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Annual
Report

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MANGANESE ORE (INDIA) LIMITED

(A Government Undertaking)

REGISTERED OFFICE

3 Mount Road Extension, Post Box No. 34
Nagpur - 440 001 (Maharashtra)

BOARD OF DIRECTORS

(As On 24.08.2007)

CHAIRMAN-CUM-MANAGING DIRECTOR

Shri K.L. Mehrotraa

DIRECTORS

Shri Ajoy Kumar

Shri V.K. Jairath

Dr. Devraj Birdi (Upto 27-11-06)

Shri Sewa Ram (From 13-07-07)

Shri S.K. Banerjee

Shri A. Balraj (From 25-06-07)

Dr. D.D. Kaushik (From 25-06-07)

Dr. M. Maharajan (From 25-06-07)

Shri B.B. Choudhary (Upto 30-4-07)

Director (Commercial)

Shri A. K. Mehra (From 01-05-07)

Director (Commercial)

Shri M.A.V. Goutham

Director (Finance)

Shri C.P.N. Pathak

Director (Production & Planning)

COMPANY SECRETARY

Shri B. Dasgupta

AUDITORS

Rodi Dabir & Co.

Chartered Accountants, Nagpur

BANKERS

Bank of India

State Bank of India

Syndicate Bank

PERFORMANCE AT GLANCE

Rs. in Lakhs

PARTICULARS	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
FINANCIAL (Rs. Lakhs)							
Turnover	41762.99	33,409.96	37,877.58	22,874.25	17,787.60	16,791.80	16,522.42
Other Income	3419.26	2209.34	934.34	585.39	443.07	619.67	448.47
Total Income	45182.25	35619.30	375811.92	23459.64	18230.67	17411.47	16970.89
Gross Margin	21,020.78	17,947.46	21065.17	5266.73	3458.79	3835.23	3682.59
Profit Before Tax	20,114.58	16,900.48	20,226.73	4,529.43	2,783.07	2,996.18	3,099.38
Profit After Tax	13,420.75	11,451.70	12,690.03	2,851.60	1,778.06	1,951.80	2,004.76
Dividend	2800.00	1992.27	919.51	459.75	413.78	413.78	413.78
Share Capital	2,800.00	1,532.55	1,532.51	1,532.51	1,532.51	1,532.51	1,532.51
Reserves & Surplus	43,348.50	34,404.57	25,224.55	13,584.16	11,251.22	10,438.90	8,900.83
Borrowings	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Gross Block	17,151.97	13,928.47	12,638.97	11,272.08	10,772.49	9,656.36	9,007.53
Working Capital	34,285.38	28,278.00	20,871.00	9,833.00	7,505.00	7,610.35	6,232.00
Capital Employed	41,894.00	33,772.00	26,077.00	14,207.00	12,000.00	11,592.00	10,022.00
Profit Before tax to Capital Employed %	48.01	50.04	77.57	31.88	23.19	25.85	30.92
Profit Before tax to Sales %	48.16	50.59	53.40	19.80	15.65	17.48	18.76
Debt to Equity Ratio	NIL	NIL	NIL	NIL	NIL	NIL	NIL
CONTRIBUTION TO EXCHEQUER							
Income Tax	6,035.41	5,501.49	7,529.65	1,719.17	991.78	1,044.38	1,094.62
Sales Tax	1,524.00	1,348.10	1,642.24	914.64	731.59	566.98	659.44
Royalty & Cess	1,148.88	908.62	1,036.53	586.52	472.26	398.14	310.55
Excise duty	381.85	460.87	408.15	481.25	353.94	335.47	444.30
PHYSICAL Production							
Manganese Ore (Lakhs tonnes)	10.47	8.65	9.43	7.99	7.14	6.76	6.54
E.M.D (Tonnes)	1312	1301	1123	975	930	786	781
Ferro-Manganese (Tonnes)	10200	6170	10,325	10,899	5,996	8,763	11,327
Output per Man Shift (O.M.S./Tonnes)	0.664	0.551	0.610	0.507	0.446	0.411	0.378

BOARD OF DIRECTORS

CHAIRMAN-CUM MANAGING DIRECTOR



Shri K.L. Mehrotra

DIRECTORS



Shri Ajay Kumar



Shri V.K. Jairath



Shri. Sewa Ram
(From 13-07-07)



Shri. M.A.V. Gourham



Shri. C.P.N. Pathak



Shri. A.K. Mehra
(From 1-5-2007)



Dr. Devraj Birdi
(Upto 27-11-06)



Shri. B.B. Choudhary
(Upto 30-4-07)

INDEPENDENT DIRECTORS



Shri. S.K. Banerjee



Shri. A. Balraj
(From 25-06-07)



Dr. D.D. Kaushik
(From 25-06-07)



Dr. M. Maharajan
(From 25-06-07)

SENIOR EXECUTIVES



Shri P. D. Sharma
GENAERAL MANAGER (PRODUCTION)



G.P. Kundargi
GENAERAL MANAGER (PROJ.& DIV.)

CHAIRMAN'S SPEECH

Delivered on the 45th Annual General Meeting of Manganese Ore (India) Limited held on 30th July 2007 at Nagpur



Kishan Lal Mehrotra
Chairman-Cum-Managing Director

Dear Shareholders

It gives me great pleasure to welcome you to this 45th Annual General Meeting of the Company. I am sure, you must have received the audited annual accounts and the Directors' Report for the year ended 31st March 2007 and with your permission I take it as read.

INDIAN STEEL & FERRO ALLOY SCENARIO

The Indian Steel production has been witnessing an increasing trend in the past few years. The competitive opportunities are being seen in the steel intensive industries such as automobiles, construction, infrastructure development, etc. The rapidly changing life style of the population in India and popularization of consumer durables have a lot to determine the course of steel demand. Technological changes are already visible in India in three following major areas where steel is consumed

- Industrial Construction (industrial sheds, storage facilities, internal transport, raw material handling systems, etc.)
- Physical Infrastructure (Railways, Ports, Dams, Bridges, Roads, Airports, etc)

- Commercial Construction (office buildings, shopping complex and residential complex)
- These industries have demonstrated huge growth potential for steel in the domestic market. This has given rise to surge in the demand for manganese ore to very high levels. The ferro alloy industry is almost starving for manganese ore and your company is taking all possible steps to meet the demand to the maximum extent possible. This is evident from the fact that **for the first time in the history of your company both production and sale of manganese ore has crossed the 1 million tonne mark.** This is, by all means, a very great achievement and has helped the domestic steel and ferro alloy industry to tide over the demand for the vital raw material i.e. manganese ore to a great extent. Though some quantities of ore have been imported, the same could not be avoided as the availability in India is limited.
- According to National Steel Policy, the projected steel production is going to be 60 million tonnes by 2009-10 and 110 million tonnes by 2020. The Indian steel makers have announced new projects which, if all goes well, will, by 2012-13 add staggering 50 million tones and as a result of this, the projected steel

- MOIL has set up 4.0 lakh tonnes per annum beneficiation plant at Dongri Buzurg Mine. Another beneficiation plant with 500,000 tonnes/year capacity is under construction at Balaghat and expected to be commissioned by May/June 2007.
- Increase production by deepening of shafts at Balaghat Mine and sinking of new vertical shafts at Gumaon, Beldongri and Ukwa Mines.
- MOIL has taken up large scale exploration programme to augment the reserves in the leasehold areas. About 6000 Mtrs. of drilling is being carried out annually and during the last 5 years about 30,000 meters of exploratory drilling has been carried out. The Company has been able to prove 5.3 million tonnes IN-SITU reserves equivalent to 1.32 million tonnes of cleaned ore.
- In addition to the above, the Company has engaged Mineral Exploration Corporation Ltd. (MECL) a PSU for carrying out exploratory drilling of about 3000 Mtrs., out of which 1700 Mtrs. of exploration has been completed.
- The Company is proposing to set up sintering plant for agglomeration of high grade fines generated from the beneficiation plant to enhance availability of sintered mix to be used in the ferro alloy industry.
- Through large scale open cast and underground development to increase production.
- Improvement in productivity (Output per manshift) through mechanization and incentive schemes to workers. The productivity has been on the increase over the years and is currently 0.660 tonnes.
- With the above action plan, your Company will be in a position to achieve a production of 1.2 million tonnes by the year 2009-10 which would enable the Company to maintain its market share of over

50% of the demand projections during 2010. As per the National Steel Policy, the steel production would be 110 million tonnes by 2020. To achieve this projection, the total requirement of manganese would be 4.97 million tonnes. After taking into account the projected production of 1.5-1.6 million tonnes from MOIL by 2020, there would be a demand gap of about 2.17 million tonnes. MOIL is exploring the possibilities of joint venture in the following areas :

- Optimum utilization of Manganese Ore of different grades and blends to meet the demand commensurate with the growth of Steel Industry.
- South Africa has 4000 million tonnes of proven reserves which constitutes about 80% of the world reserves of manganese ore but accounts for only 18% of the World's production.
- Exploring the possibilities of acquiring manganese bearing deposits in South Africa through joint venture.
- MOIL has tied with M/s. BHP Billiton, South Africa, who are the largest producer of the manganese ore in the world for import of high grade low phos. manganese ore to blend with low/medium grade high phos. manganese ore of MOIL to provide suitable blend to meet the demand of ferro alloy industry during the coming years. Working Groups have been formed to evaluate the action plan.
- A JOINT CONCEPT STUDY has been signed with M/s. BHP Billiton for setting up of Ferro Alloy Plant in South Africa considering various options of locations and logistics and infrastructure facilities.

PERFORMANCE HIGHLIGHTS:

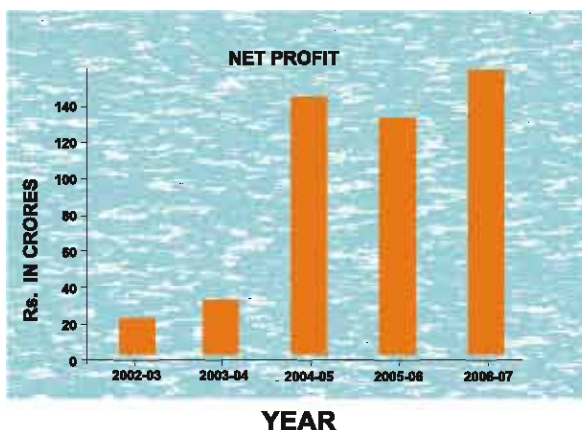
I am pleased to share with you the highlights of the performance of your Company during 2006-07, **which is the highest ever in the history :**

- **Your Company has achieved a production of 10.47 lakh tonnes which is up by 21.05% over the previous year. This is for the first time ever since inception of MOIL, the production has crossed 1 million tonnes mark.**
- **The Sale of manganese ore in terms of quantity during 2006-07 was 11.77 lakh tonnes a whopping 55% higher than the previous year. This is also for the first time in the**



history of MOIL, the sale of manganese ore has crossed Rs. 1 million tones mark.

- Your Company has earned a total revenue of Rs. 451.53 crores which is 26% higher over the previous year. **This is also a record for your company as the turnover in any one single financial year has crossed Rs. 400 crores mark.**
- The net profit earned by your Company during 2006-07 was Rs. 134.21 crores-up by 17.19 % as compared to 2005-06.
- Another first time achievement was issue of Bonus Shares in the ratio of almost 1:1 which has increased the existing paid up capital from Rs. 15.33 crores to Rs. 28.00 crores.



CUSTOMER RELATIONSHIP :

For the first time in the Company, a **Customer Care Policy** was introduced which inter alia enumerates maintenance of cordial customer relations and

achieve high level of customer satisfaction through dedicated service and quality assurance. I am happy to inform you that the response received from the customers through Customer Feed Back Form has been encouraging and indicates high level of customer satisfaction.

QUALITY :

After the introduction of **WD XRF Spectrophotometer** and doing away with paper blend system of dispatching manganese ore, your Company has been able to achieve high level of quality assurance.

CORPORATE GOVERNANCE :

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

HUMAN RESOURCE DEVELOPMENT :

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

Every Wednesday is a Training Day in MOIL : I am pleased to say that a well equipped modern Training Center has been established at Munsar Mine in November 2006. Every Wednesday, customized training programmes are being conducted on a variety of topics on Mining, Mechanical, Electrical, Civil Engineering, Safety, Health, HRD, etc., that enhance both personal as well as career growth of employees. These programmes are conducted by expert faculties in the respective field. These training programmes have equipped our employees with the capability of carrying out their tasks efficiently both in qualitative and quantitative terms. Your Company has conducted in-house training

programme for its executives viz. Value Creation.

ENVIRONMENT:

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

The Company's Environment Policy envisages motivating our Personnel, Associates and Customers to work for Cleaner & Healthier environment. Our motto is "**Nature Care First & Always.**"

E-COMMERCE:

In order to bring in total transparency and encourage healthy competition, your Company has been conducting e-sales and e-procurement in association with Metal Scrap Trading Corporation Ltd., a PSU under the Ministry of Steel. Your Company has been doing the disposal of Scrap through MSTC by e-auction and now has started e-sales of Ferro Manganese and Ferro Manganese Slag. During 2006-07, 11 successful events of e-sales of Ferro Manganese and Ferro Manganese Slag have been conducted. For the First time in the history of your Company, manganese dioxide ore was included in these e-sale events. During 2006-07, the revenue earned through e-sales was Rs. 41.49 crores. The e-sales has been continued during 2007-08 as well and so far 3 events have been conducted that has fetched a revenue of Rs. 46.79 crores.

