



# MOIL LIMITED

[Formerly Manganese Ore (India) Limited]

## Adding Strength to Steel...

49<sup>th</sup> Annual Report 2010-11



# VISION / MISSION AND OBJECTIVES

## VISION / MISSION

- To become one among the three best manganese mining companies in the world, through utilization & up gradation of skills/talents available
- To globally expand the activities of the company in all possible areas keeping in view the value addition, through joint ventures/ Technology Transfer.

## OBJECTIVES

- To maintain the status of market leader in manganese industry in India.
- To generate adequate surpluses and ensure best returns to the satisfaction of all stake holders.
- To maintain quality of manganese ore and related products at all stage and enhance total customer satisfaction through prompt delivery of quality materials and services.
- Through R&D and adoption of new technologies, to diversify and modernize, mining and beneficiation methods for upgrading low & medium grade ores and achieve growth through value addition.
- (a) To improve productivity, capacity utilisation and cost effectiveness through optimising both human and physical resources.
- (b) To explore all possibility of cost effective power services for Ferro Manganese Plant.
- To make mining areas clean, green and eco-friendly.
- To strive for a zero accident rate, by further improving safety practices.
- To ensure a high quality of life to the employees and other stake holders in the vicinity of the industry.

# Contents

Performance at a Glance.....	4
Chairman's Statement.....	6
Directors' Report along with Annexures.....	8
Comments of C & A G .....	40
Auditors' Reports.....	41

## ANNUAL ACCOUNTS

Balance Sheet .....	44
Profit & Loss Account.....	45
Schedules and Annexures to Accounts.....	47
Balance Sheet Abstract & Co. General Business Profile .....	65

### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including annual report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to register the same with MOIL Limited or our R&T Agent ( M/s Bigshare Services Private Limited) to enable the Company to send the Annual Reports through e-mail instead of physical form.



## BOARD OF DIRECTORS



**Shri K. J. Singh**  
Chairman-cum-Managing Director

### GOVERNMENT DIRECTORS



**Dr. Dalip Singh**



**Shri A.M. Khan**



**Shri S.K. Mishra**

### INDEPENDENT DIRECTORS



**Dr. S.K. Bhattacharyya**



**Shri Vijay Kale**



**Dr. Madhu Vij**



**Shri Sanjeeva Narayan**



**Shri H.C. Disodia**



**Shri Bal Kishan Gupta**



**Dr. D.D. Kaushik**

### FUNCTIONAL DIRECTORS



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



**Shri A.K. Mehra**  
Director (Commercial)



**Shri G.P. Kundargi**  
Director (Prod. & Plng.)

## CHIEF VIGILANCE OFFICER



**Shri Pradeep Gupta, IPS**

## SENIOR EXECUTIVES



**Shri V. R. Sengupta**  
G. M. (Personal)



**Shri M. D. Sorathiya**  
G. M. (Safety & Environment)



**Shri D. Shome**  
G. M. (Prod. & Qty.)



**Shri M. P. Choudhary**  
G. M. (Finance)

## COMPANY SECRETARY

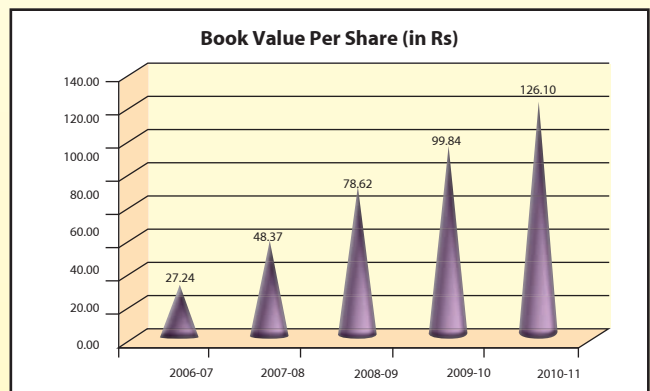
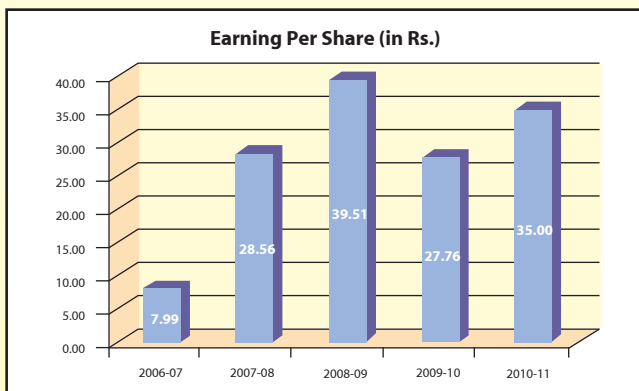
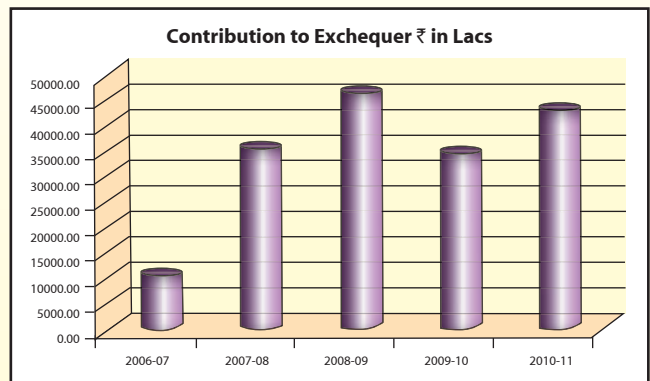
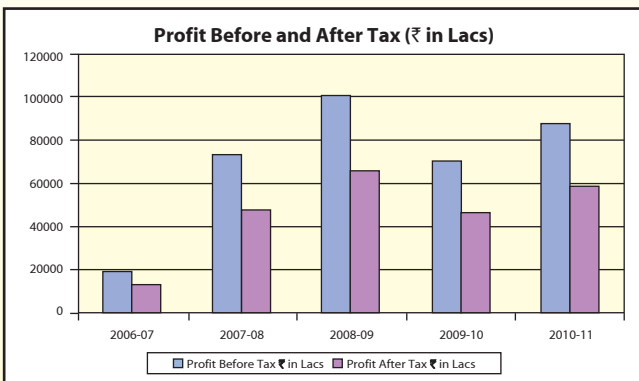
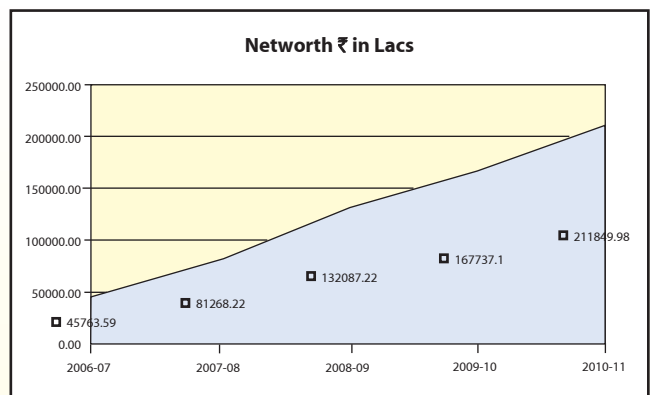
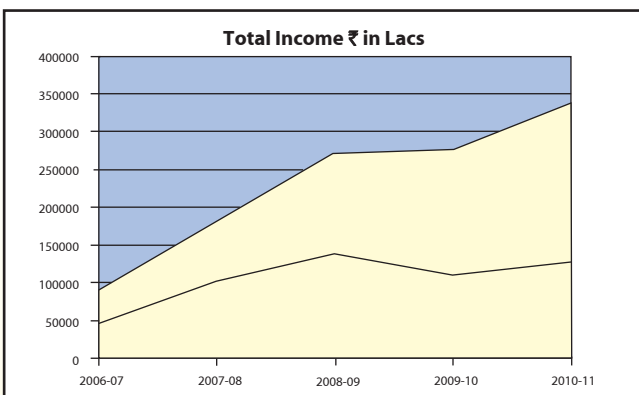
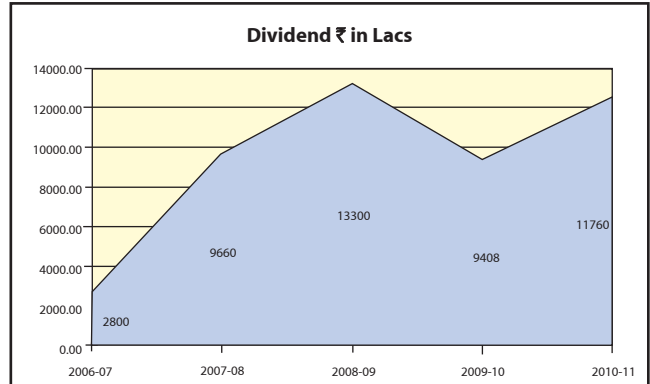
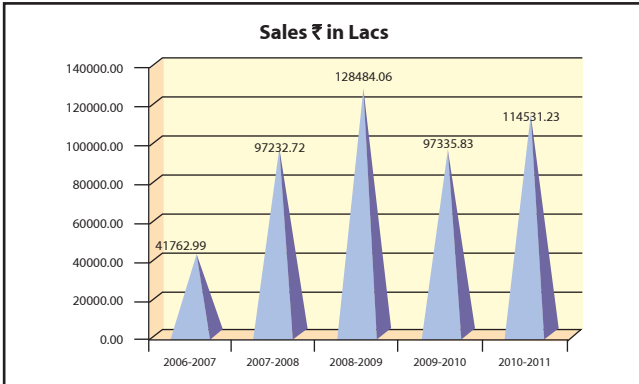


**Shri Neeraj D. Pandey**



## Performance at a Glance

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Financial (Rs. Lakhs)</b>					
Sales	<b>114531.23</b>	97232.72	128484.06	97335.83	41762.99
Other Income	<b>14527.56</b>	12992.22	12314.68	5668.47	3419.26
Total Income	<b>129058.79</b>	110224.94	140798.74	103004.30	45182.25
Gross Margin	<b>91266.35</b>	73209.27	103142.25	75098.44	21020.78
Profit Before Tax	<b>88015.18</b>	70679.41	100675.67	73490.79	20114.58
Profit After Tax	<b>58805.58</b>	46634.71	66379.33	47981.77	13420.75
Dividend	<b>11760.00</b>	9408.00	13300.00	9660.00	2800.00
Share Capital	<b>16800.00</b>	16800.00	2800.00	2800.00	2800.00
Reserves & Surplus	<b>196029.49</b>	150937.10	129287.22	78468.22	43348.50
Borrowings	<b>0.00</b>	0.00	0.00	0.00	0.00
Gross Block	<b>39646.13</b>	35702.66	34199.97	30247.57	17151.97
Working Capital	<b>189281.25</b>	147127.32	111817.20	63200.54	34285.38
Capital Employed	<b>209876.26</b>	166781.37	132380.87	82088.42	41894.00
Profit before tax to Capital Employed %	<b>41.94</b>	42.38	76.05	89.53	48.01
Profit before tax to Sales %	<b>76.85</b>	72.69	78.36	75.50	48.16
Debt to Equity Ratio	<b>0.00</b>	0.00	0.00	0.00	0.00
Earnings per Share (₹)	<b>35.00</b>	27.76	2370.69	1713.63	479.31
Networth	<b>211849.98</b>	167737.10	132087.22	81268.22	45763.59
<b>Contribution to Exchequer</b>					
Income Tax	<b>30343.08</b>	24611.61	34122.93	24112.29	6035.41
Dividend Tax	<b>1953.19</b>	1576.83	2260.33	1641.72	409.33
Sales Tax	<b>2837.12</b>	2254.81	3072.00	2925.83	1524.00
Royalty & Cess	<b>4349.81</b>	3469.42	3500.34	2688.17	1148.88
Excise Duty	<b>534.39</b>	293.26	464.00	763.49	381.85
M.P.Road Cess	<b>2452.10</b>	1848.33	2511.12	2802.71	0.00
Total	<b>42469.69</b>	34054.26	45930.72	34934.21	9499.47
<b>Physical Production</b>					
Manganese Ore (Lakhs tonnes)	<b>11.51</b>	10.93	11.75	13.65	10.47
Ferro Grades (Lakhs tonnes)	<b>5.19</b>	5.95	6.31	6.44	6.06
E.M.D. (Tonnes)	<b>805.00</b>	1150.00	1240.00	1122.00	1312.00
Ferro Manganese (Tonnes)	<b>9081.00</b>	9555.00	10120.00	11130.00	10200.00
Output per Man Shift (O.M.S. / Tonnes)	<b>0.78</b>	0.73	0.77	0.88	0.66





## CHAIRMAN'S STATEMENT



Dear Shareholders,

I feel extremely privileged and delighted to communicate with you on the occasion of the 49<sup>th</sup> Annual General Meeting of your Company and present the Annual Report for the financial year 2010-11, first time after being listed.

As we all know, on 15<sup>th</sup> December, 2010 last year, your Company got listed on National Stock Exchange and Bombay Stock Exchange. It gives me a great pleasure in mentioning that your Company's IPO was oversubscribed by about 56 times with overwhelming response from retail and institutional investors. I, on behalf of the Board of Directors of your Company, would like to thank our investors/shareholders who have shown their faith in the Company and have made the IPO a huge success.

I am glad to mention that your Company has posted impressive operational and financial numbers during 2010-11. Your Company has produced 11.50 lakh Tonnes of various grades of Manganese Ore as against 10.93 lakh Tonnes in the previous year. The company has recorded sales turnover of Rs. 1139.97 Crores during the financial year 2010-11, as compared to Rs. 969.39 Crores in the previous year. Your Company has posted PBT and PAT of Rs. 880.15 Crores and Rs. 588.05 Crores, respectively.

Your Company has already paid Interim Dividend @ 25% i.e. Rs. 2.50 per Equity Share in the month of March, 2011 and the Board of Directors of your Company has further recommended a final dividend @ 45% i.e. Rs. 4.50 per Equity Share. The total dividend for the year 2010-11 works out to Rs. 7.00 per equity share as against Rs. 5.60 paid in the previous year.

Your Company has contributed to the economic development and improving the quality of life of internal as well as external stakeholders and society at large with its continued commitment towards Corporate Social Responsibility and ethical behaviour. As a responsible corporate citizen to the nation, your Company has spent Rs.5.75 Crores on various CSR activities during the year 2010-11. The Board of Director of the Company has earmarked Rs. 9.50 Crores for CSR activities proposed to be carried out during the year 2011-12. Your Company has undertaken a number of CSR initiatives in the area of health, education, construction/renovation of roads & schools, water supply facilities, peripheral development, sports and culture, development of employment opportunities etc. for community living in and around the mines of the Company.

Your Company always strives to attain high standards of Corporate Governance. Implementation of Integrity Pact, adoption of code of conduct and a well-defined Internal Control Framework add to the transparency of the Company's business practices. At MOIL, we are complying with the Government Guidelines and listing agreement on Corporate Governance.

Your Company has been signing Memorandum of Understanding with the Government every year and getting *EXCELLENT* rating continuously from last 15 years. It has been getting national /regional recognitions for good works done in different areas. With a vision to become one of the largest and best manganese ore mining company of the world, we are in the process of formulating a Corporate Plan for the period up to the year



2020. Long-term planning horizons, maintaining financial stability with strong balance-sheet, good cash flow and focus on operational costs and productivity, determine our major decisions.

The world economies have shown a significant recovery during last year. As a result, the domestic and international producers of Steel have planned for capacity expansion. Manganese ore is one of the most crucial materials for the production of steel, and therefore the performance of manganese ore industry is inter-linked with the performance of steel industry. As per forecast of World Steel Association (WSA), India's steel consumption is expected to grow by 13.3%, in 2011 and by 14.3% in 2012.

At the projected GDP growth rate of the country between 8%-9% and infrastructure development policy of Government of India, Steel being backbone for infrastructure development, its demand is expected to grow in coming times, which in turn will increase the demand of manganese ore as well.

Though India's economy is one of the strongest economies in the world, still there are certain areas of concern. In recent times, the manganese ore industry has seen significant price drop in manganese ore mainly due to the build-up of higher inventory level in both domestic as well as international market. The global production of manganese ore has touched about 47 million tonnes as against previous year production of about 35 million tonnes. In our country also, the production of manganese ore has gone up from 2.24 to 2.82 million tonnes and the availability of excess manganese ore has put pressure on its price. Moreover, worldwide production of steel has increased by about 16% vis-à-vis 6% in India, whereas manganese ore production in the world has increased by 33% vis-à-vis 22% in India. Nevertheless, we feel that demand of manganese ore is cyclic in nature and with the increase in demand and production of steel, the demand of manganese ore will also improve. Your Company has already aimed to produce about 1.2 million tonnes of manganese ore during the year 2011-12.

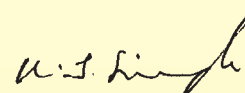
Your Company is the largest manganese ore producer in India. Your Company holds about 17% of proven reserves with around 69.5 MT of reserves and resources of manganese ore. It is very well positioned to capitalize on India's steel demand growth, given to its dominant

position, medium- to high-grade ore reserves, centrally located mines, low cost of production and strong customer ties.

Your Company has tied up JVs with SAIL and RINL to produce Ferro Alloys which will provide a ready market for its Manganese Ore production. Your Company has also planned huge investments for developments of its existing mines which will further increase the production and productivity to meet the future requirements. The Government of Maharashtra has reserved an area of 814.71 Hector land in Nagpur & Bhandara district of Maharashtra and the Company has already applied for prospecting license of 765.61 Hector land. This project will add to the production of the manganese ore to cater its demand in future and to achieve planned production of 2.2 million tonnes by 2020. Your Company is also in process of search of good mining property outside the country. Your Company is a debt free Company carrying good cash reserve, which provides opportunity to go for various brown field as well as green field projects in coming times.

In the larger interest of the nation to produce clean and green energy through renewable source of wind power, your Company had commissioned 20 MW Wind Farm near at Dewas, MP, as a CDM (Clean Development Mechanism) Project. In July 2011, the project has been registered under UNFCCC (United Nations Framework Conventions on Climate Change) for 15.2 MW Wind Farm, which will save emission of 27,149 Tons of Co2 per annum, equivalent to 27149 Certified Emission Reduction (CER). CER is tradable in open market and it is expected that with the current rate of generation of energy, it will generate revenue of about Rs. 2.00 Crores per annum, in next 10 years.

Last but not least, I very warmly want to thank to Government of India, Ministry of Steel, State Governments of Maharashtra and Madhya Pradesh, valued customers and suppliers, all MOILIANS for their immense contribution to your Company's performance. I look forward to their continued support and commitment to your Company's reaching greater heights and enhancing shareholder value.



**Nagpur**  
**19<sup>th</sup> August 2011**

**K. J. Singh**  
**(Chairman-cum-Managing Director)**



## DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Members,

On behalf of the Board of Directors, first time after being listed, I take pleasure in presenting the 49<sup>th</sup> Annual Report on the performance of your Company, together with the Audit Report and Audited Accounts, for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS

The financial results of 2010-11 and of the previous year are highlighted below:

₹ in Crores

	2010-11	2009-10
Sales Turnover	<b>1139.97</b>	969.39
Other Income	<b>145.28</b>	129.92
Total Income	<b>1335.09</b>	1087.85
Profit before interest, depreciation and tax (EBIDTA)	<b>912.66</b>	732.09
Depreciation	<b>32.51</b>	25.30
Profit before tax for the year (PBT)	<b>880.15</b>	706.79
Less: Provision for Taxation	<b>292.10</b>	240.44
Profit after tax for the year (PAT)	<b>588.05</b>	466.35
Transfer to General Reserve	<b>450.00</b>	357.00

### KEY Financial Ratios

	2010-11	2009-10
EBIDTA to Sales Turnover (%)	<b>80.06</b>	75.52
PAT on networth (%)	<b>27.76</b>	27.80
EBIDTA to average capital employed (%)	<b>48.58</b>	48.94
Earning Per share (Face Value ₹ 10/- each)	<b>35.00</b>	27.76
Book Value per share	<b>126.10</b>	99.84

### DISINVESTMENT / INITIAL PUBLIC OFFER (IPO)

Your Director's are proud to mention the huge success of IPO during the Financial Year 2010-11, for which we once again thank our investors/ shareholders who have shown their faith in the company. The success of IPO reflects the inherent strength and bright future of the company. MOIL got listed on 15<sup>th</sup> December, 2010 on National Stock Exchange and Bombay Stock Exchange. In the IPO,



Government of India disinvested 10%, and Government of Maharashtra and Government of Madhya Pradesh disinvested 5% each, out of the total paid up capital in the Company. Out of the offer of 3,36,00,000 Equity Shares, 2% i.e. 6,72,000 Equity Shares, was reserved for eligible employees. All individual Investors were given a discount of 5%, as approved by the Government. It gives a great feeling in mentioning that MOIL IPO was oversubscribed by about 56 times with overwhelming response from institution and HNI segment. The issue fetched ₹ 618.76 crores to Government of India and ₹ 309.38 each to Government of Maharashtra and Government of Madhya Pradesh.

### DIVIDEND

MOIL has been consistently complying with the guidelines of Department of Public Enterprises (DPE) regarding the payment of dividend. During the year, an Interim Dividend @ 25% i.e. ₹ 2.50 per Equity Share, has been paid in the month of February, 2011. The Board of Directors of your company has further recommended a





final dividend @ 45% i.e. ₹ 4.50 Per Equity Share. The total dividend for the year 2010-11 works out ₹ 7.00 per equity share as against ₹ 5.60 paid in previous year. The total of dividend @ 70% for the year amounts to ₹ 117.60 Crores (previous year @ 56% i.e. ₹ 94.00 Crores).

### FINANCIAL PERFORMANCE

Your company has recorded turnover of ₹ 1139.97 Crores during the financial year 2010-11 as compared to ₹ 969.39 Crores of previous year. PBT for the year is ₹ 880.15 Crores, which has increased by 24.52% as compared to previous year. The Company has earned a Profit after Tax (PAT) of ₹ 588.05 Crores as against to ₹ 466.35 Crores in the previous year.

### SALES

Your Directors take pride to mention that a net sale of Manganese Ore is ₹ 1,069 Crores against of ₹ 910 Crores when compared to previous year registering growth of 17.47%. The Company registered sale quantity 9.99 lakhs tonnes of manganese ore during the current year as against target of 10.25 lakhs tonnes resulting in an achievement of about 96%. In respect of manufactured products viz. Ferro Manganese, EMD, Ferro Manganese Slag, net sale during the year 2010-11 was ₹ 67.74 Crores in comparison to ₹ 52.93 Crores during the year 2009-10. The sale of Electrolytic Manganese Dioxide (EMD) was 911 tonnes, as against the target of 1000 tonnes achieving about 91% of the target. Sale of Ferro Manganese at 6903 tonnes has registered achievement of about 77% of the targeted sales of 9000 whereas sale of Ferro Mn Slag was 14339 tonnes of as against 10911 tonnes in the previous year. In terms of value, the total net sales turnover during the year 2010-11 was ₹ 1139.96 Crores (Including sale of power of ₹ 8.32 Crores) as against previous year ₹ 969.39 Crores (Including sale of power of ₹ 9.31 Crores) registering growth of 17.60%.

Increase in sales value is due to effective Pricing & Marketing Polices and better sales realisations.

### PRODUCTION AND PRODUCTIVITY

During the year the company has successfully achieved the targeted production of 11, 50,742 Tonnes of various grades of Manganese Ore as against previous year 10, 93,363 Tonnes. The production of Electrolytic Manganese Dioxide (EMD) was 805 tonnes (previous year 1150 tonnes) as against the target of 1000 tonnes. It is to mention the EMD plant was shut down for annual maintenance for three months during the year. Further due to less demand, poor off take and high inventory the production of EMD has reduced. The production of Ferro Manganese was 9081 tonnes (previous year 9555 tonnes) as against a target of 9,000 tonnes. The productivity of the Company has been excellent and Output Per Manshift is 0.779 tonnes (previous year 0.728 tonnes) as against target of 0.500 tonnes.



The Company has a closing stock of 1.91 lakh tonnes of manganese ore valued at ₹ 66.82 Crores as on 31.3.2011 as compared to 0.67 lakh tonnes of manganese valued at ₹ 20.36 Crores as on 31.3.2010. The closing stock of Ferro Manganese was 6622 tonnes valued at ₹ 19.53 Crores as on 31.3.2011 as against 4444 tonnes valued at ₹ 16.32 Crores as on 31.3.2010. The closing stocks have increased mainly due to lower off take during the last quarter of the year. The closing stock of EMD as on 31.3.2011 was 590 tonnes (Previous Year 696 Tonnes) valued at ₹ 4.04 Crores.

### OTHER INCOME

Your Company continued its prudent cash planning during the year also, and deployed the surplus funds in fixed deposits as per the Government guidelines and earned an interest income of ₹133.93 Crores (Previous Year ₹ 124.20 Crores).

**CAPITAL / VALUE ADDITION PROJECTS**

- **Sinking of vertical shaft at Gumgaon Mine:**

Gumgaon mine has vast reserves of manganese ore of high grade quality. In order to exploit this ore, a vertical shaft is being sunk at this mine. The project will improve the production level as well as productivity and safety. Shaft sinking & lining work is completed upto 190 Meters. Project is at the last phase of the completion and likely to be completed by October, 2011.



- **Deepening of production shaft and deepening Holmes shaft at Balaghat Mine:**

In order to sustain the existing level of production and also to augment the same in the coming years the company has taken up the work of deepening of production shaft from 10<sup>th</sup> Level to 15<sup>th</sup> Level with Loading station at 14½ level Shaft Sinking and Lining work is completed upto 157 Meters. Project is likely to be completed by July – 2011. The company is also in process to start deepening of Holmes shaft from 12<sup>th</sup> Level to 16½ Level (135 Meters) to improve production.

- **Deepening of Vertical shaft at Beldongri Mine:**

The work of deepening of vertical shaft by further 45 Meters was taken up in 2007 to sustain the production at Beldongri Mine. This work was completed in June 2010.

- **Sinking of Vertical shaft at Munsar mine:**

In order to improve the existing level of production and productivity, company has started work of sinking of vertical shaft having depth as 150 Meters. Vertical shaft sinking work started in May – 2010 and scheduled completion period is 48 months. A sinking of 42 Meters has already been achieved against the total sinking of 150 Meters.

- **Sinking of Vertical shaft at Ukwa Mine:**

The ore body of Ukwa mine contains high grade manganese ore with vast reserves. In order to exploit these reserves a vertical shaft is being sunk. Total depth of this shaft will be 134 Meters out of which 7.5 Meters has already been achieved. The work started in Feb 2011 and scheduled completion period is 42 months.

- **Joint Ventures**

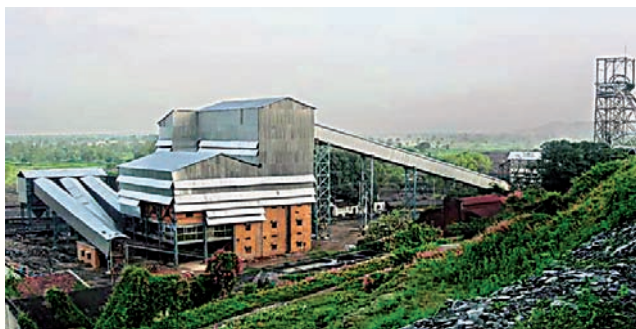
(i) **SAIL & MOIL Ferro Alloys Pvt. Ltd:** Your Company has Joint Venture (50:50) with Steel Authority of India Limited. SAIL for setting up Ferro Alloys Plant of 1.06 Lakhs TPA capacity, comprising of 31,000 tonnes of Ferro Manganese and 75,000 tonnes of Silico Manganese, at Nandini, Near Bhilai in Chhattisgarh. The JV Company has floated tender for main Furnace and the offers received are under consideration. The work for obtaining the grid connection for electricity in the Plant is also under process.

(ii) **RINMOIL Ferro Alloys Pvt. Ltd:** MOIL has another Joint Venture (50:50) with Rashtriya Ispat Nigam Limited (RINL) for setting up of Ferro Alloy Plant of 57,500 TPA capacity, comprising of 20,000 Tonnes of Ferro Manganese and 37,500 Tonnes of Silico Manganese at Bobbili, Vizianagaram District of Andhra Pradesh. Various works such as Geo Technical investigation works, survey & contouring at site have already been completed. MOEF has given TOR and waived off public hearing. The Draft Environmental Impact Assessment report is prepared. The state government has also agreed to provide water, electricity, licence etc for the project. The JV Company has floated tender for main Furnace and the offers received are under consideration



## RESEARCH & DEVELOPMENT

In the light of growing competition in the Industry, R & D activities are essential for efficient exploitation of Manganese Ore resource. In every stage of transmission there are challenges to be met. In order to address these issues effectively, your Company has identified R&D for the following thrust areas:



- Inception of Load Haul & Dump machine (LHD) tyre in underground mines for development & stopping operations.
- Optimization of stope designs for safety & productivity improvement.
- Engaged in hydro-geological studies for underground mining operations at Kandri Mine.
- Increase level of interval (from exiting 30 Meters to 45 Meters) for rapid mining operations.
- Independent high speed shaft sinking operation for underground mining for 650 mtr at Balaghat Mine, hydrological studies & stress monitoring is going on at site for safety of the project.
- Commissioning of PLC driven compressors in Kandri, Ukwa & Gumgaon Mine for energy saving and studies of reclamation of waste dumps and investigations for other environmental protection measures
- Collaborative research studies for use of overburden material for consolidated hydraulic stowing operation for the underground mining operation with Visvesvaraya National Institute Technology, Nagpur.
- Development of alternative mining methods and support systems for underground mines.
- Installation additional indigenously developed IMB plant of 100000 TPA capacity for secondary recovery of manganese ore from the rejects of integrated manganese beneficiation plant and dumps at Balaghat Mine and a study for beneficiation of low grade ore/ fines is in progress there.

- Modern techniques of exploration like geophysical exploration by gravity magnetic and Hydro-static drilling machines .
- Studies of control blasting techniques for fly rock & ground vibration are undergoing at opencast mines.
- Analytical works through XRF spectrophotometer for accurate and speedy analysis of manganese ore were done.
- Ventilation studies with Indian School of Mines, Dhanbad.
- Introduction of Total Stations - High speed survey instrument with high accuracy level for maintaining accurate survey of mines.

## CONSERVATION OF ENERGY

MOIL has made a policy to allocate fund for R & D and energy conservation to improve the overall energy efficiency as well as induct new technology to minimise the consumption of energy in the productive activities.

The company has been adopting various measures for energy conservation which includes conventional measures by improving the efficiency of existing equipment as well as introducing new technology in line with the national policy of energy conservation. During the Year 2010-11, The Company installed & commissioned 3 Nos.1000 CFM Screw Air Compressors with VFD panel at our various mines, which contributes 5% to 10% saving in electrical energy for operation of compressors at respective mines.

The size of pumps as well as pumping levels is designed to optimise power consumed in underground mines. On the technological front, pumps and compressor used for pro-long hours are being provided with variable frequency drive and communication from surface to underground is being improved, so that the equipment can be stopped immediately after its need is over to minimise the operating hours.

In order to promote non-conventional energy resources, MOIL has installed 4.8 MW Wind Energy Farm at Nagda Hills and 15.2 MW Wind Farm at Ratedi Hills, Dist. Dewas in Madhya Pradesh which has generated 310.3 lakh units during the year. Electricity consumption as under:-

Consumption per tonne (in kWh)	2010-11	2009-10
Manganese Ore	17.94	17.64
EMD	2777.0	2387.0
Ferro Manganese	3059.0	2988.0



### MINING LEASES

The total lease areas held by MOIL as on 31<sup>st</sup> March 2011 is 1798.908 Hectors, out of which 695.996 Hectors land is in Maharashtra and 1102.912 Hectors land in Madhya Pradesh. Government has also reserved an area of 814.71 Hector land in Nagpur & Bhandara district of Maharashtra. MOIL has already submitted Prospecting Licence application for the area and the acquisition is under process.

### SAFETY AND OCCUPATIONAL HEALTH

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

- Training and re-training of workers to inculcate safety consciousness.
- Regular meetings of Safety Committees in which accident analysis are made meticulously with a view to reduce the injury rate.
- A close inter-action with employees at all levels to prevent accidents to the maximum extent possible.

The records of Safety of MOIL mines have been excellent and have one of the lowest frequency rates of injuries. It is getting National Safety Award continuously for the last many years for its excellent safety record. This year MOIL has won the following prizes:

- Winner's Trophy for Longest Accident Free Period by Chikla Mine.
- Runners-up Trophy for Lowest Injury Frequency Rate Dongri Buzurgi Mine.

During the year company has participated in All India Mines Rescue Competition (Coal & Metal) 2010-11 and won Winner Recovery Drill (Metal).



### ENVIRONMENTAL PROTECTION

Ecology conservation is crucial in today's era. As it is imperative that the development process in a community is compatible with its environment as well as with the particular culture of that community. Your company, with a goal of achieving sustainable development has taken proactive measures to reduce global warming. The Company is conscious of its responsibility towards



environmental protection in and around its leasehold areas. About 53000 samplings were planted during 2010-11 at different mines of the Company. The cumulative plantation till date is about 17.14 Lakhs saplings. A drive has been initiated for plantation of Jatropha saplings in arid / dry areas and waste dumps whose seeds will be utilized for production of bio-fuel on trial basis. In order to be eco-friendly organization the Company has set up Wind Energy Farm of Total 20 MW out of which electricity generated by 4.8 Mw is consumed by Ferro Manganese Plant of the Company and electricity generated by 15.2 Mw Wind Farm is sold to MPEDCL.

### VIGILANCE

MOIL has a full-fledged, multidisciplinary department, as per DPE's guidelines, headed by full time Chief Vigilance Officer from Indian Police services. Sincere efforts have been made towards capacity building of the newly appointed Vigilance personnel, in all 26 Intra & Inter Department Programs were organized, in addition to this, sponsorship have been made for 6 External Training Programs organized by the eminent institutions in the field. While discharging the role of Vigilance Department, more emphasis is given to Proactive & Predictive Vigilance in the functioning and dealing with the issues relating to all the establishment / mines/ plants / ventures of the company including corporate office at Nagpur.

Major activities undertaken by Vigilance Department are:

- (i) Received Certification as per **ISO 9001:2008** in May, 2010.

(ii) **“Vigilance focus meeting”** was organized with participation of the management & HODs. The major areas covered were -

**a) Production**

- Rationalization Pre qualification Clause of having experience of “Similar Works” in case of railing & transport contract & for giving wide publicity for such contracts for better participation & competitive rates.
- Change in the method of treatment & recording of fines.
- Booking of figures on actual & correct reporting of the same for removing potential irregularities & for minimizing pilferages.
- The necessity of having for registration of vendors / contractors and the website of the company should provide for a online registration.

**b) Marketing**

- Inclusion of more grades of ores in the e-auction
- Bringing improvements & changes in the marketing policy.

(iii) Extensive use of website as tool for communication, transparency & curbing corruption. Modification of the area relating to “Tenders” particularly with regard to “Tenders Enquiries Uploaded” & “Tenders Finalized” during a period / month, in the MOIL website. MOIL has also inculcated the “Vigilance Page” on the website which provides overall information.



**(iv) Other Preventive Activities:**

- Vigilance Awareness Week was observed, from 25<sup>th</sup> Oct, 2010 to 1<sup>st</sup> Nov, 2010 in various

Establishments / Mines of MOIL.

- There has been a good saving due to the implementation of suggestions by Vigilance department in the Railing and Transport Contract
- 19 works/ contracts were scrutinized and 33 inspections were carried out during the period. One Disciplinary inquiry was initiated. Advisories have been issued, from time to time, to streamline the procedures and bringing transparency in works at different level of operations. During the year in all 27 complaints have been received, after carrying out the detail investigations, the enquiry reports in respects of 12 cases have been submitted along with the findings & conclusions thereon, to the respective authorities.

**IMPLEMENTATION OF RTI**

With the advent of the Right to Information Act 2005 in India, MOIL has taken the major initiatives towards its effective implementation.

MOIL has appointed CPIOs at the Corporate Office and PIOs/APIOs have also been appointed in all its Mines. Director (P&P) has been appointed/designated as Appellate Authority under the Act. The names of all the PIOs/APIOs and the Appellate Authority has been also hoisted in Company's website [www.moil.nic.in](http://www.moil.nic.in).

The information in respect of company, its employees etc. has been prepared under 17 heads as prescribed in Section 4(1)(b) of the RTI Act, and the same been hoisted in Company's portal. MOIL has been submitting necessary information and returns to the prescribed authorities and updating the same regularly.

A lot of awareness has been generated in order to make Company's employees aware about the intention and true spirit of this Act. The various provisions of the Act has been highlighted by issue of the circulars and asked them to keep transparency in day-to-day work and maintain all the records in a proper/systematic manner. Further, the Company has also hoisted/updating in Company's website as much information suo-moto at regular intervals for the public, so that public has minimum resort to use the various provisions under the RTI Act to obtain information.

For the awareness of employees at large, seminars have been organised to make them understand the

importance of RTI Act in the present scenario and highlighted the provisions of the Act.

During the year under report, the company has received total 50 no. of applications under RTI Act, from which 48 applications accepted, 2 rejected & 1 appeal accepted under RTI and all have been disposed off during the period.

**TRAINING PROGRAMMES**

During the year 2010-11, total 376 training programmes were conducted. It includes 280 Vocational Training Programmes which were conducted for workers at Vocational training centre at the Mines. Almost 970 Executives, 1704 Non Executives and 3860 Workers were imparted training during the year. Thus, in the year under review total 1,17,861 Mandays training were completed on the various topics and total 8934 participants were imparted training. As per MOU rating excellent performance is 1.25, in comparison of this the performance recorded was 2.85 during year 2010-11.



