

MANGANESE ORE (INDIA) LIMITED
NAGPUR-440 013
BALANCE SHEET AS AT 31.03.2008

PARTICULARS	SCHEDULE	31-3-2008 Rs.	31-03-2007 Rs.
A) SOURCES OF FUNDS			
1) SHARE HOLDERS' FUND :			
a) Share Capital	1	280000000	280000000
b) Reserves & Surplus	2	<u>7846821811</u>	<u>4334850357</u>
Sub-Total		8126821811	4614850357
2) Deferred Tax Liability	20(13)	<u>167681050</u>	<u>108353094</u>
TOTAL		<u>8294502861</u>	<u>4723203451</u>

PARTICULARS	SCHEDULE	31-3-2008 Rs.	31-03-2007 Rs.
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		<u>1974320280</u>	<u>1256046828</u>
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		<u>8116886697</u>	<u>4142327828</u>
Loans & Advances	6	112728191	142221700
TOTAL		<u>8229614888</u>	<u>4284549528</u>
Less			
CURRENT LIABILITIES & PROVISIONS.			
Current Liabilities	7	(1036324410)	(762569827)
Provisions	8	(873236257)	(93441940)
TOTAL		<u>(1909560667)</u>	<u>(856011767)</u>
NET CURRENT ASSETS		<u>6320054221</u>	<u>3428537761</u>

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
4) Miscellaneous Expenditure to the extent not written off or adjusted		
a) V.R.S. Expenditure	0	38490502
Total :	<u>8294502861</u>	<u>4723203451</u>

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

CA Ashok Chandak
Partner(M.No. 030828)

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

Place : New Delhi
Date : 11/06/2008

M A V Goutham
Director(Finance)

K.L.Mehrotraa
Chairman-cum-Managing Director

MANGANESE ORE (INDIA) LIMITED
NAGPUR 440 013
Profit and Loss Account for
the year ended 31.03.2008

PARTICULARS	SCHEDULE	31-3-2008 Rs.	31-03-2007 Rs.
INCOME			
Sales	9	9733583136	4176299106
Other Income	10	566846518	304322291
Provisions written back	11	1330822	1486125
Accretion/(Decretion) to Stocks	12	(87810224)	(292046045)
Profit on Sale of Assets		0	0
Total :		<u>10213950252</u>	<u>4190061477</u>
EXPENDITURE			
Ore raising/operating expenses	13	1777588191	1460774195
Raw material consumption and Manufacturing Expenses	14	288562648	259048695
Excise Duty on closing stock variation	15	59471129	30865710
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 :		<u>2704106234</u>	<u>2070717026</u>
Gross Margin before interest and Depreciation		7509844018	2119344451
Interest		0	0
Depreciation		<u>(160765005)</u>	<u>(140803920)</u>
PROFIT FOR THE YEAR		7349079013	1978540531
Prior period Adjustment	18-C	0	32917110
PROFIT BEFORE TAX		<u>7349079013</u>	<u>2011457641</u>
Provision for Income tax 2007-08		(2408876398)	(600862858)
Provision for Fringe Benefit Tax		(2352802)	(2677710)
Deferred Tax asset/(liability) for the year		<u>(139673077)</u>	<u>(65842238)</u>
NET PROFIT AFTER TAX		4798176736	1342074835
Balance of Profit from previous year		<u>5937702</u>	<u>14796067</u>
PROFIT AVAILABLE FOR APPROPRIATION	TOTAL	<u>4804114438</u>	<u>1356870902</u>

PARTICULARS	SCHEDULE	31-3-2008 Rs.	31-03-2007 Rs.
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		<u>3942738</u>	<u>5937702</u>
Total :		<u>4804114438</u>	<u>1356870902</u>

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

CA Ashok Chandak
Partner(M.No.030828)

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

Place : New Delhi
Date :11/06/2008

M A V Goutham
Director(Finance)

