

36th Annual Report 1997-98



Manganese Ore (India) Limited

36th Annual Report 1997-98

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MANGANESE ORE (INDIA) LIMITED
(A Government Undertaking)

REGISTERED OFFICE :

3 Mount Road Extension, Post Box No.34
Nagpur 440001 MAHARASHTRA

BOARD OF DIRECTORS :
(As on 25-09-1998)

**CHAIRMAN-CUM-
MANAGING DIRECTOR :**

Shri D. K. Sahni

DIRECTORS :

Shri S. Manoharan

Shri B. Mallik

Shri A. K. Rao

Shri Preetam Athawale

Shri C. B. Deolasee

Shri S. Laxminarayanan

Shri P. M. Reddy

Director (Production & Planning)

Shri S. C. Jain

Director (Finance)

COMPANY SECRETARY :

Dr. K. L. Ukey

AUDITORS :

Khemuka, Patni, Pandya & Co.
Chartered Accountants, Nagpur.

BANKERS :

BANK OF INDIA

STATE BANK OF INDIA

SYNDICATE BANK

PERFORMANCE AT A GLANCE

PARTICULARS	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93
FINANCIAL (Rs. Lakhs)						
Sales	11280.23	10839.31	10427.85	8001.90	5838.02	7437.82
Gross Margin	2906.20	2847.47	2466.46	1595.83	1736.65	2809.39
Profit Before Tax	2376.45	2287.55	1972.20	1073.12	1151.79	2349.18
Profit After Tax	1421.40	1330.41	1078.24	564.20	507.48	1048.63
Dividend	306.50	306.50	306.50	306.50	304.50	304.50
Share Capital	1532.51	1532.51	1532.51	1532.51	1522.51	1522.51
Reserves & Surplus	5518.38	4464.78	3440.87	2669.13	2411.43	2208.46
Borrowings	-NIL-	216.07	375.69	858.63	1131.28	555.89
Gross Block	6760.67	6343.18	5508.11	5073.22	4635.76	4380.70
Working Capital	3207.00	3051.00	2321.34	2354.56	2418.90	1672.01
Capital Employed	6156.00	5942.00	4812.54	4734.63	4670.06	3946.33
Gross Margin to Capital Employed %	47.21	47.92	51.25	33.70	37.19	71.19
Profit Before Tax to Sales %	21.06	21.10	18.91	13.35	19.67	31.58
Debt to Equity Ratio	-NIL-	0.14	0.25	0.56	0.74	0.37
CONTRIBUTION TO EXCHEQUER						
Income Tax	955.05	957.14	893.96	508.92	644.32	1300.55
Sales Tax	710.43	615.27	575.34	484.00	335.22	449.01
Royalty & Cess	197.21	204.13	219.89	183.21	153.49	193.42
Excise Duty on E.M.D.	73.19	68.84	55.97	32.81	19.47	11.56
PHYSICAL						
Production						
Manganese Ore (Lakh Tonnes)	6.61	6.42	6.60	6.09	5.68	6.71
E.M.D (Tonnes)	750.00	620.00	547.00	392.00	338.00	300.00
Output per Man Shift (O.M.S.) / Tonnes)	0.371	0.357	0.295	0.292	0.275	0.275



BOARD OF DIRECTORS

CHAIRMAN-CUM-MANAGING DIRECTOR



Shri D. K. Sahni

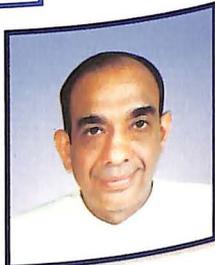
DIRECTORS



Shri S. Manoharan



Shri B. Mallik



Shri A. K. Rao



Shri Preetam Athawale



Shri C. B. Deolasee



Shri S. Laxminarayanan



Shri S. C. Jain
Director (Finance)



Shri P. M. Reddy
Director (Production & Planning)

COMPANY SECRETARY



Dr. K. L. Ukey

SENIOR EXECUTIVES

EXECUTIVE DIRECTORS



Shri B. B. Choudhary



Shri T. N. Prasad

GENERAL MANAGERS



Shri S. M. Bothra

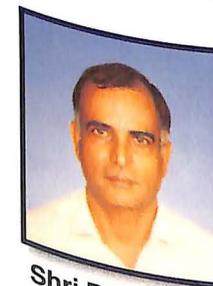


Shri S. S. Chakravorty



Shri B. P. Kaistha

DEPUTY GENERAL MANAGERS



Shri R. K. Ray



Shri D. L. Choudhary



Shri R. B. Akolekar



Shri P. D. Sharma



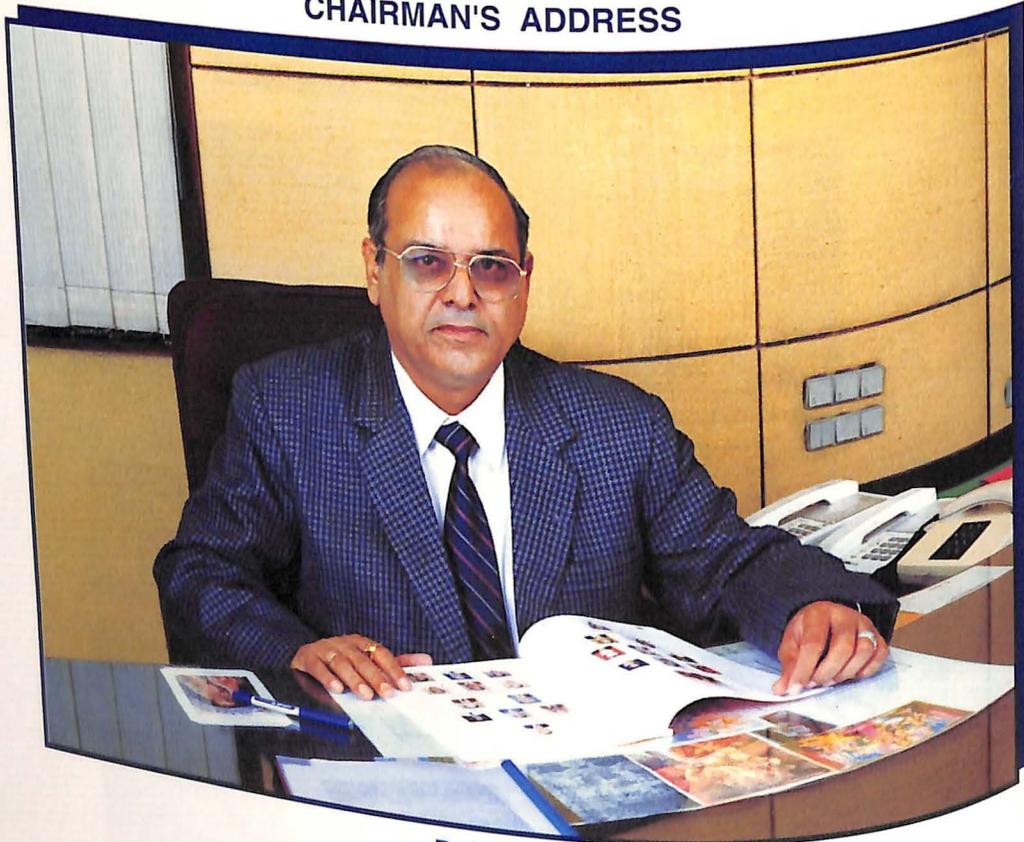
Shri P. K. Banerjee



Shri M.P. Menasigi



CHAIRMAN'S ADDRESS



D. K. Sahni

Ladies & Gentlemen,

I extend a hearty welcome to you to the 36th Annual General Meeting of the Company. You have already received the Audited Annual Accounts and the Director's Report for the year ended 31st March, 1998 and with your permission I take them as read.

THE WINDS OF CHANGE & PUBLIC SECTOR

As this millennium is coming to an end the global economy which is witnessing many upheavals has left its visible impact on the Indian business including public sector. The economic reforms introduced by the Government coupled with withdrawal of budgetary support have instilled a change of

environment in the Public Sector who are now required to operate on purely commercial lines as the competition is becoming more and more intense. However, the much needed autonomy is still eluding the public sector. In this direction the Government has recently floated the idea of "Special Purpose Vehicle" (SPV) which is really a laudable step in the post reforms era. SPV has a potential for achievement of greater autonomy for Public Sector. By handing over 51% share holding in PSUs to this vehicle the Enterprises will come out of the control of Parliament. It will remove the reasons for close supervision and control of PSUs by the Government. It will also enhance the Autonomy of the Management and powers of the Boards. As the SPV

is presently in conceptual stage its usefulness can be assessed only after the modalities have been worked out by the Government.

MOIL - A SAGA OF GROWTH AND CONSOLIDATION

Your Company has been in the Mining business for the last four decades now. The path was challenging and the achievements are highly satisfying. The Company has achieved new milestones year after year.

The operations of the Company during the year 1997-98 have resulted in a profit before tax of Rs.2376.45 lakhs which is the highest-ever since the inception of the Company. The turnover during the year was Rs.11280.23 lakhs - is higher than the previous year. This is a very significant achievement for the Company since the steel market remained depressed almost through out the year. The Company achieved an O.M.S. of 0.371 tonnes.

RESEARCH & DEVELOPMENT AND DIVERSIFICATION

In this competitive businessworld Research & Development occupies the centre stage in every organisation and your company gives importance to the R&D studies in mining and related operations. MOIL has been traditionally a single product Company, but in the changed economic scenario diversification is the need of hour. Realising this, your Company has undertaken various Expansion and Diversification plans. The Ferro Manganese

Plant being set-up at Balaghat Mine is ready for commissioning. Similarly the work relating to setting-up of Captive Power Plant to provide power to Ferro Manganese plant and other mines in Madhya Pradesh is in progress.

DIVIDEND

For the Sixth consecutive year, your Directors have recommended dividend at the rate of 20%. I am sure the share-holders will appreciate and declare the dividend as recommended by the Board.

HUMAN RESOURCE - OUR PRECIOUS ASSETS

For your Company, people are the most precious asset. This Company attached great importance to Human Resource Development. The main objective of HRD is to enhance the Skills of our people. In addition to this the emphasis is given on team building, on-the-job training, Workshops, Seminars, setting up Quality Circles, and promoting cordial work culture to achieve optimum utilisation of manpower.

ECONOMIC SCENARIO AND FUTURE PROSPECTS OF MOIL

The country today is facing downturn in economy resulting in industrial recession. Political instability caused by frequent elections has been primarily responsible for this. The Steel Industry in particular is witnessing a demand recession which has affected other industries like Ferro Manganese and Manganese Ore which provide main input to the



Steel Industries. International market also offers a very little scope for the export of Manganese Ore. Viewed in this backdrop your Company's future performance is likely to get adversely affected unless the market conditions in the steel industry improve. Notwithstanding, we will not leave single stone unturned to achieve the targets set out in the MOU.

MOIL'S ACCOMPLISHMENT

It is a matter of great satisfaction that your Company has got a EXCELLENT rating as per MOU for 1997-98 also. This is the third consecutive year that your Company has achieved the Excellent rating. Your company has won second prize i.e. Indira Gandhi Raj Bhasha Award for 1996-97. Your Company has also been awarded "Chal-Vyjayanti" prize by the Ministry of Steel for progressive use of Hindi and implementation of Official Language Act.

ACKNOWLEDGEMENT :

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 of the Company at all levels whose enthusiasm and commitment had made Company's vision a reality. I am thankful for the whole hearted support received by your Company from Ministry of Steel/other Ministries/Departments of the Govt. of India, Govt. of Maharashtra and Govt. of Madhya Pradesh, other State Governments, Company's Bankers and valued Customers.

Nagpur

Dated : 25-09-1998

(D. K. SAHNI)
Chairman

DIRECTORS' REPORT TO THE SHAREHOLDERS

DIVIDEND

Gentlemen,

Your Directors have pleasure in presenting the 36th Annual Report on the working of your Company alongwith the audited Annual Accounts for the year ended 31st March, 1998.

