

Adding **Strength** to Steel

2015-2016
ANNUAL REPORT



MOIL LIMITED
(A Govt. of India Enterprise)

VISION MISSION & OBJECTIVES



MOIL LIMITED
(A Govt. of India Enterprise)

Mission

Our mission is to create long-term value for our stakeholders, through exploration and development of natural resources, in an efficient, safe, cost-effective and eco-friendly manner

Vision

To sustain market leadership in Indian Manganese industry and be a globally diversified enterprise, through strategic alliances and technological up-gradation

Strategic Objectives / Priorities

To strive towards objective of catering to the Mn demand in the country by enhancing our production to '3 mn MT by 2030'

To explore various diversification options into related businesses & geographies and add value to shareholders

To enrich the lives of employees and providing the best opportunities for growth

To make our mining areas clean, green and eco-friendly

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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. On the line of Government of India's green initiative, the company is sending salient features of Abridged Financial Statements in form AOC-3.



BORD OF DIRECTORS



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

GOVERNMENT OF 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



Ms. Sangita Gairola

FUNCTIONAL DIRECTORS



Shri M. P. Chaudhari
Director (Finance)



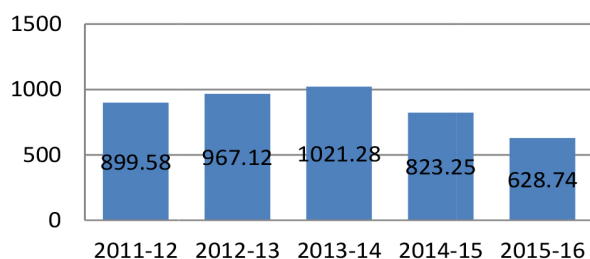
Shri T. K. Pattnaik
Director (Commercial)

PERFORMANCE AT A GLANCE

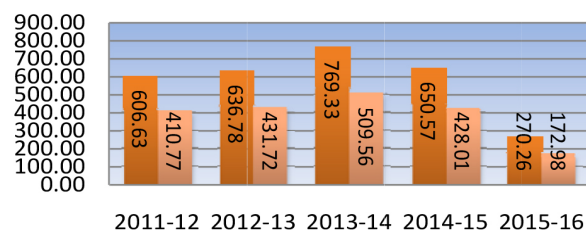
Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Financials (₹ in crores)						
Net sales	628.74	823.25	1021.28	967.12	899.58	1139.97
Other income	252.15	316.61	303.32	235.27	203.32	145.28
Total income	880.89	1139.86	1324.60	1202.39	1102.90	1285.25
Gross margin	322.73	695.65	804.51	669.82	636.54	912.66
Profit before tax	270.26	650.57	769.33	636.78	606.63	880.15
Profit after tax	172.98	428.01	509.56	431.72	410.77	588.06
Dividend	84.00	142.80	126.00	92.40	84.00	117.60
Share capital	168.00	168.00	168.00	168.00	168.00	168.00
Reserves and surplus	3285.37	3213.70	2959.33	2597.64	2273.31	1960.29
Networth	3453.37	3381.70	3127.33	2765.64	2441.31	2128.29
Borrowings	0.00	0.00	0.00	0.00	0.00	0.00
Gross block	671.88	610.72	510.07	479.91	422.58	396.46
Working capital	3061.87	3030.68	2805.27	2485.50	2184.36	1892.81
Capital employed	3372.76	3324.59	3054.14	2734.45	2398.06	2097.29
Important ratios						
Profit before tax to capital employed %	8.01	19.57	25.19	23.29	25.30	41.97
Profit before tax to sales %	42.98	79.02	75.33	65.84	67.43	77.21
Debt- equity ratio	0.00	0.00	0.00	0.00	0.00	0.00
Earnings per share (₹) (on face value of ₹10)	10.30	25.48	30.33	25.70	24.45	35.00
Contribution to exchequer (₹ in crores)						
Income tax	97.81	193.83	260.87	213.84	204.01	303.43
Dividend distribution tax	17.31	28.55	21.87	14.99	13.76	19.53
Sales tax and VAT	13.61	20.23	26.75	23.72	21.85	28.37
Royalty and cess	30.57	35.06	39.78	36.38	33.10	43.50
Excise duty	5.86	7.91	7.17	7.91	6.10	5.34
M.P. road cess	10.91	14.12	17.81	17.17	15.59	24.52
Total	176.07	299.70	374.25	314.01	294.41	424.69
Production						
Manganese ore (MT)	1032275	1139156	1134508	1138895	1070717	1150742
E.M.D. (MT)	612	950	923	786	714	805
Ferro manganese (MT)	6519	10045	10042	9210	8694	9081
Electricity from wind mills (KwH)	36370789	32808711	33206045	37545155	33022835	31039998



