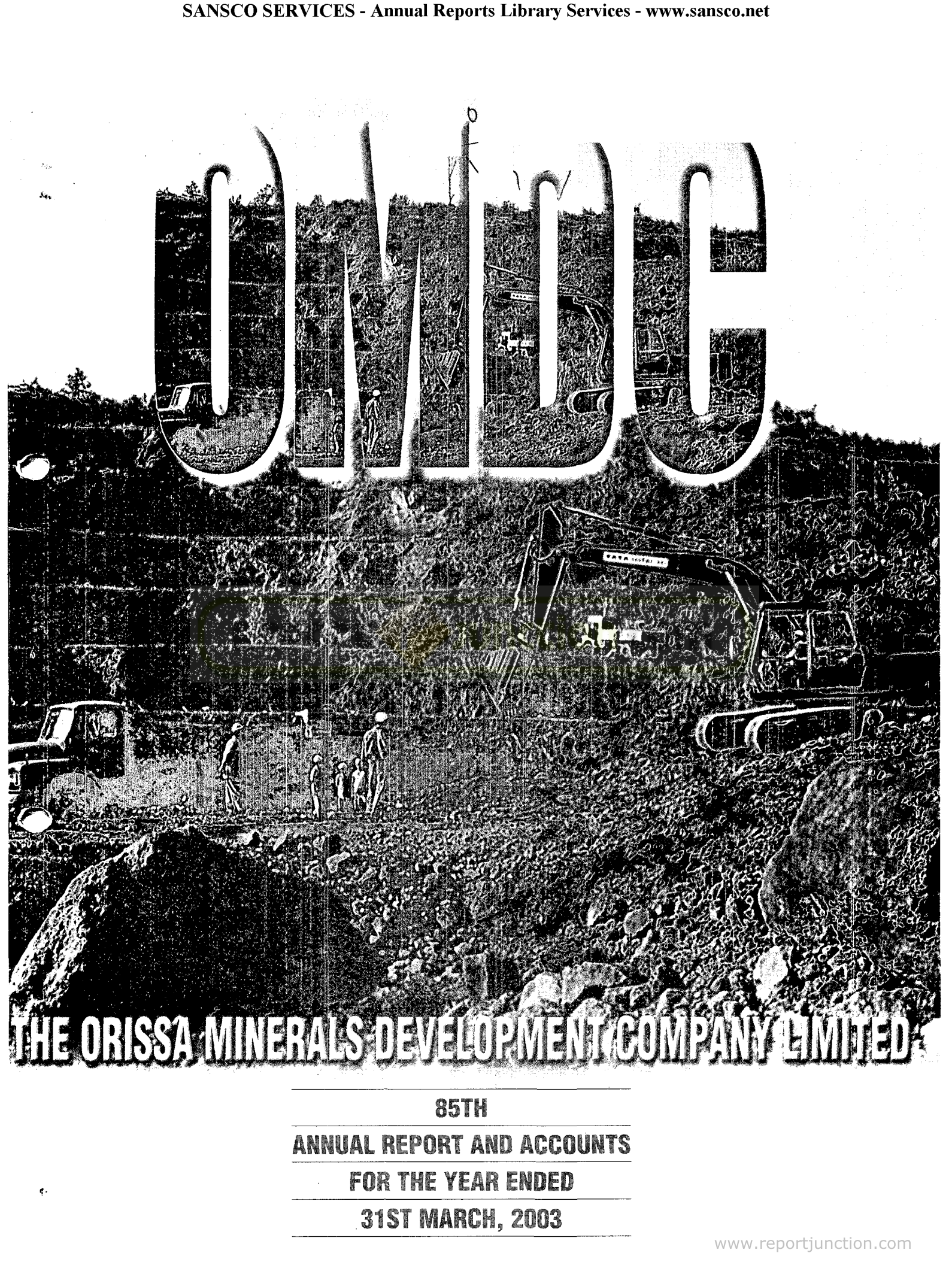


# OWNING



## THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

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**85TH**

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**ANNUAL REPORT AND ACCOUNTS**

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**FOR THE YEAR ENDED**

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**31ST MARCH, 2003**

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THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

**Chairman cum Managing Director:**\_\_\_\_\_

Shri A.K.Mukherjee

**Directors:**\_\_\_\_\_

Shri S.S Sharma

Shri S. Rajpal (upto 01.09.2002)

