

# 51<sup>st</sup> ANNUAL REPORT 2012-2013



**MOIL LIMITED**  
(A Govt. of India Enterprise)

Adding **Strength** to Steel

### VISION / MISSION

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

### OBJECTIVES

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



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### Important Communication to Members

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



## BOARD OF DIRECTORS



**Shri G. P. Kundargi**  
Chairman-cum-Managing Director

## GOVERNMENT DIRECTORS



**Shri Lokesh Chandra**



**Shri Apurva Chandra**

## INDEPENDENT DIRECTORS



**Shri Sanjeeva Narayan**



**Shri Hem Chander Disodia**



**Shri Bal Kishan Gupta**



**Dr. D.D. Kaushik**

## FUNCTIONAL DIRECTORS



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

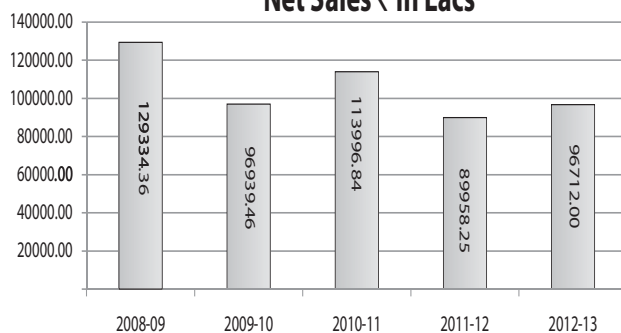
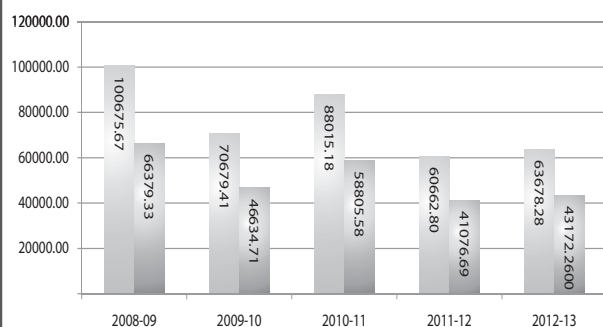
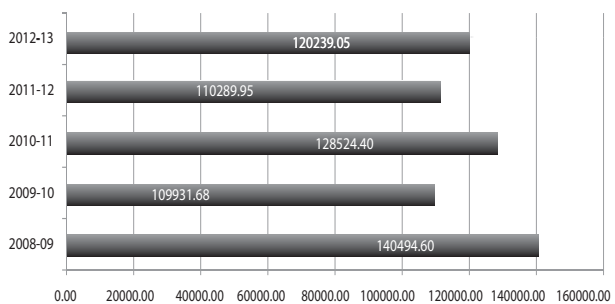
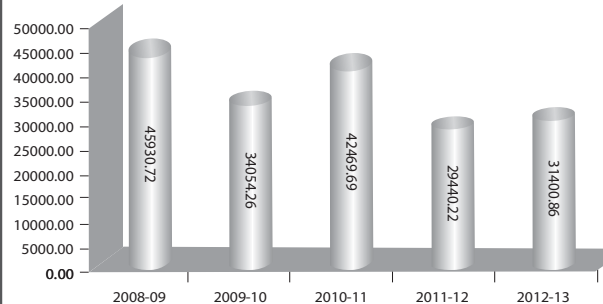
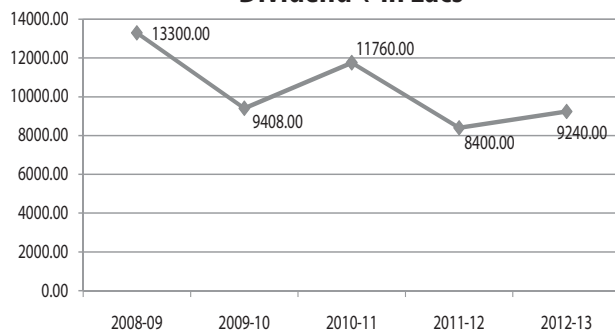
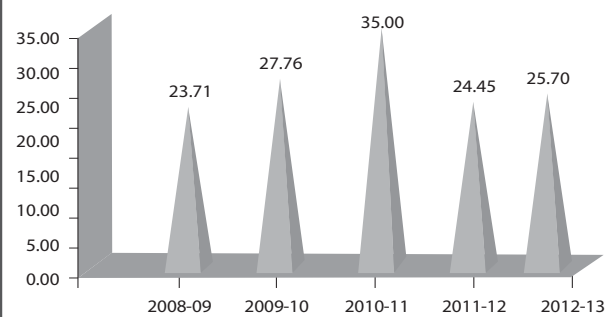
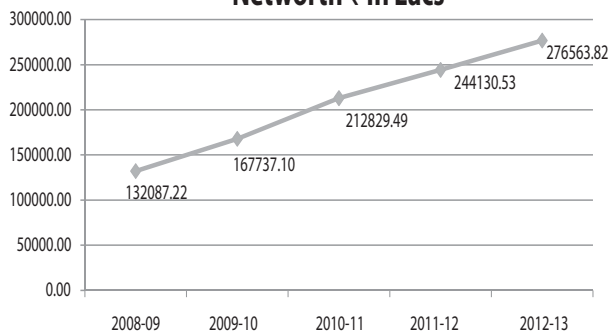
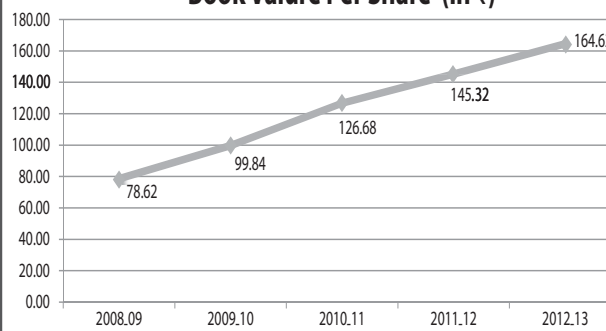


