Metroglobal Limited

(CIN No.: L21010GJ1992PLC143784)

Strengthening our core. Scaling new heights.

Annual Report 2022-23

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FY 2022-23 highlights

*As on March 31, 2023

₹ 24,772.97 Lacs
Total income

₹ 35,802.59 Lacs
Net worth*

₹ 2,433.81 Lacs
Profit before tax

₹ 1,913.14 Lacs
Profit after tax

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

Investor Information

BSE Code : 500159
CIN : L21010GJ1992PLC143784
AGM Date : September 26, 2023
AGM Time : 11.30 A.M
AGM Mode : Video Conferencing ("VC") / other Audio visual Means ("OAVM")

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.

As the world becomes increasingly interconnected, cross-border trade has become more critical than ever before. The movement of goods and commodities across national borders is accelerating at an unprecedented pace, creating new opportunities and challenges for businesses.

To succeed in this evolving environment, it is essential to have a deep understanding of the market, competitive pricing strategies, and fast and efficient delivery mechanisms while adhering to relevant policies and protocols to ensure product safety. Meeting these demands and delivering the right product, at the right price, and at the right time, is critical to achieving customer satisfaction and loyalty.

At MetroGlobal Limited, we recognise the importance of these factors and are committed to strengthening our core by deepening relationships with our global customers. We strive to enhance reliability and facilitate hassle-free transactions across varied geographies, diverse products, volatile markets, and stringent deadlines.

To achieve our goals, we are continuously refining our operating model to remain flexible and open to new opportunities. By remaining agile and adaptable, we can seize new opportunities and scale new heights, creating consistent value for our stakeholders.

Message from the Chairman

Dear Shareholders,

While the global economy is still making slow and gradual progress toward recovery, the Indian economy has consolidated its position as one of the fastest-growing major economies in FY 2022-23. This remarkable economic growth can be attributed to a series of key reforms, such as the liberalisation of its economy, reduction of bureaucracy and corruption, investments in infrastructure, and improved access to finance for small and medium-sized enterprises. These reforms have allowed India to emerge as a significant player in the global economy, and its upward growth trajectory is expected to be sustained in the years to come.

In 2022, global trade hit an all-time high of US$32 trillion, driven by strong growth in the first half of the year. However, trade growth slowed down during the latter half of 2022, particularly in the last quarter. Despite mounting geopolitical tensions, global trade displayed remarkable resilience over the course of 2022. Nevertheless, deteriorating economic conditions, the easing of zero-COVID policies, and renewed concerns over inflationary pressures led to a significant trade deceleration during Q4 2022. Looking ahead, while the economic outlook has improved, global trade growth is expected to remain tepid in 2023, with the possibility of a pickup in the second half of the year. Despite the uncertain global trade outlook, positive factors are anticipated to offset the negative trends.

The year 2022 marked a significant turnaround for the real estate industry in India, with residential and retail segments recording strong year-on-year growth after rebounding from the COVID-19 pandemic. This remarkable recovery has earned 2022 the title of a turnaround year for the industry. A recent report projects a Compound Annual Growth Rate (CAGR) of 9.2% for the Indian real estate market between 2023-2028. This growth can

"Our core business strategy centres around our customers. We prioritise providing maximum value to our customers, including competitive pricing, timely delivery, quality assurance, and real-time information dissemination."

be attributed to increasing business activity, better job markets, and higher income levels, which are expected to fuel demand for real estate in the coming years.

Our performance

I am happy to share that we have achieved an encouraging performance during FY 2022-23. Our unwavering efforts have yielded significant results, including higher revenues, greater international visibility, and increased customer satisfaction.

In FY 2022-23, our total income amounted to ₹ 24,772.97 Lacs as compared to ₹ 25,478.32 Lacs in the previous year. Furthermore, our Profit before Tax rose to ₹ 2,433.81 Lacs in FY 2022-23 from ₹ 1,591.22 Lacs in FY 2021-22. In addition, our Profit after Tax for FY 2022-23 was ₹ 1,913.14 Lacs which was higher than ₹ 1,183.37 Lacs recorded in the preceding year.

