 requiring non- provision of impairment of assets AS28	As indicated in note no.8, physical verification of fixed assets has been carried out though the process of identification of assets requiring impairment being under progress is expected to be given effect to during the current financial year.
b) Note No.10A non verification of stock at port (Haldia, Paradeep)	In absence of extant permission from the concerned Port authorities, year- end physical verification of the stock lying at port requiring engagement of mechanical devices could not be carried out.
c) Note No.17- Associate companies expenses debited to Profit &Loss Account amounting to Rs.11.34 lacs.	Accrual of arrear wages of the concerned employees has taken place after their absorption in OMDC in terms of its revised Payroll and accordingly paid with the approval of competent authority.
d) Note No.16—Amount paid for forest clearance amounting to Rs.13.18 crores	Observation of the Auditor seems to be factual and non-qualifactory in nature and accounting treatment as indicated in the relevant Note has been carried out in tune with the accepted accounting practices and policies consistently followed by the company.
e) Note No.20-Due to change in accounting policy regarding peripheral development resulting in reduction of profit by Rs. 9.45 crores.	Change in Accounting Policy as suggested by the Auditors has been carried out with recommended disclosure in the Notes on Accounts, as such, comment of the auditors appears to be merely factual in nature.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRIES STRUCTURE AND DEVELOPMENT

#### 1) Indian Economy

The Indian economy is estimated to have grown by nearly 8.7% during the year under review, preceeded by over 8% growth for the last five years. Until recently, there was a growing optimism about India moving towards a double-digit growth in the near future. While recent events in the international arena might have some ripple effects, it is believed that the Indian economy is fairly resilient and should sustain its recent performance in the medium and long run.

Indian businesses are continuously growing in confidence and are moving towards becoming world-class organizations. At the same time international business community is also increasingly recognizing India as a preferred investment destination and FDI continues to grow. Spending power of the masses is going up and the Indian youth is bubbling with enthusiasm and confidence. The Government is also placing a lot of thrust on infrastructure development, universal education, health care and job creation.

These are all positive indicators for sustainable growth of the economy, which in turn should mean better quality of life for everyone, increasing consumer spending and more demand for all types of products and services.

However, there are certain recent worries about inflation and consequent changes in monetary policies, which would tighten money supply and increase the cost of credit in the short term.

#### Steel Industry

From the eighth-largest producer of steel in the world in 2003 to the fifth –largest in 2006 has been a remarkable journey of steely resolve for India. In fact, by 2015, the country is expected to become the second-largest producer of steel in the world. And by 2011-12, India could achieve an annual steel production capacity of nearly 124 million tones, nearly four times the 37 million tones the country produced in 2002-03.

In India the steel sector is growing at a robust rate with significant increases in both production and consumption. The Indian steel industry is in an expansionary phase backed by a liberal policy environment. Domestic demand is excellent, driven by growth in investment, manufacturing and infrastructure.

The National Steel Policy (NSP), 2005 as formulated by the Ministry of Steel envisages a strong and vibrant Indian Steel Industry to serve as a springboard for reaching the national vision of transforming India into a developed economy by 2020. The objective of NSP is to create conditions conducive to cost competitiveness and strive to remove systematic constraints to growth, especially in the areas of infrastructure and availability of critical inputs including bulk raw materials, financial resources and technology. The long- term objective of the NSP is to ensure that India attains global competitiveness in terms of international benchmarks of efficiency and productivity.

The National Steel Policy has envisaged steel production to reach 110 million tonnes by 2019-20. However, based on the assessment of the current ongoing projects, both in greenfield and brownfield, Ministry of Steel has projected that the steel capacity in the county is likely to be 124.06 million tonnes by 2011-12. Further, based on the status of MOUs signed by the private producers with the various State Governments, it is expected that India's steel capacity would be nearly 293 million tonne by 2020.

## **Mining Industry**

### **Iron ore**

Iron ores are rocks and minerals from which metallic iron can be economically extracted. The ores are usually rich in iron oxides and vary in colour from dark gray, bright yellow, deep purple, to rusty red. The iron itself is usually found in the form of magnetite ( $\text{Fe}_3\text{O}_4$ ), hematite ( $\text{Fe}_2\text{O}_3$ ), goethite, limonite or siderite. Iron is the world's most commonly used metal. It is used primarily in structural engineering applications and in maritime purposes, automobiles, and general industrial applications (machinery).

India possesses large resources of good quality iron ore located in a number of States such as Andhra Pradesh, Bihar, Goa, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, etc. The reserves are adequate to meet the growing requirement for indigenous consumption and for exports. Blending of medium grade with high grade for indigenous consumption and for exports has been resorted to meet the quality requirement. Thus the scenario appears to be quite comfortable. Use of iron ore fines has also helped to further improve the situation.

### **Manganese ore**

Manganese is the twelfth most abundant element in the earth's crust. Nevertheless it is only rarely found in concentrations high enough to form a manganese ore deposit. Among some 300 minerals containing manganese, only a dozen are of mining significance. Current estimates of world manganese reserves including low grade ore, reach several billion tons. But if only high grade ores (defined as having more than 44% Mn content) are considered then reserves are in the range of 680 million tons of ore, essentially situated in the Western World, with Australia, Brazil, Gabon and South Africa, supplying over 90% of the international market. Ghana and India, both large suppliers of the Western World in the past, are now exporting only limited quantities of low or medium grade ore. The ore mined in Mexico is mostly for internal use, but part is exported in the form of manganese nodules.

Indigenously, manganese ore is consumed in a number of industries such as alloy steel, battery, chemicals, Ferro alloys, iron and steel, zinc smelter and ceramic glass. The consumption is around one million tonnes per annum. About 10 per cent of the production is exported.

### **Sponge Iron**

**Sponge iron** is the product created when iron ore is reduced to metallic iron, usually with some kind of carbon (charcoal) etc. at temperatures below the melting point of iron. This results in a spongy mass, sometimes called a *bloom*, consisting of a mix of incandescent wrought iron and slag.

Sponge iron is not useful in itself, but can be processed to create wrought iron. The sponge is removed from the furnace, called a *bloomery*, and repeatedly beaten with heavy hammers and folded over to remove the slag, oxidise any carbon or carbide and weld the iron together. This treatment usually creates wrought iron with about three percent slag and a fraction of a percent of other impurities. Further treatment may add controlled amounts of carbon, allowing various kinds of heat treatment (e.g. "steeling").

Today, sponge iron is created by reducing iron ore without melting it. This makes for an energy-efficient feedstock for specialty steel manufacturers which used to rely upon scrap metal.

During this period, India emerged as the largest sponge iron producer in the world. Sponge iron production rose by as high as 87.5%. Bulk of the growth came from the coal based sponge iron industry whose production increased by over 121 %. This dramatic improvement in sponge iron production was made possible by the use of the innovative coal based DRI technology.

2) Segment-wise performance

Production quantity-wise and despatch quantity as well as value-wise of the three segments of the company are given as below;

Production

	<u>2007-2008</u> MT	<u>2006-2007</u> MT
Manganese Ore	82,339	27,231
Iron Ore	17,27,760	22,29,867
Sponge Iron	10,971	11,105

Despatch/Sales

Manganese Ore (MT)	85,567	39,356
Rs. In Crore	21.03	5.31
Iron Ore	16,63,458	21,16,157
Rs. In Crore	213.64	290.69
Sponge Iron(MT)	16775	5191
Rs. In Crore	11.65	3.93

3) Discussion on financial performance of the company

a) Sales from Operations and Profit

(Rs.in crores)

	2007-08	2006-07	Change	Change in %
Sales	246.31	299.93	(-) 53.62	(-) 17.88
Profit before tax and depreciation	227.88	262.91	(-) 35.04	(-) 13.33
Profit after tax and depreciation	148.84	173.47	(-) 24.63	(-) 14.20

Sales value decreased by 17.88% and PAT and PBT decreased by 14.20% and 13.33% respectively.

b) Payment to Employees

(Rs.in crores)

	2007-08	2006-07	Change	Change in %
Payment to and Provisions for Employees	15.39	8.53	6.86	80.42

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

c) Other Expenditure

(Rs.in crores)

	2007-08	2006-07	Change	Change in %
Mining, Selling and Administrative Expenses	59.28	66.94	(-) 7.66	(-) 11.44

Because of decline in production of iron ore segment and sponge iron segment expenditure has reduced by 11.44%

d) Fixed Assets

(Rs.in crores)

	2007-08	2006-07	Change	Change in %
Gross Block	51.78	49.60	2.18	4.40
Less: Depreciation	28.94	25.53	3.41	13.36
Net Block	22.84	24.08	(-)1.24	(-) 5.15

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

e) Stock-Trade

(Qty in MT)  
(Rs.in crores)

	2007-08		2006-07		Change		Change in %	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Iron Ore	6,39,576	11.83	6,25,371	8.25	14,205	3.58	2.27	43.39
Manganese Ore	12,995	0.71	14,939	0.59	(-)1,944	0.12	(-) 13.01	20.34
Sponge Iron	499	0.39	6,746	3.32	(-) 6,247	(-) 2.93	(-) 92.60	(-)88.25

f) Consumption of raw materials

(Qty in MT)  
(Rs.in crores)

	2007-08		2006-2007		Change		Change in %	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Coal Indigenous	24,213	4.20	22,159.4	4.60	2,054	(-)0.40	9.27	(-)8.75
Coal Imported	Nil	Nil	2,482	0.67	(-) 2,482	(-) 0.67	(-)100.00	(-)100.00
Dolomite	109	0.012	165.92	0.0185	(-) 56.92	(-)0.0062	(-)34.31	(-)33.51

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

g) Sundry debtors

(Rs.in crores)

	2007-08	2006-07	Change	Change in %
Gross Debtors	3.69	15.05	(-) 11.36	(-)75.47
Less: Provision for Doubtful debts	1.37	1.60	(-) 0.22	(-)14.00
Net Debtors	2.32	13.46	(-) 11.14	(-) 82.77

Sundry Debtors reduced by about 83% as compared to the previous year's position.

h) Loans and Advances

(Rs.in crores)

	2007-08	2006-07	Change	Percentage
Loans and advances	401.46	299.69	101.77	33.96

Loans and advances increased by 34% as compared to the previous year mainly due to higher amount of advance payment of tax.

i) Current Liabilities

(Rs.in crores)

	2007-08	2006-07	Change	Percentage
Current Liabilities	116.06	74.28	41.78	56.25

Current liabilities increased by 56% as compared to the previous year .

