



46th
Annual Report
2007-08
MOIL - Adding Strength to Steel



MANGANESE ORE (INDIA) LTD.

(A GOVERNMENT UNDERTAKING)

MOIL BHAWAN, 1-A, KATOL ROAD, NAGPUR - 440 013

Website : www.moil.nic.in



Shri K. L. Mehrotra, CMD, presenting the state of art Cardiac-cum-Trauma Care Ambulance to **Shri Ram Vilas Paswan**, Hon'ble Minister for Chemicals, Fertilizer & Steel, Govt. of India



Shri K. L. Mehrotra, CMD, presenting the Dividend Cheque to the **Shri Ram Vilas Paswan**, Hon'ble Minister for Chemicals, Fertilizer & Steel, Govt. of India in the presence of **Shri Jitin Prasada**, Hon'ble Minister of State for Steel, Govt. of India and **Shri R.S. Pandey**, Secretary (Steel)



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MANGANESE ORE (INDIA) LIMITED

(A Government Undertaking)

REGISTERED OFFICE

MOIL Bhawan, 1-A, Katol Road,
Nagpur - 440 013 (Maharashtra)

BOARD OF DIRECTORS

CHAIRMAN-CUM-MANAGING DIRECTOR

Shri K.L. Mehrotra

DIRECTORS

Shri Ajoy Kumar (Upto 10-12-07)
Shri George Elias (From 11-12-07 to 24-04-08)
Dr. Dalip Singh (From 25-04-08)
Shri V. K. Jairath (Upto 05-05-08)
Shri. A. M. Khan (From 04-06-08)
Shri Sewa Ram (From 03-07-07 to 18-06-08)
Shri. S. K. Mishra (From 19-06-08)
Shri S.K. Banerjee
Shri A. Balraj
Dr. D.D. Kaushik
Dr. M. Maharajan

Shri M.A.V. Goutham
Director (Finance)

Shri A. K. Mehra
Director (Commercial)

Shri C. P. N. Pathak (Upto 31-05-08)
Director (Production & Planning)

Shri G. P. Kundargi (From 02-06-08)
Director (Production & Planning)

COMPANY SECRETARY (Incharge)
Shri S. Muthuraman

AUDITORS

Shah Baheti Chandak & Co.
Chartered Accountants, Nagpur

BANKERS

Bank of India
State Bank of India
Syndicate Bank



PERFORMANCE AT A GLANCE

(Rs. in Lakhs)

PARTICULARS	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
FINANCIAL (Rs. Lakhs)							
Turnover	97335.83	41762.99	33409.96	37877.58	22874.25	17787.60	16791.80
Other Income	5668.47	3419.26	2209.34	934.34	585.39	443.07	619.67
Total Income	103004.30	45182.25	35619.30	375811.92	23459.64	18230.67	17411.47
Gross Margin	75098.44	21020.78	17947.46	21065.17	5266.73	3458.79	3835.23
Profit Before Tax	73490.79	20114.58	16900.48	20226.73	4529.43	2783.07	2996.18
Profit After Tax	47981.77	13420.75	11451.70	12690.03	2851.60	1778.06	1951.80
Dividend	9660.00	2800.00	1992.27	919.51	459.75	413.78	413.78
Share Capital	2800.00	2800.00	1532.55	1532.51	1532.51	1532.51	1532.51
Reserves & Surplus	78468.22	43348.50	34404.57	25224.55	13584.16	11251.22	10438.90
Borrowings	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Gross Block	30247.57	17151.97	13928.47	12638.97	11272.08	10772.49	9656.36
Working Capital	63200.54	34285.38	28278.00	20871.00	9833.00	7505.00	7610.35
Capital Employed	82088.42	41894.00	33772.00	26077.00	14207.00	12000.00	11592.00
Profit Before tax to Capital Employed %	89.53	48.01	50.04	77.57	31.88	23.19	25.85
Profit Before tax to Sales %	75.50	48.16	50.59	53.40	19.80	15.65	17.48
Debt to Equity Ratio	NIL	NIL	NIL	NIL	NIL	NIL	NIL
CONTRIBUTION TO EXCHEQUER							
Income Tax	24112.29	6035.41	5501.49	7529.65	1719.17	991.78	1044.38
Dividend Tax	1641.72	409.33	124.66	130.14	68.91	53.02	NIL
Sales Tax	2925.83	1524.00	1348.10	1642.24	914.64	731.59	566.98
Royalty & Cess	2688.17	1148.88	908.62	1036.53	586.52	472.26	398.14
Excise duty	763.49	381.85	460.87	408.15	481.25	353.94	335.47
M.P. Road Tax	2802.71	NIL	NIL	NIL	NIL	NIL	NIL
Total	34934.21	9499.47	8343.74	10746.71	3770.76	2602.59	2344.97
PHYSICAL Production							
Manganese Ore (Lakhs tonnes)	13.65	10.47	8.65	9.43	7.99	7.14	6.76
E.M.D (Tonnes)	1122	1312	1301	1123	975	930	786
Ferro-Manganese (Tonnes)	11130	10200	6170	10325	10899	5996	8763
Output per Man Shift (O.M.S./Tonnes)	0.877	0.664	0.551	0.610	0.507	0.446	0.411

BOARD OF DIRECTORS

CHAIRMAN-CUM MANAGING DIRECTOR



Shri K.L. Mehrotra

DIRECTORS



Dr. Dalip Singh



Shri. A. M. Khan



Shri S. K. Mishra



Shri. M.A.V. Goutham



Shri. C.P.N. Pathak
(Up to 31-05-2008)



Shri. A.K.Mehra



Shri G. P. Kundargi
(From 02-06-2008)



INDEPENDENT DIRECTORS



Shri. S.K. Banerjee



Shri. A. Balraj



Dr. D.D. Kaushik



Dr. M. Maharajan

SENIOR EXECUTIVES



Shri V. R. Sengupta
G M (Personnel)



Shri G. Wangneo
G M (Technical)



Shri S. Muthuraman
Company Secretary (Incharge) & OSD to CMD



CHAIRMAN'S SPEECH DELIVERED ON THE 46th ANNUAL GENERAL MEETING OF MANGANESE ORE (INDIA) LIMITED, HELD ON 29th JULY 2008 AT NAGPUR



KISHAN LAL MEHROTRA
Chairman-Cum-Managing Director

Dear Shareholders

It gives me great pleasure to welcome to you to this 46th Annual General Meeting of the Company. I am sure, you must have received the audited annual accounts and the Directors' Report for the year ended 31st March 2008 and with your permission I take it as read.

□ **INDIAN STEEL & FERRO ALLOY SCENARIO :**

The Indian Steel production has been witnessing phenomenal growth especially during the last couple of years. The demand for manganese ore by ferro alloys producers has increased to geometric proportions and as a result the prices have surged to record levels hitherto not witnessed. The production and consumption of steel have demonstrated huge growth potential both in the domestic and global markets. The ferro alloy industry is almost starving for manganese ore and your Company is taking all possible steps to meet the demand to the maximum extent possible. Once again **your Company has established its commitment towards meeting the demand by exceeding 1.0 million tonne mark during the year under review, both in respect of production and sale of manganese ore.** This is by all means a very great achievement and has helped the domestic steel and ferro alloy industry to tide over the demand for the vital raw material i.e. manganese ore to a great extent. Though some quantities of ore have been imported, the same could not be avoided as the availability in India is limited.

According to National Steel Policy, the projected steel production is 110 million tonnes by 2010-11 and 200 million tonnes by 2020. The Indian

steel makers have announced new projects which if all goes well, will by 2012-13 add staggering 70 million tonnes and as a result of this, the projected steel production would be around 124 million tones as per the industry sources. In order to fulfill its commitment for meeting the increased demand in the coming years, your Company has chalked out an action plan as detailed below:

- Increase production by mechanization of mining operations
- Increase production by improving the recovery through mineral beneficiation. MOIL has set up 4.0 lakh tonnes per annum beneficiation plant at Dongri Buzurg Mine.
- MOIL has set up beneficiation plant with 5.0 LAKH tonnes / year capacity at Balaghat Mine with state of art technology consisting of electronically modern air pulsated jigs imported from M/s. Bateman International, South Africa. The plant is first of its kind in India for Manganese Ore Beneficiation.
- Increase production by deepening of shafts at Balaghat Mine and sinking of new vertical shafts at Gumgaon, Beldongri and Ukwa Mines.
- MOIL has taken up large scale exploration programme to augment the reserves in the leasehold areas. About 6000 Mtrs. of drilling is being carried out annually and during the last 5 years about 30,000 meters of exploratory drilling has been carried out. The Company has been able to prove 5.3 million tonnes IN-SITU reserves equivalent to 1.32 million tonnes of cleaned ore.
- Through large scale opencast and underground development to increase production.
- Improvement in Productivity (Output per manshift) through mechanization and incentive schemes to workers. The productivity has been on the increase over the years and is currently 0.877 tonnes.



With the above action plan, your Company will be in a position to achieve a production of 1.5 million tonnes by the year 2009-10 which enable the Company to maintain its market share of over 55% of the demand projections during 2010. As per the National Steel Policy, the steel production would be 200 million tonnes by 2020. To achieve this projection, the total requirement of manganese would be 7.8 million tonnes. After taking into account the projected production of around 3.0 million tonnes from MOIL by 2020, there would be a demand gap of about 4.8 million tones after taking into account a production of 1.0 million tones from other sources. MOIL is exploring the possibilities of Joint Venture in the following areas:

Optimum utilization of Manganese Ore of different grades and blends to meet the demand commensurate with the growth of Steel Industry.

South Africa has 4000 million tonnes of proven reserves which constitutes about 80% of the World Reserves of manganese ore but accounts for only 18% of the World's production. Exploring the possibilities of acquiring manganese bearing deposits in South Africa through Joint Venture.

MOIL has tied with BHP Billiton, South Africa, who is the largest producer of the manganese ore in the world for import of high grade low phos. Manganese ore to blend with low / medium grade high phos. Manganese ore of MOIL to provide suitable blend to meet the demand of ferro alloy industry during the coming years. Working Groups have been formed to evaluate the action plan.

A JOINT CONCEPT STUDY has been prepared in association with M/s BHP Billiton for setting up of Ferro Alloy Plant in South Africa considering various options of locations and logistics and infrastructure facilities. The report is under study.

PERFORMANCE HIGHLIGHTS:

I am pleased to share with you the highlights of the performance of your Company during 2007-08, **which is the highest ever in the history:**

Your Company has achieved a production of 13.65 lakh tonnes which is up by 30.37% over the previous year **This is for the SECOND CONSECUTIVE YEAR, the production has crossed 1 million tones mark.**

The sale of manganese ore in terms of quantity during 2007-08 was 13.92 lakh tones –18.27% higher than the previous year. **This is also for SECOND CONSECUTIVE YEAR, the sale of manganese ore has crossed 1 million tones mark which is a record achievement.**

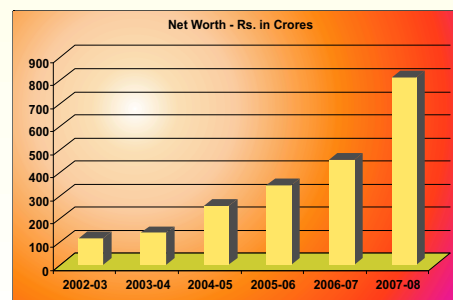
Your Company has earned total revenue of Rs.1030.04 crores which is a **whopping 128% higher over the previous year. This is an all time high record for your company as the total income has crossed Rs.1000 crore mark.**

- The net profit earned by your Company during 2007-08 was Rs.479.82 crores – up by 258% as compared to 2006-07.

I am pleased to announce that your Company will issue a 2nd bonus issue in the ratio of 1:2.5 to its stakeholders with the approval of the Government. This is a unique achievement as it is also for the **SECOND CONSECUTIVE YEAR;** your Company has

decided to give bonus shares. You may recall that in the previous year, your Company had issued bonus shares in the ratio of almost 1:1 that had increased the paid up capital from Rs.15.33 crores to Rs.28.00 crores. With the issue of above 2nd bonus shares, the equity capital will increase from Rs.28.00 crores to Rs.98.00 crores. I am also glad to state that the value added to the stakeholders will be a whopping 540% within a very short period of 3 years.

I am also pleased to announce that your Company proposes to increase its authorized capital from Rs.100 crores to Rs.200 crores in this year.



■ DIVIDEND:

As a good corporate practice, your Company believes in increasing the returns to its shareholders year after year. During the year 2007-08, your Company has earned substantial profits and your Board of Directors have recommended 345% dividend on the enhanced equity after issue of Bonus Shares i.e. on a capital of Rs.28 crores. This is **the highest ever dividend payout since inception.** I am sure, the shareholders will be pleased and appreciate the payment of such high rate of dividend.

■ CUSTOMER RELATIONSHIP:

For the first time in the Company, a Customer Care Policy was introduced a couple of year ago, which inter alia enumerates maintenance of cordial customer relations and achieve high level of customer satisfaction through dedicated service and quality assurance. Your Company is also dedicated to serve its customers in a best possible and transparent manner. In this direction, two Customer Meets have been held during the last year. According to the feed back, I am glad to announce that your Company has been able to get a high degree of customer satisfaction.

■ QUALITY:

After the introduction of **WD XRF Spectrophotometer** and doing away with paper blend system of dispatching manganese ore, your Company has been able to achieve high level of quality assurance. I am pleased to inform that two more such state-of-art machines are being installed one each at Balaghat in Madhya Pradesh and Dongri Buzurg in Maharashtra for faster analysis.



■ **CORPORATE GOVERNANCE:**

Your Company lays special emphasis in conducting its affairs within the framework of policies and guidelines in a transparent manner. It is the endeavor of our Company to build trust between shareholders, employees and customers based on the basic principle of Corporate Governance i.e. transparency, fairness, disclosure and accountability. Your Company is committed to good governance practices that create long term sustainable shareholder value. □

■ **HUMAN RESOURCE DEVELOPMENT:**

Your Company attaches great importance to human resource development, the main objectives of which is to enhance skills, knowledge and competence of employees. Our thrust has been to empower, enable and enhance the capability of employees to meet the requirement of the changing business environment. Your Company encourages its employees to think in synchronicity with the world and prove their abilities by availing opportunities in all possible manners.

Every Wednesday is a Training Day in MOIL. Every Wednesday, customized training programmes are being conducted on a variety of topics on Mining, Mechanical, Electrical, Civil Engineering, Safety, Health, HRD, etc., that enhance both personal as well as career growth of employees. These programmes are conducted by expert faculties in the respective field. These training programmes have equipped our employees with the capability of carrying out their tasks efficiently both in qualitative and quantitative terms.



■ **ENVIRONMENT:**

We not only produce Black and Brown but our Vision is Green. At MOIL, environmental and safety aspects have been integrated and have become the culture of the organization. The focus and objectives for sustainable development at MOIL is its dedication towards clean environment at the mines and its surroundings. The structured environmental monitoring, management systems and audits ensure compliance of all the environmental protection laws of the land.

The Company's Environment Policy envisages motivating our Personnel, Associates and Customers to work for Cleaner & Healthier environment. Our motto is "Nature Care First & Always" & **We not only think green but act green**".

■ **E-COMMERCE:**

In order to bring in total transparency and encourage healthy competition, your Company has been conducting e-sales and e-procurement in

association with Metal Scrap Trading Corporation Ltd., a PSU under the Ministry of Steel. Your Company has been doing the disposal of scrap through MSTC by e-auction and now has started e-sales of Ferro Manganese and Ferro Manganese Slag. During April - March 2008, the Company has successfully done **12 Events of e-sales** in which 11283 tonnes of ferro manganese 12500 tonnes of ferro manganese slag, 58900 tonnes of manganese ore, 49700 tonnes of dioxide ore and 50 tonnes of Electrolytic Manganese Dioxide was sold at a total value of **Rs.307.05 crores. The volume of e-sales constitutes 30% of the total sales turnover of the company during 2007 – 2008**

The e-sales has been continued during 2008-09 as well and so far 4 events have been conducted that has fetched a revenue of Rs.74.41crores.

■ **MEMORANDUM OF UNDERSTANDING:**

You are aware that MOIL is one of the few PSEs in the country which has been signing Memorandum of Understanding with the Government continuously for the last 18 years. Your Company has been getting **Excellent** ratings continuously for the last 12 years including the current year. For the year under review your Company's performance has been rated as **Excellent**.

It gives me great pleasure to inform you that for the year 2006-07, your Company has been selected for PRIME MINISTER'S MOU EXCELLENCE AWARD for the Minerals & Metals Sector. This award will be presented by the Hon'ble Prime Minister. Your Company has indeed outperformed giant companies like SAIL, NMDC, etc.

■ **RESEARCH & DEVELOPMENT:**

Your Company continues to pursue R&D activities towards development of innovative mining methods and applications to bring about improvement in operating efficiencies and reduction in cost. Your Company is in the processing of new blasting techniques, underground support systems, mechanization of ore handling, etc., to improve overall efficiency.