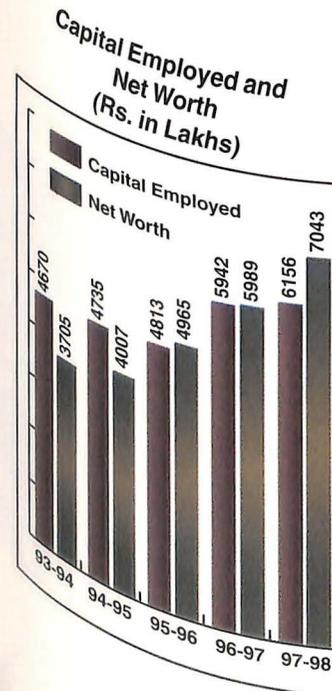
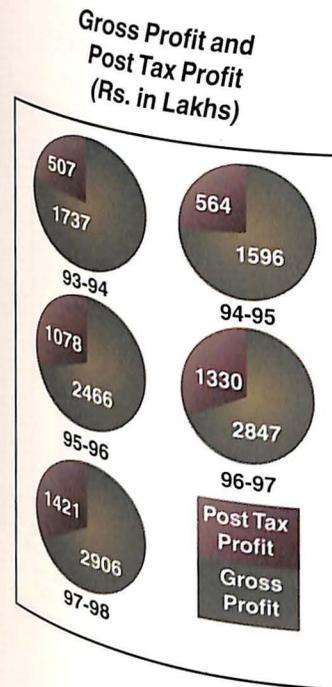
As your Company has earned a net profit after tax of Rs.1421.40 lakhs (Previous year Rs.1330.41 lakhs) during the year, your Directors recommend for payment of dividend on Equity Share Capital @ 20% for the year 1997-98.

FINANCIAL RESULTS

The operations of your Company during the year 1997-98 as can be seen from the audited accounts enclosed, have resulted in a profit of Rs. 2376.45 lakhs (Previous Year Rs.2287.55 lakhs), which is the HIGHEST since the inception of the Company.

WAYS AND MEANS POSITION

The Company's overdraft as on 31.3.1998 was Rs.NIL as against



	1997-98	1996-97
Profit before tax for the year	2376.45	2287.55
Less : Income tax provision	955.05	957.14
Profit after tax for the year	1421.40	1330.41
Add : Balance carried forward from Previous year.	59.29	35.38
Total :	1480.69	1365.79
Less :		
Transferred to : General Reserve	1100.00	1000.00
Dividend on Equity @ 20% (20%)	306.50	306.50
10% Tax on Dividend		
1996-97		30.65
1997-98		30.65
	61.30	61.30
PROFIT CARRIED OVER.	1467.80	1306.50
	12.89	59.29



the Cash Credit Limit of Rs.800.00 lakhs (31.3.97 Rs.Nil lakhs). There is surplus of Rs.1710.00 lakhs in Fixed Deposits with various Nationalised Banks as on 31.5.98. During the year, your Company repaid in full balance plan loans amounting to Rs.216.07 lakhs together with interest of Rs.28.37 lakhs to the Government of India thereby discharging complete loan liability.

OTHER INCOME

Due to prudent cash planning and deployment of surplus funds in Certificate of deposits and Fixed Deposits with various Nationalised Banks as per the Govt. guidelines, the Company earned interest income of Rs.159.18 lakhs.

OPERATIONAL RESULTS

PRODUCTION AND PRODUCTIVITY

The Company has attained a production of 6.61 lakh tonnes (Previous year 6.42 lakh tonnes)

of various grades of Manganese Ore during the year 1997-98 as against the target of 6.50 lakh tonnes resulting in achievement of 101.69%. The EMD production was 750 MT (previous year 620 MT) as against the budgeted target of 750 tonnes resulting in an achievement of 100%.

The Company achieved an output per manshift of 0.371 tonnes (previous year 0.357 tonnes) as against the target 0.315, tonnes.

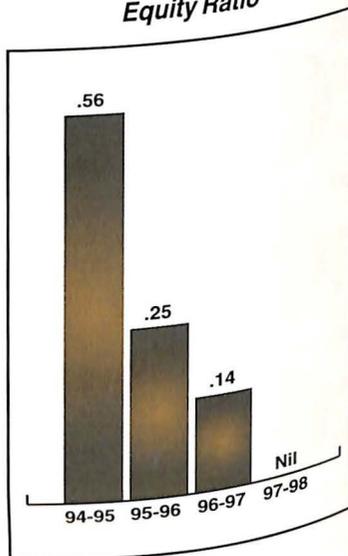
CONSERVATION OF ENERGY

Consistent with the National Policy to conserve energy and also to contain cost of production, the Company has embarked upon an economy drive in this sphere. Various steps including energy audit have been taken to conserve energy and minimise power consumption.

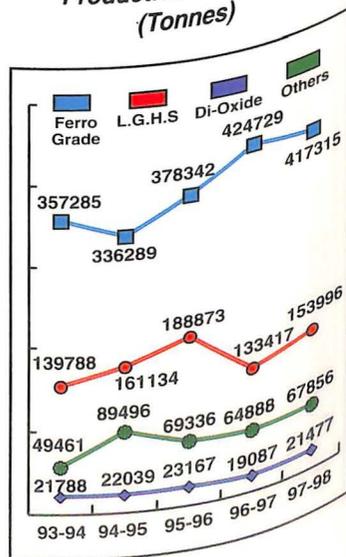
SALES

During the year 1997-98 a quantity of 6.18 lakh tonnes of

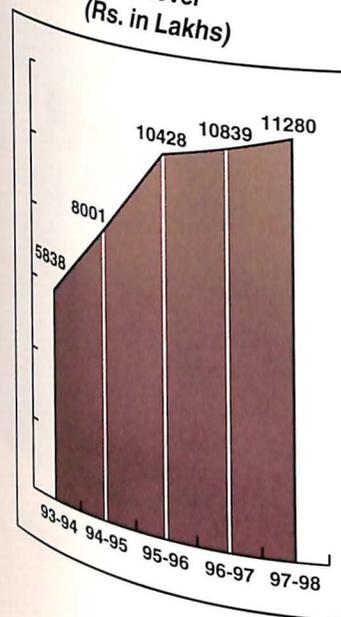
Long Term Debt to Equity Ratio



Production Gradewise (Tonnes)



Turnover (Rs. in Lakhs)



Signing of MOU - 1998-99



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ore has been sold as against the target of 6.08 lakh tonnes resulting in an achievement of 101.64%. Sale of EMD was 716 tonnes as against the target of 800 tonnes resulting in an achievement of 89.50%. Turnover during the year was Rs.11280.23 lakhs (including EMD turnover of Rs.479.81 lakhs), as against the target of Rs.10100.00 lakhs (including EMD turnover of Rs.472.00 lakhs). The value of sales during the year 1996-97 was Rs.10839.30 lakhs (including EMD sale Rs.417.57 lakhs). The turnover during 1997-98 was higher as compared to previous year.

CLOSING STOCK

The Company had a closing stock of 2.11 lakh tonnes of Manganese Ore valued at Rs.1708.84 lakhs as on 31.3.1998 as compared to 1.71 lakh tonnes valued at Rs.1365.01 lakhs as on 31.3.1997. The closing stock of EMD was 135 tonnes including work in

process valued at Rs.63.40 lakhs as on 31.3.1998 as compared to 101 tonnes including work in process valued at Rs.45.47 lakhs as on 31.3.1997.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31.3.1998 was Rs.1532.514 lakhs representing the holding by Central Govt. 81.57% Govt. of Maharashtra 9.62% and Govt. of Madhya Pradesh 8.81% respectively. The outstanding matching contributions from Government of Maharashtra and Government of Madhya Pradesh are Rs.453.12 lakhs and Rs.465.44 lakhs as on 31.3.1998.

DISINVESTMENT OF SHARES

The Company was among the 40 PSUs referred to the Dis-investment commission by the Govt. of India. The Commission



in its Second Report has recommended the disinvestment of shares of the company upto 49% after the implementation of various Capital Schemes and Capital restructuring as may be deemed fit by the Government, but as per commission's Fourth Report the disinvestment has been deferred for the time being.

PROGRESS OF CAPITAL SCHEMES

To sustain and enhance the existing level of output of good quality of manganese ore the company has successfully completed several capital schemes. The progress of ongoing Capital Schemes is given below:

Renovation and Deepening of Hardy's Shaft (Production Shaft) at Balaghat Mine

The work of renovation & deepening of Hardy's Shaft has been awarded to B.G.M.L., which

involves renovation & enlargement of the Shaft upto 9th Level involving 33 Mtrs. widening and further deepening of lining by another 147 Mtrs. The estimated cost of this project is Rs.4.20 crores. During 1997-98, 33 Mtrs. widening alongwith 4.5 Mtrs. deepening has been completed.

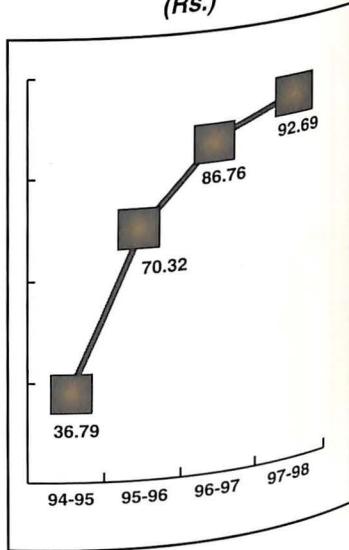
Diversification Projects

Your Company has ambitious diversification plans to manufacture new products/value added products so that the company can become a multiproduct organisation in the course of time. As a part of its diversification efforts the company has set-up/implementing the following projects.

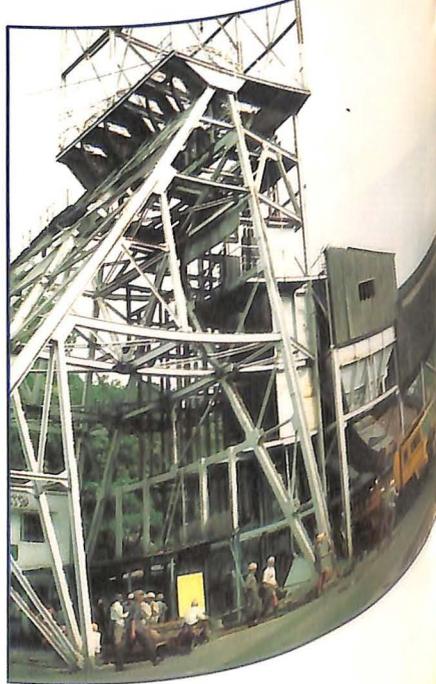
Electrolytic Manganese Dioxide Plant (EMD)

1. The 700 TPA Capacity Electrolytic Manganese Dioxide (EMD) plant set up

Earning Per Share (Rs.)



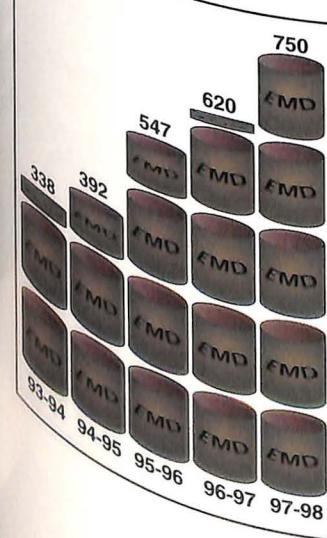
Holmes shaft - Balaghat Mine



Ferro Manganese Plant Balaghat Mine



Electrolytic Manganese Dioxide (Metric Tonnes)



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as a part of diversification plan is working satisfactorily. The quality of the product is of International standard. The capacity of this plant has been expanded by 200 TPA considering the good demand in the domestic market.

2. **New EMD Plant :** The work of preparing project report was awarded to MECON who have submitted their report. The same is being studied by the Company.

3. Ferro Manganese Plant Balaghat Mine :

The work of construction of 5 MVA Ferro Manganese Plant at Balaghat mine at an estimated cost of Rs.570 lakhs has already started. The plant is likely to be commissioned by July/August 1998. The commission of the Plant is deliberately being delayed on account of unfavourable market

conditions at present.

4. Manganese Sulphate Salt Plant :

The 2000 TPA capacity plant is being set up at Dongri Buzurg mine at an estimated cost of Rs.90 lakhs. The Construction and purchase of equipments etc. is in process. The plant is likely to be completed by the end of 1998.

