

Adding Strength to Steel

55th ANNUAL  
REPORT

2016-2017



**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.

**Disclaimer:** The Company has taken utmost care in printing of these documents. However, in case of any discrepancy, the shareholders are requested to bring the same to the notice of the Company. In such case, the information contained in original documents approved by the Board of Directors of the Company shall prevail.



## BOARD OF DIRECTORS



**Shri M. P. Chaudhari**  
Chairman-cum-Managing Director

## FUNCTIONAL DIRECTORS



**Shri D.S. Ahluwalia**  
Director (Finance) I/C



**Shri T. K. Pattnaik**  
Director (Commercial)

## GOVERNMENT DIRECTORS



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



**Shri M.L. Dubey**  
Secretary Mineral Resources Department,  
Govt. of Madhya Pradesh

## INDEPENDENT DIRECTORS



**Smt. Sunanda Prasad**



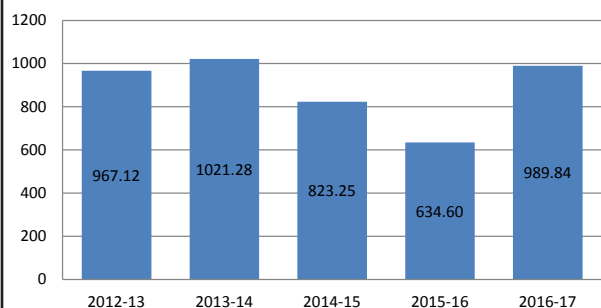
**Smt. Sangita Gairola**

## PERFORMANCE AT A GLANCE

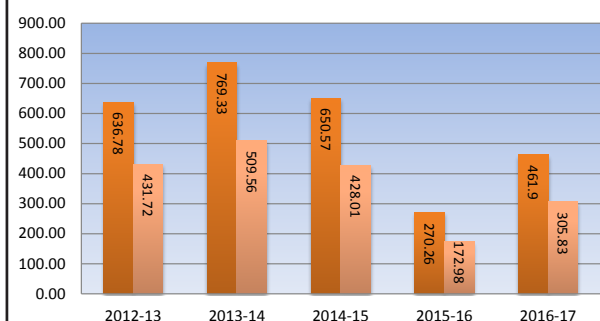
Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Financials (₹ in crores)</b>						
Revenue from operations	989.84	634.60	831.16	1028.45	975.03	905.68
Other income	221.13	252.15	316.61	303.32	235.27	203.32
Total income	1210.97	886.75	1147.77	1331.77	1210.30	1109.00
Gross margin (EBIDTA)	516.61	322.72	695.65	804.51	669.82	636.54
Profit before tax	461.90	270.26	650.57	769.33	636.78	606.63
Profit after tax	305.83	172.98	428.01	509.56	431.72	410.77
Total Comprehensive Income	299.27	172.98	428.01	509.56	431.72	410.77
Dividend	66.59	84.00	142.80	126.00	92.40	84.00
Equity Share capital	133.19	168.00	168.00	168.00	168.00	168.00
Other Equity	2672.16	3285.37	3213.70	2959.33	2597.64	2273.31
Networth	2805.35	3453.37	3381.70	3127.33	2765.64	2441.31
Borrowings	0.00	0.00	0.00	0.00	0.00	0.00
Gross block	734.56	671.88	610.72	510.07	479.91	422.58
Working capital	2362.78	3061.87	3030.68	2805.27	2485.50	2184.36
Capital employed	2688.98	3372.76	3324.59	3054.14	2734.45	2398.06
<b>Important ratios</b>						
Profit before tax to capital employed %	17.18	8.01	19.57	25.19	23.29	25.30
Profit before tax to sales %	46.66	42.59	78.27	74.80	65.31	66.98
Debt- equity ratio	0.00	0.00	0.00	0.00	0.00	0.00
Earnings per share (₹)						
(on face value of ₹10)	20.21	10.30	25.48	30.33	25.70	24.45
<b>Contribution to exchequer (₹ in crores)</b>						
Income tax	135.00	97.81	193.83	260.87	213.84	204.01
Dividend distribution tax	13.56	17.31	28.55	21.87	14.99	13.76
Sales tax and VAT, Entry tax, Service tax	27.58	13.61	20.23	26.75	23.72	21.85
Royalty and cess, DMF, NMET	58.61	30.57	35.06	39.78	36.38	33.10
Excise duty	8.26	5.86	7.91	7.17	7.91	6.10
M.P. road cess	16.40	10.91	14.12	17.81	17.17	15.59
Total	259.41	176.07	299.70	374.25	314.01	294.41
<b>Production</b>						
Manganese ore (MT)	1004845	1032275	1139156	1134508	1138895	1070717
E.M.D. (MT)	731	612	950	923	786	714
Ferro manganese (MT)	9950	6519	10045	10042	9210	8694
Electricity from wind mills (Kwh)	32305629	36370789	32808711	33206045	37545155	33022835