K. L. Mehrotraa
Chairman-cum-Managing Director

PARTICULARS	31-3-2008 Rs.	31-03-2007 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
	<u>1000000000</u>	<u>300000000</u>
Issued & Subscribed & Paid up :		
28,00,000 Equity Shares of Rs.100/- each	280000000	280000000
Total :	<u>280000000</u>	<u>280000000</u>
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
	<u>661255</u>	<u>661255</u>
Research and Development Reserves		
As per last Balance Sheet	5000000	5000000
	<u>5000000</u>	<u>5000000</u>
General Reserve		
As per last Balance Sheet	4323251400	3420000000
Less : Capitalised by issue of Bonus Share	<u>0</u>	<u>(126748600)</u>
Less : Charge on account of transitional provisions under Accounting Standard -15	<u>(156033582)</u>	<u>0</u>
	4167217818	3293251400
Transfer from Profit and Loss Account	3670000000	1030000000
	<u>7837217818</u>	<u>43323251400</u>
Profit & Loss Account		
Balance of profit	3942738	5937702
TOTAL :	<u>7846821811</u>	<u>4334850357</u>

SCHEDULE - 3

FIXED ASSETS - 2007-2008

(Figures in Rupees)

Sl. No	Description of Assets	G R O S S B L O C K				D E P R E C I A T I O N				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	85931028	8348788
2	Leasehold Land	121797637	4670636	0	126468273	35012644	614 5537	0	41158181	85310092	2967753
3	Buildings	244289770	369174603	6786	613457587	87979794	157 70126	6103	103743817	509713770	156309976
4	Data Processing Machinery	13623624	3832540	1708866	15747298	10601898	20 32332	1629709	11004521	4742777	3021726
5	Plant and Machinery	1137581715	270260396	11126333	13967157 78	773158493	99096898	10044852	862210539	534505239	364423 222
6	Wind Turbine Generator	221550000	472823740	0	694373740	19090225	31128880	0	50219105	644154635	202459775
6	Railway siding	3817708	0	0	3817708	815734	416381	0	1232115	25 85593	3001974
7	Furniture & Office Equipments	37148694	4611730	418990	41341434	2777889 3	3059919	208351	30630461	10710973	9369801
8	Vehicles	44910277	3329729	1335439	46904567	33924225	311493 3	1268667	35770491	11134076	10986052
	GRAND TOTAL :	1833068213	1206285614	14596414	3024757413	988361906	160765006	13157682	1135969230	1888788183	7608890 67
						WORK -IN PROGRESS				85532096	411340521
						TOTAL :				1974320279	1172229588
	Previous Year	1392847368	337183300	14833735	1715196933	843514 730	125263710	12743884	988361906	1256046828	737243120

1. Land and buildings at Nagpur Office have been grouped together for purpose of depreciation as at the value of land has not been determined.
2. Net Present value appearing under Miscellaneous expenditure to the extent not written off has been re-grouped under Lease hold Land, consequently opening gross block, opening depreciation and opening W.D.V. stands increase by Rs. 117871280, Rs.34054040 & Rs.83817240 respectively
3. Data processing machinery has been segregated from plant & machinery and shown separately.
4. 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.
5. Capital Work in progress includes advances to contractors on capital works for Rs. 27825000 (Rs. 43654615)

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
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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.

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
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SCHEDULE - 5

CURRENT ASSETS

(i) Inventories :

Stock of Raw material valued at cost and certified by Management	4766041	9886801
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Stock of Stores & Spares valued at cost and certified by Management	48984640	
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Less provision for loss on sale of obsolete store and spares	<u>(448434)</u>	39717875
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Stock in Transit at cost	181878	2335144
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Stock in trade at cost or Net Realisable value whichever is less and certified by Management

Stock in Trade	171946976	260044909
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Work -In-Process	1515307	1227598
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TOTAL :	<u>226946408</u>	<u>313212327</u>
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ii) Sundry Debtors

a) Considered Good

Debts outstanding for period exceeding 6 months	7758	246413
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Others	1589285865	499609814
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b) Considered Doubtful	5358870	6066465
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SUB TOTAL	<u>1594652493</u>	<u>505922692</u>
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Less : Provision for doubtful debts	(5358870)	(6066465)
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TOTAL :	<u>1589293623</u>	<u>499856227</u>
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PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
SCHEDULE - 5 (CONTD.)		
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/Secutity.

