

**91st Annual Report and Accounts
for the year ended
31 st March, 2009**

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

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

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THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

Chairman	Shri P. K. Bishnoi	
Managing Director	Shri K. J. Singh (holding additional charge)	
Directors	Dr. Dalip Singh Smt Chandralekha Malviya Shri C. G. Patil Shri T. Chattopadhyay	
Executive Director (F & A)	Shri Champak Banerjee	
Secretary	Smt. S. Das	
Auditors	M/s 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	(Commercial Branch, Sector-V, 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, info.birdgroup@nic.in Website : www.birdgroup.gov.in	
Mines Office	P. O. Thakurani, Via - Barbil, Dist. : Keonjhar, Orissa, Pin - 758035 Tel : (06767) 275218 / 379 / 382, Fax : (06767) 275530 E-mail : omdctk@dte.vsnl.net.in	
Registrar and Share Transfer Agent	CB Management Services (P) Limited P-22, Bondel Road, Kolkata-700019 Phone : (033) 4011-6700/11/18/23 Fax : (033) 2287-0263, E-mail : rta@cbmsl.com	

NOTICE

Notice is hereby given that the 91st Annual General Meeting of The Orissa Minerals Development Company Limited will be held at Purbashree Auditorium of Eastern Zonal Cultural Centre at Bhartiya Cultural Multiplex, IB-201, Salt Lake, Kolkata-700 106 on Tuesday, the 29th September 2009 at 3 P.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, 2009 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 Dr. Dalip Singh, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint and fix remuneration of Auditors.

In this respect to consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**.

“RESOLVED THAT pursuant to Section 224A of the Companies Act, 1956 that M/s Sarma & Co., Chartered Accountants, Kolkata as recommended by the Comptroller & Auditor General of India for being appointed as Statutory Auditors be and is hereby appointed Statutory Auditors of the Company for the financial year 2009-10 and be paid a remuneration of Rs.1,50,000/- (Rupees one lac 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 P K Bishnoi who was appointed as an Additional Director of the Company and who holds office as such upto 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 P K Bishnoi as a Director, be and is hereby appointed as a Non Executive Director of the Company whose period of office will be liable to determination by retirement by rotation.”

6. An Ordinary Resolution :

“RESOLVED THAT Smt. Chandralekha Malviya who was appointed as an Additional Director of the Company and who holds office as such upto 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 Smt. Chandralekha Malviya as a Director, be and is hereby

appointed as a Director of the Company as Government Nominee Director whose period of office will be liable to determination by retirement by rotation.”

7. An Ordinary Resolution :

“**RESOLVED THAT** Shri C. G. Patil who was appointed as an Additional Director of the Company and who holds office as such upto 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 C. G. Patil, as a Director, be and is hereby appointed as a Director of the Company as part time Director (Commercial) of RINL whose period of office will be liable to determination by retirement by rotation.”

8. An Ordinary Resolution :

“**RESOLVED THAT** Shri K. J. Singh who was appointed as an Additional Director of the Company and who holds office as such upto 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 K. J. Singh as a Director, be and is hereby appointed as a Non Executive Director of the Company whose period of office will be liable to determination by retirement by rotation.”

9. To consider and, if thought fit, to pass with or without modification(s) the following resolutions as **Special Resolution.**

“**RESOLVED THAT** Article 5 of the Articles of Association of the Company be substituted by the following new Article :

“5 : Subject to the provisions of these Articles the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such person(s) or bodies corporate or other bodies/ Institutions on such terms and conditions, and at such times, as the Board thinks fit either at par or at a premium and for such consideration as the Board thinks fit. Provided that where at any time it is proposed to increase the subscribed capital of the Company by the issue of new shares or make any preferential allotment of shares to any person(s) or bodies corporate or other bodies / Institutions pursuant to any arrangement or scheme, then, subject to provisions of section 81(1A) of the Act, the Board shall issue such shares in the manner set out in section 81(1) of the Act, save that the Board may determine whether or not any offer of shares made in such manner shall include a right exercisable by any person or body corporate or other body / Institution concerned to renounce all or any of the shares offered to the person or the body corporate or other body/Institution in favour of any other person or body corporate or other body/Institution.”

10. To consider and, if thought fit, to pass with or without modification(s) the following resolutions as **Special Resolution.**

“**RESOLVED THAT** a new Article 125A be inserted after Article 125 of the Articles of Association of the company :

Without prejudice to the general powers, conferred by the last preceding Article and other powers

conferred by these presents, the Board may, with the approval by the company in General Meeting, enter into such arrangement and/or reorganizations/restructuring scheme respecting the company, notwithstanding that such arrangement and/or scheme may alter the status of and/or convert the company either to a holding company of or subsidiary to any other company or body corporate.”

“Provided, however, that such arrangement and / or scheme shall be approved by the Government or other authority, the Company having been under the administrative control of the Ministry of Steel, Government of India by virtue of provisions of The Bird & Company Limited (Acquisition and Transfer of Undertakings and Other Properties) Act, 1980 (Act No. 67 of 1980).

“Provided further that such arrangement and/or scheme shall be expedient and conducive to the company’s objects and in furtherance to its objectives and shall be such as to directly or indirectly benefit the cause of the company.”

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

Registered Office:
FD – 350, Sector – III, Salt Lake City
Kolkata - 700 106

Dated : 27th August, 2009

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 along with 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 Statements pursuant to Section 173 of the Companies Act, 1956 relating to the Special Business to be transacted at the Annual General Meeting are annexed.
- f) The Register of Members and Share Transfer Books of the company will remain closed from 21st September, 2009 to 29th September, 2009 (both days inclusive).
- g) The Dividend, after declaration, will be paid to those shareholders, whose names stand on the Register of Members on 29th September, 2009. 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 19th September, 2009.
- 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/ DP ID 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 P K Bishnoi	Smt. Chandrlekha Malviya	Shri K. J. Singh	Shri C. G. Patil	Shri Tapasendra Chattopadhyay
Date of Birth	3.07.1951	30.06.1956	5.10.1952	22.02.1950	31.03.1951
Date of Appointment	20.07.2009	20.07.2009	6.11.2008	20.07.2009	23.02.2009
Qualifications	Bachelors degree in Petroleum Engineering from Indian School of Mines, Dhanbad. Masters in Business Management from IIM., Ahmedabad.	Graduate in Economic (Hons.) from University of Delhi, Masters in Economics from Jawaharlal Nehru University, M. Phil in Economic Development from Centre for Development Studies, University of Glasgow.	Bachelor in Mechanical Engineering.	B Tech (Hons) in Mechanical Engg ; Diploma in Materials Management from IIMM.	M. Sc.
Experience	Consultant in Projects Appraisal Division of Planning Commission. Joined Balmer Lawrie & Co. Ltd. and worked in various capacities & became the GM in 1991. Rose to the level of Director (Fin) in Jan, 1998 and then became MD in Oct. 2001. Assumed charge as CMD of RINL from 30.04.2009.	Worked in various capacities in Central Govt. Service. Presently Economic Advisor, Ministry of Steel, Govt. of India.	Served in TISCO, MECON & Bharat Refractories Ltd. (BRL) in various capacities. Became CMD of BRL in May, 2005. Took over as CMD of MOIL from 16.03.2009. Presently holding additional charge of MD of OMDC.	Served in SAIL in various capacities. Joined RINL on 16.04.1981 & became GM in April '05. Assumed charge of Director (Commercial) of RINL on 01.09.2007	Presently Executive Director (Mktg) of Life Insurance Corporation of India (LIC). He is the nominee director of LIC.

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

Name of Director	Shri P K Bishnoi	Smt. Chandrlekha Malviya	Shri K. J. Singh	Shri C. G. Patil	Shri Tapasendra Chattopadhyay
Directorship in other companies	<ol style="list-style-type: none"> 1. Rashtriya Ispat Nigam Ltd. 2. The Birsa Stone Lime Co. Ltd. 3. Eastern Investments Ltd. 4. The Karanpura Dev Co. Ltd. 5. Scott & Saxby Ltd. 6. International Coal Ventures Limited. 	<ol style="list-style-type: none"> 1. The Birsa Stone Lime Co. Ltd. 2. Eastern Investments Ltd. 3. The Karanpura Dev Co. Ltd. 4. Scott & Saxby Ltd. 	<ol style="list-style-type: none"> 1. Manganese Ore (India) Ltd. 2. The Birsa Stone Lime Co. Ltd. 3. Eastern Investments Ltd. 4. The Karanpura Dev Co. Ltd. 5. Scott & Saxby Ltd. 6. East India Minerals Limited. 	<ol style="list-style-type: none"> 1. Rashtriya Ispat Nigam Ltd. 2. The Birsa Stone Lime Co. 3. Eastern Investments Ltd. 4. The Karanpura Dev Co. Ltd. 5. Scott & Saxby Ltd. 	M/s. Mukund Ltd.
Chairman/ Membership of the Committee of other companies	Executive Board members of Bengal Chambers of Commerce and Industry (BCCI) & CCI. Member of Executive Board of SCOPE.	—	—	Vice Chairman of Vizag Zone of CII, AP Chapter.	—
No. of shares held in his/her name or beneficial basis	NIL	NIL	NIL	NIL	NIL

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

Item No. 4

Since more than 25% of the subscribed share capital of the company is held by the Government and L.I.C, provisions of section 224A of the Companies Act is attracted in case of the company. As such appointment/re-appointment of Auditors is made with a Special Resolution under the aforesaid section of the Act. Because of substantial holding of the Government and L.I.C, the office of the Comptroller & Auditor General of India (CAG) is recommending the name of the Auditors since last two years and on that basis appointment/ re-appointment of Auditors is made. As recommended by CAG, name of M/s. Sarma & Company, Chartered Accountants be hereby proposed for appointment as Auditors of the Company for the year 2009-10 with a remuneration of Rs.1,50,000/- (Rupees one lac fifty thousand only) plus out of pocket expenses, if any, for the audit job.

Item No. 5

Shri P K Bishnoi, CMD, RINL was inducted on the Board as an Additional Director of the Company effective from 20.07.2009 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 Bishnoi holds office upto the date of ensuing Annual General Meeting. A Notice from a member of the Company under section 257 of the Companies Act, 1956 has been received proposing, the appointment of Shri Bishnoi as a Director of the Company.

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

Item No. 6

Smt. Chandralekha Malviya, Economic Advisor, Ministry of Steel, Government of India was inducted on the Board as an Additional Director of the Company effective from 20.07.2009 pursuant to the provisions of section 260 of the Companies Act, 1956 and Article No. 94 of the Articles of Association of the Company.

Smt. Malviya holds office upto the date of ensuing Annual General Meeting. A Notice from a member of the Company under section 257 of the Companies Act, 1956 has been received proposing, the appointment of Smt. Malviya as a Director of the Company.

Your Directors recommend her appointment in the interest of the Company. No other Director except Smt. Malviya in her personal capacity is interested or concerned in the Resolution.

Item No. 7

Shri C G Patil, Director (Commercial), RINL was inducted in the Board as an Additional Director of the Company effective from 20.07.2009 pursuant to the provisions of section 260 of the Companies Act, 1956 and Article No. 94 of the Articles of Association of the Company as part time Director.

Shri Patil holds office upto the date of ensuing Annual General Meeting. A Notice from a member of the Company under section 257 of the Companies Act, 1956 has been received proposing, the appointment of Shri Patil as a Director of the Company.

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

Item No. 8

Shri K. J. Singh, CMD, MOIL was inducted on the Board as an Additional Director of the Company effective from 6.11.2008 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 Singh holds office upto the date of ensuing Annual General Meeting. A Notice from a member of the Company under section 257 of the Companies Act, 1956 has been received proposing, the appointment of Shri Singh as a Director of the Company.

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

Item Nos. 9 & 10

The Orissa Minerals Development Company Limited (OMDC) along with other Companies of the present Bird Group was earlier under the control and management of erstwhile Bird & Company Limited. With the nationalization of the undertakings of the erstwhile Bird & Company Limited vide The Bird & Company Limited (Acquisition and Transfer of Undertakings and Other Properties) Act, 1980 (Act No. 67 of 1980) OMDC along with six other companies came under the administrative control of the Ministry of Steel as "Specified Companies" through vesting of the shares of the specified companies, held by the erstwhile Company, in the President of India.

Re-organisation / re-structuring of OMDC along with other companies belonging to present Bird Group was being contemplated for a long time. Because of various constraints the same could not materialize. The matter has again been taken up seriously and restructuring scheme in respect of the company is in the priority Agenda of the Ministry now. In order to enter into such restructuring scheme/arrangement, the company needs to amend its articles for insertion of provisions to empower the company to that effect. Moreover, the company may have to make preferential allotment of shares also in the event the restructuring scheme be approved by the Government.

With this in view it is proposed to amend Article 5 (for making provision of preferential allotment of shares) and insertion of a new Article 125A (for empowering the Company to entering into restructuring scheme/arrangement).

Your directors recommend the amendment of Article 5 and insertion of new Article 125A in the Articles of Association of the company by adoption of special resolution for consideration by the members in the interest of the Company.

No Director is personally interested or concerned in the Resolution.