Shri P.K.Singh (w.e.f 02.09.2002)

**Secretary:**\_\_\_\_\_

Smt. S. Das

**Auditors:**\_\_\_\_\_

Bhadra & Bhadra

Chartered Accountants

**Bankers:**\_\_\_\_\_

State Bank of India (Bikash Bhavan,GOC, Salt Lake, Kolkata)

State Bank of India (N.S Road, Kolkata)

State Bank of India (Barbil, Orissa)

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

Fax : (033) 2321-3874

E-Mail : birdgroup@vsnl.net

Website : www.birdgroupcompanies.com

**Mines Office:**\_\_\_\_\_

P.O. Thakurani, Via- Barbil,

Dist. Keonjhar, Orissa. Pin- 758035

Tel: (06767) 75218/ 379/382 Fax: (06767) 75530

E-Mail: omdctk@dte.vsnl.net.in

## THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

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## THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

**NOTICE**

Notice is hereby given that the 85th Annual General Meeting of **The Orissa Minerals Development Company Limited** will be held at "**AIKATAN**" Eastern Zonal Cultural Centre, Bidhannagar, IA-290, Sector-III, Kolkata-700 097 on **Friday, the 29th August, 2003 at 12.00 Noon** to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account of the company for the year ended 31st March, 2003 and the Balance Sheet as at that date together with the Directors' and the Auditors' Reports thereon and also the Certificate of Compliance from a Secretary in whole time practice.
2. To appoint a Director in place of Shri P.K. Singh who retires by rotation and, being eligible, offers himself for re-election.
3. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass, with or without modifications, the following Resolution, which will be proposed as a **Special** Resolution :

"RESOLVED that M/s. Bhadra & Bhadra, Chartered Accountants, Kolkata, who retire at this meeting, be and are hereby re-appointed as the Auditors of the company in terms of the provisions of Section 224A of the Companies Act, 1956 to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company at a remuneration to be mutually agreed upon between the said Auditors and the Board of Directors of the company."

**Registered Office :**

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

By the Order of the Board

(Smt. S. Das)  
Company Secretary

Dated : 30th June, 2003

**NOTES :**

- a). A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b). A bank from 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). The Register of Members and the Share Transfer Books will remain closed from **25th August to 29th August, 2003** (both days inclusive).
- d). Members can avail the nomination facility by filing (**Form 2B**) with the company. Blank forms will be supplied on request.

## THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

## EXPLANATORY STATEMENT

## ITEM 3

224A of the Companies Act, 1956 provides, inter alia, that in the case of a company in which not less than 25% of the subscribed capital is held whether singly or in combination by Public Financial Institutions, Government Companies, Central Govt. and/or State Govt., Nationalised Banks or any Insurance Company, the appointment or re-appointment of the Auditors at each Annual General Meeting shall be made by a Special Resolution. Central Govt., Banks and Insurance companies together presently hold and are likely to continue to hold at the date of the ensuing Annual General Meeting of the company, more than 25% of the subscribed Share Capital of the company. This necessitates the passing of a Special Resolution. Explanatory Statement in this regard though not strictly necessary, is given as an abundant precaution.

As required under the provision of the Companies Act, the Auditors have already forwarded a Certificate to the company stating that the re-appointment if made, will be within the limit specified in Sub-Section (1-B) of the Section 224 of the Companies Act, 1956 and other applicable provisions, if any.

None of the Directors is interested or concerned in the Resolution.

The above Resolution is accordingly commended for your acceptance.

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## THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2003

The Shareholders,

Your Directors have the pleasure to submit their 85th Annual Report and the Accounts of the company for the financial year ended on 31st March, 2003.

#### 1. GENERAL WORKING OF THE COMPANY

The year under review was a year of satisfying results for the company which could take up the challenge of the spurt in demand in the iron ore segment and improve upon its performance significantly. The betterment in the working results has been possible despite less offtake of Steel Mill Grade Manganese Ore by SAIL Steel Plants because of the change in technology. Production of iron ore far exceeded the previous year's quantity. Despatch of iron ore has also augmented more than two fold during the year, thus raising the total sales turnover to Rs. 4786 lacs as against Rs.2542 lacs during the previous year. This has an effect of increase of 88 % in the sales turnover during the year over that of the previous year.

