



# 42<sup>nd</sup> ANNUAL REPORT 2015-2016



## MISHRA DHATU NIGAM LIMITED

(A Govt. of India Enterprise, Ministry of Defence)

CIN U14292TG1973GOI001660



# *Chairman's Message*



I am very happy to bring out the 42<sup>nd</sup> Annual report for the year 2015-16 of Mishra Dhatu Nigam Limited (MIDHANI) highlighting the company's performance, significant achievements and future outlook.

Overall metal sector globally and in India is undergoing very tough time. The slowdown in the Chinese Economic Growth is one of the key reasons attributed for the same. The pressure of excess capacity is also plaguing the sector. Thus in such a challenging external environment, your Company performed well and delivered best ever performance.

During the year 2015-16, MIDHANI has achieved its highest ever Sales Turnover of ₹ 761.70 Cr., and highest ever PBT of ₹ 159.93 Cr. thereby registering an increase of over 16% and 15% respectively over the previous year. MIDHANI has now also achieved 'Excellent' rating in MoU consecutively in last 4 years and MIDHANI was also the best amongst its sector in terms of MoU performance for the year 2014-15 by securing a score of 1.01 on a rating scale of 1-5.

In operational front, we have made significant progress in the last year; MIDHANI is now equipped with a new Ring Rolling Mill, 6000 T Forge Press and new Melt Shop consisting of 20T Electric Arc Furnace (EAF), Ladle Refining Furnace (LRF) and Vacuum Degassing (VD)/Vacuum Oxygen Decarburization (VOD). This has boosted our confidence to serve our stake holders in a better way in terms of cost and delivery. Now company is poised for greater growth across all fronts in the coming years. To accelerate growth, emphasis was also placed on outsourcing non-core areas like machining etc. which has helped in the growth of your company.

I also take immense pleasure in informing you that during the year, under 'Make in India' initiative, Country's first Hafnium Metal for applications in Space Sector was made at MIDHANI. Developing state-of-art technology is not possible without strong support of R & D facility. Accordingly, greater emphasis is placed on R&D at MIDHANI to bring about the hybridization of home grown and external know-how technologies that can help MIDHANI to go much beyond scope of original product mix and develop large number of new and modified grades, to meet ever changing needs of strategic and commercial sector of the country. The testament to the R&D prowess of MIDHANI is that 20T ESR and 10 T VAR Furnaces were indigenously designed and commissioned. R&D expenditure incurred in the current financial year is also the highest ever incurred at MIDHANI for R&D which is 15% of Profit Before Tax (PBT).

Growth, Technology and Talent are adopted as MIDHANI's "Core Mantras" towards forging a brighter future. Over the years greater emphasis was given to cater to the needs of Defence, Space & Atomic sectors. However, MIDHANI is now making concrete efforts to enter into the new markets of Oil & Gas, Power, Railways and Chemical & Fertilizers and is also poised to diversify into new products and new markets such as Carbon Fibers, Aluminum Alloys and Armour products. MIDHANI's pioneering these new products will give us first mover's advantage and thereby help MIDHANI establish a firm foothold in the market for these products and help leapfrog to greater heights in strategic material sector.

The year ahead may be filled with greater challenges and I am confident that MIDHANI with its high-caliber workforce is geared to respond to the challenges in a proactive and dynamic manner. One of the

major challenges for your Company will be to maintain relentless focus on timely delivery and cost efficiencies. MIDHANI will have to keep pace with competitors both locally and globally. We have to be ready to be free from government support in terms of resources/order. In nutshell MIDHANI is to efficiently strategize and work with relentless efficiency in order to survive/grow and we are confident that “together we can do it”

Every employee of MIDHANI has played a strong role in delivering these robust results. The industrial relations continued to remain peaceful in the company and with the workforce being MIDHANI’s greatest asset and I can assure that no efforts would be spared to keep the employees motivated and happy. It’s the contribution of all our employees in particular that has helped MIDHANI achieve its best ever performance across all fronts. I sincerely appreciate the contributions of all our employees and request them to carry on the good work for a great future as we are now on the right track towards achieving ₹ 1000 Cr. turnover.

Lastly, I reiterate MIDHANI’s firm commitment towards fulfilling all its societal responsibility to help build a stronger and sustainable future. To Society, we always are and will remain responsive.

MIDHANI also continues to maintain excellent grading in terms of compliance with the Corporate Governance enunciated by the Department of Public Enterprises. Our strategy and core values of integrity, insight and innovation coupled with good governance will help MIDHANI maintain a stronger footing in the coming years.

I, and on behalf of Board of Directors, would like to thank all stakeholders for the faith reposed in us and would like to place on record my appreciation to all employees, esteemed customers, suppliers, unions, lenders, Department of Defence Production and other stakeholders, for their dedication and support in helping MIDHANI carry forth its outstanding legacy and enduring commitment to serving the Country in a effective, efficient and better way.

Jai Hind!!!



**Dr. D. K. Likhi**  
Chairman & Managing Director

# *Functional Directors*



**Dr. D. K. Likhi**  
Chairman & Managing Director  
From: 01-09-2015  
Director (Production & Marketing)  
Till: 31-08-2015



**Shri M. Narayana Rao**  
Chairman & Managing Director  
Till: 31-08-2015



**Shri B. G. Raj**  
Director (Finance)  
From: 01-09-2014



**Shri Sanjay Kumar Jha**  
Director (Production & Marketing)  
From: 05-07-2016

## *Government Nominee Directors*



Shri Sanjay Garg  
Joint Secretary  
From: 03-03-2016



Smt. Kusum Singh  
Joint Secretary  
Till: 03-03-2016



Dr. Amol A Gokhale  
(Director DMRL)  
From: 16-04-2015  
Till: 31-07-2015

## *Independent Directors*



Dr. Jyoti Mukhopadhyay  
Director



Shri I. V. Sarma  
Director



Dr. Usha Ramachandra  
Director

## *Permanent Special Invitee*



Shri P. K. Kataria  
Addl. F.A. (K) & (JS)  
Till: 15-10-2015

## *Chief Vigilance Officer*



Shri T. V. Reddy, IFS

## *Company Secretary*



Shri Paul Antony

# General Managers



**Shri Debasish Dutta**  
G.M. (Projects)



**Shri A. Rama Krishna Rao**  
G.M. (HR)



**Shri S. K. Agarwal**  
G.M. (Finance)



**Shri Sivasubramanian**  
G.M. (R&D)



**Shri G. V. R. Murthy**  
G.M. (BD & Exports)



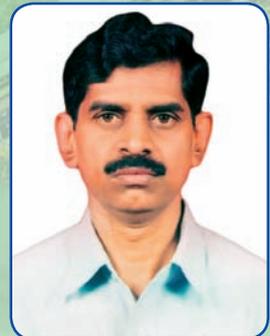
**Shri D. Gopi Krishna**  
G.M. (OP & SP)



**Shri M. S. Chalapahti**  
G.M. (Production)  
Till 31-07-2016



**Shri Pallab Sarkar**  
G.M. (Production & Planning)  
Till 31-05-2015



**Shri K. Shankara Rao**  
G.M. (ES)  
Till 31-07-2015

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# Mishra Dhatu Nigam Limited

## 10 Years at Glance

Figures in ₹ Lakh (S. No. 1 - 16)

S.No.	ITEM	2006-07	2007-08	2008-09	2009-10	2010-11
1	Sales(tonnage)	1262	1919	1908	2429	3014
	Sales (Value)					
	..To customers	17,256.58	23,111.71	27,142.74	31,482.89	33,062.14
	..Dispatches to sub-contractors	1,993.18	2,389.30	3,768.49	5,638.10	8,724.63
	<b>Total</b>	19,249.76	25,501.01	30,911.23	37,120.99	41,786.77
2	Value of Production(inclg.ED)	22,388.49	29,640.17	36,402.83	37,323.63	48,545.58
3	Cash Profit/Loss(-)	3,768.16	5,737.67	6,605.56	7,085.33	7,955.19
4	PBT	3,559.04	5,494.68	6,289.65	6,766.78	7,518.14
5	Net Profit/Loss (-)	2,318.01	3,548.93	4,114.63	4,455.52	5,090.02
6	Value Added	13,016.50	17,652.62	21,486.34	23,757.48	28,877.73
7	Value added per employee	10.16	13.97	17.48	19.95	25.76
8	Paid up Capital	13,734.00	13,734.00	14,634.00	14,634.00	18,334.00
9	Gross Block	13,340.11	13,810.98	14,228.28	15,454.37	17,693.55
10	Net Fixed asset	2438.47	2667.90	2779.32	3676.82	5,526.39
11	Net current asset	14602.87	16767.00	18485.64	22757.42	30,310.00
12	Capital employed (10+11)	17,041.34	19,434.90	21,264.96	26,434.24	35,836.39
13	Equity	13734.00	13734.00	14634.00	14634.00	18,334.00
14	Reserves	3474.21	6196.54	9341.50	12759.18	15,461.46
15	Net Worth (13+14)	17,208.21	19,930.54	23,975.50	27,393.18	33,795.46
16	Contribution to Exchequer	4,405.00	5,483.00	6,651.00	6,295.00	7,956.10
17	No.of employees	(Figures in Nos.)				
	..Executives	250	249	249	255	258
	..Non executives	905	862	837	775	685
	..Non unionised supervisors	126	153	143	161	178
	<b>TOTAL</b>	1281	1264	1229	1191	1121
	Productivity per employee (₹ Lakh)	17.48	23.45	29.62	31.34	43.31

# Mishra Dhatu Nigam Limited

## 10 Years at Glance

Figures in ₹ Lakh (S. No. 1 - 16)

S.No.	ITEM	2011-12	2012-13	2013-14	2014-15	2015-16
1	Sales(tonnage)	3482	4687	4111	4732	5205
	Sales (Value)					
	..To customers	39,297.60	49,945.97	56,270.78	65,570.07	76,169.84
	..Dispatches to sub-contractors	11,603.67	5,913.17	0.00	0.00	0.00
	Total	50,901.27	55,859.14	56,270.78	65,570.07	76,169.84
2	Value of Production(inclg.ED)	49,599.59	53,736.67	57,226.40	64,836.95	72,373.26
3	Cash Profit/Loss(-)	10,329.04	12,293.72	12,747.26	14,830.16	17,345.36
4	PBT	9,850.28	11,777.66	12,143.54	13,851.49	15,992.86
5	Net Profit/Loss (-)	6,845.49	8,251.83	8,246.29	10,212.80	11,803.12
6	Value Added	35,137.66	35,998.14	37,618.80	43,641.34	47,882.72
7	Value added per employee	33.40	36.88	41.61	52.20	62.35
8	Paid up Capital	18,334.00	18,734.00	18,734.00	18,734.00	18,734.00
9	Gross Block	18,703.81	19,975.07	24,698.30	38,670.17	41,857.91
10	Net Fixed asset	6,067.40	6,817.41	11,547.79	24,427.97	26,295.74
11	Net current asset	39,507.00	55,673.71	44,471.94	35,144.93	43,223.77
12	Capital employed (10+11)	45,574.40	62,491.12	56,019.73	59,572.90	69,519.51
13	Equity	18,334.00	18,734.00	18,734.00	18,734.00	18,734.00
14	Reserves	18,045.30	21,942.51	25,779.38	31,380.56	38,921.89
15	Net Worth (13+14)	36,779.30	40,676.51	44,513.38	50,114.56	57,655.89
16	Contribution to Exchequer	10,347.29	12,136.00	11,181.00	10,617.67	14,316.38
17	No.of employees	<b>(Figures in Nos.)</b>				
	..Executives	250	267	257	242	228
	..Non executives	629	558	523	489	455
	..Non unionised supervisors	173	151	124	105	85
	TOTAL	1052	976	904	836	768
	Productivity per employee (₹ Lakh)	47.15	55.06	63.30	77.56	94.24

**Manufacturers of Super Alloys,  
Titanium Alloys & Special Steels for  
Critical Aeronautical Applications**



## NOTICE OF THE 42<sup>nd</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 42<sup>nd</sup> Annual General Meeting of MISHRA DHATU NIGAM LIMITED will be held at 1000 hours on Tuesday, the 27<sup>th</sup> day of September, 2016 at the Registered Office of the Company, P.O. Kanchanbagh, Hyderabad – 500 058, to transact the following business:

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### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2016 and the Statement of Profit and Loss for the year ended on that date and the reports of the Directors' and the Auditors' thereon.
2. To declare Dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2016.

### SPECIAL BUSINESS:

3. **Transfer to General Reserves:** To consider and if thought fit, to pass with or without modifications, the following resolution as an “**ORDINARY RESOLUTION**”  
“**RESOLVED THAT** the consent of the Members of the Company be and is hereby accorded for transferring a sum of ₹ 73 Cr. to the General Reserves of the Company”.
4. **Ratification of Remuneration to Cost Auditors:** To consider and if thought fit, to pass with or without modifications the following resolution as an “**ORDINARY RESOLUTION**”  
“**RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹1,00,000/- exclusive of Service Tax, payable to M/s KRJ & Associates, Cost Accountants, as duly appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2015-16, be and is hereby ratified.”

**BY ORDER OF THE BOARD  
FOR MISHRA DHATU NIGAM LIMITED**



**PAUL ANTONY  
COMPANY SECRETARY**

Place : Hyderabad,  
Date : 31.08.2016

## NOTES:

- i. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The proxy form duly completed must reach the Registered Office of the Company at least forty eight hours before the commencement of the Meeting.
- ii. The Explanatory Statement in respect of the Special Business under item No. 3 and 4 of the notice is annexed hereto.
- iii. The documents referred to in the Notice and accompanying Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 1100 hours and 1700 hours upto the date of the Annual General Meeting.
- iv. A copy of the audited Balance Sheet as at 31<sup>st</sup> March, 2016, and the Statement of Profit and Loss for the year ended on that date along with all documents required to be annexed or attached thereto along with NIL comments by C&AG of India under Section 143(6)(b) of the Companies Act, 2013 and the reports of the Directors' and Auditors' thereon, is enclosed.
- v. The Dividend for the year 2015-2016 as and when declared to the extent due will be paid to the Shareholders whose names appear in the Register of Members as on the date of Annual General Meeting.

## EXPLANATORY STATEMENT REQUIRED UNDER SECTION 102 OF COMPANIES ACT, 2013

### FOR ITEM: 3 - TRANSFER TO GENERAL RESERVES:

1. Since the year 2015-2016 has resulted in a distributable Profit of ₹ 118.03 Cr.; the Board of Directors have recommended to transfer a sum of ₹ 73 Cr. to the General Reserves of the Company, after appropriating a sum of ₹ 35.41 Cr. towards payment of Final Dividend and ₹ 7.21 Cr. towards tax on Dividend, for the financial year ended on 31<sup>st</sup> March, 2016 subject to approval of Members in General Meeting as set out in the Notice. As per Article 97 of the Articles of Association of MIDHANI, the Chairman & Managing Director, shall reserve for the decision of the President of India, the matter relating to creation of Reserves and Special Funds. Since the President of India holds virtually the entire paid up share capital of the Company and is the major shareholder in the Company, the resolution for transfer of a surplus of ₹ 73 Cr. to General Reserve is proposed for approval of the Members.
2. Your Directors commend the resolution for approval of the Members. None of the Directors of the Company is, in any way concerned or interested, in the resolution.

**FOR ITEM: 4 - RATIFICATION OF REMUNERATION TO COST AUDITORS:**

1. The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment of M/s KRJ & Associates, Cost Accountants, upon annual remuneration of ₹ 1,00,000/- exclusive of Service Tax payable to conduct the audit of the cost records of the Company for the financial year 2015-16. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor is required to be ratified by members of the company.
2. Accordingly, members are requested to consider and ratify the remuneration payable to Cost Auditors for the year 2015-16 as set out in the resolution for the aforesaid services.
3. Your Directors commend the resolution for approval of the Members. None of the Directors of the Company is, in any way concerned or interested, in the resolution.

**BY ORDER OF THE BOARD  
FOR MISHRA DHATU NIGAM LIMITED**



**PAUL ANTONY  
COMPANY SECRETARY**

Place : Hyderabad,  
Date : 31.08.2016

**Manufacturer & Supplier of  
T72 & T90 Gun Barrels,  
Breech Rings & Ancillary Products.**



# Directors' Report



## The Members, Mishra Dhatu Nigam Limited,

Dear Members,

On behalf of the Board of Directors, I have immense pleasure in presenting the 42<sup>nd</sup> Annual Report on the performance and achievements of your company for the year ended 31<sup>st</sup> March, 2016 together with Audited Statement of Accounts, Auditors' Report and Financial highlights.

### 1.0 SIGNIFICANT ACHIEVEMENTS during the year under report were:

- **HIGHEST** ever achieved Sales Turnover of ₹ 761.70 Cr. surpassing the previous year sales of ₹ 655.70 Cr.
- **HIGHEST VALUE OF PRODUCTION** of ₹ 723.73 Cr. which is 12% higher than the previous year.
- **HIGHEST VALUE ADDED PER EMPLOYEE** of ₹ 62.35 Lakh which is 19% higher than the previous year.

- **SIGNING MEMORANDUM OF UNDERSTANDING (MoU) FOR FUTURE BUSINESS DEVELOPMENTS:**
  - ✓ With M/s. SAIL to jointly develop CRGO steel for transformer applications.
  - ✓ With Ordnance Factory Board (OFB) in order to scout for technology partner for design, development and integration of Armour solutions for various protection levels for FICV project under “Make in India”.
  - ✓ With NTPC to develop Special steels, Super Alloys, Investment cast products & application engineering in their thermal power plants.

## 2.0 HIGHLIGHTS OF PRODUCTION & SUPPLIES

- **UNDER ‘MAKE IN INDIA’ INITIATIVE:**
  - ✓ Country’s first Hafnium Metal was made at MIDHANI using state of art technology furnace (Electron Beam Melting) for applications in Space Sector.
  - ✓ Heat treatment of steering gears for a strategic Naval Programme was successfully completed at MIDHANI for the first time in India.

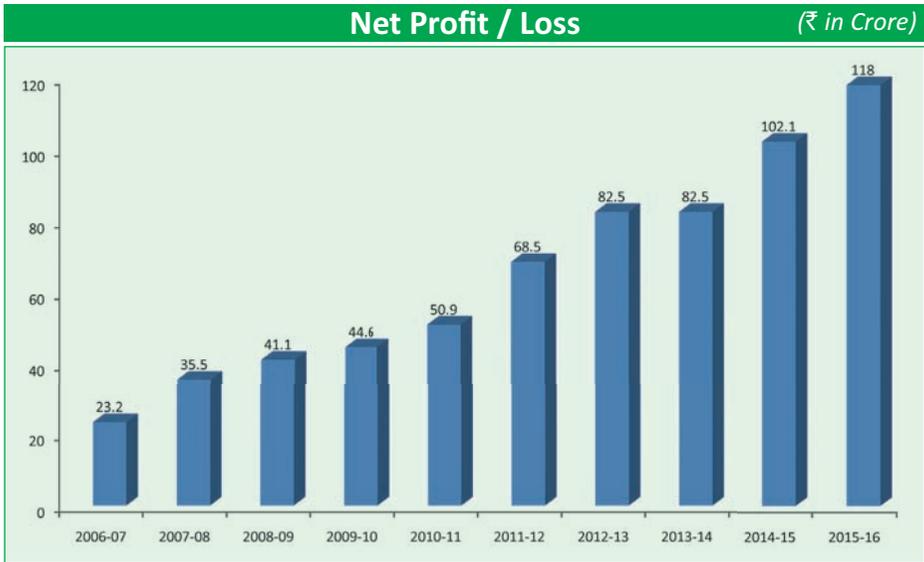


### 3.0 FINANCIAL HIGHLIGHTS:

- 3.1 The Company has earned Profit before Tax of ₹ 159.93 Cr. during the year 2015-16 as compared ₹ 138.51 Cr. in the previous year. The Profit after Tax for the year stands at ₹ 118.03 Cr. as against ₹ 102.13 Cr. in the previous year.
- 3.2 Your Company has achieved all the financial and operational targets set out for the year 2015-16. The high lights are as under:

*(Figures in ₹ Lakh)*

PARTICULARS	2015-16	2014-15
Sales (Less returns)	76170	65570
Other Income	2754	2269
Value of Production (Excluding ED)	67879	64004
Depreciation	1353	979
Interest	243	660
Profit (before tax)	15993	13851
Profit (after tax)	11803	10213
<b>Ratios (Percentages)</b>		
Profit Before Tax to Capital employed	23.00	23.25
Profit Before Tax to Sales	21.00	21.12
Profit After Tax to Net Worth	20.47	20.38
Profit After Tax to Paid-up Capital	63.00	54.51
Sales to Capital Employed	109.57	110.07
Sales to Gross Block	181.97	169.56
<b>Per Capital Sales (₹ Lakh)</b>	<b>99.18</b>	<b>78.43</b>



#### 4.0 DIVIDEND AND TRANSFER TO GENERAL RESERVE

- 4.1 The Directors are pleased to recommend a Final Dividend @ 30% on the PAT amounting to ₹ 35.41 Cr. Further an amount of ₹ 7.21 Cr. will be paid as Dividend Tax including surcharge. The rate of Dividend works out to ₹ 189.01/- per Equity Share of ₹ 1000/- on 18,73,400 Equity Shares.
- 4.2 The Directors are happy to inform that a sum of ₹ 73Cr. have been transferred to General Reserves of the Company after Provision for payment of Dividend as above, thereby accumulating the Reserve and Surplus to the tune of ₹ 389.22 Cr.

#### 5.0 PERFORMANCE AGAINST MoU

- 5.1 For the year 2015-16 MIDHANI's performance is expected to be ranked as "EXCELLENT" under various Performance Parameters of MoU signed with the Department of Defence Production.
- 5.2 For the Year 2016-17, MIDHANI signed a MoU with Government of India to achieve an Annual Sales Target of ₹ 710 Cr. with operating profit of ₹ 120 Cr. under excellent criteria. The lower projections

are on account of the proposed revamping of VAR-I and 1500T Forge Press.

- 5.3 For the year 2014-15, MIDHANI secured a score of 1.01 to be ranked “EXCELLENT” which is the best ever score secured by MIDHANI in MoU performance and the best amongst its sector.

## 6.0 MODERNISATION & UP-GRADATION PROGRAM AND IMPLEMENTATION OF CORPORATE PLAN - 2020 OF THE COMPANY:

- 6.1 In 2015-16, MIDHANI developed its strategy, processes to strengthen organization's ability to capture future business opportunities found in long-term scenario analysis.
- 6.2 Ongoing Projects that have been commissioned and are in progress are-

- ✓ **EAF/LF/VD/VOD Facility:** Electric Arc Furnace (EAF) along with Ladle Refining Furnace (LRF) and Vacuum Degassing (VD) /Vacuum Oxygen Decarburising (VOD) facility is established for higher productivity, increased yield and reduced lead time. Hot trials and integrated commissioning of the facility have been successfully completed in March 2016. 20T EAF-LF-VOD is presently utilized for regular production of different steel grades including Stainless Steel.
- ✓ **Wide Plate Mill:** This would be the biggest capacity balancer in the downstream area to consume the increased melting capacity. Complete facility to be established includes equipment like Re-heating Furnace for slabs, Descaling unit, 4-Hi mill stack, Roller Tables, Dividing Shear, Leveler, Cooling Bed, Heat Treatment Furnace with Pressure Quench Leveler and all necessary electrics , automation & auxiliary systems and necessary building & structures. It has been decided to take up the project in two phases under “Make in India” program. Phase 1 is planned with equipment like Re-heating Furnace for slabs, Descaling Unit, 4-Hi mill stack and Roller Tables with related electrics-automation-auxiliaries. Phase 2 is to take care of balance equipment.

Expression of Interest (EOI) for Phase 1 facility have been released and in final stage. EOI for phase 2 have been released and under process. Establishment would create in-house capability to develop and manufacture heavy plate requirements of various special alloys for strategic requirements of Ordnance, Naval, Missile, Aerospace, Atomic energy, etc. and would serve as a National facility for development of wide plates that would meet present and future requirements. This would also facilitate import substitution of the above products.

- ✓ **20T Electro Slag Refining Furnace (ESR):** This is an indigenously designed secondary refining furnace. This facility has balanced with primary melting 20T EAF and caters to the present and future requirements of heavy Gun Barrels for Indian Ordnance. Installation and hot commissioning of the equipment have been completed. The equipment was commissioned on the 1<sup>st</sup> day of December 2015. This facility has enabled MIDHANI to enter in to business of cast, forged & heat treated products for different steel grades weighing single piece up to 20T.
- ✓ **300 KW and 150 KW EBM Furnace:** The 300 KW and 150KW Electron Beam Melting Furnaces were stabilized for Production on the 1<sup>st</sup> day of August 2015.
- ✓ **10T Vacuum Arc Re-melting Furnace (VAR):** This is an indigenously designed furnace and will cater to production of Titanium ingots & clean steels for Defence, Space & Atomic Energy. This facility can also be dedicated exclusively for aerospace quality titanium products. Installation of equipment has been completed. Commissioning of the equipment was completed on the 26<sup>th</sup> day of March 2016.
- ✓ **Extrusion press:** This is leveraging of our experience in bringing to life of a discarded press. The press can produce seamless tubes of cupro-nickel, titanium alloys and stainless steel wire rods. Installation & cold trials have been completed. Commissioning is likely to be completed

during the next financial year.