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, 372/- per share of Rs-10/- for the year ended 31st March, 2008 subject to the approval of the shareholders. The dividend will be paid on 6,00,000 equity shares of Rs.10/- each. The total payment on account of the above dividend would be Rs. 26.11 crore ( including tax on dividend amounting to Rs. 3.79 crore).

4) Internal Control Systems and their adequacy

The management maintains adequate internal controls to commensurate with the nature and size of operations of the Company, which is designed to provide reasonable assurance that assets are safeguarded, transactions are correctly executed and recorded in accordance with managements' authorization, applicable accounting standards and selected accounting policies which are being applied consistently.

The Company's internal control system provided high level of system based checks and controls. Regular internal audits and checks ensure that responsibilities are executed efficiently. The statutory auditors independently evaluate internal checks and control during the conduct of their audit. They also participate in Audit Committee meetings to express their opinion on issues of concern.

5) Outlook

The company has reserves of about 210 million tones of iron ore and 40 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.

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.
- iv) Profit making for the last five years.
- v) Having huge cash reserve.

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.

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, 2008 were 842 as compared to 855 as on 31st March, 2007.

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.

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 unfavorable 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.

Shortage of qualified professional manpower in almost all the departments of OMDC.

The Sponge Iron Plant (SIP) has teething problem from the initial. Inferior grade coal (F grade) usage not only reduces the quality of product but also reduces quantity of product due to less campaign life and not able to maintain required temperature profile.

## CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is about commitment of values and about ethical business conduct. It is about how an organization is managed. Our Corporate Governance philosophy stems from the belief that business strategy and plans should be consistent with the welfare of all stakeholders and should be in line with the national economic policies of the Government of India. The Company has always focused on good corporate governance and believes that corporate governance is not just limited to creating checks and balances, it is more about creating organization excellence leading to increasing employee and customer satisfaction and shareholder value. In addition to compliance with regulatory requirements, the Company endeavors to ensure that the highest standard of ethical conduct are maintained throughout the organization.

### COMPOSITION OF BOARD OF DIRECTORS

The Board of Directors of your Company presently comprises six directors in the Board as on 31.03.2008. A government nominee promoter director is in additional charge of Chairman-cum-Managing Director. Except him all other five directors are in non-executive capacity. There are two independent directors on the Board of Directors of the Company. Further, the Independent Directors do not have any pecuniary relationship or transaction with the Company, Promoters, Management which may affect their judgment in any manner and they do not fall under any criteria as stipulated vide Clause 49.I.A(iii) of the Listing Agreement. All the directors are above 21 years of age. No director is related with any other directors of the Board in any manner.

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%	
					Member	Chairman
Shri Tapan Biswas CMD *	Executive Director	Nil	No	5	–	–
Shri M. S. Barpanda Director **	Non- Executive Director	6	Yes	5	–	–
Shri Ajoy Kumar ***	Govt Nominee Non- Executive Promoter Director	3	No	4	–	–
Shri J. P. Shukla	Govt Nominee Non- Executive Promoter Director	7	No	2	–	–
Shri K. L. Mehrotra, CMD, I/C #	Government Nominee Executive Promoter Director	1	N.A.	6	–	–
Shri Subrata Sinharay ##	Independent Non-Executive Director	4	Yes	Nil	–	–

Name of Director	Category	No. of Board Meetings attended	Attendance in last AGM	No. of other Directorships%	Details of other Board Committee Membership%	
					Member	Chairman
Shri Sadananda Panigrahy	Independent Non-Executive Director	7	No	Nil	–	–
Shri Ashoke Kr. Dutta ###	Independent Non-Executive Director	2	No	6	–	–
Shri R. R. Dash	Independent Non-Executive Director (Nominee of LIC)	3	No	Nil	–	–
Shri U. P. Singh~	Government Nominee Non-Executive Director	2	N.A.	5	–	–
Shri S. K. Garg~~	Deemed Executive Director	3	Yes	Nil	–	–

\* was under suspension from 30.08.2005 / resigned from the directorship on 11.10.2007

\*\* was in additional charge of CMD since 30.03.2007 / resigned from the directorship on 08.02.2008

\*\*\* resigned from the directorship on 12.12.2007

# inducted in the Board on 08.02.2008 and is in additional charge of Chairman-cum-Managing Director

## resigned from the directorship on 27.09.2007

### resigned from the directorship on 27.09.2007

~ was in Board for the period 12.12.2007 to 27.04.2008

~~ resigned from the Board on 07.04.2008

*% Number of Directorships/Memberships held in other companies excludes Directorships / Memberships in private limited companies, foreign companies, membership of various committees of various chambers / bodies and Companies under Section 25 of the Companies Act, 1956 and alternate Directorships whereas the Membership or Chairmanship of any committee includes Audit Committee and Shareholders'/Investors' Grievance Committees only.*

The Board met 7 (Seven) times during the year and the time gap between two Board meetings was not more than 4 (four) months. Details of Board Meetings held during the year 2007-2008 are as under :

Date of Board Meeting	Strength of the Board	Directors present
17.04.2007	8	8
12.06.2007	8	6
29.06.2007	8	7
09.08.2007	8	7
05.12.2007	6	4
28.01.2008	6	5
26.03.2008	6	5



**Brief resumes of the Directors retiring by rotation**

Name of Director	Shri Sadananda Panigrahy	Shri K. L. Mehrotra	Dr. Dalip Singh
Date of Birth	10.05.1943	9.10.1948	9.04.1956
Date of Appointment	29.12.2005	8.02.2008	28.04.2008
Qualifications	BE from Benaras Hindu University, Fellow of IIM	B.Sc.(Engineering) from the Institute of Technology, Benaras Hindu University in 1970.	Doctorate in Psychology.
Experience	Served in SAIL in different capacities for more than 39 years and retired from SAIL as Executive Director.	36 years experience in various positions in State, Central and Private Sector organizations in the fields of— Power & Co-generation projects, Chemical & Fertilizer industry, Mineral exploration, development & Mining etc.	Jt. Secretary, Ministry of Steel, Govt of India.
Directorship in other Companies	Nil	1. The Bisra Stone Lime Company Limited. 2. The Karanpura Development Co.Ltd 3. Eastern Investments Limited. 4. Scott & Saxby Limited 5. Manganese Ore India Limited(MOIL) 6. East India Minerals Limited (EIML)	1. Kudremukh Iron Ore Company Limited 2. Sponge Iron India Limited 3. Manganese Ore India Limited
Chairman/ Membership of the Committee(s) of other Companies	Nil	Chairman of all the above four companies CMD of MOIL and Director of EIML.	Nil
No. of shares held in his/her name or beneficial basis	Nil	Nil	Nil

All major decisions are placed before the Board for its consideration and decision. The following information is placed before the Board along with specific agenda items:

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

### **CODE OF CONDUCT**

The Company has formulated and implemented a Code of conduct for all Board Members and Senior Management of the Company in compliance with Clause 49 of the Listing Agreement. The same has also been posted at the Company's website at [www.birdgroup.gov.in](http://www.birdgroup.gov.in). All Board Members and Senior Management personnel has affirmed compliance with the code on annual basis. A declaration to this effect duly signed by Managing Director of the Company is annexed with this report.

### **BOARD COMMITTEES**

The terms of reference of Board Committees are determined by the Board from time to time. Presently the Company has 3(three) committees—Audit Committee, Shareholders' / Investors' Grievances Committee and Share Transfer 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.

#### **i) Audit Committee**

The Committee comprises of Shri Subrata Sinharay, Independent Non-Executive Director as the Chairman, Shri A.K.Dutta Independent Non-Executive Director and Shri J. P. Shukla as other member of the Committee. The two independent directors were not re-appointed at the Annual General Meeting held on 26.09.2007. The selection of independent director is in the process of the Management. The audit committee was again reconstituted under the chairmanship of Shri S.Panigrahy, Independent Non-Executive Director and Shri J. P. Shukla as other member of the Committee. The Company has to induct one more independent director in the Committee as its third member to fill the vacancy caused w.e.f. 27.09.2007. The terms of reference of the Audit Committee are in line with Clause 49 of the Listing Agreement with the Stock Exchange. The Committee acts as a link between the Management, Auditors and the Board of Directors of the Company and has full access to financial information. Smt. S. Das acts as Secretary to the Committee.

The Committee has met 3(three) times during the year. Details of Committee Meetings held during the year 2007-2008 are as under:-

Name of the Committee Member	16.04.2007	28.06.2007	09.08.2007
Shri Subrata Sinharay#	Yes	Yes	Yes
Shri J. P. Shukla	No	Yes	Yes
Shri Ashoke Kumar Dutta##	Yes	Yes	Yes

# resigned on 27.09.2007

## resigned on 27.09.2007

**Functions of the Committee :**

Functions of the Committee, *inter alia*, includes :

1. Review with the management and/or Internal Auditor and/or Statutory Auditors :
  - i) Company's financial statements and reports;
  - ii) Disclosure of company's financial information to ensure that the same are correct, sufficient and credible;
  - iii) Changes/Improvements in Financial/Accounting practices;
  - iv) Adequacy of Internal Audit Function and Systems; and
  - v) Charter of Audit Committee.
2. Hold discussion with :
  - i) Statutory Auditors, before and after audit on the scope and area of concern;
  - ii) Internal Auditor on its significant findings and also failure of Internal control systems, if any; and
  - iii) Management before submission of financial statements to the Board.
3. Compliance with Accounting Standards, Legal requirements and Ethical Code.

ii) **Shareholders' / Investors' Grievance Committee**

The Board of Directors of the Company constituted a Shareholders' / Investors' Grievance Committee, comprising Shri Ashoke Kumar Dutta, Non Executive Independent Director as Chairman, Shri Subrata Sinharay, Non Executive Independent Director and Shri M.S.Barpana, Non Executive Director as members of the Committee. Due to retirement of all the existing Directors the committee has again re-constituted comprising of Shri S.Panigrahy as Chairman of the Committee, Shri K.L.Mehrotra, CMD(I/C) . Smt. S. Das acts as Secretary to the Committee.

**Functions and activities :**

The Committee examines and redresses the grievances of shareholders/ investors. The committee reviews the redressal of investor complaints pertaining to transfer of shares, non-receipt of balance- sheet, non-receipt of dividends etc. During the year under review the Company has not received any investor complaint and no complaint is lying pending unresolved as on 31.03.2008.

iii) **Share Transfer Committee :**

A sub-committee termed as "Share Transfer Committee" functioning ancillary to Shareholders' / Investors' Grievance Committee has been constituted which inter-alia, approves issue of duplicate certificates, reviews all matters connected with securities transfers and other processes and meets as and when required. The Company's shares are in compulsorily demat trading mode in the Stock Exchanges. Shares in physical mode if lodged for transfer are processed by the Share Transfer Committee and get returned to the shareholders within the stipulated time. 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, 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.