**Shri M.P. Chaudhari**  
Director (Finance)



## PERFORMANCE AT A GLANCE

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
<b>Financial (₹ in crores)</b>					
Net sales	967.12	899.58	1139.97	969.39	1293.34
Other Income	235.27	203.32	145.28	129.92	111.60
Total Income	1202.39	1102.90	1285.25	1099.31	1404.94
Gross Margin	669.82	636.54	912.66	732.09	1031.42
Profit Before Tax	636.78	606.63	880.15	706.79	1006.76
Profit After Tax	431.72	410.77	588.06	466.35	663.79
Dividend	92.40	84.00	117.60	94.08	133.00
Share Capital	168.00	168.00	168.00	168.00	28.00
Reserves & Surplus	2597.64	2273.31	1960.29	1509.37	1292.87
Networth	2765.64	2441.31	2128.29	1677.37	1320.87
Borrowings	0.00	0.00	0.00	0.00	0.00
Gross Block	479.91	422.58	396.46	357.03	342.00
Working Capital	2485.50	2184.36	1892.81	1471.27	1118.17
Capital Employed	2734.45	2398.06	2097.29	1654.98	1305.31
<b>Important ratios</b>					
Profit before tax to Capital Employed %	23.29	25.30	41.97	42.71	77.13
Profit before tax to Sales %	65.84	67.43	77.21	72.91	77.84
Debt Equity Ratio	0.00	0.00	0.00	0.00	0.00
Earnings per Share (₹) (on face value of ₹10)	25.70	24.45	35.00	27.76	23.71
<b>Contribution to Exchequer (₹ in crores)</b>					
Income Tax	213.84	204.01	303.43	246.12	341.23
Dividend Distribution Tax	14.99	13.76	19.53	15.77	22.60
Sales Tax and VAT	23.72	21.85	28.37	22.55	30.72
Royalty & Cess	36.38	33.10	43.50	34.69	35.00
Excise Duty	7.91	6.10	5.34	2.93	4.64
M.P.Road Cess	17.17	15.59	24.52	18.48	25.11
Total	314.01	294.41	424.69	340.54	459.30
<b>Production</b>					
Manganese ore (MT)	1138895	1070717	1150742	1093363	1175318
E.M.D. (MT)	786	714	805	1150	1240
Ferro manganese (MT)	9210	8694	9081	9555	10120
Electricity from wind mills (KwH)	37545155	33022835	31039998	33101066	30039353

**Net Sales ₹ In Lacs****Profit Before Tax ₹ in Lacs Profit After Tax ₹ in Lacs****Total Income ₹ In Lacs****Contribution to Exchequer ₹ in Lacs****Dividend ₹ In Lacs****Earning Per Share (in ₹)****Networth ₹ In Lacs****Book Value Per Share (in ₹)**



## CHAIRMAN'S STATEMENT



Dear Shareholders,

I feel extremely privileged and delighted in communicating with you on the occasion of 51<sup>st</sup> Annual General Meeting and presenting Annual Report for the financial year 2012-13 for the first-time as Chairman-cum-Managing Director of your company.