■ **EMERGING TECHNOLOGIES:**

Being the leader in the manganese industry in India, your Company has taken up a number of initiatives to have an edge on technological skill over others. Your Company has implemented several innovative ideas in the areas of mining and mineral processing. Besides this, your Company is looking out for acquiring technical know-how for production of manganese ore based chemicals. Another important task in area for technology upgradation i.e. sintering of manganese ore has been taken up during the year. Your Company is planning to set up a plant for sintering manganese ore fines at Balaghat Mine. The feasibility studies have been conducted and further action is being undertaken.



■ CORPORATE SOCIAL RESPONSIBILITY:

Recognizing the obligation to the society both in the area of environmental protection and social development, your Company has taken up several initiatives towards implementing welfare schemes for uplifting the quality of living of the community surrounding the mines. Your Company has gradually scaled up CSR activities by allocating funds as per Government guidelines.



Your Company has carried out the following CSR activities on a continuous basis:

- Construction of Schools
- Imparting technical education through Polytechnic
- Providing school fees, uniforms, text books and stationery to school children from rural areas.
- Construction of approach roads connecting the remote villages to main roads
- Conducting medical camps and providing medicines, ambulance facilities, periodic visits by Company's doctors to the villagers.
- Providing drinking water to the villages
- Construction of Bus stop shelters near the remote villages
- Construction of Mokshadhams and other related facilities in the villages surrounding the mines.

Besides the above, in accordance with the guidelines received from the Ministry, Your Company has recently adopted **FIVE** remote villages – **TWO** near Dongri Buzurg Mine and **ONE** near Munsar in Maharashtra and **TWO** near Balaghat Mine in Madhya Pradesh and carrying out lot of developmental work such as providing Solar Streetlights, drinking water facilities, medical facilities, improving the conditions of the roads, school buildings, etc.



I am pleased to inform you that during the year under report, your Company has taken a special project of sponsoring cataract surgeries

including lens implantation under the programme entitled 'LIGHT TO LIVES'. Under the Programme 500 cataract surgeries had been done for the rural poor hailing from remote villages numbering 42 located in Nagpur, Bhandara and Chindwara districts at a total cost of Rs. 10 lakhs. During the current year also your Company has decided to continue to its endeavour to provide quality eye care to rural poor people and has sponsored another 500 cataract surgeries under the novel programme of 'RIGHT TO SIGHT'. The beneficiaries will be the needy villagers from Wardha, Yavatmal and the rural areas of Nagpur districts.



In yet another step to serve the poor and needy, your Company had organized a large scale **2-Day Medical Diagnostic camp** in Nagpur which was inaugurated by the Hon'ble Minister for Chemicals, Fertilizers and Steel, Govt. of India, Shri Ram Vilas Paswan. The Camp covered the entire Vidarbha Region covering all the 11 districts. The highlight of the camp was distribution of more than 400 tricycles, calipers, crutches, etc. The Company also donated 2 Nos. state-of-art, **Cardiac-cum-Trauma Care Ambulances**, fitted with ECG, Defibrulator, Multipara Meter, oxygen cylinder, Sugar Check meter and several other medical instruments for taking emergency medical care.

In order to provide adequate drinking water in addition to what is being provided, Your Company has commissioned a large water supply scheme in Balaghat by drawing water from river Wainganga and laying pipeline of about 11 Kms. This scheme inter alia envisages providing clean drinking water of about 200000 liters per day to the villages located around Balaghat such as Bharweli, Awlajhari, Tawejhari, Hirapur, etc.

■ ACHIEVEMENTS:

❖ In order to bring transparency in the tendering process and with a view to provide tool to fight corruption in contract system and also on the directions received from the CVC and the Ministry of Steel, MOIL has implemented **Integrity Pact** w.e.f. 1.4.2007 in respect of tenders with a value of more than Rs.15 crores. Consequent to the above, the Company has signed the **first ever** Integrity Pact with M/s Enercon (India) Ltd., Pune (contractor) on 17.9.2007. M/s Enercon (India) Limited is the contractor for engineering, procurement and commissioning of the Wind Energy Farm in the State of Madhya Pradesh.

❖ **Installation of 500,000 tones per annum (ROM basis) Integrated Mineral Beneficiation Plant at Balaghat Mine** - In order to profitably utilize the fines generated during the course of mining and also with a view to add value to the same, it was proposed to install a 500,000 tonnes/annum



Integrated Manganese Beneficiation Plant at Balaghat Mine. The Plant was successfully commissioned in September 2007. The plant comprises fully computerised bottom air pulsated modern jigs procured from M/s Bateman International Projects of South Africa. The Capital cost of the Plant is Rs.21.00 crores. The Plant is the first of its kind in India for manganese ore beneficiation. The Plant will upgrade the low / medium grade fines into high grade thereby adding value and fetching higher returns.



❖ **Acquisition of Land at Bobbli, near Visakhapatnam from Andhra Pradesh Industrial**

Infrastructure Corporation (APIIC) for future Business Development - land is also suitable for setting up of a ferro alloy project and blending purposes in future as site is near to the Port which will help to import of major input material such as manganese ore, coke and also export of the finished product. **The land admeasuring 100 acres has been purchased at GROWTH CENTRE at Bobbli, near Vizag (AP).**

❖ **Construction of MOIL Bhavan** - The Corporate office of MOIL was spread out in 3 locations at Nagpur due to shortage of space in one single building. Steps were taken to construct the corporate headquarters in the vacant space owned by the Company. MOIL Bhavan is an ultra-modern energy efficient building. Located on a sprawling 4 acre plot, the building is aesthetically landscaped with greenery and water bodies. The building has over 75,000 sq. ft. of office space and incorporates all energy conserving methodologies along with rainwater harvesting. The construction work of the building was done in a record time of 11 months. The building is surrounded by lush green landscape of about 3800 Sq.Mtrs. and the sapling and hedges planted therein number about 35,000. Consequent to the construction of MOIL Bhavan, the Registered Office your Company has been shifted to this new premises.

❖ **Wind Energy Generation** - The Company has taken up installation of another wind farm of **15.2 MW** in the same area consisting of 19 WTGs of 800 KW each. **This wind farm has also been commissioned and connected to the State Grid. Thus the total wind energy capacity with MOIL would be 20MW.** In addition to getting depreciation and tax benefits, the Company would be earning carbon credits under Clean Development Mechanism (CDM). The total electricity produced from these two wind farms so far has been **3 crore Units since inception.**

■ **NEW INITIATIVES:**

■ **A Joint Venture Agreement** has been signed between MOIL and SAIL for setting up of a 100,000 tpa ferro alloys i.e. ferro manganese and silico manganese through three furnaces to be set up in Bhilai. The total capital outlay for the proposed JV is around Rs.365 crores. The new JV Company is being incorporated with a debt-equity ratio of 1:1 and 50:50 shareholdings by MOIL and SAIL. MECON has prepared the feasibility report and the project will be commissioned by end of 2009/early 2010.



■ **Joint Concept Study between MOIL & M/S BHP Billiton For Ferro Alloy Project In South Africa** - a MoU was signed between MOIL and M/s BHP Billiton for undertaking a joint concept study for setting up of ferro alloy project in South Africa. The study report has been received and the same is being examined and after obtaining the approval of the Board, further course of action will be decided.

■ **Carbon Credit** - MOIL has applied for Carbon Credit in respect of its 4.8 MW wind farm at Nagda Hills, near Dewas in Madhya Pradesh. Ministry of Environment & Forests, Govt. of India is the Nodal Agency for Host Government approval (HGA) has sent its approval as CDM Project. Project Design Document (PDD) has been validated and request for registration of CDM Project is uploaded in UNFCCC Website (United Nations Framework Convention on Climate Change) for registration. After registration, generation from the Project will be eligible for CER (Carbon Emission Rating) WHICH IS TRADABLE IN THE MARKET UNDER CDM PROJECT. The expected annual return shall be Rs.84.15 lakhs (considering the rate of 15 Euros per CER and expected CER shall be 8500). With the commissioning of 15.2 MW, the expected total annual CER earnings of both the wind farms will be to the tune of Rs.336 lakhs.

■ **AWARDS & LAURELS:**

During the year under review, your Company was recognized by various organizations for its excellent performance. Some of the major awards received are:



- National Energy Conservation Award – 1st Prize in the Mining Sector for Chikla Mine awarded by the President of India.
- National Energy Conservation Award – Certificate of Merit for EMD Plant.
- Overall 1st Prize in the Metal Mining Category at the All India Mine Rescue Competition.



- Your Company has bagged three awards in the National Safety Awards as detailed below:
- Winner's Trophy for Lowest Injury Frequency by Dongri Buzurg Mine.
- Runners-up Trophy for Longest Accident Free Period by Munsar Mine.
- Runners-up Trophy for Longest Accident Free Period by Kandri Mine.

Nagpur
29th July 2008

- **INDIRA GANDHI RAJ BHASHA SHIELD.** The Company is getting this award after a gap of 11 years. The award was presented by the Hon'ble Minister for Chemicals, Fertilizers and Steel, Govt. of India, Shri Ram Vilas Paswan.
- **Indira Gandhi Memorial National Best Chief Executive Gold Award.**

■ ACKNOWLEDGEMENT:

The achievements and laurels earned by your Company could be possible with the active support and co-operation extended by every member of MOIL family. I express my sincere thanks and gratitude to all my colleagues on the Board for their valuable advice and guidance in managing the affairs of the Company. I acknowledge the hard work and dedicated efforts put in by the employees at all levels that have taken your Company to greater heights. I am thankful for the wholehearted support received from the Ministry of Steel, other Ministries, Departments of the Government of India, Government of Maharashtra, Government of Madhya Pradesh, other State Governments, Company's Bankers and our valued customers.

We on our part would continue our efforts to take your Company into the future by meeting the challenges, grabbing the opportunities in our journey in the path towards profitability. We look forward to your continued support in this on going process.

Sd/-
Kishan Lal Mehrotra
Chairman-cum-Managing Director



Shri K. L. Mehrotra, CMD, along with Directors presenting dividend cheque to Shri Vilasraoji Deshmukh, Chief Minister of Maharashtra



Shri K. L. Mehrotra, CMD, receiving the "Business Excellence Award" from Shri Anil Deshmukh, Hon'ble Minister for Public Works(Public Undertakings) Govt. of Maharashtra



Shri K. L. Mehrotra, CMD receiving the President's Gold Trophy - 1st Prize in National Energy Conservation Award for Mining Sector for the year 2006 for Balaghat & 2007 for Chikla mine





DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders

On behalf of the Board of Directors, I have pleasure in presenting the 46th Annual Accounts and the Directors' Report on the business and operation of the Company for this financial year ended 31st March 2008 along with the Audited Statement of Accounts.

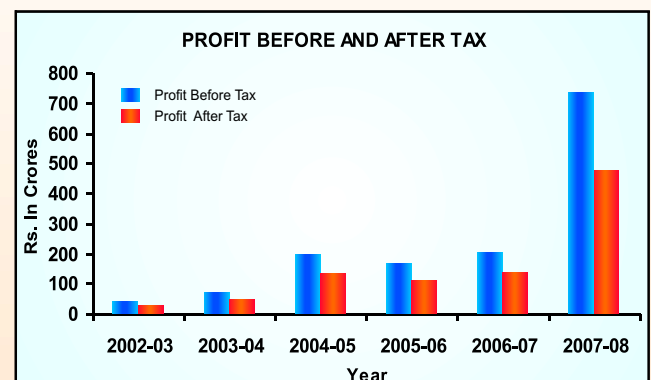
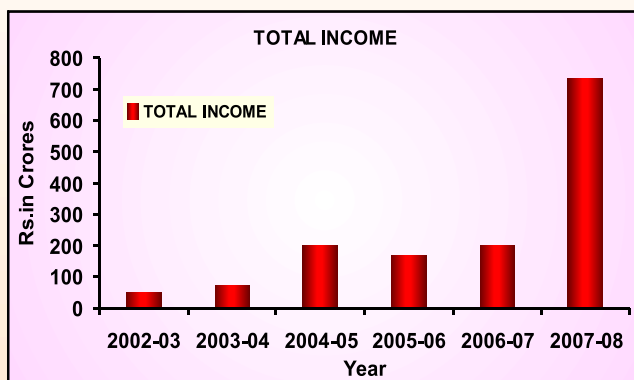
Financial Results :

The financial results of 2007-08 and of the previous year are highlighted below :

	Rs. In Lakhs	
	2007-08	2006-07
Sales Turnover	97335.83	41762.99
Other Income	5668.47	3419.26
Total Income	103004.30	45182.25
Profit Before tax for the year	73490.79	20114.58
Less : Income Tax provision	24088.76	6008.63
Provision for Fringe Benefit Tax	23.53	26.78
Add/Less : Deferred tax (Assets/ Liability)	1396.73	658.42
Profit after tax for the year	47981.77	13420.75
Add : Balance carried forward from previous year	59.38	147.96
Total	48041.15	13568.71
Less : Proposed final dividend on Equity Share @215%(20%)	6020.00	560.00
Tax on dividend	1023.10	95.17
Interim Dividend @ 130%(80%)	3640.00	2240.00
Tax on Interim Dividend	618.62	314.16
General Reserve	36700.00	10300.00
Total	48001.72	13509.33
Profit Carried over	39.43	59.38

DIVIDEND :

Your Directors, after taking into account the financial results of the Company during the year, have recommended a dividend of 345% (including 130% interim dividend) as against 100% dividend paid for the year 2006-2007.





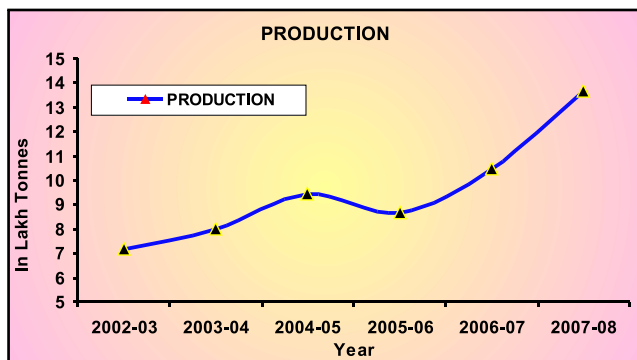
OTHER INCOME:

Due to prudent cash planning and deployment of surplus funds in fixed deposits with various nationalized banks, as per the Government guidelines, the Company earned an interest income of Rs. 4343.92 lakhs (Rs. 2199.73 lakhs).

OPERATING RESULTS:

Production and Productivity:

The Company has achieved a record production of 13.65 lakh tonnes of various grades of manganese ore (10.47 lakh tonnes during the previous year) during the year under report as against the target of 950 lakh tones reflecting an achievement of 143.68%. The production of Electrolytic Manganese Dioxide (EMD) was 1122 tonnes (previous year 1312 tonnes) as against the target of 1300 tonnes resulting in an achievement of 86%. The shortfall in production of EMD was due to shut down of the



EMD plant for two months i.e. April and May 2007 for annual maintenance. The production shortfall could not be made up due to shut down. The production of ferro Manganese was 11130 tonnes (previous year 10200 tonnes) as against a target of 10000 tonnes reflecting an achievement of 111%. The Company has achieved a productivity (Output Per Manshift) of 0.877 tonnes (previous year 0.664 tonnes) as against a target of 0.440 tonnes.

Conservation of Energy:

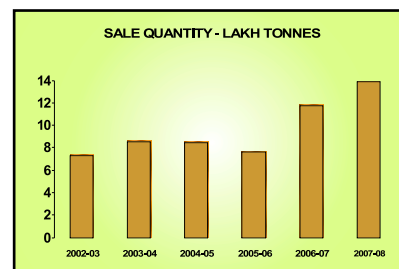
In Consistent with the national police of energy conservation and also to contain the cost of production, the Company has embarked upon an economy drive in this field. Various steps including energy audit have been taken up towards energy conservation. Necessary steps have also been taken in line with the observation made in the energy audit and benefited by way of getting bonus from the Electricity Boards.

The Company has been awarded 1st Prize in National Energy Conservation Award - 2007 in the Mining Sector for his Chikla Mine for the second consecutive year. The Company has also been awarded Certificate of Merit - 2007 for Energy Conservation for its EMD Plant in the Chemical Sector.

For the first time in the history, your Company has awarded first prize for energy conservation at Maharashtra State Level. The award was instituted by Maharashtra Energy Development Agency (MEDA). The awards were given to our Chikla Mine and EMD Plant.

Sales:

During the year 2007-2008, a quantity of 13.92 lakh tones of manganese ore has been sold as against the target of 9.35 lakh tones resulting in an achievement of 149%. The sale of Electrolytic Manganese Dioxide (EMD) was 1592 tonnes



as against the target of 1400 tonnes resulting in an achievement of 114%. **The sale of EMD during the year under report is THE HIGHEST EVER SINCE INCEPTION OF THE PLANT.** The sale of Ferro Manganese has been 10277 tonnes against the target of 9000 tonnes reflecting an achievement of 114%.

In terms of value, the sales turnover during the year 2007-08 was Rs. 97335.83 lakhs (including EMD and Ferro Manganese turnover of Rs. 745.50 lakhs and Rs 6039.63) lakhs respectively) as against the target of Rs. 32000.00 lakhs (including EMD) and Ferro Manganese turnover target of Rs. 765.38 lakhs and Rs. 2643.12 lakh respectively). **The sales turnover is THE HIGHEST EVER SINCE INCEPTION OF THE COMPANY.** The sale turnover during the previous year 2007-2008 was Rs. 41762.99 lakhs (including EMD and ferro Manganese turnover of Rs. 310.00) lakhs and Rs. 3669.70 lakhs respectively).

