MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2017-18

Overview of Global Trade and Developments

The World Bank forecasts global economic growth to edge up to 3.1 percent in 2018 after a much stronger-than-expected 2017, as the recovery in investment, manufacturing, and trade continues, and as commodity-exporting developing economies benefit from firming commodity prices.

Growth in advanced economies is expected to moderate slightly to 2.2 percent in 2018, as central banks gradually remove their post-crisis accommodation and as an upturn in investment levels off. Growth in emerging market and developing economies as a whole is projected to strengthen to 4.5 percent in 2018, as activity in commodity exporters continues to recover.

The slowdown in potential growth is the result of years of softening productivity growth, weak investment, and the aging of the global labor force. The deceleration is widespread, affecting economies that account for more than 65 percent of global GDP. Without efforts to revitalize potential growth, the decline may extend into the next decade, and could slow average global growth by a quarter percentage point and average growth in emerging market and developing economies by half a percentage point over that period.

Overview of developments in India during 2017-18

India has become the world's sixth-biggest economy according to updated World Bank figures for 2017.

It is the world's seventh-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). After the 1991 economic liberalisation, India achieved 6%-7% average GDP growth annually. In FY 2015 and 2018 India's economy became the world's fastest growing major economy, surpassing China.

India's gross domestic product (GDP) amounted to $2.597 trillion at the end of last year. The country's economy rebounded strongly from July 2017, after several quarters of slowdown. In many ways, 2017-18 was a defining year for the Indian economy. India completely reset its indirect tax system to a comprehensive GST.

Outlook for 2018-19

The International Monetary Fund (IMF) reaffirmed that India will be the fastest growing major economy in 2018, with a growth rate of 7.4 per cent that rises to 7.8 per cent in 2019 with medium-term prospects remaining positive. The IMF's Asia and Pacific Regional Economic Outlook report said that India was recovering from the effects of demonetization and the introduction of the Goods and Services Tax .

MMTC- 2017-18 in retrospect

Financial Review

In the backdrop of above international business scenario, Your Company achieved a trade turnover of ₹ 15,757 crore during 2017-18 as against the turnover of ₹11,593 crore registered last fiscal. This turnover includes Exports of ₹ 1795 crore, Imports of ₹ 11,878 crore and domestic trade of ₹ 2084 crore. The increase in the performance of almost 36% over the previous year 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, continuing ban on iron ore mining and the resultant lower exports etc. Your Company earned a Gross Profit from operations of ₹ 333.45 crore as compared to ₹ 224.45 crore in 2016-17. The profit before tax from ordinary activities is ₹ 59.13 crore as compared to ₹ 81.23 crore in 2016-17. The Company has registered a net Profit of ₹ 48.84 crore during the year as compared to ₹ 57.06 crore earned last year. Thus the earnings per share of face value of ₹ 1/- each is ₹ 0.49 as on 31.3.2018. Besides, MMTC continues to be a zero long-term debt company.

Source and Utilization of Funds

The source of funds of the company as on 31st March, 2018 comprises of shareholders fund amounting to ₹1449.45 crore including equity share capital of ₹100crore and non-current and current liabilities of ₹184.16 crore and ₹ 3783.94 crore respectively. These funds have been deployed inter alia towards non-current assets amounting to ₹ 835 crore and current assets of ₹ 4582.55 crore as on 31st March, 2018.

Internal Control Procedures

In MMTC, day-to-day affairs are managed at various managerial levels in accordance with a well-defined "Delegation of Powers". Major issues are deliberated to arrive at conscious decisions by the respective Committees of Directors constituted by the Board of Directors as detailed in the report on Corporate Governance annexed herewith.

MMTC has well-settled Internal Audit System & Procedures which is commensurate with its diverse functions. The company has an Internal Audit Division, to coordinate with external auditing firms in conducting internal audit all through the year. Number of initiatives started during the last fiscal for strengthening the internal controls through concurrent audit of bullion transactions, special audit for bullion transactions for earlier years, etc. continued during the year also. Towards this, a well defined Internal Audit Manual, Corporate Risk Management Policy and Business-cum-Internal Control Manual for various trades of MMTC approved by the Board of Directors have been put in place to take care of internal control mechanisms, risk assessment on the business proposals and systematic SOP for undertaking various trades.

