

53rd Annual Report

2014 - 2015



MOIL LIMITED

(A Govt. of India Enterprise)

Adding **Strength** to steel

VISION

**& MISSION
OBJECTIVES**



MOIL LIMITED
(A Govt. of India Enterprise)

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.

OBJECTIVE

- To maintain the status of market leader in manganese industry in India.
- To generate adequate surpluses and ensure optimum returns to the satisfaction of all stake holders.
- To maintain quality of manganese ore and related products at all stages 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 utilization and cost effectiveness through optimizing both human and physical resources.
 - b) To explore all possibility of cost effective power services for Ferro manganese plants.
- To explore all possibility of cost effective power services for Ferro manganese plants.
- 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 .

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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



Smt. Urvilla Khatri
Jt. Secretary, Ministry of Steel,
Govt. of India



Shri Sheo Shekhar Shukla
Secretary Mineral Resources Department,
Govt. of Madhya Pradesh

INDEPENDENT DIRECTORS



Ms Sunanda Prasad



Dr. A.K.Lomas



Shri J.P.Dange



Shri G.S. Grover

FUNCTIONAL DIRECTORS



Shri M.P. Chaudhari
Director (Finance)



Shri A.K. Jha
Director (Production & Planning)



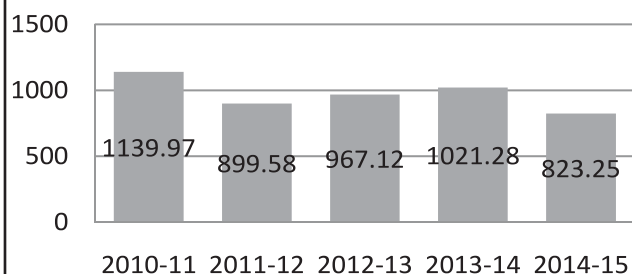
Shri T. K. Pattnaik
Director (Commercial)

PERFORMANCE AT A GLANCE

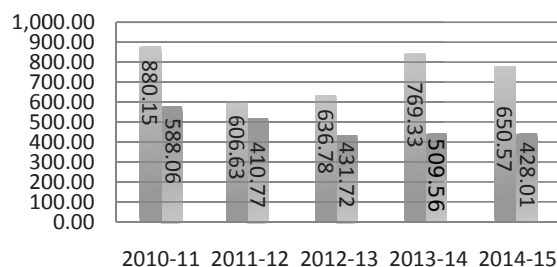
Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Financials (₹ in crores)					
Net sales	823.25	1021.28	967.12	899.58	1139.97
Other income	316.61	303.32	235.27	203.32	145.28
Total income	1139.86	1324.6	1202.39	1102.9	1285.25
Gross margin	695.65	804.51	669.82	636.54	912.66
Profit before tax	650.57	769.33	636.78	606.63	880.15
Profit after tax	428.01	509.56	431.72	410.77	588.06
Dividend	142.80	126.00	92.40	84.00	117.60
Share capital	168.00	168.00	168.00	168.00	168.00
Reserves and surplus	3213.70	2959.33	2597.64	2273.31	1960.29
Networth	3381.70	3127.33	2765.64	2441.31	2128.29
Borrowings	0.00	0.00	0.00	0.00	0.00
Gross block	610.72	510.07	479.91	422.58	396.46
Working capital	3030.68	2805.27	2485.5	2184.36	1892.81
Capital employed	3324.59	3054.14	2734.45	2398.06	2097.29
Important ratios					
Profit before tax to capital employed %	19.57	25.19	23.29	25.30	41.97
Profit before tax to sales %	79.02	75.33	65.84	67.43	77.21
Debt- equity ratio	0.00	0.00	0.00	0.00	0.00
Earnings per share (₹) (on face value of ₹10)	25.48	30.33	25.70	24.45	35.00
Contribution to Exchequer (₹ in crores)					
Income tax	193.83	260.87	213.84	204.01	303.43
Dividend distribution tax	28.55	21.87	14.99	13.76	19.53
Sales tax and VAT	20.23	26.75	23.72	21.85	28.37
Royalty and cess	35.06	39.78	36.38	33.10	43.50
Excise duty	7.91	7.17	7.91	6.10	5.34
M.P. road cess	14.12	17.81	17.17	15.59	24.52
Total	299.70	374.25	314.01	294.41	424.69
Production					
Manganese ore (MT)	1139156	1134508	1138895	1070717	1150742
E.M.D. (MT)	950	923	786	714	805
Ferro manganese (MT)	10045	10042	9210	8694	9081
Electricity from wind mills (KwH)	32808711	33206045	37545155	33022835	31039998