Presently Shri K.L.Mehrotra, CMD(I/C) Shri S. Panigrahy, independent Director, and Smt S. Das are the members of the Share Transfer Committee.

During the year the 42 share transfer cases comprising of 3585 equity shares were received for physical transfer. 8 cases of duplicate issue of shares comprising of 2200 equity shares were received and processed during the

year under review. Requests received for dematerialization of shares are promptly processed. During the year total number of shares dematerialized were NSDL : 20770 and CDSL : 1366.

**Compliance Officer :**

Mrs. S. Das, Company Secretary  
Address : FD- 350, Salt Lake City,  
Sector-III, Kolkata-700 106  
Tel: (033) 2321-3983, 2337-3584, 2337-3582, 2334-3526  
Fax :( 033)2321-3874  
E-mail: birdgroup@eth.net  
Website: www.birdgroup.gov.in

Pursuant to new Clause 47(f) of the listing agreement the Company's e-mail ID for grievance redressal purpose is omdc\_secretary@rediffmail.com where complaints can be lodged by the investors.

**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 as attended by them.

The sitting fees paid during the financial year 2007-08 to the Directors are as follows:

(In Rupees)

Name of the Director	Sitting fees (Rs.)
Shri M. S. Barpanda	21,000
Shri Subrata Sinharay	24,500
Shri Sadananda Panigrahy	24,500
Shri Ashoke Kr. Dutta	17,500
Shri R. R. Dash	10,500
Shri S. K. Garg	10,500

The Company does not have any ADRs / GDRs / Warrants scheme for stock option / convertible instruments. No non-executive director are holding any shares of the company.

**CEO/CFO Certification**

Pursuant to clause 49V of the listing agreement Shri K.L.Mehrotra, CEO and Shri R. K. Panda, 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, 2008 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 and 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.

### GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under :

Year	Venue	Date	Time
2006-07	AIKATAN Eastern Zonal Cultural Center, IA- 290, Sector-III, Salt Lake City, Kolkata-700097	26.09.2007	10.30 A.M.
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

Extra Ordinary General Meeting held during last three years are as under :

Date	Time	Venue
4.01.2005	12.00 Noon	AIKATAN Eastern Zonal Cultural Center, IA - 290, Sector-III, Salt Lake City, Kolkata-700 097

Details of Special Resolutions passed at last three years' Annual General Meetings :

Date of Annual General Meeting	No. of Special Resolutions passed	Details of Special Resolution
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.
26.09.2007	1 (One)	Appointment of Shri S. K. Garg as ED(C&CP)

Details of Resolutions passed through Postal Ballot in last three years :

Date of passing the Resolution	No- of Special Resolution passed	Details of Special Resolution
12.04.2006	2(Two)	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/-.
		2. Payment of compensation to Non-Executive Director.
12.09.2005	2(Two)	1. Alteration of object clause of the Memorandum of Association of the company under section 17 of the Companies Act. other businesses as incorporated in sub-clause (cci) to ccv)
		2. Commencement of any or all such mentioned businesses as incorporated in sub clause (cci) to (ccv) and sub-clause (II) of Memorandum of Association of the Company under the provision of section 149(2A) of the Companies Act, 1956.

**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 mostly all the mandatory requirements of Clause 49 of the Listing Agreement. Non-mandatory requirements would be subject to review by the Board from time to time.

**SUBSIDIARY COMPANY**

The Company does not have any subsidiary Company.

**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 "Financial Express" in English and "Dainik Statesman" in Bengali (vernacular) language from Kolkata, and on an all India basis. The Company has its own web- site [www.birdgroup.gov.in](http://www.birdgroup.gov.in) wherein all relevant information along with the financial results are displayed.

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.

**GENERAL SHAREHOLDER INFORMATION**

i) **AGM Details**

Date	19 <sup>th</sup> September, 2008
Venue	Purbashree Auditorium of Eastern Zonal Cultural Centre at Bhartiyam Cultural Multiplex, IB-201, Salt Lake, Kolkata - 700 106
Time	11 A.M.
Book closure dates	12 <sup>th</sup> -19 <sup>th</sup> September, 2008
Dividend Payment Date	10th October, 2008

- ii) Last date of submission of ECS mandate/Bank Particulars : 10th September, 2008  
 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 cbmsl1@cal2.vsnl.net.in

iii) **Financial Calendar (Tentative)**

Srl. No.	Approval / Adoption of	on or before
1.	1 <sup>st</sup> Qtr. ending 30 <sup>th</sup> June, 2008	31 <sup>st</sup> July, 2008
2.	Half Year ending 30 <sup>th</sup> September, 2008	31 <sup>st</sup> October, 2008
3.	3 <sup>rd</sup> Qtr. ending 31 <sup>st</sup> December, 2008	31 <sup>st</sup> January, 2009
4.	Year ending March, 2009	30 <sup>th</sup> June, 2009
5.	Next Annual General Meeting	September, 2009

- iv) **Listing on stock exchange** : The Calcutta Stock Exchange  
 Association Limited  
 7, Lyons Range, Kolkata- 700001.  
 The company has paid listing fee upto 31<sup>st</sup> March, 2009.

- v) **Stock code** : 25058

- vi) **Market price data of the Company's shares in the Calcutta Stock Exchange Association Limited (CSE):**  
 No trading took place during the year.

vii) **Depositories with whom Company has entered into agreement**

<b>Name</b>	<b>ISIN Code</b>
Central Depository Services (India) Limited (CDSL)	INE 725E01016
National Securities Depository Limited (NSDL)	INE 725E01016

viii) **Registrar & Share Transfer Agent** : 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: cbmsl1@cal2.vsnl.net.in

ix) **Physical/NSDL/CDSL/Summary Report as on 31st March, 2008**

<b>PARTICULARS</b>	<b>SHARES</b>	<b>%</b>	<b>NO OF SHAREHOLDERS</b>	<b>%</b>
PHYSICAL	379740	63.29	323	20.31
NSDL	58181	9.70	918	57.74
CDSL	162079	27.01	349	21.95
TOTAL	600000	100.00	1590	100.00

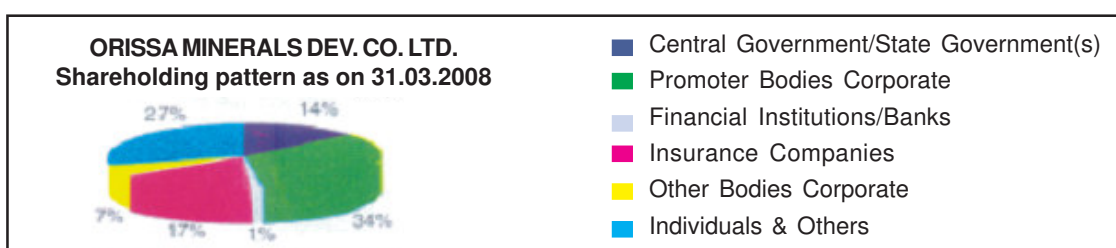
x) **Top Ten Shareholders of the company as on 31st March, 2008**

<b>Sl.No.</b>	<b>Name of the Shareholder</b>	<b>No. of Shares held</b>	<b>% of Shareholding</b>
1.	Eastern investments Limited	199820	33.30
2.	Life Insurance Corporation of India.	103500	17.25
3.	President of India	85219	14.20
4.	Murari Lal Sarawagi	12650	2.11
5.	Mahendra Girdharilal Wadhawani	9051	1.51
6.	Aspi H.Tangree	7600	1.27
7.	Allahabad Bank Nominees Pvt. Ltd.	6600	1.10
8.	Dhruba Agarwal	6500	1.09
9.	MisriLall Jain	4950	0.83
10.	The Property Company Private Limited	4800	0.80



**xi) Categories of Shareholders with Shareholding Pattern as on 31.03.2008**

	<u>No. of Shares</u>	<u>%</u>
Central Government/ State Governments	85219	14
Promoter Bodies Corporate	203870	34
Financial Institutions/Banks	4400	1
Insurance Companies	103500	17
Other Bodies Corporate	42653	7
Individuals & Others	<u>160358</u>	<u>27</u>
Total	<u>600000</u>	<u>100</u>



**xii) Dividend History (Last 3 years)**

Financial year ended	Dividend Per Share (Rs.)	Total Dividend (Rs.in crores)
31.03.2005	364.00	21.84
31.03.2006	325.00	19.50
31.03.2007	434.00	26.02

**xiii) Unclaimed Dividend**

Financial year	Date of Declaration of Dividend	Total Dividend (Rs. in crores)	Unclaimed Dividend as on 31.03.2008	Due for transfer to IEPF on
2003-04	17.09.2004	0.30	88,315.00	23.10.2011
2004-05	23.09.2005	21.84	59,28,832.00	29.10.2012
2005-06	10.10.2006	19.50	55,34,781.00	15.11.2013
2006-07	26.09.2007	26.02	1,04,82,236.00	01.11.2014

- xiv) **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
  - 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

xv) **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.

xvi) **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: cbmsl1@cal2.vsnt.net.in

OR

**The Orissa Minerals 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@eth.net

**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 31<sup>st</sup> March, 2008 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 with the General Manager (Technical), Deputy General Manager (I/C), Iron Ore Group, Deputy General Manager (I/C), Manganese Ore Group, Deputy General Manager (Commercial), DGM (Personnel), AGM (Engg), Sr. Manager (F), Sr. Manager (Material), Company Secretary.



(K. L. MEHROTRA)

DIRECTOR HOLDING ADDITIONAL  
CHARGE OF  
CHIEF MANAGING DIRECTOR.

Kolkata  
30th June, 2008

**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
The Orissa Minerals Development Company Limited

We have examined the compliance of conditions of Corporate Governance by **M/s The Orissa Minerals Development Company Limited** for the year ended 31<sup>st</sup> March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that :

- (a) the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement and we have to state that no investor grievance was pending for a period exceeding one month against the Company as per records maintained by the Company;
- (b) ***the Company has not fully complied the provisions of certain clauses of Clause 49 of the listing agreement like, constitution of the Audit Committee and Shareholders' / Investors' Grievance Committee and the conducting of the meetings by these committees.***

We further state that such compliances 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.

