

Adding **Strength** to Steel

56th ANNUAL
REPORT | **2017-2018**



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-3A.

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-Director

FUNCTIONAL DIRECTORS



Shri T. K. Pattnaik
Director (Commercial)



Shri D. Shome
Director (Production and Planning)



Shri Rakesh Tumane
Director (Finance)

GOVERNMENT DIRECTORS



Shri. T. Srinivas
Jt. Secretary, Ministry of Steel,
Govt. of India



Shri Sunil Porwal
Add. Chief Secretary (Industries)
Govt. Of Maharashtra

INDEPENDENT DIRECTORS



Smt. Sunanda Prasad



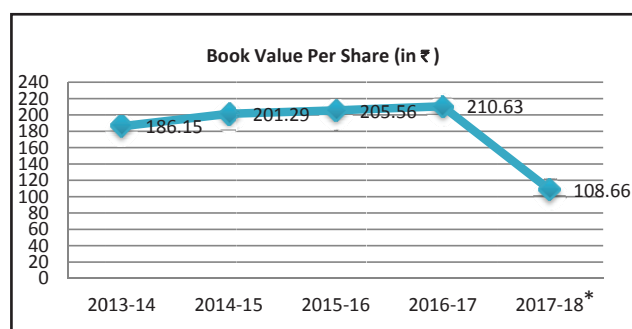
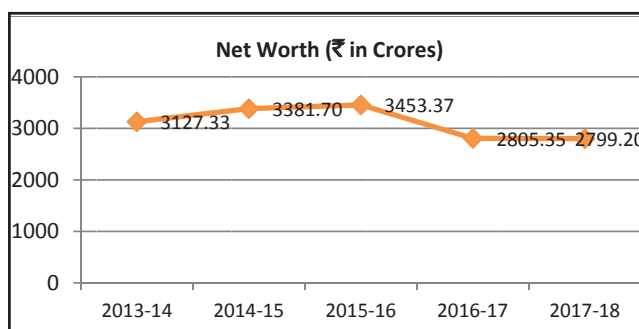
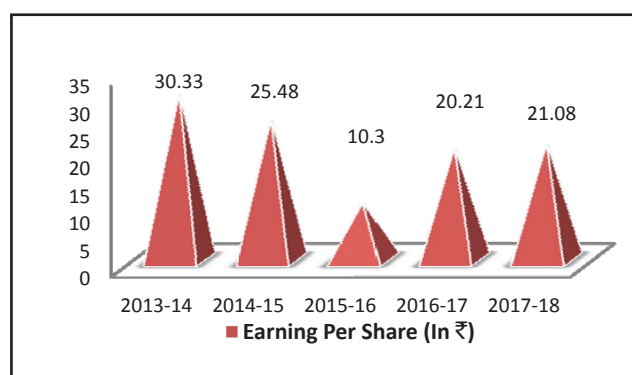
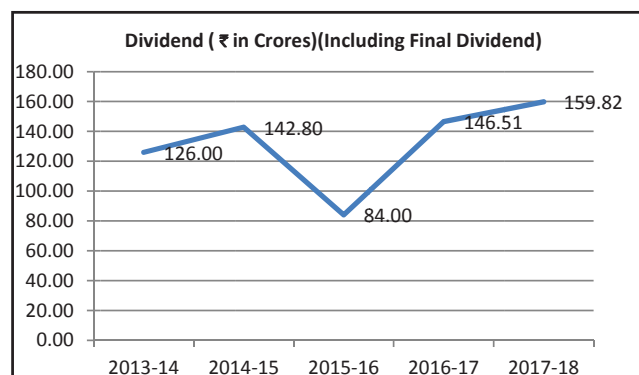
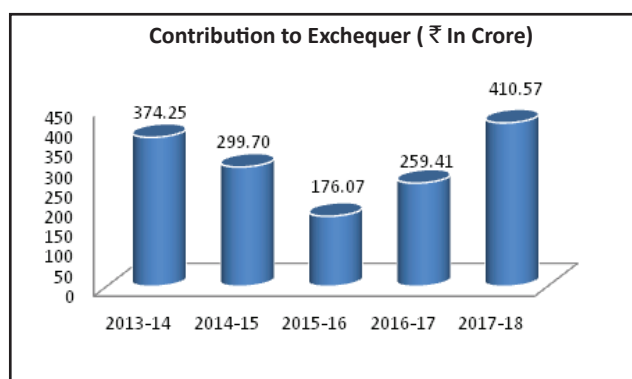
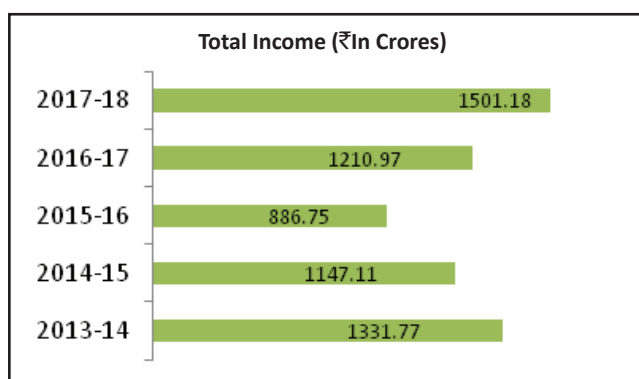
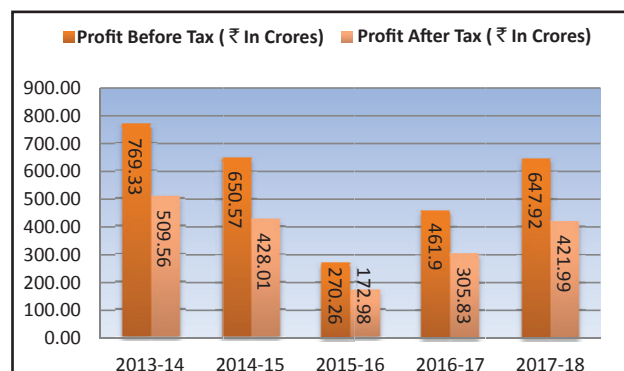
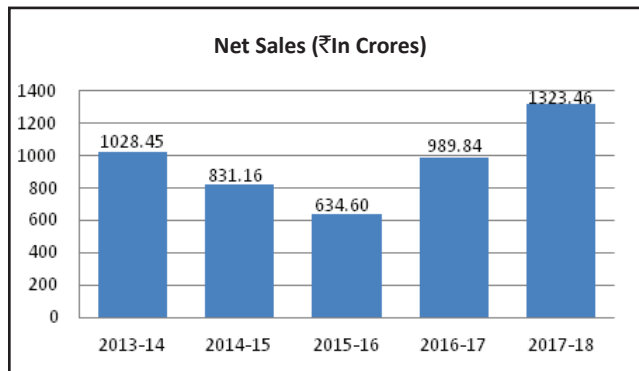
Smt. Sangita Gairola



