

SUMMER TRAINING REPORT SUBMITTED TOWARDS THE PARTIAL FULFILMENT
OF
BACHELOR OF COMMERCE (HONOURS)



SUMMER TRAINING PROJECT REPORT
ON
WORKING CAPITAL MANAGEMENT OF MMTC



Submitted By:

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40320688817: 2017-20

PROJECT GUIDE

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Affiliated To Guru Gobind Singh Indraprastha University, New Delhi

CERTIFICATE

This is to certify that the project work “**WORKING CAPITAL MANAGEMENT OF MMTC**” made by **ROHIT BANSAL, B.Com (H), 40320688817** is an authentic work carried out by her under guidance and supervision of **Miss PARKHI**.

The project report submitted has been found satisfactory for the partial fulfilment of the degree of Bachelor of Commerce.

Signature

(Project Supervisor)

Miss. Parkhi

Assistant Professor

DECLARATION

I hereby declare that the following documented project report titled “**Working Capital Management of MMTC**” is an original and authentic work done by me for the partial fulfilment of **Bachelor of Commerce (Hons.)** degree program at “**MMTC**”.

I hereby certify that all the Endeavour put in the fulfilment of the task are genuine and original to the best of my knowledge & I have not submitted it earlier elsewhere.

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Bachelor of Commerce (Hons.)

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(Signature of the Student)

ACKNOWLEDGEMENT

I take this opportunity to express my heartiest gratitude to Trinity Institute of Professional Studies for permitting me to undertake this research and supporting me during this research and otherwise also.

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I would also like to give my heartiest thanks to Mr. Abhay Kumar the General Manager of marketing for M.M.T.C. Ltd. (PRECIOUS METAL DIVISION) for giving me regular guidance and showing me the smartest and best way towards a successful internship period.

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EXECUTIVE SUMMARY

MMTC Ltd., is one of the two highest earners of foreign exchange for India and India's largest public sector trading body. Not only handling the export of primary products such as coal, iron ore, and manufactured agro and industrial products, MMTC also imports important commodities such as ferrous and nonferrous metals for industry, and agricultural fertilizers. MMTC's diverse trade activities cover Third Country Trade, Joint Ventures and Link Deals and all modern forms of international trading. The Company has a vast international trade network, spanning almost in all countries in Asia, Europe, Africa, Oceania, America and also includes a wholly owned international subsidiary in Singapore, MTPL. It is one of the Miniratnas companies.

MMTC is one of the two highest foreign exchange earner for India (after petroleum refining companies).^[2] It is the largest international trading company of India and the first public sector enterprise to be accorded the status of Five Star Export Houses by Government of India for long standing contribution to exports

Being the largest player in bullion trade, including retailing, MMTC's share was 146 tonnes of gold out of the total import of 600 tonnes of the precious metal in 2008-09.

Managing company finance in today's dynamic environment is becoming more and more complex as well as important. Recognition of proper funding chances and get higher returns in the organization has led to increases trends in employee maintenance, job security, etc.

The major purpose of the study is to analyse the working capital management of MMTC by considering the annual report of two years. The financial statement explains the trend analyses and the ratio analyses along with the comparative balance statements.

The term Working Capital means a lot of different things to a lot of different people. By definition, working capital is the amount by which current assets exceed current liabilities. It involves the relationship between a firm's short term assets and its short term liabilities.

Funds needed for short term needs for the purpose like payment of wages and other day to day expenses are known as working capital. The goal of working capital management is to ensure that the firm is able to continue its operation and that it has sufficient cash flow to satisfy both maturing short term debt and upcoming operational expenses. Working capital is primarily concerned with inventories management, receivable management, cash management and payable management.

The study involved few personal interviews with the financial heads of the company and through observation methods. Company annual reports were being evaluated and working capital management was being analysed from it. For the purpose of the study convenience sampling technique has been used.

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CHAPTER 1: -
INTRODUCTION

A Corporate giant growing in leaps and bounds, MMTC Limited is the leading international trading company in India and has been in existence for close to six decades. The premier trading house has always striven to outperform its own past records.

Exploring opportunities with a passion and zeal to excel has placed the company at the pinnacle of glory. Dedication and persistence continue to be the buzz words that have helped MMTC sustain its characteristic excellence in performance.



MMTC Limited (MMTC) is one of the two highest foreign exchange earners for India and a leading international trading company. The Company was incorporated on 26th September 1963. The Company is a Mini-Ratna public sector undertaking under the administrative control of Ministry of Commerce & Industry Government of India and has 9 Regional Offices at various places in India and a wholly owned subsidiary MMTC Transnational Pte Ltd at Singapore. A 'Five Star Export House' status company is engaged in export and trading of Minerals and import of Precious Metals Non-ferrous metals Coal & Hydro Carbons Fertilizers and Agro products. MMTC's diverse trade activities encompass Third Country Trade Joint Ventures and Link Deals - all modern day tools of international trading. It has vast international trade network which includes a wholly owned international subsidiary in Singapore also spans almost in all countries in Asia Europe Africa Middle East Latin America and North Americas. The Company had commenced its operation on 1st October 1963 of the incorporation year itself. MMTC made a foray into European market with the exports of one lakh tonnes of iron ore to Slovakia and Romania in the year of 1994.

Also in the same year the company had commenced import of gold and silver against special import license for supply to the customers in the domestic area. The wholly owned subsidiary MMTC Transnational Pte Ltd Singapore was incorporated under the control of company in the year 1994. During the year 1995 MMTC opened a duty-free jewellery show

room at Sahar International Port and a Memorandum of Understanding was signed with the Government of Orissa for development of existing Gopalpur minor port into all-weather deep water and direct berthing port. In the same year Board for Industrial & Financial Reconstruction (BIFR) had approved the scheme of merger-cum-amalgamation of Mica Trading Corporation of India Limited (MITCO) with MMTC. From the year 1996 onwards the company started to import the Chemical items and Homeopathic Medicines. MMTC had signed a MoU with the Department of Commerce under Ministry of Commerce and Industry during the year 2001 for its various applications. The Company had opened a new outlet at Thiruvananthapuram as a duty free business in the year of 2002 and also in the same year unveiled a new line of silverware Sanchi-Silver in Style. During the year 2003 MMTC had acquired Rs.800 crore deals from Japanese and South Korean companies for the supply of iron ore. In the identical year of 2003 the joint venture with the Orissa government namely Neelchal Ispat Nigam Ltd was emerged as the second largest exporter of pig iron from the country. The Company was ranked in Trading Sector by Business Standard in their publication BS 1000 'India's Corporate Giants' released in December 2006 and also noted as Top Company in the trading sector for the D&B by coveted American Express Corporate Award 2006. MMTC bagged a gold trophy for top Exporter for the Year 2006-07 in Merchant Exporter category by Engineering Export Promotion Council of India (EEPC) and also CAPEXIL highest export award for highest export of minerals for the year 2006-07 (16th time in a row). The 15 MW wind farms of the company were commissioned in March of the year 2007 at Karnataka. In The year 2007 MMTC had received government approval for acquiring an equity stake in the consortium which has undertaken the project for construction of a permanent iron ore-loading berth at Ennore to decongest Chennai port.

Aiming at diversification and with a view to add value to its existing trading operations the company has undertaken various strategic initiatives during the year 2007-08 following public- private partnership route effectively integrating vertically both backwards and forwards to encompass the entire gamut of the product process starting from the stage of manufacture and ending with distribution to the ultimate consumer. The Company had inked an agreement with Swiss metal company PAMP to set up a gold refinery in Sohna during March of the year 2008. In the year 2009 the company had promoted a Commodity Exchange under the name and style of 'Indian Commodity Exchange Limited' which commenced operations in November 2009. The company has participated in the equity of a Currency Futures Exchange under the name and style of 'United Stock Exchange of India Ltd.' The said

Currency Futures Exchange which commenced its operations in September 2010. MMTC is the largest importer of gold and silver in the Indian sub-continent handling about 174 MT of gold and 1165 MT of silver during 2011-12. MMTC supplies gold on loan and outright basis to the exporter bullion dealers and jewellery manufacturers on all India bases. MMTC has retail jewellery & its own branded Sterling Silverware (Sanchi) showrooms in all the major metro cities of India. MMTC also supplies branded hallmarked gold and studded jewellery.

Assay and hallmarking units have been set up at New Delhi Ahmedabad Kolkata & Jaipur for testing the purity of gold and gold articles duly accredited with Bureau of Indian Standards. During the year 2012-13 Govt. of India the promoter of the company holding 99.33% of the total equity capital as on 31.3.2013 divested its 9.33% equity through 'Offer for Sale' of shares through stock exchange mechanism pursuant to SEBI guidelines in this regard. The said OFS issue was made by the Govt through stock exchange platform at NSE and BSE on 13th June 2013 thereby reducing Govt. of India's equity to 90% of the total paid up equity of the company. During the year 2014-15 MMTC and TATA Steel Ltd have set up a Joint Venture company namely 'TM Mining Company Ltd.' for mining exploration and allied activities. It has obtained certificate for commencement of operations. During the year 2014 MMTC successfully exported wheat to buyers in South Korea Bangladesh Philippines and Africa etc. Imports of edible oils were made primarily from Malaysia and Indonesia for meeting the Public Distribution System (PDS) requirements of State Governments and also for private industry. Supplies of Edible Oil were also organized at request of State Governments for distribution through PDS. During FY 2015 the Company tied up with Indian Overseas Bank to sell Indian Gold Coin through its branches upon approval from Reserve Bank of India. During FY2016-17 Neelachal Ispat Nigam Limited (NINL) signed MOU with National Aluminium Company (NALCO) for setting up of Coal Tar Pitch Plant.