For **A. K. LABH & CO.**  
Company Secretaries

Sd/-  
**A. K. LABH**  
Proprietor  
CP - 3238

Place : Kolkata  
Dated : 25th July, 2008

## COMPLIANCE CERTIFICATE

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

CIN : L51430WB1918PLC003026  
Nominal Capital : Rs. 60,00,000/-  
Paid-up Capital : Rs. 60,00,000/-

We have examined the registers, records, books and papers of **M/s The Orissa Minerals Development Company Limited** (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies (ROC) as prescribed under the Act and the rules made there under.
3. The Company is a public limited company.
4. The Board of Directors duly met 7(Seven) times on 17.04.2007, 12.06.2007, 29.06.2007, 09.08.2007, 05.12.2007, 28.01.2008 and 26.03.2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The register of members and share transfer books were remain closed from 19.09.2007 to 26.09.2007 (both days inclusive) and the company has complied the provisions of Section 154 of the Act in this respect.
6. The annual general meeting for the financial year ended on 31.03.2007 was held on 26.09.2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the year under report.
8. The provisions of Section 295 of the Act are not attracted.
9. The provisions of Section 297 of the Act are not attracted.
10. The company has made necessary entries in the register maintained under Section 301 of the Act for the disclosures made by the directors pursuant to the provisions of the Section 299 of the Act.

11. There was an appointment of a director in terms of Section 314 of the Act and all the compliances in this regard were duly made.
12. The Company has issued duplicate share certificates during the year under report for which necessary compliances were duly made.
13. The Company has:
  - i) issued share certificates within time after processing the requests for transfer/transmission of share as received during the year under report;
  - ii) declared dividend during the year under report and has complied with the provision of the Act;
  - iii) posted the dividend warrants to the members of the Company within the stipulated time;
  - iv) no amount in unpaid/unclaimed dividend due for transfer during the year to the Investor Education & Protection Fund;
  - v) complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there were appointments of additional directors during the year under report for which necessary compliances were made.
15. The provisions of Section 269 of the Act were not specifically attracted during the year under review.
16. No sole-selling agent was appointed during the year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and rules made there under.
19. The Company has not issued any new shares during the year.
20. The Company has not bought back any shares during the year.
21. The Company does not have any preference shares / debentures.
22. The Company has not issued any right / bonus shares etc. during the year.
23. The company has not accepted any deposits attracting the provisions of Section 58A of the Act.
24. The borrowings made by the Company are within the statutory limit.
25. The investments, loans and advances made by the Company are in compliance with the provisions of the Act.
26. The Company has not altered the provisions of the memorandum with respect to 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 with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered the provisions of the Articles of Association of the Company during the year under scrutiny.
31. The Company has not received any show cause notice from the Office of the Registrar of Companies.
32. The Company has not received any security from its employees during the year under certification.
33. The company has deposited both employees' and employer's contributions to Provident Fund in time with the prescribed authorities pursuant to Section 418 of the Act.

**For A. K. LABH & CO.**

Company Secretaries

Sd/-

**A. K. LABH**

Proprietor

C. P. No. 3238

Place : Kolkata  
Date : 25th July, 2008

**Annexure – “A”**

**Registers maintained by the Company**

1. Register of Investments u/s 49
2. Register of Members u/s 150
3. Register of Index of Members u/s 151
4. Register of transfer of shares u/s 108
5. Register of charges u/s 143
6. Register of Contracts u/s 301
7. Register of Directors, Manager, etc. u/s 303
8. Register of Directors' shareholding u/s 307
9. Minutes of Board Meeting u/s 193
10. Minutes of General Meeting u/s 193
11. Books of Accounts u/s 209

**Annexure – “B”**

**Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ending on 31<sup>st</sup> March, 2008:**

SL NO.	FORM NO.	PARTICULARS OF FILING	DATE OF FILING
1	32	Changes in Board	07-05-2007
2	32	Changes in Board	17-05-2007
3	DIN-3	DIN-2 of the Directors	04-06-2007
4	32	Changes in Board	10-09-2007
5	66	Compliance Certificate, 2006-2007	03-10-2007
6	23AC / 23ACA	Balance Sheet as at 31st March, 2007	03-10-2007
7	32	Changes in Board	12-10-2007
8	32	Changes in Board	23-10-2007
9	23	Special Resolution	23-10-2007
10	20B	Annual Return, 2007	07-11-2007
11	32	Changes in Board	13-11-2007
12	32	Changes in Board	08-01-2008
13	32	Changes in Board	14-02-2008
14	32	Changes in Board	04-03-2008

Sd/-

**A. K. LABH**

Proprietor

C. P. No. 3238

Place : Kolkata  
Date : 25th July, 2008



**REPORT OF CEO/CFO**

We, the Chairman cum Managing Director as CEO and Sr. Manager (F) as CFO report to the Board that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31<sup>st</sup> March, 2008 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) There were, to the best of our knowledge and belief, no transactions entered into by the company during the year which were fraudulent, illegal and violative of company's code of conduct.
- c) We accept responsibilities for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the 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 during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) that we are not aware of any significant fraud and involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

  
(K. L. MEHROTRA)

CHIEF EXECUTIVE OFFICER (CEO)

  
(R. K. PANDA)

CHIEF FINANCE OFFICER (CFO)

**AUDITORS' REPORT  
TO THE MEMBERS OF  
THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED  
FOR THE YEAR 2007 – 2008**

---

1. We have audited the attached Balance Sheet of The Orissa Minerals Development Company Limited as at 31<sup>st</sup> March 2008 and also the Profit and Loss Account of the above company for the year ended on that date and annexed thereto and Cash Flow Statement for the period ended on that date.
2. 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.
3. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform our 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 expressing our opinion on financial statements of the company.
4. As required by the Companies (Auditor's report) Order, 2003 called as CARO 2003, vide notification No. GSR 480(E) dated 12<sup>th</sup> June 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii) 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.
  - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report together with Notes on Accounts (Schedule – 19B) and other notes appearing in various schedules and Significant Accounting Policies (Schedule – 19A) of the Company comply with the Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act.

- v) On the basis of written declaration received from the Directors which were taken on record by the Board of Directors at its meetings held on 7<sup>th</sup> July 2008, none of the Directors of the Company is disqualified from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts of the Company together with the Significant Accounting Policies (Schedule – 19A) and read with Notes on Accounts(Schedule – 19B) particularly to the **note No. 8 requiring non-provision of Impairment of Assets AS28, Note No. 10A non verification of stock at port(Haldia, Paradeep), Note No.- 17 – Associate companies expenses debited to Profit & Loss Account amounting to 11.34 lakhs** Note No. 16- Amount paid for forest clearance amounting to 13.18 corer, Note No. 20 - due to change in accounting policy regarding peripheral development resulted in reduction of profit by Rs. 9.45 corers, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India :-
- (a) in case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2008
- (b) in case of the Profit & Loss Account, of the Profit for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **SARMA & CO.**  
Chartered Accountants

Sd/-

**(R.L. Das Sarma)**  
Partner

Place : Kolkata  
Date: 7th July 2008

**COMPANIES (AUDITORS' REPORT) ORDER, 2003**

<b>QUERIES</b>	<b>COMMENTS</b>
<p>1. a) Whether the Company is maintaining proper records showings full particulars, including quantitative details and situation of fixed assets.</p> <p>b) Whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of Accounts.</p> <p>c) If a substantial part of Fixed Assets have been disposed off during the year, whether it has affected the going concern.</p>	<p>The Company has maintained proper record showing full particulars including quantitative details and situations of fixed assets.</p> <p>The fixed Assets has been physically verified by departmental head and no discrepancies has been determine by the management.</p> <p>No substantial parts of fixed assets have been disposed off during the year.</p>
<p>2. a) Whether physical verification of inventory has been conducted at reasonable intervals by the Management.</p> <p>b) Are the procedures of physical verification of inventory followed by the Management reasonable and adequate in relation to the size of the company and the nature of its business? If not, the inadequacies in such procedures should be reported.</p> <p>c) Whether the company is maintaining proper records of Inventory and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of accounts.</p>	<p>Physical verification of inventory has been made at reasonable intervals.</p> <p>The procedure and interval of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.</p> <p>The Company maintains proper records of inventory. The discrepancies noticed on verification between the physical stock and book record were not material and it has been properly dealt with in the accounts.</p>
<p>3. a) Has the company either granted or taken loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act? If so, give the number of parties and amount involved in the transactions.</p> <p>b) Whether the rate of interest and other terms and conditions of loans given or taken by the company, secured or unsecured, are prima facie prejudicial to the interest of the company.</p> <p>c) Whether payment of the principle amount and interest are also regular.</p> <p>d) If overdue amount is more than one lakh, whether reasonable steps have been taken by the company for recovery/ payment of the principal and interest.</p>	<p>Loan given to associate company the Register has been maintained under Section 301 of the Company Act. Scott and Saxby in the year 2006-07 Rs. 25.00lacs.</p> <p>Interest rate and other terms and condition of loan giver are not prejudicial to the interest of the company.</p> <p>No payment of Principal and Interest has been made during the year.</p> <p>Steps has been taken but no Recovery from Associate Company Scott and Saxby.</p>

<p>4. Is there an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods? Whether there is a continuing failure to correct major weaknesses in internal control.</p>	<p>In our opinion and according to the information and explanation given to us there are adequate internal control procedures commensurate with the size of the company and the nature of the business for the purchase of inventory and fixed assets but there is scope of improvement in sale of goods.</p>
<p>5. a) Whether transactions that need to be entered into a register in pursuance of Section 301 of the Act have been so entered.</p> <p>b) Whether each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> <p>(This information is required only in case of transactions exceeding the value of five lakh rupees in respect of any party and in any one of financial year).</p>	<p>According the information and explanations given to us, we are of the opinion that the transactions that needed to be entered in to the register maintained under section 301 of the Companies Act, 1956 have been so entered.</p> <p>According the information and explanations given to us, where each of such transaction exceeding Rupees five lacs in value have been made at the price which are prima facie reasonable having regard.</p>
<p>6. In case the company has accepted deposits from the public, whether the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the rules framed there under, where applicable, have been complied with. If not the nature of contravention should be stated, if an order has been passed by the Company Law Board whether the same has been complied with or not.</p>	<p>The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956, read with the directives issued by the Reserve Bank of India.</p>
<p>7. In the case of listed companies and/or other companies having a paid-up capital and reserve exceeding Rs. 50 lakh as at the commencement of the financial year concerned, having an average annual turnover exceeding five crore rupees for the period of three consecutive financial year immediately preceding the internal audit system commensurate with its size and nature of its business.</p>	<p>A firm of Chartered Accountant has been appointed as Internal Auditor of the company. In our opinion there is scope for Improvement.</p>
<p>8. Where maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Act, whether such accounts and records have been made and maintained.</p>	<p>Maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to this Company.</p>
<p>9. a) Is the company regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, income tax, sales tax, wealth tax, custom duty, excise duty cess</p>	<p>According to the information and explanation made available to us, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Royalty etc.</p>