Foreign Exchange earnings and Outgo:

Your company has not made any export of Manganese ore during the Financial Year 2007-08. During the year under review, the expenditure in foreign currency for traveling was Rs. 4.55 lakhs as against Rs. 10.25 lakhs in the previous year.

Closing Stock:

The Company has a closing stock of 0.56 lakh tones of manganese ore valued at Rs. 999.40 lakhs as on 31.3.2008 as compared to 1.14 lakh tones of manganese valued at Rs 1922.91 lakhs as on 31.3.2007. The closing stock of EMD was 582 tonnes including working in process of 31.33 tones valued at Rs. 296.65 lakhs as on 31.3.2008 as compared to 1080 tonnes including work in process of 27.90 tonnes valued at Rs. 475.35 lakhs as on 31.3.2007. The closing stock of Ferro manganese was 1673 tonnes valued at Rs. 438.57 lakhs as on 31.3.2008 as against 820 tonnes valued at Rs. 214.46 lakhs as on 31.3.2007.

Share Capital:

The authorized capital of the company has been increased to Rs. 100



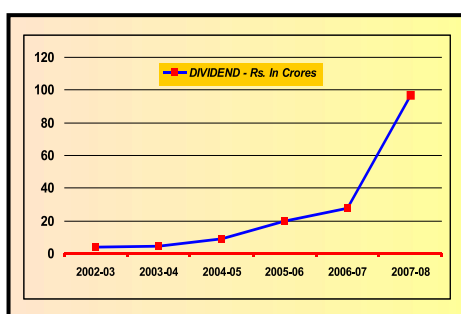


crores from Rs. 30 crores during the year. The paid up capital of the Company has been Rs. 28 crores as on 31.3.2008 representing the holding by Central Government 81.57% Govt. of Maharashtra 9.62 % and Govt. of Madhya Pradesh 8.81% respectively.

CAPITAL/VALUE ADDITION PROJECTS:

1. Electrolytic Manganese Dioxide Plant:

Initially, 600 TPA capacity Electrolytic Manganese Dioxide (EMD) plant was set up as part of diversification plan which is working satisfactorily. The quality of the product is of international standard. The capacity of the plant has been expanded twice by 200 TPA each considering the good demand in the domestic market. Thus the capacity of the plant was increased to 1000 TPA. The production during 2007-08 has been 1122 tonnes (previous year 1312 tonnes) as against the target of 1300 tonnes. The shortfall in production of EMD was due to shut down of the EMD Plant for two months i.e. April and May 2007 for annual maintenance. The production shortfall could not be made up due to shut down.



2. Ferro Manganese Plant:

The production from ferro Manganese Plant was 11130 tonnes during 2007-08 as against the target of 10000 tonnes reflecting an achievement of 111%. The quality of ferro manganese produced by your Company is one of the best in the country conforming to international standards and firmly established in the market. The entire quantity of ferro manganese and ferro manganese slag is sold through E-Sales.

3. Mining Projects:

i) Sinking of Vertical Shaft at Gumgaon Mine:

The ore body of Gumgaon is containing high grade manganese ore with vast reserves. In order to exploit this ore safely and systematically, a Vertical Shaft is being sunk at this mine at an estimated cost of Rs. 16.71 crores including ore handling system. The project will improve the production capacity by 3 times than the existing production level and will improve the productivity and safety. Till date, a sinking of 75 Mtrs. has been achieved against the total sinking of 190 Mtrs. The work of sinking and allied works such as installation of head gear, lining, equipping, etc., are progressing satisfactorily. The project is expected to be completed by December 2009.

ii) Deepening of Vertical Shaft at Balaghat Mine:

In order to sustain the existing level of production and also to augment the same in the coming years to meet the increased demand, the Company has taken up the work of deepening of Vertical Shaft at Balaghat Mine beyond 10th level upto 15th level. The total work comprises of 157 Mtrs. of sinking, lining and equipping etc. The total value of the project is

Rs.6.51 crores and the expected date of completion is December 2009. So far 53 Mtrs. of sinking has been completed and the work is progressing as per schedule.

iii) Deepening of Vertical Shaft at Beldongri Mine:

Consequent to exhaustion of reserves at the existing levels, the Company has taken up deepening of vertical shaft at Beldongri Mine to deeper horizons in order to sustain the production as well as increase the same in the coming years. The work comprises of deepening of the shaft by 45 Mtrs. and so far 8 Mtrs. of sinking has been done. The work is progressing satisfactorily and expected to be completed by March 2009. The total cost of the project is Rs.2.97 crores.

In addition to the above, the Company is also contemplating to take up sinking of new vertical shafts at Munsar and Ukwa Mines. The Feasibility Report in respect of these projects is under preparation and will be available by August 2008. Thereafter further necessary action will be taken in this regard.

4. Integrated Manganese Beneficiation Plant at Balaghat Mine:

In order to profitably utilize the low / medium grade ore and also from the points of view of mineral conservation and value addition, the Company had earlier initiated the installation of an integrated Manganese Beneficiation Plant of 500,000 TPA capacity at Balaghat Mine at a capital cost of Rs.2 1.47 crores. The plant facilities include crushing, wet screening, classification and jigging operations. The jigging operation shall be done by electronically controlled bottom air pulsated modern jigs provided by M/s Bateman International Projects, South Africa. This plant is **first of its kind in India for Manganese Ore Beneficiation**. The Plant will upgrade the low / medium grade fines into high grade thereby adding value and fetching higher returns.



The approximate value addition in terms of value would be around 3-4 times in case of low grade fines.

5. Water Supply Scheme at Balaghat Mine:

While initiating the work of 1MB Plant at Balaghat for which huge quantity of water is required, the Company had taken simultaneous action to make available the required quantity of water for industrial use and also augment the supply of drinking water at Balaghat Mine. The Water Supply Scheme at Balaghat mine envisages a total 5.0 million litres per day of water supply comprising 4.0 million litres per day for industrial use and 1.0 million litres per day for drinking purpose. It has also been proposed



to provide 2.0 lakh litres of drinking water per day to nearby villages of Bharweli, Awlazari, Bhagoli, Manjhara, Hirapur, etc., as part of Corporate Social Responsibility. The water is sourced from River Wainganga by laying a pipe line of more than 10.0 Kms. The Project cost is Rs.11.92 Crores. **The project has been successfully commissioned during the year.**



6. Wind Energy Generation:

During 2005-06, for the first time in the history of MOIL, the Company had 'commissioned a 4.8 MW wind farm at Nagda Hills, near Dewas in Madhya Pradesh. The wind farm has so far generated more than 17 million units which are **much higher than the guaranteed generation capacity.** MOIL is the first PSU in the country to install wind farm for captive power requirement and promote non-conventional energy resources. This wind farm had generated **99.26 lakh units of electricity during the year 2007-08.**

The Company has taken up installation of another wind farm of 15.2 MW in the same area consisting of 19 WTGs of 800 KW each. **This wind farm has also been commissioned and connected to the State Grid.**

Thus the total wind energy capacity with MOIL would be 20MW. In addition to getting depreciation and tax benefits, the Company would be earning carbon credits under **Clean Development Mechanism (CDM).** The total electricity produced from these two wind farm so far has been **69.03 .lakh Units during April-May 2008.**

7. Construction of MOIL Bhavan — New Administrative Building Complex for Corporate Headquarters at Nagpur.

The Corporate office of MOIL was spread out in 3 locations at Nagpur due to shortage of space in one single building. Steps were taken to construct the corporate headquarters in



the vacant space owned by the Company. This work has been entrusted to M/s Hindustan Steel Works Construction Limited (HSCL) a PSU under the Ministry of Steel at a cost of Rs.7.85 crores. The total plinth area of the building is 2200 Sq.Mtr. and the built up area is 7000 Sq.Mtr. The building is located on a plot admeasuring 1.62 Ha. (4.00 acres)

MOIL Bhavan is an ultra-modern energy efficient building. Located on a sprawling 4 acre plot, the building is aesthetically landscaped with greenery and water bodies. The building has over 75,000 sq. ft. of office space and incorporates all energy conserving methodologies along with rainwater harvesting. The construction work of the building was done in a record time of 11 months. The building is surrounded by lush green landscape of about 3800 Sq.Mtrs. and the sapling and hedges planted therein number about 35,000. Consequent to the construction of MOIL Bhavan, the Registered Office your Company has been shifted to this new premises.

8. Construction of A, B, C & D type quarters :

As a part of social welfare and to improve the quality of living standard of employees at the mines, **Construction of 1080 Nos. of A,B,C & D type quarters in Phase I** with modern amenities has been taken up at various mines. The



work has been entrusted to M/s Hindustan Steel Works Construction Limited (HSCL) a PSU under the Ministry of Steel at a cost of Rs.16.21 crores. The work has been completed and the new quarters have been handed over to the employees.

9. Joint Concept Study between MOIL & M/S BHP Billiton For Ferro Alloy Project In South Africa:

A MoU was signed between MOIL and M/s BHP Billiton for undertaking a joint concept study for setting up of ferro alloy project in South Africa. Working Groups were formed and option studies with regard to 5 sites have done. After the study, the site option has been narrowed to two sites viz. COEGA, near Port Elizabeth and Hotzel near BHP's Mine pithead. The study report has been received and the same is being examined and after obtaining the approval of the Board, further course of action will be decided.

10. Acquisition of Land at Bobbli, near Visakhapatanam from Andhra Pradesh Industrial Infrastructure Corporation (APIIC) for future Business Development:

The Company has already entered into an MoU with M/s BHP Billiton for import of high grade low phosphorus manganese ore which will be blended with low / medium grades of manganese ore of MOIL to prepare an ideal blend for production of ferro alloys in India. This is required to meet the ever increasing demand for manganese ore commensurate with the increase in steel production in the country. The Company has been exploring the possibility of acquiring land near Vizag Port to facilitate import / export of manganese and ferro alloys. In this connection, the Company had earlier approached APIIC for allotment of suitable land near Vizag Port. APIIC has offered about 100 acres of land in the industrial estate situated at Bobbli which is about 90 Kms. from Vizag Port. The site is well connect with rail and road and also has all infrastructure facilities



such as power, water, road etc. The site is also located between Vizag and Raipur and nearer to major users of manganese ore. The land is suitable for stockyard and blending facilities for manganese ore. In view of the availability of infrastructure such as power at subsidized rates, the proposed land is also suitable for setting up of a ferro alloy project in future as site is near to the Port which will help to import of major input material such as manganese ore, coke and also export of the finished product. **The land admeasuring 100 acres has been acquired at GROWTH CENTRE at Bobbli, near Vizag (AP) and the agreement to sale has been executed on 19.3.2008.**

11. Joint Venture Between MOIL & SAIL for Production of Ferro Alloys:



MOIL has signed a Memorandum of Understanding (MOU) with Steel Authority of India Limited (SAIL) on 26.6.2007 to form a joint venture company to produce ferro alloys. The

Board of Directors of MOIL and SAIL has already approved the proposal for setting up the JV. The proposed JV will produce 100,000 tpa ferro alloys i.e. ferro manganese and silico manganese through three furnaces to be set up in Bhilai. The total capital outlay for the proposed JV is around Rs.365 crores. The Company will be incorporated with a debt-equity ratio of 1:1 and 50:50 shareholdings by MOIL and SAIL. **A Joint Venture Agreement** has been signed between MOIL and SAIL on 11.2.2008. MECON is prepared the feasibility report and the project will be commissioned by end of 2009/early 2010

RESEARCH & DEVELOPMENT:

Initiatives taken under R&D are listed below:

- Development of better and improved mining methods.
- Development of new support systems in the underground working and improvement in the existing support methods and practices.
- Development of beneficiation methods and cost effective technologies for upgradation of Ores.
- Development of Manganese based chemicals.
- Exploration of new deposits, feasibility studies for enhancement upgradation of Ore reserves.
- Technology up gradation in specific operations for enhancement



of productivity, improvement in safety, reduction in costs and optimisation of manpower used.

- Automization of analytical works through introduction of **XRF analyzer for analysis of ore**. For the first time in MOIL, the machine has been imported from M/s Phillips, Netherlands and by introduction of this machine, very fast analysis of all elements in Manganese ore, Ferro Manganese and EMD would be done and it would, besides, meeting customers' expectations, bills for supplies would be raised early as per analysis and reduce sundry debtors.

The particulars in Form 'B' with respect to technology absorption as required by the Companies (Amendment) Act 1988, forming part of this report are annexed to this report.

MINING LEASES / PROSPECTING LICENCES:

During the year under review, the Central Government has recommended to the State Govt. of Maharashtra for grant of the following new Mining Leases:

- Parsoda area 53.75 Ha. For Mining Lease.
- Balapur Hamesha area 4.07 Ha. For Mining lease.
- A legal case was pending for a long time in the High Court of Madhya Pradesh at Jabalpur in respect of an area of 125.16 Ha. at Awlajhari and Bharweli in Balaghat district of Madhya Pradesh which has been decided in favour of the Company. The grant of mining lease is awaited.



TRAINING PROGRAMMES - EVERY WEDNESDAY IS A TRAINING DAY IN MOIL:

During the year under review, a total number of 337 training programmes were conducted as against 249 in the previous year. In addition, 266 Vocational Training Programmes were conducted for workers at the Vocational Training Centres at the mines. A total number of 1235 executives, 2510 non-executives, 281 6workers and 1510 vocational trainees were imparted training in different topics. Thus during the year 2007-08, 74263 mandays of training were completed as compared to 50170 mandays in the previous year.

LABOUR WELFARE SCHEMES, RECREATION & MEDICAL FACILITIES:

Your Company has implemented various Welfare Schemes for its employees and the salient features are as under:

- Majority of the employees have been provided with free living accommodation at the mines. Taking into consideration the improved living standards and aspiration of employees, your Company had constructed new and modern living quarters at various mines and the same were allotted to the employees. House Rent Allowance is also being paid to the employees who have their



own accommodation.

- The Company is also providing adequate drinking water to the employees residing in the colonies at the mines by conventional wells, bore wells, pipelines supply, etc., and periodical chlorination of wells and tanks are being made. The colonies and the streets are well illuminated and the employees have been provided electricity at their residences on concessional rates.
- The Company has set up hospitals at the mines manned by qualified medicos support by para-medical staff. The arrangement of OPD as well as indoor ward separately for male and female are provided. Ambulances are provided to all the hospitals for attending to emergencies. The patients are also being referred for medical treatments to specialized hospitals as per the requirement.
- Your Company has assisted in running primary schools at some of the mines where free education is imparted to the employees' children. School buses are also provided at all the mines enabling the children of employees to attend to nearby high schools and colleges.
- The Company has a scheme for reimbursement of tuition fees. The Company has also introduced scholarship scheme for meritorious wards of employees. Reimbursement of tuition fees to the children of the workers are provided for taking education in engineering, etc.
- Your Company has provided infrastructure at all the mines for sports and recreational activities by providing musical instruments, TV and other material for organizing cultural and sports events

WELFARE MEASURES TAKEN FOR SC/ST:

Your Company is a labour intensive organization with 6801 employees on its rolls as on 1.3.2008. About 78% of the total strength belongs to SC/ST/OBC out of which 43% belongs to SC/ST. Your Company is also taking keen interest in development of the down trodden people living in the vicinity of the mines situated in remote areas as detailed below :

- Adopted villages near the mines and provided drinking water facilities, road maintenance, periodical medical check ups and treatment to the people living in these villages.
- Provided financial aid, stationary, books, etc., to the school adjacent to the mining areas. Provided sewing machines to women for their development and self-employment.
- Provided Tri-cycles to the physically challenged persons to be independent
- Other welfare measures for the development and upliftment of Tribal women such as conducting sewing classes, adult literacy classes, AIDS Awareness programmes, propagating such other programmes by display of posters, notices and banners, etc.
- Providing training to the physically challenged persons under Apprenticeship Act.

Personnel:

The manpower as on 1.3.2008 of your Company is given below :

Category	Executives	Non-Executives	PR Workers	Total
Male	258	2296	3359	5913
Female	12	207	669	888
Total	270	2503	4028	6801

The category-wise details of employees strength as on 1.3.2008 are as under :

Group	Scheduled Caste	Scheduled Tribe	O.B.C.	Others	Total
A	26	6	39	137	208
B	27	9	36	108	180
C	309	219	335	618	1481
D	942	1503	1800	687	4932
Total	1304	1737	2210	1550	6801
% to total	19.17	25.54	32.50	22.79	100.00

CORPORATE SOCIAL RESPONSIBILITY:

Your Company is well aware of its obligations to the society both in the area of environmental protection and social development, the Company has taken up several initiatives towards implementing welfare schemes for uplifting the quality of living of the community surrounding the mines. MOIL has gradually scaled up CSR activities by allocating funds as per Government guidelines. The initiatives taken by your Company under its Corporate Social Responsibility are listed below :



- The Company has earmarked 3% of the net profit towards CSR expenditure for the year 2007-08 which comes to Rs. 3.00 crores.
- As directed by the Ministry, the company has gone beyond the limited sphere of covering the peripheral areas and extended the CSR work to other states like UP, Bihar etc.
- The Company has a CSR Policy in place which has been duly approved by the Board of Directors of the Company which inter alia envisages a budget provision of 5% of the retained profit towards CSR.
- The Company has formulated CSR groups both at the corporate level and also at unit levels to implement CSR programmes and constant monitoring is also being done both at





the unit level as well as at corporate levels.

