

BIRD GROUP

**87th Annual Report and Accounts
for the year ended 31st March, 2005**

OMDC

**THE ORISSA
MINERALS DEVELOPMENT
COMPANY LIMITED**

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

Chairman cum Managing Director : _____

Shri Tapan Biswas (appointed from 11.10.2004)

Directors : _____

Shri D. Anurag (appointed from 21.04.2005)

Shri P.K. Singh

Shri C.Banerjee

Shri K.P.Pandian (appointed from 10.06.2004 ceased from 20.04.2005)

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)

State Bank of India (Park Street Branch, Kolkata)

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

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) 275218/ 379/382, Fax: (06767) 275530

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

Registrar and Share Transfer Agent : _____

(From 20.07.2004)

M/s. Intime Spectrum Registry Limited

59C, Chowringhee Road, 3rd Floor,

Kolkata-700020.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

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THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

NOTICE

Notice is hereby given that the 87th Annual General Meeting of **The Orissa Minerals Development Company Ltd.** will be held at the "AIKATAN" Eastern Zonal Cultural Centre, IA- 290, Sector- III, Salt Lake City, Kolkata-700097 on Friday, the 23rd September, 2005 at 12.30 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, 2005 and the Balance Sheet as at that date together with the Report of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri P.K. Singh, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass, with or without modification, the following Resolution as **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 with a remuneration of Rs. 60,000/- (Rupees Sixty Thousand Only) plus out of pocket expenses, if any, for the audit job."

As 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 Deepak Anurag 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 Deepak Anurag 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 a Special Resolution:

"RESOLVED that subject to the approval of the shareholders of the company by holding a General Meeting, Articles of Association of the Company be altered as under:

- (i) existing Article 90 to be altered as :
by substituting the words "nor more than five" with the words "nor more than twelve".
- (ii) By addition of a new Article 3A after Article 3 as under :

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

Buy Back of Shares “Notwithstanding anything contained in the preceding Article 3 but subject to the provisions of the Act and other applicable provisions of Law as may be in force at any time and from time to time, the Company shall have the right to acquire, purchase, hold, re- sell any of its own shares either equity or of any other kind and make payment for and in respect of such acquisition/ purchase in such manner, on such terms and conditions and at such times as the Board may, in its discretion, think fit.”

(iii) In Article 1, by deleting the definition of “The Managing Agents”.

(iv) In Article 80, by deleting the words “and by its Managing Agents (if any)”

(v) By substituting for Article 101, the following new Article, including the marginal note:

“101. The provisions of Section 314 of the Act shall be complied with when applicable in regard to holding of office or place of profit under the Company or under any subsidiary of the Company by any person mentioned in the said section. The words “office or place of profit” shall have the meaning assigned to them by Section 314 of the Act.”

Directors, etc.
not to hold
office or place
of profit.

(vi) In Article 185 by deleting the words “Managing Agents, Secretaries and Treasurers” in clause (5).

(vii) In Article 190 by deleting the words “or by the Managing Agents”

(viii) In Article 191 by deleting

- a. the words “or of the Managing Agents”, after the words “permission of the Board”, and
- b. the words “or Managing Agents” after the words “opinion of the Board”.

(ix) In Article 194, by deleting:

- a. the words “Managing Agents, Secretaries and Treasurers”, and
- b. the following sentence at the end :

“Nothing herein contained shall apply to a constituted attorney of the Managing Agents of the Company, unless such attorney is or is deemed to be an officer of the Company.”

(x) By deleting the word “Managing Agent, Secretaries and Treasurers” wherever occurring at the articles severally or combindly.

(xi) By substituting for Article 161, the following new Article:

“161. Any dividend which has been declared by the Company but has not been paid or claimed (within the meaning of Section 205 and 205A of the Act) within 30 days from the date of its declaration to or by a member entitled to the payment of such dividend shall be dealt with in accordance with the said section.”

(xii) By adding a new Article as Article 14A after the existing Article 14, including the marginal note :

“14A. The Company will register and deal with nominations in accordance with the provisions of Section 109A and Section 109B of the Companies Act, 1956.”

Nomination

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

(xiii) By adding a new Article as Article 91A after the existing Article 91, including the marginal note :

"91A. Financial Institutions shall have a right to appoint from time to time any person or persons as a Director or Directors, whole- time or Non whole-time (which Director or Directors is/ are hereinafter referred to as "Nominee Director/s" on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his their place/s. The Board shall have no power to remove from office the Nominee Director/s. Also at the option of the Financial Institution such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

Nominee Director

(xiv) By amending the Article 97 deleting therefrom the second and third lines of the Articles, which read as below:

"The Directors shall also be entitled to receive a commission (to be divided between them in such manner as they shall from time to time determine) of 1% of the net profits of the Company (computed in the manner referred to in sub- section (1) of Section 198 of the Act) in any financial year, the first payment of such commission to be made in respect of the financial year ending on the 30th June, 1957. The commission payable to Directors shall continue to be payable for a period of five years from the 1st July, 1956, but may be renewed from time to time in accordance with the provisions of any statutory enactment from time to time in force and applicable thereto."

Director's fees, remuneration and expenses. (with deletion of the provision for payment of commission)

By Order of the Board

Sd/-
(Smt S. Das)
Company Secretary

Registered Office :

FD-350, Sector – III

Salt Lake City

Kolkata – 700 106.