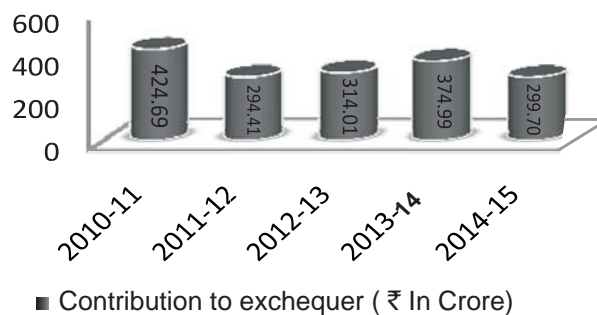
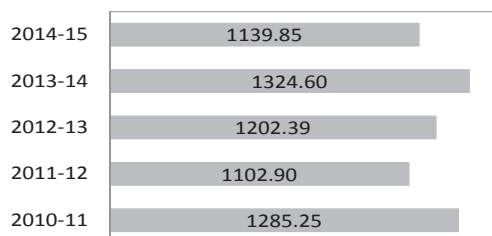
Net Sale (₹ In Crore)



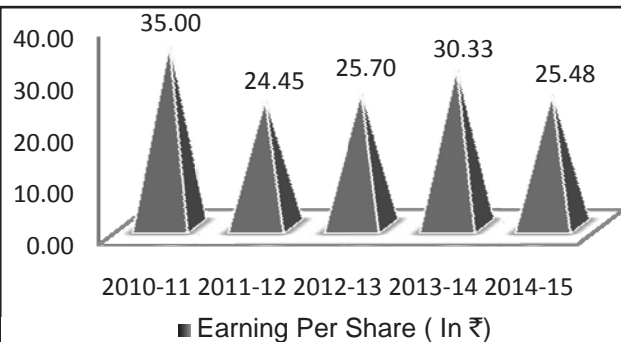
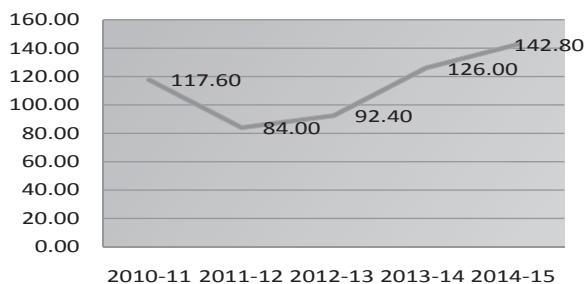
■ Profit before Tax (₹ In Crores)
■ Profit after Tax (₹ In Crores)



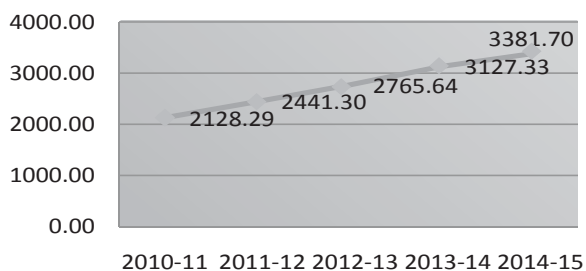
Total Income (₹ In Crores)