We have implemented technology-driven operations to improve customer convenience while reducing documentation. In a volatile commodity market, it is essential to develop a stringent price monitoring technique, and our team of highly skilled professionals monitors the markets closely. Our organisation's sustainability is rooted in our commitment to building strong relationships with our customers. We believe that trust is the cornerstone of any lasting relationship, and we work every day to reinforce it by offering assurance, convenience, and a wide range of choices to our customers. Our focus on relationship-building extends to our supply chain partners and buyers, ensuring timely deliveries integrated with product safety. We strive to create long-term partnerships that perform well in both good times and bad.

We have taken strategic measures to broaden our product portfolio and explore new markets. Additionally, we have adopted a more risk-focused approach and diversified our business operations, leading to significant improvement in our performance and growing confidence in our business. We continuously seek out new trading and financing opportunities to leverage our strong financial position and robust distribution capabilities.

We recognise that our people are the cornerstone of our success and their contributions are highly valued. Accordingly, we have made substantial investments in developing and nurturing talent through robust processes, cultivating future leaders, and promoting continuous learning initiatives to support our global and culturally diverse workforce.

Road ahead

We are committed to enhancing our financial and operational performance by increasing our scale and scope, sharpening our strategies, diversifying our product mix, exploring new SPVs for real estate development, upgrading our human resources, and ensuring complete customer satisfaction.
As an agile and flexible business, we understand the importance of adapting to changing market trends and will continue to leverage our core strengths to create value for our shareholders. Our focus on consolidating our capabilities across products and domains will enable us to capitalise on new growth opportunities. Going forward, I am optimistic that we will continue to enhance our operating profile and deliver superior performance in the years to come.

Amid these changing times, I would like to express our sincere gratitude to all our shareholders, customers, vendors, partners, suppliers, bankers and other stakeholders for their unwavering support. I would also like to express my gratitude to my fellow board members for their invaluable strategic guidance. We remain steadfast in our commitment to fortify our core businesses and distinguish ourselves in the marketplace through a customer-centric approach, with the goal of creating a stronger, more sustainable future for our Company.

Warm regards,

Gautam M. Jain
Chairman

About us

Accelerating progress. Driving value-creation.

MetroGlobal Limited is a versatile and reputed enterprise, engaged in trading various commodities including chemicals, textiles, minerals and ores, metals and precious metals. Over the years, we have embarked on a journey to become a well-diversified group by expanding our business operations in the fields of realty development as well as financial investments.

Our diversified operations have enabled us to become one of the most financially robust companies in the industry. We primarily focus on importing chemicals, minerals and ores in bulk and distribute them across India through our robust financial strength and well-established distribution network. In addition, we also engage in trading textiles, metals and precious metals across India.

We understand the importance of networking and constantly strive to elevate our working standards. We believe in creating business values that can be passed on to our stakeholders, as well as the next generation of entrepreneurs, through integrated and ethical business practices.

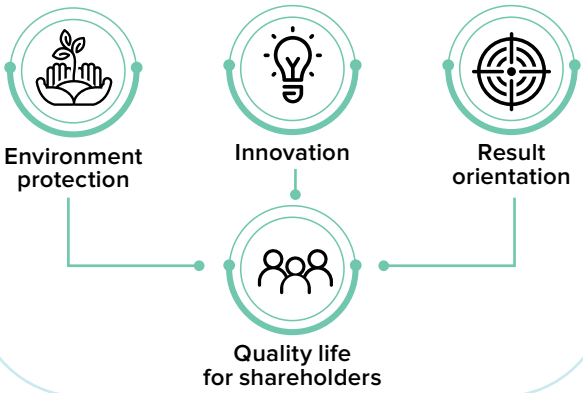
We take pride in our ability to create long-lasting relationships with our customers, suppliers, and partners, which have been the cornerstone of our success. We have built a reputation for providing high-quality products and services while maintaining the highest ethical standards.