PHYSICAL AND FINANCIAL PERFORMANCE, OMDC

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Production- Lakh Tonnes					
Iron Ore	31.75	23.62	22.30	17.28	16.60
Manganese Ore	0.42	0.35	0.27	0.82	0.32
Sponge Iron	0.15	0.18	0.11	0.11	0.03
Sales- Lakh Tonnes					
Iron Ore	28.94	22.17	21.16	16.63	17.34
Manganese Ore	0.34	0.30	0.39	0.86	0.26
Sponge Iron	0.14	0.18	0.05	0.17	0.02
Finance - Rs. in Crore					
Turnover	291.71	260.06	308.66	246.31	271.81
Gross Margin	233.42	192.87	262.91	227.88	289.29
Profit Before Tax	230.15	188.88	259.00	224.46	286.24
Profit After Tax	145.54	129.93	173.46	148.84	181.81

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

Dear Shareholders,

Your Directors have the pleasure to submit their 91st Annual Report and Accounts of the company for the financial year ended on 31st March, 2009.

1. FINANCIAL RESULTS

	For the year ended 31-03-2009 (Rs in crores)	For the year ended 31-03-2008 (Rs in crores)
Profit and Loss account after charging all expenses but before providing for depreciation	289.29	227.88
Depreciation	3.05	3.42
Net profit before tax	286.24	224.46
Provision for tax (net)	<u>104.43</u>	<u>75.62</u>
Net profit after Tax	181.81	148.84
Balance b/f from previous year	<u>320.42</u>	<u>247.69</u>
	502.23	396.53
<u>Appropriations</u>		
General Reserve	50.00	50.00
Proposed Dividend	27.30	22.32
Dividend tax	<u>4.64</u>	<u>3.79</u>
Surplus transferred to Balance Sheet	<u>420.29</u>	<u>320.42</u>

2. REVIEW OF THE RESULTS

Company's performance had shown much improvement during the year under review as compared to the previous year notwithstanding the fact that the demand in the steel sector in India declined significantly during a part of the year thereby causing steep fall in prices of iron ore in the domestic market while there had been absolutely lean position in the export market for a considerable period of time. Owing to recession in world's major economies, export of iron ore fines plunged significantly. Better results could be achieved by the company even under this bleak situation through sustained efforts for augmenting despatches of iron ore with emphasis on proper selection of product mix. Despatch value of manganese ore had also shown upward trend to some extent due to movement of medium grade ore.

Total income including sales during the year increased to Rs. 348.69 crores as against Rs. 302.54 crores for the previous year showing an increase of 15.25%. Profit before tax during the year stood at Rs. 286.24 crores as compared to Rs. 224.46 crores for the previous year, rate of increase being 27.52%. The net profit for the year stood at Rs 181.81 crores against Rs 148.84 crores for the earlier year exhibiting a growth rate of 22.15%.

3. DIVIDEND

Based on the financial results your Board is pleased to recommend for the year a dividend of Rs. 455/- per equity share of Rs. 10/- each. This would involve a cash outgo of Rs. 31.94 crores inclusive of Rs. 4.64 crores towards tax on dividend.

4. OUTPUT AND DESPATCH

Like previous year there had been a setback in production of iron ore and manganese ore – especially iron ore - due to the constraints related to non-renewal of mining leases, coupled with non-availability of mining permission in the forest areas (Thakurani Iron & Manganese mines and Belkundi Iron & Manganese mines). Mining operation in two leases (Dalki Manganese mines and Kolha Roida Iron & Manganese mines) had been suspended by the state Government. In certain areas mining operations had to be confined to non-forest zone only subject to clearance of the application for forest diversion. Production of Sponge Iron also suffered mainly due to non-availability of quality non-coking coal and logistic problems.

Despatch of iron ore improved considerably during the year despite various impediments as already reported. As compared to previous year's figure of 16, 63,458 MT of iron ore, despatch during the year had been 17,34,086 MT registering an increase of 4.25%. Quantity wise despatch of manganese ore for the year was less than that of the previous year by 59,733 MT, because of low movement of low grade manganese ore. Despatch value of manganese ore is however on the higher side than that of the previous year due to movement of medium grade ore. The Sponge Iron plant again had a set back due to non-availability of non-coking coal and consequently despatch of sponge iron was affected due to less production.

5. CAPITAL EXPENDITURE

Like previous three years, this year also the Company could not proceed with its value added items because of pendency of renewal of four mining leases. The Company has the potential, but constraints stand on the way. Endeavour is being made to overcome the stalemate and proceed with value added projects as a part of its future expansion and diversification programmes. During the year the Company incurred some capital expenditure mainly for implementing AMR schemes aimed at increasing operational efficiency of the existing plants.

6. FUTURE OUTLOOK AND PROPOSED RESTRUCTURING SCHEME

Company's future plan could not take an accelerated turn but for setting up a 30000 TPA Sponge Iron Plant in the year 2004 owing to uncertainty and delay in renewal of its four mining leases. Despite impediments OMDC did not give up its plans for going ahead with value added products. Company's immediate expansion and diversification programme includes installation of a 2 MT per annum Pelletising Plant with iron ore beneficiation facilities at Thakurani, Orissa. A reputed consultancy firm was awarded the job of preparation of techno economic feasibility report for the project. The said report has since been submitted and expeditious measures are being initiated for early execution of the project. With the setting up of the proposed plant, scope for optimum utilisation of mainly the low grade iron ore fines generated at the time of producing ores as well as low grade fines available at the mines as natural reserves would be opened up and this would lead to value addition to the Company.

Restructuring of the Bird Group of Companies including OMDC has been under contemplation since long for consolidation of the position of different units under the group. Feasibility study has been undertaken as regards various re-structuring schemes formulated from time to time. No decision could, however, be arrived at because of various constraints and as such transformation of thoughts has not

been a reality so far. For last one year matter has again been taken up in right earnest and restructuring scheme is under active consideration of the Ministry now.

As a part of the restructuring scheme, OMDC is proposed to come under the aegis of a large reputed public sector company like Rashtriya Ispat Nigam Ltd (RINL) as its subsidiary to be effected through the Bird Group's investment company Eastern Investments Limited (EIL).

This restructuring scheme, if implemented, would be a both way traffic and to mutual benefits. RINL as steel making company would be benefited by assured supply source of raw materials whereas OMDC would be gainer through RINL's technological, financial and administrative support as and when required in fulfilling its long cherished goal of embarking on value added projects mainly in the mineral based industry. The proposed restructuring scheme is under the priority agenda of the Government and as such prompt steps are afoot for finalisation of the parameters and accordance of approval to the scheme by the competent authority with a view to speedy implementation.

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

During the year under review the JVC registered a sales turnover of Rs. 82.49 crores (Previous year Rs. 97.76 crores) with a net profit after tax Rs. 24.24 crores (Previous year Rs. 29.18 crores). Sales turnover and consequently net profit of JVC have plummeted owing to steep fall in prices of iron ore arising out of decline in demand of steel in domestic market and virtually no demand of iron ore fines in the export market for some period. It is however expected that dividend will be declared by JVC based on profitability, though the amount may not match the previous year's figure.

8. MINING LEASES – STATUS OF FOREST CLEARANCE AND RENEWAL

Company's Mining lease area aggregates to 4365.262 hectares covering six mining leases in Barbil, District Keonjhar inclusive of three leasehold areas totalling 2068.272 hectares in the name of Bharat Process & Mechanical Engineers Limited (BPMEL) which is under liquidation. Status of the six mining leases is given below :

i) Thakurani Iron & Mn Mines (1546.550 hectares) A/c BPMEL

The revised RML application has been submitted over 778.762 hectares. 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. Application for grant of Temporary Working Permission (TWP) is under process in the Forest Department.

ii) Dalki Mn Mines (266.770 hectares) A/c BPMEL

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-13/2003/12764 dated 24-08-2006 by the Govt. of Orissa. Presently mining operation in the area is stopped. Revision application filed with the Central Tribunal on 04-10-2006 is yet to be disposed of by the Ministry of Mines, Govt of India. The mining operation has been stopped over the area because of the rejection order of the State Government since 24-08-2006. Forest clearance obtained from MOEF, Govt. of India is valid upto 30-09-2014.

iii) Kolha Roida Iron & Mn Mines (254.952 hectares) A/c BPMEL

Renewal application filed for grant of 3rd renewal of mining lease for a period of 20 years w.e.f.

01-10-1994 was rejected vide proceeding no. 16733/SM dated 16-11-2006 by the Govt. of Orissa and the mining operation has been stalled. The revision application was disposed of by the Central Tribunal setting aside the impugned order No. III (A)/SM-14/03-16733 dated 16-11-2006 of the State Govt., directing to maintain the status quo prevailing prior to the date of passing of the impugned order. Mining operation was started over the area effective from March 2009. But the DDM Joda did not issue ore removal permission from the lease area. Hence intervention was sought of the Principal Secretary, Department of Steel and Mines of the State Govt who in turn referred the matter to the Legal Department for clarification and to file writ in the Honourable High Court against the Tribunal Order.

Forest clearance granted is valid upto 14-08-2016. Steps are being taken to restore the mining operation.

iv) Belkundi Iron & Mn Mines (1276.790 hectares) A/c OMDC

Lease period expired on 15-08-2006. The forest clearance was co-terminus with lease period ending 15-08-2006. The 3rd RML application filed for 20 years effective from 16-08-2006 to 15-08-2026 was duly recommended by the Collector, Keonjhar and the Director of Mines, Bhubaneswar. Same is pending with the Secretary, Dept. of Steel & Mines, Govt. of Orissa. The reason for impasse is due to the State Mineral Policy, that is, commissioning of mineral based industry in the State of Orissa and holding area in excess of permissible limit (10 sq. km) under section 6 of MMDR Act of 1957.

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. The application for renewal of forest clearance and grant of Temporary Working Permission (TWP) is under process.

v) Bagiaburu Iron Mines (21.52 hectares) A/c OMDC

The lease period is valid till 30-09-2010. Forest clearance is co-terminus with lease period ending 30-09-2010. Presently the mine is in operation within certified broken-up forest land.

vi) Bhadrasai Iron & Mn Mines (998.70 hectares) A/c OMDC

The lease period is valid till 30-09-2010. Forest clearance is co-terminus with the lease period ending 30-09-2010. The mining operation is being continued within certified broken up forest area and available non-forest area.

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report on Management Discussion and Analysis of financial conditions 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.

10. 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 the Listing agreement with the Stock Exchange also forms part of this Annual report.

11. COMPLIANCE CERTIFICATE

Compliance Certificate from a Practising Company Secretary as regards compliance with the provisions of the Companies Act, 1956 in terms of section 383A(1) of the Act is annexed with and forms part of this report.

12. PERIPHERY DEVELOPMENT AND WELFARE SCHEMES

For sustainable development, organization need to shoulder Corporate Social Responsibility. Your company is fully aware of this responsibility and spent about Rs. 4.89 crores during the year towards various welfare schemes of the local areas as well as periphery development. Your company has extended full support in construction of road, education, health care, providing drinking water and also socio-economic development of the people in the area belonging mostly to the tribal categories.

13. STEPS TAKEN FOR POLLUTION CONTROL

The company has taken various steps in order to protect and improve the ambient environment and aesthetics of the mining area. Steps were taken to minimise dust operations during crushing and screening operation, drilling and blasting operation, haulage of ore/minerals and at the sponge iron plant. Some of the steps taken by the company are under noted below :

- i) Afforestation: 20,020 nos. of saplings were planted during the year over an area of 8.008 hectares.
- ii) Developing green belt around crushing and screening plants, Sponge Iron Plant, along haul roads and in colony area.
- iii) Dust suppression system: Water sprinkling arrangement has been made through pressurised nozzles at all the crusher units.
- iv) Seasonal monitoring of environmental parameters is carried out at mines and sponge iron plant.
- v) Conveyers at crusher plants have been covered with GI sheets to prevent air pollution. Boulder walls were constructed at the toe of waste dumps to avoid wash off during monsoon.
- vi) Provision of dust extraction system at Crusher Plant and Wagon drills.
- vii) Protective equipment is provided to the workmen engaged in drilling, blasting, crushing, screening and operating HEMM.

14. PARTICULARS OF THE EMPLOYEES

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

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

Energy Conservation

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

- Proper metering arrangement.
- Installation of MCB of proper rating at quarters at phased manner.
- Installation of pole fuses for individual consumers.
- Installation of MCCB with overhead relay facility at switch room.

a) Electricity units consumed : 35, 57,514 (Rs 1.16 crores)

b)	<u>P.O.L</u>	<u>Purchased</u> (Ltrs)	<u>Consumed</u> (Ltrs)
	Diesel	313,970	311,635
	Petrol	529	529
	Lubricants	12,832	14,363

Technology absorption

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

	Rs (in crores)	
<u>Foreign Exchange Earned and Outgo</u>	<u>2008-09</u>	<u>2007-08</u>
Foreign Exchange Earned	NIL	NIL
Expenditure in Foreign Currency	NIL	NIL

16. AUDITORS

The Auditors M/s Sarma & Co, Chartered Accountants of 8/2, Kiran Sankar Roy Road, Kolkata 700001, as recommended by the office of the Comptroller and Auditor General of India (CAG), retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

17. DIRECTORATE

There had been a significant change in the Directorate during the year.

Shri K.L. Mehrotra ceased to be director and also ceased to hold the additional charge of Chairman cum Managing director of the Company effective from 6th November, 2008. In his place Shri K.J. Singh was appointed director from 6th November, 2008.

Shri Singh was given the additional charge of Chairman cum Managing director of OMDC.

A notice under section 257 of the Companies Act, 1956 has been received from a member of the company proposing the name of Shri K.J. Singh as director on the Board of directors of the company at the ensuing annual general meeting to hold office subject to retirement by rotation.