Dated : 18th August, 2005

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 17th September, 2005 to 23rd September, 2005 (both days inclusive).
- c) The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 23rd September, 2005. 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 16th September, 2005.
- 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 Entrance Pass to the Meeting and hand it over at the entrance duly signed.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 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 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 NO. 5

Shri Deepak Anurag, Director (Finance), Ministry of Steel, Govt. of India was appointed as an Additional Director of the Company effective from 21st April, 2005 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 Deepak Anurag 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 Deepak Anurag as a Director of the Company. No other Director except Shri Deepak Anurag is interested or concerned in the Resolution.

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

ITEM NO. 6

Under the existing Articles of Association of the company the maximum number of Directors on the Board of the company shall not be less than three nor more than five. The Company has now come under the purview of corporate governance because of amendment of clause 49 of the listing agreement. The company is required to appoint minimum four non executive independent directors in the process of re-constitution of the Board as per clause 49. It is as such necessary to amend Articles of Association of the company for strengthening the Board. Proposal is put up for increasing maximum number to twelve from the existing ceiling of five.

Again, under provision of Section 77A of the Companies Act, 1956 and SEBI (Buy – Back of Securities) Regulations, 1998, buy back of its own shares by a company is permitted only if the Articles of Association of the company authorized the same and a special resolution is passed in a general meeting of the company. Such provision is necessary in OMDC's Articles while keeping in view the future requirement.

Reference to managing agent, secretaries and treasurers omitted. The reference was redundant since the abolition of the system of managing agent, secretaries and treasurers by Act 17 of 1969, w. e. f. 03.04.1970.

Pursuant to provision of Section 31 of the Companies Act, 1956, shareholders approval is necessary for the above mentioned alteration and hence this resolution. Your Directors recommend for passing the said resolution as a special resolution.

None of the Directors of the Company is directly or indirectly interested in the above resolution.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED
31st MARCH, 2005

The Shareholders,

Your Directors have the pleasure to submit their 87th Annual Report and Accounts of the company for the financial year ended on 31st March, 2005.

1. GENERAL WORKING OF THE COMPANY

Your company passed through yet another year of favourable market in respect of iron ore. Demand was stable and prices were on the rise. Taking advantage of the scenario the company could achieve the highest ever turnover during the year since inception. The sales value stood at Rs.283.46 crore as compared to Rs.223.82 crore for the previous year. The company booked net profit after tax to the extent of Rs.145.54 crore as against Rs.104.23 crore for the previous year.

2. ACCOUNTS

	For the year ended 31-03-2005 (Rs. in crores)	For the year ended 31-03-2004 (Rs. in crores)
Profit and Loss account after charging all expenses but before providing for depreciation	233.42	158.48
Depreciation	<u>3.27</u>	<u>1.87</u>
Net profit before tax	230.15	156.61
Provision for Tax (net)	<u>84.61</u>	<u>52.38</u>
Net profit after tax	145.54	104.23
Loss brought forward from earlier year	<u>36.13</u>	<u>(17.77)</u>
	181.67	86.46
<u>Appropriations</u>		
General Reserve	60.00	50.00
Proposed Dividend	21.84	0.30
Dividend Tax	<u>2.85</u>	<u>0.03</u>
Surplus transferred to balance sheet	<u>96.98</u>	<u>36.13</u>

3. DIVIDEND

Your Board is pleased to recommend a dividend at the rate of Rs. 364 per share of Rs. 10 each for the year. There would be a cash outgo of Rs. 21.84 crore towards dividend and Rs. 2.85 crore towards tax thereon.

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4. OUTPUT & DESPATCH

During the year production of iron ore increased marginally though despatch had shown marginal decline with respect to that of the previous year. In respect of manganese ore both production and despatch had fallen during the year because of no demand virtually of Blast Furnace (BF) grade manganese ore. Medium and higher grade manganese ore had however more or less steady market.

	<u>Production</u> (in MT)		<u>Despatch</u> (in MT)		<u>Sales value</u> (Rs.in crores)	
	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>
<i>Iron Ore</i>	31,74,640	30,86,960	28,93,709	32,38,752	261.90	216.29
<i>Manganese Ore</i>	41,961	43,527	33,786	51,157	8.55	7.53
<i>Sponge Iron</i>	14,883	-	14,292	-	13.00	-

5. DEEMED EXPORT OF IRON ORE

Like previous year the year under review had also been favourable for the export market in respect of iron ore fines. Your company too did not remain inactive in this respect. As a matter of fact the deemed export of iron ore fines by OMDC reached record figure in the history of the Company both quantity and value wise during the year.

6. CAPITAL EXPENDITURE

In regard to diversified projects which should have the thrust area your company could not achieve any feat during the year that would have been worth mentioning. The reason behind such non performance in this respect was change over at the apex level of the organisation as well as considerable gap in between exit and entry. There is no denying the fact that because of administrative reasons the company had been unable to exploit the opportune moment to make bold step into diversified areas. However, efforts are now on in this direction.

During the year the company expended Rs.4.92 crores towards implementation of AMR Schemes apart from capitalisation of capital work in progress pertaining to sponge iron plant to the extent of Rs.11.12 crores.

7. FUTURE OUTLOOK**i) Expansion and Diversification Programmes**

As already mentioned the year 2004-05 did not prove to be very prospective so far as company's future plan was concerned. Change over of management had stood on the way of drawing up future plans and implementation thereof. The company has the following programmes immediately in hand, some of which are being implemented and some are under scanner :

- a. The company is contemplating to take steps for expansion of the capacity of Sponge Iron Plant by installing another 30,000 TPA Sponge Iron Plant at Thakurani.
- b. The company is thinking of setting up Ferro Manganese or Ferro Alloys Plant. Feasibility for the same is under study.