**LABOUR WELFARE SCHEMES, RECREATION & MEDICAL FACILITIES**

Your Company has implemented various Welfare Scheme for the benefit of the employees as well as people residing in the vicinity of Mines situated in the remote areas, salient features of such schemes are as under :-

- Taking into consideration the improved living standard and aspiration of the employees majority have been provided with living accommodation including drinking water, electricity at the Mines.
- Built Hospitals at the mines and provided ambulance van for attending emergencies.
- Assisted in running Primary Schools at some of the Mines where free education is imparted.

- Recreational activities are also promoted at mines by organising cultural event, sports competition etc.
- Making the mine surroundings smoke-free and non-polluted, and to encourage environmental safeguards necessary actions have been taken at Mines

**WELFARE MEASURES TAKEN FOR SC/ST AND TRIBAL AREAS**

MOIL is a labour intensive organization with 6667 employees on its rolls as on 31.03.2011. About 73% of the total strength belongs to SC/ST/OBC out of which 43.94% belongs to SC/ST. The Company is also taking keen interest in development of the down trodden people especially living in the vicinity of the mines situated in remote areas as detailed below:

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

**EMPOWERMENT OF WOMEN**

MOIL has 807 women employees which constitute 12.10% of its total workforce of 6667 as on 31.03.2011.

In compliance of the directives of the Supreme Court, guidelines relating to Sexual Harassment of Women workers at work place were issued by Govt. of India, Ministry of Human Resources Development. Accordingly, a Complain Committee comprising of three officials



including a lady Doctor was constituted in the year 1999 & reconstituted in March 2006. No case of any harassment has since been reported at any of the Mines of the Company or its Corporate Office. The directives have been widely circulated to bring awareness amongst the women workers.

Mahila Mandals are working effectively at all the Mines of the Company. Various cultural, social, educative and Community activities, such as adult educating blood donation camps, eye camps, family planning etc. are being organized regularly mostly for the benefit of the women residing in the remote mine areas.

Every year 8<sup>th</sup> March is celebrated as International Women Day and various programmes are organized to mark the day. Company grants Maternity Leave and Special Casual Leave for Family Planning. Company has set-up crèches at its mines and gives time off for nursing mothers.

As part of its CSR activities, Self Help Groups have been created at the mines which comprise women hailing from the remote villages. They are trained to make candles, washing powder, washing soaps, bamboo baskets, tailoring and various other vocational activities in order to make them self-reliant. This programme in MOIL is a big success.

## PERSONNEL



The manpower as on 31.03.2011 of our Company is given below:

Category	Executives	Non-Executives	P. R. Workers	Total
Male	318	2408	3134	5860
Female	13	143	651	807
<b>Total</b>	<b>331</b>	<b>2551</b>	<b>3785</b>	<b>6667</b>

The category-wise details of employees strength as on 31.03.2011 are as under :

Group	Sched-uled caste	Sched-uled tribe	O.b.c.	Others	Total
A	33	10	41	138	222
B	33	6	58	118	215
C	357	243	416	595	1611
D	833	1355	1418	953	4559
Sweeper	60	-	-	-	60
Total	1316	1614	1933	1804	6667
Total %	19.01%	24.43%	29.26%	27.30%	100

## CITIZEN'S CHARTER AND GRIEVANCE REDRESSAL MECHANISM

1. Employees grievances – MOIL has its own grievance redressal procedure for Executives as well as non-executive employees. The grievances of employees are accordingly dealt with as per the rule.
2. The redressal of grievance machinery in MOIL consists of one Grievance Officer nominated for the purpose at each unit. The Grievance Officer nominated at Head Office co-ordinates with the Grievance Officers at the units for their effective performance.
3. Public Grievance – All Grievance officials have been apprised of the manner in which the Public Grievance received at this end are to be disposed. The system adopted for dealing the grievance of public was constituted on the basis of instructions received from various authorities in the past.
4. Periodicity monitoring of Grievances by Directors designated for PG and whether other divisions of Department also have PGRM independent of PGRM of Ministry / Department.
5. Monitored at Head Office on the basis of assessment of data received from unit, Grievance Officer through the monthly report as well as through inspection by Head Office authorities.

## CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is the alignment of business operations with social values, integrating the interests of stakeholders. During the year 2010-11, the total expenditure on CSR has been ₹ 5.75 Crores.

### Setting Up DAV School

The Company together with DAV College Trust is setting up a full fledged school under the control of DAV Trust. The school will cater to several villages such as Dongri Buzurg, Sitasongi, Chikla, Tirodi & other near-by villages in the adjoining Balaghat district of Madhya Pradesh. Apart from the children hailing from these villages, the wards of MOIL employees will also be benefited.



Some of the other welfare programmes under CSR are as following:

- Engaging the services of Prakruti-Resource Centre for Women and Development, Balaghat for **“Awareness on De-addiction and Bringing Sustainable Economic Livelihood”**
- Sponsor the project of **“Attaining Sustainable Development and Empowerment through Bamboo Technology and Enterprise Development Programme”** by Vedha India, Nagpur.
- Provided of uniform clothes to the school children



- Contributing for the setting up the **biological Park** in Nagpur.
- Donated ambulances for the use of poor and needy at the **Home for Aged & Handicapped** and **Missionaries to charities Mother Teresa Home** in Nagpur.

- Extend help for free cataract surgeries and eye examination of children including providing spectacles wherever necessary.
- financial assistance for purchase of medicines to **Yogiraj Swami Sitaramji Maharaj Hospital and Research Centre, Ramtek, Dist. Nagpur.**
- Provided financial assistance for purchase of X-ray machine for Freidiscoes at an **NGO working for the welfare of the animals in New Delhi**
- Provided financial assistance for purchase of generator for **Jeevoday Hospital** in the rural part of Nagpur for power backup.
- Construction of roads, cremation sheds, renovation of schools, construction of addition class rooms, drains, and water supply facilities etc. in the villages adopted by the company and also at other villages surrounding the mines of the company

### PROGRESSIVE USE OF HINDI

During the year, your Company continued its efforts in propagating and implementing the provisions of Official Language Act, 1963. The Company is publishing in-house Hindi journal “SANKALP” in order to create interest about Hindi among the employees and to encourage them to participate in various competitions like essay competition, noting, drafting, poetry and writing articles for propagating Hindi.

Around 97% of the work is being done in Hindi at Mines. The Unicode System has been implanted in computers of the Company. The Company has provided Hindi Language software in various computers and imparting training to its employees, so that they can use the Hindi more and more in their workings.

Under the “Hindi Education Scheme” of the Ministry of Home, employees are being re-trained. Under this scheme 120 employees have already been given training for *Pragya* (Higher Level) and such training program for another 40 staff /officers of the company is also going on. “Nagar Rajbhasha Karvanvyan Sammittee” Nagpur has also given consolation prize to MOIL for excellent works done in Hindi and MOIL’s in-house Hindi journal “SANKALP” has also been awarded. Rajbhasha Sansthan, New Delhi has also awarded company’s in-house Hindi journal “SANKALP”

### AWARDS AND ACCOLADES

Your Company is one of the public sector enterprises in the country known for its continuous excellent

performance. The Company has been getting national / regional recognition for its good work in almost all the fields of activities. It is one of the few PSEs in the country which has been signing Memorandum of Understanding with the Government and getting **Excellent** rating continuously for the last several years. The followings are the some of recognition the company has received:

- **Highest Tax Payer Award:** Moil has been awarded ₹ 1 Lakhs for the Highest Tax Payer Award 2008-09 presented by the Hon'ble Finance Minister, Government of Madhya Pradesh.
- **National Energy Conservation Award 2010, the Kandri Mine has been awarded Merit Certificate.**
- **Annual Metalliferous Mines Safety Week 2011,** company bagged 28 Prizes in both underground and open cast category.
- **Mine Environment and Mineral Conservation Week 2010** is celebrated under the aegis of Indian Bureau of Mines and the Company has bagged the following prizes:
  - i. **Underground Mines-** 1<sup>st</sup> Balaghat Mines, 2<sup>nd</sup> Chikla Mines, 3<sup>rd</sup> Ukwā Mines and 24 prizes in different areas of underground mines.
  - ii. **Opencast Mines-** 3<sup>rd</sup> Prize bagged by Dongri Buzurg Mine and 6 prizes in other different categories.
- **International Quality Circle Gold Award 2010-** team PANCHARATNA Quality Circle from Dongri Buzurg Mine and PARAKH Quality Circle team from Tirodi Mine bagged "Gold Award".
- **National Convention On Quality Concepts 2010-** teams PANCHARATNA Quality Circle from Dongri Buzurg Mine and SANKALP Kaizen Circle Team from Tirodi Mine bagged "**Par Excellence Award**"; AMAN Quality Circle Team from EMD Plant Dongri Buzurg Mine bagged "**Excellence Award**". SANKALP Kaizen Circle Team members also won awards for the Best Quality Circle Poem and also award for best Quality Circle Slogan.
- **ISO 9001:2008 certification** has been awarded to Ferro Manganese Plant and EMD Plant, Balaghat Mine for the High Grade Ferro Manganese Metal and EMD respectively.

- **MOU Excellence Rating** for the year 2009-10

During the year some of the Company's officials have

been awarded by the organizations for their outstanding performance in the field of Industrial Relations and Personnel Management.

- Human Resources Leadership Award
- 5th Employer Branding Award
- Bharat Jyoti Award ( IIFS)



#### DIRECTORS

During the year, three of the Independent Directors, Dr. M. Maharajan, Shri A.Balraj and Shri D.D Kaushik have retired from the Board w.e.f 25.06.2010 after completion of their tenure. Shri D.D Kaushik was further reappointed w.e.f 9.02.2011 by the Government. Shri S.K Mishra Nominee of Govt. of Madhya Pradesh was reappointed w.e.f 3.02.2011 after retiring on 09.11.2010.

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

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



## DEPOSITS

The Company has not accepted any Fixed Deposits during the year under review.

## AUDITORS

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

## CHANGE IN ACCOUNTING POLICY

During the year, as suggested by the auditors, MOIL has changed its Accounting Policy on Valuation of Ferro manganese slag, which was treated as scrap previously. The stock of Ferro manganese slag, which was not valued hitherto, is valued at net realizable price. The change has an impact on the cost of production of finished product, i.e. Ferro manganese. Consequent to this change in Accounting policy, inventory of Ferro manganese is reduced, inventory of Ferro manganese slag is increased and current year profits before tax is reduced by ₹ 1030.33 Lakhs and profit after tax is reduced by ₹ 688.08 Lakhs. The income from sale of slag, which was hitherto included in other income, is now included in sales. As a result of which the sale for the year has increased by ₹ 1622.44 Lakhs and other income has reduced by an identical amount.

## OTHER DISCLOSURES

**Particulars with respect to R&D and Technology Absorption etc.:** The particulars with respect to R&D and technology absorption, as required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, forming part of this report, is enclosed at Annexure – I to this report.

**Foreign Exchange earnings and Outgo:** The Company has not made any export of manganese ore during the Financial Year 2010-11. During the year under review, the Company has incurred expenditure in foreign currency of ₹ 59.83 Lakhs as against ₹ 7.00 Lakhs in the previous year. The expenditure has been incurred in respect of foreign travelling only and there is no other expenditure in foreign currency during the year.

**Particulars of Employees:** The information in respect of employees covered 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, is: **NIL**

**Subsidiary Company:** MOIL has no Subsidiary Company.

## CORPORATE GOVERNANCE

The Company strives to attain high standards of Corporate Governance. Hence, a separate section on Corporate Governance is annexed and forms part of the Director's Report, is enclosed at Annexure - II.

## MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion and Analysis is placed at is enclosed at Annexure - III.

## INDUSTRIAL RELATIONS

Industrial relations in your Company continued to be cordial and peaceful during the year 2010-11. There has not been any stoppage of work or any such labour agitation in the Company. The tempo for better production and productivity was maintained. Various Committees are constituted at the Mine level and Corporate level for discussing various issues for smooth functioning of the Organisation and expeditious decisions for the settlement of grievances had been functioning satisfactorily.

## ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the valuable guidance and support extended by the Govt. of India, Ministry of Steel, State Governments of Maharashtra and Madhya Pradesh, Company's Bankers, valued customers and suppliers.

The employees of the Company have continued to display their total commitment towards the pursuit of excellence. Your Directors take this opportunity to place on record their appreciation for the valuable contribution made by the employees and look forward to their services with zeal and dedication in the years ahead to enable the Company to scale even greater heights.

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

On behalf of the Board of Directors

Sd/-

**K. J. Singh**

Chairman-cum-Managing Director

Place: New Delhi

Date: 20<sup>th</sup> May, 2011

## Annexure – I to Directors Report to Shareholders

### FORM – B

Disclosure of particulars with respect to technology absorption as required under section 217(1)(e) of the Companies Act, 1956 amended in 1988

(I) RESEARCH & DEVELOPMENT		
Sl. No.	Specific area in which R&D carried out by the company. The following are the areas in which the company has taken R & D works	Benefit derived as a result of the R & D
1	Improvement in safety standards	Addition to the present pre-mining supports, additional mechanical props were used. That has improved the safety standard of the underground mines of the company.
2	Control Blasting Techniques	CIMFR and VNIT has been engaged in for grounds vibration & fly rock problems in opencast mine. With these studies safety standard of opencast mines of the company has improved
3	Exploration of ore reserves	It is an on going process by which the ore body and surrounding areas in lease are being explored by drilling exploration core drilling hole by the company owns core drilling machines. For the year 2010-11, the company has been able to add 0.73 million tonnes of ore reserves/resources.
4	Exploration by Geophysical gravity magnetic method	Geophysical exploration by gravity magnetic method has been used for fast exploration of the resources. Because of this study by MECL/GSI some locations at Tirodi/Sukli mine have been earmarked for exploration drilling.
5	Mineral Processing	Indigenously developed material handling unit installed at Balaghat mine for production of manganese ore from rejects/dump. It has improved the productivity of the Balaghat Mine.
6	Collaborative Research for alternative fill material for sand	Collaborative research project is going on with VNIT, Nagpur. Some alterative material instead of sand may be found.
7	Energy Saving	For saving of energy, PLC driven compressors has been installed at Kandri, Gumgaon & Ukwa. This has reduced the consumption of electrical energy at the time of installation.
8	Increased level interval	M/s CIMFR was appointed for advising for increase in level interval from 30 Meters to 45 Meters. Accordingly level interval from existing 30 meters to 45 meters has been designed below 12th level at Balaghat Mine.
9	XRF analyzer	The company has successfully introduced XRF analyzer at the mines & at corporate office at Nagpur. This has improved the customer's satisfaction.



<b>(ii) Technology absorption, adoption and innovation</b>	
Efforts in brief towards technology absorption, and adoption and innovation	Benefit derived as a result of the above efforts
1) R & D effort in mining as above	1) As a result of the above, the efforts have shown improvement in productivity in mining operations. With this development, rapid mining technologies like geophysical prospecting has earmarked new zone for exploration.
2) Introduction of PLC drive compressor	2) Energy consumption is expected to be reduced by 5-10% with use of PLC compressor

<b>(iii) Future Plan of action</b>	<b>Use of solar energy &amp; hydrostatic drilling machines are proposed for use in future</b>			
<b>(iv) Expenditure on R &amp; D</b>	<b>Capital (A)</b>	<b>Recurring (B)</b>	<b>Total (C)</b>	<b>Total R &amp; D expenditure as % of turnover</b>
	<b>3.33</b>	<b>3.43</b>	<b>6.76</b>	<b>0.59</b>

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

**ANNEXURE- II****CORPORATE GOVERNANCE REPORT**

*"Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined."*

*-: Organization for Economic Cooperation and Development*

**1. CORPORATE GOVERNANCE PHILOSOPHY**

MOIL is committed to doing business in an efficient, integrity, honest, accountability and ethical manner and believes Corporate Governance is beyond the realm of law. It stems from the culture and mindset of management, and cannot be regulated by legislation alone. Your Company conduct such that its actions benefit the greatest number of stakeholders. This commitment starts with the Board of Directors, which executes its corporate governance responsibilities by focusing on the Company's strategic and operational excellence in the best interests of all stakeholders in a balanced fashion with long term benefits to all.

Corporate governance is a journey for constantly improving sustainable value creation and is an upward moving target. Traditional views of governance as a regulatory and compliance requirement have given way to adoption of governance tailored to the specific needs of the Company. Clause 49 has set the benchmark compliance rules for a listed company and the baseline for governance standards. MOIL is not only adheres to the prescribed corporate practices as per Clause 49 but is constantly striving to adopt emerging best practices worldwide. It is our endeavour to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and fulfilment of stated goals and objectives.

**2. BOARD OF DIRECTORS**

MOIL being a Government Company, appointment / nomination of all the Directors, are done by President of India, through Ministry of Steel. As on 31<sup>st</sup> March 2011, the Board of Directors comprises of 4 Whole-time Directors including Chairman-cum-Managing Director, 3 Government Directors representative of Govt. of India, Govt. of Maharashtra and Govt. of Madhya Pradesh and 7 Independent Directors. Independent Directors are normally appointed for the period of 3 years. The composition of the Board of MOIL LIMITED is in conformity with Clause 49 of the Listing Agreement.

**2.1 Composition and category of the Board of Directors as on 31<sup>st</sup> March, 2011.****Whole-time Directors**

1. Shri K. J. Singh, Chairman-cum-Managing Director
2. Shri M.A.V. Goutham, Director (Finance)
3. Shri A.K. Mehra, Director (Commercial)
4. Shri G.P. Kundargi, Director (Prod. & Plan.)

**Government of India nominee Directors**

1. Dr. Dalip Singh, Nominee of Govt. of India
2. Shri A.M. Khan, Nominee of Govt. of Maharashtra
3. Shri S.K Mishra, Nominee of Govt. of Madhya Pradesh

**Independent Directors**

1. Dr. S.K. Bhattacharyya
2. Shri Vijay Kale
3. Dr. Madhu Vij
4. Shri H. C Disodia
5. Shri B.K Gupta
6. Dr. D.D Kaushik
7. Shri Sanjeeva Narayan



**2.2 Attendance of each Director at the Meeting, Last AGM, Number of Directorship and Membership/ Chairmanship of Committee**

Name of the Director	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attended	Other Director Ship	Committee Membership/Chairmanship*
<b>Whole-time Directors</b>					
Shri K. J. Singh Chairman-cum-Managing Director	8	8	Yes	NIL	NIL
Shri M.A.V. Goutham Director (Finance)	8	8	Yes	2	1
Shri A.K. Mehra Director (Commercial)	8	8	Yes	2	1
Shri G.P. Kundargi Director (Prod. & Plan.)	8	8	Yes	2	1
<b>Government Nominee Directors</b>					
Dr. Dalip Singh Nominee of Govt. of India	8	8	–	2	NIL
Shri A.M. Khan Nominee of Govt. of Maharashtra	8	3	–	5	NIL
Shri S.K Mishra (upto 09.11.2010) & (w.e.f 3.02.2011) Nominee of Govt. of Madhya Pradesh	6	3	–	13	NIL
<b>Independent Directors</b>					
Dr. S.K. Bhattacharyya (w.e.f. 25.06.2010) Independent Director	7	5	–	1	1
Shri Vijay Kale (w.e.f. 25.06.2010) Independent Director	7	7	–	NIL	1
Dr. Madhu Vij (w.e.f. 25.06.2010) Independent Director	7	6	–	NIL	1
Shri H. C Disodia (w.e.f. 09.11.2010) Independent Director	4	4	–	NIL	NIL
Shri B.K Gupta (w.e.f. 09.11.2010) Independent Director	4	3	–	NIL	1
Shri D.D Kaushik (upto 25.06.2010) & (w.e.f 09.02.2011) Independent Director	3	3	–	NIL	1
Shri Sanjeeva Narayan (w.e.f. 16.10.2010) Independent Director	5	4	–	5	1
Shri A.Balraj (upto 25.06.2010) Independent Director	1	1	–	N.A.	N.A.
Dr. M. Maharajan (upto 25.06.2010) Independent Director	1	1	–	N.A.	N.A.