The Company has adopted **5 villages as given below:**

- Kurmuda Village in Bhandara district of Maharashtra
- Edurbuchi Village in Bhandara district of Maharashtra
- Chargaon Village in Nagpur district of Maharashtra
- Manjhara village in Balaghat district of Madhya Pradesh
- Dhansua village in Balaghat district of Madhya Pradesh



The Company has taken up a lot of developmental activities such as renovation of schools, roads, construction of culverts, drains, provision of drinking water, sanitation, medical care, development of children's park, electrification of schools, street lights, **provision of 25 Nos. solar street lights**, etc. These works are under progress and will be carried out on a continuous basis.

- The Company has also provided assistance to reputed national and local organizations involved in the field of sports, arts, culture, health care, etc.
- The Company has provided 4 Nos. fully air-conditioned, **Cardiac-cum-Trauma Care Ambulance** in the State of Uttar Pradesh and Bihar equipped with latest medical gadgets for cardiac care on emergency. The value of the vehicle together with medical equipment is about **Rs.18 lakhs**. **The ambulances are fitted with medical instruments such as Difibrulator, ECG, Multi-para monitor, Sugar-check meter, syringe infusion pump, emergency medicine kit, oxygen cylinders, etc.**
- The Company has provided over 600 Tri-cycles, about 650 hearing aids, crutches, calipers, etc., to physically challenged persons not only in the areas near mines but also in other area beyond the periphery of mines.

In addition, the Company has been continuing its activities in the field of education, environment protection, **Self-Help Groups**, self-employment generation, Women Empowerment programmes, etc., on a constant basis.

The major events under CSR activities conducted during the year under review are as follows:

- **"LIGHT TO LIVES" a charitable programme of sponsoring Cataract Surgeries:**

MOIL has entered into a Memorandum of Understanding with Suraj Eye Institute, for carrying out 500 charitable cataract surgeries during the period 1 .9.2007 to 31.3.2008. The total cost of the project is Rs.10.00 lakhs. All the 500 surgeries have been done. The patients are poor people hailing from the villages of Saoner, Malegaon, Khapa, Patansawangi, etc. This programme is being conducted under the scheme "Light to Lives". In view of the grand success of the programme, MUIL is planning to further extend the programme for further periods in future.

- **2-day free Medical Diagnostic Camp and distribution of tricycles:**

In an effort to further enhance the CSR activities, MOIL has organized a 2-day free medical diagnostic camp in a big way on 21-22nd January 2008 in Nagpur. During this camp free medical check up was done by eminent specialists of Cardiology, diabetic care, eye care, dental check up, pathological tests, etc. The camp was inaugurated by **Shri Ram Vilas Paswan, Hon'ble Minister for Chemicals, Fertilizers and Steel, Government of India**. About 500 Nos. tricycles were distributed to the physically challenged persons hailing from the **entire Vidarbha region spread over 11 districts**. Besides tricycles, calipers/crutches were distributed by the Hon'ble Minister to the physically challenged people.

The **major highlight of the programme is handing over of 2 Nos. state of art, fully air conditioned Cardiac-cum-trauma care mobile hospitals** in the memory of Bharat Ratna Dr. Babasaheb Ambedkar to the Hon'ble Minister. These ambulances are equipped with latest medical instruments such as ECG, multi-para monitor, defibrillator, syringe infusion pump, pathological testing facility and other emergency kits.





INDUSTRIAL RELATIONS:

Industrial Relations in your Company continued to be cordial and peaceful during the year under report.

PROGRESSIVE USE OF HINDI:

During the year under report, your Company continued its efforts in improving and implementing the provisions of Official Language Act, 1963 and rules and orders thereunder. The Company is also publishing in house journal **SANKALP** in Hindi. A lot of encouragement is given to the employees to participate in various competitions like essay competitions, noting, drafting, poetry and articles in Hindi and suitable rewards are also given away to them. Around 92% of the routine work is being done in Hindi at the mine which has been highly appreciated. Hindi software is provided in the computers and employees are given proper training for its effective use.



Your Company has been awarded the prestigious **Indira Gandhi Raj Bhasha Award** for its commendable achievement in the use of Hindi. **It is pertinent to mention here that because of the efforts taken during the year under review, the Company was able to regain the Indira Gandhi Raj Bhasha Shield after a gap of 11 years.**

SAFETY:

Your Company lays special emphasis to ensure safety in the mines and also taking continuous efforts to reduce the accidents by constantly improving the standards of safety equipment through introduction of latest mining techniques and mechanization of mining operations. The following steps have been taken to improve the safety standards at the mines:

- Training and re-training of workers to inculcate safety consciousness.
- Regular meetings of Safety Committees in which accident analysis are made meticulously with a view to bring in reduction in the mishaps.
- A close inter-action with employees at all levels is done to prevent accidents to the maximum extent possible. During the year under review, there were 17 cases of accidents in all as against 20 in the previous year. Your Company has participated in Zonal Safety Week Competitions and bagged more than 65 prizes. The Company has been selected for National Safety Awards and won the following prizes:
 - **Winner's Trophy for Lowest Injury Frequency by Dongri Buzurg Mine.**

- **Runners-up Trophy for Longest Accident Free Period by Munsar Mine.**
- **Runners-up Trophy for Longest Accident Free Period by Kandri Mine.**

VIGILANCE:

Vigilance Department is headed by Chief Vigilance Officer appointed by Central Vigilance Commission amongst the senior executives of the Company. During the year under review, the following activities were conducted by the Vigilance Department :

- The updation of Contract / Purchase Manual was undertaken incorporating the CVC guidelines.
- Integrity Pact was implemented in respect of all the contracts valuing Rs. 15 crores and above and two External Independent Monitors were appointed after due approval from Central Vigilance Commission.
- Two intensive examinations were conducted by Chief Technical



Examiner from Central Vigilance Commission in respect of 5 MW Wind Farm in Dewas and Supplying and Commissioning of Air Pulsated Jigs at Balaghat. No adverse comments were given by CVC in this regard.

- Integrity Pact was implemented in respect of 15 MW wind energy project and the External Independent Monitor conducted detailed inspection and reviewed the progress

Leveraging technology has been used to bring maximum transparency in all the process of contracts / sale / purchase in line with the directives / guidelines issued by Central Vigilance Commission and Ministry of Steel, from time to time.

CORPORATE GOVERNANCE:

The Company has complied with various requirement of Corporate Governance. The details in this regard forms part of this report.

LEGAL AFFAIRS:

The case relating to imposition of increased land revenue by the Govt. of



Maharashtra is pending before the Mumbai High Court (Nagpur Bench), Nagpur. Similarly, the Govt. of Madhya Pradesh has imposed tax on mineral bearing land w.e.f. 30.9.2005 under M.P. Gram in Avsanrachana Tatha Sadak Vikas Adhiniyam 2005 where the tax 5% is payable on mineral bearing land. The Company has filed a writ petition in the High Court of Madhya Pradesh, Jabalpur. Your Company has filed a winding up petition against Sandur Manganese & Iron Ore Company Limited before the High Court of Karnataka, Bangalore for recovery of outstanding dues. The writ petition was dismissed since the party has been referred to BIFR. The total amount due from the party amounts to Rs. 21.15 lakhs. However, the party has expressed its desire to settle the outstanding dues once they start their operations.

A writ petition has been filed in the Mumbai High Court, Nagpur Bench, Nagpur against Nagpur Improvement Trust for compensation of Rs.83.77 lakhs towards acquisition of 761.60 Sq.Mtrs. of land belonging to MOIL for Integrated Road Development Project (IRDP). The reply to the Court's notice has not been filed by Nagpur Improvement Trust so far and the case is still pending before the Court.

ENVIRONMENTAL PROTECTION :

The Company is conscious of its responsibility towards environmental protection in and around its leasehold areas. About 52500 saplings were planted during 2007-08 at different mines of the Company. The cumulative plantation till date is about 15.52 lakhs saplings.

A drive has been initiated for plantation of Jatropha saplings in arid dry areas and waste dumps whose seeds will be utilized for production of bio-fuel on trial basis.

DIRECTORS:

Shri A. Balraj, Dr. M. Maharajan and Dr. D.D. Kaushik have been appointed as Independent Directors on the Board of your Company w.e.f. 25.06.2007. Shri Ajoy Kumar, Joint Secretary to Govt. of India, Ministry of Steel ceased to be Director w.e.f. 10.12.2007 and in his place Shri George Elias was appointed as Director on 11.12.2007 Shri George Elias also ceased to be Director w.e.f. 24.4.2008 and in his place Dr. Dalip Singh has been appointed as Director on 25.4.2008.

Shri Rakesh Agrawal, Secretary to Govt. of Madhya Pradesh, Mineral Resources Department ceased to be Director w.e.f. 2.7.07 and in his place Shri. Sewa Ram, Principle Secretary to Govt. of Madhya Pradesh, Mineral Resources Department has been appointed as Director on 3.7.2007.

Shri V.K. Jairath, Principle Secretary to Govt. of Maharashtra, Industry, Energy & Labour Department ceased to be Director w.e.f. 5.5.2008 and in his place Shri A.M. Khan, Principle Secretary to Govt. of Maharashtra, Industry, Energy & Labour Department has been appointed w.e.f. 6.5.2008. Shri G.P.Kundargi, has been appointed as Director (Production & Planning) w.e.f. 2.6.2008 in place of Shri C.P.N. Pathak consequent to his superannuation on 31.5.2008.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act 2000, it is hereby stated as under:

- i) In the preparations of the Annual Accounts, applicable accounting standards have been followed along with proper explanation relating to Materials Department.
- ii) The Directors have selected such accounting policies and applied them consistently and judgements estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or the loss of the Company for that period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the asset of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.

AUDITORS:

M/s Shah Baheti Chandak & Co, Chartered Accountants, Nagpur have been appointed by the Comptroller & Auditor General of India as auditors of your Company for the year under report.

GENERAL:

There are no employees within the purview of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended from time to time.

ACKNOWLEDGMENT:

Your Directors gratefully acknowledge the valuable guidance and support extended by the Govt. of India, Ministry of Steel, State Governments of Maharashtra and Madhya Pradesh, Company's Bankers and valued customers. The employees of the Company have continued to display their total commitment towards the pursuit of excellence. Your Directors take this opportunity to place on record their appreciation for the valuable contribution made by the employees and look forward to their services with zeal and dedication in the years ahead to enable the Company to scale even greater heights.

Your Directors are thankful to the shareholders for their faith and continued support in the endeavors of the Company.

On behalf of the Board of Directors

Place : New Delhi
Date : 11/06/2008

S/d
K. L. Mehrotra
Chairman-cum-Managing Director



ANNEXURE- I TO DIRECTORS REPORT TO SHAREHOLDERS

FORM - B

Disclosure of particulars with Respect to technology Absorption as required under Section 217 (1) (e) of the Companies Act, 1956 amended in 1988.

1) Research and Development (R & D)

Sr. No.	Specific areas in which R & D carried out by the Company. The following are the areas in which the company has taken R & D works.	Benefit derived as a Result of the R & D
1.	Introduction of Sub-level stoping method in soft rock & weak ground conditions.	During the year the experiment has been conducted at our Chikla Mine which has shown encouraging result with higher productivity & faster mining techniques reduced cost of production. The cost of production has been reduced up to 50%. New area of the same Mine have been selected for continuing the experimental stoping at 170'-70 level & CH 2277-CH2307 before implementation to other mines.
2.	Introduction of S.D.L. (Side Discharge Loader) for Mechanical handing of ore in stopes.	At Balaghat Mine 3 SDLs are in operation. A system of mechanized Loading is well established in this mine with increased production. Further one SDL has been introduced at Chikla Mine at - 270 ^o Level. Between CH 1650 to CH 1800. This will enable to switch over from manual to mechanized mining in phased manner in future.
3.	Automation of ventilator.	Deployment of ventilation fan operators have been saved to the tune of about 6 to 8 persons and the system is working smoothly.
4.	Study of Geo Technical characteristic of Ukwa Mine.	Scientific studies for design and development of support system for Ukwa underground mine is being conducted by CMRI. The studies include stress analysis of stoping operations and old pillars and to develop a support system applicable for Ukwa Mine underground. This will enhance the production capacity safety and productivity of this mine considerably.
5.	Up gradation of Low Grade Ore	Beneficiation plant is under installation of Balaghat Mine where in for the first time Air Pulsated jig is used for up gradation and improvement of recovery.
6	Rock mechanics instrumentation	Rock Mechanics instrumentation and monitoring of the ground vibration in underground Mines are still continued.



ANNEXURE- I TO DIRECTORS REPORT TO SHAREHOLDERS

7.	Blasting Studies	Scientific studies to develop economical and environment friendly ANFO explosive to achieve higher productivity with improved safety is being conducted by CMRI. The main features of this study consists possible replacement of HSD with environment friendly bio-fuel/LDO in ANFO explosive, and application suitable ANFO explosive type with rock mass conditions for better fragmentation and for better rock explosive energy interaction.
8.	Study of Pit slope stability	The study is still continuing specially in footwall rocks of Dongri Buzurg Mine where phyllite is posing threat to stability of benches.

Disclosure of particulars with Respect to Technology Absorption as required under Section 217 (1) (e) of the Companies Act, 1956 amended in 1988.

II		
Technology absorption adaptation and innovation		
	Efforts in brief towards technology absorption, adaptation and innovation	Benefits derived as a result of the above efforts e.g. production, improvement, cost reduction production development import substitution etc.
1.	Adaptation of modified an improved method in mining and related activities through R & D efforts.	Reduction in timber & power consumption per unit of output improved strata control in underground working and consequent improvement in safety standards in mining.

Disclosure of particulars with Respect to Technology Absorption as required under Section 217 (1) (e) of the Companies Act, 1956 amended in 1988.

1. Research and Development (R & D)					
	Future plan of Action.	Expenditure on R & D (Rs./Lakhs)			Total R & D Expenditure as % of turnover.
		Capital (A)	Recurring (B)	Total (C)	
		-	279.38	279.38	0.29

In case of imported technology during the last 5 years reckoned from the beginning of the financial year	Year of import	Has technology been fully absorbed?	If not, fully absorbed areas where this has not taken place reasons therefore and future plans of action.
(A)	(B)	(C)	(D)
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil



ANNEXURE- II TO DIRECTORS REPORT TO SHAREHOLDERS

CORPORATE GOVERNANCE IN MOIL

MOIL is committed to good governance supported by appropriate transparent system and practices to protect promote and safeguard the interest of all its stakeholders. Its activities are monitored by several external agencies like Statutory Auditors, Comptroller and Auditor, General of India, the Central Vigilance Commission and Ministry of Steel etc. It is the endeavour of our company to build trust with shareholders, employees and customers based on the basic principle of corporate Governance i.e. transparency, fairness, disclosure and accountability.

1. Board of Directors :

1.1 Composition of the Board of Directors as on 31st March, 2008.

1.	Functional Directors including CMD (whole time)	4
2.	Non-Executive Government Directors	3
3.	Non-Executive Independent Directors (Non-official)	4
	Total :	11

1.2 Board Meeting :

Five Board Meetings were held during the financial year on the following dates.

29th May, 2007, 10th August, 2007, 10th October, 2007, 20th November, 2007, and 5th March, 2008

1.3 Board Agenda and Material :

The Board believes that a carefully planned agenda note is pivotal for effective Board Meetings. The agenda notes are backed by comprehensive background information to enable the Board to take decision. Agenda notes are, generally circulated well in advance to the members of the Board. The Board members, in consultation with the chairman may bring-up any important issue for the consideration of the Board.

1.4 Particulars of the Directors including their attendance at the Board Meetings from 1st April, 2007 to 31st March, 2008

Name of the Directors	Period	No. of Board Meetings held.	No. of Board Meetings attended.
1. Functional Directors			
1. Shri K. L. Mehrotra, CMD	1/4/2007 to 31/3/2008	05	05
2. Shri M. A. V. Goutham, Dir (F)	1/4/2007 to 31/3/2008	05	05
3. Shri C. P.N. Pathak, Dir. (P & P)	1/4/2007 to 31/3/2008	05	05
4. Shri A. K. Mehra, Dir. (Comm.)	1/4/2007 to 31/3/2008	05	05



Name of the Directors	Period	No. of Board Meetings held.	No. of Board Meetings attended.
II. Government Directors			
1. Shri Ajoy Kumar	1/4/2007 to 31/3/2008	03	03
2. Shri V. K. Jairath	1/4/2007 to 31/3/2008	0	0
3. Shri Rakesh Agrawal	1/4/2007 to 31/3/2008	01	01
4. Shri Sewa Ram	1/4/2007 to 31/3/2008	04	01
5. Shri G. Elias	1/4/2007 to 31/3/2008	01	01
III. Independent Directors			
1. Shri S. K. Banerjee	1/4/2007 to 31/3/2008	05	05
2. Dr. D. D. Kaushik	1/4/2007 to 31/3/2008	04	04
3. Shri A. Balraj	1/4/2007 to 31/3/2008	04	03
4. Dr. M. Maharajan	1/4/2007 to 31/3/2008	04	03

The remuneration of the Functional Directors is fixed by the Government of India as MOIL is a Government Company in terms of section 617 of the Companies Act, 1956. The Government Nominee Directors are not eligible for sitting fees for the meeting attended by them. The Non Official independent directors are paid sitting fee as per the provision of the Companies Act, 1956 for attending each meeting of the Board / Committee (s) of the Board and reimbursed actual expenditure for attending the meeting of Board/Board Committees.