With the stabilization of steel making facility and starting of iron ore mining by end of current financial year NINL's performance is expected to improve considerably as also increase in production capacity. During FY2016-17 MMTC has imported approx. 3.4888 lakh MT of various pulses like toorurad masur and chana 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.

1.1 CORPORATE MISSION

As the largest trading company of India and a major trading company of Asia, MMTC aims at improving its position further by achieving sustainable and viable growth rate through excellence in all its activities, generating optimum profits through total satisfaction of shareholders, customers, suppliers, employees and society.

CORPORATE OBJECTIVES

1. To be a leading International Trading House in India operating in the competitive global trading environment, with focus on “bulk” as core competency and to improve returns on capital employed.
2. To retain the position of single largest trader in the country for product lines like minerals, metals and precious metals.
3. To promote development of trade-related infrastructure.
4. To provide support services to the medium and small scale sectors.
5. To render high quality of service to all categories of customers with professionalism and efficiency.
6. To streamline system within the company for settlement of commercial disputes.
7. To upgrade employee skills for achieving higher productivity.

CORPORATE CITIZENSHIP

Our responsibilities extend beyond trading .Contributing to the welfare of communities in which it operates is a natural element of MMTC's activities. MMTC activities are aligned to the “Millennium Development Goals” laid down by the Govt. of India towards eradication of extreme hunger and poverty, achieve universal primary education, promote gender equality and empower women, Ensure environmental sustainability and develop a global partnership for development. MMTC continues its unstinted efforts to promote clean environment and scientific development of mines as also support the government relief measures in natural calamities .The Company and its employees have lived up to the

responsibilities as Corporate Citizens and have been playing their role in the times of crisis in the country.

LEADING TRADING ORGANISATION OF INDIA

Established in 1963, MMTC is a leading international trading company of India with turnover of Rs.15757 crore. MMTC is the first Public Sector Enterprise to be accorded the status of "FIVE STAR EXPORT HOUSE" by Government of India for long standing contribution to exports.

MMTC continues as the canalized agency for export of Iron ore, Manganese ore & Chrome ore. MMTC is also one of the three canalizing agencies for import of urea. Presently, MMTC is one of the nominated agencies for import of gold and silver. Its vast international trade network, which includes a wholly owned subsidiary in Singapore, covers almost all countries in Asia, Europe, Africa, America etc. giving MMTC global market coverage.

INDIA'S LEADING EXPORTER OF MINERALS

MMTC Limited continues to be a leader in mineral exports for over five decades now. With its comprehensive infrastructural set up to handle minerals, the company provides full logistic support from procurement, quality control to guaranteed timely deliveries of minerals from different ports, through a wide network of its regional and port offices in India, as well as international subsidiary in Singapore.

MMTC's performance in mineral trade has been acknowledged by the CAPEXIL (Chemicals and Allied Products Export Promotion Council of Govt. of India) by conferring the nation's highest award for excellence in minerals exports consecutively for the last 22years.

MMTC has been consistently striving to enhance its competitiveness in the area of value addition. MMTC has provided further fillip to value addition of minerals by setting up MMTC's co-promoted 1.1. Million ton per annum Steel plant viz., Neelachal Ispat Nigam

Ltd. (NINL), which consumes over 2.2 million tons of various types of minerals on annual basis arranged mainly by MMTC.

ONE OF THE WORLD'S LARGEST BUYERS OF FERTILIZERS

As a leading player in fertilizers and fertilizer raw material segment, MMTC has become a major fertilizer marketing company in India, through planned forward integration of its import activities with the direct marketing of Urea, DAP, MOP, Sulphur, Rock Phosphate, and SSP etc.

MMTC has remained one of the largest institutional buyers of fertilizers across the globe. MMTC has built this unique position for itself through its continued presence for about four decades in the fertilizer arena internationally. It has remained a trusted associate for the suppliers and customers alike across the globe as a result of its undisputed transparency in dealings and commitment to contractual terms of international trade. MMTC has built a niche for itself and has been extending the benefit of its four decades of experience in buying, selling and excellent networking, 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. Presently, MMTC is also one of the three canalizing agencies for import of Urea.

ONE OF THE LARGEST BULLION TRADERS IN INDIAN SUBCONTINENT

MMTC Limited is one of India's Premier bullion traders. Its Precious Metals arm has consistently contributed significant proportion of the total turnover of the Company.

MMTC is an authorized agency of the Government of India for import of gold, silver, platinum, palladium, rough diamonds, emeralds, rubies and other semi-precious stones and supply these items to traders & jewellers in India for domestic sales, processing and further

exports. MMTC is the custodian for import & export of Precious cargo at SEEPZ, SEZ Mumbai.

MMTC sources retail jewellery & its own branded Sterling Silverware (Sanchi) through its showrooms in all the major metro cities of India.

MMTC has a medallion unit in New Delhi since 1996 for manufacturing its own brand of gold and silver medallions. MMTC has taken up prestigious assignment of manufacturing and sales of sovereign India Gold Coin through network of its offices and Banks. Customized requirements for corporate/institutional orders for medallions are also serviced from here throughout the year. MMTC operates in-house hallmarking unit at Jhandewalan Jewellery Complex, New Delhi, for testing purity of gold/silver and gold/silver article.

IMPORTER OF NON-FERROUS METALS & INDUSTRIAL RAW MATERIALS TO INDIA

MMTC is one of India's largest seller of imported Non-ferrous metals viz. copper, aluminium, zinc, lead, tin and nickel. It also sells imported minor metals like magnesium, antimony, silicon and mercury, as also industrial raw materials like Ferro Alloys, Nobel Alloys and Minor Metals etc. MMTC imports quality products conforming to international specifications like ASTM or BSS or LME approved brands.

MMTC's customers are in fabricated metals, machinery and equipment and automotive sector. MMTC sources its metals from empanelled suppliers including producers and traders throughout the world.

Imports of all Non-Ferrous Metals, Industrial Raw Materials, Minor Metals and concentrates are centralized at Corporate Office in New Delhi and the sales are effected through various sale centres located all over India.

Neelachal Ispat Nigam Limited (NINL), a steel plant promoted jointly by MMTC & Govt. of Orissa, has been granted iron ore mining lease with an estimated reserves of 110

million tons, which is at an advanced stage of statutory environmental clearances. With steel making facility getting stabilized and commencement of iron ore mining expected by this year end, the performance of NINL would improve substantially.

GROWING INTEREST IN AGRO PRODUCTS WORLDWIDE

MMTC Limited is a global player in the Agro trade, with its comprehensive infrastructural expertise to handle Agro products. MMTC Limited provides full logistic support from procurement, quality control to guaranteed timely deliveries of agro products from different parts of India through a wide network of regional and port offices in India and its contacts abroad. The company's bulk handling of the agro commodities includes rice, wheat, pulses, onion, edible oil etc.

The agro trade primarily depends on government policies and vagaries of monsoon. At times when the surplus agro products are available in the country, the export opportunities emerge while in the period of shortages the agro products need to be imported. The Agro Group of the company shall continue to pursue plans and strategies to meet the shortages of edible oils, food grains & pulses in the country by imports and export of surplus availability of agro products like Wheat in the country. The group is geared up to meet the challenges stemming from wide variations in quantity/ product range available for imports/ exports besides broadening the commodity profile to ensure future sustainability of business growth.

COAL HANDLING - ONE OF THE CORE AREAS OF MMTC'S BUSINESS

Coal and Hydrocarbon is identified as one of the core areas of business for MMTC and Steam coal is identified as a thrust product for import. MMTC's coal business is mainly comprised of LAM COKE, Coking Coal and Steam coal.

MMTC withstands the stiff competition due to its continuous and persistent efforts in diversifying its markets, offering value added products and services to its existing customers, enlarging its product range and customer base, expanding extensively its infrastructure

facilities, using its expertise in trading by attaching utmost care and importance to its trade commitments as also the quality service and product.

DIVERSIFICATION AND GENERAL TRADING

To take advantage of new opportunities emerging in the free market environment, MMTC has promoted a number of joint ventures following the public-private partnership model in earlier years. viz. Indian Commodity Exchange Limited (ICEX), MMTC PAMP India Ltd, MMTC Gitanjali Ltd.(MMTC has exercised exit option from the JV), SICAL Iron Ore Terminals Limited (SIOTL) (Board has decided to Exit from the JV), TM Mining Company Ltd. (Approval granted for filing necessary papers with ROC for striking off the name of the JV Company), Free Trade Ware-housing Pvt. Ltd. etc. MMTC has already diversified into the area of clean, non-conventional and renewable energy sources by setting up a 15MW Wind Energy Project in the state of Karnataka, which has already been commissioned. The plant is generating power, which is being sold to the State Electricity Grid.

AN INTEGRATED GLOBAL TRADER WITH BULK HANDLING CAPABILITIES

Its comprehensive infrastructure for bulk cargo handling, with well-developed arrangements for rail and road transportation, warehousing, port and shipping, operations, gives MMTC complete control over trade logistics, both for exports and imports. The company's countrywide domestic network is spread over 9 regional offices & various sub-regional, port and field offices, warehouses and procurement centres.