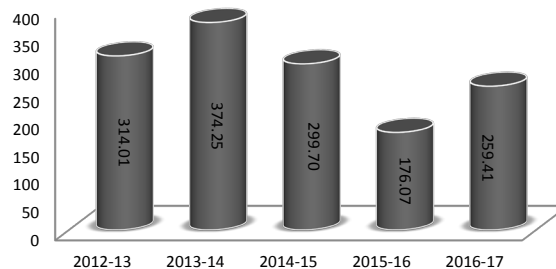
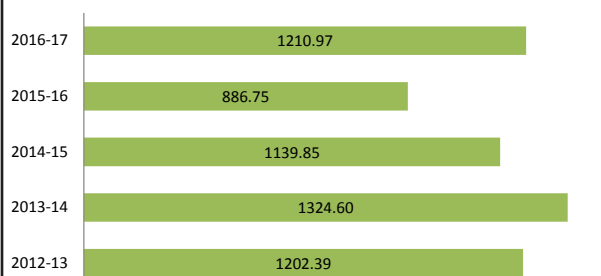
## Net Sales (₹ In Crores)



## Profit Before Tax (₹ In Crores) Profit After Tax (₹ In Crores)

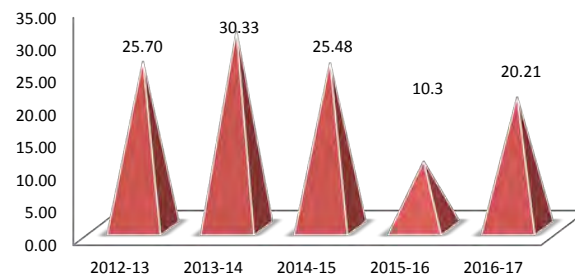
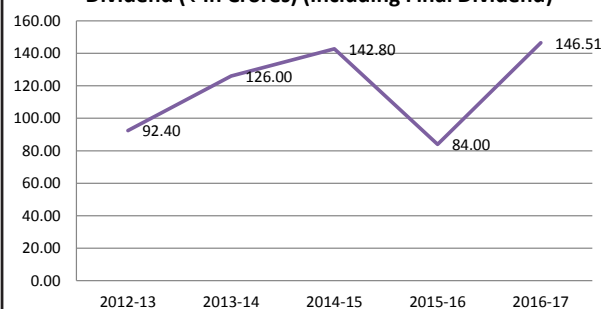


## Total Income (₹ In Crores)



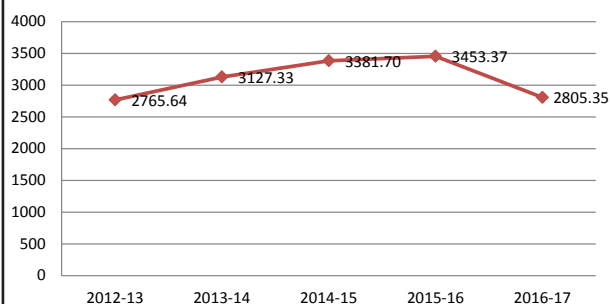
## Contribution to Exchequer (₹ In Crore)

## Dividend (₹ In Crores) (Including Final Dividend)

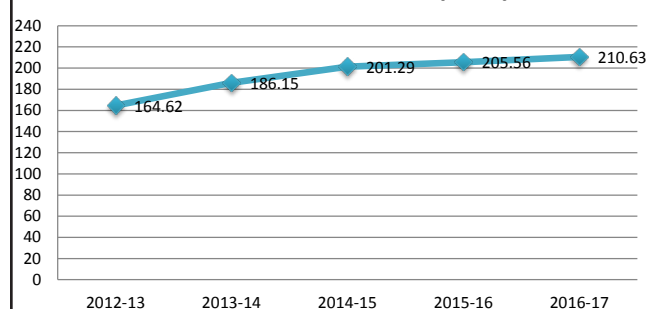


## Earning Per Share (₹)

## Net Worth (₹ In Crores)



## Book Value Per Share (₹)



## CHAIRMAN'S STATEMENT



**M.P. Chaudhari**

Chairman-cum-Managing Director

Dear Shareholders,

As this is my first communication to you as a CMD of your company, I feel extremely privileged and delighted in interacting with you on the occasion of 55<sup>th</sup> Annual General Meeting and presenting Annual Report for the financial year 2016-17.