The Audit Committee of Directors meets the Company's Statutory Auditors and Internal Auditors regularly to ascertain their concerns and observations on financial reports. The directions of the Audit Committee are strictly implemented by the Management.

Subsidiary Company

The wholly owned subsidiary of your Company - MMTC Transnational Pte. Ltd. Singapore (MTPL) incorporated in October 1994 with the objective to take advantage of liberalization/globalization of trade and commerce to tap South East Asian market for trading in commodities has been engaged in commodity trading and has established itself as a credible and reputable trading outfit in Singapore. During the financial year 2017-18 MTPL achieved sales turnover of USD 11.84 million as against US$113.17 million during last fiscal. The Net Loss of MTPL during the financial year 2017-18 amounted to US$ 0.38 million as against Net Profit of US$ 0.04 million earned during 2016-17. The net worth of MTPL stood at US$ 12.01 million as on 31st March 2018.

Business Group wise Review for 2017-18

Minerals

The Minerals group of your Company play a leading role in mineral trade for a period spanning over five decades. In the last decade, MMTC could withstand the stiff competition in the global market by consolidating the mineral portfolio, dynamic and prudent strategies to insulate against the market vagaries, expanding extensively its infrastructure facilities and by attaching utmost care and importance to its trade commitments as also the quality of service and products. The group has been consistently striving to enhance its competitiveness in the area of value addition.

MMTC has provided further fillip to value addition of minerals. MMTC's co-promoted 1.1. million tpa Neelachal Ispat Nigam Ltd. (NINL) consumes annually over 2.2 million tons of various types of minerals on annual basis arranged mainly by MMTC.

During 2017-18 the Minerals Group of your Company achieved a turnover of ₹1316 crore, which includes exports of Iron Ore valuing ₹ 1090.54 crore, export of Chrome Ore and Chrome Concentrate approx. ₹ 190.88 crore. As per current Foreign Trade Policy iron ore (Fe content 64% & above), Chrome Ore & Concentrate and Manganese ore are allowed for export through MMTC. The group has also achieved a turnover of ₹ 31.23 crore by domestic trading of Minerals & Ore comprising of Iron ore/Minor Minerals valued at ₹ 23.74 crore and domestic trading of dolomite, quartzite and lime stone valuing ₹ 7.49 crore.

Continuation of restrictions on Iron ore mining and its ban on movement for exports from Bellary-Hospet Sector, regulation of exports from Eastern Sector, uncompetitive FOB sale prices of Indian origin ore vis-à-vis other international suppliers i.e. Australia and Brazil (on account of export duty), subdued iron ore demand/prices in the international/spot market, high iron ore inventory with Chinese steel mills, general slowdown of Chinese economy, relative prices increase in domestic demand of ore, etc. continued to have impact on the iron ore exports during 2017-18. Despite this and the stiff competition, MMTC continued to maintain its position as a prominent exporter of minerals during the year under review. MMTC has established itself as a reliable supplier of iron ore to Japanese & South Korean markets over many decades and this portfolio will continue to bring steady business for your Company.

During the year under review, the Union Government has approved the renewal of Long Term Agreements (LTAs) for supply of iron ore (Lumps and Fines) of Grade +64% Fe content to Japanese Steel Mills (JSMs) and POSCO, South Korea for another three years (i.e. 1.4.2018 upto 31.3.2021) through MMTC Limited. Export of iron ore under the LTAs would help to strengthen India's bilateral ties with long-standing partner countries, Japan and South Korea secure an export market and result in inflow of valuable foreign exchange. The agreement will enable India to secure international market for its ores and shall provide direct and indirect employment in mining, logistics and related sectors.

Export of Chrome ore/Concentrate is canalized through MMTC while imports are under OGL. Material offered to

MMTC for export is by commercial mine-owners and Processors. Sukinda Valley, Jajpur Distt., Odisha contains most of India's known reserves of chromite. Out of total country's reserves of 344 MMT, about 95% is available in the State of Odisha. Most mine-owners are also ferro chrome producers. Ferro chrome Industry consumes more than 90% of Chrome ore produced in the country, leaving a small surplus for export.

Chrome ore Mining operations are impacted due to apex court order in August 2017 imposing 100% penalty on mining companies operating in Odisha without environmental clearance. Leases of Commercial Mines will expire on 31st March, 2020 while for captive mines, leases will expire on 31st March, 2030.