BROADBASED ACTIVITIES BEYOND TRADING

MMTC's progress in the recent past has taken it from monopoly status to a competitive open market player making a strong thrust towards broad basing its sphere of activities, while consolidating its core areas of business.

To create synergy between its manufacturing, trading and technology partners and to bring optimum efficiency and expertise to its operations worldwide, MMTC has promoted along with Government of Orissa, a million tonnes capacity Iron & Steel plant and a 0.8 million tonne capacity Coke Oven battery with by-product recovery plant and a captive power plant of 55 MW capacity.

SUPPORT SERVICES

MMTC lays emphasis on human resources development and related activities. Several training programmes are conducted to upgrade managerial skills in different spheres of company's activities in trade management, export marketing, general management.

In past, cordial and harmonious industrial relations were maintained in the company and no man days were lost due to any industrial unrest. Regular meetings are held with the Federation / Unions / Associations of Officers, Staff and SC / ST Employees under Joint Consultative Machinery Forum.

COMPUTERIZATION

MMTC has a Systems & ERP Division comprising a highly professional team to cope with the highly competitive environment. MMTC's operational offices are all equipped with modern computing tools. ERP has been implemented. A user friendly intranet based Knowledge Management Solution has been made available to officials.

SOCIAL AND WELFARE ACTIVITIES

MMTC's social and welfare activities promote welfare of the employees through various schemes like sports activities, liberal loan facilities like house building advance, conveyance loan, house hold loan, marriage advance, etc. MMTC also provides subsidized canteen facilities, medical facility and residential accommodation in some of the major cities for its employees.

MMTC is committed towards environmental upkeepment through afforestation in the mining areas, development of tribal areas and infrastructure development through rail links, port facilities, etc.

- **NETWORK OF OFFICES**

MMTC's trade network includes

- One wholly owned international subsidiary in Singapore- MMTC Transnational private Ltd. (MTPL)

9 Regional offices	
East Zone :	Kolkata, Bhubaneshwar
West Zone :	Mumbai, Ahmedabad
North Zone :	Delhi Regional Office, Jaipur
South Zone :	Chennai, Hyderabad, Vizag

1.2 PERFORMANCE

FINANCIAL STATEMENTS

BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Note No	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	46.68	50.22
Capital work-in-progress	3	-	0.04
Investment Property	4	3.94	4.09
Other intangible assets	5	1.46	2.14
Financial Assets			
Investments	6A	453.03	484.51
Trade Receivables	7A	-	8.49
Loans	8	9.06	140.29
Others	9	58.99	35.23
Deferred tax Assets (net)	10	235.61	232.58
Other non-current Assets	11A	26.23	34.58
Current Assets			
Inventories	12	1,711.48	2,366.78
Financial Assets			
Investments	6B	-	96.00
Trade Receivables	7B	353.16	505.83
Cash & Cash Equivalents	13	50.08	361.67
Bank Balances other than above	14	17.82	67.18
Loans	8	2.82	4.08
Others	9	7.71	11.72
Current Tax Assets (net)	15	13.56	27.92
Other Current Assets	11B	2,425.92	1,644.94
Total Assets		5,417.55	6,078.29
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	16A	100.00	100.00
Other Equity	16B	1,349.45	1,334.07
Liabilities			
Non-current liabilities			
Provisions	20A	184.16	187.69
Current liabilities			
Financial Liabilities			
Borrowings	17	519.26	440.18
Trade payables	18	1,064.67	688.94
Other Financial Liabilities	19	242.81	187.27
Other current liabilities	21	1,805.05	3,038.23
Provisions	20B	136.65	74.28
Current Tax Liabilities (net)	22	15.50	27.63
Total Equity and Liabilities		5,417.55	6,078.29

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
MARCH 31, 2018**

Particulars	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
Income			
Revenue From Operations	23	16,450.81	11,708.36
Other Income	24	63.10	42.30
Total Income (I)		16,513.91	11,750.66
Expenses			
Cost of material consumed	25	131.39	111.75
Purchase of Stock in Trade	26	14,471.40	12,822.25
Changes in inventories of finished goods, stock in trade and work in progress	27	652.14	(1,967.94)
Employees' Benefit Expenses	28	259.28	195.67
Finance Cost	29	16.60	21.27
Depreciation & Amortization Expenses	30	5.24	6.68
Other Expenses	31	910.32	571.02
Total expenses (II)		16,446.37	11,760.70
Profit/(loss) before exceptional items and tax (I-II)		67.54	(10.04)
Exceptional Items - expense/(income)	32	8.41	(91.27)
Profit Before Tax		59.13	81.23
Tax expense	33		
Current tax		13.35	28.20
Adjustments relating to prior periods		(0.03)	(0.75)
Deferred tax		(3.03)	(3.28)
Total Tax Expense		10.29	24.17
Profit for the year (A)		48.84	57.06
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
- Remeasurements of the defined benefit plans		5.36	0.28
- Equity Instruments through other comprehensive income		(0.86)	0.81
- Income Tax effect		(1.85)	(0.10)
Total Other Comprehensive Income net of tax (B)		2.65	0.99
Total Comprehensive Income for the year (A)+(B)		51.49	58.05
Earnings per equity share :			
Basic & Diluted (in ₹)	44	0.49	0.57

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/Loss before tax		59.13		81.23
Adjustment for:-				
Loss on valuation of inventories	0.64		4.71	
Depreciation & amortisation expense	5.24		6.68	
Net Foreign Exchange (gain)/loss	8.05		(0.21)	
(Profit) /Loss on sale of assets	(0.06)		(0.01)	
(Profit) /Loss on sale of Investment	3.04		-	
Interest income	(15.39)		(27.73)	
Dividend income	(23.82)		(1.21)	
Finance Costs	16.60		21.27	
Debts/claims written off	0.05		0.66	
CSR expenditure	0.49		-	
Allowance for Bad and Doubtful Debts / claims/ advances	-		0.48	
Reversal of subsidy claim	-		7.67	
Provision no longer Required	(0.86)		(2.07)	
Liabilities Written Back	(14.02)		(6.85)	
Provision for DWA risk	0.04		0.07	
		(20.00)		3.45
Operating Profit before Working Capital Changes Adjustment for:-		39.13		84.69
Inventories	654.66		(1,969.99)	
Trade Receivables	161.69		318.58	
Loans & Other Financial Assets	140.30		343.96	
Other current & non current assets	(723.26)		(526.15)	
Trade payables	381.97		(234.50)	
Other Financial Liabilities	55.54		(163.38)	
Other current & non current liabilities	(1,233.17)		2,456.03	
Provisions	61.83	(500.43)	15.19	239.74
Taxes Paid		(461.30)		324.42
Net cash flows from operating activities		(11.09)		(23.96)
		(472.39)		300.46
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(1.08)		(1.77)	
Sale of fixed Assets	0.31		0.30	
Sale/(Purchase) of Investment	96.00		(123.57)	
Interest received	15.39		27.73	
Dividend Received	23.82	134.44	1.21	(96.09)
Net cash flows from investing activities		134.44		(96.09)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings	79.07		168.36	
Finance Costs	(16.60)		(21.27)	
Dividend (inclusive of tax) paid	(36.11)	26.36	(36.11)	110.99
Net Cash From Financing Activities		26.36		110.99
D. Net changes in Cash & Cash equivalents		(311.59)		315.36
E. Opening Cash & Cash Equivalents (Note No 13)		361.67		46.31
F. Closing Cash & Cash Equivalents (Note No 13)		50.08		361.67

Note: 1

The above cash flow statement has been prepared under the "indirect method" as set out in Ind AS 7 on Statement of Cash Flows. 2. Cash and Cash Equivalents consist of:

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with Banks		
(a) in Current Account	19.81	29.63
(b) In term deposit with original maturity upto 3 months	3.59	305.01
(c) Debit balance in Cash Credit Account	26.64	26.76
Cheques, Drafts on hand	0.00	0.27
Cash on hand	0.04	0.00
	50.08	361.67

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED

31.03.2018

A. Equity Share Capital			(₹ in crore)						(₹ in crore)		
Particulars	No of Shares	Amount				Particulars	No of Shares	Amount			
Balance as at 1.4.2017	1,000,000,000	100.00				Balance as at 1.4.2016	1,000,000,000	100.00			
Changes in Equity Share Capital during the year						Changes in Equity Share Capital during the					
Balance as at 31.3.2018	1,000,000,000	100.00				Balance as at 31.3.2017	1,000,000,000	100.00			

B. Other Equity as at March 31, 2018												
	Share application money pending allotment	Reserves and Surplus					Debt instruments through OCI	Equity instruments through OCI	Effective Portion of cash flow hedges	Exchange difference on translation	Other items of OCI	Total
		Capital Reserve	Corporate Social Responsibility Reserve	Research & Development Reserve	General Reserve	Retained Earnings						
Balance as at 1.4.2017	-	-	0.00	0.35	616.62	718.94	-	0.81	-	-	(2.65)	1,334.07
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	48.84	-	(0.86)	-	-	3.51	51.49
Dividend and DDT	-	-	-	-	-	(36.11)	-	-	-	-	-	(36.11)
Unamortized premium on forward contract	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
Any other changes	-	-	(0.00)	-	10.00	(10.00)	-	-	-	-	-	(0.00)
Balance as at 31.3.2018	-	-	-	0.35	626.62	721.67	-	(0.05)	-	-	0.86	1,349.45

