

57th ANNUAL REPORT

2018 - 2019



MOIL LIMITED

(A Govt. of India Enterprise)

Adding **Strength** to Steel

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-Managing Director

FUNCTIONAL DIRECTORS



Shri T. K. Pattnaik
Director (Commercial)



Shri D. Shome
Director (Production and Planning)



Shri Rakesh Tumane
Director (Finance)



Smt. Usha Singh
Director (Human Resource)

GOVERNMENT DIRECTORS



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



Shri Satish Gavai
ADDL. Chief Secretary (Industries)
Govt. of Maharashtra

INDEPENDENT DIRECTORS



Smt. Sunanda Prasad



Smt. Sangita Gairola



Shri V. M. Chariar

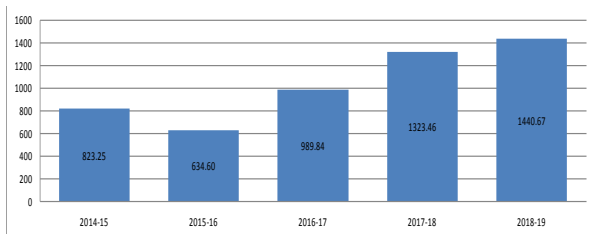


Smt. G Latha Krishna Rao

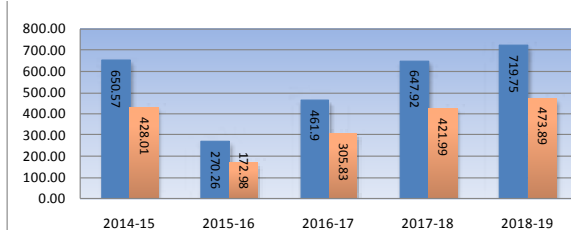
PERFORMANCE AT A GLANCE

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
Financials (₹ in crores)					
Revenue from operations	1440.67	1323.46	989.84	634.60	831.16
Other income	190.81	177.72	221.13	252.15	316.61
Total income	1631.48	1501.18	1210.97	886.75	1147.77
Gross margin (EBIDTA)	786.57	710.37	516.61	322.72	695.65
Profit before tax	719.75	647.92	461.90	270.26	650.57
Profit after tax	473.89	421.99	305.83	172.98	428.01
Total Comprehensive Income	454.32	398.55	299.27	172.98	428.01
Dividend	141.68	159.82	66.59	84.00	142.80
Equity Share capital	257.61	257.61	133.19	168.00	168.00
Other Equity	2825.10	2541.59	2672.16	3285.37	3213.70
Networth	3082.71	2799.20	2805.35	3453.37	3381.70
Borrowings	0.00	0.00	0.00	0.00	0.00
Gross block	952.07	810.47	734.56	671.88	610.72
Working capital	2355.27	2212.72	2362.78	3061.87	3030.68
Capital employed	2785.62	2560.49	2688.98	3372.76	3324.59
Important ratios					
Profit before tax to capital employed %	25.84	25.30	17.18	8.01	19.57
Profit before tax to sales %	49.96	48.96	46.66	42.59	78.27
Debt- equity ratio	0.00	0.00	0.00	0.00	0.00
Earnings per share (₹) (on face value of ₹ 10)	18.40	21.08	20.21	10.30	25.48
Contribution to exchequer (₹ in crores)					
Income tax	245.00	225.00	135.00	97.81	193.83
Dividend distribution tax	29.12	32.54	13.56	17.31	28.55
Sales tax and VAT, Entry tax, Service tax and GST	35.12	43.97	27.58	13.61	20.23
Royalty and cess, DMF ,NMET	73.40	78.95	58.61	30.57	35.06
Excise duty	0.00	4.53	8.26	5.86	7.91
M.P. road cess	27.88	25.58	16.40	10.91	14.12
Total	410.52	410.57	259.41	176.07	299.70
Production					
Manganese ore (MT)	13011191	1201113	1004845	1032275	1139156
E.M.D. (MT)	992	875	731	612	950
Ferro manganese (MT)	11003	10573	9950	6519	10045
Electricity from wind mills (KwH)	34676695	29009933	32305629	36370789	32808711