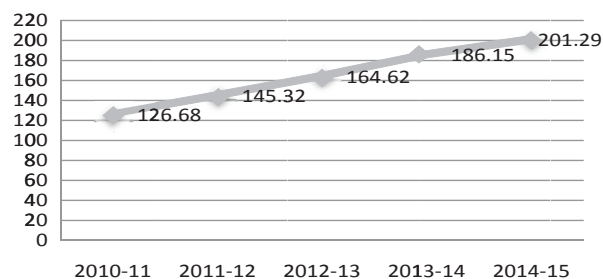
Dividend (₹ In Crores)



Net Worth (₹ In Crores)



Book Value Per Share (in ₹)





CHAIRMAN'S STATEMENT

Dear Shareholders,

I feel extremely privileged and delighted in communicating once again with you on the occasion of 53rd Annual General Meeting and presenting Annual Report for the financial year 2014-15.

FY 2014-15 has been a year of challenges for mining & metals industry and, in particular, for manganese ore industry. Despite that, the company has been able to record a jump of 9.90% in its core production (i.e. ferro and silico grade of manganese ore, excluding fines). The core production stands at 9.77 lakh tonnes as against 8.89 lakh tonnes during F.Y. 2014-15. Production of all grades of manganese ores has increased slightly from 11.35 Lakh tonnes to 11.39 Lakh in comparison to previous year.

Manganese ore prices have been under pressure throughout the year. The company had to reduce prices of its various grades of manganese ores by about 27% during the year. Despite that, your company has been able to perform quite satisfactorily. With good marketing strategy, pricing policy and better product mix, your company has been able to maintain nearly same sales realization at ₹ 8233 PMT in comparison to ₹ 8351 PMT previous year. However, availability and supply of High grade Manganese Ore in international market is still a matter of concern for manganese industry in the country which continues putting pressure on pricing of manganese.

Your company has recorded sales turnover at ₹ 823.25 Crores during the financial year 2014-15, as compared to ₹ 1021.28 Crores in the previous year. The company has posted PBT and PAT of ₹ 650.57 Crores and ₹ 428.01 Crores, respectively, as against ₹ 769.33 Crores and ₹ 509.56 Crores last year.

MOIL is a dividend paying company since many years. I am pleased to inform that the Board of Directors of your Company has recommended a final dividend @ 35%, i.e., ₹ 3.50 per Equity Share for 2014-15. Thus, total dividend for the year 2014-15 works out to ₹ 8.50 per equity share as compared to ₹ 7.50 per equity share last year. Out of ₹ 8.50, your company has already paid Interim Dividend of ₹ 5.00 per Equity Share to the shareholders in March, 2015.

Year 2014-15 has been a historic year in the sphere of welfare and social security measures of your company's employees. I am pleased to inform that your company is the first Central Public Sector Enterprise (CPSE) under administrative Ministry of Steel to introduce Pension Scheme for its employees including staff and workers. I am truly thankful to the Ministry of Steel, Government of India for approving the Pension Scheme. This will go a long way in attracting and retaining talents in the company besides providing much needed social security to the employees and their dependents.

With a vision to become one of the best manganese ore mining companies of the world and 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 for investments in development of its existing mines. The company has taken up various projects like deepening of Holmes shaft at Balaghat mine. Deepening of existing vertical shaft is expected to be commissioned during 2015-16 and in addition, installation work of another new vertical shaft is under progress at Chikla mine to enhance production. The company has completed sinking of vertical shaft at Munsar and Ukwa mines during the year. It has also taken up projects of sinking of 2nd vertical shaft at Munsar and Ukwa mine and deepening of vertical shaft at Kandri mine. Designing and preparation of estimate for sinking of large dia high speed 2nd vertical shaft at Gumgaon mine is also in progress.

I am pleased to inform that State of Govt. of Madhya Pradesh has granted long pending mining lease over an area 48.952 hectares in village Lugma adjacent to Ukwa mine, based on which 2nd vertical shaft has been planned. This will also help the company to develop the mine in a more systematic manner.