<p>and any other statutory dues with the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period more than six months from the date they became payable, shall be indicated by the auditor.</p>	<p>are repaid on regular basis to the appropriate authorities. As explained there is no undisputed amount payable in respect of the aforesaid dues as on 31<sup>st</sup> March 2008 outstanding for a period of more than six months from the date they had become payable.</p>																										
<p>b) In case dues of sales tax/income tax/ custom tax/ wealth tax / excise duty/ cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending may please be mentioned.  (A mere representation to the department shall not constitute the disputes.)</p>	<p>According to the information and explanations made available to us, details of disputes dues as on 31.03.2008 are as follows:</p> <table border="1" data-bbox="805 622 1433 1144"> <thead> <tr> <th>Name of Statute</th> <th>Nature of Dues</th> <th>Forum where dispute is pending</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Orissa Sales Tax Act</td> <td rowspan="2">Sales Tax</td> <td>Appellate Tribunal Asstt. Commissioner</td> <td>26,311</td> </tr> <tr> <td>Commissioner</td> <td>64,395</td> </tr> <tr> <td rowspan="3">Central Sales Tax</td> <td rowspan="3">Sales Tax</td> <td>Appellate Tribunal Asstt. Commissioner</td> <td>1,65,143</td> </tr> <tr> <td>Asstt. Commissioner</td> <td>7,72,68,197</td> </tr> <tr> <td>Commissioner</td> <td>8,65,788</td> </tr> <tr> <td>Orissa Entry Tax</td> <td>Entry Tax</td> <td>Asstt. Commissioner</td> <td>12,87,547</td> </tr> <tr> <td></td> <td></td> <td></td> <td>22,68.182</td> </tr> </tbody> </table>	Name of Statute	Nature of Dues	Forum where dispute is pending	Amount (Rs.)	Orissa Sales Tax Act	Sales Tax	Appellate Tribunal Asstt. Commissioner	26,311	Commissioner	64,395	Central Sales Tax	Sales Tax	Appellate Tribunal Asstt. Commissioner	1,65,143	Asstt. Commissioner	7,72,68,197	Commissioner	8,65,788	Orissa Entry Tax	Entry Tax	Asstt. Commissioner	12,87,547				22,68.182
Name of Statute	Nature of Dues	Forum where dispute is pending	Amount (Rs.)																								
Orissa Sales Tax Act	Sales Tax	Appellate Tribunal Asstt. Commissioner	26,311																								
		Commissioner	64,395																								
Central Sales Tax	Sales Tax	Appellate Tribunal Asstt. Commissioner	1,65,143																								
		Asstt. Commissioner	7,72,68,197																								
		Commissioner	8,65,788																								
Orissa Entry Tax	Entry Tax	Asstt. Commissioner	12,87,547																								
			22,68.182																								
<p>10. Whether in case of a company which has been registered for a period not less than five years, its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth and whether it has incurred cash losses in such financial year and in the financial year immediately preceding such financial year also.</p>	<p>There is no accumulated loss.</p>																										
<p>11. Whether the company has defaulted in repayment of dues to a financial institution or bank or debenture holders. If yes, the period and amount of default to be reported.</p>	<p>The Company has not accepted any deposits/ loans from banks or any other financial institutions or debenture holders.</p>																										
<p>12. Whether adequate documents and records are maintained in cases where the company has granted loans and advances on the basis of security by way of pledge of shares, debenture and other securities, if not, the deficiencies to be pointed out.</p>	<p>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.</p>																										
<p>13. Whether the provisions of any special statute applicable to chit fund have been duly complied with. In respect of nidhi/mutual benefit fund/ societies:  a) Whether the net owned funds to deposit liability ratio is more than 1.20 as on the date of Balance Sheet.</p>	<p>Not Applicable</p>																										

<p>b) Whether the company has complied with the prudential norms on income recognition and provisioning against sub-standard / default / loss assets.</p> <p>c) Whether the company has adequate procedures for appraisal of credit proposals / requests, assessment of credit need and repayment capacity of the borrowers.</p> <p>d) Whether the repayment schedule of various loans granted by nidhi is based on the repayment capacity of the borrower and would be conducive to recovery of the loan amount.</p>	
<p>14. If the company is dealing or trading in shares, securities, debentures and other investments, whether proper records have been maintained of the transactions and contracts and whether timely entries have been made therein; also whether the shares, securities, debentures and other securities have been held by the company in its own name except to be extent of the exemption if any, granted under Section 49 of the Act.</p>	Not Applicable
<p>15. Whether the company has given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof and prejudicial to the interest of the company</p>	No
<p>16. Whether term loans were applied for the purpose for which the loans were obtained.</p>	NIL
<p>17. Whether the funds raised on short term basis have been used for long term investment and vice-versa. If yes, the nature and amount is to be indicated.</p>	NIL
<p>18. Whether the company has made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act and if so, whether the price at which shares have been issued in prejudicial to the interest of the company.</p>	No such allotment has been made.
<p>19. Whether securities have been created in respect of debenture issued.</p>	No debenture issued.
<p>20. Whether the management has disclosed on the end use of money raised by public issues and the same has been verified.</p>	Not Applicable
<p>21. Whether any fraud on or by the company has been noticed or reported during the year. If yes, the nature and the amount involved is to be indicated.</p>	No fraud was reported by the Management and we have not come across any fraud case during our course of Audit during the year.

**For SARMA & CO.**  
Chartered Accountants

Sd/-  
**(R.L. Das Sarma)**  
Partner

Kolkata, Dated the 7th July, 2008

**S T A T E M E N T  
O F  
A C C O U N T S**



**BALANCE SHEET AS AT 31ST MARCH, 2008.**

	Schedule No.	<u>31st March, 2008</u>		<u>31st March, 2007</u>	
		Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
<b>SOURCES OF FUNDS</b>					
<b>1. Shareholders' Funds :</b>					
a) Capital	1	60.00		60.00	
b) Reserves & Surplus	2	<u>58,131.29</u>	58,191.29	<u>45,858.88</u>	45,918.88
<b>2. Deferred Tax Liabilities (Net)</b>					-
<b>TOTAL</b>			<u>58,191.29</u>		<u>45,918.88</u>
<b>APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>					
a) Gross Block	3	5,178.33		4,960.22	
b) Less : Depreciation		<u>2,894.54</u>		<u>2,552.54</u>	
c) Net Block			2,283.79		2,407.68
Discarded Assets			2.19		2.19
d) Capital Work-in-progress at cost			<u>1,647.46</u>		<u>318.50</u>
			<u>3,933.44</u>		<u>2,728.37</u>
<b>2. Investments</b>	4		1,270.65		1,412.06
<b>3. Deferred Tax Asset (Net)</b>			77.48		129.40
<b>4. Current Assets Loans &amp; Advances</b>					
a) Inventories	5	1,372.17		1,422.61	
b) Sundry Debtors	6	231.85		1,345.60	
c) Cash & Bank Balances	7	58,139.61		45,497.30	
d) Other Current Assets	8	3,025.84		2,164.55	
e) Loans & Advances	9	<u>40,145.54</u>		<u>29,969.20</u>	
		<u>102,915.01</u>		<u>80,399.26</u>	
<b>Less : Current Liabilities &amp; Provisions</b>	10				
<b>Net Current Assets</b>		<u>50,005.29</u>	52,909.72	<u>38,750.22</u>	41,649.05
<b>5. Preoperative Expenses</b>	11		—		—
<b>TOTAL</b>			<u>58,191.29</u>		<u>45,918.88</u>
<b>Segment Reporting</b>	17				
<b>Related Party Disclosure</b>	18				
<b>Notes on Accounts</b>	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 SARMA & CO.**  
CHARTERED ACCOUNTANTS

**K. L. Mehrotra**  
Director

**J. P. Shukla**  
Director

**S. Panigrahy**  
Director

**(R. L. DAS SARMA)**  
PARTNER  
(M. No. 002464)

**S. Das**  
Secretary

**R. K. Panda**  
Chief Finance Officer

Kolkata, Dated the 7th July, 2008.

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008.**

	Schedule No.	31st March 2008 Rs. in lacs	31st March 2007 Rs. in lacs
<b>INCOME</b>			
Sales	12	24,631.15	29,992.66
Other Income	13	5,545.67	3,788.77
Increase/(Decrease) in Stock	14	77.18	57.15
		<b>30,254.00</b>	<b>33,838.58</b>
<b>EXPENDITURE</b>			
Payment to and Provisions for Employees	15	1,538.84	853.19
Other Mining, Selling and Administrative Expenses	16	5,927.50	6,693.99
Depreciation		342.00	391.45
		<b>7,808.35</b>	<b>7,938.64</b>
<b>Net Profit before Tax</b>		<b>22,445.65</b>	<b>25,899.94</b>
Provision for Tax-Current		(7,495.00)	(8,690.00)
Provision for Fringe Benefit Tax		(15.00)	(20.50)
Provision for Tax-Deferred		(51.91)	157.10
<b>Net Profit after Tax</b>		<b>14,883.73</b>	<b>17,346.54</b>
Balance brought forward		24,769.38	15,467.02
<b>Profit Available for Appropriation</b>		<b>39,653.11</b>	<b>32,813.56</b>
Appropriations :			
Proposed Dividend		2,232.00	2,601.98
Dividend Tax		379.33	442.21
General Reserve		5,000.00	5,000.00
		<b>7,611.33</b>	<b>8,044.19</b>
<b>Surplus Transferred to Balance Sheet</b>		<b>32,041.78</b>	<b>24,769.37</b>
<b>Earning per share(Rs.)-Basic &amp; Diluted</b>		<b>2,480.62</b>	<b>2,891.09</b>
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 SARMA & CO.**  
CHARTERED ACCOUNTANTS

**K. L. Mehrotra**  
Director

**J. P. Shukla**  
Director

**S. Panigrahy**  
Director

**(R. L. DAS SARMA)**  
PARTNER  
(M. No. 002464)

**S. Das**  
Secretary

**R. K. Panda**  
Chief Finance Officer

Kolkata, Dated the 7th July, 2008.