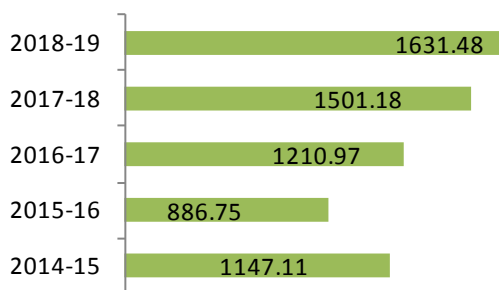
Net Sales (₹ In Crores)



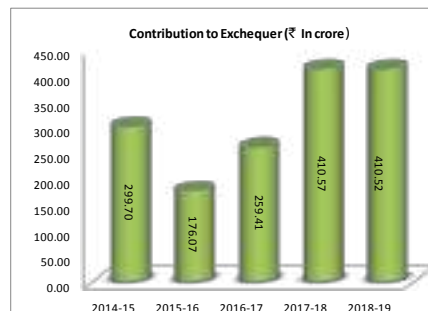
Profit Before Tax (₹ In Crores) Profit After Tax (₹ In Crores)



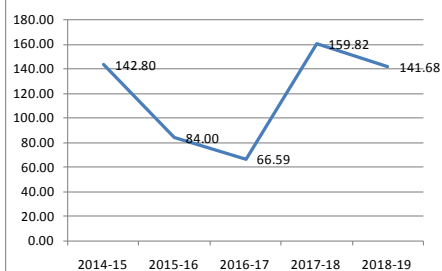
Total Income (₹ In Crores)



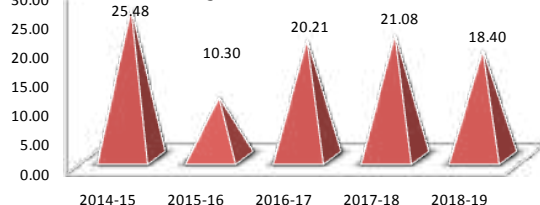
Contribution to Exchequer (₹ In Crore)



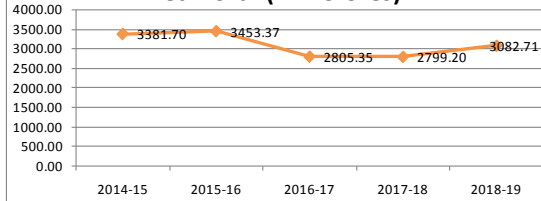
Dividend (₹ in Crores)(Including Final Dividend)



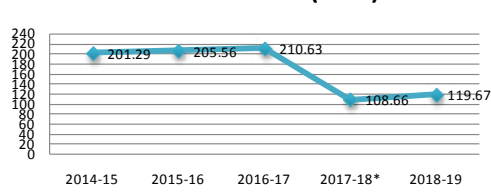
Earning Per Share (In ₹)



Net Worth (₹ in Crores)



Book Value Per Share (in ₹)



* Post bonus issue (1:1)

CHAIRMAN'S STATEMENT



M.P. Chaudhari
Chairman-cum-Managing Director

Dear Shareholders,

It is my great pleasure to interact with you on the occasion of 57th Annual General Meeting and present the annual report of the company for financial year 2018-19. The year gone-by has been a historic one for MOIL, with record performance in almost all major areas. The company achieved highest ever turnover and highest ever sales of non-fines manganese during the year.

Your company achieved one more milestone in 2018-19 by starting a new mine situated at Parsoda in Nagpur district. This is the 11th mine of MOIL with annual production capacity of 40000 MT, which will be achieved gradually.

Putting things in perspective, let me in briefly touch upon the performance of steel industry, to which the performance of manganese ore industry is largely linked, Calendar year 2018 was an encouraging year for the steel industry with global crude steel production reaching 1,808 million tonnes, registering

a growth of 4.5% as compared to 2017. In 2019 also, global steel production has been robust with a growth of 5% in Jan-June'19 period y-o-y. However, the current year has seen challenges for the industry with factors such as investment uncertainty caused by rising trade tensions between major economies, tepid downstream demand and rising iron ore prices leading to margin squeeze for steel makers.