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
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SCHEDULE - 6

LOANS AND ADVANCES

(Considered Good)

i) Secured :

Loans to employees	15057210	15473542
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ii) Unsecured :

Advances to employees	6708284	6777697
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Advances for purchase of stores, Spares, Plant & Machinery & Land	15672324	
Less Provision for doubtful advance	<u>480567</u>	9749832

Advances to Contractors & others	17084645	19160198
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Claims Receivable	71753	
Less Provision for doubtful claims	<u>71753</u>	0

Pre-Paid Expenses	3743776	5067839
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Deposit with Railway, Electricity Board and Others	39590989	35325586
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Advance Payment of Income Tax (Net)	15351530	50667006
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TOTAL :	<u>112728191</u>	<u>142221700</u>
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NOTES:

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

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
SCHEDULE - 7		
CURRENT LIABILITIES		
Sundry Creditors		
I) SSI (Outstanding Rs. 1 lakh or more for more than 30 days)	0	
ii) Others	<u>227067933</u>	197557335
Advance from Customers	50926767	47350743
Security Deposits from suppliers contractors & others	134843056	73734023
Liabilities for expenses	492480708	305067930
Other liabilities	131005946	138859796
TOTAL :	<u>1036324410</u>	<u>762569827</u>

SCHEDULE - 8

PROVISIONS

Proposed Dividend on Equity Share	602000000	56000000
Provision for Tax on dividend	126102900	9517200
Provision for unavailed leave		
Liability as on 31.3.2008	136465195	
Less : Fund with L.I.C.	<u>121492580</u>	11752110
Provision for Gratuity	105310780	
Provision for Mines closure expenses	24849962	16172630
TOTAL :	<u>873236257</u>	<u>93441940</u>

PARTICULARS	31-3-2008	31-03-2007
	Rs.	Rs.

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	<u>9733583136</u>	<u>4176299106</u>

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
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	<u>0</u>	
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	<u>16384225</u>	
Sale of Ferro Mn. Slag(Net of E.duty)	101758469	30103733
TOTAL	<u>566846518</u>	<u>304322291</u>

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
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SCHEDULE -11

PROVISIONS WRITTEN BACK

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

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
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SCHEDULE -12

ACCRETION/(DECRETION) TO STOCKS

(i) Manganese Ore

Closing Stock	99939977	192290777
Less Opening Stock	(192290777)	(467271643)
	<u>(92350800)</u>	<u>(274980866)</u>

(ii) EMD

Closing Stock	29664815	47535305
Less Opening Stock (Stock includes work in process)	(47535305)	(14167331)
	<u>(17870490)</u>	<u>33367974</u>

(i) Ferro Manganese

Closing Stock	43857492	21446426
Less Opening Stock	(21446426)	(71879579)
	<u>22411066</u>	<u>(50433153)</u>

TOTAL	<u>(87810224)</u>	<u>(292046045)</u>
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PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
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
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
Travailing & Conveyance Allowance	7938133	8141163
Administrative charges for P.F.	5732590	5303668
Management Training	3385060	3521083
Miscellaneous Expenses	8669289	7568676
SUB TOTAL :	<u>1819158704</u>	<u>1498956209</u>
Less cost of Manganese Ore transferred to EMD & Fe.Mn. Plant	41570513	38182014
TOTAL :	<u>1777588191</u>	<u>1460774195</u>

NOTES :

1. Repairs and Maintenance of Assets include salaries and wages of Rs. 38529577 (Rs.31681674) and stores and spares of Rs. 8769246 (Rs.3913423)

2.* Includes Gratuity for H.O. employees

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
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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
Insurance	112697	109405
Power & Fuel	16682155	16883474
Travailing & Conveyance Allowances	81373	111415
Administrative Charges for P.F.	58416	114328
Stores Handling	943	14213
Miscellaneous Expenses	127427	229380
TOTAL :	45478489	45025879

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
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SCHEDULE - 14 Contd..