In addition, the long pending issue of forest clearance in respect of an area of 37.82 hectares at Kandri mine has been resolved and NoC has been obtained from Ministry of Environment and Forest. This will help to sustain and develop Kandri mine in coming years.



Your company is also planning for a large investment in expansion of its Balaghat mine by setting up large dia. shaft, mine development and ore beneficiation plant, etc. and for this purpose the consultant is being engaged to provide design, drawings, estimates, etc. The investment plan are, however, dependent on grant of requisite leases in favour of the company. In Balaghat, the company is also proposing to deepen its existing production shaft, for which works of designing and preparation of estimate are in progress.

As all you know, Government of Maharashtra has already approved grant of Prospecting License for an area of 597.44 hectares out of total 814.71 hectares reserved in favour of MOIL in the Nagpur and Bhandara districts and remaining areas are under process with them. The company had engaged National Geo-physical Research Institute (a part of CSRI - an autonomous body of the Govt. of India) for conducting Gravity-Magnetic Survey of 597.44 hectares area. NGRI has completed the survey and exploration by core drilling has indicated the presence of manganese ore in two of the P.L. areas and work of further core drilling for remaining P.L. areas is in progress. Your company is expecting that three new mines will be opened in these areas which will result in a quantum increase in production of MOIL in future.

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. However, filling up of vacant posts of Independent Directors is under process in the Ministry. A report on Corporate Governance compliances has been made part of the Boards' 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 2013-14 and it is expected to get excellent rating for 2014-15 also.

Being a good Corporate Citizen, your Company has always been on the 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. DAV MOIL Public School at Chikla, one of the major projects completed by MOIL under its CSR, has received excellent response from the people of nearby areas. Under Swachh Bharat - Swachh Vidyalaya Abhiyan of Govt. of India, MOIL has constructed 100 toilets in 80 schools within anticipated time frame which has been highly appreciated by the Government of India. The company has also taken up skill development activities for the rural youth.

During the year, your company has formed a registered society/trust namely "MOIL Foundation" for the purpose of carrying out CSR activities. Under this, it is carrying out a "Community Development Program" on a large scale in association with Maharashtra Institute of Technology Transfer For Rural Areas (MITTRA) an associate of BAIF Development Research Foundation, Pune, which covers improved agricultural practices, soil health card, live stock development, water resource management, health awareness programme, providing bio-gas, solar lamps and personal toilets, schemes for women empowerment, education and skill development in 21 villages in the vicinity of its mines. The company has spent a sum of ₹ 13.57 Crores for CSR activities during the year 2014-15

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 about 215 kgs. India's steel demand is expected to rise considerably once the economy moves upto the next round of investment in infrastructure industry.

Worldwide, the production of crude steel grew by 1.2% in 2014 to 1662 million tonnes from 1642 million tonnes in 2013 while India's steel production grew from 81.30 million tonnes to 83.21 million tonnes registering a growth of 2.35% during 2014. In line with world steel production, the world Manganese ore production increased from 57.70 million tonnes in the calendar year 2013 to 59 million tonnes in calendar year 2014 registering a growth of 2.25% while in India the manganese ore production fell in 2014-15 from 2.57 million tonnes to 2.27 million tonnes when compared to previous year. In MOIL, production of manganese ore has marginally increased 11.39 lakh tonnes as against 11.35 lakh tonnes last year. However, the core production has increased by about 9.90 % during the year, as stated earlier.

At present, your company is the largest producer of manganese ore in the country with a share of about 50%. However, it is seen that India is importing large quantities of high grade manganese ore. During 2014-15 approximately 3.17 million tonnes of manganese ore has been imported as against approximately 2.195 million tonnes in the previous year. This indicates enough gaps between demand and supply, which provides opportunity for MOIL to increase its production, in particular, production of high grade manganese ore.

