



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

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MANGANESE ORE (INDIA) LTD.

(A GOVERNMENT UNDERTAKING)

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

Website : www.moil.nic.in





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



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



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MANGANESE ORE (INDIA) LIMITED

(A Government Undertaking)

REGISTERED OFFICE

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

BOARD OF DIRECTORS

CHAIRMAN-CUM-MANAGING DIRECTOR

Shri K.L. Mehrotra

DIRECTORS

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

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

Shri A. K. Mehra
Director (Commercial)

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

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

COMPANY SECRETARY (Incharge)
Shri S. Muthuraman

AUDITORS

Shah Baheti Chandak & Co.
Chartered Accountants, Nagpur

BANKERS

Bank of India
State Bank of India
Syndicate Bank



PERFORMANCE AT A GLANCE

(Rs. in Lakhs)

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

BOARD OF DIRECTORS

CHAIRMAN-CUM MANAGING DIRECTOR



Shri K.L. Mehrotra

DIRECTORS



Dr. Dalip Singh



Shri. A. M. Khan



Shri S. K. Mishra



Shri. M.A.V. Goutham



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



Shri. A.K.Mehra



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

INDEPENDENT DIRECTORS



Shri. S.K. Banerjee



Shri. A. Balraj



Dr. D.D. Kaushik



Dr. M. Maharajan

SENIOR EXECUTIVES



Shri V. R. Sengupta
G M (Personnel)



Shri G. Wangneo
G M (Technical)



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



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



KISHAN LAL MEHROTRA

Chairman-Cum-Managing Director

Dear Shareholders

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

□ INDIAN STEEL & FERRO ALLOY SCENARIO :

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

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

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

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



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

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

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

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

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

PERFORMANCE HIGHLIGHTS:

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

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

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

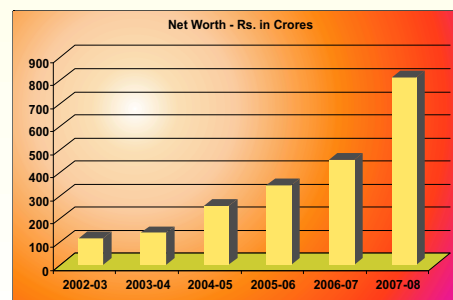
Your Company has earned total revenue of Rs. 1030.04 crores which is a whopping 128% higher over the previous year. **This is an all time high record for your company as the total income has crossed Rs. 1000 crore mark.**

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

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

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

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



■ DIVIDEND:

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

■ CUSTOMER RELATIONSHIP:

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

■ QUALITY:

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



■ CORPORATE GOVERNANCE:

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

■ HUMAN RESOURCE DEVELOPMENT:

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

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



■ ENVIRONMENT:

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

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

■ E-COMMERCE:

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

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

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

■ MEMORANDUM OF UNDERSTANDING:

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

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

■ RESEARCH & DEVELOPMENT:

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

■ EMERGING TECHNOLOGIES:

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