Export of Manganese Ore is canalised through MMTC while imports are kept under OGL. However, MOIL, a Govt. of India Ltd. can directly export Manganese Ore mined from its own mines. Majority of mines/production is controlled by MOIL. India has proven reserves of 475 MMT but annual production hovers around 2.4 MMT. Annual consumption of manganese in India is about 5 MMT. Almost all ore produced is consumed by domestic industry as India is deficient in high grade Mn Ore. MMTC has made one shipment of low grade fines during current year after a gap of 3 years. Lumpy ore has good demand in domestic market and hence entire production is consumed by domestic industry.

Challenges for the group is increase in steel production/ consumption in India which would result in further demand of iron ore, Chrome ore and Manganese ore from domestic industry and may affect the availability of these products for export in future. Intense competition, competitors offering unsecured credit and wild price fluctuations are the threats facing the group. Possible introduction of tariff and non-tariff barriers in addition to existing 30% export duty is also a challenge. Export of more ferro-chrome may adversely affect availability of chrome ore and also concentrates for export.

This group is planning to tap small mine-owners & Traders besides focusing on current business for export of chrome ore/concentrate offered by commercial mine owners. Your company is also focusing on diversifying to develop mines including export to add new business to its portfolio.

Precious Metals, Gems & Jewellery

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 6% to 7% percent of the country's GDP. It is one of the fastest growing sectors and is extremely export oriented and labour intensive.

Your Company enjoys the position of one of the market leaders in the Indian bullion trade, having flexibility to operate from various centers spread all over the country offering novel product services, besides maintaining enduring relationship.

Despite high volatility in prices of bullion as well as Indian Rupee - US Dollar exchange rates, Precious Metals Group of your Company contributed a gross turnover of ₹10,106.6 crore contributing to 61.27% of the Total turnover achieved by the company. The turnover of this group includes import of gold and silver worth ₹ 8,938.38 crore, domestic trade of ₹1167.94 crore and export of gold medallions worth ₹ 0.27 crore. MMTC is one of the nominated agencies for import of Bullion for supply to exporters as well as domestic traders/jewellers which is the basic raw material for Gems & Jewellery Industry of India. MMTC's share stands at 3.24% for Gold and 15.38% for Silver in the country's bullion trade for 2017-18. Being a nominated Body, MMTC plays a vital role in association with Govt. of India in Policy formulation to support Gems & Jewellery exports from India and development of Jewellery sector on Pan-India basis. Government has always been supportive since inception way back in 1980s when the Jhandewalan jewellery Complex was approved by the Ministry of Commerce and MMTC being nominated as Agency for supply of gold to DTA w.e.f. September, 1992.

Under the Government's Gold Monetization Scheme, MMTC has been assigned two important projects for implementation, namely, sale of Indian Gold Coins and e-Auction of medium and long term gold deposits of Govt. of India, promoting the circulation of domestic gold into the economy thereby reducing the Bullion imports saving valuable foreign exchange. The group has already sold 4 MT Gold and are expecting good volume of business. The group has started sale of precious metals lying in temples through Auction and are approaching several temples for the same. Several temples in South India have been visited and have sold more than 20MT silver through E-auction.

The Group has sold India Gold Coins(IGC) in domestic market valuing ₹ 55.16 crore during 2017-18. Your Company tied up with banks to sell Indian Gold Coin. Efforts are on to further expand distribution network for sale of Indian Gold Coin. The flagship event of MMTC Limited "Festival of Gold" was held.

Your company has been supplying Gold/Silver Medallions to various Corporates apart from effecting showroom sales.

The Company's joint venture MMTC-PAMP India Pvt. Ltd.(MPIPL) achieved a turnover of ₹ 34,022.43 crore and a profit (after tax) of ₹ 43.69 crore. During the fiscal MMTC has sold 1.68 MTs of Gold Bars & 5.9346 MT of silver produced by MPIPL in the domestic market.

Another Joint Venture for retail trade in jewellery i.e. MMTC Gitanjali Limited has not reported turnover for the year 2017-18 as against turnover of ₹ 26.62 crore achieved during 2016-17. The business got interrupted midway during the year 2017-18. MMTC has exercised "Exit" option from the said joint venture in terms of SHA signed with the promoters of the company.

