

**Chairman's Statement**  
**52<sup>nd</sup> Annual General Meeting**  
**29<sup>th</sup> September, 2015**

Dear Shareholders,

On behalf of the Board of Directors of MMTC Ltd. and on my own behalf, it is my great pleasure to welcome you all for the 52<sup>nd</sup> Annual General Meeting of your Company.

During the year 2014-15, Your Company delivered a steady performance despite many challenges faced by the global economy and particularly by India's major trading partners. The topline and bottom-line of the major trading companies have been adversely affected due to substantial fall in demand, volatility in commodity prices, geo-political tensions, near recessionary conditions in some European Countries, volatility and depreciation of currencies in Asian Countries etc. The worst economic turmoil in Greece has generated fears of a possible breakdown of Euro Zone. The slowdown in China has also affected the global trade adversely. The downtrend in the economies of most of India's trading partners has adversely affected the top-line of many trading companies. However, we are happy to note that due to strong structural and economic fundamentals, Indian economy has been able to withstand the global slowdown to some extent. In fact, the slowdown in China and the global recessionary conditions offer many new opportunities for Indian companies.

During the year 2014-15, the Government of India has taken many pro-business initiatives such as "Make in India", with an all-out focus on infrastructure growth and manufacturing sector, inclusive growth, skill development initiatives etc., that would make Indian economy as one of the robust economies in the world. With Indian economy showing signs of improvement, India is expected to become the fastest growing market in the world during next few years. Your company is likely to benefit from the government's pro-business initiatives.

**Performance**

Your Company, amidst the uncertain economic environment, has registered a net profit of Rs. 47.90 crores, a 157% increase over last year. The business turnover was Rs.18,241 crores, which includes imports of Rs.14,530 crores, exports of Rs.2,301 crores

and domestic trade of Rs.1,407 crores. The turnover of various business segments has been broadly, Minerals - Rs.1,620 crores; the Precious Metals - Rs.5,142 crores; Agro Products - Rs. 299 crores; Metals - Rs.961 crores; Fertilizer & Chemicals - Rs.8,082 crores; Coal & Hydrocarbons - Rs.2,123 crores. The fall in turnover is mainly due to lower price of commodities and lesser imports of gold by MMTC due to Government of India's restrictions to control the current account deficit.

Despite these challenges in the International Trading environment, the net profit of your company has more than doubled over last year, while MMTC continues to be a leading International Trading Company in the country. MMTC also continues to be a zero debt company.

### **Business Diversification Initiatives**

To take advantage of new opportunities in the free market environment, your company had promoted a number of joint ventures following the public-private partnership route for enhancing the company's future sustainability.

Your company promoted steel plant Neelachal Ispat Nigam Limited (NINL), jointly with Govt. of Orissa, has been granted Iron Ore mining lease with an estimated reserves of 110 million tones, which are at advanced stage of statutory environmental clearances. NINL has now also commenced production of steel billets. During the year 2014-15, NINL achieved a sales turnover of Rs. 1,315 Crores, and its turnover and profits were adversely effected primarily due to recession in steel sector. As the steel making facility stabilizes and the iron ore mining commences, the performance of NINL is expected to improve substantially.

The medallion manufacturing unit, created in Joint Venture with M/s PAMP of Switzerland i.e. MMTC-PAMP India Private Limited (MPIPL), is a state of art refinery for Silver and Gold medallions. During the year 2014-15, it has shown further improvement in performance. The investment of shareholders in MPIPL has been recovered in just three years of its commencing production.

Your company, in association with IL&FS, is setting up an International Cargo hub at Haldia and a Free Trade Warehousing Zone at Kandla, for which 200 acres and 75

acres of land respectively have been allotted to MMTC. The work on the Kandla FTWZ has commenced and is likely to be completed by middle of next year.

Your Company's environment friendly initiative i.e. 15 MW Wind Mill project in Karnataka which was commissioned in March'07, achieved the full return on capital during the year. It continues to give steady returns besides meeting a portion of energy needs of the Karnataka State.

Your company has taken many new business initiatives such as supply of Re-gasified Liquefied Natural Gas (RLNG) to one of the fertilizer companies, signing of MoU with a Jordan company for import and supply of fertilizers, renewal of focus on retail marketing of Sanchi silverware and Jewellery etc. Also, the Union Cabinet has approved entering into Long Term Agreement for export of Iron Ore with Japan and South Korea through MMTC.