DIVIDEND:

As a good corporate practice, your Company believes in increasing the returns to its shareholders year after year. During the year 2006-07, your Company has earned substantial profits and your Board of Directors have recommended 100% dividend, on the enhanced equity after issue of Bonus Shares i.e. on a capital of Rs. 28 crores. This is the **highest ever dividend payout since inception.** I am sure the shareholders will be pleased and appreciate the

payment of such high rate of dividend.

MEMORANDUM OF UNDERSTANDING:

You are aware that MOIL is one of the few PSEs in the country which has been signing Memorandum of Understanding with the Government continuously for the last 17 years. Your Company has been getting **Excellent** ratings continuously for the last 11 years including the current year. For the year under review your Company's performance has been rated as **Excellent.**

RESEARCH & DEVELOPMENT:

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

EMERGING TECHNOLOGIES:

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

CORPORATE SOCIAL RESPONSIBILITY:

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

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

- Construction of Schools
- Imparting technical education through Poly technic
- Providing school fees, uniforms, text books and stationery to school children
- Construction of approach roads connecting the remote villages to main roads
- Conducting medical camps and providing medicines, ambulance facilities, periodic visits by Company's doctors to the villagers.
- Providing drinking water to the villages
- Construction of Bus stop shelters near the remote villages
- Construction of Mokshadhams and other related facilities in the villages surrounding the mines.
- Besides the above in accordance with the guidelines received from the Ministry, Your company has recently adopted two remote villages-one near Dongri Buzurg Mine in Maharashtra and another near Balaghat Mine in Madhya Pradesh and carrying out lot of developmental work such as providing Solar Streetlights, drinking water facilities, medical facilities, improving the conditions of the roads, school buildings, etc.

ACHIEVEMENTS:

- The 5MW Wind Turbine Project at Nagda Hills, near Dewas in Madhya Pradesh was successfully commissioned in June 2006 and it is heartening to note that in one year i.e. till July 2007, it has produced over 11.0 million units of power against the guaranteed 9.6 million
- The 500,000 TPA Integrated Manganese Beneficiation Plant at Balaghat has been commissioned and is under trial run.
- The construction of corporate headquarters "MOIL Bhavan" has been completed and the building has been inaugurated by the Hon'ble Minister for Chemical, Fertilizers and Steel, Government of India.

The 5.0 MLD water supply scheme at Balaghat is

progressing satisfactorily. It has been decided that the Company will provide 1.0 lakh liters per day of drinking water to the nearby villages free of cost. The scheme envisages water supply to Balaghat Mine by laying of a pipeline from River Wainganga for a distance of about 11kms. About 5kms. of a pipeline has already been completed. Further, ground storage, reservoirs, overhead tanks, intake wells have been completed. The entire scheme will soon become fully operational.

- The first phase of construction of A, B, C & D type quarters have been completed and handed over to the employees as per their entitlement. The Company is planning to take up the second phase very soon.

NEW INITIATIVES:

- In a significant move towards expanding the activities in value added products such as ferro alloys and manganese based chemicals both within the country and overseas through Joint Venture, your Company has signed MoU with Steel Authority of India Limited (SAIL) for setting up a plant at Bhilai for production of ferro alloys at a capital cost of Rs. 225 crores.
- Encouraged by the success of the 5MW wind farm which has produced electricity to its full capacity of over 11 million units per year, your Company has initiated action for enhancing the wind power capacity to a further 15MW in the same location.
- Your Company has entered into a memorandum of understanding for setting up an agglomeration facilities for high grade manganese ore fines by sintering process at Balaghat Mine. This project will be set up on joint venture basis.

AWARDS & LAURELS:

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

- **National Energy Conservation Award-1st Prize in the Chemical Sector** for its efforts in energy conservation in the Electrolytic Manganese Dioxide Plant. The EMD Plant of your Company has bagged this award for the second consecutive year.
- **National Energy Conservation Award-1st Prize in the**

Mining Sector for Balaghat Mine. This is for the first time since inception, your Company has bagged such a prestigious national award for the mining sector.

- **Overall 1st Prize in the Metal Mining Category at the All India Mine Rescue Competition** held at Ramgarh, Jharkhand.
- Your Company has bagged the following three National Safety Awards.
- Winner's Trophy for Lowest Injury Frequency for the year 2003 by U kwa Mine.
- Runner-up Trophy for Longest Accident Free period for the year 2002 by Beldongri Mine.
- Runners-up Trophy for Longest Accident Free Period for the year 2002 by Gumgaon Mine.
- The Awards were given away by His Excellency Shri Bhairon Singh Shekhawat, Hon'ble Vice President of India on 14th February 2007 in New Delhi.
- Your Company has been awarded **Prime Minister's Merit Certificate for Excellence** in the achievement of MoU (Memorandum of Understanding) targets for the year 2004-05 and 2005-06. From the year 2000-01 onwards, your company has been continuously receiving Prime Minister's Merit Certificate from the Government. MOIL has also been continuously getting EXCELLENT ratings since

1995-96.

ACKNOWLEDGMENT:

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

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

Sd/-

Kishan Lal Mehrotra
(Chairman-cum-Managing Director)

Nagpur
30th July, 2007



DIRECTORS REPORT TO THE SHAREHOLDERS

Dear Members

On behalf of the Board of Directors, I have pleasure in presenting the 45th Annual Accounts and the Directors' Report on the business and operation of the Company for the financial year ended 31st March 2007 along with the Audited Statement of Accounts.

FINANCIAL RESULTS :

The financial results of 2006-07 and of the previous year are highlighted below :

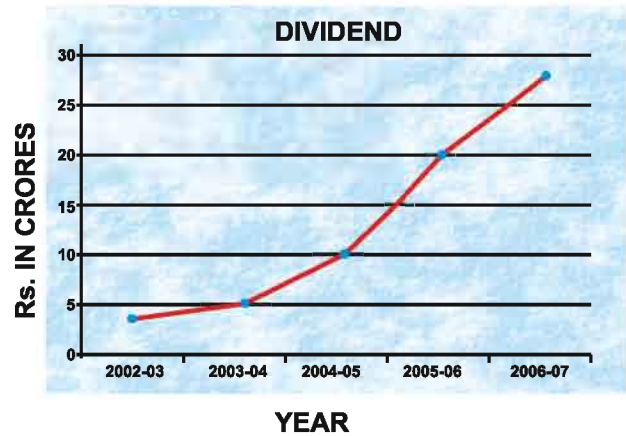
	Rs. in lakhs	
	2006-07	2005-06
Sales Turnover	41762.99	33409.96
Profit before tax for the year	20114.58	16911.99
Less : Income tax provision	6008.63	5469.72
Provision for Fringe Benefit Tax	26.78	31.77
Add/Less: Deferred tax (Assets/Liability)	658.42	52.77
Profit after tax for the year	13420.75	11451.71
Add : Balance carried forward from previous year	147.96	67.94
Total	13568.71	11519.65
Less : Proposed final Dividend on Equity Share @ 20% (50%)	560.00	766.26
Tax on Dividend	95.17	107.47
Interim Dividend on Equity @ 80%	2240.00	1226.01
Tax on Interim Dividend	314.16	171.95
General Reserve	10300.00	9100.00
Total	13509.33	11371.69
Profit carried over	59.38	147.96

DIVIDEND :

Your Directors, after taking into account the financial results of the company during the year, have recommended dividend of 100% (including interim dividend of 80%) as against 130% dividend paid for the year 2005-06.

OTHER INCOME :

Due to prudent cash planning and deployment of surplus funds in Fixed Deposits with various Nationalized Banks as per the Govt. guidelines, the Company earned interest

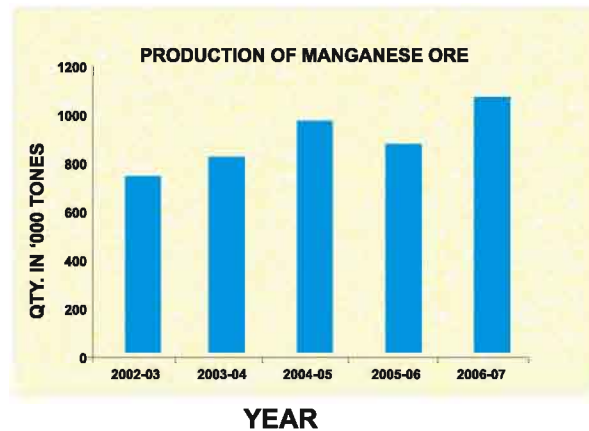


income of Rs. 2199.73 lakhs (Rs. 1344.16 lakhs).

OPERATING RESULTS

PRODUCTION & PRODUCTIVITY :

The Company has attained a production of 10.47 lakh tonnes (previous year 8.65 lakh tonnes) of various grades of Manganese Ore during the year 2006-07 as against



the target of 9.10 lakh tonnes resulting an achievement of 115%. The EMD production was 1312 tonnes (previous year 1301 tonnes) as against the target of 1300 tonnes resulting in an achievement of 101%. The Ferro Manganese production was 10,200 tonnes (previous year 6170 tonnes) as against the target of 8000 tonnes resulting in an achievement of 128%. The Company achieved an output per man shift of 0.664 tonnes (previous year 0.551 tonnes) as against the target of 0.440 tonnes.



CONSERVATION OF ENERGY :

Consistent with the National Policy to conserve energy and also to contain cost of production, the Company has embarked upon an economy drive in this sphere . Various steps including energy audit have been taken to conserve energy and minimize power consumption. Company has taken steps in line with the observaion made in the Energy Audit and benefited by way of getting bonus from the Electricity Boards.

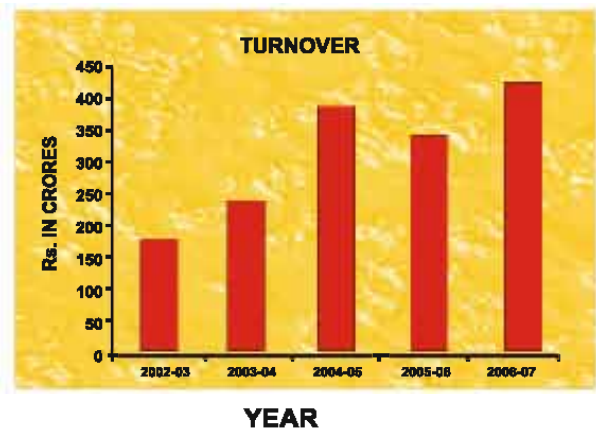
The Company has been awarded **1st Prize in National Awards on Energy Conservation - 2006 consecitively for the 2nd year in the Chemicals Sector** for its efforts to conserve energy in Electrolytic Manganese Dioxide Plant located



at Dongri Buzurg Mine in the Bhandara District of Maharashtra. The Company has also bagged **1st Prize for National Energy Conservation for Mining Sector for the Balaghat Mine in Madhya Pradesh. This is for the first time since inception of MOIL that this award was won by the Company.**

SALES :

During the year 2006-07 a quantity of 11.77 lakhs tonnes of Manganese Ore has been sold as against the target 10.08 lakhs tonnes resulting in achievement of 117% Sale of EMD was 570 tonnes as against the target of 1000 tonnes resulting in a deficit of 43%. The sale of Ferro Manganese was 11928 tonnes against the target of 9000 tonnes resulting in an achievement of 133%. Turnover during the year was Rs. 41762.99 lakhs (including EMD and Ferro Manganese turnover of Rs. 310.00 lakhs and Rs. 3669.70 lakhs respectively) as against the target of Rs. 30,000.00 lakhs (including EMD



and Ferro Manganese Turnover of Rs. 654.00 lakhs and Rs. 2320.00 lakhs respectively.) Sales during the year 2005-06 was Rs. 33409.96 lakhs (including EMD and Ferro Manganese sale of Rs. 658.87 lakhs and Rs. 2480.38 lakhs respectively).

FOREIGN EXCHANGE EARNINGS & OUTGO :

Your Company made no export of Manganese Ore during the financial year 2006-07. During the year under review, the expenditure in foreign currency for traveling was Rs. 10.25 lakhs as aginst last year was Rs. 2.68 lakhs.

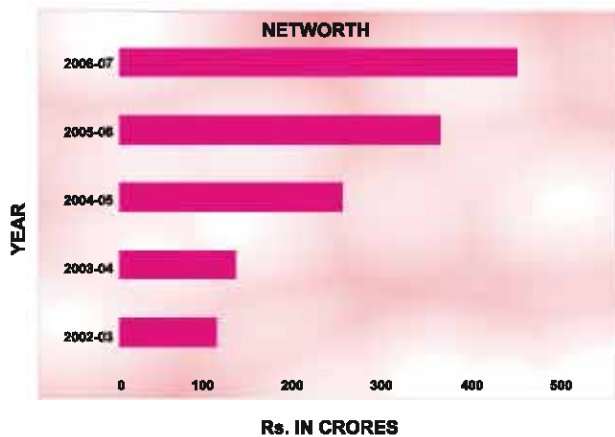
CLOSING STOCK :

The Company has a closing stock of 1.14 lakh tonnes of Manganese Ore valued at Rs. 1922.91 lakhs as on 31/3/2007 as compared to 2.75 lakhs tonnes valued at Rs. 4672.72 lakhs as on 31/3/2006. The closing stock of EMD was 1080 tonnes including work in process of 27.90 tonnes valued at Rs. 475.35 lakhs as on 31/3/2007 as compared to 310 tonnes including work in process of 15.37 tonnes valued at Rs. 141.67 lakhs as on 31/3/2006. The closing stock of Ferro Manganese

was 820 tonnes valued at Rs. 214.46 lakhs as on 31/3/2007 as against 2548 tonnes valued at Rs.718.80 lakhs as on 31/3/2006.