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
Travailing & Conveyance Allowances	300014	319259
Administrative Charges for P.F.	34652	41606
Miscellaneous Expenses	1279978	876581
TOTAL :	<u>243084159</u>	<u>214022816</u>
GRAND TOTAL :	<u>288562648</u>	<u>259048695</u>

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
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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
EXCISE DUTY ON SALE	76348916	38184964

SCHEDULE -15A

EXCISE DUTY - CLOSING STOCK

i) On EMD			
On Opening Stock	6725462		
On Closing Ctock	<u>3738565</u>	(2986897)	4737748
ii) On Ferro Manganese			
On Opening Stock	3033890		
On Closing Ctock	<u>5527225</u>	2493335	(7050059)
SUB - TOTAL		(493562)	(2312311)

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
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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
Travailing & 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
Donation	515000	215000
Expenditure on Corporate Social Responsibility	28733751	0
Miscellaneous Expenses	6389383	4345837
Directors Sitting Fees	184000	45500
 SUB TOTAL :	 169505229	 98274373

PARTICULARS	31-3-2008 Rs.	31-03-2007 Rs.
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	475779383	223668151

NOTES :

1. Travelling Expenses include Travelling Expenses of

a) Chairman-Cum-Managing Director	1696055	1781461
b) Directors	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
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4. Managerial Remuneration *

a) Salaries & Allowances	2513891	2034976
b) Contribution to Provident Fund	272492	234498
c) Actual/Estimated value of perquisites	637433	895184
	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	31-3-2008	31-03-2007
	Rs.	Rs.
SCHEDULE - 17		
RESEARECH & DEVELOPMENT EXPENSES		
Exploratory Drilling at Mines	25345499	17077491
Expenditure on studies on Blasting, Rock Mechanics and Stope design system etc.	2592937	3721107
TOTAL :	<u>27938436</u>	<u>20798598</u>

PARTICULARS	31-03-2008 Rs.	31-03-2007 Rs.
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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	<u>16296715</u>	<u>20628330</u>

SCHEDULE - 18 - B

MISC. EXPENDITURE WRITTEN OFF

V R S Expenses	57974812	43358986
Total	<u>57974812</u>	<u>43358986</u>

SCHEDULE - 18 - C

PRIOR PERIOD ADJUSTMENT

EMD Forfeited	0	(32917110)
Total	<u>0</u>	<u>(32917110)</u>

SCHEDULE 19

ACCOUNTING POLICIES

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 31st 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

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 incurrence. 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.

SCHEDULE 20

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

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 31 st 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 traveling 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 1 st 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 1 st 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 31 st 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 1 st April'2007	195851725	105416353
Expected return on plan assets	23932855	10423711
Actuarial (gain)/loss	-	-
Employer contribution	177818266	11723566
Benefits paid	(15845797)	(6071050)
Fair value of Plan assets as at 31 st March'2008	381757049	121492580

III. Reconciliation of fair value of assets and obligation :

	Gratuity (Funded)	Leave Encashment (Funded)
Fair value of Plan assets as at 31 st March'2008	381757049	121492580
Present value of obligation as at 31 st 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.Mehrotraa	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 30 th 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

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 31 st 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 31.3.2007 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	Rs./Lakhs				Remarks
	Opening balance as on 01.04.07	Additional provisions during the year	Amount used /Write off during the year	Closing balance as on 31.03.08	
Provision for final mine closure expenses	161.73 (100.21)	86.77 (61.52)	-- (--)	248.50 (161.73)	Cash outflow is expected at the time of closure of mines
Provision for Bad & Doubtful Debts	60.66 (70.59)	5.73 (0.06)	12.81 (9.99)	53.58 (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.
- 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 stocks -

