

CHAIRMAN'S STATEMENT



Dear Shareholders,

It is my privilege to welcome you on the occasion of the 54th Annual General Meeting of your Company. Coincidentally, on this very day 54 years back your Company got incorporated. In this splendid journey of 54 years your company has seen many transformations in its operations to remain one of the largest international trading companies of India.

PERFORMANCE DURING 2016-17

Global economic environment in the first part of the year remained challenging and a modest recovery was seen in the second half of the year. In spite of such grim international business scenario, I am happy to inform you that your company's net profit has shown incremental growth over the last 3 years and the Board of your company has recommended dividend of 30% for 2016-17 also. However, your company recorded a business turnover of Rs.1,15,934

million during 2016-17 as against business turnover of Rs. 1,24,605 million achieved during 2015-16. This business turnover includes Exports of Rs.15801 million, Imports of Rs. 84803 million and domestic trade of Rs. 15330 million. The decline in turnover is due to various factors like fall in average prices of commodities due to global recession and non-import of steam coal for Government Power Plants due to increased domestic supplies by Coal India, continuing ban on iron ore mining and the resultant lower exports etc. Your Company earned a trading profit of Rs.2245 million as compared to Rs. 1965 million in 2015-16. The profit before tax from ordinary activities is Rs.812 million as compared to Rs.579 million in 2015-16. The Company has registered a net Profit of Rs.571 million during the year as compared to Rs. 549 million earned last year. Thus the earnings per share of face value of Re.1/- each is Re. 0.57 as on 31.3.2017. Besides, MMTC continues to be a zero long-term debt company.



Your company imported Pulses on Government account in the crisis period faced by the country which has helped to stabilize prices for consumers. Your company has opened an office in Guwahati to cater to the trading needs of North East Region of the country. Your company has tied up with 7 banks to sell India Gold Coins through about 400 branches to make easy availability of the coins across India. The phase – 1 of Kandla FTWZ has been made operational during the year, a JV project between MMTC and ILFS Ltd. Your company has renewed 3 years Long Term Agreement with Japanese and Korean Steel Mills for export of High Grade Iron Ore.

During the year, your company has received many accolades for its business performance in different sectors which included the CAPEXIL's most coveted Award for total minerals exports consecutively for 24th time in a row and Star Performer Award for 2014-15 in "Basic Iron & Steel (Large Enterprise)" by EEPC, etc.

SUBSIDIARY COMPANY

During the financial year 2016-17, MTPL achieved sales turnover of USD 113 million as against US\$108million during last fiscal. The Subsidiary Company has shown profit during the financial year 2016-17 in comparison to the marginal loss incurred in 2015-16. The net worth of MTPL stood at US\$ 15.40 million as on 31st March 2017.

MMTC'S PROMOTED PROJECT - Neelachal Ispat Nigam Ltd. (NINL)

During the year 2016-17, NINL achieved a turnover of Rs.12687 million, EBITDA of Rs.14 million and incurred net loss of Rs.3567 million. This was primarily due to recession in the economy and steel sector in particular. After lot of persuasion and efforts, finally NINL could sign Iron Ore Mining Lease on captive basis with Govt. of Odisha for 874 hectare having 92 million tonne of mineable reserves in the State of Odisha. Mines are expected to commission iron ore production by June, 2018. NINL has also signed MOU with NALCO for setting up of Coal Tar Pitch Plant. With the stabilization of steel making facility and starting of iron ore mining by June, 2018, NINL's production and financial performance is expected to improve substantially.

Projects/ Joint Ventures

- The joint venture for medallion manufacturing unit,

MMTC-PAMP India Pvt. Ltd. achieved a turnover of Rs. 243902 million and profit after tax of Rs. 149 million during 2016-17. MMTC has received a dividend of 20% i.e. Rs. 35 Million for its investment in MMTC-PAMP India Pvt. Ltd for the FY 2016-17.

- Your Company achieved a turnover of Rs. 77 million and a profit of Rs.69 million from its 15 MW capacity Wind Mill project with 25 Wind Energy Generators commissioned in March, 2007
- Your Company has received an interim dividend of Rs. 5/- & final dividend of Rs. 23/- per equity share against its shareholding of 38,961 equity shares of Rs. 2/- each, in BSE Limited, The total dividend received during the year was Rs. 1.09 millions.
- The shareholding of your Company in Indian Commodity Exchange Limited (ICEX) was reduced to 9.55% subsequent to right issues in which your Company did not participate. The JV company has recently launched the World's First Diamond Derivatives Exchange which was formally inaugurated on 28th August 2017 at the hands of the Chairman, GJEPC at Mumbai. ICEX has also received in principle approval for Brent Crude and WTI Crude for trading.
- Your Company has decided to exit from JV Project M/s. SICAL Iron Ore Terminals Limited (SIOTL) as it could not commence commercial operations due to non-availability of iron ore for exports from Bellary-Hospet Sector in Karnataka State & facility owned by SIOTL has been authorized to handle Coal and coal does not have synergy with MMTC's existing line of business. The exit process is in progress.

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 in enhancing and retaining 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

Human Resource is the backbone of any organization, as a matter of fact Human Resource is the best resource an organization can have and which can make-up for all other resources which are in short supply. In your company, the focus is on building an enabling culture and enhanced competency of employees at all levels and ensure a flow of motivated people with required skill sets. The focus is also on continuous skill development and promoting core values which would inspire the employees to achieve excellence in all endeavors and maximize stakeholder's value. The Company's manpower stood at 1225 as on 31st March 2017 inclusive of five whole time Board level Directors which has since been reduced to 1183 as on 1st September 2017.

CORPORATE SOCIAL RESPONSIBILITY

The underlining theme of our CSR philosophy is to create equity in society with our actions. Caring, Sharing and Growing is at the core of MMTC's CSR philosophy. Our goal is to ensure that our economic growth is socially and environmentally sustainable. CSR initiatives are focused to enable the citizen to enjoy the benefits of science led innovations. Our socio-economic interventions are focused towards underprivileged communities. During the year 2016-17, a sum of Rs. 81.41 lakhs was allocated for undertaking the CSR activities which was spent towards activities mainly related to the Swachh Bharat Abhiyan, Clean Ganga Mission, Skill India Mission, Promotion of healthcare and Yoga and Promotion of sports/ para-sports. Besides this, MMTC supported distribution of artificial limbs and assistive devices to the differently abled people.

FUTURE PROSPECTS

With the implementation of GST a paradigm shift is expected in the way of doing business in India. A greater consolidation will be seen in the markets and the role of organized sector will be enhanced. This will be particularly good for Gold and Metals business of your Company. Further reduction in multiple taxes levied for doing business in India will enhance the investor's confidence and an explosive growth is expected from FY 2018-19. Your Company is also gearing up to grab all the good opportunities that may arise during the growth journey of the Country and is assured of a better future.

Your company has prepared a road map for doubling the turnover in next five years by strengthening of existing areas of business/diversifying into new areas of retail sales of precious metals items, minerals, coal, etc and also business development through e-commerce/e-auction.

ACKNOWLEDGEMENTS

I take this opportunity, to express my thanks to all the shareholders for their continued trust in the Board of Directors and the Management of the Company. On behalf 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 all other stakeholders namely; Government specially Department of Commerce, Railways, Ports, public and private sector banks etc. for their co-operation and support in successfully managing the organization.

Ved Prakash
Chairman and Managing Director
26th September 2017