SHARE CAPITAL:

Your company has made a bonus issue of 1267486 equity shares to the existing shareholders during the year.



2006-07. The paid up equity share capital of the Company was increased from Rs.1532.51 lakhs to Rs. 2800.00 lakhs as on 31/3/2007 representing the holding by Central Government 81.57% Govt. of Maharashtra 9.62% and Govt. of Madhya Pradesh 8.81% respectively.

DIVERSIFICATION PROJECTS:

Your Company has taken up ambitious diversification/expansion plans to manufacture new products/value added products so that the Company can become a multi-product organization in the course of time. As a part of these efforts the company has setup/ implementing the following projects.

1. ELECTROLYTIC MANGANESE DI-OXIDE (EMD) PLANT:

Initially 600 TPA capacity Electrolytic Manganese Di-Oxide (EMD) Plant was set-up as a part of diversification plan which is working satisfactorily. The quality of the product is of international standard. The capacity of this plant has been expanded twice, by 200 TPA each considering the good demand in the domestic market. Thus the capacity of the plant was increased to 1000 TPA. Due to increased demand for EMD, further expansion of capacity upto 1500 TPA has been taken up. The production during the year 2006-07 from the plant is 1312 tonnes (previous year 1301 tonnes) EMD as against the target of 1000 tonnes resulting in

achievement of 131%.

2. FERRO MANGANESE PLANT

The production from the Ferro Manganese Plant was 10,200 tonnes as against the target of 9,000 tonnes resulting in an achievement of 113%. The quality of Ferro Manganese is one of the best in the country conforming to International standard and firmly established in the market. The entire quantity of Ferro Manganese and Ferro Manganese Slag is sold through e-sales.

3. VERTICAL SHAFT SINKING AT GUMGAON MINE:

The ore body of Gumgaon Mine is containing High Grade Manganese Ore with vast reserves. In order to exploit this ore safely and systematically, a Vertical Shaft is being put-up at this Mine at an estimated cost of Rs. 12.47 Crores including ore handling system. The project will improve the production capacity by 3 times than the existing production level and will improve the productivity and safety. The fabrication of head gear and other structures is completed and shaft sinking work is under progress. The total project execution period is 48 Months.

4. BENEFICIATION PLANT AT BALAGHAT MINE:

Installation of 500,000 TPA Integrated Ore Beneficiation Plant for Manganese Ore is taken up at Balaghat Mine. The plant facilities include crushing, wet screening, classification and jigging operations. The jigging operation shall be done by electronically controlled air pulsated jigs, which is being supplied by Delkor/Bateman of South Africa. The capital cost of the project is around Rs. 18.00 crores. Civil Structural works are completed. Equipment erection and electrical works are under progress. The plant is expected to be commissioned by



June, 2007. With the installation of Beneficiation Plant, the medium grade ore is upgraded to high grade with the improvement in quality of ore and recovery of ore resulting in value addition.

5. WATER SUPPLY SCHEME AT BALAGHAT MINE:

Due to the modernization, mechanization and beneficiation/jigging plant at Balaghat Mine, the water supply to the mine has become critical for all operations. The total requirement is estimated about 4 MLD water for industrial use and 1 MLD water for Drinking/Domestic use. PHE, Govt. of Madhya Pradesh, Balaghat submitted project report. The project includes the drawl of water from Wainganga River for industrial use and dug wells for Dinking/Domestic use. The cost of the project is estimated at Rs. 11.93 Crores and M/s. Hindustan Steel Construction Ltd., Kolkata, were awarded with the execution of the project.

The work of construction of 2 Lakh Ltrs. capacity each of Elevated Storage Reservoir (ESR) and 2 Nos. Ground Storage Reservoir (GSR) is completed. The pipeline supply for 10 Kms. length is completed. The construction of Jack well and Intake well shall be taken up during May/June, 2007.

6. 5 MW, Wind Energy Farm :

MOIL is having its mines and plants in Madhya Pradesh and Maharashtra States. Both the states are having identified potential areas for wind energy generation. Company has installed 5 MW capacity wind energy based power plant at Nagda Hills near Dewas, Madhya Pradesh. The plant is commissioned and connected to grid on 30th June, 2006. The Capital cost of the project is Rs. 22.20 Crores. With the commissioning of this plant the Company has generated 6.7 million Units by 31st March,



2007 and Company shall be benefitting by utilizing the electricity units generated by this plant to save the electricity cost in the mines and plants situated in Balaghat District. The Company has planned to set up new wind based power plants with 15 MW capacity in Madhya Pradesh and 8 MW capacity in Maharashtra States.

DIVERSIFICATION FOR VALUE ADDED PRODUCTS

1. POTASSIUM PERMANGANATE (KMnO₄):

Potassium Permanganate is used as an oxidizing agent in organic chemistry (i.e. production of Saccharine), to remove unpleasant odours from air and other gases, in metal treatment and plating, in hydrometallurgy and in metal refining, as a decolouring and bleaching agent in the textile and tanning industry and as a disinfectant in medicine. Its largest growth area today is in pollution control, more especially for the removal of objectionable matter from process solutions, in municipal water and control of airborne odour pollutants.

The demand of this product is considerable owing to its wide applications. The Company has plans to create a facility for production of 5000 TPA Potassium Permanganate and the value addition will be manifold considering input price of Manganese Ore. The Company is exploring for latest technology for productions of Potassium Permanganate. Some parties have shown interest against the expression of interest floated by the Company for production of Potassium Permanganate through JV. The market survey study is undertaken by the company in this regard. The estimated cost of the project would be around Rs. 25.00 Crores.

2. SETTING UP OF AGGLOMERATION FACILITIES FOR HIGH GRADE MANGANESE ORE FINES BY SINTERING/BRIQUETTING PROCESS AT BALAGHAT MINE.

The Company is setting up Manganese ore beneficiation plant for handling and processing of Manganese Ore at Balaghat Mine. There will be a production of about 4500 tonnes High grade manganese ore fines from this plant with manganese content of around 49%. Fines are by products of mining and processing activities. Agglomeration techniques are required to be adopted for utilization of these fines for use in Ferro Alloys production. The utilization of high grade manganese ore fines after sintering for ferro alloys production not only saves these scarce high grade manganese lumpy ore but also adds value to the business. The Company is planning to set up a



sintering plant for agglomeration of these fines after commissioning of the Beneficiation Plant.

3. NEW FERRO MANGANESE & SILICO MANGANESE PLANT:

Keeping in view the increase in demand of Ferro Alloys commensurate with the projected growth of steel production as per National Steel Policy 2005, Company is setting up Ferro Alloy Projects in JV with SAIL. The proposed project includes setting up of 27.0 MVA Furnace for Silico Manganese production and 16.5 MVA furnace for High Carbon Ferro Manganese Production. The approximate estimated cost is Rs. 240.00 Crores. The feasibility report is prepared by MECON. The Company is also exploring the possibility of setting up of Ferro Alloy plants in overseas countries through JV where cheaper power is available. The Company has signed an MoU with M/s. BHP Billiton for undertaking a **Joint Concept Study** for feasibility of such joint venture for production of ferro alloys in South Africa where high grade Manganese Ore and Coal is available and power is cheaper.

RESEARCH AND DEVELOPMENT:

Our Company attaches great importance to R&D studies. The more important areas where such studies have been undertaken by our Company are:

- Development of better and improved mining methods.
- Development of new support system in the underground workings and improvement in the existing support methods and practices.
- Development of beneficiation methods and cost effective technologies for up gradation of ores.
- Development of Manganese based chemicals.

- Exploration of new deposits, feasibility studies for enhancement up gradation of Ore reserves.
- Technology up gradation in specific operations for enhancement of productivity, improvement in safety, reduction in costs and optimization of manpower used.
- Automisation of analytical works through introduction of **XRF Analyzer** for analysis of ore.
- Optimization of energy and energy saving at EMD Plant, Ferro Manganese Plant and mines.



- Introduction of mechanized handling system in underground mines including Side Discharge Loader (SDL)
- The particulars in form 'B' with respect to technology absorption as required by the Companies (Amendment) Act, 1988, forming part of this report, are annexed to this report.

MINING LEASES/PROSPECTING LICENCES:

During the year 2006-07, no new mining leases have been granted to your Company. However, Govt. of Maharashtra has recommended to Central Government for the allotment of new Mining Leases/Prospecting Licence in the following areas namely :-

1. Parsoda area 53.75 ha. and Mining Lease.
2. Nandapuri area 5.65 ha. For Prospecting Lease.
3. Balapur Hamesha area 4.13 ha. For Mining Lease.

TRAINING PROGRAMMES:

During the year under review, your Company had conducted 249 training programmes in which 663 Executives and 1014 Non-Executives have participated. In addition to this, 4292 Workers had participated in Vocational Training / In-House Training programmes

which were conducted at Mines. Thus, during the financial year 2006-07 total 50170 mandays training were completed for all the employees.

Besides this, total 34786 mandays training were completed for 140 Trade Apprentice belonging to different disciplines were trained at the Mines and Head Office of the Company. Training facilities to 250 students of various engineering institutions in the country were also provided at the Mines of the Company

LABOUR WELFARE SCHEMES, RECREATION & MEDICAL FACILITIES :

Your Company has implemented various Welfare Schemes, salient features of which are as under :

Majority of the employees have been provided with free living accommodation at the mines. Taking into consideration the improved living standard and aspiration of employees, your Company has taken up construction of 411 quarters for its employees at various mines, for the residential accommodation of the employees of various grades. 56 new Quarters have already been allotted to the employees for accommodation. House rent allowance have been given to those who are residing in their own houses.

The Company is also providing adequate supply of drinking water to the employees residing in the mines colonies by conventional wells, bore wells, pipelines supply etc and periodical chlorination of well and tanks are being done.

The colonies and streets of the Camps are well illuminated. The employees have been provided electricity for their residence on concessional rate.

The Company has set up hospitals at the mines manned

by qualified Medicos supported by Para-medical staff. The arrangement of OPD as well as indoor ward separately for male and female are provided. Ambulance Vans are provided to all the Hospitals for attending emergencies. The patients are also being referred for medical treatments to specialized Hospitals as per the requirement.

Your Company has assisted in running primary schools at some of the mines where free education is imparted to the employees' children . School Buses are also provided at all the mines enabling the employees' children to go to nearby High Schools and colleges. The Company has a scheme for reimbursement of tuition fees. The Company has also introduced Scholarship Scheme for meritorious wards of employees. Reimbursement of tuition fees to the children of the workers are provided for taking education in Engineering.

Your Company has provided infrastructure at all the Mines for covering Sports and Recreational activities, Musical instruments, T.V. and other facilities for organizing cultural event, sports competition etc.



WELFARE MEASURES TAKEN FOR SC/ST :

Your Company is a labour intensive organization with around 6904 employees on its roll. About 78% of the total strength belongs to SC/ST/OBC out of which 43% belongs to SC/ST. Your Company is also taking keen interest in development of the down trodden people living in the vicinity of the Mines situated in the remote areas, for which following steps are being taken.

- Adopted villages nearby Mines and provided drinking water facilities, road maintenance, periodical

medical examination and treatment to the people living near the areas.

- Giving financial aid, stationary, books etc to the school adjacent to the Mine areas.
- Provided Sewing Machines to the females for their development and self employment.
- Donating tricycles to the handicapped persons.
- Taking other welfare measures for the development and upliftment of tribal women of the areas such as providing sewing classes, conducting adult literacy classes, propagating other such programmes by displaying posters and notices, banners etc.
- Providing training to disabled under Apprentice Act.

PERSONNEL:

The manpower as on 1/3/2007 of your Company is given below :

	Executives	Non Executive	Piece Rated workers	Total
Male	265	2301	3458	6024
Female	11	145	724	880
Total	276	2446	4182	6904

Details of the Category-wise strenght as on 1/3/2007 was as under :

Group	Schedule Caste	Schedule Tribe	O.B.C	Others	Total
A	22	7	39	147	215
B	25	7	32	108	172
C	289	260	321	618	1488
D	938	1409	2010	672	5029
Total	1274	1683	2402	1545	6904
% age	18.45	24.38	34.79	22.38	100

CORPORATE SOCIAL RESPONSIBILITY

MOIL believes that it is a business organization with the self-assumed responsibility to the society and environments in which it does business. To name, few initiatives taken in this direction are :

- Building of Primary school at Chikla Mine located at Bhandara district of Maharashtra. The school provides. Education to children of remote villages near our Chikla Mine. Both Hindi and English media of

education are provided and the total strength of the school at present is around 400.