However, India continues to see good growth in steel production, on account of which the country emerged as the second largest producer of crude steel globally in 2018, from its third largest status in 2017. India's steel production in FY'19 was 110.9 million tonnes, 8.8% higher than FY'18. 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 initiatives like affordable housing and housing for all, huge investments in the projects of roads and railways, development of smart cities, etc., which are going to increase steel requirement substantially.

Apparent steel use per capita during 2018 in the country is 70.9 kg, which is much below the average per capita steel use of the world of 224.5 kg. This provides enough room for growth of steel industry in the country and resultant increase in the demand of manganese ore. Your company is bullish on the growth prospects of the Indian Steel industry and is gearing up gradually to meet the growing manganese ore requirements in the country.

Performance of the company

As mentioned earlier, FY 2018-19 was an excellent year for your company, where the company achieved new highs in performance. Increase in production led to availability of higher quantities for sales and better product/sales mix was also achieved. Increase in average realisations as a result thereof, coupled with better market conditions during 2018-19, contributed to excellent performance of your Company.

With a production of 13.01 lakh MT of various grades of manganese ore as against 12.01 lakh MT in previous year, the company registered output per man shift (OMS) at 0.992 MT(previous year 0.862), showing strong improvement during the year. The company is targeting to produce 1.5 million tonnes of manganese ore in 2019-20.

In 2018-19, your company has achieved highest-ever turnover of Rs. 1440.67 crores, registering a growth of 8.86% over previous year's turnover of Rs. 1323.46 crores. The company has posted PBT and PAT of Rs. 719.75 crore and Rs. 473.89 crore respectively, as against Rs.647.92 crore and Rs. 421.99 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 @ 30%, i.e., Rs.3.00 per equity share for 2018-19, apart from the interim dividend @ 30% already paid in the Feb, 2019. Thus, total dividend for the year 2018-19 works out to Rs. 6.00 per equity share (60%) on the increased equity due 1:1 to bonus issue in 2017-18.

The company has achieved yet another year of MoU *Excellent* performance, which is a feather in the cap for all MOIL stakeholders.

Capital Projects

MOIL is giving utmost thrust on expansion and modernization of its mines to sustain production levels and attain capacity enhancement. Projects of sinking of second vertical shaft at Chikla mine and shaft deepening at Kandri and Balaghat mines have been completed during the year. These shafts will help the Company sustain as well as enhance the production from these mines. Projects of shaft sinking at Ukwa and Munsar mines as well as high speed shafts at Balaghat and Gumgaon mines are progressing as per schedule.

MOIL's Electrolytic Manganese Di-oxide (EMD) plant is the only plant in India producing EMD, which is one of the cathode components for much-in-demand lithium ion rechargeable batteries. The capacity of the plant was increased from 1000 MT to 1500 MT during 2018-19, taking into consideration growing needs of the country as well as to carry out research and development for improving product quality.



Strategic Management Plan

In order to meet the growing requirement of manganese ore in future and maintain its leadership, MOIL has planned to enhance its production from present level of 1.30 million tonnes to 2.5 million tonnes by 2025 and 3.0 million tonnes by 2030, for which 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, getting leases and required clearances of areas adjoining the mines, setting up value addition/diversification projects, etc. Some of the projects have already started and some are in progress. These projects will require investments of about Rs. 2500 crores by 2030. MOIL is giving utmost thrust on expansion and modernization of its mines to sustain production levels and attain capacity enhancement.

MOIL – spreading its wings

MOIL, being India's largest manganese ore producer, accounts for about 50% of the country's production. With about 92.59 million tonnes of reserves and resources of manganese ore, it is well-positioned to capitalize on India's steel demand growth, given its dominant position, medium- to high-grade ore reserves, centrally located mines and strong and expanding customer base.