Shri S.K. Garg ceased to be director from 7th April, 2008.

Shri U.P. Singh ceased to be a director from 28th April, 2008.

Dr. Dalip Singh, Jt. Secretary, Ministry of Steel was appointed additional director from 28th April, 2008 and on cessation of office at the AGM held on 19th September, 2008, Dr Singh was appointed as regular director of OMDC as a Government Nominee Director.

Shri Sadananda Panigrahy ceased to be director from 20th September, 2008.

Shri R.R. Dash, LIC's nominee director on the Board ceased to be director from 23rd February, 2009.

Shri Tapasendra Chattopadhyay was appointed by the LIC on the Board of OMDC as nominee director from 23rd February, 2009 in place of Shri R.R. Dash.

Dr. Dalip Singh retires by rotation and, being eligible, offers himself for re-appointment.

In consideration of the proposed restructuring scheme of the company, which is in the priority agenda of the Ministry of Steel, Government of India, further major changes have been made in the Board till the date of this report.

- i) Shri J. P. Shukla, Director, Ministry of Steel ceased to be director on the Board as Government Nominee Director effective from 20th July, 2009.
- ii) Shri P. K. Bishnoi, CMD, Rashtriya Ispat Nigam Limited (RINL) has been appointed an additional director on the Board from 20th July, 2009 to hold office till the date of ensuing AGM.

A notice under section 257 of the Companies Act, 1956 has been received from a member of the Company proposing the name of Shri P. K. Bishnoi as director on the Board of Directors of the Company at the next annual general meeting to hold office subject to retirement by rotation.
- iii) Smt Chandralekha Malviya, Economic Advisor, Ministry of Steel has been appointed additional director on the Board as Government Nominee Director with effect from 20th July, 2009 to hold office till the next annual general meeting of the company.

A notice under section 257 of the Companies Act, 1956, has been received from a member to appoint Smt Chandralekha Malviya as a regular director on the Board at the next AGM to hold office subject to retirement by rotation.
- iv) Shri C. G. Patil, Director (Commercial), RINL has been appointed as additional director on the Board effective from 20th July, 2009 to hold office as part time director till the ensuing AGM.

A notice under section 257 of the Companies Act, 1956, has been received from a member to appoint Shri C.G. Patil as a regular director on the Board at the incoming AGM to hold office as part time director subject to retirement by rotation.
- v) Shri Champak Banerjee, Executive Director of the company was appointed as additional director effective from 20th July, 2009. He ceased to be director effective from 27th August, 2009.
- vi) Shri P. K. Bishnoi, CMD, RINL has been appointed as Non-Executive Chairman on the Board of directors effective from 20th July, 2009.
- vii) Shri K. J. Singh, CMD, MOIL, holding additional charge of Chairman-cum-Managing Director of the company shall remain on the Board till a full time Managing Director of the Company joins and effective from 20th July, 2009, Shri K. J. Singh as director of the Company shall hold additional charge of Managing Director only.

18. DEPOSIT

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

19. 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 provisions 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.

20. LISTING

The Company's shares are listed at The Calcutta Stock Exchange Association Limited. The listing fee is paid upto 31st March, 2010.

21. 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). There is satisfactory progress in the process of dematerialisation. Members still having certificates in physical form are requested to dematerialise their holdings for operational convenience.

22. 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 records 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-700106.

Date : 27th August, 2009

For and on behalf of the Board

Sd/-

P. K. BISHNOI
CHAIRMAN

**COMMENT/ OBSERVATION BY THE STATUTORY AUDITORS
AND REPLY BY THE COMPANY**

AUDITORS' COMMENT	MANAGEMENT REPLY
Note No. 8 requiring non-provision of Impairment of Assets AS28	As indicated in note no. 8, the physical verification and assessment of impairment of assets was under process, and the same could not be completed before finalization of accounts. The assessment has now been completed and as per the views of the statutory auditors, value of fixed assets required to be impaired (as per AS-28) is Rs. 17,59,510 which is about 0.1% of PAT. As it has no materialistic impact on the reported profit of the company, the necessary provision for the same shall be made during the current financial year i.e. 2009-10.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1) **INDUSTRIES STRUCTURE AND DEVELOPMENT**

a) **Indian Economy**

The world economy had been undergoing recessionary trend for a long time and even the advanced economies like the US and the Europe were reeling under the crisis. Yet the year 2008 started with the expectation that India would be able to sustain the growth rate. However as the crisis continued to spread, there had been apprehension about growth prospects of India. The estimated growth rate had been revised downwards from the projected growth rate. The growth projection made by the Government of India for the year 2009 is 7%, and recently revised downwards due to severe drought conditions.

b) **Steel Sector**

Being a core sector, steel sector's sustained growth is important for achieving the level of GDP growth as envisaged in the 11th Five Year Plan. With a view to accelerating the growth of steel sector and attaining the vision of India becoming the developed economy by 2020, Ministry of Steel formulated a National Steel Policy (NSP) in 2005. The goal of the NSP is to achieve steel production of 110 million tonnes by 2019-2020.

However, an industry like steel has strong forward and backward linkages with other sectors of the economy and its own growth pattern cannot remain uninfluenced by what happens in other sectors in economy. Due to unprecedented meltdown in the global economy India's economy could not but be affected. Consequently there has been a downtrend in the domestic economy. Steel sector like other sectors also suffered a considerable setback.

Economy of late has started reviving now. It is expected that with the progress of recovery in the economy, there would be continued improvement in the steel sector also.

c) **Mining Industry**

Iron Ore

Iron ore is a key ingredient in steel manufacturing. Iron ores are rocks and minerals from which metallic iron is extracted. The ores are usually rich in iron oxides and vary in colour from dark grey, bright yellow, deep purple to rusty red. The iron itself is usually found in the form of magnetite (Fe_3O_4), hematite (Fe_2O_3), goethite, limonite or siderite. Iron and steel are the world's most commonly used metal. These are 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 primarily in States such as Andhra Pradesh, Chattisgarh, Goa, Jharkhand, Karnataka, Orissa etc. The reserves are adequate to meet the growing requirement for indigenous consumption. Use of iron ore fines has also helped to further improve the availability.

Manganese Ore

Manganese is the twelfth most abundant element in the earth's crust. Regardless of the position it is rarely found in concentrations high enough to form a manganese ore deposit. Among other 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 grades ores (defined as having more than 44% Mn content) are considered, reserves are in the range of 680 million tons of ore, specially situated in countries like Australia, Brazil, Gabon and South Africa, which supply over 90% of the international market. Ghana and India, both large suppliers earlier are now exporting only limited quantity 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% 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 result is 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.

Now-a-days sponge iron is created by reducing iron ore without melting it. This makes for energy efficient feedstock for specialty steel manufacturers as compared to scrap metal.

2) **Segment-wise performance**

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

Production

	<u>2008-2009</u> (MT)	<u>2007-2008</u> (MT)
Manganese Ore	32,484	82,339
Iron Ore	16,59,967	17,27,760
Sponge Iron	2,984	10,971

Despatch / Sales

Manganese Ore (MT)	25,834	85,567
Rs in Crore	25.60	21.03
Iron Ore (MT)	17,34,086	16,63,458
Rs in Crore	244.69	213.64
Sponge Iron (MT)	2,188	16,775
Rs in Crore	1.53	11.65

3) **Discussion on financial performance of the company**

a) **Sales from Operations and Profit**

(Rs in crores)

	2008-09	2007-08	Change	Change in %
Sales	271.81	246.31	25.50	10.35
Profit before tax and depreciation	289.29	227.88	61.41	26.95
Profit before tax	286.24	224.46	61.78	27.52
Profit after tax and depreciation	181.81	148.84	32.97	22.15

Sales value had shown growth rate of 10.35% while PBT and PAT registered increase by 27.52% and 22.15% respectively.

b) **Payment to employees**

(Rs in crores)

	2008-09	2007-08	Change	Change in %
Payment to & Provision for employees	16.16	15.39	0.77	5.00

Employment cost has increased marginally due to normal annual increment.

c) **Other expenditure**

(Rs in crores)

	2008-09	2007-08	Change	Change in %
Mining, Selling & Administrative Exp	43.23	59.28	(-) 16.05	(-) 27.07

Because of decline in production in all the segments, expenditure has reduced by 27.07%.

d) **Fixed Assets**

(Rs in crores)

	2008-09	2007-08	Change	Change in %
Gross Block	52.35	51.78	0.57	1.10
Less: Depreciation	31.96	28.95	3.01	10.40
Net Block	20.38	22.84	(-) 2.46	(-) 10.77

Net Block has shown marginal decrease as compared to the previous year due to increase in the amount of depreciation arising out of some addition in plant and machinery.

e) **Stock-Trade**

(Qty in MT)

(Rs in crores)

	2008-09		2007-08		Change		Change in %	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Iron Ore	488868	12.37	639576	11.83	(-) 150708	0.54	(-) 23.56	4.56
Manganese Ore	18899	1.13	12995	0.71	5904	0.42	45.43	59.15
Sponge Iron	1369	1.21	499	0.39	870	0.82	174.35	210.26

Physical stock of iron ore dipped, though value wise it increased due to stock of product mix. In respect of both manganese ore and sponge iron, stock increased physically as well as value wise.

f) **Consumption of raw materials for Sponge Iron Plant**

(Qty in MT)

(Rs in crores)

	2008-09		2007-08		Change		Change in %	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Coal indigenous	7791	1.36	24213	4.20	(-)16422	(-) 2.84	(-) 67.82	(-) 67.62
Dolomite	26	0.0024	109	0.012	(-) 83	(-) 0.0096	(-) 76.15	(-) 80

Consumption of raw material is less due to less production of Sponge iron.

g) **Sundry debtors**

(Rs in crores)

	2008-09	2007-08	Change	Change in %
Gross Debtors	2.00	3.69	(-) 1.69	(-) 45.80
Less : Provision for Doubtful debts	1.73	1.37	0.36	26.28
Net Debtors	0.27	2.32	(-) 2.05	(-) 88.36

Sundry Debtors reduced by more than 88% as compared to the previous year's position showing an improvement in debt realisation.

h) **Loans and Advances**

(Rs in crores)

	2008-09	2007-08	Change	Percentage
Loans and Advances	302.10	401.46	(-) 99.36	(-) 24.75

Loans and Advances decreased by 24.75% as compared to the previous year.

i) **Current Liabilities**

(Rs in crores)

	2008-09	2007-08	Change	Percentage
Current Liabilities	83.61	116.06	32.45	27.96

Current liabilities decreased by 27.96%.

j) **Appropriation**

The Company has transferred Rs 50 crores to the General Reserve during the year (Previous year Rs 50 crores).

k) **Dividend**

The Board of Directors of the Company recommended a dividend of Rs 455/- per share of Rs 10/- for the year ended 31st March, 2009 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 dividend would be Rs 31.94 crores (including tax on dividend amounting to Rs 4.64 crores).

4) **Internal Control System and their Adequacy**

The CEO and the CFO certification provided in the CEO and CFO certification section of the Annual Report discusses the adequacy of the internal control systems and procedures of the company.

5) **Outlook**

The company has reserves of about 203 million tonnes of iron ore and 44 million tonnes of manganese ore in the mining lease holds. Deposit is quite satisfactory for sustenance of the activities for a long duration subject to revival of the lease. Systematic and scientific development of mines is imperative for stepping up production and the management is *au fait* with the measures to be taken in this regard. Delay in the renewal of four mining leases is, however, impeding steps towards systematic and scientific development of mines considerably.

The government now emphasises on value addition in the form of steel making in respect of the ore producing companies. With this in view, the company had set up a 30,000 TPA sponge iron plant. The

company has further programmes for embarking on value added production even in the face of odds arising out of pendency of the renewal of four mining leases.

Mining of iron ore generates about 50% fines in addition to lump ore that is used for iron making. Unless the fines are agglomerated and used they will pile up causing environmental hazards. In the absence of adequate sintering and pelletisation capacities in general hitherto, steel plants more relying on lump ores. Fines are normally exported. More and more development of sintering and pelletisation capacities is therefore needful. In view of this, industry is encouraging setting up of domestic pelletisation capacity. In consonance with these development of sintering and pelletisation capacities for optimum utilisation of mainly low grade iron ore fines generated during ore production as well as natural low grade fines available at OMDC's mines at Belkundi and Bagiaburu, the company is taking positive steps for setting up a 2 MTPA pelletisation plant at its Thakurani area. Techno economic feasibility report for the project as entrusted to a reputed consulting firm has since been received and appropriate measures initiated for expediting the execution.

6) **Opportunity and Threats**

The opportunities before the company are –

- i) satisfactory reserves of iron ore and manganese ore in the mining leaseholds;
- ii) likely improvement of the market scenario and rising demand of iron ore;
- iii) expected rising demand of manganese ore;
- iv) satisfactory cash reserve;
- v) standing clientele base;
- vi) scope for value addition especially in the mineral based industry.

When the opportunities portray a bright picture, threats overcast a shadow over that. Pendency of renewal of four mining leaseholds constitutes the major threat. Uncertainty in this respect is hitting company's production. Simultaneously expansion and diversification activities are being stalled. The company is, however, sparing no pains to overcome the impediments and resolve the situation in the greater interest of the company.

7) **Industrial Relation and Human Resource Management**

Industrial relation remained more or less cordial at the mines and also at the head office.

Men on roll in the company as on 31st March, 2009 had been 792 as compared to 842 as on 31st March, 2008.

