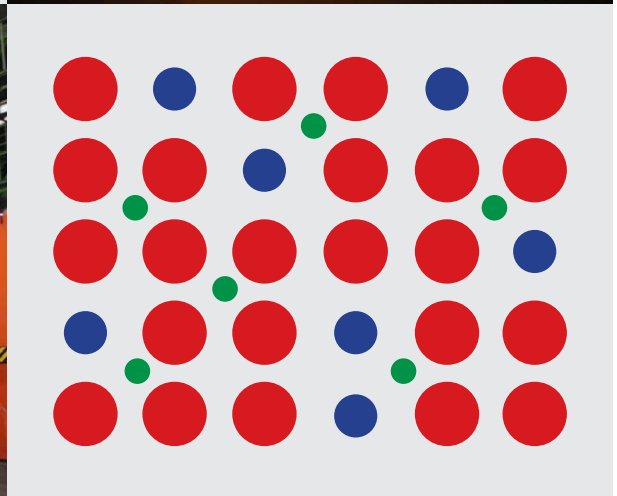
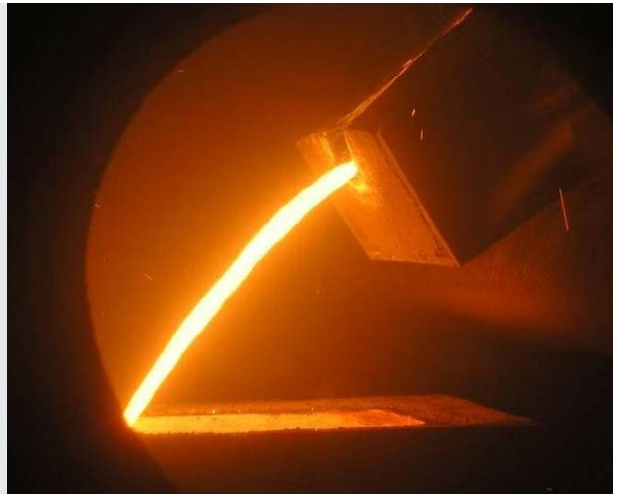
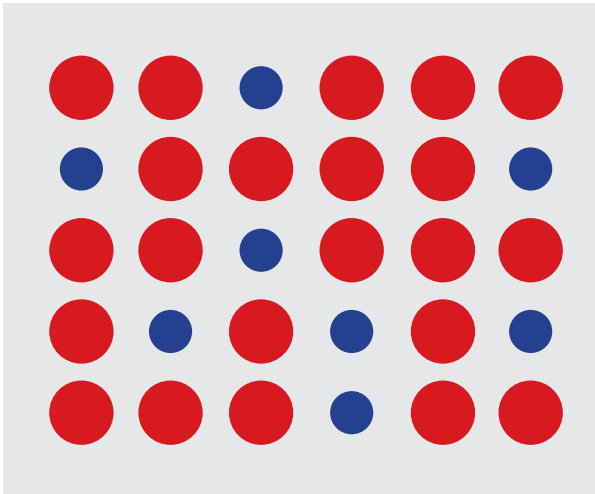




MISHRA DHATU NIGAM LIMITED

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



ALLOYING IDEAS FORGING STRATEGIES

Annual Report 2019-20



MISHRA DHATU NIGAM LIMITED
(A Govt. of India Enterprise, Ministry of Defence)

लोक सभा / राज्य सभा के
पटल पर रखे जाने वाले प्रपत्र

**Papers to be laid
on the table of
Lok Sabha / Rajya Sabha**

आधिप्रमाणित
Authenticated

रक्षा राज्य मंत्री
Raksha Rajya Mantri



ALLOYING IDEAS FORGING STRATEGIES

Since inception, we at MIDHANI have been incubating ideas to create technological capabilities for manufacturing a wide range of advanced metals and alloys. In special alloys the Company has developed over 100 grades to meet the demand for critical applications. Through our in-depth understanding of the processes backed by our state of the art R&D, MIDHANI has contributed to solving several daunting technological problems including manufacture of Maraging Steel. MIDHANI has now started offering its core competence of developing and manufacturing alloys tailor-made to suit the specific requirements of customers for their critical applications. While refining and commercializing ideas for increasing our product capabilities, our strategic pursuits are towards increasing our capabilities through brownfield and green field projects, R&D and backward integration to strengthen our value chain.

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KEY HIGHLIGHTS OF THE YEAR

Revenue

₹ **71,288** Lakh

Profit Before Tax

₹ **20,209** Lakh

Value of Production

₹ **97,011** Lakh

Order Book (as on 01.04.2020)

₹ **1,68,700** Lakh



Dispatched first consignment of Ultra High Strength Steel and Cobalt alloy " with stringent quality requirements for Prestigious Human Space Flight Program of ISRO "Gaganyaan".



Under Make in India initiative, MIDHANI has developed for the first time in the country; Heaviest Titanium Alloy Casting (74 kg) for Strategic Application.



Utkarsha Aluminium Dhatu Nigam Limited (MIDHANI-NALCO JV) ; High end Aluminium Alloy plant for manufacture of plates & sheets was incorporated.



Sets of Isothermally Forged Titanium Alloy High Pressure Compressor Disc conceived using complete indigenous technology under Industry Research Partnership was developed & supplied for aerospace application.



Successfully developed and supplied to National Aluminium Co. Ltd (NALCO) Caster Roll Shells which are shrink fitted on the core and used for casting of Aluminium Strip with nominal thickness of 7 mm under the "Make in India" initiative.



During COVID-19 crisis, MIDHANI has developed and supplied Nickel Wire (0.16 mm) with purity ~100% which was critically required for the manufacture of Oxygen sensor pertaining to the "Critical Core Ventilator"

CHAIRMAN'S MESSAGE

Dear Shareholders,

It is with great pride and happiness that I welcome you all to the 46th Annual General Meeting (AGM) of Mishra Dhatu Nigam Limited. It is my privilege to present the Annual Report for FY 2019-20 with this being my first AGM after assuming charge as Chairman & Managing Director w.e.f. May 1, 2020. In these 46 years, MIDHANI has cultivated a legacy of trust amongst Defence and other strategic sectors such as Space & Energy. I can assure you that, the core values and leadership principles behind our success will continue to guide our actions and decision making in the future as well.

Looking back on FY 2019-20, I can confidently say that we have had a fairly successful year after taking into consideration the backdrop of COVID-19 pandemic which ushered in a new reality for industries across the world. The world today is reeling under the impact of the COVID-19 pandemic, with Governments, healthcare systems and Businesses trying to address the health and socio-economic impact of the virus. Global supply chains, consumption, travel and tourism have been severely disrupted.

Despite the difficult situation, MIDHANI is looking forward to target the new opportunities emerging from 'Atmanirbhar Bharat Abhiyan', the Prime Minister's vision to make India self-reliant. These initiatives will provide us with the opportunity to explore new products and markets for optimum utilization of our technological capabilities and to also expand our reach by diversifying into new businesses.

FY 2019-20 Performance Highlights:

Your Company has numerous developments and achievements during the FY 2019-20, and I am happy to share some of the highlights. Performance wise, MIDHANI has for the FY 2019-20 recorded its highest ever Value of Production (VOP), Export Sales, Profit before tax, and Dividend payout.

The Value of Production (VOP) at ₹ 97,011 lakh has recorded an impressive growth of 19% when compared with FY 2018-19. Consequently, we have also achieved the highest ever profit before tax of



The Value of Production (VOP) at ₹ 97,011 lakh has recorded an impressive growth of 19% when compared with FY 2018-19. Consequently, we have also achieved the highest ever profit before tax of ₹ 20,209 Lakh which is a 5.8% growth compared to FY 2018-19.

₹ 20,209 Lakh which is a 5.8% growth compared to FY 2018-19, and the best ever operating profit of ₹ 16,565 lakh. On the sales front, despite the lockdown impacting sales in the end of March, we have recorded sales of ₹ 71,288 Lakh which is at a similar level to the sales of ₹ 71,085 Lakh recorded for FY 2018-19.

Your Company's export turnover was ₹ 1,042 lakh, a growth by 29.4% and we are also happy to report that your Company declared and recommended a dividend (₹ 1 interim & ₹ 1.56 final dividend) of ₹ 2.56 per equity share @ 25.6% for the FY 2019-20.

Also, during FY 2019-20, MIDHANI has dispatched the first consignment of Ultra High Strength Steel and Cobalt alloy for the prestigious Human Space Flight Program of ISRO 'Gaganyaan'. During the lockdown, your Company developed and supplied 1.5 kg. of 0.16 mm Nickel Wire with purity better than 99.6% which was critically required to manufacture Oxygen sensors pertaining to "Critical Core Ventilator" being produced by Bharat Electronics Limited (BEL) for COVID-19 patients.

Broadening horizons: MIDHANI of tomorrow

In line with Government's initiative, prime focus is placed on Indigenization, New Product Development,



and Technology Development. The Government's initiatives to make India self-reliant, and increase exports especially in the defence and energy sectors gives further impetus to your company's ambitious goals. Globally, the super alloy market is expected to grow and the key sectors we serve, namely, Defence manufacturing, Aerospace, Oil and Gas are all poised for growth and we expect them to aid our ambitious growth plans. In recent years, your Company has entered into alliances and research programmes with leading PSUs and universities. We are diversified and well segmented, and poised for growth across the board, with our strong R&D, integrated facilities and superior process technologies.

Our Armour plant at Rohtak will focus on the local and global demand for body and vehicle armouring. It is also important for MIDHANI to develop products targeted at the higher end of value chain and in keeping with this vision, during the FY 2019-20, our Joint Venture with National Aluminium Co. Ltd (NALCO) under the name of "Utkarsha Aluminium Dhatu Nigam Limited" to manufacture high end Aluminium Alloy at Nellore, Andhra Pradesh was also incorporated.

Cultivating an Innovative mind-set and value creation: Make in India Vision

We recognize that competitiveness, high-quality diversified products and shorter delivery period

is the need of the hour. With our glorious past, I am confident that we can preserve our industrial strength and utilize our production capacities to make our country self-reliant in supply of critical materials of National importance. Your Company places important focus on R&D and a culture of innovation to be competitive and to keep up with the technological advancements. 3 Patents were granted to MIDHANI during the year in special steel, super alloy and titanium alloy for respective applications. An expenditure of ₹ 797 lakhs was incurred on R&D in FY 2019-20 and over 10 new products and 7 new manufacturing and technological process have been developed for application in Energy, Space and Defence sector.

Systems for Social Sustainability:

Your Company believes strongly in the equitable distribution of wealth in society and it has pioneered various CSR initiatives. During the year under review, the Company reached out to the society through initiatives in health, sanitation, education, sports, skill development amongst others. During FY 2019-20, Company has spent ₹ 395 Lakh towards CSR activities which is the highest ever and is also more than the statutory requirement.

The Company's signature CSR programmes with specific focus on Promotion of Healthcare and Sanitation, Promotion of Education and Skill Development has brought positive change that addresses critical development issues in areas of school education, sanitation coverage and health care facilities.

Talent management:

Your Company is fully committed to the development and encouragement of talent employed, and to also support the social, economic and professional development of all. The health and safety of our workforce has always been paramount to MIDHANI and in this COVID-19 pandemic we have implemented models—from testing parameters to contact tracing, monitoring social distancing norms, classifying employee risk levels, and providing appropriate healthcare responses.

Several employee welfare initiatives were taken during FY 2019-20 and there is strong focus on empowerment of women employees and providing them with equal opportunity to explore their potential and to perform to their best, on par with their male colleagues, across all levels in the Company. Your

company achieved the highest training man days in FY 2019-20, a total of 4703 man days, covering employees across the organization. Both internal and external training programs were conducted, including overseas sponsorship for senior executive training programs.

Corporate Governance Practises:

MIDHANI continues to follow in both letter and spirit, the guidelines issued by the Department of Public Enterprises from time to time. Ethics are of utmost importance, and the Board and senior management confirm adherence to the Code of Conduct guidelines on an annual basis. We are happy to report that, your Company scored 100% as per the revised grading norms for CPSEs, conducted by the DPE on compliance of guidelines on Corporate Governance issued by them.

Your Company and its leadership won several awards during 2019-20, notably the 'Most Trusted Company 2019' by IBC media USA in August 2019, the 'Gold Award for Corporate Excellence' by Skoch Group for one of the projects, and several individual leadership awards for sustainable growth, wealth creation and performance, awarded to the talented senior management.

Conclusion:

On behalf of the Board, I thank all of our esteemed shareholders for your commitment and belief in our capabilities and our work. I am confident that with the faith and trust you have shown in us, we will continue to take big strides in the journey forward and continue to build a valuable national institution.

A Company is nothing without its talent pool, and I am deeply grateful to successive generations of employees who have served and contributed to your Company with their time, dedication and sincerity.

I also acknowledge the enormous amount of goodwill and support that we have received from our customers, the Department of Defence Production and all Government agencies particularly the Government at the Centre, State and local bodies who have provided valuable guidance and support in company management.

Thanking You,

Jai Hind!!

Dr. S. K. Jha
Chairman & Managing Director



MISHRA DHATU NIGAM LIMITED

Corporate Identity Number (CIN): L14292TG1973GOI001660

Registered Office: PO – Kanchanbagh Hyderabad - 500058, Telangana

Tel. No: 040-2418 4515 **Fax No:** 040-2434 0214

Email Address: company.secretary@midhani-india.in **Website:** www.midhani-india.in

NOTICE OF 46TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the forty sixth [46th] Annual General Meeting of the Members of **MISHRA DHATU NIGAM LIMITED (MIDHANI)** will be held on Tuesday, the 29th day of September 2020 at 11:00 A.M. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following businesses:

ORDINARY BUSINESS

ITEM NO.1

To receive, consider and adopt:

- a) the audited standalone financial statements of the Company for the financial year ended March 31, 2020, the reports of the Board of Directors and Auditors thereon; and
- b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 and report of the Auditors thereon.

ITEM NO.2

To confirm payment of interim dividend i.e. ₹ 1/- per equity share of ₹ 10 each (i.e. @10%) and to declare final dividend of ₹ 1.56 per Equity Share of ₹ 10/- each (i.e. @ 15.60%) for the financial year ended on March 31, 2020.

ITEM NO.3

To appoint a Director in place of Shri Sanjay Jaju (DIN: 01671018), who retires by rotation and being eligible, offers himself for re-appointment.

ITEM NO.4

To authorize the Board of Directors to henceforth fix and pay the remuneration of the Statutory Auditors appointed by the Comptroller and Auditor General of India (C&AG) in terms of the provisions of Section 139(5) read with Section 142 of the Companies Act, 2013.

SPECIAL BUSINESS

ITEM NO.5

To ratify the remuneration to be paid to S.S. Zanwar & Associates, Cost Accountants as Cost Auditor of the Company and in this regard, to pass the following resolution as an **ORDINARY RESOLUTION:**

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, fee of ₹ 1,30,000/- (excluding applicable statutory levies and reimbursement of out of pocket expenses), to be paid to S.S. Zanwar & Associates, Cost Accountants (Registration No. 100283), appointed by the Board of Directors as Cost Auditor to conduct the audit of cost records of the Company, as applicable, for the Financial Year ending on March 31, 2021, be and is hereby approved.”

By the Order of the Board of Directors

Hyderabad
June 30, 2020

Sd/-
Paul Antony
Company Secretary

Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. Accordingly, Registered Office of the Company i.e. P.O. Kanchanbagh, Hyderabad - 500058 shall be deemed to be the venue of this AGM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
4. Institutional / Corporate Member intending to depute their authorised representative to attend the AGM are requested to provide certified copy of the Board Resolution/Power of Attorney together with specimen signature of the representative(s), authorising the said person by sending an e-mail at company.secretary@midhani-india.in with a copy marked to the scrutinizer at ramakrishna@rna-cs.com to attend AGM through VC / OAVM and vote on their behalf through e-voting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
6. Shri Sanjay Jaju may be deemed to be interested in the Item No. 3 of the Notice. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary & Special Business set out under Item Nos. 1 to 5 of the Notice
7. The Statement pursuant to Section 102 of the Companies Act, 2013 relating to Item no.5 of the Notice is annexed hereto.
8. Pursuant to the provisions of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and Secretarial Standard on General Meeting (SS-2) issued by the Institute of Company Secretaries of India, details of Directors seeking appointment/re-appointment at this Annual General Meeting, are annexed herewith.
9. **Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, September 23, 2020 to Tuesday, September 29, 2020 (both days inclusive).**
10. In terms of the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018, with effect from April 1, 2019, securities of listed companies can be transferred only in dematerialised form (except for transmission or transposition of securities). Accordingly, the Company will not accept any fresh lodgement of transfer of shares in physical form.
11. **The final dividend on Equity Shares for the financial year ended on March 31, 2020 as recommended by the Board of Directors, if declared by the Members at AGM, will be credited/paid on or after September 29, 2020:**
 - a) in respect of shares held in electronic form, to those members whose name appear as Beneficial Owners as at the end of the business hours on Tuesday, September 22, 2020 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited; and
 - b) in respect of shares held in physical form, to those members whose name appear in the Register of Members of the Company as at the end of the business hours on Tuesday, September 29, 2020 after giving effect to:
 - i) valid request(s) received for transmission/transposition of shares; and

- ii) valid requests of transfer of shares in physical form (re-lodgment cases i.e. requests for transfer(s) which were received prior to April 1, 2019 and returned due to deficiency in the documents)

lodged with the Company/its Registrar & Share Transfer Agent on or before Monday, September 21, 2020.

12. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company (in case of shares held in physical mode) and depositories & ALANKIT (in case of shares held in demat mode)

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by [email to \[rtat@alankit.com\]\(mailto:rtat@alankit.com\)](mailto:emailto:rtat@alankit.com) or company.secretary@midhani-india.in by Tuesday, September 22, 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to rtat@alankit.com or company.secretary@midhani-india.in. The aforesaid declarations and documents need to be submitted not later than by Tuesday, September 22, 2020.

13. Members are requested to visit the website of the Company viz. www.midhani-india.in for viewing the quarterly and annual financial results and other information of the Company.
14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is

being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website viz. www.midhani-india.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL www.evoting.nsdl.com.

15. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same by providing their name, shareholding details, e-mail id to receive the notice calling AGM, Annual Report & other documents permissible to be sent through electronic mode, by sending e-mail at rta@alankit.com. For any other investor related queries, communication may be sent by e-mail to company.secretary@midhani-india.in
16. Alankit Assignment Limited (ALANKIT) is the Registrar & Share Transfer Agent of the Company. All investor related communication may be addressed to ALANKIT at the following address:

Alankit House, 4E/2, Jhandewalan Extension,
New Delhi - 110055
Tel : 011-42541234
Fax: 011- 42541201
E-mail: rta@alankit.com
17. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on March 31, 2019 (on the website of the Company viz. www.midhani-india.in and also on the website of the Ministry of Corporate Affairs (MCA). Members who have not encashed /received dividend so far in respect of financial year ended on March 31, 2019, are requested to write to ALANKIT who shall arrange to remit the unclaimed dividend amount on completion of necessary formalities.
18. Members are hereby informed that under the Companies Act, 2013, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or

unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of the Investor Education and Protection Fund ('the Fund') established by the Central Government. Further, pursuant to the provisions of Section 124 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all the shares on which dividend remain unpaid/unclaimed for a period of seven consecutive years or more shall be transferred to the demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs. Hence, the Company urges all the shareholders to en-cash/claim their respective dividend during the prescribed period.

19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic mode are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical mode can submit their PAN to the Company/ALANKIT.
20. In terms of SEBI circular dated April 20, 2018, Members holding shares in physical form and whose PAN and Bank details are not updated with ALANKIT, are requested to submit their PAN and Bank Account details, along with self-attested copy of PAN Card and original cancelled cheque/attested copy of bank passbook bearing name of the Member.
21. Members holding shares in physical form can avail the facility of nomination pursuant to the provisions of Section 72 of Act, and for the same they are advised to send their nomination in the prescribed Form No. SH-13 to ALANKIT at the above mentioned address. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.
22. Members who are holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or ALANKIT, details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the members after making requisite changes, thereon. Members are requested to use the share transfer form SH-4 for this purpose.
23. For effecting change in address/bank details/NECS (National Electronic Clearing Services) mandate; Members are requested to notify:
 - (i) Alankit, if shares are held in physical form; and
 - (ii) their respective Depository Participant (DP), if shares are held in electronic form.
24. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), NECS mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs and ALANKIT in case the shares are held by them in electronic form and to MIDHANI in case the shares are held by them in physical form.
25. The statutory registers as stipulated under the Act will be available for inspection during the AGM.
26. Members may send their queries, if any, on the financial statements/operations of the Company at company.secretary@midhani-india.in, at least 7 days before the meeting, so that the information can be compiled in advance.
27. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and the provisions of Regulation 44 of the SEBI Listing Regulations, Members are provided with the facility to cast their vote on all items/resolutions set forth in this Notice, through remote e-voting on NSDL's e-voting platform. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
28. **Persons whose name appears in the Register of Member/list of Beneficial Owners as on Tuesday, September 22, 2020 (cut-off date) shall be entitled to vote by way of e-voting on the date**

of AGM/remote e-voting on the Resolutions set forth in this Notice. Any person who is not a Member as on the above cut-off date should treat this Notice for information purpose only.

29. In case a person has become a Member of the Company after dispatch of the Notice but on or before the Cut-off date i.e. September 22, 2020, or has registered the e-mail address after dispatch of the Notice, such Member may obtain the user ID and password in the manner outlined in the Notice of AGM.

30. The remote e-voting facility will be available during the following period:

Commencement of remote e-voting	From 9.00 a.m. (Server time) on September 25, 2020 (Friday)
End of remote e-voting	Up to 5.00 p.m. (Server time) on September 28, 2020 (Monday)

Remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by NSDL upon expiry of aforesaid period.

31. The Board of Directors has appointed Shri R. Ramakrishna Gupta, a Company Secretary in practice (C.P.No. 5523) as Scrutinizer to scrutinize the e-voting at AGM and remote e-voting process in a fair and transparent manner.
32. The Scrutinizer shall, after conclusion of voting at the AGM, count the votes cast at the meeting. Thereafter, he will unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours from the conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against the resolution, invalid votes, if any and whether the resolution(s) has/have been carried or not, to the Chairperson or any other person authorised by Chairperson in writing, who shall countersign the same and declare the result of the voting.
33. The result of voting along with the scrutinizers' report shall be placed on the website of the Company viz. www.midhani-india.in and on NSDL's website www.evoting.nsdl.com immediately after the same is declared, and shall be simultaneously forwarded to the stock exchanges. The results shall also be displayed at the Registered Office of the Company.

34. The resolutions shall be deemed to be passed on the date of AGM subject to receipt of requisite number of votes in favour of the resolution(s).

35. Members are requested to carefully read the "Procedure and Instructions for remote e-voting" given below.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

b) For Members who hold shares in demat account with CDSL. 16 Digit Beneficiary ID
For example if your Beneficiary ID is 12***** then your user ID is 12*****

c) For Members holding shares in Physical Form. EVEN Number followed by Folio Number registered with the company
For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) **If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to ramakrishna@rna-cs.com with a copy marked to evoting@nsdl.co.in.

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to evoting@nsdl.co.in
3. Any queries / grievances in relation to voting through electronic mode may be addressed to NSDL, Ms. Pallavi Mhatre, (Manager), NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Email: evoting@nsdl.co.in, Tel: 1800 222 990/ 91 22 2499 4200.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice :

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card),

Aadhaar (self-attested scanned copy of Aadhaar Card) by email to rta@alankit.com or company.secretary@midhani-india.in

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar Card) to rta@alankit.com or company.secretary@midhani-india.in
3. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

PROCEDURE FOR SPEAKER REGISTRATION AND TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending a request in the below given form from their Registered Email ID to company.secretary@midhani-india.in in till Monday, September 21, 2020. Only those member who have registered themselves as a Speaker will be allowed to express their views/ask questions during the AGM.

SPEAKER REGISTRATION FORM *

Name of Shareholder (including joint holder)
DPID-CLID / Folio Number
Permanent Account Number (PAN)
Mobile Number
Profession Query in brief
*All fields are mandatory

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at company.secretary@midhani-india.in.
6. Shareholders who would like to express their views/have questions may send their questions

in advance mentioning their name demat account number/folio number, email id, mobile number at company.secretary@midhani-india.in. The same will be replied by the company suitably.

7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records of the applicable products of the Company.

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment of S.S. Zanwar & Associates, Cost Accountants (Registration No. 100283), upon annual remuneration of ₹ 1,30,000/- (exclusive of statutory levies) to conduct the audit of the cost records of the Company for the Financial Year 2020-21.

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.

Accordingly, members are requested to consider and ratify the remuneration payable to Cost Auditors for the financial year 2020-21 as set out in the resolution for the aforesaid services.

The Board recommends the resolution set out in item No. 5 of the accompanying Notice for the approval of the members of the Company by way of an Ordinary Resolution.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution at item No. 5 of the accompanying Notice.

By the Order of the Board of Directors

**Hyderabad
June 30, 2020**

Sd/-
**Paul Antony
Company Secretary**

Details of the Directors pursuant to the provisions of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013, as applicable

Name of the Director	Shri Sanjay Jaju
DIN	01671018
Date of Birth	February 26, 1969
Date of first appointment on the Board	May 30, 2018
Qualifications	IAS, CMA, M. Tech, MBA
Expertise in specific functional areas	Shri. Sanjay Jaju, completed his Post Graduate Mechanical Engineer and a Cost & Management Accountant by background and has completed MBA in Finance. He has worked in diverse areas like Urban, Infrastructure, Civil Supplies, Education & Tribal Welfare. He has been an ardent advocate of Information Technology for Development and Governance. He earlier worked as the founding Director (A&F) in the National Highways Infrastructure Development Corporation Limited (NHIDCL) in the Ministry of Road Transport & Highways, Govt. He had earlier worked as Secretary to Government of Andhra Pradesh in Information Technology & Communications Department.
Terms and conditions of appointment or reappointment	Shri Sanjay Jaju was appointed by Ministry of Defence – Department of Defence Production vide letter No.8/2015-D (Coord/DDP) dated May 30, 2018.
Details of remuneration last drawn (FY 2019-20)	Not applicable
Directorships in other Public Limited Companies (excluding foreign companies, private companies & section 8 companies)	None
Membership of Committees/ Chairmanship in other Public Limited Companies	Nil
No. of Board Meetings attended during the Financial Year 2019-20	4
No. of shares held in the Company:	
(a) Own	Nil
(b) For other persons on a beneficial basis	Nil

Note: Shri Sanjay Jaju is not related to any other Director or Key Managerial Personnel.

WHO WE ARE

Established in 1973 and Located in Hyderabad - India, Mishra Dhatu Nigam Limited (MIDHANI) is a Government of India Enterprise under the Ministry of Defence. MIDHANI has been set up to achieve self-reliance in production and supply of various super alloys, special steels and materials to Defence, other Strategic Sectors such as, aerospace and energy.

A Miniratna Category-I company

**National Centre for Excellence in
advanced metallurgical production**

Sectors We Serve



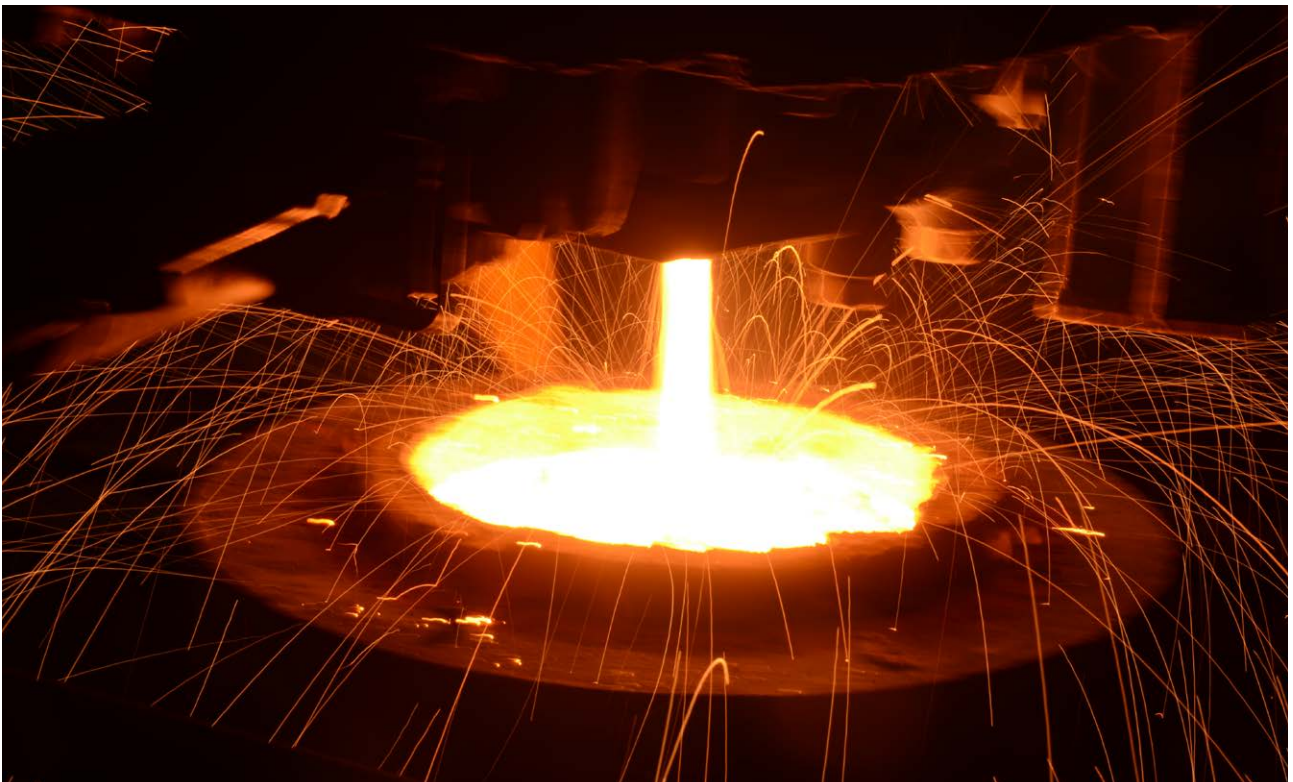
DEFENCE



AEROSPACE



ENERGY



OUR STRATEGIES

Our Mission: To achieve Self-Reliance in the research, development, manufacture and supply of critical alloys and products of National Security and Strategic Importance.

Key External Drivers of the Business



Global Demand

Rising demand for high-performance materials in the aerospace, automotive, defense industrial gas turbines used in power generation, and growing government spending and private players entering in these sectors are the key demand drivers of the business

High-Performance Alloys market is forecasted to grow at a rate of approximately 5% from an estimated USD 9.0 billion in 2019 to USD 13 billion in 2027



Environment & Social Drivers

The increasing demand in the aerospace and automotive industry for light materials due to stringent emission norms and increasing fuel efficiency is one of the critical drivers of the market.



Demand in India

India is the 5th largest in the world with respect to defence budget allocation.

India domestically produces only 45% to 50% of defence products it uses, and the rest are imported. In the aerospace segment about 70% of the raw materials are imported. With focus on self-reliance, Defence Production Policy of 2018 (DPP-2018) has a goal of India becoming among the top 5 global producers of the aerospace and defence manufacturing with annual export target of US\$5 billion by 2025.