During the year under review the company achieved positive gross margin of Rs.1309 lacs before charging interest on Government loan and depreciation as against Rs.374 lacs for the earlier year. Even after charging of interest on Government loan and depreciation the company earned net profit amounting to Rs. 315 lacs after a gap of six years. The company is still having accumulated loss to the extent of Rs. 1777 lacs as carried to balance sheet.

#### 2. ACCOUNTS

	For the year ended 31-03-2003 (Rs. in lacs)	For the year ended 31-03-2002 (Rs. in lacs)
Profit and Loss account after charging all expenses but before providing for depreciation and interest on Govt. loan shows a positive margin	1309.29	374.29
from which depreciation is deducted	<u>115.17</u>	<u>117.22</u>
resulting in positive margin before Interest on Govt. loan	1194.12	257.07
from which interest on Govt. loan is deducted	<u>879.51</u>	<u>761.78</u>
Resulting in a profit/(loss) for the year	314.61	(504.71)
Add: Loss brought forward from earlier year	(2091.88)	(1587.17)
Net Loss carried to balance sheet	(1777.27)	(2091.88)

While arriving at the figure of cumulative loss of Rs. 1777 lacs as at 31<sup>st</sup> March, 2003, the interest on Government loans amounting to Rs.4886 lacs has been accounted for.

#### 3. OUTPUT & DESPATCH

The quantitative production as well as despatch in the iron ore segment has increased considerably as already reported. Because of less offtake of blast furnace (BF) grade manganese ore the production in the segment of manganese ore has reduced marginally during the year. The medium grade and high grade manganese ore have

## THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

however shown steady market and as such production/ despatch of manganese ore has shown marginal improvement valuewise during the year.

	<u>Production</u> <u>(in MT)</u>		<u>Despatch</u> <u>(in MT)</u>		<u>Sales value</u> <u>(Rs.in lacs)</u>	
	<u>2002-2003</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2001-2002</u>
Iron ore	1489114	662183	1605474	725211	3959	1734
Manganese Ore	83872	104038	73818	96131	827	808

#### 4. DEEMED EXPORT OF IRON ORE

During the year under review deemed export of iron ore fines through various agencies marked further growth. There has been rise in the value of deemed export by about 80% over that of the previous year.

#### 5. CAPITAL EXPENDITURE

Total capital expenditure during the year amounted to Rs. 273 lacs and the same has been taken as addition to the value of the fixed assets to the company.

#### 6. OUTLOOK FOR THE CURRENT FINANCIAL YEAR

During the current financial year 2003-04 requirement of iron ore is expected to touch about 6.8 million tonnes as against requirement of 5.5 million tonnes during the year 2002-03. Your company is poised for taking full advantage of the flow in demand during this current year and also future years. With this in view the company has taken up a lot of schemes for augmenting production of lump iron ore as well as sized ore. Commissioning of one new crushing plant of additional crushing capacity of 20,000 MT per month which is under progress at Thakurani. The plant is expected to be completed by July, 2003. Another crushing and screening plant which is being installed at Roida through agency under 'BOOM' basis is expected to be commissioned by August, 2003. This plant would have the crushing capacity of about 30,000 MT per month. With the commissioning of two crushing and screening plants the crushing capacity of OMDC is expected to grow up to about 90,000 MT per month from the present capacity of 40,000 MT per month.

In order to further boost up the deemed export, the company is taking all possible measures for utilization of blue dust in Bagiaburu mines. The progress of work for erection of a screening plant near the main deposit of blue dust is stalled at present because of a litigation. Close monitoring is being made in this regard.

Your company does not intend to remain satisfied with augmenting production and despatch of iron ore segment only. Manganese ore segment is also being taken care of and with this in view the company is endeavouring for commissioning a Beneficiation Plant for upgradation of unsaleable SMS grade high siliceous manganese ore. A Feasibility Report has already been prepared by the Regional Research Laboratory, Bhubaneswar and based on this report M/s. M N Dastur & Co has been approached for submitting the Techno Economic Feasibility Report on the setting up of Beneficiation Plant for manganese ore for value addition.