- Reimbursement of annual tuition fee to children studing in the above school hailing from the nearby villages numbering about 310. This facility is being provided on a continuous basis.
- Development of Children's Park at CMS Compund in Nagpur.
- Installation of Baba Saheb Dr. Ambedkar's statue and development of a garden around the statute.
- Financial assistance for relief work in the flood affected villages in the Balaghat District of Madhya Pradesh where MOIL's biggest mine is located.
- Sponsorship of Cultural Event viz. Kalidas Festival by the Government of Maharashtra for promotion of Indian culture and fine arts. This event is being sponsored by the Comapany every year continuously for the last several years.
- Providing clothing etc. to the inmates of old age home by the Mother Teresa's Sisters of Charity at Nagpur.
- Medical camp organized for Chikungunia for the villages located around Dongri Buzurg/Chikla Mine and medicines distributed in the presence of Collector. Bhandara distsrict. About 3500 people attended the camp from the villages of Dongri, Balapur Hamesha, Goberwahi, Sitasongi etc. Eminent doctors including Civil Surgeon, Bhandara provided support of the camp.
- Providing clothing etc. to the inmates of Jeevoday, the school for Mentally Challenged Children, Nagpur.
- Providing medical facilities/supply of medicines to

Providing clothing to inmates of Mother Teresa's old age home



Providing clothing to inmates of Jeevoday School for Mentally Challenged children





Development of Bus Stops for villagers near our Mines



villages Sitasangi, Goberwahi near Chikla Mine. This facility is being provided on a continuous basis.

- Construction of toilets/drains at villages in and round the mines.
- Provision of drinking water facility at villages in and around mines.



- Fencing and tree plantation at Govt. High School, Bharveli, Balaghat.
- Construction of Moksha Dham at Bhagoli Village.
- Beautification of Katol Road at Nagpur about 1.50 km in length.
- Construction of one room at the Deaf & Dumb Residential School at Saoner (Near our Gumgaon Mine)
- Provision of Solar Lamps in villages near mines area which are not electrified.

- Vocational training to women from remote villages around mines for generation of self employment.
- Construction of Bus Stop (with shade) for public use at Balaghat Town, Gudma (near U kwa) and U kwa Mine on main road.

INDUSTRIAL RELATIONS :

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

PROGRESSIVE USE OF HINDI :

During the year, your company continued its efforts in propagating and implementation of the provisions of Official Language Act, 1963 and rules and orders thereon. The Company is also publishing in house Journal 'SANKALP' In Hindi in order to encourage the employees to participate in various competitions like essay competition, notings, drafting, poetry and articles for propagating Hindi around 92% of the work is being done at mines in Hindi, which has been appreciated. Hindi software on computers has been provided and employees are being trained to make use of the same.

SAFETY :

Your company pays special attention to ensure safety of the mines and workers employed therein. The company has been making continuous efforts to reduce the accidents by improving the standards of safety gears, by introducing latest mining techniques and by continuous mechanization of mining operation. Higher Safety standards is achieved by training and retraining of workers. Safety Committee meeting are held at mines regularly where accident analysis is done meticulously. During the year under review, there were 20 cases of accidents in all.

Your Company has also participated in Zonal Safety Week competition and bagged more than 66 prizes. The Company has been selected for National Safety Awards for three mines; for "Lowest Injury Frequency Rate" and for "Longest Accident free period" safety policy for the company has been further strengthened by introducing health & Safety management through Risk Assessment which will improve the Safety standard at mines. In the year under review, MOIL rescue team participated in All India Rescue Competition held at Ramgarh, Jharkhand and **bagged overall first Prize in Metal Mining Category.**



VIGILANCE :

Vigilance Department is headed by a CVO who has been appointed by Chief Vigilance Commission from amongst the senior executives of the company. During the year 2006-07 the Vigilance Department acquired ISO 9001-2000 Certification. The department has also finalized the "Integrity Pact" for contract/purchases valuing Rs. 15 crores and above. Leveraging technology has been used to bring maximum possible transparency in all the process of contracts/sale/purchase in the line with the directives/guidelines issued by CVC and Ministry of Steel from time to time.

CORPORATE GOVERNANCE:

The company has complied with the various requirements of Corporate Governance. The detail in this regard forms part of this report.

LEGAL AFFAIRS

The case related to imposition of increased land revenue by the Govt. of Maharashtra is pending before the Mumbai High Court, (Nagpur Bench). M.P Government has imposed tax on mineral bearing land e.f. 30.9.2005 under M.P. Gramin Avasanrachana Tatha Sadak Vikas Adhinyam, 2005 where the tax @5% p.a. is payable on the mineral bearing land. The Company has filed writ petition before the Hon'ble High Court, Jabalpur and obtained a stay.

Your Company has initiated legal proceedings against some of the defaulting customers for recovery of outstanding dues. Your Company has challenged the Interim Award given by the Sole Arbitrator the matter relating to the sales contract for the year 1988-99 and the Division Bench of the Mumbai High Court has dismissed Company's Appeal. The Company has filed a Special

Leave Petition (SLP) before the Hon'ble Supreme Court against the final order passed by the Division Bench of Hon'ble Bombay High Court. However, the same has been dismissed by Hon'ble Supreme Court.

A writ petition filed against the Company relating the promotion of Executives on CDA pattern after 1/1/1989 before the Mumbai High Court (Nagpur Bench) is still pending, while a similar writ petition filed before the Jabalpur High Court (MP) has been decided in favour of the Company.

Your Company has filed a winding up petition against Sandur Manganese & Iron Ores Co. Ltd before Hon'ble High Court of Karnataka, Bangalore for recovery of outstanding dues. The Writ Petition was dismissed by Hon'ble High Court since the party was referred to BIFR. During the financial year 2006-07 the Company has adjusted balance Rs. 7.30 lakhs from the EMD amount and further the party has paid Rs. 6.00 lakhs against the total outstanding amount of Rs. 34.45 lakhs. Thus the total outstanding amount due from the party as on date amounts to Rs. 21.15 lakhs. However, the party has expressed their desire to settle the outstanding dues once they start their operations.

A writ petition filed in the Nagpur Bench of Mumbai High Court against Nagpur Improvement Trust for compensation fo Rs. 83.77 lakhs towards acquisition of 761.60 Sqr Mtrs. of land belonging to MOIL for IRDP is pending.

ENVIRONMENTAL PROTECTION :

The Company is conscious of its responsibilities towards protection of environment in its leasehold areas . About 50,000 saplings were planted during 2006-07 at different mines of the Company. The cumulative plantation till date is about 15 lakhs.

A drive has been initiated for plantation of Jatropha sapling in arid/ dry and waste dumps which when fully grown provide seeds for production of bio diesel.

DIRECTORS :

Shri M.K. Moitra, Shri S.N. Padhi and Shri A.N. Palwankar ceased to be directors on 30th May 2006 and Shri. S.K. Benerjee was appointed as a Director of MOIL on 28th June 2006.

Dr. Devral Birdi, nominee of the Government of Madhya Pradesh ceased to be Director on 27th November 2006 consequent to his transfer to other department and Shri Rakesh Agarwal, Secretary, MRD was appointed as a

Director on 31st January 2007.

Shri B.B. Choudhary Director (Commercial), ceased to be Director of the Company consequent upon his superannuation on 30th April 2007 and Shri A.K. Mehra was appointed as a Director (Commercial) on 1st May 2007.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

AUDITORS :

M/s Rodi Dabir & Co. Chartered Accountants, Nagpur

have been appointed by the Comptroller & Auditor General of India, as Auditors of your Company for the year under report.

GENERAL :

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

ACKNOWLEDGEMENT :

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

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

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

On behalf of the Board of Directors.

K. L. Mehrotra
Chairman-cum-Managing Director

Place : Mumbai
Date : 29/05/2007



Inauguration of MOIL Bhavan by Shri Ram Vilas Paswan, Hon'ble Minister for Chemicals, Fertilizer & Steel, Govt. of India



Shri Jairam Ramesh, Hon'ble Minister of State for Commerce & Industry, Govt. of India presenting Prime Minister's Merit Certificate for Excellent MoU Performance to the CMD

ANNEXURE -1 TO DIRECTORS REPORT TO SHAREHOLDERS

Form - 'B' >>>

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

I) Research and Development (R&D)

Sr.	Specific areas in which R&D carried out by the Company. The following are the areas in which the company has undertaken R&D works	Benefit derived as a Result of the R&D
1	Introduction of Sub-level stoping method in soft rock & weak ground conditions.	During the year the experiment has been conducted at our Chikla Mine which has shown encouraging result with higher productivity & faster mining techniques reduced cost of production. The cost of production has been reduced up to 50%. New area at the same Mine have been selected for continuing the experimental stoping at 170'-70' level & CH 2277-CH 2307 before implementation to other mines.
2	Introduction of S.D.L. (Side Discharge Loader) for Mechanical handing of ore in stopes.	At Balaghat Mine 3 SDLs are in operation. A system of mechanized loading is well established in this mine with increased production. Further one SDL has been introduced at Chikla Mine at -270' Level. Between CH 1650 to CH 1800. This will enable to switch over from manual to mechanized mining in phased manner in future.
3	Automation of ventilator.	Deployment of ventilation fan operators have been saved to the tune of about 6 to 8 persons and the system is working smoothly.
4	Study of Geo Technical characteristic of Ukwa Mine.	Scientific studies for design and development of support system for Ukwa underground mine is being conducted by CMRI. The studies include stress analysis of stoping operations and old pillars and to develop a support system applicable for Ukwa Mine underground. This will enhance the production capacity safety and productivity of this mine considerably.

5 Up gradation of Low Grade Ore	Beneficiation plant is under installation at Balaghat Mine wherein for the first time Air Pulsated jig will be used for up gradation and improvement of recovery.
6 Rock mechanics instrumentation.	Rock Mechanics instrumentaion and monitoring of the ground vibration in underground Mines are still continued.
7 Blasting Studies	Scientific studies to develop economical and environment friendly ANFO explosive to achieve higher productivity with improved safety is being conducted by CMRI. The main features of this study consists possible replacement of HSD with environment friendly bio-fuel/LDO in ANFO Explosive, and application suitable ANFO explosive type with rock mass conditions for better fragmentation and for better rock explosive energy interaction.
8 Study of Pit slope stability	The study is still continuing specially in Footwall rocks of Dongri Buzurg Mine where phylite is posing threat to stability of benches.

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

II) Technology absorption adaptation and innovation

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

Form - B

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

(1) Research and Development (R&D)

Future plan of Action	Expenditure on R&D (Rs./Lakhs)			Total R&D Expenditure as percentage of total turnover
	Capital (A)	Recurring (B)	Total (C)	
	—	207.98	207.98	0.50

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

ANNEXURE -II TO DIRECTORS REPORT TO SHAREHOLDERS

CORPORATE GOVERNANCE IN MOIL >>>

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

1. Board of Directors

1.1 Composition of the Board of Directors as on 31st March 2007

1	Functional Directors including CMD {whole time}	4
2	Non Executive Government Directors {Ex Official}	3
3	Non Executive Independent Directors {Non Official}	1
	Total	8

1.2 Board Meeting

Four Board Meetings were held during the financial year on the following dates:
24th May, 2006, 8th August, 2006, 17th October 2006 and 23rd February 2007.

1.3 Board Agenda and Material:

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

1.3 Particulars of the Directors including their attendance at the Board meeting from 1st April 2006 to 31st March 2007.

Name of the Directors	Period	No of Board meeting held.	No of Board meeting attended.
I. Functional Directors			
1. Shri. K.L. Mehrotraa, CMD	1.4.2006 to 31.3.2007	04	04
2. Shri B.B. Choudhary Director (Commercial)	1.4.2006 to 31.3.2007	04	04
3. Shri M.A.V. Goutham Director (Finance)	1.4.2006 to 31.3.2007	04	04
4. Shri C.P.N Pathak, Director (P & P)	1.4.2006 to 31.3.2007	04	04
II. Government Directors			
1. Shri Ajoy Kumar	20.4.2006 to 31.3.2007	04	03

2. Dr. Devraj Birdi	1.4.2006 to 27.11.2006	03	—
3. Shri V.K. Jairath	1.4.2006 to 31.3.2007	04	01
4. Shri Rakesh Agarwal	31.1.2007 to 31.3.2007	01	01
III Independent Directors			
1. Shri M.K. Moitra	1.4.2006 to 30.5.2006	01	01
2. Shri S.N. Padhi	1.4.2006 to 30.5.2006	01	01
3. Shri A.N. Palwankar	1.4.2006 to 30.5.2006	01	01
4. Shri S.K. Banerjee	28.6.2006 to 31.3.2007	03	03

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

Constitution of Committee of Board of Directors

The Company has granted the status of "Mini Ratna" by the Govt. of India. The restructuring of the Board of Directors, which is precondition for exercising enhanced financial and operational autonomy, was done by appointing initially four part time non official directors by the Central Government on the Board.

Moreover, the Board constituted Committees for Audit and Monitoring the performance of the company in line with the direction issued by Department of Public Enterprises.

I. Audit Committee of Board

The Audit Committee of the MOIL comprises of three members out of which two are non executive directors and one is executive director. The terms of reference of the committee are as spelt out in Section 292A of the Companies Act, 1956 and as applicable under Model Listing Agreement notified by SEBI. During the year 2006-07, Shri A.N. Palwankar Chairman of the Committee, Shri M.K. Moitra and Shri S.N Padhi members of the committee ceased as directors from the Board on 30 th May 2006 and consequently on their cessation the Audit committee was reconstituted by including Shri Rakesh Agarwal, as member of the committee and electing Shri S.K. Banerjee as Chairman. Thus, as on 31st March 2007 the reconstituted Audit Committee comprised of the following members :

- i) Shri S.K. Banerjee, Chairman
- ii) Shri Rakesh Agarwal, Member
- iii) Shri C.P.N. Pathak, Member

The Company Secretary acted as the Secretary to the Committee.