I congratulate all employees, stake holders, associates and all others who have contributed in the success of this great organization.

The year 2012-13 has been a year of ups and down not only for MOIL but for entire economy as the GDP has reached the lowest rate in last nine years. The manganese ore prices have been under pressure throughout the year. Despite that, your company has been able to outperform the last year. With good marketing strategy and pricing policy, your company has been able to increase the prices of manganese ore by about 19% during 2012-13. However, availability and supply of High grade Manganese Ore in international market is still a major threat for manganese industry in the country.

Your Company has produced 11.38 lakh tonnes of various grades of Manganese Ore as against 10.71 lakh tonnes in the previous year registering growth of 6.35%. The Company has recorded 7.51% higher sales turnover at ₹967.12 Crores during the financial year 2012-13, as compared to ₹899.58 Crores in the previous year. The profitability of the company has also improved during the year and it has posted PBT and PAT of ₹636.78 Crores and ₹ 431.72 Crores, respectively, as against ₹ 606.63 Crores and ₹ 410.77 Crores last year.

MOIL is a dividend paying Company since many years and this year also it has already paid Interim Dividend @ 20%, i.e., ₹2.00 per Equity Share, in March, 2013. The Board of Directors of your Company has further recommended a final dividend @ 35%, i.e., ₹3.50 per Equity Share. Thus, total dividend for the year 2012-13 works out to ₹5.50 per equity share as compared to ₹5.00 per equity share last year.

Your Company always strives to attain highest level

of Corporate Governance practices. Implementation of Integrity Pact, adoption of code of conduct and a well-defined Internal Control Framework add to the transparency of the Company's business practices. MOIL is complying with the Government Guidelines and listing agreements on Corporate Governance. A report on Corporate Governance compliances has been made part of the Directors' Report. I am pleased to inform that Department of Public Enterprises (DPE) has given EXCELLENT rating to your company for complying with various norms of Corporate Governance for the year 2011-12.

Being a good Corporate Citizen of the Nation, your Company has always been in forefront in extending its assistance for upliftment of the needy people of the society through development and improvement of the quality of life of internal as well as external stakeholders and society at large. Your Company has undertaken a number of CSR initiatives in the area of health, education, construction/renovation of roads and schools, water supply facilities, peripheral development, sports and culture, development etc., for community living in and around its area of operations as well as in other areas. I am pleased to mention that your Company has once again successfully achieved the MoU excellent target of CSR expenditure fixed at ₹7.15 Crores by the Government of India for the year 2012-13. The total expenditure on CSR during the year 2012-13 has been ₹10.56 Crores including ₹2.04 Crores for the year 2011-12.

With a vision to become one of the best manganese ore mining companies of the world, MOIL has formulated a Corporate Plan for the period up to the year 2020-21. Long-term planning horizons, maintaining financial stability with strong balance-sheet, good cash flow and focus on operational costs and productivity, determine company's major decisions.

In order to meet the demand of Manganese ore in the steel industry and to remain market leader in Manganese ore production, your company has planned huge investments for development of its existing mines and for this purpose it has taken up / proposed various



projects like Sinking of High speed vertical shaft at Balaghat mine, Sinking of vertical shafts at Chikla, Ukwa, Munsar and Gumgaon mines, deepening of vertical shaft at Balaghat, Chikla mines.

The performance of manganese ore industry mainly depends on the performance of steel industry. India's per capita consumption of crude steel is about 60 Kgs compared to global average of 219.6 kgs. India's steel demand may rise very sharply once the economy move upto the next round of investment in industry infrastructure.

The world steel production grew at 1.36% from 1490 million tonnes in calendar year 2011 to 1510.22 million tonnes in calendar year 2012, while in India the production grew at 6.25% from 72.2 million tonnes in 2011 to 76.72 million tonnes in 2012. However, the world manganese production fell by 3.57% from 55.43 million tonnes in calendar 2011 to 53.45 million tonnes in calendar 2012, while in India the production fell by 12.60% from 2.54 million tonnes in 2011 to 2.22 million tonnes in 2012. MOIL production increased from 10.71 lakhs tonnes in 2011-12 to 11.39 lakhs tonnes in 2012-13 registering growth of 6.35%. Its market share of production has also increased from 42% to 51%.