- ✓ **Carbon Fiber Manufacturing:** A MoU with NAL is signed for development of aero quality carbon fibers. It is proposed to set up production level plant with involvement of key stakeholders.
- ✓ **Facility for production of Tungsten Powder from Ammonium Paratungstate (APT):** The facility will consider production of tungsten powder from APT using equipment like Screw Feeders, Rotary Calciner, Belt Conveyer, Bucket Elevators, Ball Mill, Autoclave, Crystallizer, extraction unit, etc. Facility will be established in the existing plant area in next financial year.
- ✓ **4 MW Grid Connected Solar Power Plant:** The grid connected solar power plant is planned to be installed in the available vacant space nearby main plant in next financial year. Feasibility Report (FR) in this context has been prepared by Solar Energy Corporation of India (SECI).
- ✓ **Reheating Furnace and Heat Treatment Furnaces:** The 60T Re-heating furnace will be installed near the 6000T Forge press to reduce the heat loss of jobs during handling and in turn increase the efficiency of the Forge press. A 20 T heat treatment furnace is planned adjacent to Ring Rolling Mill to increase production of rings. Both the furnaces will be installed in next financial year.
- ✓ **New Welding Electrode Extrusion Plant:** Considering the requirement for production of special electrodes for naval application & other strategic sector, a new welding electrode extrusion facility will be installed & commissioned in next financial year along with degreasing machine, baking oven, vacuum packing machine and extension of the structural shed to accommodate the facility.
- ✓ **Revamping of 1500T Forge Press & 10T VAR:** The 1500T Forge Press is about 30 years old and its main ram & many components needs replacement. After having the new 6000T

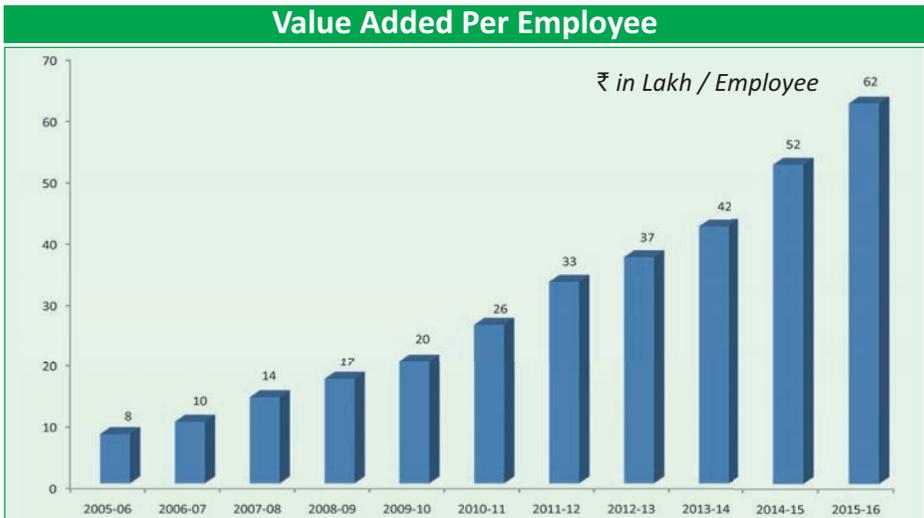
Forge Press it is planned to take shutdown for revamping of the press in next financial year. The 10T VAR used for production of titanium & other special refined steel also need total revamping for reliability in operation. Hence, both are scheduled for revamping in the year 2016-17, this may constrain our production growth during the year 2016-17.

- ✓ **New Products** in near future are planned such as Aluminium Alloys, Armour Products, New Investment Cast Products and Titanium Cast products.

### 7.0 FUTURE OUTLOOK:

- 7.1 With a view to discharge its long term goals and to fulfill its Corporate Mission, your company continued its efforts to reach a targeted capacity level of about 8000 MT/year, for existing product mix., ₹ 1000 Cr. turn over & ₹ 100 Cr. Capital Expenditure in next year.
- 7.2 Further, your company is also looking forward to enter into the field of manufacturing aero quality Carbon Fiber, Aluminum alloys, Tungsten Powder, etc. and also has a Joint program for development of materials required for submarines for navy.

### 8.0 LABOUR PRODUCTIVITY:



- 8.1 The value added per employee rose to ₹ 62.35 Lakhs when compared to ₹ 52.20 Lakhs in the previous year.

## 9.0 OPERATIONAL EFFICIENCY AND CAPACITY UTILISATION:

- 9.1 "Excellent" performance in the matter of recycling of reclaimed material from production process.
- 9.2 During the year, various measures viz., process improvements, reduction in production cycle times, reduction in equipment down times have been undertaken to increase capacity utilization.

### MISSION:

To achieve self-reliance in the research, development, manufacture and supply of Critical alloys and products of national security and Strategic importance.

## 10.0 DEVELOPMENTS OF NEW PRODUCTS THROUGH R&D EFFORTS:

- 10.1 MIDHANI's R&D has been involved in the area of new grades & products development for its existing customers, Process development, modification and Yield improvement. A great deal of work has been carried out in the above mentioned areas.
- 10.2 Highest ever expenditure of ₹ 24.21 Cr. was incurred towards R&D for Financial Year 2015-16. Some of the R&D initiatives for Defence, Space, Power, Nuclear, Aeronautical and other core sectors are mentioned below:
- ✓ Austenitic Stainless steel (MDN 347 MN) for Nuclear application
  - ✓ Superco 783 for high temperature fastener applications in Power plants
  - ✓ Titanium alloy (Ti-24) for marine applications
  - ✓ Superfer 612, Superni 42 for light water reactors used in Naval applications

- ✓ 38XH3MoA forgings, AB2L castings, 08GDFNL castings for steering gear applications
- ✓ 120 mm brand mortar barrel (En23), LFG Breech ring & Breech block (C 55) for Ordnance Factories.
- ✓ Superni 740H for Advanced Ultra Super Critical power plants.
- ✓ 316Ti castings for valve bodies with Russian consultancy
- ✓ Martensitic stainless steel 420 M for bearing applications
- ✓ High strength high toughness precipitation hardening stainless steel (MDN465)
- ✓ Supercast 55 for nuclear applications
- ✓ Supercast 100 discs for isothermal forging dies

**PATENTS FILED:** During the year under report two applications for patent was filed by MIDHANI as under:

- ✓ Corrosion resistant austenitic steel for high temperature applications and its production method
- ✓ Modified heat treatment practice for enhanced strength and toughness in a martensitic stainless steel.

**EQUIPMENTS:**

- ✓ Successfully installed & commissioned the indigenously fabricated 20T ESR furnace and significant progress has been made towards indigenization of 10T VAR furnace.

## **11.0 ENERGY CONSERVATION:**

11.1 Due importance is given for energy conservation measures in MIDHANI and have been continued as before during the year under report. The measures introduced to save energy during the year is as follows:

- ✓ Maximum utilization of revamped Re-heating furnaces.
- ✓ Loading of materials which are having similar heat-cycle in the furnaces upto their full capacity.



- ✓ Furnace availability is more than 80% during the financial year.

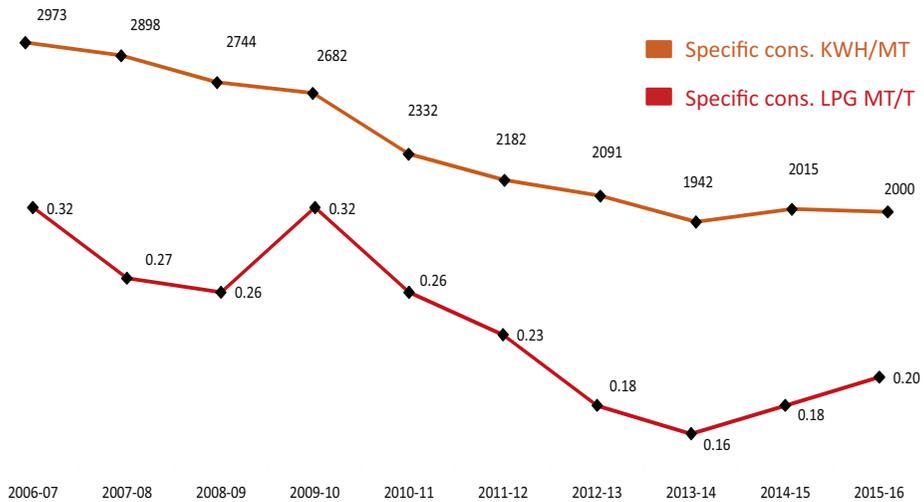
11.2 Thus the measures introduced to save energy during the year under report are:

- ✓ Started introduction of LED lighting system in MIDHANI in a phased manner.

11.3 The summary of consumption of Electricity and LPG for the financial year 2015-16 was as follows:

S.No	ITEM	UNITS	2015-16	2014-15
1	Total consumption of Electricity:	KWHR (in Crore)	3.86	4.05
2	Total consumption of LPG	MT	3911	3530.57
3	Specific Consumptions -			
	- Electricity Per MT of Production:	KWHR/T (Prod.)	2000	2016
	- LPG per MT of Prod.	MT(LPG)/MT(Prod.)	0.20	0.18

### Energy Conservation



## 12.0 MARKETING & BUSINESS DEVELOPMENT:

12.1 During the year under review, in spite of the general economic slowdown and budget constraints in Strategic Sectors causing pressure on selling prices and demand, MIDHANI could secure orders worth ₹ 909 Crores during the year 2015-16. The cumulative orders on hand as on 01.04.2016 was to the tune of ₹ 1124 Cr. The breakup of orders booked is as under:

(₹ in Cr)

Sector	Total value of the orders
Defence	551.00
Space	325.00
Others	33.00
<b>Total</b>	<b>909.00</b>

12.2 During the year under report the Order Booking from Defence sector was quite encouraging. Long term tie ups and business agreement to supply value added products could also be made during the year and it is also expected that the above efforts will further improve order booking during the coming years. Further MIDHANI could also get orders in spite of of stiff competition from both indigenous/Foreign suppliers.

### 12.3 New Products / Market Development:

**New Products:** The following new products were added to your company's product profile and supplied to Customers: Superfer 612 and Superni 42 to Aakansha, New Delhi, 38XH3 MQA Shafts, Rudder Pin, Plane Pin to DMDE, Secunderabad, EN24, 120mm Brand Mortar Barrel to Ordnance Factory, Kanpur, C-55 LFG Breech Ring, Breech Block to Ordnance Factory, Kanpur, Superco 783-Hot Rolled Products to BHEL, Haridwar and Inconel 740 H to BHEL, R&D, Hyderabad.

**Market Development:** During the year, about 9 new customers have been added to MIDHANI clientele.

12.4 The total orders executed during the year under review were to the tune of ₹ 761.70 Cr. and the sector wise sales executed is as below:

(₹ in Cr)

SECTOR	TOTAL VALUE OF THE SUPPLIES
Defence	636.51
Space	35.14
Others	90.05
<b>Total</b>	<b>761.70</b>

12.5 **CUSTOMER SATISFACTION INDEX** – A Customer Survey was conducted during the year 2015-16. MIDHANI has completed the survey on the 12<sup>th</sup> day of November 2015 and has achieved a rating of 3.67 on a 5 point scale.

12.6 **EXPORT INITIATIVES:**

12.6.1 During the year 2015-16, to promote Exports, an Export Strategy and Plan was put in place at MIDHANI. However, In view of the subdued world economy and demand, the average prices are very low and not remunerative. As a result no exports could be done in the year –2015-16.

12.6.2 Some international players viz., Tubitak Sage, M/s Emgepron, Wrimet, M/s BAE Systems, M/s Tubacex, M/s Centravis, Ukraine have visited MIDHANI stall during exhibitions and showed interest for MIDHANI materials like MDN 138, Inconel 617 CC, conversion of tubes etc. M/s GE Aviation Team, USA has visited MIDHANI during April, 2015 to assess our capabilities and showed interest for Investment cast Products of MIDHANI.

**13.0 RISK MANAGEMENT:**

13.1 **MIDHANI** has a Board approved Risk Management Policy and the Risks involved at the various processes in MIDHANI are also being discussed in the internal Production Review Meetings and Corporate Management Committee Meetings. The identification

of the risk elements faced by the company is listed out at Point 6 of Management Discussion and Analysis placed at **APPENDIX VI** and also listed out in the form of SWOT analysis placed at **ANNEXURE – VII**. An exclusive policy on Corruption Risk Management in line with Enterprise Risk management Policy of MIDHANI was also formulated.

## **14.0 MARKETING OF SPECIAL PRODUCTS:**

### **14.1 BIO-MEDICAL IMPLANTS:**

MIDHANI was able to secure orders from various corporate hospitals and dealers of Bio Implants and executed order worth of ₹ 17.62 Lakh. Under MIDHANI's Corporate Social Responsibility activity 39 Nos of custom made prosthesis were supplied to Cancer patients

### **14.2 FASTENERS:**

MIDHANI supplied fasteners worth ₹ 345.65 Lakh during the F/Y 2015-16.

## **15.0 CUSTOMERS MEET & SEMINARS:**



*MIDHANI and VSSC Officials at the Inauguration of Partnership Meet focused on Space Sector held on 22<sup>nd</sup> March, 2016 at MIDHANI*



**15.1 CUSTOMER MEET:**

15.1.1 MIDHANI has organized Customer Meet focused on Space Sector on 22<sup>nd</sup> March, 2016 at MIDHANI. The focus was given for sharing experiences and to discuss on future projects and requirements of Space Sector. Dr. K. Sivan, Director, VSSC has inaugurated the meet. Customers from VSSC, & LPSC, Thiruvananthapuram, LEOS, & LPSC, Bangalore, SAC, Ahmedabd and NRSA, Hyderabad have attended the meet.

**15.2 EXHIBITIONS/SEMINARS:**

15.2.1 As an effective marketing strategy, MIDHANI participated in various National and International Exhibitions, Conferences, Seminars to effectively interact and appraise the new activities towards achieving good business and to also enhance its role both in the national and International markets.

15.2.2 During the year MIDHANI has participated in three international exhibitions viz., LAAD 2015, Brazil, DSEi, UK, and Defence & Security 2015 held at Thailand, and four National Exhibitions - MSME, Bangalore, Maritime Exhibition held at Vizag, Make in India Exhibition held at Mumbai and DEFEXPO 2016 Exhibition held at Goa.

15.2.3 During Make in India Exhibition in February 2016, MIDHANI focused on Partnership/Collaboration and three MoUs were signed.

**16.0 QUALITY CONTROL & ASSURANCE:**

16.1 During the year under review, your company has successfully completed the Surveillance Audit for compliance to ISO 9001:2008 standard by Bureau of Indian Standards (BIS) and Renewal audit of NABL accreditation for Chemical and Mechanical Laboratories by NABL and Renewal audit for compliance to AS 9100 Rev C by UL DQS Systems. Your Company has also successfully implemented TQM Concepts in Melting, Forging and Material Evaluation/ Testing during the year 2015-16.

### MIDHANI "Quality Policy"

MIDHANI will provide quality products that consistently meet all requirement of its customers. MIDHANI remains committed to enhancement of customer satisfaction by continuous improvement in all aspects of Quality Management System and Product Realisation

## 17.0 SUPPLY CHAIN MANAGEMENT PERFORMANCE:

- 17.1 To ensure transparency and integrity in all contracts, MIDHANI is signing 'Integrity Pact' with the respective bidders in all procurement indents of estimated Value exceeding ₹1 Crore, Presently Shri. N. Vinod Kumar is holding the position of Independent External Monitor (IEM) for MIDHANI. Integrity Pact was signed for 35 contracts during the year 2015-16.
- 17.2 In order to bring more transparency in procurement MIDHANI is gradually shifting towards e-procurement process. 89% of total procurement other than the unavoidable cases was done through e-procurement mode during the year 2015-16.

## 18.0 INDIVIDUAL AWARDS:



*Dr. D. K. Likhi, C&MD MIDHANI receiving the Prof. A K Rao Memorial Award at the 25<sup>th</sup> National Seminar and International Exhibition NDE 2015 held at Hyderabad on 26.11.2015*

- 18.1 Dr. D. K. Likhi, C&MD MIDHANI was bestowed with Prof. A K Rao Memorial Award at the 25<sup>th</sup> National Seminar and International Exhibition NDE 2015 held at Hyderabad on 26.11.2015.
- 18.2 Shri. M. Narayana Rao, Former Chairman and Managing Director of MIDHANI was bestowed with the IIM-JRD Tata Award for Excellence in Corporate Leadership in Metallurgical Industries at the 53<sup>rd</sup> National Metallurgists Day (NMD) organized at Coimbatore on 14.11.2015.
- 18.3 Shri Sunil Kumar Shrivastav, Master Technician, MIDHANI has been awarded the "SAME-GAUGES UDYAMIKAWARD" for the year 2015.

**19.0 COMPANY PERFORMANCE AWARDS:**

- 19.1 MIDHANI has been bestowed with 5<sup>th</sup> Annual Greentech CSR award under Gold Category on 28.11.2015.
- 19.2 MIDHANI has been bestowed with certificate from ELETs for the Project Performance Excellence of MIDHANI on 26.08.2015
- 19.3 MIDHANI has been selected for Honorable Raksha Mantri Award for Excellence for the year 2013-14 under Innovation category for Development of Composite Armour Panels for Mi17 Helicopters.



*MIDHANI receiving the Honorable Raksha Mantri Award for Excellence for the year 2013-14 under Innovation category for Development of Composite Armour Panels for Mi17 Helicopters*

## 20.0 HUMAN RESOURCE DEVELOPMENT:

- 20.1 HUMAN RESOURCE has been recognized as the most important asset of our organization. MIDHANI continues to aim at building a motivated, committed and satisfied work force to achieve its organizational goals. During the year 2015-16 in the month of November 2015, a scheme for retention of employees was introduced in the MIDHANI, titled "Best Employee Award".
- 20.2 Several HR Policies have been updated, modified and introduced. During the year 2015-16, for performance improvement, an audit of work culture and systems was conducted by M/s. Deloitte and a report was submitted on 23.01.2016.
- 20.3 The total manpower strength under Permanent Category of your Company as on 31<sup>st</sup> March 2016 is as under:

Particulars	Non-Executives	Non-Unionized Supervisors	Executives	Total
Male	418	82	202	702
Female	37	3	26	66
<b>Total</b>	<b>455</b>	<b>85</b>	<b>228</b>	<b>768</b>
<i>Statement showing the representation of SC/ST/OBC/PH and their recruitment etc., are given in <b>Appx:I</b></i>				

## 21.0 PARTICULARS OF EMPLOYEES:

- 21.1 During the year under report your Company had no employee covered under Companies (Particulars of Employees) Amendment Rules, 2011.

## 22.0 INDUSTRIAL RELATIONS:

- 22.1 The industrial relations scenario continued to be peaceful and cordial during the year under report. The management provides proactive, compassionate human relations by creating an atmosphere of mutual trust, participative management, up-gradation of compliance level in line with strategic philosophy of the organization and influence the employee's performance.

### 23.0 TRAINING & DEVELOPMENT:

- 23.1 During the year under report, Training Programs were arranged for 299 Executives (including Non Unionized Supervisors) and 126 Non-executives i.e. 425 Employees, for both in-house and external training programs, Seminars, Conferences, Symposiums and Workshops.
- 23.2 **Induction of SOTs / JOTs – 2014-15 Batch:** 13 Diploma Engineering & 36 ITI Trades men in various disciplines were inducted during Jan 2015. These JOT's & SOT's have been imparted various training programs such as Induction cum orientation program. After successful completion of the training, all the SOTs/JOTs have been inducted into regular cadre employees' w.e.f 01.12.2015.
- 23.3 Under the Industry-Academia-Interface program, T&D Department organized 13 plant visits for about 216 professionals/executives/employees from various organizations such as Ordnance Factory, DRDO. 92 students from reputed institutes have visited plant for observation study. All possible Infrastructure, Guidance / Supervision and help were extended to facilitate an effective Industry–Academia Interaction.
- 23.4 MIDHANI is committed to fulfill its obligation of statutory requirement under Apprentice Act-1961. Under the schemes, 12 Sandwich Diploma engineering (Metallurgy) students from Govt. Polytechnics are getting on job training for the period of 6 months on regular basis. 29 Trade Apprentices have taken AITAC examinations during May/Oct 2015 and successfully qualified for National Apprenticeship certificate. MIDHANI has also engaged 25 GAT's & 02 TAT's for 1 year training.
- 23.5 **National Productivity Week Celebration-2016:** National Productivity Week was celebrated from 12<sup>th</sup> to 18<sup>th</sup> Feb 2016 in MIDHANI. In association with National Productivity Council, Hyderabad, essay writing competitions were conducted and the runners up and winners were presented with mementoes.

## 24.0 STATUTORY & SOCIAL OBLIGATIONS:

### 24.1 CORPORATE SOCIAL RESPONSIBILITY:

- ✓ The Corporate Social Responsibility and Sustainable Development Policy of MIDHANI in line with the Companies Act 2013 was approved by the Board of MIDHANI.
- ✓ As a part of Corporate Social Responsibility towards the weaker section of the society and the children of the weaker section, Company has awarded a cash prize to each student from SC, ST & OBC categories who stood first in their respective classes from Class I to X of BPDVA School. The awards were presented on 15<sup>th</sup> August 2015.
- ✓ In addition to the above, 6 CSR Projects were taken up by MIDHANI the details of which are given below:
  - (i) Promotion of Health Care and Sanitation : 2
  - (ii) Promotion of Education : 2
  - (iii) Environment Sustainability, Ecological balance and conservation of Natural resources : 1
  - (iv) Women empowerment & Skill Development : 1
- ✓ An annual report on the CSR activities of the company giving the composition of the CSR Committee in MIDHANI as mandated under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is also placed at **APPENDIX-II**.
  - i. **Promotion of Health Care and Sanitation:**
    - a) **Improvement of sanitation at Government Schools:** Construction of Toilets under Swach Bharat Scheme, 27 Nos., including Maintenance to benefit approx. 1200 students both boys and girls. Drilling of bore wells and necessary pipelines at three schools where there is no water facility. All toilets have been maintained on annual maintenance basis to encourage students to use toilets.

- b) **Distribution of Aids & Appliances to Disabled persons:** Approx. 300 persons of various disabilities such as Orthopedic, Hearing Impairment and Visually Impaired are provided with Tri-Cycles, Wheel Chairs, Walking Sticks, Hearing aids etc. All beneficiaries belong to Below Poverty Line (BPL) & Poor families identified by District Rural Development Agency of Medak Dist. of Gajwel Mandal Telangana.



*Wheelchairs for distribution to persons with disabilities under MIDHANI CSR project*

ii. **Promotion of Education :**

- a) **Infrastructure facilities at Schools and Colleges:** In order to improve learning abilities and create more conducive environment, Dual desk, have been supplied to various nearby Govt. schools to benefit around 1200 students.
- b) **Mid-day meal to Govt. Schools:** MIDHANI has sponsored Mid-day meal to approx. 5000 Children in 3 Mandals of Medak District through M/s. Akshaya Patra Foundation.

iii. **Environment Sustainability, Ecological balance and conservation of Natural resources:**

- a) **Maintaining environment and ecological balance:** As part of environment & Maintain ecological balance, MIDHANI has taken up plantation in a big way in nearby areas to improve greenery and development of water bodies. Necessary equipments have been procured to take up plantation on regular basis at vacant lands.

iv. **Women Empowerment & Skill Development:**

As envisaged in CSR-Policy of MIDHANI, efforts are on to set up skill development centre and required infrastructure facilities such as machinery and tools are procured. A vertical milling machine has been procured to train women to impart machining skills.

24.2 **DISCLOSURE UNDER SEXUAL HARRASEMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

- ✓ Your company has always believed in providing a safe and harassment free workplace for every individual working in the company with an environment that is free from discrimination and harassment including sexual harassment. Company has in place a robust policy on prevention of sexual harassment at workplace. There is an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy. During the year under review the Internal Complaints Committee (ICC) has not received any complaint pertaining to sexual harassment.

24.3 **CONTRIBUTION TO EXCHEQUER:**

- ✓ Your Company contributed an amount of ₹ 14316.38 Lakh in the form of Duties, Sales Tax, Income Tax and Surcharge

during the year 2015-16 as compared to ₹ 10617.67 Lakh in the previous year.

**24.4 EXTRACT OF ANNUAL RETURN:**

- ✓ The extract of annual return as provided under sub-section (3) of section 92 of Companies Act 2013 is enclosed at **APPENDIX - III**

**24.5 REPORT ON CONVERSATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- ✓ Report on conversation of energy, technology absorption and foreign exchange earnings and outgo is enclosed at **APPENDIX - IV**

**24.6 EMPLOYEE WELFARE:**

- ✓ As a part of welfare initiative towards employees and to promote education among wards of employees, MIDHANI has introduced Education and Merit Scholarships to the wards of employees and also introduced an "ON JOB" Training policy for the ward of employees. MIDHANI has also introduced Industrial Training Programme for the wards of Employees who are on the rolls of the company and wards of the employees who expired while in service under CSR.
- ✓ Post Retirement Medical Benefit Scheme (PRMBS) for Executives and Non-Unionised Supervisors retired after 01.01.2007 and Group Medical Insurance Scheme for Employees retired prior to 01.01.2007 was implemented and medical insurance cards were issued to the beneficiaries i.e. Executives, Non-Unionised Supervisors and Non-Executives

**24.7 SOCIAL OBLIGATIONS/WELFARE PROGRAMMES:**

- ✓ Monetary awards were presented to meritorious students/ children of our employees of SC, ST and OBC categories @ ₹ 1000/- per child in each category who scored highest % of marks and @ ₹ 500/-each to all the students of above

categories who scored 75% and above marks in X class Board examination or equivalent held in March/April 2015. The awards were presented on 15<sup>th</sup> August 2015.

- ✓ **Comprehensive Health Checkup of Employees:** Comprehensive Health Checkup of employees of above 40 years age was organized as a part of MIDHANI's commitment to the overall health and well being of its employees. Under this Scheme 350 employees have undergone the Comprehensive Health Checkup.

#### **24.8 EMPOWERMENT OF WOMEN:**

- ✓ During the year under report MIDHANI has extended all facilities as per the statutes for the welfare of all its women employees, Maternity leave of 1080 days in total were availed by women employees of MIDHANI.
- ✓ A program on International Women's Day was organized on 8<sup>th</sup> March 2016 and a Talk organized on Health issues related to Women by Dr. B. Srinivasa Rao, Physician, KIMS Hospital at MIDHANI Auditorium. Blood Donation Camp was also organized under the aegis of Red Cross Society at MIDHANI and more than 50 MIDHANIANS have donated blood. The donated blood will be mainly used to help the children suffering with Thalassaemia disease.

#### **24.9 ENCOURAGING SMALL FAMILY NORMS:**

- ✓ MIDHANI continues its commitment to encourage small family norms among its employees as a part of government Policy. 353 employees are availing the Small Family Incentive benefits at MIDHANI.

#### **24.10 IMPLEMENTATION OF RTI ACT 2005:**

- ✓ MIDHANI a Public Authority under RTI Act 2005 continued to discharge its obligations. MIDHANI has received 37 RTI applications during the year 2015-16.
- ✓ In order to have access to information to the Citizens and also as a part of company's philosophy and Corporate

Governance, MIDHANI's web site was updated on continuous basis by uploading the company's news and developments.

**24.11 RAJBHASHA IMPLEMENTATION:**

- ✓ During the year under report, MIDHANI has taken all efforts for promoting the use of Hindi in Official work as per the Government of India directives on the Official Language Act 1963, Official Language Rule 1976 and as per the orders issued by Government of India from time to time. The quarterly meeting of Official Language Implementation Committee (4 nos.) were held under the Chairmanship of Chairman & Managing Director of the Company.
- ✓ As part of directive received from Ministry of Home Affairs, "HINDI DIVAS" celebrations was organized for improving awareness and use of Official Language. On the occasion of Hindi Diwas on 26<sup>th</sup> September, 2015 the 15<sup>th</sup> Edition of Techno Commercial Annual Hindi House Magazine "SANKALP" was released.
- ✓ During the year under review to encourage the use of Hindi in day-to-day official work, a total of 78 employees were trained in Pragya Courses and Two (2) Hindi Awareness Workshops organized for about 160 employees.

**24.12 ENCOURAGEMENT TO SMALL SCALE/ANCILLARY INDUSTRIES:**

- ✓ MIDHANI continues to encourage and develop MSME Units by regularly sourcing various goods and services from them. Value of goods/services purchased from MSME units during 2015-16 stands at ₹ 25.78 Cr.

**24.13 ENVIRONMENT MANAGEMENT:**

- ✓ MIDHANI continued its efforts to maintain and promote ecological balance in and around factory premises by developing and maintaining an extensive plantation. A thick canopy of greenery with thousands of plants of more than 50 species constitutes the green belt in and around

MIDHANI. This not only controls air/dust pollution but also attracts birds of different species. In order to protect the fast diminishing National Bird, a Peacock Sanctuary has been created at our premises which is providing a conducive atmosphere for the Peacocks.

## 25.0 VIGILANCE:

- 25.1 Vigilance department of MIDHANI was conferred with “Corporate Vigilance Excellence” award in the category of manufacturing sector by Institute of Public Enterprises (IPE), Hyderabad for the vigilance activities of the year.
- 25.2 Vigilance Awareness Week was observed from 26<sup>th</sup> October to 31<sup>st</sup> October 2015 with “Vigilance as a Tool of Good Governance” as theme of the year. Central Information Commissioner, CIC Shri Madabhushi Sridhar Acharyulu addressed senior officers and employees of MIDHANI on issues related to corruption and governance. An issue of In-house Vigilance magazine “Jagruthi” was released during the week.



*(L to R) Shri. T. V. Reddy CVO, Prof. (Dr.) Madabhushanam Sridhar Acharyulu (R), Information Commissioner, Dr. D. K. Likhi, C&MD and Shri. B. G. Raj, Director (Finance) releasing the in-house Vigilance magazine 'JAGRUTHI' during the Vigilance Awareness Week held at MIDHANI.*

## 26.0 VIP VISITS:

26.1 Smt. NilamSawhney, CVC Secretary visited MIDHANI on 19.10.2015



*Smt. Nilam Sawhney, Secretary, Central Vigilance Commission with Dr. D. K. Likhi, C&MD on her visit to MIDHANI on 19.10.2015*

26.2 Shri S. Srinivasan, Secretary & Member (Finance) Dept. of Space, Atomic Energy, Earth Commission visited MIDHANI on 31.08.2015.

26.3 Ms. Vandana Srivastava, Secretary, FA (DS) visited MIDHANI on 04.08.2015

## 27.0 CORPORATE GOVERNANCE:

27.1 The basic principles and philosophy of Corporate Governance has been followed in letter and spirit in every aspect of Company's decision making in tune with the contemporary demand for good Corporate Governance and the adherence to revised guidelines issued by Govt. of India, Dept. of Public Enterprises from time to time. A Code of Business Conduct & Ethics applicable to all Board Members and Senior Management has been implemented in the Company. The adherence of which has been confirmed by respective members on an annual basis. A certificate to this

effect from Chief Executive has been made a part of the report on Corporate Governance.

- 27.2 A detailed report on Corporate Governance and a report on the Management Discussion & Analysis are enclosed to this report [APPENDIX - V.] & [APPENDIX - VI] respectively. The adherence to the guidelines issued by DPE in this regard certified by a practicing Company Secretary is enclosed as a part of the report on Corporate Governance.
- 27.3 In accordance with Revised Grading norms for CPSEs in the matter of compliance of Guidelines on Corporate Governance issued by DPE, your Company has scored rating of 97.75%.

## 28.0 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

- 28.1 The company has put in place all required internal controls and systems to meet all the canons of financial propriety. We believe that internal control and risk management are necessary prerequisites of the principle of governance. Our Management is committed to ensuring an effective internal control environment, commensurate with the size and complexity of the business, which provides assurance on the efficiency of operations and security of assets. We have an effective internal control system, which is assessed and strengthened with new/revised standard operating procedures and which ensures that all our assets are safeguarded and protected against any losses.
- 28.2 External Audit firms are engaged to carry out internal audit. They help ensure adequacy of systems, controls and their reports thereon are subjected to periodical review by Audit Committee appointed by Board. In addition, the in-house internal audit team also regularly carries out audits of specific processes. Their annual audit plans are approved by the Audit Committee of the Board. Based on the internal audit reports, process owners undertake corrective actions in their respective areas and thereby strengthen the controls. Internal Audit Reports along with corrective actions are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of our internal controls.

## 29.0 BOARD OF DIRECTORS:

- 29.1 Dr. D. K. Lkhi assumed charge as Chairman & Managing Director vice Shri M. Narayana Rao from 1<sup>st</sup> September, 2015.
- 29.2 During the year under review three Independent directors were appointed in the month of December, 2015. A brief Bio-Data is enclosed at **Annex-1**
- 29.3 Shri Sanjay Garg was appointed as Govt. Nominee Director in the place of Smt. Kusum Singh in the month of March, 2016. A brief Bio-Data is enclosed at **Annex-1**

## 30.0 DIRECTORS' RESPONSIBILITY STATEMENT:

- 30.1 Requirement under Section 134 (3) (c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, is confirmed as under:
- a. That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2016, the applicable Accounting Standards have been followed along with proper explanations on the material departure;
  - b. That the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year i.e. 31<sup>st</sup> March, 2016 and of the Profit or Loss of the Company for the year ending on that date;
  - c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013, as amended from time to time, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - d. That the Directors have prepared the accounts for the financial year ended on 31<sup>st</sup> March, 2016 on a '**going concern**' basis.

- e. That the Directors have laid down internal financial controls to be followed by the company and that such internal controls are adequate and are operating effectively; and
- f. That the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **31.0 AUDITORS:**

- 31.1 C&AG of India has appointed M/s. V. Rao & Gopi, Chartered Accountants, Hyderabad, as Statutory Auditors of the Company for conducting audit of accounts for the year ended 31<sup>st</sup> March, 2016.
- 31.2 Your Company appointed M/s KRJ & Associates, Cost Accountants, Hyderabad, as Cost Auditors for the year 2015-16 in terms of Section 148 of Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014.

### **32.0 COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA:**

- 32.1 The “NIL” comments on the Accounts by the Comptroller & Auditor General of India for the year ended 31<sup>st</sup> March, 2016 has been placed in this report after the report of Statutory Auditors.

### **33.0 ACKNOWLEDGEMENT:**

- 33.1 Your Directors gratefully acknowledge the valuable support and assistance received from all Govt. agencies particularly from Ministry of Defence, DAE, OFB, ISRO, all establishments under DRDO and other agencies of Central and State Govt. Your Directors also place on record their sincere thanks to vendors, Bankers, C&AG, Statutory /Internal Auditors, Chairperson - Audit Committee, Chairmen on other Committees, Advisers, Consultants etc., of the Company for their continued support and guidance during the year.
- 33.2 Your Directors also place on record the appreciation for excellent support and guidance given by Dr. Amol Gokhale, Govt. Nominee Director, Shri. M. Narayana Rao, Ex-Chairman & Managing Director,



Shri P. K. Kataria, Permanent Special Invitee and Smt. Kusum Singh Govt. Nominee Director whose tenures came to end on 31<sup>st</sup> July 2015, 31<sup>st</sup> August 2015, 15<sup>th</sup> October 2015 and 3<sup>rd</sup> March, 2016 respectively.

- 33.3 Your Directors take this opportunity to place on record their deep appreciation for the in valuable contribution made and excellent co-operation rendered by the employees and executives at all levels to propel the Company to greater heights and also in sustaining its growth path in the years to come.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Sd/-**

**Dr. D. K. LIKHI**

**CHAIRMAN & MANAGING DIRECTOR**

Place : Hyderabad

Date : 20.07.2016

**APPENDIX - I**
**REPRESENTATIONS OF SCs, STs, OBCs, PHCs & Ex-SN AS ON 31.03.2016  
Manpower Position as on 31.03.2016**

Pay Scale & Group	Total No of Employees	Strength of Employees				
		SC	ST	OBC	PHC	Ex-sn
EXECUTIVES : Group 'A' (₹16,400 - ₹ 40,500 & above)	217	35	9	44	3	2
Group 'B' ₹ 12,600 - ₹ 32.500 (Gr-I) ₹ 12,250 - ₹ 31,600 (Non Unionised Supervisory Cadre)	96	13	4	27	4	-
NON-EXECUTIVES: Group 'C' From ₹ 8,500 -3%- 20,850 To ₹11,750-3%- 33,360	308	56	27	113	9	2
Group 'D' From ₹ 6,600 -3%- 16,310 To ₹ 8,350-3%-20,470	148	36	12	62	2	-

**RECRUITMENT OF SCs, STs DURING THE CALENDAR YEAR 2015**

Pay Scale & Group	Total recruited during the year	No. of posts reserved		No. of candidates appointed	
		SC	ST	SC	ST
Group 'A' ₹ 16,400 - ₹ 40,500 & above	1				
Group 'B' ₹ 12,600 - ₹ 32.500 (Gr-I) ₹ 12,250 - ₹ 31,600 (Non Unionised Supervisory Cadre)	-	-	-	-	-
NON-EXECUTIVES: Group 'C' From ₹ 8,500 -3%- 20,850 To ₹ 11,750-3%- 33,360	27				
Group 'D' From ₹ 6,600 -3%- 16,310 To ₹ 8,350-3%-20,470	36 11	10 3	6 -	10 3	6 -

## ANNUAL REPORT ON CSR ACTIVITIES

**1. 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 is as under:**

- The CSR policy of MIDHANI aims at developing company specific social responsibility strategies in long, medium and short term period with built in mechanism for implementation and monitoring towards all-round development of people residing in and around the Company's area of operation.
- A brief overview of projects/programs undertaken at MIDHANI under its CSR policy is as under:
  - (i) Promotion of Health Case and Sanitation
  - (ii) Promotion of Education
  - (iii) Environment Sustainability, Ecological Balance & Conservation of Natural Resources
  - (iv) Women empowerment & Skill Development
- The CSR policy and the activities undertaken under the CSR policy of MIDHANI can also be viewed at <http://www.midhani.com/csr.jsp>

**2. The Composition of the CSR & SD Committee in MIDHANI is as under:**

- The CSR & SD Committee shall consist of three or more Directors, out which at least one Director shall be an Independent Director. The Constitution of CSR & SD Committee is as under:

S. No.	Name / Designation of the Directors	Status
1.	Chairman & Managing Director	Chairman
2.	Independent Director	Member
3.	Director (Finance)	Member
4.	Director (Production & Marketing)	Member
5.	GM-HR	Permanent Invitee
6.	GM-ES	Permanent Invitee
The nomination of Functional Directors on CSR & SD is on Ex-Officio basis.		
Company Secretary shall function as Secretary to the Committee.		

### 3. Average net profit of the company for last three financial years:

- Average Net Profit of the Company for last three financial years is as under:

S. No.	Year	Net Profit / Loss (₹ In Crores)
(i)	2012-13	117.78
(ii)	2013-14	121.44
(iii)	2014-15	138.51

### 4. Details of CSR spent during the financial year:

- Total amount to be spent for the financial year : ₹ 2.52 Cr.
- Amount unspent, if any; : Nil
- Manner in which the amount spent during the financial year is detailed below:

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects	Cumulative expenditure upto the reporting period	Amount spent; Direct or through implementing agency
1.	Implementation of sanitation at Government Schools.	Promotion of Health Care & Sanitation	(i) Construction of Toilets (Swachh Vidyalaya initiative), RR Dist, Telangana. (ii) Maintenance and providing tube well facilities for schools, RR Dist, Telangana. (iii) Sanitation Facilities (Swachh Bharat) RR Dist, Telangana.	4,20,000  22,00,000  34,00,000	4,00,000  6,72,488  34,60,399	4,00,000  6,72,488  34,60,399	M/s. SULABH INTL.  M/s. SULABH INTL.  M/s. SULABH INTL.
2.	Distribution of Aids & Appliances to disabled persons	Promotion of Health Care & Sanitation	(i) Supply of aids & appliances for differently able person, RR Dist, Telangana. (ii) Medical Equipment for Health Centre, Neighborhood area, in and around organization	-  -	17,72,577  2,16,459	17,72,577  2,16,459	MIDHANI  MIDHANI

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects	Cumulative expenditure upto the reporting period	Amount spent; Direct or through implementing agency			
3.	Infrastructure facilities to Neighbouring School (Providing, Dual Desks)	Promotion of Education	Neighborhood area, in and around Organization	50,00,000	63,06,495	63,06,495	MIDHANI			
	Education expenditure for poor students							82,550	82,550	MIDHANI
	Electricity charges of school							2,13,422	2,13,422	MIDHANI
4.	Greenery development Neighbour hood Places	Environment Sustainability, Ecological balance	Plantation, Hiring of Labour, Machinery, tools etc.	52,50,000	43,64,770	43,64,770	MIDHANI			
5.	Skill Development (Procurement of CNC Vertical Mini Milling Machine for training, On Job Training.	Women Empowerment	Neighborhood area, in and around Organization.	48,27,000	55,85,575	55,85,575	MIDHANI			

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects	Cumulative expenditure upto the reporting period	Amount spent; Direct or through implementing agency
6.	Promotion of Other CSR Activities	Promotion of CSR activities	(i) Staff Engaged for CSR Activities (ii) CSR Compendium (iii) Publication of CSR Magazine	- - 2,60,000	2,66,223 10,000 1,38,000	2,66,223 10,000 1,38,000	MIDHANI MIDHANI MIDHANI
7.	Mid Day Meals	Promotion of CSR activities	Mid Day Meal for Govt. Schools, Medak Dist, Telangana	45,00,000	41,38,500	41,38,500	M/s Akshaya Patra Foundation
	<b>TOTAL</b>			<b>2,58,57,000</b>	<b>2,76,27,458</b>	<b>2,76,27,458</b>	

**Details of implementing agencies:**

- a) **M/s. SULABH INTERNATIONAL:** M/s. Sulabh International an India-based social service organization works to promote human rights, environmental sanitation, non-conventional sources of energy, waste management and social reforms through education.
- b) **M/s. AKSHAYA PATRA:** The Akshaya Patra Foundation commonly known as Akshaya Patra is a non-profit organization in India that runs school lunch programme across India; it provides meals to 1.4 million children every day.

**NOTE:**

1. In accordance to the provisions of the Companies Act 2013, MIDHANI has spent two per cent of the average net profit of the last three financial years for its CSR & SD activities.
2. The implementation and monitoring of CSR & SD Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-

**Dr. D. K. LIKHI**

Chairman & Managing Director and  
Chairman, CSR Committee

Sd/-

**B. G. RAJ**

Director (Finance)  
& Member CSR Committee

**FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN**

(as on the financial year ended on 31.03.2016)

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : U14292TG1973GOI001660
- ii) Registration Date : 20<sup>th</sup> November 1973
- iii) Name of the Company : Mishra Dhatu Nigam Limited
- iv) Category / Sub-Category of the Company : Private / Government Company
- v) Address of the Registered office : P.O. Kanchanbagh,  
and contact details : Hyderabad - 500058
- vi) Whether listed company : Unlisted
- vii) Name, Address and Contact : N/A  
details of Registrar and  
Transfer Agent, if any

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Other Alloy Steel in semi-finished forms Special Stainless Steel MDN 172/155/250	72240000	76.6
2.	Titanium and Titanium base Alloys Tital 12/15/31	81080000	21.9

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:** N/A

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate
N/A	N/A	N/A	N/A

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):**
**i) Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	18,73,399	18,73,399	99.99	-	18,73,399	18,73,399	99.99	0.00
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	-	18,73,399	18,73,399	99.99	-	18,73,399	18,73,399	99.99	0.00
<b>(2) Foreign</b>									
a) Individuals(Non-Resident Individuals/Foreign Individuals)	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-

d) Any other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	-	18,73,399	18,73,399	18,73,399	99.99	-	-	-	-	-	-	-	-	-	-	18,73,399	18,73,399	99.99	0.00
<b>B. Public Shareholding</b>																			
<b>1. Institutions</b>																			
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
g) FII/s	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>																			
<b>2. Non-Institutions</b>																			
a) Bodies Corp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

b) Individuals	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh*	-	1	1	0.01	-	1	1	1	0.01	-	1	0.01	0.00
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	1	1	0.01	-	1	1	1	0.01	-	1	0.01	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	18,73,400	18,73,400	100	-	18,73,400	18,73,400	18,73,400	100	-	18,73,400	100	0.00

\* One Equity Share of ₹ 1000/- fully paid is held by C&MD as nominee of President of India

**B: Shareholding of Promoter:**

SN	Shareholder's Name	Shareholding at the beginning of the year		Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	PRESIDENT OF INDIA	18,73,399	99.99	18,73,399	99.99	0.00	0.00

**C: Change in Promoters' Shareholding (please specify, if there is no change): No change**

SN	Shareholding at the beginning of the year	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3	At the end of the year	-	-	-	-

**D: Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs) : NIL**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
-	-	-	-	-	-

**E: Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Shri. M. Narayana Rao	1	0.01	0	0.00
2.	Dr. D. K. Likhi	0	0.00	1	0.01

**V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at beginning of financial year</b>				
i) Principal Amount	553719185	48838246	-	602557431
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1240404	-	-	1240404
<b>Total (i+ii+iii)</b>	<b>554959589</b>	<b>48838246</b>	<b>-</b>	<b>603797835</b>
<b>Change in Indebtedness during financial year</b>				
* Addition	-	-	-	-
* Reduction	(447443153)	(13000000)	-	(460443153)
<b>Net Change</b>	<b>(447443153)</b>	<b>(13000000)</b>	<b>-</b>	<b>(460443153)</b>
<b>Indebtedness at the end of financial year</b>				
i) Principal Amount	106629047	35838246	-	142467293
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	887389	-	-	887389
<b>Total (i+ii+iii)</b>	<b>107516436</b>	<b>35838246</b>	<b>-</b>	<b>143354682</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

A) Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		
		M. Narayana Rao	Dr. D. K. Likhi	B. G. Raj
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4257667	3497816	2276267
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	199535	413208	358505
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>4457202</b>	<b>3911024</b>	<b>2634772</b>
	Ceiling as per the Act			

**B) Remuneration to other directors : NIL**

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		I. V. Sarma	Dr. Jyoti Mukhopadhyay	Dr. Usha Ramachandra	
1	Independent Directors	-	-	-	-
	Fee for attending board committee meetings	60000	60000	90000	210000
	Commission				
	Others, please specify				
	<b>Total (1)</b>	<b>60000</b>	<b>60000</b>	<b>90000</b>	<b>210000</b>
2	Other Non-Executive Directors	-	-	-	-
	Fee for attending board committee meetings				
	Commission				
	Others, please specify				
	<b>Total (2)</b>	<b>60000</b>	<b>60000</b>	<b>90000</b>	<b>210000</b>
	<b>Total (B)=(1+2)</b>				
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-

**C) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	560974	-	560974
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	53088	-	53088
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>		<b>614062</b>		<b>614062</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## APPENDIX – IV

**REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION  
AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

**A. CONSERVATION OF ENERGY:****(i) Steps taken or impact on conservation of energy:**

- Modernization & revamping of major production equipment. This is expected to improve the efficiency and reliability of the equipment and result in energy saving. In line with this one 30T Bogie Hearth furnace of Forge Shop was revamped and a new facility provided for slow cooling in pit furnace to increase availability of furnaces.
- Replacement of Conventional Street lights & Bay lights with LED lights in phased manner. This is expected to reduce energy consumption of lighting loads considerably.
- Replacement of old air conditioners of more than 10 years in a phased manner with new energy efficient five star rated air conditioners resulting in reduced energy consumption.
- Replacement of old induction motors of more than 20 years with new energy efficient motors in a phased manner thus reducing energy consumption and improving reliability.

**(ii) Steps taken by company for utilizing alternate sources of energy:**

- Planned to establish 4 MW Solar Power Plant. This is expected to generate 60 Lakh units p.a which is non-polluting and renewable, thus reducing energy demand for conventional (non renewable) energy.

**(iii) The capital investment on energy conservation equipment's:**

- About ₹ 2.00 Crore was spent as capital investment on energy conservation equipment's

## B. TECHNOLOGY ABSORPTION:

### i) The efforts made towards technology absorption:

- The following projects towards technology absorption are under progress:
  - (a) AB3 Class steels and its weld consumables for Naval Applications – Transfer of Technology from PROMETHEY, Russia.
  - (b) Adour Engine disc of Titanium Alloy Ti26 for Aeronautical applications – Transfer of Technology from Defence Metallurgical Research Laboratory, Hyderabad.

### (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

- Development of the products and import substitution are the benefits derived from the efforts made towards technology absorption.

### (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

- Indigenization of 12X18H12M3T Casting for Naval Applications – Transfer of technology from PROMETHEY, Russia.

### (iv) The expenditure incurred on Research and Development:

- MIDHANI incurred an expenditure of ₹ 24.21 Cr. for the F/Y 2015-16

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- During the year, the total foreign exchange used was ₹ 11522.30 Lakh and there was no foreign exchange earned.

## APPENDIX -V

**REPORT ON CORPORATE GOVERNANCE**

[AS ON DATE OF THIS REPORT]

**1.0 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

- 1.1 MISHRA DHATU NIGAM LIMITED (MIDHANI), a MINI-RATNA-Category - I company,** believes that its business role needs to be performed by observing the fundamental principles of Corporate Governance like honesty, integrity, accountability, adequate disclosures, legal compliances, decision making without conflict of interest. As a Good Corporate Citizen the Company also strives to carry out its Mission, Objectives and Business obligations with good Corporate Values, high standards of ethics in all spheres. The good Governance, it practices, is based on its stated belief and the guidelines of the Government of India issued from time to time which enables the Company to go a long way in enhancing values for all those who are associated with the Company - Owners, Customers, Suppliers, Creditors, Govt. agencies and society at large. Towards this direction, the Board exercises its fiduciary role towards the Company with effective accountability, respect for law, maintaining Corporate Governance standard beyond law, putting systems in place for planning, budget, internal controls, risk-management, communication policy on various facets of Company's operations including creation of environment for growth and development of human resources.

**2.0 BOARD OF DIRECTORS:****2.1 COMPOSITION & DETAILS OF THE BOARD MEMBERS:**

- 2.1.1** In accordance with the provisions of Articles of Association of the Company, as amended from time to time, the minimum and maximum strength of the Board of MIDHANI is 2 and 15 respectively. The directors need not hold any qualification shares.
- 2.1.2** During the year under report, the composition of the Board was in accordance with guidelines issued by Dept. of Public



Enterprises (DPE) and the provisions of Companies Act 2013. The Board's composition as on 31<sup>st</sup> March 2016 is as under.

**(a) Functional/Whole time Directors :**

**(i) Dr. D. K. Likhi**

Chairman & Managing Director [From 01.09.2015]  
Director (Production & Marketing) [Till 31.08.2015]  
Additional Charge Director (P&M) [From 01.09.2015]

**(ii) Shri. M. Narayana Rao,** [Upto 31.08.2015]

Chairman & Managing Director

**(iii) Shri. B.G. Raj,**

Director (Finance)

**(b) Part-time Official/Government Directors:**

**(i) Smt. Kusum Singh,** [Upto 03.03.2016]

Joint Secretary  
(Personnel & Coordination),  
Dept. of Def. Production,  
Ministry of Defence

**(ii) Shri Sanjay Garg** [From 03.03.2016]

Joint Secretary (DIP),  
Dept. of Def. Production,  
Ministry of Defence

**(iii) Dr. A. Gokhale** [Upto 31.07.2015]

Director,  
Defence Metallurgical Research Laboratory

**Part-time Non-Official Directors:**

**(i) Dr. Jyoti Mukhopadhyay** [From 01.12.2015]

Visiting Professor,  
Materials Science and Engineering,  
Indian Institute of Technology, Gandhinagar,

(ii) **Shri. I. V. Sarma** [From 01.12.2015]  
Ex- Director (R&D),  
Bharat Electronics Limited

(iii) **Dr. Usha Ramachandra** [From 01.12.2015]  
Professor & Area Chairperson,  
Energy Area,  
Administrative Staff College of India,  
Hyderbad

**(c) Permanent Special Invitee to Board :**

(i) **Shri. P. K. Kataria** [Upto 15.10.2015]  
Addl. FA & JS,  
Ministry of Defence (Finance)  
Govt. of India

2.2 The existing Articles of Association of the Company provides for appointment of all Directors by the President of India. The Directors appointed were persons of eminence in respective fields of their activity.

2.3 The Chairman & Managing Director and Functional Directors were appointed by Govt. of India, initially for a period of 5 years or till the age of superannuation or until further orders whichever is earlier. The extension of service thereafter shall be with the approval of Appointment Committee of Cabinet (ACC). The Independent Directors are normally appointed by ACC, initially for a period of 3 years or until further orders whichever is earlier. Any extension or re-appointment shall be to the extent of guidelines issued by Govt. of India in this behalf.

### **3.0 MEETINGS OF THE BOARD AND ATTENDANCE THEREOF:**

3.1 The Board met, seven (7) times during the financial year under report as compared to statutory minimum requirement of four (4) meetings per year. The average attendance of Directors for all the Board Meetings during the financial year was 90%. The dates and attendance of directors at such meetings are given below:

S. No.	Number of the Meeting	Date of the Meeting	Board Strength	No. of Directors Present
1.	220	29.04.2015	6	4
2.	221	22.06.2015	6	5
3.	222	04.08.2015	5	5
4.	223	26.08.2015	5	4
5.	224	23.09.2015	4	4
6.	225	18.12.2015	6	6
7.	226	11.03.2016	6	6
Leave of absences were recorded at every Meeting in case of inability expressed by any Director to attend the meeting due to unavoidable reasons.				
The Attendance of individual Directors is placed at: <b>ANNEXURE: II(A)</b>				
The special invitee(s) for Board meetings has/have attended 3 meetings as against 5 meetings required to be attended.				

- 3.2 As per DPE guidelines, Company has nominated Chairperson of Audit Committee and/or another Member of the Audit Committee for the purpose of according prior approval to related party transactions under Accounting Standard -18.
- 3.3 All Board Members had disclosed to Board about the personal, official and other pecuniary interests, held by them in any proprietary, partnership or Company, whether in individual capacity or together with their relatives not only at the time of their appointment on the Board but also as and when such appointments were held. Such disclosures are being renewed every year. Such disclosures made at the Board meeting held at the end of the year 2015-'16 are furnished hereunder:

S. No.	Name of the Director	Bodies corporate in which the Director is interested	Nature of interest and the date from which interested.
1.	Shri. M. Narayana Rao	1. Andhra Pradesh Gas Power Corporation Limited, Hyderabad	Part-time Director w.e.f. 30.09.2010
		2. International Advanced Research Centre for Powder Metallurgy and New Materials (ARCI), Hyderabad	Member on the Governing council
		3. Nuclear Fuel complex, Hyderabad	Member as Board of Management
2.	Dr. D.K. Likhi	1 The Indian Institute of Metals, Kolkata	Life member
		2. Indian Institute of Material Management, Navi Mumbai	Life member
		3. National Institute of Personnel Management South Conclave, Kolkata	Life member
		4 Global Institute of Flexible Systems management, New Delhi	Life member
		5 Strategic Alliance Professionals Association, Hyderabad	President
		6 Andhra Pradesh Gas Power Corporation Limited	Additional Director
3.	Dr. Usha Ramachandra	1 Andhra Pradesh Gas Power Corporation Limited	Director
		2. Kamireddy Sakleshpur Power Private Limited	Director
		3. Kamireddy Sakleshpur Enterprises Private Limited	Director
4.	Other Members of the Board	NIL	NIL

- 3.4 Two (2) resolutions were passed through circulation amongst Directors during the year under report.

#### 4.0 ANNUAL GENERAL MEETINGS:

- 4.1 All the Annual General Meetings of the Company were held at the Registered Office of the Company. The details of such meetings for the last 3 years is as under:

Number of AGM	Financial Year	Date of the Meeting	Time of the Meeting	Venue of the Meeting
39	2012-13	26.09.2013	1000 Hours	M/s. Mishra Dhatu Nigam Ltd., Regd. Office, P.O. Kanchanbagh, Hyderabad 500 058
40	2013-14	19.09.2014	1000 Hours	
41	2014-15	22.09.2015	1000 Hours	

- 4.2 The Company has not passed any Resolution through “Postal Ballot” during the year under report.

#### 5.0 BOARD’S COMMITTEES THEIR SCOPE & MEETINGS THERE OF:

- 5.1 MIDHANI has the following Six (6) Committees of Board and One (1) apex level internal committee called Corporate Management Committee as on 31<sup>st</sup> March 2016:

##### 5.2 AUDIT COMMITTEE (AC):

- 5.2.1 The AC was originally constituted by Board of Directors of the Company in the year 2001 in accordance with the directions given by Administrative Ministry. It was later functioning by virtue of guidelines issued by Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises, Government of India.

- 5.2.2 The terms of reference to AC is broadly based on Companies Act, 2013 & on the guidelines suggested by DPE applicable

to Central Public Sector Undertakings (CPSUs). Such Terms of reference are being updated, professionalized and adopted by the Board of Directors of the Company from time to time. A copy of such terms of reference is placed at **ANNEXURE: III (i)**

5.2.3 The AC is now functioning with three (3) Members who are Independent Directors on the Board; all the members of AC, the Chairperson in particular have good knowledge of accounting and expertise in financial matters. However after the tenure end of the earlier Independent Directors on the Board of MIDHANI, Smt. Kusum Singh, Government Nominee Director on the Board was acting as the Chairperson and Dr. D. K. Likhi, then Director (Production & Marketing) acting as member. The Committee regularly interacts with the representatives of external audit firms carrying out Internal Audit work of the Company and takes stock of all the finance related matters.

5.2.4 The details of constitution of Audit Committee during the year under report is as under:

S. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Dr. Usha Ramachandra Part-time Non-official Director	Chairperson	From: 18.12.2015
2.	Smt. Kusum Singh Part-time Official/Government Directors	Chairperson	From : 13.05.2014 To : 17.12.2015
3.	Shri. I. V. Sarma Part-time Non-official Director	Member	From :18.12.2015
4.	Dr. Jyoti Mukhopadhyay Part-time Non-official Director	Member	From :18.12.2015

5.	Dr. D. K. Likhi Director (Production & Marketing)	Member	From :13.05.2014 To: 31.08.2015
6.	Dr. D. K. Likhi Additional Charge as Director (Production & Marketing)	Member	From :1.09.2015
7.	Shri. P. K. Kataria Addl. FA& JS	Special Invitee	From :13.05.2014 To: 15.10.2015
8.	Shri. B. G. Raj Director (Finance)	Member	From: 26.08.2015 To: 17.12.2015
9.	Shri. B. G. Raj Director (Finance)	Permanent Invitee	From: 17.12.2015
10.	Representatives of Statutory Audit Firm	-do-	From formation of Committee
11.	Representatives of External Chartered Accountant firms doing Internal Audit work	On Invitation	-do-
The Company Secretary acts as Secretary of the Committee.			

5.2.1 The quorum for AC meetings is two (2) members personally present. The Audit Committee shall meet at least four (4) times during any financial year and not more than four months shall elapse between two meetings.

5.2.2 Statutory Auditors, Director (Finance) / Head of Finance, were made Permanent Invitees to the Meetings.

5.2.3 The Chairperson of the Audit Committee and / or another Independent Part-time Non-Official Director who is also a member of the Audit Committee, has / have been designated as person(s) responsible for according prior approval for related party transactions as contemplated under DPE guidelines and under Accounting Standard - 18.

5.2.4 Four (4) meetings of the Audit Committee were held during the year 2015-'16. The average attendance of Directors for all the AC Meetings during the financial year was 77%. The dates on which such Meetings were held and the attendance of Directors/Members thereof is furnished below:

Attendance of Directors in Audit Committee Meetings				
S. No.	Number of the Meeting	Date	Committee Strength	No. of Directors Present
1.	48	22.07.2015	3	2
2.	49	04.08.2015	3	2
3.	50	10.11.2015	3	3
4.	51	11.02.2016	4	3
Leave of absences were recorded at every Meeting in case of inability expressed by any Director / Member to attend the Meeting due to unavoidable reasons.				
The Attendance of individual Directors is placed at: <b>ANNEXURE: II (A)</b>				

### 5.3 PROCUREMENT COMMITTEE (PC):

5.3.1 The PC has been constituted by Board of Directors of the Company on 22.01.2008 for the purpose of authorizing procurement of materials beyond the individual delegated powers of Chairman & Managing Director.

5.3.2 The terms of reference to PC as on date is placed at **ANNEXURE: III (ii)**.

5.3.3 The details of constitution of Procurement Committee as on 31<sup>st</sup> March 2016 is as under:

S. No.	Name / Designation of the Directors	Status	Date of Appointment or change in the Committee
1.	M. Narayana Rao Chairman & Managing Director	Chairman	From: 22.01.2008 To: 31.08.2015
2.	Dr. D. K. Likhi Chairman & Managing Director	Chairman	From: 01.09.2015
3.	Shri. B. G. Raj Director (Finance)	Member	01.09.2014
4.	Dr. D. K. Likhi, Director (Production & Marketing)	Member	From: 01.09.2011 To: 31.08.2015
5.	Dr. D. K. Likhi, Additional Charge as Director (Production & Marketing)	Member	From :1.09.2015
6.	Smt. Kusum Singh	Member	From: 26.08.2015 To: 17.12.2015
7.	Dr. Usha Ramachandra	Member	From: 18.12.2015
The nomination of Functional Directors on PC was on Ex-Officio basis.			
The Company Secretary acts as Secretary of the Committee.			

5.3.4 The quorum of the Committee shall be minimum of three (3) members personally present and one of whom shall be a part-time non-official Director. However after the tenure end of the Independent Director, Committee was functioning with C&MD as Chairman and the Functional Directors as its members with minimum of two (2) members being the quorum for the meeting till the time of the appointment of Independent Directors. The Minutes of the PC meetings were regularly put up to the Board for its information and duly noted by the Board.

5.3.5 There were twelve (12) meetings of PC during the financial year 2015-'16. The average attendance of Directors for all the PC Meetings during the financial year was 83%.

The dates on which such Meetings were held and the attendance of Directors / Members thereof is furnished hereunder:

Attendance of Directors in Procurement Committee Meetings			
S. No.	Date of the Meeting	Committee's Strength	No. of Directors Present
1.	01.04.2015	3	3
2	23.05.2015	3	2
3	09.06.2015	3	2
4	31.07.2015	3	3
5	17.08.2015	3	3
6	23.09.2015	3	3
7	29.09.2015	3	2
8	10.10.2015	3	2
9	15.10.2015	3	2
10	10.11.2015	3	3
11	18.12.2015	3	2
12	20.02.2016	3	3
Leave of absences were recorded at every Meeting where the Directors expressed their inability to attend due to unavoidable reasons.			
The Attendance of individual Directors is placed at: <b>ANNEXURE: II (B)</b>			

#### 5.4 REMUNERATION COMMITTEE (RC):

5.4.1 The RC was originally constituted by Board of Directors on 28.04.2009 to lay down norms for determining and disbursing the quantum of Performance Related Pay (PRP) as envisaged in the guidelines issued by DPE in OM dt. 26.11.2008. It was then reconstituted on 18.12.2015.

5.4.2 The main purpose of RC is to consider all relevant issues contained in the above DPE OM relating to Variable Pay

or Performance Related Pay applicable to all Executives (including those at Board level) and Non - Unionized Supervisors in the Company.

5.4.3 The terms of reference to RC is enclosed [**ANNEXURE-III (iii)**]

5.4.4 The Composition of RC as on 31<sup>st</sup> March, 2016 is as under:

S. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Shri. I. V. Sarma	Chairman	18.12.2015
2.	Dr. Jyoti Mukhopadhyay	Member	18.12.2015
3.	Dr. Usha Ramachandra	Member	18.12.2015
4.	Director (Finance)	On Invitation	
5.	Director (Production & Marketing)	On Invitation	
6.	Representative from HR dept.	Invitee	
The nomination of Functional Directors on RC is on Ex-Officio basis.			
Company Secretary shall function as Secretary to the Committee.			

5.4.5 The Committee can frame its own guidelines for conducting its meetings.

## 5.5 HUMAN RESOURCES COMMITTEE (HRC):

5.5.1 The HRC was constituted by the Board of Directors on 22.07.2011. Headed by an Independent Director, the objective of the HRC is to scrutinize various proposals coming to Board involving HR issues, personnel policies to be pursued by the Company and such other issues as may be entrusted to it by the Board from time to time.

5.5.2 The terms of reference to HRC is placed at **ANNEXURE: III (iv)**.

5.5.3 The Composition of the HRC on 31<sup>st</sup> March, 2016 is as follows:

S. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Shri. I. V. Sarma	Chairman	18.12.2015
2.	Dr. Usha Ramachandra	Member	18.12.2015
3.	Shri. B. G. Raj Director (Finance)	Member	01.09.2014
4.	Dr. D. K. Likhi, Director (Production & Marketing)	Member	From: 01.09.2011 To: 31.08.2015
5.	Dr. D. K. Likhi, Additional Charge as Director (Production & Marketing)	Member	From : 01.09.2015
The nomination of Functional Directors on HRC was on Ex-Officio basis.			
The Company Secretary shall act as Secretary of the Committee.			

5.5.4 The quorum of the HRC shall be at least Three (3) members personally present, one of whom shall be a Non-official Director.

5.5.5 The Committee can frame its own rules of functioning.

5.5.6 No meetings of the Human Resources Committee were held during the Financial Year 2015-'16.

## 5.6 TECHNICAL COMMITTEE (TC):

5.6.1 The Technical Committee (TC) started functioning w.e.f. 24.01.2011. It was constituted by Board of Directors with a primary objective of studying technological aspects that needed attention of the Company and to carry out technical study of MIDHANI operations, more particularly in the Modernization, Up-gradation and Expansion programmes under implementation or proposed to be undertaken in near future.

5.6.2 The Terms of reference to TC is enclosed as **ANNEXURE: III (v)**.

5.6.3 The composition of TC consists of members of the Board having technical expertise in metallurgy, the constitution of TC is as follows:

S. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Dr. D. K. Likhi, Chairman & Managing Director	Chairman	01.09.2015
2.	Dr. D. K. Likhi, Director (Production & Marketing)	Member	From: 01.09.2011 To: 31.08.2015
3.	Dr. D. K. Likhi, Additional Charge as Director (Production & Marketing)	Member	From: 01.09.2015
4.	Shri. I. V. Sarma	Member	18.12.2015
5.	Dr. Jyoti Mukhopadhyay	Member	18.12.2015
The nomination of Functional Directors on TC is on Ex-Officio basis.			
Head of R&D shall function as Secretary to the Committee			

5.6.4 The Committee can frame its own guidelines for conducting its meetings.

5.6.5 No meetings of the Technical Committee were held during the Financial Year 2015-'16.

## **5.7 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE & SUSTAINABLE DEVELOPMENT COMMITTEE (CSR & SD):**

5.7.1 Pursuant to the Guidelines issued by Dept. of Public Enterprises, during April, 2010, the Board constituted a Committee called as "Corporate Social Responsibility Committee".

5.7.2 The committee recommended a policy to be pursued by the Company in the matter of its Corporate Social Responsibility and the same has been approved by Board of Directors.

5.7.3 The CSR activities of MIDHANI are carried out in line with the CSR policy of MIDHANI is also available at the company website : [www.midhani.com](http://www.midhani.com)

5.7.4 The Constitution of the CSR & SD Committee as per the above policy is as under:

S. No.	Name / Designation of the Directors	Status
1.	Chairman & Managing Director	Chairman
2.	Dr. Usha Ramachandra Part-time Non-Official Director	Member
3.	Director (Finance)	Member
4.	Director (Production & Marketing)	Member
5.	GM-HR	Permanent Invitee
6.	GM-ES	Permanent Invitee
The nomination of Functional Directors on CSR is on Ex-Officio basis.		
Company Secretary shall function as Secretary to the Committee.		

5.7.5 During the year 2015-'16, three (3) Meetings of CSR Committee were held, The average attendance of Directors for all the CSR Meetings during the financial year was 100%. The details are as under.

Attendance of Directors in Corporate Social Responsibility & Sustainable Development Committee Meetings			
Sl. No.	Date	Committee's Strength	No. of Directors Present
1.	13.07.2015	3	3
2.	06.10.2015	3	3
3.	20.02.2016	3	3
Leave of absences were recorded at every Meeting in case of inability expressed by any Director due to unavoidable reasons			
The Attendance of individual Directors is placed at: <b>ANNEXURE: II (B)</b>			

## 5.8 Corporate Management Committee (CMC):

- 5.8.1 In order to have effective planning, organizing, coordinating and controlling the day to day operations of Management, a Committee known as Management Committee (MC) was functioning since the year 1980. During the year 2003 the same was re-constituted as “Corporate Management Committee” (CMC).
- 5.8.2 CMC plays important roles in resolving inter / intra departmental delays or bottlenecks and strives to achieve free flow of work at various levels within the organization.
- 5.8.3 The terms of reference to the Committee is given in **ANNEXURE: III (vi)**,
- 5.8.4 11 CMC meetings were held during the year 2015-16 under the Chairmanship of C&MD of the Company with the senior level functionaries of the Company i.e. Additional General Manger and above as its members.
- 5.8.5 The Committee normally meets once in a month with the Company Secretary acting as the Secretary of the Committee.

## 6.0 CODE OF BUSINESS CONDUCT & ETHICS FOR DIRECTORS AND SENIOR EXECUTIVES:

- 6.1 The Code of Business Conduct & Ethics was revised by Department of Public Enterprises during April, 2010, while framing its guidelines relating to Corporate Governance, this was adopted by MIDHANI in respect of its Directors and Senior Level Executives. A brief summary of the same is enclosed as **ANNEXURE: IV**
- 6.2 The Directors and the Senior Executives have given declarations affirming the compliance with the code of conduct during the year under report.
- 6.3 A Certificate on such Compliance issued by CEO of the Company is placed as a part of this report at **ANNEXURE: V**

## 7.0 DISCLOSURES:

- (i) During the year, there were no transactions of material and significant nature with the Shareholders, Directors or Senior Management personnel or their relatives that had potential conflict with the interest of the Company at large and attracting the provisions of Section 188 of the Companies Act, 2013, except salaries, fees, perquisites allowed and PRP as per extant rules of the Company.
- (ii) Disclosure of related party transactions as per Accounting Standard - 18, issued by the Institute of Chartered Accountants of India, is given in note no 26 of the notes forming part of Annual Accounts for 2015-'16. All the transactions covered under related party transactions were fair, transparent and at arms' length and were pre-approved by competent authority nominated for this purpose.
- (iii) During the year, no penalties and strictures were imposed on the Company by any Statutory Authority on any matter related to any guidelines issued by Government.
- (iv) A formal Whistle Blower policy and Risk Management system is framed. During the year under report no personnel have been denied access to the Members of the Audit Committee or its Chairman.
- (v) Presidential Orders were received in respect of appointment of Shri. I. V. Sarma, Dr. Jyoti Mukhopadhyay and Smt. Usha Ramachandra as Part-time Non-official Directors on the Board of Mishra Dhatu Nigam Limited vide letter No. 20(11)/2013/MDN/D(NS-I) dt. 1<sup>st</sup> December, 2015 and Govt. of India, Ministry of Defence, Department of Defence Production, New Delhi vide letter No. 8(80)/2015-D(Coord/DDP) dt. 3<sup>rd</sup> March, 2016, has conveyed the appointment of Shri. Sanjay Garg as Government Director vice Smt. Kusum Singh on the Board of MIDHANI.
- (vi) There were no items of expenditure included in the Financial Statements which are personal in nature to any Member of the



Board or Senior Management of the company except as permitted by the extant rules in force in the Company.

- (vii) There were no items of expenditure included in the Financial Statements which are incurred not for purposes of the business.
- (viii) The Administrative and Office Expenses as a percentage of total expenses was 3.01% as compared to 2.82 % in the previous year and such percentage in respect of financial expenses was 0.42% when compared to 1.24 % in the previous year.
- (ix) No extravagancy was found in the Expenditure on the part of the Board Members and Senior Management Personnel.
- (x) The deviation from Accounting Standards, if any, has been explained by the Directors in their report to shareholders.

## 8.0 COMMUNICATION:

- 8.1 The means of communication is friendly between the company and its Shareholders, Directors, Customers, Suppliers, other Associates and Stakeholders.
- 8.2 A factual report on the compliance of Corporate Governance Guidelines is being regularly furnished to the Administrative Ministry on quarterly basis.
- 8.3 A compliance report by a practicing Company Secretary regarding compliance of the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by Dept of Public Enterprises is made part of this Report at **ANNEXURE: VI**

## 9.0 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- 9.1 A separate report is enclosed at **APPENDIX: VI**

\* \* \*

## Appendix: VI

**MANAGEMENT DISCUSSION AND ANALYSIS****1.0 INDUSTRY STRUCTURE AND DEVELOPMENTS:**

- 1.1 MIDHANI is a Public Sector Undertaking under the Administrative control of Dept. of Defence Production, Ministry of Defence, Government of India, incorporated on the 20<sup>th</sup> Day of November 1973. The main object of the company is to manufacture and process various grades, types, sizes of steels, titanium and super alloys in particular and other special metals and their alloys in the form of ingots, billets, forgings, rolled plates, sheets and strips, wires, tubes, and other sintered, fabricated shapes and forms required for aircraft, rockets, missiles, electronics, instruments, and allied industries in India or elsewhere either independently or in collaboration with others.
- 1.2 MIDHANI has single manufacturing unit with Registered Office situated in Hyderabad in the State of Telengana and possess wide range of facilities recognized in metallurgical industry and produces wide variety of products applying varied state-of-art technologies and processes under one roof and is one of its kind in whole of Asia. MIDHANI aims at achieving self-reliance in the research, development, production and supply of strategic materials and products for critical and hi-tech engineering applications.
- 1.3 The Company mainly caters to the needs of critical materials and alloys required by strategic sectors of our country like Defence, Space, Atomic Energy, Aeronautics etc. The products produced by MIDHANI are basically import substitutes which were denied to India by western world and their non-availability would have affected various prestigious National programs of the country. With the constant developments made over the years in various operational areas, by utilizing in-house R&D capabilities; your



company indigenized various critical technologies, alloys and products which reduced dependence on imports of these critical materials.

### 2.0 ORGANISATION:

- 2.1 The main operative Divisions/Departments of the company consisted of Production Planning & Control, Production Divisions, Technology, Methods & R&D Depts, Projects, Quality Control. The production function is optimally integrated to Material planning & procurement, Marketing, Finance and other logistic Divisions.
- 2.2 **Nature of Operations:** MIDHANI continues to focus on carrying out improvements in operational processes and product improvements by putting in place, a robust monitoring model to achieve repeatable and predictable results. The necessity to fulfill the ever increasing demands for stringent specificational requirements of the Strategic customers of the Company provides the basic thrust and driving force to the organization to suitably frame its policies and procedures in every sphere of organizational activity to discharge its goal.

### 3.0 STRENGTH AND OPPORTUNITIES: The SWOT analysis is given in Annexure :VII

### 4.0 SECTOR WISE PERFORMANCE:

- 4.1 Presently majority of MIDHANI's products cater to strategic sectors viz Ordnance Factories (OFB), Defence Research and Development Organization (DRDO) and applications of Air, Naval, Land Forces; Indian Space Research Organization (ISRO), Department of Atomic Energy (DAE), etc. In addition MIDHANI also supplies special alloys to commercial sector including Larsen & Toubro, Wallchandnagar etc., which also goes into Defence and Atomic energy sectors of our country.
- 4.2 The alloy wise performance in the turnover for the last 2 years is given hereunder:

GRADE	2015-2016		2014-2015	
	Qty. (Tonnes)	Value (Rs. Crore)	Qty. (Tonnes)	Value (Rs. Crore)
Super alloys, Titanium Alloys and Special Stainless Steels, etc.,	5205	761.70	4732	655.70

The order book position stood at ₹ 1124 Cr. at the beginning of the year 2016-'17 and with the commissioning of the newly procured equipments, there will be a substantial improvement and enhancement of the supply level during the year 2016-17.

## 5.0 MODERNISATION & UP-GRADATION PROGRAM:

- 5.1 In an ambitious plan to become a global player in the field of Superalloys, Special Steels, Titanium and Titanium alloys and in an effort to supply finished components as against semis and mill forms, MIDHANI has embarked on an expansion phase augmenting, expanding and revamping its age old in-house production facilities with contemporary technologies available elsewhere in the world and also developing new applications for the existing products.
- 5.2 Under Phase-I an investment of around ₹ 151Cr. was envisaged for revamping /upgrading /enhancing production capacities. Under Phase-II the main focus was to enhance Production capacities of equipment with additions at a cost of ₹ 205 Cr. Prominent among them were; New 6000 T Forge Press with 20 T Manipulator with an estimated investment of ₹ 140Cr.; Radial Axial Ring Rolling Mill with an estimated cost of ₹ 40 Cr.; Establishment of a New Fastener Plant, R&D Building, Corporate Building & Administrative Building with an expected capital outlay of ₹ 32 Cr.; Installation of 20 Ton Electric Arc Furnace with Vacuum Degassing (VD) /

Vacuum Oxygen Decarbursing (VOD) and Ladle Refining Furnace (LRF) at a cost of ₹ 30 Cr. under funding from OFB. Under Phase-III a major expansion program at an estimated investment of ₹ 432Cr. for setting up of balancing facilities funding coming from ASL, DRDO to the extent of ₹ 200 Cr. and ₹ 307 Cr. from OFB was envisaged and the work in respect of the same is at an advanced stage. Many future projects have been planned under phase-IV and company plans to diversify its product profile under phase-V.

## 6.0 RISKS AND CONCERNS:

- 6.1 The volatile nature of prices and non- availability of critical imported raw material in the International market coupled with unfavorable trend in exchange rates of Rupee Vs US\$, play adversely on the competitive edge of the Company. The exact prediction of timing and the price at which most economic buying can be resorted to has become highly volatile.
- 6.2 **Timely Deliveries:** Ensuring timely deliveries has been the main area of attention of Management. In order to expedite deliveries and cut down the incidence of contractual penalties and damages for delayed deliveries; strategic decisions like outsourcing of some of the company's operations to premier institutions were resorted to in the non-core area of functioning of the Company wherever such facilities are cost effective and quicker.

## 7.0 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

- 7.1 The company has put in place all required internal controls and systems to meet all the canons of financial propriety. External Audit firms who were engaged to carry out internal audit, continue their efforts to ensure adequacy of such systems, controls and report thereon which were subjected to periodical review by Audit Committee appointed by Board.

## 8.0 FINANCIAL PERFORMANCE

- 8.1 **The Summarized financial position for the Financial year 2015-16 and for the 2 preceding Financial Years is given below:**

(Figures in ₹ Crore)

S. No.	Particulars	2015-16	2014-15	2013-14
<b>I</b>	<b>LIABILITIES</b>			
a)	(i) Paid Up Capital	187.34	187.34	187.34
	(ii) Share Application Money	-	-	-
	(iii) Reserves and Surplus	389.22	313.81	257.79
b)	Loan Funds	9.78	14.34	18.18
c)	Deferred Taxes	22.51	15.47	6.43
d)	(i) Current Liabilities & Provisions	349.47	505.59	668.70
	(ii) Non-Current Liabilities	94.62	77.35	211.40
	(iii) Long Term Provisions	0.66	0.56	0.49
	<b>TOTAL</b>	<b>1053.60</b>	<b>1114.46</b>	<b>1350.33</b>
<b>II</b>	<b>ASSETS</b>			
e)	Net Block	262.96	244.28	115.48
f)	Capital Work in Progress	6.69	9.44	117.93
g)	Investments	2.10	2.10	2.10
h)	(i) Long term loans and advances	0.15	1.60	1.39
	(ii) Non-Current Assets	-	-	0.01
i)	Current Assets, Loans and Advances	781.70	857.04	1113.42
	<b>TOTAL</b>	<b>1053.60</b>	<b>1114.46</b>	<b>1350.33</b>
j)	Working Capital	432.24	351.45	444.72
k)	Capital Employed	695.20	595.73	560.20
l)	Net Worth	576.56	501.15	445.13
m)	Net worth per rupee of paid up capital (₹)	3.08	2.68	2.38

## 8.2 WORKING RESULTS

**8.2.1** The company is expected to achieve “EXCELLENT” MoU rating for all round growth and overall financial and operational performance in the year 2015-‘16. The significant highlights of the performance for the year 2015-‘16 and a comparison with the previous two years are as under:

(Figures in ₹ Crores)

Sl. No.	Particulars	2015-16	2014-15	2013-14
1	Sales - To Customers (Incl. ED)	761.70	655.70	562.71
	Sales – Export	-	-	-
2	Value of Production (Incl. ED)	723.73	648.37	572.26
3	Cash Profit (Excl prior period items)	173.45	148.23	126.34
4	Profit Before Tax	159.93	138.51	121.44
5	Net Profit (PAT)	118.03	102.13	82.46
6	Value Added	478.83	436.41	376.19
7	Value added per employee	0.6235	0.5220	0.4161
8	Productivity per employee	0.9424	0.7756	0.6330
9	Value added per direct worker	1.506	1.327	1.048
10	Paid up Capital	187.34	187.34	187.34
11	Share Application Money	-	-	-
12	Capital Employed	695.20	595.73	560.20
13	Net Worth	576.56	501.15	445.13
14	Working Capital	432.24	351.45	444.72
15	No of Employees	768	836	904

**8.2.2** Some of the important financial ratios on the financial health and working of the Company at the end of last three years are as under:

(Figures in Percentage % unless specified)

S. No	Particulars	2015-16	2014-15	2013-14
<b>A.</b>	<b>Liquidity Ratios</b>			
	Current Ratio	2.24	1.70	1.67
<b>B</b>	<b>Profitability Ratios</b>			
a)	Profit Before Tax to			
	i) Capital Employed (%)	23.00	23.25	21.68
	ii) Net worth (%)	27.74	27.64	27.28
	iii) Sales (%)	21.00	21.12	21.58
b)	Profit After Tax to Equity (%)	63.00	54.52	44.02
c)	Earnings Per Share (in Rupees)	630.04	545.15	440.18

### 8.2.3 Amount available for Appropriation:

The amount available for appropriation is ₹ 118.03 Cr. as against ₹ 102.13 Cr. in the previous year.

## 9.0 HUMAN RESOURCE DEVELOPMENT

9.1 The total permanent manpower strength of MIDHANI as on 31.3.2016 is as under:

Gender	Non-Executives	Non-Unionized Supervisors	Executives	Total
Male	418	82	202	702
Female	37	3	26	66
<b>Total</b>	<b>455</b>	<b>85</b>	<b>228</b>	<b>768</b>
Total as on 31.03.2015	489	105	242	836

9.2 The rational distribution of man power between Administration and Production Depts., and between non-executives and executives, optimum degree of automation in operations are some of the areas that received focused attention during the

year under report. Departmental transfers for 79 employees were made during the year under review.

- 9.3 Considering the age mix of the employees, and the major natural separations taking place in the year under report and also during the years to come, your Company is aware that it needs to focus its attention in re-deployment and fresh induction of contemporary skills and expertise from the market. Accordingly, 31 lateral recruitments and 9 fresh inductions across various grades were made during the year under review.

#### 9.4 Employees Remuneration

9.4.1 The total expenditure incurred on the Employees remuneration for the year 2015-16 was ₹ 93.13 Cr. as against previous year expenditure of ₹ 95.14 Cr. The details are :

(Figures in ₹ Lakh)

S. No	Particulars	2015-2016	2014-2015
1)	Salaries and Wages	6222.18	6527.81
2)	Cont. to Provident Fund & EPS	544.66	571.14
3)	Gratuity	815.13	79.82
4)	Leave Encashment	180.89	298.73
5)	Staff Welfare Expenditure (Net)	1304.94	1784.08
6)	Leave Salary & Pension Contribution	245.04	252.59
	<b>TOTAL</b>	<b>9313.14</b>	<b>9514.17</b>

#### 9.4.2 Remuneration to Members of Board:

- (i) The Official Directors on the Board of the Company are not entitled to any salary, perquisites allowances, bonuses, stock options, pensions, Performance Related Pay (PRP) etc. at the expense of the company.
- (ii) The Part-time Non-official Directors on the Board of the Company are not entitled to any remuneration except sitting fees for attending meetings of the

Board or its committees thereof at ₹ 15,000/- (Rupees Fifteen Thousand only) per meeting (including its adjournment for next day) They were also reimbursed TA/DA expenses for attending the Meetings of the Board or its Committees.

- (iii) The Remuneration of Functional Directors of the Company is approved by President of India with detailed terms and conditions of appointment, under the provisions of Articles of Association of the Company. They were paid remuneration during the year 2015-16 as shown below:

No.	Remuneration to Functional Directors	Amount (₹ Lakh)	
		2015-16	2014-15
1.	Salaries and Wages	94.36	115.85
2.	Cont. to Provident Fund & EPS	5.49	6.65
3.	Gratuity	9.75	10.00
4.	Leave Encashment	17.77	2.48
5.	<b>TOTAL</b>	<b>127.37</b>	<b>134.98</b>

- (iv) No Member of the Board of the Company is entitled for any severance fees, stock option entitlements from the Company.

## 10.0 CORPORATE SOCIAL RESPONSIBILITY

MIDHANI as a corporate citizen has been discharging its social responsibilities by undertaking activities listed out in its CSR & SD policy viz. various welfare measures like community development, pollution control and eco-friendly measures. MIDHANI has keenly taken steps to implement its Corporate Social Responsibility as mandated under section 135 of Companies Act 2013 and also as per the guidelines received from Dept. of Public Enterprises on the subject in its true letter and spirit. The guidelines envisaged earmarking of separate budget for these activities with the main object of developing company specific social responsibility strategies both in long term, medium term, short term, with inbuilt mechanism for monitoring and accountability.

### **BRIEF PROFILE OF DR. JYOTI MUKHOPADHYAY**

Dr. Jyoti Mukhopadhyay is a visiting professor at Department of Materials Science and Engineering at Indian Institute of Technology, Gandhinagar. He is an Engineering Graduate from Calcutta University, Master of Engineering from Roorkee University, Presently, known as Indian Institute of Technology, Roorkee and Ph.D. in Materials Science and Engineering from Indian Institute of Technology, Bombay. He has also served as Director of Jawaharlal Nehru Aluminium Research Development and Design Centre falling under Ministry of Mines, Government of India for over 8 years. He was also awarded as the “Metallurgist of the Year - 2001” by Ministry of Steel, Government of India.

### **BRIEF PROFILE OF SHRI. I. V. SARMA**

Shri. I. V. Sarma, an Electronics & Communications engineer with MBA from FMS, Delhi has experience of over 38 years in the Electronics industry in India. His experience covers a number of functions including R&D, Manufacturing, Domestic and International business development, Project Management, Offsets Management, Strategic Planning, Setting up of factories, and formation of JVs. . Shri. Sarma was Director (R&D) in Bharat Electronics Ltd (BEL), a Navratna PSU, in the business of Defence Electronics, for over four years. He headed three units of BEL before becoming Director on its Board. He was also on the Board of BEL Optronics devices Ltd. Shri. I. V. Sarma was Chair of IRSI (International Radar Symposium of India) and Co-chair of EWCI. He is also a member of the advisory committee of Project Management Institute and Research committee of LRDE. He is also a Fellow of IETE.

### **BRIEF PROFILE OF DR. USHA RAMACHANDRA**

Dr. Usha Ramachandra, Ph D (Economics), University of Hyderabad is Professor and Chairperson, Energy Area and currently the Dean of Training Programs at the Administrative Staff College of India, Hyderabad. She has worked extensively on infrastructure regulation and restructuring, particularly that of the power sector. She has been a resource person for capacity building and technical assistance in the South Asia region particularly in Bhutan, Sri Lanka, Bangladesh and Pakistan.

### **BRIEF PROFILE OF SHRI. SANJAY GARG**

Shri. Sanjay Garg, M.Tech in Production Engineering from Indian Institute of Technology, Delhi is a senior officer of the Indian Administrative Service (IAS). He is presently posted as Joint Secretary in Department of Defence Production, Ministry of Defence, South Blk., New Delhi. He handles all issues related to private sector investment in the Defence production sector, policy issues related to export of Defence equipments, Foreign Direct Investments, Industrial Licensing, Defence Capital Procurement, etc. He examines and responds to all enquiries related to Make in India campaign in Defence production sector, International cooperation with various countries in the area of Defence production through technology transfer, co-development or co-production and is also in-charge of all domestic & international Defence exhibitions. Before joining Ministry of Defence, he has also worked in Ministry of Finance and Ministry of Industry of Government of India. At the State/Province level he has worked in the States of Kerala and Chhattisgarh in various positions of District Administration and also as Head of significant Departments in the respective States.

## ANNEX-II (A)

DETAILS OF THE MEETINGS HELD DURING THE YEAR AND THE ATTENDANCE OF DIRECTORS THERE OF							
Sl. No	NAME & DESCRIPTION OF DIRECTOR	BOARD		AUDIT COMMITTEE		GENERAL MEETINGS*	
		NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED	NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED	NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED
1.	Shri. M Narayana Rao	4	4	NA	NA	NA	NA
2.	Dr. D. K. Likhi-C&MD	3	3	NA	NA	1	1
3.	Dr. D.K. Likhi-D(P&M)	4	4	3	3	NA	NA
4.	Mrs. Kusum Singh	6	6	3	3	1	A
5.	Shri. Sanjay Garg	1	1	NA	NA	NA	NA
6.	Shri. B.G. Raj	7	7	4	4	1	1
7.	Dr. Amol Gokhale	2	2	1	0	NA	NA
8.	Dr. Jyoti Mukhopadhyay	2	2	1	1	NA	NA
9.	Shri. I. V. Sarma	2	2	1	1	NA	NA
10.	Dr. Usha Ramachandra	2	2	1	1	NA	NA
11.	Permanent special Invitee : Shri. P. K. Kataria	5	3	2	2	NA	NA
*Annual General Meeting held on 22.09.2015 where in representative of President of India was present							
Leave for absences for the Directors were recorded at every Meeting in case of their inability to attend due to unavoidable reasons							
C&MD is not a member of Audit Committee and hence attendance part is not applicable to him.							

**ANNEX-II(B)**

<b>DETAILS OF THE MEETINGS OF COMMITTEES OF BOARD HELD DURING THE YEAR AND THE ATTENDANCE OF THE DIRECTORS THEREOF</b>					
		<b>PROCUREMENT COMMITTEE</b>		<b>CORPORATE SOCIAL RESPONSIBILITY COMMITTEE</b>	
<b>S. No</b>	<b>NAME &amp; DESCRIPTION OF DIRECTOR Shri/S</b>	<b>NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED</b>	<b>NO OF MEETINGS ATTENDED</b>	<b>NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED</b>	<b>NO OF MEETINGS ATTENDED</b>
1)	M. Narayana Rao	5	4	1	1
2)	Dr. D. K. Likhi C&MD	7	7	2	2
3)	Dr. D.K. Likhi Director (P&M)	5	5	1	1
4)	B. G. Raj	12	11	3	3
5)	Dr. Usha Ramachandra	1	1	1	1
<p>Leave for absences for the Directors were recorded at every Meeting in case of their inability to attend due to unavoidable reasons.</p>					

## ANNEXURE-III (i)

### TERMS OF REFERENCE & CONSTITUTION OF AUDIT COMMITTEE UNDER COMPANIES ACT 2013 & DPE GUIDELINES ON CORPORATE GOVERNANCE

#### I. Constitution of Audit Committee:

- 1) At any point of time the Audit Committee shall consist of a minimum of three directors with independent directors forming a majority.
- 2) Audit Committee shall have Minimum three directors as members and two-third of its members shall be Independent Directors, provided that majority of members of Audit Committee including its Chairperson shall be persons with ability to read and understand, the financial statement and at least one member shall have expertise in accounting and financial management.
- 3) The meetings of Audit Committee shall always be chaired by an Independent Director.

#### II. Meetings of the Audit Committee:

- 1) The Audit Committee shall meet at least **FOUR (4)** times during any financial year and not more than four months shall elapse between two meetings.
- 2) A minimum of two Independent Directors shall be the quorum for any meetings of the Audit Committee so conducted.

#### III. Functions of Audit Committee:

- 1) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) Audit Committee shall be responsible for reviewing with the management and ensuring that the company's quarterly financial statements, annual financial statements declared by CEO /CFO [C&MD/D(F)] and audits are in compliance with applicable laws, regulations, and company policies before submission to the Board for approval.

- 3) The Committee shall provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
- 4) Reviewing, with the management, the annual financial statements and Auditor's Report before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of section 134 (3) (c) of the Companies Act, 2013;
  - b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions; and
  - g) Qualifications in the draft audit report.
- 5) Recommend to the Board for appointment, remuneration and terms of appointment of auditors of the company.
- 6) **Vigil Mechanism:**
  - (i) The Committee shall establish and recommend to the Board a vigil mechanism for directors and employees to report genuine concerns with regard to the operations of the company.
  - (ii) The Committee shall provide for adequate safeguards against victimization of persons who use such mechanism and shall make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.



- (iii) The Committee shall ensure that the vigil mechanism so established and approved by the Board shall be disclosed by the company on its website and also in the Board's report.
- 7) The Committee shall review the functioning of the Whistle Blower Mechanism.
- 8) **Cost Auditor:** The Committee shall recommend to the Board for appointment of Cost Auditor along with remuneration, the remuneration recommended by the Audit Committee shall be considered and approved by the Board and ratified subsequently by the shareholders.

**IV. Powers of Audit Committee:**

- I. The Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
- II. The Committee shall have authority to investigate into any matter in relation to its functions or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.
- III. The Committee shall provide the Auditors and the key managerial personnel of the company a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not provide the right to vote.
- IV. The Committee shall ask for the disclosure of its composition in Board's report and also to disclose in such report along with the reasons thereof where the Board had not accepted any recommendation of the Audit Committee.
- V. The Committee shall be empowered to summon and seek information from any employee of the CPSE at any given point of time.

- VI. Review and monitor the auditor's independence and performance, and effectiveness of audit process and shall also have powers to strengthen auditor independence by mitigating conflicts of interest.
- VII. The Committee shall review and pre-approve all related party transactions in the company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions.
- VIII. The Committee can conduct scrutiny of inter-corporate loans and investments, Valuation of undertakings or assets of the company, wherever it is necessary and also carry on review and evaluation of internal financial controls and risk management systems.
- IX. The Committee shall have powers to monitoring the end use of funds raised, if any, through public offers and related matters.
- X. All information regarding appointment and/or removal of Chief Internal Auditor shall be placed before the Audit Committee.
- XI. **AUDIT(S):**
  - (i) **INTERNAL AUDIT:**
    - a) Reviewing, with the management, performance of internal auditors (external firms) and adequacy of the internal control systems.
    - b) Reviewing the adequacy of internal audit (in house) function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of such audit.
    - c) Discussion with internal auditors on any significant findings and follow up thereon.
    - d) Recommending to the Board the fixation of fees for Internal Auditors for Audit and other services if any.

**(ii) STATUTORY AUDIT:**

- a) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- b) Discussion with Statutory auditors on any significant findings and follow up thereon.
- c) Review with the independent auditors the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
- d) Recommending to the Board the fixation of Statutory Audit fees.
- e) Approval of payment to statutory auditors for any other services (other than audit) rendered by them.

**(iii) GOVERNMENT AUDIT:** To review the follow up action on the audit observations of the C&AG audit.

**(iv)** The Committee shall consider and review the following with the management, internal auditor and the independent auditor:

- a) Significant findings during the year, including the status of previous audit recommendations
- b) Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

**(v)** The Committee shall consider and review the following with the independent auditor and management:

- a) The adequacy of internal controls including computerized information system controls and security, and

- b) Related findings and recommendations of the Independent auditor and internal auditor, together with the management responses.
- XII. Reviewing the findings of any internal investigations by the internal auditors/ statutory auditors/ other agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- XIII. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- XIV. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.

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**Explanation (i):** The term “related party transactions” shall have the same meaning as contained in the Accounting Standards 18, Related Party Transactions, issued by the Institute of Chartered Accountants of India.

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[Presently, the Chairman of the Audit Committee or another independent Part-time Non-Official Independent Director who is a member of the Audit Committee, have been designated as person(s) responsible for according prior approval for related party transactions (AS-18) as contemplated under DPE guidelines.]

## ANNEXURE-III (ii)

### TERMS OF REFERENCE TO PROCUREMENT COMMITTEE

- The Committee shall have the powers of Board to deal with all cases of Procurement of Raw Materials, Consumables and other revenue items beyond the delegated powers of Chairman & Managing Director.
- In respect of Capital items, the Committee shall have full powers of the Board, provided AoN (i.e. Acceptance of Necessity) was approved by the Board, any deviation from the original approvals shall require fresh approval of the Board.
- The Terms of reference to the committee is as under:
  - ✓ To consider and clear the Procurement Proposals beyond the delegated powers of Chairman & Managing Director as per delegation of powers approved by Board, subject to adhering to the due process laid down in the Purchase Policy & Procedures in vogue in the Company.
  - ✓ To consider and approve such other Procurement proposals as may be entrusted by the Board from time to time.
  - ✓ To study and recommend to Board the Policies & Procedures to be followed by the Company in the matter of Procurement of materials and equipment including the recommendation to Board for approval of Purchase manual.
  - ✓ To consider and advise Board on matters relating to e-procurement.
  - ✓ To consider and advise Board on the matters relating to CVC Guidelines/ MoD instructions.
  - ✓ The C&MD of the Company shall act as Chairman of the Committee and in the absence of the Chairman; the members present may elect the Chairman and conduct the proceedings. The proposals approved by the Committee shall be put up to Board at its next meeting for information.

### ANNEXURE-III (iii)

#### TERMS OF REFERENCE & PURPOSE OF REMUNERATION COMMITTEE:

- The Committee shall consider all relevant issues contained in DPE OM dt. 26.11.2008 relating to Variable Pay or Performance Related Pay.
- To develop a robust and transparent Performance Management System, adopting a “Bell Curve Approach” in grading the officers so that not more than 10% to 15% executives are “Outstanding/Excellent”. Similarly 10% of Executives should be graded as “Below Par”
- Every year, RC will recommend the PRP as per the defined rules.
- The Committee can frame its own guidelines for conducting its meetings.

### ANNEXURE-III (iv)

#### TERMS OF REFERENCE TO HUMAN RESOURCES COMMITTEE

- To review and make suggestions to Board of Directors in respect of Policy matters relating to both Executives (including Non-Unionized Supervisory Cadre) and Non-Executives in respect of the following matters:
  - ✓ Creation /abolition of Posts - fixing optimum man power strength.
  - ✓ Changes in the Organization Structure, Designations, allocation of functions
  - ✓ Recruitment Rules and Procedure
  - ✓ Service conditions like Leaves, TA&DA, Medical, LTC etc.
  - ✓ Salary / Wage structure - Scales of Pay- Increments and other related matters.
  - ✓ Perquisites and Allowances, Bonus , Performance and Productivity Related Incentive Schemes

- ✓ Retirement benefits and plans
- ✓ Creation and Maintenance of Provident Fund, Gratuity Fund, Pension Fund etc.
- ✓ All Welfare Schemes including Canteen, School, Transport, Awards/ Rewards, Ex-gratia, Gifts and other benefits including facilities to be extended after retirement
- ✓ Maintenance of Town Ship and Estate Matters
- To review and make suggestions to Board of Directors in respect of Policy matters relating to both Executives including (Non-Unionized Supervisory Cadre) and Non- Executives.
  - ✓ Career Development Plans including Training & Development Programs - Engagement of GETs / MTs and the Schemes relating to them.
  - ✓ Framing up of Conduct, Discipline and Appeal (CDA) Rules and Standing Order as applicable.
  - ✓ Review and make suitable recommendations to Board in respect of Disciplinary proceedings / reports / actions taken and/or to be taken
  - ✓ Introduction of Voluntary Retirement, Compulsory Retirement and other Separation Schemes.
  - ✓ Vigilance and Security related issues.
  - ✓ Trade Unions, Officers / Supervisors Associations
- Recommending to Board of Directors regarding grant of donations to charitable and other funds on account of natural calamities.
- The Committee can frame its own guidelines for conducting its meetings.

### ANNEXURE-III (v)

#### TERMS OF REFERENCE TO TECHNICAL COMMITTEE

- Overseeing of the company's technological competitiveness (current and future) in line with the business strategy.
- Guiding research & technological plan of the company.
- Guiding operational strategy of the company with particular reference to (a) new product development (b) new market development (c) new diversification projects (d) technologic alliances
- To advise the Board in relation to framing of risk management policy in the Company
- Guide and reviewing the academic industry interface for leveraging basic knowledge in the area of technology.
- Guiding the Company for development of new technologies in the area of product and process including, Intellectual Property Right Management (IPRM)
- Guiding the company to create the centre of excellence in R&D for special steels, super alloys and titanium alloys.

### ANNEXURE-III (vi)

#### TERMS OF REFERENCE TO CORPORATE MANAGEMENT COMMITTEE:

- The subjects for deliberation / discussions at the meeting, inter-alia include:
  - a) Review of Production/major Projects and Financial Performance and Marketing Operations;
  - b) Ways and means of cash flows in the organization;
  - c) Employee relations resolving personal grievances;
  - d) Systems improvements;
  - e) Improving inter-departmental; inter- functional co-ordination and resolving inter-departmental and intra-departmental bottlenecks, if any.

**A BRIEF SUMMARY OF THE CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT OF MISHRA DHATU NIGAM LIMITED IS AS UNDER:**

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**CONTENTS OF CODE**

**PART-I**

**1.0 GENERAL MORAL IMPERATIVES**

**1.1 Contribute to society and human well being**

1.1.1 This principle concerning the quality of life of all people, affirms an obligation to protect fundamental human rights and to respect the diversity of all cultures. We must attempt to ensure that the products of our efforts will be used in socially responsible ways, will meet social needs and will avoid harmful effects to health and welfare of others. In addition to a safe social environment, human well being includes a safe natural environment.

1.1.2 Therefore, all Board members and Senior Management who are accountable for the design, development, manufacture and promotions of company's products, must be alert to, and make others aware of, both a legal and a moral responsibility for the safety and the protection of human life and environment.

**1.2 Be honest and trustworthy & practice integrity**

1.2.1 Integrity and honesty are essential components of trust. Without trust an organization cannot function effectively.

1.2.2 All Board Members and Senior Management are expected to act in accordance with highest standards of personal and professional integrity, honesty and ethical conduct, while conducting business of the Company.

1.3 Be fair and take action not to discriminate

1.3.1 The values of equality, tolerance, respect for others, and the principles of equity, justice govern this imperative. Discrimination, on the basis of race, sex, religion, caste, age, disability, national origins or other such factors, is an explicit violation of this Code

1.4 Honour Confidentiality

1.4.1 The principle of honesty extends to issues of confidentiality of information. The ethical concern is to respect all obligations of confidentiality to all stakeholders unless discharged from such obligations by requirements of the law or other principles of this Code.

1.4.2 All Board Members and Senior Management, therefore, shall maintain the confidentiality of all confidential unpublished information about business and affairs of the Company.

1.5 Pledge & Practice

1.5.1 To strive continuously to bring about integrity and transparency in all spheres of the activities.

1.5.2 Work unstintingly for eradication of corruption in all spheres of life.

1.5.3 Remain vigilant and work towards growth and reputation of the Company.

1.5.4 Bring pride to the organization and provide value-based services to Company's stakeholders.

1.5.5 Do duty conscientiously and without fear or favour

**PART - II**

**2.0 SPECIFIC PROFESSIONAL RESPONSIBILITIES**

2.1 Live the Vision, Mission and Values of the Company each day:

For quick reference MISSION is under:

A. MISSION OF THE COMPANY :

To achieve self-reliance in the Research, Development, Manufacture and Supply of Critical Alloys and products of National Security and Strategic importance.

B. VALUES:

- a) Zeal to excel and zest for change
- b) Integrity and fairness in all matters
- c) Respect for dignity and potential of individuals
- d) Strict adherence to commitments
- e) Ensure speed of response
- f) Foster learning, creativity and team-work
- g) Loyalty and pride in the Company.

2.2 Strive to achieve the highest quality, effectiveness and dignity in both the processes and products of professional work:

Excellence is perhaps the most important obligation of a professional. Everyone, therefore, should strive to achieve the highest quality, effectiveness and dignity in their professional work.

2.3 Acquire and maintain professional competence:

Excellence depends on individuals who take responsibility for acquiring and maintaining professional competence. All are, therefore, expected to participate in setting standards for appropriate levels of competence, and strive to achieve those standards.

2.4 Compliance with Laws:

The Board Members and Senior Management of the Company shall comply with all the applicable provisions of existing Local, State, National and International laws. They should also follow and obey the policies, procedures, rules and regulations relating to business of the Company.

2.5 Accept and provide appropriate professional review:

Quality professional work depends on professional review and comments. Whenever appropriate, individual members should seek and utilize peer review as well as provide critical review of the work of theirs.

2.6 Manage personnel and resources to enhance the quality of working life:

Organizational leaders are responsible for ensuring that a conducive working and business environment is created for fellow employees to enable them delivering their best. The Board Members and Senior Management would be responsible for ensuring human dignity of all employees, would encourage and support the professional development of the employees of the Company by providing them all necessary assistance and cooperation, thus enhancing the quality of working.

2.7 Be upright and avoid any inducements:

The Board Members and Senior Management shall not, directly or indirectly through their family and other connections, solicit any personal fee, commission or other form of remuneration arising out of transactions involving Company. This includes gifts or other benefits of significant values, which might be extended at times, to influence business for the organization or awarding a contract to an agency etc.

2.8 Observe Corporate Discipline:

The flow of communication within the Company is not rigid and people are free to express themselves at all levels. Though there is a free exchange of opinions in the process of arriving at a decision, but after the debate is over and a policy consensus has been established, all are expected to adhere and abide by it, even when in certain instances one may not agree with it individually. In some cases policies act as a guide to action, in others they are designed to put a constraint on action. All must learn to recognize the difference and appreciate why they need to observe them.

2.9 Conduct in a manner that reflects credit to the Company:

All are expected to conduct themselves, both on and off duty, in a manner that reflects credit to the Company. The sum total of their personal attitude and behaviour has a bearing on the standing of Company and the way in which it is perceived within the organization and by the public at large.

2.10 Be accountable to Company's stakeholders:

All of those whom we serve, be it our Customers, without whom the Company will not be in business, the Shareholders, who have an important stake in its business, the Employees, who have a vested interest in making it all happen, the Vendors, who support the Company to deliver in time and Society to which Company is responsible for its actions - are stakeholders of the Company. All, therefore, must keep in mind at all times that they are accountable to Company's stakeholders.

2.11 Prevention of Insider Trading:

The Board Members and Senior Management shall comply with the code of Internal Procedures and conduct for prevention of Insider Trading in dealing with Securities of the Company.

2.12 Identify, mitigate and manage business risks:

It is everybody's responsibility to follow the Risk Management Framework of the Company to identify the business risks that surround function or area of operation of the Company and to assist, in the company-wide process of managing such risks, so that Company may achieve its wider business objectives.

2.13 Protect properties of the Company:

The Board Members and Senior Management shall protect the assets including physical assets, information and intellectual rights of the Company and shall not use the same for personal gains.

**PART-III****3.0 SPECIFIC ADDITIONAL PROVISIONS FOR BOARD MEMBERS AND SENIOR MANAGEMENT****3.1 As Board Members and Senior Management:**

They shall undertake to actively participate in the meetings of the Board and Committees on which they serve.

**3.2 As Board Members:**

3.2.1 Undertake to inform the Chairman and Managing Director / Company Secretary of the Company, of any changes in their other Board positions, relationship with other business and other events/ circumstances/ conditions that may interfere with their ability to perform Board / Board Committee duties or may impact the judgment of the Board as to whether they meet the independence requirements as per Guidelines of DPE.

3.2.2 Undertake that without prior approval of the disinterested members of the Board, they will avoid apparent conflict of interest. Conflict of interest may exist when they have personal interest that may have a potential conflict with the interest of the Company.

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ANNEXURE - V

**मिश्र धातू निगम लिमिटेड**  
(भारत सरकार का उपक्रम)  
(एक मिनी रत्ना कंपनी)  
**सुपर आर्लोय्स प्लांट**  
डाकघर : कंचनबाग, हैदराबाद - 500 058, भारत  
दूरभाषा : 24340001 (लाईन 10)  
फैक्स : 040-24340764, 24340214, 24340371



AN ISO 9001:2008 COMPANY

**MISHRA DHATU NIGAM LIMITED**  
(A Govt. of India Enterprise)  
(A MINI RATNA COMPANY)  
**SUPERALLOYS PLANT**  
P.O. Kanchanbagh, Hyderabad - 500 058, India.  
Phone : 24340001 (10 Lines)  
Fax : 040-24340764, 24340214, 24340371  
website : www.midhani.gov.in.

CIN : U14292TG1973GOI001660

**CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members of Mishra Dhatu Nigam Limited,

**THIS IS TO CERTIFY** that M/s Mishra Dhatu Nigam Limited, a Public sector undertaking having its Registered office at Kanchanbagh, Hyderabad - 500058 has adopted a Code of Business Conduct and Ethics as per the “Guidelines on Corporate Governance for Public Sector Enterprises, 2007 & 2010” issued by Dept. of Public Enterprises, as per which it is the responsibility of all Directors and Senior Management Personnel to familiarize themselves with the code and comply with its standards; and

**This is also to certify** that the Board members and Senior Management personnel of Mishra Dhatu Nigam Limited have affirmed compliance with the code of the Company for the financial year ended 31<sup>st</sup> March 2016.

**for MISHRA DHATU NIGAM LIMITED**

**(Dr. D. K. LIKHI)**  
**CHAIRMAN & MANAGING DIRECTOR**

Place: Hyderabad  
Date: 09.07.2016

**ANNEXURE - VI**



(O): 315, Bhanu Enclave, Adj. ESI Hospital Erragadda, Hyderabad - 38  
(R) : F-1, Pavani Aparts., 40, Rajeev Nagar, Hyderabad - 500045  
Tel (O) : 23701964, Fax : 23701374, (R) 23833255  
E-mail : pjagan123@gmail.com

**CERTIFICATE ON CORPORATE GOVERNANCE**

To ,  
**The Members of**  
**Mishra Dhatu Nigam Limited**  
**Hyderabad**

We have examined all the relevant records of Mishra Dhatu Nigam Limited for the purpose of certifying the compliance of conditions of the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 for the financial year ended 31<sup>st</sup> March 2016. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our knowledge and according to the explanations given to us, we certify that the Company has complied with the above said guidelines except that no formal statement of Board Charter have been put in place.

**FORPUTTAPARTHI JAGANNATHAM & CO.,**  
**COMPANY SECRETARIES**

**Sd/-**  
**CS NAVAJYOTH PUTTAPARTHI**  
PARTNER, CP NO. 16041

Place: Hyderabad  
Date: 11/07/2016

## SWOT ANALYSIS

### ANNEXURE - VII

#### 1.0 STRENGTHS:

- Capability to manufacture a wide range of advanced products.
- Metallurgical expertise and experience gained with over 40 years in operating and maintenance of various high technology equipment and processes.
- High Quality of Products.
- New and Augmented Technology in select areas mainly in melting and forging.

#### 2.0 WEAKNESSES

- Age old plants and equipments.
- High cost of select products.
- Long delivery periods in select areas.
- Reduced manpower and lack of knowledge management.
- Overdependence on orders from Government Sector.

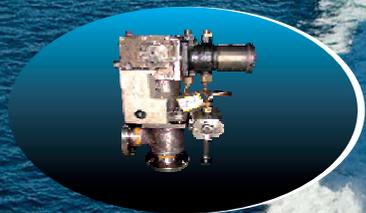
#### 3.0 OPPORTUNITIES

- Demand for special alloys and steels are increasing.
- Likely increase in demand on account of Government initiatives like Make in India.
- Opportunity for long-term tie-ups in the form of Joint ventures and strategic alliances etc.
- Diversification opportunities in materials area.

#### 4.0 THREATS

- Competition from private sector in India and abroad.
- Volatile prices of some of the critical imported raw materials coupled with their non-availability at times.

# Making our Presence Felt *from* “Deep Sea to Outer Space”



## **INDEPENDENT AUDITORS' REPORT**

To  
**The Members**  
**Mishra Dhatu Nigam Limited,**  
Hyderabad.

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Mishra Dhatu Nigam Limited ('the Company'), which comprise the balance sheet as at 31<sup>st</sup> March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions

of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and its profit and its cash flows for the year ended on that date.

### **Emphasis of matter:**

**We draw attention to:**

- 1. Note No. 29 (8): The Company has contributed ₹ 495.75 Lakhs towards Pension Scheme up to March'15 to Trust which has not been approved by MoD. The company has again represented to MoD for approval. The current year provision towards Pension Scheme amounting to ₹ 72.20**

Lakhs is subject to approval as per Government Guidelines.

2. **Note No: 29(4):** During the year the Company has introduced new clause No 2.11 in Accounting Policies on fixed assets for modifying the charging of depreciation component wise of fixed assets in order to comply with the provisions of Companies Act, 2013 and the Company has disclosed the impact on the revenue or profitability.
3. **Note No.8 (Trade Payables), Note No.9 (Other Current Liabilities), Note No.15 (Long Term Loans and Advances), Note No.17 (Inventories), Note No.18 (Trade Receivables), Note No.20 (Short Term Loans and Advances),** to the financial statements are subject to receipt of confirmation of balances/reconciliation.

Our opinion is not modified in respect of the matter emphasized.

### **Other matters**

We have issued an Audit Report dated.20.07.2016 (“the original report”) on the financial statements as adopted by Board of Directors on even date. Pursuant to the observations of Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013, the original report has been revised to include note No.17 in Sl.No.3 of Emphasis of matter and to include the directions issued by Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013 in Sl.No.2 under ‘Report on Other Legal and Regulatory Requirements’.

### **Report on Other Legal and Regulatory Requirements.**

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. Based on the verification of records of the Company and based on information and explanations given to us, we give below a report on the directions issued by the Comptroller and Auditor General of India in terms of Sec.143 (5) of the Companies Act, 2013.

Sl.No.	DIRECTIONS	FINDINGS
i.	Whether the Company has clear title/lease for freehold and leasehold respectively? If not please state the area of freehold and leasehold for which the title/lease deeds are not available?	The Company held free hold land of 275 acres and 35 Guntas. However Conveyance deeds/ Title deeds in respect of this land were not yet executed in the Company's name. Due to non execution of Conveyance deeds/ Title deeds in the Company's name, there is no impact on the accounts and financial statement of the company.
ii.	Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and amount involved.	The Company has written off ₹ 228.63 Lakhs as bad debts which are identified as non recoverable on account of tax variances, weight variances and other reasons during the reporting period. Since the same was charged off, there is no further impact on the accounts and financial statement of the Company.
iii.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from the Govt. or other authorities.	The Company has maintained adequate records in respect of inventories lying with third parties. As per the explanations and information given to us, no assets have been received by the Company as gift from Government or other authorities.

3. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;



- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) In terms of Ministry of Corporate Affairs GSR No.463(E) dated 5<sup>th</sup> June'2015, Government Companies are exempt from the applicability of the Provisions of Section 164 (2) of the Companies Act, 2013. Hence no comments offered.
- (f) With respect to adequacy of internal financial controls over financial reporting of the Company and operative effectiveness of such controls, a separate report in Annexure-B is enclosed ; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 29(6) to the financial statements;
  - ii. the Company did not have any long term Contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For V. Rao & Gopi**  
Chartered Accountants  
FRN:003153S

Sd/-  
**(P. Hanumantha Rao)**  
Partner; M. No: 026990

Place of signature: Hyderabad  
Date: 08.08.2016.

**Annexure- A to the Independent Auditors' Report  
Referred to in Paragraph 1 of our report of even date under  
"Report on Other Legal and Regulatory Requirements"**

**Re: Mishra Dhatu Nigam Limited**

i.	a.	The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, on the basis of available information.		
	b.	As explained to us, the fixed assets have been physically verified by the management and no discrepancies were reported. On the basis of information /documents produced for our verification, we are of the opinion that the system followed by the Company for the physical verification of the fixed assets is reasonable.		
	c.	According to the information and explanation given to us and on the basis of our examination of records of the Company by us, the title deeds of immovable properties are not held in the name of the Company and the details of which are given here under.		
		<b>S. No</b>	<b>Particulars</b>	<b>Land details</b>
		1.	Total number of cases	i) Factory area: 132 Acres and 31 Guntas ii) Corporate office: 8.00 Acres iii) Township area: 97 Acres and 05 Guntas iv) Under lease to DRDO & Others: 37 Acres and 39 Guntas.
		2.	Whether Free hold/ lease hold	Free hold
		3.	Gross block as on 31-03-2016	₹ 128.82 lakhs
		4.	Net block as on 31-03-2016	₹ 128.82 lakhs

	5.	Remarks	Conveyance deed for 275 Acres and 35 Guntas of land acquired are yet to be executed in the name of the Company. Out of this 1.5 acres land is under dispute on account of unauthorized occupancy by third party.
<b>ii.</b>		As explained to us inventories have been physically verified by the management at the reasonable intervals and the discrepancies noticed on physical verification by the management have been properly dealt with in the books of account.	
<b>iii.</b>		The Company has not granted any loans to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.	
<b>iv.</b>		According to the information and explanations given to us and based on our examination of records, the provisions of section 185 and 186 of the Companies Act, 2013 are not applicable to the Company vide Notification GSR No.463(E) F. No. 1/2/2014-CL.V dated 5 <sup>th</sup> June 2015.	
<b>v.</b>		The Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the order is not applicable.	
<b>vi.</b>		The Company is required to maintain Cost Accounting records as per Sec.148(1). We are of the opinion that, prima facie, the prescribed records have been made and maintained.	
<b>vii.</b>	a.	According to the information and explanation given to us and on the basis of our examination of records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, Sales Tax/VAT, and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. No undisputed amounts payable in respect of the above were in arrears, as at 31.03.2016 for a period of more than six months from the date they became payable.	

	b.	According to information and explanation given to us, there are no dues of service tax and cess which have not been deposited with appropriate authorities on account of dispute. However according to information and explanation given to us, the following Value Added Tax/CST, Central excise, Customs duty and income tax have not been deposited as per the details given here under.		
	<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Forum where dispute is pending</b>	<b>Amount ₹ Lakhs</b>
	CST Act, 1956	CST A.Y. 2010-11	Asst. Commissioner of Commercial Tax	82.83
	VAT Act 2005/CST Act, 1956	CST A.Y. 2011-12 (C Forms)	Asst. Commissioner of Commercial Tax	54.27
	Central Excise Act, 1944	Excise Duty, Interest & Penalty for the period April, 2005 to September, 2009	CESTAT, Hyderabad Bench	14446.88
	Customs Act 1962	Customs Duty and Penalty	Commissioner of Customs, Central Excise and Service Tax, Hyd-II	106.20
	Income Tax Act, 1961	Income Tax for the A.Y.2013-14	Asst. Commissioner of Income Tax	736.77
<b>viii.</b>		According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government or dues to debenture holders.		
<b>ix.</b>		The Company did not raise any money by way of initial public offer or further public offer or term loans during the year. Accordingly, paragraph 3(ix) of the order is not applicable.		
<b>x.</b>		According to the information and explanations given to us, no fraud by the Company or on the Company by the officers or employees has been noticed or reported during the year or informed any such case by the management.		

<b>xi.</b>	According to the information and explanations given to us and based on our examination of records, the provisions of section 197 read with schedule V of the Companies Act, 2013 are not applicable to the Company vide Notification GSR No.463(E) F. No. 1/2/2014-CL.V dated 5 <sup>th</sup> June 2015.
<b>xii.</b>	In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly paragraph 3(xii) of the order is not applicable.
<b>xiii.</b>	According to the information and explanations given to us and based on our examination of records, the provisions of section 188 of the Companies Act, 2013 are not applicable to the Company vide Notification GSR No.463(E) F. No. 1/2/2014-CL.V dated 5 <sup>th</sup> June 2015.
<b>xiv.</b>	According to the information and explanations given to us and based on our examination of Company records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
<b>xv.</b>	According to the information and explanation given to us and based on our examination of Company records, the Company has not entered into non cash transactions with directors or person connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.
<b>xvi.</b>	The Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

**For V. Rao & Gopi**

Chartered Accountants  
FRN:003153S

Sd/-

**(P. Hanumantha Rao)**

Partner; M. No: 026990

Place of signature: Hyderabad

Date: 08.08.2016.

**Annexure- B to the Independent Auditors' Report  
Referred to in Paragraph 3 (f) of our report of even date under  
"Report on Other Legal and Regulatory Requirements"  
Re: Mishra Dhatu Nigam Limited**

**Report on the internal financial controls under clause (i) of sub-section  
3 of Section 143 of the Companies act, 2013 ("the act")**

We have audited the internal financial controls over financial reporting of Mishra Dhatu Nigam Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's responsibility for internal financial controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and



plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of internal financial controls over financial reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent limitations of internal financial controls over financial reporting**

Because of the inherent limitations of internal financial controls over financial

reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For V. Rao & Gopi**

Chartered Accountants

FRN:003153S

Sd/-

**(P. Hanumantha Rao)**

Partner; M. No: 026990

Place of signature: Hyderabad

Date: 08.08.2016.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF M/S MISHRA DHATU NIGAM LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH, 2016**

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The preparation of financial statements of M/s. MISHRA DHATU NIGAM LIMITED, Hyderabad for the year ended 31 March, 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 July 2016 and **revised report dated 08 August 2016.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of M/s. MISHRA DHATU NIGAM LIMITED, Hyderabad for the year ended 31 March, 2016. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. **In view of the revision made to include Note No.17 in Sl. No.3 of Emphasis of Matter and to include the directions issued by the Comptroller & Auditor General of India and compliance thereto under section 143(5) of the Companies Act, 2013 to the Independent Auditors Report as a result of my audit observations highlighted during supplementary audit,** I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6) (b) of the Act.

**For and on the behalf of the  
Comptroller & Auditor General of India**

Sd/-

**(E.P. Nivedita)**

**Pr. Director of Commercial Audit**

Place : Bengaluru

Dated: 22 August 2016

## SIGNIFICANT ACCOUNTING POLICIES

### 1.0 Accounting Method:

The Financial accounts are prepared under the accrual basis at historical cost unless otherwise stated.

### 2.0 Fixed Assets:

- 2.1.1 Land received from the Government as alienation/acquisition has been valued either at cost or estimated market value as indicated by State Government pending determination of liability.
- 2.1.2 The expenditure on development of open land is capitalized as part of the cost of land.
- 2.2 Other fixed assets are stated at cost. Cost includes, where applicable, allocation of expenditure during construction and expenditure as part of start up and commissioning.
- 2.3 Capital works, done internally, are valued at prime cost i.e., cost of direct labour, direct material and direct expenses
- 2.4.1 Initial pack of spares procured along with the plant, machinery and equipment are capitalized and depreciated in the same manner as plant and machinery.
- 2.4.2 When a major overhaul/revamping of the asset is carried out resulting in increase in future benefits from the existing beyond its previously assessed standard of performance, additional expenditure incurred for such overhauling/revamping will be capitalized in the year in which the overhauling/revamping of the asset is completed.
- 2.4.3 Any purchase of spares subsequent to purchase of machinery and fitted into the equipment only results in maintaining the previously estimated standard of performance and does not improve the previously estimated standard of performance, the same will be charged off to revenue in the year of purchase.
- 2.4.4 Worn out spares on replacement which were in integral part of the existing asset will be transferred to scrap at NIL value.

- 2.5 Where actual cost of fixed assets cannot be accurately ascertained, such assets are initially capitalized on the basis of estimated cost. On ascertaining actual, gross block is adjusted and depreciation is provided proportionately over the balance life of the asset.
- 2.6 Pending disposal, unserviceable fixed assets are removed from the Fixed Assets Register and shown under “Other Current Assets” as a separate line item at the lower of their net book value and net realisable value. As and when the disposal of such assets takes place, the difference between the carrying amount and the amount actually realized will be recognized as Loss / Profit from sale of Fixed Assets.
- 2.7 Depreciation on fixed assets is charged on straight-line method over the indicative useful life provided in Schedule II of the Companies Act, 2013, as amended from time to time.
- 2.8.1 In respect of certain fixed assets, depreciation has been provided over the useful life arrived on the basis of technical evaluation and differences disclosed in the financial statements in line with the provisions of the Companies Act 2013.
- 2.8.2 When major revamping/overhauling of a fixed asset is carried out, the extended life of the asset will be technically evaluated for arriving at the estimated revised life of the asset and depreciation will be charged systematically over the balance useful life of the asset.
- 2.9 In respect of Plant and Machinery, life prescribed for “continuous process plant for which no special rate has been prescribed” is adopted.
- 2.10 Assets whose actual cost does not exceed ₹ 5000/-, depreciation is provided at the rate of hundred percent in the year of capitalization.
- 2.11 Depreciation of tangible fixed assets is computed based on the useful lives of significant components having minimum threshold value of 5% or more of the original cost of asset and having different useful lives from that of the residual asset.

Useful life of the significant components are estimated by the internal technical experts.

Principal Asset costing ₹ 1 Crore and above only are identified for the purpose of componentization of assets.

### **3.0 Impairment of Assets:**

As at the end of each balance sheet date, the carrying amount of assets is assessed as to whether there is any impairment. If the estimated recoverable amount is less than its carrying amount, the impairment loss is recognized and assets are written down to their recoverable amount.

### **4.0 Inventories and Valuation:**

Inventories are valued on the following basis:

#### **4.1 Raw materials, consumables, spares and Tools and Instruments in Central Stores:**

At weighted average Cost.

#### **4.2 Raw materials in Shop floor/Sub-stores in the shops**

– At weighted average rate of Central Stores, at the end of the year.

#### **4.3 Consumables in Shop floor/Sub-Stores**

All consumables drawn from the Central Stores are charged off to expense. Only in respect of 'A' and 'B' class consumables identified by Management from time to time, the stock at the Shop floor/Shop sub-stores are brought to inventory at the close of the year at the weighted average rate. However, moulds, rolls, dies etc., in use at the close of the year, are valued at issue rates with reference to the balance life, technically estimated.

#### **4.4 Re-usable process scrap, process rejections and sales rejections with customers for return**

At estimated realizable value for scrap.

#### **4.5 Tools and Gauges:**

Issued tools, instruments, gauges etc. are amortized uniformly over their estimated life.

- 4.6 **Work-in-process** – At cost or estimated realizable value appropriate to the stage of production based on technical evaluation, whichever is less. However, the WIP of 5 years old and above is valued at the realizable scrap rate.
- 4.7 **Finished Goods** – At cost or net realizable value (at shop finished stage) whichever is less. However, the Finished Goods of 5 years old and above is valued at the realizable scrap rate.
- 4.8 Goods in transit are valued at cost.
- 4.9.1 Stores declared surplus / unserviceable are transferred to salvage stores for disposal, and charged to revenue.
- 4.9.2 Provision for the non-moving raw materials, consumables and spares for over three years is made as under:
- |                        |                         |
|------------------------|-------------------------|
| Raw materials          | : 85% of the book value |
| Consumables and Spares | : 50% of the book value |
- 4.10 Stationery, uniforms, medical and canteen stores are charged off to revenue at the time of receipt.

### 5.0 Claims by / against the Company

- 5.1 Claims on underwriters/carriers towards loss / damage are accounted when monetary claims are preferred.
- 5.2 Claims for refund of customs duty including project imports/port trust charge/excise duty are accounted on acceptance/receipt.
- 5.3.1 Liquidated Damages on suppliers are accounted on recovery.
- 5.3.2 Liquidated damages levied by the customers are charged off on recovery/advise by the customers. A provision is created for the likely claims of Liquidated Damages for shipments made where a reliable estimation can be made.
- 5.4 Disputed/Time barred debts from Govt. Depts. & PSUs are not treated as Doubtful Debts, however, on a review appropriate provisions/write offs are made in the books of accounts on a case to case basis.

- 5.5 Provision for Doubtful Debts is made on the amounts due from other than Govt.Depts. & PSUs at the rates determined by the Board. (Less than one year – Nil, One to Two years 10%, Two to Three years 25%, Three to Four years 50%, Four to Five years 80% and above Five years 100%).
- 5.6 Provision towards warranty against supplies: “Provision for Contingencies & Warranty” to take care of rejected/returned material by customers is provided at 0.25% of turnover related to Manufactured Products.

### **6.0 Employee Benefits:**

- 6.1 Gratuity payable to eligible employees is administered by a separate Trust, which has taken a policy with LICGGF. Demands made by the trust on account of annual renewal premium of the LIC policy are charged to Statement of Profit and Loss.
- 6.2 The retirement benefit relating to leave encashment is administered through a Group Leave Encashment Scheme with LIC of India. The annual demand raised by LIC based on actuarial valuation is charged to Statement of Profit and Loss.
- 6.3 Settlement Allowance: Employees are paid eligible amount at the time of separation (except on resignation and termination) for their settlement.
- 6.4 Pension Scheme for the eligible employees, as per Government Guidelines, is administered by a separate Trust, which has taken a policy with LIC of India. Company contributes to the Trust as per the provisions of the guidelines and contributions are charged to Statement of Profit and Loss.

### **7.0 Sales:**

- 7.1 Sales include Excise Duty
- 7.2.1 In case of sales Ex-Works contracts, sale is set up when the goods are handed over to the carrier/agent for despatch to the buyer and wherever customer’s prior inspection is stipulated, sale is accounted only after acceptance by customer’s inspector.

- 7.2.2 In the case of sales on FOR/FOB destination contracts, sale is set up considering the expected time in respect of despatches to reach the destination within the accounting period, subject to adjustments based on actual receipt of material at destination.
- 7.3 Where sale prices are not established, sales are set up on provisional basis at prices likely to be realized.
- 7.4 Claims for additional revenue in respect of sales contracts/orders are accounted for as Sales in the year in which such revenue materializes.

### **8.0 Physical verification of Fixed Assets and Inventory:**

- 8.1 Fixed Assets under the heads Land & Development, Roads & Bridges, Drainage, Sewerage and water system and Buildings & Internal Services are verified once in 3 years. All other Fixed Assets are verified once in the Financial Year. Reconciliation is made for all items except minor value items like miscellaneous shop equipment, furniture, office equipment etc., individually valued ₹ 2000/- and less.
- 8.2 Inventories of work-in-process, finished goods, raw materials and consumables in the Company premises are verified at the end of the financial year.
- 8.3 Inventories of raw materials, stores and spares in the Central Stores are verified on perpetual basis as per norms fixed from time to time and reconciled. Provisional adjustments are made to revenue, in respect of discrepancies pending reconciliation.

### **9.0 Accounting for Foreign Currency transactions:**

- 9.1 Foreign currency transactions are recorded in the reporting currency by applying the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- 9.2 Monetary items denominated in foreign currencies at the year end are restated at year end rates and Non-monetary items are carried at cost.
- 9.3 Exchange differences arising on settlement/restatement at

rates different from those at which were initially recorded are recognized as income or as expenses in the year in which they arise.

**10.0 Investments:**

10.1 Investments that are readily realizable and intended to be held for not more than a year are classified as current investments and are carried at lower of cost or fair value determined on an individual investment basis.

10.2 All other investments are classified as long term investments and are carried at cost after providing for any diminution in value, if such diminution is of a permanent nature.

**11.0 Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. All other borrowing costs are charged to revenue.

**12.0 Deferred Tax:**

Deferred Tax is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets are recognized to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**13.0 Extra-ordinary and exceptional Items:**

Extra-ordinary and exceptional items are separately disclosed in the Statement of Profit & Loss.

**14.0 Provisions:**

A provision is recognized when the company has a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the

## Significant Accounting Policies



obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### 15.0 Classification of Expenditure:

All expenditure and income are accounted for under natural heads of accounts. Where necessary, allocation of expenditure on functional basis has been given by way of note to the financial statements.