II Committee for Monitoring of Performance :

As the performance of the company is reviewed by the Board every quarter in the Board Meeting and further by the Administrative Ministry, the Board of Directors has desired that this committees functions are taken care and the views of the Board may be communicated to Department of Public Enterprises, [DPE]. Accordingly, DPE has been communicated

through Ministry of Steel to exempt the company considering its small size and duplicating nature of work of the committee.

GENERAL BODY MEETING

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

Year	Date	Time	Venue
2003-04	24.9.2004	2.00 P.M.	Registered Office : 3 Mount Road Extension, Nagpur, Pin : 440001
2004-05	29.6.2005	3.00 P.M	-do-
2005-06	24.8.2006	11.00 P.M	-do-

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MANGANESE ORE (INDIA) LIMITED, NAGPUR FOR THE YEAR ENDED 31 MARCH 2007.

The preparation of financial statements of Manganese Ore (India) Limited, Nagpur for the year ended 31 March 2007 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 29.5.2007.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619 (3) (b) of the Companies Act 1956 of the financial statements of Manganese Ore (India) Limited, Nagpur, for the year ended 31 March 2007. 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 Auditor's report under section 619(4) of the companies Act, 1956.

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

Place : New Delhi
Dated : 03 July, 2007

sd/-
(Meera Swarup)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board-III,
New Delhi

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of MANGANESE ORE (INDIA) LIMITED, NAGPUR, as at 31st March 2007 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit

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

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956, we enclose in an Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in Para 1 above;

We report that:

- 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 31st March, 2007 :
 - ii) In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

Off. : 217/227, 2nd Floor, Maharajan Commercial Complex,
Sitabuldi, Nagpur - 12. Tel (0712) 2537563, 2542108, Fax :2537563,
Email : rodidabir@rediffmail.com

Branch : B-601, Tulip Valley of Flowers
Thakur village, Kandivalli (East)
Mumbai - 400101

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

For RODI DABIR & CO.
CHARTERED ACCOUNTANTS

(CA AASHISH BADGE)
PARTNER
Membership No. 121073

Place : Mumbai
Date : 29/05/2007

ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN PARA 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF MANGANESE ORE (INDIA) LIMITED FOR THE YEAR 2006-07

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

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

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

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

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

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

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

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

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Branch : B-801, Tulip Valley of Flowers
Thakur village, Kandivalli (East)
Mumbai - 400101

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. In our opinion Company's Internal Audit system is commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.
9. According to the information and explanations given to us, and on the basis of our examination of the books of account, the company has been regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Income-tax, Sales-Tax, Excise duty, Cess and other statutory dues applicable to it during the year.

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

According to the records of the company, there are no dues outstanding of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise duty and Cess on account of any dispute except in case of Cess on mineral bearing land amounting to Rs. 1111.11 lakhs as per provisions of Madhya Pradesh Gramin Avsanrachana Tatha Sadak Vikas Adhinyam, 2005 in view of stay granted by the Hon'ble Jabalpur High Court.

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. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks. The terms and conditions of short term loans taken by the Company and repaid during the year are not prejudicial to the interests of the company.
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.

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Branch : B-501, Tulip Valley of Flowers
Thakur village, Kandivalli (East)
Mumbai - 400101

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 and on overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments by the company.
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 RODI DABIR & CO.
CHARTERED ACCOUNTANTS

(CA AASHISH BADGE)
PARTNER
Membership No. 121073

Place : Mumbai
Date : 29/05/2007

BALANCE SHEET AS AT 31.03.2007

PARTICULARS	SCHEDULE	31-3-2007 Rs	31-03-2006 Rs.
A) SOURCES OF FUNDS			
1) SHARE HOLDER'S FUND :			
a) Share Capital	1	280000000	153251400
b) Reserves & Surplus	2	<u>4334850357</u>	<u>3440457322</u>
Sub-Total		<u>4614850357</u>	<u>3593708722</u>
2) Deferred Tax Liability	20(16)	<u>108353094</u>	<u>42510856</u>
TOTAL		<u>4723203451</u>	<u>3636219578</u>
B) APPLICATION OF FUNDS			
1) FIXED ASSETS :	3		
a) Gross Block		1715196933	1392847368
b) Less Depreciation		(954307866)	(843514730)
c) Net Block		760889067	549332638
d) Capital Work-in-Progress		<u>411340521</u>	<u>125574422</u>
TOTAL		<u>1172229588</u>	<u>674907060</u>
2) INVESTMENT :	4	<u>128360</u>	<u>153360</u>
3) CURRENT ASSETS LOANS & ADVANCES			
Current Assets	5		
a) Inventories		313212327	598793508
b) Sundry Debtors		499856227	455678261
c) Cash & Bank Balances		3214940245	2181395805
d) Other Current Assets		<u>114319029</u>	<u>62421071</u>
TOTAL		<u>4142327828</u>	<u>3298288645</u>
Loans & Advances	6	<u>142221700</u>	<u>174287928</u>
TOTAL		<u>4284549528</u>	<u>3472576573</u>
Less			
CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	7	(762569827)	(534922377)
Provisions	8	(93441940)	(109817548)
TOTAL		<u>(856011767)</u>	<u>(644739925)</u>
NET CURRENT ASSETS		<u>3428537761</u>	<u>2827836648</u>
4) Miscellaneous Expenditure to the extent not written off or adjusted			
a) V.R.S. Expenditure		38490502	70986450
b) Net present value for Forest land diversion expenses		<u>83817240</u>	<u>62336060</u>
TOTAL :		<u>4723203451</u>	<u>3636219578</u>

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

This is the Balance Sheet referred to in Our Report of even date

For Rodi Dabir & Co.

Chartered Accountants

Sd/-

CA Aashish Badge

Partner (M.No. 121073)

Sd/-

B.Dasgupta
Company Secretary

Sd/-

M A V Goutham
Director (Finance)

Sd/-

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

Sd/-

K.L. Mehrotra
Chairman-cum-Managing Director

Place : Mumbai

Date : 29/05/07

Profit & Loss Account for the Year ended 31.03.2007

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
INCOME			
Gross Sales	9	4176299106	3340995831
Less : Excise duty	15	33178021	43515353
Net Sales		4143121085	3297480478
Other Income	10	341925828	220934218
Provision written back	11	1486125	1079274
Accretion (Decretion) to Stocks	12	(292046045)	110933689
TOTAL		4194486993	3630427659
EXPENDITURE			
Ore raising/operating expenses	13	1477187865	1362665205
Raw material consumption and			
Manufacturing Expenses	14	272029609	195647549
Excise Duty on Closing Stock variation	15	(2312311)	(6936198)
Administrative & Selling expenses	16	223668151	196329702
Research & Development expenses	17	20798598	12811529
Write off and provisions	18-A	28837283	20902936
Expenses for diversion of Forest Land		11574361	1902400
Miscellaneous expenditure written off	18-B	60625886	52358197
TOTAL		2092409442	1835681320
Gross Margin beofre interest and Depreciation		2102077551	1794746339
Depreciation		(123537020)	(103546929)
PROFIT FOR THE YEAR		1978540531	1691199410
Prior period Adjustment	18C	32917110	(1151204)
PROFIT BEFORE TAX		2011457641	1690048206
Provision for Tax for 2006-07	609738676		
Provision for Tax for previous year	(8875818)	(600862858)	(546972417)
Provision for Fringe Benefit Tax for 2006-07	2754967		
Provision for Fringe Benefit Tax for previous year	(77257)	(2677710)	(3177000)
Deferred Tax asset/ (liability) for the year		(65842238)	5272041
NET PROFIT AFTER TAX		1342074835	1145170830
Balance of Profit from previous year		14796067	6794226
PROFIT AVAILABLE FOR APPROPRIATION	TOTAL	1356870902	1151965056
APPROPRIATIONS			
Proposed Dividend on Equity Shares 20 % (50%)		56000000	76625700
Tax on Dividend including surcharge		9517200	10746754
Interim Dividend on Equity Shares 80% (80%)		224000000	122601120
Tax on Interim Dividend including surcharge		31416000	17194807
Transfer to General Reserve		1030000000	910000608
Balance carried forward		5937702	14796067
TOTAL		1356870902	1151965056
EARNING PER EQUITY SHARE (EPS)			
a) Net Profit After Tax		1342074835	1145170830
Earning per share of Rs. 100/- each		479.31	408.99

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

For Rodi Dabir & Co.
Chartered Accountants

Sd/-
CA Aashish Badge
Partner (M.No. 121073)

Place : Mumbai
Dated : 29/05/07

Sd/-
B. Dasgupta
Company Secretary
Sd/-
M A V Goutham
Director (Finance)

Sd/-
K.G. Kavishwar
Dy. G.M. (Finance)
Sd/-
K.L. Mehrotra
Chairman-cum-Managing Director

PARTICULARS	31-3-2007 Rs	31-03-2006 Rs.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised :		
2,00,000 7.5% Cumulative Preference Share of Rs. 100/- each	20000000	20000000
28,00,000 Equity Shares of Rs. 100/- each	<u>280000000</u>	<u>280000000</u>
	<u>300000000</u>	<u>300000000</u>
Issued & Subscribed & Paid Up :		
28,00,000 Equity Shares of Rs. 100/- each (15,32,514)	280000000	153251400
TOTAL	<u>280000000</u>	<u>153251400</u>
1267486 shares of Rs. 100/- each have been allotted during the year as Bonus Share by Capitalisation of Rs. 126748600/- from General Reserve		
SCHEDULE - 2		
RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	661255	661255
	<u>661255</u>	<u>661255</u>
Research and Development Reserves		
As per last Balance Sheet	5000000	5000000
	<u>5000000</u>	<u>5000000</u>
General Reserve		
As per last Balance Sheet	342000000	2509999392
Less : Capitalised by issue of Bonus Share	<u>(126748600)</u>	0
	3293251400	2509999392
Transfer from Profit and Loss Account	1030000000	910000608
	<u>4323251400</u>	<u>3420000000</u>
Profit & Loss Account		
Balance of profit	5937702	14796067
TOTAL :	<u>4334850357</u>	<u>3440457322</u>

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
SCHEDULE - 4			
INVESTMENT			
500 (500) Share of Rs.5/- each fully paid up of Co-operative Stores at Mines.		2500	2500
1 6 1 2 (1 6 1 2) Shares of Rs.25/- each fully paid up of Co-operative Societies at Mines.		40300	40300
8556 (1 1 0 5 6) Shares of Rs.10/- each fully paid up of Co-operative Societies at Mines.		85560	1 1 0 5 6 0
	TOTAL :	128360	153360
NOTE: 1. Share of the Value of Rs.0.03 lakh (Rs.0.03 lakh) are in Co-operative Stores, which are Unregistered.			
2. Shares, are unquoted and are at cost.			
 SCHEDULE - 5			
CURRENT ASSETS			
(I) Inventories :			
Stock of Raw material valued at cost and certified by Management		9886801	8 1 3 7 1 7 1
Stock of Stores & Spares Valued at cost and certified by Management	40216392		
Less provision for loss on Sale of obsolete store and spares	(498517)	39717875	3 7 3 3 7 7 8 5
Stock in Transit at cost		2335144	0
Stock in trade at cost or Net Realisable value whichever is less and certified by Management			
Stock in Trade		260044909	5 5 2 6 4 9 6 1 7
Work-in-Process		1227598	6 6 8 9 3 5
	TOTAL	313212327	598793508
ii) Sundry Debtors			
a) Considered Good			
Debts outstanding for period exceeding 6 months		246413	2 9 3 3 1 5 4
Others		499609814	4 5 2 7 4 5 1 0 7
b) Considered Doubtful		6066465	7 0 5 9 3 0 4
	SUB TOTAL	505922692	4 6 2 7 3 7 5 6 5
Less : Provision for doubtful debts		(6066465)	(7 0 5 9 3 0 4)
	TOTAL :	499856227	4 5 5 6 7 8 2 6 1
			Contd...

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
SCHEDULE - 5 (CONTD)			
iii) Cash & Bank Balances			
Cash in Hand - At Head Office		118972	153904
At Mines		799965	702033
Balance with Schedule Banks			
(a) In Fixed Deposits		3186372046	2145213550
(b) In Current Account		27649262	35326318
	TOTAL	3214940245	2181395805
iv) Other current assets			
Interest accrued on fixed & other Deposits		105962842	56381587
Sundry Receivable		8356187	6039484
	TOTAL	114319029	62421071
	GRAND TOTAL	4142327828	3298288645

NOTES :

- I) Cash-in-hand includes Revenue Stamps and Postage worth Rs. 6335/- (Rs. 11133/-)
 II) Fixed Deposits Receipt to the extent of Rs. 156.86 lakhs (137.54 lakhs) are held by Bank/Govt. Deptt/ meant for obtaining Bank Gurantee/Security.