Constitution of Committees of Board of Directors :

The Company has granted the status of "Miniratna" Category-I by the Govt. of India. The restructuring of the Board of Directors, which is precondition for exercising enhanced financial and operational autonomy, was done by appointing initially four part time non official directors by the Central Government on the Board. Moreover, the Board constituted Committees for Audit and Monitoring the performance of the company in line with the direction issued by Department of Public Enterprises.

1. Audit Committee of Board.

The Audit Committee of the MOIL comprises of three members out of which two are non executive directors and one is executive director.

The Terms of reference of the committee are spelt out in Section 292 A of the Companies Act, 1956 and as applicable under the Model Listing Agreement notified by SEBI.

During the year 2007-08, Shri S. K. Banerjee, Chairman of the Committee, Dr. D. D. Kaushik and Shri C. P.N. Pathak, members of the committee.



At present, there is no full time qualified Company Secretary. However, the Company Secretary (I/C) & OSD to CMD is acting as the Secretary to the Committee.

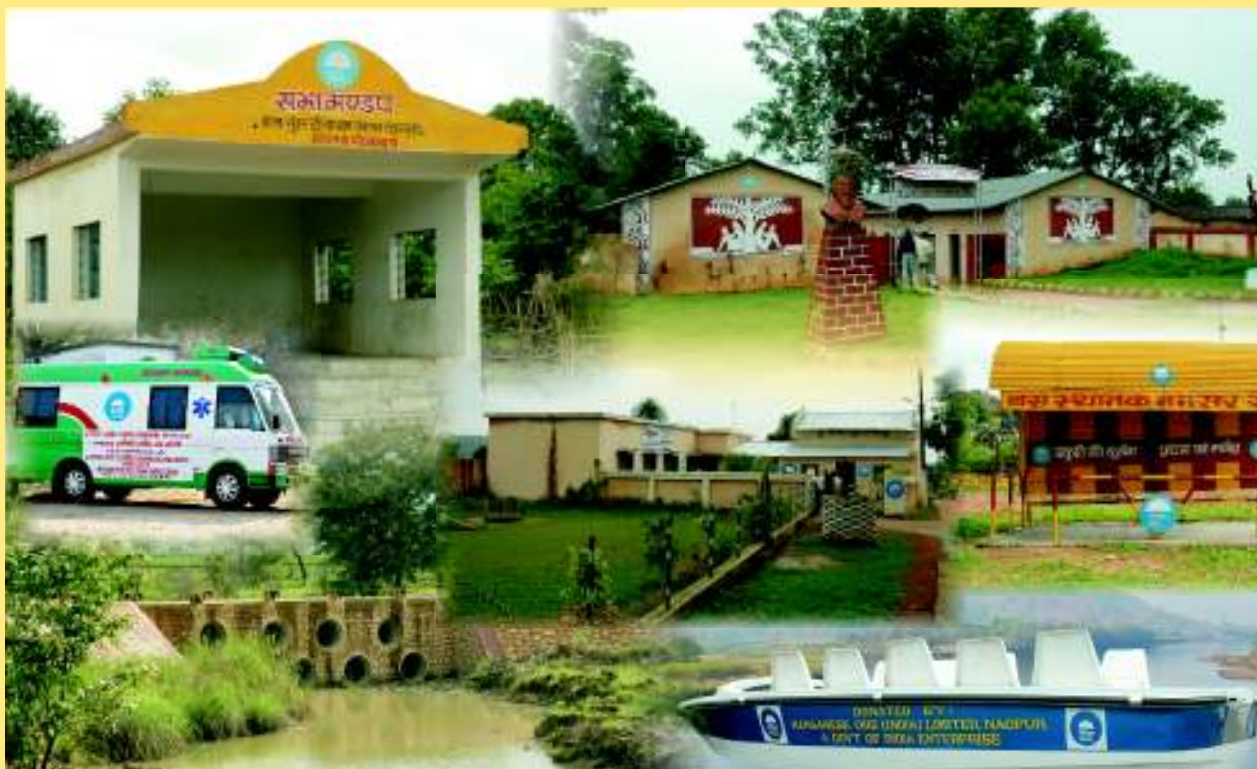
II. Committee for Monitoring of Performance :

As the performance of the company is reviewed by the Board every quarter in the Board meeting and further By the administrative Ministry, the Board of Directors has desired that this committees functions are taken care and the views of the Board may be communicated to Department of Public Enterprises, [DPE]. Accordingly, DPE has been communicated through Ministry of steel to exempt the company considering its small size and duplicating nature of work of the committee.

GENERAL BODY MEETING :

The details of the last three Annual General Meetings of the Company are given below :

Year	Date	Time	Venue
2005-06	29 th June, 2005	3.00 P.M.	Registered Office of the Company at 3, Mount Road Extension, Nagpur - 440 001.
2006-07	24 th August, 2006	11.00 A.M.	Registered Office of the Company at 3, Mount Road Extension, Nagpur - 440 001.
2007-08	30 th July, 2007	11.00 A.M.	Registered Office of the Company at 3, Mount Road Extension, Nagpur - 440 001.





SHAH BAHETI CHANDAK & CO.

CHARTERED ACCOUNTANTS

Vikram Shah * Kamal Baheti
Ashok Chandak * Pavin Baheti
Shailendra Jain * Rajesh Chandak
Manoj Agrawal

205, Ghatate Chambers,
Panchsheel Square,
NAGPUR-440 012

Phone : (O) 2422719
(Direct) 2453009,2452856
Fax : 0712-2445589
E-mail : sbcngp@sbc.ca.com
Website : http://www.sbc.ca.com

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of MANGANESE ORE (INDIA) LIMITED, NAGPUR, as at 31st March 2008 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. 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. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 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 an Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.

2. Further to our comments in the Annexure referred to in Para 1 above; We report that:

- 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.
- In our opinion, proper books of account as required by Law have been kept by the Company, so far as appears from our examination of those books.
- The Balance Sheet, Profit & Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company.
- In our opinion, the Balance Sheet, Profit and Loss Account & Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act 1956.

e) The Company has informed that, in terms of Notification No. GSR 829 (E) dated 21/10/2003 issued by the Department of Company Affairs, the provisions of Section 274(1)(g) of Companies Act, 1956 are not applicable to Government Companies.

f) The company has neither paid nor provided for the cess payable under Section 441 (A) of Companies Act 1956, pending notification from Government specifying the manner of payment.

g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereon and Statement of Accounting Policies, 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 principle generally accepted in India.

l) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008:

ii) In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

iii) In the case of the Cash Flow statement, of the Cash Flows of the Company for the year ended on that date.

For SHAH BAHETI CHANDAK & Co.
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 11/6/2008

(CA Ashok Chandak)
PARTNER
(M. No. 030828)



SHAH BAHETI CHANDAK & CO.
CHARTERED ACCOUNTANTS

Vikram Shah * Kamal Baheti
Ashok Chandak * Pavin Baheti
Shailendra Jain * Rajesh Chandak
Manoj Agrawal

205, Ghatate Chambers,
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Phone : (O) 2422719
(Direct) 2453009,2452856
Fax : 0712-2445589
E-mail : sbcngp@sbc.ca.com
Website : <http://www.sbc.ca.com>

**REFERRED TO IN PARA 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS
OF MANGANESE ORE (INDIA) LIMITED FOR THE YEAR 2007 08.**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

The Management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion verification of fixed assets at the year end is reasonable having regard to the size of the Company and the nature of Assets.

Although some of the fixed assets have been disposed off during the year, in our opinion and according to the information and explanations given to us, the ability of the company to continue as a going concern is not affected.

2. As explained to us, the stocks of Manganese Ore, Ferro Manganese, E.M.D., Stores and Spares were physically verified by the Management at reasonable intervals, during the year.

In Our opinion and according to the information and explanations given to us, the procedures of physical verification of Inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

In Our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.

3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in internal control system in respect of these areas.

5. According to the information and explanations given to us there are no transactions that need to be entered in the register required to be maintained under section 301 of the companies Act, 1956

6. The company has not accepted any deposits from the Public and consequently the directives issued by the Reserve Bank of India, the provisions of Section 58- A and 58-AA of the Companies Act, 1956 and the rules framed there under are not applicable.

7. In Our opinion Company's Internal Audit system is commensurate with its size and nature of its business.

8. The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.

9. According to the information and explanations given to us, and on the basis of our examination of the books of account, the company has generally been regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Income-tax, Sales-Tax, Excise duty, Cess and other statutory dues applicable to it during the year.

Further, since Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

According to the records of the company, there is a disputed demand of Rs. 175.32 lakhs against perquisite of employees. Income Tax Department has raised a demand of Rs175.32 lakhs towards tax on perquisites of employees including interest thereon for the financial year 2001-02 to 2005 06. Company has paid Rs. 61.12 lakhs towards tax on perquisite of employees, under protest. The matter is pending before Appellate Tribunal, Nagpur .Except the above there are no dues outstanding of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise duty and cess on account of any dispute.

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.



11. The Company has neither taken any loans from a financial institution and a bank nor issued any debentures.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly clause 4(xiii) of the order is not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the order is not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the Company has not taken any term loans during the year.
17. According to the information and explanations given to us, the Company has not raised any funds on short terms basis. All assets have been funded by shareholder's funds.
18. The Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under section 301 of the Companies Act 1956.
19. The company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For SHAH BAHETI CHANDAK & Co.
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 11/6/2008

(CA Ashok Chandak)
PARTNER
(M. No. 030828)





COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MANGANESE ORE INDIA LIMITED, NAGPUR FOR THE YEAR ENDED 31 MARCH 2008.

The preparation of financial statements of Manganese Ore India Limited, Nagpur for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 11 June 2008.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956, of the financial statements of Manganese Ore India Limited, Nagpur for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Place : New Delhi
Date : 14 July 2008

Sd/-
(Ghazala Meenai)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board - III,
New Delhi



BALANCE SHEET AS AT 31.03.2008

PARTICULARS	SCHEDULE	31.03.2008 Rs.	31.03.2007 Rs.
A) SOURCES OF FUNDS:			
1) SHARE HOLDER'S FUND:			
a) Share Capital	1	280000000	280000000
b) Reserves & Surplus	2	7846821811	4334850357
Sub Total		8126821811	4614850357
2) DEFERRED TAX LIABILITY	20(13)	167681050	108353094
TOTAL		8294502861	4723203451
B) APPLICATION OF FUNDS			
1) FIXED ASSETS:	3		
a) Gross Block		3024757413	1833068213
b) Less Depreciation		(1135969230)	(988361906)
c) Net Block		1888788183	844706307
d) Capital Work-in-Progress		85532097	411340521
TOTAL		1974320280	1256046828
2) INVESTMENTS :	4	128360	128360
3) CURRENT ASSETS, LOANS & ADVANCES			
Current Assets	5		
a) Inventories		226946408	313212327
b) Sundry Debtors		1589293623	499856227
c) Cash & Bank Balances		6085529345	3214940245
d) Other Current Assets		215117321	114319029
TOTAL		8116886697	4142327828
LOANS & ADVANCES	6	112728191	142221700
TOTAL		8229614888	4284549528
Less			
CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	7	(1036324410)	(762569827)
Provisions	8	(873236257)	(93441940)
TOTAL		(1909560667)	(856011767)
NET CURRENT ASSETS		6320054221	3428537761
4) MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED :			
a) V.R.S. Expenditure		0	38490502
TOTAL		8294502861	4723203451

Schedule No. 1 to 21 form an integral part of Financial statements

This is the Balance Sheet referred to in our report of even date.

For Shah Baheti Chandak & Co.
Chartered Accountants

(C A Ashok Chandak)
Partner
(M.No. 030828)

M. A. V. Goutham
Director (Finance)

K. G. Kavishwar
Dy. G. M. (Finance)

K. L. Mehrotraa
Chairman-cum-Managing Director

Place : New Delhi
Date : 11/06/2008



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008

PARTICULARS	SCHEDULE	31.03.2008	31.03.2007
		Rs.	Rs.
INCOME			
Gross Sales	9	9733583136	4176299106
Less:Excise Duty	15	59964691	33178021
Net Sales		9673618445	4143121085
Other Income	10	566846518	304322291
Provisions Written Back	11	1330822	1486125
Accretion/(Decreton) to Stocks	12	(87810224)	(292046045)
	TOTAL	10153985561	4156883456
EXPENDITURE			
Ore Raising/Operating Expenses	13	1777588191	1460774195
Raw Material Consumption and Manu. Exp.	14	288562648	259048695
Excise Duty on Closing Stock Variation	15-A	(493562)	(2312311)
Administrative & Selling Expenses	16	475779383	223668151
Research & Development Expenses	17	27938436	20798598
Write off and Provisions	18-A	16296715	20628330
Miscellaneous Expenditure Written off	18-B	57974812	43358986
Expenses for Diversion of Forest Land		494920	11574361
	TOTAL	2644141543	2037539005
GROSS MARGIN BEFORE INTEREST AND DEPRECIATION		7509844018	2119344451
Depreciation		(160765005)	(140803920)
PROFIT FOR THE YEAR		7349079013	1978540531
Prior Period Adjustment	18-C	0	32917110
PROFIT BEFORE TAX		7349079013	2011457641
Provision for Tax for 2007-08	2405521838		
Provision for Tax for Previous Year	<u>3354560</u>	(2408876398)	(600862858)
Provision for Fringe Benefit Tax for 2007-08	2967330		
Provision for Fringe Benefit Tax for Previous Year	(614528)	(2352802)	(2677710)
Deferred Tax Asset/(Liability) for the Year		(139673077)	(65842238)



PARTICULARS	SCHEDULE	31.03.2008 Rs.	31.03.2007 Rs.
NET PROFIT AFTER TAX		4798176736	1342074835
Balance of Profit From Previous Year		5937702	14796067
PROFIT AVAILABLE FOR APPROPRIATION	TOTAL	4804114438	1356870902
APPROPRIATIONS			
Proposed Dividend on Equity Shares 215% (20%)		602000000	56000000
Tax on Dividend including surcharge		102309900	9517200
Interim Dividend on Equity Shares 130% (80%)		364000000	224000000
Tax on Interim Dividend including surcharge		61861800	31416000
Transfer to General Reserve		3670000000	1030000000
Balance carried forward		3942738	5937702
	TOTAL	4804114438	1356870902
EARNING PER EQUITY SHARE (EPS)			
a) Net Profit After Tax		4798176736	1342074835
Basic & diluted			
earning per share of Rs. 100/- each		1713.63	479.31

Schedule No. 1 to 21 form an integral part of Financial statements
This is the Profit & Loss Account referred to in our report of even Date.

For Shah Baheti Chandak & Co.
Chartered Accountants

(C A Ashok Chandak)
Partner
(M.No. 030828)

M.A.V. Goutham
Director (Finance)

K. G. Kavishwar
Dy. G. M. (Finance)

K. L. Mehrotraa
Chairman-cum-Managing Director

Place : New Delhi
Date : 11/06/2008



PARTICULARS	31.03.2008	31.03.2007
	Rs.	Rs.