5. Captive Power Plant :

Considering the increasing requirement of Power at Balaghat Mine due to setting up of Ferro Manganese Plant and the restraints in power availability in M.P. the Company is setting-up 8 MW Captive Power Plant at Balaghat mine, at an estimated cost of Rs.21.80 crores. The Govt. approval is awaited. The preliminary work is in progress.

6. The Company is also



examining the possibilities of setting up a High Intensity Magnetic Separation Plant and a Jigging Plant.

RESEARCH AND DEVELOPMENT

Your Company attaches great importance to R & D studies. The more important areas where such studies have been undertaken by your company are :-

(i) Beneficiation of medium and low grade ores as well as medium grade dioxide ores to Battery grade.

(ii) Use of Cable Bolting and Steel Roof Supports in underground mines.

(iii) Improvement in underground Mining & Support Methods including Geo-technical investigations and cavability studies.

(iv) Diamond drilling to locate new manganese bearing areas and to prove further reserves in

the existing areas.

(v) Optimisation of process parameters for Electrolytic Dioxide Plant.

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

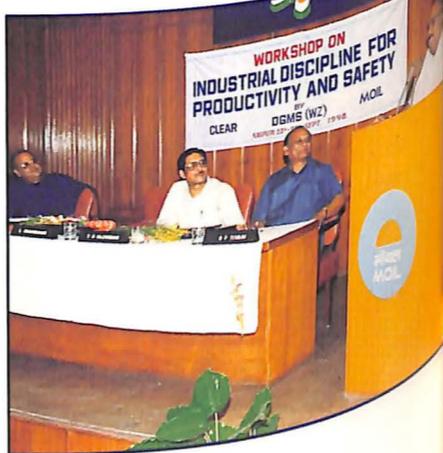
MINING LEASES/ PROSPECTING LICENCES

During the year 1997-98 no mining lease/Prospecting Licence for Manganese Ore was granted to your company.

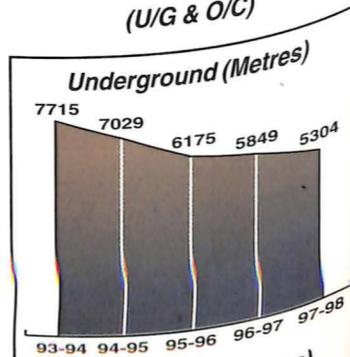
TRAINING PROGRAMMES

During the year, your Company had conducted 61 in-company and 43 outstation Training Programmes in which 2709 employees participated. Besides this 121 Trade Apprentices and 16 Diploma

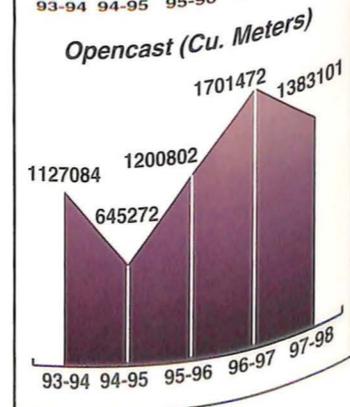
Workshop on Industrial Discipline for Productivity and Safety



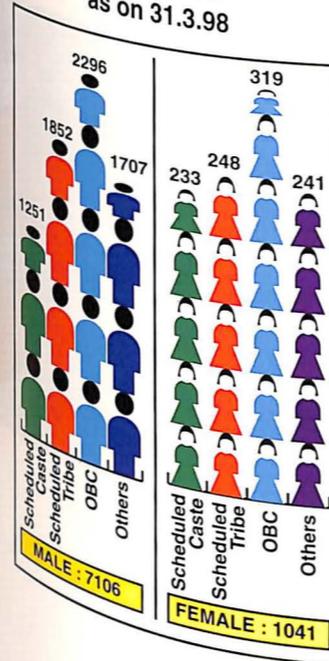
Development (U/G & O/C)



Opencast (Cu. Meters)



Employees as on 31.3.98



Visit of Hon'ble Ministers of Govt. of India and Govt. of Maharashtra to MOIL's Stall at the Exhibition at Nagpur to Commemorate 50 Years of Independence



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Holders in Mining/Electrical/Mechanical Disciplines and 24 Technician Apprentices (VOC) were trained at the mines and Head Office of the Company. Training facilities to 185 students of various Engineering Institutes in the country were also provided at the Mines of the Company.

PERSONNEL

In addition 1761 employees have been imparted training at various Vocational Training Centres of the Company. The manpower as on 31.3.1998 of your company is given below:

	Officers	Staff	Workers Piece rated	Total
Male	279	2799	4028	7106
Female	11	236	794	1041
Total	290	3035	4822	8147

The details of category-wise Strength as on 31.3.1998 was as under :-

Group	Scheduled caste	Scheduled tribe	O.B.C.	Others	Total
A	19	9	18	171	217
B	20	11	19	169	219
C	349	400	467	708	1924
D	1096	1680	2111	900	5787
TOTAL	1484	2100	2615	1948	8147

Percentage of total employees
 18% 26% 32% 24% 100



LABOUR WELFARE SCHEMES, RECREATION & MEDICAL FACILITIES

Your company has implemented various welfare schemes, the salient features of which are as under :

Majority of the employees have been provided with free living accommodation at the mines. Others are given house - Rent allowance. The Company has undertaken the work of tarring the roads in the residential areas of mines. From last year, the company has started providing Uniforms to all piece rated workers at Mines.

The Company has set up hospitals at the Mines manned by qualified doctors supported by para medical staff, Ambulance Vans have been provided at each mine.

Arrangements have been made for the supply of drinking water at all the mines.

Your company continues to

encourage its employees, through incentives, to accept and practice family planning measures.

Your company runs primary Schools at some of the mines where free education is imparted to the employees children. School Buses are also provided at the mines. The Company has a scheme for reimbursement of tuition fees.

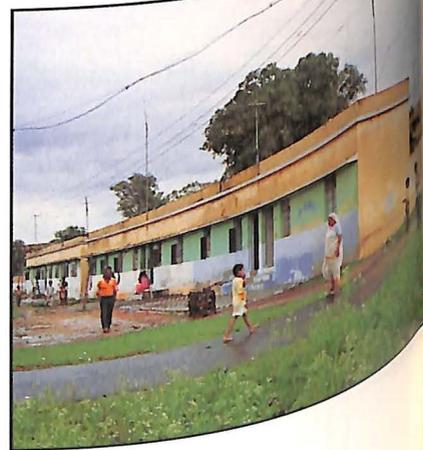
Your company has assisted in the setting up of Consumer stores, Co-operative Credit Societies and Social Clubs for the benefit of employees at mines.

The company also organises indoor/outdoor games, cultural programmes and other competitions.

INDUSTRIAL RELATIONS

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

Residential Quarters at Mines



Children's Park at Mine



Inauguration of MOIL Museum by Hon'ble Minister for Steel and Mines, Govt. of India, Shri Navin Patnaik



Donation of School Bus to Matru Seva Sangh - Nagpur



SAFETY

Your Company pays special attention to ensure safety of the mines and work force employed therein. Your Company has participated in Regional Safety Competition and won 48 prizes including the best overall prize in underground and Semi-Mechanised opencast.

PROGRESSIVE USE OF HINDI

In order to ensure progressive use of Hindi and implementation of Official Language Act, effective steps have been taken by the Hindi Cell functioning at the Corporate Office of the Company.

To encourage the use of Hindi at all levels various competitions are organised during 'Hindi Fortnight' and the winners are suitably rewarded. Facilities for learning Hindi have been made available to employees who are not proficient in the language.

VIGILANCE

The Vigilance Department is headed by a Senior Officer of your Company. Emphasis continued to be laid on the preventive aspects, apart from routine inspection. Various provisions relating to vigilance matters are being implemented.

LEGAL AFFAIRS

The case relating to imposition of increased land revenue by the Government of Maharashtra is pending before the Bombay High Court (Nagpur Bench). Two writ Petitions relating to I.D.A. pay scales filed against the Company are also pending before the Bombay High Court (Nagpur Bench).

Your Company has initiated legal proceedings against some of the defaulting customers for recovery of outstanding dues. Your company has challenged the Interim Award given by the sole Arbitrator in the



matter relating to the sales contract for the year 1988-89 and the Division Bench of the Mumbai High Court has admitted Company's appeal for further hearing.

Your company has challenged in the Jabalpur High Court the levy of Mineral Area Development Cess levied by M.P. Government in respect of mines situated in M.P. State. The Hon'ble Court has granted the stay in the matter.

ENVIRONMENTAL PROTECTION

The company is conscious of its responsibilities towards protection of environment in its leasehold areas. During 1997-98 - 76,000 saplings were planted at different mines of the Company. The sericulture Project at Gumgaon Mine has been further extended to make it commercially viable.

DIRECTORS

Since the last report the following

changes have taken place in the Board.

Shri S. C. Jain, General Manager (Finance) has been appointed by Government of India as Director (Finance) of the company. Shri Preetam Athawale, Deputy Secretary, department of Trade and Commerce Government of Maharashtra has been appointed as Director in place of Shri A. B. Kamble, Dr. Dev Raj Birdi has ceased to be the Director due to withdrawal of his nomination by Government of Madhya Pradesh.

Your Directors wish to place on record their appreciation of the valuable services rendered by Shri A. B. Kamble and Dr. Dev Raj Birdi.

AUDITORS

M/s Khemuka Patni, Pandya & Co., Chartered Accountants, Nagpur have been appointed by the Government of India in consultation with the Comptroller & Auditor General of India as

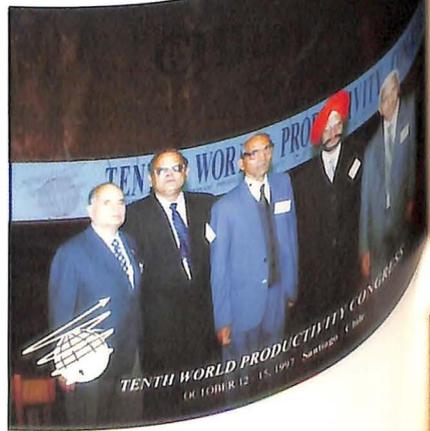
Afforestation at Mines



Picturesque View of Dongri Buzurg Mine



CMD's visit to the Tenth World Productivity Congress at Santiago, Chile



Visit of Secretary, Steel and Mines to the MOIL's Stall at the ITFA-Fair New Delhi to Commemorate 50 Years of Independence



36th Annual Report 1997-98

Auditors of your Company for the year under report. Your Company has also appointed them as Tax Auditors for the year 1997-98.

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.

ACKNOWLEDGEMENT

Your Directors acknowledge the co-operation and help extended by the Govt. of India, Govt. of Maharashtra, Govt. of Madhya Pradesh and other state Governments, Company's Bankers & valued Customers.

Your Directors wish to place on record their sincere appreciation for the dedicated efforts of the employees at all levels.

On behalf of the Board of Directors
Sd/-

(D. K. Sahni)

Chairman-Cum-Managing Director

Place : Nagpur

Dated : 29.06-1998



Form—B

Disclosure of Particulars with Respect to Technology Absorption as Required Under Section 217 (1) (e) of the Companies Act 1956- as Amended in 1988.

(1) Research and Development (R & D)

Specific areas in which R & D carried out by the Company	Benefit derived as a Result of the R & D
The following are the areas in which the Company has undertaken R & D works.	
i) Beneficiation of medium and low grade ores as well as medium grade dioxide ores to Battery grade	On the basis of R & D works your company has set up a High Intensity Magnetic Separation Plant with annual capacity to treat 10,000 TPA of medium grade dioxide ores to battery grade, at a total cost of about Rs.79 lakhs
ii) Use of Cable Bolting and Steel Roof supports in Underground Mines.	With the adoption of Cable bolting it has been possible to reduce support densities. With the use of steel roof support there has been a reduction in timber consumption The efforts are continuing. Quality of the product has been standardised
iii) Optimisation of process parameters for Electrolytic Manganese Di-oxide plant	The R & D activities are at different stages of study/investigation wherever viable modifications in the mining methods have been introduced.
iv) Improvement in mining methods including caveability studies to examine the feasibility of introducing Caving Methods of stoping in substitution of the more costly filling methods	
v) Diamond drilling to locate new manganese bearing areas and to prove further reserves in the existing areas.	

II) Technology absorption, adaptation and innovation :

Efforts in brief made towards technology absorption, adaptation and innovation

Benefits derived as a result of the above efforts eg production improvement, cost reduction, production development, import substitution etc.