SCHEDULE - 6**LOANS AND ADVANCES**

(Considered Good)

i) Secured :

Loans to employees

15473542

15668654

ii) Unsecured :

Advances to employees

6777697

7813646

Advances for purchase of stores,
spares, Plant & Machinery & Land

10230399

Less : Provision for doubtful advance

480567

9749832

10414968

Advances to contractors & others

19160198

24447610

Claims Receivable

71753

Less : Provision for doubtful claims

71753

0

0

Pre-paid Expenses

5067839

4213366

Deposit with Railway, Electricity

Boards and Others

35325586

34875632

Advances Payment of Income Tax (Net)

50667006

76854052

TOTAL :**142221700****174287928****NOTES :**

1. (a) Advances to Officers 0 0
 (b) Maximum Outstanding against Individual Officers during the year 152130 0
 2. (a) Advances to Chairman-cum Managing Director 0 0
 (b) Maximum Outstanding during the year 0 0
 3. Deposits Include Interest bearing Deposits with MSEB & MPEB 29113476 29113476

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
SCHEDULE - 7			
CURRENT LIABILITIES			
Sundry Creditors			
i) SSI (Outstanding Rs. 1 lakh or more for more than 30 days)	407857		
ii) Others	<u>197149478</u>	197557335	98957616
Advance from Customers		47350743	61554001
Security Deposits from suppliers contractors & others		73734023	72544641
Liabilities for expenses		305067930	283217931
Other liabilities		138859796	18648188
TOTAL :		<u>762569827</u>	<u>534922377</u>
SCHEDULE - 8			
PROVISIONS			
Proposed Dividend on Equity Share		56000000	76625700
Provision for Tax on dividend		9517200	10746754
Provision for unavailed leave Liability as on 31.3.2007	117168463		
Less : Funds with L.I.C.	<u>105416353</u>	11752110	12423712
Provision for Mines closure expenses		16172630	<u>10021382</u>
TOTAL :		<u>93441940</u>	<u>109817548</u>
SCHEDULE - 9			
SALES			
ii) Sale of Manganese Ore		3778329229	3027301650
ii) Sale of EMD		31000322	65656127
iii) Sale of Ferro Manganese		366969555	<u>248038054</u>
TOTAL :		<u>4176299106</u>	<u>3340995831</u>
SCHEDULE 10			
OTHER INCOME			
Interest			
On Deposits		219972928	134416455
On Advances		2619576	1650210
On Outstanding		16026812	10885998
On Income Tax /Sales Tax refund		3271964	35054709
On Fund with LIC for Leave Encashment		8208953	3114014
Recoveries from employees			
Rent		212157	183312
Electricity		1467537	1233449
School Bus		219978	200745
Income from supply of electricity from Wind Mills to Mine/Ferro Manganese Plant		29394584	0

Contd...

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
SCHEDULE - 10 (CONTD)			
Sale of Scrap	7528219		
Less : Excise duty	85195		
Sale of Scrap(Net of E.duty)		7443024	2565704
Rent on Buildings		1065000	960000
Reimbursement from Welfare Commissioner		152911	84922
Miscellaneous income		4611542	3628017
EMD forfeiture		9862872	0
Sales tax set off/Refund		7292257	11201018
Sale of Ferro Mn. Slag	35025481		
Less: Excise duty	<u>4921748</u>		
Sale of Ferro Mn. Slag(Net of E.duty)		30103733	15755665
TOTAL		<u>341925828</u>	<u>220934218</u>
SCHEDULE 11			
PROVISIONS WRITTEN BACK			
Provision for doubtful debts		992840	1065801
Provision for doubtful advance -suppliers		0	13473
Provision no longer required		493285	0
TOTAL		<u>1486125</u>	<u>1079274</u>
SCHEDULE 12			
ACCRETION/(DECRETION) TO STOCKS			
(i) Manganese Ore			
Closing Stock		192290777	467271643
Less Opening Stock		<u>(467271643)</u>	<u>(306944349)</u>
		<u>(274980866)</u>	<u>160327294</u>
(ii) EMD			
Closing Stock		47535305	14167331
Less : Opening Stock		<u>(14167331)</u>	<u>(7719316)</u>
(Stock includes work in process)			
TOTAL		<u>33367974</u>	<u>6448015</u>
(i) Ferro Manganese			
Closing Stock		21446426	71879579
Less Opening Stock		<u>(71879579)</u>	<u>(127721199)</u>
		<u>(50433153)</u>	<u>(55841620)</u>
TOTAL		<u>(292046045)</u>	<u>110933689</u>

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
SCHEDULE 13			
ORE RAISING / OPERATING EXPENSES			
Salaries, Wages & Allowances		655242204	602135109
Contribution to P.F. & other Funds		69955264	64809572
Bonus		10942	29344
Group gratuity Insurance and Gratuities *		75230588	73228963
Welfare Expenses		43339324	50373882
Transport, Railing & Other works through Contractors		204180990	178388746
Stores & Spares		246187072	229269433
Power & Fuel		109458192	94152000
Railway Siding & Maintenance		4549163	2508638
Repairs and Maintenance to :			
Buildings		21844371	15715388
Plant & Machinery		32695672	27278903
Furniture & Fixtures		3075996	2656542
Vehicles		9677724	8707422
Rent		133948	178291
Rates & Taxes		9348289	9009476
Insurance		2769495	3341468
Printing & Stationery		1598631	1515186
Postage, Telegram and Telephone /Fax		1510614	1265106
Entertainment		26810	48706
Travailing & Conveyance Allowance		8141163	7772486
Administrative charges for P.F.		5303668	4915292
Management Training		3521083	3516126
Miscellaneous Expenses		7568676	4888132
	SUB TOTAL :	1515369879	1385704211
Less cost of Manganese Ore transferred to EMD & Fe.Mn. Plant		38182014	23039006
	TOTAL :	1477187865	1362665205

NOTES :

1. Repairs and Maintenance of Assets include salaries and wages of Rs. 31681674 (Rs.24721685) and stores and spares of Rs. 3913423 (Rs.3408153)
- 2.* Includes Gratuity for H.O. employees

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
SCHEDULE - 14			
MANUFACTURING EXPENSES			
a) Electrolytic Manganese Dioxide			
Salaries, Wages & Allowances		9574271	8838706
Contribution to P.F.		725175	294121
Gratuity		619401	459131
Welfare Expenses		277834	414538
Contractors Payment			
Ore reduction expenses		8074574	12392230
Others		1293695	661883
Raw Materials Consumption		2922609	3757059
Sundry Consumables		3334485	1758531
Repairs to Plant & Machinery		741620	84958
Insurance		109405	151324
Power & Fuel		16883474	16572561
Travailing & Conveyance Allowances		111415	330039
Administrative Charges for P.F.		114328	127860
Stores Handling		14213	17935
Miscellaneous Expenses		229380	49528
	TOTAL :	<u>45025879</u>	<u>45910404</u>
b) Ferro Manganese			
Salaries, Wages & Allowances		5820719	5447722
Contribution to P.F.		515623	475368
Gratuity		421090	276936
Welfare Expenses		351255	34576
Contractors Payment		5218108	3364106
Raw Materials Consumption		90809435	56273693
Sundry Consumables		2529334	2995877
Repairs to Plant & Machinery		586494	155449
Insurance		40463	84799
Power & Fuel		119473763	79396986
Travailing & Conveyance Allowances		319259	471697
Administrative Charges for P.F.		41606	37725
Miscellaneous Expenses		876581	722211
	TOTAL :	<u>227003730</u>	<u>149737145</u>
	GRAND TOTAL :	<u>272029609</u>	<u>195647549</u>

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
SCHEDULE - 15			
EXCISE DUTY - SALE			
i) On Sale of Manganese Ore(HIMS)			30834
ii) On Sale of EMD		4353321	9211726
iii) On Sale of Ferro Manganese		28824700	34272793
	SUB -TOTAL	33178021	43515353
iv) On sale of Ferro Mn. Slag		4921748	2571325
v) On Sale of Scrap		85195	
EXCISE DUTY ON SALE		38184964	46086678
EXCISE DUTY - CLOSING STOCK			
i) On EMD			
On Opening Stock	1987714		
On Closing Ctock	<u>6725462</u>	4737748	904674
ii) On Ferro Manganese			
On Opening Stock	10083949		
On Closing Stock	<u>3033890</u>	(7050059)	(7835670)
iii) On Manganese Ore (HIMS)			
On Opening Stock	0		
On Closing Ctock	<u>0</u>	0	(5202)
	SUB - TOTAL	(2312311)	(6936198)
SCHEDULE - 16			
ADMINISTRATIVE AND SELLING EXPENSES			
i) Administrative Expenses :			
Salaries, Wages & Allowances*		49324955	46051594
Contribution to P.F. & other Funds		4323225	4644332
Welfare Expenses		7324201	6225389
Power & Fuel		2365780	2233124
Repairs and Maintenance to :			
Buildings		3268407	1785725
Plant & Machinery		56479	22648
Furniture & Fixtures		1332375	619101
Vehicles		195768	179710
Rent		278698	465130
Rates & Taxes		387355	431891
Insurance		605462	564433
Printing & Stationery		2490732	1895636
Postage, Telegram and Telephone /Fax		2188648	2309894
Entertainment		95797	58719
			Contd...

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
SCHEDULE - 16 (Contd)			
Travailing & Conveyance Allowance		9777102	9252151
Legal/Professional Fees & Expenses		3031902	3316126
Auditor's Remuneration		261799	187441
Administrative charges for P.F.		930837	971682
Bank Commission		351387	516421
Advertisement		3447073	4579108
Management Training		1506656	1276682
Books & Periodicals		123398	170565
Donation		215000	520000
Miscellaneous Expenses		4345837	2433767
Directors Sitting Fees		45500	77000
	SUB TOTAL	98274373	90788269
ii) Selling Expenses			
Railway Freight & Forwarding Charges		2010492	11324728
Royalty & Cess		114887653	90861837
Cash Discount on sales		2272015	1623398
Domestic Ore Handling Freight charges		1952830	1731470
Service charges on e-auction sale		4270788	0
	SUB TOTAL	125393778	105541433
	TOTAL	223668151	196329702
NOTES :			
1. Travelling Expenses include Travelling Expenses of			
a) Chairman-Cum-Managing Director		1781461	1178748
b) Directors		1609506	2216886
2. Auditors Remuneration			
a) I) Audit Fee		196630	140300
ii) Expenses		20580	32592
b) Other services		65169	47141
3. Advertisement expenses include expenditure on Public Relations & Publicity			
4. Managerial Remuneration *			
a) Salaries & Allowances		2034976	1870820
b) Contribution to Provident Fund		234498	214936
c) Actual/Estimated value of perquisites		895184	2296036
		3164658	4381792

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

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
SCHEDULE - 17			
RESEARECH & DEVELOPMENT EXPENSES			
Exploratory Drilling at Mines		17077491	9614585
Expenditure on studies on Blasting, Rock Mechanics and Stope design system etc.		<u>3721107</u>	<u>3196944</u>
TOTAL :		<u>20798598</u>	<u>12811529</u>
SCHEDULE - 18 - A			
WRITE OFF & PROVISIONS			
Write off of discarded assets		2089851	357767
Write off of stores & Spares-shortage		36433	75311
provision for Un-availed leave		19961268	15537726
Write off of Bad Debts		492984	0
Provision for Mines closure Expenses		6151248	4843384
Loss on sales of obsolete stores & Spares		105499	88748
TOTAL		<u>28837283</u>	<u>20902936</u>
SCHEDULE - 18 - B			
MISC. EXPENDITURE WRITTEN OFF			
V R S Expenses		43358986	41186377
Net Present value for Forest land diversion expenses		17266900	11171820
TOTAL		<u>60625886</u>	<u>52358197</u>
SCHEDULE - 18 - C			
<u>PRIOR PERIOD ADJUSTMENT</u>			
Depreciation		0	1151204
EMD Forfeited		(32917110)	0
TOTAL		<u>(32917110)</u>	<u>1151204</u>

ACCOUNTING POLICIES

SCHEDULE 19

1. Accounting for fixed assets

(a) Valuation of fixed assets :

Fixed assets are maintained at original cost.

(b) Depreciation :

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

(c) Write-off losses on assets :

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

(d) Expenditure during construction period :

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

(e) Interest during construction period :

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

2. Valuation of closing stock

Inventories are valued on following basis.

(a) Finished goods :

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

At cost per tonne on jiggling/processing, transportation, etc., allocated on technical estimates or net realizable value, whichever is less.

- (iii) Manganese Ore at Port :- At landed cost at the port or net realizable value, whichever is less. Landed cost includes freight, unloading charges, sampling charges, etc. Difference between physical and book stocks are not adjusted, so long as the overall position of stocks at mines is found to be excess when compared with overall book stocks. As and when ore is actually dispatched, excess or shortage after railing/shipment against each stack is ascertained and the same is accounted for in the books of the company in that year.
- (iv) Electrolytic Manganese Di-oxide (including stock in process on 31st March at different stages of production, ascertained by technical estimation as to percentage of completed units of EMD) :- At current year's cost of production including EMD Plant's depreciation or net realizable value, whichever is less.
- (v) (a) Ferro Manganese/Silico Manganese including stock in cake form on 31st March, determined by technical assessment :- At current year's cost of production including Ferro Manganese Plant's depreciation or net realizable value, whichever is less.
- (b) Stock in process :- The quantity of Ferro Manganese/Silico Manganese in process cannot be weighed, seen or assessed and hence, no value is assigned.
- (c) Stock of Slag :- Slag is a molten mass of impurities produced in manufacture of ferro manganese and is treated as scrap. Due to uncertainties involved in its sale, it cannot be valued. Hence, it is accounted for in the year in which sale takes place and shown under other income.
- (b) Stores inventory (Stores, spares, timber, explosives, fuel and lubricants and raw materials) :-
At cost on weighted average method.