FY 2016-17 has been a turnaround year for mining and metals industry and, in particular, for manganese ore industry, if compared with previous year. It has been a better year for entire steel and commodity market where performance of the sector has been improved showing upward trend in the commodity market, specially in the metal sector. The prices of products were at higher levels during the year as compared to the previous year. Most of the metal companies have shown improvement in their performance during the year.

Manganese ore industry started heading towards a positive path from January-March, 2015 quarter, as the manganese ore prices have been rising with marginal corrections during some of the quarters. Due to positive market conditions led by higher demand and rising prices, MOIL increased prices of its various grades of manganese ores during the year in line with its pricing policy, which resulted in improvement in average sales realization from ₹ 5911 PMT in previous year to ₹ 8078 PMT in current year, thus showing an increase of 37%. With such positive movement in the market coupled with good marketing strategy, pricing policy and better product mix, your company has been able to outperform in almost all spheres of activities except marginal reduction in the production. Your company has been able to sell 11.29 lakh tonnes of manganese ore during 2016-17 in comparison to 9.67 lakh tonnes of manganese ore in the previous year registering a growth of 16.75%.

Your company has registered gross sales of at ₹ 989.84 Crores during the financial year 2016-17, as compared to ₹ 634.60 Crores in the previous year recording increase of about 56%. The company has posted PBT and PAT of ₹ 461.90 Crores and ₹ 305.83 Crores respectively, as against ₹ 270.26 Crores and ₹ 172.98 Crores last year. The company has produced 10.05 lakh tonnes of various grades of manganese ore as against 10.32 lakh tonnes in previous year.

MOIL is a dividend paying company since many years. I am pleased to inform that, the Board of Directors of your Company have recommended highest ever final dividend since its listing @ 60%, i.e., ₹ 6.00 per Equity Share for 2016-17. Thus, total dividend for the year 2016-17 works out to ₹ 11.00 per equity share. Out of ₹ 11.00, your company has already paid Interim Dividend of ₹ 5.00 per Equity Share to the shareholders in March, 2017.

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 2016-17 also, it will get "excellent" rating.

Being a good Corporate Citizen, MOIL has always been on the forefront in extending its assistance for up-liftment 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 strength of 434 students some years back, has reached strength of 864 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" (CDP) 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 and skill development in 21 villages in the vicinity of its mines. Works done under CDP have been appreciated by all the quarters. The company has spent a sum of ₹ 11.43 Crores on CSR activities during 2016-17 including transfer of fund to MOIL Foundation.

Your company is having total mining leases over an area of 1743.77 Ha as on 31-03-2017 out of which 704.22 Ha is in Maharashtra and 1039.55 Ha is in Madhya Pradesh. 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 reserved a new area of 372.701 hectares in favour of MOIL which is adjacent to its Balaghat mine.



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. In this direction, investment proposal of ₹ 460.88 Crores have been approved by the Board last year for sinking of High Speed Vertical Shaft at Gumgaon Mine and Balaghat Mine. These projects are expected to double production of these mines from about 3.70 lakh tonnes to 7.40 lakh tonnes by FY-2024 and FY 2025. 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.

In order to meet the requirement of power in the mines and to promote use of non-conventional and environment friendly energy, your company is taking necessary action on the investment proposal approved by the Board last year for setting up of 10.5 MW Solar Power Plant at its mines in Madhya Pradesh and Maharashtra. It is expected that the same will be installed during the current year. In addition, your company has also installed 48 KW roof top solar power project at MOIL Bhawan, Nagpur

India's steel production grew from 89.03 million tonnes in the year 2015 to 95.62 million tonnes in the year 2016 registering a growth of 7.40% whereas the world's steel production growth was only 0.80% over the same period. China, the largest producer of crude steel showed the growth of 1.20% whereas Japan, as a second largest producer, showed the negative growth of 0.30%, which indicate strong growth of the steel industry in the country.

The performance of manganese ore industry is directly linked with the performance of steel industry. As per World Steel Association (WSA), the expected population growth, emerging new applications for steel and more sophisticated steel applications, the global steel market has a potential to grow further between 700 to 1000 million tonnes in the next 50 years. That is equivalent to a market that is about 60% larger than that of today. This provides very good opportunity for manganese ore industry as well.