**\*Membership/Chairmanship of Audit Committee and Shareholders' / Investors' Grievance Committee of Public Limited Companies has been considered.**



### 2.3 No. of Board Meetings held with dates

During the year 2010-11, eight (8) Board meetings were held on 21<sup>st</sup> May, 2010, 10<sup>th</sup> Sep., 2010, 23<sup>rd</sup> Sep., 2010, 30<sup>th</sup> Oct., 2010, 15<sup>th</sup> Nov., 2010, 4<sup>th</sup> Dec., 2010, 9<sup>th</sup> Feb., 2011 and 15<sup>th</sup> March, 2011.

## 3. COMMITTEE

### Constitution of Committees of Board of Directors:

The Company has been granted the status of *"Miniratna" Category-I* by the Govt. of India. The Board Committees play a crucial role in the governance structure of the Company and are being set out to deal with specific areas / activities which concern the Company and need a closer review. The restructuring of the Board of Directors, which is precondition for exercising enhanced financial and operational autonomy, was done by appointing initially four part time non official directors by the Central Government on the Board, which has been further increased to seven. Moreover, the Board constituted various committees as detailed below:

### 3.1 Audit Committee of Board

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors, the performance of internal auditors and the Company's risk management policies.

#### A. Powers of Audit Committee

The Audit Committee have powers, which include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### B. Brief description of terms of reference

The role of Audit Committee includes:

- (a) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- (c) Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - (i) Matters required to be included in the Director's Responsibility Statement to be included in the report of the Board in terms of clause (2AA) of Section 217 of the Companies Act;
  - (ii) Changes, if any, in accounting policies and practices along with reasons for the same;
  - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (iv) Significant adjustments made in the financial statements arising out of audit findings;



- (v) Compliance with listing and other legal requirements relating to financial statements;
  - (vi) Disclosure of any related party transactions; and
  - (vii) Qualifications in the draft audit report.
- (e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
  - (f) Reviewing and monitoring, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - (g) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
  - (h) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - (i) Discussing with the internal auditors any significant findings and follow up there on;
  - (j) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - (k) Discussing with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - (l) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
  - (m) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  - (n) Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing; and
  - (o) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or contained in the Listing Agreement as and when amended from time to time.

### C. Composition, Name of Members and Chairman

The Audit Committee as re-constituted by the Board on 15.03.2011 presently comprises of the followings:

1. Shri Vijay V. Kale, Chairman (Independent Director as Chairman)
2. Dr. Subir K. Bhattacharyya, Member (Independent Director)
3. Shri Sanjeeva Narayan, Member (Independent Director)
4. Shri B.K. Gupta, Member (Independent Director)
5. Shri G.P. Kundargi, Member (Director, Production & Planning)

The Company Secretary acts as the Secretary to the Committee.

#### D. Meetings and Attendance during the year

During the year under review, five meetings of the committee were held the details of which are as follows:

Sr. No.	Date	Strength of the committee at respective meeting	No. of Directors Present
1.	21.05.2010	4	4
2.	10.09.2010	4	4
3.	23.09.2010	4	4
4.	30.10.2010	4	4
5.	09.02.2011	4	4

### 3.2 Shareholders' / Investors' Grievance Committee

The Committee is entrusted with the responsibility to address the shareholders and investors complaints with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc. The Committee also evaluates performance and service standards of the Registrar and Share Transfer Agent (RTA) of the Company, and also provides continuous guidance to improve the service levels for investors. The Committee also monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992. The Board has delegated the power of approving transfer of securities to the RTA and / or the Company Secretary.

#### A. Brief description of terms of reference

The responsibilities of the committee are as follows:

- Redressal of investors' complaints
- Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities
- Issue of duplicate certificates and new certificates on split/consolidation/renewal etc.
- Non-receipt of declared dividends, balance sheets of the company
- Carrying out any other function contained in the Listing agreement as and when amended from time to time.

#### B. The Committee presently comprises of the following members namely:

- Dr. Madhu Vij, Independent Director - Chairperson
- Dr. D.D. Kaushik Independent Director - Member
- Shri M.A.V. Goutham, Director (Finance)- Member
- Shri A.K. Mehra, Director (Commercial) – Member

During the financial year ended 31<sup>st</sup> March, 2011, the Committee met once on 09.02.2011 and all the members of the committee were present at the meeting.

Name of the Compliance officer : Mr. Neeraj Dutt Pandey, Company Secretary

#### C. Investor Grievances

During the financial year ending 31<sup>st</sup> March, 2011, the Company and Registrars have attended investor grievances expeditiously except for the cases constrained by disputes or legal impediment.

During the year, the Company has received 31745 shareholders grievances/complaints, out of which 31673 have been attended/resolved and only 50 are pending as on 31<sup>st</sup> March, 2011. The grievances/complaints mainly related to IPO of the Company.



**3.3 Remuneration Committee**

The remuneration of the Directors is fixed by the Government of India, as MOIL is a Government Company in terms of Section 617 of the Companies Act, 1956. The pay scales of the other employees are also fixed in line with guidelines issued by the Department of Public Enterprises [DPE]. However, MOIL has constituted a Remuneration Committee, headed by an Independent Director of the Company, for the purpose of determining the Performance Related Pay (PRP) of its executives, in line with DPE Guideline.

**A. The Committee presently comprises of the following members namely:**

1. Dr. S. K. Bhattacharyya (Independent Director) - Chairman
2. Shri Vijay V. Kale (Independent Director) - Member
3. Dr. Madhu Vij (Independent Director) - Member

The Company Secretary of the Company acts as the Secretary to the Committee. During the period under report, one meeting of the committee was held on 21.05.2010 and all the three members of the Committee, were present at the meeting.

**B. Role of Remuneration Committee:**

The Remuneration Committee is to

1. decide annual bonus/variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits.
2. discharge such other responsibilities as may be applicable and prescribed, in Companies Act, 1956, DPE Guidelines and Listing Agreement and other Government Guidelines.

**C. Remuneration received by existing Functional Directors**

Details of remuneration of Functional Directors of the Company paid for the financial year 2010-11

Name of the Directors	Salary	Benefits	Bonus/Commission	Performance Linked Incentives	Total
1. Shri K.J. Singh, Chairman-cum-Managing Director	1286216.00	800235.65	0.00	79378.00	21,65,829.65
2. Shri M.A.V. Goutham, Director (Finance)	1235462.00	800113.49	0.00	2130934.00	41,66,509.49
3. Shri A. K. Mehra, Director (Commercial)	1177232.00	743528.45	0.00	1866680.00	37,87,440.45
4. Shri G. P. Kundargi, Director (Production & Planning)	1138008.00	860528.20	0.00	1206906.00	32,05,442.20

The tenure of office of the aforesaid Managing Director and Whole time Directors is for a period of 5 years from their respective dates of appointments and can be terminated by either party by giving three month's notice in writing. There is no separate provision for payment of severance fees.

The Non-Executive Directors are paid sitting fee at the rate of ₹ Seven Thousand Five Hundred for attending each meeting of the Board and / or Committee thereof.

**3.4 Project and Performance Review Committee (PPRC)**

The Project and Performance Review committee was constituted on 15<sup>th</sup> March, 2011, comprising of Shri B.K. Gupta-Chairman, Dr. S. K. Bhattacharyya, Shri H.C. Disodia, Shri Sanjeeva Narayan, are non-executive

independent directors. There is no meeting of the committee held during the financial year 2010-11. The Committee has been constituted with view to periodically review the progress and performances of the various projects undertaken by the Company.

### 3.5 Corporate Social Responsibility Committee (CSR)

The Corporate Social Responsibility Committee was constituted on 15<sup>th</sup> March, 2011. The Committee comprises of 4 independent directors namely Shri H.C. Disodia (Chairman), Dr. D.D. Kaushik, Shri Vijay V. Kale, Dr. Madhu Vij, as members. There is no meeting of the committee, held during the financial year 2010-11.

The Committee has been constituted for monitoring the progress of the CSR works sanctioned by the Company to ensure that they are carried out in terms of sanction. CSR proposals proposed beyond the surrounding areas of company's workplaces will be put up to the Committee, before putting the same to the Board. The Committee will recommend to the Board, the policy with regard to CSR or any change therein, if any.

### 3.6 IPO Committee

The Committee comprises of Shri K.J. Singh, Chairman-cum-Managing Director, Shri M.A.V. Goutham - Director (Finance), Shri A.K. Mehra - Director (Commercial) and Shri G.P. Kundargi - Director (Production and Planning), ("IPO Committee"), was formed to take all decisions and approve all matters relating to the IPO. After listing of the Company on 15<sup>th</sup> December, 2010 on NSE and BSE, the IPO Committee does not have any role to play, accordingly the committee has been dissolved by the Board.

## 4. GENERAL BODY MEETING

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

Year	Date	Time	Venue	No. of special resolution passed
2007-08	29 <sup>th</sup> July, 2008	11.00 A.M.	Registered Office of the Company at 1A, Katol Road, MOIL Bhawan, Nagpur- 440 013.	NIL
2008-09	28 <sup>th</sup> August, 2009	3.00 P.M.	Registered Office of the Company at 1A, Katol Road, MOIL Bhawan, Nagpur- 440 013.	NIL
2009-10	23 <sup>rd</sup> July, 2010	2.30 P.M.	Registered Office of the Company at 1A, Katol Road, MOIL Bhawan, Nagpur- 440 013.	2

4.2 During the period under report there is no special resolution was passed through postal ballot.

4.3 There is no special resolution is proposed to be conducted through postal ballot.

## 5. DISCLOSURES

- The Company has not entered into any materially significant related party transactions that may have potential conflict with the interests of the company at large. Nonetheless, transactions with related parties have been disclosed in Note No. 14 of Schedule 19 to the Accounts in the Annual Report.
- There was no case of non-compliance of provisions of Companies Act 1956 or Rules and regulations of Stock Exchanges or SEBI or any statutory authority. These authorities have also not passed any strictures or imposed penalty on the company, on any matter related to capital markets, during the last three years.
- No personnel of the Company have been denied access to the audit committee.
- The Company has complied with the requirements of the Clause 49 and DPE Guidelines on Corporate Governance.



In respect of non-mandatory requirements as prescribed in annexure ID of Clause 49 of the listing agreement, the areas which are adopted/complied by the company is as under:

1. Since the Chairman-Cum-Managing Director is in full time employment of the Company, therefore separate maintenance of Chairman’s office is not necessary. Further the Independent Director are appointed by the Ministry of Steel, Government of India for the tenure of three year, hence no Independent Director has served in aggregate of more than nine years.
2. The Company has constituted Remuneration Committee, as details are provided in serial no 3.3
3. The Company publishes the quarterly unaudited/audited financial results in leading National English Newspaper as mentioned under heading “Means of Communication”. These unaudited/audited financial results are also posted on Company’s website www.moil.co.in but are not circulated separately. The Company communicates major events, achievements etc. through electronic media, newspapers and also on its website.
4. It is always Company’s endeavour to present unqualified financial statements.
5. The Directors of the Company have been given training from time to time.
6. Being a government company, appointment / nomination of all the Directors are done by President of India, through Ministry of Steel, hence no peer group is constituted for the evaluation of the non-executive directors.

**6. MEANS OF COMMUNICATION**

- 6.1 The Company publishes the quarterly unaudited/audited financial results in leading National English Newspaper i.e. Economic times and in Hindi daily newspaper i.e. Navbharat.
- 6.2 These unaudited/audited financial results are also posted on Company’s website www.moil.co.in.
- 6.3 The Company communicates major events, achievements etc. through electronic media, newspapers and also on its website.

**7. GENERAL SHAREHOLDER INFORMATION**

**7.1 Annual General Meeting**

Date	Day	Time	Venue
23.09.2011	Friday	2.30 P.M.	Vasantrao Deshpande Hall, Near MLA Hostel, Civil Lines, Nagpur-440001

**7.2 Financial Year**

The Company adopted Financial Year which begins from the 1<sup>st</sup> day of April and ended on 31<sup>st</sup> day of March, each year.

**7.3 Date of Book Closure:**

Friday, 16<sup>th</sup> September, 2011 to 23<sup>rd</sup> September, 2011 (both days inclusive).

**7.4 Dividend Payment Date**

Dividend is paid /dispatched to shareholder within 30 days from the date of its declaration.

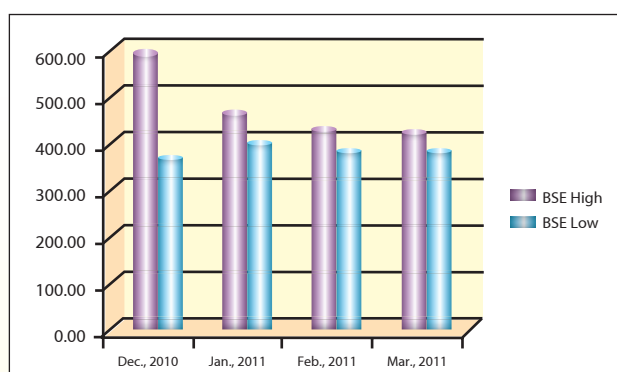
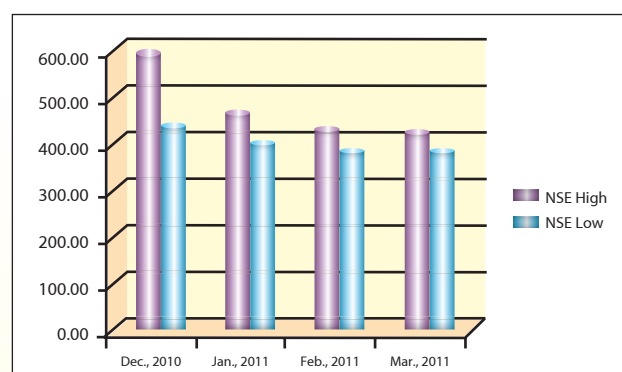
**7.5 Listing on Stock Exchanges**

Your company’s shares were listed on 15th December 2010. The details of Exchanges and stock code are as follows:

Stock Exchanges	Type of Shares	Stock Code
Bombay Stock Exchange Limited,	Equity Shares	533286
National Stock Exchange of India Limited	Equity Shares	MOIL- EQ

**7.6 Market Price Date:** High., Low during each month in last financial year\*

Month	NSE		BSE	
	HIGH	LOW	HIGH	LOW
DEC.,2010	590.00	431.40	591.05	367.35
JAN., 2011	460.50	394.20	460.50	394.55
FEB., 2011	424.25	377.00	424.40	386.35
MARCH, 2011	417.00	375.50	412.00	375.55



\*The shares were listed on 15.12.2010.

**7.7 Performance in comparison to broad-based indices on BSE and NSE**

Month	NSE		BSE	
	S&P CNX NIFTY	MOIL	SENSEX	MOIL
Dec., 2010	6134.50	449.70	20509.09	449.85
Jan., 2011	5505.90	408.95	18327.76	409.60
Feb., 2011	5333.25	394.25	17823.40	394.80
March, 2011	5833.75	394.75	19445.22	394.55

**7.8 A. Registrar and Transfer Agent (RTA)**
**Bigshare Services Pvt. Ltd.**

E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka.

Andheri (E), Mumbai - 400 072

Tel: 91-22-40430200, Fax: 91-22-2847 5207

E-mail: investor@bigshareonline.com, Website: www.bigshareonline.com

**B. Registrar to IPO**
**Karvy Computershare Private Limited**

"Karvy House" 46 Avenue 4, Street No. 1, Banjara Hills,  
Hydrabad- 500 034

Tel: 91-40-23312454, 23320751, Fax: 91-40-23311968

E-mail: moil.ipo@karvy.com, Website: www.karvy.com

**7.9 Share Transfer System**

Entire share transfer activities under physical segment are being carried out by Bigshare Services Pvt. Ltd. The share transfer system consists of activities like receipt of shares transfers along with transfer deed from transferees, its verification, preparation of Memorandum of transfers, etc. Shares transfers are approved by sub-committee of the Board for allotment and post allotment activities of Company's Securities.



Pursuant to clause 47-C of the Listing Agreement with Stock Exchanges, certificate from Practicing Company Secretary, confirming due compliance of share transfer formalities has been submitted to Stock Exchanges within stipulated time, on half yearly basis.

