



**Capable
Committed
Consistent**

ANNUAL REPORT

2020-21



WHAT'S INSIDE?

Corporate Overview 02-12

From the Chairman's Desk	02
Corporate Snapshot	04
Management Discussion & Analysis	07
Corporate Information	12

Statutory Reports 13-49

Director's Report	13
Annexures to the Director's Report	
Annexure "A"	21
Annexure "B"	22
Annexure "C"	24
Annexure "D"	42
Annexure "E"	43
Annexure "F"	48
Annexure "G"	49

Financial Statements 50-128

Standalone Financial Section	
Independent Auditor's Report	50
Balance Sheet	58
Statement of Profit and Loss	59
Cash Flow Statement	61
Notes	63
Consolidated Financial Section	
Independent Auditor's Report	89
Balance Sheet	96
Statement of Profit and Loss	97
Cash Flow Statement	99
Notes	101
Notice	129

Investor Information

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For more details visit our website
<https://www.metrogloballimited.com/>

Disclaimer

This document contains statements about expected future events, which are forward-looking. By their nature, forward-looking statements require the Company to make certain assumptions and are subject to inherent risks and uncertainties. Accordingly, these assumptions, may not prove to be accurate. Readers are advised that the actual future results, and events may differ from those expressed in the forward-looking statements.

FY 2020-21 highlights

₹ **25,390.59** Lacs
Total revenue

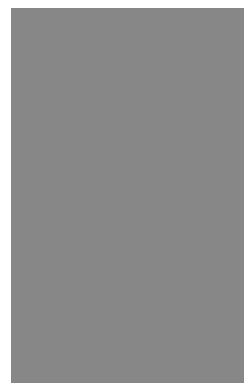
₹ **33,257.26** Lacs
Net worth*

₹ **954.43** Lacs
Profit before tax

₹ **1,086.72** Lacs
EBITDA

₹ **712.78** Lacs
Profit after tax

*As on March 31, 2021





Success is the result of consistent commitment combined with capability. At MetroGlobal, we value all three: capability, commitment and consistency.

This was showcased during a tumultuous year when we successfully generated value for our stakeholders. We pushed the edges of the envelope to fit in our agenda for growth, without compromising on our values. We faced every challenge head-on, driving our industry experience, brand value and business acumen to procure and deliver the best quality of products for our customers.

We kept pace in a constantly evolving business landscape, demonstrating the agility and adaptability of our business model. Despite the industrial headwinds, our diversified business strategy further facilitated our emergence as a stronger player in India's trading industry.

FROM THE CHAIRMAN'S DESK



Dear Stakeholders

I am delighted to present our Annual Report for FY 2020-21. The report is a testimony to our capability, commitment and consistency in generating stakeholder value.

A challenging year

FY 2020-21 was perhaps the most challenging year for India, post its independence, as the economy strived towards attaining its former glory in the aftermath of a pandemic, which already had disrupted the lives and livelihoods of millions. COVID-19 further burdened the country's public healthcare system, apart from condemning the economy to a negative growth rate of -8%. Besides, the lockdowns administered to save lives further crippled the supply chains, affecting manufacturing and retail alike.

In fact, during the year under review, private consumption contracted by 9.5% (e) due to reduced demand as a result of income loss, mobility restrictions and supply constraints. Simultaneously, investments declined by 14.5% owing to economic uncertainty and delays in the implementation of capital projects.

However, both the central government and different state governments supported the industries across the board with supportive policies. This led to Indians focusing on buying local. Consequently, experts predicted a V-shaped recovery for the economy, which materialised as 0.4% growth during Q3 and 3.7% during Q4.

Policy support towards Indian manufacturers include rationalised customs duty on key chemicals, metals and other manufacturing inputs on one hand and large-scale export of technical textiles (in the form of masks, PPE kits and overalls). The government also permitted

Foreign Portfolio Investors (FPIs) an entry into the debt financing of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs). Moreover, these finance instruments are exempted from Tax Deducted at Source (TDS), alongside tax holidays announced for affordable housing projects.

Our performance

We ended another year on a positive note, despite the challenging circumstances we faced during FY 2020-21. During the period under review, we delivered a total consolidated income of ₹ 25,390.59 Lacs as compared to ₹ 24,690.62 Lacs in the previous year. Our EBITDA was ₹ 1,086.72 Lacs and our Profit After Tax (PAT) was ₹ 712.78 Lacs vis-à-vis ₹ 797.78 Lacs in the previous year.