Training programme is taken up intermittently to enhance the skill-sets of the employees in alignment with their respective roles.

8) **Risks and Concerns**

In a business organisation risk may emanate either from internal operations or from external environment. Risk management may broadly be considered as systematic identification and evaluation of risks and forming a management decision to minimise or combat the same. Risk management is a challenge before CEO and CFO of a corporate sector now-a-days.

The Enterprise Risk Management (ERM) at OMDC encompasses practices related to identification, assessment, monitoring and mitigation of various risks concerning its business. Apart from uncertainty in respect of renewal of four mining leases, other risk factors that are likely to affect company's performance are changing demand patterns of the products, non-availability of raw materials for Sponge Iron Plant, theft, pilferage and so on. ERM at OMDC makes sustained efforts to minimise risks affecting company's business objectives and to enhance stake holders' value.

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The primary goal of corporate governance is to enhance the value of a company through ethical behaviour, espousing a policy of 'openness' and 'fairness' and ensuring 'informed' decision making throughout the company. Your company has always emphasised on good corporate governance with the belief that corporate governance is a voluntary and self disciplined code which ensures compliance with regulatory requirements while being responsive to the need of the stake holders. As a good corporate citizen your company is committed to sound corporate practices based on fairness, professionalism and accountability in building confidence of sections of people.

COMPOSITION OF BOARD OF DIRECTORS

The Board of directors of your company presently comprises four directors on the Board. Two Government nominee directors, one LIC nominee director and one director appointed by the Ministry for holding additional charge of Chairman cum Managing Director. LIC nominee director is deemed as Independent director.

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		Remarks
					Member	Chairman	
Shri J.P. Shukla	Govt. Nominee Non-Executive Promoter Director	5	No	4	–	–	Continuing
Shri K.L. Mehrotra	Govt. Nominee Executive Promoter Director	3	Yes	6	–	–	Ceased from 06-11-2008
Shri S. Panigrahy	Independent Non-Executive Director	3	Yes	Nil	–	–	Ceased from 20-09-2008
Shri U.P Singh	Govt. Nominee Non-Executive Director	Nil	NA	5	–	–	Ceased from 28-4-2008
Shri R.R. Dash	Independent Non-Executive Director (Nominee of LIC)	Nil	Nil	Nil	–	–	Ceased from 23-02-2009
Dr. Dalip Singh	Govt. Nominee Non-Executive Director	4	NA	NA	–	–	Continuing
Shri S.K. Garg	Deemed Executive Director	Nil	NA	3	–	–	07-04-2008
Shri K.J. Singh	Govt. Appointee Promoter Director	2	NA	5	–	–	Continuing
Shri Tapasendra Chattopadhyay	Independent Non – Executive Director (Nominee of LIC)	Nil	NA	1	–	–	Continuing

The position of continuity of directorship has been shown as on 31st March, 2009.

The Board met 5 (five) times during the year and the time gap between two Board meetings was not more than 4 (four) months excepting one occasion, that is, the meeting held on 28.11.2008, time gap of which exceeded 4 (four) months with respect to the previous meeting. Details of Board Meetings held during the year 2008-2009 are as under :

Date of Board Meeting	Strength of the Board	Director's present
16-05-2008	5	4
07-07-2008	5	3
25-07-2008	5	4
28-11-2008	4	3
27-01-2009	4	3

Brief resume of the Director retiring by rotation

Name of Director	Dr Dalip Singh
Date of Birth	09-04-1956
Date of Appointment	28-04-2008
Qualifications	Doctorate in Psychology
Experience	Long Administrative experience in the state of Haryana and Central Government in various Department.
Directorship in other Companies	1) Kudremukh Iron Ore Company Limited. 2) Manganese Ore India Limited. 3) Hindustan Steelworks Constructions Ltd. 4) Rashtriya Ispat Nigam Ltd. 5) The Birsa Stone Lime Company Limited. 6) Eastern Investments Limited. 7) The Karanpura Development Company Limited. 8) Scott & Saxby Limited.
Chairman / Membership of the committee(s) of other companies	Nil
No. of shares held in his name or beneficial basis	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 & 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 which involve substantial payment.
- Social / Community initiatives.
- Events which is not in normal course of business.

CODE OF CONDUCT

The Company has formulated and implemented 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. All Board Members and Senior Management personal affirm compliance with the code on annual basis. A declaration to this effect for the relevant year duly signed by the 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 three (3) 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 comprised of Shri J.P. Shukla, Non-Executive Director as the Chairman and Shri Sadananda Panigrahy, Independent Non-Executive Director as other member of the Committee.

The Committee met three (3) times during the year. Details of Committee Meetings held during the year 2008 – 2009 were as under :—

Name of the Committee Member	16-05-2008	07-07-2008	25-07-2008
Shri J.P. Shukla	Yes	Yes	Yes
Shri Sadananda Panigrahy	Yes	Yes	Yes

Note : Shri Sadananda Panigrahy ceased to be director from 20-09-2008.

FUNCTIONS OF THE COMMITTEE

Functions of the Committee, inter alia, include :

1. review with the management and/or Internal Auditors 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 functions and systems; and
 - v) charter of Audit Committee.
2. holding discussions with :
 - i) statutory auditors, before and after audit on the scope and area of concern;
 - ii) internal auditors 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 K.L. Mehrotra, as Chairman, Shri Sadananda Panigrahy as member of the committee. Due to retirement of all the existing directors the committee has again been reconstituted comprising of Shri K.J. Singh.

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 did not receive any investor complaint and no complaint was lying pending unresolved as on 31-03-2009.

iii) SHARE TRANSFER COMMITTEE

A sub-committee termed as "Share Transfer Committee" functioning ancillary to Shareholders' / Investors' Grievance Committee has been constituted. This committee inter-alia, approves issue of duplicate certificates, reviews all matters connected with security 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 Services (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.

Previously the share transfer committee consisted of Shri K.L. Mehrotra, Shri Sadananda Panigrahy and Smt S. Das as Company Secretary. Consequent to completion of tenure of Shri K.L. Mehrotra effective from 6th November, 2008 and cessation of directorship of Shri Panigrahy from 20th September, 2008, reconstitution of the committee has been necessary, but the same is pending till appointment of new directors on the Board. Subject to reconstitution of the Share Transfer Committee, issues concerning transfer and transmission of share are being disposed of subject to approval of the Board of directors of the company.

During the year under review the following cases of transfer / transmission / issue of duplicate shares were received and processed :

	<u>No. of cases.</u>	<u>No. of Equity Shares involved</u>
1. Transfer of shares	18	1688
2. Transmission of shares	9	6110
3. Issue of duplicate share certificates	5	7060

During the year the total number of requests received for dematerialisation and number of shares dematerialised is given below :

	<u>No. of requests</u>	<u>No. of Equity shares</u>
NSDL	42	22818
CDSL	6	850

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, info.birdgroup@nic.in
Website : www.birdgroup.gov.in

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

REMUNARATION COMMITTEE

The Orissa Minerals Development Company Limited (OMDC) is a company under the administrative control of the 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.

SITTING FEES PAID DURING THE YEAR

The Company pays sitting fees to its non-executive directors, other than the Government Nominee directors at the rate of Rs 3500/- for each meeting of the Board and/or Committees thereof as attended by the members of the Board and for Committee.

The sitting fees paid during the financial year 2008-2009 to the Directors are as follows :

(In Rupees)

Name of the Director	Sitting Fees (Rs)
Shri K.L. Mehrotra	10,500/-
Shri Sadananda Panigrahy	17,500/-

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

CEO/CFO Certification

Pursuant to Clause 49V of the listing agreement Shri K.J. Singh, CEO and Shri C. Banerjee, 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, 2009 have been reviewed by them and that to the best of knowledge and belief the statements do not contain any untrue or misleading statements. The statements present true and fair view of the company's affairs and they were 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 appeared to be fraudulent, illegal or violative of the company's code of conduct. Internal control system existed and deficiencies in this regard were disclosed to the auditors and audit committee. There have been no instances of significant fraud either by management or an employee having a significant role in the company's internal control systems over financial reporting during the year under review.

GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under :

YEAR	VENUE	DATE	TIME
2007-08	PURBASHREE AUDITORIUM Eastern Zonal Cultural Centre, IB - 201, Sector - III, Salt Lake City, Kolkata – 700106	19-09-2008	11-00 AM
2006-07	AIKATAN Eastern Zonal Cultural Centre, IA - 290, Sector - III, Salt Lake City, Kolkata – 700097	26-09-2007	10-30 AM
2005-06	GORKHA BHAWAN DD - 28, Sector - I, Salt Lake City, Kolkata – 700064	26-09-2006	9-30 AM

No Extra Ordinary General Meeting was held during the last three years.

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

Date of Annual General Meeting	No. of Special Resolution passed	Details of Special Resolution
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)
19-09-2008	Nil	Nil

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

Date of passing the Resolution	Number 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.

DISCLOSURES :

- a. **Related Party Transactions** : Details of transactions with related parties during the year have been furnished in the Schedule 17 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 the capital markets during the last three days.
- c. Accounting Treatments :** In the preparation of financial statements, 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 a continuing process for the organisation. A detailed exercise on risk management covering the entire gamut of operations 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 mostly complied with 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 and vernacular newspapers and 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 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	29th September, 2009
Venue	"Purbashree Auditorium" Eastern Zonal Cultural Centre, Bhartiyam Cultural Multiplex, IB-201, Salt Lake, Kolkata-700 106
Time	3.00 P.M.
Book closure dates	21st September, 2009 to 29th September, 2009
Dividend payment date	16th October, 2009

- ii) Last date of submission of ECS mandate / Bank particulars :** 15th September, 2009 to
CB Management Services (P) Ltd
P-22, Bondel Road,
Kolkata – 700019.
Ph : (033) 4011-6700/11/18/23
Fax : (033) 2287-0263
[e-mail : rta@cbmsl.com](mailto:rta@cbmsl.com)

iii) **Financial Calendar (Tentative)**

S/No.	Approval / Adoption of	on or before
1	1st Quarter ending 30th June, 2009	31st July, 2009
2	Half yearly ending 30th September, 2009	31st October, 2009
3	3rd Quarter ending 31st December, 2009	31st January, 2010
4	Year ending 31st March, 2010	30th June, 2010
5	Next Annual General Meeting	September, 2010

iv) **Listing of stock exchange** : The Calcutta Stock Exchange Association Limited,
7, Lyons Range, Kolkata – 700001.
The company has paid listing fees upto 31st March, 2010.

v) **Stock code** : 25058

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

No trading had taken place during the financial year under review.

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

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

viii) **Registrar and Share Transfer Agent** : CB Management Services (P) Ltd
P-22, Bondel Road,
Kolkata – 700019.
Ph : (033) 4011-6700/11/18/23
Fax : (033) 2287-0263
e-mail : rta@cbmsl.com

ix) **Physical/NSDL/CDSL/Summary Report as on 31st March, 2009**

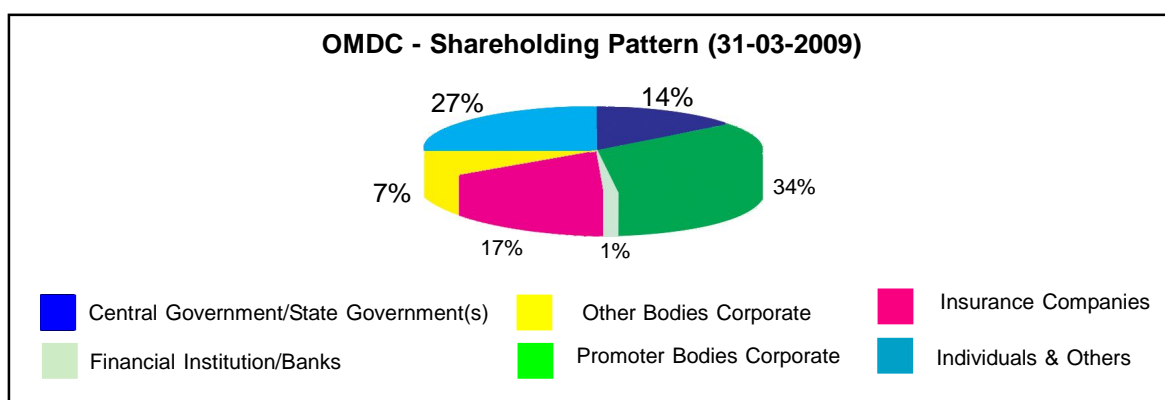
PARTICULARS	SHARES	%	NO. OF SHAREHOLDERS	%
PHYSICAL	355822	59.30	290	15.24
NSDL	94634	15.77	1168	61.38
CDSL	149544	24.93	445	23.38
TOTAL	600000	100.00	1903	100.00

x) **Top Ten Shareholders of the company as on 31st March, 2009.**

Sl. No.	Name of the Shareholder	No. of shares held	% of Shareholding
1	Eastern Investments Limited	203870	33.98
2	Life Insurance Corporation of India	103500	17.25
3	President of India	85219	14.20
4	Murari Lal Sarawagi	12650	2.11
5	Mahendra Girdharilal Wadhvani	9051	1.51
6	The Property Company Private Limited	8300	1.38
7	Aspi H Tangree	7600	1.27
8	All Bank Finance Limited	6600	1.10
9	Dhruv Agarwala	6200	1.03
10	Misrilal Jain	4950	0.82
	TOTAL	447940	74.65

xi) **Categories of Shareholders with Shareholding Pattern as on 31-03-2009.**

	<u>No. of Shares</u>	<u>%</u>
Central Government / State Government	85219	14.20
Promoter Bodies Corporate	203870	33.98
Financial Institutions/Banks	4400	00.73
Insurance Companies	103500	17.25
Other Bodies Corporate	42653	07.11
Individuals and Others	160358	26.73
TOTAL	<u>600000</u>	<u>100.00</u>



