

BIRD GROUP



**86th Annual Report and Accounts
for the year ended 31st March, 2004**

OMDC

**THE ORISSA
MINERALS DEVELOPMENT
COMPANY LIMITED**

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

Chairman cum Managing Director:_____

Shri A. K. Mukherjee (upto 30.06.2004)

Directors:_____

Shri P. K. Singh

Shri S.S.Sharma (upto 19.04.2004)

Shri Deepak Anurag (w.e.f. 20.04.2004 to 09.06.2004)

Shri K. P. Pandian (w.e.f 10.06.2004)

Shri C. Banerjee (w.e.f. 22.07.2004)

Secretary:_____

Smt. S. Das

Auditors:_____

M/s. Bhadra & Bhadra

Chartered Accountants

Bankers:_____

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

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

State Bank of India (Barbil, Orissa)

Bank of Baroda (Barbil, Orissa)

State Bank of India (Bokaro Steel City, Jharkhand)

Indian Overseas Bank (India Exchange Place, Kolkata)

Standard Chartered Bank (N.S.Road, Kolkata)

Registered Office:_____

FD- 350, Salt Lake City

Sector -III, Kolkata - 700 106

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

Registrar and Share Transfer Agent:_____

(From 20.07.2004)

M/s. Intime Spectrum Registry Limited

1/17, Prince Gulam Mohammed Road

3rd Floor, Flat No. 7

Kolkata - 700 026.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

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THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

NOTICE

Notice is hereby given that the 86th Annual General Meeting of **The Orissa Minerals Development Company Ltd.** will be held at "AIKATAN", Eastern Zonal Cultural Centre, Bidhannagar, IA-290, Sector - III, Kolkata - 700097 on Friday, the 17th September, 2004 at 11.30 A.M. to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account of the company for the year ended 31st March, 2004 and the Balance Sheet as at that date together with the Directors' and the Auditors' Reports thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri P.K.Singh, who retires by rotation and is eligible for reappointment.
4. 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 office from the conclusion of this 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."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Shri K.P. Pandian who was appointed as an Additional Director of the Company and who holds office as such up to the date of the ensuing Annual General Meeting and in respect of whom a Notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Shri K.P. Pandian as a candidate for the office of the Director of the Company, be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation."

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Shri Champak Banerjee who was appointed as an Additional Director of the Company and who holds office as such up to the date of the ensuing Annual General Meeting and in respect of whom a Notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Shri Champak Banerjee as a candidate for the office of the Director of the Company, be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation."

By Order of the Board

Sd/-
(Smt S. Das)
Secretary

Registered Office :

FD-350, Sector – III

Salt Lake City

Kolkata – 700 106.

Dated : 29th July, 2004

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b) The Register of Members and the Share Transfer Books of the company will remain closed from 10th September, 2004 to 17th September, 2004 (both days inclusive).
- c) The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 17th September, 2004. 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 9th September, 2004.
- d) The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In absence of ECS facilities, the company will print the bank account details, if available, on the payment instrument for distribution of dividend.
- e) Members can avail the nomination facility by Filing (Form 2B) with the company. Blank Forms will be supplied on request.
- f) 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.
- g) Member/ Proxy must bring the Attendance Slip to the Meeting and hand it over at the entrance duly signed.

The logo for Report Junction, featuring the word "Report" in a light blue font, a yellow diamond shape with a black outline, and the word "junction.com" in a light green font, all enclosed within a light green rounded rectangular border.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**ITEM. 4**

Section 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 (1B) 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.

ITEM. 5

Shri K.P. Pandian, Director (Finance), Ministry of Steel, Govt. of India was appointed as an Additional Director of the Company effective from 10th June, 2004 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 K.P. Pandian holds office up to the date of ensuing Annual General Meeting. A Notice from a member of the Company under Section 257 of the Companies Act, 1956 has been received proposing, the appointment of Shri K.P. Pandian as a Director of the Company. No other Director except Shri K.P. Pandian is interested or concerned in the Resolution.

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

ITEM. 6

Shri Champak Banerjee, CGM (F), Bird Group of Companies was appointed as an Additional Director of the Company effective from 22nd July, 2004 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 Champak Banerjee holds office up to the date of ensuing Annual General Meeting. A Notice from a member of the Company under Section 257 of the Companies Act, 1956 has been received proposing, the appointment of Shri Champak Banerjee as a Director of the Company. No other Director except Shri Champak Banerjee is interested or concerned in the Resolution.

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

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2004

The Shareholders,

Your Directors have the pleasure to submit their 86th Annual Report and Accounts of the company for the financial year ended on 31st March, 2004.

1. GENERAL WORKING OF THE COMPANY

The year under review witnessed phenomenal growth of the company in all respects. True, the growth could be attributed to the boom market of iron ore both in terms of the demand as well as price. At the same time it is also fact that your company could exploit the situation in achieving the best performance so far in its history. The sales turnover of the company stood at Rs.224 crores as compared to Rs.48 crores during the previous year registering almost five fold increase. The net profit before tax zoomed to Rs.157 crores as against Rs.3 crores for the previous year.

