MOIL LIMITED

(A Government of India Enterprise)

"Investors and Analysts Meet"
June 16, 2023

MOIL LIMITED
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ANTIQUE

CHORUS CALL

MANAGEMENT: **MR. AJIT KUMAR SAXENA-CHAIRMAN-CUM-MANAGING DIRECTOR**
MR. RAKESH TUMANE – DIRECTOR, FINANCE
MR. M.M. ABDULLA – DIRECTOR, PRODUCTION & PLANNING
MR. P.V.V. PATNAIK – DIRECTOR COMMERCIAL
MS. USHA SINGH – DIRECTOR, HUMAN RESOURCES
MR. NEERAJ PANDEY – COMPANY SECRETARY
MR. JAY KALA – DY. GENERAL MANAGER, MARKETING

MODERATOR: **MR. PALLAV AGARWAL – ANTIQUE STOCK BROKING**

Pallav Agarwal: Good afternoon, ladies and gentlemen, distinguished guests and the valued investors and analysts fraternity. My name is Pallav Agarwal, I am the Vice President for Metals & Mining sector at Antique Stock Broking, and I on behalf of myself, my colleagues, Suman Kumar and the whole of Team Antique extend a very warm welcome to this highly anticipated Investors and Analysts Meet 2023 of Manganese Ore India Limited. I would also like to extend my heartfelt gratitude to all of you for joining us today.

I firmly believe that this Investors Meet would serve as an invaluable platform for all of us to engage in a meaningful dialogue, exchange ideas and help the management address any concerns or queries the investor community has. We obviously understand that your time is very valuable and that we greatly appreciate your presence here. So I am very happy to announce today that we have with us the whole senior management team of MOIL.

The team I will just introduce them is represented by the Chairman and Managing Director Mr. Ajit Kumar Saxena, the Director of Finance Mr. Rakesh Tumane, Director of Production and Planning Mr. M.M. Abdulla, Director Commercial Mr. P.V.V. Patnaik, Director HR Madam Usha Singh and also we also have the Company Secretary Mr. Neeraj Pandey and Mr. Kala also as well from the company joining us here. So without taking too much of your time I would now request Mr. Ajit Kumar Saxena Sir to give his inaugural address to the audience.

Ajit Kumar Saxena: Good afternoon everyone and welcome to this Analysts and Investors Meet of MOIL. We are really thankful to all of you and our heartfelt gratitude for reposing faith in us and participating in this Analysts and Investors Meet. As a part of proceeding we will be starting with my opening remarks and after that we will have a brief presentation about company's performance, production, Manganese Ore industry and then we will take questions and answers. Most of you are already aware about the company and its performance and Manganese Ore industry. In addition to this I would like to highlight just few of the developments of the company.

As you know MOIL, its history goes back to almost 120 years back to British era. A syndicate called Central Province Prospecting Syndicate was formed and later on in the year 1908 it was converted to a company firm that is CPMO – Central Provinces Maganese Ore Company and later in the year 1962 June it was incorporated as MOIL that is Maganese Ore (India) Limited. As we are all aware it was listed on NSA and BSE in the year 2010 December through disinvestment process of Government of India and participated by Government of Maharashtra and Madhya Pradesh. Considering its performance and other parameters MOIL was upgraded to schedule a company CPSE in the year 2014.

If you talk about the operations of the company that is it is working with three verticals. One is ferroalloy plant and another is EMD plant which is Electrolytic Magnesium Dioxide which is the only plant of Electrolytic Magnesium Dioxide in the country and in doing the import substitution the plant fulfils the requirement of dry cells, pharmaceuticals, batteries and chemicals. At present the company has total lease area of around 1,881 hectares. Between 2016 and 2022 the company has bought back of shares four times to the tune of INR2,076 crores.

In the year 2017 the company has also issued bonus shares in the ratio of 1:1. There was also offer for sale by the Government of India in the year 2017. Present shareholding of Government of India in MOIL is 53.35%, State Government of Maharashtra 5.96%, Madhya Pradesh Government 5.3%. Remaining 35.3% shares are held by public and institutions. As the mines of companies are situated in the state of Maharashtra and Madhya Pradesh and both the states are promoters of the company it really gives strength to the company.

Coming to the manganese ore you know government has set an ambitious target of 300 billion ton by the year 2030 and manganese ore is an important ingredient in making steel though by quantity it is very small just 3% but has a lot of growth opportunity in the years to come. In order to add manganese ore reserves and resources the company is emphasizing on exploration activity and in FY23 we have explored more than 41,000 meters which was highest since then and this year again we still have a target of around 60,000 plus for exploration.

In order to meet the demand of manganese ore the company has made strategic plans and also taking various developments works in the mines dated of same will be covered in the presentation. In FY23 the company has registered a growth of 6% over the previous year in production and has registered second highest and you can say the highest production in last 10 years that is 1.3 million ton and we have an ambitious target of double digit growth in the current year. The profit before tax and the total turnover was INR1,419 crores and has recorded profit before tax INR334 crores and profit after tax INR251 crores.

As MOIL has a track record of continuously paying dividend the board of directors have recommended total dividend of INR3.69 per share for the year 2020-23. During the year the company has completed shaft sinking project at Ukwa mine and we are aggressively targeting the projects remaining at Balaghat and Gumgaon. To keep growth momentum on positive side the company is focusing on 5 Es that is Employee, Exploration, Extension of Leases, Expansion Projects and Enhancement of Production. The company is focusing on both brown field and green field projects to enhance the production by increasing the productivity of existing mine and also by exploring the mining opportunities in other states.

Dear friends, MOIL is having skilled manpower and really experienced to work in underground mines. The management of company is very well experienced and you can repose faith on us. With this I would request my colleague to take forward this presentation and therefore we will have, thereafter we will have question and answer session. Thank you.

Jay Kala: Good afternoon to all of you. On behalf of MOIL I welcome investors and analysts for this meet. I am giving a brief presentation on MOIL like what MOIL is and what is our future plan? It starts from, as we can see in 1962 MOIL formed with 51% capital with Government and State Government of Maharashtra and MP and in 2010 MOIL become a listed company and in 2023 MOIL achieved its highest production of 1.3 million ton which is the highest in last 10 years. We have an experienced management led by Shri Ajit Kumar Saxena, CMD MOIL. We have four Functional Directors, two Government Directors and three Independent Directors with us.

The total resource in India is about 500 million tons and out of which MOIL having a share of 20% that is around 100 million ton of total resources of India. But in this in the same time MOIL contributes about 45% of domestic production. We have three areas of operations. The first one, the core activity of MOIL is mining of Manganese Ore. MOIL having its underground and open cast mine operations and last year we have produced 1.3 million tons. We have a ferroalloy plant at Balaghat mine which having a capacity of 12,000 metric ton per annum. We also have one EMD plant, electrolytic manganese Dioxide plant at our Dongri Buzurg Mine and having a capacity of 1,500 metric ton and it is basically used in dry cell battery, pharmaceutical industry and chemical industry.

MOIL is under administrative control of Ministry of Steel and having its mine at Maharashtra and Madhya Pradesh states. As you can see that we are having a 10 different mines located at Maharashtra and Madhya Pradesh. The total paid up capital of MOIL is around INR203 crores and out of which Government of India having a holding of 53.35%, Government of Maharashtra having a holding of about 6%, Government of Madhya Pradesh having a holding of 5% and rest public and institutions having a holding of about 35%.

Our major shareholders other than governments are LIC followed by other institutions like UTI, ICICI etc. Despite of extended monsoon, MOIL achieved its highest production of 1.3 million tons which is the best in last 10 years and also we have achieved highest capex of INR245 crores in the last financial year FY23. MOIL is the largest producer of manganese ore in India having a shareholding of about 45%, having all its mining lease renewed. MOIL is a debt free company, adequate and adequate cash reserves to fund growth projects, excellent growth and real connectivity and we have a skilled workforce. Now we will share about manganese ore industry. Manganese ore industry is basically used in metallurgical and non-metallurgical industry.

In metallurgical industry it is used in the form of Ferromanganese and Silicomanganese and in non-metallurgical industry it is used by dry cell chemical industry and pharmaceutical industry. Manganese is an important raw material for steel industry. About 30 kg of manganese is required for 1 ton of crude steel production. Our national steel policy stipulates that steel capacity is expected to reach 300 million tons by 2030 and same period the requirement of manganese ore is around 11 million tons. The global production of manganese ore is, you can see that last year the world production of manganese ore is around 59 million tons and in last 6 years it is in the range bound of 59 to 64 million tons and out of which India contributes around 4 to 5% of total world's production.

India is a net importer of manganese ore for past many years and last year we have import 4.64 million tons and the same period MOIL produced 1.30 million tons. MOIL is contributing only 17% of manganese ore requirement of the country and we have a strong potential to go from the current levels. MOIL has planned to increase its production to meet the future demand of manganese ore. The demand of manganese ore is increasing year on year. You can see that in the last year, last 12 years it increased by CAGR of 4.5% whereas the production of manganese ore has not been raised up to that level. So we have a huge potential to increase our production.

Our future plan of MOIL, as our CMD said, MOIL having an ambitious growth plan for doubling its production in next three years and tripling in next six to seven years. MOIL is emphasized on higher exploration to add manganese-ore reserves towards this. As you know, exploration being a core activity of any mining industry for a path of increasing its production. So we did 40,000 meters-odd in FY '23 and this year, we have planned for 70,000-plus meters.

For achieving our future goal, MOIL has signed the MoU with GMDC in the state of Gujarat, with Government of Madhya Pradesh and with Government of Chhattisgarh for exploration of manganese-ore. We also have planned to go in other states as well as for other minerals. Lastly, EC, about Environment Clearance. So EC is very much essential for mining activities and company has been continuously adding to it. You can see that in financial year FY '20, the total EC with MOIL is 1.91 million tons and last year it was 2.27 million tons and this year MOIL has planned for 3.34 million tons to add in MOIL's account. Thank you.

Management: Yes. Thank you, Mr. Jay for the insightful presentation on MOIL. So now we will open the floor for Q&A. So I will just request whoever is asking questions to please introduce themselves and then go ahead with the question. Participants can raise your hand.

Analyst: Sir, I am Aspi from Mumbai (Bombay). Sir, I would like to know the reason for giving INR0.69 paisa final dividend. Why not INR0.70 paisa? What was the attraction of INR0.69 paisa?

Management: [inaudible 0:20:34] Yaa, It was basically, we had discussed the formula of the government guideline. As per that the formula,- when we worked out the formula, it was based on the total 30% percentage of- net profit

Analyst: So but in spite of increase in production, the value of sales is reduced. So is it the prices of manganese have come down during the year?

Management: It is a cyclical market. So last year if you see that global steel production has come down. And so basically, our product is used in ferroalloy production and ferroalloy production in country almost 45% to 50% is getting exported. Domestic steel production has shown growth, but global steel production has not shown.

Analyst: Thank you and all the best.

Abhijit Dey: Good afternoon, everyone. This is Abhijit Dey from JHP Securities, sir. I have a few questions and I hope Pallav will give me enough time for asking those. So first of all sir, I was talking to Mr. Patnaik before the meeting started. I just wanted to know in terms of the capacity expansion plans. You mentioned that the sharp shrinking work at Ukwa is completed. But the two major projects, which is basically Balaghat and Gumgaon, what is the timeline for that to get completed now?

Management: During Financial year but in spite that growth of around 20% or more than 20 % this year we are targeting 1.6

Abhijit Dey: Okay. So, I refer to your annual report of last year, where you mentioned January '24 and June '24 as the dates for Balaghat and Gumgaon to come up. Are you sticking to that timeline?

Management: Yes.

Abhijit Dey: Okay. And what would be the capacity expansion post these two projects coming in, sir?

Management: It is not exactly the capacity of shaft which determines how much you can excavate. It is also the EC and development work in the mines. So this year we are planning 1.6 million tons and next year, it will be premature to say, but it will again be a growth of more than 20%.

Abhijit Dey: Okay. And for that, you are including whatever will come out of Balaghat and Gumgaon?

Management: Definitely.

Abhijit Dey: Okay. And so, that was on the capacity. On the Ferroalloy expansion sir, what is the update there?

Management: Ferroalloy expansion, we had a plan. The plan was drawn sometime in 2018. We got the board clearance. Then recently, we have got EC clearance. Now seeing the international market and viability of the project, we will be taking it up.

Abhijit Dey: Okay. So you have not started much work there?

Management: We have already got EC, we have already got the land. It is only the equipment part we have to work on.

Abhijit Dey: Okay. But approximately, what timeline are you looking at in terms of commissioning the project?

Management: We just have to look at the viability first.

Abhijit Dey: Okay, fine. So on that first, and in terms of the quarterly production, you did close to about 4 lakh tons last quarter, that is March quarter. And this quarter the run rate seems to be higher than that. So without any expansion coming in, when I say expansion meaning, Balaghat and Gumgaon coming in, what kind of levels can you reach basically, on a quarterly basis in terms of production?

Management: As I said, this year we are targeting 1.6 and Q1 is showing that this last quarter, that is Q4 FY '23, which was highest since inception, I think we will be surpassing that in Q1 of FY '24. We expect more than 1.6.

Abhijit Dey: Okay, great. Thank you. And in terms of sir, the other two business divisions which you are in, one is EMD and Ferroalloy, you mentioned – you talked about it. But EMD, is there any plans of expanding capacity because we are a net importer there also?

Management: Yes, we are seriously thinking it because it has become -- it has been giving positive return only for the last few months. And this capacity was installed sometime in 1991. So though it was there, but now the market is picking-up and the way it is performing, we are planning it. Very soon maybe. Just look at the viability and then how much the consumption and then we will decide.

Abhijit Dey: Okay. And sir, one important question from today's perspective is about the high priority manganese sulphate market. That is obviously set to grow in the future because of the electric vehicle battery revolution. Any plans regarding that, anything on the drawing board which you can talk about in terms of setting-up capacity for manganese sulphate, basically, going ahead?

Management: So far no, but the input to manganese sulphate plant which is currently it is -- being consumed around 3,000 tons per month. We have a stock for more than 10 months. So I want if somebody is developing that industry, we assure that we will double or even triple the supply from current months. But right now we do not have any plan to produce $MnSO_4$.

Abhijit Dey: And sir, coming to the commercial part, of course you supply as you rightly said to ferroalloy exporters in this country. A large part of that obviously goes to them and of course the primary and secondary steel manufacturers. So do you have a differential pricing policy between ferroalloy exporters and primary or secondary steel producers, or is it the same for you?

Management: Not so. It is the same.

Abhijit Dey: Okay, right. Thank you.

Management: Yes, Abhijit, thank you for the questions. Abhijit, do you want to ask a question?

Abhijit: Hi sir, this is Abhijit from Kotak. Sir, my question is like for many years we have been investing. So almost like INR250 crores is the annual run rate of capex. So this year what would be our guidance?

Management: Around INR290 crores, INR300 crores.

Abhijit: So in terms of the capex and the production target of 2.5 million tons, there has been, there apparently looks to be a delay. I have been covering it off late. So why is this delay and how far you are confident that it will be done by FY '25?

Management: About any specific project you are asking or you are asking about…

Abhijit: That the underground mine shifting, that the shaft which you are putting.

Management: There was some issue. There was unexpectedly ingress of water while sinking the shaft. So now we have taken decision and I am sure this financially we will be completing it. And you are seeing the performance of Q1 this year even without having those shafts. We are going to give the best production since inception. That is costing 4 lakh ton. So I don't think anybody should doubt that whether it will happen or not.

Abhijit: As we go underground, do the grades also improve?

Management: Not so. It keeps varying. But not that when you go deeper the grade will be better.

Abhijit: Understood. Thank you. Just last on it, how much will be the cost of production will be increasing when we go underground?

Management: Look, I mean the kind of planning we have by rationalizing and redeploying the manpower and having the production, I expect on manpower account the cost will go down by INR300 to INR400.

Abhijit: And because of the higher electricity technology, any other…

Management: We would be somewhere around INR6,500 or so. But of course, I mean it will depend on many other factors, but it will definitely be reduced by INR300 to INR400 in the current time.

Abhijit: Understood. That's all from my side. Thank you.

Management: Thank you.

Namit Arora: Thank you all for the detailed comments. This is Namit from Indgrowth Capital. Sir, my question is even today there is a very large proportion of imports that the country is dependent on. And given the pedigree of your organization and the strengths, while you did talk of doubling in two to three years and tripling in sort of five, six, seven years, but your thoughts on what are some of the constraints that you face and what could be done so that the import substitution could come down in an accelerated manner? Is there anything else beyond your current efforts that you could do?

Management: Yes. One thing is that we have to make the product available so that people do not plan, because whatever in such kind of process industry, whatever raw material planning you do, you have to do for the next six months. So unless we give them confidence that yes, as and when you required, it will be available, perhaps nobody will plan based on our availability. And second thing is there are certain ferroalloy producers which are a little far from our location. So there we are planning some -- a few things to incentivize that they use domestic alloy first.

Namit Arora: Right. And could you also give some color on the modes of transport, etcetera? And are there any logistical improvements happening on modes of transport which might enhance your competitiveness?

Management: We are open to rail as well as road. So it depends which way customer likes it. And of course, inland waterways, still it is not developed. And more so, there is no big river near our location. So rail and road, whatever customer preference we have. We have rail sidings, we have road loading for trailers and all. So no issues on that front.

Namit Arora: Got it. And so final question, in terms of longer term plans about exploration and discovering new, what is the sort of investments that you are undertaking and efforts, technology and manpower, etcetera, and capital commitment so that there could be some findings?

Management: Look, this year, we have done capex nearly to the tune of our profit, profit after tax. So we have a plan from this level to going up to 340, 360 in the coming few years. But if you talk about the money terms, then we have plans to go up to 340, 360 in the next two, three years. But if you talk about the plans overall, I would just like to elaborate that we are going to form a joint venture with the Gujarat Mineral Development Corporation. I hope within this financial year it will be done. So that will be adding at least in first stroke, 2 lakh ton in a year.

We are also exploring certain blocks in district Jhabua and Balaghat and Chhindwara. So that will give us another area to operate. That will I think, that should become operational by next financial year. Of course, it is premature to say, because the ECs and all do take time, but that is one area. Thirdly, we have applied in Chhattisgarh state that we should be given allotted some land so that we can do exploration activity.

And beyond that, there are other few states where we are contacting state government authorities so that we can have manganese mines. And we are also having interest in even other minerals. So if offered and if it is viable, we would definitely be expanding even beyond manganese.

Namit Arora: Got it. Thank you very much for your very detailed responses. Very helpful, sir. Thank you.

Management: Thank you.

Analyst: Sorry, just you know, two more questions, if you don't mind? Just to you know, continue from where he left, on the GMDC joint venture, sir, you said 2 lakh tons per annum can come in. So by which year are you looking for that to happen?

Management: We are looking this year, but this year, joint venture would be starting. of course, with all clearances and all. So very first year of operation, we are confident. I think My director production can add to this. We are confident that, it will be adding from very first year of operation to around two lakh tons.

Analyst: So you have the got ECs approval and all that, for this joint venture?

Management: No, that is the thing, which will take time. From joint venture formation and then EC clearances and consent to operate and consent to establish, all these things will take time. But the potential I am telling, don't go for the year, but the potential that, the moment you start, as we have seen, there is potential that, in the first 12 months, you can have two lakh tons.

Analyst: And in terms of the manpower cost, you mentioned that, it will come down by INR300 to INR400 per ton. So I am assuming, you will not add any manpower after all the staff sinking is done in Balaghat and Gumgaon. No more requirement of any manpower?

Management: Yes, there are certain requirements because there are certain statutory requirements, which you have to fulfil. If you are working on certain phase, you need to have two persons or three persons. There is a certain statutory requirement, but otherwise, yes, we are in the process of rationalising and redeploying.

Analyst: Ok. Because obviously after the last wage agreement, your quarterly wage costs have gone up to INR140 crores odd?

Management: That you know better than me. You had earlier, when you had expressed that, with a reason…

Analyst: I was going to ask you whether, this INR140 crores is something which we you stick to, in the coming quarters or that number can also go up post the shaft sinking work is over basically?

Management: I don't think it will go up.

Analyst: Apart from the usual DA increases and all that, I am saying?

Management: I don't think so.

Analyst: Okay, fine. Thank you.

Management: Hi, Pritesh. It is quite reasonable, but unless you excavate, the results which you are telling is up, at the exploration level. But as you excavate, you get because it keeps changing from place to place and level to level.

Analyst: So as of now, we are not sure of the growth?

Management: Mr. Abdulla, if you can?

Management: Actually, the cut of grade is as per Indian bureau of 10 % manganese and we have done this and find 9.5 million tonne of ore of ore is already available there. And as you go and mine, then you will have different bands. I think the average, it will be something around 30% or 32% and all.

Analyst: And our current grade is around 35%, 37%?

Management: Yes.

Management: It varies from mine to mine. We have in 44%, we have 37%, we have 26% also. So it keeps changing.

Management: Yes.

Analyst: Sir, there was one slide put up, wherein we mentioned about ECs, 23, 24, 25. So all of these are in application mode or all of these are?

Management: There are different stages. Like once, we have given TAR, we have done first stage presentation. It has different stages.

Analyst: So for our understanding, this is yet to be approved, right?

Management: Not exactly. If you are thinking of linking it, with our plan, I can assure you, at 2-2.5 in the year 2025-2026, it will not affect us. So it is quite well in time, we have planned it.

Analyst: The fact that, you mentioned that, we are intentioned to double the production, so for that, full EC is received or still pending?

Management: It is still in process.

Analyst: How much is that in process?

Management: That is, somebody would you like to share?

Management: In different mines, we are having already existing ECs and we are expanding them. For example, at Chikla, we are having for 1.8 and we are going for 4 lakh metric tons. And similarly, we are going for other mines also. And by the time, we get the production capacity, the ECs will be in place.

Management: And if you look at the presentation, the particular slide, it was showing 3.37 for the current year.

Analyst: 2.27, I think?

Management: 2.27, '22- '23, 3.34 '23- '24. So it is 3.34 is already there.

Analyst: It is already there.

Management: And beyond that, because it is the capacity and then, we are going to that level, then getting the ROM and then separating the waste. So it is not that mathematical that, you dig out and then take certain percentage of it. But this '24, '25, there is no issue. And it is a continuous process. It is not that, you take it once and then stop it. Like in certain mines we have taken when and how, once we have got it and we increase our production, once it comes to that level, say a few months, then again, we will reapply for manganese ignite. So it is a continuous process.

Analyst: Sir, is it possible to share, what kind of –this is just for us to be able to monitor – what kind of mine-wise production that, we intend to kind of produce for the next three years?

Management: You want right now?

Analyst: Is it that the open-cast mines are going to contribute more? Is it that the underground mines are going to contribute more? How is the split?

Management: It depends. Like if you take – generally, if you take one mine, so if you have some iron ore, in the open-cast, you do the open-cast mining for a few years, then you go underground. It is – most of the manganese mining goes like that. So it all depends. Suppose we start – the moment, we start Gujarat, we will have some – for a few years, we will have open-cast mining. Then again, it will go underground. Many of the underground mines, which we have today, they were open cast a few decades back. So it is –what kind of a seam, we get in the Mother Earth, that will decide.

Analyst: Okay. Sir, as of now, the landed price versus what we offer, what is the difference and what has been the difference historically?

Management: You are comparing with?

Analyst: The landed versus what?

Management: You are comparing with import prices. Import prices depend on a lot of many factors. What kind of consumption and availability and demand is there across the globe. So if you talk about the cost, I can say, we are competitive with any of the international producers.

Analyst: So including the manpower cost, our cost of operation is INR6,500, sir.

Management: INR6,500. Right now, this year, it was INR6,900 some odd, and we expect to go down by another INR300 to INR400. So it will be around INR6,500.

Analyst: Okay. Just to kind of refresh about the pricing aspect, our price offering for the average grade is how much?

Management: That keeps changing.

Analyst: As of today?

Management: We have a pricing mechanism, so whatever is decided based on many factors. As of today, I think the price is – There are so many grades, we can give you. It is on public tone. We can give you the prices.

Analyst: All right, sir.

Analyst: Sir, Just now you said price mechanism. I just wanted to know, because MOIL is almost in a monopolistic position, what is the market share in the…

Management: We are not in a monopolistic position. We are producing only 50% of the, what the country is producing.

Analyst: Okay.

Management: Maybe they are some big players, some small players, but there are players. We are producing around, say, 1.3 this year, and total production was 2.82.

Analyst: And in this pricing mechanism, whether the government has any say or it is purely a market process?

Management: We are independent.

Kirtan Mehta: Hello. This is Kirtan Mehta from BOB Capital Markets. Just to take the pricing mechanism forward, is our pricing dependent on a sort of a discount or premium to the international pricing, or does it run quite independent of the way, you say it?

Management: It definitely has one of the factors, but it is not the only factor.

Kirtan Mehta: And what would be typical range versus the landed price at a particular location versus our price? So how do we really look at the – what is the mechanism that you follow?

Management: We follow, on the inventory level, inventory level at our side, inventory level at our user side, international prices, and what is the level of inventory at different ports, so a lot of many factors.

Kirtan Mehta: Right. One more question was about the – we are undertaking a lot of exploration activity now. I just wanted to understand, sort of a typical timeline in carrying out the exploration, assessing the viability of a block. What are the processes involved, and what is the timeline for sort of?

Management: It is basically an effort. This is the first step. Unless you do it, you do not know, what you are going to get. But if you want to know the detail, my director of production and planning can explain you in detail.

Management: Actually, that will depend upon the area of the manganese block, which you are exploring and the depth of ore body that is available and the thickness of that, and what is the probability of getting the ore. So many factors are there for doing the exploration and going for that. If the block is small, you can establish it within one year to one and a half years. If the block is big, then it will take time.

Kirtan Mehta: For the tripling of the production within five years to six years that we are targeting, do we have the reserves already established, or we are looking at it, to come from our exploratory efforts?

Management: Yes, the reserves are already available for this us. Certain resources are there which we will convert it into the reserves in the span of two years to three years. Absolutely, there is no problem with the resources.

Management: As you have seen, there are 500 million tonnes reserves and resources in the country and 100 million tonnes reserves and resources are with us

Kirtan Mehta: Thank you.

Siddhant Dand: Hello, Siddhant Dand I am from a Family Office. So my question was, because we have a strong balance sheet, so why are we going into a JV and not directly going in the Gujarat mine? First question here is…

Management: It all depends on the other person. It is just not our wish. Whether the state gives us the mine based on Section 17 or they want to go for a joint venture.

Siddhant Dand: Okay, my second question is…

Management: Because mining is a state subject.

Siddhant Dand: Fair enough. My second question would be, what is the customer concentration in terms of supplying?

Management: We can say that, we have three clusters. One is Durgapur, another is Chhattisgarh and another is Vizag.

Siddhant Dand: But in terms of customer, like Steel Authority or Jindal or Tata?

Management: It is yes, as SAIL is our customers. Even, Jindal is also our customer. Jindal-Shadeed (Oman) , they have also shown interest, so it keeps changing.

Siddhant Dand: What is the concentration of the top customers?

Management: Concentration of top customers is basically this ferroalloy produces in Chhattisgarh and Vizag.

Siddhant Dand: Okay. Yes, how much?

Management: Top five, first is, we can say SAIL and then Hira Alloys and then Bharat.

Siddhant Dand: So what percentage of…

Management: It is not fixed. It keeps changing. Because it depends on their inventory, their blend and what kind of ferroalloy they have planned to produce. It is volatile.

Rahul Jain: Yes, so this is Rahul Jain here from Systematix. So firstly on production, sir, in last ten years, we have hardly grown from one million to now 1.3 levels. So what gives you that confidence that we can really triple in next five years?

Management: Just look at the performance of this quarter. We have done nothing but you can say it is almost 20% plus we are planning this year.

Rahul Jain: And plus you are saying that 100 million ton reserves you have been carrying for a long time. So what suddenly do you think that and how serious is this attempt to actually…

Management: I mean, results are speaking. You just look at this quarter. I have not spoken. Somebody from the U.S. said that 4 lakh ton is… I mean, if we expect around 4.2 to 4.3 lakh, this quarter…

Rahul Jain: So you are saying it is not a splash in the pan, it is going to be a big…

Management: We have potential. We have identified what is to be done. We have set plans what to be done on the EC front, what is to be done on project front. So that is why we are confident.

Rahul Jain: And so on your staff cost, so it is just growing very disproportionately, right? The production hardly grew 30%. Staff cost has doubled. So how do you see the staff cost evolving over the next five years period?

Management: Last year we had a wage revision of employees which is done every 10 years. So that is why it is appearing as a major spurt in it.

Rahul Jain: So how should we see it growing when your production say doubles or triples? Will it grow in the similar fashion or will it be more linear?

Management: Not so. Not in that proportion. Definitely not.

Rahul Jain: So in that sense we can see higher margins, you know, translate obviously because fixed cost will be…

Management: As we have said that we are planning a good amount of capex. So that is what we are – though it is very difficult in manganese ore mining, but we are trying to do whatever possible, that mechanization and automation. So that will help us in saving manpower cost.

Rahul Jain: Now coming to the end of production, so you have concrete plans to double it and to tripling it is going to be next stage of planning, is that right?

Management: Yes. This will – it is not that you can say that it is just switch on and switch off. But we are seeing very clearly that 1.6 million tonnes and 2 and then going to 2.4, 2.5 and so on. And that is what the mandate is. If we are going to produce 300 billion tons of steel, we have to.

Rahul Jain: That's right. And sir, in the initial comments you also mentioned that you are looking at other minerals that you might do. Is there anything concrete on the cards yet or is it just right now in planning stages?

Management: It is at planning stage. And we have to see what kind of mineral. Because mining activity is a time -- it takes six to seven years to start from concept to production. But we are open. Whenever we get the potential and we see that particular element has potential, we will go.

Rahul Jain: And this year you said INR300 crores capex, right? Is there any kind of break-up on what elements are this money being spent?

Management: We will come back to you.

Rahul Jain: Yes, sure. Thanks.

Management: Any other questions from the audience?

Piyush Shah: This is Piyush Shah. Just to understand in the capex you are going to do, how much production is expected from that particular Gujarat JV? And how you elaborate or I mean over the years how you split it, expectation of production?

Management: Expectation of production from Gujarat JV, as I said, that assessment is that once we start after all the clearances and all, it shows the potential of 2 lakh tons in first 12 months.

Piyush Shah: So how many years it will be going to continue, expectation of continuation of production? Maybe 2 lakhs first year but afterwards?

Management: It is very difficult to answer at this stage because I mean what kind of – how long will you continue with open cast? When you have to go underground and what will be the nature of that seam? So that is why, you cannot say right now that what will happen but potential is 9.5 million ton, 9.5 million tons of reserves are there. And let us see how it gets converted to production.

Piyush Shah: What is the – as per past experience, what is an average life of a particular mine to dig ahead up to economical viable or whatever viable?

Management: It all depends. Most of our mines are 120 years old.

Piyush Shah: 120 years old. So any mine as of now has been depleted and you are not supposed to go further for that?

Management: So far no.

Anant Mundra: This is Anant Mundra from Mytemple Capital. Sir, just wanted to understand until when do we have our mine leases? Like when do they expire? Is anything coming for renewal?

Management: Leases are already renewed by the state governments. Some are up to 2042 and some are up to 2050 and some are up to 10 years by 2032 like that. Different leases are being renewed up to different periods.

Anant Mundra: So whenever there is a renewal, do we have to pay any additional royalty or premium?

Management: No, not like that. No, nothing.

Anant Mundra: It has been going on since?

Management: Yes.

Analyst: Sir, I had a question just on that. You have seen that NMDC and Nalco also have made provision for additional royalty. That additional whenever the leases have been renewed. So are we facing any similar increase in royalty rates or for us it is normal? And what is exactly the rate of royalty that we are paying right now?

Management: Actually we do not face any problem with the state governments because both the state governments of Maharashtra and MP are our stakeholders. We got full cooperation from the state government. Then there is no problem with these renewals of leases. And as far as this royalty is concerned, it is 5% of the sale value and there is a component of DMF and NMET. DMF is 30% of the royalty and then NMET 2%. It is like that. And where the blocks are all around 17A, there is a certain doubling of the royalty like that. We have not faced any problem from state governments.

Analyst: So you are saying basically including DMF and NMET it should come to about 7% and some blocks you are saying there can be an additional royalty. Is that correct?

Management: Yes, if it is granted under 17A, there are certain doubling of like that. It depends whether you go like that.

Analyst: Okay. 6.6% 6.6% yes.

Analyst: Sir, just one more question for you. Can you throw some light on your profit distribution after the net profit which is deployed in the recapacity or expansion of projects, the remaining is distributed totally or it is retained with you for that matter? Say INR100 crores is there so net profit, so how much you are going for expansion and how much you are distributing as a dividend or something?

Management: This year we have retained, distributed 30% and the 70% is retained. So that is for the basically increasing the value of the company.

Analyst: So this will be the ongoing process for the dividend distribution policy and retaining the profit?

Management: It will depend on what situation is there next year and how much the capital requirement is there.

Management: Not necessarily because with this even turnover would be going up.

Analyst: Yes, that is why I am asking.

Management: So maybe that as percentage you can see it is same but the amount for distribution is more.

Analyst: Okay, thanks.

Analyst: Sir just to add this to the question sir of course you have paid as high as you say Rs. 7 dividend when the net profit was not much different from last year so is it because of higher capex you paid lower dividend from last year I mean did you skip 30% formula or how is it ?

Management: These are all policy things, how much we have to distribute and how much we have to go for capex. But because we have to think about what kind of foreign exchange we are spending when we are importing manganese ore. So we have to look at that also.

Analyst: you have paid much higher dividend earlier, where the profit is not very different

Management: It is not about the profit, it is about what you are looking at future, that 300 million ton and preparing yourself for that. If you do not invest now, perhaps you would not be doing the import substitution even for manganese ore.

Analyst: That's why I asked this question

Management: Thank you.

Analyst: And any plan on buy back sir this year , 1 year period is also now over

Management: Can we have the last question please?

Analyst: We do not have any mine under Section 17A, do we have any?

Management: We still have.

Analyst: So in that I think the royalty will increase right?

Management: It depends actually.

Analyst: I mean that is codified like it is there or it is a bilateral negotiation with the state government?

Management: No, actually so far whatever we are operating that is as per these royalty 5% and DMF 30% and NMET 2% it is like that.

Analyst: So far you have not faced any increase?

Management: No.

Moderator: Yes, I think most of the questions are done. So I will just extend a vote of thanks right now. So we have come to the concluding session of the event and on behalf of Antique Stock Broking, I would really like to extend a heartfelt gratitude to the honourable CMD Ajit-ji and the senior management team of MOIL for taking time out of their busy schedule. They flew in from Nagpur today morning so pretty hectic for them and being present on this occasion and providing their insights and thoughts about the company's plans for the future.

I would also like to thank all the analysts and investors who participated in this event for their insightful questions and their contribution in helping us make this event a grand success. Also, I would like to acknowledge the efforts taken by our entire team of Antique Stock Broking, Bharti Ponda who is a corporate access person who helped put together this event and also the event management team led by Sanjay-ji for the last minute changes etcetera and for organizing this event so smoothly.

So now lunch will be served. I request everyone to please join us for lunch. Thank you all and I look forward to your continued support even from the management and from the investor committee for future events. Thank you.