- Adaptation of High Intensity Magnetic Separation Process in Upgradation of Medium grade dioxide ores to Battery grade
- Adaptation of modified & improved methods in mining and related activities through R & D efforts

Plant set up and Value added end product is enhancing the profitability of the Company.

Reduction in Timber & Power consumption per unit of output Improved Strata control in underground workings & consequent improvements in safety standards in mining.

Form—B

Disclosure of Particulars with Respect to Technology Absorption as Required Under Section 217 (1) (e) of the Companies Act 1956- as Amended in 1988.

(1) Research and Development (R & D)

Future Plan of action	Expenditure on R & D (Rs./lakhs)			Total R & D Expenditure As percentage of total turnover (D)
	Capital (A)	Recurring (B)	Total (C)	

The Company is continuing with R & D efforts mentioned in Column No.1 in the current year also. The Company also proposes to set up another high Intensity Magnetic Separation Plant involving wet process to upgrade low grade dioxide ores to Battery grade.

—	84.67	84.67	0.75
---	-------	-------	------

Cable bolting technology is being extended to more underground Mines.

Efforts are on hand to improve capacity utilisation. Studies are in progress.

In case of Imported technology (imported during the last 5 years reckoned from the beginning of financial year.)

(A)	Year of import.	Has technology been fully absorbed (C)	If not fully absorbed areas where this has not taken place, reasons therefor and future plans of action. (D)
NIL	(B)	NIL	NIL
NIL	NIL	NIL	NIL
NIL	NIL	NIL	NIL



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 31ST MARCH, 1998.

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act, 1956, on the accounts of Manganese Ore (India) Limited, Nagpur, for the year ended 31st March 1998.

(T. K. Sanyal)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER, AUDIT BOARD-III
NEW DELHI

NEW DELHI
DATED : 31 August 1998

REVIEW OF ACCOUNTS OF MANGANESE ORE (INDIA) LIMITED, NAGPUR FOR THE YEAR ENDED 31ST MARCH 1998 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Note : This Review of Accounts has been prepared without taking into account the Comments under Section 619 (4) of the Companies Act, 1956, and the qualifications contained in the Statutory Auditors' Report.

1. FINANCIAL POSITION

The table below summarises the financial position of the Company under broad headings for the last three years :

	1995-96	1996-97	1997-98 (Rs. in crores)
LIABILITIES			
a) Paid up capital			15.33
i) Government	15.33	15.33	—
ii) Others	—	—	55.11
b) Reserves and Surplus			—
i) Free Reserves & Surplus	34.34	44.58	0.07
ii) Share premium Account	—	0.07	—
iii) Capital Reserves	0.07	—	—
c) Borrowings			—
i) Government of India	2.72	2.16	—
ii) From Financial Institutions	—	—	—
iii) Foreign Currency Loans	—	—	—
iv) Cash Credit	1.03	—	—
v) Others	—	—	40.72
d) Interest accrued and due	—	28.28	—
i) Current liabilities & Provisions	23.86	—	—
ii) Provision for Gratuity	—	—	111.23
Total :	77.35	90.42	67.61
ASSETS			
e) Gross Block	55.08	63.43	38.12
f) Less : Depreciation	30.17	34.52	29.49
g) Net Block	24.91	28.91	8.92
h) Capital work-in-progress	5.33	2.68	0.02
i) Investments	0.02	0.02	72.79
j) Current Assets, loans and advances	47.07	58.79	0.01
k) Misc. expenditure not written off	0.02	0.02	—
l) Accumulated loss	—	—	111.23
Total :	77.35	90.42	111.23

REVIEW BY C & A G



m) Working Capital (j-d (i) - C(vi))	23.21	30.51	32.07
n) Capital Employed (g + m)	48.12	59.42	61.56
o) Net Worth (a+b (i) + b (ii) - k-l)	49.65	59.89	70.43
p) Net Worth per Rupee of paid up capital (in Rs.)	3.24	3.91	4.59

2. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs.17.81 crores from internal and external sources were realised and utilised during the year as detailed below :

Sources of funds

	(Rs. in crores)	
a) Funds from operations:		
Net Profit after tax	14.21	
Add : Depreciation	3.60	
		17.81

Utilisation of funds

a) Addition to Fixed assets		4.18
b) Increase in capital-work-in-progress		6.24
c) Dividend paid		3.06
d) Dividend Tax paid		0.31
e) Decrease in borrowed funds		2.16
f) Increase in working capital (excluding proposed dividend tax there upon)		1.86
Total		17.81

3. WORKING RESULTS

The Working results of the Company for the last three years ending 31st March 1998 are given below :

	(Rs. in crores)		
	1995-96	1996-97	1997-98
i) Sales (including excise duty)			112.80
ii) Profit before tax	104.28	108.39	23.76
iii) Provision for tax	19.72	22.87	9.55
iv) Profit after tax	8.94	9.57	14.21
	10.78	13.30	

4. RATIO ANALYSIS

Some important ratios on the financial health and working of the Company at the end of last three years ending 31st March 1998 are as under :

	1995-96	1996-97	1997-98
A) Liquidity Ratio			1.78
Current Ratio [J/d(i) + c(vi)]	1.97	2.08	
B) Debt Equity Ratio			—
Long term debt to Networth [c (i to v but excluding short term loans/o)]	0.08	0.04	
C) Profitability Ratios			(In percentages)
a) Profit before tax to			38.60
i) Capital Employed	40.98	38.49	33.74
ii) Net worth	39.72	21.10	21.06
iii) Sales	18.91		92.69
b) Profit after tax to Equity	70.32	86.76	92.69
c) Earning per share (in Rupees)	70.32	86.76	

5. INVENTORY LEVELS

The inventory levels at the close of the last three years ending 31st March, 1998 are as under :

	(Rs. in crores)		
	1995-96	1996-97	1997-98
a) Stock in Trade			17.72
b) Stock of Stores & Spares (including in transit)	13.27	14.10	2.49
	2.41	2.49	

The Stock in trade represented 1.53 months sales in 1995-96, 1.56 months sales in 1996-97 and 1.89 months' sales in 1997-98.



6. SUNDRY DEBTORS

The Sundry Debtors and Sales in the last three years ending 31st March, 1998 are as follows :

As on 31st March	Sundry Debtors			Sales (including Excise duty)	Percentage of Sundry Debtors to Sales.
	Considered good	Considered doubtful	Total		
1996	21.22	1.86	23.08	104.28	22.13
1997	20.25	2.26	22.51	108.39	20.77
1998	27.99	1.69	29.68	112.80	26.31

The agewise break up of Sundry debtors at the end of 31st March, 1998 is as under :

Debtors outstanding for

Less than 6 months
6 months to 1 year
1 year to 3 years
More than 3 years

(Rs. in Crores)

26.63

1.25

0.27

1.53

29.68

PLACE : NEW DELHI
DATED : 31-08-98

(T. K. Sanyal)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX OFFICIO MEMBER AUDIT BOARD-III
NEW DELHI

ACCOUNTING POLICIES

1. ACCOUNTING FOR FIXED ASSETS

(i) VALUATION OF FIXED ASSETS :

Gross book value of a Fixed asset is maintained at the original cost.

(ii) DEPRECIATION :

Company is charging 100% depreciation on fixed assets upto the value of Rs.5,000/- as prescribed in Schedule XIV to Companies Act. Depreciation on all assets is calculated on the basis of Written Down Value (WDV) method at rates as prescribed by schedule XIV of the Companies Act 1956, 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.

(iii) WRITE-OFF LOSSES ON ASSETS :

All assets dismantled / discarded are written off assuming that the scrap value for the same is nil.

However, if and when such scraped assets are disposed off, partially or fully, the amounts so realised during the year are credited to Profit and Loss of that year.

(iv) EXPENDITURE DURING CONSTRUCTION PERIOD.

All expenditure during construction period of specific projects, identifiable as relating to such

projects shall be debited to the said projects upto the date of completion and commissioning thereof.

(v) 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 capitalised.

2. VALUATION OF CLOSING STOCK

Inventories are valued on the 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 realisable value whichever is less.

ii) Manganese Ore Fines, Hutch Dust and HIMS rejects :— At cost per tonne on jiggling/processing, transportation etc, allocated on technical estimates or net realisable value whichever is less.

iii) Manganese Ore stock at Port :— At landed cost at port or net realisable value whichever is less. Landed cost includes freight, unloading charges, sampling charges, royalty 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 despatched and excess or shortage, after railment / shipment against each stack is ascertained the same is accounted for in the books of the Company in that year.

- iv) Electrolytic Manganese Dioxide (Including Work in process as on 31st March at different stages of production which is ascertained by technical estimation as to percentage of completed units of EMD) :— At current years cost of production including EMD plant's depreciation or net realisable value whichever is less.

The Manganese ore consumed as raw material for the production of EMD has been charged at current years' cost of production. However, for fines/ HIMS rejects consumed the value per tonne is the same as adopted for valuation of closing stock.

No value has been assigned to the waste arising in the EMD process.

- B) **Stores Inventory** (Stores, spares, timber, explosives, fuel and lubricants) :— At cost on weighted average method. Physical verification of all stores, spares etc. is done at the end of each year. The difference between the physical stock and the book stock is investigated and necessary adjustments carried out in the books of accounts.

3. SALES / OTHER INCOME

i) Ore Sales :

All sales are booked in the books of accounts after despatch of ore based on Railway Receipt/Lorry Receipt /Delivery Challan. All sales of ore are taken into account after the final bills are raised on receipt of the Analysis Reports. The sales during the year for which analysis reports have not been received, have been taken into account on the basis of provisional bills at 100% value. The adjustments in respect of final bills based on analysis reports is made in the year in which the final bills are raised.

ii) E.M.D. Sales :

In the case of Electrolytic Manganese Dioxide, bills are raised at 100% value and are accounted accordingly.

iii) Other Income :

Memorandum records have been kept in respect of replaced / worn-out parts / scrap capital items. When they are disposed off, the proceeds are taken as miscellaneous receipts in that year.

4. INTEREST INCOME

All Interest Income on delayed payments by customers are taken into account in the year of realisation.

5. SALES TAX, INCOME TAX ETC.

In respect of sales tax, Income-tax etc., debits or credits for balance amounts ultimately payable or receivable are raised in the year in

which the assessment order is received, irrespective of the year to which the assessment order pertains.

6. PAYMENT CONCERNING EMPLOYEES

i) Contribution to Provident Fund :—

Contribution to the Employee's Provident Fund in respect of employees covered by Provident Fund Act, is made to the Regional Provident Fund Commissioners along with requisite administrative charges and to the 'Senior Staff Provident Fund Trust', recognised by the concerned authorities, in respect of employees not covered by the said Act.

ii) Gratuity :—

The company has created a Trust for gratuity payable to its employees and has taken a group gratuity-cum-life assurance policy from LIC covering all employees. Annual premiums as determined by the L.I.C. are accordingly charged to the Profit & Loss account.

iii) Liability on Encashment of Leave :—

The liability on account of Leave Salary/ Encashment benefit to employees is provided for on accrual basis, on the basis of last wages/salary drawn for the leave at the credit of the employees as on 31st March. When the employee avails leave or encashes leave during the year, the amount paid as leave salary/leave encashment is debited to normal account heads. The provision for accrued leave salary/leave encashment is reviewed every year as on 31st March and the excess or short provision is suitably

adjusted by debiting/crediting provision A/c.

iv) Provision for Bonus :-

The provision for Bonus is made in the accounts in accordance with the Payment of Bonus Act, 1965.

7. ACCOUNTING FOR SUBSIDIES FROM WELFARE COMMISSIONER

i) 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 revenue in the year in which the expenditure is incurred/subsidy is received.

ii) Welfare Assets :

The entire expenditure for acquisition of assets e.g. school bus, ambulance, water supply scheme etc., under welfare scheme is debited to relevant Asset account in the year the expenditure is incurred. The amount of subsidy to the extent 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.

8. CLAIMS BY THE COMPANY

The amounts of claims lodged with the Insurance company / Railways are accounted for on the basis of amounts claimed during the

year and the differences, if any, on settlement of claims.