With increasing competition among the gold traders, there is a continuous decrease in the profit margin being experienced in the trade. The Goods & Service Tax (GST) will hopefully change the shape of the industry.

Demand for Gold is expected to remain firm for this year on account of strong demand owing to traditional importance of the metal in India which is very difficult to alter.

Outlook for silver in 2018 is an upward trend in prices due to expectations on solid fundamentals, as mine supply is likely to contract while industrial and jewellery demand is likely to increase.

The Precious Metals Group of your Company shall be making efforts to bring back big customers in various locations through constant customer engagement., maximize DTA operations due to the setting up of SEZ units in Jaipur and Noida, NCR. To boost sale in DTA, simplified procedures for importing bullion through FTWZ are being introduced.

Enrolment of new LBMA foreign suppliers to have better supplier base to be more competitive and have adequate quantity to supply is being explored. We are in the process of recommencing business with suppliers like City Bank, Standard Chartered Bank, HSBC etc and conduct successful rollout of the e-auction of bullion bars under the GMS scheme. The group shall be exploring new avenues of business like the Dore import business for which government departments are being pursued vigorously, auctioning of gold/silver confiscated by customs and that available with prominent temple trusts. The group also plan to conduct customer meet at all the bullion centres followed by marketing drive to enroll new customer or recommence business with existing customers. Proper follow-up mechanism shall be introduced to convert positive customers.

Metals and Industrial Raw Materials

The domestic non ferrous metals industry is broadly comprised of manufacturers of base non ferrous metals, minor metals and Ferro alloys and overseas traders. India is among the worlds' largest producers of Aluminium, Copper, Zinc. Over the past few years, domestic manufacturers have expanded their reach through numerous stock points and reduced lead time in the process. Manufacturers of Ferro Alloys like Ferro Silicon, Ferro Manganese, High Carbon Ferro Chrome have expanded operations over the past few decades. These manufacturers who initially started out as ancillary industries around steel plants have forayed into international export markets.

The import market in India is dominated by large multinational trading companies based out of Europe and Asia. The world's biggest commodities traders are active in the Indian market. Smaller LME trading houses and trading companies have also built customer bases in India. Most of the imported material is sold directly by overseas traders to their customers in India or on high seas basis.

During 2017-18 the metals group of your Company has achieved a turnover of ₹1063.72 crore which includes export of Pig Iron worth ₹401.24 crore and slag worth 0.84 crore, import of Non Ferrous Metals like Zinc, Nickel, Cobalt and Tin worth ₹ 244.94 crore, import of Industrial Raw Material viz. Antimony metal worth ₹ 0.81 crore and Domestic Trade in Steel products like pig iron, slag, billets etc worth ₹ 415.91 crore. The Pig Iron is produced by MMTC's joint venture with Govt. of Odisha, M/s. Neelachal Ispat Nigam Limited.

MMTC's strength lies in that its supplier base comprised of reputable international suppliers of all base and minor metals and linkages with major PSUs, Railways and Ordnance Factories to ensure steady stream of business. However, non-standardized and custom specified material are not available with empanelled suppliers. Procurement of imported NFM takes a minimum of 3-4 weeks' time which becomes a bottleneck for serving the industry locally.

The opportunities in NFM trade are sale of NFM and Minor Metals through MMTC's extensive sales network in collaboration with foreign suppliers and sale of non-ferrous metals and metal alloys sourced from Asian countries under various trade agreements. The threats include increase in domestic production of secondary and recycled metals and installation of secondary refining and smelting plants by customers and increase in domestic manufacture of base metals like Copper, Aluminium, Lead and Zinc over the past five years has made the market more competitive.

Possibility of sale of Non Ferrous Metals through FTWZ will be explored by the NFM Group of your company. The possibility of tying up for long-term/annual supplies with producers and major overseas traders may also be explored to enable MMTC to offer better commercial terms and competitive edge over other traders in the market.

MMTC remains the highest supplier of Pig Iron from India and major export share of around 42% belongs to MMTC. Its customer base has grown for both domestic and international markets. The group will be eyeing import

financing opportunities-mapping with our product portfolio and business model & Policies, HMS & Shredded scrap import through Kandla, Mundra& Chennai Port. It has empanelled around 10 foreign suppliers for supply of HMS & Shredded Scraps. The group shall be exploring possibility of export of Pig Iron & Billets to Bangladeshi/Nepali & Italian markets.