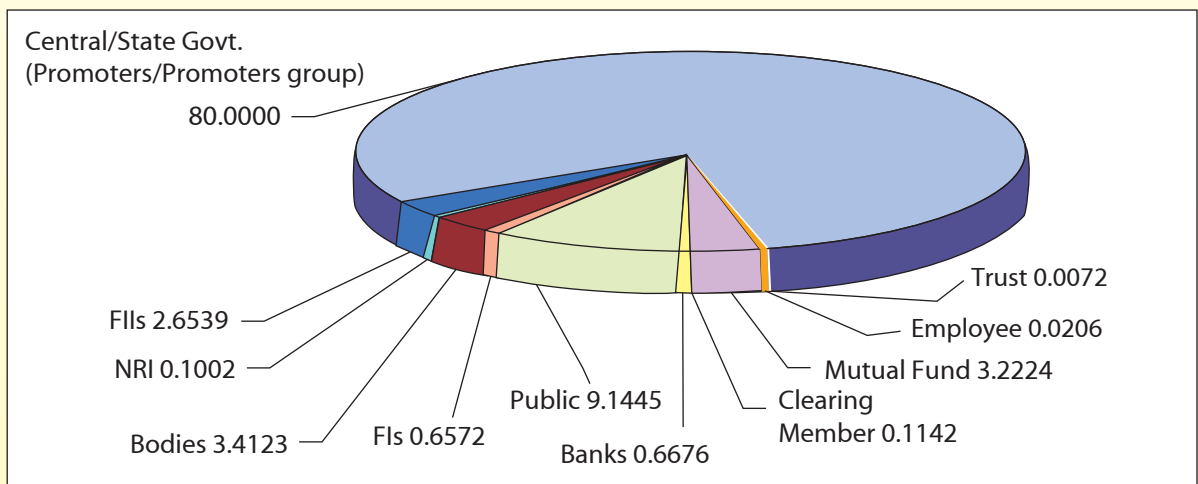
**7.10 Distribution of Shareholding**

**a. According to size, Percentage of holding as on 31<sup>st</sup> March 2011**

Number of share	Number of shareholders	% of shareholders	Of total shares	% of shares
1 - 5000	490714	99.4284	124899140	7.4345
5001 - 10000	1548	0.3137	11145450	0.6634
10001 - 20000	604	0.1224	8459700	0.5036
20001 - 30000	193	0.0391	4865530	0.2896
30001 - 40000	86	0.0174	3059320	0.1821
40001 - 50000	70	0.0142	3277700	0.1951
50001 - 100000	138	0.0280	10074730	0.5997
100001 & above	182	0.0369	1514218430	90.1320
<b>Total</b>	<b>493535</b>	<b>100.0000</b>	<b>1680000000</b>	<b>100.0000</b>

**b. Category wise Summary of Shareholding as on 31<sup>st</sup> March 2011**

Category	No. of Shares Held	% of Total Shareholding
Central/State Govt. (Promoters/Promoter group)	134400000	80.0000
Public	15362757	9.1445
Corp. Bodies	5732662	3.4123
Mutual Fund	5413642	3.2224
FIs	4458511	2.6539
Banks	1121551	0.6676
FIs	1104050	0.6572
Clearing Member	191890	0.1142
NRI	168303	0.1002
Employee	34588	0.0206
Trusts	12046	0.0072





### 7.11 Dematerialization of shares and liquidity

The Shares of the Company are dematerialised with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

### 7.12 Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

No. of shares in dematerialised and physical mode are:

Category	No. of Shares	% of total Capital Issued
Shares in Demat mode with CDSL	65,14,755	3.88
Shares in Demat mode with NSDL	4,12,49,564	24.55
Shares in Physical mode	12,02,35,681	71.57
<b>Total</b>	<b>16,80,00,000</b>	<b>100.00</b>

No GDRs/ADRs/Warrants or convertible instruments have been issued by the Company.

### 7.13 Location of Mines & Wind Farms

#### LIST OF MINES

Sr. No.	MINES NAME & ADDRESS
<b>MAHARASHTRA</b>	
1.	<b>Chikla Mine,</b> P.O. - Chikla, Tah.-Tumsar, Dist- Bhandara, Maharashtra, Pin-441 920
2.	<b>Dongri Buzurg Mine,</b> P.O. - Dongri Buzurg, Tah.-Tumsar, Dist- Bhandara, Maharashtra, Pin-441 907
3.	<b>Beldongri Mine,</b> P.O. - Satuk, Tah- Ramtek, Dist-Nagpur, Maharashtra, Pin-441 105
4.	<b>Kandri Mine,</b> P.O. - Kandri, Tah- Ramtek, Dist-Nagpur, Maharashtra, Pin-441 401
5.	<b>Munsar Mine,</b> P.O. - Munasar, Tah- Ramtek, Dist-Nagpur, Maharashtra, Pin-441 106
6.	<b>Gumgaon Mine,</b> P.O. - Khapa, Tah-Saoner, Dist-Nagpur, Maharashtra, Pin-441 401
<b>MADHYA PRADESH</b>	
7.	<b>Balaghat Mine,</b> P.O. - Bharweli, Dist - Balaghat, M.P., Pin-481 102
8.	<b>Ukwa Mine,</b> P.O. - Ukwa, Dist - Balaghat, M.P., Pin-481 105
9.	<b>Tirodi Mine,</b> P.O. - Tirodi, Dist - Balaghat, M.P., Pin-481 449
10.	<b>Sitapatore Mine</b> P.O. - Sukli, Dist - Balaghat, M.P., Pin-481 449

#### LIST OF WIND FARMS

Sr. No.	WIND FARMS NAME & ADDRESS
<b>MADHYA PRADESH</b>	
1.	<b>Nagda Hills,</b> Dist. Dewas, M.P
2.	<b>Ratedi Hills,</b> Dist. Dewas, M.P



#### 7.14 Address for correspondence

Registered Office:  
MOIL LIMITED  
"Moil Bhawan", 1-A, Katol Road, Nagpur- 440 013

#### 8. CODE OF CONDUCT

As a part of MOIL's persisting endeavour to set a high standard of conduct for its employees a "Code of Business Conduct and Ethics" has been laid down for all Board Members and Senior Management personnel. A copy of the said Code has been placed on the company's website [www.moil.nic.in](http://www.moil.nic.in). All Board members and Senior Management personnel have affirmed compliance with MOIL's Code of Business Conduct and Ethics" for the financial year 2010-11

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### Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all the Board Members and Senior Management of the Company have confirmed compliance with 'Code of Business Conduct and Ethics' for the year ended 31<sup>st</sup> March, 2011.

Place: New Delhi  
Date: 20.05.2011

For MOIL Limited  
Sd/-  
K.J. Singh  
Chairman-cum-Managing Director

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#### 9. CEO/CFO CERTIFICATION

As required under clause 49 of Listing Agreement the Certificate duly signed by CEO and CFO of the Company is annexed to the Corporate Governance Report.

#### 10. WHISTLE BLOWER POLICY

The Company has no specific Whistle Blower Policy, but the company has a competent and independent vigilance department, headed by Chief Vigilance Officer (CVO), an IPS officer, for monitoring any unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. And all the personnel are having the access to the vigilance department for their complaints, grievances etc.

#### 11. TRAINING OF BOARD MEMBERS

No specific training programmes were arranged for Board Members. However, at the Board/ Committee Meetings, detailed presentations are made by senior executives/ professionals/ consultants on business related issues, risk assessment etc. The Company also nominates its directors for various seminars and training programmes conducted by various outside institutions/agencies.

#### 12. REVIEW OF COMPLIANCE OF APPLICABLE LAWS

The Board has periodically reviewed the compliance reports of all applicable laws to the company and has ensured the compliance of all the applicable laws.



## CEO and CFO Certification

To,  
The Board of Directors  
MOIL Limited  
Nagpur

- (a) We have reviewed financial statements and the cash flow statement of MOIL Limited for the year ended 31<sup>st</sup> March, 2011 and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2010-11 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- (i) significant changes in internal control over financial reporting during the year 2010-11;
  - (ii) significant changes in accounting policies during the year 2010-11 and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**sd/-**  
**M.A.V. Goutham**  
Director (Finance)

**sd/-**  
**K. J. Singh**  
Chairman-cum-Managing Director

Place: New Delhi  
Date: 20/05/2011



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR 2010-11

### **Preface**

The Management Discussion and Analysis Report (MDAR) aims to elucidate the developments in the business environment, performance of the company in comparison to last report and the future outlook. MDAR is a part of the Directors' Report. The performance of any company is linked with various factors including demand, supply, climatic conditions, economic conditions, political condition, government regulations & policies, taxation and natural calamities, which are beyond the control of the company and could make a significant difference to the Company's operations. Owing to this, certain statements made in this report pertaining to the projections, outlook, expectations, estimates etc. may differ from actual.

### **A. Industry Structure, Market Scenario, Opportunities & Threats, Outlook, Risks and Concerns**

#### **• Industry Structure and Market Scenario**

The performance of manganese ore industry mainly depends on the performance of steel industry. During the year, the economy all over the world has shown very good sign of recovery and almost came out from the recession started two years back in mid of the financial year 2008-09. The domestic and international producers of Steel who slashed their production, have planned for capacity expansion. This in turn will result in increase in demand/production of Ferro Alloys and high off-take of Manganese Ore.

In recent years, India has emerged as one of the strongest economy in the world and has become 4<sup>th</sup> largest producer of steel in the world and is expected to become the 2<sup>nd</sup> largest producer of steel by 2015-16. In comparison to other countries, India is expected to show strong growth in steel use in the coming years due to its strong domestic economy, massive infrastructure needs, domestic consumption and expansion of industrial production.

In 2011, as per World Steel Association (WSA), India's steel consumption is to grow by 13.3% to reach 68.7 mmt. In 2012, the growth rate will

accelerate further to 14.3%. It has also forecasted that worldwide apparent steel use will increase by 5.9% to 1,359 mmt in 2011, following 13.2% growth in 2010. In 2012, it is forecasted that world steel demand will grow further by 6.0% to reach a new record of 1,441 mmt.

This forecast suggests that by 2012, steel use in the developed world will still be at 14% below the 2007 level whereas in the emerging and developing economies like India, it will be 38% above. In 2012, the emerging and developing economies will account for 72% of world steel demand in contrast to 61% in 2007.

Manganese ore is the most crucial product for the production of steel, it will be in very much high demand due to growth of steel.

#### **• Strength and Weakness**

##### **Strength**

- Larger reserves of high grade of manganese ore
- Largest producer of manganese ore by volume in the country
- MOIL has the strength of holding about 60% of total demonstrated reserves of Ferro Grade Manganese Ore in the country.
- Resources, making the Company a low cost producer
- At present rate of production, the reserves expected to last for over 40 years
- Financial strength characterized by high net worth, zero debt,
- Availability of qualified technically skilled manpower with good work culture
- MOIL reserves are in Central Indian Manganese belt, with deposits being in general, of regular shape
- MOIL has got logistic advantage, as all its mines are well connected with State / National Highways. Its mines are located in the railway network of South East Central Railway and are provided with railway sidings.

- Core competence in manganese ore mining.
- No industrial unrest or labour problem
- Good Brand image of MOIL's manganese ore
- In-house R&D capability-Research and Development Centre and an In-house exploration capability which is capable of taking up assignments in the field of ore beneficiation and mineral processing.

### Weakness

- As a mining Company, MOIL is subject to extensive regulations surrounding health & safety of the people and environment. With constant evolving of regulatory standards and community expectations, the Company is exposed to increased compliance cost and unforeseen environmental remediation expenses.
- Delay in obtaining fresh mine leases in turn commissioning new mines, affecting company's investment plans.
- The Company has not significantly diversified into other sector. As such, any adverse impact on the manganese ore industry hits the profitability of the Company.
- MOIL's mines are very old and full mechanization is very difficult.
- The cost of production will also rise due to deposits reaching deeper horizons.

### • Opportunities and Threats

#### Opportunities

- The National Steel Policy has envisaged steel production to reach 110 million tonnes by 2019-20. However, based on the assessment of the current ongoing projects, both in greenfield and brownfield, Ministry of Steel has projected that the steel capacity in the country is likely to be 124.06 million tonnes by 2011-12. Further, based on the status of MOUs signed by the private producers with the various State Governments, it is expected that India's steel capacity would be nearly 293 million tonnes by 2020. In view of this, there is likely to be a huge demand gap between the availability and requirement of ferro alloys, if the production of ferro alloys fails to match the growth in production of steel.

- MOIL being India's largest manganese ore producer, accounting for 50% of the country's production and 17% of proven reserves with around 69.5mt of reserves and resources of manganese ore, is well positioned to capitalize on India's steel demand growth, given its dominant position, medium- to high-grade ore, centrally located mines, and strong customer ties.
- There is a good market potential for low / medium grade ores due to gradual switch over to use of Silico Manganese in steel production.
- Continue to be a low cost, efficient and environmentally friendly mining Company.
- Strong financials i.e. huge cash reserves provides opportunity to go for major investment plans.
- JVs with SAIL and RINL to produce Ferro Alloys provide a ready market for its good share of Manganese Ore production.
- The company has also planned huge investments for developments of its existing mines which will increase the production and productivity to meet the future requirement of manganese ore.
- The Government has also reserved an area of 814.71 Hector land in Nagpur & Bhandara district of Maharashtra. The reserved area is near exiting mines of the company and about 45% of its existing lease areas. After getting other clearance and completing formalities, it may provide a very good opportunity to cater the demand of manganese ore and to capitalize on India's steel demand growth.
- With vast experience in manganese ore mining, company may also plan for expansion into other minerals.

#### Threats

- Import of Manganese Ore remains a threat and challenge to the profit margin of the company.
- Any delay in regulatory approvals, may also impact long term growth. Further, it is always a challenge to timely complete projects undertaken for development of mines particularly underground mines on schedule and cost, and any shortfall in this may affect targeted performance.
- The steel industry being cyclic in nature, manganese ore demand is exposed to growth of steel sector. The Company may also face risks in respect of high



inventory of stocks at international level and same may affect off take of manganese ore, is short term.

- Around 67.5% of MOIL's production is from UG mines, where the cost of production is higher than OC mines. Any increase in the cost of UG mining would adversely impact margins.
- Decline in international price of the manganese ore may result in fall in its domestic price

#### ● **Outlook**

The demand for manganese and ferro alloy products depends directly on the outlook of the steel industry and growth of overall economy. Over 90% of the world's production of manganese is utilized in the desulphurization and strengthening of steel. In the past, demand for manganese ore and ferro alloys has increased considerably due to the increase in the production of steel.

World Steel Association is projecting growth in demand by about 5-6% in the year 2011 and calendar year 2012 in the global steel, while they are projecting demand growth of 13-14% in the calendar year 2011 and in the calendar year 2012 in India. This indicates that the demand is going to be up in India which the only country where demand is going to be up.

At the projected GDP growth rate of about 8.5-9% in the Country and infrastructure development policy of Government of India, huge demand of steel is expected as the growth of GDP is equally associated with the growth of Steel, which in turn also increase in demand of manganese ore.

#### ● **Risks and Concerns**

Manganese Ore industry is directly linked with Steel Industry which is cyclical in nature and has impact on demand of manganese ore. MOIL is a labour intensive organization. Though, the industrial relation has been excellent in the Company, the risk factor associated with labour may always play significant role on its production performance.

The high oil prices are a risk to the global economic recovery. In India, inflation remains a concern and downside to growth. There is a need to improve supply-side measures and look at productivity improvement. Global commodity and oil prices have led to higher price rise in manufactured goods.

Mines and Minerals (Development and Regulation) Bill, 2010 is under consideration by the Government and compensation policy may affect company's profitability.

Present oversupply of manganese ore in international market is another area of concern and may weaken the domestic manganese prices in the long run. Infact, the Company had to reduce prices of its various grades of manganese ore between 23%-28% in the recent past.

## **B. Segmentwise or Productwise Performance**

### **Sales Performance**

#### **Value**

The sales turnover during the year 2010-11 was ₹ 1139.96 Crores (Including sale of manufactured products of ₹ 67.74 Crores and sale of power of ₹ 8.32 Crores) as against ₹ 969.39 Crores (Including sale of manufactured products of ₹ 52.93 Crores and sale of power of ₹ 9.31 Crores) during the same period in previous year.

#### **Quantity**

During the year 2010-11, a quantity of 9.99 lakh tonnes of manganese ore has been sold as against 11.75 lakh tonnes previous year. The sale of Electrolytic Manganese Dioxide (EMD) was 911 tonnes in comparison to 857 tonnes of last year, whereas 6903 tonnes of Ferro Manganese was sold as compared to 7479 in the previous corresponding period. The company has registered sale of 14339 tonnes of Ferro Manganese Slag as against 10911 tonnes in the previous year. It has sold 224.50 (Kwh) units of power to MPEDCL in the current year as against last year's 240.56 (Kwh) units.

#### **e-Sales**

The CVC has desired for giving thrust on e-commerce to bring in transparency in the transactions. With this view and to elicit better price of manganese ore and participation of maximum customers, the company has continuously been giving due thrust on e-sale during the year also. During the year under report, a quantity of 1,16,656 tonnes of various grades of Mn Ore, Ferro Mn & slag at a value of ₹ 195.83 Crores, was successfully auctioned through 22 events of e-auctions.

### Production

The Company has registered production of 11.51 lakh tonnes of various grades of manganese ore in current year as against production of 10.93 lakh tonnes during the last year. The production of Electrolytic Manganese Dioxide (EMD) was 805 tonnes (previous year 1150 tonnes) whereas it has registered production of 9081 tonnes of Ferro Manganese in comparison to 9555 tonnes of previous year. It has recorded production of 13515 tonnes of Ferro Mn Slag during the year as against 9640 tonnes in the previous year. The WTG has generated 310.40 (KwH) units during the year as compared to last year's 331.01 (KwH) units

### C. Internal Control Systems and Their Adequacy

The Company has an internal audit system for assessing suitability of the internal controls, adherence to policies, procedures and taking corrective action to address any gaps. The Internal Audit Department and the Internal Audit is a multi disciplinary function which is conducted by a team of experienced Professionals.

These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability with financial reporting. The Company has continued with its efforts to align all its processes and controls with best global practices in these areas as well. It also brings out a systematic and disciplined approach for implementing the risk management initiative aimed at Good Corporate Governance.

The Internal Audit is subject to overall control under the supervision of the Audit Committee constituted by the Board to focus on transparency in the systems and internal control mechanisms. The Audit Committee of the Board actively reviews the adequacy and effectiveness of internal control systems and suggests improvements to strengthen the same. Annual Audit Programmes are drawn up covering critical areas of various departments in order to bring overall improvements in the Company.

The Internal control systems are commensurate with the size of the Company. However, the company always strives to strengthen its internal control

systems and internal audit. The reports containing significant Audit findings are submitted to the Audit Committee of the Company and to the Board through the Audit Committee.

### D. Discussion on Financial Performance with respect to Operational Performance

#### Financial Performance

₹ in Crore

	2010-11	2009-10
Sales Turnover	1139.97	969.39
Total Income	1335.09	1087.85
Total Expenditure	422.43	355.76
Gross Margin	912.66	732.09
Depreciation	32.51	25.30
Profit before tax for the year	880.15	706.79
Income Tax provision	292.10	240.44
Profit after tax for the year	588.05	466.35
Transfer to General Reserve	450.00	357.00
Profit Carried Over	1.51	0.58

The total income of the company has increased by 23% during the year from ₹ 1087.85 Crores to ₹ 1335.09 Crores from the previous year. The Company has recorded 17.60% higher turnover at ₹ 1139.96 Crores during the financial year 2010-11 in comparison to ₹ 969.39 Crores of previous year. PBT for the year is ₹ 880.15 Crores, which has increased by 24.52% as compared to previous year. Where as Profit after Tax (PAT) has increased by 26.10% at ₹ 588.05 Crores as against last year's PAT of ₹ 466.35 Crores. The EBIDTA margin of the company has increased from 75.52% to 80.06% during the year. With its continued prudent cash planning, the company has earned an interest income of ₹ 133.93 Crores (Previous Year ₹ 124.20 Crores).

#### Operational Performance

Though there have been various concerns like increase price of fuel, commodity, inflation etc, the overall economy has recovered very well in the year 2010-11. the Company has also outperformed last years performance

#### Production Review

Due to better planning productivity and effective use of resources, the Company has successfully crossed



previous year production of 10.93 lakh tonnes of various grades of manganese ore in current year and has registered the production of 11.50 tonnes registering 5% growth over the last year. It has also successfully achieved the MoU Target of 11.50 tonnes for the year.