Strategies pursued during the year

During FY20, the Company continued its initiatives for strengthening the company's strategic pursuits. Cost optimization measures including indigenization of various components, increasing outsourcing efforts and rationalization of manpower were the key priorities. Continuous improvement in process and modernization of equipment's resulted in reduced energy consumption and increased operational efficiency.

Our Key Strategies and outcomes

Strategy	Outcome	Goals
Seeks growth (through both greenfield and brownfield)	Utkarsha Aluminium Dhatu Nigam Limited was incorporated on 21.08.2019 as a JV with National Aluminium Company Ltd (NALCO) for Setting up of High End Aluminium Alloys Plant for manufacturing of Plates and Sheets.	In process of setting up new manufacturing facility at Rohtak Seek to enter into the new markets of oil and gas, mining, power, railways and chemical and fertilizers
Increased focus on research and development	More than 50 IPRs has been filed during the year and three patents have been granted to MIDHANI during the year. More than 10 new products have been developed for Aero Space, Navy and Energy Sectors.	Aims for forward and backward integration by manufacturing components/ value added products



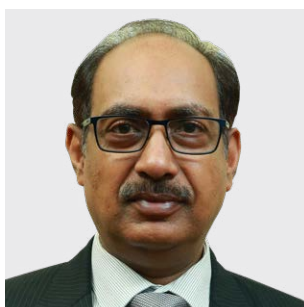
BOARD OF DIRECTORS



Dr. S. K. Jha
Chairman & Managing Director
(from 01.05.2020)
Director (Prodn. & Mktg.)
(till 30.04.2020)



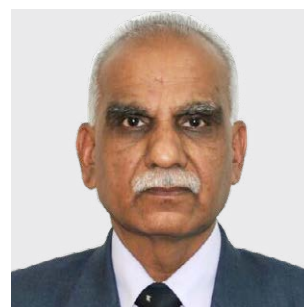
Dr. Dinesh Kumar Likhi
Chairman & Managing Director
(upto 30.04.2020)



Shri Sanjeev Singhal
Director (Finance)
(upto 07.01.2020)



Shri Sanjay Jaju
Joint Secretary(DIP)
Govt. Nominee Director



Shri Surendra Singh
Independent Director



Dr. Jyoti Mukhopadhyay
Independent Director
(upto 30.11.2019)



Dr. Usha Ramachandra
Independent Director
(upto 30.11.2019)



Shri I. V. Sarma
Independent Director
(upto 30.11.2019)

CHIEF VIGILANCE OFFICER



Dr. Upender Vennam
IPoS (Chief Vigilance Officer)

KEY MANAGERIAL PERSONNEL



Smt. Kalluri Madhubala
GM (Finance & Accounts) &
CFO



Shri Paul Antony
Company Secretary &
Compliance Officer

SENIOR MANAGEMENT (As on 30.06.2020)



Shri A. Ramakrishna Rao
GGM(HR & Admin.)



Shri D. Gopikrishna
GGM(Commercial & IT)



Shri K. Sivasubramanian
GM(R&D) upto 30.06.2020



Shri Debasish Dutta
GM(Projects)



Shri Y.V.Hanumantha Rao
GM(Quality & Services)



Shri Atchutaram Dasu
GM(Operations)



Shri Rama Ramesh Babu
GM(Melts)



Shri Supartha Sen
GM(Vigilance)



Shri Sasidharan Palasseri
GM(Engineering Services)

CORPORATE OVERVIEW

Registered Office

P.O. Kanchanbagh, Hyderabad -500058

Tel. No: 040-2418 4515

Fax No: 040-2434 0214

Website : www.midhani-india.in

Commercial/ Regional office

New Delhi

Core- 6, Floor – 1, Scope Complex,
7 Lodhi Road, New Delhi – 110070

Tel No. : 011-4166 6375

Fax: 011-2436 6466

Kolkata

BE-70, Ground floor, Sector – 1, Salt Lake
Kolkata - 700064

Tel No. 033 2334 4832

Fax : 033 2334 8411

Statutory Auditors

Basha & Narasimhan Chartered Accountants

Cost Auditor

S.S. Zanwar & Associates

Secretarial Auditors

R&A Associates,
Company Secretaries

Bankers

HDFC Bank Limited, State Bank of India, Union Bank
(formerly Andhra Bank)

Registrar & Transfer Agent

Alankit Assignments Limited
4E/2 Jhandewalan Extension, New Delhi -110 055

Tel: 011-42541234 / 23541234;

Fax: 011- 42541201

Email: rta@alankit.com

Investor Relations

Shri Paul Antony
Company Secretary & Compliance Officer
P.O. Kanchanbagh, Hyderabad -500058

Tel: 040-24184515






Fax: 040-2434214

Email: company.secretary@midhani-india.in

FINANCIAL HIGHLIGHTS






SALES

(₹ in lakh)

FY16		76,145
FY17		80,971
FY18		66,608
FY19		71,085
FY20		71,288






CASH PROFIT

(₹ in lakh)

FY16		17,591
FY17		20,402
FY18		21,789
FY19		21,424
FY20		22,820






PBT

(₹ in lakh)

FY16		16,185
FY17		18,635
FY18		19,825
FY19		19,105
FY20		20,209






PAT

(₹ in lakh)

FY16		11,937
FY17		12,631
FY18		13,126
FY19		13,056
FY20		15,973






GROSS BLOCK

(₹ in lakh)

FY16		27,704
FY17		35,911
FY18		39,575
FY19		49,939
FY20		54,098

NET WORTH

(₹ in lakh)

FY16		61,967
FY17		70,434
FY18		78,903
FY19		83,471
FY20		95,839

10 YEARS AT A GLANCE

(₹ in lakh)

ITEM	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Sales (tonnage)	3014	3482	4687	4111	4732	5205	6150	4477	3685	3390
Sales (Value)	41,786.77	50,901.27	55,859.14	56,270.78	65,570.07	76,144.87	80,970.77	66,607.87	71,084.62	71,287.57
Value of Production(Excl. ED)	47,547.24	48,328.83	53,267.12	56,417.57	64,004.42	67,853.65	69,564.01	69,767.72	81,483.22	97,010.91
Cash Profit/Loss(-)	7,907.35	10,329.04	12,293.72	12,747.26	14,830.16	17,591.00	20,401.69	21,789.22	21,424.26	22,820.06
Profit Before Tax (PBT)	7,518.14	9,850.28	11,777.66	12,143.54	13,851.49	16,184.50	18,635.28	19,825.09	19,104.78	20,208.62
Net Profit/(Loss) (PAT)	5,042.18	6,845.49	8,251.83	8,246.29	10,212.80	11,937.02	12,631.31	13,126.18	13,055.69	15,973.38
Value Added (Excl. ED)	27,879.39	33,866.90	35,528.59	36,809.97	42,808.81	43,363.11	50,181.18	54,412.85	52,206.95	59,350.32
Value added per employee	24.87	32.19	36.40	40.90	51.21	56.46	66.73	64.02	66.00	75.51
Paid up Capital	18,334.00	18,334.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00
Gross Block	17,693.55	18,703.81	19,975.07	24,698.30	38,670.17	27,704.22	35,911.43	39,574.81	49,938.95	54,097.55
Net Fixed asset	5,526.39	6,067.40	6,817.41	11,547.79	24,427.97	26,295.74	32,737.74	34,443.38	42,494.69	44,074.63
Net current asset	44,996.31	39,373.51	55,673.71	44,471.94	35,144.93	47,879.87	47,862.25	44,052.85	63,221.24	81,738.45
Capital employed	50,522.70	45,440.91	62,491.12	56,019.73	59,572.90	74,175.61	80,599.99	78,496.23	105,715.93	125,813.08
Equity	18,334.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00
Reserves	15,461.46	18,045.30	21,942.51	25,779.38	35,271.83	43,233.03	51,700.40	60,169.45	64,736.91	77,104.66
Net Worth	33,795.46	36,779.30	40,676.51	44,513.38	54,005.83	61,967.03	70,434.40	78,903.45	83,470.91	95,838.66
Contribution to Exchequer	7,956.10	10,347.29	12,136.00	11,181.00	10,617.67	14,316.38	16,641.00	14,492.26	16,272.22	17,012.99

HUMAN RESOURCES DEVELOPMENT

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.

Today HR Management has transformed to a strategic function from that of a conventional/traditional support function. MIDHANI recognizes that the most important asset is its employees and that could be a major differentiator in the face of competition from world over. Align Talent Management initiatives with Technology for rapid growth of the Company. Keeping in view the current trends, several HR Policies have been updated, modified, and introduced.

**Number of Employees
(31.3.2020)**

786

**Training Man Days
(FY20)**

4,703

**Number of training
Programmes (FY20)**

114

ITEM	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
No. of employees	1121	1052	976	900	836	768	752	850	791	786
Productivity per employee (₹ Lakh)	43.31	47.15	54.58	63.30	76.56	88.35	92.51	82.08	103.01	123.42



COVID-19 – IMPACT, RESPONSE & WAY FORWARD

The nature of impact due to the COVID-19 pandemic differs markedly from past triggers of economic downturns. COVID -19 has spread its virulence to businesses across the world by way of workplace closures; disruption in supply chain and lower productivity. Many countries including ours went into de-facto shutdown resulting in economic impact. However, with Government of India's various economic packages to MSME's, NBFC's, Migrants etc. an effective stimulus has been ensured. The pandemic has hampered economies around the world significantly and every business/industry has started to access and manage the impact of pandemic. Similarly, the policies/strategies taken up by MIDHANI are as under:

Combating pandemic – post lockdown

From the complete shutdown of business operations starting March 24, 2020, to restoring normal business operations from May 20, 2020, your Company has devised plans for carrying business forward in this pandemic situation.

The most important aspect of the resuming normal operations was to provide safe working environment to the employees and to invoke stringent safety measures amongst the workforce of the Company.

The Company ensured, staggered entry and exit timings, installed sanitization chambers, mandatory screening of employees with infrared thermometers. Safety measures such as social distancing, mandatory quarantine to personnel returning from other states, availability of sanitizers, distribution of masks, thermal screening etc. were ensured to provide a smooth and safe working space. Use of 'Aarogya Setu' application continues to be encouraged for use by all employees.

Further, Company has ensured re-imbursement to employees and their dependents that underwent COVID-19 test as per Governments prescribed tariffs. Company has tied up with Dr. Remedies Labs, Hyderabad for providing home sample collection facility for COVID-19 tests underwent by employees and their dependents and the cost incurred for the tests were reimbursed as per Government prescribed tariffs. Company also tied up with Apollo DRDO Hospital for High Resolution Computed Tomography (HRCT) tests for its employees and the cost incurred for the test is reimbursed to the employees and their dependents.

A 50 bed quarantine /isolation facility has also been set up in Company's Township premises for use by its employees and their dependents.

Impact on Business due to Pandemic

FY 2019-20

CoVID-19 lockdown has affected the final inspection, certification and shipment of materials in the month of March 2020. Due to this, Company's sales were ₹ 20,363.36 Lakh during the last quarter of FY 2019-20 vis-à-vis ₹ 33,643.24 lakh in last quarter of FY 2018-19, which is a decline of 39%. However, despite this, MIDHANI has sustained sales turnover of ₹ 71,287.57 lakh for the FY 2019-20 vis-à-vis ₹ 71084.62 lakh for the FY 2018-19.

FY 2020-21:

There was a disruption in production activities for about 45 days in the first quarter of FY 2020-21. Subsequently, the normal production activities have resumed with effect from May 20, 2020. Despatch of finished materials also started and in the month of May 2020. With the improvement in supply chain efficiency post phase wise easing of lockdown and we hope to neutralize the impact of CoVID-19 on business for 1st Quarter of FY 2020-21 to some extent. Continuation of normal production activities is however subject to future un-interrupted business operations. In case of any further interruptions in business operations during FY 2020-21, the revenues and profitability are likely to be impacted.

Impact on Capital and financial resources and liquidity position due to Pandemic:

At present, MIDHANI does not face any severe liquidity concerns and has adequate short-term loan facility to meet its working capital requirements. Further, internal accruals, at present are sufficient to meet financial requirements for all on-going projects. Comparatively, receivables are not forthcoming as envisaged/ planned and continued delays in receivables will impact future liquidity position of the Company. MIDHANI has liquidity to meet its financing cost. The interest coverage ratio as on March 31, 2020 is 35.16 and we expect to maintain it subject to any dynamic changes which may occur due to CoVID-19 pandemic.

CSR initiative and Social welfare

During lockdown, MIDHANI has developed and supplied 1.5 kg. of 0.16 mm Nickel Wire with purity better than 99.6% which was critically required to manufacture Oxygen sensors pertaining to "Critical Core Ventilator" being produced by Bharat Electronics Limited (BEL). MIDHANI's supply has helped to establish an indigenous source of critical raw material which was otherwise had to be imported.

MIDHANI has also contributed ₹ 50 Lakh to PM CARES Fund as CSR. During lockdown, MIDHANI has distributed food packets to its casual and contract labourers.

Way-forward

There is extreme uncertainty world over around the growth forecast because of the economic fallout of lockdown and also due to uncertain factors that interact in ways hard to predict in this pandemic situation and MIDHANI is no exception to the same. However, at MIDHANI we are hopeful that with Governments initiatives and further thrust provided by Hon'ble Prime Minister's vision of "Atmanirbhar Bharat" will provide us with the opportunity to explore new products and markets for optimum utilization of our technological capacities and to also expand our reach by diversifying into new businesses.

Government's prime focus on indigenisation in defence sector will also benefit MIDHANI. With majority of materials supplies to strategic sectors and with a strong order book of ₹ 1,68,700 lakh as on April 1, 2020 we look forward to diminishing the adverse effect of pandemic on our business.



BOARDS' REPORT

The Members, Mishra Dhatu Nigam Limited

Dear Members,

Your Directors are pleased to present their 46th Annual Board's Report, on the performance and achievement of your Company, together with the Audited Financial Statements for the financial year ended on March 31, 2020.

SIGNIFICANT ACHIEVEMENTS:

- Achieved highest ever Value of Production (VoP) of ₹ 97,010.91 Lakh for the year FY 2019-20 registering a growth of 19.06% vis-à-vis VoP of ₹ 81,483.22 Lakh achieved for FY 2018-19.
- Achieved highest ever profit before tax (PBT) for FY 2019-20 at ₹ 20,208.62 Lakh vis-à-vis PBT of ₹ 19,104.78 Lakh for last financial year, registering an increase of 5.78 % and best ever operating profit of ₹ 16,564.99 Lakh for the FY 2019-20.
- Highest ever export turnover of ₹ 1,042.04 Lakh was recorded during the FY 2019-20 vis-à-vis ₹ 805.32 Lakh last year, registering an increase of 29.39%.
- COVID-19 lockdown has affected the final inspection, certification and shipment of materials in the month of March 2020. In spite of this, MIDHANI has sustained Sales Turnover of ₹ 71,287.57 Lakh for the FY 2019-20 when compared to ₹ 71,084.62 Lakh for the FY 2018-19.

HIGHLIGHTS OF OPERATIONS:

- During the year, MIDHANI has dispatched first consignment of Ultra High Strength Steel and Cobalt alloy " with stringent quality requirements for Prestigious Human Space Flight Program of ISRO "Gaganyaan".



Dr. S. K. Jha, Director (P&M), MIDHANI, Dr. S. Unnikrishnan Nair, Director (HSFC), ISRO and Shri Shankar Velaytham, Dy. Director (HSFC), ISRO seen flagging off first consignment of materials for "Gayanyaan" program.

- Under "Make in India" initiative, MIDHANI has developed "74 kg. Titanium alloy casting for Strategic application" which is first of its kind in the country.
- MIDHANI has successfully delivered first of its kind, sets of isothermally forged Titanium Alloy high pressure compressor discs with completely indigenous technology under Industry Research Partnership. The Discs are required for use in aerospace application.
- MIDHANI has developed and supplied 1.5 kg. of 0.16 mm Nickel Wire with purity better than 99.6% which was critically required for manufacture of Oxygen sensors pertaining to "Critical Core Ventilator" being produced by Bharat Electronics Limited (BEL) for COVID-19 patients. The material was developed and supplied for the first time within 96 hours during the lockdown period. MIDHANI's supply has helped establish an indigenous source of critical raw material which otherwise had to be imported.
- MIDHANI and National Aluminium Co. Ltd. (NALCO) has incorporated a (50:50) Joint Venture Company, Utkarsha Aluminium Dhatu Nigam Limited for establishing a manufacturing plant at Nellore, Andhra Pradesh under "Make in India" approach of the Government of India for manufacture of high end Aluminium Alloy products.
- Under the "Make in India" initiative, MIDHANI has successfully developed and supplied to National Aluminium Co. Ltd. (NALCO), Caster Roll Shells which are shrink fitted on the core and used for casting of Aluminium Strip with nominal thickness of 7 mm.

FINANCIAL HIGHLIGHTS:

Your Company achieved a Sales Turnover of ₹ 71,287.57 Lakh as against ₹ 71,084.62 Lakh for the previous year thereby registering a growth of over 0.29 %. Company earned Profit After Tax (PAT) of ₹ 15,973.38 Lakh vis-a-vis ₹ 13,055.69 Lakh in the previous year.

Your Company achieved the following results during FY 2019-20:

(Figures in ₹ Lakh)

Particulars	2019-20	2018-19
Revenue from Operations	71,287.57	71,084.62
Other Income	3,643.63	3,689.46
Profit/(loss) before Depreciation, Finance Costs, Exceptional items and Tax Expense	23,411.66	22,060.61
Less: Depreciation/ Amortization/ Impairment	2,611.44	2,319.48
Profit /(loss) before Finance Costs, Exceptional items and Tax Expense	20,800.22	19,741.13
Less: Finance Costs	591.60	636.35
Profit /(loss) before Exceptional items and Tax Expense	20,208.62	19,104.78
Add/(less): Exceptional items	-	-
Profit /(loss) before Tax Expense	20,208.62	19,104.78
Less: Tax Expense (Current & Deferred)	4,235.24	6,049.09
Profit /(loss) for the year (1)	15,973.38	13,055.69
Total Comprehensive Income/(loss) (2)	[195.33]	48.80
Total (1+2)	15,778.05	13,104.49
Ratios (Percentages)		
Profit Before Tax to Capital employed	16.06	18.07
Profit Before Tax to Sales	28.35	26.88
Profit After Tax to Net Worth	16.67	15.64
Profit After Tax to Paid-up Capital	85.26	69.69
Sales to Capital Employed	56.66	67.24
Sales to Gross Block	131.78	142.34
Per Capita Sales (₹ in Lakh)	90.70	89.87

DIVIDEND POLICY AND TRANSFER TO GENERAL RESERVE

The Board of Directors of your Company is pleased to recommend a final dividend of ₹ 1.56 per equity share of the face value of ₹ 10 each i.e. @15.6%, for the financial year ended on March 31, 2020 and seek your approval for the same. The proposed final dividend, will be payable to those shareholders whose names appear in the Register of Members as on the Book Closure / Record Date

Further, during the year under review, the Board of Directors of the Company in their meeting held on March 3, 2020 has declared and paid interim Dividend of ₹ 1/- per equity share of the face value of ₹ 10/- each i.e. @ 10%. An amount of ₹. 385.08 Lakh was paid as (Corporate Dividend Distribution Tax) on the aforesaid interim dividend declared by the Board.

Cumulatively, the Board of Directors of your Company has declared / recommended a total Dividend of ₹ 2.56 per equity shares @ 25.6 % for the year ended March 31, 2020, which is highest dividend payout ever.

Your Company, being a Central Public Sector Enterprise (CPSE), follows the Guidelines on Capital Restructuring issued by Department of Investment and Public Asset Management (DIPAM) vide F. No. 5/2/2016-Policy dated 27th May, 2016. The Guidelines state that every CPSE would pay a minimum annual Dividend of 30% of PAT or 5% of the Net-worth whichever is higher subject to the maximum Dividend permitted under the extant legal provisions. The Company's dividend distribution policy is enclosed as **"Annexure - I"** and also available on the Company's website viz. <http://midhani-india.in/>.

The performance of MIDHANI with respect to the Return on Investment in comparison to the previous year is as under:-

(₹ in Lakh unless otherwise stated)

S.No	Parameters	2019-20	2018-19
1.	Dividend	4,795.90	4,102.75
2.	Profit after Tax (PAT)	15,973.38	13,055.69
3.	Net Worth*	92,849.19	82,056.80
4.	Dividend/PAT (%)	30.02	31.42
5.	PAT/Net Worth (%)	17.20	15.91
6.	Dividend/Net Worth (%)	5.17	5.00

*Net worth is after considering Dividend for respective periods.

General Reserve: Your Company has transferred ₹ 6,500 lakh to General Reserve for the FY 2019-20.

PERFORMANCE AGAINST MoU

For the FY 2019-20, MIDHANI's MoU performance is expected to qualify for an overall **"EXCELLENT"** rating, however, the same is subject to evaluation and confirmation by Department of Public Enterprises (DPE).

INDIGENIZATION AND IMPORT SUBSTITUTION:

MIDHANI has successfully developed spider casting with stringent Aerospace requirements for “Semi Cryo-Engine of Satellite Launch Vehicle”.

Three (3) Billet Grinding machines were manufactured indigenously and successfully commissioned in the 3rd quarter of FY 2019-20, with this the requirement of imported costly equipment has been eliminated.

MODERNISATION, EXPANSION & UPGADATION PROGRAM OF THE COMPANY:

The up-gradation and modernization of the Company over the last decade contributed towards setting up of additional facilities, increase in production tonnage capacity and product diversity. The company has successfully positioned itself to serve existing and new customers in domestic markets as well as entered into new business areas of strategic and national importance. The modernization expansion and up-gradation program of the company is based on the following:

- Capacity enhancement to cater to increased demand from existing business.
- Focus on value added products.
- Expansion of testing facilities.
- Lowering cost of operation and shorten the delivery period.

Projects related to Modernization, Expansion and Up-gradation of MIDHANI's production activities during the year ended on March 31, 2020 are as under:

- **Melting areas:**
 - **Vacuum Induction Melting Furnace (8T):** A Vacuum Induction Melting Furnace is being added in Melt area, for Capacity enhancement and for accommodating future demands of special steels and super alloys under “Make in India” Program. Order for equipment has been placed and commissioning is expected in 4th quarter of FY 2020-21.
 - **Casting facility:** To Manufacture critical casting of Titanium alloys to promote indigenization, high capacity casting facility is being set up at MIDHANI. Procurement action has been initiated and the equipment delivery has commenced. Commissioning is expected in 3rd quarter of the FY 2020-21.

- **Forge/ Heat treatment areas:**

- **25T Manipulator:** A new 25T manipulator was added in 6000T forge press for forging of long shafts for special applications. The equipment was successfully commissioned in 1st quarter of FY 2019-20.
- **Re-heating Furnaces:** Procurement of new additional furnaces for improved utilization of new forge press and ring rolling facility and for replacement of old furnaces that have outlived their life was executed during the year. In total, procurement of four (4) LPG fired furnaces of latest technology was initiated and one (1) furnace is expected to be commissioned in 4th quarter of FY 2020-21 and other three are expected to be commissioned in the next financial year.

- **Quality Control area:**

- **Immersion Ultrasonic Test equipment:** State of Art Immersion Ultrasonic Test equipment was added in Quality control area to evaluate special forgings for Aero-Engines in line with stringent aerospace norms. The equipment has been successfully commissioned in 2nd quarter of FY 2019-20.
- **Radiography testing equipment:** A new radiography testing facility is set up in QCL for value addition to Casting product and to maintain stringent quality norms for critical applications. The equipment was commissioned in the 3rd quarter of FY 2019-20.

- **Downstream area:**

- **Cold Draw Bench:** For drawing of hot rolled and forged bars from 40mm to 70mm, a new Cold Draw Bench is being set up at HRM. This equipment will be used to produce bars and tubes of close tolerance as per customer requirement without any metal loss.

The status of other ongoing major projects are as under:

- **Wide Plate Mill:** To ensure self-reliance in production of extra wide plates / sheets of Maraging Steel, strategic materials plates, armour plates etc. for strategic customers, a Wide Plate Mill facility is being setup. The project is in advanced stage with all major equipment's received. Equipment erection is under progress and testing and commissioning will commence thereafter.



Construction site of Wide Plate Mill.

- **Tempering furnace for WPM:** For processing of armouring plates and other special plates, Tempering Furnace is procured. Equipment supply has been completed, and erection is under progress.

Development of Armour unit at Rohtak:

Considering increasing global market demand for Body armour, Vehicle armouring, Bullet Proof Morcha, Bullet Resistant Jackets etc. and to cater the needs of domestic market, a new unit of MIDHANI is being set up at Rohtak, Haryana. Major construction activities of Phase-I has been completed. Procurement action has been taken for major line equipment like Water Jet Cutting Machine, Hydraulic Ballistic Press, CNT, etc. Procurement of electrical and utilities are under progress.



Armour Manufacturing unit at Rohtak, Haryana.

Joint Venture (JV) Company - Utkarsha Aluminum Dhatu Nigam Limited:

Vide Joint Venture Agreement dated August 7, 2019, MIDHANI and National Aluminium Co. Ltd. (NALCO) set up a Joint Venture Company, Utkarsha Aluminum Dhatu Nigam Limited. The JV Company was incorporated on 21st August, 2019, for establishing a manufacturing plant at Nellore, Andhra Pradesh under "Make in India" approach of the Government of India for manufacturing of high end Aluminium Alloy products to meet the market demand in sectors such as Defence, Space and National Aluminium Co. Ltd.

Energy apart from meeting the expanding demand of the Aviation and Transport industries.

JV Company has been allotted around 110 acre of land in Andhra Pradesh and it yet to commence the commercial operation. The manufacturing plant involves an estimated capital expenditure of ₹ 4,500 Cr. MIDHANI and NALCO have subscribed 2 Cr. equity shares of ₹ 10/- each of JV Company (by way of initial share capital and by way of rights issue).

The statement containing salient features of the financial statement of JV Company is attached with Financial Statements in form AOC-1.

LABOUR PRODUCTIVITY:

The value added per employee during the year was ₹ 75.51 Lakh, compared to ₹ 66 Lakh in the previous year.

SALES AND OPERATIONAL EFFICIENCY:

Debt collection continued to be a focus area for the FY 2019-20 and Trade receivable as "No. of Days Sales" has come down to 152 days as on 31.03.2020 when compared to 181 days as on 31.03.2019. High accumulation of Debtors is primarily on account of the budgets getting exhausted at customers' end, which are primarily Government Departments / agencies.

DEVELOPMENT OF NEW PRODUCTS THROUGH R&D EFFORTS:

Research & Development (R&D) plays a very important role in the success of a business and MIDHANI places prime importance for the same. Our business requires us to keep abreast with the latest technological developments and to be at par with the global technological advancement. To facilitate the same and to gain access to the required know-how for developing various technologically advanced products, we have also entered into collaborations with leading Indian Research Institutes and organizations.

Investments in R&D connects Company's strategy and business plan, such as marketing and cost reduction along with creating new products and adding features to old ones. A Technology Advisory Board consisting of eminent personalities of Metal Industry regularly meets to guide and review the R&D activities of MIDHANI. Indigenization, New Product Development, and Technology Development continues to be the primary focus for R&D department of MIDHANI. An expenditure of ₹ 796.57 Lakh, has been incurred towards R&D expenses for the FY 2019-20.

The in-house Research and Development team works towards improvement of product quality and process innovation for meeting the expected demands at competitive prices. Some of the R&D Initiatives undertaken by our Company during the year are as below:

- **New Product Development:**

- Development and processing of Superni 42N - 8 mm dia. rod for end plugs intended for strategic use in the Energy sector.
- Development of Superni 925 forged bar against an export order.
- Development of processing and testing methodologies for meeting the stringent specification norms of lattice tubes (MDN 304L) in the Energy sector.
- Development of high strength precipitation hardening stainless steels (MDN 465) for aerospace applications.
- Development of forging process methodology of Titanium alloy grade Titan22A having very limited hot workability for aero engine applications.
- Development of Ti-Ta-Nb alloy cold drawn wires for welding applications in the Energy sector.
- Development of 08X14H7M for use as main turbo pump in space applications.
- Development of Large size tubes of 38XH3MFA and RS 1 for use in Naval applications.
- High Pressure Hydraulic Testing Facility for Lattice Tube in Energy application.
- Development of 3 No's of Hydraulic Semi-automatic Billet Grinding Machines.

- **Manufacturing and Process Technology Development**

- Development of high strength austenitic stainless steels wires of 12X18H10T for naval applications. High strength austenitic stainless steels wires are used as springs in strategic applications where high pressure is involved.
- Developed process to improve permeability in Softcomag 49A magnetic alloy. Softcomag 49A is a soft magnetic alloy grade

with high saturation magnetization, low magneto crystalline anisotropy, high Curie temperature (950°C) and associated higher magnetic permeability. Processing of this alloy is extremely difficult due to its tendency to form an ordered brittle phase below 730°C. Softcomag 49A alloy is used for specialized applications requiring the magnetic properties exhibited by this material.

- Process optimization of super alloy grade billets to achieve homogenous micro structural features required for making extruded tubes. MIDHANI has indigenised the superalloy billet manufacturing process, meeting quality requirements of input billets for extrusion of tubes.
- Developed Superni 625 and 740 grades for use in oil and gas industries, power sector applications. Development of Ni alloys for commercial applications like oil and gas, power production was taken as one of the major portfolio of MIDHANI over past couple of years.
- Superni 617 grade tubes for application in Energy sector. MIDHANI has manufactured various components of different forms and tonnage from alloy 617M by achieving the stringent chemistry using ESR melting process to avoid the loss of reactive elements. This expertise was then incrementally increased through large dia ingot production to achieve bigger size, higher tonnage forgings.
- Optimization of Electro Slag Remelting process parameters for large size ingots of MDN155 (1200 mm dia.) for use in Defence applications. MDN 155 has been indigenized by melting of heavy ingots of weight around 20T and processing without any defects.
- Technology development for manufacture of hollow forgings - High strength super alloy Superni 90 and 10Cr -1Mo 1W (MDN 10-1-1) martensitic steel for Energy Applications. This alloy is a high strength precipitation hardened superalloy having less workability. To aid the workability the ESR melting process of the alloy was established instead of regular VAR melting process. MIDHANI has successfully developed tube forging and supplied for use in the Energy applications.

• Yield Improvement

- A programme has been taken up to improve the yield of MDN 350 heats processed into tubes. The objectives taken for overall yield improvement is, improving yield at various stages of processing such as primary melting, secondary melting, forging and extrusion. Other processes such as heat treatment procedure, cutting, machining of tubes was carefully controlled to avoid rejections.

• Artificial Intelligence(AI)

- A dedicated team has been constituted to develop roadmap for Artificial Intelligence (AI) for alloy development and process optimization.

In line with MoU parameters for the year 2019-20, our Company successfully developed and/or supplied the following product/grades:

- Superni 115 blade blanks for Aero Engine application.
- Titanium castings for sea valve application.
- Supercast 738 bucket castings and Heavy section forgings of Austenitic Stainless Steels (MSN 347MN)

INTELLECTUAL PROPERTY:

In a market-driven economy, continuous improvement in the products by means of improving quality and reducing cost is essential. New products were developed to capture the emerging demand of the market. Remarkable progress in R&D activities were achieved which is reflected in the form of expansion of Intellectual properties of the Company.