## SCHEDULES

<b><u>SCHEDULE-1</u></b>	<b><u>31st March, 2008</u></b>		<b><u>31st March, 2007</u></b>	
	<b>Rs.in lacs</b>	<b>Rs.in lacs</b>	<b>Rs.in lacs</b>	<b>Rs.in lacs</b>
<b>CAPITAL</b>				
<b><u>Authorised</u></b>				
6,00,000 Ordinary Shares of Rs.10/- each		<b><u>60.00</u></b>		<u>60.00</u>
<b><u>Issued and Subscribed</u></b>				
6,00,000 Ordinary Shares of Rs.10/- each		<b><u>60.00</u></b>		<u>60.00</u>

Notes : Of the Subscribed Capital :

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

### **SCHEDULE-2** **RESERVES AND SURPLUS**

<b>Capital Reserve</b> (Arising out of Revaluation of Fixed Assets)		<b>89.50</b>		89.50
<b>General Reserve</b>				
Balance as per last Account	<b>21,000.00</b>		16,000.00	
Add : Transferred during the year	<b><u>5,000.00</u></b>	<b>26,000.00</b>	<u>5,000.00</u>	21,000.00
Profit & Loss Account Balance		<b>32,041.79</b>		24,769.37
		<b><u>58,131.29</u></b>		<u>45,858.88</u>

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

<b>PARTICULARS</b>	<b>Cost/Book Value of Assets as at 01.04.2007</b>	<b>Addition During the year</b>	<b>Assets Sold/ Adjusted During the year</b>	<b>Adjusted Cost/Book Value of Assets as at 31.03.2008</b>	<b>Depre- ciation as at 01.04.2007</b>	<b>Depre- ciation Added During the year</b>	<b>Depre- ciation as at 31.03.2008</b>	<b>Net Value of Assets as at 31.03.2008</b>	<b>Net Value of Assets as at 31.03.2007</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>	<b>(9)</b>
LAND	0.28	-	-	0.28	-	-	-	0.28	0.28
LEASE HOLD LAND	196.77	-	-	196.77	3.07	1.99	5.05	191.72	193.70
BUILDING	719.68	52.27	-	771.95	190.32	30.06	220.38	551.57	529.36
LEASE HOLD PROPERTIES	439.58	-	-	439.58	356.81	18.11	374.91	64.67	82.77
RAILWAY SIDING	359.95	11.24	-	371.19	134.73	31.59	166.32	204.87	225.22
PLANT & MACHINERY	3,034.91	142.90	0.10	3,177.71	1,773.88	244.70	2,018.58	1,159.13	1,261.03
FURNITURE & FIXTURE	37.62	11.80	-	49.42	27.49	3.00	30.49	18.92	10.13
PROSPECTING & DEVELOPMENT	150.75	-	-	150.75	58.41	9.24	67.65	83.10	92.34
MOTOR VEHICLES	20.68	-	-	20.68	7.83	3.32	11.16	9.52	12.85
	4,960.22	218.20	0.10	5,178.33	2,552.54	342.00	2,894.54	2,283.79	2,407.69
DISCARDED ASSETS AWAITING DISPOSAL	2.19			2.19				2.19	2.19
<b>TOTAL</b>	<b>4,962.41</b>	<b>218.20</b>	<b>0.10</b>	<b>5,180.52</b>	<b>2,552.54</b>	<b>342.00</b>	<b>2,894.54</b>	<b>2,285.97</b>	<b>2,409.88</b>
PREVIOUS YEAR	4,611.64	350.77	-	4,962.41	2,161.09	391.45	2,552.54	2,409.88	

<b>SCHEDULE-4</b>	<b>31st March, 2008</b>		<b>31st March, 2007</b>	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
<b>INVESTMENTS, UNQUOTED : (Longterm)</b>				
<b>Trade</b>				
East India Minerals Limited 28,11,010 Nos. Equity Shares @ Rs.10/- each, fully paid -up.		<b>281.10</b>		281.10
<b>Others</b>				
* In Government Securities-Face Value 7 Year National Savings Certificate	<b>0.05</b>		0.05	
* National defence Certificate	<b>0.02</b>	<b>0.07</b>	<u>0.02</u>	0.07
<b>Quoted</b>				
9.5% Tax Free Sardar Sarovar Nigam Ltd. Bonds 112 Nos. of Bond (Face Value of Rs.1,00,000/-)	<b>13.10</b>		13.10	
7.0% I.D.B.I. Omni Bond - 10 Nos. of Bonds (Face Value of Rs.10,00,000/- each)	<b>100.00</b>		100.00	
11.50% ICICI SLR Bond -10,000 Nos. of Bonds (Face Value of Rs.1,000/- each)	<b>116.66</b>		116.66	
8.95% Gujrat Electricity Bond - 100 Nos. of Bonds (Face Value of Rs.1,00,000/- each)	<b>104.15</b>		104.15	
11.50% IDBI 2004 Bond - 600 Nos. of Bonds (Face Value of Rs.1,000/- each)	<b>6.00</b>		6.00	
14.15% MSRDC Non Convertible Bond -200 Nos. of Bonds (Face Value of Rs.1,00,000/- each)	<b>245.50</b>		245.50	
10.95% APPFC Bonds -100 Nos. of Bonds (Face Value of Rs.1,00,000/- each)	-		107.90	
7.50% APPFC Bonds -20 Nos. of Bonds (Face Value of Rs.10,00,000/- each)	<b>200.00</b>		200.00	
12.00% Gujrat Electricity Bond - 7 Nos. (P.Y. 8 Nos.) of Bonds (Face Value of Rs.10,00,000/- each)	<b>78.19</b>		111.70	
13.50% MSRDC Non Convertible Bond -100 Nos. of (Face Value of Rs.1,00,000/- each)	<b>123.40</b>	<b>987.00</b>	<u>123.40</u>	1,128.41
<b>In other Company</b>				
The East India Clinic Ltd. 5% Non-Redeemable Debenture Stock 1957	<b>0.05</b>		0.05	
The Sijua (Jherriah) Electric Supply Co. Limited [100 Nos. Ordinary Shares of Rs.10/- (Face Value) each]	<b>0.01</b>		0.01	
The Eastern Investments Limited [ 25,434,Nos. Ordinary Shares of Rs.10/- (Face Value) each]	<b>2.42</b>	<b>2.48</b>	<u>2.42</u>	2.48
		<u><b>1,270.65</b></u>	<u>1,412.06</u>	

\* Deposited with the Government Authorities, Matured but not encashed as yet.  
Market Value of quoted investments - Rs.888.28 lacs (P.Y. Rs.11184.88 lacs)

	<u>31st March, 2008</u>		<u>31st March, 2007</u>	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs

**SCHEDULE-5**

**INVENTORIES**

(As taken, valued and certified by the management)

Stock of Raw Materials		6.32		106.80
Stores & Spare Parts		72.95		100.10
Stock-in-trade	1292.90		1215.71	
Less : Provision for Stock	—	1292.90	—	1215.71
		<b>1,372.17</b>		<b>1,422.61</b>

**SCHEDULE-6**

**SUNDRY DEBTORS - Unsecured**

**Debts outstanding for more than six months**

Considered Good	87.40		252.79	
Considered Doubtful	137.36	224.76	159.73	412.52
<b>Other Debts : Considered good</b>		<b>144.45</b>		<b>1,092.81</b>
		<b>369.21</b>		<b>1,505.33</b>
<b>Less : Provision for Doubtful Debts</b>		<b>137.36</b>		<b>159.73</b>
		<b>231.85</b>		<b>1,345.60</b>

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

- i) **The Bisra Stone Lime Company Limited - Rs.67.95 lacs** (2006-07 Rs.82.67 lacs)
- ii) **Eastern Investments Limited - Rs.1.75 lacs** (2006-07 Rs.1.20 lacs)
- iii) **Scott & Saxby Limited Rs.2.92 lacs** (2006-07 Rs.3.92 lacs)
- iv) **The Karanpura Development Co. Ltd. Rs.9.47 lacs** (2006-07 Rs.9.03 lacs)

	<u>31st March, 2008</u>		<u>31st March, 2007</u>	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs

**SCHEDULE-7**

**CASH AND BANK BALANCES**

Cash-in-hand (As certified by the management)		4.35		2.10
Balances with Scheduled Banks :-				
On Current Accounts	4,400.88		626.35	
On Short Term Deposit Accounts	<u>53,734.30</u>	58,135.19	<u>44,838.63</u>	45,464.98
Drafts/Cheques in Hand		-		30.14
Balance in Post Office Savings Bank Account * (Lodged with Government Authorities as Security Deposit)		0.08		0.08
		<u>58,139.61</u>		<u>45,497.30</u>

\*Maximum amount at any time during the year Rs.0.08 lacs (2006-2007 Rs. 0.08 lacs )

**SCHEDULE-8**

**OTHER CURRENT ASSETS : (Unsecured-Considered Good)**

Interest Accrued				
On Short Term Deposits with Banks		2,523.91		1,841.60
On Post Office Savings		0.07		0.07
On Other Investment		40.22		41.78
Dividend Income Receivable		461.65		281.10
		<u>3,025.84</u>		<u>2,164.55</u>

**SCHEDULE-9**

**LOANS & ADVANCES - Unsecured**

Advances recoverable in cash or in kind or for value to be received :

Considered Good	1,941.78		462.54	
Considered Doubtful	<u>180.33</u>	2,122.11	<u>59.22</u>	521.76
<b>Less : Provision for Doubtful Advances</b>		<u>180.33</u>		<u>59.22</u>
		1,941.78		462.54
<u>Security Deposit</u>				
Considered Good		158.67		157.84
<u>Advance payment of Tax</u>				
Considered Good		38,045.09		29,348.82
		<u>40,145.54</u>		<u>29,969.20</u>

Note : **Advances due from Companies under the same management :**  
**Scott & Saxby Limited Rs.69.48 lacs** (2006-07 Rs.51.92 lacs)  
**The Bisra Stone Lime Co. Ltd. Rs.61.82 lacs** (2006-2007 Rs.58.29 lacs)

	<u>31st March, 2008</u>		<u>31st March, 2007</u>	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
<b><u>SCHEDULE-10</u></b>				
<b>A. CURRENT LIABILITIES :</b>				
Unpaid/Unclaimed Dividend	220.72		135.13	
Sundry Creditors	5,546.29		3,667.93	
Customers Balance	5,837.73		3,623.75	
Grant-in-Aid (Ministry of Labour)	<u>1.32</u>	11,606.07	<u>1.32</u>	7,428.13
<b>B. PROVISIONS</b>				
Provision for Income Tax	35,787.90		28,277.90	
Proposed Dividend	2,232.00		2,601.98	
Tax on Proposed Dividend	<u>379.33</u>	<u>38,399.23</u>	<u>442.21</u>	<u>31,322.08</u>
		<u>50,005.29</u>		<u>38,750.22</u>