	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
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	10000 MT 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 Ist phase of Wind turbine generators commissioned during 2006-07 is 9600000 KWH p.a. and IInd phase of 12 Nos. WTG commissioned during 2007-08 is 19200000Kwh 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

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

Place :New Delhi
Date : 11/06/2008

M.A.V.Goutham
Director (Finance)

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.	:	0 1 2 3 9 8
2. State Code	:	11
3. Balance Sheet date	:	31.3.2008

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 Liabilities	:	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. Investments	:	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%

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)

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

Place :New Delhi
Date :11/06/2008

M A V Goutham
Director (Finance)

K. L. Mehrotraa
Chairman-cum-Managing Director

**CASH FLOW STATEMENT OF MANGANESE ORE (INDIA) LIMITED
FOR THE YEAR ENDED 31.3.2008**

PARTICULARS	Rs. In Lakhs	
	31-3-2008 Rs.	31-03-2007 Rs.
A.CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and dividend	73490.79	20114.58
<u>Adjustment for</u>		
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
<u>Adjustment for :</u>		
Inventories	862.66	2855.81
Sundry Debtors	-10894.37	-441.78
Interest Receivable/Accrued	-1020.62	-495.81
Other Current Assets	0.00	
Loans and Advances -Subsidiary companies		
Loans and Advances -Others	294.94	
Loans and Advances -Others	12.64	307.58
Current Liabilities and 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 and Cash Equivalents	32149.40	21813.96
Closing Cash and 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)

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

Place :New Delhi
Date :11/06/2008

M A V Gautham
Director(Finance)

K. L. Mehrotraa
Chairman-cum-Managing Director

MANGANESE ORE (INDIA) LIMITED
INFORMATION ABOUT BUSINESS SEGMENT

The Company has identified four reportable segment viz.- Manganese Ore, Electrolytic Manganese Dioxide , Ferro manganese & Wind Turbine Generation Unit. Segments 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	97335.83	41762.99
Inter -Segment Sales	415.71	381.82					400.75	293.95	-816.46	-675.77	0	0
Total Revenue	90925.93	38165.11	745.50	310.00	6039.63	3669.70	441.23	293.95	-816.46	-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	0	0	72197.50	19464.08
Other Income	275.71	349.47			1017.58	301.04					1293.29	650.51
Segment Result	69204.99	19022.07	-5.70	40.44	4161.56	949.22	129.94	102.86	0.00	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			41693.51	19461.03
Unallocated corporate assets											60387.59	35108.03
Total Assets											102081.10	54569.06
Segment Liabilities	3945.54	3219.98	9.95	6.55	27.93	62.22	699	222			4904.42	3510.75
Unallocated corporate liabilities											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		0	6924.22	6153.74
Unallocated corporate C.E										0	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			1607.65	1235.37
Non-cash expenses other than depreciation											579.75	606.26

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

Sl. No.	Particulars	C U R R E N T Y E A R				T O T A L	
		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/ Others	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	31-3-2008 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 :		<u>9425089819</u>	<u>3779053046</u>
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 off	18-B	57974812	43358986
Expenses for diversion of forest land		494920	11574361
Total :		<u>2381818650</u>	<u>1797216291</u>
Gross Margin before interest and Depreciation		7043271169	1981836755
Interest		0	0
Depreciation		<u>(122772193)</u>	<u>(112546970)</u>
PROFIT FOR THE YEAR		6920498976	1869289785
Prior period adjustment	18-C	0	32917110
PROFIT BEFORE TAX		<u>6920498976</u>	<u>1902206895</u>

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

PARTICULARS		31-3-2008 Rs.	31-03-2007 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
Depreciation		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	31-3-2008 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 :	<u>44122669</u>	<u>29394584</u>
III. Manufacturing and other Expenses	0	0
IV. Profit before depreciation	44122669	29394584
Depreciation	31128880	19108975
Profit/Loss before Tax	<u>12993789</u>	<u>10285609</u>