Protecting the intellectual knowledge of an organization from infringement through a legal framework is essential. Due to its unique products, MIDHANI needs to protect its intellectual Properties than any other industry. IPR filling was encouraged within MIDHANI to meet this objective.

During the FY 2019-20, MIDHANI has filed 50 IPRs which constituted of 24 copyrights and 26 trademarks. Few patents applications are also in process. Three (3) patents titled “A newly designed air hardening alloy steel”, “A Method of producing wire of Ti-6Al-4V for welding application” and “Fine grained cobalt based alloy with excellent mechanical and creep properties

and a method for manufacturing the same” were also granted in FY 2019-20.

IPR on trademarks which were filed during FY 2018-19 have been also granted in FY 2019-20. MDN 250, MDN 350 are among the few trademarks which were granted in FY 2019-20.

To make a self-sustainable model for an innovation-driven culture, an award scheme has been also implemented to promote innovation in MIDHANI in FY 2019-20. MIDHANI R&D Team has published around 5 papers in reputed international journals and conferences. To create awareness on IPR, IPR trainings were also conducted by R&D team.

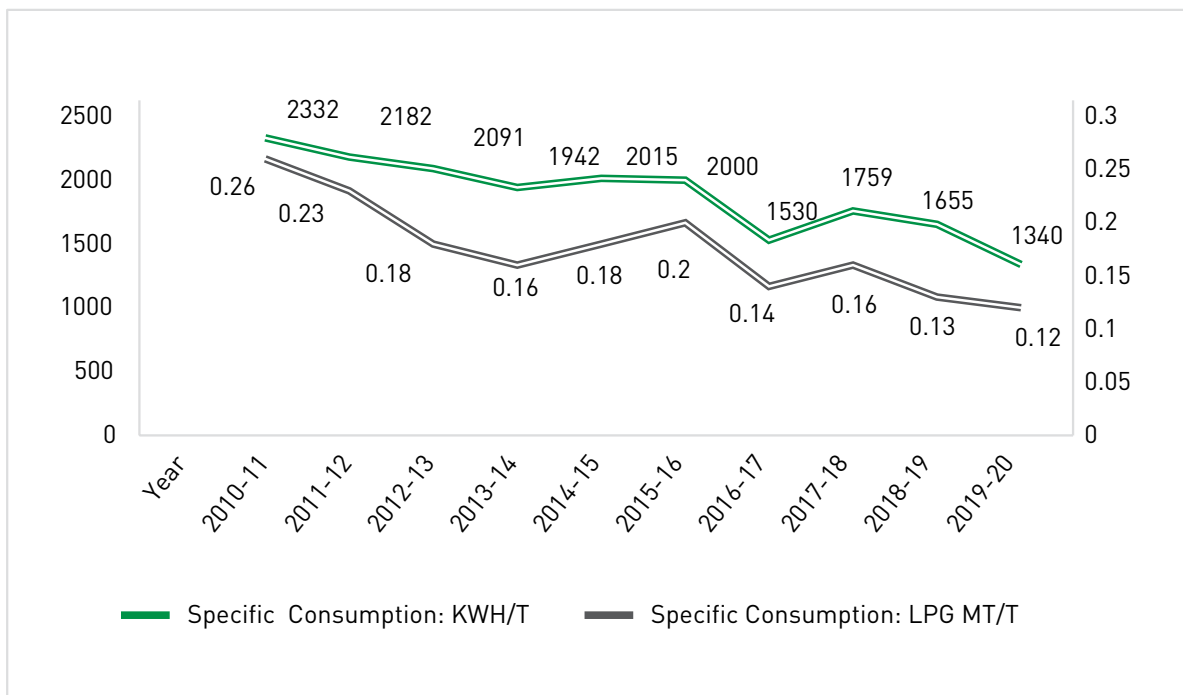


Intellectual Property Right (IPR) training being conducted at Centre of Excellence, MIDHANI.

ENERGY CONSERVATION:

Due importance is given to energy conservation measures at MIDHANI and efforts in this direction have continued during the year under report. The measures introduced to save energy during the year under report are as follows:

- The measures introduced to save LPG during the year as follows:
 - Loading of materials having similar heat-cycle in the furnaces up to their full capacity.
 - Optimization of similar batch type materials
 - Planning of furnaces running continuously to utilize available heat energy in the furnace.
 - Furnace availability at more than 80% during the financial year.
- The measures introduced to save Energy during the year are as follows
 - Installation of VFD Driven Kirloskar Make Screw Air compressor at Compressor House.
 - Installation of Portable Air Compressors in the plant for operation of equipment's.



- The measures introduced at MRSS to save energy during this year as follows
 - Installation of Dynamic reactive power compensation panels for reactive power compensation at 6000 T Forge Press, it has saved an amount of ₹ 77.56 Lakh this year in electricity bills.
 - Entered into open access agreement with TSSPDCL & TSTRANSCO to avail our 4 MW solar power plant generated energy.
 - The solar power plants have generated solar energy valued at ₹ 278 Lakh this year.

The summary of consumption of Electricity and LPG for the FY 2019-20 are as below:

S.No	Description	Unit	2019-20	2018-19
1	Annual Consumption of Electricity	KWHr (in Crore)	5.45	4.79
2	Annual Consumption of LPG	MT	4979.28	4160.27
3	Specific Consumption of Electricity in Production.	KWHr/MT (prod.)	1340.09	1654.86
4	Specific Consumption of LPG in Production.	MT (LPG)/MT (prod.)	0.12	0.126

MARKETING & BUSINESS DEVELOPMENT:

During the year under review, MIDHANI booked orders worth of ₹ 78,601 Lakh. The order book position as on 01-04-2020 stood at ₹ 1,68,700 Lakh. With this order book position and further orders in pipeline, the Company looks forward for good growth with commensurate profitability for the coming years. The details of sector wise order booked is as under:

Sector	Total value of orders (₹ Lakh)
Defence	22,889
Space	50,652
Energy	2,756
Others	2,304
Total	78,601

The total orders executed during the year under review were to the tune of ₹ 71,287 lakh and the sector wise sales executed is as below:

Sector	Total value of supplies (₹ Lakh)
Defence	18,674
Space	39,385
Energy	9,127
Others	4,101
Total	71,287

Business Development: Exploring new business opportunities for MIDHANI, the Business Development team identified areas where 'Make-in-India' program of Government of India could be tapped and Import substitution could be done. Prominent areas identified are as under:

- **Indian Railways:** MIDHANI team has worked closely with RDSO, ICF and other Production Units of Railways and stepped in to help provide solutions to various requirements. The upcoming Spring manufacturing unit and the Wide Plate Mill will be useful in providing import substitution of LHB Springs and also high-quality Plates for Railway use. MIDHANI is working closely with Railway Board and RDSO to help develop itself as an Indian source for the Axles.
- **Automobile Sector:** This is a very competitive sector with high import content. MIDHANI has undertaken tool steel development and also approached market leader in this sector.
- **Bio-Medical Implants:** This business area is being revived and new MoUs were signed.

EXHIBITIONS/SEMINARS FOR PROMOTION OF COMPANY PRODUCTS/BRAND:

During the year under review MIDHANI participated in the following exhibitions:

- MIDHANI participated in the 11th edition of Defexpo 2020 held at Lucknow from 5th to 9th February, 2020. MIDHANI signed eight (8) Memorandum of Understanding (MoUs) with domestic and international organizations at the 'Bandhan' Ceremony held at DefExpo'20 in the august presence of Hon'ble RM, Hon'ble UP CM, Hon'ble RRM, Defence Secretary, Chairman of DRDO & Secretary (Department of Defence R&D) & other key officials from GoI & UP State Government.



Dr. S. K. Jha, Director (P&M), MIDHANI briefing Hon'ble Minister Shri Shripad Yesso Naik, Raksha Rajya Mantri (Minister of State for Defence) on exhibits displayed at the MIDHANI stall at Defexpo 20.

QUALITY MANAGEMENT ACTIVITIES:

Successfully delivered special forging "Lattice Tubes" of stainless-steel grade MDN 304L which is an import substitute after fulfilling stringent quality requirement.

Online capturing of Quality control test data through customized ERP software was implemented.

For the first time, various types of Titanium Alloy castings were delivered after meeting the stringent radiography norms and other quality checks comparable to imported castings.

Surveillance audit of NABL for Chemical and Mechanical Testing lab completed successfully and certificate renewed up to April 2020.

AS9100 (2016) and ISO 9001 (2015) Surveillance Audit of MIDHANI's Quality Management System completed successfully and certificate renewed up to October 2020.

SUPPLY CHAIN MANAGEMENT PERFORMANCE:

MSE Vendor Meet: MIDHANI organised two vendor meets for MSE Entrepreneurs including one vendor meet exclusively for SC/ST entrepreneurs during the year to encourage and increase MSEs participation and appraised the items reserved exclusively for MSEs and benefits extended to MSEs by MIDHANI.



Dr. S. K. Jha, Director (P&M), MIDHANI seen addressing the MSE Vendor Meet - 2019.

Encouragement to Micro and Small Scale Industries:

MIDHANI continues to encourage and develop MSE units by regularly sourcing various goods and services from them. Percentage value of goods/services procured from MSE units stood at 28.65% of total domestic value of procurement during FY 2019-20. All manpower contracts have been reserved for exclusive participation by MSE vendors to enhance MSE procurement.

Integrity Pact (IP): To ensure transparency and integrity of all contracts, MIDHANI is signing "Integrity Pact" (IP) with respective bidders in all procurement indents of high value contracts. Presently Shri R Mukundan is holding the position of Independent External Monitor (IEM) for MIDHANI. About 90% of total value of contracts/POs was covered under IP during the year 2019-20.

E-Procurement: In order to bring higher transparency in procurement, MIDHANI is maximizing procurement through e-procurement process. During FY 2019-20, about 97% of total procurement other than the open and hybrid tenders' cases were done through e-procurement mode.

RISK MANAGEMENT:

MIDHANI has a Board approved Risk Management Policy and the Risks associated with various processes in MIDHANI are also being discussed in the Internal Production Review Meetings and Corporate Management Committee Meetings from time to time. A Risk Management Committee in terms of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 (SEBI Listing Regulations) has also been constituted. The identification of the risk elements faced by the Company is listed out in Management Discussion and Analysis, which forms part of this Annual Report.

HUMAN RESOURCE DEVELOPMENT:

Human Resource is the most important asset, MIDHANI continues to aim at building a motivated, committed and satisfied work force to achieve its organizational goals. The aim is to align Talent Management initiatives with Technology for rapid growth of the Company. MIDHANI recognizes that the most important asset is its employees and that could be a major differentiator in the face of competition. Keeping in view the current trends, several HR Policies have been updated, modified, and introduced.

Manpower Position: The manpower strength of MIDHANI as on March 31, 2020 stands at 470 Non-executives, 54 Non-Unionized Supervisors and 262 Executives compared to 469 Non-executives, 65 Non-Unionized Supervisors and 257 Executives as on March 31, 2019.

The total manpower strength under Permanent Category of your Company as on 31st March 2020 is as under:

Particulars	Non-Executives	Non-Unionized Supervisors	Executives	Total
Male	421	54	233	708
Female	49	0	29	78
Total	470	54	262	786

Statement showing the representation of SC/ST/OBC/PH and their recruitment etc., are placed at **Annexure: II**

Employee Welfare Initiatives: The various employee welfare initiative taken during the FY 2019-20 are as below:

- **Encouraging Small Family Norms:** To encourage employees to go for small family, Management as a policy, allows casual leave for employees who undergo sterilization operation varying from 6 to 14 days based on the type of sterilization operation.
- **Social obligations / welfare programs:** 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. As per the Company scheme, a scholarship to the children of employees for pursuing graduation in Metallurgical Engineering has been granted @ ₹ 1000/-p.m., till completion of graduation.
- **Post-Retirement Medical Benefit Scheme (PRMBS):** Post-Retirement Medical Benefit Scheme (PRMBS) for Executives and Non-Unionized Supervisors who retired after January 1, 2007 and Group Medical Insurance Scheme for Employees retired prior to January 1, 2007 were implemented and medical insurance cards were issued to the beneficiaries i.e. Executives, Non-Unionized Supervisors and Non-Executives. Post-Retirement Medical Benefit Scheme for Non-Executives retired on or after January 1, 2007 was implemented from May 1, 2017.
- **School:** Brahm Prakash D A V School (BPDV) is managed by the Company and is situated in MIDHANI Township for the benefit of children of MIDHANI employees. Emphasis is laid on all round development of the child including extra-curricular activities such as Sports, Games,

Scouts and Guides etc. Students have brought glory to the school in Academics, Sports & Cultural activities. Reimbursement @ ₹ 500/- per child, per month, is paid by the Company every month (max. 2 children) for the children studying at BPDAV.

- **Township:** MIDHANI continues to discharge its social obligations by maintaining a small Township consisting of 87 quarters to cater to the housing needs of the employees working in essential services of the company.
- **Education Scholarship for wards of Workmen / employees of MIDHANI Studying in BPDAV School:** As part of welfare initiative towards employees and to promote education among wards of employees MIDHANI Merit Scholarships are provided to the wards of all employees. A ward who is studying in a class (1 to X) and stood 1st & 2nd rank in the final examinations in the previous class will be eligible for merit scholarship ₹ 6,000/- and ₹ 3000/- per annum, respectively.

Women Empowerment: MIDHANI is providing the necessary platform for women employees to realize their potential, take responsibility for performing the job with commitment and take pride in what they do and to contribute to achieve the organizational goals. Women employees of MIDHANI belonging to Executive, Supervisory and Non-Executive cadre are spread out throughout the Company right from Material procurement, production and maintenance to support services such as Civil, Finance, HR, Marketing etc. There are total of 81 women employees collectively working at par with men towards achieving the Company goals.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

In accordance with Ministry of Corporate Affairs notification no. GSR 463(E) dated June 05, 2015, Government Companies are exempt from Section 197 of the Companies Act, 2013 and rules thereof.

TRAINING & DEVELOPMENT:

Continuous up-gradation of knowledge and skills of the employees through appropriate training and development programs continuous to be the focus areas at MIDHANI. During the year under review, MIDHANI achieved three (3) man days training per Employees per annum.

Plant Visits: Under the industry - Academia - interface programme, 12 Plant visits were organized during the year, for about 328 professionals/ executive / employees from various organizations.

Project Works: 50 Engineering Students from various branch of engineering from reputed Institutions / Government Colleges were also permitted to carry out projects/Internship training as a part of their academic curriculum.

Apprenticeship Training: MIDHANI is committed to fulfill its obligations under Apprentice Act, 1961. Under the scheme, 30 Sandwich Diploma Engineering (Metallurgy) students from Government Polytechnic College received on the job training for a period of six months in 2 batches. 15 Non- Stipend diploma students from various Government Polytechnic colleges in Telangana and Andhra Pradesh were engaged for Industrial training. 85 trade apprentices in Electrician, Fitter Welder, Machinist & Turner were engaged for on job Training for one year and likewise 40 Graduates Apprentices (GATs) and 20 Technician Apprentices (TATs) under the scheme have been engaged for one year training.

STATUTORY & SOCIAL OBLIGATIONS:

CORPORATE SOCIAL RESPONSIBILITY (CSR):

- The Corporate Social Responsibility and Sustainable Development Policy of MIDHANI in line with the Companies Act 2013 was approved by the Board of MIDHANI. and same is available on the Company's website www.midhani-india.in. For the year under review, MIDHANI has incurred its highest ever expenditure of ₹ 395.27 Lakh for CSR activities against the mandatory requirement of ₹ 384.28 Lakh. Thus, the cumulative CSR expenditure incurred by MIDHANI over the years has crossed ₹ 2,488.27 Lakh.
- An annual report on the CSR activities of the company as mandated under the Companies (Corporate Social Responsibility Policy) Rules, 2014, is also placed at **Annexure - III**. The composition of Corporate Social Responsibility Committee of MIDHANI is provided in "Report on Corporate Governance" which forms part of this Annual Report.
- The projects taken up for CSR activities by your company during the year under report fall under below mentioned areas:
 - (i) Promotion of Health Care and Sanitation
 - (ii) Promotion of Education

- (iii) Skill Development
- (iv) Others

(i) **Promotion of Health Care and Sanitation:**

- (a) **Construction of Toilets:** Toilets were constructed in Nine (9) Government Schools at Kothagudem, ZPHS Jillelaguda, Choutuppal, ZPHS School in Bhongir District with a total project expenditure of approx. ₹ 113.81 Lakh. The same is expected to benefit 2000 students including boys and girls.



- (b) **Annual maintenance of Toilets constructed by MIDHANI under Swachh Bharat:** To ensure regular use and to promote sanitation MIDHANI has ensured maintenance and regular upkeep of toilet blocks in various Government schools at ITI- Alwal, Parigi Mandal Ranga Reddy, Bhongiri District, Khammam and Choutuppal at an expenditure of ₹ 31.46 Lakh, the same has benefitted approximately 8000 students.



- (c) **Charitable Health Care Centre:** MIDHANI has set up a Charitable Health Care Centre for the poor families staying in and around MIDHANI. Basic checkup and medicines are provided free of cost to the patients. Expenditure incurred in hiring of Doctor and Medicines were ₹ 5.37 Lakh.

- (d) **Providing Bio-implants:** MIDHANI provided Titanium Knee Prosthesis to needy patient costing ₹ 0.45 Lakh.

(ii) **Promotion of Education:**

- (a) **Mid-day meal to Government Schools:** MIDHANI has sponsored Mid-day meals for students at Government Schools through Akshya Patra Foundation at an expenditure of ₹ 30 Lakh.
- (b) **Supply of Dual Desks:** MIDHANI has sponsored 815 No's of Dual Desks to Government Schools of Kothagudem (Aspirational District).



- (c) **Education for lower income groups:** Admission to LKG is given for children belonging to SC/ST category whose parents fall in lower income group. The entire fee is borne by MIDHANI till they complete 10th class. This year, Company has sponsored education for 7 (Seven) such children.
- (d) **Awards and Recognition:** As a part of Corporate Social Responsibility towards the weaker section of the society, children of the weaker section from SC, ST and OBC categories that stood first in their

respective classes from Class I to X of BPDAV School were awarded cash prize.

(iii) **Skill Development:**

- **Construction of Center of Excellence:** Skill Development Centre has been setup at MIDHANI and infrastructure works to commence the operations of Centre of Excellence has been taken up.



- **Contributed to CIIE IIM Ahmedabad:** MIDHANI has contributed ₹ 10 lakh to CIIE IIM Ahmedabad for promotion of Innovations for Defence Excellence (iDEX) (an initiative of the Government of India launched by the Hon'ble PM).
 - **Promotion of Sports:** During the year, an amount of ₹ 25 Lakh has been contributed to National Sports Development Fund (NSDF) towards promotion of sports.
- (iv) **Others:** Other CSR expenditure during FY 2019-20 stood at ₹ 0.25 Lakh.

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

Your Company has always provided a safe and harassment free workplace for every individual working in the company and for women in particular. 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) did not receive any complaint pertaining to sexual harassment and no such complaint is pending at the end of FY 2019-20.

CONTRIBUTION TO EXCHEQUER:

During FY 2019-20, your Company contributed an amount of ₹ 17,013 Lakh in the form of Dividend, Duties and Taxes vis-à-vis ₹ 16,272.22 Lakh during previous financial year.

EXTRACT OF ANNUAL RETURN:

The extract of Annual Return as provided under sub-section (3) of Section 92 of Companies Act 2013 is enclosed as **Annexure – IV**

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

The Report on conservation of Energy, Technology Absorption and foreign exchange earnings and outgo is enclosed at **Annexure - V**

BUSINESS RESPONSIBILITY REPORT:

As stipulated under the SEBI Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective is attached as a part of the Annual Report as **Annexure-VI**.

IMPLEMENTATION OF RIGHT TO INFORMATION (RTI) ACT 2005:

MIDHANI as a Public Authority under RTI Act 2005 continued to discharge its obligations. The number of information seekers has gone up considerably during the year. In order to have access to information to the Citizens and also as a part of company's philosophy and corporate governance, MIDHANI's website is updated on continuous basis by uploading the company's news and developments.

RAJBHASHA IMPLEMENTATION:

As per Government of India directives, the Official Language Act 1963, the Official Language Rules 1976 made there under and the orders issued by Government of India from time to time for promoting the use of Hindi for Official purpose are complied by MIDHANI without deviation. The quarterly meetings of Official Language Implementation Committee were held under the Chairmanship of Chairman & Managing Director of the Company during the year under report.

MIDHANI continues to encourage usage of Hindi as the Official Language and in order to encourage daily usage of official language to carry out day-to-day official work. Six (6 nos.) of Hindi Awareness Workshops were organized for the employees during the year under report. Prabodh, Praveen and Pragya Hindi training courses were also conducted for the employees during the year under report.

“HINDI PAKSHOTSAV” was organized for the propagation of Hindi at large scale in the month of September 2019 and “Vishwa HINDI Diwas” was celebrated on 11th January 2020. On the occasion, 46 employees were awarded Cash Prize and 10 employees were given appreciation certificates under Incentive Scheme for doing work in ‘Official Language’ for the FY 2018-19.



Dr. S. K. Jha, Director (P&M), MIDHANI, seen lighting the lamp on the occasion of Vishwa Hindi Diwas.

RELATED PARTY TRANSACTION:

Disclosure of related party transactions as per Ind AS-24, issued by the Institute of Chartered Accountants of India, is given at note no. 40 of the Notes forming part of Annual Accounts for FY 2019-20.

All contracts /arrangements /transactions entered into by the Company with related parties during the year under review, were in ordinary course of business of the Company and on arms' length terms. The related party transactions were placed before the Audit Committee for review and/or approval.

During the year, the Company did not enter into any contract/arrangement/transaction with related party, which could be considered material in accordance with the Company's 'Policy on Materiality of and dealing with Related Party Transactions' and accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. The aforesaid Policy is available on the Company's website viz. <http://midhani-india.in/>

VIGILANCE ACTIVITIES:

At present, Chief Vigilance Officer (CVO), Dr. Upender Vennam, an IPoS officer, heads Company's vigilance set up. Preventive Vigilance has been the thrust area of Vigilance department and the same received focused attention during the year under report. The Vigilance department examined procurements / sub-contracts and processes on continual basis, conducts regular and surprise inspections and also investigated instances of any suspected transactions referred to it. Chief Technical Examination (CTE) type inspections and Structured Meetings between C&MD and CVO continued to be the regular activities of Vigilance.

In line with the CVC's guidelines on leveraging technology, and to ensure transparency through effective use of technology, the following functions have been made operational:

- E-Procurement: More than 90% of the procurements (by value) under “Other than Exempted category” are covered under e-procurement mode.
- E-Payment / Bank transfer of payment to Vendors.
- Online System for Bill tracking by the Contractors is introduced.
- On-line filing of Annual Property Returns (APRs) is facilitated for all the Executives and the Executives have been filing the APRs online.
- Integrity Pact (IP) was implemented and the threshold value of ₹ 40 Lakh in MIDHANI w.e.f. 01.10.2017 is being followed. The percentage of contracts (value-wise) covered under IP during the above period is 100% in MIDHANI.
- Vigilance Clearance is accorded online to all the employees.

Vigilance setup in MIDHANI has been continuously endeavoring to bring the transparency, fairness and equity in all transactions and processes of the company through creating a sense of awareness campaign and training program. Some of the key activities that have been carried out during the year are:

- **Vigilance Awareness Week** was observed from 28th October to 02nd November, 2019 focusing on CVC theme of “Integrity – A way of Life” and engaged the students of schools and colleges. Seventh issue of MIDHANI in-house vigilance

magazine “JAGRUTI” covering the messages, case studies etc., was published and distributed to all the employees.



Shri A. Y. V. Krishna, IPS, Joint Director, CBI, Hyderabad along with Directors of MIDHANI seen releasing booklet on “Internal Whistle Blower policy” at the Vigilance Awareness week.

- **Implemented a dedicated Online Bill Tracking module** in the Company’s website to facilitate the suppliers and contractors to get the status of their Bills submitted to MIDHANI against various Purchase Orders and Contracts, which is in line with CVC circular no. 02/04/18-dated 03.05.2018.

VIGIL MECHANISM:

The Whistle Blower Policy was initially adopted by the Board of Directors at its 206th Meeting held on January 23, 2013. The same was subsequently amended as Whistle Blower Policy – 2018 in line with Public Interest Disclosure and Protection of Informers Resolution, 2004 (PIDPI), which envisages a mechanism by which a complainant can blow a whistle by lodging a complaint and also seek protection against his victimization for doing so.

Whistle Blower Policy – 2018 works as Vigil Mechanism of MIDHANI and aims at providing the stakeholders of MIDHANI, ways and means to report issues that might impact MIDHANI as an organization. The Whistle Blower Policy of MIDHANI is available on the Company’s website viz. <http://midhani-india.in/>.

To report the instances and incidents of unethical behavior to the Management an “Internal Whistle Blower policy” made by the Vigilance department was approved by the Board of Directors and distributed to all employees.

AWARDS AND RECOGNITION:

- MIDHANI was Conferred “GOLD Award” for “Corporate Excellence” by Skoch Group (Highest Independent Honour in India) for the Project “Modernization & Diversification of Products & Processes at MIDHANI” in June 2019 at New Delhi.

- MIDHANI was awarded India’s Most Trusted Company 2019 by IBC Media USA in August 2019 at New Delhi.
- Shri Sanjeev Singhal, former Director (Finance), was awarded Best CFO (Excellence in Sustained Wealth Creation) by CMO Global in September 2019 at Bengaluru.
- Dr. Dinesh Kumar Likhi, former C&MD, MIDHANI was awarded “Corporate Leadership in Sustainable Performance” at “ET Now Presents Star of The Industry Awards for Excellence in Sustainability Leadership Awards” in December 2019 at New Delhi.
- Dr. Dinesh Kumar Likhi, former C&MD, MIDHANI was conferred with ‘Leadership Award’ in the “7th PSU Awards by Governance Now” in February 2020 at New Delhi.
- Dr. Dinesh Kumar Likhi, former C&MD, MIDHANI was felicitated with ‘Business Leader of the Year Award’ presented by ET Now in February 2020 at Mumbai.

COMPANY PERFORMANCE AND FUTURE OUTLOOK:

A detailed analysis and insights into the financial performance and operations of your Company for the year under review and future outlook, is appearing in Management Discussion and Analysis, which forms part of this Annual Report.

CORPORATE GOVERNANCE:

The basic principles and philosophy of Corporate Governance is followed in letter and spirit in every aspect of Company’s decision making in tune with the contemporary demand for good Corporate Governance and adherence to guidelines issued by Department of Public Enterprises from time to time. A Code of Business Conduct and Ethics, applicable to all Board Members and Senior Management, has been implemented in the Company. The adherence to the code is confirmed by respective members on an annual basis. A certificate to this effect by Chairman and Managing Director forms part of the Annual Report.

A detailed report on Corporate Governance forms part of this Annual Report. Certificate for adherence to the guidelines issued by DPE and SEBI Listing Regulations in this regard, duly signed by a practicing Company Secretary, is also made a part of the Annual Report.

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 100% for the FY 2019-20.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has put in place necessary Internal Controls and Systems to meet all the canons of financial propriety. We believe that internal control and risk management are necessary pre-requisites for implementing the principle of governance. We have an effective Internal Control System, which ensures that all our assets are safeguarded and protected against loss.

External Audit firm Pary & Co. were engaged to carry out Internal Audit during the year under report. This helped ensure adequacy of systems and controls. Their reports thereon were further reviewed by the Audit Committee appointed by Board. In addition, the In-house Internal Audit team also regularly carries out audits of specific processes. Internal Audit Reports along with corrective actions initiated are discussed with the Management and are reviewed by the Audit Committee of the Board. The Audit Committee also reviews the adequacy and effectiveness of internal controls.

There were no instances of fraud reported to the Audit Committee by the Auditors pursuant to Section 143(12) of the Companies Act, 2013 and rules made thereunder. Hence no disclosure under Section 134(3) (ca) is made.

BOARD OF DIRECTORS:

The Board of your Company at the beginning of the year comprised of Eight (8) Directors i.e. Three (3) Functional Directors, One (1) Government Nominee Director and Four (4) Non-Official Part-Time (Independent) Directors, all eminent personalities with vast experience from diverse fields.

During the year under review, the following changes in composition of Board of Directors were observed:

- Shri Indraganty Venkateswara Sarma (DIN:02144740), Dr. Jyoti Mukhopadhyay (DIN:02224647) and Dr. Usha Ramachandra (Woman Independent Director) (DIN: 02831588) ceased to be Independent Directors of Company upon completion of their term on November 30, 2019 in accordance with Presidential Order issued vide MoD letter PC. No 11(57)/2017/MDN/D(NS) dated 22nd November, 2018.
- Shri Sanjeev Singhal (DIN: 07642358), Director (Finance), designated as Chief Financial Officer (KMP), resigned from Board of MIDHANI, on January 7, 2020

- Upon superannuation on April 30, 2020 Dr. Dinesh Kumar Likhi (DIN: 03552634), ceased to be Chairman and Managing Director of the Company.
- Administrative Ministry i.e. Ministry of Defence in pursuance of Article 67 of Article of Association of Company conveyed Presidential order vide letter No. 5/1(2)/2018/D(NS) dated 30th April, 2020, for appointing Dr. Sanjay Kumar Jha, (DIN: 07533036) [Director Production & Marketing] to the post of Chairman & Managing Director, MIDHANI with effect from May 01, 2020, till the date of his superannuation i.e. February 29, 2024 or until further orders, whichever is earlier. Accordingly, Dr. S. K. Jha has assumed charge as Chairman & Managing Director, MIDHANI with effect from May 1, 2020.

During the year under review, the following changes in Key Managerial Personnel (KMP) were observed:

- Board of Directors accorded its approval to designate Dr. S.K. Jha, Chairman and Managing Director as whole-time Key Managerial Personnel of the Company with effect from June 30, 2020.
- Board of Directors, upon recommendation of Audit Committee appointed Smt. Madhubala Kalluri as Chief Financial Officer, (KMP) of the Company with effect from June 30, 2020.

In accordance with provisions of the Companies Act, 2013, Shri. Sanjay Jaju retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible has offered himself for re-appointment. Your Directors recommend re-appointment of Shri. Sanjay Jaju for approval of Members at the ensuing AGM.

Brief resume, nature of expertise, details of directorship held in other companies, of the Director(s) proposed to be appointed / re-appointed at the ensuing AGM, along with their shareholding in the Company, as stipulated under Secretarial Standard-2 and Regulation 36 of the SEBI Listing Regulations, is provided in the Notice of the ensuing AGM.

Performance Evaluation: The Company is a Government Company and Independent Directors are appointed / reappointed by the President of India, through Administrative Ministry. The evaluation of the performance of the Independent Directors and their fulfillment of Independence criteria as specified in the SEBI Listing Regulations, are being carried out by the Government of India as per its own processes. However, the Independent Directors evaluated the

performance of the Board as a whole in a separate meeting of Independent Directors held on November 30, 2019.