Agro Products

The Agro group of your Company achieved a turnover of ₹ 549.36 crore during FY 2017-18 which include import of pulses worth ₹ 529.33 crore, and domestic trade of pulses worth ₹ 20.03 crore. The group has imported pulses on Government Account to contain the price fluctuation in the open market. The main commodities are pulses like red lentils, tur dal, urad, chana, etc. In addition, this group has also handled Onion and Ginger.

MMTC has been in agri trade business for almost two and half decades, beginning with the then sunrise segment of Soyabean processing for export of soya DOC and sale of Crude Soya Oil in the domestic market. Opportunities for export/import of grains like Rice, Wheat and Sugar also were available either on Government account or on commercial basis. Under the Price Stabilization, MMTC has played a pioneering role for import of pulses. For building buffer stock of pulses, MMTC has been designated as one of the agencies for import of pulses by Government of India. As per directions of Govt. of India, during FY 2017-18, MMTC has imported approx 3.79 lakh tonnes of various pulses for the buffer stock programme. These pulses are being stored at various port godowns and are being released to State Government Agencies and open market as per the advice of Department of Consumer Affairs, Govt. of India.

Depending upon the domestic production, opportunities either for export or for import emerges. Very high volatility in some of the agro commodities is on the basis of price trend in international commodity market, and currency rate fluctuations pose a threat to agri business apart from natural vagaries like draught/monsoon etc.

Globally, there has been slow down in all commodities markets right from crude oil, steel, agri commodities, edible oils, etc. Slow down of economic growth in China, EU and other countries have adversely affected the commodities markets. The group is no exception to this development.

Discontinuation of import of edible oil by Andhra Pradesh Government and Gujarat Government affected our business. Due to change in Financing policy, the imports on back to back basis of pulses, sugar, edible oil etc. and sale on high seas basis with hypothecation of the cargo have been discontinued. Due to volatile market and uncertainty in price of edible oil MMTC could not achieve any turnover in this segment.

Outlook for 2017-18 for agri commodities except pulses are not very encouraging considering the fact that international market for agri commodities are yet to recover and major commodities like wheat, rice, edible oil, etc are also yet to recover from the bearish sentiments.

In order to add business volume, the group is looking into the possibilities of export of sugar considering the record domestic production and demand existing in the neighboring countries. Similarly efforts are on to explore possibilities of export of Indian non-basmati rice to neighboring countries and also to some of the African countries. The group is participating in the tenders of State Governments for supply of RBD palm oil in consumer packs for distribution through PDS system.

Fertilizers and Chemicals

MMTC Limited is one of the major importers of fertilizers in India. It is engaged in the import of finished, intermediate and raw fertilizers. MMTC handles about 3 to 4 million tonnes of fertilizers. It continues to remain a trusted and reliable supplier of fertilizers to many institutional customers in India. This has been possible owing to a reputation of trust and reliability assiduously built by the company over four decades.

MMTC has built a niche for itself and has been extending the benefit of its four decades of experience in buying, selling and excellent net-working, which has been continuously adding value in the supply chain. As a result, MMTC remains the single unique window for buying and selling of all fertilizer products globally.

The Fertilizer group of your Company imports urea on behalf of Department of Fertilizers, Ministry of Chemicals and Fertilizers.

During FY 2017-18, the Fertilizer and Chemicals group of your Company has contributed a turnover of ₹1902.22 crore during the financial year 2017-18. It included import on behalf of Government of India of about 1.63 million tonnes of urea valued at about ₹1822 crore, and import of non-canalized fertilizer like Phosphoric acid, Powered Mono Ammonium Phosphate (PMAP), Sulphur, MOP and

Urea worth ₹16.06 crore, domestic trade of fertilizers worth ₹ 2.21crore. Urea is one of the major fertilizers to meet nitrogen nutrient requirement of the soil.

Powdered Mono Ammonium Phosphate (PMAP) is a new product added to the product range of the Group, which contributed a turnover of ₹ 1.07 crore during the period under review.

After a gap of 3 financial years, export of DAP to Nepal was resumed in 2017-18. DAP was procured from Paradeep Phosphates Ltd and urea was sourced from Brahmaputra Valley Fertilizer Corporation of India Limited for exporting to Nepal.