9. PROVISION FOR DOUBTFUL DEBTS

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

10. RESEARCH & DEVELOPEMENT EXPENDITURE

R & D expenditure is charged to profit and loss account in the year of incurrence. However, expenditure on fixed assets relating to reasearch & developement is treated in the

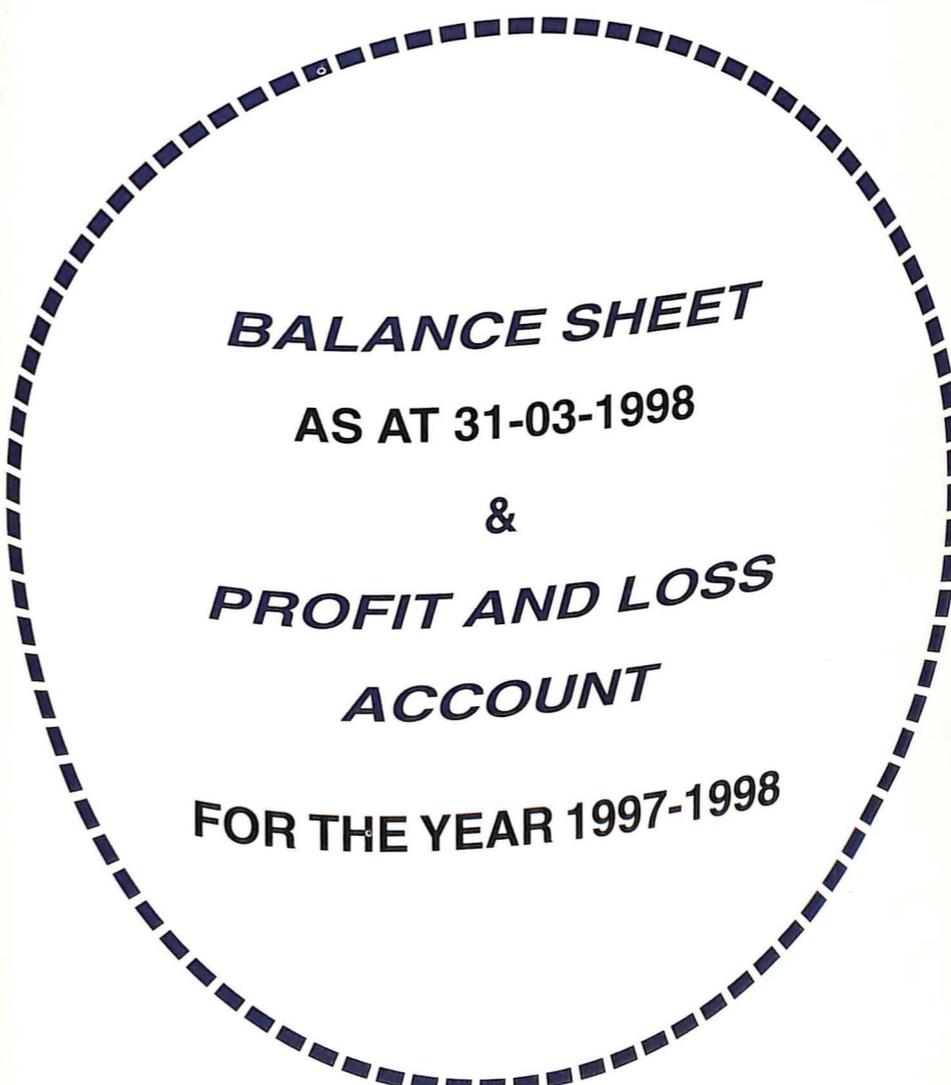
same way as other fixed assets.

11. PRIOR PERIOD EXPENSES

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

12. SIGNIFICANT EVENTS OCCURING AFTER THE BALANCE SHEET DATE

The impact of significant events after the date of Balance sheet and the 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.



BALANCE SHEET
AS AT 31-03-1998
&
PROFIT AND LOSS
ACCOUNT
FOR THE YEAR 1997-1998



BALANCE SHEET AS AT 31st MARCH 1998

PARTICULARS	SCHEDULE	31-3-1998 Rs.	31-3-1997 Rs.
SOURCES OF FUNDS			
(1) SHARE HOLDERS' FUND :			
a) Share Capital	1	15,32,51,400	15,32,51,400
b) Reserves & Surplus	2	55,18,37,726	44,64,77,617
		<u>70,50,89,126</u>	<u>59,97,29,017</u>
(2) LOAN FUNDS			
b) Unsecured Loans	3	—	2,16,06,911
		—	<u>2,16,06,911</u>
		—	<u>2,16,06,911</u>
		—	<u>2,16,06,911</u>
TOTAL :		<u>70,50,89,126</u>	<u>62,13,35,928</u>
APPLICATION OF FUNDS			
(1) FIXED ASSETS :			
a) Gross Block		67,60,67,420	63,43,17,739
b) Less Depreciation		(38,11,78,760)	(34,52,39,375)
c) Net Block		29,48,88,660	28,90,78,364
d) Capital Work-in-Progress		8,91,77,425	2,67,50,634
		<u>38,40,66,085</u>	<u>31,58,28,998</u>
(2) INVESTMENTS :			
(3) CURRENT ASSETS LOANS & ADVANCES			
Current Assets			
a) Inventories	5	1,62,860	1,62,860
b) Sundry Debtors			16,59,44,925
c) Cash & Bank Balances	6	20,21,09,867	20,25,57,145
d) Other Current Assets		27,98,71,115	18,13,94,851
		19,89,93,886	15,06,137
		53,94,546	
Loans & Advances			
		68,63,69,414	55,14,03,058
		4,15,68,216	3,65,50,619
		<u>72,79,37,630</u>	<u>58,79,53,677</u>
Less : CURRENT LIABILITIES & PROVISIONS.			
Current Liabilities			
Provisions	7		
		(35,62,52,393)	(25,13,16,327)
		(5,09,61,556)	(3,14,75,280)
		<u>(40,72,13,949)</u>	<u>(28,27,91,607)</u>
NET CURRENT ASSETS			
(4) Miscellaneous Expenditure to the extent not written off or adjusted. (Stamp Duty for increase in Authorised Capital)	8	32,07,23,681	30,51,62,070
		1,36,500	1,82,000
		<u>70,50,89,126</u>	<u>62,13,35,928</u>
TOTAL :		<u>70,50,89,126</u>	<u>62,13,35,928</u>

This is the Balance Sheet referred to in our Report of even date. The Schedules referred to above and also Schedule 18, Explanatory notes to Financial statements with Accounting Policies form an integral part of Profit & Loss account and Balance Sheet.

for **Khemuka Patni Pandya & Co.**
Chartered Accountants.

Ravi Khemuka
PARTNER

PLACE : Nagpur
DATED : 29-06-98

Dr. K. L. Ukey
Company Secretary

S. C. Jain
Director (Finance)

N. S. Chaudhary
Chief (Finance)

D. K. Sahni
Chairman-cum-Managing Director

36th Annual Report 1997-98

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 1998

PARTICULARS	SCHEDULE	31-3-1998 Rs.	31-3-1997 Rs.
INCOME			
Sales	10	112,80,23,206	108,39,30,880
Other Income	11	3,34,36,417	2,35,30,325
Accretion to Stocks	12	3,61,76,181	83,77,763
		<u>119,76,35,804</u>	<u>111,58,38,968</u>
TOTAL :		<u>119,76,35,804</u>	<u>111,58,38,968</u>
EXPENDITURE			
Ore raising / operating expenses	13	75,43,70,514	64,44,78,011
EMD manufacturing expenses	14	4,04,81,157	3,44,65,497
Administrative & Selling expenses	15	7,74,25,354	9,14,64,890
Research & Development expenses	16	84,67,156	77,28,832
Interest		19,48,550	42,16,485
Loss on sale of assets		—	45,198
Write off of Discarded Assets		26,59,543	18,36,133
Prior Period Adjustment (Net)	17	(9,08,439)	30,82,530
Provision for Doubtful debts.		(55,22,261)	39,97,868
Provision for doubtful advances-suppliers/claims		(51,656)	6,03,104
Write off of stores & Spares Shortages / Excess		1,25,027	21,807
M. P. Mineral development cess		2,31,93,921	—
Write off of cess to M.P. Govt.		5,00,000	—
Provision for unavailed leave		62,75,841	4,33,67,534
		<u>90,89,64,707</u>	<u>83,53,07,889</u>
TOTAL :		<u>90,89,64,707</u>	<u>83,53,07,889</u>
GROSS PROFIT BEFORE DEPRECIATION		28,86,71,097	28,05,31,079
Depreciation		(5,10,25,646)	(5,17,75,636)
		<u>23,76,45,451</u>	<u>22,87,55,443</u>
PROFIT BEFORE TAX		(8,76,85,711)	(9,57,14,293)
Provision for tax for 97-98		(78,19,295)	
Add : Less Provision for A. Y.95-96 written back			
		<u>(9,55,05,006)</u>	<u>(9,57,14,293)</u>
NET PROFIT AFTER TAX		14,21,40,445	13,30,41,150
Balance of Profit from previous year		59,28,450	35,37,580
		<u>14,80,68,895</u>	<u>13,65,78,730</u>
PROFIT AVAILABLE FOR APPROPRIATION		3,06,50,280	3,06,50,280
APPROPRIATIONS			
Proposed Dividend on Equity Shares @ 20 % (20 %)		30,65,028	10,00,00,000
10% Tax on Dividend 1996-97		30,65,028	59,28,450
10% Tax on Dividend 1997-98			13,65,78,730
Transfer to General Reserve		61,30,056	—
Balance Carried forward		11,00,00,000	59,28,450
		12,88,559	13,65,78,730
		<u>14,80,68,895</u>	<u>13,65,78,730</u>
TOTAL :		<u>14,80,68,895</u>	<u>13,65,78,730</u>

This is the Profit & Loss account referred to in our Report of even date. The Schedules referred to above and also Schedule 18, Explanatory notes to Financial statements with Accounting Policies form an integral part of Profit & Loss account and Balance Sheet.

for **Khemuka Patni Pandya & Co.**
Chartered Accountants.

Ravi Khemuka
PARTNER

PLACE : Nagpur
DATED : 29-06-98

Dr. K. L. Ukey
Company Secretary

S. C. Jain
Director (Finance)

N. S. Chaudhary
Chief (Finance)

D. K. Sahni
Chairman-cum-Managing Director



PARTICULARS	31-3-1998 RS.	31-3-1997 RS.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised:		
2,00,000 7.5% Cumulative Preference Shares of Rs.100/- each	2,00,00,000	2,00,00,000
28,00,000 Equity Shares of Rs.100/- each	28,00,00,000	28,00,00,000
	<u>30,00,00,000</u>	<u>30,00,00,000</u>
Issued & Subscribed :		
15,32,514 Equity Shares of Rs.100/- each	15,32,51,400	15,32,51,400
TOTAL :	<u>15,32,51,400</u>	<u>15,32,51,400</u>

**SCHEDULE - 2
RESERVES AND SURPLUS**

Capital Reserve		
As per last Balance Sheet		6,61,255
Transfer from Profit & Loss Account	6,61,255	
	<u>6,61,255</u>	<u>6,61,255</u>
Investment Allowance Reserve		
As per last Balance Sheet		1,14,58,694
Transfer to General Reserve	1,01,07,694	
	<u>(33,81,189)</u>	<u>(13,51,000)</u>
	<u>67,26,505</u>	<u>1,01,07,694</u>

...Contd. ..

PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
SCHEDULE - 2 Contd...		
Research and Development Reserve		
As per last Balance Sheet	50,00,000	50,00,000
	<u>50,00,000</u>	<u>50,00,000</u>
General Reserve		
As per last Balance Sheet	42,47,80,218	32,34,29,218
Transfer from Investment Allowance Reserve	33,81,189	13,51,000
Transfer from Profit and Loss Account	11,00,00,000	10,00,00,000
	<u>53,81,61,407</u>	<u>42,47,80,218</u>
Profit & Loss Account		
Balance of profit	12,88,559	59,28,450
TOTAL :	<u>55,18,37,726</u>	<u>44,64,77,617</u>

**SCHEDULE - 3
UNSECURED LOANS**

Government of India		
		2,16,06,911
		<u>2,16,06,911</u>
TOTAL :		<u>2,16,06,911</u>



SCHEDULE - 4

FIXED ASSETS — 1997-98

(Figures in Rupees)

Sr. No.	Description of Assets.	G R O S S - B L O C K			
		As On 31-3-97	Additions	Sales / Discarded / Transfer.	As on 31-3-98
1.	Land	1888642	1137593	-	3026235
2.	Leasehold land.	5940	-	-	5940
3.	Land and Buildings	93198922	3989785	23529	97165178
4.	Plant and Machinery	505110919	50668916	17052874	538726961
5.	Railway Siding	171599	-	-	171599
6.	Furniture & Office Equipments	16007487	2469369	305468	18171388
7.	Vehicles	17934230	1404050	538161	18800119
GRAND TOTAL :		634317739	59669713	17920032	676067420
Previous Year.		550811248	96502955	12996464	634317739

1. Land and buildings at Nagpur Office have been grouped together for the purpose of depreciation as the value of land has not been determined.
2. Depreciation withdrawn for the assets discarded during the year amounts to Rs.14835196/- (Rs.10948057/-)

SCHEDULE - 4

FIXED ASSETS — 1997-98

(Figures in Rupees)

As on 31-3-97	D E P R E C I A T I O N			N E T B L O C K	
	For the year.	Recouped / withdrawal.	As on 31-3-98	As on 31-3-98	As on 31-3-97
-	-	-	-	3026235	1888642
5940	-	-	5940	-	-
32065484	4032767	17198	36081053	61084125	61133438
293839446	42821203	14442977	322217672	216509289	211271473
162840	80	-	162920	8679	8759
8532482	2110579	274990	10368071	7803317	7475005
10633183	2186461	476540	12343104	6457015	7301047
345239375	51151090	15211705	381178760	294888660	289078364
WORK IN PROGRESS :				89177425	26750634
TOTAL :				384066085	315828998
301692034	54610474	11063133	345239375	315828998	302382530

1. Depreciation for the year includes adjustment for prior period for Rs.125444/- (Rs.2834838/-)
2. Depreciation for the year includes Rs.5018780/- (Rs.4530191/-) on EMD plant.
3. Gross block does not include assets purchased from Govt. of India Grant-in-aid.



PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
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SCHEDULE - 5

INVESTMENTS

2000 Shares of Rs.5/-each fully paid up of Co-operative Stores at Mines.	10,000	10,000
1612 Shares of Rs.25/- each fully paid up of Co-operative Societies at Mines.	40,300	40,300
11256 Shares of Rs.10/- each fully paid up of Co-operative Stores at Mines.	1,12,560	1,12,560
TOTAL :	1,62,860	1,62,860

- NOTES: 1. Shares of the value of Rs.10,000/-
are in Co-operative Stores, which
are Unregistered.
2. Shares are unquoted and are at cost.

PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
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SCHEDULE - 6

CURRENT ASSETS

(i) INVENTORIES :		
Stock of Stores & Spares at Cost as taken valued and certified by Chairman-Cum-Managing Director	2,48,43,936	2,47,35,722
Stores in transit at cost	41,615	1,61,068
Stock in trade at cost or market value which ever is less as taken valued and certified by Chairman-Cum-Managing Director.	17,68,24,177	14,08,08,649
Stock in Trade	4,00,139	2,39,486
Work in Process	20,21,09,867	16,59,44,925
TOTAL :		
(ii) SUNDRY DEBTORS		
a) Considered Good Debts outstanding for period exceeding 6 months	1,36,28,770	1,85,24,925
Others	26,62,42,345	18,40,32,220
b) Considered Doubtful	1,69,01,463	2,25,86,884
Less :		
Provision for doubtful debts	29,67,72,578	22,51,44,029
SUB TOTAL :		
	(1,69,01,463)	(2,25,86,884)
TOTAL :	27,98,71,115	20,25,57,145
(iii) CASH & BANK BALANCE		
Cash in Hand	8,31,573	7,57,782
At Head office	1,21,92,511	99,96,976
At Mines	—	5,50,000
Cash in Transit	1,89,12,347	1,11,26,772
Surplus in Cash Credit A/c	16,27,55,280	15,80,53,152
Balance with Scheduled Banks	43,02,175	9,10,169
on Fixed Deposits	19,89,93,886	18,13,94,851
on Current Account *		
TOTAL :		

... contd. ...



PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
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SCHEDULE - 6 (contd.)

(iv) Other current assets		
Interest accrued on fixed & other Deposits		15,06,137
	53,94,546	
TOTAL :	68,63,69,414	55,14,03,058

NOTES :

- (i) Cash-in-hand includes Revenue Stamps & postage worth Rs.16,383 (Rs.17,556) and cheques worth Rs. 13,00,000 (Rs.NIL)
- (ii) Cash-in-transit includes cheques worth Rs.Nil (Rs.5,50,000)
- (iii) Fixed Deposits Receipts to the extent of Rs.2.55 lakhs (Rs.5.53 lakhs) are held with the Company / Bank /Govt Deptt meant for obtaining bank Guarntees / Security.

PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
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SCHEDULE - 7

LOANS AND ADVANCES (Considered Good)

(i) Secured :		15,63,814
Advances to employees		12,52,135
(ii) Unsecured :		
Advances to employees		1,37,20,992
Advances for purchase of stores, Spares, Plant & Machinery & Land	72,03,731	
Less : Provision for doubtful advances	4,58,689	
Advances to Contractors & others		67,45,042
Advances to Port Agents		43,52,776
Claims Receivable		
Less : Provision for doubtful claims	124757	31,998
Pre-Paid Expenses	92759	
Deposit with Railway, Electricity Board and Others		11,76,898
Advance Income Tax Paid		1,42,88,375
Less : Provision made		
TOTAL :	4,15,68,216	14,12,222

NOTES :

1. (a) Advances to officers 8,371
- (b) Maximum outstandings against individual officers during the year. 47,134
2. (a) Advances to Chairman-cum Managing Director. 3,69,788
- (b) Maximum Outstanding during the year 3,69,788
3. Deposits include interest bearing deposits with MSEB 33,28,830



PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
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SCHEDULE - 6 (contd.)

(iv) Other current assets		
Interest accrued on fixed & other Deposits	53,94,546	15,06,137
TOTAL :	68,63,69,414	55,14,03,058

NOTES :

- (i) Cash-in-hand includes Revenue Stamps & postage worth Rs.16,383 (Rs.17,556) and cheques worth Rs. 13,00,000 (Rs.NIL)
- (ii) Cash-in-transit includes cheques worth Rs.Nil (Rs.5,50,000)
- (iii) Fixed Deposits Receipts to the extent of Rs.2.55 lakhs (Rs.5.53 lakhs) are held with the Company / Bank /Govt Deptt meant for obtaining bank Guarantees / Security.

PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
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SCHEDULE - 7

LOANS AND ADVANCES (Considered Good)

(i) Secured :		15,63,814
Advances to employees	12,52,135	
(ii) Unsecured :		1,23,22,510
Advances to employees	1,37,20,992	
Advances for purchase of stores, Spares, Plant & Machinery & Land	72,03,731	39,21,844
Less : Provision for doubtful advances	4,58,689	37,16,832
Advances to Contractors & others	43,52,776	—
Advances to Port Agents	—	—
Claims Receivable	124757	31,998
Less : Provision for doubtful claims	92759	9,92,568
Pre-Paid Expenses	—	1,26,20,829
Deposit with Railway, Electricity Board and Others	1,42,88,375	—
Advance Income Tax Paid	—	14,12,222
Less : Provision made	—	3,65,50,619
TOTAL :	4,15,68,216	3,65,50,619

NOTES :

1. (a) Advances to officers 8,371
- (b) Maximum outstandings against individual officers during the year. 47,134
2. (a) Advances to Chairman-cum Managing Director. 3,69,788
- (b) Maximum Outstanding during the year 3,69,788
3. Deposits include interest bearing deposits with MSEB 33,28,830



PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
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SCHEDULE - 8

CURRENT LIABILITIES

Sundry Creditors	6,75,84,717	5,57,05,542
Advance from Customers	91,44,723	1,02,99,615
Security Deposits	1,74,80,044	1,86,68,770
Liabilities for expenses	25,13,17,829	15,34,53,131
Other liabilities	1,07,25,080	1,22,83,805
Interest payable on loans accrued but not due	—	9,05,464

TOTAL : 35,62,52,393 25,13,16,327

SCHEDULE - 9

PROVISIONS

For Income tax	28,82,76,064	—
Less : Advance tax Paid	27,18,54,816	—
Proposed Dividend @ 20% (20%) on Equity Shares	1,64,21,248	3,06,50,280
Provision for 10% Tax on dividend	3,06,50,280	—
For Loss on A/C of obsolete, surplus stores and spares	30,65,028	8,25,000
	8,25,000	—

TOTAL : 5,09,61,556 3,14,75,280

PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
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SCHEDULE - 10

SALES

(i) Sale of Manganese Ore	108,00,41,928	104,21,73,414
(ii) Sale of EMD (Gross)	4,79,81,278	4,17,57,466

TOTAL : 112,80,23,206 108,39,30,880

SCHEDULE - 11

OTHER INCOME

Interest		
On Deposits	1,72,68,981	1,63,81,707
On Advances	5,77,104	4,89,277
On Outstandings	79,16,347	14,26,585
Recoveries from employees	1,90,474	1,92,455
Rent	10,40,413	12,12,333
Electricity	1,87,937	1,22,245
School Bus	25,10,798	26,09,770
Sale of Scrap	7,20,053	6,13,998
Rent on Buildings	69,960	33,409
Reimbursement from Welfare Commissioner	17,76,972	—
Refund of Sales Tax	11,77,398	4,51,586
Miscellaneous income		

TOTAL : 3,34,36,417 2,35,30,325

Tax deducted at source Rs.9,37,798 (Rs.1,86,873)



PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
SCHEDULE - 8		
CURRENT LIABILITIES		
Sundry Creditors	6,75,84,717	5,57,05,542
Advance from Customers	91,44,723	1,02,99,615
Security Deposits	1,74,80,044	1,86,68,770
Liabilities for expenses	25,13,17,829	15,34,53,131
Other liabilities	1,07,25,080	1,22,83,805
Interest payable on loans accrued but not due	—	9,05,464
TOTAL :	35,62,52,393	25,13,16,327

SCHEDULE - 9

PROVISIONS

For Income tax	28,82,76,064	—
Less : Advance tax Paid	27,18,54,816	—
Proposed Dividend @ 20% (20%) on Equity Shares	1,64,21,248	3,06,50,280
Provision for 10% Tax on dividend For Loss on A/C of obsolete, surplus stores and spares	3,06,50,280	8,25,000
	30,65,028	3,14,75,280
	8,25,000	—
TOTAL :	5,09,61,556	3,14,75,280

PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
SCHEDULE - 10		
SALES		
(i) Sale of Manganese Ore	108,00,41,928	104,21,73,414
(ii) Sale of EMD (Gross)	4,79,81,278	4,17,57,466
TOTAL :	112,80,23,206	108,39,30,880
SCHEDULE - 11		
OTHER INCOME		
Interest		
On Deposits	1,72,68,961	1,63,81,707
On Advances	5,77,104	4,86,277
On Outstandings	79,16,347	14,26,545
Recoveries from employees		
Rent	1,90,474	1,92,455
Electricity	10,40,413	12,12,333
School Bus	1,87,937	1,22,245
Sale of Scrap	25,10,798	26,09,770
Rent on Buildings	7,20,053	6,13,998
Reimbursement from Welfare Commissioner	69,900	33,409
Refund of Sales Tax	17,76,972	—
Miscellaneous income	11,77,398	4,51,586
TOTAL :	3,34,36,417	2,35,30,325
Tax deducted at source Rs.9,37,798 (Rs.1,86,873)		



PARTICULARS

SCHEDULE - 12

ACCRETION TO STOCKS

(i) To Manganese Ore

Closing Stock

Less Opening Stock

(ii) To EMD

Closing Stock

Less Opening Stock

(Stock includes work in process)

TOTAL :

31-3-1998
Rs.

31-3-1997
Rs.