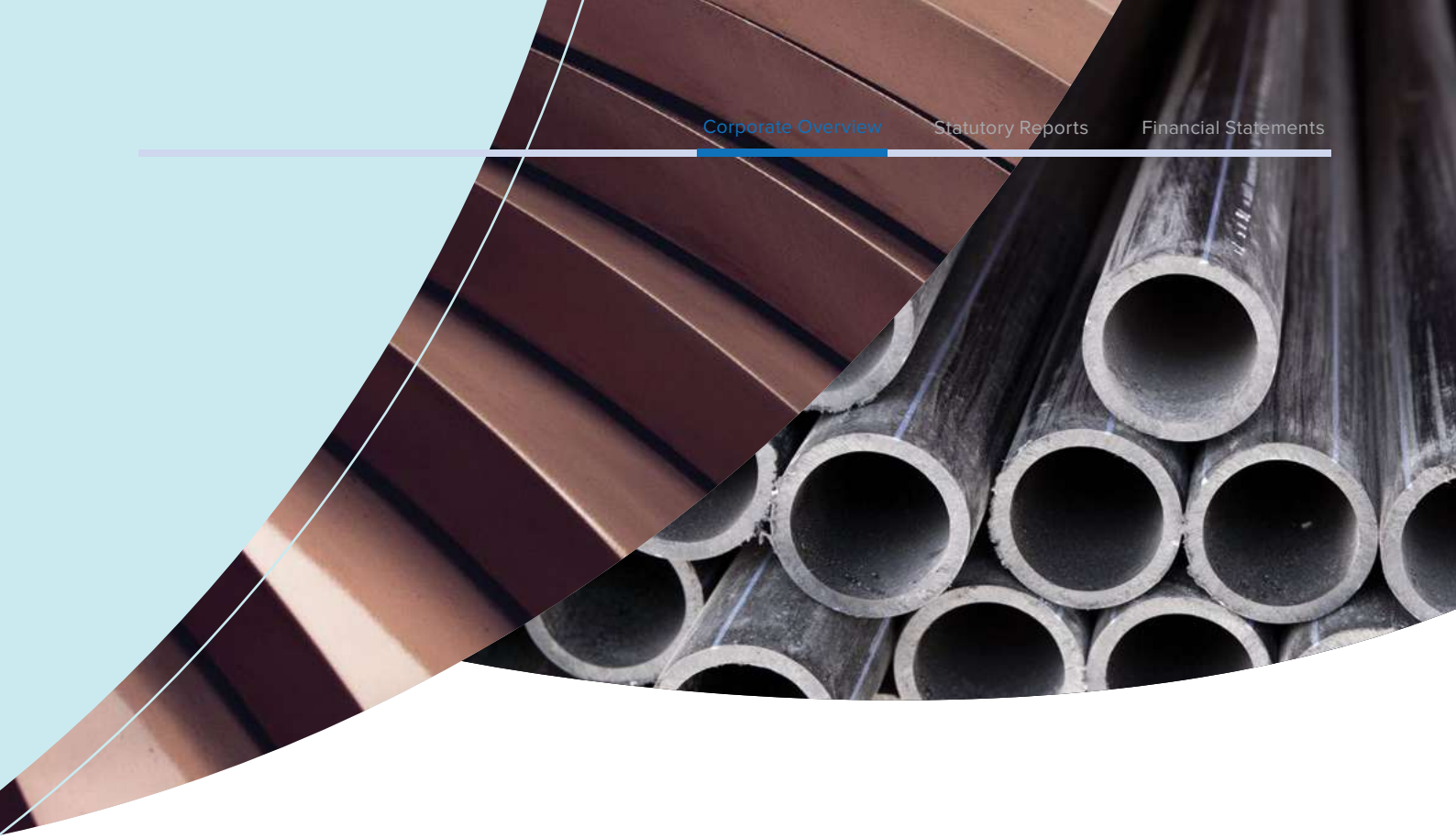
Our vision

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.

Our 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.





Our 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.

Our edge

Expertise and experience:
Our extensive experience enables us to analyse consumer behaviour and market trends, allowing us to evolve our strategies accordingly.

Financial prudence:
We maintain a cash-surplus position and have negligible borrowings, mostly relying on non-fund-based limits for importing materials.

Better economies of scale:
Strong cash position enabling buying of bulk quantities at good price points with lesser working capital-related hassles.

Opportunity-focused:
Our robust business model allows us to seek out better opportunities and diversify in different directions, broadening our offerings.

Commitment to quality:
We adhere to globally benchmarked standards and consistently invest in quality control and world-class packaging.

Management expertise:
Our experienced management team has a strong promoter background, with a legacy of longstanding existence in the business field for decades, providing us with strong goodwill.

Widespread reach:
We have a wide distribution network with strategic tie-ups with logistics partners, providing us with enhanced reach.

Businesses

Robust offerings. Driving sustainable growth.

Trading

Our trading business specialises in dealing with a diverse range of products including chemicals, textiles, minerals & ores, metals, and precious metals. We primarily import bulk materials from various manufacturers, while also sourcing commodities domestically. Our focus is to continuously improve and expand our product portfolio in order to better serve our clients.

To cater to our local consumers, we have established a widespread warehousing network across India. Leveraging our significant purchasing power, we are able to procure high-quality materials in large quantities at a discounted price, which we then distribute to our esteemed clients.

At every stage, we utilise our strong networking capabilities to provide our clients with exceptional services. We strive to reduce trading costs, simplify processes, and ensure timely supply to guarantee the best business experience for our clients.

Key products

Chemicals

Minerals & Ores

Metals

Textiles

Precious Metals

Global network

Real estate

In 2011, we diversified our business by entering the real estate sector. In our business of developing and constructing real estate space, a square foot is a basic unit for measurement and comparison across the industry. Our constant endeavour is to maximise value to its key stakeholders for each square foot of real estate space delivered. We have completed many independent projects as well as partnered with many key players in the real estate industry in Gujarat delivering best-in-class quality construction.

Key strengths

- We have a consistent focus on value, growth, quality, transparency, integrity, and timely delivery, which are the pillars of our business operations.
- Our commitment to excellence and dedication to providing exceptional customer service have helped us establish ourselves as one of the most trusted real estate brands in the region.
- With over a decade of rich experience, we have gathered immense expertise in execution, enabling us to deliver exceptional real estate spaces that exceed our client's expectations.
- We have built long-term relationships with our suppliers and clients, who trust us to deliver the best prices and materials, thereby ensuring their complete satisfaction with our services.

Management Discussion and Analysis

Economic and industry overview

Economic environment

After two turbulent years marked by the Covid-19 pandemic and significant disruptions to economic activity, the global economy experienced a brief recovery in the post-pandemic period before facing new challenges and crisis that pushed it into another major slowdown. Policymakers were tested by rising costs of living and an unfavourable business environment, while major global central banks played a crucial role in navigating these challenges. However, their efforts to curb inflation through interest rate hikes slowed economic activity in major developed markets. In contrast, many developing markets were bright spots and are expected to outperform developed economies in 2023. The International Monetary Fund (IMF) predicts that global growth will slow from 3.4% in 2022 to 2.8% in 2023, with advanced economies experiencing a significant slowdown in growth from 2.7% in 2022 to 1.3% in 2023. Emerging market economies (EMEs), on the other hand, are expected to have an average growth rate of 3.9% in 2023, with a projected increase to 4.2% in 2024.

India has emerged as the world's fastest-growing major economy, despite facing challenges such as a global recession, inflation, public debt, and a squeeze on real household incomes. From its previous position of tenth place ten years ago, India has risen to become the fifth largest economy in the world. This economic success can be attributed to several significant reforms, including liberalisation, reduced bureaucracy and corruption, infrastructure investment, and improved access to finance for small and medium-sized enterprises. These reforms have enabled India to establish itself as a major player in the global economy, with projections for continued growth in the future. In the 2022-23 fiscal year, India's economy experienced a growth rate of 7.0%, primarily driven by a rebound in private consumption, which emerged as the leading driver of growth. The surge in private consumption has also led to increased production activity and capacity utilisation across various sectors. This rebound in private consumption is partly due to the government's near-universal vaccination drive, which has boosted consumer sentiment and helped people feel more confident about spending on contact-based services such as restaurants, hotels, shopping malls, and cinemas. Over 2 billion vaccine doses have been administered, making it the world's second-largest vaccination drive.