In case of Electrolytic Manganese Dioxide (EMD) and Ferro Manganese, it has recorded production of 80.5% (805 tonnes) and 95% (9081 tonnes) respectively as compared to previous year's performance. The EMD plant was shut down for annual maintenance for three months during the year. Further, due to less demand, poor off take and high inventory the production of EMD has come down. The production of Ferro Manganese has come down from 9555 tonnes to 9081 tonnes is mainly due to poor market condition.

The productivity of the Company has been excellent as Output per Manshift is 0.779 tonnes (previous year 0.728 tonnes) as against target of 0.500 tonnes.

The Company is vigorously pursuing the R&D activities on continuous basis, including:

- Inception of Load Haul & Dump machine (LHD) tyre in underground mines for development & stopping operations.
- Optimization of stopes designs for safety & productivity improvement.
- Engaged in hydro-geological studies for underground mining operations at Kandri Mine.
- Increase level interval (from existing 30 Meters to 45 Meters) for rapid mining operations.

- Commissioning of PLC driven compressors in Kandri, Ukwa & Gumgaon Mine for energy saving and studies of reclamation of waste dumps and investigations for other environmental protection measures
- Development of alternative mining methods and support systems for underground mines.
- Modern techniques of exploration like geophysical exploration by gravity magnetic and Hydro-static drilling machines .
- Studies of controled blasting techniques for fly rock & ground vibration are undergoing at opencast mines.
- Analytical works through XRF spectrophotometer for accurate and speedy analysis of manganese ore were done.
- Introduction of Total Stations - High speed survey instrument with high accuracy level for maintaining accurate survey of mines.

**E. Material developments in Human Resources, Industrial Relations front, including number of people employed;**

**F. Environmental protection and conservation, technological conservation, renewable energy developments, foreign exchange conservation;**

**G. Corporate Social Responsibility**

**The Directors' Report 2010-11 may kindly be referred as it contains the details in respect of items i.e. E, F and G.**





## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Members  
of MOIL Limited

We have examined the compliance of the conditions of Corporate Governance by MOIL Limited (formerly Manganese Ore (India) Limited) for the period from 15<sup>th</sup> December, 2010 (date of listing) to 31<sup>st</sup> March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Date : 18<sup>th</sup> May, 2011  
Place : Nagpur

**Amit K. Rajkotiya**  
Practising Company Secretary  
FCS — 5561 CP No. 5162



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MOIL LIMITED, NAGPUR, FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011.**

The preparation of financial statements of MOIL Limited, Nagpur, for the year ended 31<sup>st</sup> March, 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 20<sup>th</sup> May, 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit wider Section 619(3) (b) of the Companies Act, 1956 of the financial statements of MOIL Limited, Nagpur, for the year ended 31<sup>st</sup> March, 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

Sd/-

**(M.K. Biswas)**

Principal Director of Commercial Audit &  
Ex-officio Member Audit Board — III,  
New Delhi

Place: New Delhi  
Dated: 24<sup>th</sup> June, 2011

## AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of MOIL LIMITED, NAGPUR, as at 31<sup>st</sup> March 2011 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditors Report) (Amendment) Order, 2004, issued by the Central Government in terms of section 227 (4A) of the Companies Act 1956, we enclose in Annexure –A, a statement on the matters specified in paragraph 4 & 5 of the said order.

2. Further to our comments in the Annexure referred to in Para 1 above;

We have to draw attention to note No. 2 of Notes to Accounts (Schedule 19). Due to change in accounting policy in respect of valuation of stock of slag and recording of sale of slag from other income to sales, net profit before tax and net profit after tax for the year is reduced by ₹ 1030.33 lakhs and ₹ 688.08 lakhs respectively. Net valuation of closing inventory is also reduced by ₹ 1030.33 Lakhs. Sales are increased by ₹ 1622.44 lakhs with corresponding decrease in other income.

We report that:

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 those books.
- c) The Balance Sheet, Profit & Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company.
- d) In our opinion, the Balance Sheet, Profit and Loss Account & Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
- e) The Company has informed that, in terms of Notification No. GSR 829 (E) dated 21/10/2003 issued by the Department of Company Affairs, the provisions of Section 274(1)(g) of Companies Act, 1956 are not applicable to Government Companies.
- f) The company has neither paid nor provided for the cess payable under Section 441(A) of Companies Act, 1956, pending notification from Government specifying the manner of payment.
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereon and Statement of Accounting Policies, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 :
- ii) In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
- iii) In the case of the Cash Flow statement, of the Cash Flows of the Company for the year ended on that date.

For **Shah Baheti Chandak & Co.**  
Chartered Accountants  
**FRN No. 109513 W**

**(CA P.M. Shrawak)**

Partner

**M. No. 109237**

Place : New Delhi  
Date : 20<sup>th</sup> May, 2011



## ANNEXURE-A TO THE AUDITOR'S REPORT

### **REFERRED TO IN PARA 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF MOIL LIMITED FOR THE YEAR 2010-11**

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

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

Disposal of fixed assets made during the year does not affect going concern status of the company.

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

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

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

3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with

regard to purchases of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in internal control system in respect of these areas.

5. According to the information and explanations given to us there are no transactions that need to be entered in the register required to be maintained under section 301 of the Companies Act, 1956.
6. The company has not accepted any deposits from the Public and consequently the directives issued by the Reserve Bank of India, the provisions of Section 58-A and 58-AA of the Companies Act, 1956 and the rules framed thereunder are not applicable.
7. The Company is having Internal Audit system. However, in our opinion Company's Internal Audit system needs to be strengthened to make it commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.
9. According to the information and explanations given to us, and on the basis of our examination of the books of account, the company has generally been regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Income-tax, Sales-Tax, Excise duty, Cess and other statutory dues applicable to it during the year.

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

There are no dues outstanding of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise duty and cess on account of any dispute.

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

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

For **Shah Baheti Chandak & Co.**  
Chartered Accountants  
**FRN No. 109513 W**

**(CA P.M. Shrawak)**

Partner

**M. No. 109237**

Place : New Delhi  
Date : 20<sup>th</sup> May, 2011



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

₹ in lakhs

Particulars	Schedule	As at 31 <sup>st</sup> March, 2011		As at 31 <sup>st</sup> March, 2010	
		₹	₹	₹	₹
<b>A SOURCES OF FUNDS</b>					
<b>1 Shareholders' funds</b>					
(a) Share capital	1	<b>16800.00</b>		16800.00	
(b) Reserves and surplus	2	<b>196029.49</b>		150937.10	
			<b>212829.49</b>		167737.10
<b>2 Deferred tax liability</b>			<b>149.83</b>		1283.31
			<b>212979.32</b>		169020.41
<b>B APPLICATION OF FUNDS</b>					
<b>1 Fixed assets</b>	3				
(a) Gross block		<b>39646.13</b>		35702.66	
(b) (-) Depreciation		<b>19048.12</b>		16048.61	
(c) Net block		<b>20598.01</b>		19654.05	
(d) (+) Capital work-in-progress		<b>2878.78</b>		2217.76	
			<b>23476.79</b>		21871.81
<b>2 Investments</b>	4		<b>221.28</b>		21.28
<b>3 Current assets, loans and advances</b>	5				
(a) Current assets					
(i) Inventories		<b>9742.97</b>		4753.94	
(ii) Sundry debtors		<b>6795.89</b>		8574.47	
(iii) Cash and bank balances		<b>187965.17</b>		148709.79	
(iv) Other current assets		<b>7631.64</b>		5977.81	
		<b>212135.67</b>		168016.01	
(b) Loans and advances	6	<b>8284.41</b>		6262.84	
		<b>220420.08</b>		174278.85	
Less :					
<b>Current liabilities and provisions</b>					
(a) Current liabilities	7	<b>15436.66</b>		14586.53	
(b) Provisions	8	<b>15702.17</b>		12565.00	
		<b>31138.83</b>		27151.53	
<b>Net current assets</b>			<b>189281.25</b>		147127.32
			<b>212979.32</b>		169020.41

Schedule No. 1 to 20 form an integral part of financial statements.

As per our report of even date

**For Shah Baheti Chandak & Co.,**

Chartered Accountants

FRN No. 109513W

**CA P.M.Shrawak**

Partner [Membership No. 109237]

Place : New Delhi

Date : 20<sup>th</sup> May, 2011

**Neeraj Pandey**

Company Secretary

**M.A.V.Goutham**

Director (Finance)

**K.G.Kavishwar**

Sr. D.G.M. (Finance)

**K.J.Singh**

Chairman-cum-Managing Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2011

Particulars	Schedule	₹ in lakhs	
		For the year 2010-11 ₹	For the year 2009-10 ₹
<b>A INCOME</b>			
(a) Gross sales	9	<b>114531.23</b>	97232.72
(-) Excise duty		<b>534.39</b>	293.26
Net sales		<b>113996.84</b>	96939.46
(b) Other income	10	<b>14527.56</b>	12992.22
(c) Provisions written back	11	<b>21.86</b>	5.79
(d) Accretion/-decretion to stocks	12	<b>4963.13</b>	-1152.22
Total income		<b>133509.39</b>	108785.25
Less :			
<b>B EXPENDITURE</b>			
(a) Ore raising and operating expenses	13	<b>27996.93</b>	25232.67
(b) Manufacturing and electricity generation expenses	14	<b>5219.79</b>	3718.52
(c) Administrative and selling expenses	15	<b>8493.72</b>	6152.25
(d) Research and development expenses	16	<b>343.04</b>	287.71
(e) Write offs and provisions	17	<b>102.21</b>	92.68
(f) Expenses for diversion of forest land		<b>87.35</b>	92.15
Total expenditure		<b>42243.04</b>	35575.98
<b>Gross margin before interest and depreciation</b>		<b>91266.35</b>	73209.27
Less : Depreciation		<b>3251.17</b>	2529.86
<b>Profit before tax</b>		<b>88015.18</b>	70679.41
Less :			
Tax provisions			
(a) Provision for income tax -			
(i) For current year		<b>30338.67</b>	24460.35
(ii) For earlier years		<b>4.41</b>	161.41
		<b>30343.08</b>	24621.76
(b) Provision for fringe benefits tax for earlier years		<b>0.00</b>	-10.15
(c) Deferred tax liability/(-)asset for the year		<b>-1133.48</b>	-566.91
		<b>29209.60</b>	24044.70
<b>Net profit after tax</b>		<b>58805.58</b>	46634.71
Balance of profit from previous year		<b>58.31</b>	58.43
Add : Transfer from research and development reserve		<b>0.00</b>	50.00
<b>Profit available for appropriations</b>		<b>58863.89</b>	46743.14



₹ in lakhs

Particulars	Schedule	For the year 2010-11		For the year 2009-10	
		₹	₹	₹	₹
<b>C APPROPRIATIONS</b>					
(a) Proposed final dividend @ 45% (34%)		<b>7560.00</b>		5712.00	
Interim dividend @ 25% (22%)		<b>4200.00</b>		3696.00	
			<b>11760.00</b>		9408.00
(b) Tax on final dividend including surcharge and cess		<b>1255.62</b>		948.69	
Tax on interim dividend including surcharge and cess		<b>697.57</b>		628.14	
			<b>1953.19</b>		1576.83
(c) Transfer to general reserve		<b>45000.00</b>			35700.00
(d) Balance carried forward		<b>150.70</b>			58.31
Total			<b>58863.89</b>		46743.14
<b>Earnings per share</b>					
(a) Net profit after tax		<b>58805.58</b>		46634.71	
(b) Number of shares of ₹ 10		<b>168000000</b>		168000000	
(c) Earnings per share of ₹ 10 (Basic and diluted)		<b>35.00</b>		27.76	

Schedule No. 1 to 20 form an integral part of financial statements.

As per our report of even date

**For Shah Baheti Chandak & Co.,**

Chartered Accountants

FRN No. 109513W

**CA P.M.Shrawak**

Partner [Membership No. 109237]

Place : New Delhi

Date : 20<sup>th</sup> May, 2011

**Neeraj Pandey**

Company Secretary

**M.A.V.Goutham**

Director (Finance)

**K.G.Kavishwar**

Sr. D.G.M. (Finance)

**K.J.Singh**

Chairman-cum-Managing Director



## Schedules to Balance Sheet as at 31<sup>st</sup> March, 2011

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2011		As at 31 <sup>st</sup> March, 2010																			
	₹	₹	₹	₹																		
<b>SCHEDULE 1 - SHARE CAPITAL</b>																						
<b>Authorised</b>																						
Equity shares : Number		<b>250000000</b>		250000000																		
Face value		<b>10</b>		10																		
Amount		<b>25000.00</b>		25000.00																		
<b>Issued, subscribed and paid-up</b>																						
Equity shares : Number		<b>168000000</b>		168000000																		
Face value		<b>10</b>		10																		
Amount		<b>16800.00</b>		16800.00																		
Particulars of bonus shares issued by capitalisation of reserves are as under.																						
<table border="1"> <thead> <tr> <th rowspan="2">Financial year</th> <th rowspan="2">No. of shares</th> <th colspan="2">Reserves capitalised</th> </tr> <tr> <th>General reserve</th> <th>Capital reserve</th> </tr> <tr> <th></th> <th></th> <th>₹ - Lakhs</th> <th>₹ - Lakhs</th> </tr> </thead> <tbody> <tr> <td>2006-07 #</td> <td>1267486</td> <td>1267.49</td> <td>0.00</td> </tr> <tr> <td>2009-10 #</td> <td>140000000</td> <td>13993.39</td> <td>6.61</td> </tr> </tbody> </table> <p># Shares of face value of ₹ 100 each are split into shares of face value of ₹ 10 each in financial year 2009-10</p>					Financial year	No. of shares	Reserves capitalised		General reserve	Capital reserve			₹ - Lakhs	₹ - Lakhs	2006-07 #	1267486	1267.49	0.00	2009-10 #	140000000	13993.39	6.61
Financial year	No. of shares	Reserves capitalised																				
		General reserve	Capital reserve																			
		₹ - Lakhs	₹ - Lakhs																			
2006-07 #	1267486	1267.49	0.00																			
2009-10 #	140000000	13993.39	6.61																			
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>																						
<b>Capital reserve</b>																						
As per last balance sheet		<b>0.00</b>		6.61																		
(-) Capitalised by issue of bonus shares		<b>0.00</b>		6.61																		
		<b>0.00</b>		0.00																		
<b>Research and development reserve</b>																						
As per last balance sheet		<b>0.00</b>		50.00																		
(-) Transfer to profit and loss account		<b>0.00</b>		50.00																		
		<b>0.00</b>		0.00																		
<b>General reserve</b>																						
As per last balance sheet		<b>150878.79</b>		129172.18																		
(-) Capitalised by issue of bonus shares		<b>0.00</b>		13993.39																		
(+) Transfer from profit and loss account		<b>45000.00</b>		35700.00																		
		<b>195878.79</b>		150878.79																		
<b>Profit and loss account</b>																						
Balance of profit		<b>150.70</b>		58.31																		
Total		<b>196029.49</b>		150937.10																		

## Schedules to Balance Sheet as at 31<sup>st</sup> March, 2011

### SCHEDULE 3 - FIXED ASSETS

₹ in lakhs

Sr No	Description of assets	Gross block		Depreciation		Net block	
		As at 31.03.2010	Additions 31.03.2010	Deductions 31.03.2010	As at 31.03.2010	For the year	Deductions 31.03.2011
		₹	₹	₹	₹	₹	₹
1	Land	982.41	33.83	0.00	0.00	0.00	1016.24
2	Leasehold land	1394.35	972.36	563.64	486.76	1050.40	1316.31
3	Buildings	6782.78	294.25	1586.54	275.31	13.53	5213.25
4	Data processing machinery	186.49	38.88	138.46	32.44	7.11	54.07
5	Plant and machinery	15565.38	2603.57	10509.41	1355.78	183.34	6289.18
6	Wind turbine generators	9701.74		2460.98	1003.16		6237.60
7	Railway sidings	38.18		18.99	2.66		16.53
8	Furniture and office equipments	477.39	124.19	355.35	32.99	6.59	212.07
9	Vehicles	573.94	152.02	415.24	62.07	41.09	242.76
		35702.66	4219.10	16048.61	3251.17	251.66	20598.01
10	Capital work in progress						2878.78
11	Previous year ended 31 <sup>st</sup> March, 2010	34199.97	1632.53	13636.30	2529.86	117.55	21871.81
							21871.81
							21871.81
							22108.95

1 Buildings also include land wherever consideration for land is not paid separately

2 Depreciation for the period includes depreciation on -

**For 2010-11** For 2009-10

₹ - Lakhs ₹ - Lakhs

**72.56** 69.10

**1006.71** 1006.71

(a) Assets of manufacturing divisions

(b) Assets of power generation division

## Schedules to Balance Sheet as at 31<sup>st</sup> March, 2011

Particulars	As at 31 <sup>st</sup> March, 2011		As at 31 <sup>st</sup> March, 2010	
	₹	₹	₹	₹
₹ in lakhs				
<b>SCHEDULE 4 - INVESTMENTS (Unquoted) - At cost</b>				
<b>Fully paid-up shares of Co-operative Stores/Societies at mines :</b>				
(a) 500 (500) Shares of ₹ 5 each of Co-operative Stores (unregistered)	0.03		0.03	
(b) 1612 (1612) Shares of ₹ 25 each of Co-operative Societies	0.40		0.40	
(c) 8556 (8556) Shares of ₹ 10 each of Co-operative Societies	0.85		0.85	
		1.28		1.28
<b>Investment in joint ventures (Initial subscription) :</b>				
(a) 100000 (100000) Equity shares of ₹ 10 each fully paid-up in SAIL & MOIL Ferro Alloys Pvt. Ltd.	10.00		10.00	
(b) 100000 (100000) Equity shares of ₹ 10 each fully paid-up in RINMOIL Ferro Alloys Pvt. Ltd.	10.00		10.00	
		20.00		20.00
<b>Advance for share allotment</b>				
2000000 (Nil) Equity shares of ₹ 10 each in SAIL & MOIL Ferro Alloys Pvt. Ltd., pending allotment	200.00		0.00	
	221.28		21.28	



Schedules to Balance Sheet as at 31<sup>st</sup> March, 2011

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2011		As at 31 <sup>st</sup> March, 2010	
	₹	₹	₹	₹
<b>SCHEDULE 5 - CURRENT ASSETS</b>				
<b>(a) Inventories</b> [Certified by the management]				
(i) Stock of raw materials valued at cost		51.13		74.58
(ii) Stock of stores and spares valued at cost	569.48		557.28	
(-) Provision for loss on sale of obsolete stores and spares	3.49		4.20	
		565.99		553.08
(iii) Stock in transit at cost		9.71		6.01
(iv) Stock-in-trade at cost or net realisable value, whichever is less		9113.58		4101.18
(v) Work-in-process		2.56		19.09
Total		9742.97		4753.94
<b>(b) Sundry debtors</b>				
(i) Considered good				
Debts outstanding for a period exceeding six months	0.00		9.90	
Other debts	6795.89		8564.57	
		6795.89		8574.47
(ii) Considered doubtful				
Debts outstanding for a period exceeding six months		20.87		42.02
		6816.76		8616.49
(-) Provision for doubtful debts		20.87		42.02
Total		6795.89		8574.47
<b>(c) Cash and bank balances</b>				
(i) Cash in hand		6.79		6.12
(ii) Balance with scheduled banks				
In fixed deposits		186387.04		146501.67
In special dividend accounts pending encashment of warrants		214.77		0.00
In current accounts		1356.57		2202.00
		187965.17		148709.79
<b>(d) Other current assets</b>				
(i) Interest accrued on fixed and other deposits		7558.25		5884.12
(ii) Sundry receivable		73.39		93.69
Total		7631.64		5977.81
<b>Grand total</b>		212135.67		168016.01

## Schedules to Balance Sheet as at 31<sup>st</sup> March, 2011

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2011		As at 31 <sup>st</sup> March, 2010	
	₹	₹	₹	₹
<b>SCHEDULE 6 - LOANS AND ADVANCES (Considered good)</b>				
<b>(a) Secured</b>				
Loans to employees		<b>150.59</b>		151.48
<b>(b) Unsecured</b>				
(i) Advances to employees		<b>143.86</b>		99.48
(ii) Advances for purchase of stores, spares and machinery	<b>93.72</b>		109.30	
(-) Provision for doubtful advances	<b>0.57</b>		<u>0.57</u>	
		<b>93.15</b>		108.73
(iii) Advances to contractors and others		<b>282.53</b>		175.82
(iv) Claims receivable	<b>0.53</b>		0.53	
(-) Provision for doubtful claims	<b>0.53</b>		<u>0.53</u>	
		<b>0.00</b>		0.00
(v) Pre-paid expenses		<b>97.20</b>		32.61
(vi) Deposit with railway, electricity boards and others		<b>428.24</b>		418.24
(vii) Advance payment of income tax (Net)		<b>7088.84</b>		5276.48
		<b>8284.41</b>		<u>6262.84</u>
<b>SCHEDULE 7 - Current liabilities</b>				
(a) Sundry creditors		<b>2577.41</b>		2278.14
(b) Advances from customers		<b>1244.40</b>		1193.90
(c) Security deposits from suppliers, contractors and others		<b>1893.31</b>		1530.37
(d) Liabilities for expenses		<b>8963.93</b>		9106.37
(e) Unclaimed dividend pending encashment of warrants		<b>214.77</b>		0.00
(f) Other liabilities		<b>542.84</b>		477.75
		<b>15436.66</b>		<u>14586.53</u>
<b>SCHEDULE 8 - PROVISIONS</b>				
(a) Proposed dividend on equity shares		<b>7560.00</b>		5712.00
(b) Provision for tax on dividend		<b>1255.62</b>		948.69
(c) Provision for unavailed leave - Liability on balance sheet date	<b>3899.15</b>		3192.48	
(-) Fund with Life Insurance Corporation of India	<b>2852.95</b>		<u>2717.10</u>	
		<b>1046.20</b>		475.38
(d) Provision for gratuity		<b>442.34</b>		1674.86
(e) Provision for pension fund		<b>4920.77</b>		3354.27
(f) Provision for final mine closure expenses		<b>477.24</b>		399.80
		<b>15702.17</b>		<u>12565.00</u>
Total (Current liabilities + provisions)		<b>31138.83</b>		<u>27151.53</u>



**Schedules to Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011**

₹ in lakhs

Particulars	For financial year 2010-11		For financial year 2009-10	
	₹	₹	₹	₹
<b>SCHEDULE 9 - SALES</b>				
(a) Sale of mining products		<b>106924.99</b>		91009.40
(b) Sale of manufactured products		<b>6773.75</b>		5292.09
(c) Sale of power		<b>832.49</b>		931.23
		<b>114531.23</b>		97232.72
Less - Excise duty on manufactured products		<b>534.39</b>		293.26
<b>Net sales</b>		<b>113996.84</b>		96939.46
<b>SCHEDULE 10 - OTHER INCOME</b>				
(a) Interest received		<b>13393.42</b>		12420.43
(b) Recoveries from employees		<b>11.18</b>		13.74
(c) Sale of scrap		<b>75.14</b>		2.75
(d) Rent on buildings		<b>14.04</b>		12.77
(e) Sales tax set-off/refund		<b>121.08</b>		101.20
(f) Miscellaneous income		<b>912.70</b>		441.33
		<b>14527.56</b>		12992.22
<b>SCHEDULE 11 - PROVISIONS WRITTEN BACK</b>				
(a) Provision for anticipated loss on sale of obsolete stores		<b>0.71</b>		0.00
(b) Provisions for doubtful debts		<b>21.15</b>		5.79
		<b>21.86</b>		5.79
<b>SCHEDULE 12 - ACCRETION/(DECRETION) TO STOCKS</b>				
(a) Mining products				
Closing stock		<b>6681.65</b>		2036.48
(-) Opening stock		<b>2036.48</b>		3995.24
		<b>4645.17</b>		-1958.76
(b) Manufactured products				
Closing stock		<b>2434.49</b>		2083.78
(-) Opening stock		<b>2083.78</b>		1171.86
		<b>350.71</b>		911.92
	A	<b>4995.88</b>		-1046.84
Less :				
<b>Excise duty on stock of manufactured products</b>				
On closing stock		<b>227.33</b>		194.59
(-) On opening stock		<b>194.58</b>		89.21
	B	<b>32.75</b>		105.38
Net accretion/-decretion [A - B]		<b>4963.13</b>		-1152.22

## Schedules to Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011

Particulars	For financial year 2010-11		For financial year 2009-10	
	₹	₹	₹	₹
₹ in lakhs				
<b>SCHEDULE 13 - ORE RAISING AND OPERATING EXPENSES</b>				
(a) Employee cost				
Salaries, wages and bonus	<b>12899.98</b>		12388.13	
Contribution to provident fund and other funds	<b>4412.93</b>		4334.00	
Welfare expenses	<b>723.82</b>		776.06	
		<b>18036.73</b>		17498.19
(b) Transport, railing and other works through contractors		<b>4313.64</b>		3005.25
(c) Consumption of stores and spares		<b>3309.09</b>		2816.96
(d) Power and fuel		<b>1219.20</b>		999.43
(e) Repairs and maintenance to :				
(i) Buildings	<b>317.54</b>		250.14	
(ii) Plant and machinery	<b>943.48</b>		809.06	
(iii) Others	<b>163.41</b>		164.06	
		<b>1424.43</b>		1223.26
(f) Rent		<b>26.95</b>		2.84
(g) Rates and taxes		<b>112.89</b>		101.97
(h) Insurance		<b>37.18</b>		29.70
(i) Miscellaneous expenses		<b>359.05</b>		330.73
		<b>28839.16</b>		26008.33
(-) Cost of manganese ore transferred to electrolytic manganese di-oxide and ferro manganese plants		<b>842.23</b>		775.66
		<b>27996.93</b>		25232.67
<b>SCHEDULE 14 - MANUFACTURING AND ELECTRICITY GENERATION EXPENSES</b>				
(a) Employee cost				
Salaries, wages and bonus	<b>301.88</b>		259.10	
Contribution to provident fund and other funds	<b>84.99</b>		97.39	
Welfare expenses	<b>12.46</b>		12.08	
		<b>399.33</b>		368.57
(b) Payments to contractors		<b>195.53</b>		152.64
(c) Consumption of raw materials		<b>1792.00</b>		1714.22
(d) Consumption of stores and spares		<b>50.15</b>		69.71
(e) Repairs to plant and machinery		<b>133.29</b>		66.15
(f) Insurance		<b>4.15</b>		2.52
(g) Power and fuel		<b>2604.82</b>		1308.78
(h) Miscellaneous expenses		<b>40.52</b>		35.93
		<b>5219.79</b>		3718.52
<b>Notes</b>				
1 Repairs and maintenance of assets for ore raising expenses include -				
(a) Salaries and wages		<b>754.13</b>		649.88
(b) Stores and spares		<b>83.65</b>		105.99



Schedules to Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011

₹ in lakhs

Particulars	For financial year 2010-11		For financial year 2009-10	
	₹	₹	₹	₹
<b>SCHEDULE 15 - ADMINISTRATIVE AND SELLING EXPENSES</b>				
<b>A Administrative expenses</b>				
(a) Employee cost				
Salaries, wages and bonus	1416.24		976.97	
Contribution to provident fund and other funds	268.31		392.70	
Welfare expenses	84.21		76.80	
		1768.76		1446.47
(b) Power and fuel		58.60		50.92
(c) Repairs and maintenance to				
(i) Buildings	103.94		71.68	
(ii) Plant and machinery	4.30		7.23	
(iii) Others	14.03		19.63	
		122.27		98.54
(d) Rent		0.00		0.90
(e) Rates and taxes		13.42		127.93
(f) Insurance		42.20		18.02
(g) Auditor's remuneration		10.74		3.83
(h) Directors' sitting fees		4.20		2.54
(i) Advertisements		820.54		79.82
(j) Expenditure on corporate social responsibility		575.39		156.97
(k) Miscellaneous expenses		540.39		340.94
(l) Interest on income tax		0.00		144.31
		3956.51		2471.19
<b>B Selling expenses</b>				
(a) Royalty and cess		4349.81		3469.42
(b) Cash discount on sales		95.98		100.57
(c) Compensation against arbitration award		0.00		2.63
(d) Service charges on e-auctions		77.15		87.93
(e) Sampling expenses		14.27		20.51
		4537.21		3681.06
Grand total		8493.72		6152.25
<b>SCHEDULE 16 - RESEARCH AND DEVELOPMENT EXPENSES</b>				
(a) Exploratory drilling at mines		282.45		248.97
(b) Expenditure on blasting/rock mechanics/stop design studies, etc.		60.59		38.74
		343.04		287.71
<b>SCHEDULE 17 - WRITE OFF AND PROVISIONS</b>				
(a) Write off of discarded assets		23.97		12.29
(b) Write off of stores and spares shortage		0.80		1.26
(c) Write off of bad debts		0.00		5.79
(d) Write off of old advances		0.00		0.08
(e) Provision for final mine closure expenses		77.44		73.26
		102.21		92.68



**SCHEDULE 18****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 ₹ 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, including net present value of diverted forest 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 on 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. Investments**

Long term investments in shares are carried at cost. Diminution in value, if any, is provided for, if it is not of temporary nature.

**3. 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 [EMD] (including stock in process as on 31<sup>st</sup> 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 plant's depreciation or net realizable value, whichever is less.

(v) (a) Ferro manganese/silico manganese including stock in cake form as on 31<sup>st</sup> March, determined by technical assessment :- At current year's cost of production including plant's depreciation (*less* realizable value of slag) or net realizable price, 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 generated during manufacture of ferro manganese, which is treated as scrap and, accordingly, valued at net realizable price.

**(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, is 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".

#### 4. 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/slag sales

Sales of EMD, ferro manganese and slag include excise duty and education cess applicable thereon.

##### (c) Sale of electricity to M. P. Electricity Distribution Company Limited

Revenue is recognized on the basis of energy injected into grid for sale, at tariff rate agreed in power purchase agreement.

#### 5. 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.

Interest billed to customers for credit terms beyond current financial year is recognized in the year to which it pertains.

- (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.

#### 6. 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".

##### Electricity

Power generated at wind turbine generator units and consumed at mine/plant, are charged to respective units at the cost of generation.

#### 7. Sales tax, income tax, etc.

(a) In respect of sales tax, income tax, etc., the amount 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 accepted by the company.

#### 8. 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 by 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 is recognized in the profit and loss statement of the year to which it relates.

## 9. V.R.S. expenditure

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

## 10. 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.

## 11. 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.

## 12. Prepaid expenses

Expenses are treated as prepaid only where the payments exceed ₹ 100000 in each case.

## 13. 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.

## 14. 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.

## 15. 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 are provided in accounts, on year to year basis, after taking into consideration the production.

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

The liability is recognized on receipt of necessary permission from the concerned authorities.

## 17. Prior period expenses

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

## 18. 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 19**

**NOTES ON ACCOUNTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

**1. Contingent liabilities**

(a) Claims against the company not acknowledged as debts -

₹ in lakhs

Particulars of claims		31-03-2011	31-03-2010
i)	By employees for wages and other benefits	165.00	40.48
ii)	By South East Central Railway for payment of arrears of rent of railway sidings	109.68	109.68
iii)	By contractors for non-fulfillment of contractual obligations	26.42	26.42
iv)	By Forest Department for payment of transit fee on production of ore at Tirodi mine	79.45	72.28
v)	Interest on arbitration award	216.17	100.65
vi)	Employees' professional tax	8.83	0.00

(b) Income tax assessments are completed upto assessment year 2008-09. 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 -

₹ in lakhs

Assessment year	Disputed demand	Amount paid	Balance on 31 <sup>st</sup> Mar'11	Pending with
2005-06	350.27	350.27	Nil	Commissioner of Income Tax (Appeals)
2007-08	747.83	747.83	Nil	
2008-09	127.26	127.26	Nil	
2006-07	16.30	16.30	Nil	Income Tax Appellate Tribunal

There will not be any additional financial implications over and above the provisions already made as per company's assessment.

(c) Company has given financial assurance of ₹ 186.04 (₹ 181.67) lakhs to IBM by way of bank guarantees, towards progressive mine closure plans. Fixed deposit receipts of identical amount are held by banks/ Government departments against these bank guarantees.

(d) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 7908.48 (₹ 904.01) lakhs. Advance paid for such contracts is ₹ Nil (Nil) lakhs.

**2. Change in accounting policy**

During the year under consideration, the company has changed its accounting policy on valuation of ferro manganese slag, which is treated as scrap. The stock of ferro manganese slag, which was not valued hitherto, is valued at net realizable price. The change has an impact on cost of production of finished product, i.e., ferro manganese. Consequent to this change in accounting policy, inventory of ferro manganese is reduced by ₹ 1107.40 lakh, inventory of ferro manganese slag is increased by ₹ 77.07 lakh and current year's profit before tax is reduced by ₹ 1030.33 lakh and profit after tax is reduced by ₹ 688.08 lakh. The income from sale of slag, which was hitherto included in other income, is now included in sales. As a result, sales for the year are more by ₹ 1622.44 lakh and other income is reduced by an identical amount.

3. 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.
4. (a) Physical verification of inventories is carried out at the end of the year.  
(b) Production and inventory of manganese ore is arrived on weight-volume ratio basis  
(c) 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.  
(d) Inventory of raw materials includes stock of manganese ore of 249 (292) MT valuing ₹ 11.39 (₹ 11.15) lakhs lying in ferro manganese plant site on 31.03.2011.
5. 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.
6. Documentation in respect of secured loans to employees is pending in some cases.
7. Loans and advances (Schedule 6) include –

₹ in lakhs

Particulars		31-03-2011	31-03-2010
(a)	Advances to officers Maximum outstandings against individual officers during the year	21.02	2.97
(b)	Advances to Chairman-cum-Managing Director Maximum outstanding during the year	6.71	1.88
(c)	Interest-bearing deposits with electricity boards	339.86	327.42

8. Miscellaneous income in Schedule 10 of other income includes ₹ 358.48 (₹ 400.06) lakh towards forfeiture of EMD of customers for non-fulfillment of contractual obligations and ₹ 485.40 (₹ Nil) lakh towards penalty recovered from supplier for short-generation of power.
9. For anticipated loss on disposal of obsolete stores/spares, provision of ₹ 3.49 (₹ 4.20) lakhs made in accounts is considered adequate.
10. Income tax deducted at source from interest and rent received by the company amounts to ₹ 1797.28 (₹ 1626.85) lakhs. Tax deduction certificates are awaited in some cases.
11. Sundry creditors include a sum of ₹ Nil (₹ Nil) lakhs payable to micro, small and medium enterprises units, in excess of ₹ 1.00 lakh outstanding for more than thirty days.
12. Administrative expenses (Schedule 15) include –

₹ in lakhs

Particulars		31-03-2011	31-03-2010
1.	Travelling expenses of (a) Chairman-cum-Managing Director (b) Directors	25.91 91.63	14.05 41.72
2.	Auditor's remuneration (a) Audit fee For statutory audit For audits in connection with public issue For limited review of quarterly accounts Out of pocket expenses (b) Other services	2.76 5.52 1.37 0.17 0.92	2.76 0.00 0.00 0.15 0.92
		10.74	3.83
3.	Advertisements include expenditure on public relations and publicity	776.63	38.21



13. **Defined obligations** - Disclosures as per Accounting Standard 15 are as under.

₹ in lakhs

<b>I Reconciliation of opening and closing balance of funded obligation</b>	<b>Gratuity</b>		<b>Leave encashment</b>	
	<b>31.03.2011</b>	31.03.2010	<b>31.03.2011</b>	31.03.2010
At the beginning of the year	<b>8640.93</b>	6790.87	<b>3192.48</b>	2564.97
Current service cost	<b>513.23</b>	458.93	<b>265.89</b>	212.15
Interest cost	<b>691.28</b>	543.27	<b>255.40</b>	205.20
Actuarial (gain)/loss	<b>566.43</b>	1251.08	<b>316.20</b>	255.48
Benefits paid	<b>-508.98</b>	-403.22	<b>-130.82</b>	-45.32
At the close of the year	<b>9902.89</b>	8640.93	<b>3899.15</b>	3192.48

<b>II Reconciliation of opening and closing balance of fair value of plan assets</b>	<b>Gratuity</b>		<b>Leave encashment</b>	
	<b>31.03.2011</b>	31.03.2010	<b>31.03.2011</b>	31.03.2010
At the beginning of the year	<b>6966.07</b>	5031.55	<b>2717.10</b>	1400.30
Expected return on plan assets	<b>658.29</b>	475.48	<b>256.76</b>	125.33
Actuarial (gain)/loss	<b>60.53</b>	101.88	<b>9.91</b>	72.12
Employer contribution	<b>2284.64</b>	1760.38	<b>0.00</b>	1164.67
Benefits paid	<b>-508.98</b>	-403.22	<b>-130.82</b>	-45.32
At the close of the year	<b>9460.55</b>	6966.07	<b>2852.95</b>	2717.10

<b>III Reconciliation of fair value of assets and funded obligations</b>	<b>Gratuity</b>		<b>Leave encashment</b>	
	<b>31.03.2011</b>	31.03.2010	<b>31.03.2011</b>	31.03.2010
Fair value of Plan assets at the end of the year	<b>9460.55</b>	6966.07	<b>2852.95</b>	2717.10
Present value of obligation at the end of the year	<b>9902.89</b>	8640.93	<b>3899.15</b>	3192.48
Liability recognized in balance sheet	<b>442.34</b>	1674.86	<b>1046.20</b>	475.38

<b>IV Expenses recognised in profit and loss account</b>	<b>Gratuity</b>		<b>Leave encashment</b>	
	<b>31.03.2011</b>	31.03.2010	<b>31.03.2011</b>	31.03.2010
Current service cost	<b>513.23</b>	458.93	<b>265.89</b>	212.15
Interest cost	<b>691.28</b>	543.27	<b>255.40</b>	205.20
Expected return on plan assets	<b>-658.29</b>	-475.48	<b>-256.76</b>	-125.33
Actuarial (gain)/loss	<b>505.90</b>	1149.20	<b>306.29</b>	183.36
Total expenses recognized in the profit & loss account	<b>1052.12</b>	1675.92	<b>570.82</b>	475.38

<b>V Actuarial assumptions</b>	<b>Gratuity</b>		<b>Leave encashment</b>	
	<b>31.03.2011</b>	31.03.2010	<b>31.03.2011</b>	31.03.2010
Mortality Table (LIC)	<b>(1994-96) Ultimate</b>	(1994-96) Ultimate	<b>(1994-96) Ultimate</b>	(1994-96) Ultimate
Discount rate (per annum)	<b>8.00%</b>	8.00%	<b>8.00%</b>	8.00%
Expected return on Plan assets (per annum)	<b>9.45%</b>	9.45%	<b>9.45%</b>	8.90%
Rate of escalation in salary (Per annum)	<b>5.00%</b>	5.00%	<b>5.00%</b>	5.00%

14. **Transactions with related parties** – Disclosures of transactions with related parties as per Accounting Standard 18 are as under.

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

1	Shri K.J.Singh	Key management personnel
2	Shri M.A.V. Goutham	Key management personnel
4	Shri A. K. Mehra	Key management personnel
5	Shri G.P.Kundargi	Key management personnel
6	SAIL & MOIL Ferro Alloys Pvt. Ltd.	Joint venture company
7	RINMOIL Ferro Alloys Pvt. Ltd.	Joint venture company

(ii) Transactions during the year with related parties

₹ in lakhs

Particulars		2010-11	2009-10
1	Managerial remuneration		
	(a) Salaries and allowances	<b>154.82</b>	92.22
	(b) Contribution to provident fund	<b>6.17</b>	7.28
	(c) Actual/estimated value of perquisites	<b>3.65</b>	10.73
	(d) Total	<b>164.64</b>	110.23
2	Reimbursement of traveling expenses	<b>117.54</b>	55.77
3	Subscription towards equity share capital in joint venture companies	<b>200.00</b>	10.00
4	Sitting fees to part-time Directors	<b>4.20</b>	2.54

15. **Deferred tax liability** – Disclosures as per Accounting Standard 22 are as under.

₹ in lakhs

Sr No.	Particulars	2010-11/31 <sup>st</sup> March, 2011	2009-10/31 <sup>st</sup> March, 2010
1	<b>Deferred tax liability</b> Related to depreciation	<b>2619.05</b>	2993.01
2	<b>Deferred tax assets</b> Disallowance under the Income Tax Act	<b>2469.22</b>	1709.70
3	Closing balance at balance sheet date	<b>149.83</b>	1283.31
4	Deferred tax for profit and loss account - Decrease in liability	<b>1133.48</b>	566.91

16. **Joint ventures** - Disclosures as per Accounting Standard 27 are as follows.

(a) Particulars about joint venture companies

Name of joint venture company	Incorporation details		Proportion of ownership	Subscription for capital ₹ - Lakhs
	Country	Date		
SAIL & MOIL Ferro Alloys Pvt Ltd	India	31.07.2008	50%	210.00
RINMOIL Ferro Alloys Pvt Ltd.	India	29.07.2009	50%	10.00



(b) Financial particulars

₹ in lakhs

Particulars	Position as at	
	31.03.2011 (Unaudited)	31.03.2010 (Audited)
Company's share of contingent liabilities	Nil	Nil
Company's share of capital commitments	580.05	Nil
Guarantees given on behalf of the joint ventures	Nil	Nil
Aggregate amount of company's interest as per accounts of joint venture companies –		
(i) SAIL & MOIL Ferro Alloys Pvt. Ltd.		
Shareholders' funds	10.00	10.00
Share application money pending allotment	200.00	Nil
Secured/unsecured loans	Nil	Nil
Deferred tax liability (Net)	Nil	Nil
Fixed assets and capital work in progress	176.66	29.42
Net current assets	32.88	-19.88
Debit balance in profit and loss account	0.46	0.46
Income	Nil	Nil
Expenditure	Nil	Nil
(ii) RINMOIL Ferro Alloys Pvt. Ltd.		
Shareholders' funds	10.00	10.00
Secured/unsecured loans	Nil	Nil
Deferred tax liability (Net)	Nil	Nil
Fixed assets and capital work in progress	55.59	30.35
Net current assets	-45.90	-20.66
Debit balance in profit and loss account	0.31	0.31
Income	Nil	Nil
Expenditure	Nil	Nil

17. **Provisions** – Disclosure of particulars as per Accounting Standard 29 are as under.

₹ in lakhs

Particulars of provisions	Opening balance 01.04.2010	Provision	Provision written back/used	Closing balance 31.03.2011
Final mine closure expenses	399.80 (326.54)	77.44 (73.26)	– –	477.24 (399.80)
Bad and doubtful debts	42.02 (47.81)	– –	21.15 (5.79)	20.87 (42.02)

In respect of provision for final mine closure expenses, cash outflow is expected at the time of closure of mines.

18. Imports of capital goods, stores/spares and raw materials - ₹ Nil (Nil) lakh.

19. Expenditure in foreign currency for travelling and miscellaneous - ₹ 59.83 (₹ 7.00) lakh.



## 20. Additional information to profit and loss account

## (a) Major raw materials consumed

Particulars	Year ended 31-03-2011		Year ended 31-03-2010	
	Qty (MT)	₹ in lakhs	Qty (MT)	₹ in lakhs
E.M.D. plant –				
(i) Manganese ore	3587	12.65	4161	12.42
(ii) Sulphuric acid	295	19.86	345	13.20
(iii) Sodium carbonate	15	2.98	20	4.08
Ferro Manganese plant –				
(i) Manganese ore	23498	829.79	24680	758.45
(ii) Coke	5186	555.23	5255	634.81
(iii) Carbon paste`	136	37.67	137	36.02

## (b) Production, sales, opening and closing stocks -

Particulars	Year ended 31-03-11		Year ended 31-03-10	
	Qty (MT)	₹ in lakhs	Qty (MT)	₹ in lakhs
a) Production/generation -				
Manganese ore	1150742	--	1093363	--
E.M.D.	805	--	1150	--
Ferro manganese	9081	--	9555	--
Ferro manganese slag	13515	--	9640	--
Wind power (KwH)	31039998	--	33101066	--
b) Sales -				
Manganese ore	999249	106924.99	1175230	91009.40
E.M.D.	911	620.77	857	579.60
Ferro manganese	6903	4530.54	7479	4026.86
Ferro manganese slag	14339	1622.44	10911	685.63
Power to MPEDCL (KwH)	22449760	832.49	24055800	931.23
c) Opening stock –				
Manganese ore	66709	2036.48	177443	3995.24
E.M.D.	696	451.93	403	221.44
Ferro manganese	4444	1631.85	2368	950.42
Ferro manganese slag	1600	--	2871	--
d) Closing stock –				
Manganese ore	191160	6681.65	66709	2036.48
E.M.D.	590	404.52	696	451.93
Ferro manganese	6622	1952.89	4444	1631.85
Ferro manganese slag	776	77.08	1600	--
<b>Note :</b>				
Closing stock of manganese ore is arrived at after adjustment of issue of ore for production of –				
EMD	3587	--	4161	--
Ferro manganese	23455	--	24706	--
Generation of power from wind mills includes utilization for captive consumption (KwH)	8590238	--	9045266	--



Particulars	Year ended 31-03-11		Year ended 31-03-10	
	Qty (MT)	Capacity utilization	Qty (MT)	Capacity utilization
e) Licsned and installed capacity				
E.M.D.	1000	--	1000	--
Ferro manganese	10000	--	10000	--
Wind power (KwH)	40000000	--	40000000	--
f) Production and capacity utilisation				
E.M.D.	805	81%	1150	115%
Ferro manganese	9081	91%	9555	96%
Wind power (KwH)	31039998	78%	33101066	83%

21. Corresponding figures for previous year have been shown in brackets and regrouped to make them comparable with those of the year under review.

Schedule No. 1 to 20 form an integral part of financial statements.

**For Shah Baheti Chandak & Co.,**

Chartered Accountants

FRN No. 109513W

**CA P.M.Shrawak**

Partner

M.No.109237

**K.G.Kavishwar**

Sr. D.G.M.(Finance)

**Neeraj Pandey**

Company Secretary

**M.A.V.Goutham**

Director (Finance)

**K.J.Singh**

Chairman-cum-Managing Director

Place : New Delhi

Date : 20<sup>th</sup> May, 2011

## Schedule 20 : Balance Sheet Abstract and Company's General Business Profile - As per Part IV of Companies Act

Particulars	Details
<b>I Registration details</b>	
1 Registration number	012398
2 State code	11
3 Balance sheet date	31.03.2011
<b>II Capital raised during the year</b>	
1 Public issue	Nil
2 Rights issue	Nil
3 Bonus issue	Nil
4 Private placement	Nil
<b>III Position of mobilisation and deployment of funds</b>	
1 Total liabilities	24411815
2 Total assets	24411815
<b>A Sources of funds</b>	
1 Paid up capital	1680000
2 Reserves and surplus	19602949
3 Deferred tax liability	14983
4 Secured loans	Nil
5 Unsecured loans	Nil
<b>B Application of funds</b>	
1 Net fixed assets	2059801
2 Capital work-in-progress	287878
3 Investments	22128
4 Net current assets	18928125
<b>IV Performance of the company for the year</b>	
1 Turnover	11453122
2 Net turnover	11399684
3 Total expenditure	2598166
4 Profit before tax	8801518
5 Profit after tax	5880558
6 Basic and diluted earnings per share (₹) - Annualised	35.00
7 Dividend rate (%)	70%
<b>V Generic names of three principal products/services of the company</b>	
Product description -	IT C Code
1 Manganese ore above 46%	26020001
2 Manganese ore from 44% to 46%	26020002
3 Electrolytic manganese di-oxide	28201001
4 Ferro manganese	72021100
5 Electricity through wind turbine generators	3601

Schedule No. 1 to 20 form an integral part of financial statements.

**For Shah Baheti Chandak & Co.,**

Chartered Accountants  
FRN No. 109513W

**CA P.M.Shrawak**  
Partner [Membership No. 109237]

Place : New Delhi  
Date : 20<sup>th</sup> May, 2011

**Neeraj Pandey**  
Company Secretary

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

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

**K.J.Singh**  
Chairman-cum-Managing Director



**Cash Flow Statement for the Year Ended 31<sup>st</sup> March, 2011**

₹ in lakhs

Particulars	For financial year 2010-11		For financial year 2009-10	
	₹	₹	₹	₹
<b>A Cash flow from operating activities</b>				
Net profit before tax and dividend		<b>88015.18</b>		70679.41
Adjustment for -				
(a) Depreciation	<b>3251.17</b>		2529.86	
(b) Discarded assets written off	<b>23.97</b>		12.30	
		<b>3275.14</b>		2542.16
<b>Operating profit before working capital changes</b>		<b>91290.32</b>		73221.57
Adjustments for -				
(a) Inventories	<b>-4989.03</b>		1082.59	
(b) Sundry debtors	<b>1778.58</b>		-2465.59	
(c) Interest accrued/receivable	<b>-1674.13</b>		-566.39	
Other current assets	<b>20.30</b>		2.65	
(d) Loans and advances	<b>-2021.58</b>		-1979.68	
(e) Current liabilities and provisions	<b>3987.30</b>		-5891.12	
		<b>-2898.56</b>		-9817.54
Cash generated from operations		<b>88391.76</b>		63404.03
Provision for taxation during the year		<b>-30343.08</b>		-24611.61
<b>Net cash from operating activities</b>		<b>58048.68</b>		38792.42
<b>B Cash flow from investing activities</b>				
(a) Purchase of fixed assets	<b>-4880.12</b>		-2305.01	
(b) Purchase/sale of investments	<b>-200.00</b>		-10.00	
Net cash used in investing activities		<b>-5080.12</b>		-2315.01
<b>C Cash flow from financing activities</b>				
(a) Dividend (including dividend distribution tax)		<b>-13713.19</b>		-10984.83
<b>D Net increase/(-) decrease in cash and cash equivalents</b>		<b>39255.37</b>		25492.58
<b>E Opening cash and cash equivalents</b>		<b>148709.79</b>		123217.21
<b>Closing cash and cash equivalents</b>		<b>187965.16</b>		148709.79
<b>Net increase/(-) decrease in cash and cash equivalents</b>		<b>39255.37</b>		25492.58

Schedule No. 1 to 20 form an integral part of financial statements.

As per our report of even date

**For Shah Baheti Chandak & Co.,**

Chartered Accountants

FRN No. 109513W

**CA P.M.Shrawak**

Partner [Membership No. 109237]

Place : New Delhi

Date : 20<sup>th</sup> May, 2011

**Neeraj Pandey**

Company Secretary

**M.A.V.Goutham**

Director (Finance)

**K.G.Kavishwar**

Sr. D.G.M. (Finance)

**K.J.Singh**

Chairman-cum-Managing Director

## Information about Business Segments

Company has identified three business segments, viz., mining, manufacturing and power generation as per Accounting Standard AS-17 on Segment Reporting

₹ in lakhs

Sr No	Particulars	Mining		Manufacturing		Power generation		Eliminations		Consolidated	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>1</b>	<b>Revenue</b>	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
	(a) External sales (Gross)	<b>106924.99</b>	91009.40	<b>6773.74</b>	5292.09	<b>832.49</b>	931.23	<b>0.00</b>	0.00	<b>114531.22</b>	97232.72
	(b) Inter-segment sales	<b>842.23</b>	775.66	<b>0.00</b>	0.00	<b>421.17</b>	445.95	<b>-1263.40</b>	-1221.61	<b>0.00</b>	0.00
	(c) Total revenue	<b>107767.22</b>	91785.06	<b>6773.74</b>	5292.09	<b>1253.66</b>	1377.18	<b>-1263.40</b>	-1221.61	<b>114531.22</b>	97232.72
<b>2</b>	<b>Results</b>										
	(a) Segment result	<b>72072.24</b>	55416.09	<b>1268.41</b>	1930.78	<b>125.11</b>	334.53	<b>0.00</b>	0.00	<b>73465.76</b>	57681.40
	(b) Other income (incl write back)	<b>14064.02</b>	12998.01	<b>0.00</b>	0.00	<b>485.40</b>	0.00	<b>0.00</b>	0.00	<b>14549.42</b>	12998.01
	(c) Total segment result	<b>86136.26</b>	68414.10	<b>1268.41</b>	1930.78	<b>610.51</b>	334.53	<b>0.00</b>	0.00	<b>88015.18</b>	70679.41
	(d) Profit before tax									<b>88015.18</b>	70679.41
	(e) Provision for income tax									<b>30343.08</b>	24611.61
	(f) Deferred tax liability									<b>-1133.48</b>	-566.91
	(g) Profit after tax									<b>58805.58</b>	46634.71
Sr No	Particulars	Mining		Manufacturing		Power generation		Unallocated #		Consolidated	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	31.03.2011	31.03.2010	31.03.2011	31.03.2010
<b>3</b>	<b>Other information</b>										
	(a) Segment assets	<b>27093.94</b>	24004.60	<b>3097.51</b>	3024.49	<b>6438.91</b>	7410.11	<b>207487.79</b>	161732.72	<b>244118.15</b>	196171.92
	(b) Segment liabilities	<b>5998.62</b>	4034.05	<b>319.72</b>	423.70	<b>420.54</b>	787.42	<b>24549.78</b>	23189.65	<b>31288.66</b>	28434.82
	(c) Capital expenditure	<b>4724.69</b>	2005.38	<b>72.18</b>	56.56	<b>0.00</b>	0.00	<b>83.25</b>	243.07	<b>4880.12</b>	2305.01
	(d) Depreciation	<b>2171.90</b>	1454.05	<b>72.56</b>	69.10	<b>1006.71</b>	1006.71	<b>0.00</b>	0.00	<b>3251.17</b>	2529.86
<p>Note : Electricity charges of consuming units are grossed up by the amount of credit given by Madhya Pradesh Electricity Distribution Company Ltd., in power bills on account of power generated and the same is recognised as inter-segment revenue at power generating unit so as to arrive at the segment revenue.</p> <p># Includes unallocated capital expenditure, corporate assets and corporate liabilities</p>											



### Statement of Social Amenities - Expenses and Income for the Year 2010-11

Sr. No.	Particulars	Current year				Total		
		Township	Education	Medical #	Welfare \$	For 2010-11	For 2009-10	
		₹	₹	₹	₹	₹	₹	
1	Salaries and wages	4495967	5574350	7253073	23091771	<b>40415161</b>	30709839	
2	Contribution to provident fund	446385	668934	782015	2682057	<b>4579391</b>	3329508	
3	Consumption of stores	1745035	1275138	561787	8351263	<b>11933223</b>	9011143	
4	Power	12836596	64333	859593	3619877	<b>17380399</b>	16326631	
5	Drugs and injections	0	0	6659533	0	<b>6659533</b>	4751844	
6	Miscellaneous expenses	96413	2191685	6952090	41956961	<b>51197149</b>	41516534	
7	Contractors - Repairs to buildings/others	22688704	126355	36234	11444967	<b>34296260</b>	24849001	
	Sub total A	42309100	9900795	23104325	91146896	<b>166461116</b>	130494500	
8	Depreciation	16836064	2064871	1259976	148409	<b>20309320</b>	21076968	
9	Interest	0	0	0	0	<b>0</b>	0	
	Sub total B	16836064	2064871	1259976	148409	<b>20309320</b>	21076968	
10	Total expenses [A + B]	Sub total C	59145164	11965666	24364301	91295305	<b>186770436</b>	151571468
	Less :							
	Income from electricity	351945	0	0	217019	<b>568964</b>	867226	
	Receipts from school bus	0	245013	0	75560	<b>320573</b>	237680	
	Reimbursement from Welfare Commissioner for sports/medical/others	0	0	0	143675	<b>143675</b>	87708	
	Sub total D	351945	245013	0	436254	<b>1033212</b>	1192614	
11	Net expenses [C - D]	58793219	11720653	24364301	90859051	<b>185737224</b>	150378854	
	\$ Over and above statutory requirements	# Including social and cultural activities						



Handing over of Interim Dividend Cheque to Hon'ble Minister, MoS



Ringing the Bell at Listing Ceremony on 15-12-2010 in NSE Mumbai

# MOIL LIMITED

[Formerly Manganese Ore (India) Limited]  
(A Govt. of India Enterprise)  
MOIL BHAWAN, 1-A KATOL ROAD,  
NAGPUR - 440 013