SCHEDULE - 1

SHARE CAPITAL

Authorised :

2,00,000 7.5% Cumulative Preference Share of Rs. 100/- each		20000000
100,00,000 Equity Shares of Rs. 100/- each	1000000000	280000000
TOTAL	1000000000	300000000

Issued & Subscribed & Paid up :

28,00,000 Equity Shares of Rs. 100/- each	280000000	280000000
TOTAL	280000000	280000000

1267486 Shares Of Rs. 100/- Each have been allotted during 2006-07 as Bonus Share by Capitalisation of Rs. 126748600/- from General Reserve

SCHEDULE - 2

RESERVES AND SURPLUS

CAPITAL RESERVE

As per Last Balance Sheet	661255	661255
TOTAL	661255	661255

Research and Development Reserves

As per last Balance Sheet	5000000	5000000
TOTAL	5000000	5000000

General Reserve

As per Last Balance Sheet	4323251400	3420000000
Less : Capitalised by issue of Bonus Share	0	(126748600)
Less : Charge on Account of Transitional provisions under Accounting Standard - 15	(156033582)	0
	4167217818	3293251400
Transfer from Profit and Loss Account	3670000000	1030000000
TOTAL	7837217818	4323251400

Profit & Loss Account

Balance of Profit	3942738	5937702
TOTAL	7846821811	4334850357



FIXED ASSETS 2007 - 2008

SCHEDULE - 3

(Figure is Rupees)

Sr. No.	Description of Assets	G R O S S B L O C K										N E T B L O C K	
		As on 31.3.2007	Additions	Sales/ Discarded	As on 31.3.2008	As on 31.3.2007	For the Year	Recouped/Withdrawal	As on 31.3.2008	As on 31.3.2008	As on 31.3.2007		
1	Land	8348788	77582240	0	85931028	0	0	0	0	85931028	8348788		
2	Leasehold Land	121797637	4670636	0	126468273	35012644	6145537	0	41158181	85310092	2967753		
3	Buildings	244289770	369174603	6786	613457587	87979794	15770126	6103	103743817	509713770	156309976		
4	Data Processing machinery	13623624	3832540	1708866	15747298	10601898	2032332	1629709	11004521	4742777	3021726		
5	Plant & machinery	1137581715	270260396	11126533	1396715778	773158493	99096898	10044852	862210539	534505239	364423222		
6	Wind Turbine Generator	221550000	472823740	0	694373740	19090225	31128880	0	50219105	644154635	202459775		
7	Railway siding	3817708	0	0	3817708	815734	416381	0	1232115	2585593	3001974		
8	Furniture & Office Equip.	37148694	4611730	418990	41341434	27778890	3059919	208351	30630461	10710973	9368801		
9	Vehicles	44910277	3329729	1335439	46904567	33924225	3114933	1288667	35770491	11134076	10986052		
	Grand Total	183308213	1206285614	14596414	3024757413	988361906	16075006	13157482	1135969230	1888788183	760899067		
	Previous Year	1392847368	337183300	14833735	1715194933	843514730	125263710	12743884	988361906	1256046828	737243720		
									Work in Progress	8532096	411340521		
									Total	1974320279	117229598		

- Land and building at Nagpur Office have been grouped together for purpose of depreciation as at the value of land has not been determined.
- Net present value appearing under miscellaneous expenditure to the extent not written off has been re-grouped under leasehold land consequently opening gross block opening depreciation and opening W.D.V stands increase by Rs. 117871280. Rs. 34054040 & Rs. 83817240 respectively.
- Data processing machinery has been segregated from plant & machinery and shown separately.
- Depreciation withdrawn on the assets discarded/sold during the year amounts to **Rs. 12743884/- (Rs. 12743884/-)**
Depreciation for the year includes **Rs. 4340691/- (Rs. 6207781/-)** on EMD Plant.
Depreciation for the year includes **Rs. 2523241/- (Rs. 2940194/-)** on Ferro Manganese Plant.
Depreciation for the year includes **Rs. 31128880/- (Rs. 19090225/-)** on Wind Turbine Generation Unit.
Capital Work in Progress includes advances to contractors on capital works for **Rs. 27825000 (Rs. 43654615)**



PARTICULARS	31.03.2008 Rs.	31.03.2007 Rs.
SCHEDULE - 4		
INVESTMENTS		
500(500) Shares Of Rs. 5/- each fully paid up of Co-operative Stores at Mines.	2500	2500
1612(1612) Shares of Rs. 25/- each fully paid up of Co-operative Societies at Mines.	40300	40300
8556(8556) Shares of Rs. 10/- each fully paid up of Co- operative Societies at Mines.	85560	85560
TOTAL	128360	128360

NOTE :- 1. Shares of the value of Rs. 0.03 lakh(Rs.0.03 lakh) are in Co-operative Stores, which are Unregistered.
2. Shares are unquoted and are at cost.

SCHEDULE -5

CURRENT ASSETS

(I) INVENTORIES :

Stock of Raw material valued at cost and certified by Management	4766041	9886801
Stock of Stores & Spares valued at cost and certified by Management	48984640	
Less : provision for loss on sale of obsolete store and spares	(448434)	48536206
Stock in Transit at cost	181878	2335144
Stock in Trade at cost or Net Realisable value whichever is less and certified by Management		
Stock in Trade	171946976	260044909
Work-in-process	1515307	1227598
TOTAL	226946408	313212327

(ii) SUNDRY DEBTORS

a) Considered Good Debts :

Outstanding for period exceeding 6 months	7758	246413
Others	1589285865	499609814



PARTICULARS	31.03.2008 Rs.	31.03.2007 Rs.
SCHEDULE - 5 (Contd...)		
b) Considered Doubtful	5358870	6066465
SUB TOTAL	1594652493	505922692
Less : Provision for Doubtful debts	(5358870)	(6066465)
TOTAL	1589293623	499856227
(iii) CASH & BANK BALANCES		
Cash in Hand - At Head Office	121270	118972
At Mines	633806	799965
Balance with Schedule Banks		
(a) In Fixed Deposits	5713450383	3186372046
(b) In Current Account	371323886	27649262
TOTAL	6085529345	3214940245
(iv) OTHER CURRENT ASSETS		
Interest accrued on fixed & other Deposits	208025311	105962842
Sundry Receivable	7092010	8356187
TOTAL	215117321	114319029
GRAND TOTAL	8116886697	4142327828

NOTES :

I) Cash -in-Hand includes revenue Stamps and Postage worth Rs. 6944/- (Rs. 6335/-)

II) Fixed Deposits Receipt to the extent of Rs. 166.50 Lakhs (156.86 lakhs) are held by Bank/Govt. Deptt. meant for obtaining Bank Guarantee/Security.

SCHEDULE - 6

LOANS AND ADVANCES

(Considered Good)

I) SECURED :

Loans to Employees 15057210 15473542

II) UNSECURED :

Advances to Employees 6708284 6777697

Advances for Purchase of Stores, Spares,

Plant & Machinery & Land 15672324

Less : Provision for Doubtful Advance 480567 15191757 9749832

Advances to Contractors & others 17084645 19160198



PARTICULARS	31.03.2008 Rs.	31.03.2007 Rs.
SCHEDULE - 6 (Contd...)		
Claims Receivable	71753	
Less : Provision for doubtful claims	71753	0
Pre-Paid Expenses	3743776	5067839
Deposit with Railway, Electricity		
Board and Others	39590989	35325586
Advance Payment of Income Tax (Net)	15351530	50667006
TOTAL	112728191	142221700

NOTES :

1. (a) Advances to Officers	0	0
(b) Maximum Outstanding against individual Officers during the year	0	152130
2. (a) Advances to Chairman - cum Managing Director	0	0
Maximum Outstanding during the year	0	0
3. Deposits include interest bearing deposits with MSEB & MPEB	32327338	29113476

SCHEDULE - 7

CURRENT LIABILITIES

Sundry Creditors		
(I) SSI (Outstanding Rs. 1 lakh or more for more than 30 Days)	0	
(II) Others	227067933	227067933
Advance from Customers	50926767	47350743
Security Deposits from suppliers contractors & others	134843056	73734023
Liabilities for expenses	492480708	305067930
Other Liabilities	131005946	138859796
TOTAL	1036324410	762569827

SCHEDULE - 8

PROVISIONS

Proposed Dividend on Equity Share	602000000	56000000
Provision for Tax on dividend	126102900	9517200
Provision for unavailed Leave		



PARTICULARS	31.03.2008	31.03.2007
	Rs.	Rs.
SCHEDULE - 8 (Contd...)		
Liability as on 31.3.2008	136465195	
Less: Fund with L.I.C.	121492580	14972615
Provision for Gratuity	105310780	11752110
Provision for Mines closure expenses	24849962	16172630
TOTAL	873236257	93441940

SCHEDULE - 9

SALES

(I) Sale of manganese Ore	9051021748	3778329229
(II) Sale of EMD	74550482	31000322
(III) sale of Ferro Manganese	603963174	366969555
(IV) sale of Power to MPEB	4047732	0
TOTAL	9733583136	4176299106

SCHEDULE - 10

OTHER INCOME

Interest		
On Deposits	434391672	219972928
On Advances	8556532	2619576
On Outstanding	3125853	16026812
On Income Tax/Sales Tax refund	0	3271964
Recoveries from employees		
Rent	191932	212157
Electricity	654540	1467537
School Bus	226653	219978
Sale of Scrap	246565	
Less: Excise duty	0	
SALE OF SCRAP (NET OF E. DUTY)	246565	7443024
Rent on Buildings	1217220	1065000
Reimbursement from Welfare Commissioner	91876	152911
Miscellaneous Income	3158592	4611542
EMD Forfeiture	2767977	9862872
Sales Tax Set Off/Refund	10458637	7292257
Sale of Ferro Mn. Slag	118142694	
Less: Excise Duty	16384225	
SALE OF FERRO Mn. SLAG (NET OF E. DUTY)	101758469	30103733
TOTAL	566846518	304322291



PARTICULARS	31.03.2008	31.03.2007
	Rs.	Rs.

SCHEDULE - 11

PROVISIONS WRITTEN BACK

Provision for doubtful debts	1280739	992840
Provision for loss on obsolete store	50083	0
Provision no longer required	0	493285
TOTAL	1330822	1486125

SCHEDULE - 12

ACCRETION/(DECRETION) TO STOCKS

(I) Manganese Ore Closing Stock	99939977	192290777
Less : Opening Stock	(192290777)	(467271643)
	(92350800)	(274980866)
(ii) EMD		
Closing Stock	29664815	47535305
Less : Opening Stock		
(Stock includes work in process)	(47535305)	(14167331)
	(17870490)	33367974
(iii) Ferro Manganese		
Closing Stock	43857492	21446426
Less : Opening Stock	(21446426)	(71879579)
	22411066	(50433153)
TOTAL	(87810224)	(292046045)

SCHEDULE - 13

ORE RAISING / OPERATING EXPENSES

(Salaries, Wages & Allowances	819058606	655242204
Contribution to P.F. & other Funds	75127435	69955264
Bonus	42115647	10942
Group gratuity Insurance and Gratuities*	65674065	75230588
Welfare Expenses	45171648	43339324
Transport, Railing & other works through Contractors	292252618	204180990
Stores & Spares	269407337	246187072
Power & Fuel	83216799	93044522
Railway Siding & Maintenance	2632945	4549163



PARTICULARS	31.03.2008	31.03.2007
	Rs.	Rs.
SCHEDULE - 13 (Contd...)		
Repairs and maintenance to:		
Buildings	19591763	21844371
Plant & Machinery	53541534	32695672
Furniture & Fixtures	2994182	3075996
Vehicles	8557316	9677724
Rent	243865	133948
Rates & Taxes	7765905	9348289
Insurance	2534033	2769495
Printing & Stationery	2013041	1598631
Postage, Telegram and Telephone /Fax	1486990	1510614
Entertainment	47903	26810
Traveling & Conveyance Allowance	7938133	8141163
Administrative charges for P. F.	5732590	5303668
Managemant Training	3385060	3521083
Miscellaneous Expenses	8669289	7568676
SUB TOTAL	1819158704	1498956209
Less : Cost of manganese Ore Transferred to EMD & Fe. Mn. Plant	41570513	38182014
TOTAL	1777588191	1460774195

NOTES :

- Repairs and maintenance of Assets include salaries and wages of Rs. 38529577 (Rs. 31681674) and stores and spares of Rs. 8769246 (Rs. 3913423)
- * Includes Gratuity for H.O. employees

SCHEDULE - 14

MANUFACTURING EXPENSES

a) Electrolytic Manganese Dioxide		
Salaries, wages & Allowances	10231970	9574271
Contribution to P. F.	848400	725175
Bonus	455800	0
Gratuity	611432	619401
Welfare Expenses	303216	277834
Contractors Payment Ore Reduction Expenses	8146040	8074574
Others	1515321	1293695
Raw Materials Consumption	3591200	2922609
Sundry Consumables	2545626	3334485
Repairs to Plant & Machinery	166473	741620



PARTICULARS	31.03.2008	31.03.2007
	Rs.	Rs.
SCHEDULE - 14 (Contd...)		
Insurance	112697	109405
Power & Fuel	16682155	16883474
Traveling & Conveyance Allowances	81373	111415
Administrative Charges for P.F.	58416	114328
Stores Handling	943	14213
Miscellaneous Expenses	127427	229380
TOTAL	45478489	45025879
b) Ferro Manganese		
Salaries, Wages & Allowances	6713809	5820719
Contribution to P.F.	547738	515623
Bonus	275200	0
Gratuity	424493	421090
Welfare Expenses	347523	351255
Contractors Payment	4089108	5218108
Raw Materials Consumption	111771091	90809435
Sundry Consumables	1582367	2529334
Repairs to Plant & Machinery	374912	586494
Insurance	39117	40463
Power & Fuel	115304157	106492849
Travelling & Conveyance Allowances	300014	319259
Administrative Charges for P.F.	34652	41606
Miscellaneous Expenses	1279978	876581
TOTAL	243084159	214022816
GRAND TOTAL	288562648	259048695

SCHEDULE - 15

EXCISE DUTY - SALE

i)	On Sale of EMD	10417889	4353321
ii)	On Sale of Ferro Manganese	49546802	28824700
SUB TOTAL		59964691	33178021
iv)	On Sale of Ferro Mn. Slag	16384225	4921748
v)	On Sale of Scrap	0	85195
EXICE DUTY ON SALE		76348916	38184964



PARTICULARS	31.03.2008	31.03.2007
	Rs.	Rs.
SCHEDULE 15-A (Contd...)		
EXCISE DUTY - CLOSING STOCK		
i) On EMD		
On Opening Stock	6725462	
On Closing Stock	3738565	(2986897)
ii) On Ferro Manganese		
On Opening Stock	3033890	
On Closing Stock	5527225	2493335
		(7050059)
SUB TOTAL	(493562)	(2312311)

SCHEDULE - 16

ADMINISTRATIVE AND SELLING EXPENSES

I) ADMINISTRATIVE EXPENSES :

Salaries, Wages & Allowances*	61878129	49324955
Bonus	784289	0
Contribution to P. F. & other Funds	4654436	4323225
Welfare Expenses	7623376	7324201
Power & Fuel	3698633	2365780
Repairs and Maintenance to:		
Buildings	7070102	3268407
Plant & Machinery	500868	56479
Furniture & Fixtures	1268809	1332375
Vehicles	131898	195768
Rent	151966	278698
Rates & Taxes	5638283	387355
Insurance	2870474	605462
Printing & Stationery	2848368	2490732
Postage, Telegram and Telephone/Fax	2187129	2188648
Entertainment	35714	95797
Traveling & Conveyance Allowance	10716991	9777102
Legal/Professional Fees & Expenses	2193172	3031902
Auditor's Remuneration	299627	261799
Administrative charges for P. F.	985262	930837
Bank Commission	403985	351387
Advertisement	15649204	3447073
Management Training	1988029	1506656
Books & Periodicals	104351	123398



PARTICULARS	31.03.2008	31.03.2007
	Rs.	Rs.
SCHEDULE - 16 (Contd...)		
Donation	515000	215000
Expenditure on Corporate Social Responsibility	28733751	0
Miscellaneous Expenses	6389383	4345837
Directors Sitting Fees	184000	45500
SUB TOTAL	169505229	98274373
II) Selling Expenses		
Railway Freight & Forwarding Charges	2036502	2010492
Royalty & Cess	268817016	114887653
Cash Discount on sales	5809633	2272015
Domestic Ore handling Freight Charges	0	1952830
Service Charges on-e-auction sale	29611003	4270788
SUB TOTAL	306274154	125393778
TOTAL	492662771	223668151

NOTES:

1. Travelling Expenses include Travelling Expenses of		
a) Chairman Cum-Managing Director	1696055	1781461
b) Director's	2595310	1609506
2. Auditors Remuneration		
a) I) Audit Fee	224720	196630
II) Expenses	9000	20580
b) Other Services	74907	65169
3. Advertisement expenses include expenditure on Public Relations & Publicity	13866362	1308115
4. Managerial Remuneration*		
a) Salaries & Allowances	2513891	2034976
b) Contribution to Provident Fund	272492	234498
c) Actual/Estimated value of perquisites	637433	895184
TOTAL	3423816	3164658

(*) Chairman Cum Managing Director and Full-time Directors have been allowed the use of staff car/ hired cars for private journey up to a ceiling of 750 kms. Per month on Payment of Rs. 520/- for AC car in accordance with the provision of Govt. of India, Ministry of Industry, Bureau of Public Enterprises O. M. No. 4 (12) 82/BPE (WC) dated 1.4.1987



PARTICULARS	31.03.2008 Rs.	31.03.2007 Rs.
SCHEDULE - 17		
RESEARCH & DEVELOPMENT EXPENSES		
Exploratory Drilling at Mines	25345499	17077491
Expenditure on studies on Blasting, Rock Mechanics and Stope Design System etc.	2592937	3721107
TOTAL	27938436	20798598
SCHEDULE - 18 - A		
WRITE OFF & PROVISIONS		
Write off of discarded assets	1438732	2089851
Write off of stores & Spares-Shortage	99762	36433
Provision for Un-availed Leave	5476730	11752315
Provision for Bad Debts	573143	492984
Provision for Mines Closure Expenses	8677332	6151248
Write off of Old Medical Advances	31016	0
Loss on Sales of Obsolete stores & Spares	0	105499
TOTAL	16296715	20628330
SCHEDULE - 18 - B		
MISC. EXPENDITURE WRITTEN OFF		
V R S Expenses	57974812	43358986
TOTAL	57974812	43358986
SCHEDULE - 18 - C		
PRIOR PERIOD ADJUSTMENT		
EMD Forfeited	0	(32917110)
TOTAL	0	(32917110)



ACCOUNTING POLICIES

SCHEDULE 19

1. Accounting for fixed assets

(a) Valuation of fixed assets:

Fixed assets are maintained at original cost.