17,08,84,424

(13,65,01,495)

3,43,82,929

63,39,892

(45,46,640)

17,93,252

3,61,76,181

13,65,01,495

(12,85,59,922)

79,41,573

45,46,640

(41,10,450)

4,36,190

83,77,763

PARTICULARS

SCHEDULE - 13

ORE RAISING / OPERATING EXPENSES

- Salaries, Wages & Allowances
- Contribution to P. F. & other Funds
- Bonus
- Group Gratuity Insurance and Gratuities *
- Welfare Expenses
- Transport, Railing & Other works through Contractors
- Stores & Spares
- Power & Fuel
- Railway Siding & Maintenance
- Repairs and Maintenance to :
 - Buildings
 - Plant & Machinery
 - Furniture & Fixtures
 - Vehicles
- Rent
- Rates & Taxes
- Insurance
- Printing & Stationary
- Postage, Telegram and Telephone / Fax
- Entertainment
- Travelling & Conveyance Allowance
- Administrative charges for P.F.
- Management Training
- Miscellaneous Expenses

Less cost of Manganese Ore transferred to EMD Plant

Add Excise Duty on MnO2/HIMS

NOTES :

1. Allocation of expenses incurred at mines including provisions under different heads of accounts is accepted on the basis of abstracts certified by Mine Managers.
2. Repairs and Maintenances of Assets include salaries and wages of Rs. 1,59,93,777/- (Rs. 1,50,95,957/-) and stores and spares of Rs. 1,11,80,303/- (Rs. 96,51,600/-)
3. Includes Gratuity for H.O. employees.

31-3-1998
Rs.

31-3-1997
Rs.

33,49,76,317

2,92,95,177

2,40,72,393

1,72,12,617

1,58,42,217

10,08,24,327

9,23,64,070

6,00,58,203

40,55,436

2,00,69,565

2,26,35,858

13,03,537

55,50,789

28,889

32,63,989

14,49,636

5,74,546

5,47,942

50,928

1,21,48,142

14,83,172

25,77,316

39,43,097

SUB TOTAL :

75,43,28,163

TOTAL :

1,83,345

2,25,696

TOTAL :

75,43,70,514

23,87,39,286

2,40,68,005

2,49,50,142

1,76,16,412

1,42,16,285

12,08,93,905

8,49,65,675

5,88,80,750

3,76,464

1,40,73,053

2,26,98,862

7,21,628

38,73,920

91,533

7,53,203

14,47,010

12,74,003

5,89,999

46,524

84,82,976

13,75,084

17,75,308

27,57,610

64,46,67,637

1,89,626

64,44,78,011

64,44,78,011



PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
SCHEDULE - 14		
EMD MANUFACTURING EXPENSES		
Salaries, Wages & Allowances	69,56,017	40,71,741
Contribution to P.F.	4,56,877	3,97,494
Bonus	1,89,000	3,46,750
Gratuity	3,51,372	2,66,888
Welfare Expenses	2,21,309	1,51,390
Contractors Payment		42,66,545
Ore reduction expenses	47,35,679	4,84,628
Others	7,71,616	15,88,410
Raw Materials Consumption	16,00,382	8,85,808
Sundry Consumables	15,87,829	6,26,681
Repairs to Plant & Machinery	4,69,787	88,220
Insurance	1,04,432	1,39,41,756
Power & Fuel	1,52,70,980	2,21,435
Travelling & Conveyance Allowances	2,21,301	25,393
Administrative Charges for P.F.	47,458	34,492
Stores Handling	17,844	1,84,300
Miscellaneous Expenses	1,60,096	
Excise Duty		2,75,81,931
TOTAL :	3,31,61,979	68,83,566
GRAND TOTAL :	4,04,81,157	3,44,65,497

PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
SCHEDULE - 15		
ADMINISTRATIVE AND SELLING EXPENSES		
(i) ADMINISTRATIVE EXPENSES:		
Salaries, Wages & Allowances *	3,08,36,867	2,85,64,487
Contribution to P.F. & Other Funds	16,25,711	28,31,002
Bonus	1,08,307	2,18,897
Welfare Expenses	26,86,130	30,76,074
Power & Fuel	17,81,025	15,53,376
Repairs and Maintenance to		8,47,907
Buildings	10,76,574	51,507
Plant & Machinery	68,628	3,94,767
Furniture & fixtures	4,02,514	1,26,725
Vehicles	2,27,162	1,65,466
Rent	1,01,752	21,34,361
Rates & Taxes	2,57,126	2,62,457
Insurance	2,66,854	18,59,852
Printing and Stationary	17,98,471	20,96,877
Postage, Telegram & Telephone / Fax	22,63,067	64,062
Entertainment	75,097	48,42,670
Travelling & Conveyance Allowances	65,53,942	18,57,614
Legal/Professional Fees & Expenses	10,40,598	44,800
Auditor's Remuneration	53,490	2,07,098
Administrative Charges for P.F.	3,09,219	4,88,155
Bank Commission	6,45,570	21,02,820
Advertisement	18,05,544	7,84,593
Management Training	8,55,802	14,598
Stores Handling	24,905	1,01,947
Books & Periodicals	99,579	31,000
Donation	2,98,574	25,93,650
Miscellaneous Expenses	12,42,055	
SUB TOTAL :	5,65,94,563	5,73,16,762
		<i>.. Contd. ..</i>



PARTICULARS	31-3-1998 Rs.	31-3-1997 Rs.
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SCHEDULE - 15 (contd.)

(ii) SELLING EXPENSES

Sales Tax on Company A/C	1,50,577	2,98,889
Railway Freight & Forwarding Charges	9,59,632	1,23,02,123
Remuneration & Comm. to Port Agent	—	24,470
Shipping Expenses	—	11,09,402
Royalty & Cess	1,97,20,582	2,04,13,244
		<u>3,41,48,128</u>
SUB TOTAL :	2,08,30,791	9,14,64,890
		<u>9,14,64,890</u>
TOTAL :	7,74,25,354	

NOTES :

1. Travelling Expenses include Travelling Expenses of

a) Chairman-Cum- Managing Director	8,76,249	3,02,835
b) Directors	5,79,393	2,54,170

2. Auditor's Remuneration

a) Audit Fee	40,000	30,000
b) Other Services	12,000	10,000
c) Expenses	1,490	4,800

3. Advertisement expenses include expenditure on Public Relations and Publicity

	6,66,003	3,65,881
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4. Managerial Remuneration *

a) Salaries & Allowances	3,98,033	3,42,337
b) Contribution to Provident Fund	47,419	33,865
c) Actual / Estimated value of Perquisites	1,61,319	30,893
	<u>6,06,771</u>	<u>4,07,095</u>

(*) Chairman-Cum-Managing Director and 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.400/- for AC car and Rs. 250/- per month for non 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	31-3-1998 Rs.	31-3-1997 Rs.
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SCHEDULE - 16

RESEARCH & DEVELOPMENT EXPENSES

EXPLORATORY DRILLING

Gumgaon	9,84,719	8,24,034
Kandri	15,82,503	12,01,353
Munsar	—	2,593
Beldongri	—	18,984
Tirodi	1,67,371	37,68,770
Balaghat	31,94,559	4,45,222
Chikla	—	1,00,296
Ukwa	—	—
	<u>59,29,152</u>	<u>63,61,252</u>

Cable Bolting at Chikla Sand Stowing at Chikla Ground Vibration & Blasting Studies at Dongri Buzurg Mine (VRCE) Ultrasonic testing of Winder Components at Kandri, Beldongri, Chikla (NIRM) Stope Design at Gumgaon Mine (CMRI) Microbial Leaching of Manganese Ore (Nagpur University)

Planning & Designing of Underground Ore Transportation and handling Systems of Balaghat Mine (NIRM)	1,00,000	2,18,000
Stowing Plant for filling the stopes at Ukwa (C.M.R.I.)	—	1,67,000
Development of Mines spoil dumps at Mines Ventilation Survey & Planning at Balaghat Market Research on Manganese based chemicals (PDIL)	1,15,000	1,00,000
Optimisation Plan for Balaghat Mine Misc. consultations	1,80,000	2,25,000
Testing Charges	15,000	25,000
	31,058	16,300
	—	17,125
TOTAL :	84,67,156	77,28,832



PARTICULARS

31-3-1998
Rs.31-3-1997
Rs.

SCHEDULE - 17

PRIOR PERIOD ADJUSTMENT

(i) Debits relating to :

Depreciation

Sales

1,25,444

28,34,838

2,47,692

(ii) Credits relating to :

Excess Provision - Royalty

(10,33,883)

TOTAL :

(9,08,439)

30,82,530

SCHEDULE - 18

EXPLANATORY NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT

1. Contingent Liabilities :

Claims against the Company not acknowledged as debt :

i) For Wages and other benefits to employees Rs.9.54 Lakhs (Rs.9.00 Lakhs).

ii) The Tahasildar, Ramtek has raised the demand for Rs.3,12,000 being the 100% increase in land revenue in Maharashtra for the period from 1-8-1975 to 31-7-1987. The Company has filed a petition in the High Court at Nagpur against this claim.

iii) Three of Company's major customers have lodged claims for supply of ore which, according to them, are not as per the specifications. The claims for Rs.400.08 Lakhs.(Rs.400.08 lakhs) on account of quality have been repudiated as the supplies to these customers were governed by regular sales contracts, which do not provide for such liability.

iv) The Company's Income Tax Assessment has been completed upto the Assessment Year 1995-96. A demand of Rs.97,73,334/- is pending against the said assessment year for which provision has been made in the books of accounts. For assessment years 1996-97 to 1998-99, the Company has made payment of advance tax upto 31-03-98 amounting to Rs. 2718.55 lakhs, which includes tax deducted at source. Against this, provision has been made in the books for Rs.2882.76 lakhs reflecting a variance of Rs. 164.21 lakhs. Further, the details of claims pending are given below :-

a) The Company's appeals for Assessment year 1995-96 is pending with CIT (Appeal).

b) Similarly, appeals preferred by Income Tax Department for certain years are pending involving total tax amount of Rs. 77.42 lakhs not provided for.

c) Penalty amounting to Rs.9,68,854/- imposed by Commissioner of Central Excise, Nagpur on HIMS product of Dongri Buzurg Mine towards non payment of excise duty for a period from 23-7-96 to 31-3-97, has been challenged in the CEGAT, Mumbai and the Honourable CEGAT has granted the stay, hence not acknowledged as debt and not provided in the books of accounts of 1997-98.

2. Estimated amount of contracts remaining to be executed on capital account and ~~not provided~~ for is Rs. 779.08 lakhs (Rs.553.17 lakhs).

3. The Company has created a trust for Gratuity payable to its employees and has taken a Group Gratuity-Cum-Life Assurance Policy from LIC for the same covering all the employees. The Company has paid a premium of Rs.175.04 Lakhs for the Year 1997-98 (Rs.162.60 lakhs).

4. Letters for confirmation of Sundry Debtors & Sundry Creditors have been sent to the parties. Confirmations are awaited.

5. For anticipated loss on disposal of obsolete stores/spares, the balance provision of Rs.8.25 Lakhs (Rs.8.25 Lakhs) is considered adequate.

6. The Company continues to follow the written down value method of depreciation. The amount of depreciation for the Year 1997-98 is Rs.510.26 Lakhs (Rs.517.76 lakhs) based on the rates as



per Schedule XIV of the Companies (Amendment) Act, 1988, as amended.

7. (i) The difference of 205 tonnes of Mn.Ore included in Closing Stock as on 31-3-1997 has been reconciled with the Mine records during 1997-98.
- (ii) A difference of 29 tonnes of Mn.Ore between quantities despatched and billed for the year 1997-98 has not been adjusted which shall be dealt with appropriately in the next year 1998-99 when reconciled.
8. In keeping with the Accounting Policy in respect of provision for doubtful debts,

(i) Actuals

	Production		Purchase		Sales	
	Quantity in tonnes	Value in Rs.lakhs	Quantity in tonnes	Value in Rs.lakhs	Quantity in tonnes	Value in Rs.lakhs
Manganese Ore	6,60,644				6,17,531	10,800.42
E.M.D.	(6,42,121)				(6,28,273)	(10,421.73)
	750				716	479.81\$
	(620)				(628)	(417.57)\$
	Opening Stock				Closing Stock	
	Quantity in tonnes	Value in Rs.lakhs	Quantity in tonnes	Value in Rs.lakhs		
Manganese Ore					1708.84	(1365.01)
E.M.D.	1,70,512@	1365.01	2,10,635		63.40	(45.47)
	(1,58,331)	(1285.60)	(1,70,512)			
	101	45.47	135			
	(109)	(41.10)	(101)			

\$ Sales value of E.M.D. includes Excise Duty.