REMUNERATION POLICY:

MIDHANI is a Government of India owned Public Sector Enterprise under administrative control of Ministry of Defence. Directors of the Company are presidential appointees and their remuneration is fixed in accordance with the DPE guidelines. Article 67 of the Articles of Association of MIDHANI states that the President will appoint Directors and determine their remuneration. Since the Board level appointments are made by the President of India, the evaluation of performance of such appointees is also done by the Government of India.

The terms and condition of payment of sitting fees to Independent Directors and Govt. Nominee Director is available on the Company's website viz. <http://midhani-india.in/>

Further, provisions of Section 178(2), (3) and (4) are not applicable on Company vide Ministry of Corporate Affairs notification dated June 5, 2015.

DECLARATION AND MEETING OF INDEPENDENT DIRECTORS:

All the Independent Directors of the Company have confirmed that they meet the criteria of Independence as prescribed under both, the Companies Act, 2013 and SEBI Listing Regulations. Further, Independent Directors have complied with Rule 6, Sub-rule 1 & 2 of Companies (Appointment and Qualifications of Directors) Rules, 2014.

The Independent Directors have also confirmed that they have complied with the "Code of Business Conduct and Ethics for Board Members and Senior Management" of the Company.

A separate meeting of Independent Directors in line with provisions of Companies Act, 2013 was held on November 30, 2019 wherein all the Independent Directors were present.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors state that:

- a. in the preparation of the Annual Accounts for the financial year ended March 31, 2020, the applicable Indian Accounting Standards (Ind AS) have been followed along with proper explanations on the material departures;

- b. such Accounting Policies have been selected and applied consistently and judgments and estimate have been made; 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. March 31, 2020; and of the Profit of the Company for the year ending on March 31, 2020.
- c. proper and sufficient care has been taken 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. the accounts for the financial year ended on March 31, 2020 have been prepared on a 'going concern' basis.
- e. proper internal financial controls were in place and that such internal controls are adequate and are operating effectively; and
- f. systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AUDITORS:

Statutory Auditors: C&AG of India appointed Basha & Narasimhan, Chartered Accountants, Hyderabad, [Firm Registration No. 006031S] as Statutory Auditors of the Company for conducting audit of accounts for the year ended 31st March, 2020. The Auditors Report of Statutory Auditors on the Financial Statements for the financial year ended on March 31, 2020, is an unmodified opinion i.e. it does not contain any qualification, reservation or adverse remark.

Cost Auditor: Your Company appointed S.S. Zanwar & Associates, Cost Accountants, Hyderabad, [Firm Registration No 100283] as Cost Auditors for the FY 2019-20 in terms of Section 148 of Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014.

Secretarial Auditor: In terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 your Company appointed R&A Associates, Hyderabad [Firm Registration No.P1994AP011100] as Secretarial Auditors of the Company for the FY 2019-20. The Secretarial Audit

report is placed at **ANNEXURE – VII** along with management reply to the observations therein.

Internal Auditor: Your Company engaged Pary & Co. [Firm Registration No. 007288C] to conduct Internal Audit for the FY 2019-20.

COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA:

The comments on the Accounts by the Comptroller and Auditor General of India for the year ended 31st March, 2020 are placed in this report after the report of the Statutory Auditors on standalone and consolidated financial statements.

DISCLOSURES UNDER COMPANIES ACT, 2013:

Borrowings and Debt Servicing: During the year under review, your Company has met all its obligations towards repayment of principal and interest on loans availed.

Particulars of loans given, investments made, guarantees / securities given: The details of investments made and loans/ guarantees/securities given, as applicable, are given in Notes no. 6,7 & 14 of the Annual Financial Statements.

Board Meetings: During the financial year ended on March 31, 2020, the Board met seven (7) times on May 29, 2019, August 8, 2019, September 25, 2019, November 01, 2019, November 30, 2019, February 12, 2020 and March 03, 2020. For further details of these meetings, Members may please refer 'Report on Corporate Governance' which forms part of this Annual Report.

Board Committees: As on March 31, 2020, your Company has nine committees of Board and one apex internal committee called Corporate Management Committee. The committees are formed to facilitate a smooth and efficient flow of decision-making. For further details regarding Board Committee's, Members may please 'Report on Corporate Governance' which forms part of this Annual Report.

Secretarial Standards: Your Directors state that the Secretarial Standards i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly followed by the Company.

GENERAL AFFIRMATIONS AND DISCLOSURES:

Your Directors state that no disclosure is required in respect of the following matters, as there were no transactions/events in relation thereto, during the year under review:

- a) Details relating to deposits covered under Chapter V of the Companies Act, 2013.
- b) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- c) Issue of shares (including sweat equity shares) to employees of the Company under any scheme of the Company.

Your Directors further state that:

- d) there was no change in the share capital of the Company during the year under review.
- e) no material changes/commitments of the Company have occurred after the end of the FY 2019-20 and till the date of this report, which affect the financial position of your Company.
- f) no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the 'going concern' status and Company's operations in future.

ACKNOWLEDGEMENT:

The Board of Directors are extremely thankful for the continued patronage and gratefully acknowledge the valuable support and assistance received from all Government agencies particularly from Ministry of Defence, all establishments under DRDO and other agencies of Central and State Government. Your Directors also place on record sincere thanks to vendors, Bankers, C&AG, Statutory/Internal Auditors, Chairperson - Audit Committee, Chairman of other sub Committees of the Board, Advisers, Consultants etc., of the Company for their continued support and guidance during the year.

Your Directors take this opportunity to place on record their deep appreciation for the valuable contribution made and excellent co-operation rendered by all the employees.

Your Directors express their appreciation and gratitude to all the shareholders/investors for the trust and confidence reposed in the Company and look forward to their continued support to propel the Company to greater heights.

For and on behalf of the Board of Directors

Sd/
Dr. S. K. Jha
Chairman & Managing Director

Place: Hyderabad

Date : 30.06.2020

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Mishra Dhatu Nigam Limited (MIDHANI) is a Mini-Ratna Category – 1, Public Sector Production Undertaking (PSU) under administrative control of Ministry of Defence (MoD). As a good corporate citizen, MIDHANI's philosophy on Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures, legal compliances, transparency in decision making and avoiding conflicts of interest. MIDHANI strives to transcend much beyond the basic requirements of Corporate Governance focusing consistently towards value addition for all its stakeholders.

MIDHANI being a public listed Company adheres to Corporate Governance requirements for listed entities enunciated by Department of Public Enterprises and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. MIDHANI has a strong administrative set up to facilitate decentralized and transparent decision making. For effective implementation, the following major good governance practices are followed and have been put in place:

- Code of Conduct for Board of Directors and Senior Management.
- Code of Conduct for Prevention of Insider Trading and Fair disclosure of Unpublished Price Sensitive Information.
- Conduct, Discipline and Appeal Rules for Employees.
- To ensure transparency and Integrity in all contracts, MIDHANI is signing "Integrity Pact" with respective bidders in all high value procurement indents.
- Implementation of Right to Information Act, 2005 and MIDHANI's website is updated on continuous basis to aware stakeholders about various news and developments.
- MIDHANI's vigilance set up is headed by a Chief Vigilance Officer. Preventive Vigilance has been

the thrust area of the Vigilance department and Vigilance department examines major procurements/contracts, conducts regular and surprise inspections.

A report on Corporate Governance in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") & guidelines enunciated by the Department of Public Enterprises (DPE), Govt. of India, on Corporate Governance is outlined below.

BOARD OF DIRECTORS:

Composition of the Board

As on March 31, 2020, the Board comprised of four Directors, including two Non-executive Directors, which is in accordance with SEBI Listing Regulations, which provides that, not less than one-half of the Board of Directors comprises of Non-executive Directors. During the financial year ended on March 31, 2020 the following term end and resignation of Directors were observed:

- Shri Indraganty Venkateswara Sarma (DIN:02144740), Dr. Jyoti Mukhopadhyay (DIN:02224647) and Dr. Usha Ramachandra (Woman Independent Director) (DIN: 02831588) ceased to be Independent Directors of Company upon completion of their term on November 30, 2019 in accordance with Presidential Order issued vide MoD letter PC. No 11(57)/2017/MDN/D(NS) dated November 22, 2018.
- Shri Sanjeev Singhal, Director (Finance), designated as KMP, resigned from Board of MIDHANI, on January 7, 2020.

Due to aforementioned tenure end and resignation, the composition of MIDHANI's Board is not in line with Proviso of Regulation 17(1)(a) and Regulation 17(1)(b) & 17(1)(c) of SEBI Listing Regulations. MIDHANI, being a PSU and under the administrative control of MoD, the appointments of Directors (including executive and non-executive Directors) on the Board is made by Govt. Of India.

The composition of the Board of Directors as on March 31, 2020, was as follows:

Name of Director	Date of appointment	Relationship between Directors, <i>inter-se</i>	DIN
Executive Director(S)/ Functional Director(S)			
Dr. Dinesh Kumar Likhi [#] <i>Chairman & Managing Director</i>	September 1, 2011	None	03552634
Dr. Sanjay Kumar Jha [@] <i>Director (Production & Marketing)</i>	July 5, 2016	None	07533036
Government Nominee Director			
Shri Sanjay Jaju <i>Joint Secretary (DIP), MoD</i>	May 30, 2018	None	01671018
Non-Executive – Independent Director			
Shri Surendra Sinh	October 9, 2017	None	07960634

[#]*Ceased to be C&MD upon retirement on April 30, 2020.*

[@]*Appointed as Chairman & Managing Director and also holding additional charge of Director (Production & Marketing) w.e.f. May 1, 2020 for a period of 3 months.*

KEY BOARD EXPERTISE AND SKILLS

The Directors in your Company are appointed by President of India acting through the Department of Defence Production, Ministry of Defence, which is in line with Articles of Association of MIDHANI. The selection of Directors on the Board of your Company is done through a meticulous screening process adopted by the Government of India.

The Directors hold qualifications, and possess requisite skills, expertise, competence and experience in core general corporate management, finance, economics and other allied fields, which enable them to contribute effectively to the Company. Following are the skills/expertise/competencies of Directors, of the Board for its effective functioning.

a) Industry specific

- Knowledge of products manufactured by Company.
- Reforms in technological aspects of Metallurgy Industry.
- Understanding laws, rules and regulations specific to a DPSU.

b) Management skills

- General Management skill.
- Understanding of micro and macro factors affecting the industry.
- Risk Management.
- Assessment and evaluation of project viability.

c) Corporate Governance

- Protecting stakeholders' interest.
- Observing appropriate governance practices
- Contribute towards streamlining integrity and good corporate practices across organization.

All Directors on Board of MIDHANI possess the skills/expertise/competencies to the extent to facilitate smooth functioning of your Company.

None of the Directors serve as Independent Director in more than seven listed companies, or serve as Independent Director in more than three listed companies in case he/she serves as Whole-time Director in a listed Company.

In terms of Regulation 25(8) of SEBI Listing Regulations, Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

None of the Directors hold any shares in the Company. Further, none of the Directors on the Board have been debarred or disqualified from being appointed or

continuing as directors by SEBI/ Ministry of Corporate Affairs or any other statutory authority. The certificate of R&A Associates, Practicing Company Secretaries, certifying the same, is appearing in this report as “Annexure – VIII”.

The certificate on Corporate Governance issued by Company Secretary-in-Practice is annexed herewith as “Annexure - IX”

DIRECTORS' ATTENDANCE AND DIRECTORSHIPS HELD

The Board met seven (7) times during the financial year ended March 31, 2020. The average attendance of Directors for all the Board Meetings during the financial year was 89.58%, details thereof are as follows:

No. of Board Meeting	Date of Board Meeting	Board Strength	No. of Directors Present	No. of Independent Directors Present
248	29.05.2019	08	08	04 out of 04
249	08.08.2019	08	06	03 out of 04
250	25.09.2019	08	07	04 out of 04
251	01.11.2019	08	08	04 out of 04
252	30.11.2019	08	07	04 out of 04
253	12.02.2020	04	03	01 out of 01
254	03.03.2020	04	04	01 out of 01

Details of Directors' attendance at the Board Meetings and Annual General Meeting as on March 31, 2020 along with name(s) of listed companies and category of directorship held, are as follows:

Name of Director	No. of Meetings attended during FY 2019-20	Attendance at last Annual General Meeting held on 25.09.2019	No. of other Directorships held	Committee positions held in other companies ^{\$}		Directorships held in other listed companies and category
				Chairperson	Member [%]	
Dr. Dinesh Kumar Likhi	07	✓	2	None	None	None
Dr. Sanjay Kumar Jha	06	✓	-	None	None	None
Shri Sanjeev Singhal [#]	05	✓	-	None	None	None
Shri Sanjay Jaju [*]	04	AB	-	None	None	None
Shri Surendra Sinh	06	✓	-	None	None	None
Shri Indraganty Venkateswara Sarma ^{&}	05	✓	2	None	None	None
Dr. Jyoti Mukhopadhyay ^{&}	05	✓	-	None	None	None
Dr. Usha Ramachandra ^{&}	05	✓	1	None	None	None

^{\$}Only Audit Committee and Stakeholders' Relationship Committee are considered.

[%]Does not include chairmanships.

[#]Ceased to be Director (Finance) upon resignation on January 7, 2020.

^{*}Attended two Board meeting via video conferencing

[&]Ceased to be Independent Director upon completion of term on November 30, 2019.

The Directors are not members of, more than ten Board Committees or Chair more than five such Committees. The number of Directorships, Committee membership(s)/ Chairmanship(s) of the Directors is within respective limits prescribed under the Companies Act, 2013 and SEBI Listing Regulations.

Board Methodology

Detailed agenda notes setting out the business(es) to be transacted at the Board/Committee meeting(s) are supplied in advance, and decisions are taken after due deliberations. In case of practical difficulty to forward the relevant document(s) with the agenda papers, the same are circulated before the meeting or placed at the meeting.

During FY 20, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration. The Directors are provided with video-conferencing facility, as and when desired by them to attend/participate in Board/Committee meeting. Further, quorum of Board was un-interested throughout the meeting in terms of Section 174 of Companies Act, 2013.

The Board engages with the management during business reviews, and provides constructive suggestions and guidance on various issues, including strategy, as required from time to time.

Appointment and Remuneration of Executive Directors/ Functional Directors, Non-executive Director and Independent Directors

Appointment and remuneration to Functional Directors

The Articles of Association of the Company provides for appointment of all Directors by President of India. The terms and conditions of appointment of a Director are issued by Government of India acting through Ministry of Defence. The Functional Directors are generally appointed for a period of five years with effect from date of assumption of charge of the post or till the date of his superannuation or until further orders whichever is earlier. The Functional Directors are also entitled to performance related pay in accordance with DPE guidelines. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice period, 3 months' pay is to be remitted.

The details of remunerations paid to Functional Directors during FY 2019-20:

(Figures in ₹ Lakh)

Name of Director	Salary & Allowances	Retirement benefits (Pension/ Gratuity)	Performance related pay during FY 2019-20 (pertaining to profits for FY 2018-19)
Dr. Dinesh Kumar Likhi	47.47	7.77	26.99
Dr. Sanjay Kumar Jha	43.75	3.47	20.73
Shri Sanjeev Singhal [#]	30.09	2.49	17.77

[#]Shri Sanjeev Singhal resigned from Board on January 7, 2020 and remuneration details are till January 7, 2020.

Appointment and remuneration to Non-Executive Independent Directors

The appointment of Non-executive Independent Directors is under the purview of Govt. of India. The Non-executive Independent Directors are paid sitting fees @Rs. 20,000/- per meeting, for attending meetings of Board and @Rs. 15,000/- for attending each meeting of its committees thereof. The Independent Directors are reimbursed with travelling cost, accommodation cost etc. for attending meetings. The criteria for making payments to Non-Executive Independent Directors of the Company are disclosed on the Company's website at <http://midhani-india.in/>. During the year under review, none of the Non-Executive Independent Director had any pecuniary relationship or transaction with the Company, other than payment of sitting fee.

The details of sitting fees paid to Shri Surendra Sinh (Independent Director) and Shri Indraganty Venkateswara Sarma, Dr. Jyoti Mukhopadhyay and Dr. Usha Ramachandra (Ex-Independent Directors) during the financial year ended on March 31, 2020, are as under:

Name of Independent Director(s)	Sitting fees (in ₹)	
	For Board Meetings	For Committee Meetings
Shri Surendra Sinh [®]	Nil	Nil
Shri Indraganty Venkateswara Sarma ^{&}	100,000	120,000
Dr. Jyoti Mukhopadhyay ^{&}	100,000	105,000
Dr. Usha Ramachandra ^{&}	100,000	195,000

[®] Shri Surendra Sinh on assuming charge as Information Commissioner has not accepted sitting fees for attending Board/ Sub Committee Meetings paid by the Company, in keeping with the provisions of Section 15(6) of the Right to Information Act, 2005.

[&] Ceased to be Independent Director of the Company upon completion of their term on November 30, 2019.

Appointment and remuneration to Non-Executive - Government Nominee Director

The Government Nominee Director is appointed by the President of India and he/she holds the office till further orders from the Government. They are not entitled to any remuneration or sitting fees. As on March 31, 2020, your Company has one Government Nominee Director.

Board Committees

As on March 31, 2020, your Company has ten committees of Board including one apex internal committee called Corporate Management Committee. The committees are formed to facilitate a smooth and efficient flow of decision-making.

The committees of Board are as follows:-

- a) Audit Committee
- b) Nomination & Remuneration Committee
- c) Stakeholders Relationship Committee
- d) Risk Management Committee
- e) Corporate Social Responsibility & Sustainable Development Committee
- f) Procurement Committee
- g) Human Resources Committee
- h) Technical Committee
- i) Share Certificate Committee
- j) Corporate Management Committee

a) Audit Committee (AC) :-

- As on March 31, 2020 the Audit Committee comprises of three members, including one Independent Director. During the financial year, three independent Directors ceased to be Independent Directors upon completion of their term on November 30, 2019.
- Audit Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. The terms of reference of the Audit Committee are as specified in Section 177 of the Companies Act, 2013 and the rules made thereunder, the SEBI Listing Regulations and the Guidelines on Corporate Governance issued by the DPE. The primary function of the Committee is to assist the Board of Directors in fulfilling its responsibilities by

reviewing, the financial reports, systems of internal controls, accounting and legal compliance, and auditing, accounting and financial reporting process.

- The Audit Committee reviews reports of the Internal Auditors, Statutory Auditors and discusses their findings, suggestions and other related matters and reviews the major accounting policies followed by your Company. The Audit Committee reviews and recommends to the Board the quarterly, half yearly and annual financial statements for their approval. The detailed terms of reference of Audit committee are as follows:
 - (i) The Audit Committee shall meet at least four times in a year and not more than 120 days shall elapse between two meetings. The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater, but there should be a minimum of two independent directors present.
 - (ii) The Chairman of the Audit Committee shall be present at the Annual General Meeting of the Company to answer shareholder queries.
 - (iii) The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company. The Finance Director, Head of Internal Audit and a representative of the Statutory Auditors of the Company may be present as invitees for the meetings of the Audit Committee.
 - (iv) The Audit Committee shall have powers, which should include the following:
 - a) to investigate any activity within its terms of reference;
 - b) to seek information from any employee of the Company;
 - c) to obtain outside legal or other professional advice; and

- d) to secure attendance of outsiders with relevant expertise, if it considers necessary.
- (v) The role of the Audit Committee shall include the following:
 - a) oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - b) make recommendation for appointment, remuneration and terms of appointment of auditors of the Company based on the order of Comptroller & Auditor General of India, being Government Company, as applicable;
 - c) approve payment to statutory auditors for any other services rendered by them;
 - d) review with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to :-
 - i. matters required to be included in the Director's Responsibility Statement to be included in the Board of Directors report in terms of clause (c) of sub-Section 3 of Section 134 of the Companies Act, 2013;
 - ii. changes, if any, in accounting policies and practices and reasons for the same;
 - iii. major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
 - iv. significant adjustments made in the financial statements arising out of audit findings;
 - v. compliance with listing and other legal requirements relating to financial statements;
- vi. disclosure of any related party transactions; and
- vii. Modified opinion(s) in the draft audit report.
- e) Review, with the management, the quarterly financial statements before submission to the Board of Directors for their approval;
- f) Review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to our Board of Directors to take up steps in this matter;
- g) Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- h) Approve or subsequently modify transactions of the Company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Conduct valuation of undertakings or assets of the Company, wherever it is necessary;
- k) Evaluate Internal Financial Controls and Risk Management Systems;
- l) Review, with the management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
- m) Review the adequacy of Internal Audit 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 internal audit;
- n) Discuss with Internal Auditors of any significant findings and follow up there on;
 - o) Review the findings of any internal investigations by the Internal Auditors 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;
 - p) Discuss 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;
 - q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - r) To review the functioning of the whistle blower mechanism;
 - s) Approve the appointment of the Chief Financial Officer of the Company after assessing the qualifications, experience and background, etc. of the candidate;
 - t) Carry out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board of Directors of the Company or specified/provided under the Companies Act, 2013 or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or by any other regulatory authority.
 - u) To review the follow up action on the audit observations of the C&AG audit;
 - v) Recommend the appointment, removal and fixing of remuneration of Cost Auditors and Secretarial Auditors;
- (vi) The Audit Committee shall mandatorily review the following information:
- (a) Management discussion and analysis of financial condition and results of operations;
 - (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;
 - (c) Management letters / letters of internal control weaknesses issued by the statutory auditors of the Company;
 - (d) Internal Audit reports relating to internal control weaknesses;
 - (e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee; and
 - (f) Statement of deviations in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:
 - (i) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - (ii) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

- During the financial year ended on March 31, 2020, four meetings of the Audit Committee were held. The composition of Audit Committee, date on which the meetings were held and attendance of Directors at the above meetings, was as follows:

Name of Director & Category	Meeting No. & date of Meeting				Attendance in %
	65	66	67	68	
	29.05.19	08.08.19	01.11.19	12.02.20	
Dr. Usha Ramachandra, ^a (Chairperson) Independent Director	✓	✓	✓	NA	100
Dr. Jyoti Mukhopadhyay, ^a Independent Director	✓	✓	✓	NA	100
Shri I.V Sarma, ^a Independent Director	✓	✓	✓	NA	100
Shri Surendra Sinh, [#] (Chairman) Independent Director	✓	AB	✓	✓	75
Dr. S. K. Jha, [%] Director (Production & Marketing)	NA	NA	NA	✓	100
Shri Sanjay Jaju, [%] Non-executive - Government Nominee Director	NA	NA	NA	AB	----

^aCeased to be Independent Director on November 30, 2019.

[#] Inducted as Chairman of Audit Committee on November 30, 2019.

[%]Inducted as Member of Audit Committee on November 30, 2019.

- The Company Secretary acts as Secretary to the Committee.
 - Chairman of Audit Committee is a Non-executive Independent Director, who has accounting and related financial management expertise. All members of Audit Committee have good knowledge of accounting and expertise in financial matters. The Committee regularly interacts with the representatives of external audit firms carrying out Internal/ Statutory Audit of the Company and takes stock of all the finance related matters. The Chairman of Audit Committee was present at the Annual General Meeting held on September 25, 2019.
 - The Chairman of the Audit Committee apprises the Board about the observations of the Audit Committee during the Board Meetings. The Minutes of the Audit Committee Meetings are placed before the Board of Directors at their subsequent meetings for information. All the recommendations made by the Audit Committee were accepted by the Board during the year.
- b) Nomination & Remuneration Committee (NRC)**
- As on March 31, 2020, Nomination and Remuneration Committee consist of one Non-executive Independent Director acting as Chairman of the Committee. During the financial year, three Independent Directors who were members of the NRC ceased to be Independent Directors upon completion of their term on November 30, 2019.
 - The terms and reference to Nomination & Remuneration Committee are as follows:
 - Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives and non-unionized supervisors of our Company;
 - Formulation and modification of schemes for providing perks and allowances for officers and nonunionized supervisors;
 - Any new scheme of compensation like medical scheme, pension etc. to officers, non-unionized supervisors and the employees as the case may be;

- (iv) Exercising such other roles assigned to it by the provisions of the SEBI Listing Regulations and any other laws and their amendments from time to time;
- (v) Company Secretary acts as Secretary to the Committee.
- During the financial year ended on March 31, 2020, one (1) meeting of the NRC was held. The composition of NRC, date on which the meetings were held and attendance of Directors at the above meetings, was as follows:

Name of Director & Category	Meeting No. & date of Meeting	Attendance in %
	14 th Meeting	
	25.09.2019	
Shri I.V. Sarma ^a , <i>(Chairman)</i> Independent Director	✓	100
Dr. Usha Ramachandra ^a Independent Director	✓	100
Dr. Jyoti Mukhopadhyay ^a Independent Director	✓	100
Shri Surendra Sinh [#] <i>(Chairman)</i> Independent Director	✓	100

^a Ceased to be Independent Director on November 30, 2019.

[#] Inducted as Chairman on November 30, 2019.

c) Stakeholders Relationship Committee (SRC)

- Stakeholders' Relationship Committee (SRC) of the Board of Directors comprises of three Directors. The Chairman of the Committee is a Non-executive Independent Director.
- The terms of reference of SRC in accordance with Companies Act 2013 and SEBI Listing Regulations, are as follows:
 - (i) Redressal of all securities holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/ transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints;
 - (ii) Giving effect to all transfer/ transmission of shares and debentures, dematerialization/ rematerialization of shares, split and issue of duplicate/ consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
 - (iii) Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services;
 - (iv) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or SEBI Listing Regulations, or by any other regulatory authority.
 - (v) Company Secretary acts as Secretary to the Committee.
- During the financial year ended on March 31, 2020, two (2) meetings of the SRC were held. The composition of SRC, date on which the meetings were held and attendance of Directors at the above meetings, was as follows:

Name of Director & Category	Meeting No. & date of Meeting		Attendance in %
	2 nd Meeting	3 rd Meeting	
	11.05.2019	03.03.2020	
Shri Surendra Sinh, (Chairman) Independent Director	✓	✓	100
Dr. S. K Jha, Director (Prod. & Mktg.)	✓	✓	100
Shri Sanjeev Singhal ^a Director (Finance)	✓	NA	100
Dr. D.K Likhi, [#] Chairman & Managing Director	NA	AB	-

^aResigned from Board on January 7, 2020.

[#]Inducted as Member of SRC w.e.f. January 8, 2020.

- During the year under review, the status of investor complaints was as follows:

Opening balance	Received	Resolved	Closing Balance
Nil	22	22	Nil

d) Risk Management Committee (RMC)

- In terms of market capitalization as on March 31, 2019, your Company is among the top 500 listed companies. Hence, constitution of Risk Management Committee (RMC) is applicable for FY 2019-20 in terms of Regulation 21 of Listing Regulations. The RMC comprises of three Directors.
- The terms of reference to RMC are as follows:
 - To review the Risk Management Policy and associated frameworks, processes and practices of the Company and recommend any proposed changes to the Board for approval;
 - To review and assess the quality, integrity and effectiveness of the risk management systems especially Cyber Security measures taken up by the Company and ensure that the risk policies and strategies are effectively managed;
 - To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
 - To assist the Board in setting risk strategies, policies, frameworks, models and procedures;
 - To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work;
 - To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk;
 - Identify additional risks, if any and decide risk mitigation plans including risk acceptance;
 - The Committee can frame its own guideline for conducting its meetings;
 - Company Secretary acts as Secretary to the Committee.
- During the financial year ended on March 31, 2020, one meeting of the RMC was held. The composition of RMC, date on which the meetings were held and attendance of Directors at the above meetings, was as follows:

Name of Director & Category	Meeting No. & date of Meeting	Attendance in %
	1 st Meeting	
	26.12.2019	
Shri Sanjeev Singhal (Chairman) Director (Finance) ^a	✓	100
Dr. D.K Likhi, [#] (Chairman) Chairman & Managing Director	NA	-
Dr. S. K Jha Director (Prod.& Mktg.)	✓	100
Shri D. Gopikrishna, GGM [Commercial]	AB	-
Smt K. Madhubala, GM (Finance & Accounts)	✓	100

^a Ceased to be Chairman of RMC on January 7, 2020.

[#] Inducted in RMC as Chairman RMC w.e.f. January 8, 2020.

e) Corporate Social Responsibility (CSR) Committee & Sustainable Development (SD) Committee

- The Board of Directors of your Company has approved the Corporate Social Responsibility and Sustainability Policy formulated as per the Section 135 of the Companies Act, 2013 and the rules framed thereunder and the Corporate Social Responsibility & Sustainability Guidelines issued by the DPE.
- The aforesaid policy is available at the website of Company viz. <http://midhani-india.in/>
- A CSR & SD Committee under the Chairmanship of a Chairman & Managing Director has been constituted in terms of the said Policy for planning, implementation and monitoring of the CSR & SD activities of your Company.
- The CSR & SD Committee, is responsible for formulation and recommending to the Board the CSR Policy indicating the activities to be undertaken by the Company covered under Schedule VII of the Companies Act, 2013 and adhering to guidelines of DPE;
- During the financial year ended on March 31, 2020, 01 (one) meeting of the CSR&SD Committee was held. The composition of CSR & SD Committee, date on which the meeting was held and attendance of the Directors at the said meetings was as follows:

Name of Director & Category	Meeting No. & date of Meeting	Attendance in %
	20 th Meeting	
	11.05.2019	
Dr. D. K. Likhi, (Chairman) Chairman & Managing Director	✓	100
Dr.Usha Ramachandra ^a Independent Director	✓	100
Shri. Surendra Sinh ^a Independent Director	✓	100
Dr. S. K. Jha Director (Prod. & Mktg.)	✓	100
Shri Sanjeev Singhal [#] Director (Finance)	✓	100

^aCeased to be Independent Director upon term completion on November 30, 2019.

[#] Resigned as Director on January 07, 2020.

- Company Secretary acts as Secretary to the Committee.

f) Procurement Committee (PC)

- The PC was constituted by Board of Directors of the Company on January 22, 2008 for the purposes of authorizing procurement of materials beyond the individual delegated powers of Chairman & Managing Director.
- The terms of reference of PC are as follows:
 - 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;
 - 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; and
 - Company Secretary acts as Secretary to the Committee.
- During the financial year ended on March 31, 2020, 03 meetings of the PC were held. The composition of PC, date on which the meetings were held and attendance of the Directors at the said meetings was as follows:

Name of Director & Category	Meeting No. & date of Meeting			Attendance in %
	126	127	128	
	03.06.19	21.10.19	14.12.19	
Dr. D.K Likhi, (Chairman) Chairman & Managing Director	AB	✓	✓	66
Dr. Usha Ramachandra ^a Independent Director	✓	✓	NA	100
Dr. S. K. Jha Director (Prod. & Mktg.)	✓	✓	✓	100
Shri Sanjeev Singhal [#] Director(Finance)	✓	✓	✓	100
Shri Surendra Sinh Independent Director*	NA	NA	NA	NA

^aCeased to be Independent Director upon term completion on November 30, 2019.

[#]Resigned from Board on January 7, 2020.