(b) Depreciation:

Company is charging 100% depreciation on fixed assets up to the value of Rs. 5000 as prescribed in Schedule XIV to Companies Act. Depreciation is calculated (i) on straight line method in case of Wind Turbine Generators and (ii) on written down value method on all other assets, at the rates prescribed by the Schedule XIV, as amended from time to time, on pro-rata basis. However, depreciation for full month is calculated when any asset is first put to use on any day during that month. Cost of leasehold land is amortised over the period of lease.

(c) Write-off losses on assets:

All assets dismantled/discarded are written off assuming that scrap value for the same is Nil. If and when such discarded assets are disposed off partially or fully, the amounts realized during the year on account of sale are credited to profit and loss account of that year.

(d) Expenditure during construction period:

All expenditure during construction period of specific projects, identifiable as relating to such projects, is debited to the said projects up to the date of completion and commissioning thereof.

(e) Interest during construction period:

Interest on loans (including other related financing costs on loans) pertaining to specific assets incurred during construction period upto completion is capitalized.

2 Valuation of closing stock

Inventories are valued on following basis.

(a) Finished goods

(i) Manganese ore of all grades (except fines, hutch dust and HIMS rejects) :- At cost at mines including depreciation on mine assets or net realizable value, whichever is less.

(ii) Manganese ore fines, hutch dust and HIMS rejects At cost per tonne on jigging/processing, transportation, etc., allocated on technical estimates or net realizable value, whichever is less.

(iii) Manganese ore at port :- At landed cost at the port or net realizable value, whichever is less. Landed cost includes freight, unloading charges, sampling charges, etc. Difference between physical and book stocks are not adjusted, so long as the overall position of stocks at mines is found to be excess when compared with overall book stocks. As and when ore is actually dispatched, excess or shortage after

railing/shipment against each stack is ascertained and the same is accounted for in the books of the company in that year.

(iv) Electrolytic manganese di-oxide (including stock in process on 31st March at different stages of production, ascertained by technical estimation as to percentage of completed units of EMD) At current year's cost of production including EMD plant's depreciation or net realizable value, whichever is less.

(v) (a) Ferro manganese/silico manganese including stock in cake form on 31 March, determined by technical assessment At current year's cost of production including ferro manganese plant's depreciation or net realizable value, whichever is less.

(b) Stock in process :- The quantity of ferro manganese/silico manganese in process cannot be weighed, seen or assessed and hence, no value is assigned.

(c) Stock of slag :- Slag is a molten mass of impurities produced in manufacture of ferro manganese and is treated as scrap. Due to uncertainties involved in its sale, it cannot be valued. Hence, it is accounted for in the year in which sale takes places and shown under other income.

(b) Stores inventory (Stores, spares, timber, explosives, fuel and lubricants and raw materials) At cost on weighted average method.

(i) Physical verification of all stores, spares, etc., is conducted at the end of each year. Difference between physical stock and book stock is investigated and necessary adjustments are carried out in the books of accounts.

(ii) In case of ferro manganese plant, stock of raw materials, except manganese ore at plant, are valued at cost on weighted average method. The stock of manganese ore at plant is valued at current year's cost of production or net realizable value, whichever is less, plus cost of transport and other charges, if any. Opening and closing stock of ore at the plant is grouped under the head "Stock of raw materials".

3. Sales

Sales Invoices are raised and revenue is recognized in the books of accounts only after dispatch of goods based on railway receipt/lorry receipt/delivery challan.

(a) Manganese Ore sales :-

(i) Supplementary Invoice are raised for variation in quality and/or quantity on receipt of analysis report. These bills are raised in the year of receipt of analysis report and the adjustment is made in the same year.

(ii) Sales include royalty.

(b) EMD/ferro manganese/silico manganese sales :- Sales of EMD and Ferro manganese include excise duty and education cess applicable thereon



(c) Sales of Electricity to Utilities : Revenue is recognized on the basis of Energy injected into grid, at tariff rate agreed in the power purchase agreement.

4. Other income

- (a) Interest income from sundry debtors is recognized in line with AS-9 of the Institute of Chartered Accountants of India as under :
- (i) In as far as the realization is supported by letter of credit through bank from the debtors, where there is certainty of its realization, the recognition is made on accrual basis.
- (ii) In as far as the realization is not supported by letter of credit through bank and directly billed by the company where its realization is uncertain, based on management's experience, as and when actual realization made is recognized as income.
- (b) Interest income on deposits and advances is recognized on accrual basis.
- (c) Memorandum records have been kept in respect of replaced/worn-out parts/scrap capital items. When they are disposed off, proceeds are taken as miscellaneous receipt of that year.

5. Captive consumption

Manganese ore, fines, HIMS rejects issued as raw material for production of EMD/ferro manganese is valued at current year's cost of production and fines/HIMS rejects are valued at per tonne rate, as adopted for valuation of stock. Consumption of the ore is accounted on average cost. Value of ore issued is reduced from ore raising/operating expenses and is considered as raw material consumption in "Manufacturing Expenses".

6. Sales tax, income tax, etc.

(a) In respect of sales tax, income tax, etc., the amounts payable or receivable as per assessment order is accounted for in the year in which the said order is received and accepted by the company, irrespective of the year to which the order relates.

(b) Set off is claimed on sales tax on purchases. Difference between set off claimed and actual set off allowed is accounted for in the year in which the assessment order is received and accounted for by the company.

7. Employee Benefits:

(a) Short term Employee Benefits:

Short term employee benefits are recognized as expense at the undiscounted amount in the profit and loss account in the year in which the related service is rendered.

(b) Post Employment Benefits:

(i) Defined benefit plans

Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in

which the employee has rendered services. The expenses are recognized at the present value of the amounts payable, determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account

(ii) Defined contribution plans

Defined contribution plans are post employment benefit plans, under which the company pays fixed contributions into separate entities (funds). The company's contribution to defined contribution plans are recognized in the profit and loss statement in the financial year to which they relate.

8. V.R.S. Expenditure

The company charges full amount of the expenditure in profit and loss account in the year of incurrence.

9. Accounting for subsidies from Welfare Commissioner

(a) Labour quarters

The company has constructed/under construction some labour quarters, for which the company is receiving subsidy from the Welfare Commissioner. Since the land on which such quarters are constructed is surrendered to the Welfare Commissioner and the property (quarters constructed) vests with the Welfare Commissioner, the entire expenditure incurred by the company is charged to and the subsidy received is also credited to revenue in the year in which the expenditure is incurred/subsidy is received.

(b) Welfare assets

Entire expenditure for acquisition of assets like school bus, ambulance, water supply scheme, etc., under welfare schemes is debited to relevant asset account in the year in which expenditure is incurred. Amount of subsidy received is credited to the same asset head in the year of receipt and depreciation is then charged on such reduced value of the asset from that year.

10. Claims by the company

Amount of claims lodged with insurance company/railways are accounted for on the basis of amount claimed during the year on assessing reasonable certainty of their realisation and the difference, if any, is adjusted on settlement of the claims.

11. Provision for doubtful debts

Provision for bad and doubtful debts is made based on a case-to-case review of sundry debtors outstanding for more than two years. Debts outstanding from private parties for more than three years are invariably provided.



12. Research and development expenditure

Research and development expenditure is charged to profit and loss account in the year of incurrance. However, expenditure on fixed assets relating to research and development is treated in the same way as other fixed assets.

13. Mine closure expenditure

Financial implications towards final mine closure plans under relevant Acts and Rules are technically estimated, based on total available ore reserves. The same is provided in accounts ,on year to year basis, after taking into consideration the annual production.

14. Net present value for diversion of forest land for non-forest purposes

The liability is recognised on receipt of necessary permission from the concerned authorities and this amount is amortised over the lease period of the respective leases.

15. Prior period expenses

Corrections of fundamental errors of commission or omission in earlier year(s) are done by debiting/crediting prior period adjustment account.

16. Significant events occurring after balance sheet date

Impact of significant events after the date of balance sheet and approval thereof is given effect to either by moderation of the balance sheet and profit and loss account or by specific mention in the Directors' Report.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008

SCHEDULE - 20

1 Contingent liabilities Claims against the company not acknowledged as debts-

(a) For wages and other benefits to employees-Rs. 27.85 (Rs. 58.14) lakhs.

(b) Two of the company's customers have lodged claims for supply of ore which, according to them, are not as per specifications. The claim for Rs. 454.00 (Rs. 454.00) lakhs on account of quality has been repudiated as the supplies to these customers are governed by regular sales contracts, which do not provide for such liability.

(c) Claims by contractors for non-fulfillment of contractual obligations Rs. 29.75 (Rs. 26) lakhs.

(d) Income tax assessments are completed upto assessment year 2005-06. Income tax payments made/refunds adjusted by the department against the disputed demands are shown under loans and advances. Adjustment of these advances against disputed demand is made only after final settlement of appeals, pending at various levels.

Demands made by the department, which are disputed by the company, and payments made against these demands are as under

Assessment year	Disputed Demand	Amount Paid	Balance as on 31st Mar. 08	Pending with
	Rs.	Rs.	Rs.	
2005-06	4746760	4746760	Nil	ITAT

The Commissioner of Income Tax (Appeals) has allowed this Disputed tax demand, however the department has gone into ITAT and hence not provided for in the books. There will not be any additional financial implications over and above the provisions already made as per company's assessment.

(e) Income Tax Department has raised a demand of Rs175.32 lakhs towards tax on perquisites of employees including interest thereon for the financial year 2001-02 to 2005-06. Company has paid Rs. 61.12 lakhs towards tax on perquisite of employees, under protest.

(f) Company has given financial assurance of Rs. 166.42 (Rs. 156.86) lakhs to IBM by way of bank guarantees, towards progressive mine closure, in respect of progressive mine closure plans.

(g) Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 4024.48 (Rs. 2453.87) lakhs. Advance paid for such contracts is Rs. 278.25 lakhs (Rs. 456.54 lakhs).



2. Land measuring 761.60 Sq. Mtrs. belonging to the company is acquired by Nagpur Improvement Trust for its Integrated Road Development Plan. Writ petition filed by the company seeking compensation is admitted by the High Court, Nagpur. Pending writ petition, no adjustment is done in books.

3. Letters for year-end balance confirmation of sundry debtors and sundry creditors have been sent to the parties. In respect of confirmations received, the company is under process of scrutinizing and reconciling the balances.

4. For anticipated loss on disposal of obsolete stores/spares, provision of Rs. 4.48 (Rs. 4.99) lakhs made in accounts is considered adequate.

5. (a) Production and inventory of manganese ore is arrived on weight-volume ratio basis

(b) Inventories of bulk raw materials and finished goods in respect of ferro manganese plant are determined as per weight-volume ratio by the production/technical department and the same are accounted for accordingly.

(c) Inventory of raw materials includes stock of manganese ore of 97 (1427) tonnes valuing Rs. 1.84 (Rs. 25.36) lakhs lying in ferro

manganese plant site as on 31.03.08.

6. Documentation in respect of secured loans to employees is pending in some cases.

7. Unclaimed balances of Rs. Nil (Rs. 12.52) lakhs in sundry creditors' accounts have been transferred to miscellaneous income during current year as there is no possibility of such claims getting materialized.

8. Due to non-fulfillment of contracted quantity, cases of various defaulting customers have been reviewed on case to case basis and the EMD of Rs. 27.68 (Rs. 427.80) lakh has been forfeited.

9. Value of imports for capital goods, stores/spares and raw materials is Rs. 8.03 (Rs. 32.34) lakh,

10. Expenditure in foreign currency for travelling is Rs. 4.55 (Rs. 10.25) lakh.

11. The Company has adopted Accounting Standard -15 (Revised 2005) Employees Benefits' in the current year. In accordance with the stipulation of the Standard, the Company has adjusted Rs. 1560.33 lakhs (net of deferred tax asset aggregating to Rs. 803.45 lakhs) towards the additional liability of Deferred Benefit obligation in respect of gratuity and leave encashment upto 31st March'2007, against the balance of General Reserve as at 1st April'2007.

I. Reconciliation of Opening and Closing Balance of Defined Obligation :

Change in the Present value of obligation	Gratuity (Funded)	Leave Encashment (Funded)
Present Value of Obligation as at 1st April 07	195851725	117168463
Additional Obligation arising out of adoption of AS-15 (Revised) adjusted against General Reserve and Deferred Tax	226911362	9467341
Adjusted Present Value of Obligation as at 1st April 2007	422763087	126635804
Current Service Cost	23682776	9222839
Interest Cost	33821047	10130864
Actuarial (gain)/loss	22646716	(3453262)
Benefits paid	(15845797)	(6071050)
Present Value of Obligation as at 31st March 2008	487067829	136465195

II. Reconciliation of Opening and Closing Balance of Fair Value of Plan Assets ::

Change in Fair value of Plan Assets	Gratuity (Funded)	Leave Encashment (Funded)
Fair Value of Plan assets as at 1st April 2007	195851725	105416353
Expected Return assets	23932855	10423711
Actuarial (gain) / loss	-	-
Employer Contribution	177818266	11723566
Benefits paid	(15845797)	(6071050)
Fair value of Plan Assets as at 31st March' 2008	381757049	121492580



SCHEDULE - 20 (Contd...)

III. Reconciliation of Fair Value of Assets and Obligation :

	Gratuity (Funded)	Leave Encashment (Funded)
Fair Value of Plan assets as at 31st March '2008'	381757049	121492580
Present Value of Obligation as at 31st March '2008	487067829	136465195
Amount of Liability Recognized in Balance Sheet	105310780	14972615

IV. Expenses Recognized in the Profit & Loss Account :

	Gratuity (Funded)	Leave Encashment (Funded)
Current Service Cost	23682776	9222839
Interest Cost	33821047	10130864
Expected Return on Plan Assets	(23932855)	(10423711)
Actuarial (gain) / Loss	22646716	(3453262)
Total Expenses Recognized in the Profit & Loss Account	56217684	5476730

V. Actuarial Assumptions :

	Gratuity (Funded)	Leave Encashment (Funded)
Mortality Table (LIC)	(1994-96) ultimate	(1994-96) ultimate
Discount rate (per annum)	8%	8%
Expected Return on Plan Assets (per annum)	9.35%	9.35%
Rate of escalation in salary (per annum)	5%	5%

12. As per AS-18 framed by the Institute of Chartered Accountants of India, Disclosures of transactions with related parties, as defined in the accounting standard, are given below-

(I) List of related parties with whom transactions have taken place and relationship

1) Shri K. L. Mehrotra	Key Management Personnel
2) Shri M. A. V. Goutham	Key Management Personnel
3) Shri C. P.N. Pathak	Key Management Personnel
4) Shri B. B. Choudhary (Upto 30th April '07)	Key Management Personnel
5) Shri A. K. Mehra (From 1st May '07)	Key Management Personnel

II) Transactions during the year with related parties

1. Remuneration paid Rs. 3423816 (Rs.3164658)
2. Reimbursement of traveling expenses Rs. 4291365 (Rs. 3390967)

III) Sitting fees to part-time Directors Rs. 184000 (Rs. 45500)

13. Deferred tax liability as on 31.03.08 is as detailed below



SCHEDULE - 20 (Contd...)

Sr. No.	Particulars	2007-08	2006-07
1.	Deferred Tax Liability Related to Depreciation, Forest land net present value differential, etc.	196898722	110853824
2.	Deferred Tax Assets Disallowance under the Income Tax Act, 1961	29217672	2500730
3.	Closing Balance as on 31st March	167681050	108353094
4.	Deferred Tax for Profit & Loss Account.		
	a) Increase in liability	59327956	65842238
	b) Deferred Tax on implementation of AS-15 (Revised) adjusted against General Reserve	80345121	—
	c) Deferred Tax Expenses for the year	139673077	65842238
14.	As Per AS-15 Framed By The Institute of Chartered Accountants of India, an amount of Rs. 579.75 lakhs, which includes unamortized carried forward balance of Rs. 384.91 lakhs as on 31.03.2007 and Rs. 194.84 lakhs paid during current year (Previous year Rs. 433.59) lakhs has been charged to profit and loss account towards expenditure incurred on voluntary retirement scheme Due to change in the policy, Rs. 358.95 lakhs has been additionally charged to Profit & loss account during the year 2007-08.		
15.	As per AS -29 framed by The Institute of Chartered Accountants of India, the disclosures of provisions made are given below:		
	Particulars	Opening Balance as on 01.04.07	Additional Provisions during the year
			Rs./Lakhs
			Amount Closing Remarks used balance as /Write off on during the year 31.03.08
	Provision for final mine closure expenses	161.73 (100.21)	86.77 (61.52)
	Provision for Bad & Doubtful Debts	60.66 (70.59)	5.73 (0.06)
			-- 248.50 Cash out flow is (--) (161.73) expected at the time of closure of mines 12.81 53.58 (9.99) (60.66)
16.	Income tax deducted at source from interest and rent received by the company amounts to Rs. 845.95 (Rs. 432.98) lakhs.		
17.	Interest billed on customers amounting to Rs. Nil (Rs. 27.17) lakhs relating to next financial year has not been included in sundry debtors.		
18.	Closing stock value of ferro manganese and E.M.D. includes excise duty and education cess liability of Rs.92.66(Rs.97.59) lakhs.		



SCHEDULE - 20 (Contd...)