Other Equity as at March 31, 2017												
	Share application money pending allotment	Reserves and Surplus					Debt instruments through OCI	Equity instruments through OCI	Effective Portion of cash flow hedges	Exchange difference on translation	Other items of OCI	Total
		Capital Reserve	Corporate Social Responsibility Reserve	Research & Development Reserve	General Reserve	Retained Earnings						
Balance as at 1.4.2016	-	-	0.01	0.35	616.62	697.98	-	-	-	-	(2.83)	1,312.13
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	57.06	-	0.81	-	-	0.18	58.05
Dividend and DDT *	-	-	-	-	-	(36.11)	-	-	-	-	-	(36.11)
Unamortized premium on forward contract	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	(0.00)	-	-	-	-	-	-	-	-	(0.00)
Any other changes	-	-	-	-	-	0.01	-	-	-	-	0.00	0.01
Balance as at 31.3.2017	-	-	0.00	0.35	616.62	718.94	-	0.81	-	-	(2.65)	1,334.07

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. **General Information** Established in 1963 and domiciled in India, the Company is a Mini-Ratna public sector undertaking under the administrative control of Ministry of Commerce & Industry, Government of India. The registered office of the Company is situated at Core-1, Scope Complex, 7, Institutional Area, Lodi Road, New Delhi-110003, India. The company has 9 Regional Offices at various places in India and a wholly owned subsidiary MMTC Transnational Pte Ltd, at Singapore.

The principal activities of the Company are export of Minerals and import of Precious Metals, Nonferrous metals, Fertilizers, Agro Products, coal and hydrocarbon etc.

The company's trade activities span across various countries in Asia, Europe, Africa, Middle East, Latin America and North America.

2. **Significant Accounting Policies**

- a. **Statement of Compliance and basis of preparation of Financial Statements**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind-AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto. Accounting policies have been applied consistently to all periods presented in these financial statements. The Financial Statements are prepared under historical cost convention from the books of accounts maintained under accrual basis except for certain financial instruments which are measured at fair value and in accordance with the Indian Accounting Standards prescribed under the Companies Act, 2013

- b. **Functional & presentation currency**

These financial statements are presented in Indian rupees, the national currency of India, which is the functional currency of the Company. All amounts included in the financial statements are reported in Crores of Indian rupees (` in crores) (up to two decimals) except number of equity shares and per share data and when otherwise indicated.

- c. **Use of estimates and judgment**

The preparation of financial statements requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

d. Revenue Recognition

i. Trading Income

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, it is probable that economic benefits associated with the transaction will flow to the entity, the associated costs incurred or to be incurred in respect of the transaction can be measured reliably and there is no continuing management involvement with the goods. The point of transfer of risks and rewards depends upon the terms of the contract of sale with individual customers.

Purchases and Sales

- In case of certain commodities import of which is canalized through the company, imported on 'Government Account' against authorization letter issued by the Government of India, Purchase/ Sale is booked in the name of the Company.
- Products are also traded through the commodity exchanges. Purchase/ Sale is booked in respect of trade done through different commodity exchanges and is backed by physical delivery of goods.
- Gold/Silver kept under deposit: As per the arrangements with the Suppliers of Gold/Silver, the metal is kept by the supplier with the company on unfixed price basis for subsequent withdrawal on loan or outright purchase basis.
- In the case of gold/ silver supplied to exporters on replenishment basis, the purchase in respect of gold/silver booked by exporter by paying margin money, is booked after "fixing" the price with the foreign

suppliers. However, sale is booked when quantity is actually delivered to exporters after completion of export.

- **High Sea Sales** Sale during the course of import by transfer of documents of title i.e. high seas sale is booked upon transfer of documents of title to the goods in favour of buyer before the goods cross the custom frontiers of India.

Certain items of small value like calculators, wall clock, kitchen utensils etc. whose useful life is very limited are directly charged to revenue in the year.

Name of Assets	Useful life as adopted by the company as per Schedule II
A. General Assets	
Furniture & Fittings	10
Office Equipment	5
Vehicles – Scooter	10
Vehicles – Car	8
Computers - Servers and networks	6
Computers – End User Devices	3
Lease-hold Land	As per Lease Agreement
Wagon Rakes	As per Agreement / Wagon Investment Scheme
Electrical installations excluding fans	10
Water Supply, Sewerage and Drainage	5
Roads	
Carpeted Roads – RCC	10
Carpeted Roads - Other than RCC	5
Non Carpeted Roads	3
Culverts	30
Buildings	
RCC	60
Other than RCC	30
Residential Flats (Ready Built)	
RCC	60
Other than RCC	30
Temporary Structure & wooden partition	3
Warehouse / Godown	30
B. Manufacturing Unit's Assets	
Factory Buildings	30
Electronic installations excluding fans	10
Water Supply, Sewerage and Drainage	5
Plant and Machinery	
Single Shift	15
Double Shift	10
Triple Shift	7.5
Plant and Machinery- Wind Energy Generation Plant	22
C. Fixed Assets created on Land and neither the Fixed Assets nor the Land belongs to the Company	5
D. Amortization of Intangible Assets	
Softwares	5 years or License period as applicable

FINANCIAL REVIEW

In the backdrop of above international business scenario, MMTC 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. 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.

MMTC'S PROMOTED PROJECT – NEELACHAL ISPAT NIGAM LIMITED

The NINL steel plant jointly set up by your company along with 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 Rs. 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, and 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

1.3 BUSINESS VERTICALS:

MINERALS:

The Minerals group of MMTC 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 Limited (NINL) steel plant. 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.

FERTILIZERS



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, Powdered 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.

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, and 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, and 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.**

PRECIOUS METALS, GEMS & JEWELLERY



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

oriented and labour intensive .MMTC enjoys the position of one of the market leaders in the Indian bullion trade, having flexibility to operate from various centres 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.



AGRO PRODUCTS



The Agro group of Company has 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.

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 affected 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

BUSINESS MODEL

MMTC today holds the position of India's largest international trading company. Originally established in 1963 as the state-owned Minerals and Metals Trading Corporation, the company was responsible for exporting minerals such as iron ore, chrome and mica, and importing non-ferrous metals such as tin, zinc, lead, nickel and aluminium, and it held a monopoly on the trade through India's canalisation system. In the 1970s, fertilisers and diesel oil were also canalised to import through MMTC, and in the 1980s diamonds and bullion were added to the company's portfolio. With The liberalization of trade in 1991 most of its trading markets were decimalised almost overnight and competitors sprung up left, right and

centre, all eager to snatch a slice of the cake. The difficulty emerged where the company was importing goods for end-user companies. They could now go directly to the suppliers and import the products without going through MMTC.

VALUE PROPOSITION

MMTC's value proposition is to "Create Value through Global Trading Solutions".

STRATEGIES

The company developed a two pronged strategy to survive in this completely new business environment. Firstly, it began the process of consolidating its existing business by building on its areas of expertise and its market knowledge. And in 1993 it changed its name officially to MMTC Limited. Today, the company is the country's largest exporter of minerals and pig iron, the largest importer of bullion, non-ferrous metals, agro products and steam coal, and continues to be a major player in the import of fertilizers.

The second prong of the growth plan was to diversify into closely associated industries through a range of joint ventures and linked activities. The first step was to invest in an integrated steel plant in Orissa under the company name Neelachal Ispat Nigam—a joint venture in which MMTC holds over 49 per cent of the shares, the remainder being held by the state of Orissa, the mining company NMDC and various financial institutions. Set up in the mid-1990s largely to produce pig iron (one of MMTC's major export lines), the venture has been so successful that it is now India's largest producer of pig iron.

The company also began to extend its reach in the global marketplace by setting up a 100 per cent wholly owned subsidiary company in Singapore to take advantage of the south-east Asian market, and this step has also been hugely profitable. In the intervening years, the company has moved into other joint ventures and public private partnership, and currently has five at various stages of implementation, all of them complementing the company's core trading channels. The other area of considerable expansion and diversification in recent years has been in bullion, where MMTC leads the field as an importer.

To evolve a new business model for taking advantage of new opportunities emerging in the free market environment, company has promoted a number of joint ventures following the public- private partnership route.

CORPORATE GOVERNANCE IN MMTC

MMTC is fully committed to promoting and strengthening the principles of sound corporate governance norms through the adherence of highest standards of transparency, trust and integrity, performance orientation, responsibility and accountability, professionalism, social responsiveness, ethical business practices and commitment to the organization as a self-discipline code for sustainable enrichment of value for stakeholders which include investors, directors, employees, suppliers, customers or the community in general.

SUBSIDIARY COMPANY

The wholly owned subsidiary of your Company – MMTC Transnational Pvt. 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.

CORPORATE SOCIAL RESPONSIBILITY

A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. MMTC has consistently played the role of a good corporate



citizen and has shown its deep commitment towards Corporate Social Responsibility practices by conducting its business in an economically, socially and environmentally sustainable manner. Even in the absence of an official mandate regarding CSR activities, MMTC adopted CSR as a policy initiative long ago in Sept. 2006, effective from 2007-08, and allocated 1% of retainable profit of previous year for undertaking CSR activities. Special emphasis were given on education, health care, promotion of art & culture and undertaking community related activities, besides providing relief in times of natural calamities.

During the year 2017-18, a sum of Rs. 1.259 crores was allocated for undertaking the CSR activities which was equivalent to 2% of the average net profit of preceding three years.

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.

1.4 AWARDS AND RECONGNITIONS

- “Gold Trophy” for the year 2014-15 under Merchant Exporter category by Northern Region of EEPC
- Special Trophy for Exports of MEIS items in the Merchant Category in the National Award category by EEPC
- IIGC 2017 award for “Promising Government Nominated Agency for supply of bullion for 2017”.
- BFGC 2017 Award for “The Best Nominated Agency for supply of silver to exporters”
- “Best Agency supplying gold to Highest Number of Clients” FY 2017-18 by GJEPC.

1.5 INDUSTRIAL RELATIONS & HUMAN RESOURCE MANAGEMENT

Cordial and harmonious industrial relations were maintained in the Company during the year. No man days were lost due to any industrial unrest during the year. Regular meetings were held with the Federation/ Unions / Associations of Officers, Staff and SC/ST Employees under Joint Consultative Machinery Forum. The aim of these meetings is to mitigate the grievances of the employees, exchange of information/ideas with a view to achieve Company’s goals and objectives.

The aggregate manpower of the company as on 31st March, 2018 stood at 1127, comprising of 5 Board level functional executives, 1 CVO, 441 Officers and 579 staff. This

manpower includes 3 officers, 98 staff / workers of erstwhile Mica Trading Company Ltd., which had been merged with your company pursuant to the orders of BIFR. The composite representation of the total manpower is - women employees representing 21.30% (240 employees) of the total manpower; SC, ST, OBC & persons with disabilities (PWD) to the extent of 20.67% (233 employees), 9.41% (106 employees), 10.20% (115 employees) and 2.04% (23 employees) respectively.

1.6 RESULTS OF OPERATIONS

MMTC, one of the leading trading companies in India, recorded a turnover of ` 15,757 crore during 2017-18 as against the turnover of ` 11,593 crore registered during last fiscal. This business turnover includes Exports of ` 1795 crore, Imports of ` 11,878 crore and domestic trade of ` 2084 crore. The Company has reported a net profit of ` 48.84 crore in the current fiscal compared to ` 57.06 crore earned last year.

1.7 PERFORMANCE AT A GLANCE:

(Rs. In crore)

For the financial year ending 31st March	2018	2017	2016
Total Sales	15757	11593	12460
which includes-			
Exports	1795	1580	673
Imports	11878	8480	10296
Domestic	2084	1533	1492
Trading Profit	333	220	130
Income from Other Sources	64	149	218
Profit After Tax	49	57	55
At Year End			
Total Assets	5418	6078	3800
Net Worth	1449	1434	1378

Per Share (Rupees)			
Earnings	0.49	0.57	0.55
Dividend	0.30	0.30	0.30
Net Worth to Share Capital (times)	14.49	14.34	13.78
Profit after Tax to Capital Employed (%)	5.78	8.36	7.42
Profit after Tax to Net Worth (%)	3.38	3.97	3.98
Sales per Employee (Rs.)	14.11	9.46	9.34

PROJECTS / JOINT VENTURES

- i. To take advantage of new opportunities emerging in the free market environment, your company has promoted a number of joint ventures following the public-private partnership model in earlier years. A brief on the current status of such JVs set up in past years is given hereunder:
- ii. Your Company holds 9.55% equity capital in Indian Commodity Exchange Limited (ICEX) as on 31.3.2018 out of total paid up capital of `167.5 crores. During the year under review ICEX has reported a net loss of ` 13.36 crore as against net loss of ` 14.85 crore during 2016-17. ICEX has got necessary approval from SEBI for launching diamond contracts apart from obtaining 'in principle' approval for trading in contracts for Brent Crude and WTI Crude. It has since got clearance from SEBI for restarting its trading operations. It has also been decided by ICEX and NMEX to merge NMEX with ICEX.
- iii. Your company had participated in the equity of Currency Futures Exchange under the name and style of "United Stock Exchange of India Ltd which had been merged with "BSE Limited" (BSE) wherein your Company holds 38,961 equity shares of ` 2/- each in BSE. During the year BSE earned a net profit of ` 563.95 crore against `198.64 crore in 2016-17 and recommended a dividend of ` 31/- on equity share of ` 2/- each. The shares of BSE have since been listed on National Stock Exchange(NSE).
- iv. The joint venture for medallion manufacturing unit participated as 26% equity partner in collaboration with PAMP Switzerland in the name of MMTC-PAMP India Pvt. Ltd. achieved a turnover of ` 34022.43crore and profit after tax of ` 43.69 crore during 2017-18. MMTC has received an interim dividend of 30% for its investment in MMTC-PAMP India Pvt. Ltd. for FY 2017- 18. MMTC-PAMP India Pvt. Ltd became India's first LBMA accredited refiner for Gold and silver. During 2017- 18 MMTC has sold Gold Bars produced by MPIPL in the domestic market achieving a turnover of ` 481 crore and sale of silver bar of Rs.170 crore.

- v. For effective marketing of the finished products of both medallions and jewellery, your company had set up a JV Company, in partnership with a leading Indian company under the name and style of MMTC Gitanjali Limited for setting up retail stores at various cities in India. MMTC Gitanjali Limited has not reported turnover for the year 2017-18 as against turnover of ` 26.62 crore during 2016-17. The business got interrupted midway during the year 2017-18 and MMTC has exercised the “Exit” option from the said joint venture in terms of SHA signed with the Promoters of the Company.
- vi. The JV Company - M/s. SICAL Iron Ore Terminals Limited (SIOTL) could not commence commercial operations due to non-availability of iron ore for exports from Bellary-Hospet Sector in Karnataka State. In view of uncertain future of iron ore exports and to utilize the infrastructure created, Kamarajar Port Trust (erstwhile Ennore Port Trust) decided to award the facility through bidding process for modification of the facility to also handle common user coal. As coal does not have synergy with MMTC's existing line of business, MMTC Board has decided to exit from the JV. MMTC invited bids through open tender for sale of its entire 26% equity in the SIOTL JV, however, no response was received. Meanwhile, as per “Right of First Refusal” in Shareholders Agreement of SIOTL, Sical Logistics Ltd(lead promoter of SIOTL) offered to purchase MMTC's equity at reserve price fixed by MMTC which MMTC Board has decided to accept. Currently, process is on for sale of MMTC's 26% equity in SIOTL to Sical Logistics Ltd.
- vii. TM Mining Company Ltd. - your company's JV with M/s TATA Steel Ltd. for mining, exploration and allied activities. However, as the JV Company was not able to generate any business since inception, MMTC Board has accorded approval for filing of necessary documents with Registrar of Companies (RoC) by the JV Company to 'strike off' the name of the JV Company from the records of RoC. Lead promoter (Tata Steel) has been apprised accordingly.
- viii. To facilitate promotion of two-way trade, the SPV promoted by your Company in association with IL&FS IIDC has been allotted land to set up International Cargo hub at Haldia and Free Trade and Warehousing Zone at Kandla on lines similar to Special Economic Zone. Two plots of 2.75 acres of land in the Kandla FTWZ have been leased in March, 2016 and the annual revenue is ` 24.73 lakhs. Discussions are on with the other units for leasing out the plots. The Development Commissioner had granted approval for setting up a unit within Kandla FTWZ.

- ix. A15 MW capacity Wind Mill project with 25 Wind Energy Generators commissioned by MMTC way back in March, 2007 at Gajendragad in Karnataka, is running successfully and has contributed to the development of the area by meeting some portion of energy needs of Karnataka state. The power generated from the project is sold to HESCOM. The turnover of the project during 2017-18 was ` 6.90 crore with a profit of ` 5.18 crore

CHAPTER 2:
RESEARCH ISSUES/PROBLEM

2.1 RESEARCH ISSUES:

The research work being undertaken by the researcher is purely an analytical work because the research is an attempt to analyse the financial position of the organization on the basis of annual reports.

Working capital management or simply the management of capital invested in current assets is the focus of study. So topic is to study working capital management of MMTC Ltd. Working capital is the fund invested by a firm in current assets. Now in a cut throat competitive era where each firm competes with each other to increase their production and sales, holding of sufficient current assets have become mandatory as current assets include inventories and raw materials which are required for smooth production runs. Holding of sufficient current assets will ensure smooth and uninterrupted production but at the same time, it will consume a lot of working capital. Here creeps the importance and need of efficient working capital management. Working capital management aims at managing capital assets at optimum level, the level at which it will aid smooth running of production and also it will involve investment of nominal working capital in capital assets.

“The problem generally explains that, less attention has been paid to the area of short-term finance, in particular that of working capital management. Such neglect might be acceptable were working capital considerations of relatively little importance to the firm, but effective working capital management has a crucial role to play in enhancing the profitability and growth of the firm. Indeed, experience shows that inadequate planning and control of working capital is one of the more common causes of business failure.”

2.2 HYPOTHESIS OF THE STUDY:

A null hypothesis has been taken because in case of positive or negative hypothesis the researcher may get biased. While there is no such possibility in this case.

2.3 OBJECTIVE OF THE STUDY:

Everything in life holds some kinds of objectives to be fulfilled. This study is not an exception to it. The following are a few straight forward goals which I have tried to fulfil in my project:

- 1)** To study the various components of working capital.
- 2)** To analyse the liquidity trend.
- 3)** To analyse the working capital trend.
- 4)** To appraise the utilization of current assets & current liabilities and find out short-comings if any.

CHAPTER 3:
DESCRIPTION OF WORK PERFORMED

3.1 WORKING CAPITAL MANAGEMENT-AN OVERVIEW

INTRODUCTION:

Working capital means the funds which are required to meet the daily transactions of the business. In other words, it refers to that part of the firm's capital which is required for financing current assets such as cash, marketable securities, debtors and inventories. Thus, working capital is a very significant facet of financial management.

Every business concern should have adequate working capital to run its operations smoothly. It should have neither excess working capital nor inadequate working capital because both of these have adverse effects on the firm's profitability and liquidity positions. Therefore, business concerns should maintain adequate working capital. The basic objective of working capital is to manage the firm's current assets and current liabilities in such a way that a satisfactory level of working capital is maintained.

Working capital policies have a great effect on a firm's liquidity and profitability. Therefore, the working capital should be managed in such a way which will ensure higher profitability and proper liquidity to the business concern.

The significance of working capital management is to ensure that the organization maintains a 'good fit' with the changing environment and strives to build the capability to cope with challenges.

3.2 CONCEPTS OF WORKING CAPITAL

There are two concepts of working capital:

- Balance sheet concept or traditional concept.
- Operating cycle concept.

1. BALANCE SHEET CONCEPT OR TRADITIONAL CONCEPT

It shows the position of the firm at a certain point of time. It is calculated on the basis of balance sheet prepared at a specific date. In this method there are two types of working capital.

- Gross working capital
- Net working capital

GROSS WORKING CAPITAL

It refers to a firm's investment in current assets. The sum of the current assets is the working capital of the business. The sum of the current is quantitative aspect of working capital which emphasizes more on quantity than on its quality, but it fails to reveal the true picture of the financial position of the business because every increase in current liabilities will decrease the gross working capital.

NET WORKING CAPITAL

It is difference between the current assets and current liabilities or the excess of total current assets over total current liabilities. It can also be defined as that part of a firm's current asset which is financed with long term funds. It may be either negative or positive. When the current assets exceed the current liabilities, the working capital is positive and vice-versa.

2. OPERATING CYCLE CONCEPT

The duration or time required to complete the sequence of events right from the purchase of raw materials for cash to the realization of sales in cash is called operating cycle or working capital cycle. The operating cycle consists of three phases:

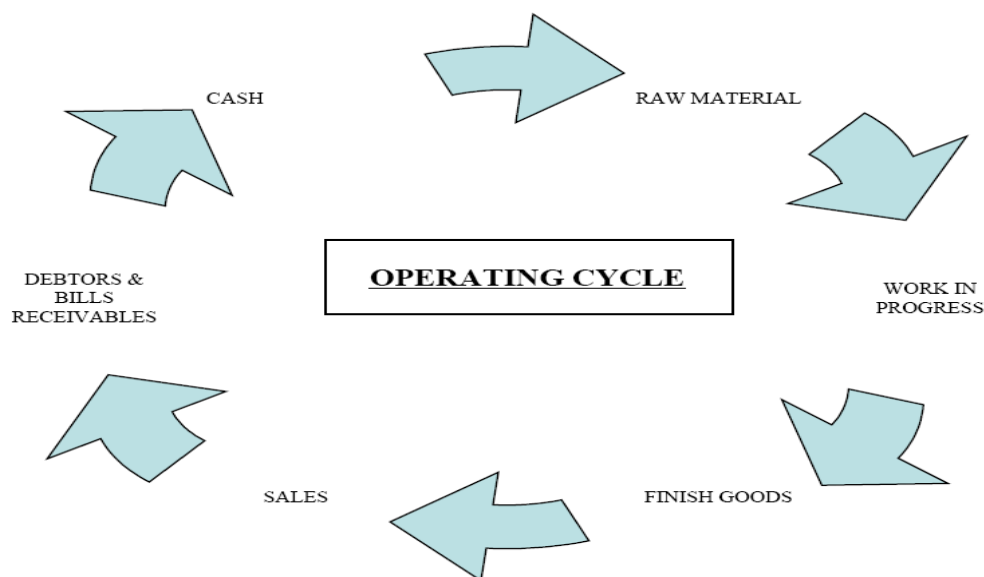
In phase 1, cash gets converted into inventory. This would include purchase of raw materials, conversion of raw materials into work-in-progress, finished goods and terminate in the transfer of goods to stock at the end of the manufacturing process. In the case of trading organization, this phase would be shorter as there would be no manufacturing activity and

cash will be converted into inventory directly. The phase will, of course, be totally absent in case of service organizations.

In phase 2 of the cycle, the inventory is converted into receivables as credit sales are made to customers. Firms which do not sell on credit will obviously not have phase 2 of the operating cycle.

The last phase, phase 3, represents the stage when receivables are collected. This phase completes the operating cycle. Thus, the firm has moved from cash to inventory, to receivables and to cash again.

OPERATING CYCLE:



FIXED/PERMANENT WORKING CAPITAL

To carry on business, a certain level of working capital is necessary on a continuous and uninterrupted basis, for all practical purpose, the requirement has to be met as with other

fixed assets. Permanent working capital represents the minimum level of raw materials, work-in-progress, finished goods, stores, accounts receivables and cash which are in circulation to ensure continuity of production.

Permanent working capital is again divided into two parts: regular working capital and reserve working capital.

The portion of fixed working capital which is utilized to carry out the cyclical operation of current assets in the form of conversion of liquid cash into raw materials, raw materials into finished goods, finished goods into debtors and debtors into liquid cash in a continuous manner is known as regular working capital. On the other hand, the portion of fixed working capital, which is preserved for meeting uncertain and emergent working needs (like sudden price hike, abnormal scarcity in times of war, natural calamity, etc.) is known as reserve working capital.

VARIABLE/TEMPORARY WORKING CAPITAL

Besides fixed working capital, a business may need additional working capital to meet the growing demands of busy seasons at stated intervals. If the demand for the products of the business goes up at any time it needs additional funds to pay for more materials, labour and other expenses and to meet the requirement of cash balance to be maintained in the changed situation. This additional working capital needed to feed the operating cycle in busy business periods is known as variable or temporary working capital. It is called variable or temporary because the business does not need it always but it is required according to the need of the situation.

Generally the importance of variable working capital is more acute in business concern having seasonal market demands.

Variable or temporary working capital may be further sub- divided into:

- (a) Seasonal working capital and
- (b) Special working capital

The additional working capital required by a concern to carry out its operating activities in busy seasons of high market demands is known as seasonal working capital. Businesses which mostly have seasonal demands of their products like ice-cream, cold drinks, wool and likely products manufacturing concern may need huge amount of seasonal working capital. In other business concerns to the market may rise to the peak in some particular time period. So in all types of business a portion of working capital may be preserved for meeting seasonal needs. On the other hand, the portion of working capital that is needed by a concern to meet the extraordinary requirements of special situations is known as special working capital. This is called special working capital because it is needed in special situations and not in normal circumstances.

IMPORTANCE OF WORKING CAPITAL

- ✓ The adequate reserve of working capital ensures a steady flow of raw materials to the production process.
- ✓ The adequate reserve of working capital indicates the good solvency position of the concern and helps it to get loan from the market at favourable terms.
- ✓ The adequate stock of working capital makes it possible for a concern to purchase the trading goods in cash and cash purchase always carries the benefit of getting cash discount.
- ✓ A strong working capital base is probably the only remedy to overcome the odd situations like dull market conditions, scarcity of raw materials and other components in case of any emergency, sudden market fluctuations, etc.
- ✓ A business concern can exploit the market opportunities with the help of adequate working capital.
- ✓ The regular flow of adequate working capital makes possible efficient use of fixed assets, reduces wastage, ensures quick replying of current assets, and establish a well-tuned working environment.

- ✓ A quick rotation of working capital cycle and an efficient management of working capital reduce cost and increases production and sales. The combined effect of all these favourably add to the profitability of the concern.
- ✓ The adequate amount of working capital and its quick rotation increases profit. The rate of dividend of the shareholders also increases as a result of such increase in profit.
- ✓ Sufficient working capital helps in research and development to face the present era of cut throat competition and quick technological advancement.

3.3 DETERMINANTS OF WORKING CAPITAL

The total working capital requirement is determined by a wide variety of factors. It should be, however, noted that these factors affect different enterprises differently. They also vary from time to time. In general, the following factors are involved in a proper assessment of the quantum of working capital required:-

1. GENERAL NATURE OF BUSINESS:

The working capital requirements of an enterprise are basically related to the conduct of the business.

According to the nature of business they have to maintain a sufficient amount of cash, inventories and book debts. The industrial concerns require fairly large amounts of working capital though it varies from industry to industry depending on their assets structure.

2. PRODUCTION CYCLE:

Another factor which has a bearing on the quantum of working capital is the production cycle. The term “production or manufacturing cycle” refers to the time involved in the manufacture of goods. It covers the time span between the procurement of raw materials and

the completion of the manufacturing process leading to the production of finished goods. To sustain such activities the need of working capital is obvious.