Your Company has signed Memorandum of Understanding (MoU) with Gujarat Mineral Development Corporation Ltd. (GMDC), an undertaking of Government of Gujarat, to take up project of joint exploration of manganese bearing areas, exploring its feasibility and to conduct mining operations as well as to set up value addition plants in JV at Vadodara & Chhota Udepur with a proposed investment of about Rs.250 crores. It is expected to commence activities of exploration on this project during the current year, i.e., 2019-20 after obtaining requisite clearances. In terms of MoU, Government of Gujarat would facilitate obtaining necessary permissions, clearances, etc., from the concerned departments of the State, as per their existing policies/rules and regulations of the State Government. The MoU would facilitate MOIL and GMDC for operating manganese mines and/or value addition project(s) in Gujarat.

Your company is having total mining leases over an area of 1743.77 Ha as on 31-03-2019 in Maharashtra and Madhya Pradesh. An additional area of 814.71 Ha has been reserved by the Government of India 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 eleven areas aggregating to 597.44 Ha. The balance area has also been granted to your company by Government of Maharashtra for prospecting during 2018-19, which comprises four PL areas. Further, the company has applied for three Mining Lease (M.L.) applications over 176.86 Ha area and out of these, the Government has communicated in-principle approval for two MLs. covering 132.46 Ha., and one application is under process.

Government of Madhya Pradesh has also reserved an area of 372.70 Ha, where exploratory core drilling is in progress.

Corporate Governance

Your Company always strives to attain the 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 SEBI (LODR) Regulations 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 2018-19 also, it will get excellent rating.

Caring for the society

Being a model 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, etc., predominantly in and around its area of operations. 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 1021 students. With the overwhelming response for this initiative, Company is in process of building one more branch of this school at Munsar in Nagpur District.

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. This programme 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. Work done under CDP has been appreciated by all quarters. The company has spent a sum of Rs. 9.29 crore on CSR activities during 2018-19.

Awards and accolades

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. During the year, the company has got Hindustan Ratna Award, Nagpur's Best Employer Brand Award, HR Excellence Award etc.

Acknowledgment

To conclude, I would like to acknowledge that all these have been possible only due to the relentless and dedicated efforts and hard work by the employees of the Company.

On behalf of the shareholders and management of the Company, I thank the Government of India, Ministry of Steel, State Governments of Madhya Pradesh, Maharashtra and Gujarat and other stakeholders, for the confidence and trust reposed in your Company.

I also place on record my sincere appreciation and thanks to the Board Members, our valued customers, company's bankers, suppliers, staff and workers' unions, officers' association, C&AG, research institutions and other organizations and institutions for their unstinted support, guidance and co-operation extended to MOIL. It will certainly be our endeavour to put in our best efforts for sustained growth, expansion and prosperity of the company benefitting all stakeholders.

M.P. Chaudhari
Chairman-cum-Managing Director



Notice of 57th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT 57th Annual General Meeting of the Members of MOIL Limited will be held on Friday, 6th September, 2019 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, 2019 together with the Reports of the Board of Directors and Auditors thereon.
- (2) To declare Final Dividend of ₹ 3.00 per equity share and to confirm the interim dividend of ₹ 3.00 per equity share, already paid during the year, for the year ended March 31, 2019.
- (3) 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 letter F. No.1(8)2013-BLA dated 27.01.2015 and further order(s) in this regard, if any.
- (4) To consider continuation of the appointment of Shri Srinivas Tatipamala, Nominee Director (DIN: 07238361), 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.1/16/2015-BLA dated 11.10.2017 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 2019-20 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 2019-20 at a remuneration of ₹ 1,50,000 (₹ 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)(Pt.) dated 14.12.2018 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 Smt. G. Latha Krishna Rao (DIN-02391324), as an Independent Director of the Company, for a period of three years w.e.f. 14.12.2018 until otherwise decided by the Government of India through further order(s).
- (8) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Special 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)(Pt.) dated 19.11.2018 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 re-appointment of Ms. Sangita Gairola (DIN-07172316), as an Independent Director of the Company, for a period of one year w.e.f. 27.11.2018 until otherwise decided by the Government of India through further order(s).

Place: Mumbai
Date: 27th July, 2019

By order of the Board of Directors

Neeraj D. Pandey
(Company Secretary)

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