In order to diversify the trade portfolio of your Company further, two new divisions i.e. Engineering Goods & Drugs, Pharma and Fine Chemicals have been set up with a purpose of exploring new opportunities for imports and exports. Besides, your company is also associating with the MSME sector to explore new products and new markets in items of General Trade.

### **Subsidiary Company**

During the year, MMTC Transnational Pte. Ltd. (MTPL), Singapore, a 100% subsidiary of your company, achieved a business turnover of US\$ 248 million with Profit-After-Tax of US\$ 0.13 million. The net worth of MTPL stood at US\$ 15.64 million as on 31st March 2015. Besides the growth of Net Worth over 15 times, MTPL has so far paid a total dividend of US\$ 15.04 million as against US\$ 1 million contributed by your company.

Keeping in view the huge potential in the entire African continent, your company has opened a liaison office in South Africa to enhance two-way trade between India and the countries of African continent. It is now being proposed to convert the liaison office into a subsidiary company on the lines of MTPL, Singapore in order to take full advantage of the vast opportunities available.

### **Human resource initiatives**

Your company recognizes that its employees are the most valuable asset in our endeavor to be amongst the top companies of the country. In order to overcome the loss of expert manpower due to large scale superannuation in the company taking place, suitable initiatives are being taken to build next level of leadership that can shoulder future responsibility. While senior officers have been given Advanced Leadership Training at the best management institutions, the skills of all the employees are being regularly enhanced and upgraded by imparting training in different spheres of company's activities so as to equip them to meet the requirements of the constantly changing business environment. Measures have also been taken to motivate the workforce by giving timely promotions and addressing the genuine concerns of employees, which has generated a goodwill and renewed confidence among the employees. In order to overcome a possibility of communication gap between the management and the employees, open house communication meetings are being conducted regularly for a two-way interaction, and also to bring transparency within the system.

### **Corporate Social Responsibility and Sustainable Development**

Your company has been making valuable contribution to the society as a part of its social agenda. It strives to make business decisions with full understanding of impact of its actions on the long-term sustainability of the communities in which it operates. Special emphasis is given to the initiatives for inclusive and participatory growth, and many initiatives have been taken in areas of infrastructure development, education, healthcare, and environmental sustainability, as well as for relief and restoration activities in times of natural calamities. Your company has been contributing actively towards "Swachh Bharat" campaign by setting up Public toilets in association with Sulabh International. Besides, your Company is also a member of the Global Compact Network and its CSR/SD initiatives are in line with the Global Compact Principles.

### **Corporate Governance**

Your company is committed to uphold highest standards of governance and has taken several initiatives and also set up systems to strengthen transparency in business

practices. For this, the Integrity Pact has been implemented for ensuring transparency, equity and competitiveness in public procurement and to plug any possibility of corrupt practices in trade. Two Independent External Monitors have also been appointed for the purpose. Quarterly compliance reports are regularly sent to the administrative Ministry as well as Stock Exchanges as per the applicable guidelines. To insulate against business risks, a Risk Management policy has been put in place in your company. The preventive vigilance mechanism has been further strengthened by introducing the three-tier system of audit.

### **Vision for Future**

Your Company aims to be amongst the largest trading companies in South Asia by achieving excellence in all its activities through satisfaction of shareholders, customers, suppliers, employees and society. The focus would be on existing core competency areas and also new business diversification with a purpose of improving the top-line and bottom-line. With the help of a committed workforce, your Company is fully equipped to move forward by delivering best services to its customers in the overall aim of building a strong and robust enterprise of future. It is the aim of your company to become a Maharatna company in next five years.

### **Acknowledgements**

On behalf of the Board of Directors, I place on record my deep gratitude to all the shareholders of the Company for their continued trust in the Board of Directors and the Management of the Company. I would also like to thank all our Vendors, Customers and Business Associates who have extended their support in the development and growth of your Company. Before I conclude, I wish to thank the Government especially Ministry of Commerce and Industry, Railways, Ports, NMDC, Banks, and all other stakeholders for their co-operation and support.

(Ved Prakash)

Chairman and Managing Director

Dated: 29.09.2015