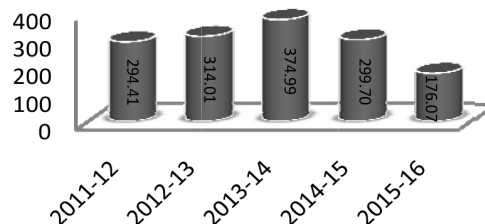
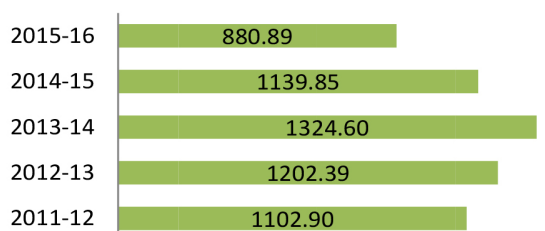
Net Sales (₹ In Crores)



Profit Before Tax (Rs. In Crores)
Profit After Tax (Rs. In Crores)

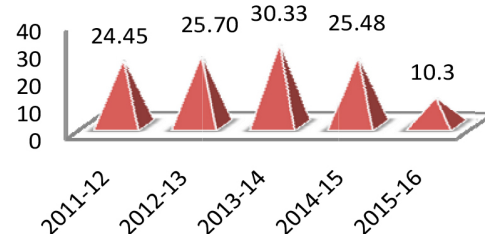
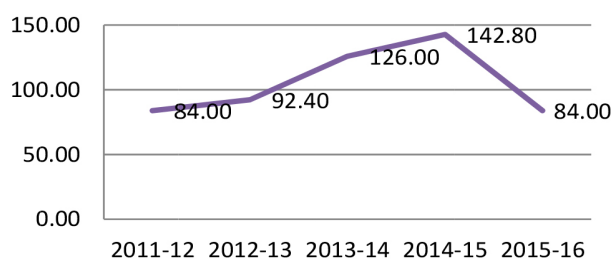


Total Income (₹ In Crores)



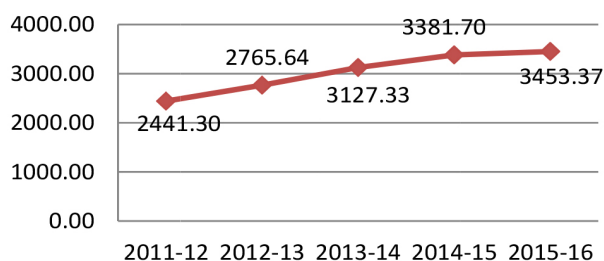
Contribution to Exchequer (Rs. In Crore)

Dividend (₹ In Crores)

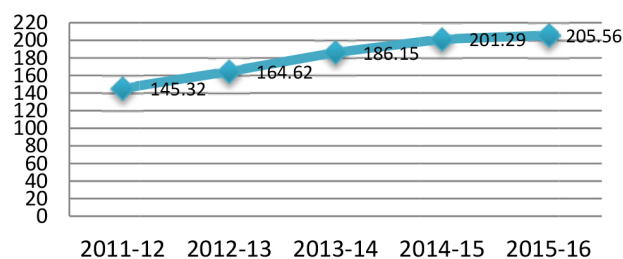


Earning Per Share (In Rs.)