**SCHEDULE-11**

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

Balance as per last Account	—	6.66
Sponge Iron Plant		
Less : Written off during the year	—	6.66
	<u>—</u>	<u>—</u>

**SCHEDULE-12**

**SALES**

Iron Ore	21,363.52	29,069.46
Manganese Ore	2,102.60	530.61
Sponge Iron	1,165.03	392.59
	<u>24,631.15</u>	<u>29,992.66</u>



	<b>31st March, 2008</b>		<b>31st March, 2007</b>	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
<b>SCHEDULE-13</b>				
<b>OTHER INCOME</b>				
Interest Income : - (Gross)				
On Investments (Long Term)				
(Tax deducted at Source Rs.21.72 lacs, 2006 - 07 Rs.18.94 lacs)	107.62		107.40	
On Fixed Deposit with Banks				
(Tax deducted at Source Rs.845.30 lacs, 2006 - 07 Rs.319.48 lacs)	4,565.35	4,672.97	2,904.71	3,012.11
Sundry Income (Includes Rent received)		42.59		222.78
Rs. 3.24 lacs (2006-2007-Rs.3.24 lacs)				
Establishment Charges		224.93		207.74
Liabilities no longer required written back		0.44		4.62
Dividend Income		604.74		281.10
Provision for Stock written back		—		60.42
		5,545.67		3,788.77
<b>SCHEDULE-14</b>				
<b>STOCK INCREASE/(DECREASE) IN STOCK</b>				
Closing Stock		1,292.90		1,215.71
Opening Stock		1,215.71		1,158.56
Stock Increase / (Decrease)		77.18		57.15
<b>SCHEDULE-15</b>				
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :</b>				
Salaries, Wages & Bonus		1,053.54		563.30
Gratuity		38.33		26.94
Contribution to P.F. & Other Funds		181.04		97.18
Staff & Workers' Welfare				
Wages	128.79		52.69	
Stores	50.96		53.86	
Others	86.18	265.94	59.22	165.77
		1,538.84		853.19

	<b>31st March, 2008</b>		<b>31st March, 2007</b>	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
<b>SCHEDULE-16</b>				
<b>OTHER MINING, SELLING AND ADMINISTRATIVE EXPENSES</b>				
Contract Labour				
Mining	1,375.50		2,202.76	
Development & Over Burden Removal	471.81		258.23	
Ores Transporting	366.20		367.12	
Others	158.14	2,371.65	<u>143.00</u>	2,971.11
Stores & Spares consumed		195.72		200.05
Raw Material consumed		421.16		466.71
Power & Fuel		148.08		156.45
Repairs & Maintenance-Plant & Machinery				
Wages	107.96		44.58	
Stores	73.57		126.47	
Contract Repairs	<u>73.91</u>	255.44	<u>146.20</u>	317.25
Repairs & Maintenance - Buildings				
Stores	2.71		3.52	
Contract Repairs	<u>28.32</u>	31.03	<u>40.92</u>	44.44
General Repairs		0.46		6.61
Rent		3.56		1.84
Rates & Taxes		27.82		5.85
Insurance		4.45		3.40
Royalty		305.72		360.93
Selling Expenses				
Siding Charges	4.18		8.14	
Handling Charges	41.43		720.22	
Analysis Charges	24.35		24.04	
Demurrage	1.15		15.20	
Wagon Loading	191.90		250.77	
E. Auction	109.02		61.70	
Railway Freight	<u>86.80</u>	458.82	<u>642.37</u>	1,722.44
Duty on Export		—		116.78
Peripheral Development		964.02		8.65
Directors' Fees		1.30		1.40
Law Charges		26.28		12.66
Bank & Financial Charges		5.19		3.88
Assets Written off		0.10		—
Loss on Sale of Investments		11.41		—
Preoperative Expenses Written off		—		6.66
Prior Period Adjustment		43.87		46.03
Bad Debt Written off	63.03			—
Less : Provision on Debtors Adjusted	<u>54.65</u>	8.38		—
Provision for Doubtful Debts		32.29		14.00
Provision for Doubtful Advances		121.11		—
Provision for Leave Encashment		48.77		17.82
Miscellaneous Expenses		440.88		209.04
		<u>5,927.50</u>		<u>6,693.99</u>

**SCHEDULE-17**

**SEGMENT REPORTING FOR THE YEAR ENDED 31ST MARCH, 2008**

	IRON ORE (Rs. In lacs)	MANGANESE ORE (Rs. In lacs)	SPONGE IRON PLANT (Rs. In lacs)	CONSOLIDATED TOTAL (Rs. In lacs)
<b>A. REVENUE</b>				
Segment Revenue				
— External Sales	<b>21,363.52</b>	<b>2,102.60</b>	<b>1,165.03</b>	<b>24,631.15</b>
	29,069.46	530.61	392.59	29,992.66
— Inter Segment Sales	—	—	—	—
<b>Total Revenue before Tax and Interest</b>	<b>21,363.52</b>	<b>2,102.60</b>	<b>1,165.03</b>	<b>24,631.15</b>
	29,069.46	530.61	392.59	29,992.66
<b>B. RESULT</b>				
Segment Result	<b>17,904.62</b>	<b>819.88</b>	<b>(1,053.48)</b>	<b>17,671.02</b>
	23,730.28	(303.39)	(765.63)	22,661.26
<b>Unallocated (Expenses)/ Income (Net)</b>				<b>101.66</b>
				226.55
<b>Operating Profit</b>				<b>17,772.68</b>
				22,887.81
<b>Interest Expenses</b>				—
				—
<b>Interest Income</b>				<b>4,672.97</b>
				3,012.13
<b>Net Profit (Loss)</b>				<b>22,445.65</b>
				25,899.94
<b>C. OTHER INFORMATION</b>				
Segment Assets	<b>21,263.39</b>	<b>2,362.60</b>	<b>2,052.64</b>	<b>25,678.63</b>
	6,698.02	279.12	1,688.00	8,665.14
<b>Unallocated Corporate Assets</b>				<b>82,517.96</b>
				76,003.96
<b>Total Assets</b>				<b>108,196.59</b>
				84,669.10
<b>Segment Liabilities</b>	<b>5,588.30</b>	<b>620.92</b>	<b>182.79</b>	<b>6,392.01</b>
	4,784.43	149.23	31.66	4,965.33
<b>Unallocated Corporate Liabilities</b>				<b>43,613.28</b>
				33,934.67
<b>Total Liabilities</b>				<b>50,005.29</b>
				38,900.00
<b>Capital Expenditure</b>	<b>186.10</b>	<b>20.68</b>	<b>5.95</b>	<b>212.73</b>
	121.15	12.20	11.73	145.08
<b>Depreciation</b>	<b>213.77</b>	<b>11.25</b>	<b>111.88</b>	<b>336.90</b>
	229.58	25.51	130.51	385.60
<b>Non Cash Expenditure Other than Depreciation</b>	<b>40.67</b>	—	<b>6.66</b>	<b>47.33</b>
	14.00	—	6.66	20.66

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.

**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 K. L. Merhotra<br>(from 08.02.08 )               | Director(Holding additional charge<br>of Chairman cum Managing Director) |
| ii.   | Shri M. S. Barpanda<br>(from 30.03.07 to 07.02.08)    | Director(Holding additional charge<br>of Chairman cum Managing Director) |
| iii.  | Shri Tapan Biswas<br>(from 11.10.2004 to 10.10.2007)* | Chairman cum Managing Director   |
| iv.   | Shri A. Kumar<br>(from 25.08.2006 to 11.12.07)        | Director   |
| v.    | Shri U. P. Singh<br>(from 12.12.07 to 27.04.08)       | Director   |
| vi.   | Shri J. P. Shukla<br>(from 25.08.2006)                | Director   |
| vii.  | Shri S. K. Garg<br>(from 17.08.07 to 06.04.08)        | Director   |
| viii. | Shri C. Banerjee<br>(w.e.f. 22.07.04 to 16.08.07)     | Director   |

\* Under suspension from 30.08.2005

**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.

**DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES  
AND THE STATUS OF THE OUTSTANDING BALANCES AS ON 31.03.2008**

	<b>Associates/Gr. Cos. &amp; Jt. Ventures</b>	<b>Key Management Personnel</b>	<b>Employees' Benefit Funds</b>
	<b>Rs.in Lacs</b>	<b>Rs.in Lacs</b>	<b>Rs.in Lacs</b>
1. Remuneration to Key Management Personnel		-	
2. Common Expenses borne for Associate Companies	6.09		
3. Common Expenses recovered from Associate Companies	15.00		
4. Common Expenses borne By Associate Companies debited to us	-		
5. Establishment Charges actually recoverable from Joint Venture Company	224.93		
6. Establishment Charges actually recovered from Joint Venture Company	193.09		
7. Advance Given/Debited (towards services/recoverable)	17.80		
8. Unsecured Loan	5.17		
9. Loan/Advances Recovered/ Adjusted ( against service rendered)	14.55		
10. Interest Charged	18.01		
11. Raw Material Purchased	-		
12. Service received	10.85		
13. Outstanding balance As on 31.03.2007 :			
Receivable	134.81		
Payable	-		-
14. Contribution to Employee's Retirement Fund			76.81

## **SCHEDULE-19A**

### **01. Significant 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 pre-operative 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, are written off in equal installments 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 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.

**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 by taking into consideration of revised AS15.

**i) Consideration for use of Company's facilities :**

Consideration received from 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 under the respective heads with proper indication or disclosed separately as Prior Period Items.
- ii) Peripheral developments are accounted on the basis of demand raised by the competent authority and estimate made for the years for which demand has not been received.

**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.

**SCHEDULE-19B**

**NOTES ON ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2008**

01. Estimated amount of contracts remaining to be executed on Capital A/c. not provided for Rs. nil (2006-2007 Rs.190.37lacs).

02. **Contingent Liabilities not provided for :-**

(Rs. In Crores)

	Current Year	Previous Year
Claims Not acknowledged as debt		
I. Suits against the company	228.20	28.60
II. Sales Tax/ Income Tax etc.	10.00	1.33
III. Others	—	3.36

03. 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.

04. **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. as well as interim order passed by the Hon'ble High Court, Orissa. Final judgment since passed by the Hon'ble High Court, which is not in favour of the company has been brought to the notice of Ministry of Steel and the process of appeal before the Supreme Court through a Special Leave Petition is in progress. Forest clearance obtain from MOEF, Govt. of India valid upto 30.09.2014.
- 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. Forest clearance valid upto 14.08.2006.
- 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.