During this phase, it was our capability and commitment which enabled us to consistently add value.

Our people, our pride

Our people are our assets and it was their capability, commitment and consistency which enabled us to tide over these trying times. Their firm belief in our values, vision and mission facilitated our value creation journey throughout the year, despite the impact of the pandemic.

Outlook

Our operations are dependent on India's manufacturing sector, which curtailed by ~9% during the year, thereby impacting our revenues as well. Several factors influenced this



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contraction, including diminishing demand, disrupted supply chains, lack of investments/liquidity/revenues and non-availability of migrant labourers. These institutional challenges were common among sectors and impacted the real estate segment as well.

However, with the Government of India's focused efforts and the extensive vaccination drives across the country, we expect Indian economy and all its industry to recover lost ground soon, with a V-shaped revival.

Let me bid you adieu on that hopeful note of recovery while I thank our valued shareholders and stakeholders for continuing to repose their faith in us. A special thank you for our Board

members who guided us during this arduous journey of FY 2020-21 and most importantly our people who executed our strategies flawlessly to create value for all.

Warm regards

Gautam M. Jain
Chairman

CORPORATE Snapshot

A diverse business

METROGlobal Limited is a highly-recognised commercial intermediary. We engage in the trading of chemicals, textiles, minerals and ores, metals and precious metals. Over the years, we have diversified into realty development.

A well-diversified organisation, we primarily serve as a key intermediary, catering to different manufacturing companies—sourcing key raw materials for their use from across the globe and the country. We ensure to purchase high-quality materials in bulk quantities for our customers and distribute across India.

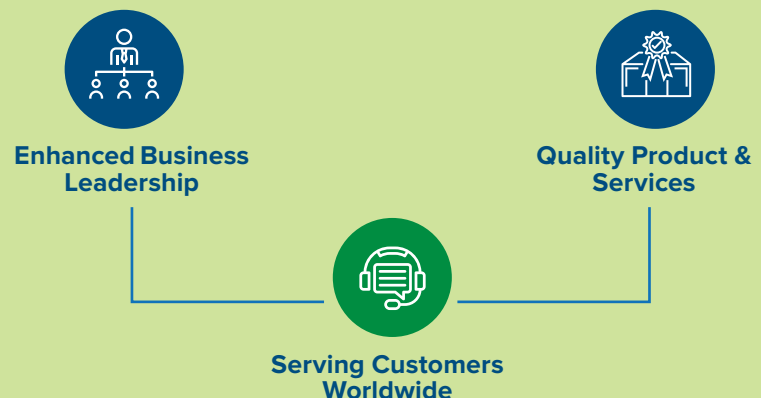
We have a strong business model that enables us to create value for our stakeholders. With a robust corporate governance framework in place, we focus on balancing our risks and opportunities to maximise value creation.

Our story of origin

METROGlobal Limited emerged as a result of an amalgamation in 2011 between Global Boards Limited (paper boards manufacturing company) and Metrochem Industries Limited (leading manufacturers and exporters of Textile Dyes and its intermediates). For the last decade, we have been importing chemicals, minerals and ores in bulk to distribute across India and trading in textiles, metals and precious metals within the country.

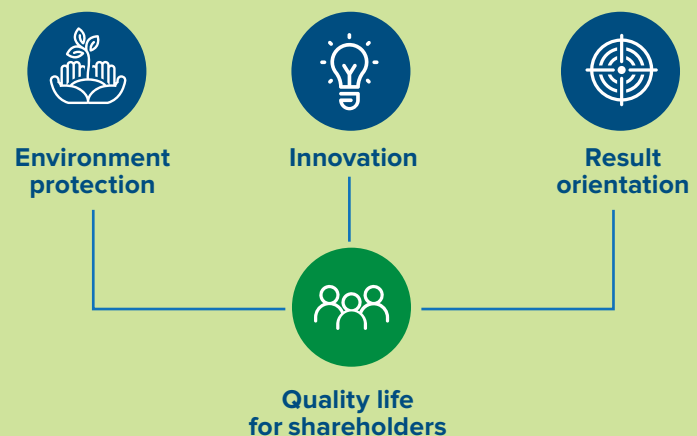
Vision

We envision ourselves as a strongly established and enhanced business leadership firm that is able to serve customers worldwide with quality products and services. And we continuously apply innovation and result-oriented methodologies to get one step closer to this vision.



Mission

Since the inception of MetroGlobal, improving the quality of life for shareholders has always been our core mission. We infuse result-oriented innovations in our culture that helps uplift society as a whole. And to spread a positive impact on our stakeholder's lives, directly or indirectly, we incorporate environmental protection at every level of our operations and management.





Core values

Value creation

We strongly believe that a business becomes an established organisation through its core values. And we consistently direct our Company efforts in creating & providing values that redefine the operational and management functionalities.

Integrity & ethical behaviour

Moral obligations are at the core of MetroGlobal Limited. We integrate the functionality of our Company with ethical behavioural practices at every level of management structure through transparent policies.

Quality through compliance and best practices

Even while being a trading company, we ensure the quality of materials that comply with our stakeholders' requirements and market demand. And to fulfil this demand at every point of time, we go beyond industry standards to deliver.

Mutual respect

Not limiting our concerns for people only, we, at MetroGlobal Limited respect environmental causes as well. And we strongly prohibit unethical practices, manipulation of facts, exploitation and disrespectful behaviours towards any individual, be it from the organisation or not.

Team work

In today's fast-paced world, an organisation does not thrive with internal support and efforts only. So, we continuously collaborate and cooperate with industry leaders to rise together above and beyond the targeted goals.

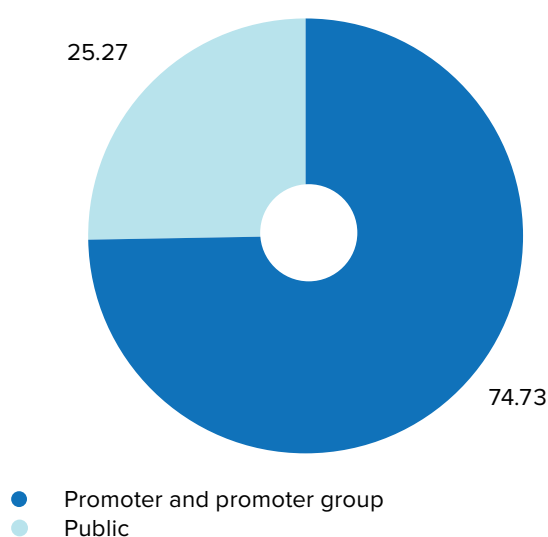
Commitment to quality

Our commitment to quality across the board enables us to serve India's manufacturing sector.

We have a highly skilled quality control and purchase team that ensures the quality of our products. Moreover, we have built long-term bonds with our sellers, which further enables us to ensure the quality of products.

Shareholding pattern as on March 31, 2021

(%)



Business snapshot

We have two main business segments — Trading and Real Estate Development. At MetroGlobal, we have always been on the lookout for new businesses and in 2011 forayed into urban real estate, after consolidating our presence as a commercial intermediary for decades.

Our Business Segments

Trading



Real estate development



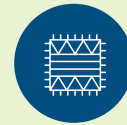
Trading

Our trading business consists of chemicals, textiles, minerals & ores, metals and precious metals. We have built our trading business on the premise of 'best-in-class quality' and 'on-schedule delivery'.

This approach has enabled us to grow as a highly-recognised commercial intermediary that is trusted by other manufacturing companies. Our primary activity in this segment includes sourcing bulk materials from different international and local producers for our clients and distributing the same at highly competitive prices to our clients.



Chemicals



Textiles



Minerals & Ores



Metals



Precious Metals

Real estate development

We delved into realty development with small-scale residential projects; and in the last decade further forayed into commercial and industrial construction as well. Today, we have a significant footprint across Gujarat. Our focus on this segment too remains unwavering on 'best-in-class quality' and 'on-schedule delivery', both in case of independent and partner-driven projects.

Business enablers

Experience

We have been in the business for more than a decade and have gathered immense expertise in sourcing quality products.

Enduring relationships

Over the years, we have built long-term bonds with our suppliers and clients, who trust us to deliver them the best prices on one hand and the best materials on the other.

Trust

We are trusted by our customers to always procure the best-in-class products in the market for them and deliver on schedule.

Skilled team

We have a well-trained team that facilitates the buying and on-time delivery of quality raw materials for our customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Economic and industry overview

Operating in a recovering business landscape

One year into the pandemic, the loss of lives and livelihoods continue to impact communities across the world as high uncertainty engulfs economic growth prospects globally. Besides, the period under the review witnessed a widespread, synchronised and accelerated contraction of economic activity across economies of every scale.

According to the International Monetary Fund (IMF), global output was -3.3% for CY2020 and the same is pegged at 6.6% for CY2021. The spur in economic activity is on the back of strong recovery forecasts for both advanced and emerging economies as a result of policy support and ongoing vaccination drives across the world.

India's economy fared better than the earlier predictions of the IMF, despite

constraints degrowing by only 8% in FY 2020-21. However, the IMF predicts over 12% growth for FY 2021-22 (Source: IMF's World Economic Outlook - April 2021).

Chemicals



India has one of the largest global chemical markets, and is ranked sixth in the world and fourth in Asia in terms of global sale of chemicals. India accounts for 2.5% of the world's global chemical sales (Source: PwC's India: A global manufacturing hub for chemicals and petrochemicals (March 2021)).

India's chemical industry is highly diversified. It includes over 80,000 commercial products; and can be broadly classified into bulk chemicals, specialty chemicals, agrochemicals, petrochemicals, polymers and fertilisers.

Market dynamics

India's chemical industry was estimated to be worth US\$178 billion in FY 2019-20 and has a significant potential to reach US\$300 billion by FY 2024-25. COVID-19 impacted the industry severely, disrupting supply chains and the demand. Consequently, it is expected to show a downturn in FY 2020-21. However, policy support and India's growth trend are enabling the industry to reach its pre-COVID growth rates, and the segment is expected to witness a V-shaped recovery in FY 2021-22 by adapting to India's GDP growth trend. The industry is expected to grow at a CAGR of 9.2% by FY 2024-25, reaching up to US\$276 billion in the next five years (Source: PwC's India: A global manufacturing hub for chemicals and petrochemicals (March 2021)).

India accounts
2.5%
of Global chemical sales

Textiles



India's textile sector is among its oldest industries dating back to centuries with skilled artisans and the latest manufacturing techniques, making India a formidable player on a global scale. The country's textile industry remains varied with hand-spun and hand-woven textiles on one hand and capital-intensive sophisticated mills on the other. Decentralised power looms and hosiery, alongside knitting together form the largest component of India's textile sector.

The industry enjoys a capacity to produce a wide variety of products suitable for different global and domestic markets and their various segments. And its technical textile segment is expected to witness significant growth going forward.

Market dynamics

India's textile market is valued at US\$14 billion for CY2020. It is predicted to reach US\$23.3 billion by 2027, growing at a CAGR of 7.6%. It is among the fastest growing textile industries in the Asia-Pacific region. The industry is projected to grow at CAGR 10-12%, to reach US\$220 billion by FY 2025-26.

During FY 2019-20, the industry shrank as demand shriveled as a result of COVID-19. The workforce and small and medium industries were hit hard – while millions of skilled and unskilled labourers lost their livelihoods, several manufacturers went down.

However, the textile industry was active with the production of medical and technical textiles amidst the pandemic. India became the second largest manufacturer of PPE kits producing 4 Lacs PPE kits and 1.5 crore masks every day (Source: KPMG's Technical textiles: Emerging opportunities and investments (March 2021) and www.onlineclothingstudy.com/2021/03/impact-of-covid-19-on-indian-textile).

Metals



Ferrous

Ferrous metals demand is driven primarily by the steel industry, which in turn depends on the infrastructure and automobile markets. During FY 2019-20, crude steel production and finished steel production in India was 108.5 million tonne and 101.03 million tonne, respectively, despite a flagging demand on account of dwindling demand from the automobile and infrastructure segments (Source: IBEF). However, steel demand is likely to grow in the long term both in the domestic and international markets, as government expenditure accelerates and new ways

of mobility emerge in the aftermath of the pandemic.

Non-ferrous

Non-ferrous metals like copper, zinc and aluminium are mostly used by the construction and transportation industries. During FY 2020-21, both these sectors witnessed setbacks due to COVID-induced lockdowns and other issues, thereby causing contraction in the non-ferrous metals industry. Besides, disruptions in mining activities and supply chain also impacted the segment.

Precious

The precious metals industry deals with naturally occurring rare metals with high economic value. Gold, silver and platinum command the lion's share of the industry across global markets. India, alongside Singapore and China remain the major markets and key consumers for precious metals.

The pandemic triggered stockpiling by investors looking to protect their wealth. This, alongside supply deficits, pushed gold and palladium prices up by more than 20%, while silver rose 47% and platinum 10% during FY 2020-21 (Source: India Today report).

Despite of COVID-induced mild performance of India's economy during the year under review demand for gold in the country is likely to recover in 2021 on the back of the lower import duty (Source: World Gold Council (WGC) report).