Net Worth (₹ In Crores)



Book Value Per Share (in ₹)



CHAIRMAN'S STATEMENT



G. P. Kundargi

Chairman-cum-Managing Director

Dear Shareholders,

I feel extremely privileged and delighted in communicating with you on the occasion of 54th Annual General Meeting and presenting Annual Report for the financial year 2015-16.

FY 2015-16 has been full of challenges for mining & metals industry and, in particular, for manganese ore industry. It has been one of the worst years for entire Steel and commodity market. Performance of the sector has been badly affected due to global meltdown in the commodity sector specially in the Steel. The prices had gone down to its lowest level during the year. Almost all metal companies have either recorded losses during the year or their profitability has gone down substantially.

Manganese ore industry could not be untouched by downfall of Steel industry and saw one of the most difficult conditions of recent past. The entire industry has gone through a bad phase, more particularly in the second and third quarter, as the manganese ore prices have been under pressure throughout the year.

Due to adverse market conditions, MOIL had to reduce prices of its various grades of manganese ores by about 45% during the year, which resulted in reduction of average sales realization from about ₹ 8233 PMT to ₹ 5911 PMT. Considering such downfall in the market, your company has been able to perform quite satisfactorily with its good marketing strategy, pricing policy and better product mix. It has been able to sell 9.67 lakh tonnes of manganese ore during 2015-16 in comparison to 9.10 lakh tonnes of manganese ore in the previous year registering a positive growth of 6.26%. Though the market had shown some improvement in mid March, 2016 during the first quarter of the FY 16-17, it is again on a downwards path.

Your company has recorded sales turnover at ₹ 628.74 Crores during the financial year 2015-16, as compared to ₹ 823.25 Crores in the previous year. The company has posted PBT and PAT of ₹ 270.26 Crores and ₹ 172.98 Crores, respectively, as against ₹ 650.57 Crores and ₹ 428.01 Crores last year. The company has produced 10.32 Lakh tonnes of various grades of manganese ore as against 11.39 lakh tonnes in previous year.

MOIL is a dividend paying company since many years. I am pleased to inform that despite substantial decrease in the profit, the Board of Directors of your Company have recommended a final dividend @ 20%, i.e., ₹ 2.00 per Equity Share for 2015-16. Thus, total dividend for the year 2015-16 works out to ₹ 5.00 per equity share. Out of ₹ 5.00, your company has already paid Interim Dividend of ₹ 3.00 per Equity Share to the shareholders in March, 2016.

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 Directors which is one of the requirements of Corporate Governance, is under process at Government level. A report on Corporate Governance compliances has been made part of the Boards' Report. Your company has been getting "Excellent" rating from Department of Public Enterprises (DPE) for complying with various norms of Corporate Governance. I am sure that for the year 2015-16 also, it will get "excellent" rating.

Being a good Corporate Citizen, MOIL 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 the society at large. It 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 cultural 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. The school which started with a strength of 434 students a year back, has now reached strength of 857 students. The company has also taken up skill development activities for the rural youth.

Under "MOIL Foundation", your company is carrying out "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 various activities like improved agricultural practices, soil health card, livestock development, water resource management, health awareness programme, installation of bio-gas, women self-help groups, solar lamps, construction of toilets, women empowerment schemes, education & skill development in 21 villages in the vicinity of its mines. The company has spent a sum of ₹ 14.47 Crores on CSR activities during 2015-16 including transfer of fund to MOIL Foundation.

Your company is having total mining leases over an area of 1613.611 hectares land as on 31-03-2016 out of which 699.066 hectares land is in Maharashtra and 914.545 hectares land is in Madhya Pradesh. I am pleased to inform that in the recent past, MOIL has got new manganese ore leases over an area of 988.181 hectares under various categories. These include 311.593 hectares under mining leases in the State of Maharashtra and Madhya Pradesh, 464.98 hectares under PL and 211.608 hectares under reservation in the State of Maharashtra. In addition, Government of Madhya Pradesh has also recommended a new area of 383.836 hectares in favour of MOIL in Balaghat District adjoining company's Balaghat mine. Thus, there is addition of about 88% areas in various categories as compared to existing areas.