05. 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 4,58,020 M.T. (Previous Year 4,23,013 M.T.) however has not been included to arrive at Company's production and therefore not shown under quantitative information vide para 19A below.
06. Interim dividend to the tune of Rs. 461.65 lacs (Previous Year Rs.281.10 lacs) from the Joint Venture Company (EIML) declared and disbursed within but actually received after 31.03.2008 has been taken into account.

07. **Miscellaneous expenses include -**

	<b>2007-2008</b> <b>Rs. In lacs</b>	2006-2007 Rs. In lacs
Auditors' Remuneration(excluding Service Tax)		
For Audit Fees	<b>1.50</b>	0.60
For limited review	<b>0.60</b>	0.36
For Certification Job	<b>0.22</b>	0.09
For Tax Audit Fees	<b>0.38</b>	0.15

8. During the year the company has carried out physical verification of its Fixed Assets. Exercise relating to the identification of assets requiring impairment in terms of AS 28 could not been undertaken by the company.
9. Disclosure in respect of Loans and Advances in the nature of Loan pursuant to Clause 32 of the Listing Agreement :

	Outstanding Balance as on 31.03.2008 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 )	30.18 (25.00)	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)		

10.A.

	Opening Stock		Closing Stock	
	2007-08 M.T	2006-07 M.T	2007-08 M.T	2006-07 M.T
Manganese Ore*	14939	62315	12995	14939
“ Rs. In lacs	58.67	421.42	71.12	58.67
Iron Ore**	625371	404498	639576	625371
“ Rs. In Lacs	825.14	680.67	1182.93	825.14
Sponge Iron***	6746	1025	499	6746
“ Rs. In Lacs	331.90	56.47	38.85	331.90

\* **After adjusting 1284 M.T. excess** (2006-2007 – 35251 M.T. short (net) found on physical verification )

\*\* **After adjusting 31,371 M.T. short** (2006-2007- 126252 M.T. (net) excess found on physical verification )

\*\*\* **After adjusting 444 M.T.** (2006-2007 – 194 M.T.) short found on physical verification )

Closing stock is valued at cost or market value which ever is lower.

Stock physically verified by the third party agency has been considered as stock for valuation purpose except stock at port (Haldia & Paradeep) which has been considered as per book stock.

**B. OUTPUT**

	2007-2008 M.T.	2006-2007 M.T.
Manganese Ore	82339	27231
Iron Ore	1727760	2229867
Sponge Iron Ore	10971	11105

**C. SALES**

Manganese Ore : M.T. Rs. in lacs	85567 2102.60	39356 530.62
Iron Ore : M.T. Rs. In lacs	1663458 21363.52	2116157 29069.45
Sponge Iron Ore : M.T. Rs. in lacs	16775 1165.03	5191 392.59

**D. CONSUMPTION OF RAW MATERIALS**

	2007-2008		2006-2007	
	M.T.	Rs. in lacs	M.T.	Rs. in Lacs
Coal	24213	419.93	22159.40	460.22
Dolomite	109	1.23	165.92	1.85
Imported Coal	—	—	2481.67	66.62

[Consumption of Iron ore for the purpose of production of sponge iron M.T. (Previous year 18366 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. NIL(Previous Year : Rs. 3095.93 lacs)

11. Value of stores and Spares parts consumed

	2007-2008	2006-2007
(all indigenous) Rs. in lacs	269.29	330.04

12. (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. NIL(previous year Rs.0.27 lacs). There is however no party with amount exceeding Rs. 100 thousands and remained outstanding for more than 30 days.

13. As per practice followed by the company, dividend amount deposited with the bank is discharged through warrants/ECS/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.

14. Deferred Tax Assets comprises of the following:

	31.03.2008 Rs. in lacs	31.03.2007 Rs. in lacs
<b>Deferred Tax assets</b>		
Expenditure deductible on payment/ deferred Basis including provision for doubtful debts	25.35	21.99
Timing difference on account of Depreciation of Fixed Assets	52.13	107.41
<b>Deferred Tax Liability</b>		
Timing difference on accounts of Depreciation of Fixed Assets		
Net Deferred Tax Assets/(Liabilities)	77.48	129.40

**15. Earning per share**

Earning per share has been computed as under

	31.03.2008	31.03.2007
(a) Profit/Loss after Taxation (Rs. in lacs)	14,883.74	17,346.54
(b) No. of Ordinary Shares	600000	600000
(c) Earning per Share (Face value Rs. 10/- per share (a)/(b) (Basic and diluted) (in rupees)	2480.62	2891.09

16. The amount paid for forest clearance during the year 2007-08 amounting to Rs.13.18 crores has been kept in capital W.I.P subject to the approval of mining lease renewal obtained from State Government.
17. The expenditure of associate companies amounting to Rs.11.34 lac paid towards arrear wages of employees transferred to THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED has been debited in company's Account.
18. No remuneration has been paid to Chairman-cum Managing Director in current year (Previous year nil).
19. 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 , CMD(incapacitated since 30<sup>th</sup> Aug,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.
20. The change in accounting policy regarding Peripheral development the effect of change resulted in reduction of profit to the tune of Rs. 9.45 crores.
21. Previous years 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 19B.

**FOR SARMA & CO.**  
CHARTERED ACCOUNTANTS

**K. L. Mehrotra**  
Director

**J. P. Shukla**  
Director

**S. Panigrahy**  
Director

**(R. L. DAS SARMA)**  
PARTNER  
(M. No. 002464)

**S. Das**  
Secretary

**R. K. Panda**  
Chief Finance Officer

Kolkata, Dated the 7th July, 2008.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

*(Rs. in thousands)*

**(1) REGISTRATION DETAILS**

Registration No.	:	3026	State Code	021
Balance Sheet Date	:	31st March 2008		
		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. Thousand)**

Total Liabilities	:	5,819,129	Total Assets :	5,819,129
-------------------	---	-----------	----------------	-----------

**SOURCES OF FUNDS :**

Paid-up Capital	:	6,000	Reserves & Surplus :	5,813,129
-----------------	---	-------	----------------------	-----------

**APPLICATION OF FUNDS**

Net Fixed Assets	:	393,344	Investments	127,065
Net Current Assets	:	5,290,972	Misc. Expenditure :	—

**(4) PERFORMANCE OF COMPANY : (Amount in Rs. Thousands)**

Turnover	:	2,463,115	Total Expenditure :	780,835
Profit/Loss before Tax	:	2,244,565	Profit/Loss after tax :	1,488,373
Earning Per Share in Rs.	:	2,480.62	Dividend Rate (%)	3,720

**(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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

	<b>31st March, 2008</b>		<b>31st March, 2007</b>	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
<b>A) CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit/(Loss) before Taxation		<b>22,445.65</b>		25,899.94
Adjustments For :				
Depreciation	<b>342.00</b>		391.45	
Interest Income	<b>(4,672.97)</b>		(3,012.12)	
Dividend Income	<b>(604.74)</b>		(281.10)	
Liabilities no longer required written back	<b>(0.44)</b>		(4.62)	
Provision for Stock written back	<b>—</b>		(60.42)	
Loss on Sale of Investments	<b>11.41</b>		—	
Assets Written off	<b>0.10</b>		—	
Bad Debts Written off	<b>8.38</b>		—	
Provision for doubtful debts	<b>32.29</b>		14.00	
Provision for doubtful Advances	<b>121.11</b>		—	
Writing off Pre-operative Expenditure	<b>—</b>	<b>(4,762.87)</b>	6.66	(2,946.15)
Operating Profit before Working Capital Changes.		<b>17,682.78</b>		22,953.79
Inventories	<b>50.45</b>		(69.38)	
Debtors	<b>1,073.09</b>		(689.22)	
Loans and advances	<b>(1,601.26)</b>		(110.51)	
Trade Payable	<b>4,092.79</b>	<b>3,615.06</b>	867.90	(1.21)
Cash generated from operations		<b>21,297.84</b>		22,952.58
Direct taxes paid		<b>(8,696.27)</b>		(9,983.72)
<b>Net Cash Flow from operating activities.</b>		<b>12,601.57</b>		12,968.86
<b>B) CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Proceeds from sale of Investments	<b>130.00</b>		—	
Purchase of Fixed Assets	<b>(1,547.07)</b>		(154.74)	
Dividend Received	<b>424.19</b>		—	
Interest Received	<b>3,992.23</b>		2,207.43	
Net Cash used in Investing Activities.		<b>2,999.35</b>		2,052.69

**C) CASH FLOW FROM FINANCING ACTIVITIES :**

Payment of Dividend	<b>(2,516.39)</b>	(1,899.69)	
Payment of Dividend Tax	<u>(442.21)</u>	<u>(273.48)</u>	
Net Cash used in Financing Activities.		<u><b>(2,958.60)</b></u>	<u>(2,173.17)</u>
Increase/(Decrease) in Cash & Cash equivalent (A+B+C)		<b>12,642.32</b>	12,848.38
Cash & Cash equivalent (Opening balance)		<b>45,497.29</b>	32,648.92
Cash & Cash equivalent (Closing balance)		<u><b>58,139.61</b></u>	<u>45,497.29</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 SARMA & CO.**  
 CHARTERED ACCOUNTANTS

**K. L. Mehrotra**  
 Director

**J. P. Shukla**  
 Director

**S. Panigrahy**  
 Director

**(R. L. DAS SARMA)**  
 PARTNER  
 (M. No. 002464)

**S. Das**  
 Secretary

**R. K. Panda**  
 Chief Finance Officer

Kolkata, Dated the 7th July, 2008.

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

**ATTENDANCE SLIP** : 90<sup>TH</sup> ANNUAL GENERAL MEETING ON 19TH SEPTEMBER, 2008 AT 11.00 A.M. at Purbashree auditoriam of EASTERN ZONAL CULTURAL CENTRE at Bharatiyam Cultural Multiplex, IB-201, SECTOR-III, SALT LAKE CITY, KOLKATA - 700 106.

**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 90th Annual General Meeting of The Orissa Minerals Development Company Limited to be held on 19th September, 2008 and at any adjournment thereof.

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

No. of shares held.....

Signed this.....day of ..... , 2008

Affix rupee  
one Revenue  
Stamp

**BANK ACCOUNT PARTICULARS/ECS MANDATE FORM**

I/We.....do 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	:	<b>DP ID NO.</b> .....	<b>Client A/c No.</b> .....
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 book	:	.....	
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.**