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As per our Report of even date

### For and on behalf of Board of Directors

#### For V. RAO & GOPI

Chartered Accountants  
Firm's Registration No.003153S

Sd/-

**(P. Hanumantha Rao)**

Partner

Membership No.026990

Sd/-

**Dr. D.K.Likhi,**

Chairman & Managing Director

Sd/-

**B.G.Raj,**

Director (Finance)

Sd/-

**Paul Antony,**

Company Secretary

Place: Hyderabad

Date: 20.07.2016

Place: Hyderabad

Date: 20.07.2016

**BALANCE SHEET AS AT 31<sup>st</sup> March 2016**

	Note	31 <sup>st</sup> March 2016 (₹ In Lakhs)	31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	<b>18,734.00</b>	18,734.00
Reserves and Surplus	2	<b>38,921.89</b>	31,380.56
<b>Share application money pending allotment</b>		-	-
<b>Non-Current Liabilities</b>			
Long-term borrowings	3	<b>977.68</b>	1,434.34
Deferred tax liabilities (net)	4	<b>2,251.04</b>	1,546.50
Other long term liabilities	5	<b>9,462.20</b>	7,735.37
Long term provisions	6	<b>66.38</b>	56.46
<b>Current liabilities</b>			
Short-term borrowings	7	<b>0.14</b>	4,147.73
Trade payables	8	<b>5,295.10</b>	10,768.28
Other current liabilities	9	<b>19,729.66</b>	27,097.48
Short term provisions	10	<b>9,921.54</b>	8,545.13
		<b>105,359.63</b>	<b>111,445.85</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Fixed assets			
- Tangible assets	11	<b>26,146.32</b>	24,233.60
- Intangible assets	12	<b>149.42</b>	194.37
- Capital work in progress	13	<b>668.94</b>	944.09

## Balance Sheet



	Note	31 <sup>st</sup> March 2016 (₹ In Lakhs)	31 <sup>st</sup> March 2015 (₹ In Lakhs)
Non Current investments	14	210.11	210.11
Long term loans and advances	15	14.63	160.13
Other non current assets	16	-	-
<b>Current assets</b>			
Inventories	17	28,884.54	42,301.54
Trade receivables	18	20,931.01	22,045.31
Cash and cash equivalents	19	19,586.21	8,940.41
Short term loans and advances	20	8,156.59	11,641.84
Other current assets	21	611.86	774.45
		<b>105,359.63</b>	<b>111,445.85</b>

Note nos. 1 to 29 and Significant Accounting Policies annexed herewith form part of this Financial Statements.

**As per our report of even date**

**for V. RAO & GOPI**

Chartered Accountants

Firm's registration no. 003153S

Sd/-

**Shri P. Hanumantha Rao**

Partner

Membership No. 026990

**for Mishra Dhatu Nigam Limited**

Sd/-

**Dr. D.K.Likhi**

Chairman & Managing Director

Sd/-

**B.G.Raj**

Director(Finance)

Sd/-

**Paul Antony**

Company Secretary

Place: Hyderabad

Date: 20.07.2016

Place: Hyderabad

Date: 20.07.2016

**STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31<sup>st</sup> March 2016**

	Note	31 <sup>st</sup> March 2016 (₹ In Lakhs)	31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Revenue:</b>			
Revenue from operations	22	71675.20	64737.54
Other income	23	2753.54	2268.62
<b>Total Revenue</b>		<b>74428.74</b>	<b>67006.16</b>
<b>Expenses</b>			
Cost of materials consumed	24	24490.54	21195.61
Change in inventories of finished goods, work-in-progress and stock-in trade	25	3796.58	733.12
Employee benefits expense	26	9313.14	9514.17
Finance costs	27	242.56	659.93
Depreciation and amortisation expense	11 & 12	1352.50	978.67
Other expenses	28	19240.56	20073.17
<b>Total expenses</b>		<b>58435.88</b>	<b>53154.67</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>		<b>15992.86</b>	<b>13851.49</b>
<b>Exceptional items</b>		-	-
<b>Profit / (Loss) before extraordinary items and tax</b>		<b>15992.86</b>	<b>13851.49</b>
<b>Extraordinary items</b>		-	-
<b>Profit / (Loss) before tax</b>		<b>15992.86</b>	<b>13851.49</b>

## Statement of Profit and Loss



Note	31 <sup>st</sup> March 2016 (₹ In Lakhs)	31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Tax expense</b>		
1. Current Tax	3835.63	2903.34
2. Earlier Year Tax	(133.93)	31.82
3. MAT Credit Entitlement	(216.50)	(200.42)
4. Deferred Tax	704.54	903.95
<b>Profit / (Loss) for the period from continuing operations</b>	<b>11803.12</b>	<b>10212.80</b>
<b>Profit / (Loss) from discontinuing operations</b>	-	-
<b>Tax expense of discontinuing operations</b>	-	-
<b>Profit / (Loss) from discontinuing operations (after tax)</b>	-	-
<b>Profit / (Loss) for the period</b>	<b>11803.12</b>	<b>10212.80</b>
<b>Earning per equity share (Amount in ₹)</b>		
Basic } Diluted }	630.04	545.15

Note nos. 1 to 29 and Significant Accounting Policies annexed herewith form part of this Financial Statements.

**As per our report of even date  
for V. RAO & GOPI**

Chartered Accountants

Firm's registration no. 003153S

Sd/-

**Shri P. Hanumantha Rao**

Partner

Membership No. 026990

**for Mishra Dhatu Nigam Limited**

Sd/-

**Dr. D. K. Likhi**

Chairman & Managing Director

Sd/-

**B. G. Raj**

Director (Finance)

Sd/-

**Paul Antony**

Company Secretary

Place: Hyderabad

Date: 20.07.2016

Place: Hyderabad

Date: 20.07.2016

**STATEMENT OF CASH FLOW**

	Year ended		Year ended	
	31 <sup>st</sup> Mar 2016 (₹ in Lakhs)		31 <sup>st</sup> Mar 2015 (₹ in Lakhs)	
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax		15,992.86		13,851.49
<b>Adjustment to reconcile net income to net cash providing by operating activities</b>				
Depreciation	1,354.69		993.93	
Interest Paid	242.56		659.93	
Interest Received	(789.01)		(1,052.33)	
Write back of provisions	-		-	
Profit/Loss on fixed assets	(3.41)		(7.30)	
Write Offs	1,994.63		3,069.43	
Exchange Rate Variation	3.02		32.96	
Provision for Doubtful debts / Advances / Modvat / Non-moving stores / spares	33.34		(81.71)	
<b>Sub-Total</b>		<b>2,835.82</b>		<b>3,614.91</b>
Operating Profit before Working Capital Changes		<b>18,828.68</b>		<b>17,466.40</b>
<b>Adjustment for Changes in Assets and Liabilities</b>				
(Increase) / Decrease in Trade Receivables	1,114.30		2,317.70	
(Increase) / Decrease in Inventories	13,417.00		2,977.19	
(Increase) / Decrease in Other Current Assets	4,874.73		19,529.63	
Increase / (Decrease) in Trade Payables & Other Liabilities	(13,161.59)		(33,866.33)	

	Year ended 31 <sup>st</sup> Mar 2016 (₹ in Lakhs)	Year ended 31 <sup>st</sup> Mar 2015 (₹ in Lakhs)
Increase / (Decrease) in Bank Borrowings	(4,604.25)	979.46
<b>Sub-Total</b>	<b>1,640.19</b>	<b>(8,062.35)</b>
<b>Cash Generated from Operations before Adj. from Other Assets</b>	<b>20,468.87</b>	<b>9,404.05</b>
<b>Adjustment for Other Assets</b>	<b>-</b>	<b>-</b>
<b>Sub-Total</b>	<b>20,468.87</b>	<b>9,404.05</b>
<b>Cash Generated from Operations</b>	<b>20,468.87</b>	<b>9,404.05</b>
Direct Tax Paid	(3,705.06)	(3,770.00)
<b>Sub-Total</b>	<b>(3,705.06)</b>	<b>(3,770.00)</b>
<b>Net Cash provided by Operating Activities (a)</b>	<b>16,763.81</b>	<b>5,634.05</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,802.33)	(3,150.44)
Proceeds from Sale of Fixed Assets	3.41	7.30
Interest Received	951.60	1,006.72
<b>Net Cash provided (used in) by Investing Activities (b)</b>	<b>(1,847.32)</b>	<b>(2,136.42)</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Paid	(242.56)	(659.93)
Dividend Paid	(3,346.80)	(3,746.80)
Tax on Dividend Paid	(681.33)	(716.75)
Share capital/Share application money increase/decrease		
<b>Net Cash provided by Financing Activities (c)</b>	<b>(4,270.69)</b>	<b>(5,123.48)</b>

	Year ended 31 <sup>st</sup> Mar 2016 (₹ in Lakhs)		Year ended 31 <sup>st</sup> Mar 2015 (₹ in Lakhs)	
<b>Abstract</b>				
Net Cash provided by Operating Activities (a)		<b>16,763.81</b>		5,634.05
Net Cash provided (used in) by Investing Activities (b)		<b>(1,847.32)</b>		(2,136.42)
Net Cash provided by Financing Activities (c)		<b>(4,270.69)</b>		(5,123.48)
<b>Net Increase/(decrease) in cash &amp; cash equivalent during the year</b>		<b>10,645.80</b>		(1,625.85)
Cash and Cash equivalent at the beginning of the year		<b>8,940.41</b>		10,566.26
Cash and Cash equivalent at the end of the year		<b>19,586.21</b>		8,940.41
		<b>10,645.80</b>		(1,625.85)
<b>Components of Cash and Cash equivalents as at</b>	<b>31<sup>st</sup> March 2016</b>	<b>31<sup>st</sup> March 2015</b>		
	<b>(₹ in Lakhs)</b>	<b>(₹ in Lakhs)</b>		
Cash on Hand		<b>5.20</b>		4.64
With Post Office Savings Bank Account		-		-
With Scheduled Banks				
- in Current Account		<b>2,231.21</b>		335.77
- in Fixed Deposit		<b>17,349.80</b>		8,600.00
<b>TOTAL</b>		<b>19,586.21</b>		8,940.41

**As per our report of even date**

**for V. RAO & GOPI**

Chartered Accountants

Firm's registration no. 003153S

Sd/-

**Shri P. Hanumantha Rao**

Partner

Membership No. 026990

**for Mishra Dhatu Nigam Limited**

Sd/-

**Dr. D. K. Likhi**

Chairman & Managing Director

Sd/-

**B. G. Raj**

Director(Finance)

Sd/-

**Paul Antony**

Company Secretary

Place: Hyderabad

Date: 20.07.2016

Place: Hyderabad

Date: 20.07.2016

## NOTES FORMING PART OF FINANCIAL STATEMENT

### 1. SHARE CAPITAL

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Authorised</b>		
<b>Equity shares</b>		
20,00,000 shares @ ₹ 1,000/- per share (Previous Year 20,00,000 shares @ ₹ 1,000/- per share)	20000.00	20000.00
	<b>20000.00</b>	<b>20000.00</b>
<b>Issued</b>		
<b>Equity shares</b>		
18,73,400 shares @ ₹ 1,000/- per share (Previous Year 18,73,400 shares @ ₹ 1,000/- per share)	18734.00	18734.00
	<b>18734.00</b>	<b>18734.00</b>
<b>Subscribed and fully Paid up Equity shares</b>		
18,73,400 shares @ ₹ 1,000/- per share (Previous Year 18,73,400 shares @ ₹ 1,000/- per share)	18734.00	18734.00
	<b>18734.00</b>	<b>18734.00</b>
<b>Grand Total</b>	<b>18734.00</b>	<b>18734.00</b>

The company has only one class of share, i.e., equity shares having the face value of ₹ 1000/- per share. Hundred percent shares is held by President of India.

### Reconciliation of shares outstanding at the beginning and at the end of the period :

Particulars	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	Number of Shares	Amount (₹ in Lakhs)	Number of Shares	Amount (₹ In Lakhs)
Outstanding as at Opening Date	1,873,400	18,734.00	1,873,400	18,734.00
Add: Issued during the period				
- To President of India	-	-	-	-
- To Employees	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
<b>Outstanding as at Closing Date</b>	<b>1,873,400</b>	<b>18,734.00</b>	<b>1,873,400</b>	<b>18,734.00</b>

## 2 RESERVES AND SURPLUS

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)		As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)	
<b>General Reserve</b>				
Opening Balance		30,775.87		25,779.38
Less: Depreciation Adjustment		-		103.51
		30,775.87		25,675.87
Add: Additions during the year		7,300.00		5,100.00
<b>Sub-total</b>		<b>38,075.87</b>		<b>30,775.87</b>
<b>Surplus</b>				
Opening Balance		604.69		-
Add: Amount transferred from statement of profit and loss		11,803.12		10,212.80
Amount available for appropriation		12,407.81		10,212.80
Less: Appropriations				
Interim Dividend	-		400.00	
Proposed Final Dividend	3,540.94		3,346.80	
Dividend Tax	720.85		761.31	
Transferred to General Reserve	7,300.00	11,561.79	5,100.00	9,608.11
<b>Sub-total</b>		<b>846.02</b>		<b>604.69</b>
<b>Total</b>		<b>38,921.89</b>		<b>31,380.56</b>

### 3. LONG TERM BORROWINGS

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Secured</b>		
<b>Term Loans</b>		
from Banks	749.30	1075.96
(Secured by way of Hypothecation of Machinery Purchased out of Term Loan)		
(Excluding ₹ 325.72 Lakhs (Previous Year ₹ 325.91 Lakhs) which is due for payment within 12 months treated as Other Current Liability and included under Note 9)		
Repayable in 60 monthly equal installments		
	749.30	1075.96
<b>Unsecured</b>		
<b>Term Loans</b>		
Loan from Govt of India	-	80.00
(Excluding ₹ 80 Lakhs (Previous Year ₹ 80 Lakhs) which is due for payment within 12 months treated as Other Current Liability and included under Note 9)		
Terms of Repayment, every year 1/5 of the principal amount		
Advances - Augmentation Facilities - VSSC	228.38	278.38
(This represents balance amount payable (net of ₹ 50.00 Lakhs (Previous Year ₹ 50.00 Lakhs) repayable within 12 months and treated as Other Current Liability and included under Note No.9) against refundable loan of ₹ 478.38 Lakhs received from VSSC for upgradation of forge press.)		
	228.38	358.38
<b>Total</b>	<b>977.68</b>	<b>1434.34</b>

**Maturity profile of Term Loan :**

(₹ in Lakhs)

Borrower	Maturity Profile						
	Interest Rate	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Loan from Govt. of India	11.50%	80.00					
State Bank of India	9.80%	325.72	326.02	326.02	97.26		
VSSC		50.00	50.00	50.00	50.00	50.00	28.38

**4. DEFERRED TAX LIABILITY (NET)**

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Deferred Tax liabilities		
On Depreciation	2,617.49	1,888.36
<b>Sub Total</b>	<b>2,617.49</b>	<b>1,888.36</b>
Deferred Tax Assets		
On Provision	361.83	338.46
On Disallowance as per IT Act	4.62	3.40
<b>Sub Total</b>	<b>366.45</b>	<b>341.86</b>
<b>Net Total</b>	<b>2,251.04</b>	<b>1,546.50</b>

**5. OTHER LONG TERM LIABILITIES**

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Others:</b>		
Material Received on Loan - Kaveri Project	23.58	23.58
Other Liabilities - VSSC	54.72	54.72
Expenditure CFP - TIFAC - TDAA	-	0.33
Advances Others	64.57	66.10
Advances from Customers	9,319.33	7,590.64
<b>Total</b>	<b>9,462.20</b>	<b>7,735.37</b>

## 6. LONG TERM PROVISIONS

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Provision for employee benefits</b>		
Gratuity	53.03	46.46
Leave encashment	13.35	10.00
<b>Total</b>	<b>66.38</b>	<b>56.46</b>

## 7. SHORT TERM BORROWINGS

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Secured</b>		
Repayable on demand		
<b>Banks</b>		
From State Bank of India-Cash Credit (By hypothecation of Raw materials, stock in process, finished good and book debts.)	-	7.59
From various banks-short term overdraft secured by pledge of fixed deposits (Secured by Fixed Deposits of ₹ 0.16 Lakhs (Previous Year ₹ 4600.16 Lakhs)	0.14	4140.14
<b>Sub Total (a)</b>	<b>0.14</b>	<b>4147.73</b>
<b>Unsecured</b>		
NIL	-	-
<b>Sub Total(b)</b>	<b>-</b>	<b>-</b>
<b>TOTAL(a+b)</b>	<b>0.14</b>	<b>4147.73</b>

## 8. TRADE PAYABLES

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Micro, Small & Medium Enterprises	236.83	97.35
Others @	5058.27	10670.93
<b>Total</b>	<b>5295.10</b>	<b>10768.28</b>

@Balances in Trade Payables are subject to confirmation and / or reconciliation.

The information under MSMED Act, has been disclosed to the extent such vendors have been identified by the company during the year. The details of amounts outstanding to them based on available information with the Company is as under :

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Amount due and Payable at the year end		
- Principal	236.83	97.35
- Interest on above Principal	6.49	8.88
Payments made during the year after the due date		
- Principal	1,243.24	676.45
- Interest	-	-
Interest due and payable for principals already paid	46.56	28.20
Total Interest accrued and remained unpaid at year end	53.05	37.08

## 9. OTHER CURRENT LIABILITIES

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Current Maturities of Long Term Debt:</b>		
Loan from Govt of India Ministry of Defence	80.00	80.00
Term Loan from State Bank of India	325.72	325.91
<b>Others:</b>		
Advances from customers	12,599.40	17,727.17
Advance for Customer Financed projects	225.41	942.55
Earnest money deposit	26.99	28.17
Security Deposit	102.62	111.57
Liabilities to customers	3,272.03	4,386.09
Material Received on Loan - Others	894.50	90.39
Other creditors	454.44	1,318.54
Salary liability	1,044.34	1,392.48
Taxes and duties payable	704.21	694.61
<b>Total</b>	<b>19,729.66</b>	<b>27,097.48</b>

## 10. SHORT TERM PROVISIONS

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Provision for Employee Benefits</b>		
for Leave Salary	(44.40)	50.21
for Gratuity	752.91	(7.28)
for Post Retirement Medical Scheme	72.20	207.77
for Pension Scheme	247.36	253.87
for Others	1035.96	929.04
<b>Others</b>		
Provision for taxation	3421.46	2919.23
Proposed dividends	3540.94	3346.80
Corporate dividend tax	720.85	681.33
Provision for Contingencies & Warranty	163.22	153.12
Provision others	11.04	11.04
<b>Total</b>	<b>9921.54</b>	<b>8545.13</b>

### Movement in Provisions (Short term and Long term) (₹ in Lakhs)

Particulars	As at 01.04.2015	Additions	Utilization	Reversal	As at 31.03.2016
Leave Encashment	60.21	163.12	254.38	-	-31.05
Gratuity	39.18	815.13	48.37	-	805.94
Post Retirement Medical Scheme	207.77	72.20	207.77	-	72.20
Pension Scheme	253.87	245.04	251.55	-	247.36
Contingencies & Warranty	153.12	10.10	-	-	163.22
Others	940.08	508.00	401.08	-	1047.00
<b>Total</b>	<b>1654.23</b>	<b>1813.59</b>	<b>1163.15</b>	<b>-</b>	<b>2,304.67</b>

(₹ In Lakhs)

**11 & 12 FIXED ASSETS**

Fixed Assets	Gross Block						Accumulated Depreciation						Net block			
	As at 1 April 2015	Additions	Acquired through business combinations	Other adjustments	Sub total	Disposals	As at 31 March 2016	As at 1 April 2015	Depreciation charge for the year	Adjustment due to revaluations	Disposal through demergers	Adjustment due to impairments / reversals	Deductions / Other adjustments	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
<b>11. Tangible Assets</b>																
<b>Land</b>																
Owned	128.82	-			128.82		128.82	-	-					0.00	128.82	128.82
Assets under lease																
<b>Buildings/Drainage/water systems</b>																
Owned	3,849.69	45.04		(1.46)	3,893.27		3,893.27	1,719.34	95.40				0.09	1814.83	2,078.44	2,130.35
Assets under lease																
<b>Leasehold improvements</b>																
Owned	32,026.03	2,916.46			34,942.49		34,912.79	11,093.77	1,009.88				(8.08)	12,095.57	22,817.22	20,932.26
Assets under lease																
<b>Furniture and Fixtures</b>																
Owned	282.83	56.83			339.66		339.32	135.42	26.51				0.38	162.31	177.01	147.41
Assets under lease																
<b>Vehicles</b>																
Owned	272.84	87.44			360.28		336.67	142.16	32.36				(19.12)	155.40	181.27	130.68
Assets under lease																
<b>Office equipment</b>																
Owned	737.72	78.46			816.18		809.41	568.81	60.93				(3.82)	625.92	183.49	168.91
Assets under lease																

Fixed Assets	Gross Block							Accumulated Depreciation							Net block	
	As at 1 April 2015	Additions	Acquired through business combinations	Other adjustments	Sub total	Disposals	As at 31 March 2016	As at 1 April 2015	Depreciation charge for the year	Adjustment due to revaluations	Disposal through demergers	Adjustment due to impairments / reversals	Deductions / Other adjustments	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Other(Electrical installations) Owned Assets under lease	957.50	58.46		1,015.96	3.07	1,012.89	365.81	72.47				(1.98)	436.30	576.59	591.69	
Others (Roads and bridges) Owned Assets under lease	70.32	-		70.32		70.32	66.84	-					66.84	3.48	3.48	
<b>Sub Total (a)</b>	<b>38,325.75</b>	<b>3,242.69</b>	<b>- (1.46)</b>	<b>41,566.98</b>	<b>63.49</b>	<b>41,503.49</b>	<b>14,092.15</b>	<b>1,297.55</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32.53)</b>	<b>15,357.17</b>	<b>26,146.32</b>	<b>24,233.60</b>	
<b>Previous Year</b>	<b>24,347.31</b>	<b>13,997.82</b>	<b>- (15.02)</b>	<b>38,330.11</b>	<b>4.36</b>	<b>38,325.75</b>	<b>13,051.58</b>	<b>924.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115.91</b>	<b>14,092.15</b>	<b>24,233.60</b>	<b>11,295.73</b>	
<b>12. Intangible Assets</b>																
Computer software	329.42	-		329.42		329.42	144.23	51.65					195.88	133.54	185.19	
Copyrights & Patents and other intellectual property rights, services and operating rights	15.00	10.00		25.00		25.00	5.82	3.30					9.12	15.88	9.18	
<b>Sub Total(b)</b>	<b>344.42</b>	<b>10.00</b>	<b>-</b>	<b>354.42</b>	<b>-</b>	<b>354.42</b>	<b>150.05</b>	<b>54.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205.00</b>	<b>149.42</b>	<b>194.37</b>	
<b>Previous Year</b>	<b>350.99</b>	<b>-</b>	<b>- (6.57)</b>	<b>344.42</b>	<b>-</b>	<b>344.42</b>	<b>98.93</b>	<b>54.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2.89)</b>	<b>150.05</b>	<b>194.37</b>	<b>252.06</b>	
<b>Grand Total(a+b)</b>	<b>38,670.17</b>	<b>3,252.69</b>	<b>- (1.46)</b>	<b>41,921.40</b>	<b>63.49</b>	<b>41,857.91</b>	<b>14,242.20</b>	<b>1,352.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32.53)</b>	<b>15,562.17</b>	<b>26,295.74</b>	<b>24,427.97</b>	
<b>Previous Year</b>	<b>24,698.30</b>	<b>13,997.82</b>	<b>- (21.59)</b>	<b>38,674.53</b>	<b>4.36</b>	<b>38,670.17</b>	<b>13,150.51</b>	<b>978.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113.02</b>	<b>14,242.20</b>	<b>24,427.97</b>	<b>11,547.79</b>	

1. No revaluation has been made of the assets during the period mentioned above.
2. Conveyance deeds for 275 acres and 35 guntas of Land acquired are yet to be executed. Out of the above, the extent of land leased to the following parties: DRDO- 35 acres and 39 guntas, Telangana State Govt.- 1 acre BDL- 1 acre, and 1.5 acres is under dispute on account of unauthorized possession by a third party.
3. Claims for reimbursement of cost for 70 acres and 23 guntas of Land transferred by DRDO not acknowledged, as no final settlement has been reached.
4. The indications listed in paragraph 8 to 10 of Accounting Standard 28 -Impairment of Assets, have been examined and on such examination, it has been found that none of the indications are present in the case of the Company and hence no provision for a potential impairment loss is required. In respect of Titanium Tube Plant, a comparison of the estimated recoverable amount vis a vis the carrying cost indicates that there is no potential impairment loss and hence no provision is required
5. Pending registration/receipt of claims no Provision has been made towards stamp Duty on conveyance deeds/conversion of Land use/ property taxes/service charges (amount not ascertainable)
6. Plant and Machinery includes ₹ 2185.96 Lakhs (Previous Year ₹ 580.81 Lakhs) for R & D capital costs.
7. Fixed Assets does not include assets valued ₹ 16194.38 Lakhs (previous year ₹ 14439.51 Lakhs) pertaining to customer financed projects.
8. In line with the provisions of Schedule II of the Companies Act 2013, Salvage Value is considered as 5% of the Cost of Assets
9. Useful life adopted by the Company for calculation of Depreciation in respect of the following assets are less than the useful life prescribed under Schedule II of the Companies Act, 2013. The reduced useful life has been adopted in view of faster rate of wear and tear:-

Category	Gross Block	Normal Depreciation		Higher Depreciation		Impact
		Life in Years	Amount ₹ in Lakhs	Life in Years	Amount ₹ in Lakhs	Amount ₹ in Lakhs
Plant and Equipment	78.74	25	1.17	5	14.33	13.16
Office equipment	1.34	10	0.04	5	0.09	0.05
<b>TOTAL</b>	<b>80.08</b>		<b>1.21</b>		<b>14.42</b>	<b>13.21</b>
Previous Year	81.16		1.85		14.79	12.94

### 13. CAPITAL WORK-IN-PROGRESS

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Capital Work-in-Progress-Civil	225.65	41.25
Capital Work-in-Progress-Plant & Machinery Under Erection	349.29	902.84
Plant, Machinery & Equipment under Inspection & in Transit	94.00	-
<b>Total</b>	<b>668.94</b>	<b>944.09</b>

## 14. NON CURRENT INVESTMENTS

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Trade Investments Non-Trade, Unquoted AT COST</b>		
<b>Other Investment</b>		
Investment in Equity instruments AP Gas Power Corporation Limited 18,43,857 fully paid up Equity share of ₹ 10/- each including 7,71,847 fully paid up bonus share of face value ₹ 10/- each	107.20	107.20
4,28,800 fully paid up Equity share of ₹ 10/- each subscribed at ₹ 24/- each and paid-up ₹ 24/- each	102.91	102.91
<b>Total</b>	<b>210.11</b>	<b>210.11</b>

## 15. LONG TERM LOANS AND ADVANCES

Particulars		As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)		As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Capital Advances</b>				
<b>For purchase of fixed assets</b>				
Secured, considered good		-		-
Unsecured, considered good		13.94		158.92
Doubtful	35.46		35.46	
Less:Provision	35.46	-	35.46	-
<b>Sub-Total</b>		13.94		158.92
<b>Other loans and advances (specify nature)</b>				
secured considered good(employee advance)		0.69		1.21
<b>Sub-Total</b>		0.69		1.21
<b>Total</b>		<b>14.63</b>		<b>160.13</b>

## 16. OTHER NON-CURRENT ASSETS

Particulars		As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)		As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Others</b>				
Doubtful Advance to supplier	23.66		23.66	
Less: Provision	23.66	-	23.66	-
Obsolete and slow moving -Raw material	8.30		12.02	
Less:Provision	8.30	-	12.02	-
Obsolete and slow moving -consumables	23.75		77.26	
Less:Provision	23.75	-	77.26	-
Obsolete and slow moving -spares	248.36		260.07	
Less:Provision	248.36	-	260.07	-
<b>Total</b>		-		-

## 17. INVENTORIES

Particulars	As at	As at
	31 <sup>st</sup> March 2016 (₹ In Lakhs)	31 <sup>st</sup> March 2015 (₹ In Lakhs)
Raw Materials and components	5633.34	9376.83
Raw Materials and components -in transit	811.48	5102.06
<b>Total</b>	<b>6444.82</b>	<b>14478.89</b>
Work-in-progress #	18208.28	22815.46
	<b>18208.28</b>	<b>22815.46</b>
Finished goods	663.80	2.20
Finished goods in transit	212.54	63.54
<b>Total</b>	<b>876.34</b>	<b>65.74</b>
Stores and spares	561.87	585.41
Stores and spares -in transit	-	101.09
<b>Total</b>	<b>561.87</b>	<b>686.50</b>
Loose Tools	1.95	16.54
<b>Total</b>	<b>1.95</b>	<b>16.54</b>
Consumables	986.82	1640.96
Consumables-in transit	31.99	282.62
<b>Total</b>	<b>1018.81</b>	<b>1923.58</b>
Internally generated Scrap/rejected material	1772.47	2314.83
<b>Total</b>	<b>1772.47</b>	<b>2314.83</b>
<b>Grand Total</b>	<b>28884.54</b>	<b>42301.54</b>

The Inventory does not include material held in trust on behalf of customers.