- @ This is after adjustment of issue of 2125 tonnes (2114 tonnes) for production of E.M.D.
- (ii) Licenced and Installed Capacity
- (iii) Actual Production Capacity Utilised

800 MT per annum for EMD Plant
750 MT for the year 97-98
93.75% (81.80% upto Oct. 96 and 85.80 from Nov.96 to March 97)

debts outstanding from private parties for more than 3 years are invariably provided. In respect of remaining debts the provision has been made after scrutiny of individual accounts of debtors. During the year, bad debts of Rs.1,63,160/- has been written off and a sum of Rs.75,86,959/- has been realised from M/s. Jeypore Sugar for which provision for doubtful debts existed as on 31-3-1997. Further an additional provision of Rs.20,64,698 has been made for doubtful debts totalling a provision of Rs.1,69,01,463/- as on 31-3-1998.

9. Additional information to Profit & Loss Account.

10. There are no employees who are in receipt of remuneration aggregating to more than Rs.3,00,000/- per annum when employed throughout the year or Rs. 25,000/- per month when employed for part of the year. (nil).
11. The value of Imports and Consumption for Capital Goods, Stores and Spares & Raw materials is Rs. Nil lakhs (Rs.Nil Lakhs.)
12. Export Sales during the year are Rs.Nil lakhs (Rs.305.11 lakhs).
13. Expenditure in foreign currency for travelling expenses is Rs.8.03 lakhs (Rs.Nil lakhs).
14. As per the "Accounting Standard 15" framed by the Institute of Chartered Accountants of India which became mandatory from the year 1995-96 onward, the company has provided a liability of Rs.496.43 Lakhs (Rs.433.68 lakhs) towards the unavailed accumulated leave encashment benefit computed on the basis of last salary drawn as on 31st March 1998 as retirement benefit on accrual basis.
15. In certain advances, unpaid and recovery heads of account, there were unreconciled differences as compared to subsidiary control ledger, pertaining to last few years. The company had appointed out-side professional agencies during the year 1996-97 and were asked to reconcile the difference

upto 31-3-1997. The difference upto 31-3-1997 have now been reconciled and necessary entries effected during 1997-98.

16. Excise duty amounting to Rs.15,47,297/- (Rs.10,98,344/-) on closing stock of EMD and Manganese Ore Processed in HIMS plant has not been provided for.
17. Company has incurred stamp duty expenditure of Rs.4.55 lakhs in 1990-91 for increase in authorised share capital. This expenditure is being written off at 10% annually from 1991-92. During 1997-98 a sum of Rs.45,500/- (Rs.45,500/-) has been written off.
18. The collector Balaghat had raised demand of Rs.231.94 lakhs during Jan./ Feb. 98 towards Mineral Development Cess for the period 1-11-82 to 4-4-91 under Madhya Pradesh Karadhan Adhiniyam 1982, earlier struck down by Supreme Court but subsequently revalidated by Parliament under Cess & Other Taxes on Minerals (Validation) Act, 1992. Company has filed writ petition in the High Court of Madhya Pradesh against these demands. However, liability amounting to Rs.231.94 lakhs towards Mineral Development Cess has been provided in the 1997-98 accounts. High court of Madhya Pradesh has granted stay order against the demand subject to company providing bank guarantee to the satisfaction of the collector, Balaghat which company has furnished.



19. Wage agreement with unionised workers and staff has expired on 31-7-1997. Negotiations for revision of wages/salary is continuing with the union. Similarly, pay revision for officers on IDA pattern is due from 1-1-1997. The company has provided Rs.562.32 lakhs (Rs.Nil) for wage revision of unionised workers for the period from 1-8-97 to 31-3-1998 and Rs.65.54 lakhs (Rs.Nil) for pay revision of officers on IDA pattern for the period from 1-1-1997 to 31-3-1998 on the basis of past experience, current trend of other PSUs wage revision in the 1997-98 accounts.

20. M/s M.E.L. had pointed out differences in quantity billed by M.O.I.L. and quantity accepted by them during the year 93-94 and 95-96. The reasons for the

difference were mainly due to non-consideration of weight volume ratio quantity by M.E.L., non-weighment of wagons at loading point, not determining the weight volume ratio in certain cases. Reconciliation of billed quantities and quantities accepted by M/s M.E.L. was carried out by representatives of M.O.I.L. and M.E.L. and excess billing of 512.178 MT in 93-94 and 896.282 MT in 94-95 was accepted by M.O.I.L. Accordingly sales value to the extent of Rs.24.86 lakhs has been adjusted during the year as previous years Sales.

21. Corresponding figures for previous year have been re-grouped to make them comparable with those of the year under review. Figures in bracket in this schedule indicate corresponding figures of the previous year.

for **Khemuka Patni Pandya & Co.**
Chartered Accountants.

Ravi Khemuka
PARTNER

PLACE : Nagpur
DATED : 29-06-98

Dr. K.L. Ukey
Company Secretary

S. C. Jain
Director (Finance)

N. S. Chaudhary
Chief (Finance)

D. K. Sahni
Chairman-cum-Managing Director

STATEMENT OF SOCIAL AMENITIES - EXPENSES AND INCOME

Sr. Particulars No.	CURRENT YEAR				TOTAL	
	Township	Education	Medical over & above statutory requirements	Welfare services Including social & cultural activities	As on 31-3-1998	As on 31-3-1997
1. Salaries /Wages	1286355	2576072	2015813	5296989	11175229	11111397
2. Contribution to Provident Fund.	137277	297104	222545	548805	1205731	1025759
3. Stores	2097300	1264344	148019	1244653	4754316	3489941
4. Power	8492033	—	543378	2243515	11278926	6451020
5. Drugs & chemicals	—	—	1674735	3972	1678707	1806388
6. Misc.exps.	35092	878571	2101167	7677428	10692258	7795448
7. CONTRACTORS PAYMENT :						
Repairs to Buildings/others	14087311	6764	22888	4842894	59745024	46855820
TOTAL :	26135368	5022855	6728545	21858256	3630127	2657326
8. Depreciation	2057534	763373	654071	155149	4533026	4432176
9. Interest	3751855	276498	257938	246735	8163153	7089302
TOTAL :	5809389	1039871	912009	401884	67908177	53945322
TOTAL EXPENSES :	31944757	6062726	7640554	22260140	1040413	1212334
LESS :					187937	122245
1. Income from Electricity	1040413	—	—	—	—	—
2. Receipt from School Bus	—	187937	—	—	—	—
3. Reimbursement from Welfare Commissioner for Sports/Medical/others.	—	—	—	69960	69960	33409
TOTAL :	1040413	187937	—	69960	1298310	1367988
NET EXPENSES	30904344	5874789	7640554	22190180	66609867	52577334



AUDITOR'S REPORT

Khemuka Patni Pandya & Co.
CHARTERED ACCOUNTANTS.

Chandralok, Central Avenue,
Nagpur - 440 002

We have audited the attached Balance Sheet of MANGANESE ORE (INDIA) LIMITED, NAGPUR as at 31st March, 1998 and also Profit & Loss Account of the Company for the year ended on that date.

As required under the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of section 227(4A) of The Companies Act, 1956, we enclose herewith in the Annexure, a statement on the matters specified in the said order.

Further to our comments in the Annexure referred to in para 1 above :

- a] 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.
- b] 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 the books.
- c] The Balance Sheet and Profit & Loss Account dealt with by our report are in agreement with the books of account of the Company.
- d] In our opinion and to the best of our information and according to the explanations given to us, the accounts together with notes thereon and read with Statement of Accounting Policies and subject to the Accounting Policy No.6 (iii) relating to accounting of encashment of earned leave on accrual basis and Accounting Policy

No.3(iii) relating to accounting of sale of scrap / replaced /worn out parts of capital items on cash basis, and subject to Notes in Schedule '18' at Sl.No. 7 (i) & (ii) relating to differences in mine records and accounts, at Sl. No.8 in respect of provision for doubtful debts, at Sl.No.15 regarding reconciliation of subsidiary records at Mines in respect of various advances, unpaid wages, at Sl. No. 16 regarding non provision of excise duty on closing stock of EMD and Manganeses ore processed in HIMS plant and at Sl. No. 18 regarding provision of Mineral development cess give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view.

- i] In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1998, and
- ii] In the case of Profit and Loss Account, of the Profit for the year ended on that date.

For **Khemuka Patni Pandya & Co.**
Chartered Accountants

(Ravi Khemuka)
PARTNER.

PLACE : Nagpur

DATED: 29-06-98

STATEMENT REFERRED TO IN PARA 1 OF OUR REPORT OF EVEN DATE

Khemuka Patni Pandya & Co.
CHARTERED ACCOUNTANTS.

Chandralok, Central Avenue,
Nagpur - 440 002

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. These assets have been physically verified by the Management during the year and no serious discrepancies were noticed on such verification.
2. None of the fixed assets of the Company has been revalued during the year.
3. The stocks of Manganese Ore, E.M.D., Stores and Spares have been physically verified by the Management at reasonable intervals, during the year. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register required to be maintained U/S 301 of the Act, and / or from the Companies under the same Management as defined under sub-section (IB) of section

- 370 of the Act.
8. The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register required to be maintained U/S 301 of the Act, and / or to the Companies under the same Management as defined under sub-section (IB) of section 370 of the Act.
9. Loans or Advances in the nature of loans have been given to the employees of the Company only and they are repaying the principal amount and are regular in payment of interest thereon as stipulated. There are some medical, leave travel concession and travelling advances standing in the names of employees awaiting adjustment / recovery.
10. 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 purchase of stores, raw material including components, plant & machinery, equipment and other assets and with regard to the sale of goods.
11. There were no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements, entered in the register required to be maintained under section 301 of the Act and aggregating during the year to Rs. 50,000/- or more in respect of each party.



12. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Provision has been made in the accounts for the loss arising on the items so determined. According to us, provision carried forward in the accounts for loss arising on the items so determined needs a review for an appropriate update.

13. The company has not accepted deposits from Public and as such the provisions of Section 58-A of the Companies Act, 1956. are not applicable.

14. In our opinion and according to explanations given to us, the scrap generated in workshop at Mines is insignificant for which no records have been maintained. It is observed that the fixed assets written off in the previous years have been sold as scrap and included in the miscellaneous receipts. We are informed that the Company has no by-products.

15. The Internal Audit Department of the Company carried checks on certain functions effectively during the year under audit. However, the assigned coverage was not adequate looking to the size of the Company and nature of its business. In our opinion, the Internal Audit Department needs to be strengthened and the system needs to be implemented effectively to exercise proper control on various aspects of financial accounts and other records to minimise the possibility of wasteful and improper expenditure, leakage of income and occurrence of frauds or misappropriation of Company's property and funds.

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

17. According to the records of the Company, generally the Provident Fund dues have been deposited regularly during the year with appropriate authorities. We are informed that the Company is not required to make any contribution under the Employees State Insurance Scheme.

18. At the last day of the Financial year, there were no amounts outstanding in respect of undisputed Income-Tax, Wealth Tax, Sales Tax, Custom duty and Excise Duty -which were due for more than six months from the date they became payable.

19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

20. The Company is not a sick industrial Company within the meaning of Clause (O) of Sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **Khemuka Patni Pandya & Co.**
Chartered Accountants
(Ravi Khemuka)
PARTNER

PLACE : Nagpur
DATED : 29-06-98

**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	:	1 1
3. Balance Sheet date	:	31.03.1998

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	:	705089
2. Total Assets	:	705089

A. **Sources of Funds**

1. Paid up Capital	:	153251
2. Reserves & Surplus	:	551838
3. Secured Loans	:	—
4. Unsecured Loans	:	—

B. **Application of Funds**

1. Net Fixed Assets	:	384066
2. Investments	:	168
3. Net Current Assets	:	320724
4. Misc. Expenditure	:	137



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

1. Turnover	—	1161460
2. Total Expenditure	—	923815
3. Profit Before Tax	—	237645
4. Profit After Tax	—	142140
5. Earning per Share (Rs.)	—	92.75
6. Dividend Rate %	—	20

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