I am very much confident that backed by infrastructure development policy of Government of India, steel being backbone for infrastructure development, its demand is expected to grow in coming times, which in turn will increase the demand of manganese ore as well.

I am pleased to inform you that the grant of Prospecting License for an area of 597.44 hectares in the Nagpur and Bhandara districts by the Government of Maharashtra has come at the right time. The areas will be utilized for expansion of the existing mines and there is a possibility of opening up of at least 4 mines. This will go a long way in augmenting the production of manganese ore in the country in the coming years which in turn will help to meet the demand of Steel Industry to a great extent. Your Company is taking expeditious action to develop the area as early as possible after completion of all statutory formalities. Anticipating the grant of PL, sum of ₹250.00 Crores has been earmarked for conducting geophysical studies, exploratory drilling, etc. After completion of preliminary studies, these leases shall be converted to Mining Leases so as to start the mining operations in the coming years.

At present, your Company is the largest producer of manganese ore in the country with a share of 51%. However, it is seen that India is importing large quantities of high grade manganese ore to the tune of 23.27 lakhs tonnes per annum. This is mainly for the purpose of blending with low and medium grade of manganese ore available in India and also for conversion of the same to Ferro Alloys to cater to the European market. With the projected demand of steel in the domestic market being 120 million tonnes by 2016-17 in the 12<sup>th</sup> Plan period, there will be very good opportunity for your Company to increase production with a view to

increase its market share. For the purpose, as mentioned earlier, the Company is executing a number of mining projects with a view to increase the capacity of the existing mines as well as to sustain the existing production level. It is proposed to achieve a production level of 1.5 million tonnes by 2016-17 and 2.2 million tonnes by 2020-21.

Your Company holds about 73.5 MT of reserves and resources of manganese ore out of which about 44% are proven reserves. It is very well positioned to capitalize on India's steel demand growth given its dominant position, medium-to high-grade ore reserves, centrally located mines, low cost of production and strong customer ties.

Your Company is one of the public sector enterprises in the country known for its continuous excellent performance and received MoU EXCELENT rating for the year 2011-12. The Company has been getting national /regional recognition for its good works in almost all the fields of its activities. During the year, it has received some prestigious awards and reorganizations like National Safety Award from President of India, National Quality Circle Award, Corporate Governance CSR Award, Rajbhasha Shield, etc.

Your Company is in the process of searching good mining property outside the country and has invited open ended expression of interest for potential investment opportunities, primarily for manganese ore and other minerals both within India and globally. Your Company, being a debt free Company with good cash reserve, is very well poised to grab any opportunity for brown field as well as green field projects. MOIL had applied for 6 coal blocks for power generation purpose and 2 for commercial mining. Government of India has recently taken a decision on allocation of coal blocks available for power generation. However, the Government has preferred to allot these coal blocks to those companies that are having power projects in advance stage and hence MOIL could not get any allotment. However, decision in respect of coal blocks for commercial mining is yet to be taken by the Government. In the meanwhile, your company is exploring the possibilities for availability of power through joint ventures with SAIL and RINL.

I would like to take this opportunity to thank the Government of India, Ministry of Steel, State Governments of Maharashtra and Madhya Pradesh, our valued customers, Company's bankers, suppliers and all MOILIANS for their great contribution to Company's performance. At the same time, I wish to acknowledge the valuable guidance given by the Board of Directors of the Company without which it would have not been possible to lead the Company in the growth direction. I look forward to continued support and commitment of all stakeholders to Company's reaching greater heights and enhancing stakeholders' value in coming times.

G. P. Kundargi

(Chairman-cum-Managing Director)





## NOTICE

NOTICE IS HEREBY GIVEN THAT 51<sup>st</sup> Annual General Meeting of the Members of MOIL Limited will be held on Thursday, 22<sup>nd</sup> August, 2013 at 2.30 p.m. at MOIL Ltd., Golden Jubilee Hall, West Court Premises, In-front-of Z.P. (Ex. Govt.) High School, Katol Road, Nagpur - 440013, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2013 and Statement of Profit and Loss Account for the financial year ended on that date together with Report of the Board of Directors and Auditors thereon.
2. To declare Final Dividend for the Financial Year 2012-13.
3. To appoint a Director in place of Shri Sanjeeva Narayan, who retires by rotation and being eligible, proposed to be re-appointed
4. To appoint a Director in place of Shri Bal Kishan Gupta, who retires by rotation and being eligible, proposed to be re-appointed
5. To appoint a Director in place of Shri H.C. Disodia, who retires by rotation and being eligible, proposed to be re-appointed
6. As per the provisions of Section 224(8)(aa) of the Companies Act, 1956, the remuneration of Auditors of Government Companies, appointed by Comptroller and Auditor-General of India, shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. Hence, it is proposed that the members may fix the remuneration of the Statutory Auditors of the Company for the year 2013-14, as may be deemed fit.