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. Recently, the Board of Directors of your company has approved investment of Rs. 265.96 crores in the first phase for sinking of High Speed Vertical Shaft at Balaghat Mine which will help to increase the production from about 3 lakh tonnes to about 6 lakh tonnes by FY-2025. The Board has also approved investment of Rs.194.92 in the first phase for sinking of High Speed Vertical Shaft at Gumgaon Mine to enhance the production from about 0.70 lakh tonnes to about 1.40 lakh tonnes by FY-2024. During the year, MOIL has completed deepening of vertical shaft at its Chikla mine. In addition, your company has taken up various projects of deepening and sinking of shafts at its Chikla, Balaghat, Kandri and Munsar mines. It is also considering for sinking of 2nd vertical shaft at Ukwa mines.

In order to meet the requirement of power in the mines and to promote use of non conventional and environment friendly energy, the Board of your company has approved investment of Rs.61.83 crores for setting up of 10.5 MW Solar Power Plant at its mines in Madhya Pradesh and Maharashtra.

India's steel production grew from 87.29 million tonnes to 89.37 million tonnes registering a growth of 2.38% during 2015 when compared to year 2014. On the other hand, there was a negative growth of 2.97% during 2015 of World steel production. China and Japan were also showing negative growth of 2.30% and 4.99% respectively during 2015. India is now the 3rd largest steel producer in the world and produced about 89.37 million tonnes of crude steel in the year 2015. It is expected that the growth shall be accelerated in the coming years.

As per World Steel Association (WSA), India's prospects are brightening due to low oil prices, the reform momentum and policies to increase infrastructure and manufacturing output. India's finished steel demand will increase by 5.4% in both 2016 and 2017 reaching 88.3 Mt in 2017. However, global finished steel demand may decrease by 0.8% to 1,488 Mt in 2016 following a contraction of 3.0% in 2015. In 2017, it is forecast that world steel demand will return to growth of 0.4% and will reach 1,494 Mt.

At present, your company is the largest producer of manganese ore in the country with a share of more than 50%, when compared to estimated production of the country for 2015-16. Though there is decline in import of manganese ore in India from approximately 3.17 million tonnes to 2.22 million tonnes, but still import of large quantities of high grade manganese ore is taking place. This indicates enough gaps between demand and supply, which provides an opportunity for MOIL to increase its production, in particular, production of high grade manganese ore.

Your company has further added about 4.09 million tonnes resources, with about 81.47 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.

Government of India has also taken various steps like imposing Minimum Import Price (MIP) to address the problem of Steel industry which has resulted in improvement in sentiments of the market. 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.

The performance of manganese ore industry mainly depends on the performance of steel industry. As India has set capacity target of 300 million tonnes of steel by 2030, this will create domestic demand of manganese ore to the tune of around 10 million tonnes, which will provide a very good opportunity for MOIL to increase its production and also increase its market share. As we know, India's per capita consumption of steel is about 60 kg as against global average consumption of 214 kg. This again provides opportunity for steel industry. Thus, India's steel demand is expected to rise considerably.

In order to meet the requirement in future and maintain its leadership, MOIL has planned to enhance its production from present level of around 1.1 million tonnes to 2.0 million tonnes by 2020 and 2.5 million tonnes by 2030 for which Strategic Management Plan has been prepared. In furtherance to this, MOIL has already taken initiatives and sinking of high speed shaft at Balaghat and Gumgaon mines and setting up solar power project at mines are a part of it.

MOIL has approved buyback offer of its paid-up equity shares of Rs. 10 each not exceeding 3,48,12,196 equity shares at a price of Rs. 248 per equity share for an aggregate consideration not exceeding Rs. 863,34,24,739. The buyback proposal is in process and entire exercise is expected to be completed by mid of October'2016.

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 2014-15. 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.