Shri V M Chariar

PERFORMANCE AT A GLANCE

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Financials (₹ in crores)					
Revenue from operations	1323.46	989.84	634.60	831.16	1028.45
Other income	177.72	221.13	252.15	316.61	303.32
Total income	1501.18	1210.97	886.75	1147.77	1331.77
Gross margin (EBIDTA)	710.37	516.61	322.72	695.65	804.51
Profit before tax	647.92	461.90	270.26	650.57	769.33
Profit after tax	421.99	305.83	172.98	428.01	509.56
Total Comprehensive Income	398.55	299.27	172.98	428.01	509.56
Dividend	159.82	146.51	84.00	142.80	126.00
Equity Share capital	257.61	133.19	168.00	168.00	168.00
Other Equity	2541.59	2672.16	3285.37	3213.70	2959.33
Networth	2799.20	2805.35	3453.37	3381.70	3127.33
Borrowings	0.00	0.00	0.00	0.00	0.00
Gross block	810.47	734.56	671.88	610.72	510.07
Working capital	2212.72	2362.78	3061.87	3030.68	2805.27
Capital employed	2560.49	2688.98	3372.76	3324.59	3054.14
Important ratios					
Profit before tax to capital employed %	25.30	17.18	8.01	19.57	25.19
Profit before tax to sales %	48.96	46.66	42.59	78.27	74.80
Debt- equity ratio	0.00	0.00	0.00	0.00	0.00
Earnings per share (₹) (on face value of ₹10)	21.08	20.21	10.30	25.48	30.33
Contribution to exchequer (` in crores)					
Income tax	225.00	135.00	97.81	193.83	260.87
Dividend distribution tax	32.54	13.56	17.31	28.55	21.87
Sales tax and VAT, Entry tax, Service tax and GST	43.97	27.58	13.61	20.23	26.75
Royalty and cess, DMF, NMET	78.95	58.61	30.57	35.06	39.78
Excise duty	4.53	8.26	5.86	7.91	7.17
M.P. road cess	25.58	16.40	10.91	14.12	17.81
Total	410.57	259.41	176.07	299.70	374.25
Production					
Manganese ore (MT)	1201113	1004845	1032275	1139156	1134508
E.M.D. (MT)	875	731	612	950	923
Ferro manganese (MT)	10573	9950	6519	10045	10042
Electricity from wind mills (KwH)	29009933	32305629	36370789	32808711	33206045