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

Financial year ended	Dividend per Share (Rs)	Total Dividend (Rs in crores)
31-03-2006	325.00	19.50
31-03-2007	434.00	26.02
31-03-2008	372.00	26.11

xiii) **Unclaimed Dividend**

Financial year	Date of declaration of Dividend	Total Dividend (Rs in crores)	Unclaimed Dividend as on 31-03-2009	Due for transfer to IEPF on
2003-04	17-09-2004	0.30	81,865.00	23-10-2011
2004-05	23-09-2005	21.84	56,88,592.00	29-10-2012
2005-06	10-10-2006	19.50	55,80,250.00	15-11-2013
2006-07	26-09-2007	26.02	77,05,273.00	01-11-2014
2007-08	19-09-2008	26.11	1,03,28,952.00	25-10-2015

xiv) **Mines Location**

- a) Thakurani Iron & Manganese Mines
The O.M.D.Co. Ltd
At/P.O. Thakurani, Via – Barbil,
District : Keonjhar, (Orissa)
Pin : 758035
- b) Belkundi Bagiaburu Iron Mines
The O.M.D.Co. Ltd,
At/P.O. Nalda, Via – Barbil,
District : Keonjhar, (Orissa)
Pin : 758035
- c) Bhadrasahi Iron and Manganese Mines
The O.M.D.Co. Ltd
At Kolha, Roida. Via – Joda,
District : Keonjhar, (Orissa)
Pin : 750038
- d) OMDC Sponge Iron Plant
The O.M.D.Co. Ltd
At/P.O. Thakurani, Via Barbil,
District : 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 31st December, 2002 reconciling the total shares held in both the depositories, viz – NSDL and CDSL and in physical form along 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 each 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) 4011-6700 / 11 / 18 / 23
Fax : (033) 2287-0263
E mail : rta@cbmsl.com

OR

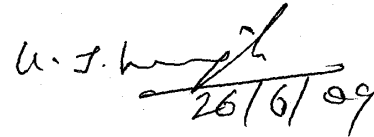
The Orissa Minerals Development Company Limited
FD – 350, Sector – III,
Salt Lake City,
Kolkata (West Bengal)
Pin : 700 106
Phone : (033) 2321-3983, 2337-3584 / 3582, 2334-3526
Fax : (033) 2321-3874
E mail : birdgroup@eth.net,
info.birdgroup@nic.in

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

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

I confirm that the company has in respect of the financial year ended 31st March, 2009 received from the senior management team of the company and the members of the Board affirmation as regards compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration senior management team under the Board level mean the ED(F&A), General Manager (Technical), Deputy General Manager (I/C), DGM (G&E), DGM (Commercial & Personnel), AGM (Engg), Senior Manager (Finance) and Company Secretary.



(K.J.SINGH)

DIRECTOR HOLDING ADDITIONAL
CHARGE OF
CHAIRMAN CUM MANAGING DIRECTOR

Kolkata
26th June, 2009

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE
UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members of
THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

I have examined all the relevant records of THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED (hereinafter referred to as 'the Company') for the purpose of certifying compliance with the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange for the year ended 31st March, 2009.

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

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

In my opinion and to the best of my information and according to explanations given to me, I certify that

- (a) the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement subject to my remarks at para (b) below. I state that no investor grievance was pending for a period exceeding one month as per the records maintained by the Company except where disputed or subjudiced or where policy decision is imperative.
- (b) the Company has not fully complied with certain provisions of Clause 49 of the Listing Agreement such as Constitution of Audit Committee and Shareholders' Investors' Grievance Committee, conducting of meetings by these Committees, holding of Board meeting (on one occasion) beyond stipulated period and maintaining requisite strength of independent directors throughout the year.**

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



SUNIL KUMAR BANERJEE
Practising Company Secretary
FCS 2189; CP No 4652

Place : Kolkata
Date : 17th July, 2009

COMPLIANCE CERTIFICATE

To
The Members of
THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED
FD-350, Salt Lake City,
Sector- III,
Kolkata- 700 106.

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

I have examined the registers, records, books and papers of THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED (hereinafter referred to as '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 31st March, 2009. In my opinion and to the best of my information and according to papers, documents and records submitted before me and examinations thereof as well as explanations furnished to me by the officers of the Company, I 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 provisions of the Act and the Rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns within the stipulated period as stated in Annexure 'B' to this certificate, with the Registrar of Companies, West Bengal under the Act and the Rules made there under.
3. The Company, being a public limited, further comments is not required.
4. The Board of Directors duly met five (5) times on 16th May, 2008, 7th July, 2008, 25th July, 2008, 28th November, 2008, and 27th January, 2009 during the year under review, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed, including three(3) nos. circular resolutions passed, in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members and share transfer book from 12th to 19th September, 2008 (both days inclusive).
6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 19th September, 2008 after giving proper notice to the members of the company and the resolutions passed thereat were duly recorded in the Minute Book maintained for the purpose.
7. No Extra Ordinary General Meeting of the Members of the Company was held during the financial year.
8. During the year the Company has not advanced any loan to its directors or persons or firms or companies referred to under section 295 of the Act. **This is, however, subject to my remarks at para 24 of this certificate.**
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under section 301 of the Act for the disclosures made by the directors in terms of provisions of the section 299 of the Act.

11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has issued duplicate share certificates during the financial year.
 - a) The Company has delivered all share certificates lodged for transfer or transmission within the stipulated period.
 - b) The Company deposited requisite amount in a separate bank account as dividend was declared by the company during the year.
 - c) The Company posted warrants to members as dividend was declared by the Company during the year.
 - d) The Company transferred the unpaid/unclaimed amount in unpaid dividend account. The Company was not required to transfer any application money due for refund, matured deposits, matured debentures and interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investors Education and Protection Fund.
 - e) The Company has duly complied with the requirements of section 217 of the Act.
13. The Board of directors of the Company was duly constituted. There were appointments of additional directors during the year under review. There was no appointment of any alternate director or director to fill casual vacancy was made during the year under report.
14. Provisions of section 269 of the Act were not specifically attracted during the year under report. The Company has no whole time director. One director has been holding additional charge of Chairman cum Managing director of the Company.
15. The Company has not appointed any sole selling agent during the financial year.
16. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
17. The directors of the Company have disclosed their interest in other firms / companies to the Board of directors as required under provisions of the Act.
18. The Company has not issued shares or debentures or other securities during the year under certification.
19. The Company has not bought back any shares during the financial year.
20. The Company has not issued any preference shares and debentures and hence redemption of preference shares and / or debentures does not arise.
21. There were no transactions necessitating the Company to keep in abeyance the right to dividend, right shares and bonus shares pending registration of transfer of shares.
22. The Company has not invited / accepted any deposit including any unsecured loan falling within the purview under sections 58A or 58AA of the Act read with the Companies (Acceptance of Deposit) Rules during the year.
23. The Company has no borrowing.
24. **The Company has given advances appearing to be in the nature of loan to one company against job orders and has also provided fund in the nature of short term loan to another company, both companies being under the same management. The cases seem to be not in consonance with the provisions of the Act.** The Company has not given any guarantees or provided securities to other bodies corporate.
25. The Company has not altered any provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the financial year under certification.

26. The Company has not altered any provisions of the Memorandum with respect to the object of the Company during the financial year under scrutiny.
27. The Company has not altered any provisions of Memorandum with respect to the name of the Company during the financial year under certification.
28. The Company has not altered any provisions of the Memorandum with respect to the share capital of the Company during the year under certification.
29. The company has not altered its Articles of Association during the financial year.
30. As per records available and information given there was no prosecution initiated against or show cause notices received by the Company and no fine or penalty or any other punishment was imposed on the Company during the financial year for offences under the Act.
31. The Company has not received any money as security from its employees during the financial year.
32. The Company has deposited both the employees' and employer's contributions to provident fund in time with the prescribed authorities pursuant to section 418 of the Act.

Place : Kolkata
Date : 17th July, 2009



SUNIL KUMAR BANERJEE
Practising Company Secretary
FCS 2189; CP No 4652

Registers as maintained by the Company

- Member's register under sections 150 and 151 of the Act.
- Minutes books of Board meeting and general meeting under section 193 of the Act.
- Register of contracts under section 301 of the Act.
- Register of directors under section 303 of the Act.
- Register of directors' shareholding under section 307 of the Act.
- Register of Charges under section 143 of the Act.
- Register of Investments under section 49 of the Act.
- Common Seal Register.

Forms and Returns as filed by the Company with the Registrar of Companies, West Bengal during the financial year ended on 31st March, 2009

SI no	Form No	Particulars of Filing	Date of Filing	Within Stipulated Period or not
1	Form 32	Cessation of Director	30. 04. 2008	Yes
2	Form 32	Cessation of Director	23. 05. 2008	Yes
3	Form 32	Appointment of Director	30. 06. 2008	Not within period
4	Form 66	Compliance Certificate for the year ended 31st March, 2008	25. 09. 2008	Yes
5	Form 32	Appointment of two additional directors as regular directors	26. 09. 2008	Yes
6	Form 23AC and Form 23ACA	Balance Sheet and Profit & Loss a/c for the year ended 31st March, 2008	10. 10. 2008	Yes
7	Form 32	Cessation of director	13. 10. 2008	Yes
8	Form 20B	Annual Return made up to 19th Sept, 2008	27. 10. 2008	Yes
9	Form 32	Appointment and cessation of directors	4. 12. 2008	Yes
10	Form 32	Appointment and cessation of directors	27. 03. 2009	Not within period



SUNIL KUMAR BANERJEE
Practising Company Secretary
FCS 2189; CP No 4652

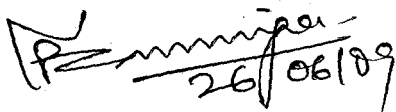
Place : Kolkata
Date : 17th July, 2009

REPORT OF CEO & CFO FOR THE FINANCIAL YEAR 2008-09

We, the Chairman cum Managing Director as CEO and ED(F&A) as CFO report to the Board that :

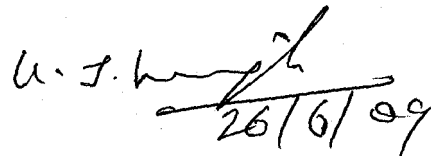
- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2009 and that to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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 2008-09 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 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 :
 - i) significant changes if any, in internal control during the year;
 - ii) significant changes if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
- e) As regards the transactions of the company during the year 2008-09 is concerned it is to declare 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.

The report is exclusively for the transactions entered into by the company during the financial year 2008-09.



Handwritten signature of C. Banerjee, dated 26/06/09.

(C.BANERJEE)
CHIEF FINANCE OFFICER (CFO)



Handwritten signature of K.J. Singh, dated 26/6/09.

(K.J.SINGH)
CHIEF EXECUTIVE OFFICER (CEO)

**AUDITORS' REPORT
TO THE MEMBERS OF
THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED
FOR THE YEAR 2008-2009**

1. We have audited the attached Balance Sheet of The Orissa Minerals Development Company Limited as at 31st March 2009 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 12th 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 – 18B) and other notes appearing in various schedules and Significant Accounting Policies (Schedule – 18A) 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 26th June 2009, 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 – 18A) and read with Notes on Accounts(Schedule – 18B) particularly to the **note No. 8 requiring non-provision of Impairment of Assets AS28**, 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 31st March, 2009.
 - (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 : 26th June 2009.

COMPANIES (AUDITORS' REPORT) ORDER, 2003

QUERIES	COMMENTS
<p>(i) (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 and modification of the registered are in process.</p> <p>The fixed Assets have not been physically verified by the management during the year and no discrepancies was determined by the management.</p> <p>No substantial parts of fixed assets have been disposed off during the year.</p>
<p>(ii) (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>(iii) (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>Regarding Loans given to associate companies the Register has been maintained under Section 301 of the Companies Act. The loan given are: Scott and Saxby in the year 2008-09 Rs. 54.67lacs and KDCL 6.52 lacs.No loan has been taken by the company.</p> <p>Interest rate and other terms and condition of loan given 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>(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>No recovery from Associate Company Scott and Saxby & KDCL.</p>
<p>(iv) 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>(v) (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 to 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 to 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.</p>
<p>(vi) 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>(vii) 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>(viii) Where maintenance of cost records has</p>	<p>Maintenance of cost records under Section 209(1) (d)</p>

<p>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>of the Companies Act, 1956 is not applicable to this Company.</p>																																				
<p>(ix) (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 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>(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 explanation made available to us, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Royalty etc. are repaid on regular basis to the appropriate authorities. As explained there is no undisputed amount payable in respect of the aforesaid dues as on 31st March 2009 outstanding for a period of more than six months from the date they had become payable.</p> <p>According to the information and explanations made available to us, details of disputes dues as on 31.03.2009 are as follows :</p> <table border="1" data-bbox="815 972 1439 1659"> <thead> <tr> <th>Name of Statue</th> <th>Nature of Dues</th> <th>Forum where dispute is pending</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Orissa Sales Tax Act</td> <td rowspan="3">Sales Tax</td> <td>Appellate Tribunal</td> <td>26,311</td> </tr> <tr> <td>Asstt. Commissioner</td> <td>64,395</td> </tr> <tr> <td>Commissioner</td> <td>1,80,809</td> </tr> <tr> <td rowspan="5">Central Sales Tax</td> <td rowspan="5">Sales Tax</td> <td>Appellate Tribunal</td> <td>1,65,143</td> </tr> <tr> <td>Asstt. Commissioner</td> <td>6,72,68,197</td> </tr> <tr> <td>Asstt. Commissioner</td> <td>8,65,788</td> </tr> <tr> <td>Commissioner</td> <td>12,87,547</td> </tr> <tr> <td>Add. Commissioner</td> <td>40,16,686</td> </tr> <tr> <td rowspan="3">Orissa Entry Tax</td> <td rowspan="3">Entry Tax</td> <td>Asstt. Commissioner</td> <td>22,68,182</td> </tr> <tr> <td>Add. Commissioner</td> <td>30,79,287</td> </tr> <tr> <td>Commissioner</td> <td></td> </tr> <tr> <td>Orissa VAT</td> <td></td> <td>High court</td> <td>22,68,182</td> </tr> </tbody> </table>	Name of Statue	Nature of Dues	Forum where dispute is pending	Amount (Rs.)	Orissa Sales Tax Act	Sales Tax	Appellate Tribunal	26,311	Asstt. Commissioner	64,395	Commissioner	1,80,809	Central Sales Tax	Sales Tax	Appellate Tribunal	1,65,143	Asstt. Commissioner	6,72,68,197	Asstt. Commissioner	8,65,788	Commissioner	12,87,547	Add. Commissioner	40,16,686	Orissa Entry Tax	Entry Tax	Asstt. Commissioner	22,68,182	Add. Commissioner	30,79,287	Commissioner		Orissa VAT		High court	22,68,182
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<p>(x) 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>																																				

(xi) 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.	The Company has not accepted any deposits/ loans from banks or any other financial institutions or debenture holders.
(xii) 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.	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.
(xiii) 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. (b) Whether the company has complied with the prudential norms on income recognition and provisioning against sub-standard / default / loss assets. (c) Whether the company has adequate procedures for appraisal of credit proposals / requests, assessment of credit need and repayment capacity of the borrowers. (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.	Not Applicable
(xiv) 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 the extent of the exemption if any, granted under Section 49 of the Act.	Not Applicable
(xv) 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	No

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

(xvi)	Whether term loans were applied for the purpose for which the loans were obtained.	NIL
(xvii)	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.	NIL
(xviii)	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.	No such allotment has been made.
(xix)	Whether securities have been created in respect of debenture issued.	No debenture issued.
(xx)	Whether the management has disclosed on the end use of money raised by public issues and the same has been verified.	Not Applicable
(xxi)	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.	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

Place : Kolkata

Date : 26th June, 2009.

**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, 2009

	Schedule No.	31st March, 2009		31st March, 2008	
		Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SOURCES OF FUNDS					
1. Shareholders' Fund					
a) Capital	1	60.00		60.00	
b) Reserve & Surplus	2	<u>73,118.19</u>	<u>73,178.19</u>	<u>58,131.29</u>	<u>58,191.29</u>
TOTAL			<u>73,178.19</u>		<u>58,191.29</u>
APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block		5,234.66		5,178.33	
b) Depreciation	3	<u>3,196.46</u>		<u>2,894.54</u>	
c) Net Block			2,038.20		2,283.79
Discarded assets			2.19		2.19
d) Capital Work in progress at cost			<u>1,655.42</u>		<u>1,647.46</u>
			3,695.81		3,933.44
2. Investments	4		<u>1,120.41</u>		<u>1,270.65</u>
3. Deferred Tax Asset (Net)			44.25		77.48
4. Current Assets, Loans & Advances					
a) Inventories	5	1,643.63		1,372.17	
b) Sundry Debtors	6	27.25		231.85	
c) Cash & Bank Balances	7	71,790.64		58,139.61	
d) Other Current Assets	8	2,182.44		3,025.84	
e) Loans & Advances	9	<u>30,209.68</u>		<u>40,145.54</u>	
		105,853.64		102,915.01	
Less : Current Liabilities & Provisions	10				
a) Liabilities & Provisions		<u>37,535.92</u>		<u>50,005.29</u>	
Net Current Assets			<u>68,317.72</u>		<u>52,909.72</u>
TOTAL			<u>73,178.19</u>		<u>58,191.29</u>
Segment Reporting	16				
Related Party Disclosure	17				
Notes on Accounts	18				

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

This 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

Sd/-
R.L.DAS SARMA
PARTNER
(M. No. 002464)

Sd/-
K. J. Singh
Director

Sd/-
C. Banerjee
Executive Director (F&A)

On behalf of the Board

Sd/-
Dr. Dalip Singh
Director

Sd/-
T. Chattopadhyay
Director

Sd/-
S. Das
Company Secretary

Kolkata, Dated the 26th June, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	Schedule No.	<u>31st March, 2009</u> Rs. In lacs	<u>31st March, 2008</u> Rs. In lacs
INCOME			
Sales	11	27,181.04	24,631.15
Other Income	12	7,508.41	5,545.67
Increase/(Decrease) in Stock-in-Trade	13	179.09	77.18
		<u>34,868.54</u>	<u>30,254.00</u>
EXPENDITURE			
Payment to & Provision for employees	14	1,616.27	1,538.84
Other Mining, Selling & Administrative exp	15	4,323.01	5,927.50
Depreciation		305.14	342.00
		<u>6,244.42</u>	<u>7,808.35</u>
Net Profit Before Tax		<u>28,624.12</u>	<u>22,445.65</u>
Provision for Income tax-Current		(10,393.00)	(7,495.00)
Provision for tax Fringe Benefit Tax		(17.00)	(15.00)
Provision for Tax -Deferred		(33.25)	(51.91)
Net Profit After Tax		<u>18,180.87</u>	<u>14,883.73</u>
Balance brought forward		<u>32,041.78</u>	<u>24,769.38</u>
Profit available for appropriation		<u>50,222.65</u>	<u>39,653.11</u>
Appropriations :			
Proposed Dividend		2,730.00	2,232.00
Dividend Tax		463.96	379.33
General Reserve		5,000.00	5,000.00
		<u>8,193.96</u>	<u>7,611.33</u>
Surplus transferred to Balance Sheet		<u>42,028.69</u>	<u>32,041.78</u>
Earning per Share (Rs.)- Basic and Diluted		<u>3,030.15</u>	<u>2,480.62</u>
Segment Reporting	16		
Related Party Disclosure	17		
Notes on Accounts	18		

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

This 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

Sd/-

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

Kolkata, Dated the 26th June, 2009

On behalf of the Board

Sd/-
K. J. Singh
Director

Sd/-
Dr. Dalip Singh
Director

Sd/-
T. Chattopadhyay
Director

Sd/-
C. Banerjee
Executive Director (F&A)

Sd/-
S. Das
Company Secretary

SCHEDULES

	<u>31st March, 2009</u>		<u>31st March, 2008</u>	
	Rs. In lacs	Rs. In lacs	Rs. In lacs	Rs. In lacs
<u>SCHEDULE-1</u>				
CAPITAL				
<u>Authorised</u>				
6,00,000 Equity Shares of Rs. 10/- each		<u>60.00</u>		<u>60.00</u>
<u>Issued and Subscribed</u>				
6,00,000 ordinary shares of Rs. 10/- each		<u>60.00</u>		<u>60.00</u>

Notes : Of the Subscribed Capital

- 1) 30,000 ordinary shares 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 fully paid up Bonus Shares by way of Capitalisation of General Reserve

SCHEDULE-2

RESERVE AND SURPLUS

Capital reserve		89.50		89.50
(Arising out of Revaluation of Fixed Assets)				
General Reserve				
Balance as per last Accounts	26,000.00		21,000.00	
Add : Transferred during the year	<u>5,000.00</u>	31,000.00	<u>5,000.00</u>	26,000.00
Profit & Loss Account		42,028.69		32,041.79
		<u>73,118.19</u>		<u>58,131.29</u>

SCHEDULE-3

FIXED ASSET

Rs. in Lacs

PARTICULARS	Cost/Book value of Assets as at 01.04.2008	Additions during the year	Assets Sold/ Adjusted During the year	Adjusted Cost/Book value of Assets as at 31.03.2009	Depre- ciation as at 01.04.2008	Depre- ciation added during the year	Depre- ciation adjusted for asset sold	Depre- ciation as at 31.03.2009	Net Value of Asset as at 31.03.2009	Net Value of Asset as at 31.03.2008
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
LAND	0.28	—	—	0.28	0	—	0.00	—	0.28	0.28
LEASEHOLD LAND	196.77	—	—	196.77	5.05	1.99	0.00	7.04	189.73	191.72
BUILDING	771.95	43.63	—	815.58	220.38	32.21	0.00	252.59	562.99	551.57
LEASEHOLD PROPERTIES	439.58	—	—	439.58	374.91	13.58	0.00	388.49	51.09	64.67
RAILWAY SIDING	371.19	3.06	—	374.25	166.32	28.50	0.00	194.82	179.44	204.87
PLANT & MACHINERY	3,177.71	4.70	—	3,182.41	2,018.58	2,13.76	0.00	2,232.34	950.07	1,159.13
FURNITURE & FIXTURE	49.42	2.93	—	52.35	30.49	3.66	0.00	34.15	18.20	18.92
PROSPECTING AND DEVELOPMENT	150.75	—	—	150.75	67.65	8.31	0.00	75.96	74.79	83.10
MOTOR VEHICLES	20.68	6.99	4.98	22.69	11.16	3.13	3.24	11.05	11.64	9.52
	5,178.33	61.31	4.98	5,234.66	2,894.54	305.14	3.24	3,196.46	2,038.22	2,283.78
DISCARDED ASSETS AWAITING DISPOSAL	2.19	—	—	2.19	—	—	—	—	2.19	2.19
TOTAL	5,180.52	61.31	4.98	5,236.85	2,894.54	305.14	3.24	3,196.46	2,040.41	2,285.97
PREVIOUS YEAR	4,962.41	218.2	0.10	5,180.52	2,552.54	342.00	0	2,894.54	2,285.97	2,409.88

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

	<u>31st March, 2009</u>		<u>31st March, 2008</u>	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE 4				
INVESTMENTS - UNQUOTED (LONG TERM)				
TRADE :				
East India Minerals Limited 2811010 Nos of Equity Shares @Rs 10/- each fully paid up		281.10		281.10
OTHERS :				
In Government Securities - Face Value 7-year National Saving Certificates			0.05	
National Defence Certificates			<u>0.02</u>	0.07
Quoted :				
9.5% Tax Free Sardar Sarovar Nigam Limited Bonds 120 Nos. of Bonds (Face Value of Rs. 10,000/-)	13.10		13.10	
7% I.D.B.I OMNI Bonds 10 Nos. of Bonds (Face Value of Rs. 10,00,000/-)	100.00		100.00	
11.50% ICICI SLR Bonds 10000 Nos. of Bonds (Face Value of Rs. 1,000/-)	—		116.66	
8.95% Gujrat Electricity Bonds 100 Nos. of Bonds (Face Value of Rs. 1,00,000/-)	104.15		104.15	
11.50% IDBI 2004 Bonds 600 Nos. of Bonds (Face Value of Rs. 1,000/-)	6.00		6.00	
14.15% MSRDC Non Converible Bonds 200 Nos. of Bonds (Face Value of Rs. 1,00,000/-)	245.50		245.50	
7.5% APPFC Bonds 20 Nos. of Bonds (Face Value of Rs. 10,00,000/-)	200.00		200.00	
12% Gujrat Electricity Bonds 4 Nos. of Bonds (Face Value of Rs. 10,00,000/-)	44.68		78.19	
13.5% MSRDC Non Converible Bonds 100 Nos. of Bonds (Face Value of Rs. 1,00,000/-)	<u>123.40</u>	836.83	<u>123.40</u>	987.00
In Other Company				
The East India Clinic Ltd 5% Non - Redeemable Debenture Stock , 1957	0.05		0.05	
The Sijua (JHERRIAH) Electric Supply Co. Ltd 100 Nos of Ordinary Shares @ Rs. 10/- each	0.01		0.01	
The Eastern Investments Limited 25434 Nos of Ordinary Shares @Rs. 10/-each	<u>2.42</u>	2.48	2.42	<u>2.48</u>
		<u>1,120.41</u>		<u>1,270.65</u>
Market Value of Quoted investments - Rs 763.15 lacs (P.Y Rs. 888.28 lacs)				

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

	<u>31st March, 2009</u>		<u>31st March, 2008</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		105.15		6.32
Stores & Spare Parts		66.49		72.95
Stock in Trade	1,471.99		1,292.90	
Less : Provision for Stock	<u>—</u>	1,471.99	<u>—</u>	<u>1,292.90</u>
TOTAL		<u>1,643.63</u>		<u>1,372.17</u>

SCHEDULE 6

SUNDRY DEBTORS

Sundry Debtors -Unsecured

a) Debts outstanding for a period exceeding six months

Considered Good	7.55		87.40	
Considered Doubtful	<u>172.89</u>	180.44	<u>137.36</u>	224.76
b) Other Debts : Considered Good	19.70		144.45	
Considered doubtful	<u>—</u>	19.70	<u>—</u>	<u>144.45</u>
		200.14		369.21
Less : Provision for Doubtful Debts		<u>172.89</u>		<u>137.36</u>
		<u>27.25</u>		<u>231.85</u>

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

- 1) The Bisra Stone Lime Company Limited - **Rs. 62.94 lacs (2007-08 Rs 67.95 lacs)**
- 2) Eastern Investment Limited - **Rs 1.75 lacs (2007-08 Rs 1.75 lacs)**
- 3) Scott & Saxby Limited - **Rs.2.92 lacs (2007-08 Rs 2.92 lacs)**
- 4) The Karanpura Development Co. Ltd - **Rs. 9.47 lacs (2007-08 Rs 9.47 lacs)**

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

	<u>31st March, 2009</u>		<u>31st March, 2008</u>	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
<u>SCHEDULE-7</u>				
CASH AND BANK BALANCES				
Cash in Hand (As certified by the management)		4.14		4.35
Balance with Scheduled Banks -				
In Current Account	518.20		4,400.96	
In Short Term Deposit Account	<u>71,268.30</u>	<u>71,786.50</u>	<u>53,734.30</u>	<u>58,135.26</u>
		<u>71,790.64</u>		<u>58,139.61</u>

SCHEDULE 8

OTHER CURRENT ASSETS : (Unsecured Considered Good)

Interest Accrued :

On Short Term Deposits with Bank		2,149.22		2523.91
On Post Office Savings		—		0.07
On Other Investments		33.22		40.22
Dividend receivable		—		461.65
TOTAL		<u>2,182.44</u>		<u>3,025.84</u>

SCHEDULE 9

LOANS AND ADVANCES - Unsecured

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

Considered Good	325.41		1,941.78	
Considered Doubtful	<u>239.70</u>	565.11	<u>180.33</u>	2,122.11
Less : Provision for Doubtful Advances		<u>239.70</u>		<u>180.33</u>
		325.41		1,941.78
<u>Security Deposit</u>				
Considered Good		162.26		158.67
Advance payment of tax		<u>29,722.01</u>		<u>38,045.09</u>
		<u>30,209.68</u>		<u>40,145.54</u>

Note : Advances due from Companies under the same management :

Scott & Saxby Limited - Rs. 104.42 lacs

The Bisra Stone Lime Company Limited - Rs. 21.51 lacs

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

	31st March, 2009		31st March, 2008	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
<u>SCHEDULE 10</u>				
CURRENT LIABILITIES				
Unpaid/ Unclaimed Dividend	291.15		220.72	
Sundry Creditors	4,060.79		5546.29	
Customer's Balance/ advance from customers	4,008.10		5837.73	
Grant in Aid - Ministry of Labour	<u>1.32</u>	8,361.36	<u>1.32</u>	11,606.07
<u>PROVISIONS</u>				
Provision for Income Tax	25,980.60		35,787.90	
Proposed Dividend	2,730.00		2,232.00	
Tax on Proposed Dividend	<u>463.96</u>		<u>379.33</u>	
		<u>29,174.56</u>		<u>38,399.23</u>
		<u>37,535.92</u>		<u>50,005.29</u>
<u>SCHEDULE 11</u>				
SALES				
Iron ore		24,468.87		21,363.52
Manganese ore		2,559.67		2,102.60
Sponge iron		<u>152.50</u>		<u>1,165.03</u>
		<u>27,181.04</u>		<u>24,631.15</u>
<u>SCHEDULE 12</u>				
OTHER INCOME				
Interest Income				
On Investment - Long term	87.53		107.62	
On Fixed Deposit with Banks	<u>5,883.82</u>	5,971.35	<u>4,565.35</u>	4,672.97
Miscellaneous Income		244.71		42.59
Establishment Charges		253.39		224.93
Liabilities no longer required written back		934.58		0.44
Dividend Received		<u>104.38</u>		<u>604.74</u>
		<u>7,508.41</u>		<u>5,545.67</u>
<u>SCHEDULE 13</u>				
INCREASE/ (DECREASE) IN STOCK				
Closing Stock		1,471.99		1,292.90
Opening Stock		<u>1,292.90</u>		<u>1,215.71</u>
Stock Increase / (Decrease)		<u>179.09</u>		<u>77.18</u>
<u>SCHEDULE 14</u>				
PAYMENTS TO & PROVISIONS FOR EMPLOYEES :				
a) Salaries, Wages & Allowances		839.41		1,053.54
b) Gratuity		388.58		38.33
c) Contribution to P.F and other funds		148.16		181.04
d) Staff & Worker's Welfare :				
Wages	98.24		128.79	
Stores	52.73		50.96	
Others	<u>89.15</u>	<u>240.12</u>	<u>86.18</u>	<u>265.94</u>
		<u>1,616.27</u>		<u>1,538.84</u>

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

	31st March, 2009		31st March, 2008	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE 15				
OTHER MINING, ADMINISTRATIVE & SELLING EXPENSES				
Contract Labour				
Mining	1,164.12		1,375.50	
Development & Over Burden Removal	232.27		471.81	
Ores Transporting	30.69		366.20	
Others	206.19		158.14	
C. S. R.	<u>488.79</u>	2,122.06	—	2,371.65
Stores & Spares Consumed		157.77		195.72
Raw Materials Consumed		136.14		421.16
Power & Fuel		120.95		148.08
Repairs & Maintenance -Plant & Machinery				
Wages	76.63		107.96	
Stores	57.46		73.57	
Contract Repairs	<u>54.73</u>	188.82	<u>73.91</u>	255.44
Repairs & Maintenance-Building				
Stores	1.37		2.71	
Contract Repairs	<u>34.79</u>	36.16	<u>28.32</u>	31.03
General Repairs		0.83		0.46
Rent		4.64		3.56
Rates & Taxes		12.41		27.82
Insurance		4.21		4.45
Royalty		269.91		305.72
Selling Expenses :				
Siding Charges	—		4.18	
Handling Charges	20.76		41.43	
Analysis Charges	19.13		24.35	
Demurrage	2.36		1.15	
Wagon Loading	118.91		191.90	
E -Auction	174.98		109.02	
Railway Freight	<u>4.06</u>	340.20	<u>86.80</u>	458.83
Peripheral Development		9.14		964.02
Directors Fees		0.28		1.30
Law Charges		51.81		26.28
Bank & Financial Charges		3.05		5.19
Assets Written off		—		0.10
Loss on sale of Investments		20.24		11.41
Prior Period Adjustments		8.60		43.87
Bad Debts written off			63.03	
Less : provision for Debtor's Adjusted		—	<u>(54.65)</u>	8.38
Provision for Doubtful Debts		37.13		32.29
Provision for Doubtful Advances		59.37		121.11
Provision for Leave Encashment		30.50		48.77
Miscellaneous Expenses		708.79		440.88
		<u>4,323.01</u>		<u>5,927.50</u>

SCHEDULE - 16

SEGMENT REPORTING FOR THE YEAR ENDED 31ST MARCH, 2009

	IRON ORE	MANGANESE ORE	SPONGE IRON PLANT	CONSOLIDATED TOTAL
	(Rs. In lacs)	(Rs. In lacs)	(Rs. In lacs)	(Rs. In lacs)
A. REVENUE				
Segment Revenue				
External Sales	24,468.87	2,559.67	152.50	27,181.04
	<i>21,363.52</i>	<i>2,102.60</i>	<i>1,165.03</i>	<i>24,631.15</i>
Inter Segment Sales	—	—	—	—
Total Revenue before Tax and Interest	24,468.87	2,559.67	152.50	27,181.04
	<i>21,363.52</i>	<i>2,102.60</i>	<i>1,165.03</i>	<i>24,631.15</i>
B. RESULTS				
Segment Result				
	20,032.42	1,912.97	(203.38)	21,742.00
	<i>17,904.62</i>	<i>819.88</i>	<i>(1,053.48)</i>	<i>17,671.02</i>
Unallocated(Expenses)/Income(Net)				910.78
				<i>101.66</i>
Operating Profit				22,652.79
				<i>17,772.68</i>
Interest Expense				—
Interest Income				5,971.35
				<i>4,672.97</i>
Net Profit (Loss)				28,624.12
				<i>22,445.65</i>
C. OTHER INFORMATION				
Segment Assets				
	4,781.78	531.31	1,250.98	6,564.07
	<i>21,263.39</i>	<i>2,362.60</i>	<i>2,052.64</i>	<i>25,678.63</i>
Unallocated Corporate Assets				104,150.04
				<i>82,517.96</i>
Total Assets				110,714.11
				<i>108,196.59</i>
Segment Liabilities	4,782.96	531.44	331.87	5,646.27
	<i>5,588.30</i>	<i>620.92</i>	<i>182.79</i>	<i>6,392.01</i>
Unallocated Corporate Liabilities				31,889.65
				<i>43,613.28</i>
Total Liabilities				37,535.92
				<i>50,005.29</i>
Capital Expenditure	43.26	4.81	—	48.07
	<i>186.10</i>	<i>20.68</i>	<i>5.95</i>	<i>212.73</i>
Depreciation	179.81	19.98	99.33	299.12
	<i>213.77</i>	<i>11.25</i>	<i>111.88</i>	<i>336.90</i>
Non Cash Expenditure				
Other Than Depreciation	116.74	—	—	116.74
	<i>40.67</i>	<i>—</i>	<i>6.66</i>	<i>47.33</i>

Note : (i) Prevailing Sale Value of Iron Ore as consumed by the Sponge Iron Plant has been considered for the purpose of Raw material consumed by the Sponge iron Segment and as income of Iron Ore Segment for the purpose segmental result, though no Inter Segment Sales has not been effected.

(ii) Figures relating to previous year have been shown below each item in italics.

SCHEDULE - 17

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.J.Singh
(From 06.11.2008) Director (Holding additional charge of Chairman Cum Managing Director)
- ii. Shri K.L.Mehrotra
(From 08.02.2008 to 05.11.2008) Director (Holding additional charge of Chairman Cum Managing Director)
- iii. Dr. Dalip Singh
(From 28.04.2008) Director
- iv. Shri J.P.Shukla
(From 25.08.2006) Director
- v. Shri U.P.Singh
(From 12.12.2007 to 27.04.2008) Director
- vi. Shri S.K.Garg
(From 17.08.2007to 06.04.2008) Director
- vii. Shri C.Banerjee
(From 04.12.2008) Executive Director(F&A)

**DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES
AND THE STATUS OF THE OUTSTANDING BALANCES AS ON 31.03.2009**

	Parents / Subsidiaries Rs. In Lacs	Associates/ Gr. Cos. Rs. In Lacs		Joint Venture Rs. In Lacs	Key Management Personnel & Relatives Rs. In Lacs
1. Loans / Advances given & recovered/adjusted					
- BSLC	—		(40.00)	—	—
- Scott & Saxby	—	50.82	(40.40)	—	—
- KDCL	—	20.50	(20.50)	—	—
2. Common expenses borne by associate company and recovered					
- EIL		0.93	(0.93)		
3. Interest charged	—	—			
4. Service received	—	—			
5. Raw material purchased	—	—			
6. Establishment charges recoverable and recovered					
- EIML				19.70	(253.39)
7. Amount due and outstanding as on 31/03/09 and provisions made on such outstanding					
- BSLC		91.7	(77.11)		
- EIL		2.65	—		
- Scott & Saxby		107.41	(66.99)		
- KDCL		18.85	(18.24)		
- EIML				19.70	
8. Guarantees provided	—	—			

Note : 1. Figures in bracket indicate the amount recovered & provision.

2. The figures stated in point No. 1 relate to transaction made during the year.

SCHEDULE-18A

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 preoperative and included under fixed assets are charged off in the year in which they are incurred.
- iv) Capital work in progress includes advances paid for capital jobs.
- v) Depreciation on assets other than Leasehold Properties and Prospecting and Development are provided on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on leasehold properties being expenditure incurred for renewal of mining leases as per terms stipulated by the appropriate authority, are written off in equal instalments spread over the life of the lease, whereas addition on account of Prospecting and Development is amortized 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, excise duty and discount but include royalty.

h) **Retirement Benefits :**

i) General Description of defined benefit scheme :

Gratuity : Payable on separation @ 15 days pay for each completed year of service to eligible employees who render continuous service of 5 years or more. Maximum amount in the case of separation is Rs. 3.50 lacs for each Employees. The gratuity is being covered under "Group Gratuity cum Life Insurance Scheme" with LIC of India and the provision on account of gratuity is being made as per the actuarial valuation given by LIC.

Leave Encashment : Payable on separation to eligible employees who have accumulated earned leave. Maximum accumulated leave 240 days is encashable at the time of separation. Liability of Leave salary is provided on the basis of actuarial valuation as per AS-15 (Revised, 2005).

Superannuation Benefit : Payable on separation to eligible executives of the Company. This fund is also being managed by the LIC of India as per scheme. The Company makes annual contribution to the fund and apart from this the Company has no liability whatsoever on this account. Contribution to Superannuation Fund is provided on actuarial basis.

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 recognized 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 :**

Income/Expenses relating to earlier year (s) are either accounted under the respective heads with proper indication or disclosed separately as Prior Period Items.

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 recognized and carried forward only to the extent there is a reasonable certainty that the assets will be recognized in future.

SCHEDULE-18B

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009

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

(Rs. In Crore)

	Current Year	Previous Year
Claims Not acknowledged as debt		
I. Suits against the company	268.20	228.20
II. Sales Tax/ Income Tax etc.	9.17	10.00
III. Others	—	—

02. Pursuant to the amendments of the Orissa Land Reforms Act, Sub-Collector, Champua had served a Notice against the Company for alleged unauthorized 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

03. **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. (BPEML), which is under liquidation covering 2068.272 hectre is detailed below :

- a) 1546.55 hectre(BPEML-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. Application for grant Temporary Working Permission (TWP) is under process in the Forest Department.
- b) 266.77 hectre (BPEML-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 dated. 24.08.2006 by the Govt. of Orissa. Presently mining operation in the area is stopped. The revision application and stay petition filed with Ministry of Mines, Govt. of India, the Ministry of Mines has passed an interim stay order on the operation of the impugned order dated 24.08.2006 passed by the State govt. rejecting 3rd RML application till disposal of the revision application which is pending with the Central Tribunal. Forest clearance obtain from MOEF, Govt. of India valid up to 30.09.2014.
- c) 254.952 hectre (BPEML-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 dated. 16.11.2006 by the Govt. of Orissa and the Mining operation has been stopped. The revision application disposed off by the Central Tribunal setting aside the impugned order No. III (A)/SM-14/03-16733 dated 16.11.2006 of the State Govt., directing to maintain the status quo operating prior to the date of passing of the impugned order. Forest clearance granted is valid up to 14.08.2016. The steps are being taken to restore the mining operation.
- d) 1276.77 hectre (OMDC-Belkundi): Lease period expired on 15.08.2006. The forest clearance was co-terminus with lease period ending 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. The application for grant of Temporary Working Permission (TWP) is under process.

- 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

04. 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 5,15,968.72 M.T. (Previous Year 4,58,020 M.T.) however has not been included to arrive at Company's production and therefore not shown under quantitative information vide para 19A below.
05. Dividend received during the year Rs.140.55 lacs (Previous Year Rs.562.22 lac) from the Joint Venture Company (EIML) upto 31.03.2009.No further dividend has been declared by EIML.
06. Disclosures, as required under Accounting Standard (AS) – 15 (revised) on 'Employee Benefits', in respect of defined benefit obligations are :

(a) Reconciliation of present value of defined benefit obligations :

(Rs. In lacs)

Sl. No.	Particulars	Leave Encashment
i)	Present value of projected benefit obligations, as at 1st April, 2008	100.51
ii)	Service Cost	21.12
iii)	Interest Cost	8.14
iv)	Actuarial gains (-)/ losses (+)	1.24
v)	Past service cost	0.00
vi)	Benefits paid	(7.30)
vii)	Present value of projected benefit obligations, as on 31st March, 2009 (i+ii+iii+iv-v-vi)	123.71

(b) Expenses recognized in the statement of Profit & Loss Account for the year ended 31st March, 2009

(Rs. In lacs)

Sl. No.	Particulars	Leave Encashment
i)	Service Cost	21.12
ii)	Interest Cost	8.14
iii)	Actuarial gains (-)/ losses (+)	1.24
iv)	Past service cost	0.00
v)	Expected return on plan assets	0.00
vi)	Amount charged to – Employees Remuneration and Benefits (i+ii-iii+iv+v)	30.5

(c) Actuarial assumptions

Sl. No.	Description	As at 31 st March, 2009	
i)	Discount Rate (per annum)	7.80%	
ii)	Mortality rate	LIC (1994-96) ultimate	
iii)	Withdrawal rate (per annum)	Ages from 20-25	0.50%
		Ages from 25-30	0.30%
		Ages from 30-35	0.20%
		Ages from 35-50	0.10%
		Ages from 50-55	0.20%
		Ages from 55-60	0.30%
iv)	Salary escalation	5%	
v)	Method	Projected unit Credit Method	
vi)	Future salary increases (which has been set in consultation with the Company), take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		

07. Miscellaneous expenses include

	2008-2009 Rs. In lac	2007-2008 Rs. In lac
Auditors' Remuneration(excluding Service Tax)		
For Audit Fees	1.50	1.50
For limited review	0.90	0.60
For Certification Job	—	0.22
For Tax Audit Fees	0.60	0.38

08. Physical verification of its Fixed Assets could not be completed during the year and as a result, the exercise relating to the identification of assets requiring impairment in terms of AS 28 could not be undertaken by the company.
09. Disclosure in respect of Loans and Advances in the nature of Loan pursuant to Clause 32 of the Listing Agreement :

	Outstanding Balance as on 31.03.2009 Rs. In Lac	Maximum Balance during the year Rs. In lac
Loans and advances in the nature of loans given to Associates		
Scott & Saxby Limited (Unsecured)	54.67 (30.18)	—
KDCL (Unsecured)	6.52 (NIL)	—
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. **STOCK ANALYSIS**

A. STOCK

	Opening Stock		Closing Stock	
	2008-09 M.T	2007-08 M.T	2008-09 M.T	2007-08 M.T
Manganese Ore*	12995	14939	18899	12995
“ Rs. In lac	71.12	58.67	113.24	71.12
Iron Ore**	639576	625371	488868	639576
“ Rs. In Lac	1182.93	825.14	1237.45	1182.93
Sponge Iron***	499	6746	1369	499
“ Rs. In Lac	38.85	331.90	121.29	38.85

* After adjusting 463 M.T. excess found on physical verification

** After adjusting 125604 M.T. excess found on physical verification

*** After adjusting 2 M.T.excess found on physical verification

B. OUTPUT

	2008-2009 M.T.	2007-2008 M.T.
Manganese Ore	32484	82339
Iron Ore	1659967	1727760
Sponge Ore	2984	10971

C. SALES

	2008-2009 M.T.	2007-2008 M.T.
Manganese Ore : M.T. Rs. in lac	25834 2559.68	85567 2102.60
Iron Ore : M.T. Rs. In lac	1734086 24468.87	1663458 21363.52
Sponge Ore : M.T. Rs. In lac	2188 152.50	16775 1165.03

D. CONSUMPTION OF RAW MATERIALS AT SPONGE IRON PLANT

	2008-2009		2007-2008	
	M.T.	Rs. in lac	M.T.	Rs. in Lac
Coal	7791	135.90	24213	419.93
Dolomite	26	0.24	109	1.23
Imported Coal	—	—	—	—

[Consumption of Iron ore for the purpose of production of sponge iron 4674 M.T. (Previous year 18366 M.T.) has not been considered, this however does not have any effect on the overall profitability.]

11. Value of stores and Spare parts consumed

	<u>2008-2009</u>	<u>2007-2008</u>
(all indigenous) Rs. in lac	157.77	269.29

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) The Company does not have any Sundry Creditors due more than 100 thousands and remaining outstanding for more than 30 days. Current Year NIL (previous year-NIL).
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 un-encashed 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 :

	31.03.2009 Rs. in lac	31.03.2008 Rs. in lac
Deferred Tax assets		
Expenditure deductible on payment/deferred Basis including provision for doubtful debts	49.69	25.35
Timing difference on account of Depreciation of Fixed Assets	80.49	52.13
Deferred Tax Liability		
Timing difference on accounts of Depreciation of Fixed Assets		
Net Deferred Tax Assets/(Liabilities) @ 33.99%	44.25	77.48

15. Earning per share

Earning per share has been computed as under

	31.03.2009	31.03.2008
(a) Profit/Loss after Taxation (Rs. in lacs)	18,180.87	14,883.74
(b) No. of Ordinary Shares	6,00,000	6,00,000
(c) Earning per Share (Face value Rs. 10/- per share (a)/(b) (Basic and diluted) (in rupees)	3030.15	2480.62

16. The amount outstanding for forest clearance Rs.13.18 crores(P.Y. 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. No provision for peripheral development has been made during the year due to an order passed by the Honourable Orissa High Court by Order dated 24.09.2008 quashing the demand made by the Government of Orissa. Based on above order Rs. 6.67 Crores has been withdrawn from liabilities and considered as income.
18. Due to the Change in accounting Policy regarding Peripheral development, the increase in Profit is Rs. 2.18 crores.
19. Liability no Longer Required include old outstanding Liability amounting to Rs. 2.66 Crores only.
20. The Company has made expenditure as per guidelines of Central Government towards CSR Programme and incurred Rs. 488.79 lacs.
21. The increase in expenditure towards Gratuity during the year is due to revision of pay scale and as determined by LIC Rs. 388.58 lacs (P.Y. – Rs. 38.33 lacs).
22. 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 this Balance Sheet.

FOR SARMA & CO.
CHARTERED ACCOUNTANTS

Sd/-
R.L.DAS SARMA
PARTNER
(M. No. 002464)

Kolkata, Dated the 26th June, 2009

On behalf of the Board

Sd/-
K. J. Singh
Director

Sd/-
Dr. Dalip Singh
Director

Sd/-
T. Chattopadhyay
Director

Sd/-
C. Banerjee
Executive Director (F&A)

Sd/-
S. Das
Company Secretary

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 2009		
	Date Month Year		

(2) Capital Raised During the year : (Amount in Rs. Thousand)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement/others	NIL

(3) Position of Mobilisation And Deployment of Funds : (Amount in Rs. Thousand)

Total Liabilities	7,317,819	Total Assets	7,317,819
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Source of Funds

Paid up Capital	6,000	Reserve & Surplus	7,311,819
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Application of Funds

Net Fixed Assets	369,581	Investment	112,041
Net Current Assets	6,831,772	Misc Expenditure	NIL

(4) Performance of Company : (Amount in Rs. Thousand)

Turnover	2,718,104	Total Expenditure	624,442
Profit/Loss before Tax	2,862,412	Profit/Loss after Tax	1,818,087
Earning per share in Rs.	3,030.15	Dividend Rate (%)	4,550

**(5) Generic Names of The Principal Products/Services of Company
(As per Moneytary 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, 2009

	<u>31st March, 2009</u>		<u>31st March, 2008</u>	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) before Tax		28,624.12		22,445.65
Adjustments for :-				
Depreciation	305.14		342.00	
Interest Income	(5,971.35)		(4,672.97)	
Dividend Income	(104.38)		(604.74)	
Liabilities no longer required written back	(934.58)		(0.44)	
Provision for Stock written back	—		—	
Loss on sale of Investments	20.24		11.41	
Assets Written Off	—		0.10	
Bad Debts Written off	—		8.38	
Provision for doubtful debts	37.13		32.29	
Provision for doubtful advances	59.37		121.11	
Writing Off Pre Operative Expenditure	—		—	
		<u>(6,588.43)</u>		<u>(4,762.87)</u>
Operating Profit before working Capital Changes		22,035.69		17,682.78
Inventories	(271.46)		50.45	
Debtors	167.47		1,073.09	
Loans and advances	1,494.05		(1,601.26)	
Trade Payable	(2,380.55)	<u>(990.49)</u>	<u>4,092.79</u>	<u>3,615.06</u>
Cash Generated from Operations		21,045.20		21,297.84
Direct Taxes Paid		<u>(11,838.05)</u>		<u>(8,696.27)</u>
Net Cash Flow from Operating Activities		<u>9,207.15</u>		<u>12,601.57</u>
B CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from sale of Investments	130.00		130.00	
Purchase of Fixed Assets	(64.29)		(1,547.07)	
Dividend Received	566.03		424.19	
Interest Received	6,353.04		3,992.23	
Net Cash used in Investing Activities		<u>6,984.78</u>		<u>2,999.35</u>

C Cash Flow from Financing Activities

Payment of Dividend	(2,161.57)	(2,516.39)
Payment of Dividend Tax	(379.33)	(442.21)
Net Cash used in Financing Activities	(2,540.90)	(2,958.60)
Increase / Decrease in Cash & Cash Equivalent (A+B+C)	13,651.03	12,642.32
Cash & Cash Equivalent (Opening Balance)	58,139.61	45,497.29
Cash & Cash Equivalent (Closing Balance)	71,790.64	58,139.61

- 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.

FOR SARMA & CO.

CHARTERED ACCOUNTANTS

Sd/-

R.L.DAS SARMA

PARTNER

(M. No. 002464)

Kolkata, Dated the 26th June, 2009

Sd/-
K. J. Singh
 Director

Sd/-
C. Banerjee
 Executive Director (F&A)

On behalf of the Board

Sd/-
Dr. Dalip Singh
 Director

Sd/-
T. Chattopadhyay
 Director

Sd/-
S. Das
 Company Secretary

ENTRANCE PASS

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

ATTENDANCE SLIP : 91ST ANNUAL, GENERAL MEETING ON 29TH SEPTEMBER, 2009 AT 3.00 P.M. AT PURBASHREE AUDITORIUM OF EASTERN ZONAL CULTURAL MULTIPLEX, IB-201, SECTOR-III, SALT LAKE CIITY, KOIKATA- 700106

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 himof.....or failing him..... of.....as my/our proxy to attend and vote for me/ us and on my / our behalf at the 91st Annual General Meeting of The Orissa Minerals Development Company Limited to be held on Tuesday, 29th September, 2009 and at any adjournment thereof.

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

No. of shares held

Signed this day of September, 2009.

Affix rupee one Revenue Stamp
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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	:	DP ID No	Client A/c NO
A. Bank Name	:	.....	.....
B. Branch Name Address (for Mandate only)	:	.....	.....
C. 9 Digit Code number of the bank & branch as appearing on the MICR cheque	:	.....	.....
D. Account Type (Saving/ Current)	:	.....	.....
E. Account No. as appearing on the cheque book	:	.....	.....
F. STD Code & Telephone No.	:	.....	.....

**MAIL TO - CB Management Services(P) Ltd
P-22, Bondel Road, Kolkata- 700019
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.