At present, your company is the largest producer of manganese ore in the country with a share of about 45%, when compared to estimated production of the country for 2016-17. Though there is decline in import of manganese ore in India from approximately 2.22 million tonnes to 1.91 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.

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's focus on infrastructure developments continues to be on top of the country's economic agenda. In this direction, the Government of India has taken up numerous key initiatives like affordable housing and housing for all, huge investments in the projects of roads and railways, development of smart cities, etc. There are a lot of industries that depend directly or indirectly on the development of infrastructure sector and steel industry is one of the key industries. If that happens, it will also give boost to the demand of manganese ore.

The performance of manganese ore industry mainly depends on the performance of steel industry. As per latest National Steel Policy-2017, India has set capacity target of 300 million tonnes of steel by 2030-31, 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 61 kg as against global average consumption of 208 kg. This again provides opportunity for steel industry. Thus, India's steel demand has potential to rise considerably.

In order to meet the increasing demand of manganese ore of the steel industry and to remain a market leader in manganese industry in our country, it is necessary to enhance the manganese ore production. Accordingly, MOIL has planned to enhance its production from present level of around 1.10 million MT to 2.00 million MT by 2021, 2.50 million MT by 2025 and 3.00 million MT by 2030 for which a strategic management plan has already been prepared. In this direction, your company has planned investments for development of existing mines, acquisition of new mines within and outside the country, acquisition of areas adjoining the mines, setting up value addition / diversification projects, etc.

I am pleased to inform that with view to reward its shareholders, Board of Directors of MOIL has proposed issue of bonus shares in the ratio of 1:1 (one share for one share held) by capitalizing free reserves which will result into increase in further 13,31,87,804 equity shares of ₹ 10 each. For this purpose, increase in authorised share capital is also proposed. This is subject to approval of the shareholders at this annual general meeting.

Your Company is one of the public sector enterprises in the country known for its continuous excellent performance for last so many years despite ups and downs in the industry. The Company has been getting national/regional recognition for its good works in almost all the fields of its activities like Quality Circle Award, safety awards, energy conservation award, Corporate Governance "Excellent" rating. I am pleased to inform that four mines of your company have got five-star ratings from Ministry of Mines, Govt. of India.



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, staff-workers unions, officers association 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.

**M.P. Chaudhari**  
**Chairman-cum-Managing Director**



## NOTICE OF AGM

NOTICE IS HEREBY GIVEN THAT 55<sup>th</sup> Annual General Meeting of the Members of MOIL Limited will be held on Wednesday 20<sup>th</sup> September, 2017, 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, 2017 together with the Reports of the Board of Directors and Auditors thereon.
- (2) To declare Final Dividend of ₹ 6.00 per equity share and to confirm the interim dividend of ₹ 5.00 per equity share, already paid during the year, for the year ended March 31, 2017.
- (3) To consider continuation of the appointment of Shri M.L. Dubey, Nominee Director, Government of Madhya Pradesh (DIN: 07642096), 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. F. No. 4/2/2015-BLA dated 14.02.2017 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 2017-18 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** appointment of M/s Pathak Paliwal & Co, a practicing Cost Accountants, as a Cost Auditors of the Company for the financial year 2017-18 at a remuneration of ₹ 1,50,000 ( ₹ One Lac Fifty Thousand only) plus 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."

- (6) 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 vide Order No. F. No. 1(10)/2015-BLA (Vol-II) dated 31.01.2017 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 Smt. Sunanda Prasad (DIN: 06748166), as a Non-Official Part-Time Director of the Company, for a period of three years w.e.f. 31.01.2017 until otherwise decided by the Government of India through further order(s).

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

**"RESOLVED THAT** pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), the Authorized Share Capital of MOIL Limited be and is hereby increased to 300,00,00,000 ( Three Hundred Crore only) divided into 30,00,00,000 (Thirty Crore only) equity shares of ₹ 10 ( Ten only) each from existing 250,00,00,000 ( Two Hundred and Fifty Crore only) divided into 25,00,00,000 (Twenty five Crore only) equity shares of ₹ 10/- ( Ten only) each by creation of additional 5,00,00,000 (Five Crore only ) equity shares of ₹ 10/- ( Ten only) each.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee duly constituted by the Board or any authority as may be authorised by the Board) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution."

- (8) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as a **Special Resolution**:-

**"RESOLVED THAT** pursuant to the provisions of Section 13, 61 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), the existing Clause V of the Memorandum of Association of the Company be and is hereby amended and substituted by the following: