



MOIL LIMITED

(A Government of India Enterprise)

**“Manganese Ore (India) Limited
Investors and Analysts Meet”
November 17, 2023**



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(A Government of India Enterprise)



**MANAGEMENT: MR. AJIT KUMAR SAXENA – CHAIRMAN CUM MANAGING DIRECTOR
MR. RAKESH TUMANE – DIRECTOR FINANCE
MR. M.M. ABDULLA – DIRECTOR PRODUCTION AND PLANNING
MS. USHA SINGH – DIRECTOR HUMAN RESOURCES
MR. NEERAJ PANDEY – COMPANY SECRETARY
MR. JAY KALA – DEPUTY GENERAL MANAGER**

Moderator:

A request to everyone to have a seat, please. Thank you. On behalf of IDBI Capital, I would like to thank MOIL for giving us this opportunity to organize this event. I would like to call on stage Mr. A.K. Saxena, who's the Chairman cum Managing Director; Mr. Rakesh Tumane, who's the Director of Finance; Usha Singh, who's the Director of HR; Mr. M.M. Abdulla, who's the Director of Production; N.D. Pandey, Company Secretary; and Jay Kala, DGM Marketing.

Thank you, sir, and warm welcome on behalf of IDBI Capital and Analyst and Investor present. I would like to call Mr. A.K. Saxena sir to just have a brief introduction, and then we can start.

Ajit Saxena:

So good morning, everyone. Before we start, I would like to introduce my team: the farthest, Mr. Rakesh Tumane, Director of Finance; Madam Usha Singh, Director Personnel -- Director HR and Additional Charge of Director Commercial; Mr. Abdulla, Director of Production & Planning; and my Company Secretary, Mr. Neeraj Dutt Pandey; and assisting me from my office is Mr. Jay Kala.

So good afternoon, everyone, and we are really thankful to all of you for joining us in this Investors' and Analysts' Meet of MOIL. We offer our heartfelt gratitude to all the investors and analysts who have reposed faith in MOIL. As a part of proceeding, after my opening remarks, we would have a brief presentation on the company's business performance, industry, and future outlook, and then we will take up question-and-answer session.

Last, when we met sometime in mid-June, and it's good that Investors' Meet and Analysts' Meet is once again in the month of November, in a short span of 5 months. Most of you are already aware about the company and its business operation and also the manganese ore industry.

I would like to briefly highlight about our company and the developments going on. MOIL is more than 120 years old company and its history goes back to pre-independence era. All mines of the company are more than 100 years old and are still working.

It is heartening to mention that MOIL has been maintaining its leadership in manganese ore industry in the country since then. And today, it is producing more than 45% of manganese ore of the country. MOIL's shares were listed on NSE and BSE in December 2010 through disinvestment process of Government of India, in which Government of Maharashtra and Madhya Pradesh had also participated.

The company has also set up an EMD plant, that is at electrolytic manganese dioxide, which is the only plant of EMD in India. The plant fulfils the requirement of dry cell battery, pharmaceuticals. Between 2016 and 2022, the company has bought back shares worth more than INR2,000 crores.

In the year 2017, the company has also issued bonus shares in the ratio of 1:1. There was also offer for sales by the Government of India in the year 2017. Present shareholding of Government of India in MOIL is 53.35% and the state government of Maharashtra and Madhya Pradesh holding up 5.96% and 5.38%, respectively. Remaining 35.3% shares are held by public and other institutions.

State of Maharashtra and Madhya Pradesh being a promoter of company and extend their full support for MOIL in carrying out different operations and that adds to the strength of company. You'll be very happy to know that leases of MOIL have been extended up to next decade and beyond even that, that is up to 2032 and 2042. You'd appreciate that this is the biggest strength for any mining company.

Coming to manganese ore market. I would like to share the government had set a target of Indian steel production capacity to be around 300 million ton by the year 2030. This augurs well for manganese ore market also, as it is an essential ingredient for making steel.

Currently, manganese ore consumption in India is around 7 million tons, which includes manganese ore required for export of manganese-based ferro alloy from the country. By 2030, it is envisaged to exceed 11 million tons as per National Steel Policy 2017. This clearly speaks volumes about the opportunities that lies ahead of MOIL.

It is most heartening to share that the MOIL has not only recognized the opportunity but has gone all, allowed to make the most of it. The figures say it all. I'll just highlight a few of the achievements this year. MOIL has achieved best ever 6 monthly productions in April to September 2023, and that is 8.15 lakh million -- metric ton, registering a significant growth of 45% over corresponding period last year.

You'll be happy to know that the first quarter of the financial year, which is April to June 2023, was the best ever quarter since inception of the company and we are sure that the current quarter, which is Q3 of this financial year, is going to exceed that.

I'm glad to inform you that in the first 10 months of the current calendar year itself, MOIL has produced 13.28 lakh tons of manganese ore, which is highest ever production of MOIL in any calendar year since inception. So 13.28 million ton -- lakh ton and this is with 2 months still left with us.

Third thing is that the company has also recorded best-ever 6-monthly sales performance at 7.57 lakh tons during April to September '23, registering a growth of 54% over CPLY. Revenue from operation during the first half of FY '24 was at about INR727 crores, which is 19% higher over CPLY. Giving utmost thrust to exploration, the company has carried out exploratory core drilling of 41,000-odd meters in the first 7 months of financial year '23, which is 2.7x of CPLY. This will help definitely -- this will help the company add manganese ore reserves and resources in its existing leases and also open new mines wherever potential is found.

In financial year 2023 also, the company carried out exploration of 41,000 meters which is the highest ever exploration done by the company since its inception and considering it as a backbone for the company, MOIL has set an ambitious exploration target of 70,000 meters in the current financial year. And in 7 months, we have explored 41,837 meters.

The company is focusing on both brownfield as well as greenfield projects to enhance the production by increasing the productivity of existing mines and exploring mining opportunities in other states and other geographies.

Recently, another feather is added in the company's hat. That is -- MOIL has been given the go ahead for carrying out exploration in 218 square kilometres area -- of area in Chhattisgarh. So with that, MOIL has signed an MOU with the CMDC, that is Chhattisgarh Mineral Development Corporation, for carrying out manganese ore mining in the state and this area has been -- this area of 218 square kilometre has been given to MOIL for further exploration.

So friends, MOIL is having skilled manpower working in its both underground as well as open cast mines and considering the environment concerned. More than 70% production is coming through underground mines. The management of the company is very experienced and you can repose full faith on them.

The current performance of the company shows that it gives -- it is working in the right direction, and MOIL will achieve greater heights in coming years. Importantly, I want to convey my thanks to all the analysts, investors and other stakeholders who have reposed utmost faith and confidence in the company, which is reflected in share prices of company.

You must be aware that during April to November '23 period, the share prices of MOIL has increased by more than 80%. The company has concrete growth plans for the foreseeable future also, and I'm sure the investors' confidence and interest in MOIL share will continue as has been seen in recent past.

With this, I would request my colleague, Mr. Jay Kala, to take forward his presentation and thereafter, we will have a question-and-answer session. Thank you.

Jay Kala:

Very good afternoon to all of you. First of all, I thank all for joining us in this Investor Meet. I'm Jay Kala, DGM Marketing at MOIL Limited. Today, I'll be sharing an overview of company's performance, growth prospect and the exciting opportunities that lie ahead. Let's start with the brief history of the company.

MOIL was formed in 1962. And in 2002, it became Schedule B status. In 2010, MOIL became a listed company. In 2014, the company upgraded to Schedule A. And during this journey, in last financial year, MOIL did its highest production of 13.02 lakh tons since last 10 years.

Regarding uses of manganese ore. About 95% of manganese is used in the steel industry in the form of manganese-based ferroalloys. And this is being used in pharmaceutical, dry cell and chemical industry. Total resources of manganese ore in India is about 500 million tons, out of which MOIL having a share of only 20%. But at the same period, we contribute more than 45% of domestic production. In India, Odisha having resources of 34%; Karnataka, 25%; and Madhya Pradesh and Maharashtra each having resources of 12% where MOIL company belongs.

Regarding our operations area, MOIL is a major producer of manganese ore in India, having a share of more than 45%. We have 10 mines, six in the state of Maharashtra, four in the state of Madhya Pradesh. And we are the largest and you can say that only producer of high-grade manganese ore in India.

We always focus on safety of our employees. We also have the manufacturing unit, one in Balaghat, having a ferromanganese plant of 12,000 tons capacity. And the other one is electrolytic manganese dioxide plant at our Dongri Buzurg Mine in the state of Maharashtra, which is being used in pharmaceutical and chemical industry.

Before coming to performance, I want to share that we have expertise and experience management led by Shri. Ajit Kumar Saxena, Chairman cum Managing Director, MOIL Limited. In Board, we have three functional Directors, two Government of Indian nominee Directors and three Independent Directors with us.

In terms of our performance. Last year, we did 13.02 lakh metric ton of production, which is the highest in last 10 years. This year, in first half, we made the record performance of 8.15 lakh metric ton, registering a growth of 45% over CPLY.

In terms of sales, we have made the record performance of 54% over CPLY in first half of current financial year. As I said, MOIL is also a manufacturer of EMD and is the only producer in India. In the production part, we made ever best six-monthly performance that is 26% over CPLY.

MOIL believes in wealth creation of investors also. You can see that in the last seven years, MOIL has given an average annual return of about 200% to its shareholders. Being a responsible corporate citizen, MOIL believes in giving back to the society what it has earned from them. We always focus on community development, health, education, and skill development. MOIL is committed to sustainability growth. We have made various efforts to protect the environment. Like we consume about 62% of our energy requirement from renewal energy and adopted zero discharge policy for protection of water environment.

MOIL is focusing and enhancing its production by way of increasing its production capacity, easy enhancement, exploration, and business expansion, which will ultimately benefit to shareholders. MOIL always emphasis on higher exploration. Last year, we did around 41,000-meter in drilling. And in first half of current year, we made about 35,000-meter core drilling, which is 3x more over CPLY. This year, we have a target of 70,000 meters core drilling.

In respect of capex. Capex is very essential for an organization. Last year, we did a capex of INR245 crores, which is near to our PAT. This year, we have targeted 20% more compared to last year, and we are very much sure that we will achieve it.

Regarding expansion of environment clearance. Up to last financial year, we had an EC of 2.01 million ton. And this year, we have took a target of 66% more from this year, which will definitely help us to enhance the production.

Coming back to our production target. As I said earlier, we are focusing on enhancing our production and set an ambitious target of 35% higher from last year production. I'm pleased to share the development of MOIL. We have signed the MOU with GMDC to explore the possibility of manganese ore mining at Gujarat and established resources of 9.5 million ton, and we are in the process of signing the JV.

Like GMDC, MOIL signed the MOU with MPSMC for exploration. And if it is viable, MOIL will form a JV with MPSMC. In Chhattisgarh also, MOIL signed MOU with CMDC. As CMD sir said, Chhattisgarh government has granted the area of 218 square kilometres to CMDC where MOIL will carry out the exploration. And if it is viable, will form a JV with them. Also, MOIL is very much positive to sign the similar type of MOU with other states also like Jharkhand, Andhra Pradesh, Karnataka, etcetera, which is in progress.

Performance of the company is reflected in its share prices. As you can see that MOIL share prices has increased by about 86% during this year from INR143 to INR265, whereas Sensex has increased around 11%, which shows the faith of shareholder in MOIL. Thank you.

Moderator:

Thank you. We would like to now start with queries and questions-and-answers.

Analyst:

Sir, I'm very much delighted to see your performance and looks that company in growth phase for the last two years, three years. Now within the hand of one lady Director also. So I think Laxmi will be already present in our company. It's not going to be haywire. Now one more thing, sir, as per our government

directive, there's more increase of lady Directors of 33% that they have been envisioned. I think you don't have at present. But in the future, I think you will consider that also, sir.

Now, sir, one more. I was observing that MOIL is a government enterprise. Promoter has been in the beginning Maharashtra. It was promoted by them. Those shares are acquired by the Government of India later on. So it would have been more prudent has your registered office been in Maharashtra, sir. But you are having somewhere in Delhi, I believe. So that was -- would it be more purposeful because you have got a lot of mining in this area around South, Chhattisgarh, and all places.

Anyway, sir, the future looks to be bright. I'm very happy about that. But one thing was coming to my mind, the battery which you're making from manganese, you could have added production of lithium also, which has been recently found in UK. So I think you should make an effort to acquire those rights before Adani takes over. Maybe Adani, maybe trying to take that also. And you are having already your paraphernalia, all doing exploration, all those things. I think all those things activities you are doing. So it will be ease of business for you to explore that also, sir. If you can do that, I think it will be rewarding to the shareholders as well as to the company, sir. This is I wanted to tell you, sir. Thank you, sir.

Ajit Saxena: Thank you. So thank you for appreciating the performance.

Analyst: It has been good, exceptionally and the growth part is very good, I'm sure. Sir, we are shareholders, too, in this company. So I believe that if you can make a shareholders' visit in some of the nearby area MOIL, it will give us more confidence in that, sir.

Ajit Saxena: Thank you for appreciating the performance. And as far as the process of Independent Directors, process is on. So very soon, we'll be having the Board completed. And our Headquarter is at Nagpur only. It is not at Delhi. So it is at Nagpur, very close to our mines. The nearest mine is 35 kilometres, the farthest mine is about 270 kilometres to 290 kilometres.

Analyst: That would have been better.

Ajit Saxena: So we are operating from Nagpur only. And your last point was regarding this lithium. So we are open to any kind of exploration or mining or even forward integration. We are looking eagerly to that. We have plans. So I mean, it is only time when it comes to -- whenever it is open for public, the auctions are there, then perhaps we will be participating.

Analyst: Yes, sir. Adani should not take over from them because he is expanding in all areas, sir.

Ajit Saxena: So we are open to any kind of geography and any kind of elements. We also have identified certain areas. And about the shareholders' visit to MOIL, we can definitely organize it. Or if anyone of you want to do it in a group, you have your own plan, then you can definitely inform to our PR or to my office. So most welcome any point of time to visit your company. Thank you.

Renjith: Hi, sir. I'm Renjith from Mahindra Mutual Fund. Congrats on a good set of numbers, to start with. So just wanted to understand like how is the realization panning out? Like production has been good. So how is the realization panning out and what's our outlook on that?

Ajit Saxena: It's 19% more than what we have achieved in the same period previous year, 19%.

- Renjith:** And what's the outlook like you feel that this kind of prices will sustain or you are seeing some pressure on that?
- Ajit Saxena:** Prices have definitely touched rock bottom. If you compare last, say, 18 months back, it has come down by more than 20%, 22%. So it is really there. But still, it's not a point of worry. We are working on other aspects, too. And we are definitely with same inputs, same resources, we have increased our production 45% more.
- And when we met last time, I said it will be double-digit growth, but now I'm confident it will be around 28% to 30% growth we'll be achieving over the previous year, which was the second highest performance since inception. So I think we have a strength to deal with this rock bottom prices too.
- Renjith:** So this double-digit growth is in the volume terms, right?
- Ajit Saxena:** Yes.
- Renjith:** Okay. And sir, just wanted to understand this, in an EBITDA ton per aspect, whatever the variation in the prices? Will be able to maintain our EBITDA per ton? Is that something which we work as an organization? Is that a metric that we look at?
- Rakesh Tumane:** At the moment, our EBITDA is around 34%. See, the best EBITDA we achieved in a few years back was around 45%. So as the prices are going down, definitely, the EBITDA would be -- per ton would be lower. But we are trying to maintain that because our costs are not increasing in that proportion. Our cost is only increasing -- when we achieved 45% of growth in production, our cost has increased only by 5%. So our EBITDA is more or less maintained there.
- Renjith:** And sir, this capex number which you told INR295 crores this year, so till date, how much we have spent of that INR295 crores, which we are projecting for '24?
- Ajit Saxena:** I think INR142 crores, maybe -- here or there. It is around INR142 crores.
- Renjith:** Okay. And sir, lastly, this GMDC, you told that reserves are 9.5 million tons per annum. So what is -- when do we start this -- what can be the production per annum from this reserve? And what is the status now? When do we start seeing some sales or production from this...
- Ajit Saxena:** Since we met last time, we have gone a little ahead of that. We -- the certain stages are over and still a few more stages are left like getting a clearance from Board and then other institutions and then applying for EC. So I mean we have -- both the sides are positive on that. And about the production capacity, as I have mentioned even in last Investor Meet that very first year, we expect 0.2 million ton and then subsequently...
- Renjith:** So this will be a JV format of 50-50?
- Ajit Saxena:** This will be?
- Renjith:** JV with GMDC?
- Ajit Saxena:** Yes. It will be a JV format.
- Renjith:** 50% for...

- Ajit Saxena:** 51-49. I mean as it comes -- now it is proposed, 51 MOIL and 49 GMDC.
- Renjith:** Okay. And if you can touch upon the other capacity expansions which we are planning, what are their status, if you can elaborate on that?
- Ajit Saxena:** Yes. In Madhya Pradesh, we have around 17 blocks in Jhabua, Balaghat and Chhindwara, where we are doing exploration. And once it is established that we have resources there, then perhaps we'll be entering into a joint venture with Madhya Pradesh State Mining Corporation, too.
- Working on same lines, we entered into an MoU with Chhattisgarh government on 16th of January this year. And in October, they have allotted us 218 square kilometre area to explore further. If it is established that there is manganese ore, we would be entering into JV with them also. In addition to that, we are in -- we are interacting with the Jharkhand government, Karnataka government, then Goa about manganese ore and other ores.
- Renjith:** So this NPE will be like how big in terms of reserves, any number which you have?
- Ajit Saxena:** Unless it is -- I mean, it is still being explored.
- Renjith:** Okay. Even for the Chhattisgarh, it's still in exploration?
- Ajit Saxena:** It has -- we have got the clearance just few -- 2 weeks back.
- Renjith:** Okay sure sir, I will join for further question, Thank You.
- Analyst:** Sir, the mine lease extension that we have received, is that on payment or some royalty or anything of that sort?
- Ajit Saxena:** I think DPP sir tell it in detail, but it is the same terms. And royalty, etcetera, is paid after you excavate.
- Analyst:** So there is no additional royalty like it's there on iron ore and...
- Ajit Saxena:** No, no, nothing.
- Analyst:** Okay. And the production that you are planning to increase by 2030, more than 3 million ton that you're planning to do, does that include the JV or it's only from the existing mines that you are projecting?
- Ajit Saxena:** So for this year, when we are saying it is going to be nearly 30% growth over the best performance, it does not include any of the new things. It is only with the current assets.
- Analyst:** And what about the projected numbers that was given on the slide?
- Ajit Saxena:** Projected numbers even next year, we have not taken GMDC into account. Next to next year, we have taken. But we are hopeful that if things go the way we're going right now, perhaps next year, we would be adding GMDC. So that is why we are thinking that next year, we may be touching 2.2 million ton, 2.3 million ton.
- Analyst:** Okay. Okay. And sir, how is our production cost panning out? So basically, how is our outlook on the manpower? Are we -- is there a gradual reduction of manpower that's happening? And what's the visibility over the next 2, 3 years?

- Ajit Saxena:** Yes. There is -- I mean, it is not only reduction of manpower, it is rather rationalizing and redeploying also from one area to another where it is more productive. And also, we are recruiting only and only statutory manpower. So we have changed our -- rationalized our manpower structure. We are in the process. That is a continuous process. And that is why what Director Finance has said that our expenses are going down on that account also.
- Analyst:** So the cost of mining is higher if it's underground mining versus open cast. Is that...
- Ajit Saxena:** Definitely.
- Analyst:** So as and when we go deeper -- so our cost will keep increasing, right? Is that assessment correct? Because as and when we explore, we go deeper, the cost of mining would...
- Ajit Saxena:** See, it's always a combination of -- I mean, going deeper in one mine and then developing another mine which is open cast or which is of lesser depth. That is why -- I mean, that is the thing where we are focusing now because if you look at mines of MOIL, they all are 100, 120 years old. So it is only going down and down and down.
- So now what we have -- that is our strategy. Now we are trying to develop new mines. Maybe GMDC, maybe that Jhabua-Chhindwara, maybe the Balrampur area of Chhattisgarh. So that we have a few mines working at open cast, few are working at underground. But thing is that manganese is not that -- not available in that bulk quantity that you can take a decision that leave it because it is in depth.
- You have to excavate whatever be the depth. But to make it more cost effectively, if you have a few more mines working at -- as open cast for us, it gets compensated. So that is why there's a paradigm shift in our strategy that we are in the process of adding new and new mines.
- Analyst:** So the newer mines are all coming in JVs or even on just 100% MOIL owned mines are...
- Ajit Saxena:** It all depends. First, we explore. And then as the owner decides which is a state government in this case, that whether they want to allot us under Section 17 or their mining corporation wants to go for a joint venture or they ask us to adopt the auction method. So it is all -- it all depends on the owner of that mine.
- Analyst:** And sir, currently, all our sales are -- like are they contracted sales or do we sell on the spot? How are our sales contracts?
- Ajit Saxena:** It's a combination of both. It's a combination of both. Generally, we try to enter into long-term contract, but I mean, this is a big formula how much -- for long-term contract and when it is available for the open market, but it's a combination of both.
- Analyst:** And sir, currently, our production is concentrated over fewer mines, right? It's -- or it's distributed? So we have about 11 mines, if I'm correct.
- Ajit Saxena:** You are right. It is not that it is segregated or constructed on my side -- it all depends upon -- like you must be hearing Balaghat, Balaghat. Balaghat definitely is a very good mine. It's a flagship mine because of the product quality, I mean, the kind of ore which we are getting.

But this year, I would like to inform you that my mine at Chikla, perhaps they will be matching the production levels of Balaghat and also the Dongri Buzurg. So there would be 2 other mines. So it all depends what kind of capacity you have, what kind of hoisting capacity you have and difficulty factors -- various difficult factors. So it's -- yes, you are right, Balaghat was producing highest. But this year, perhaps Balaghat is getting tougher competition from Chikla as well as Dongri Buzurg.

Rakesh Tumane: Please introduce yourself, we did not get your name.

Anant Mundra: Sir, I'm Anant Mundra from Mytemple Capital.

Sukhwinder Singh: Yes. My name is Sukhwinder Singh from Bajaj Holdings & Investments. A couple of questions. Like since we cater to about 45% of total sales in India, so I just wanted to know what is the quality of manganese ore we have vis-a-vis unorganized players in India?

And second, in terms of pricing, do we track any international benchmark while deciding price cuts or price hike? Because what I believe is that steel sector growth is almost about 10% to 11% in H1, but despite that, we had price cuts in the last 2, 3 months? These two questions.

Ajit Saxena: So your first question was about the grade?

Sukhwinder Singh: Quality of...

Ajit Saxena: It is -- often it is referred as percentage of manganese, okay? So you can say MOIL, it is average 30% to 33%. And nearly that is the national average, but that is not the only thing. In some mines, you get some extra phosphorous, which may not be required. In some mines, you get iron along with that. In some mines, you get silica.

So it is not just manganese content. Manganese content-wise, if you go, then definitely a few of our mines are above national average. And our average is nearly -- is rather slightly better than national average, that is 30% to 33%. As far as prices of manganese ore vis-a-vis the growth of Indian steel industry, which is 11% and our price is going down. So there are a few features.

First of all, whatever we produce, it is being consumed, say, 95% or you say 100% is being consumed by ferro alloy producers. And what ferro alloy producers do with that? Nearly 45% to 50% of their production goes for export. So their domestic front is fine. How they're domestic -- how their export front is playing, I mean, that also need to be seen. That is one.

Second thing is it is always the question of availability and consumption. So maybe that availability is more in first half. That is second thing. And then if you talk about the other difficulty factors of ferro alloy manufacturers, that when they want to produce, when they want to hold, when they want to keep their inventory, those are also factors which are taken into account for pricing. As far as our -- these are the factors which we take into account. And yes, we also follow certain international indices that what is our trend there. So I think that suffices your...

Sukhwinder Singh: Yes, yes. And these price hikes or price cuts, is it under long-term contracts or short term?

Ajit Saxena: No, no, we fix certain price. And based on that, those monthly -- we fix price on monthly basis month, every month.

- Sukhwinder Singh:** Okay. And the other question is on the resource base. Normally based on your past trend, what is the recovery rate from the resource base? Like whatever you are exploring, how much recovery is possible...
- Ajit Saxena:** No relation to recovery is guaranteed, no one can, as much as I know. I think we can, say, do better, but nobody can guarantee because you may get it somewhere ahead, you may not getting just 2 feet away from there. So no one -- so far, it is not. Maybe tomorrow, you have some different technology, that is a different issue.
- So you have to -- you can say it's totally blind thing. It is just going by some kind of mapping, you decide and -- with some features on the floor, you decide that this particular ore may be there. Then you start exploring, then you focus in closer areas, and then you decide, okay, this is the bed which is there. If you want further details, I think DPP Sahab can tell you better.
- M. M. Abdulla:** Do we knew any more details regarding this exploration?
- Sukhwinder Singh:** No, no. I just wanted to know if recovery rate must be more than 25% from any...
- M. M. Abdulla:** No, you can't guarantee. Actually, the resources are different and the recovery is depending upon the method of mining how we are going to access the deposit. So many things are there.
- Ajit Saxena:** You can share your experience with GMDC.
- M. M. Abdulla:** Yes.
- Ajit Saxena:** If someone else has explored and did not get -- because the kind of angle which you use -- which we use for exploration, somebody explored in certain area, they did not get an environment. MOIL experts, they did it. So they changed certain -- angle they have changed and they found that manganese ore is there. So it's all, I mean, experience and technology and catching the symptoms whatever is available. Nobody can tell you what is the exact ratio.
- Analyst:** Just congrats on good set of numbers. Last 2 quarters has been wonderful for you. But when I look at historically, you have always guided very aggressively, but haven't kind of delivered, if I look at FY '08 or '09, you were already at 1.3 million ton, 1.4 million ton. This is the first year, which you will be crossing that number.
- So what gives you confidence that this time it's different? What things you are changing so that these targets are actually achievable now? And what are the risks -- what do you think that can kind of lower these targets for you, say, in 6 months down the line, you say that these are the things which didn't happen in all these -- on the basis of these kind of critical milestones to be achieved?
- Ajit Saxena:** So like rightly, we have said 2008-'09, I think it was 13.64 lakh tons. And now last year, it was 13.02 lakh tons. That's why we said, it is second highest since inception. But this year -- I mean, if you ask me what gives me confidence? What -- or how I can transfer this confidence to you?
- I just tell you this -- if we talk about this calendar year, so that is last quarter of last financial year, that is January to March this year. Last year, performance was not very good until first nine months. And we just started -- I mean, we just planned certain things and kept a target of 4 lakh tons for that quarter. And we achieved 4.16 lakh tons I think. And then when it was achieved, then just entering in the month of April, we

decided that what is April and what is March, let us focus first quarter, in the same spirit as we have dealt with in the first quarter -- last quarter of last financial year.

We took this challenge and the production was 4.36 lakh tons. So that gave us confidence that yes, we can go ahead. And you just see 30, September figures are 8.15 lakh tons. So that simply speaks, it is more than 1.6 million tons. So when we met in the month of June, we said we'll be targeting double-digit growth. Now I'm confident it will be around 28% to 30%, around 1.7 million tons, 1.75 million tons will be there.

Now if you ask me what we have done? In fact, what we have done is, I mean, there are certain steps focusing on your employee, focusing on your enhancement of ECs, focusing on your expansion projects, focusing on your efficiency like suppose what should be the speed of my hoisting mechanism, what should be the capacity of my hoisting tub? Whether it is being fully utilized or not? So start from that small point to planning or when should I get my EC and what capacities I'm going to get in 2023-'24 or '24-'25 and onwards? So we are working on different areas. Short term, medium term as well as the long term. So that is why we are confident that unless something -- I mean, something that big happens, which is beyond our control, we are confident we'll be touching more than 1.7 million ton this year.

Analyst: One more thing. How is these targets decided? First, you kind of decide on 20%, 30% growth in, say, five years down the line and then work backwards? Or these are mine specific, and then you can accumulate these targets?

Ajit Saxena: You are right. I mean we look at the potential. In fact, one of our workshops, we addressed our employees saying, don't look at the best performance, look at your potential. So that is the way we are planning. Look at the potential and see where the potential is getting affected. See, I have a lot of -- in a particular mine, I have EC limits, but I don't have hoisting limit. So I have to focus more on hoisting limits.

So it is like we are -- as we have said that country is consuming around 7 million ton. But country is producing only 2.8 million ton, 2.9 million ton. So there's a lot of market. So that is not an issue. So where we have to focus, we have to focus how much we can produce. And then again, short term, medium term, and long term. Thank you.

Analyst: Just one more thing, sir. Historically, we have been a flat growth company in terms of volume. So what went wrong? As per you, why we were not able to achieve the targets? Just what went wrong as per you?

Ajit Saxena: I couldn't get you.

Analyst: So historically, see, I mean, last eight years, 10 years, there was never a volume growth in the company. Although the targets were always kind of -- these kinds of targets were shared even in the annual report. So what went wrong do you think which can't happen again?

Ajit Saxena: I think it's -- I mean, there's -- I mean, nothing very big. But of course, we have picked up certain pieces and learnings, and that is what is giving you a good production.

Analyst: Sure, thanks. And just lastly, the amount of cash you have and the kind of capex plans, if things go according to plans, your existing operating cash flow will suffice for the capex. So do you have any plans for that cash lying on the balance sheet...

- Ajit Saxena:** We definitely have plans for many things, but the only things we are looking at viability, I mean, viability over a long period of time so that we invest like the EMD is another thing. So we have to look at viability. We just cannot throw away the money. And we also, as we said, we are going for joint ventures and we are also exploring other elements. So we have plans.
- Analyst:** But anything on the increasing dividend payout for the company?
- Ajit Saxena:** Anything?
- Analyst:** On the dividend payouts, can that be increased now?
- Ajit Saxena:** That is through certain guidelines. We'll be coming back to you. And it will be something -- it must be something good because the figures are showing good.
- Analyst:** Sir, over the last five years, we have given four buybacks to the investors. So it's due -- I think last buyback was in '21. So it's due in '23 also. Every two years or less than two years, we are giving -- reducing the capital by buyback. So due to expansion, would it be hurting the buyback system of our...
- Ajit Saxena:** There are certain guidelines, we work according to that. And definitely, we need to work more on capacity expansion because we have to save a lot of foreign exchange, which is getting consumed even now. And when we have planned for going for 300 million tons, definitely. This 7-million-ton requirement is going to get converted to 11 million tons. So we will definitely be focusing on our capex. But whatever is due as per guidelines, it'll definitely be shared with you.
- Analyst:** Sir, secondly, generally, as Nagpur being a hot area during the next second half, so as a result, in general, first half is always better and second half is always a weaker one due to production and heat and everything. So would it be similar way?
- Ajit Saxena:** Let's see.
- Analyst:** And sir, I must congratulate, sir, you are only the PSU which is holding an AGM in physical and online format. So it's good, sir. Only one PSU has hold AGM just like that.
- Ajit Saxena:** Thank you, sir. Thank you very much.
- Gopal:** Yes. Hi, sir. This is Gopal from SBI Life Insurance. So a couple of questions. On the pricing side, if you can highlight, how does pricing works? Whether it's just only cost of production which matters? Or do we need to see the import landed prices in the global market? What all factors decide these prices?
- Ajit Saxena:** It's all -- I think I addressed part of it in the previous question. Anyway, it is just international prices are one -- I mean, one indicator, but there are many more things. Inventory at our site, the season, the kind of consumption, ferroalloy production, ferroalloy exports, global steel, and stocks at port. So there are many other -- many, many factors, which we take into account.
- Gopal:** And how are the prices right now versus, say, the last quarter? I think it was a decline of 19%-odd?
- Ajit Saxena:** Prices are going down. It may be in a week, it goes up. But otherwise, at a macro level, if you look at the last 18 months, it is going down.

- Gopal:** Okay. And sir, in terms of cost of production, there is an increase sequentially from 6,200 to 6,500 on overall cost of production. And how do we benchmark our cost of production versus the peers in India and in the global market, where are we?
- Ajit Saxena:** Where from you got this figure of 6,400 or 6,500?
- Gopal:** Sir, just divided the cost...
- Ajit Saxena:** I don't think figures are correct.
- Gopal:** Okay, you can correct me?
- Ajit Saxena:** Our cost is going down, and it is -- it competes with the best cost of production across the globe.
- Gopal:** Okay, sure. And sir, lastly, this production guidance which you are giving for next two years, three years, how much is dependent on the new mines or new JVs and all? Or is it coming from all existing mines?
- Ajit Saxena:** It is -- I mean, definitely, it will be depending on new mines and new joint ventures. But this year as well as next year, too, I mean, it is based on whatever we have right now in our pocket. Maybe from '25-'26 onwards, we are adding the GMDC and other things.
- Gopal:** And generally, how long it takes in terms of from exploration stage to production and all?
- Ajit Saxena:** It may take any time. But now we are trying to see that how everything can be achieved in a record time. And we are monitoring different milestones at different level. So maybe that people have bought it in seven years, eight years from exploration to excavation. But you have given me the right parameter. I'll observe it and come back to you, maybe not in next or maybe next to next investors meet that what is the record figure, which we achieved.
- Gopal:** Sure, sir. And sir, right now, underground mining is like 65%, 70% for us. For next two years, will this ratio increase further or it remains like this?
- Ajit Saxena:** It all depends. I mean what kind of mine we add to our kitty, say GMDC. So it appears that for initial two years, three years, it may be open cast. If further exploration tells that we need to go down, we will definitely be going for underground thing.
- Gopal:** So current mines, which we have, I think, seven mines out of 10 mines are underground right now. And do you expect this number to go up in next two years, existing mines, I'm not talking about new mines?
- Ajit Saxena:** Existing mines, we are doing some kind of expansion in three mines. One is complete, that is -- there are three underground mines I'm talking about. One is Ukwa. So there, we have increased the hoisting capacity. I mean whatever you excavate, you need to take it out. So that capacity, we have increased and Balaghat and Gumgaon, two other mines, there we are in the process of increasing this hoisting capacity.
- And Chikla mine, we had everything, but we did not have environment clearance. So that we got and our capacity has increased from 1.8 lakh tons to 4 lakh tons. We have got this consent to operate in the -- on 25th or 26th of October this year. So that capacity is doubled. So we are working on enhancing the environmental clearances as well as hoisting capacity.

- Gopal:** Sure, sir. Thanks a lot for that.
- Raj:** Sir, Raj here from SBI Mutual Fund. Sir, just over the past decade, if we see your realization per ton, the premium over global prices have come off. So is there any change in the grade or like you mentioned a lot of other impurities and also?
- Ajit Saxena:** Yes, there are a lot of other parameters. And it's all -- I mean, availability -- suppose tomorrow something happens and cargoes are not available, then same manganese prices will go up and -- so it's plenty of factors which effect.
- Raj:** Okay. Sir, there might be quarterly aberrations. But I'm just saying annually over the past decades, steadily, we see some decline in the realization premium. So has to do with grade deterioration?
- Ajit Saxena:** If you look at last one year, 1.5 years, it is there. But before that, it was not. So you cannot say it is going to be like this. It has to go up, whether it happens in this quarter or next quarter. Because right now, certain alloys are being purchased at INR60,000 to INR62,000, which were being purchased INR1,20,000 per ton just three years back.
- Raj:** Okay, sure. Thanks.
- Nitin Karwa:** Hi, sir. My name is Nitin Karwa. I have a quick question with respect to I wanted to have your colour on the government impetus or policy changes that have been happening over the recent past to kind of give you a heads up to go ahead with exploration aggressively. So your comment on that and is this something very recent? And do you see this as a consistent policy sort of for the future, there will be added incentives coming through from the government to have companies like yours to explore aggressively?
- Ajit Saxena:** Look, I mean the way we are planning, we as a country, when we are planning to go for \$5 trillion and all we have to go take up mining very rigorously. And so far, we have mined only bulk materials. Now you must be hearing a lot about lithium, nickel, cobalt, and whatnot.
- So definitely, it requires a lot of exploration. So, exploration is being encouraged by the government in all aspects. And for any mining company as well as for developing the mining sector and company, you need to explore.
- Nitin Karwa:** So are there any sort of rebate or reimbursement of these exploration costs from the government at this stage?
- Ajit Saxena:** I think...
- Nitin Karwa:** There was some announcement or some policy changes?
- M.M Abdulla:** There is an inmate a fund created by these royalties, etcetera, by the government. If you go -- if you are exploring and giving back that block to the state government, and if that proposal is passed by inmate, then you can get back that -- whatever you have expenditure on the exploration.
- Nitin Karwa:** So this would be there for your Chhattisgarh or future MP or future MP on Chhattisgarh?
- M.M Abdulla:** No, no. We are not going through inmate that route because...

- Ajit Saxena:** Suppose government ask you to -- or it is decided mutually that you explore certain area. You have explored. You have given your report to that state government and you get your money reimbursed by inmate fund. Job is over. But suppose that area is allotted to you and you do the exploration and something is -- something of that kind is assured that if it is there, then you will be getting that mine, then terms are different.
- So what you have heard is inmate fund. So that is -- I mean people can take the exploration job their part is being reimbursed by that inmate fund. And you have to give back the reports back to the concerned government.
- Nitin Karwa:** So we are not going through that basically?
- Ajit Saxena:** We are doing with our resources and the area is allotted to us.
- Nitin Karwa:** Okay, okay. Thanks.
- Kirtan Mehta:** This is Kirtan Mehta from BOB Capital Markets. One question on the cost structure. Could you indicate your current cost of production? And what are the typical cost elements? And how is the breakup of the cost element?
- Ajit Saxena:** Do you think it can be given?
- Kirtan Mehta:** Just a historical track record if you can share?
- Ajit Saxena:** We are definitely doing much better than past. And as you have noted in last investor meeting, even before that, you have all have very good data with you. Earlier, I think it was -- the cost of employee was 54%. It was -- now it is going down. And we are recruiting only statutory manpower. And again, if -- as since we are getting more volumes, so my per ton cost is definitely going down.
- Kirtan Mehta:** Right. Second question was about the seven years exploration where we are aiming to bring it down substantially. Exploration to excavation, the way you mentioned. What are the typical stages involved in this process? And where are the areas where we can see possibility of bringing it down.
- Ajit Saxena:** When I say seven years, it does have not been in exactly seven years. At times, it is much more than that. A different stage, I think DPP sir will tell from exploration to excavation what all regulations and what our permissions are to be taken. DPP sir, please.
- M.M Abdulla:** See, the exploration quantum depends upon the area which you are going to explore and how the ore body is, whether it is on the surface or it is deep seated. That depends how much time it will take for exploration. And then once the ore body is established, then you have to go for TFR and the method of mining.
- And then you go for these statutory permissions like EC and getting approval of mining plan from Indian Bureau of Mines like that. That all depends. You cannot say this much time is exactly we can allot.
- Kirtan Mehta:** Which is the stage where we can think about compressing the time or reducing the time period to excavation, which are the potential areas?
- Management:** If you deploy one machine, suppose 100 meters of drilling is done in a month, then if you deploy two machines, then 200 meters can be done. That all depends on the area. You cannot just say, this much is the

time required. That all depends on the area and the quality of ore body and the geologic construction of the ore body.

Kirtan Mehta: Thank you. And just one last question. We were talking about sort of moving from a bulk mining of a bulk material to something like lithium or cobalt. Would it require sort of involving additional expertise or tie-up with another partners as well while we explore to do that?

Ajit Saxena: Look, we have – we are the one who is having experience of working or operating with both kind of finding open cast as well as underground. And our mines are as deep as 400 meters. And you can say, one, one and half years' time, we are going to the level of 650 meters. So we have competence on both the mines. And since it is a new area, so it's -- I mean all the mining kind of thing and mining, we have exposure to both the type of mines. So I think we are fit to compete or fit to demand our share.

Kirtan Mehta: Sure, sir. All the best.

Ajit Saxena: Thank you.

Analyst: [Inaudible]

Ajit Saxena: Sir, there must be, and there should be.

Analyst: [Inaudible]

Ajit Saxena: Yes, we have Miniratna company.

Analyst: Government is running many other cases...

Ajit Saxena: I mean there -- we have a Miniratna company, and we have seen our performance.

Analyst: Sir, has the first half of this year results have been declined, September ending -- April to September?

Ajit Saxena: I could not -- please?

Analyst: April to September?

Ajit Saxena: Declared. Declared.

Analyst: They are declared?

Ajit Saxena: Declared.

Analyst: And you mentioned that you will be registering a 30% growth this year. So, the results are reflecting because the quantity you mentioned was 8.5 lakh tons in the half year?

Ajit Saxena: It is till 30th September to 8.15 lakh ton. I'm just talking about production figure.

Analyst: Yes, yes.

Ajit Saxena: And it is 45% higher than last year same period, CPLY.

- Analyst:** The production quantity?
- Ajit Saxena:** Production.
- Analyst:** And the top line EBITDA and PAT?
- Ajit Saxena:** And EBITDA is around 34%. Sales also registered a record a growth of around 54% over previous year. And I just remind you, previous year was the second highest -- the second-best performance.
- Analyst:** Yes.
- Ajit Saxena:** So it is definitely -- you can say it is over the best one. That was 13.64 on 2008 or '09, as you have mentioned. So it is -- I mean this is really a remarkable performance. Even if we are saying that market good, bad, this, that, but we have sold around 7.75 lakh tons. While last year, we have sold around 11,77,000.
- Analyst:** Very true. So we are on track and course for 30% growth, at least not only this year, but what I read from your body language, even going forward next year?
- Ajit Saxena:** Yes. The next year -- this year, if we do around 30 and 30 is on slightly on lower side what I'm expecting...
- Analyst:** Better to keep it conservative?
- Ajit Saxena:** So this year, 30, then next year, yes, definitely 20 plus.
- Analyst:** Definitely 20. Thank you and all the best.
- Ajit Saxena:** Thank you.
- Analyst:** Sir, it is possible to find out to EC different, our EC differences is about 3.5 million ton. But our projection is this 2.5?
- Ajit Saxena:** ECs, whether you talk about EC, whether you talk about investment in your enhancing your hosting capacity. Nothing is done for today only. It is done keeping long term in mind. Suppose I have to add that hosting capacity in a mine, it will take three years.
- And at the same time, I want to enhance my EC. So I will not take my EC based on today's performance because itself is a long run process. So I will take it with whatever my capacity and what I'm going to add a little more. So it is like that. So saying that I'm having this much of EC and having equivalent hosting capacity is a very rare kind of thing. And again, that is your runoff mine.
- So out of that runoff mine, how much you get -- how much ore you get that again depends on Mother Earth. I think your questions -- answer is clear your doubt.
- Analyst:** Sir, good afternoon. Over here. Sir, you have mentioned that most of your mines are already 100 years old, currently active ones. So can you just help us with extraction ratio, what could be the possible or the probable life of these mines, like how much more can you extract out of them?
- Ajit Saxena:** See exploration in new areas as well as exploration in current mines. These are continuous activities. So as long as we keep getting it through those sites or through those mines, and it is safe and it is -- and our

technology measures that we'll definitely be doing it because this is not an element which is readily available or which is easily available. So you just cannot leave anything.

Analyst: Sir but based on like what you have said for the new mines also that you do potentially have an idea about the potential results, which they are having it. And based on the extraction rate, there is a life of the mine that how much?

Ajit Saxena: That is, for example, I know about certain mine, it is 9.5 million ton as of now. Maybe when we start doing the work, still I mean going area-wise, maybe I'm getting some area in neighbourhood and explore it. Maybe when we go deeper and deeper, we come to know it is not nine, it is around 11 or 12 or 13.

Analyst: So currently, on the mines, which we are working based on your current assessment, can we have that kind of life for the existing mines, which are more profitable for us?

Ajit Saxena: No, I couldn't get you, please?

Analyst: Based on your current extraction and assessment on which you are doing it ongoingly, can we have the sense that for the mines, which we are very productive and the resources which are very rich, what could be the probable life going forward for that?

Ajit Saxena: Cannot be predicted like that because there are certain mines which my Director of Production when he joined somebody said, in the next five years, it will be closed. But he has completed his carrier, it is still not closed.

M.M Abdulla: You see at Balaghat mine; we were earlier working at a depth of 300 meters, then we proved up to 500 meters, then we proved up to 750, then we proved up 1,000 meters. Even after 1,000 meters also, the ore body is not exhausted. Even if you go deeper, then there is possibility of getting the ore body.

That you cannot say at this time, whatever results and resources are available at this moment, we are planning according to that. The exploration is a continuous process and the mining is also a continuous process.

Analyst: Thank you very much.

Analyst: [Inaudible].

Ajit Saxena: I think we can get it. If not now, maybe -- we will give you.

Moderator: In the interest of time, we would like to close the question-and-answer session. On behalf of MOIL Limited and IDBI Capital, I would like to thank everyone for a such an interactive session. Thank you everyone. So please help yourselves at lunch. Thank you and have a nice day.

Ajit Saxena: Thank you.