- (i) Physical verification of all stores, spares, etc., is conducted at the end of each year. Difference between physical stock and book stock is investigated and necessary adjustments are carried out in the books of accounts.
- (ii) In case of ferro manganese plant, stock of raw materials, except manganese ore at plant, are valued at cost on weighted average method. The stock of manganese ore at plant is valued at current year's cost of production or net realizable value, whichever is less, plus cost of transport and other charges, if any. Opening and closing stock of ore at the plant is grouped under the Head " A stock of Raw Materials."

3. Sales

All sales are booked in the books of accounts only after dispatch of goods based on railway receipt/lorry receipt/delivery challan.

(a) Ore sales :-

(i) All sales of ore are taken into account after final bills are raised on receipt of chemical analysis reports. Sales during the year, for which the reports are not received, are taken into account on the basis of provisional bills at 100% value. Adjustment in respect of final bills based on the reports is made in the year in which final bills are raised.

(ii) Sales include royalty.

(b) EMD/Ferro Manganese/Silico Manganese sales :- Sales bills are raised at 100% value and are accounted for accordingly. Sales include excise duty and education cess thereon.

4. Other income

- (a) Interest income from sundry debtors is recognized in line with AS-9 of the Institute of Chartered Accountants of India as under :-
 - (i) In as far as the realization is supported by letter of credit through bank from the debtors, where there is certainty of its realization. The provision is made on accrual basis.
 - (ii) In as far as the realization is not supported by letter of credit through bank and directly billed by the

company where its realization is uncertain, based on management's experience, as and when actual realization made is recognized as income.

- (b) Interest income of 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.
- (d) Credit allowed by Madhya Pradesh Electricity Distribution Company Ltd. in electricity bill of Balaghat Mine and Ferro Manganese Plant on account of power generated by Wind Turbine Generators is treated as revenue of wind mills division.

5. Captive consumption

- a) 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, adopted for valuation of stock. Consumption of the ore is accounted on average cost. Value of ore issued is reduced from ore rasing/operating expenses and is considered as raw material consumption is "Manufacturing Expenses."
- b) Electricity consumption at Balaghat Mine/Ferro Manganese Plant Electricity charges of above two units are grossed up by the amount of credit given by Madhya Pradesh Electricity Distribution Company Limited in power bills on account of power generated by Wind Turbine Generators.

6. Sales Tax, IncomeTax, etc.

- (a) In respect of Sales Tax, Income Tax, etc., the amounts payable or receivable as per assessment order is accounted for in the year in which the said order is received and accepted by the Company, irrespective of the year to which the order relates.
- (b) Set off is claimed on Sales Tax on purchases. Difference between set off claimed and actual set off allowed is accounted for in the year in which the assessment order is received and accounted for by the company.

7. Payments concerning employees

(a) Contribution to provident fund Contribution to the Employees'

Provident Fund in respect of employees covered by the Provident Fund Act, is made to the Regional Provident Fund Commissioners alongwith requisite administrative charges and to the Senior Staff Provident Fund Trust, recognized by the concerned authorities, in respect of employees not covered by the said Act.

(b) Gratuity

The Company has created a Trust for gratuity payable to its employees and has taken a group gratuity-cum-life assurance policy from L.I.C. covering all employees. Annual premium, as determined by the L.I.C., is charged to Profit and Loss Account. Further, gratuity of employees retired under V.R. Scheme is paid by the Company and charged to profit and loss account.

c) Leave encashment

The Company provides leave encashment liability on actuarial basis. The Company has taken an insurance policy for payment of terminal leave encashment to its employees. Annual premium, as determined by the L.I.C. based on actuarial valuation, is accordingly charged to Profit and Loss Account.

d) Expenditure on V.R.S.

The Company charges one-fifth of the expenditure in Profit and Loss Account to fall in line with provisions of section 35DDA of the Income Tax Act.

(e) Provision for Bonus

Provision for bonus is made in accordance with provisions of Payment of Bonus Act, 1965.

8. 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.

9. Claims by the Company

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

10. 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.

11. 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.

12. Mine closure expenditure

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

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

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

14. Prior period expenses

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

15. Significant events occurring after balance sheet date

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

SCHEDULE 20

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007

1. Contingent liabilities

Claims against the company not acknowledged as debts -

- For wages and other benefits to employees Rs. 58.14 (Rs. 65.78) lakhs.
- Two of the Company's customers have lodged claims for supply of ore which, according to them, are not as per specifications. The claim for Rs. 454.00 (Rs. 454.00) lakhs on account of quality has been repudiated as the supplies to these customers are governed by regular sales contracts, which do not provide for such liability.
- Claim by contractors for non fulfillment of contractual obligations Rs. 26.00 (Rs. Nil) Lakhs.
- Income tax assessments are completed upto assessment year 2005-06 Income tax payments made/refunds adjusted by the department against the disputed demands are shown under loans and advances. Adjustment of these advances against disputed demand is made only after final settlement of appeals, pending at various levels. Demands made by the department, which are disputed by the company, and payments made against these demands are as under -

Assessment Year	Disputed Demand Rs.	Amount Paid Rs.	Balance as on 31 ST Mar 07 Rs.	Pending with
2005-06	6970761	6970761	Nil	Commissioner of Income Tax (Appeals)

Disputed tax demands are not provided for in the books because there will not be any additional financial implications over and above the provisions already made as per company's assessment.

- Company has given financial assurance of Rs. 156.86 (Rs. 137.54) lakhs to IBM by way of bank guarantees towards progressive mine closure in respect of progressive mine closure plans.
- Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 2453.87 (Rs. 7078.90) lakhs. Advance paid for such contracts is Rs. 456.54 lakhs (Rs.909.46) lakhs.
- 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.
- The Company made a contribution of Rs. 686.23 (Rs. 510.00) lakhs to Gratuity Trust, being the amount equal to the payment made by Trust to Life Insurance Corporation of India towards Group Gratuity (Cash Accumulation) Scheme. In line with the accounting policy, an amount of Rs. 76.48 (Rs. 229.65) lakh is paid directly to employees retired under voluntary retirement scheme and charged to profit and loss account.
- Letters for year-end balance confirmation of sundry debtors and sundry creditors have been sent to the parties. Confirmations are awaited. In respect of confirmations received, the company is under process of scrutinizing and reconciling the balances.

Cont....

SCHEDULE - 20 Cont....

5. For anticipated loss on disposal of obsolete stores/spares, provision of Rs. 4.99 (Rs. 3.93) lakhs is considered adequate.
6. (a) Production and inventory of manganese ore are arrived on weight-volume ratio basis.
(b) Inventories of bulk raw materials and finished goods in respect of Ferro Manganese Plants are determined as per weight-volume ratio by the production/technical department and the same are accounted for accordingly.
(c) Inventory of raw materials includes stock of manganese ore of 1427 (1019) tonnes valuing Rs.25.36 (Rs.16.00) lakhs lying in ferro manganese plant site as on 31/03/07.
7. Documentation in respect of secured loans to employees is pending in some cases.
8. Unclaimed balances of Rs.12.52 (Rs. 7.35) lakhs in sundry creditors' accounts have been transferred to miscellaneous income during current year as there is no possibility of such claims getting materialized.
9. In view of rise in demand from customers for manganese ore vis-a-vis their off take in earlier years, company has insisted for deposit of EMD w.e.f the year 2005-06 to ensure fulfillment of contracts. As per decision taken by the management during current year cases of various defaulting customer have been reviewed on case to case basis and the EMD of Rs. 427.80 lakhs has been forfeited. This includes Rs. 329.17 lakhs pertaining to financial year 2005-06, which been shown under prior period adjustments.
10. The Govt. of Madhya Pradesh enacted Madhya Pradesh Gramin Avsanrachana Tatha Sadak Vikas Adhnyam 2005 effective 30 th September 05 and raised a demand of Rs. 246.95 lakhs for period up to 31st march 06. The company challenged the demand in Hon'ble Jabalpur High court and stay has been granted which is still in force. Further the company has not received any demand from Madhya Pradesh for the year 2006-07 pending settlement of the issue the company decided to collect the amount from customer effective 30 th sept 05 and raised demand for Rs. 1111.11 lakhs on customer till 31st march 07 which is shown as liability.
11. Value of imports for capital goods, stores/spares and raw materials is Rs. 32.34 (Rs. Nil) lakh.
12. Exports during the year at FOB is Rs. Nil (Rs. Nil) lakhs.
13. (a) Earning in foreign exchange for export of manganese ore is Rs. Nil (Rs. Nil) during the year.
(b) Expenditure in foreign currency for traveling is Rs. 10.25 (Rs. 2.68) lakh.
14. As per AS-15 framed by the Institute of Chartered Accountants of India, provision for leave encashment benefit has been calculated on the basis of actuary's valuation. Provision of Rs. 199.61 (Rs.155.38) lakhs has been made during the year.
15. As per AS-18 framed by the Institute of Chartered Accountants of India, disclosures of transactions with related parties, as defined in the accounting standard, are given below :
 - (i) List of related parties with whom transactions have taken place and relationship
 - 1) Shri K.L.Mehrotra Key management personnel
 - 2) Shri B.B.Choudhary Key management personnel
 - 3) Shri M.A.V. Goutham Key management personnel
 - 4) Shri C.P.N.Pathak Key management personnel
 - (ii) Transactions during the year with related parties
 - 1 Remuneration paid Rs. 3164658 (Rs.4381792)
 - 2 Reimbursement of traveling expenses Rs. 3390967 (Rs. 3395634)
 - (iii) Sitting fees to part-time Directors Rs. 45500 (Rs. 77000)

Cont....

SCHEDULE - 20 Cont....

16. Deferred tax liability as on 31.03.07 is as detailed below :

Sr. No.	Particulars	Rs./Lakhs	
		2006-07	2005-06
1.	Deferred tax liability- Opening balance as on 1st April	42510856	47782897
	Depreciation and forest land net present value differential	47845987	2659454
2.	Deferred tax assets- Provision for doubtful debts/advances/ Claims, leave encashment, etc.	-17996251	7931495
3.	For the year	-65842238	-5272041
4.	Closing balance as on 31st March	108353094	42510856

17.As per AS 29 framed by The Institute of Chartered Accountants of India, the disclosures of provisions made are given below :

Particulars	Rs./Lakhs				
	Opening balance as on 01.04.06	Additional provisions during the year	Amount used during the year	Closing balance s on 31.03.07	Remarks
Provision for final mine closure Expenses	100.21 (51.78)	61.52 (48.43)	---	161.73 (100.21)	Cash out flow is expected at the time of closure of mines

18 Income Tax deducted at source from interest and rent received by the Company amounts to Rs. 432.58 (Rs. 255.37) lakhs.

19 Interest billed on customers amounting to Rs. 27.13 (Rs.27.55) lakhs relating to next financial year has not been included in sundry debtors.

20 Closing stock value of Ferro Manganese, and E.M.D. includes excise duty and education cess liability of Rs. 97.59 (Rs. 120.72) lakhs.

21 An amount of Rs. 38.79 (Rs. 2.90) lakh has been provided towards anticipated liability on account of pay revision of officers governed by CDA/IDA pay pattern.

22 Sundry creditors include a sum of Rs. 4.09 (Rs. Nil) lakhs payable to Maharashtra Corbon Pvt. Ltd., Chandrapur, S.S.I. units in excess of Rs. 1.00 lakh outstanding for more than 30 days.

23 Additional information to profit and loss account
a)Major raw materials consumed

	Year ended 31-03-2007		Year ended 31-03-2006	
	Qty (MT)	Rs. in lakhs	Qty (MT)	Rs. in lakhs
Ferro Manganese Plant -				
(i) Manganese ore	25737.00	411.23	15772.00	234.78
(ii) Coke	5272.01	409.45	3606.90	276.26
(iii) Carbon paste	147.10	30.09	107.28	14.11
E.M.D. Plant-				
(i) Manganese ore	4812.00	12.76	4372.00	13.57
(ii) Sulphuric acid	338.90	14.46	412.10	15.51
(iii) Sodium carbonate	26.40	3.43	23.40	1.05

b) Production, Sales , Opening Stock and Closing Stock

	Year ended 31-03-2007		Year ended 31-03-2006	
	Qty (MT)	Rs. in lakhs	Qty (MT)	Rs. in lakhs
a) Production -				
Manganese ore	1047021	—	864890	—
E.M.D.	1312	—	1301	—
Ferro Manganese	10200	—	6170	—
b) Sales -				
Manganese ore	1177216	37783.29	759183	30273.02
E.M.D.	570	310.00	1132	656.36
Ferro Manganese	11928	3669.70	8320	2480.38
c) Opening Stock -				
Manganese ore	275450	4672.72	189833	3069.44
E.M.D.	310	141.67	141	77.19
Ferro Manganese	2548	718.80	4698	1277.21
d) Closing Stock -				
Manganese ore	114299	1922.91	275450	4672.72
E.M.D.	1052	475.35	310	141.67
Ferro Manganese	820	214.46	2548	718.80

(c) Closing stock of manganese ore is arrived after adjustment of issue of 4812

(4372) tonnes for production of EMD and 26145 (15829) tonnes for production of ferro manganese.

