

CHAIRMAN'S STATEMENT

55TH ANNUAL GENERAL MEETING – 28.09.2018

Dear Shareholders,

I welcome you all at the 55th Annual General Meeting of your Company. As you all would know, the global macroeconomic landscape remains volatile. While global growth is showing some signs of a recovery, there is still a long way to go. Even in these uncertain circumstances, India's growth story has largely remained positive, and the country has registered a steady pace of economic growth at around 6.7 percent in FY 2017-18. The country's economic fundamentals are sound and the Government is determined to remove impediments to economic development and social empowerment. With the effective implementation of the Goods and Services Tax, I am convinced that India is poised for greater investment and economic growth in the future. With the overall International climate undergoing rapid changes, it has become essential to continuously refine and sharpen our capabilities.

PERFORMANCE OF THE COMPANY DURING 2017-18

Now, I would like to present the salient features of your Company's performance during the FY 2017-18. Your Company achieved a trade turnover of Rs.15,757 crore during 2017-18, an increase of almost 36% over the previous year. This increase in turnover is despite various constraints like fall in average price of urea; non-import of steam coal for Government Power Plants due to increased domestic supplies by Coal India; restrictions on iron ore mining and ban on export of iron ore from Karnataka etc. have the resultant lower exports. The Company has earned gross profit of Rs. 333.45 crores from operations and a Net Profit of Rs.48.84 crores during the year. However, outgo has increased this year on account of pay revision and enhancement in gratuity limit.

The company has also issued Bonus Shares during the current financial year. The allotment was made on 7th May 2018 by the Board authorized committee of Directors thus increasing the paid up capital of the company from Rs.100 crores to Rs.150 crores. Your Company has recommended a dividend of 30% on the paid up capital of the company as on 31.3.2018 with a total outgo of Rs.30 crores. This reflects our improved confidence in the financial strength of your organization.

MMTC'S PROMOTED PROJECT – NEELACHAL ISPAT NIGAM LIMITED

The NINL steel plant jointly set up by your company alongwith the Government of Odisha and others achieved a turnover of Rs. 882.58 crores during the FY 2017-18 despite recession in steel sector in the past few years and increase in cost of imported raw materials. Also, blast furnace was shut down for few months for renovation of the same. The mines allocated by the Government of Odisha to the JV Company are planned to be commissioned for iron ore production by March, 2019. NINL has also signed MOU with NALCO for setting up of Coal Tar Pitch Plant. With the stabilization of steel making facility and commencement of iron ore mining by end of current financial year, NINL's performance is expected to improve considerably, as also there would be an increase in production capacity due to renovation of blast furnace and commissioning of steel making facility.

HIGHLIGHTS OF OTHER JOINT VENTURES/PROJECTS:

As you are aware, your company has promoted a number of joint ventures under PPP Route to take advantage of new opportunities emerging in the free market environment. A few highlights of these are enumerated below:-

- MMTC PAMP India Pvt. Ltd., the JV established with PAMP Switzerland has achieved a turnover of Rs. 34,022 crores with a profit after tax of Rs. 43.69 crores during 2017-18. This JV company has paid an interim dividend of 30% for the said fiscal.
- The 15 MW capacity Windmill project commissioned way back in 2007 at Gajendragad in Karnataka is running successfully and the power generated by these wind farms is being sold to Karnataka State Electricity Board. The turnover of the project during FY 2017-18 was Rs. 6.90 crores with a profit of 5.18 crores.
- Your company has received a dividend of Rs. 31 per equity share of face value of Rs. 2 each from BSE Limited, during the Financial year 2017-18 wherein your company holds 38,961 equity shares with a face value of Rs. 2 each.
- Your company has already exercised "Exit" option from the JV Company MMTC Gitanjali Ltd., whose business got interrupted midway during the year 2017-18.

CORPORATE GOVERNANCE

Corporate governance is about maximizing shareholder value legally, ethically and on a sustainable basis. At MMTC, the goal of corporate governance is to ensure fairness for every stakeholder –

our customers, investors, vendor-partners, the community, and the governments of the countries in which we operate. We believe that sound corporate governance is critical for enhancing and retaining the investor trust. It is a reflection of our culture, our policies, our relationship with stakeholders and our commitment to values. Accordingly, we always seek to ensure that our performance is driven by integrity. All efforts have been made to ensure that all statutory Corporate Governance requirements have been complied in letter and spirit.

HUMAN RESOURCE

Needless to emphasize that Human Resource is the backbone of any organization. It is the best resource an organization can have, nourish and motivate, which can make-up for all other resources which are in short supply. In MMTC the focus is on building an enabling culture and ensure a flow of motivated people with required skill sets. The focus is always on continuous skill development and promoting core values which would inspire the employees to achieve excellence in all endeavors and maximize stakeholder's value. As on 31st March, 2018, the Company's manpower stood at 1127 including 481 officers and 579 staff cadre employees as against the total of 1225 as on 31st March, 2017. The company has prepared a succession plan to take care of gaps arising due to superannuation of senior level experienced executives.

CORPORATE SOCIAL RESPONSIBILITY

Your company continues to focus on CSR Mantra - **Caring, Sharing and Growing** as a philosophy on CSR. The policy and the projects undertaken under CSR are in line with the applicable regulations under the Companies Act, 2013 and DPE Guidelines. In its commitment towards CSR and sustainability initiatives, a sum of Rs. 1.26 crores was allocated for 2017-18 for undertaking various CSR activities mainly related to Swachh Bharat Abhiyan, Education, Health, Clean Ganga Mission, Skill India Mission, Promotion of Art & Culture and Sports etc. preferably in the remote districts of States.

NEW INITIATIVES

Among the new initiatives being taken by your company are - exports of minor minerals; trade in drugs, pharmaceuticals, engineering goods; import of Metals scrap; online sale of gold coins via e-Bazaar; e-auction of Gold collected by GOI under Gold monetization scheme; expand network of retails showrooms and franchisees for sale of Sanchi Silverware, medallions & jewellery;

support to jewellery MSME exporters by supplying gold for export promotion; setting up warehousing facilities; developing trade with North Eastern States by opening of office at Gauhati, Assam and Trading in Agro Commodities such as domestic trade in Ginger & Turmeric, and others.

FUTURE PROSPECTS

Your company strives to operate its business with a focus on doing the business ethically, yielding profitable returns and pursuing sustainable cost improvements. We seek to create further value by developing the opportunities embedded in our existing trading operations which represent the most attractive options. We are also importing pulses and fertilizers on behalf of Govt. of India besides exploring new markets for existing product lines and identifying new thrust areas for new products both domestically and globally.

ACKNOWLEDGEMENT

In this incredible journey of your Mini-ratna Company while we endeavor constantly to enhance returns on your investments, it has been equally an endearing and enriching expedition for me personally over the years. I would like to record my sincere acknowledgement and gratefulness to the shareholders on behalf of the Board for your continued strong and reasoned belief in the Company. MMTC is chartering a new journey and I look forward to your continued support in this endeavor.

To conclude, I on behalf of the Board of Directors of your Company would like to convey my deepest gratitude to the Central Government departments especially to Ministry of Commerce & Industry, State Governments, regulatory and statutory authorities and various Port Authorities in India for consistently supporting and facilitating your company in all its endeavours. I also take this opportunity to express gratitude to the valued customers, business associates and all the stakeholders for sharing a profound relationship with the Company and constantly supporting and strengthening the developmental efforts of your Company.

Ved Prakash
Chairman & Managing Director
28.09.2018