#Work in progress Include materials lying with sub-contractors ₹ 1441.39 Lakhs (Previous year ₹ 1119.70 Lakhs) and is subject to confirmation of balance by sub-contractors.

## 18. TRADE RECEIVABLES

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)		As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)	
<b>Debts Outstanding for period exceeding Six Months</b>				
Unsecured, considered good \$		2859.50		5687.54
Unsecured, considered doubtful	316.44		284.57	
Less: Provision	316.44	-	284.57	-
<b>Total</b>		<b>2859.50</b>		<b>5687.54</b>
<b>Other Debts</b>				
Unsecured, considered good \$		18071.51		16357.77
Unsecured, considered doubtful	800.39		859.31	
Less: Provision	800.39	-	859.31	-
<b>Total</b>		<b>18071.51</b>		<b>16357.77</b>
<b>Grand Total</b>		<b>20931.01</b>		<b>22045.31</b>

For computing the trade receivables normal credit period allowed by the company of thirty days has been taken into consideration for calculating the due date from the date of invoice.

\$ Balances in Trade Receivables, is subject to confirmation and/or reconciliation.

## 19. CASH AND CASH EQUIVALENTS

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Cash and cash equivalents:</b>		
Balances with banks	2231.21	335.77
Cash on hand	5.20	4.64
<b>Other Bank balances:</b>		
Fixed Deposits held with various banks upto 12 months maturity	17349.64	3999.84
Fixed Deposit with banks upto 12 months maturity(to the extent pledged for OD)	0.16	4600.16
<b>Total</b>	<b>19586.21</b>	<b>8940.41</b>

## 20. SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Others</b>		
<b>Secured, considered good</b>		
Advances to employees	0.89	1.47
<b>Unsecured, considered good</b>		
Advance income tax	6337.03	5303.62
MAT Credit Entitlement	-	200.42
Tax deducted at source	34.12	36.89
Prepaid expenses	114.27	108.03
VAT/Modvat/Service Tax/Customs Duty receivable	225.42	1455.36
Claims receivable	287.83	465.32
Deposit with others	459.46	274.27
Advances to employees	20.97	24.18
Advances to suppliers	496.05	1630.43
Customer Financed Projects	180.55	2141.85
<b>Total</b>	<b>8156.59</b>	<b>11641.84</b>

## 21. OTHER CURRENT ASSETS

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)		As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)	
	Interest accrued on Bank Deposits		603.40	
Interest accrued-doubtful	286.58		286.58	
Less: Provision	286.58	-	286.58	-
Interest accrued on loans to employees-considered good		0.70		1.30
Assets Held for Disposal		7.76		7.76
<b>Total</b>		<b>611.86</b>		<b>774.45</b>

## 22. REVENUE FROM OPERATIONS

Particulars	For the Year Ended 31 <sup>st</sup> March 2016 (₹ In Lakhs)		For the Year Ended 31 <sup>st</sup> March 2015 (₹ In Lakhs)	
	(a) Sale of Manufacturing Products		65286.90	
<b>Sub-Total</b>		<b>65286.90</b>		<b>63215.23</b>
(b) Sale of Expert Sourcing Solution		10702.13		1649.11
<b>Sub-Total</b>		<b>10702.13</b>		<b>1649.11</b>
(c) Sale of Services		63.73		226.58
<b>Sub-Total</b>		<b>63.73</b>		<b>226.58</b>
(d) Other Operating Revenues		117.08		479.15
<b>Sub-Total</b>		<b>117.08</b>		<b>479.15</b>
Revenue including Excise Duty		76169.84		65570.07
Less: Excise Duty		4494.64		832.53
<b>Total</b>		<b>71675.20</b>		<b>64737.54</b>

### 23. OTHER INCOME

Particulars	For the Year Ended 31 <sup>st</sup> March 2016 (₹ In Lakhs)	For the Year Ended 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Interest Income		
- From Banks	789.01	1052.33
- From Employees	0.24	0.35
- From Others	145.95	5.51
Liquidated Damages	177.57	215.74
Net gain on sale of Fixed Assets	3.41	7.30
Provisions written back		
- Non-Moving Inventories	68.96	50.24
Excess Liabilities written back	1430.42	170.25
Forfeiture of Security Deposits	-	732.69
Other miscellaneous income	137.98	34.21
<b>Total</b>	<b>2753.54</b>	<b>2268.62</b>

#### Details of Other miscellaneous income:

Particulars	For the Year Ended 31 <sup>st</sup> March 2016 (₹ In Lakhs)	For the Year Ended 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Sale of Application Forms (Personnel)	3.92	1.05
Service Charges received from AMTL /GTRE	15.09	13.32
Sale of Unservicable scrap	86.89	15.51
Others	32.08	4.33
<b>Total</b>	<b>137.98</b>	<b>34.21</b>

## 24. COST OF MATERIAL CONSUMED

Particulars	For the Year Ended 31 <sup>st</sup> March 2016 (₹ In Lakhs)	For the Year Ended 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Cost of Material for manufactured products *	24490.54	21195.61
<b>Total</b>	<b>24490.54</b>	<b>21195.61</b>

\* Includes ₹ 2913.88 Lakhs (Previous Year ₹ 4875.28 Lakhs) towards primary melting outsourced to SAIL, VISL.

## 25. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

Particulars	For the Year Ended 31 <sup>st</sup> March 2016 (₹ In Lakhs)	For the Year Ended 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Opening Stock		
Work-in-progress	22,815.46	23,587.65
Finished Stock	65.74	26.67
	<b>22,881.20</b>	<b>23,614.32</b>
Closing Stock		
Work-in-progress	18,208.28	22,815.46
Finished Stock	876.34	65.74
	<b>19,084.62</b>	<b>22,881.20</b>
(Increase) / Decrease		
Work-in-progress	4,607.18	772.19
Finished Stock	(810.60)	(39.07)
<b>Total</b>	<b>3796.58</b>	<b>733.12</b>

## 26. EMPLOYEE BENEFITS EXPENSE

Particulars	For the Year Ended 31 <sup>st</sup> March 2016 (₹ In Lakhs)	For the Year Ended 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Salaries, wages	6128.12	6411.96
Contribution to provident fund and other funds	539.17	564.49
Gratuity	815.13	79.82
Leave Encashment	163.12	296.25
Workmen and staff welfare expenses	1295.19	1774.08
Leave salary and pension contribution	245.04	252.59
Directors remuneration	127.37	134.98
<b>Total</b>	<b>9313.14</b>	<b>9514.17</b>

### Disclosure relating to AS-18. Related Parties:

#### Remuneration to Key Management Personnel:

Particulars	For the Year Ended 31 <sup>st</sup> March 2016 (₹ In Lakhs)	For the Year Ended 31 <sup>st</sup> March 2015 (₹ In Lakhs)
(a) Shri M Narayana Rao Chairman & Managing Director (upto 31.08.2015)	56.13	48.88
(b) Dr.D.K.Likhi Chairman & Managing Director (w.e.f. 01.09.2015) Director (Prodn.&Mktg.) (upto 31.08.2015)	42.31	40.81
(c) Shri B.G.Raj Director (Finance)	28.93	13.89
(d) Shri V.S.Krishna Murthy Director (Finance) (up to 31.08.2014)	-	31.40

As per the provision of the Revised Accounting Standard-15, the following information is disclosed in respect of gratuity as per actuarial valuation as on 31.03.2016 provided by LICGGF with whom the company has taken the Policy through its Gratuity Trust.

<b>Report Under AS - 15 (Revised 2005)(PROVISIONAL) as on 31/03/2016 in respect of GGCA scheme of MISHRA DHATU NIGAM LIMITED POLICY NOS 510424 &amp; 504001668</b>		
<b>1</b>	<b>Assumptions</b>	<b>As on 31/03/2016</b>
	Discount Rate	8.00%
	Salary Escalation	6.50%
<b>2</b>	<b>Table showing changes in present value of obligations</b>	<b>As on 31/03/2016</b>
	Present value of obligations as at beginning of year	403563333
	Interest cost	32285067
	Current Service Cost	5499768
	Benefits Paid	98896596
	Actuarial (gain)/Loss on obligations	73338700
	Present value of obligations as at end of year	415790272
<b>3</b>	<b>Table showing changes in the fair value of plan assets</b>	<b>As on 31/03/2016</b>
	Fair value of plan assets at beginning of year	404308339
	Expected return on plan assets	30126031
	Contributions	4988225
	Benefits paid	98896596
	Actuarial Gain / (Loss) on Plan assets	0
	Fair value of plan assets at the end of year	340525999
<b>4</b>	<b>Table showing fair value of plan assets</b>	
	Fair value of plan assets at beginning of year	404308339

	Actual return on plan assets	30126031
	Contributions	
	Benefits Paid	98896596
	Fair value of plan assets at the end of year	340525999
	Funded status	(75264273)
	Excess of Actual over estimated return on plan assets	0
	(Actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> March)	
<b>5</b>	<b>Actuarial Gain/Loss recognized</b>	<b>As on 31/03/2016</b>
	Actuarial gain/(Loss) for the year -Obligation	73338700
	Actuarial (gain)/Loss for the year - plan assets	0
	Total (gain)/Loss for the year	73338700
	Actuarial (gain)/Loss recognized in the year	73338700
<b>6</b>	<b>The amounts to be recognized in the balance sheet and statements of profit and loss</b>	
	Present value of obligations as at the end of year	415790272
	Fair value of plan assets as at the end of the year	340525999
	Funded status	(75264273)
	Net Asset/(liability) recognized in balance sheet	(75264273)
<b>7</b>	<b>Expenses Recognised in statement of Profit &amp; loss</b>	
	Current Service cost	5499768
	Interest Cost	32285067
	Expected return on plan assets	30126031
	Net Actuarial (gain)/Loss recognised in the year	73338700
	Expenses recognised in statement of Profit & loss	80997504
<p>Note : The above report is not certification under AS 15 (Revised 2005) read with Actuaries Act 2006. It is simply a report generated to help companies for proper accounting of employees liabilities.</p>		

## 27. FINANCE COST

Particulars	For the Year Ended 31 <sup>st</sup> March 2016 (₹ In Lakhs)	For the Year Ended 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Interest expense:		
Cash Credit	0.19	0.38
Short Term Overdrafts	64.00	358.07
Interest -Others	37.45	193.70
Interest-Term Loan	122.52	56.27
Interest-Govt. Loans	18.40	51.51
<b>Total</b>	<b>242.56</b>	<b>659.93</b>

## 28. OTHER EXPENSES

Particulars	For the Year Ended 31 <sup>st</sup> March 2016 (₹ In Lakhs)	For the Year Ended 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Consumption of stores, loose tools and spare parts	2857.48	2522.70
Power and fuel	5068.03	5111.54
Rent	16.31	14.37
Repairs and maintenance		
- buildings	330.11	252.68
- plant and machinery	578.46	479.63
- others	75.32	46.11
Rates and taxes	12.06	9.91
Water charges	141.83	125.60
Insurance	147.54	138.22
Postage & telephone	62.49	60.93
Travelling and conveyance	239.91	211.50
Directors sitting fees	2.58	0.17
Factory expenses	60.73	55.41
Advertisement	142.40	135.93
Legal and professional fees	2.58	0.61
Auditor's remuneration(As per details below)	4.35	4.25
Internal Audit Fee	7.94	5.57
Hire of cars	41.36	28.28
Library books	1.20	20.19
News paper and journals	7.93	1.78
Membership fees	7.78	8.05
Training expenses	21.60	55.52
Entertainment/courtesy expenses	3.28	4.24

Particulars	For the Year Ended 31 <sup>st</sup> March 2016 (₹ In Lakhs)	For the Year Ended 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Hostel/guest house expenses net of income	18.63	14.49
Business promotion expenses	307.88	242.98
Consultancy charges	63.60	66.24
Contract professionals expenses	85.32	99.67
Security guard charges	672.32	471.41
Administration expenses-Others	63.71	72.46
Exchange rate variance charged off	3.02	32.96
Liquidated damages on sales	1766.00	2927.50
Sales schemes	589.94	2228.63
Prior Period (-) income / (+) expenses( As per details below)	(0.26)	(7.06)
Increase/Decrease Excise duty on finished goods	228.46	1.48
Bank charges	84.08	49.35
Stock verification discrepancies	(0.67)	55.27
Provision for Contingencies & Warranty	10.10	13.53
Provision for Doubtful Debts	108.60	34.90
Bad debts written off	228.63	141.93
Fixed Assets written off	3.19	0.93
Printing and stationery	50.02	23.35
Sub-contractor expenses	4390.24	3832.17
CSR Expenses	276.27	227.79
R & D Contribution	458.21	250.00
<b>Total</b>	<b>19240.56</b>	<b>20073.17</b>

The Details of R&D Expenditure included in the natural head of accounts are as follows:

Particulars	For the Year Ended	For the Year Ended
	31 <sup>st</sup> March 2016 (₹ In Lakhs)	31 <sup>st</sup> March 2015 (₹ In Lakhs)
Consumption of materials	150.48	112.75
Conversion costs	133.19	200.83
Other Expenditure	77.95	78.9
R & D Contribution	458.21	250.00
<b>Total</b>	<b>819.83</b>	<b>642.48</b>

#### Details of Prior Period Income / Expense

Particulars	For the year ended		For the year ended	
	31 <sup>st</sup> March 2016		31 <sup>st</sup> March 2015	
	Debit (₹ In Lakhs)	Credit (₹ In Lakhs)	Debit (₹ In Lakhs)	Credit (₹ In Lakhs)
Consumption of Materials etc.,		2.45		
Employee Expenses				
Manufacturing Expenses				
Other Administrative Expenses				23.00
Selling Expenses				
Depreciation	2.19		15.26	
Other Income			0.68	
Interest Expenses				
<b>Total</b>	<b>2.19</b>	<b>2.45</b>	<b>15.94</b>	<b>23.00</b>
<b>Net Total</b>		<b>0.26</b>		<b>7.06</b>

## Remuneration and other payments to the auditor

Particulars	For the Year Ended 31 <sup>st</sup> March 2016 (₹ In Lakhs)	For the Year Ended 31 <sup>st</sup> March 2015 (₹ In Lakhs)
Auditor		
(a) Statutory Audit	3.50	3.50
(b) Tax Audit	0.75	0.75
(c) Other Services	0.10	-
<b>Total</b>	<b>4.35</b>	<b>4.25</b>

## 29. Notes to accounts

### 1) Basis of Preparation of Accounts

Assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company's operating cycle is considered as twelve months for the purpose of current, non-current classification of assets and liabilities.

- 2) In terms of exemption granted by Ministry of Corporate Affairs vide notification dated 4<sup>th</sup> September 2015, Company being a Defence Public Sector Undertaking is exempted from disclosure of information covered under paras 5(ii) (a) (1), 5(ii) (a) (2), 5(ii) (e), 5(iii), 5(viii) (a), 5(viii) (b), 5(viii) (c) and 5(viii) (e) relating to Additional Information of the General Instructions for preparation of Statement of Profit and Loss in Schedule III of the Companies Act, 2013.
- 3) Midhani is a strategic industry with only one business segment and hence Segment Reporting as per AS-17 is not applicable.
- 4) In line with the requirements of Companies Act 2013, Company has implemented the Component Accounting system during the year.

The impact on each line item of the financial statements for the current year is shown in the table below:

PARTICULARS	Amount (₹ in Lakhs)	IMPACT
Depreciation charge for the year - Note 11 & 12	12.07	Increased
Accumulated Depreciation - Note 11 & 12	12.07	Increased
Net Block - Note 11 & 12	12.07	Decreased
Profit Before Tax	12.07	Decreased

5) The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current presentation.

**6) CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)**

Particulars	As at 31 <sup>st</sup> March 2016 (₹ In Lakhs)	As at 31 <sup>st</sup> March 2015 (₹ In Lakhs)
<b>Contingent Liabilities</b>		
Claims against the company not acknowledged as debt	16337.49	16967.73
Bank Guarantees	2455.62	3627.49
Letter of credit outstanding	1607.38	3241.94
Others	50.00	50.00
	<b>20450.49</b>	<b>23887.16</b>
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capi- tal account and not provided for (Capital commitments)	1384.19	2829.47
	<b>1384.19</b>	<b>2829.47</b>
<b>Total</b>	<b>21834.68</b>	<b>26716.63</b>

**7) DISCLOSURE PURSUANT TO NOTE NO. 6(U) OF PART I OF SCHEDULE III TO THE COMPANIES ACT, 2013**

Particulars	As at 31 March 2016		As at 31 March 2015	
	₹ In Lakhs	Per share ₹	₹ In Lakhs	Per share ₹
Dividends proposed to be distributed to equity shareholders	3,540.94	189.01	3,746.80	200.00
Dividends proposed to be distributed to preference shareholders	-	-	-	-
Arrears of fixed cumulative dividends on preference shares	-	-	-	-

- 8) “As per the Department of Defence Production, Ministry of Defence, GOI, Guidelines No.8(112)/2012/D(Coord/DDP) dt. 11.11.2013, the contribution to Pension Scheme has to be restricted to a maximum of 10% (7% with the approval of Board and 3% with the prior approval of the Ministry of Defence) of Basic+DA in a financial year. The Company has made a pension contribution @ 10% to the Trust with the approval of Board of Directors w.e.f 01.01.2007 to 31.03.2015, which includes ₹ 495.75 lakhs towards 3% contribution pending approval of MoD. However, MoD has not approved the proposal of the Company. The matter has been represented again with the MoD.

The Current year contribution to pension fund has been provided @ 10% considering the performance of the Company during the financial year. This includes ₹ 72.20 lakhs towards 3% contribution pending approval from MoD.”

- 9) Other Income includes ₹ 12.48 crores being reversal of excess liability in respect of a sales contract and Profit for the year is impacted to that extent.



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I REGISTRATION DETAILS:

Registration Number	1660	State Code	1
Balance Sheet Date	31 <sup>st</sup> March 2016		

### II CAPITAL RAISED DURING THE YEAR

(Amount in Rupees Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Amount in Rupees Thousands)

Total Liabilities	10535963	Total Assets	10535963
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#### Sources of Funds

Paid Up Capital	1873400	Reserves and Surplus	3892189
Share Application Money	-	Unsecured Loans	22838
Secured Loans	74944	Current Liabilities	3494630
Deferred Taxes	225104	Non Current Liabilities	952858

#### Application of Funds

Net Fixed Assets	2696468	Investments	21011
Current Assets, Loans & Advances	7818484	Non Current Assets	0
Accumulated Losses			

### IV PERFORMANCE OF THE COMPANY

(Amount in Rupees Thousands)

Turnover (Gross earnings)	7616984	Total Expenditure	5843588
Profit / (-) Loss Before Tax	1599286	Profit / (-) Loss after Tax	1180312
Earning Per Share in Rupees	630.04	Dividend Rate %	30%



**V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY**

Item Code Number (ITC Code)	72240000
Product Description	Other Alloy Steel in semi-finished forms Special Stainless Steel MDN 172/155/250
Item Code Number (ITC Code)	81080000
Product Description	Titanium and Titanium base Alloys Titan 12/15/31
Item Code Number (ITC Code)	81029300
Product Description	Molybdenum and articles thereof Moly wire

for **Mishra Dhatu Nigam Limited**

Sd/-

**Dr. D.K.Likhi**

Chairman & Managing Director

Sd/-

**B.G.Raj**

Director(Finance)

Sd/-

**Paul Antony**

Company Secretary

Place: Hyderabad

Date: 20.07.2016

## A. EXPENDITURE ON SOCIAL OVERHEADS FOR THE YEAR 2015-2016 - CAPITAL

(₹ in Lakhs)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 1.04.2015	Additions during the year	Adj / Ded during the year	As at 31.3.2016	As at 1.04.2015	Adj / Ded during the year	Depreciation for the year	As at 31.3.2016	As at 31.3.2015
Land	28.66	--	--	28.66	--	--	--	28.66	28.66
Township Buildings:									
- Residential	103.24	--	--	103.24	50.00	--	0.08	53.16	53.24
Township Buildings:									
-Non-Residential									
a) School	44.74	--	--	44.74	17.07	--	0.44	27.23	27.67
b) Hospital	1.77	--	--	1.77	0.89	--	0.03	0.85	0.88
c) Sub-station buildings	1.92	--	--	1.92	0.94	--	0.03	0.95	0.98
Township External									
Services:									
(a) Water	5.62	--	--	5.62	2.66	--	0.21	2.75	2.96
(b) Electrical	7.45	--	--	7.45	7.13	--	--	0.32	0.32
© School furniture	10.19	--	--	10.19	8.84	--	0.84	0.51	1.35
Township Roads	8.24	--	--	8.24	7.83	--	--	0.41	0.41
<b>TOTAL</b>	<b>211.83</b>	--	--	<b>211.83</b>	<b>95.36</b>	--	<b>1.63</b>	<b>114.84</b>	<b>116.47</b>
Previous Year	211.83	--	--	211.83	87.17	--	8.19	116.47	124.66



## B. EXPENDITURE ON SOCIAL OVERHEADS FOR THE YEAR 2015-16

(₹ in Lakhs)

Description	Township	Medical facilities Over & above those which are statutorily required	Other items of welfare expenditure	Total
Salaries & Wages (including PF contribution)	36.39	-	-	36.39
Electricity	19.16	-	-	19.16
Repair & Maintenance	19.26	-	-	19.26
Payment to Transport Co	-	-	-	-
Subsidies (Net)	-	-	-	-
Reimbursement of Tuition Fee	-	-	-	-
Interest subsidy on HB Loans	-	-	-	-
Miscellaneous Expenses	-	-	-	-
Township Dispensary	-	4.22	-	4.22
Depreciation	1.63	-	-	1.63
<b>Total Expenditure</b>	<b>76.44</b>	<b>4.22</b>	-	<b>80.66</b>
Previous Year	89.32	3.03	16.73	109.08
Income for current year	1.52	-	-	1.52
Income for previous year	2.44	-	-	2.44



**C. PROJECTS / ACTIVITIES / PROGRAMMES ON CSR & SUSTAINABILITY FOR THE YEAR 2015-16**

<b>Particulars</b>	<b>(₹ in Lakhs)</b>
Promoting Education	106.58
Protection of Environmental & Ecology balancing Projects	43.65
Promotion of Health	63.05
Women Empowerment	55.86
Other Projects	7.13
<b>TOTAL</b>	<b>276.27</b>



# MISHRA DHATU NIGAM LIMITED

(A GOVT. OF INDIA UNDERTAKING, MINISTRY OF DEFENCE)

CIN U14292TG1973GOI001660

REGISTERED OFFICE & WORKS :

P.O. KANCHANBAGH, HYDERABAD - 500058, INDIA

Phone: +91-40-24340001 (10 lines),  
24340201, 2430280, 24340044, 24340853 (Other lines)

Fax: +91-40-24340214/24340764,

E-mail: [spralloy@midhani.com](mailto:spralloy@midhani.com)

Website: [www.midhani.com](http://www.midhani.com)

## COMMERCIAL OFFICES

<p><b>NEW DELHI</b> Flat No. 8330, C-8, Vasant Kunj, <b>NEW DELHI - 110 070</b> Tele-fax: +91-011-26890253 Tel: +91-011-41666375 e-mail: <a href="mailto:dro@midhani.com">dro@midhani.com</a></p>	<p><b>KOLKATA</b> BE - 70, Ground Floor, Sector 1, Salt Lake, <b>KOLKATA - 700 064</b> Tele-fax: +91-033-23348411 Tel: +91-033-23344832 e-mail: <a href="mailto:kco@midhani.com">kco@midhani.com</a></p>
<p><b>CHENNAI</b> 13, New / 5 (Old), Vyasar Street, East Tambaram <b>CHENNAI - 600 059</b> Tele-fax: +91-044-22394983 Tel: +91-044-22394982 e-mail: <a href="mailto:cco@midhani.com">cco@midhani.com</a></p>	<p><b>BANKERS</b> ANDHRA BANK, HDFC BANK STATE BANK OF INDIA</p>
<p><b>STATUTORY AUDITORS</b> M/s V. Rao &amp; Gopi Chartered Accountants, Hyderabad</p>	<p><b>COST AUDITORS</b> M/s KRJ &amp; Associates, Hyderabad</p>





# MISHRA DHATU NIGAM LIMITED

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CIN U14292TG1973GOI001660



REGISTERED OFFICE & WORKS :

P.O. KANCHANBAGH, HYDERABAD - 500058, INDIA

Phone: +91-40-24340001 | Fax: +91-40-24340214/24340764,

E-mail: [spiralloy@midhani.com](mailto:spiralloy@midhani.com) | Website: [www.midhani.com](http://www.midhani.com)