(d) Licensed and installed capacity

E.M.D. plant 1000 MT per annum
Ferro manganese plant 10000 MT per annum
Wind turbine generators 9600000 Kwh per annum

(e) Actual production/ generation

E.M.D. plant 1312 (1301) MT
Ferro manganese plant 10200 (6170) MT
Electricity (*) 6652.110 KWH
(*) Wind turbine generators commissioned on 30th June 06

(f) Capacity utilization

E.M.D. plant 131% (130%)
Ferro manganese plant 102% (62%)
Wind turbine generators 92% (-)
(Annualised)

- 24 Corresponding figures for previous year have been regrouped to make them comparable with those of the year under review. Figures in brackets in the schedules indicate corresponding figures of the previous year.

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

**For Rodi Dabir & Co.,
Chartered Accountants**

**CA Aashish Badge
Partner**

**B. Dasgupta
Company Secretary**

**K.G.Kavishwar
DGM (Finance)**

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

**K.L.Mehrotraa
Chairman-cum-Managing Director**

Place : Mumbai
Date : 29.05.2007

SCHEDULE - 21

Balance Sheet Abstract and Company's General Business Profile As per Part IV of the Schedule VI to the Companies ACT, 1956

I Registration Details:		
1. Registraion No.	:	0 1 2 3 9 8
2. State Code	:	1 1
3. Balance Sheet date	:	31.3.2007
II Capital raised during the year (Amount in Rs. Thousand)		
1. Pulbic Issue	:	NIL
2. Right Issue	:	NIL
3. Bonus Issue	:	126749
4. Private Placement	:	NIL
III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)		
1. Total Liabilities	:	5579215
2. Total Assets	:	5579215
A. Soruces of Funds		
1. Paid up Capital	:	280000
2. Reserves & Surplus	:	4334850
3. Deferred Tax Liability	:	108353
4. Secured Loans	:	NIL
5. Unsecured Loans`	:	NIL
B. Application of Funds		
1. Net Fixed Assets	:	760889
2. Capital Work-in-progress	:	411341
3. Investments	:	128
4. Net Current Assets	:	3428538
5. Misc. expenditure to the extent not written off	:	122307
IV Performance of the Company (Amount in Rs. Thousand)		
1. Turnover	:	4176299
2. Net Turnover	:	4143121
3. Total Expenditure	:	2131663
4. Profit Before Tax	:	2011458
5. Profit After Tax	:	1342075
6. Earning per Share (Rs.)	:	479.31
7. Dividend Rate (%)	:	100%
V Generic Names of Three Principal Products/Services of the Company		
Item Code NO. (ITC Code)		Product Description
1. 26020001		MANGANESE ORE ABOVE 46%
2. 26020002		MANGANESE ORE ABOVE 44 to 46 %
3. 28201001		ELECTROLYTIC MANGANESE DIOXIDE
4. 72021100		FERRO MANGANESE
5. 3601		WIND OPERATED ELECTRICITY GENERATOR

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

For Rodi Dabir & Co.

Chartered Accountants

Sd/-

CA Aashish Badge

Partner (M.No. 121073)

Place : Mumbai

Date : 29.5.2007

Sd/-

B.Dasgupta

Company Secretary

Sd/-

MAV Goutham

Director (Finance)

Sd/-

K.G. Kavishwar

Dy. G.M. (Finance)

Sd/-

K.L. Mehrotraa

Chairman-cum-Managing Director

**CASH FLOWS STATEMENTS OF MANGANESE ORE (INDIA) LIMITED
FOR THE YEAR ENDED 31.3.2007**

PARTICULARS	31-3-2007 Rs.	31-03-2006 Rs.
A.CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and dividend	20114.58	16900.48
<u>Adjustment for</u>		
Depreciation	1235.37	1046.98
Write off /Provisions	252.61	194.66
Profit on Sale of Fixed Assets	0.00	0.00
Deferred Revenue Expenditure (Charged during the year)	606.26	523.58
Write off of Discarded Assets	20.90	3.58
Operating profit before working capital changes	22229.72	18669.28
<u>Adjustment for :</u>		
Inventories	2855.81	-1136.39
Sundry Debtors	-441.78	1980.64
Interest Receivable/Accrued	-495.81	-210.14
Loans and Advances -Subsidiary companies		
Loans and Advances -Others	320.66	-957.03
Loans and Advances -Others	-23.17	297.49
Current Liabilities and Provision	1450.78	-3065.89
Deferred Revenue Expenditure(Additions)	-496.11	-825.78
Cash Generated from Operations	25400.10	14454.69
Income Tax provision during the year	-6035.42	-5448.77
Net cash from Operating Activities	19364.68	9005.92
B.CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-6229.49	-2468.53
Sale of Investments (Refund)	0.25	0.00
Net cash used in Investing Activities	(6229.24)	(2468.53)
C.CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid during the year	(2800.00)	(1992.27)
Net Increase in Cash & Cash Equivalents(A+B+C)	10335.44	4545.12
Opening Cash and Cash Equivalents	21813.96	17268.84
Closing Cash and Cash Equivalents	32149.40	21813.96
Net Increase/Decrease(-) in cash & Cash Equivalents	10335.44	4545.12

Notes to the Cash Flow statement

Cash and cash equivalent comprises of cash, bank balance and fixed deposit with bank.
This is the Cash Flow referred to in Our Report of even date.

For Rodi Dabir & Co.
Chartered Accountant

Sd/-
CA Aashish Badge
Partner (M.No. 121073)

Sd/-
B.Dasgupta
Company Secretary

Sd/-
K.G. Kavishwar
DGM (Finance)

Place- Mumbai
Date - 29/05/2007

MAV Goutham
Director (Finance)

K.L. Mehrotraa
Chairman-cum-Managing Director

MANGANESE ORE (INDIA) LIMITED INFORMATION ABOUT BUSINESS SEGMENT

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

Rs. in Lakhs

	MANGANESE ORE		E.M.D.		FERRO MANGANESE		W.T.G. Unit		ELIMINATIONS		CONSOLIDATED TOTAL	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
REVENUE												
External Sales	37783.29	30273.02	310.00	656.56	3669.70	2480.38			0	0	41762.99	33409.96
Inter-Segment Sales	381.82	230.39					293.95	0	-675.77	-230.39	0	0
Total Revenue	38165.11	30503.41	310.00	656.56	3669.70	2480.38	293.95	0	-675.77	-230.39	41762.99	33409.96
RESULT												
Segment Result	20267.51	17666.94	40.44	122.15	648.18	126.60	293.95	0.00	0	0	20956.13	17915.69
Other Income	431.56	248.21			301.04	157.56					732.60	405.77
Segment Result	20699.07	17915.14	40.44	122.15	949.22	284.16	293.95	0.00	0.00	0.00	21688.73	18321.46
Write Back of Prov.											14.86	10.79
Unallocated Corporate exp											(1589.00)	(1431.46)
Interest Expenses											0.00	0.00
Profit from Ordinary activities											20114.59	16900.79
Extraordinary loss											0	0
Net Profit Before Tax											20114.59	16900.79
Prov. For Income Tax											6035.41	5501.49
Deferred Tax Liability											658.42	(52.72)
Net Profit After Tax											13420.76	11451.71
OTHER INFORMATION												
Segment Assets	15926.99	15032.93	758.15	398.51	766.98	1409.63	2008.91				19461.03	16841.07
Unallocated corporate assets											35108.03	24635.30
Total Assets											54569.06	41476.37
Segment Liabilities	3441.98	2599.63	6.55	6.55	62.22	62.22					3510.75	2668.40
Unallocated corporate liabilities											6132.89	4204.11
Total Liabilities											9643.64	6872.51
Capital Expenditure	3935.74	2379.41	72.18	72.18		16.49	2220.00			0	6153.74	2442.82
Unallocated corporate C.E										0	74.18	25.26
Total Capital Expr.											6227.92	2468.08
Depreciation	952.80	974.74	62.08	38.62	29.40	33.62	191.09				1235.37	1046.98
Non-cash expenses other than depreciation											606.26	523.58

STATEMENT OF SOCIAL AMENITIES -EXPENSES AND INCOME (FIGURE IN RUPEES)

Sl. No.	Particulars	C U R R E N T Y E A R				T O T A L	
		Township	Education	Medical over & above statutory requirements	Welfare services including social & cultural activities	As on 31.3.2007	As on 31.3.2006
1	Salaries/Wages	2653903	3415321	2811463	9261386	18142073	15886748
2	Contribution to P.F.	261140	441194	423835	833692	1959861	2813484
3	Stores	990896	3797576	388893	3938350	9115715	6841900
4	Power	11386878	174621	801927	3276846	15640272	10597385
5	Drugs & Chemicals	0	0	3657418	0	3657418	3844278
6	Misc. expenses	957	1245359	2645325	13818047	17709688	39261469
7	CONTRACTORS PAYMENT: Repairs to Buildings/ Others	15885685	447845	1252595	9780551	27366676	17814497
	TOTAL	31179459	9521916	11981456	40908872	93591703	97059761
8	Depreciation	7197784	1101726	1057224	156992	9513726	6951114
9	Interest	0	0	0	0	0	0
	TOTAL:	7197784	1101726	1057224	156992	9513726	6951114
	TOTAL EXPENSES	38377243	10623642	13038680	41065864	103105429	104010875
	LESS:						
1	Income from Electricity	2876023		0	0	2876023	2303682
2	Receipt from School Bus	0	422166	0	0	422166	331580
3	Reimbursement from Welfare Commissioner for sports/medical/others	0	0	0	152911	152911	182296
	TOTAL:	2876023	422166	0	152911	3451100	2817558
	NET EXPENSES	35501220	10201476	13038680	40912953	99654329	101193317

MEMORANDUM ACCOUNT OF MANGANESE ORE
Profit and Loss Account for the year 2006-2007

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
INCOME			
Sales	9	3778329229	3027301650
Less : Excise Duty		0	30834
Net Sales		3778329229	3027270816
Other Income	10	282427511	205178553
Provisions written back	11	1486125	1079274
Accretion/(Decretion) to Stocks	12	(274980866)	160327294
TOTAL :		<u>3787261999</u>	<u>3393855937</u>
EXPENDITURE			
Ore raising/operating expenses	13	1477187865	1362665205
Excise Duty on closing stock variation	15	0	(5202)
Administrative & Selling expenses	16	223668151	196329702
Research & Development expenses	17	20798598	12811529
Write off and provisions	18-A	28837283	20902936
Miscellaneous expenditure written off	18-B	60625886	52358197
Expenses for diversion of forest land		11574361	1902400
TOTAL :		<u>1822692144</u>	<u>1646964767</u>
Gross Margin before interest and Depreciation		1964569855	1746891170
Interest		0	0
Depreciation		<u>(95280070)</u>	<u>(96323234)</u>
PROFIT FOR THE YEAR		1869289785	1650567936
Prior period adjustment	18-C	32917110	(1151204)
PROFIT BEFORE TAX		<u>1902206895</u>	<u>1649416732</u>

MEMORANDUM ACCOUNT OF EMD/ FERRO MANGANESE
Profit And Loss Account For The Year 2006-2007

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
A. ELECTROLYTIC MANGANESE DIOXIDE PLANT			
Sales	9(II)	31000322	65656127
Less: Excise duty		4353321	9211726
Net Sales		26647001	56444401
II. Accretion to Stock	12(II)	33367974	6448015
TOTAL :		<u>60014975</u>	<u>62892416</u>
III. Manufacturing Expenses	14(a)	45025879	45910404
Excise Duty on stock	15(I)	4737748	904674
TOTAL :		<u>49763627</u>	<u>46815078</u>
IV. Profit before depreciation		10251348	16077338
Depreciation		6207781	3861952
Profit/Loss before Tax		<u>4043567</u>	<u>12215386</u>
B. FERRO MANGANESE PLANT			
I. Sales	9(III)	366969555	248038054
Less : Excise duty		28824700	34272793
Net Sales		338144855	213765261
II. Other Income		30103733	15755665
II. I Decretion to Stock	12(III)	(50433153)	(55841620)
TOTAL :		<u>317815435</u>	<u>173679306</u>
Iv. Manufacturing Expenses	14(b)	227003730	149737145
Excise Duty on closing stock	15(II)	(7050059)	(7835670)
TOTAL :		<u>219953671</u>	<u>141901475</u>
V. Profit before depreciation		97861764	31777831
Depreciation		2940194	3361743
Profit/Loss before Tax		<u>94921570</u>	<u>28416088</u>

MEMORANDUM ACCOUNT OF WIND MILLS
Profit And Loss Account For The Year 2006-2007

PARTICULARS	SCHEDULE	31-3-2007 Rs.	31-03-2006 Rs.
C. WIND TURBINE GENERATION UNIT			
I. Income for Supply of Power generated to :	10		
Balaghat Mine		16413670	0
Ferro Manganeser Plant		12980914	
TOTAL :		<u>29394584</u>	<u>0</u>
III. Manufacturing and other Expenses		0	0
IV. Profit before depreciation		29394584	0
Depreciation		19108975	0
Profit/Loss before Tax		<u>10285609</u>	<u>0</u>