The demand for sponge iron is growing. India is one of the main producers of sponge iron in the world. In addition to the existing sponge iron plants a large number of mini sponge iron plants will be operational by the end of this current financial year. Your company with its infrastructure and having key raw material i.e. iron ore for production of sponge iron, has taken concrete steps for erection and commissioning of 100 TPD Sponge Iron Plant. Sponge Iron India Ltd (SIIL), a public sector undertaking under the Ministry of Steel has been entrusted with the job of preparation of Feasibility and Project Report for setting up the plant. The plant is expected to be in operation by March, 2004.

The Re-structuring Plan of the company is under consideration of the Government. If the Re-structuring Proposal be accepted it would be possible on the part of the company to approach the Financial Institutions/ Banks for financing of the diversified projects the company has been venturing for. In anticipation of approval of the proposal the company repaid principal amount of Government loan to the extent of Rs.602 lacs during the year under review thus effecting reduction in loan burden.

## THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

Out of seven nos. leases renewal of four nos. of mining leases were completed during the previous year. Renewal of balance three nos. of leases is still pending. It is expected that renewal of these three nos of leases will be considered by the State Government shortly.

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

The working results of the crushing & screening plant of the East India Minerals Limited (EIML) the Joint Venture Company (JVC), have of late shown some sign of improvement. For betterment of the performance, further measures are also being initiated by the JVC. With marginal improvement of the financial health the JVC have released the outstanding dues towards establishment charges which had fallen due. It is expected that with further solidity in the financial position for which measures as deemed necessary are being adopted, JVC would be in a position to clear the dues towards establishment charges as and when the same will be due.

## 8. WELFARE SCHEME

- i) Educational front: In the educational front the company provided aids to peripheral schools for improvement of educational systems in the locality surrounding the mines like previous years.
- ii) Communication: For betterment of communication the company has been taking measures on sustained basis. The mining area is being connected with nearby villages/ towns of Barbil/ Joda by construction of a network of roads totalling about 50 Kms. Maintenance of the roads are also being taken care of by the company on regular basis. The company participates in the peripheral road development activities of the district as per direction of the district administration in the form of giving aids on the basis of ore production.
- iii) Health & Sanitation : The Mines Hospital had been further equipped with live saving equipment and accessories. The hospital at Thakurani caters to the needs of about 10,000 villagers of surrounding villages by providing medical treatments. A considerable amount had been spent on this account during the year.
- iv) Drinking water :The company has arranged for providing drinking water to nearby villages by constructing three dug wells.

## 9. STEPS TAKEN FOR POLLUTION CONTROL

In order to improve the ambient environment of the locality the following measures are adopted by the company on sustained basis:

- i) Avenue plantation along with haul roads, colony roads etc in order to arrest suspended particulate matters.
- ii) Carrying out seasonal studies of environmental impact for assessment of the pollution of the ambient load environment in the core and buffer zone of the mining area and taking corrective measures accordingly.
- iii) Implementation of environmental management plan as approved by the IBM in the mining plan/schemes.
- iv) Dust suppression arrangement through sprinkling of water over haul roads through pressurized nozzles as installed at the crusher plants.
- v) Afforestation : The company has covered 102.76 hec area under afforestation programme with species like Teak, Eucalyptus, Accacia, Neem, Gulmohure etc. involving 2,56,900 nos. of seedlings. Afforestation programme covers avenue plantation, plantation over Government waste land along with stream course around workers colony etc. Seedlings are also provided to villagers for plantation in their irrespective lands. The company maintains one nursery having one lac seedlings for the purpose of afforestation.

## 10. COMPLIANCE OF THE FREEDOM OF INFORMATION ACT, 2002

In due compliance of the provision of the Freedom of Information Act, 2002 a senior officer has been appointed as Public Information Officer (PIO) under the Act to deal with requests for information. A superior officer in the rank of Dy. General Manager has also been designated as PIO to deal with the cases where request for information is proposed to be rejected. In terms of section 12 of the Act a senior most official of the group has been appointed as Appellate Authority to hear the appeal from persons aggrieved by the decision of the PIO.



## THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

The information relating to the appointment of PIO and other duties have been made available on the company's website.

**11. AUDIT**

In respect of the observations made by the Auditors in their report we state as under :

**Para 3 of the report**

The company has earned net profit during the year and it is expected to do better in the current financial year also. Re-structuring proposal has also been forwarded to the Ministry for consideration. If the said proposal be accepted, the company would be in a position to achieve profitability after wiping off the accumulated losses.