3. BUSINESS CYCLE:

The working capital requirements are also determined by the nature of the business cycle. The variations in business conditions may be in two directions:

- (i) Upward phase when boom conditions prevail
- (ii) Downward phase when economic activity is marked by a decline.

During the upswing of the business activity the need of working capital is more as opposed to the downward phase of the business.

4. PRODUCTION POLICY:

The requirement of working capital also depends on the production policy of the firm. In manufacturing concerns having mostly seasonal demand for the product the production policy is a significant determinant of working capital.

5. CHANGES IN PRICE LEVEL:

General increase in price level increases working capital need of a firm because the firm has to pay more for maintaining the previous level on working capital

6. GROWTH AND EXPANSION:

As a company grows, it is logical to expect that a larger amount of working capital will be required. The critical fact is however, is that the need for increased working capital funds does not follow the growth in business activities but precedes it.

7. AVAILABILITY OF RAW MATERIALS:

In case raw materials are easily available on soft terms the firm does not require maintaining a huge inventory of raw materials. Such a firm does not require blocking up huge

amount of working capital for this purpose. On the contrary if raw materials are scarce and its supply is irregular and seasonal in nature the firm needs to store a reasonable quantity of raw materials in hand. The working capital need of such a firm is significantly high.

8. DIVIDEND POLICY:

The payment of dividend consumes cash resources and, thereby, affects working capital to that extent. Conversely, if the firm does not pay dividend but retains the profits, working capital will increase.

9. DEPRECIATION POLICY:

Depreciation policy also exerts an influence on the quantum of working capital.

Depreciation charges do not involve any cash outflow. The effect of depreciation policy on working capital is, therefore indirect.

Depreciation is provided on straight line method as per the useful lives approved by the Board of Directors, which are equal to those provided under schedule II of the Companies Act, 2013. The useful life of an asset is reviewed at each financial year-end. Each part of an item of PPE with a cost that is significant in relation to the total cost of the asset and if the useful life of that part is different from remaining part of the asset; such significant part is depreciated separately. Depreciation on all such items have been provided from the date they are 'Available for Use' till the date of sale / disposal and includes amortization of intangible assets and lease hold assets. Freehold land is not depreciated. An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

3.4 STRUCTURE OF WORKING CAPITAL

The structure of working capital includes a study of the components of current assets and current liabilities.

CURRENT ASSETS:

The list of current assets comprises inventories (including raw materials, work-in-progress and finished goods and spares), sundry debtors including receivables, readily realizable securities short term investments, accrued incomes, prepaid expenses (not in the nature of deferred charge), cash at bank, and cash in hand.

IN MMTC

CURRENT ASSETS ARE:

- ✓ Inventories (raw materials, w.i.p., finished goods, stock, stores and spares)
- ✓ Current investments
- ✓ Cash & bank balances
- ✓ Trade receivables
- ✓ Short Term Loans & advances etc.
- ✓ Other current assets

CURRENT LIABILITIES ARE:

The list of liabilities includes trade creditors, accounts payable, outstanding or accrued expenses, bank overdraft, outstanding liabilities, short-term loans and borrowings and certain obligations including different provisions, i.e., provision for taxation, proposed dividend etc.

- ✓ Short term borrowings
- ✓ Trade payable
- ✓ Short term provisions
- ✓ Other liabilities etc.

FACTORS TO BE CONSIDERED WHILE ESTIMATING WORKING CAPITAL REQUIREMENT:

- ✓ Total costs incurred on materials, wages and overheads.
- ✓ The length of time for which raw materials remain in stores before they are issued to production.
- ✓ The length of the production cycle or work-in-progress, i.e., the time taken for conversion of raw materials into finished goods.
- ✓ The length of the Sales Cycle during which finished goods are to be kept waiting for sales.
- ✓ The average period of credit allowed to customers.
- ✓ The amount of cash required to pay day-to-day expenses of the business.
- ✓ The amount of cash required for advance payments if any.
- ✓ The average period of credit to be allowed by suppliers.
- ✓ Time-lag in the payment of wages and other overheads.

3.5 SOURCE OF WORKING CAPITAL FOR MMTC

1. Loans from Financial Institution
2. Credit period allowed by the Trade payables
3. Accrued Expenses
4. Provisions

IMPORTANCE OF WORKING CAPITAL RATIOS

Ratio analysis can be used by financial executives to check upon the efficiency with which working capital is being used in the enterprise. The following are the important ratios to measure the efficiency of the working capital. The following, easily calculated, ratios are important measures of working capital utilization.

RATIOS Formulae Result Interpretation:

1. Current Ratio:

Total Current Assets/Total Current Liabilities=X times

Interpretation: It is the relationship between the amount of current assets and the amount of current liabilities. It measures the short term liquidity position of the firm.

2. Acid-Test Ratio:

Total Current Assets-Inventories/Total Current Liabilities=X times

Interpretation: Similar to the Current Ratio but takes account of the fact that it may take time to convert inventory into cash.

3. Working Capital Turnover Ratio:

Sales/Working Capital=X times

Interpretation: A Higher Working Capital Ratio means lower investment in working capital and better profitability.

4. Stock Turnover Ratio (in days):

Sales/Average Inventory =X days

Interpretation: On average, you turn over the value of your entire stock every x days. You may need to break this down into product groups for effective stock management.

5. Current Assets Turnover Ratio:

Sales/Current Assets=X times

Interpretation: It reflects the efficiency in generating sales by Current assets.

6. Debtors Turnover Ratio:

Net Credit Sales/Average Account Receivables = X days

Interpretation: One or more large or slow debts can drag out the average days. Effective debtor management will minimize the days.

7. Creditors Turnover Ratio:

Net Credit Purchase/ Average Account Payables = X days

Interpretation: Higher creditor turnover ratio is good because it will decrease the average payment period.

3.6 THE DANGERS OF EXCESSIVE WORKING CAPITAL

1. It results in unnecessary accumulation of inventories thus chances of inventory mishandling waste theft and losses increases.
2. It is an indication of defective credit policy and slack collection period. Consequently higher incidence of bad debts results, which adversely effect degenerated into management co placement, which degenerated into managerial inefficient.

3. Excessive working capital makes management complacent, which degenerates managerial efficiency.

4. Tendencies of accumulating inventories to make speculation profits grow this may tend to make dividend policy liberal and difficult to cope with in future when the firm is unable to make speculative profits.

3.7 INADEQUATE WORKING CAPITAL

1. It stages growth and become difficult for the firm to undertaken profitable projects for non-availability of working capital funds.

2. It becomes difficult to implement operating plans and achieve the firms profit target.

3. Operating inefficiencies creep in when it becomes difficult even to meet day-to-day commitments.

4. Fixed assets are not efficiently utilized for the lack of working capital funds thus the firm's profitability would deteriorate.

5. Paucity of working capital funds renders the firm unable to avail attractive credit opportunities etc.

6. The firm losses its reputation when it is not in position to honour its short term obligation as result the firm faces tight credit terms.

Thus, enlightened management should therefore maintain a right amount of working capital on a continuous basis which helps to develop the organization effectively and efficiently.

ROLE OF FINANCIAL MANAGER IN WORKING CAPITAL MANAGEMENT:

- 1.** Working capital management requires most of the finance manager's time as it represents a large position of investment in assets.
- 2.** Working capital management requires much of the finance management time as it represents a larger position of investment in assets.
- 3.** Action should be taken to curtail unnecessary investment in current assets.
- 4.** All precautions should be taken for the effective and efficient management of working capital.
- 5.** Larger firms have to manage their current assets and current liabilities very carefully and should see that the work should be done properly in order to achieve predetermined organization goals.
- 6.** The financial manager should pay special attention to the management of current assets on a continuing basis.

CHAPTER 4:
DATA ANALYSIS AND FINDINGS

4.1 CALCULATION OF WORKING CAPITAL OF MMTC LTD.:

CURRENT ASSETS:

Particulars	March 2018	March 2017	March 2016
Inventories	1,7114.8	23,667.84	4015.09
Financial assets			
Investments	-	960.00	-
Trade receivables	3531.6	5058.27	8219.14
Cash and cash equivalents	500.8	3616.67	463.10
Bank balances other than above	178.2	672.71	321.29
Loans	28.2	40.77	61.13
Other	77.1	117.16	3290.83
Current tax assets(net)	135.6	279.28	84.92
Other current assets	24259.2	16,449.42	11,375.75
Total current assets	45,825.5	50,862.12	27,831.25

CURRENT LIABILITIES:

Particulars	March2018	March2017	March2016
Financial liabilities			
Borrowing	5192.6	4401.80	2716.16
Trade payables	10646.7	6889.42	9294.25
Other financial liabilities	2428.1	1872.68	3506.49
Other current liabilities	18050.5	742.76	679.58
Provisions	1366.5	276.28	61.00
Current tax liabilities (net)	155.00	30,382.23	5821.88
Total current liabilities	37,839.4	44565.17	22,079.36

Net Working Capital = Total Current Assets – Total Current Liabilities

(Rs. In million)

PARTICULARS	MARCH 2018	MARCH 2017	MARCH 2016
Net working capital (A-B)	7986.1	6296.95	5751.89

4.2 WORKING CAPITAL RATIOS AND INTERPRETATION:

I. Position of CURRENT RATION in MMTC Ltd.

➤ Total current assets/total current liabilities

PARTICULARS	MARCH 2018	MARCH 2017	MARCH 2016
CURRENT ASSETS(A)	45,825.5	50,862.12	27,831.25
CURRENT LIABILITIES(B)	37,839.4	44,565.17	22,079.36
CURRENT RATIO = A/B	1.21/1	1.14/1	1.26/1

Interpretation:

The standard current ratio is 2:1. This ratio depicts the financial stability of the organization. As we see the current ratio of MMTC since 2016, there is a reduction from 1.26:1 in 2016 to 1.21:1 in 2018. Though the company still needs to make continuous effort towards achieving the ideal ratio.