*Inducted as member of Procurement Committee on March 3, 2020

g) Human Resources Committee (HRC)

- The HRC was constituted by the Board of Directors on July 22, 2011. HRC is being headed by an Independent Director, the brief roles of 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.
- The detailed terms of reference of HRC are as follows:
 - (i) 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:
 - a) Creation /abolition of Posts - fixing optimum man power strength.
 - b) Changes in the Organization Structure, Designations, allocation of functions.
 - c) Recruitment Rules and Procedure.
 - d) Service conditions like Leaves, TA&DA, Medical, LTC etc.
 - e) Salary / Wage structure - Scales of Pay- Increments and other related matters.
 - f) Perquisites and Allowances, Bonus, Performance and Productivity Related Incentive Schemes.
 - g) Retirement benefits and plans.
 - h) Creation and Maintenance of Provident Fund, Gratuity Fund, Pension Fund etc.
 - i) All Welfare Schemes including Canteen, School, Transport, Awards/ Rewards, Ex-gratia, Gifts and other benefits including facilities to be extended after retirement.
 - j) Maintenance of Town Ship and Estate Matters.
 - k) Career Development Plans including Training & Development Programs - Engagement of GETs / MTs and the Schemes relating to them.
 - l) Framing up of Conduct, Discipline and Appeal (CDA) Rules and Standing Order as applicable.
 - m) Review and make suitable recommendations to Board in respect of Disciplinary proceedings / reports / actions taken and/or to be taken.
 - n) Introduction of Voluntary Retirement, Compulsory Retirement and other Separation Schemes.
 - o) Vigilance and Security related issues.
 - p) Trade Unions, Officers/Supervisors Associations.
 - (ii) Recommending to Board of Directors regarding grant of donations to charitable and other funds on account of natural calamities.
 - (iii) The Committee shall exercise the powers of the Board and on assessment may reserve agenda items for decision of the Board. The Committee can frame its own guidelines for conducting its meetings.
 - (iv) Company Secretary acts as Secretary to the Committee.
- During the financial year ended on March 31, 2020, four (4) meetings of the HRC were held. The composition HRC, date on which the meetings were held and attendance of the Directors at the said meetings was as follows:

Name of Director & Category	Meeting No. & date of Meeting				Attendance in %
	16	17	18	19	
	11.05.19	25.09.19	16.11.19	12.02.20	
Shri I. V Sarma ^a , (Chairman) Independent Director	✓	✓	AB	NA	66
Dr. Usha Ramachandra ^a Independent Director	✓	✓	✓	NA	100
Shri Surendra Sinh (Chairman)* Independent Director	✓	✓	✓	✓	100
Dr. S. K Jha Director (Prod. & Mktg)	✓	✓	✓	✓	100
Shri Sanjeev Singhal % Director (Finance)	✓	✓	✓	NA	100
Dr. D. K Likhi # Chairman & Managing Director	NA	NA	NA	✓	100

^a Ceased to be Independent Director upon term completion on November 30, 2019.

* Appointed as Chairman of Committee on November 30, 2019.

% Resigned as Director on January 7, 2020.

Inducted as Member of Committee w.e.f. January 8, 2020.

h) Technical Committee (TC)

- The Technical Committee (TC) started functioning w.e.f. January 24, 2011. It was constituted by Board of Directors with the primary objective of studying technological aspects that needed attention of the Company and to carry out technical study of Company's operations, and Modernization, up-gradation and Expansion programmes under implementation or proposed to be undertaken in near future. TC consists of members of the Board having technical expertise in metallurgy.
- The terms of reference to technical committee are as follows:
 - (i) Overseeing of the Company's technological competitiveness (current and future) in line with the business strategy;
 - (ii) Guiding research & technological plan of the company;
 - (iii) Guiding Operational Strategy of the company with particular reference to
 - a) new product development;
 - b) new market development;
 - c) new diversification projects; and
 - d) technological alliances
 - (iv) To advise the Board in relation to framing of risk management policy in the Company;
 - (v) Guide and reviewing the academia industry interface for leveraging basic knowledge in the area of technology;
 - (vi) Guiding the Company for development of new technologies in the area of product and process including, Intellectual Property Right Management (IPRM);
 - (vii) Guiding the company to create the Centre of Excellence in R&D for special steels, super alloys and titanium alloys;

- (viii) The Committee shall exercise the powers of the Board and on assessment may reserve agenda items for decision of the Board;
- (ix) The Committee is empowered to frame its own guidelines for conducting its meetings;
- (x) Head of Research and Development functions as Secretary to the Committee;
- During the financial year ended on March 31, 2020, one (1) meeting of the TC was held. The composition TC, date on which the meetings were held and attendance of the Directors at the said meetings was as follows:

Name of Director & Category	Meeting No. & date of Meeting	Attendance in %
	8 th Meeting	
	11.05.2019	
Dr. D.K. Likhi, (Chairman) Chairman & Managing Director	✓	100
Shri I. V Sarma, [Ⓐ] Independent Director	✓	100
Dr. Jyoti Mukhopadhyay [Ⓐ] Independent Director	✓	100
Dr. S.K Jha, Director (Prod. & Mktg.)	✓	100
Shri Surendra Sinh [#] Independent Director	NA	---

[Ⓐ] Ceased to be Independent Director upon term completion November 30, 2019.

[#] Inducted as Member of Committee w.e.f. December 1, 2019.

i) Share Certificate Committee (SCC)

- Share Certificate Committee (SCC) was constituted w.e.f. August 8, 2018 for considering the request for Transfer, transmission, de-mat, re-mat of shares and issue of duplicate share certificates and approve the same for complying with the provisions of the Companies Act, 2013 and SEBI Listing Regulations. Company Secretary acts as Secretary to the Committee.
- During the financial year ended on March 31, 2020, no meeting of the SCC was held. The composition of SCC as on March 31, 2020 was as follows:

Name of Director & Category
Dr. D.K. Likhi, Chairman & Managing Director
Dr. S.K. Jha, Director (Production & Marketing)
Shri Sanjeev Singhal [#] Director (Finance)

[#] Resigned as Director on January 7, 2020.

j) Corporate Management Committee (CMC)

- 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). CMC was constituted for carrying out effective planning, organizing, coordination and control over the day to day operations of Management.
- CMC plays important role in resolving inter / intra departmental execution delays/bottlenecks and strives to ensure free flow of work at various levels within the organization.
- CMC meetings are held under the Chairmanship of C&MD of the Company with the senior level functionaries of the Company i.e. Additional General Manager and above as its members. Company Secretary acts as the Secretary of the Committee.

- The terms of reference to CMC, subject to discussions and deliberations at the meeting, *inter -alia* includes: -
 - (i) Review of Production/major Projects and Financial Performance and Marketing Operations;
 - (ii) Ways and means of improving cash flows in the organization;
 - (iii) Employee relations / resolving Personnel grievances;
 - (iv) Systems improvements; and
 - (v) Improving inter-departmental; inter-functional co-ordination and resolving inter-departmental and intradepartmental bottlenecks, if any.

Annual General Meetings (AGM)

The details of the last three (3) Annual General Meetings of your Company are given below:

Date & Time	43 rd Annual General Meeting held on September 25, 2017 at 10.00 a.m.	44 th Annual General Meeting held on September 28, 2018 at 10:30 a.m.	45 th Annual General Meeting held on September 25, 2019 at 10:30 a.m.
Venue	Mishra Dhatu Nigam Limited, Corporate Office, P.O. Kanchanbagh, Hyderabad - 500058	DRDO Auditorium, P.O. Kanchanbagh, Hyderabad- 500058	
Special Resolution(s) passed, if any	NIL	NIL	<ul style="list-style-type: none"> • Re-appointment of Shri I.V. Sarma as Independent Director of Company. • Re-appointment of Dr. Jyoti Mukhopadhyay as Independent Director of Company. • Re-appointment of Dr. Usha Ramachandra as Independent Director of Company .

Extra-ordinary General Meeting (EGM)

During last three years, an EGM was held on October 25, 2017 at Mishra Dhatu Nigam Limited, Corporate Office, P.O. Kanchanbagh, Hyderabad – 500058 for considering following special resolutions:-

- Memorandum altered, by substituting respective capital clause.
- Conversion of the Company from Private Limited Company to a Public Limited Company.
- RoC approval to delete and replace the existing clause III(A) containing Main Objects of Company

Postal Ballot:

During the year ended on March 31, 2020, no resolution was put to vote through Postal Ballot. None of the business proposed to be transacted in the ensuing AGM requires the passing of a Special Resolution by way of Postal Ballot.

Other Disclosures in terms of SEBI Listing Regulations & Guidelines on Corporate Governance for Central Public Sector Enterprises

Related Party Transaction

- (i) During the financial year ended on March 31, 2020, all transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations were in the ordinary course of business and on arm's length terms, and they do not attract the provisions of Section 188 of the Companies Act, 2013.

- (ii) There were also no materially significant related party transactions that may have a potential conflict with the interests of the Company at large. The Audit Committee reviews the statement containing details of every transactions with the related parties, on quarterly basis.
- (iii) Disclosure of related party transactions as per Ind AS-24, issued by the Institute of Chartered Accountants of India, is given at note no 40 of the Notes forming part of Annual Accounts for FY 2019-20.

Details of Compliance/Non-compliance under SEBI Listing Regulations

- (i) During the year ended March 31, 2020, three Independent Directors (including woman Independent Director) ceased to be Independent Director on November 30, 2019 upon completion of their term. Consequently, the Board and Committee composition of your Company was not in line with Regulation 17, 18 & 19 of SEBI Listing Regulations. During the year ended March 31, 2020, Stock Exchanges have imposed the following penalties: -
 - a) Pursuant to SEBI circular SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 3, 2018, BSE Limited had imposed penalty of ₹ 62,000/- (excluding GST @18%) vide their letter dated February 3, 2020, on your Company for observing non-compliance with the provisions of Regulation 17(1), 18(1), 19(1), 19(2), 20(2) and 21(2) of SEBI Listing Regulations. Your Company has submitted the reply to BSE Limited explaining that appointment of Independent Director on the Board is not under the purview of Board and same vests with MoD/Government and requested to drop penalties on your Company. The penalty imposed by BSE Limited was also put up to the Board for their information.
 - b) Pursuant to SEBI circular SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 3, 2018, National Stock Exchange of India Limited (NSE) had imposed penalty of ₹ 62,000/- (excluding GST @18%) vide their letter dated February 3, 2020, on your Company for observing non-compliance with the provisions of Regulation 17(1), 18(1), 19(1), 19(2), 20(2), 21(2) & 27(2) of SEBI Listing

Regulations. Your Company has submitted the reply to NSE explaining that, appointment of Independent Director on the Board is not under the purview of Board and same vests with MoD/Government and requested to drop penalties on your Company. The penalty imposed by NSE was also put up to the Board for their information.

- (ii) During the year under review, the Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clause (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations, as applicable, except Regulation 17, 18 and 19 of SEBI Listing Regulations.
- (iii) The Independent Directors have the requisite qualifications and experience which enable them to contribute effectively. Terms and conditions of appointment of Independent Directors are hosted on Company's website viz. <http://midhani-india.in/>
- (iv) The CEO/CFO certificate in terms of Regulation 17(8) of the SEBI Regulations has been placed before the Board. In terms of Part – E of Schedule II of SEBI Listing Regulations, the Company has complied with some of the non-mandatory requirements of the SEBI Listing Regulations on Corporate Governance such as, the Auditors have submitted their Report with unmodified opinion on the Financial Statements for the financial year ended on March 31, 2020 and Internal Auditor of Company, directly reports to Audit Committee of Board.

Training & Evaluation of Directors:

- (i) The Board members of MIDHANI are senior executives who have a wide and varied experience in the areas of Education, Industry, Defence, Management, Human Resource management and Administration.
- (ii) Presentations are made to the Board members on the Company's performance, Business model, Corporate plan and outlook, on their induction in the Board. In addition, at the Board/ Committee/ other meetings, detailed presentations are made by the senior management personnel/ professionals/ consultants on business related issues, risk assessment, risk policy etc. The directors are encouraged to identify and attend specific training programs to improve their effectiveness. The details of Familiarisation Programme are available on the website on the Company viz. <http://midhani-india.in/>.

(iii) MIDHANI is a Government of India owned Public Sector Enterprise under administrative control of Ministry of Defence. The Directors of the Company are presidential appointees and their remuneration is fixed in accordance with the DPE guidelines. Accordingly, Article 67 of the Articles of Association of MIDHANI states that the President will appoint Directors and determine their remuneration. Since the Board level appointments are made by the President of India, the evaluation of performance of such appointees is also done by the Government of India. However, the Independent Directors evaluated the performance of the Board as a whole in a separate meeting of Independent Directors held on 30th November, 2019.

Other Affirmations:

- (i) During the year under review, your Company has not raised any funds through preferential allotment or qualified institutional placement, as specified under Regulation 32 (7A) of the SEBI Listing Regulations.
- (ii) During the year under review, all the recommendations made by the committees of the Directors have been accepted by the Board of Directors. During FY 2019-20, no person was denied access to the Audit Committee
- (iii) 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.
- (iv) There were no items of expenditure included in the Financial Statements which were incurred not for the purposes of the business. No material changes and commitments, affecting financial position of Company, have occurred between end of the Financial Year of the Company and the date of this Report.
- (v) The Administrative and Office Expenses as a percentage of total expenses stood at 4.23% as compared to 3.96% in the previous year and such percentage in respect of financial expenses was 1.08% when compared to 1.14 % in the previous year. No extravagancy was found in the Expenditure on the part of the Board Members and Senior Management Personnel.

(vi) There has been no change in the nature of business of the Company during the year under report. The Company has complied with all Presidential directives issued by Central Government regarding the operation of PSUs.

(vii) Management Discussion and Analysis covering the operations of the Company, forms part of this Annual Report.

Prevention of Sexual Harassment of Women at Workplace:

During the year under review, status of complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, was as follows:

Number of Complaints filed during FY 2019-20	Number of Complaints disposed of during FY 2019-20	Number of Complaints pending as on end of FY 2019-20
Nil	Nil	Nil

Fee paid to Statutory Auditor during FY 2019-20:

Particulars	Amount in ₹ Lakh
Statutory Audit	6.12
Tax Audit	1.40

Means of Communication

- (i) After consideration and approval by the Board, the quarterly/half yearly & yearly financial results are submitted and subsequently posted on the websites of the BSE, NSE (stock exchanges) and same are published on the Company's website viz. <http://midhani-india.in/>.
- (ii) In terms with Regulation 47 of SEBI Listing Regulations, the financial results are published in one English national daily, having all India circulation, one Hindi Daily and at least in one local Telugu daily within 48 hours of its adoption. The Annual Report of the Company, on placement before both the houses of Parliament is posted in the website viz. [www. midhani-india.in](http://www.midhani-india.in). The website of the Company also displays all official news releases and investor presentation.

Policies and Code framed:

Policy of Materiality of and of dealing with Related party Transactions: The Company has formulated

the 'Policy on Materiality of and dealing with Related Party Transactions', which is hosted on Company's website viz. <http://midhani-india.in/>.

Vigilance & Whistle Blower Policy: The Company's vigilance set up is headed by a Chief Vigilance Officer. Preventive Vigilance has been the thrust area of the Vigilance department and Vigilance department examines major procurements/contracts, conducts regular and surprise inspections. Company has in place "Whistle Blower Policy" and same is available on the website on the Company viz. <http://midhani-india.in/>.

Policy on Material Subsidiaries: Your Company does not have any subsidiaries as on March 31, 2020, hence policy on determining material subsidiaries is not yet formulated.

Code of Conduct: The Board of Directors of your Company has formulated a "Code of Business Conduct and Ethics for Board Members and Senior Management" for better Corporate Governance and fair & transparent practices as per Guidelines issued by the Department of Public Enterprises. A copy of the same has been circulated to all concerned and posted on your Company's website. The Board members and senior management personnel to whom the said Code is applicable have affirmed compliance of the same for the year ended March 31, 2020. A declaration to this effect signed by the Chairman & Managing Director of your Company is appended at the end of this Report as **Annexure – X**.

General Shareholders Information:

Forthcoming Annual General Meeting:

Date 29th September, 2020

Time 11.00 AM IST

Venue – Through Video conferencing

Financial year: April 1 of each year till March 31 of next year.

Book Closure: Book Closure period for the purpose of AGM and payment of dividend for FY 19-20 will be from 23rd to 29th September, 2020 (both days inclusive).

Unpaid & Unclaimed Dividend details:

Pursuant to the applicable provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund ('IEPF') Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the statement furnishing information of unpaid and unclaimed dividend (interim & final) for previous seven years is available on the website of the Company viz. <http://midhani-india.in/>.

Further, no unclaimed dividend from previous years is due to be transferred to the IEPF as on March 31, 2020.

Listing of Equity Shares on Stock Exchanges and Stock Codes

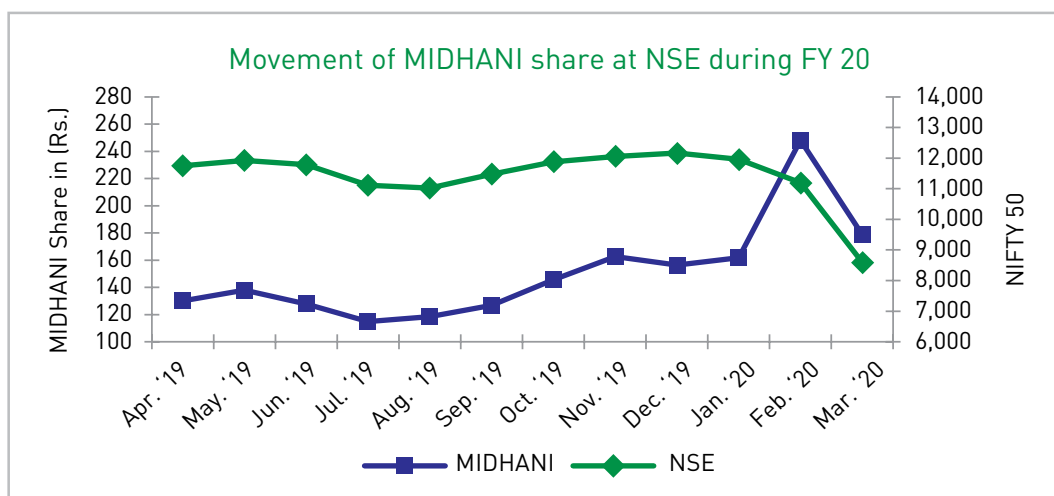
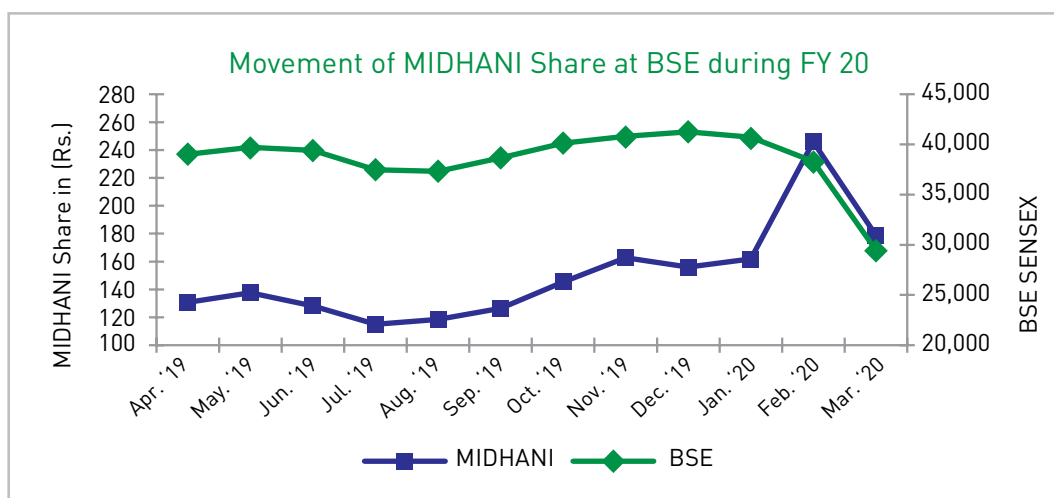
Name of Stock Exchange(s)	Scrip code/ Trading Symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	541195
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C-1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	MIDHANI

- MIDHANI Equity shares got listed in April, 2018 and per market capitalization on March 31, 2020 MIDHANI fall under category of top 500 listed companies.
- The ISIN of Equity Shares of the Company is INE099Z01011.
- The annual listing fee has been paid to both stock exchanges i.e. BSE & NSE for financial year 2020-21.

Market price of shares: The details of high/low market prices of the shares of the Company during each month of FY 19-20 at BSE and NSE was as follows :

Month	BSE				NSE			
	MIDHANI		SENSEX		MIDHANI		NIFTY 50	
	High (in ₹)	Low (in ₹)	High	Low	High (in ₹)	Low (in ₹)	High	Low
Apr'19	146.85	126.3	39487.45	38460.25	146.7	125.5	11856.15	11549.1
May'19	143.95	120	40124.96	36956.10	144	119.25	12041.15	11108.3
Jun'19	138	122.4	40312.07	38870.96	138.7	123.1	12103.05	11625.1
Jul'19	131.1	110.25	40032.41	37128.26	131.25	110.35	11981.75	10999.4
Aug'19	122	108.5	37807.55	36102.35	122.05	108.45	11181.45	10637.15
Sep'19	142	114.3	39441.12	35987.80	141.8	114	11694.85	10670.25
Oct'19	158	119.1	40392.22	37415.83	157.9	119.1	11945	11090.15
Nov'19	186.8	146.8	41163.79	40014.23	186.95	146.5	12158.8	11802.65
Dec'19	165.5	146.35	41809.96	40135.37	165.45	146.15	12293.9	11832.3
Jan'20	176.75	150.65	42273.87	40476.55	176.55	150.65	12430.5	11929.6
Feb'20	265.6	149.3	41709.3	38219.97	266	149.5	12246.7	11175.05
Mar'20	278	135.2	39083.17	25638.9	278.8	135	11433	7511.1

Source: BSE & NSE



Shareholding pattern as on March 31, 2020

Category	No. of shareholders	No. Equity shares held	% of paid up equity share capital
Promoter & Promoter Group (A)	1	13,86,31,600	74
Public Shareholding (B)			
Mutual Funds	9	2,77,50,716	14.81
Foreign Portfolio Investors	12	13,52,231	0.73
Financial Institutions/ Banks	2	64,537	0.03
NBFC	1	10,000	0.01
Insurance Companies	4	73,66,617	3.93
Bodies Corporate	205	11,42,247	0.61
Non-Resident Indians	553	3,52,315	0.19
Trusts	1	4,200	-
Clearing Members	178	3,26,521	0.17
HUF	981	3,58,359	0.19
Employees	199	97,147	0.05
Individuals	40,632	98,83,510	5.28
Total Public Shareholding (B)	42,777	4,87,08,400	26
Total Shareholding (A+B)	42,778	18,73,40,000	100

Distribution of shareholding by size as on March 31, 2020.

No. of equity shares held	No. of shareholders	% of total shareholders	No. of equity shares held	% of paid up equity share capital
Upto 500	39,543	92.44	45,29,959	2.42
501-1000	1,689	3.95	12,88,503	0.69
1001-5000	1,355	3.17	26,15,474	1.40
5001-10000	94	0.22	7,16,756	0.38
10001 & above	97	0.23	17,81,89,308	95.12

Commodity risks or foreign exchange risk and hedging activities: Your Company had no exposure to commodity and commodity risks for the financial year 2019-20. Further, your Company does not involve in hedging activities. The Company is exposed to foreign exchange exposures related to procurement of materials and services. These procurements are mostly covered under exchange rate variation clause for reimbursement of exchange rate variations arising out of foreign currency fluctuations. Hence, your Company has no direct exposure on this account.

Dematerialisation of Shares and Liquidity: The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on March 31, 2020, the number of equity shares in electronic form and physical form was as follows :

No. of shares	% of paid up equity shares
Demat shares with NSDL	18,02,07,101 96.1925
Demat shares with CDSL	71,32,739 3.8073
Physical shares	160 0.0002
Total no. of shares	18,73,40,000 100

Outstanding GDRs/ADRs/Warrants: There are no outstanding GDRs/ADRs/ Warrants or any convertible instruments as on March 31, 2020.

Details of shares held in Unclaimed Suspense Account: There are no outstanding shares lying in the unclaimed suspense account as on March 31, 2020.

Plant Locations: MIDHANI has only one plant located at P.O. Kanchanbagh, Hyderabad – 500058.

Details of Compliance Officer / Address for Investor correspondence

Shri Paul Antony
Company Secretary & Compliance Officer
P.O. Kanchanbagh, Hyderabad -500058
Tele-Fax: +91-040-24340214 / 24184515
Email: company.secretary@midhani-india.in

Registrar and share transfer agent

Alankit Assignments Limited
4E/2 Jhandewalan Extension,
New Delhi -110 055
Tel: 011-42541234 / 23541234; Fax: 011- 42541201
Email: rta@alankit.com

Share Transfer System: The dematerialized shares of the Company are transferable through the depository system. However, the shares held in physical form are processed by the Registrar & Transfer Agent of the Company in coordination with your Company. Further, in accordance with the proviso to Regulation 40(1) of the SEBI Listing Regulations, effective from April 1, 2019, transfer of shares of the Company shall not be processed unless the shares are held in the dematerialized form with a depository. As on March 31, 2020, 160 equity shares of the Company were held in physical form.

MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD LOOKING STATEMENTS:

Certain statements in this report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historic fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operational or financial performance. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized, and as such, are not intended to be guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The financial statements are prepared under historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 (the "Act") and comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The management of Mishra Dhatu Nigam Limited ("MIDHANI" or "the Company") has used estimates and judgments relating to the financial statements on a prudent and reasonable basis in order that the financial statements reflect in a true and fair manner, the state of affairs for the year.

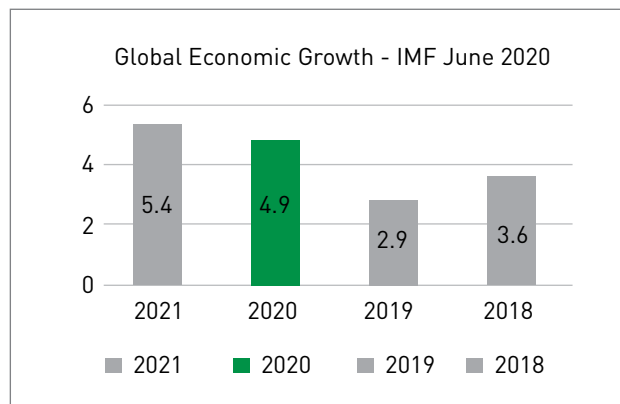
The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the annual report.

REVIEW OF GLOBAL ECONOMY:

Global growth slowed evidently in the year 2019, with continued weakness in global trade and investment, this weakness was widespread, affecting both

advanced economies—particularly the Euro Area—and emerging market and developing economies (EMDEs). Various key indicators of economic activity declined in parallel, approaching their lowest levels since the global financial crisis of 2009. In particular, global trade in goods was in contraction for a significant part of 2019, and manufacturing activity slowed markedly over the course of the year; recent high-frequency readings suggest some tentative stabilization of manufacturing output at weak levels. To a lesser extent, services activity also moderated. A broad range of economies have experienced feeble growth, with close to 90 percent of advanced economies and 60 percent of EMDEs going through varying degrees of deceleration last year. Trade tensions which had de-escalated during mid- October, 2019 escalated post COVID-19 outbreak. Though the financial market sentiment improved appreciably toward the end of 2019, it had been fragile during most part of 2019.

Going forward, in June last week of 2020, IMF has projected the global economic growth at -4.9 percent in CY 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.



REVIEW OF INDIAN ECONOMY:

As per the estimates from Department of Economic Affairs, Govt. of India, Indian economy had begun to regain momentum with clear signs of uptick in consumption and investment towards the end of Q3:2019-20, only to be halted by COVID-19 that made government enforce country-wide lockdown in late March 2020. Green shoots had appeared with Index of Industrial Production (IIP), Index of Core Industries (ICI) and merchandize exports rebounding with positive growth in February 2020 along with signs of revival in consumer sentiment. However, sharp negative growth of merchandize exports and imports in March 2020 gave first signs of distress having already entered the country's economic space. With the imposition of lockdown from 24th March, FY 2019-20 closed with a seven-day period of economic inactivity. Besides trade, negative growth in IIP and ICI indices and particularly the decline in electricity generation in March 2020, reflected the economic adversity of the lockdown.

Going forward the mid-term and long term impact of the epidemic on the India economy will continue to evolve and an accurate prediction is not feasible. With the unlock 1.0 underway there is visible recovery in key sectors of the economy some of which are as below:

- With IMD predicting a normal monsoon rural India is leading the recovery and urban India trying to get back on economic activities.
- After a dip of 60% the petrol and diesel consumption is back to normal in July, 2020.
- Power consumption in June has touch 90% of the last year's demand
- With goods movement resuming in May and electronic toll collections increasing is a clear sign of manufacturing sector getting back to normalcy.
- In June GST collections have increased.
- India's manufacturing purchase manager's index (PMI) saw an increase of 50% in June compared to May. However with the COVID-19 cases increasing across the country the manufacturing may again slowdown in the coming months.

Source: Businessinsider.in

HIGH PERFORMANCE ALLOYS

The global High-Performance Alloys market is forecasted to grow at a rate of approximately 5%

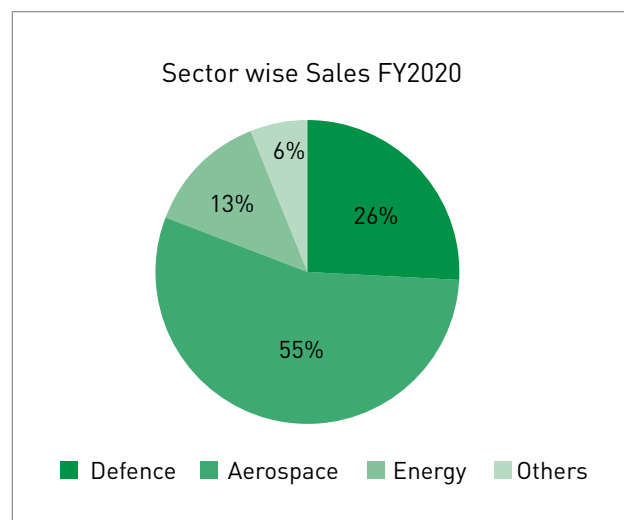
from an estimated USD 9.0 billion in 2019 to USD 13 billion in 2027. The increasing demand in the aerospace and automotive industry for light materials due to stringent emission norms and increasing fuel efficiency is one of the critical drivers of the market. The need for such alloys would be driven by demand from the end-user industry as well as technological advancements.

Currently USA has the highest market share In High performance alloys, owing consumption in the U.S. aerospace industry, automobile and reconstruction of its oil and gas sector.

In Asia Pacific India, and China is leading in high performance steel production and consumption.

OUR OPERATING ENVIRONMENT:

MIDHANI is a leading manufacturer of special steels, super allows and the only manufacturer of Titanium alloys in India. Prominent end user industries of our products are Defence Manufacturing, Aerospace, Energy and others. MIDHANI is one among the nine Central Public Sector Undertakings under the administrative control of the Department of Defence Production, Ministry of Defence.



Defence Manufacturing:

India is one of the biggest military powers in the world with 5th largest defence budget allocation. Currently India domestically produces only 45% to 50% of defence products it uses, and the rest are imported. Defence Production Policy of 2018 (DPP-2018) has a goal of India becoming among the top 5 global producers of the aerospace and defence manufacturing with annual export target of US\$5 billion by 2025 equivalent to

12% of worldwide arms exports (by value). According to the Ministry of Defence's Department of Defence Production dashboard, India's export of military equipment increased from ₹ 1521.86 in Financial Year 2016-17 to ₹ 8,620.59 in the last fiscal 2019-20. India's defence exports have increased in the last four years has been more than 5-and-half times while the target for FY 2020-21 is ₹ 15,000 Cr.

Self-reliance in defence production has been the goal of India's defence production strategy since 1960s. Government of India had also announced a Defence Production Policy 2011. Since then significant progress in domestic defence production has been made. India's defence production in Defence Public Sector Undertakings (DPSUs) and Ordnance Factory Board (OFB) has progressively increased from ₹ 43,746 Cr. in 2013-14 to ₹ 57,641 Cr. in 2018-19. Defence PSUs like MIDHANI have emerged as significant players in the defence production ecosystem in the country.

During FY 2020 MIDHANI generated a revenue of ₹ 18,674 Lakh from Defence Segment

Indian Aerospace Industry:

The Indian Aerospace Industry is witnessing an unprecedented growth. The Aerospace and Defence (A&D) market in India is estimated to reach around \$70 billion by 2030. Indian aerospace market is emerging as a major OEM and component manufacturer in the world mostly driven by major defence aerospace organisations like HAL, ISRO and DRDO. Several advantages of India to emerge stronger in this segment includes India's technical and engineering expertise, scientific talent, skills available for manufacturing high-precision and high-quality components.

The civil aviation sector in India is also growing rapidly. It has recorded annual growth of over 41% in passenger traffic during in the last two years. In fact, it has contributed significantly to the growth of international civil aviation sector. There are thus enormous potential and huge opportunities for collaboration and creation of joint ventures in the aerospace sector in India for establishing Maintenance Repair Overhaul (MRO) facilities for civil and military aircraft, overhaul and maintenance of aero engines and production of avionics, components and accessories both in the civil and military aviation sectors. Major global aviation industry are already eyeing the local market in India and scouting for outsourcing aerospace and defence products as India is fast emerging as a centre for engineering and design services.

Aerospace manufacturing needs special alloys of steel, aluminium, titanium etc and composites. Currently about 70% of these raw materials required for aerospace manufacturing is imported into India. MIDHANI is a leading DPSU supporting the Indian aerospace manufacturing with high end materials.

During the year MIDHANI generated revenue of ₹ 39,385 Lakh from Aerospace segment.

Energy Sector:

Energy segment of our business consists of oil and gas and industrial turbines.

The oil and gas sector is among the eight core industries in India and plays a major role in influencing decision making for all the other important sections of the economy. India's economic growth is closely related to energy demand; therefore, the need for oil and gas is projected to grow more, thereby making the sector quite conducive for investment.

As of December 1, 2019, the oil refining capacity of India stood at 238.60 million tonnes, making it the second largest refiner in Asia. Private companies own about 35.36 per cent of the total refining capacity. India was the fourth-largest Liquefied Natural Gas (LNG) importer in 2017 after Japan, South Korea and China. LNG imports increased to 26.11 bcm in 2017-18 from 24.48 bcm in 2016-17. India's LNG imports stood at 27.43 billion cubic meters (bcm) during April 2019-January 2020.

Gas pipeline infrastructure in the country stood at 16,226 km at the beginning of February 2019. Production of petroleum products by fractionators grew to 4,931.22 TMT in FY19 from 4,808.00 TMT in FY18 and reached 3,179 TMT in FY20 (till November 2019).

Oil & Gas (includes petrochemical & refinery): contributes over 6% of the overall demand for speciality steel and superalloy products for process equipment, process pipe and piping systems, and boilers. As per the 12th Five Year Plan, oil production would increase to 844 MTOE by 2021-22, with an investment of around USD 43.69 billion across the value chain that will help the demand for select products to grow at around 5% for oil and gas sector.

The high growth trajectory of a nation's economy is strongly correlated with the growth in its energy sector. Availability of reliable and quality energy for all at affordable rates becomes vital for sustained economic growth. India currently possesses an

installed capacity base of over 356 GW and has an annual electricity generation of over 1,372 Billion Units (as on 31st March 2019). The nation witnessed a capacity addition of approx. 6 GW from conventional sources in FY 2018-19, most of which was from thermal power plants.

During the year MIDHANI generated revenue of ₹ 9,127 Lakh from Energy Segment.

CONTEXTUAL BACKGROUND:

The global high performance alloys market is anticipated to grow, primarily on account of rising substitution of materials such as steel and aluminum due to superior performance and reduction in the price of such alloys. Favorable characteristics of the alloys which aid in improvement in performance efficiency coupled with superior heat and insulation is expected to drive the demand.

Super alloys:

Super alloys have high creep resistance at high temperature without any deformation along with excellent corrosion and oxidation resistance properties. Typically, they have an austenitic face-centred cubic crystal structure with a base alloying element of nickel, cobalt, iron & nickel-iron. MIDHANI produces all three types of super alloys. According to a study by Allied Market Research, the world wide superalloy market is expected to growth at a CAGR of 8.6% between 2020-2027.

Titanium:

Titanium also known as "Space Age Metal" is the fourth abundant metal in earth's crust. Titanium has applications in space, defence, and aeronautical

technology. Global Titanium Alloys Market is expected to Reach around USD 7 Billion by 2025. The global titanium alloys market is expected to grow from USD 4.97 Billion in 2017 to USD 6.87 Billion by 2025, at a CAGR of 4.13% during the forecast period from 2018-2025, according to the new report published by Fior Markets.

Globally Titanium has a varied End-user is segments such as aerospace, automotive, marine, medical & healthcare, chemical, energy and power, and others. Owing to their properties to operate over a very wide temperature range, high stiffness to weight ratio, the titanium alloys are extensively used in the aerospace industry for the manufacturing of aircraft engines, blades, shafts, and airframes. The application of titanium in medical & healthcare segment is projected to grow in the coming years. This increased growth rate can be credited to the growing use of titanium alloys for the hip and knee implants, and its biocompatibility property.

Steel Alloys:

Steel's alloying elements are chrome, nickel, silicon, copper, titanium etc. Each has their own effect on material properties. There are around 20 alloying elements that can be added to carbon steel to produce various grades of alloy steel. These provide different types of properties. Some of the elements used and their effects include aluminium, copper, magnesium, nickel etc

According to a report by marketresearchstore.com, The global Alloy Steel market is expected to reach 149200 million US\$ by the end of 2025, growing at a CAGR of 1.5% during 2018-2025.

Key Strategies and Initiatives:

Our Strategies	Our Plans	Key initiatives
Growth and modernization	<p>Seeks growth (through both greenfield and brownfield) based on the development of technology for customers and product</p> <ul style="list-style-type: none"> Aim for geographical expansion of the Company and to operate from multiple locations In process of setting up two new manufacturing facilities in Rohtak and Nellore Seek to enter into the new markets of oil and gas, mining, power, railways, chemical and fertilizers 	<p>Highest ever Capital expenditure for modernization and growth of about ₹ 23,000 Lakh.</p> <p>Metal Recovery from plant revert - Recovery of Virgin elements from Special Steel Scrap through MSME / Start-up is under evaluation by MIDHANI</p> <p>Aluminium Alloy Plant – MIDHANI-NALCO Joint Venture; Utkarsha Aluminium Dhatu Nigam Limited has been registered. The company proposes to manufacture High end Aluminium Alloy at Nellore, Andhra Pradesh</p>

Our Strategies	Our Plans	Key initiatives
Increased focus on research and development	Entered into collaborations with Indian and international research institutions and organizations to gain access to the required know-how for developing certain key advanced technology products <ul style="list-style-type: none"> Aims for forward and backward integration by manufacturing components/ value added products 	More than 50 IPRs has been filed during the year and three patents have been granted to MIDHANI during the year. More than 10 new products have been developed for Aero Space, Navy and Energy Sectors.
Strengthen Human capital	Intends to continue to focus on improving health, safety and environment for the employees and provide various programs and benefits for their wellbeing and skill-enhancement <ul style="list-style-type: none"> Intends to develop entrepreneurship skills and further strengthen the workforce through more comprehensive training programs, creating a core of skilled workers for future growth by providing them with a conducive, safer and healthier working environment 	

SWOT Analysis:

Strengths: <ul style="list-style-type: none"> Capability to manufacture a wide range of advanced materials. Strong Research & Development capability to indigenously develop customized products/ alloys for programs of national importance. Rich experience gained over 45 years of operation and maintenance of high technology equipments, processes and systems. Unique and complex quality control practice to deliver superior quality of products 	Weakness: <ul style="list-style-type: none"> In select products, lack of economies of scale makes products non-competitive at global level. Dependence on orders from Government Sector Lack of technology and infrastructure for developing finished components using own materials which leads to reduced value addition. Limited control over sales realization.
Opportunities: <ul style="list-style-type: none"> Demand for special alloys and steel is increasing. Government initiatives like "Atmanirbhar Bharat" "Make in India", Indigenization, Make II etc. allowing Indian organizations to penetrate existing markets within the country and abroad. Opportunity for long-term tie-ups in the form of Joint ventures and strategic alliances etc. Diversification opportunities exist in strategic materials. 	Threats: <ul style="list-style-type: none"> High volatile prices of some of the critical imported raw materials coupled with their restricted availability. Risk of obsolescence in technology, processes and products-metals being replaced with composites/ materials. Change in Government Policies. Competition from private sector in India and abroad

Review of our operations:

MIDHANI has one of the few metallurgical plants of its kind in the world, designed to manufacture a wide range of special metals and alloys using integrated and highly flexible manufacturing systems. It manufactures unique combinations of metal and alloys. Company has the competence of developing and manufacturing customized alloys tailor-made to suit the specific requirements of customers for their critical applications.

MIDHANI has a strong value chain for converting the key resources to required product outputs. Our manufacturing chain primarily consists of raw materials sourcing, production planning & control, manufacturing, technology & R&D, projects and quality control. Further the value chain is backward integrated with material procurement planning and forward integrated with our strong marketing and customer engagements. MIDHANI's value chain is supported and strengthened by its strong financials, human resources and logistics.

Our Manufacturing Locations:

Hyderabad : Hyderabad Plant is equipped with highly integrated and flexible manufacturing facilities to produce a wide variety of special metals and alloys in various mill forms such as forged bars/ flats, Rings; near net shapes and closed die forgings, hot rolled bars/ sheets, cold rolled sheets, strips and foils; wires, castings, tubes and fasteners.

Rohtak Plant: At Rohtak plant, Armour products will be manufactured.

Manufacturing facilities:

The manufacturing facilities at MIDHANI include Primary and Secondary melting furnaces such as Electric Arc Furnace with Ladle Refining Furnace, Vacuum Degassing/ Vacuum Oxygen Decarburisation, Vacuum Induction Melting Furnace, Vacuum Induction Refining Furnace, Vacuum Arc Re-Melting Furnace, Electro Slag Re-Melting Furnace and Electron Beam Melting Furnace. Subsequent operations are carried out at 6000T/1500T Forge Presses, Ring Rolling Mill, Hot Rolling and Cold Rolling Mills, Bar and Wire Drawing Mills etc. based on the output, form and sizes required. The auxiliary supporting services like conditioning, heat treatment, machining, pickling, quality control also form part of our manufacturing processes.

Our Products:

- Special Alloys (Ferritic, Austenitic, Martensitic, Maraging, Armour Steel)
- Super Alloys (Iron/Cobalt/Nickel Based)
- Titanium Alloys in the form of melted, forged, rolled and drawn product.
- Special Steels and Titanium Alloy grades constitute a major portion of production tonnage.

Key Raw Materials:

The primary raw materials used by our Company for manufacturing various products are: (a) Nickel metal; (b) Cobalt metal; (c) Various Master Alloys; (d) Pure Iron; (e) Titanium sponge; (f) Chromium metal; (g) Mild Steel scrap/ Stainless Steel scrap; (h) High Carbon/ Low Carbon Ferro Chrome; (i) Aluminium metal; (j) Manganese Metal; and (k) Various Ferro alloys.

Research & Development:

The Company has an in-house research and development team comprising of 14 officers who have in-depth knowledge of the design and engineering of special metals and alloys. Our in-house research and development team works towards improvement of product quality and processes innovation for meeting the expected demands at acceptable costs. The company outsources technological knowledge from various countries and has a dedicated technology advisory board which guides us to the required technology for the development of new products.

Our in-house research and development team works towards improvement of product quality and processes innovation. The company developed a methodology to reuse titanium scrap to make ferro titanium for the Indian market. The company has manufactured the adour engine disc through isothermal forging process for aerospace sector under Make in India programme. MIDHANI place strong emphasis on research and development to enhance our product range and improving our manufacturing processes. The company developed cryogenic wire processing technology to achieve ultra high strength in austenitic stainless steel.

In 2016, MIDHANI established a new melt shop with electric arc furnace, ladle refining furnace, vacuum degassing facility, new ring rolling mill and higher capacity forge press apart from echo system of making value added products like tubes, fasteners,

etc. The Company has in-house metallurgical laboratories to cater to the testing required for our products. Being a manufacturer of advanced metals and alloys, The company undertake extensive quality control tests of our products as well as of the raw materials to ensure only products of desired quality are supplied to them.

FINANCIAL PERFORMANCE

The Summarized financial position for the Financial Year 2019-20 and for the two preceding Financial Years is given below:

(Figures in ₹ Lakh)

Particulars	31-Mar-20	31-Mar-19	31-Mar-18
ASSETS:			
Non-current assets			
Property, Plant and Equipment	43,970.52	42,367.02	34,277.50
Capital work-in-progress	40,482.01	17,504.70	6,499.26
Intangible assets	104.11	127.67	165.78
Financial Assets			
(i) Investments	2,210.11	210.11	210.11
(ii) Loans	64.85	-	0.10
Non-current tax assets (Net)	543.63	1,065.17	2,021.22
Other non-current assets	999.69	4,620.72	6,817.73
Total Non-Current Assets (1)	88,374.92	65,895.39	49,991.70
Current assets:			
Inventories	91,050.37	50,883.65	24,138.00
Financial Assets			
(i) Trade receivables	29,739.51	35,224.32	41,343.40
(ii) Cash and cash equivalents	11,089.67	19,799.55	18,007.93
(iii) Other financial assets	1,335.36	1,148.49	1,787.95
Other current assets	18,208.54	9,515.52	1,250.97
Total Current Assets (2)	1,51,423.45	1,16,571.53	86,528.25
Total Assets (1+2)	2,39,798.37	1,82,466.92	1,36,519.95
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	18,734.00	18,734.00	18,734.00
Other Equity	77,104.66	64,736.91	60,169.45
Total Equity (1)	95,838.66	83,470.91	78,903.45
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	18.41	57.06	92.01
(ii) Other Financial Liabilities	32,597.80	15,609.81	4,699.94
Provisions	125.18	108.99	79.76
Deferred tax liabilities (net)	3,123.40	3,980.00	2,863.55
Other non-current liabilities	38,409.92	25,889.86	7,405.84
Total Non-current liabilities (2)	74,274.71	45,645.72	15,141.10

Particulars	31-Mar-20	31-Mar-19	31-Mar-18
Current Liabilities			
Financial liabilities			
(i) Borrowings	13,344.23	10,608.61	9,193.30
(ii) Trade payables	12,889.84	12,840.40	9,631.60
(iii) Other financial liabilities	4,418.10	6,293.42	7,486.95
Other current liabilities	35,992.01	21,530.03	12,351.34
Provisions	3,040.82	2,077.83	3,812.21
Total Current Liabilities (3)	69,685.00	53,350.29	42,475.40
Total Equity and Liabilities (1+2+3)	2,39,798.37	1,82,466.92	1,36,519.95
Working Capital	81,738.45	63,221.24	44,052.85
Capital Employed	1,25,813.08	1,05,715.93	78,496.13
Net Worth	95,838.66	83,470.91	78,903.45
Net worth per rupee of paid up capital (₹)	5.12	4.46	4.21

MOU 2019-20 PERFORMANCE AND WORKING RESULTS:

The Company is expected to achieve "Excellent" MoU rating subject to evaluation by Department of Public Enterprise (DPE) against the overall Financial and Operational performance for the year 2019-20.

The significant highlights of the performance for the year 2019-20 and comparison with the previous two years is as under:

(Figures in ₹ Lakh)

S. No.	Particulars	2019-20	2018-19	2017-18
1	Sales - To Customers	71,287.57	71,084.62	66,607.87
	Sales - Export	1,042.04	805.32	14.72
2	Value of Production	97,010.91	81,483.22	70,206.37
3	Cash Profit (Excl prior period items)	22,820.06	21,424.26	21,789.22
4	Profit Before Tax	20,208.62	19,104.78	19,825.09
5	Net Profit (PAT)	15,973.38	13,055.69	13,126.18
6	Value Added	59,350.32	52,206.95	54,851.50
7	Value added per employee	75.51	66.00	64.53
8	Productivity per employee	123.42	103.01	82.60
9	Value added per direct worker	194.59	171.17	166.22
10	Paid up Capital	18,734.00	18,734.00	18,734.00
11	No of Employees	786	791	850

Some of the important financial ratios indicating 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	2019-20	2018-19	2017-18
A.	Current Ratio	2.17	2.19	2.04
B	Profitability Ratios			
a)	Profit Before Tax to			
	i) Capital Employed (%)	16.06	18.07	25.26
	ii) Net worth (%)	21.09	22.89	25.13
	iii) Sales (%)	28.35	26.88	29.76
b)	Profit After Tax to Equity (%)	85.26	69.69	70.07
c)	Earnings Per Share (in Rupees)	8.53	6.97	7.01

The other Key Financial Ratios are as under:

S.No.	Particulars	FY 2019-20	FY 2018-19	Change in % as compared to FY 2018-19	Detailed explanation for change of 25% or more
1.	Debtors Turnover	2.19	1.86	18.20	-
2.	Inventory Turnover	0.74	1.42	-48.25	Increase in the value of Work in Progress due to COVID-19 lockdown has affected the final inspection, certification and shipment of materials in the month of March 2020.
3.	Interest Coverage	35.16	31.02	13.35	-
4.	Current Ratio	2.17	2.19	-0.91	-
5.	Debt Equity Ratio	0.14	0.13	7.69	-
6.	Operating Profit Margin (%)	23.24	21.69	7.15	-
7.	Net Profit Margin (%)	22.41	18.37	22.00	-
8.	Return on Networth	17.82	16.08	10.79	-

Amount available for Appropriation:

The amount available for appropriation is ₹ 15,973.38. Lakh as against ₹ 13,055.69 Lakh in the previous year.

RISKS & RISK ANALYSIS:

Risk Type	Risk Definition	Risk Probability	Risk Impact	Risk Mitigation
Macro-Economic Risks	Risk related to global/ national economic growth disturbances, political, policy or civic unrest	M/L	H	
Market Risks	Customer portfolio of MIDHANI comprises more of government / government related organisations. Change in government priorities may affect the existing or proposed strategic programmes. MIDHANI also faces competition from Imports which may, in some cases, be cheaper	M/L	H	MIDHANI is diversifying its customer portfolio by targeting sectors like Oil & gas, Power, Engineering etc. Also, machine tool, bearings and Industrial Valve steels are being considered with forward integration into end products/ components line Compression Springs, Armoured products etc.

(L: Low, M: Medium, H: High)

Risk Type	Risk Definition	Risk Probability	Risk Impact	Risk Mitigation
Competition Risks	Competition from private players and imports	M/L	M/H	MIDHANI is focussing on better customer service by way of regular workshops/ meetings with customers by Directors of the company. Also, faster & effective job execution is being focussed upon.
People Risk	Manpower risk, Labour issues, any inability to recruit skilled manpower	M/L	M/L	
Epidemic and Pandemic Risk	Pandemics like Covid 19	L	M/H	
Policy Risks	Govt policy related risk – level playing field to private sector etc	M/H	L/M	
Manufacturing Risks	Any inability to carry out the manufacturing activities, technology upgradation, capex etc	L/M	M/H	
Raw Material Risks	MIDHANI manufactures & supplies materials / products for high performance applications which need critical raw materials as input. These raw materials like Nickel, Cobalt, Molybdenum are imported and sometimes due to business environment availability & price is a challenge	L/M	M/H	<p>Raw material procurement at MIDHANI is closely monitored by Directors of the Company. Efforts have been taken to procure majority of materials during favourable ₹ Vs USD exchange rate</p> <p>Bulk procurement of critical raw material in view of anticipated orders</p> <p>Reverse auction for all e-procurement above ₹ 10 Lakh</p> <p>Optimisation of raw material consumption and reuse of plant reverts based on the application area of the alloy manufactured</p>
Customer Risks	High concentration of clients / Few customers contributing large sales volumes	L	H	MIDHANI is expanding its customer base among all key sectors
Environment Risk	Issues related to our units polluting the environment through waste disposal, emission etc	L	L	MIDHANI has EHS norms in place and str

(L: Low, M: Medium, H: High)

HUMAN RESOURCE DEVELOPMENT:

The permanent manpower strength of MIDHANI as on 31.03.2020 is 786 employees including 43 people (14 Executives & 29 Non-Executives) recruited during FY2020. The average age of the employees is 41.7 years. With the current workforce the company is rightly poised to undertake complex tasks and to uphold industry-leading quality standards while catering to the customer demands. Rational distribution of human skills among functional areas like administration, finance, production and marketing continue to be the key focus to increase performance efficiency and for seamless inter departmental communications and collaboration.

During the year under review, Training & Development Department (T&D), achieved the highest training man days i.e. 4,703 man days against the target 2,379 man days. 4703 man days of training was achieved through various training programs for 340 Executives (including Non-Unionized Supervisors), 453 Non-executives, and 700 contract workmen (Total 1493 Employees). Around 114 Internal and external training programs were conducted for all regular employees

and Contract workmen covering 4703 man days in total. For the first time, MIDHANI achieved Three (3) man days training per Employees per annum.

Under 'Executive Development Program', senior executives were sponsored for overseas training programs through ASCI, IPE Hyderabad and Indian Institute of Public Administration, New Delhi etc. Shop Floor Management Programs were conducted for executives working in direct production areas in 3 batches covering 65 executives in total.

Cautionary Statement:

Statement in this 'Management Discussion and Analysis Report' describing the objectives, expectations, assumptions or predictions of the Company may be forward looking statements within the meaning of applicable rules and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the operations of the Company include economic conditions affecting demand/supply, price conditions in the domestic and international markets, Government policies and regulations, statutes and other incidental factors.

DIVIDEND DISTRIBUTION POLICY (POLICY)

PREAMBLE

The shares of MIDHANI are listed on BSE Limited and National Stock Exchange of India Limited. As per Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") the top five hundred listed entities based on market capitalization (calculated as on March 31st of every year) need to formulate a dividend distribution policy which shall be disclosed in the company's Annual Report and on its website.

This policy lays down the general parameters for considering and deciding the distribution of dividend to the Company's shareholders and/or retaining of earnings for sustained growth.

POLICY FRAME WORK

MIDHANI being a Central Public Sector Enterprise (CPSE) follows the guidelines on Capital Restructuring issued by Department of Investment and Public Asset Management (DIPAM) vide F. No. 5/2/2016- Policy dated 27th May, 2016.

The Policy will be implemented by the Company keeping in view the provisions of the SEBI LODR Regulations, the Companies Act 2013 (Act) and also taking into consideration guidelines issued by Securities and Exchange Board of India (SEBI), Department of Public Enterprises (DPE), (DIPAM), Ministry of Defence and other guidelines to the extent applicable to the Company.

NON-APPLICABILITY

The policy shall not apply to:

- a) Distribution of dividend in kind i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- b) Distribution of cash as an alternative to payment of dividend through Buyback of equity shares.

PARAMETERS CONSIDERED WHILE DECLARING DIVIDEND

In pursuance of Section 123 of the Act, no dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company

for that year or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation.

Interim dividend will be based on profits of the current year as per unaudited results after providing for depreciation in accordance with law and management estimates of profits for financial year.

The quantum of dividend declared by the Company would depend upon following external and internal factors :-

- a) The external factors that shall impact the decision to pay dividend will inter-alia include economic environment, market conditions expectation of shareholders, statutory requirements and Government directives as may be applicable from time to time.
- b) The internal factors that shall be considered for dividend will be profitability of the Company, its net worth, its requirement for funds for its Capital Expenditure towards renewals & replacement/up-gradation / R&D and expansion (CAPEX), and any other factors as may be identified by the Board that impact the decision to declare dividend.

The Company may endeavor to pay minimum annual dividend as per guidelines issued by DIPAM, subject to maximum dividend permitted under the extant legal provisions.

UTILISATION OF RETAINED EARNINGS

MIDHANI is acutely conscious of the need to plough back adequate profits for its smooth operations and capital investment in order to maintain and improve its market position in the face of emerging new technologies requiring investments to stay abreast of current technologies, competition arising from domestic and foreign industries. The Company has necessarily to invest in upgrading & renewals and replacement of its existing facility and R&D projects. Further, with the growth in revenue, the incremental working capital requirements also will have to be met increasingly from cash and reserves of the Company.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The shareholders of the Company may or may not expect dividend depending upon the circumstances including, but not limited, to the following:-

- a) In the event of inadequacy of profits or whenever the Company has incurred losses;
- b) Whenever the Company undertakes or proposes to undertake significant capital expenditure that impact the retained earnings of the Company substantially;
- c) Whenever the Company proposes to utilise the surplus cash for buyback of securities; and
- d) Any other circumstance/instance which the Board of Directors may consider relevant to the dividend declaration decisions.

PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has issued only one class of shares i.e. equity shares with equal voting rights. Hence, all the members of the Company are entitled to receive the same amount of dividend per share.

INTERPRETATION & AMENDMENTS

Any term which is used in policy and not defined shall have the same meaning as defined under the Companies Act, 2013, SEBI LODR Regulations and any other applicable statutory regulations/guidelines.

The Board of Directors may review, amend and modify the Policy at any point of time as it may deem necessary and /or as may be required from time to time in accordance with subsequent amendments in Act, Companies Rules, Circulars, Notifications, SEBI LODR Regulations, relevant guidelines of DPE, DIPAM, Ministry of Defence as also other guidelines to the extent applicable to the Company from time to time.

ANNEXURE - II

MANPOWER POSITION OF SC'S/ST'S/ OBC/PWD & EX. SERVICEMEN AS ON 31.03.2020

PAY SCALE & GROUP	TOTAL NO. OF EMPLOYEES	SCs	STs	OBC	PwD	Ex-Ser. men
EXECUTIVES						
Group – A Rs 40000-140000 & above	258	44	14	59	05	4
Group – B Rs 30000 - 120000(Grade-I) Rs 29000 – 115000 (E.O.) to Rs 50000 – 160000(E0-III) (Non-Unionized Supervisory Cadre)	58	07	05	14	03	2
NON-EXECUTIVES:						
Group – C Rs 28950/- Rs 28790/- Rs 27810/- Rs 26830/- Rs 25900/- Rs 25230/- Rs 23750/- Rs 22950/- Rs 21900/-	240	45	26	92	04	16
Group – D Rs 21000/- Rs 20000/- Rs 19130/- Rs 18000/-	230	43	18	106	04	2

RECRUITMENT OF SCs, STs DURING FY 2019-20

Pay Scales & Group	Total recruited during the year	No. of posts reserved		No. of candidates appointed	
		SC	ST	SC	ST
EXECUTIVES					
Group – A	14	2	-	2	-
Rs 40000-140000 & above					
Group – B					
Rs 30000 - 120000(Grade-I)					
Rs 29000 – 115000 (E.O.) to	0	-	-	-	-
Rs 50000 – 160000(E0-III)					
(Non-Unionized					
Supervisory Cadre)					
NON-EXECUTIVES:					
Group – C					
Rs 28950/-					
Rs 28790/-					
Rs 27810/-					
Rs 26830/-					
Rs 25900/-	11				
Rs 25230/-		4	1	4	1
Rs 23750/-					
Rs 22950/-					
Rs 21900/-					
Group – D	18	1	1	1	1
Rs 21000/-					
Rs 20000/-					
Rs 19130/-					
Rs 18000/-					

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 for 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.
- To be a Responsible Corporate Citizen committed to Socio-Economic development through social innovation and to build a better sustainable way of life for the weaker sections of the society through suitable projects and programs.
- A brief overview of projects/programs undertaken at MIDHANI under its CSR policy is as under:
 - (i) Promotion of Health Care and Sanitation
 - (ii) Promotion of Education
 - (iii) Skill Development
 - (iv) Sports Development initiative
 - (v) Environment Sustainability, Ecological Balance & Conservation of Natural Resources.
- The CSR policy and the activities undertaken under the CSR policy of MIDHANI can also be viewed at <http://www.midhani-india.in>

2. **The Composition of the CSR & Sustainable Development 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 Committee is as under:

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

3. **Average net profit of the Company for last three financial years:** : ₹ 19,214.16 Lakh

4. **Prescribed CSR expenditure (2% of amount as in item 3 above) –** : ₹ 384.28 Lakh

5. **Details of CSR spends during the financial year:**

- a) Total amount to be spent for the financial year : ₹ 395.27 Lakh
- b) Amount unspent, if any; : Nil
- c) Manner in which the amount spent during the financial year is detailed below:-

(₹ in lakhs)

Sl. 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 program 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	Infrastructure & Training courses at Center of Excellence	Skill Development	Hyderabad, Telangana	49.70	49.70	49.70	Direct
2	Contribution to iDEX	Skill Development		10.00	10.00	59.70	Direct
3	Stipend to Apprentices	Skill Development	Hyderabad, Telangana	61.80	61.80	121.50	Direct
4	Annual Maintenance of toilets	Promotion of Health & Sanitation	Hyderabad, Telangana	31.50	31.50	153.00	Sulabh International
5	Construction of Toilet blocks at	Promotion of Health & Sanitation	Jilleguda, Choutuppal, Kothagudem, Telanagana	132.80	132.80	285.80	Sulabh International
6	Community Health Centre	Promotion of Health	Hyderabad, Telangana	5.40	5.40	291.20	Direct
7	Titanium Knee Prosthesis	Promotion of Health	Hyderabad, Telangana	0.50	0.50	291.70	Direct
8	Mid Day Meals to Govt Schools	Promotion of Health & Education	Telangana	30.00	30.00	321.70	Akshaya Patra
9	Dual Desks to Govt Schools	Promotion of Education	Kothagudem, Telangana	17.70	17.70	339.40	Direct
10	Facilities/ Infrastructure to nearby schools	Promotion of Education	Hyderabad, Telangana	2.20	2.20	341.60	Direct
11	Sponsoring Free Education to SC/ST children	Promotion of Education	Hyderabad, Telangana	1.26	1.26	342.86	Direct
12	Contribution to Army Welfare Fund	Army Welfare Fund		25.00	25.00	367.89	Direct
13	Contribution to National Sports Development Fund	Promotion of Sports		25.00	25.00	392.86	Direct
14	Other CSR expenditure		Hyderabad, Telangana	2.41	2.41	395.27	Direct
Total				395.27	395.27	395.27	

Details of implementing agencies:

- a) **SULABH INTERNATIONAL:** Sulabh International is an India-based service organization that works to promote human rights, environmental sanitation, non-conventional sources of energy, waste management and social reforms through education.
- b) **AKSHAYA PATRA:** The Akshaya Patra Foundation commonly known as Akshaya Patra is a non-profit organization in India that runs school lunch program across India; it provides meals to 14 lakh children every day.

6. **The responsibility statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is given below:**

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and Policy of the Company

Date : June 30, 2020
Place: Hyderabad

Sd/-
Dr. S K Jha
Chairman & Managing Director
Chairman, CSR Committee

Sd/-
Shri Surendra Sinh
Member, CSR Committee

ANNEXURE - IV

Form No. MGT-9

Extract of Annual Return

For the financial year ended March 31, 2020

[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:

S.No.	Particulars	Details
i.	Corporate Identification Number (CIN)	L14292TG1973GOI001660
ii.	Registration Date	November 20, 1973
iii.	Name of the Company	Mishra Dhatu Nigam Limited
iv.	Category / Sub-Category of the Company	Public Limited/ Government Company
v.	Address of the Registered office and contact details	P.O. Kanchanbagh, Hyderabad – 500058 Tel: 040-2418 4515 / Fax :040- 2434 0853 E-mail : company.secretary@midhani-india.in
vi.	Whether listed company	Yes
vii.	Name, address and contact details of Registrar and Transfer Agent	Alankit Assignments Limited Alankit House, 4E/2, Jhandewalan Extension, Tel : 011-42541234/ Fax: 011- 42541201 E-mail: rta@alankit.com

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/ Service	NIC Code of the Product/ Service	% to total turnover of the Company
1.	Other Alloy Steel in Semi-finished forms Special Stainless Steel and Super Alloys	240, 242	87.33
2.	Titanium and Titanium Alloys	243	12.67

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section of Companies Act, 2013
1.	Utkarsha Aluminium Dhatu Nigam Limited C/O- Mishra Dhatu Nigam Limited, P.O Kanchanbagh Hyderabad -500058	U14299TG2019PLC134932	Associate# (Joint Venture)	50	2(6)

#A [50:50] joint venture of Company with National Aluminium Co. Ltd. w.e.f. August 21, 2019

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

(i) Category-wise share holding

S.No	Category of shareholders	No. of shares held at the beginning of the year As on 01/04/2019			No. of shares held at the end of the year As on 31/03/2020			% change during the year	
		Demat	Physical	Total	% of total shares	Demat	Physical		Total
A	PROMOTERS								
1	INDIAN								
a)	Individual /HUF	0	0	0	0	0	0	0	0
b)	Central Government/State Government(s)	13,86,31,600	0	13,86,31,600	74	13,86,31,600	0	13,86,31,600	74
c)	Bodies Corporate	0	0	0	0	0	0	0	0
d)	Financial Institutions / Banks	0	0	0	0	0	0	0	0
e)	Any other	0	0	0	0	0	0	0	0
	Sub-total A(1)	13,86,31,600	0	13,86,31,600	74	13,86,31,600	0	13,86,31,600	74
2	FOREIGN								
a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0	0	0	0	0
b)	Bodies Corporate	0	0	0	0	0	0	0	0
c)	Bank/Financial Institutions	0	0	0	0	0	0	0	0
d)	Any other	0	0	0	0	0	0	0	0
	Sub-total A(2)	0	0	0	0	0	0	0	0
	Total Shareholding of Promoters A=A(1)+A(2)	13,86,31,600	0	13,86,31,600	74	13,86,31,600	0	13,86,31,600	74
B	PUBLIC SHAREHOLDING								
1	INSTITUTIONS								
a)	Mutual Funds	1,74,40,821	0	1,74,40,821	9.31	2,77,50,716	0	2,77,50,716	14.81
b)	Financial Institutions /Banks	10,32,109	0	10,32,109	0.55	64,537	0	64,537	0.03
b)	Central Government / State Government(s)	0	0	0	0	0	0	0	0
c)	Venture Capital Funds	0	0	0	0	0	0	0	0
d)	Insurance Companies	1,80,63,667	0	1,80,63,667	9.64	73,66,617	0	73,66,617	3.93
e)	Foreign Institutional Investors (FII's)	9,52,553	0	9,52,553	0.51	13,52,231	0	13,52,231	0.72
f)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0
g)	Any other	0	0	0	0	0	0	0	0
	Sub-total B(1)	3,74,89,150	0	3,74,89,150	20.01	3,65,34,101	0	3,65,34,101	19.50
									-0.51

S.No	Category of shareholders	No. of shares held at the beginning of the year As on 01/04/2019			No. of shares held at the end of the year As on 31/03/2020			% change during the year		
		Demat	Physical	Total	% of total shares	Demat	Physical		Total	% of total shares
2. NON-INSTITUTIONS										
a) Bodies Corporate										
i)	Indian	15,38,120	0	15,38,120	0.82	11,52,247	0	11,52,247	0.62	-0.20
ii)	Overseas	0	0	0	0	0	0	0	0	0
b) Individuals										
i)	Individuals holding nominal share capital upto ₹ 1 lakh	72,50,598	160	72,50,758	3.87	80,45,775	160	80,45,935	4.30	0.43
ii)	Individuals holding nominal share capital in excess of ₹ 1 lakh	14,74,811	0	14,74,811	0.79	18,37,575	0	18,37,575	0.98	0.19
c) Others										
i)	Clearing Members	1,15,569	0	1,15,569	0.06	3,26,521	0	3,26,521	0.17	0.11
ii)	Non Resident Indians	2,91,742	0	2,91,742	0.16	3,52,315	0	3,52,315	0.19	0.03
iii)	HUF	3,86,152	0	3,86,152	0.21	3,58,359	0	3,58,359	0.19	-0.02
iv)	Trusts	4,200	0	4,200	0	4,200	0	4,200	0	0
v)	Employees	1,57,898	0	1,57,898	0.08	97,147	0	97,147	0.05	-0.03
d)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
	Sub- total B(2)	1,12,19,090	160	1,12,19,250	5.99	1,21,74,139	160	1,21,74,299	6.50	0.51
	Total Public Shareholding B=B(1)+B(2)	4,87,08,240	160	4,87,08,400	26.00	4,87,08,240	160	4,87,08,400	26.00	0
C	SHARES HELD BY CUSTODIAN FOR GDR(S) AND ADR(S)	0	0	0	0	0	0	0	0	0
	GRAND TOTAL (A+B+C)	18,73,39,840	160	18,73,40,000	100	18,73,39,840	160	18,73,40,000	100	0

(ii) Shareholding of Promoters

S.No.	Shareholders Name	Shareholding at the beginning of the year (as on 01/04/2019)			Shareholding at the beginning of the year (as on 01/04/2020)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1.	President of India	13,86,31,600	74	0.00	13,86,31,600	74	0.00	0.00

(iii) Change in Promoters' Shareholding – Nil

(iv) Shareholding pattern of top 10 shareholders (other than Directors, Promoters and holders of GDRs & ADRs)

S.No	Name of the Shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	LIFE INSURANCE CORPORATION OF INDIA				
	At the beginning of year	1,13,96,246	6.08	1,13,96,246	6.08
	Bought during the year	20,82,486	1.11	1,34,78,732	7.19
	Sold during the year	94,60,616	5.05	40,18,116	2.14
	At the end of year	40,18,116	2.14	40,18,116	2.14
2.	HDFC TRUSTEE COMPANY LTD.				
	At the beginning of year	92,19,673	4.92	92,19,673	4.92
	Bought during the year	47,68,347	2.54	1,39,88,020	7.47
	Sold during the year	1,00,000	0.05	1,38,88,020	7.41
	At the end of year	1,38,88,020	7.41	1,38,88,020	7.41
3.	GENERAL INSURANCE CORPORATION OF INDIA				
	At the beginning of year	21,17,325	1.13	21,17,325	1.13
	Bought during the year	0	0	21,17,325	1.13
	Sold during the year	21,17,325	1.13	0	0
	At the end of year	0	0	0	0
4.	RELIANCE CAPITAL TRUSTEE CO LTD				
	At the beginning of year	55,20,000	2.95	55,20,000	2.95
	Bought during the year	15,13,842	0.80	70,33,842	3.75
	Sold during the year	2,10,000	0.11	68,23,842	3.64
	At the end of year	68,23,842	3.64	68,23,842	3.64
5.	THE NEW INDIA ASSURANCE COMPANY LTD.				
	At the beginning of year	24,24,313	1.29	24,24,313	1.29
	Bought during the year	76,295	0.04	25,00,608	1.33
	Sold during the year	1,95,306	0.10	23,05,302	1.23
	At the end of year	23,05,302	1.23	23,05,302	1.23

S.No	Name of the Shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
6.	IPTL – INVESCO INDIA				
	At the beginning of year	27,67,904	1.48	27,67,904	1.48
	Bought during the year	36,36,579	1.94	64,04,483	3.41
	Sold during the year	30,94,024	1.65	33,10,459	1.77
	At the end of year	33,10,459	1.77	33,10,459	1.77
7.	L&T MUTUAL FUND TRUSTEE LTD				
	At the beginning of year	0	0	0	0
	Bought during the year	32,66,000	1.74	32,66,000	1.74
	Sold during the year	0	0	32,66,000	1.74
	At the end of year	32,66,000	1.74	32,66,000	1.74
8.	NATIONAL INSURANCE COMPANY LTD				
	At the beginning of year	9,69,699	0.52	9,69,699	0.52
	Bought during the year	0	0	9,69,699	0.52
	Sold during the year	0	0	9,69,699	0.52
	At the end of year	9,69,699	0.52	9,69,699	0.52
9.	MASSACHUSETTS INSTITUTE OF TECHNOLOGY				
	At the beginning of year	7,65,000	0.41	7,65,000	0.41
	Bought during the year	35,000	0.01	8,00,000	0.42
	Sold during the year	98,004	0.05	7,01,996	0.37
	At the end of year	7,01,996	0.37	7,01,996	0.37
10.	CHAITANYA DALMIA				
	At the beginning of year	2,77,650	0.14	2,77,650	0.14
	Bought during the year	0	0	2,77,650	0.14
	Sold during the year	0	0	2,77,650	0.14
	At the end of year	2,77,650	0.14	2,77,650	0.14

Note: Year in the above table denotes the period from April 1, 2019 to March 31, 2020

(v) Shareholding of Directors and Key Managerial Personnel (KMP) – NIL

(vi) Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Figures in Rupees)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 2019-20				
i) Principal Amount	106,08,60,596	1,28,38,246	-	107,36,98,842
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	106,08,60,596	1,28,38,246	-	107,36,98,842
Change in Indebtedness during the financial year 2019-20				
i) Additions	33,44,22,700	100,00,00,000	-	133,44,22,700
ii) (Reductions)	(106,08,60,596)	(50,00,000)	-	(106,58,60,596)
Net Change (i+ii)	(72,64,37,896)	99,50,00,000	-	26,85,62,104
Indebtedness at the end of the financial year 2019-20				
i) Principal Amount	33,44,22,700	100,78,38,246	-	134,22,60,946
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and Key Managerial Personnel

(Figures in Rupees)

S.No.	Particulars of Remuneration	Dr. D. K. Likhi Chairman & Managing Director	Dr. S.K. Jha Director (Production & Marketing)	Sanjeev Singhal# Director (Finance) & Chief Financial Officer	Shri Paul Antony Company Secretary	Total
1.	Gross Salary					
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	67,56,578	54,60,231	45,25,384	11,22,306	1,78,64,499
b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	9,45,412	8,71,303	5,44,954	2,35,297	25,96,966
c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-

S.No.	Particulars of Remuneration	Dr. D. K. Likhi Chairman & Managing Director	Dr. S.K. Jha Director (Production & Marketing)	Sanjeev Singhal [#] Director (Finance) & Chief Financial Officer	Shri Paul Antony Company Secretary	Total
2.	Stock Option (No. of options granted during the year)	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
5.	Others- Retirement benefits	-	-	-	-	-
	Total (A)	77,01,990	63,31,534	50,70,338	13,57,603	2,04,61,465
	Ceiling as per the Act[@]					

[#] Shri Sanjeev Singhal resigned from the Board of MIDHANI on January 7, 2020.

[@]In accordance with Ministry of Corporate Affairs notification no. GSR 463 (E) dated June 5, 2015, Section 197 of the Companies Act and Rules made thereof is not applicable on Government Companies.

B. Remuneration to other directors

(Figures in Rupees)

S.No.	Particulars of Remuneration	Name of Directors				Total
1.	Independent Director	Shri I.V Sarma [#]	Dr. Jyoti Mukhopadhyay [#]	Dr. Usha Ramachandra [#]	Shri Surendra Sinh [@]	
	• Fee for attending board / committee meetings	2,20,000	2,05,000	2,95,000	-	7,20,000
	• Commission	-	-	-	-	-
	• Others	-	-	-	-	-
	Total	2,20,000	2,05,000	2,95,000	Nil	7,20,000
2.	Other Non-Executive Directors					
	Total (B)					
	Overall ceiling as per the Act	NA	NA	NA	NA	NA

[#]Ceased to be Independent Director of the Company upon completion of term on November 30, 2019.

[@] Shri Surendra Sinh on assuming charge as Information Commissioner has not accepted sitting fees for attending Board/ Sub Committee Meetings paid by the Company, keeping with the provisions of Section 15(d) of the Right to Information Act, 2005.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of Board

Sd/-

Dr. S.K. Jha
Chairman & Managing Director
DIN: 07533036

Date: June 30, 2020
Place: Hyderabad

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

The details in respect 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:

- The measures introduced to save LPG during the year as follows:
 - Loading of materials having similar heat-cycle in the furnaces up to their full capacity and optimization of similar batch type materials.
 - Planning of furnaces running continuously to utilize available heat energy in the furnace and furnace availability at more than 80% during the financial year.
- The measures introduced to save Energy during the year are as follows
 - Installation of VFD Driven Kirloskar Make Screw Air compressor at Compressor House.
 - Installation of Portable Air Compressors in the plant for operation of equipment's.
- The measures introduced at MRSS to save energy during this year as follows
 - Installation of Dynamic reactive power compensation panels for reactive power compensation at 6000 T Forge Press, it has saved an amount of ₹ 77.56 Lakh this year in electricity bills.

(ii) Steps taken by the company for utilizing alternate source of energy:

- Entered in to open access agreement with TSSPDCL & TSTRANSCO to avail 4 MW solar power plant generated energy.
- The solar power plants have generated solar energy valued at ₹ 278 Lakhs this year.

(iii) Capital investment on energy conservation equipment's : Made investment of ₹ 140.56 Lakh towards procurement of energy conservation equipment (APFC panels, VDFs etc.) during FY 2019-20.

B. TECHNOLOGY ABSORPTION:

(i) The efforts made towards technology absorption:

- The following projects towards technology absorption are under progress:
 - (a) Manufacture of Shape Memory Alloy Products under transfer of technology

from National Aerospace Laboratory (NAL), Bangalore.

- (b) Development and Production of Super Alloy Triple melted Forged bar through technology development from RINA consulting S.p.A, Italy.
- (c) Development of High Nitrogen Steel for Armour Application from Defence Metallurgical Research Laboratory (DMRL), Hyderabad.
- (d) Development of process for the 'Recovery of valuable metals such as Ni, Co etc. from internally generated alloy scrap,' from Institute of Minerals and Materials Technology (IMMT), Bhubaneswar.
- (e) Development of process flow sheet to produce cobalt metal from impure cobalt hydroxide from Institute of Minerals and Materials Technology (IMMT), Bhubaneswar.

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

- Development of new products, product improvements, import substitution and cost reduction led to lower cost of manufacture, easy availability, quicker delivery and saving of valuable foreign exchange.

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

- Development and production of super alloy triple melted forged bar is taken up with RINA consulting, Italy to master the technology of triple melting for producing Aero Engine components

(iv) The expenditure incurred on Research and Development:

- MIDHANI incurred an expenditure of ₹ 797 Lakh on Research and Development for FY 2019-20.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, the total foreign exchange used was ₹ 17,803.04 lakh.

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company:	L14292TG1973GOI001660
2. Name of the Company:	Mishra Dhatu Nigam Limited
3. Registered address:	P.O.Kanchanbagh, Hyderabad Telangana – 500058
4. Website:	www.midhani-india.in
5. E-mailid:	company.secretary@midhani-india.in
6. Financial Year reported:	2019-20
7. Sector(s) that the Company is engaged in	<ul style="list-style-type: none"> Other Alloy Steel in semi-finished forms, Special Stainless Steel and super alloys [241, 242]
8. National Industrial Classification:	<ul style="list-style-type: none"> Titanium and Titanium base Alloys [243]
9. List three key products/services that the Company manufactures/provides (as in balancesheet):	<ul style="list-style-type: none"> i) Manufacture of Other Alloy Steel in semi-finished forms ii) Manufacture of Titanium and Titanium base Alloy iii) Manufacture of Nickel based alloy in semi-finished forms
10. Total number of locations where business activity is undertaken by the Company	
(a) Number of International Locations (Provide details of major5):	Nil
(b) Number of National Locations:	One (1)
11. Markets served by the Company –Local/ State/National/International:	National and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital(INR):	18,734 Lakh
2. Total Turnover(INR):	71,287.57 Lakh
3. Total profit after taxes(INR):	15,973.38 Lakh
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax(%):	395.27 Lakh i.e. 2.47 % of Profit after Tax
5. List of activities in which expenditure in 4 above has been incurred:	<ul style="list-style-type: none"> (i) Promotion of Health Care and Sanitation (ii) Promotion of Education (iii) Skill Development (iv) Others

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/Companies?
No
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
NA
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

The Company has adapted well established procedures for outsourcing and procurement activities in order to ensure quality, on time delivery and optimum cost. The Company has panel of vendors with sound integrity. [More than 60%]

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

- (a) Details of the Director/Director responsible for implementation of the BR policy/policies:

The overall implementation of Business Responsibility of the Company lies with the Chairman & Managing Director (CMD), who in turn gets BR policy implemented through the respective department heads.

- (b) Details of the BR head:

The details of the C&MD, MIDHANI is as under:

No.	Particulars	Details
1	DIN Number (if applicable)	07533036
2	Name	Dr. Sanjay Kumar Jha
3	Designation	Chairman & Managing Director
4	Telephone number	040-24340201
5	e-mail id	cmd@midhani-india.in

2. Principle-wise (as per NVGs) BR Policy/policies

- (a) Details of compliance (Reply in Y/N):

No.	Questions	Business Ethics	Product life responsibility	Employee Well Being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for BR	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The Company follows all work practices, procedures and production endeavors pertaining to its area of activities/operations as mandated by Industry, Government and relevant statutory bodies								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes. Policies at MIDHANI conform to applicable statutes/ guidelines/ rules etc. issued by GOI, and are updated from time to time. Industry practices, national/ international standards are generally kept in view while formulating policies.								
6	Indicate the link for the policy to be viewed online?	Various policies conforming to the directives of the Government under various applicable laws/statutes/rules/ guidelines etc., are approved by the Board or authority delegated for the same by the Board and the same is signed by CMD of the Company.								
		Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Board oversees the compliance and implementation of the policies through its various Committees as detailed in the Corporate Governance Report forming part of this Annual Report.								
		Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policies are available at Company's website viz. www.midhani-india.in								

No.	Questions	Business Ethics	Product life responsibility	Employee Well Being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company policies and operational framework are available on the Company's website as well as on its intranet portal.								
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Yes, The Company has well-established in-house infrastructure, manpower pool, documented standard operating procedure and other executive & administrative machineries to implement the aforementioned policies in the area of safe and sustainable production of goods and services of the Company.								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Board has set up a Committee named Stakeholder's Relationship Committee to address the grievances of the stakeholders, and other persons holding securities in the Company as required under the Companies Act, 2013 and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. In addition, the Company has also set up a vigil mechanism to address the genuine concerns, of any of the directors and employees. Further representations from bidders/ contractors as well as opinion sought by the Company against various tenders are referred to Independent External Monitors (IEM). IEMs discuss the issues with the executives concerned and bidders' representatives wherever felt necessary by IEMs and give their opinion through a speaking order.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company is subject to various audits such as Statutory Audit by firm of Chartered Accountants appointed by the Comptroller & Auditor General, Internal Audit, C&AG Audit, Cost Audit, Secretarial Audit, Quality Audit, Safety Audit, Integrated Management Systems Audit etc. These audits ensure compliance to various internal and external policies.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

Not Applicable

3. Governance related to BR:

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company:

The senior management of the Company reviews BR performance on an on-going basis. The Board/ Committees constituted by it review the same annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Company publishes Business Responsibility Report (BRR) on yearly basis which forms part of its Annual Report and this is Company's second BRR. The BRR is available on the Company's website viz. www.midhani-india.in

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability:

- 1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?**

No, a model Code of Business Conduct and Ethics is applicable to all Board Members and Senior Management of the Company. Further, to ensure transparency and integrity in all contracts, MIDHANI is signing "Integrity Pact" with respective bidders in all procurements of estimated value exceeding ₹ 40 lakh. This enables the bidders to raise any issues with respect to high value tenders floated from time to time with the Independent External Monitor (IEM). An IEM is appointed by the Central Vigilance Commission (CVC) to oversee implementation of the said Integrity Pact. The pact is essentially an agreement for ethical conduct of the business and any violations of the same would entail disqualification of the bidders and exclusion from future business dealings.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the financial year 2019-20, 22 complaints from shareholders were lodged with the RTA/ Company which were mostly related to dividend related queries and all the grievances were resolved by the RTA/Company within the stipulated time. No complaint against the company was lodged in the SCORES portal during the FY 2019-20 and no complaints are pending against the Company as on March 31, 2020.

Principle 2 : Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

- (a) Armour Products
- (b) Material for Critical Care Ventilator
- (c) Materials for Space sector

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

On an average, production yield improved by about 4%.

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

In case of Specific LPG consumption, a downward trend is registered. Specific LPG consumption for FY 2017-18 was 0.16/T of production which has declined to 0.126/T of production for FY 2018-19 and 0.12/T in FY 2019-20.

- 3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

Yes.

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so

MIDHANI have sourced all its inputs sustainably. The same is procured in line with the Purchase Policy duly approved by the Board of MIDHANI.

- 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

Yes.

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Preference under Make in India (under Public Procurement Order 2017) has been incorporated in the Purchase Policy and is being mentioned in the tender notice. The Percentage value of goods/services procured from Micro Small Enterprises (MSE) units stands at 28.65% of total domestic value of procurement during FY 2019-20.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes, the percentage of scrap usage in the products depends on the composition and Customer requirements. It may vary from 0-100% depending on the customer requirement. In FY 2019-20, about ₹ 2200 lakh of imported raw materials (Cobalt, Nickel, Low Carbon Ferrochrome, Molybdenum, Pure Iron, and Chromium Metal) were substituted by using alternate input materials (scrap, plant reverts).

Principle 3 : Business should promote the wellbeing of all employees

1. Please indicate the Total number of employees

786

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis

436

3. Please indicate the Number of permanent women employees.

78

4. Please indicate the Number of permanent employees with disabilities.

16

5. Do you have an employee association that is recognized by management ?

Yes

6. What percentage of your permanent employees is members of this recognized employee association?

78.75

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on end of financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

(a) Permanent Employees

97%

(b) Permanent Women Employees

95%

(c) Casual/Temporary/Contractual Employees

85%

(d) Employees with Disabilities

55%

Principle 4 : Business should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Corporate Social Responsibility (CSR) at MIDHANI is viewed as a way of conducting business, which enables the creation and

distribution of wealth for the betterment of its stakeholders, through the implementation and integration of ethical systems and sustainable management practices and aims at benefiting the disadvantaged, vulnerable and marginalized community. The detailed CSR report forms part of this Annual Report. Further MIDHANI ensures that the reservation policy as advised by Govt. of India from time to time is implemented and follows all the Government regulations regarding reservations for SC / ST and Differently Abled.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

MIDHANI has set up a Charitable Health Care Centre for the poor families staying in and around MIDHANI. Basic checkup and medicines are provided at free of cost to the patients. Further, the projects undertaken by MIDHANI under its CSR activities are specially designed to cater to engage with the disadvantaged, vulnerable and marginalized stakeholders. MIDHANI continues to encourage and develop MSE units by regularly sourcing various goods from them.

Principle 5 : Business should respect and promote Human Rights

1. **Does the policy of the Company on human rights cover only the company or extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ Others?**

The Company has one Joint Ventures Company (JVC) and that JVC is yet to commence business operations. The Human resource policies of the Company cover all aspects of human rights of its employees and others associated with it for operation of its business. No complaints have been received in the past financial year on human rights. The Company is committed to uphold and maintain the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year under review, no such complaint was received.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

During the year under review, no such complaints were received.

Principle 6 : Business should respect, protect, and make effort to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

Covers the Company as a whole. The Company has one Joint Ventures Company (JVC) and that JVC is yet to commence business operations.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

MIDHANI has been certified with ISO 14001:2004 Environmental Management System. Training, documentation, internal audits and up gradation audits to ISO 14001:2015 carried out and certifying body recommended to ISO 14001:2015 certification.

3. **Does the company identify and assess potential environmental risks? Yes/No**

Yes

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

No

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

MIDHANI has implemented green initiatives and entered in to open access agreement with TSSPDCL & TSTRANSCO to avail our 4 MW solar power plant generated energy. The solar power plants have generated solar energy valued at 278 Lakhs this year. Further MIDHANI has also continued its efforts to maintain and promote ecological balance in and around factory premises by developing and maintaining extensive plantation.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

Principle 7 : Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- (a) Confederation of Indian Industry (CII)
- (b) Society of Defence Technologists
- (c) Standing Conference of Public Enterprises
- (d) Federation of Telangana Chamber of Commerce and Industry (FTCCI)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

No

Principle 8 : Business should support inclusive growth and equitable development

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof

As stated in the above sections, MIDHANI's various CSR projects are in pursuit of the socio and economic development. Further, the MIDHANI's vendor development programs pave the way for achieving the inclusive growth and equitable development.

2. Are the Programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?

Majority of MIDHANI's programs are done in-house and, in some cases, MIDHANI also collaborates with various NGOs, foundations, government agencies, and other professional agencies for execution of the project on the ground.

3. Have you done any impact assessment of your initiative?

Yes

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken

Please refer to the Annual Report on CSR Activities forming part of this Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, MIDHANI conducts impact assessment for majority of the projects.

Principle 9 : Business should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.

NIL

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

Not applicable

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

No

FORM NO. MR-3**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020.**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
Mishra Dhatu Nigam Limited,
(CIN: L14292TG1973GOI001660),
P.O. Kanchanbagh,
Hyderabad – 500058.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **MISHRA DHATU NIGAM LIMITED** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2020 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (1) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (4) Foreign Exchange Management Act, 1999 and the rules and Regulations made thereunder to

the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. - **(Not applicable to the Company during the Audit Period)**

- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. **(Not applicable to the Company during the Audit Period).**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period).**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. **(Not applicable to the Company during the Audit Period).**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period).**
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **(Not applicable to the Company during the Audit Period).**

- i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
 - j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- [6] Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India.

We have also examined compliance with the applicable clauses of the following:

- (1) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (2) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange (NSE) Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

Under Companies Act, 2013:

- 1. The constitution of the Audit Committee is not as per the requirement of the provisions of Section 177 of Companies Act, 2013 as on 31st March, 2020.
- 2. The constitution of Nomination Remuneration Committee is not as per the requirement of provisions of Section 178 Companies Act, 2013, as on 31st March, 2020.
- 3. The Board of Directors of the Company do not comprise of at least one Woman Director as required under second proviso to subsection (1) of Section 149 of Companies Act, 2013 as on 31st March, 2020.

Under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["LODR Regulations"]

- 4. The Company did not have at least one independent woman director on the Board of Directors as required under proviso to **Regulation 17(1)(a)** of the LODR Regulations;

- 5. As the Chairman of the Board is an Executive Chairman, half of the Board of Directors of the Company did not comprise of Independent Directors, as required under **Regulation 17(1)(b)** of the LODR Regulations;
- 6. The Company being a Top 1000 Listed Entity, the Board of Directors of the Company do not comprise of not less than 6 Directors (i.e. it has only 4 Directors) as required under **Regulation 17(1)(c)** of the LODR Regulations;
- 7. The Composition of the Audit committee do not have two-thirds of its members as Independent Directors as required under **Regulation 18(1)(b)** of LODR Regulations;
- 8. The composition of Nomination and Remuneration is not in line with **Regulation 19(1)(b)** LODR Regulations;
- 9. On resignation of Shri Sanjeev Singhal, Director (Finance) from the Board w.e.f. 07th January, 2020, the majority of members of the Risk Management Committee as on 31st March, 2020 do not consist of Board members in terms of **Regulation 21(2)** of LODR Regulations.
- 10. As required under Regulation 25 (6) of the LODR Regulations, the vacancy caused upon completion of tenure, of 3 Independent Directors on 30th November, 2019, were not filled, as per the timelines prescribed under **Regulation 25(6)** of LODR Regulations i.e. within a period of 3 months.

We further report that:

- i. The Board of Directors of the Company does not comprise of proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

“Annexure – A”

- iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever necessary.
- iv. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- v. The compliance by the Company of applicable financial laws like Direct and Indirect Tax Laws has not been reviewed in this Audit since the same have been subject to review by Statutory Financial Audit and Other designated Professionals.

We further report that during the audit period, the company has the following specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., referred to above:

- i. Shri Indraganty Venkateswara Sarma (DIN:02144740), Dr. Jyoti Mukhopadhyay (DIN:02224647) and Dr. Usha Ramachandra (Woman Independent Director) (DIN: 02831588) ceased to be Independent Directors of Company upon completion of their term on 30th November, 2019 in accordance with Presidential Order issued vide MoD letter PC. No 11(57)/2017/MDN/ D(NS) dated 22nd November, 2018.
- ii. Shri Sanjeev Singhal, Executive Director (Finance), designated as (CFO-KMP), resigned from Board of MIDHANI, on 7th January, 2020

**For R&A Associates,
Company Secretaries**

**Sd/-
CS R Ramakrishna Gupta,
Senior Partner
FCS No.: #5523**

**Place: Hyderabad. COP No.: #6696
Date: 30th June, 2020. UDIN: F005523B000399048**

This report is to be read with our letter of even date, which is annexed as “Annexure – A” and forms an integral part of this report.

**To
The Members,
Mishra Dhatu Nigam Limited,
(CIN: L14292TG1973GOI001660),
P.O. Kanchanbagh,
Hyderabad – 500058.**

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial Records is the responsibility of the management of **MISHRA DHATU NIGAM LIMITED** (“the Company”). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report 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.