India has also set capacity target of 300 million tonnes of steel by 2030. This will definitely create the demand of manganese ore which will provide a very good opportunity for MOIL to increase its production and also increase its market share.

Your company has added about 5.98 million tonnes resources and with about 77.38 million tonnes of reserves and resources of manganese ore, MOIL 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.

In order to meet the requirement in future and maintain its leadership, MOIL has planned to enhance its production from present level of around 1.14 million tonnes to 2.0 million tonnes by 2020 and 3.0 million tonnes by 2030 for which strategic management plan has already been prepared.

Your Company is in the process of searching good mining property in and outside of the country. It 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 reserves, is very well poised to grab any opportunity for brown field as well as green field projects.

The economy of the country is showing a sign of growth with increase in its GDP from 4.7% to 7.3% during 2014-15 and may touch 8.00 % during 2015-16. I am sure that policy of Government of India on infrastructure development will boost the demand of steel in the country which, in turn, will increase the demand of manganese ore also.

I am pleased to inform you that Ministry of Mines, Government of India has recently notified MOIL for conducting exploration for various minerals all over the country as per Section 4(1) of the MMDR Act, 1957. This is expected to open up newer opportunities to MOIL to expand its business in this area.

Your Company is one of the public sector enterprises in the country known for its continuous excellent performance and received MoU Excellent rating for the year 2013-14. 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 prestigious awards and recognitions like National Safety Award, Quality Circle Award, Trophy in International Convention on Quality Control Circles, Corporate Governance Excellent rating, etc.

I would like to take this opportunity to thank the Government of India, Ministry of Steel, Ministry of Environment & Forest, State Governments of Maharashtra and Madhya Pradesh, all Govt. Departments, 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 progressive direction. I look forward to continued support and commitment of all stakeholders to Company's reaching new heights and enhancing stakeholders' value in coming years.

G. P. Kundargi

(Chairman-cum-Managing Director)



NOTICE

NOTICE IS HEREBY GIVEN THAT 53rd Annual General Meeting of the Members of MOIL Limited will be held on Monday, the 31st August, 2015 at 11.30 A.M. at MOIL Ltd., Golden Jubilee Hall, West Court Premises, In-front-of Z.P. (Ex-Govt.) High School, Katol Road, Nagpur - 440 013, to transact the following business:

ORDINARY BUSINESS

- (1) To receive, consider and adopt the audited financial statements of the Company for the year ended 31st March, 2015 together with the Reports of the Board of Directors and Auditors thereon.
- (2) To declare Final Dividend for the Financial Year 2014-15.
- (3) To consider continuation of the appointment of Shri M. P. Chaudhari, Director (Finance) (DIN: 05339308), as a Director liable to retire by rotation as per applicable provisions of the Companies Act, 2013, subject to terms and conditions as determined by the Government of India vide letter No. 1(2)/2011- RM-II dated 18.5.2012 and further order(s) in this regard, if any.
- (4) To authorise the Board of Directors to fix remuneration of statutory auditors of the Company for the financial year 2015-16 in compliance with the orders and directions of appointment by the Comptroller and Auditor-General of India.

Special Business

- (5) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ujwal P. Loya & Co., Cost Accountants, Nagpur, (ICWA Registration No. 101399), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the of the Company for the financial year ending 31st March, 2016, at a remuneration of ₹1,20,000/- (Rupees One Lakh Twenty Thousand) exclusive of service tax as applicable and reimbursement of actual travel and out-of-pocket expenses, be and is hereby ratified.
RESOLVED FURTHER THAT the Board of Directors and/ or the Company Secretary, be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

Place: Nagpur

By order of the Board of Directors

Dated: 3rd August, 2015

Neeraj D. Pandey
(Company Secretary)

Regd. Office:

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

NOTES:

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Item No. 5 is annexed herewith.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED, STAMPED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF MEETING. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.