By order of the Board of Directors

**Neeraj D. Pandey**  
(Company Secretary)

Place: Nagpur

Dated: 25<sup>th</sup> July, 2013

### Regd. Office:

MOIL LIMITED,  
MOIL Bhawan,  
1A Katol Road,  
Nagpur - 440 013

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY FORM IS ENCLOSED.**
2. Brief Resume of the Directors seeking appointment/re-appointment since last Annual General Meeting, as mandated under Clause 49 of Listing Agreement with the Stock Exchanges is annexed hereto and forms part of the notice.
3. The Registrar of Members and Share Transfer Books of the Company will remain closed from 17<sup>th</sup> August, 2013, to 22<sup>nd</sup> August, 2013 (Both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on and from 16<sup>th</sup> September, 2013 to the Members or their mandates whose names appear in the Company's Register of Members on 22<sup>nd</sup> August, 2013 in respect of physical shares. In respect of dematerialised shares, the dividend will be payable to the beneficial owners of the shares whose names appear in the statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository (India) Limited at the close of business hours on 16<sup>th</sup> August, 2013.
4. Members are requested to:-
  - Note that copies of Annual Report will not be distributed at the Annual General Meeting.
  - Bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed, at the meeting.
  - Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the hall will be strictly on the basis of the entry slip available at the counter at the venue to be exchanged with the attendance slip.
  - Quote the Folio/Client ID & DP ID Nos. in all correspondence.



- Note that due to strict security reasons, mobile phones, brief cases, eatables and other belongings are not allowed inside the Meeting Hall.
  - Note that no gifts/coupons will be distributed at the Annual General Meeting.
5. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
6. Members are requested to notify immediately any change of address:
- To their Depository Participant(DP) in respect of shares held in dematerialised form, and
  - To the Company at its Registered Office or to its RTA, M/s. Bigshare Services Pvt. Ltd. In respect of their physical shares, if any, quoting their folio number.
7. Facility of payment of dividend through ECS / NECS is available. Those shareholders who are holding shares in electronic mode should register their ECS mandate with their respective depository participants directly and shareholders who are holding equity shares in physical mode, they are requested to deposit ECS mandate with the Company or RTA.
8. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 dividends which had remained unclaimed for a period of seven years from the date of transfer of the same will have to be transferred to the 'Investor Education and Protection Fund' established by the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for various years are requested to make their claim to M/s. **Bigshare Services Pvt. Ltd.**, Mumbai, RTA of the Company. Shareholders are requested to note that no claims shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
9. Members seeking further information on the Accounts or any other matter contained in the Notice are requested to write to the Company at least 7 days before the meeting so that relevant information can be kept ready at the meeting.
10. Pursuant to Section 619(2) of Companies Act, 1956, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India and in terms of Section 224(8)(aa) of the Companies Act, 1956, their remuneration has to be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. The Members of the Company in the 50<sup>th</sup> Annual General Meeting held on July 27<sup>th</sup>, 2012 authorised the Board of Directors to fix the remuneration of Statutory Auditors for the year 2012-13. Accordingly, the Board of Directors had fixed audit fee of Rs. 3.50 Lakhs plus service tax and out of pocket expenses. In line with the previous practice, the Members may authorise the Board to fix an appropriate remuneration of Statutory Auditors as may be deemed fit by the Board.
11. All the documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days (barring Saturday and Sunday), between 11.00 AM to 1.00 PM up to one day prior to the date of AGM.
12. The Address of Registrar and Transfer agents of the company is as follows:
- Bigshare Services Pvt. Ltd.**  
E-2 & 3, Ansa Industrial Estate,  
Saki-Vihar Road, Sakinaka.  
Andheri(E), Mumbai - 400 072.  
Tel: 91-22-2847 0652 | 40430200| 2847 0653  
Fax: 91-22-2847 5207  
E-mail: investor@bigshareonline.com  
for Investor queries/grievance