* Post bonus issue (1:1)

CHAIRMAN'S STATEMENT



M.P. Chaudhari

Chairman-cum-Managing Director

Dear Shareholders,

I feel extremely privileged and delighted in interacting with you on the occasion of 56th Annual General Meeting and presenting annual report for the financial year 2017-18. I really feel privileged to share historical performance of your company in many spheres of its activities, viz., highest ever turnover, highest ever sales of non-fines ore, highest ever production of non-fines ore and highest ever capex.

Metal and mining industry continued its positive trend during FY 2017-18 also and outperformed previous year's marks. 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 and most of the companies in metal sector have outperformed during FY2017-18.

FY 2017-18 begun with some hiccup in manganese ore industry resulting into reduction in prices of manganese ore in the beginning of the year by MOIL. The industry later on showed strength and started heading towards a positive trajectory from June 2017 and prices of manganese ore started going in upward direction. Average sales realization improved from ₹ 8018 PMT in previous year to ₹ 10201 PMT in current year, thus showing an increase of 27% over the previous year price. 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 all spheres of activities. The company has produced 12.01 lakh tonnes of various grades of manganese ore as against 10.05 lakh tonnes in previous year, which is higher by 20% over previous year and also the highest production in last 10 years.

Your company has been able to increase sales of manganese ore by 5.13% from 11.29 lakh MT in the financial year 2016-17 to 11.87 lakh MT in financial year 2017-18.

Your company has registered gross sales of at ₹ 1323.46 Crore during the financial year 2017-18, as compared to ₹ 989.84 Crore in the previous year recording increase of 33.70%. The company has posted PBT and PAT of ₹ 647.92 Crore and ₹ 421.99 Crore respectively, as against ₹ 461.90 Crore and ₹ 305.83 Crore last 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 final dividend @ 25%, i.e., ₹ 2.50 per equity share for 2017-18. Thus, total dividend for the year 2017-18 works out to ₹ 5.50 per equity share. Out of ₹ 5.50, your company has already paid interim dividend of ₹ 3.00 per equity share to the shareholders in March, 2018.

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 2017-18 also, it will get *excellent* rating.

Being a good corporate citizen, MOIL has always been on the forefront in extending 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 985 students. The company has also taken up skill development activities for the rural youth. The company is also planning to open another school in association with DAV near its Munsar mine.

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 ₹ 9.22 Crore on CSR activities during 2017-18 (including transfer of fund to MOIL Foundation).

Your company is having total mining leases over an area of 1743.77 Ha as on 31-03-2018 in Maharashtra and Madhya Pradesh. An area of 814.71 Ha has been reserved by the Government in favour of MOIL for prospecting of Manganese ore in Nagpur and Bhandara districts of Maharashtra. Out of this, the State Government has granted prospecting license (P.L.) over 11 areas aggregating to 597.44 Ha and balance



is in process. MOIL has applied for Mining Lease (M.L.) over 211.60 Ha. Out of 3 M.L. applications, the Government has communicated in-principal approval of two M.L. areas covering 132.46 Ha and one application is under process. Core drilling for remaining P.L. areas is to be taken up after requisite approvals from Govt. authorities. In addition, Government of M.P. has also reserved an area of 372.701 Ha in favour of MOIL in Balaghat for exploitation of manganese ore. Your company has taken necessary steps to convert these leases into mining leases so as to open new mines/expand existing mines.