II. QUICK RATIO:

➤ Total current assets-inventories/total current liabilities

PARTICULARS	MARCH 2018	MARCH 2017	MARCH 2016
Quick assets(A)	28,710.7	27194.28	23816.16
Total current liabilities(B)	37,839.4	44,565.17	22,079.36
Quick ratio(A/B)	0.76/1	0.61/1	1.08/1

Interpretation:

It is the ratio between quick liquid assets and current liabilities. The normal value for such ratio is taken to be 1:1. It is used as an assessment tool for testing the liquidity position of the firm. It indicates the relationship between strictly liquid assets whose realizable value is almost certain on one hand and strictly liquid liabilities on the other hand. Liquid assets comprise all current assets minus stock.

III. WORKING CAPITAL TURNOVER RATIO:**➤ Cost of sales/net working capital**

PARTICULARS	MARCH 2018	MARCH 2017	MARCH 2016
Sales(A)	157569	115934	124606
Net working capital(B)	7986.1	6296.95	5751.89
Working capital turnover ratio(A/B)	19.73/1	18.41/1	21.66/1

Interpretation:

This ratio indicates whether the investments in current assets or net current assets (i.e., working capital) have been properly utilized. In other words it shows the relationship between sales and working capital. In a general sense, the higher the working capital turnover, the better because it means that the company is generating a lot of sales compared to the money it uses to fund the sales. But too high ratio indicates over trading.

The analysis of the working capital ratio of MMTC Ltd. depicts an increasing trend from 18.41 in 2017 to 19.7 in 2018. Therefore, it can be seen that the efficiency in the utilization of working capital is improved in the year 2017-2018 in comparison of the year 2016-2017

IV. STOCK TURNOVER RATIO**➤ Sales/average inventory**

PARTICULARS	MARCH 2018	MARCH 2017	MARCH 2016
Sales(A)	157569	115934	124606
Average stock(B)	20391.32	13841.46	3604.56
Stock turnover ratio(A/B)	7.73times	8.38 times	34.57 times
Inventory days(365/STR)	47.21	43.56	10.56

Interpretation:

This ratio tells the story by which stock is converted into sales. A high stock turnover ratio reveals the liquidity of the inventory i.e., how many times on an average, inventory is turned over or sold during the year. If a firm maintains a minimum stock level in order to maximize sales by quick rotation of inventory and the holding cost of inventory will be minimum. A low stock turnover ratio reveals undesirable accumulation of obsolete stock. In the recent financial year, we can see that MMTC has not been performing very well in this ratio maintaining a ratio of 7.73 times during 2017-18 in comparison of 34.57 times of 2015-16.

V. CURRENT ASSETS TURNOVER RATIO**➤ Sales/current assets**

PARTICULARS	MARCH 2018	MARCH 2017	MARCH 2016
Sales(A)	157569	115934	124606
Current assets(B)	45,825.5	50,862.12	27,831.25
Current assets turnover ratio(A/B)	3.44 times	2.28 times	4.47 times

Interpretation:

Current Assets Turnover Ratio indicates that the current assets are turned over in the form of sales more number of times. A high current assets turnover ratio indicates the capability of the organization to achieve maximum sales with the minimum investment in current assets. Higher the current ratio better will be the situation.

MMTC maintains a high current assets turnover ratio in the year 2018 as compared to the year 2017.

ANALYSIS

Analysis of a company's financial status can be easily done using the "Ratio Analysis" so first let's have a look at the ratios in the 55th ANNUAL REPORT 2017-18 of M.M.T.C.

Year Ended 31st March	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Ratios										
Overheads to sales %	1.95	2.14	2.04	1.33	0.94	0.88	0.36	0.35	0.48	0.55
Stocks to sales %	10.86	20.42	3.22	1.75	1.23	3.13	1.40	0.94	4.73	1.57
Trading profit to sales%	2.11	1.90	1.04	1.14	1.38	1.05	0.42	0.48	0.70	0.87
Profit before tax to sales %	0.37	0.70	0.46	0.33	0.06	(0.45)	0.12	0.28	0.74	0.59
Profit after tax to sales %	0.31	0.49	0.44	0.26	0.07	(0.25)	0.11	0.18	0.48	0.38
Debtors to sales %	2.24	4.36	6.64	16.64	6.92	7.83	4.20	3.69	3.44	5.18
Working capital to sales %	8.36	9.23	7.66	5.36	4.45	7.69	6.44	10.22	13.37	13.66
Sales to working capital (times)	11.96	10.84	13.05	18.67	22.48	13.00	15.53	9.79	7.48	7.32
Profit for the year to capital employed %	6.96	11.90	7.90	8.23	2.04	16.04	7.13	22.41	34.25	25.39
Profit after tax to capital employed %	5.78	8.36	7.42	6.41	2.37	(8.82)	7.75	14.07	22.24	16.38
Profit for the year to net worth %	4.07	5.66	4.25	4.53	1.19	(9.58)	4.58	14.05	25.88	19.44
Profit after tax to net worth %	3.38	3.97	3.98	3.53	1.39	(5.27)	4.97	8.81	16.81	12.54
Number of employees	1117	1226	1334	1439	1530	1605	1673	1767	1838	1882
Sales per employee	14.11	9.46	9.34	12.68	16.39	17.70	39.41	38.97	24.55	19.56

- **Overhead to sales %**

- Overhead to sales ratio helps to estimate the impact overheads have on the company's cost of goods sold. The overhead to cost of sales ratio provides company management with insights into the growth of overheads as sales increase over time.
- More the ratio means more the overhead cost.
- According to the data companies best overhead to sales ratio was in the year 2011(0.35) and highest in the year 2017(2.14).

- **Stock to sales %**

- A company can use this ratio to make critical inventory management decisions. In general, a low value of this ratio is good for business. A low value might suggest that sales are high and inventory levels are low.
- According to the data the best stock to sales ratio was in the year 2011(0.94) and highest in the year 2017(20.42).

- **Trading profit to sales %**

- Gross profit ratio or trading profit to sales % is a profitability ratio that shows the relationship between gross profit and total net sales revenue. It is a popular tool to evaluate the operational performance of the business. The ratio is computed by dividing the gross profit figure by net sales.
- A higher gross profit margin indicates that a company can make a reasonable profit on sales, as long as it keeps overhead costs in control. Investors tend to pay more for a company with higher gross profit.
- For M.M.T.C. the highest trading profit to sales ratio was in the year 2.11(2018) and lowest in 2012(0.42).

- **Debtor to sales %**

- Debtors to Sales ratio, is defined as the debtors divided by the turnover of the company. This ratio demonstrates what percentage of credit the company gives on its sales.

5. RECOMMENDATION

M.M.T.C. Ltd. has a huge profitable background and has successfully achieved great heights. Many start-ups have become an established firm by the support of M.M.T.C. Ltd. but in the recent year the profit margin for M.M.T.C. Ltd. have declined. According to the stats and data in the 55th Annual report 2017-18 of M.M.T.C. Ltd.

- M.M.T.C. Ltd. can increase business verticals by introducing new ideas or giving domestic traders a chance to join M.M.T.C. Ltd with their ideas. This will give boost to the Indian start-ups and set an example for remaining population of India to come in business world and start-ups.
- M.M.T.C. Ltd. must grow with the trend of HR, Marketing etc. and use new technology to promote their idea and products so that public gets to know about M.M.T.C. Ltd. and its joint ventures.
- M.M.T.C. Ltd. can also focus on hiring employees on contractual basis rather than permanent employment as it will give chance to new employees every time and during recession period of the company M.M.T.C. Ltd. can reduce their cost in employees on hiring less people.
- M.M.T.C. Ltd. can also reduce their cost by maximum utilization of assets like raw material, machinery, plats etc.

6. LIMITATIONS OF THE STUDY

Following are the limitations of the study:

1. The topic working capital management is itself a very vast topic yet very important also. Due to time restraints it was not possible to study in depth in get knowledge what practices are followed at MMTC.
2. Many facts and data are such that they are not to be disclosed because of the confidential nature of the same.
3. Since the financial matters are sensitive in nature the same could not be acquired easily.

7. CONCLUSION

1. According to the data companies best overhead to sales ratio was in the year 2011(0.35) and highest in the year 2017(2.14). In coming year MMTC can improve its overhead ratio by reducing the unwanted cost.
2. According to the data the best stock to sales ratio was in the year 2011(0.94) and highest in the year 2017(20.42). MMTC needs to balance its stock in trade to maintain a balanced stock to sales ratio.
3. Working capital management in MMTC can be improved and made more efficient by taking effective and strict actions.
4. At last I would like to conclude that through my experience MMTC can use more recent technologies in their works and tasks to improve their working capital and manage their capital even better.

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