19. Wage agreement with unionized workers and staff has expired on 31.7.2007. Similarly pay revision for Executives is due from 1.1.2007. The Company has made necessary provision towards this liability, based on fair estimate.
20. Sundry creditors include a sum of Rs. Nil (Rs. 4.09) lakhs payable to (Maharashtra Carbon Pvt. Ltd., Chandrapur), S.S.I. unit, in excess of Rs. 1.00 lakh outstanding for more than thirty days. SSI units are identified based on the information available with the company.
21. The Company has proposed to enter into power agreement with MPSEB, on the line approved by Madhya Pradesh Energy Regulatory Commission (MPERC). Pending finalization of agreement, power generated by the company has been put into the state Power Grid. Accordingly an amount of Rs. 40.47 lakhs has been recognized as income from sale of Energy.
22. Expenditure on account of Electricity consumption of Balaghat Mine/Ferro Manganese Plant was grossed up and correspondingly revenue is shown under "Other Income" for the quantum of Electricity generated by Wind Turbine Generators during 2006-07. As per opinion obtained from the Institute of Chartered Accountants of India and suggested by the Institute to treat this as captive consumption during the year 2007-08, the grossing up practice of Electricity charges has been discontinued and accordingly Accounting policy has been revised. However, Electricity charges are grossed up for segment reporting.
23. Additional information to profit and loss account
- a) Major Raw Materials Consumed

	Year ended 31.03.2008		Year ended 31.03.2007	
	Qty (MT)	Rs. in Lakhs	Qty (MT)	Rs. in Lakhs
Ferro Manganese Plant-				
(I) Manganese Ore	27833.00	431.51	25737.00	411.23
(ii) Coke	4513.23	558.01	5272.01	409.45
(iii) Carbon Paste	160.62	34.52	147.10	30.09
E.M.D. Plant-				
(I) Manganese Ore	3855.00	5.47	4812.00	12.76
(ii) Sulphuric acid	344.535	31.24	338.90	14.46
(iii) Sodium Carbonate	23.14	3.90	26.40	3.43

b) Production, sales opening and closing stock-

	Year ended 31.03.2008		Year ended 31.03.2007	
	Qty (MT)	Rs. in Lakhs	Qty (MT)	Rs. in Lakhs
a) Production-				
Manganese ore	1364575	—	1047021	—
E.M.D.	1122	—	1312	—
Ferro Manganese	11130	—	10200	—
b) Sales-				
Manganese ore	1392188	90510.21	1177216	37783.29
E.M.D.	1592	745.50	570	310.00
Ferro Manganese	10277	6039.63	11928	3669.70



SCHEDULE - 20 (Contd...)

Power to M.P.E.B (Kwh)	1004400	40.47	—	—
c) Opening Stock				
Manganese ore	114299	1922.91	275450	4672.72
E.M.D.	1052	475.35	310	141.67
Ferro Manganese	820	214.46	2548	718.80
d) Closing Stock-				
Manganese ore	56328	999.40	114299	1922.91
E.M.D.	582	296.65	1052	475.35
Ferro Manganese	1673	438.57	820	214.46

(c) Closing Stock of Manganese ore is arrived after adjustment of issue of 3855 (4812) tonnes for production of EMD and 26503 (26145) tonnes for production of ferro manganese.

(d) Licensed and installed capacity

E.M.D. Plant	1000 MT per annum
Ferro Manganese Plant	10000MT per annum
Wind turbine generators(*)	28800000 KWH per annum

(e) Actual Production/Generation

E.M.D.	1122	(1312) MT
Ferro Manganese	11130	(10200) MT
Electricity	9746838	(6652110) KWH

(*) Annual Capacity of 1st phase of Wind turbine generators commissioned during 2006-07 is 9600000 KWH p.a. And lind phase of 12 Nos. WTG commissioned during 2007-08 is 19200000 KWH p.a.

(f) Capacity utilization

E.M.D. Plant	112%	(131%)
Ferro Manganese Plant	111%	(102%)
Wind turbine generators (Annualised)	87%	(92%)

24. Corresponding figures for Previous year have been regrouped to make them comparable with those of the year under review. Figures in brackets in the schedules indicate corresponding figures of the previous year. Schedule No. 1 to 21 form an integral part of financial statements.

For Shah Baheti Chandak & Co.
Chartered Accountants

(CA. Ashok Chandak)
Partner
(M. No. 030828)

M.A.V. Goutham
Director (Finance)

K.G. Kavishwar
D.G.M. (Finance)

Place : New Delhi
Date : 11/06/2008

K.L. Mehrotraa
Chairman-cum-managing Director

**SCHEDULE - 21****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT'1956****I. Registration Details**

1. Registration No.	:	012398
2. State Code	:	11
3. Balance Sheet date	:	31.03.2008

II. Capital raised during the year (Amount in Rs. thousand)

1. Public Issue	:	NIL
2. Right Issue	:	NIL
3. Bonus Issue	:	NIL
4. Private Placement	:	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

1. Total Liability	:	10204064
2. Total Assets	:	10204064

A. Sources of Funds

1. Paid up Capital	:	280000
2. Reserves & Surplus	:	7846822
3. Deferred Tax Liability	:	167681
4. Secured Loans	:	NIL
5. Unsecured Loans	:	NIL

B. Application of Funds

1. Net Fixed Assets	:	1888788
2. Capital Work-in-progress	:	85532
3. Investment	:	128
4. Net Current Assets	:	6320054
5. Misc. expenditure to the extent not written off	:	0

IV. Performance of the Company (Amount in Rs. Thousand)

1. Turnover	:	9733583
2. Net Turnover	:	9673618
3. Total Expenditure	:	2324539
4. Profit Before tax	:	7349079
5. Profit After Tax	:	4798177
6. Basic & diluted Earning per Share (Rs.)	:	1713.63
7. Dividend Rate (%)	:	345%



SCHEDULE - 21 (Contd...)

V. Generic names of Three Principal Products/Services of the Company

Item Code No. (ITC Code)	Product Description
1. 26020001	Manganese ore Above 46%
2. 26020002	Manganese Ore Above 44 to 46%
3. 28201001	Electrolytic Manganese Dioxide
4. 72021100	Ferro Manganese
5. 3601	Wind Operated Electricity Generator

Schedule No. 1 to 21 form an integral part of Financial statements

For Shah Baheti Chandak & Co.
Chartered Accountants

(CA. Ashok Chandak)
Partner
(M. No. 030828)

M.A.V. Goutham
Director (Finance)

K.G. Kavishwar
D.G.M. (Finance)

K.L. Mehrotraa
Chairman-cum-managing Director

Place : New Delhi
Date : 11/06/2008



CASH FLOW STATEMENT OF MANGANESE ORE (INDIA) LIMITED FOR THE YEAR ENDED 31.03.2008

PARTICULARS	(Rs. in Lakhs)	
	31.03.2008 Rs.	31.03.2007 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before tax and dividend	73490.79	20114.58
Adjustment for		
Depreciation	1607.65	1408.04
Write off/Provisions	135.27	170.52
Profit on Sale of Fixed Assets	0.00	0.00
Deferred Revenue Expenditure (Charged during the year)	579.75	433.59
Write off of Discarded Assets	14.39	20.90
Operating Profit Before Working Capital Changes	75827.85	22147.63
Adjustment for		
Inventories	862.66	2855.81
Sundry Debtors	-10894.37	-441.78
Interest Receivable/Accrued	-1020.62	-495.81
Other Current Assets	0.00	0.00
Loans & Advances- Subsidiary companies		
Loans & Advances -Others	294.94	
Loans & Advances - Others	12.64	
Current Liabilities & Provisions	7499.14	1450.78
Deferred Revenue Expenditure (Additions)	-194.84	-496.11
Cash Generated from Operations	72387.40	25318.01
Income taxes provision during the year	-25216.74	-6035.42
Net Cash From Operating Activities	47170.66	19282.59
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-8804.77	-6229.49
Sale of Investments (Refund)	0	0.25
Net Cash used in Investing Activities	(8804.77)	(6229.24)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid during the year	(9660.00)	(2800.00)
Net Increase in Cash & Cash Equivalents (A+B+C)	28705.89	10253.35
Opening Cash & Cash Equivalents	32149.40	21813.96
Closing Cash & Cash Equivalents	60855.29	32149.40
Net Increase/Decrease (-) in Cash & Cash Equivalents	28705.89	10335.44
Notes to the Cash Flow Statement		
Cash and Cash equivalent comprises of cash, bank balance and fixed deposit with bank. This is the Cash Flow referred to in Our report of even date.		
For Shah Baheti Chandak & Co. Chartered Accountants		
(CA. Ashok Chandak) Partner (M. No. 030828)	M.A.V. Goutham Director (Finance)	K.G. Kavishwar D.G.M. (Finance)
Place : New Delhi Date : 11/06/2008	K.L. Mehrotraa Chairman-cum-managing Director	



INFORMATION ABOUT BUSINESS SEGMENT

The Company has identified four reportable segment viz. Manganese Ore, Electrolytic Manganese Dioxide, Ferro Turbine Generation Unit. Segment have been identified and reported taking into account nature of product and services, the differing risk and return and internal business reporting system. Inter Segment Transfer is at cost/credit given/sale to utility by MPEB.

	Manganese Ore		E. M. D.		Ferro Manganese		W. T. G. Unit		Eliminations		Consolidated Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
REVENUE												
External Sales	90510.22	37783.29	745.50	310.00	6039.630	3669.70	40.48	0	0	0	97335.83	41762.99
Inter Segment Sales	415.71	381.82	0	0	0	0	400.75	293.95	293.95	-675.77	0	0
Total Revenue	90925.93	38165.11	745.50	310.00	6039.63	3669.70	441.23	293.95	293.95	-675.77	97335.83	41762.99
RESULT												
Segment Result	68929.28	18672.60	-5.70	40.44	3143.98	648.18	129.94	102.86	102.86	0	72197.50	19464.08
Other Income	275.71	349.47	0	0	1017.58	301.04	0	0	0	0	1293.29	650.51
Segment Result	69204.99	19022.07	-5.70	40.44	4161.56	949.22	129.94	102.86	102.86	0.00	73490.79	20114.59
Write Back of Prov.											0.00	0.00
Unallocated Corporate exp.											0.00	0.00
Interest Expenses											0.00	0.00
Profit from Ordinary Activities											73490.79	20114.59
Extraordinary loss											0	0
Net Profit Before Tax											73490.79	20114.59
Prov. For Income Tax											24112.29	6035.41
Deferred Tax Liability											1396.73	658.42
Net Profit After Tax											47981.77	13420.45
OTHER INFORMATION												
Segment Assets	32830.04	15926.99	538.99	758.15	1795.96	766.98	6528.52	2008.91	2008.91	0	41693.51	19461.03
Unallocated corporate assets											60387.59	35108.03
Total Assets											102087.10	54569.06
Segment Liabilities	3945.54	3219.98	9.95	6.55	27.93	62.22	699	222	222	0	4904.42	3510.75
Unallocated Corporate Liab.											16090.00	6132.89
Total Liabilities											20994.42	9643.64
Capital Expenditure	4070.63	3935.74	0.66	72.18	5.24		4728.24	2220.00	2220.00	0	6924.22	6153.74
Unallocated Corporate C. E.											1880.55	74.18
Total capital Expr.											8804.77	6227.92
Depreciation	1347.92	952.80	43.41	62.08	25.23	29.40	191.09	191.09	191.09	0	1607.65	1235.37
Non-Cash Expenses other than Depreciation											579.75	606.26

Note : Electricity charges of balaghat Mine and Ferro Manganese Plant are grossed up by the amount of credit given by Madhya Pradesh Electricity Distribution Co. in power bills on account of power generated by Wind Turbine Generators and the same is recognised as inter segment revenue at WTG unit so as to arrive at segment revenue.

STATEMENT OF SOCIAL AMENITIES - EXPENSES AND INCOME (Figure in Rupees)

Sl. No.	Particulars	CURRENT YEAR				TOTAL	
		Township	Education	Medical Over & above statutory requirements	Welfare services including social & Cultural activities	As on 31.3.2008	As on 31.3.2007
1	Salaries/Wages	1752852	4671915	3528787	16827793	26781347	18142073
2	Contribution to P. F.	173269	552949	395625	1780440	2902283	1959861
3	Stores	1946082	3642670	400377	6083990	12073119	9115715
4	Power	5745530	0	409473	1193792	7348795	15640272
5	Drugs & Chemicals	0	0	3518464	20751	3539215	3657418
6	Misc. expenses	4210	1163401	5470591	15317987	21956189	17709688
7	CONTRACTORS PAYMENT						
	Repairs to Buildings/Other	15976064	1104404	661119	18221742	35963329	27366676
	TOTAL	25598007	11135339	14384436	59446495	110564277	93591703
8	Depreciation	8657928	843041	964955	146648	10612572	9513726
9	Interest	0	0	0	0	0	0
	TOTAL	8657928	843041	964955	146648	10612572	9513726
	TOTAL EXPENSES	34255935	11978380	15349391	59593143	121176849	103105429
	Less :						
1	Income from Electricity	1182334		0	71819	1254153	2876023
2	Receipt from School Bus	0	105781	0	106902	212683	422166
3	Reimbursement from Welfare Commissioner for sports/medical/others	0	0	0	91876	91876	152911
	TOTAL	1182334	105781	0	270597	1558712	3451100
	NET EXPENSES	33073601	11872599	15349391	59322546	119618137	99654329



MEMORANDUM ACCOUNT OF MANGANESE ORE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2007-2008

PARTICULARS	SCHEDULE	31.03.2008 Rs.	31.03.2007 Rs.
INCOME			
Sales	9	9051021748	3778329229
Less : Excise duty		0	0
Net Sales		9051021748	3778329229
Other Income	10	465088049	274218558
Provisions written back	11	1330822	1486125
Accretion/ (Decretion) to Stocks	12	(92350800)	(274980866)
	TOTAL	9425089819	3779053046
EXPENDITURE			
Ore raising/operating expenses	13	1777588191	1460774195
Electricity from Wind Mills		25746193	16413670
Excise Duty on closing stock variation	15	0	0
Administrative & Selling expenses	16	475779383	223668151
Research & Development expenses	17	27938436	20798598
Write off and provisions	18-A	16296715	20628330
Miscellaneous expenditure written of	18-B	57974812	43358986
Expenses of diversion of forest land		494920	11574361
	TOTAL	2381818650	1797216291
Gross Margin before interest and Depreciation		7043271169	1981836755
Interest		0	0
Depreciation		(122772193)	(112546970)
PROFIT FOR THE YEAR		6920498976	1869289785
Prior Period adjustment	18-C	0	32917110
PROFIT BEFORE TAX		6920498976	1902206895



**MEMORANDUM ACCOUNT OF EMD/FERRO MANGANESE
PROFIT AND LOSS ACCOUNT FOR THE YEAR 2007-2008**

PARTICULARS	SCHEDULE	31.03.2008	31.03.2007
		Rs.	Rs.
A. Electrolytic Manganese Dioxide Plant			
I. Sales	9(II)	74550482	31000322
Less : Excise duty		10417889	4353321
Net Sales		64132593	26647001
II. Decretion / Accretion to Stock	12(II)	(17870490)	33367974
	TOTAL	46262103	60014975
III. manufacturing Expenses	14(a)	45478489	45025879
Excise Duty on Stock	15(I)	(2986897)	4737748
	TOTAL	42491592	49763627
IV. Profit before Depreciation		3770511	10251348
Depreciatin		4340691	6207781
Profit / Loss Before Tax		570180	4043567
B. Ferro Manganese Plant			
I. Sales	9(III)	603963174	366969555
Less : Excise Duty		49546802	28824700
Net Sales		554416372	338144855
II. Other Income		101758469	30103733
III. Accretion / Decretion to Stock	12(III)	22411066	50433153
	TOTAL	678585907	317815435
IV. Manufacturing Expenses	14(b)	243084159	214022816
V. Electricity from Wind Mills		14328744	12980914
Excise Duty on Closing Stock	15(II)	2493335	(7050059)
	TOTAL	259906238	219953671
V. Profit Before Depreciation		418679669	97861764
Depreciation		2523241	2940194
Profit / Loss Before Tax		416156428	94921570

MEMORANDUM ACCOUNT OF WIND MILLS PROFIT AND LOSS ACCOUNT FOR THE YEAR 2007-2008

PARTICULARS	SCHEDULE	31.03.2008 Rs.	31.03.2007 Rs.
C. Wind Turbine Generation Unit			
I. Income for Supply of Power generated to:	10		
Balaghat Mine		25746193	16413670
Ferro Manganese Plant		14328744	12980914
II. Sale of Power to MPEB		4047732	0
	TOTAL	44122669	29394584
III. Manufacturing & other expenses		0	0
IV. Profit Before Depreciation		44122669	29394584
Depreciation		31128880	19108975
Profit / Loss Before Tax		12993789	10285609



Shri K. L. Mahrotra, CMD, along with senior officers of MOIL welcoming Shri Jitin Prasada, Hon'ble Minister of State of Steel, Govt. of India on his assumption of charge

Shri K. L. Mahrotra, CMD and Shri R.S. Pandey, Secretary (Steel), Govt. of India on the occasion of signing of Memorandum of Understanding for the year 2008-09