After wiping out the accumulated loss of Rs.18 crores till the previous year the company earned net profit after tax to the extent of Rs.86 crores. The company also repaid the entire amount of Government loan and interest thereon during the year because of better liquidity position.

As committed your company has taken steps towards diversification. A 100 TPD sponge iron plant which had been in the process of erection and commissioning during the year has started functioning from the very first quarter of the current financial year.

2. ACCOUNTS

| | For the year ended 31-03-2004 (Rs. in crores) | For the year ended 31-03-2003 (Rs. in crores) |
|--|---|---|
| Profit and Loss account after charging all expenses but before providing for depreciation and interest on Govt. loan | 158.48 | 13.09 |
| Depreciation | 1.87 | 1.15 |
| resulting in positive margin before Interest on Govt. loan | 156.61 | 11.94 |
| Govt. interest | Nil | 8.79 |
| Net profit before tax | 156.61 | 3.15 |
| Provision for Tax (net) | 52.38 | — |
| Net profit after tax | 104.23 | 3.15 |
| Loss brought forward from earlier year | (17.77) | (20.92) |
| | 86.46 | (17.77) |
| <u>Appropriations</u> | | |
| General Reserve | 50.00 | — |
| Proposed Dividend | 0.30 | — |
| Dividend Tax | 0.03 | — |
| Surplus/(Loss) transferred to balance sheet | 36.13 | (17.77) |

3. DIVIDEND

The Directors take pleasure to recommend dividend of Rs.5/- per ordinary share for the year after a long gap. If approved by the shareholders at the Annual General Meeting, the dividend will absorb Rs. 0.30 crores.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

4. OUTPUT & DESPATCH

Riding on the surge in demand of iron ore the quantitative production as well as despatch of the ore has increased significantly. In respect of manganese ore segment the position did not improve because of very low demand of Blast Furnace (BF) grade manganese ore. Like previous year medium grade and high grade manganese ore have however shown steady market.

| | <u>Production</u> (in MT) | | <u>Despatch</u> (in MT) | | <u>Sales value</u> (Rs.in crores) | |
|---------------|------------------------------|------------------|----------------------------|------------------|--------------------------------------|------------------|
| | <u>2003-2004</u> | <u>2002-2003</u> | <u>2003-2004</u> | <u>2002-2003</u> | <u>2003-2004</u> | <u>2002-2003</u> |
| Iron Ore | 3086960 | 1489114 | 3238752 | 1605474 | 216.29 | 39.59 |
| Manganese Ore | 43527 | 83872 | 51157 | 73818 | 7.53 | 8.27 |

5. DEEMED EXPORT OF IRON ORE

The year under review witnessed spurt in demand in respect of iron ore fines for export market. Your company has also taken advantage of the situation and attained a feat in this regard by registering a record figure towards deemed export of iron ore fines.

6. CAPITAL EXPENDITURE

In view of expansion programme for availing of the situation arising out of the rise in demand of iron ore and also due to company's entry in the Mineral Based Industry, the total capital expenditure during the year under review stood at Rs. 16 crores including Rs.10.85 crores spent for the sponge iron plant as shown under 'capital work in progress'. The balance amount expended on capital item has been taken as addition to the value of the fixed assets to the company. Work mentioning among them are:

- i) Crushing and Screening Plant of 100 TPH capacity installed and commissioned at Thakurani during the year to obtain calibrated sized ore 5-18mm size suitable for sponge iron manufacturer.
- ii) A mechanical screening unit of 50TPH capacity installed and commissioned at Bagiaburu mines for mechanical screening of blue dust being mined in the nearby areas. Commercial operation of the screening unit is likely to start shortly.
- iii) A Locomotive of 335HP capacity has been added to maintain un-interrupted despatch.

7. FUTURE OUTLOOK

The growing demand of iron ore is likely to sustain for a number of years. At the end of the Tenth Five Year Plan the country's installed capacity for iron ore production is expected to rise to 135 million tonnes from the existing 90 million tonnes. The total domestic demand during the period has been estimated at 122 million tonnes. Your company is geared to meet a sizeable portion of the domestic and overseas demand. With this in view the company has undertaken programme for scientific development of mines to optimise production of iron ore.

As already mentioned the 100 TPD Sponge Iron Plant, company's first ever venture in diversified area, has started commercial production from the current financial year.

Since your company is on the threshold of growth, programme for expansion in the existing product lines as well as in the diversified fields is to be made after careful consideration. Feasibility of augmenting the capacity of the Sponge Iron Project by adding another 100 TPD plant and also Beneficiation Plant on commercial basis for the purpose of upgradation of unsaleable manganese ore fines to saleable high grade manganese ore fines in the light of the Feasibility Reports obtained from renowned Consulting Firms is under scanner. Decision in regard to spreading up activities in diversified areas will be taken after meticulous study and careful examination of the viability of the projects for the long term benefit of the company.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

Your company has taken up electrification of TK siding and development of another siding near sponge iron plant to cope up with the augmented activity.

In order to achieve economy your company is planning to carry out export of iron ore fines directly without any intermediary agency. Positive efforts are afoot in this direction.

Renewal of three nos. of leases out of total seven mining leases is still pending. All out endeavour is being made to get those leases renewed and the matter has been taken up with the State Government in right earnest.

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

The performance of the Joint Venture Company (JVC) i.e. East India Minerals Limited (EIML) has also shown improvement because of favourable market of iron ore. As compared to the previous year there has been rise in the despatch quantity by about 30%. It is expected that during the year July, 2003 to June, 2004 being JVC's financial year, the JVC would be in profit though it has accumulated loss to the extent of Rs.4.45 crores till 30th June, 2003.

With the better working results the liquidity position of the JVC has also come out of the adverse position to certain extent and consequently the outstanding dues towards establishment charges which had fallen due to your company have been liquidated.

9. PERIPHERY DEVELOPMENT AND WELFARE SCHEMES

During the year the company has undertaken manifolds periphery development and welfare schemes:

- i) In the educational front the company has provided aids to peripheral schools for improvement of educational systems in the locality surrounding the mines.
- ii) The company has carried maintenance of roads in the mining areas apart from participating in the peripheral road development activities of the district as per direction of the district administration.
- iii) The company has made provision for drinking water by construction of dug wells, tube wells etc. So far 10 nos. of dug wells and 6 nos. tube wells have been constructed and maintained by the company in nearby villages for supply of drinking water.

Provision of water lorry is made by the company for the supply of drinking water in far flung areas.

- iv) Health & Sanitation : During the year under review the Mines Hospital had been further equipped with ECG, audiometer and equipment for checking up occupational health hazards. The hospital at Thakurani like previous year continued to cater to the needs of around 10,000 villagers of surrounding villages by providing free medical treatments. Pulse Polio programme and RNTCP programme are extended by the company's hospital to nearby villages.

10. STEPS TAKEN FOR POLLUTION CONTROL

As a measure to protect and improve the ambient environment and aesthetics of the mining area the following measures have been taken by the company :-

- i) Afforestation : Total 127.205 hectrs (previous year 102.76 hectrs) of area have been covered under afforestation programme by the company involving 318012 (previous year 2,56,900) nos. of seedlings. Afforestation programme covers avenue plantation, plantation over Government waste land along with stream course around workers colony etc. The village Forest Protection Committee has also been constituted and financial assistance provided for protection of natural forests within the company's leaseholds.
- ii) Dust Suppression Arrangement : Dust suppression arrangement through sprinkling of water in pressurised nozzles in hoppers, conveyors, screens and other transfer points as well as dust extraction system has been installed in crushing and screening plants for the purpose of suppressing dust generated during the crushing and screening operation.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

- iii) Water Sprinkling : Water sprinkling is made along haul roads in order to suppress dust generated due to movement of vehicles.
- iv) Avenue plantation : Avenue plantation has been carried out over a stretch of 5 Kms to arrest suspended respirable particulate matters. This also helps in attenuating the noise level due to movement of vehicles. Dust masks are provided to the workers engaged in dust prone areas.
- v) Environmental management plan as approved by the IBM in the mining plan/schemes is implemented.
- vi) Seasonal monitoring of environmental parameters is carried to assess the pollution load in the ambient environment.

11. AUDIT

In regard to observations made by the Auditors in the report we state as under :

Para 3.1 of the main report

As regards 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 3.2 of the main report

Despite endeavour made in this respect confirmation/ reconciliation of the balances could not be completed in all the cases. In this respect Note 19 of Schedule 20 may also be referred to.

Para 1(i) of the Annexure to the report

Auditors observations in this regard are self-explanatory.

12. 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.

13. 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.

14. AUDITORS

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

15. DIRECTORATE

Term of Shri A.K.Mukherjee, Chairman cum Managing Director (CMD) of the Company was extended for a period of six months effective from 1st January, 2004. On expiry of tenure Shri Mukherjee ceased to function as CMD of the company from the close of business of 30.06.2004. Your Directors recorded their deep appreciation for the valuable service rendered by Shri Mukherjee during his tenure as CMD of the Company.

Confirmation about joining of the new incumbent selected for the position of Chairman cum Managing Director (CMD) of the company is yet to be received.

Shri S.S.Sharma, Director (Finance), Ministry of Steel appointed as Director on the Board of Directors of the Company from 1st January, 2001 ceased to hold the office from 20th April, 2004. Your Directors recorded their deep appreciation for the valuable guidance and advice received from Shri Sharma during his tenure as Director.

Shri D. Anurag, Director (Finance), Ministry of Steel was appointed as Additional Director on the Board of