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, your company has already taken up works of 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 2025. Besides this, your company has taken up various projects of deepening and sinking of shafts at its Chikla, Kandri, Ukwa and Munsar mines, in addition to huge open cast development in at Dongri Buzurg mine.

In order to particularly meet the requirement of power in the mines and to promote use of non-conventional and environment friendly energy, your company has taken necessary action for setting up of 10.5 MW Solar Power Plant at its mines in Madhya Pradesh and Maharashtra. In addition to this, MOIL is also taking necessary action to implement 20 MW Solar power project at Rajgarh Khas in Madhya Pradesh.

India's steel production grew from about 95.50 million tonnes in the year 2016 to 101.40 million tonnes in the year 2017 registering a growth of 6.18%, whereas the world's steel production growth was only 3.81% over the same period. China, the largest producer of crude steel showed a growth of 2.98% whereas Japan, as a second largest producer, recorded negative growth of 0.10%.

The performance of manganese ore industry is linked with the performance of steel industry. As per World Steel Association (WSA), with the expected population growth, emerging new applications for steel and more sophisticated steel applications, the global steel market is estimated to have a potential to grow further between 700 and 1000 million tonnes in the next 50 years and with this, it will be equivalent to a market that is about 60% larger than that of today.

At present, your company is the largest producer of manganese ore in the country with a share of about 50%, when compared to estimated production of the country for 2017-18. The import during 2017-18 has increased by about 87% from 1.91 million tonnes to 3.57 million tonnes. 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 continuous drilling and exploration works, your company has been able to add to its reserves and resources of manganese which has increased 90.66 million tonnes. With this, 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 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 increase the demand of manganese ore.

As per latest National Steel Policy-2017, India has set capacity target of 300 million tonnes of steel by 2030-31. I am sure that this will create huge demand of manganese ore in the country to the tune of around 10 million tonnes (excluding demand for exports). India's per capita consumption of steel continues to be on lower side at about 65.20 kg in comparison to world's average consumption of 214 kg, which again provides opportunity for steel industry. Thus, India's steel demand has potential to rise significantly. This will provide a very good opportunity for MOIL to increase its production and also increase its market share.

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 1.20 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. As you know, your company has already increased its production by 20% in comparison to 2016-17 and further targeted to enhance it by 15% in FY 2018-19.

Your Company is one of the public sector enterprises in the country known for its continuous excellent performance for last several years despite ups and downs in the industry. The Company has been getting national/regional recognition for its good works in various fields like quality circle awards, corporate governance "excellent" rating, best employer award, fastest growing PSU award, etc. I am pleased to inform that two more 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 newer heights and enhancing stakeholders' value.

M.P. Chaudhari
Chairman-cum-Managing Director



NOTICE OF 56th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT 56th Annual General Meeting of the Members of MOIL Limited will be held on Thursday, 27th September, 2018, 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, 2018 together with the Reports of the Board of Directors and Auditors thereon.
- (2) To declare Final Dividend of Rs. 2.50 per equity share and to confirm the interim dividend of Rs. 3.00 per equity share, already paid during the year, for the year ended March 31, 2018.
- (3) To consider continuation of the appointment of Shri Dipankar Shome, Director (Production & Planning) (DIN: 06435854), 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.4/10/2015-BLA dated 12.09.2017 and further order(s) in this regard, if any.
- (4) To consider continuation of the appointment of Shri Rakesh Tumane, Director (Finance) (DIN: 06639859), 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.4/1/2016-BLA dated 13.09.2017 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 2018-19 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 Phatak Paliwal & Co., a practicing Cost Accountant, as Cost Auditor of the Company for the financial year 2018-19 at a remuneration of Rs. 1,50,000 (Rs. One Lakh 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."

- (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 vide Order No. F.No. 1(10)/2015-BLA(Vol-III) dated 16.11.2017 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 appointment Shri Vijayaraghavan M. Chariar (DIN-06554220), as an Independent Director of the Company, for a period of three years w.e.f. 16.11.2017 until otherwise decided by the Government of India through further order(s).

Place: New Delhi
Date: 02.08.2018

By order of the Board of Directors

Neeraj D. Pandey
(Company Secretary)

Regd. Office:
MOIL LIMITED,
MOIL Bhawan,
1A Katol Road,
Nagpur - 440 013