**Para 4.1 of the report**

Regarding non provision of the interest for delay in depositing certain statutory payments it is stated that this would be dealt with on the basis of the demand from the respective authorities.

**Para 4.2 of the report**

Auditors observations have been noted for compliance. All out endeavour will be made to have confirmation/ reconciliation of the balances and consequential adjustments as may required. In this respect Note 19 of the Notes on Accounts may also be referred to.

**Para 7(i) of the report**

Auditors observations are self-explanatory.

**12. DIVIDEND**

In view of the accumulated loss, your Directors do not recommend payment of any dividend for the year ended 31<sup>st</sup> March, 2003.

**13. PARTICULARS OF THE EMPLOYEES**

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

**14. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE OUTGO**

The company consumes purchased electricity, petrol and diesel oil. Adequate steps are taken by the company to control the consumption. The company has absorbed the technology used for its operational activities

There was no transaction in foreign exchange during the year.

**15. COMPLIANCE CERTIFICATE**

In terms of the amendment in the Companies (Appointment and Qualification of Secretary) Rules 1988 and pursuant to sub-section 1 of section 383A of the Companies Act, 1956, the Compliance Certificate by the Company Secretary in whole time practice is attached with this report.

**16. AUDITORS**

M/s. Bhadra & Bhadra, Chartered Accountants of 8/2, Kiron Sankar Roy Road, Kolkata 700001 retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

**17. DIRECTORATE**

Shri A K Mukherjee, Chairman cum Managing Director (CMD) whose term was upto 31<sup>st</sup> December, 2002 was given further extension for a period of one year or till further order as would be earlier. Application has been made before the Department of Company Affairs (DCA) for approval of the re-appointment as well as remuneration of CMD, as required under the Companies Act, 1956.

Shri Sudhir Rajpal, Dy. Secretary, Ministry of Steel who was appointed as Additional Director on the Board of Directors of the company from 12<sup>th</sup> February, 2002 ceased to be a Director from 2<sup>nd</sup> September, 2002.

## THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

Shri P K Singh, Dy. Secretary, Ministry of Steel was appointed as an Additional Director on the Board of Directors of the company from 2<sup>nd</sup> September, 2002 till the conclusion of the ensuing Annual General Meeting (AGM) for the year 2002. He was appointed at the said AGM as a Director subject to retirement by rotation.

Shri P K Singh retires by rotation and being eligible and offers himself for re-election.

**18. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to sub section 2AA inserted by the Companies (Amendment) Act, 2000 in section 217 your Directors confirm that –

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- b) the Directors have selected such accounting policies and applied them consistently and made judgements, and estimates that are reasonable and prudent so as to give a true and fair view of the :
  - state of affairs of the company at the end of the financial year and
  - profit or loss of the company for that period.
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the company and to prevent and detect fraud and irregularities.
- d) the Directors have prepared the annual accounts on a going concern basis.

**19. NUMBER & DATES OF THE BOARD MEETING HELD**

During the year under review five Board Meetings were held on 11.4.2002, 29.7.2002 (two meetings ), 25.11.2002 and 21.1.2003 respectively.

**20. GENERAL BODY MEETINGS**

Location and time of the General Meetings of the company held during last three years are given below :

Dates of AGM/EGM	Time	Place
29 <sup>th</sup> September, 2000 (AGM)	11-30 A.M	Chartered Bank Buildings 4, Netaji Subhas Road Kolkata – 700 001.
28 <sup>th</sup> September, 2001 (AGM)	11-45A.M.	-do-
29 <sup>th</sup> June, 2001 (EGM)	11-30 A.M.	-do-
1 <sup>st</sup> July, 2002 (EGM)	11-30A.M.	<b>AIKATAN</b> Eastern Zonal Cultural Center, IA –290, Sector –III, Bidhannagar, Kolkata 700 097.
27 <sup>th</sup> September, 2002 (AGM)	11-30A.M	-do-
21 <sup>st</sup> February, 2003 (EGM)	11-30A.M	-do-

All the resolutions set out in the respective Notices were passed by the shareholders.

There is no item proposed in the forthcoming Annual General Meeting (AGM) which is covered under the notification regarding postal ballot.