Chemicals

Over the last decade, India's chemical industry has excelled globally in terms of demand growth and shareholder wealth creation. With the potential to increasingly dominate both consumption and manufacturing on a global scale, India is poised for success. Recent geopolitical changes have prompted many countries to prioritise domestic self-sufficiency and localised supply chains. India's manufacturing competitiveness is noteworthy, and it has a significant advantage over other major global chemical clusters, positioning it to potentially become the next hub for chemical manufacturing.

India's domestic consumption is expected to grow at a compound annual growth rate (CAGR) of 9-10% until 2040, driven by a combination of factors. These include rising disposable incomes, a favourable demographic dividend, an increasing global preference for bio-friendly alternatives, and a growing diversification of global chemical supply chains. It is anticipated that by 2040, the Indian chemicals market will be worth $850-1000 billion, accounting for 10-12% of the global chemicals market.

On the policy front, the Production Linked Incentives (PLI) scheme is a positive measure as it provides incentives to the industry to quickly invest and commence commercial sales. To promote India's position as a global manufacturing hub for the chemical industry, further incentives should be put in place to encourage growth and development. By incentivising the industry, the government can facilitate the implementation of new technologies, processes, and manufacturing practices that can increase efficiency, reduce costs, and improve the overall competitiveness of the sector.

(Source: McKinsey & Company)

Textile

The textile sector is a crucial industry in the Indian economy, contributing more than 2% to the total GDP and over 12% to the manufacturing sector's gross domestic product (GDP). It is also the second-largest employer in India, following agriculture, providing jobs to an estimated 45 million individuals directly and another 60 million indirectly through associated activities. The textile industry is highly labour-intensive, utilising both skilled and unskilled workers and serving as a vital source of employment for women. India is the largest producer of jute and cotton, and the second-largest producer of silk. With an abundance of raw materials and low labour costs, the cost of manufacturing textiles and apparel in India is significantly lower than in many other countries.

The Indian textile and apparel market reached a value of US$ 151.2 billion in 2021. Looking forward, the market is projected to reach US$ 344.1 billion by 2027, exhibiting a CAGR of 14.8% during 2022-2027.

After a period of turbulence and uncertainty, the textile industry in India is heading toward a positive steady growth phase. The Union Government has taken a series of measures to revive the fortunes of the textile industry, which has created a buoyant mood in the industry. These measures include promoting technical textiles, implementing the PLI scheme, launching mega textile parks, and signing FTAs and MoUs with many countries. The initiatives are aimed at propelling the fortunes of the Indian textile industry to new heights.

Source: *https://www.businesswire.com/news/home/20221207005733/en/Outlook-on-the-Textile-and-Apparel-Market-in-India-to-2027---Featuring-Welspun-Alok-Industries-Raymond-Limited-and-Bombay-Dyeing-Among-Others---ResearchAndMarkets.com*

Real estate

In 2022, the real estate industry in India witnessed a significant turnaround, with segments such as residential and retail recording strong year-on-year growth after recovering from the COVID-19 pandemic. This impressive recovery makes 2022 a turnaround year for the industry. Although growth has slowed for multinational corporations in India, domestic demand has remained steady.

According to a report, the real estate market in India is expected to exhibit a Compound Annual Growth Rate (CAGR) of 9.2% during 2023-2028. This growth can be attributed to increasing business activity, improved job markets, and higher income levels, all of which will inevitably lead to a rise in real estate demand.

Currently, our projects are being executed through the SPV route at the following locations, are under various stages of implementation:

DK Metro Procon Private Limited

- Development of an Industrial Estate at a prime location in Chattral, Gujarat
- Selling industrial plots and sheds, warehouses and offices and shops

Dual Metals Private Limited

- Developing a commercial building in Ahmedabad, 'Kalpvruksh'

Myspace Infracon LLP

- Selling plots to other industries in the industrial belt of Ankleshwar, Gujarat

Ganesh Infrastructure and PMZ Developers

- Multiple projects developed across 200,000 square meters of land in Ankleshwar, Gujarat
- Projects covering residential buildings, row houses, commercial complexes and shopping malls