G. P. Kundargi

Chairman-cum-Managing Director

NOTICE

NOTICE IS HEREBY GIVEN THAT 54th Annual General Meeting of the Members of MOIL Limited will be held on Tuesday 30th August, 2016, 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 including consolidated financial statements for the year ended 31st March, 2016 together with the Reports of the Board of Directors and Auditors thereon.
- (2) To declare Final Dividend of Rs. 2.00 per equity share and to approve the interim dividend of Rs. 3.00 per equity share, already paid during the year, for the year ended March 31, 2016.
- (3) To consider continuation of the appointment of Mrs. Urvilla Khati, Nominee Director, Government of India(DIN: 07011413), 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 order No. 2(1)/2013- RM-II dated 27.10.2014 and further order(s) in this regard, if any.
- (4) To consider continuation of the appointment of Shri T. K. Pattnaik, Director (Commercial), (DIN: 07081231), 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 order F. No. 1(8)2013- BLA dated 27.01.2015 and further order(s) in this regard, if any.
- (5) To authorise the Board of Directors to fix remuneration of Statutory Auditors of the Company for the financial year 2016-17 in compliance with the orders and directions of appointment by the Comptroller and Auditor-General of India.

SPECIAL BUSINESS

- (6) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT appointment of M/s Ujwal P. Loya & Co.(Proprietor Shri Ujwal P. Loya) a practicing Cost Accountant, as a Cost Auditor of the Company for the financial year 2016-17 be and is hereby confirmed by the Board, at a remuneration of Rs.1,40,000 (Rs. One Lac Forty Thousand only) plus Service Tax as applicable and out of pocket expenses, for audit of the cost accounting records of the company, subject to and as per the provisions of applicable Acts, rules, regulations, notifications, circulars, etc., be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors and/ or the Company Secretary, be and are hereby authorized 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."

- (7) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to terms and conditions as determined by the Government of India vided letter no. F. No. 1/10/2015-BLA dated 27.11.2015 and pursuant to the provisions of Companies Act, 2013 read with Listing Regulations and other applicable laws, the consent of the members be and is hereby accorded for continuation of Ms. Sangita Gairola (DIN: 07172316), as a Non-Official Part-Time Director of the Company, for a period of three years w.e.f. 27.11.2015 until otherwise decided by the Government of India through further conditions.

Place: Nagpur

Date: 30th July, 2016

By order of the Board of Directors

Neeraj D. Pandey
(Company Secretary)

Regd. Office:

MOIL LIMITED,

MOIL Bhawan,

1A Katol Road,

Nagpur - 440 013



NOTES:

1. The company has opted to send the notice along with statement containing salient features of financial statement, i.e., abridged form of Annual Report, in the AOC-3 Form as given under the first proviso of sub-section (1) of section 136 of the Companies Act, 2013. In case you want full Annual Report for the given financial year, please inform to Bigshare Services Pvt. Ltd. (Registrar and Transfer agents) or to the company.
2. The relevant Explanatory Statements pursuant to Section 102 of the Companies Act, 2013, in respect of Item No.6 & 7 are annexed herewith.
3. 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.
4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. An authorised representative of the President of India or of the Governor of the State, holding shares in a company, may appoint a Proxy under his signature to attend and vote on their behalf at the Meeting and such authorised representative may appoint a Proxy under his signature.
6. Brief Resume of the Directors appointed since last Annual General Meeting and also of those whose appointment/re-appointment is proposed, as mandated under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with the Stock Exchanges, is annexed hereto and forms part of the notice.
7. Pursuant regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, "record date" for the purpose of payment of final dividend for the financial year ended 31st March, 2016, if declared at ensuing Annual General Meeting, shall be 8th September, 2016 ("the record date"). The final dividend on equity shares will be paid within 30 days after declaration to the members or their mandates whose names appear in the Company's Register of Members or in the statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository (India) Limited (CDSL) on the record date.
8. Requisitions, if any, for inspection of Proxies shall be received in writing from a member entitled to vote on any resolution at least 3 days before the commencement of the meeting shall be made available for inspection during the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting.
9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
10. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
11. 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.
 - Members, who hold shares in dematerialized form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting
 - Note that due to strict security reasons, mobile phones, brief cases, eatables and other belongings may not be allowed inside the Meeting Hall.
 - Note that no gifts/coupons will be distributed at the Annual General Meeting.