Fertilizer industry in India has been passing trough tough phase in recent years. The year under review was a difficult period for the fertilizer industry in general in India due to the rainfall turned marginally below the normal which directly impacts the quantum of chemical fertilizers used in agriculture. Further, disparity in the import price of various fertilizers caused the demand destruction which ultimately affects the industry.

As regards import of Urea on Government account, the total imports of India have come down which also impacted the overall business volumes of MMTC. Urea imports have come down as domestic production has increased which substantially bridged the gap between production and consumption. Urea remains the only canalized product for import and all other fertilizers are under OGL. One significant development on the import of canalized urea has been the signing of an MOU between the Department of Fertilizers and the canalizing agencies for import of urea.

The outlook for 2018-19 for India will depend on the monsoon and the Government policy. The global economy continues to face challenges. With food inflation being felt by countries across the globe including India, the focus especially for the developing nations would be on increasing productivity in agriculture. However, the global supply position of all the major fertilizers is expected to remain comfortable with new addition in capacities mainly in Urea, DAP and MOP.

Efforts are continuously being made to increase the volume of business in the existing product line and aggressively exploring new fertilizer products for trading. The action plan for achieving targets for 2018-19 includes import of MOP by retaining the existing customers and adding new customers, import of required quantities of Urea by Department of Fertilizers in 2018-19 and focus on Phosphates raw materials intermediates and finished fertilizers, export of urea & DAP to Nepal, sourced from BVFCL and PPL respectively and import of finished fertilizer and raw material under the comfort letter on behalf of companies like FACT and MFL.

Coal and Hydrocarbons

India's Imports of non-coking coal has peaked to around 170 million MT during 2014-15, however, thereafter imports of non-coking coal has witnessed decline owing to improved domestic supplies. Power Utilities, the major consumers of non-coking coal have drastically reduced consumption of imported coal in view of the increase in domestic production & dispatch from pit head to power plant.

However, the plants located at coastal regions or thermal plants whose boilers are designed for imported coal would continue to import. In view of the increase in domestic production & improved supplies, imports may witness stagnation.

MMTC is very successful in organizing supplies of Coking coal, non-coking (steam) coal, low ash metallurgical coke, Naphtha etc. Currently there is big gap between demand and supplies of coking coal in the domestic market, which is likely to widen further. MMTC imported coking coke on a regular basis for its JV Company - Neelachal Ispat Nigam Limited, Duburi, Orissa.

This Group of your Company has achieved a turnover of ₹ 762.43 crore which included imports of Coking Coal of ₹ 260.89 crore, Steam Coal worth ₹ 62.34crore and domestic trade of hydro carbons worth ₹ 439.20 crore.

MMTC has till now mainly focused on catering requirement of Govt. Power Utilities, however, MMTC is envisaging good opportunity in supplying imported steam coal to cement, sponge iron units and captive power plants in India so as to generate more business. MMTC may also target neighboring countries for export of coal to prospective buyers in these countries.

MICA

As reported in earlier years, the changed market requirements and technological developments in Mica processing technologies globally led to activities at Mica Division coming to a halt since 2002-03. Efforts are being made to utilise the land located at Abrakhnagar, Koderma District.

General Trade

The General Trade Group of your company achieved a turnover of ₹ 56.59 crore. The group finalized export of Red Sanders based on the allocation received from Directorate of Revenue Intelligence, valuing ₹ 49.64 crore during the year 2017-18. The exports were effected from Chennai, Tuticorin and Mumbai ports. Agreements have been signed with M/s. Bharat Earth Movers Limited and M/s. Hindustan Insecticides Limited for export/import trade facilitation. Agent has also been appointed in South Africa for export of engineering products.

Sale of Wind Power generated from the Wind Farm at Gajendragad in Karnataka earned a turnover of ₹ 6.9 crore and earned carbon credits worth ₹ 0.05 crore. The power generated from the project is sold to HESCOM. The project is running successfully and has contributed to the development of the area by meeting some portion of energy needs of Karnataka state.

Cautionary Statement

Statements in the Management Discussions and Analysis describing the Company's projections, estimates, and expectations may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations/policies, tax laws, other statutes and other incidental factors.