**For R&A Associates,
Company Secretaries**

**Sd/-
CS R Ramakrishna Gupta,
Senior Partner
FCS No.: #5523**

**Place: Hyderabad. COP No.: #6696
Date: 30th June, 2020. UDIN: F005523B000399048**

Management Reply to Secretarial Audit Report

S.No.	Observations of Secretarial Auditor	Management Reply
1.	The constitution of the Audit Committee is not as per the requirement of the provisions of Section 177 of Companies Act, 2013 as on 31 st March, 2020.	<p><i>Shri Indraganty Venkateswara Sarma (DIN:02144740), Dr. Jyoti Mukhopadhyay (DIN:02224647) and Dr. Usha Ramachandra (Woman Independent Director) (DIN: 02831588) ceased to be Independent Directors of Company upon completion of their term on November 30, 2019 in accordance with Presidential Order issued vide MoD letter PC. No 11(57)/2017/MDN/D(NS) dated November 22, 2018.</i></p> <p><i>MIDHANI, being a PSU and under the administrative control of MoD, the appointments of Directors (including executive and non-executive Directors) on the Board is to be made by Govt. of India.</i></p>
2.	The constitution of Nomination Remuneration Committee is not as per the requirement of provisions of Section 178 Companies Act, 2013, as on 31 st March, 2020.	-do-
3.	The Board of Directors of the Company do not comprise of at least one Woman Director as required under second proviso to sub section (1) of Section 149 of Companies Act, 2013 as on 31 st March, 2020.	<p><i>Dr. Usha Ramachandra (Woman Independent Director) (DIN: 02831588) ceased to be Independent Directors of Company upon completion of her term on November 30, 2019 in accordance with Presidential Order issued vide MoD letter PC. No 11(57)/2017/MDN/D(NS) dated November 22, 2018.</i></p> <p><i>MIDHANI, being a PSU and under the administrative control of MoD, the appointments of Directors (including executive and non-executive Directors) on the Board is to be made by Govt. of India.</i></p>
4.	The Company did not have at least one Independent Woman Director on the Board of Directors as required under proviso to Regulation 17(1)(a) of the LODR Regulations;	-do-
5.	As the Chairman of the Board is an Executive Chairman, half of the Board of Directors of the Company did not comprise of Independent Directors, as required under Regulation 17(1)(b) of the LODR Regulations;	Refer reply at S.No.1
6.	The Company being a Top 1000 Listed Entity, the Board of Directors of the Company do not comprise of not less than 6 Directors (i.e. it had only 4 Directors) as required under Regulation 17(1)(c) of the LODR Regulations;	<p><i>Shri Indraganty Venkateswara Sarma (DIN:02144740), Dr. Jyoti Mukhopadhyay (DIN:02224647) and Dr. Usha Ramachandra (Woman Independent Director) (DIN: 02831588) ceased to be Independent Directors of Company upon completion of their term on November 30, 2019 in accordance with Presidential Order issued vide MoD letter PC. No 11(57)/2017/MDN/D(NS) dated November 22, 2018.</i></p> <p><i>Furthermore, Shri Sanjeev Singhal (DIN: 07642358), Director (Finance), designated as KMP, resigned from Board of MIDHANI, on January 7, 2020.</i></p> <p><i>MIDHANI, being a PSU and under the administrative control of MoD, the appointments of Directors (including executive and non-executive Directors) on the Board is to be made by Govt. of India.</i></p>

S.No.	Observations of Secretarial Auditor	Management Reply
7.	The Composition of the Audit committee do not have two-thirds of its members as Independent Directors as required under Regulation 18(1)(b) of LODR Regulations;	<i>Refer reply at S.No.1</i>
8.	The composition of Nomination and Remuneration is not in line with Regulation 19(1)(b) LODR Regulations;	<i>Refer reply at S.No.1</i>
9.	Upon resignation of Shri Sanjeev Singhal, Director (Finance) from the Board w.e.f. 07 th January, 2020, the majority of members of the Risk Management Committee as on 31 st March, 2020 do not consist of Board members in terms of Regulation 21(2) of LODR Regulations.	<i>MIDHANI, being a PSU and under the administrative control of MoD, the appointments of Directors (including executive and non-executive Directors) on the Board is to be made by Govt. of India.</i>
10.	The Board of Directors of the Company does not comprise of proper balance of Executive Directors, Non-Executive Directors and Independent Directors.	<p><i>Due to tenure end of three Independent Directors and resignation of one Executive Director during the FY 19-20, the Board of MIDHANI does not comprises of proper balance of Executive Director and Non-Executive Directors (including Independent Director)</i></p> <p><i>(MIDHANI), being a PSU and under the administrative control of MoD, the appointments of Directors (including executive and non-executive Directors) on the Board is to be made by Govt. of India.</i></p>

ANNEXURE - VIII

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members of
Mishra Dhatu Nigam Limited,
P.O. Kanchanbagh,
Hyderabad – 500058,
Telangana, India.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Mishra Dhatu Nigam Limited** (hereinafter referred to as 'the Company') having CIN **L14292TG1973GOI001660** and having registered office at **P.O. Kanchanbagh, Hyderabad – 500058, Telangana, India**, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para - C Clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of Appointment in Company
1.	Dinesh Kumar Likhi	03552634	01/09/2015
2.	Sanjay Kumar Jha	07533036	05/07/2016
3.	Sanjeev Singhal	07642358	06/01/2017
4.	Indraganty Venkateswara Sarma	02144740	01/12/2015
5.	Jyoti Mukhopadhyay	02224647	01/12/2015
6.	Usha Ramachandra	02831588	01/12/2015
7.	Surendra Sinh	07960634	09/10/2017
8.	Sanjay Jaju	01671018	30/05/2018

Ensuring the eligibility of/for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For R & A Associates
Company Secretaries

Sd/-
R. Ramakrishna Gupta
Senior Partner
Membership No: 5523
C.P No: 6696
UDIN: F005523B000336469

Place: Hyderabad
Date: 12th June, 2020

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Mishra Dhatu Nigam Limited,
[CIN: L14292TG1973GOI001660],
P.O. Kanchanbagh,
Hyderabad – 500058.

We have examined the compliance of conditions of Corporate Governance by the Company for the year ended on 31st March, 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “LODR Regulations”).

We have also 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 31st March, 2020. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

Management’s Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor’s Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management and subject to the following:

The Company did not have at least one independent woman director on the Board of Directors as required under proviso to **Regulation 17(1)(a)** of the LODR Regulations;

As the Chairman of the Board is an Executive Chairman, half of the Board of Directors of the Company did not comprise of Independent Directors, as required under **Regulation 17(1)(b)** of the LODR Regulations;

The Company being a Top 1000 Listed Entity, the Board of Directors of the Company do not comprise of not less than 6 Directors (i.e. it has only 4 Directors) as required under **Regulation 17(1)(c)** of the LODR Regulations;

The Composition of the Audit committee do not have two-thirds of its members as Independent Directors as required under **Regulation 18(1)(b)** of LODR Regulations;

The composition of Nomination and Remuneration is not in line with Regulation 19(1)(b) LODR Regulations;

On resignation of Shri Sanjeev Singhal, Director (Finance) from the Board w.e.f. 07th January, 2020, the majority of members of the Risk Management Committee as on 31st March, 2020 do not consist of Board members in terms of **Regulation 21(2)** of LODR Regulations.

As required under Regulation 25 (6) of the LODR Regulations, the vacancy caused upon completion of tenure, of 3 Independent Directors on 30th November, 2019, were not filled, as per the timelines prescribed under **Regulation 25(6)** of LODR Regulations i.e. within a period of 3 months.

we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V to the Listing Regulations and Company has also complied with Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, during the year ended 31st March, 2020 during the year ended 31st March, 2020.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For R&A Associates,
Company Secretaries

Sd/-
CS R. Ramakrishna Gupta
Senior Partner
FCS No: #5523
COP No.: #6696

Place: Hyderabad,
Date: 30th June, 2020.

ANNEXURE - X

Declaration of compliance with 'Code of Conduct' of the Company

To,

The Members of Mishra Dhatu Nigam Limited,

I, Dr. S.K. Jha, Chairman & Managing Director be hereby declare that:

- a) Mishra Dhatu Nigam Limited, has adopted a 'Code of Business Conduct and Ethics' as per the Guidelines on Corporate Governance for Public Sector Enterprises, 2010 issued by Department of Public Enterprises, and Regulation 17 of SEBI Listing Regulations;
- b) all the Board members and Senior Management Personnel of the Company have complied with the 'Code of Business Conduct and Ethics for Board Members and Senior Management', during the financial year 2019-20; and
- c) this declaration is based on and is in pursuance of the individual affirmations received in writing from the Board members and the Senior Management Personnel of the Company.

For **Mishra Dhatu Nigam Limited**

Place: Hyderabad
Date: June 26, 2020

Sd/-
Dr. S. K. Jha
Chairman & Managing Director

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mishra Dhatu Nigam Limited

Report on the Audit of the Standalone Financial Statements

We have issued an Independent Audit Report dated 30th June 2020 on the Ind AS Standalone Financial Statements as adopted by Board of Directors on even date. Pursuant to observations of Comptroller and Auditor General of India under Section 143(6)(b) of The Companies Act, 2013, Other Matter Paragraph has been included to comply with the above observations.

Opinion

We have audited the accompanying standalone financial statements of **Mishra Dhatu Nigam Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

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 Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting

principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that we have identified in the current year are as follows:

The Key Audit matter	How the matter was addressed in our audit
<p>Revenue Recognition</p> <p>Refer Accounting Policy Note No.2.3 and Note No. 28 to the standalone financial statements.</p> <p>We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. This could create an incentive for revenue to be overstated or recognised before control has been transferred.</p> <p>The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognition.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none"> 1. We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards. 2. We evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions. 3. We performed substantive testing by selecting samples of revenue transactions, recorded during the year by testing the underlying documents using statistical sampling. 4. We carried out analytical procedures on revenue recognised during the year to identify unusual variances. 5. We have tested on sample basis whether revenue transactions near to the reporting data have been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes and the terms of sales. We have inspected the underlying documentation to verify that the control and ownership has been transferred to the customer.

Emphasis of Matter

We draw attention to the following matters in the Notes to the Standalone Financial Statements:

- a) Note No. 9 (Other Non-Current Assets), Note No. 11 (Current Financial Assets Trade Receivables), Note No. 14 (Current Financial Assets - Others), Note No. 15 (Other Current Assets), Note No. 22 (Other Non-current Liabilities), Note No. 24 (Trade Payables), Note No. 25 (Current Financial Liabilities Others) and Note No. 26 (Other Current Liabilities) to the standalone Financial Statements are subject to receipt of confirmation of balances/reconciliation.
- b) We draw attention to Note No. 44 of the Standalone financial statements in which the Company describes the impact arising from the COVID-19 Pandemic.

Our opinion on the Standalone Financial Statements is not modified in respect of the above matters.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information contained in Directors' Report including Annual Report on CSR Activities,

Management Discussion & Analysis Report, Business Responsibility Report, Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo, Report on Corporate Governance annexed thereto, Shareholder Information and other information contained in Annual Report, but does not include the standalone financial statements and our report thereon. These reports are expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibilities for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone financial statements by the Directors of the Company, as aforesaid.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may

cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities of the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the standalone financial statements of such entity included in.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of the Company, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The Company had entered into a lease agreement dated 31st October 1991 with Defence Research and Development Organization (DRDO) wherein 35 acres and 39 guntas were leased for a period of 30 years at a nominal lease rental of ₹ 1 per acre per annum. As per the lease agreement, the Company retains ownership rights of the land during the lease term and shall continue to be the owner after the expiry of lease term. The extent of land leased out is disclosed in Note Number 3.1 - Property, Plant and Equipment in the standalone financial statements. However, as per Ind AS 116 Leases, this lease is in the nature of an Operating lease and the nature of lease should have been disclosed in the financial statements.

Given the materiality of lease rentals, no lease transaction was accounted for or reported in the standalone financial statements and hence, the nature of lease was not disclosed and no separate accounting policy on Leases was adopted by the Company.

Our opinion on the Standalone Financial Statements, and our "Report on Other Legal and Regulatory Requirements" below, is not modified in respect of the above matters with respect to disclosure on leases.

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 Section 143(11) 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) As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, 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 accounts as required by law relating to preparation of the aforesaid standalone financial statements have been kept by the Company so far as it appears from our examination of those books.
 - c) The standalone Balance Sheet, the standalone Statement of Profit and Loss including Other Comprehensive Income,

standalone Statement of Changes in Equity and the standalone Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the standalone financial statements.

- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) As per Section 164(2) of the Act regarding disqualification of directors is not applicable to the Company by virtue of Notification No. G.S.R. No.463(E) dated 05.06.2015, Government companies are exempt from the applicability of the provisions of section 164(2) of the Act. Hence no comments offered.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "C"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) As required by Section 143(5) of the Act, we give in **Annexure "D"**, a statement on the matters contained in directions issued by the Comptroller & Auditor General of India, the action taken thereon and its impact on the accounts and standalone financial statements of the company in terms of aforesaid section.

- h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company have pending litigations, the liabilities in respect of which is either provided for or disclosed as contingent liabilities - Refer Note 41 of the Notes on accounts to the standalone financial statements. The company has disclosed the impact of these pending litigations on the standalone financial position of the Company is subject to their judicial outcome;
- 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 BASHA & NARASIMHAN,
Chartered Accountants
Firm Registration No: 006031S**

**Sd/-
(CA K. Narasimha Sah)
Partner
Membership No.201777
ICAI UDIN: 20201777AAAAAX5102**

Place: Hyderabad
Date: 27th August, 2020

ANNEXURE - A

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 OF MISHRA DHATU NIGAM LIMITED

[Referred to in paragraph 1 under “Report on Other Legal and Regulatory Requirements” of our report to Members of Mishra Dhatu Nigam Limited of even date]

i. In respect of the Company's fixed assets:

- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets, in our opinion, it is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, all the fixed assets have been physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the conveyance deeds provided to us, we report that, the title deeds of immovable properties of land and buildings which are mentioned here under are not held in the name of the Company as at the Balance sheet date.

Sl No.	Particulars	Land Details
1	Total Number of Cases	<ol style="list-style-type: none"> 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 Freehold / Lease hold	Free hold
3	Gross/ Net Block as on 31-03-2020 of the above.	₹ 128.80 Lakhs
4	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.

- ii. According to the information and explanations given to us and based on our examination of records, Physical verification of inventory has been conducted by the management under Perpetual Inventory Programme at reasonable intervals and for the Inventories lying with the third parties at the year end, written confirmations have been obtained in few cases by the management. The discrepancies noticed on such physical verification by the management have been properly dealt with in the books of account. No material discrepancies have been reported.
- iii. According to the information and explanations given to us and based on our examination of records, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered under section 189 of the Act. Accordingly, the clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.
- iv. 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 Act are not applicable to the Company vide Notification GSR No.463(E) F.No.1/2/2014-CL.V dated 5th June 2015.
- v. According to the information and explanations given to us and based on our examination of records, the Company has not accepted any deposits during the year and does not have any unclaimed deposits as at 31st March, 2020 and therefore, the provisions of the clause 3(v) are not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company as prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed cost records

have been made and maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate and complete.

vii. According to the information and explanations given to us and on the basis of examination of the records of the Company in respect of Statutory dues:

a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Entry Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.

c) Details of disputed Statutory Dues of Sales Tax, Value Added Tax, Customs Duty, Excise Duty, Entry Tax, Service Tax, Cess (as applicable) as at 31st March 2020, on account of disputes pending before appropriate authorities as given in **Annexure – "B"**.

viii. According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company has not defaulted in repayment of dues to any financial institution or bank or government during the year. The Company has not issued any debentures.

ix. According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. However, the Company has taken (unsecured) short term loan from Bank for meeting its working capital requirements and there are no overdues in the account towards interest and no principle is due for repayment during the year.

x. According to the information and explanations given to us and on the basis of examination of the records of the Company, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the year or informed any such case by the management.

xi. In our Opinion and according to the information and explanations given to us, Provision of Section 197 are not applicable to Government companies vide notification no. G.S.R. 463(E) F.No.1/2/2014-CL.V dated 5th June 2015 issued by the Central Government, therefore the provisions of clause 3(xi) of the order are not applicable to the Company.

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and on the basis of examination of the records of the Company, all transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the Standalone Financial Statements etc., as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with its Directors or persons connected to its directors and hence reporting under clause 3(xv) of the Order is not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause 3(xvi) of the Order is not applicable.

**for BASHA & NARASIMHAN,
Chartered Accountants
Firm Registration No: 006031S**

**Sd/-
(CA K. Narasimha Sah)
Partner
Membership No.201777
ICAI UDIN: 20201777AAAAAX5102**

Place: Hyderabad
Date: 27th August, 2020

ANNEXURE - B

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 OF MISHRA DHATU NIGAM LIMITED

(Referred to in paragraph vii(c) of Annexure A, a statement on the matters specified in the Companies (Auditor's Report) Order, 2016 (as amended) of the Company for the year ended on 31st March, 2020)

According to the records of the company dues on account of any dispute with respect to Sales Tax, Value Added Tax, Customs Duty, Excise Duty, Service Tax, Entry Tax, Cess and the particulars are furnished below:

(₹. In Lakhs)

Name of the Statue	Nature of Dues	Disputed Amount	Paid under Protest	Balance	Period to which the amount relates	Forum where dispute is pending
CST Act, 1956	CST	165.66	82.83	82.83	2010-11	VAT Tribunal
VAT Act, 2005	VAT	3.80	0.95	2.85	2010-11	Appellate Deputy Commissioner
CST Act, 1956	CST	2.30	2.07	0.23	2011-12	Appellate Deputy Commissioner
VAT Act, 2005	VAT	178.58	22.32	156.26	02/2014 to 06/2017	Appellate Deputy Commissioner
AP Entry Tax Act, 2001	Entry Tax	21.03	7.36	13.67	2013-14 & 2014-15	Appellate Deputy Commissioner
Customs Act, 1962	Customs Duty & Penalty	106.20	-	106.20	2011-12	CESTAT
Central Excise Tariff Act, 1985	Excise Duty & Penalty	225.97	-	225.97	2006-07 to 2008-09	Comm. of Customs, Central Excise & Service Tax
Central Excise Tariff Act, 1985	Duty on account of non-reversal of ITC for material sent on job work	130.04	4.12	125.92	2012-13 & 2013-14	Comm. of Customs, Central Excise & Service Tax
Finance Act, 1994	Service Tax on LD received from Vendors	154.20	7.71	146.49	07/2012 to 03/2016	CESTAT
Finance Act, 1994	Service Tax on LD received from Vendors	33.21	3.32	29.89	2016-17	Comm. Of Customs, Central Excise & Service Tax
CST Act, 1956	Demand for CST	2.71	0.34	2.37	2015-16	Appellate Deputy Commissioner
CST Act, 1956	Demand for CST	68.74	8.59	60.15	2016-17	Appellate Deputy Commissioner
Total		1092.44	139.61	952.83		

ANNEXURE - C

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 OF MISHRA DHATU NIGAM LIMITED

(Referred to in paragraph 2(f) under “Report on Other Legal and Regulatory Requirements” of our report to Members of Mishra Dhatu Nigam Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of the Company, as of 31st March 2020 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 Board of Directors of the Company is responsible for establishing and maintaining internal financial controls 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. 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 respective 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 Act.

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”) issued by ICAI and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls.

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 including 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 Standalone 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 Standalone 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 Standalone 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 Standalone 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, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31st March, 2020, 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.

**BASHA & NARASIMHAN,
Chartered Accountants
Firm Registration No: 006031S**

**Sd/-
(CA K. Narasimha Sah)
Partner
Membership No.201777
ICAI UDIN: 20201777AAAAAX5102**

Place: Hyderabad
Date: 27th August, 2020

ANNEXURE - D

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 OF MISHRA DHATU NIGAM LIMITED

(Referred to in paragraph 2(g) under "Report on Other Legal and Regulatory Requirements" of our report to Members of Mishra Dhatu Nigam Limited of even date)

Report on the directions under sub-section 5 of Section 143 of the Act, issued by the Comptroller and Auditor General of India:

Sl. No.	Directions u/s. 143(5) of the Companies Act, 2013	Auditor's Reply on action taken on the directions	Impact
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	Company is using Oracle ERP software to record all business and financial transactions including Purchase Accounting, Sales Accounting, Inventory transactions, Production transactions, Accounts Payable, Accounts Receivable, Fixed Assets, Payroll, Oracle Process Manufacturing and General Ledger and all the modules are integrated with one another. The software itself has built in checks and validations between inter related modules, thus the data accuracy and integrity is maintained. All payment approvals are processed using the approval hierarchy defined in Oracle Module. All the accounting transactions are processed and the Trial Balance is generated from Oracle based ERP System. In view of the above, we confirm that no financial transactions are carried out outside IT systems and hence there is no financial implication on the integrity of the accounts during the Financial Year 2019-20.	NIL
2.	Whether there is any restructuring of an existing loan or cases of waiver/write-off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated	According to the information and explanation furnished to us, and based on our examination of books, we are of the opinion that there is no restructuring of an existing loan or cases of waiver / write-off of debts / loans/ interest etc made by a lender to the company during the financial year 2019-20.	NIL
3.	Whether funds received / receivable for specific schemes from central/state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation	Based on the examination of the books and records of the company, during the Financial Year 2019-20: Grant of ₹.6.00 Crores from Ministry of Steel for promotion of Research & Development. Under this initiative it is decided by the company to establish a new Vacuum Induction Melting Furnace and the work is in progress. The grants are accounted as per Ind AS 20 and as per the Accounting Policy No.2.23.	NIL

for BASHA & NARASIMHAN,
Chartered Accountants
Firm Registration No: 006031S

Sd/-
(CA K. Narasimha Sah)
Partner

Membership No.201777
ICAI UDIN: 20201777AAAAAX5102

Place: Hyderabad
Date: 27th August, 2020

**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 2020**

The preparation of financial statements of **M/S. Mishra Dhatu Nigam Limited, Hyderabad** for the year ended 31 March 2020 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 revised Audit Report dated 27.08.2020 which supersedes their earlier Audit Report dated 30 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **M/S. Mishra Dhatu Nigam Limited, Hyderabad** for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143 (6) (b) of the Act.

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


(Santosh Kumar)

Principal Director of Commercial Audit

Place: Bengaluru

Date: 28 August 2020

STANDALONE BALANCE SHEET

AS AT 31ST MARCH 2020

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March 2020	As at 31 st March 2019
ASSETS:			
Non-current assets			
Property, Plant and Equipment	3	43,970.52	42,367.02
Capital work-in-progress	5	40,482.01	17,504.70
Intangible assets	4	104.11	127.67
Financial Assets			
(i) Investments	6	2,210.11	210.11
(ii) Loans	7	64.85	-
Non current tax assets (Net)	8	543.63	1,065.17
Other non-current assets	9	999.69	4,620.72
Total Non-Current Assets		88,374.92	65,895.39
Current assets:			
Inventories	10	91,050.37	50,883.65
Financial Assets			
(i) Trade receivables	11	29,739.51	35,224.32
(ii) Cash and cash equivalents	12	7,271.03	14,004.23
(iii) Bank balances [other than (ii) above]	13	3,818.64	5,795.32
(iv) Others	14	1,335.36	1,148.49
Other current assets	15	18,208.54	9,515.52
Total Current Assets		151,423.45	116,571.53
Total Assets		239,798.37	182,466.92
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	16	18,734.00	18,734.00
Other Equity	17	77,104.66	64,736.91
Total Equity		95,838.66	83,470.91
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	18	18.41	57.06
(ii) Others	19	32,597.80	15,609.81
Provisions	20	125.18	108.99
Deferred tax liabilities (net)	21	3,123.40	3,980.00
Other non-current liabilities	22	38,409.92	25,889.86
Total Non-current liabilities		74,274.71	45,645.72
Current Liabilities			
Financial liabilities			
(i) Borrowings	23	13,344.23	10,608.61
(ii) Trade payables	24	12,889.84	12,840.40
(iii) Others	25	4,418.10	6,293.42
Other current liabilities	26	35,992.01	21,530.03
Provisions	27	3,040.82	2,077.83
Total Current Liabilities		69,685.00	53,350.29
Total Equity and Liabilities		239,798.37	182,466.92

The accompanying notes 1 to 46 form an integral part of the financial statements.

As per our report of even date

for **BASHA & NARASIMHAN**
Chartered Accountants
Firm's registration no. 006031 S

Sd/-
Shri K. Narasimha Sah
Partner
Membership No. 201777

Place: Hyderabad
Date: 30.06.2020

for and on behalf of the Board of Directors

Sd/-
Dr. Sanjay Kumar Jha
Chairman & Managing Director

Sd/-
Smt K. Madhubala
Chief Financial Officer

Sd/-
Shri Paul Antony
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH 2020

(₹ in Lakhs)			
Particulars	Note No.	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Income			
Revenue From Operations	28	71,287.57	71,084.62
Other Income	29	3,643.63	3,689.46
Total Income		74,931.20	74,774.08
Expenses			
Cost of material consumed	30	37,660.59	29,276.27
Change in inventories of finished goods, work-in-progress and stock-in-trade	31	(25,723.34)	(10,398.60)
Employee benefits expense	32	12,348.46	10,840.54
Finance Costs	33	591.60	636.35
Depreciation and amortization expense	3, 4	2,611.44	2,319.48
Other expenses	34	27,233.83	22,995.26
Total Expenses		54,722.58	55,669.30
Profit / (Loss) before exceptional items and tax		20,208.62	19,104.78
Exceptional Items - Income / (Expense)		-	-
Profit / (Loss) before tax		20,208.62	19,104.78
Tax expense			
Current Tax	35	5,072.69	4,934.79
Earlier Year Tax		19.15	(2.10)
MAT Credit Entitlement			
Deferred Tax		(856.60)	1,116.40
Profit / (Loss) for the period		15,973.38	13,055.69
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		(261.03)	75.01
(ii) Income tax relating to items that will not be reclassified to profit or loss		65.70	(26.21)
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year net of tax		(195.33)	48.80
Total Comprehensive Income for the period		15,778.05	13,104.49
(Comprising Profit / (Loss) and Other Comprehensive Income for the period)			
Earning per equity share (Amount in ₹)			
Basic (₹)		8.53	6.97
Diluted (₹)		8.53	6.97
Weighted average number of shares (Nos.) (Basic & Diluted)		187,340,000	187,340,000

The accompanying notes 1 to 46 form an integral part of the financial statements.

As per our report of even date

for **BASHA & NARASIMHAN**
Chartered Accountants
Firm's registration no. 006031 S

Sd/-
Shri K. Narasimha Sah
Partner
Membership No. 201777

Place: Hyderabad
Date: 30.06.2020

for and on behalf of the Board of Directors

Sd/-
Dr. Sanjay Kumar Jha
Chairman & Managing Director

Sd/-
Smt K. Madhubala
Chief Financial Officer

Sd/-
Shri Paul Antony
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2020

A Equity Share Capital

(₹ in Lakhs)

Particulars	Amount
Balance as at 31st March 2018	18,734.00
Changes in Equity Share Capital	-
Balance as at 31st March 2019	18,734.00
Changes in Equity Share Capital	-
Balance as at 31st March 2020	18,734.00

B. Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus		Other Comprehensive Income	Total Other Equity
	Retained Earnings	General Reserve	Other items of Other Comprehensive Income	
Opening Balance as at 1st April 2018	880.12	59,075.87	213.49	60,169.48
Changes in Equity Share Capital during the year				-
Profit for the period	13,055.69			13,055.69
Remeasurement of the net defined benefit liability / asset, net of tax effect			48.80	48.80
Dividends	(7,081.45)			(7,081.45)
Dividend Distribution Tax	(1,455.61)			(1,455.61)
Transfer to General Reserve	(5,000.00)	5,000.00		-
Balance as at 31st March 2019	398.75	64,075.87	262.29	64,736.91
Opening Balance as at 1st April 2019	398.75	64,075.87	262.29	64,736.91
Changes in Equity Share Capital during the year				-
Profit for the period	15,973.38			15,973.38
Remeasurement of the net defined benefit liability / asset, net of tax effect			(195.33)	(195.33)
Dividends	(2,828.83)			(2,828.83)
Dividend Distribution Tax	(581.47)			(581.47)
Transfer to General Reserve	(6,500.00)	6,500.00		-
Balance as at 31st March 2020	6,461.83	70,575.87	66.96	77,104.66

The accompanying notes 1 to 46 form an integral part of the financial statements.

As per our report of even date

for **BASHA & NARASIMHAN**
Chartered Accountants
Firm's registration no. 006031 S

Sd/-
Shri K. Narasimha Sah
Partner
Membership No. 201777

Place: Hyderabad
Date: 30.06.2020

for and on behalf of the Board of Directors

Sd/-
Dr. Sanjay Kumar Jha
Chairman & Managing Director

Sd/-
Smt K. Madhubala
Chief Financial Officer

Sd/-
Shri Paul Antony
Company Secretary

STANDALONE STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH 2020

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Cash flows from operating activities		
Profit/(loss) for the year (before tax)	19,947.59	19,179.79
Adjustments for:		
Depreciation expense	2,611.44	2,319.48
Finance costs	591.60	636.35
Interest income	(1,335.19)	(1,355.67)
Profit / Loss on sale of Fixed Assets	9.27	4.67
	21,806.17	20,784.62
Working capital adjustments:		
(Increase) decrease in inventories	(40,166.72)	(26,745.60)
(Increase) decrease in trade receivables and loans	5,419.96	6,119.18
(Increase) decrease in other financial assets	(186.87)	791.96
(Increase) decrease in other non-current assets	3,621.03	2,044.51
(Increase) decrease in other current assets	(8,693.02)	(8,264.55)
Increase (decrease) in trade payables	73.99	3,232.98
Increase (decrease) in other financial liabilities	15,112.67	9,716.41
Increase (decrease) in provisions	979.18	(544.95)
Increase (decrease) in non-current liabilities	12,520.06	18,483.99
Increase (decrease) in other current liabilities	14,461.98	9,147.05
Cash generated from operating activities	24,948.43	34,765.60
Income tax paid (net)	(4,504.60)	(5,163.10)
Net cash from operating activities (A)	20,443.83	29,602.50
Cash flow from investing activities		
Acquisition of property, plant and equipment	(27,168.69)	(21,376.27)
Profit / Loss on sale of Fixed Assets	9.27	(4.67)
Investment in other projects	(2,000.00)	-
Interest received	1,335.19	1,355.67
Investment in fixed deposits	8,300.00	(511.30)
Net cash from investing activities (B)	(19,524.23)	(20,536.57)
Cash flows from financing activities		
Repayment of borrowings	2,696.97	1,380.31
Dividend on shares	(3,411.58)	(8,539.94)
Interest paid	(591.60)	(636.35)
Net cash flow from (used in) financing activities (C)	(1,306.21)	(7,795.98)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(386.61)	1,269.95
Cash and cash equivalents at 1 April	1,373.50	103.55
Cash and cash equivalents at the reporting date	986.89	1,373.50
Reconciliation of cash and cash equivalents as per the balance sheet		
Cash and cash equivalents as per the cash flow statement	986.89	1,373.50
Other bank balances not considered above		
- Term Deposit	6,284.14	12,630.73
Cash and cash equivalents (including Term Deposits) at the reporting date	7,271.03	14,004.23

The accompanying notes 1 to 46 form an integral part of the financial statements.

As per our report of even date

for **BASHA & NARASIMHAN**
Chartered Accountants
Firm's registration no. 006031 S

Sd/-
Shri K. Narasimha Sah
Partner
Membership No. 201777

Place: Hyderabad
Date: 30.06.2020

for and on behalf of the Board of Directors

Sd/-
Dr. Sanjay Kumar Jha
Chairman & Managing Director

Sd/-
Smt K. Madhubala
Chief Financial Officer

Sd/-
Shri Paul Antony
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL INFORMATION

Mishra Dhatu Nigam Limited ("the Company") a Government of India enterprise was set up in 1973 and is engaged in the business of manufacturing of superalloys, titanium, special purpose steel and other special metals. The Company has its registered office at 'P.O. Kanchanbagh, Hyderabad, 500058'.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

i. Statement of compliance

The financial statements are prepared and presented in accordance with Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015], to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

ii. Functional and presentation currency

The standalone financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest lakhs except share and per share data.

iii. Use of estimates and judgment

The preparation of financial statements in conformity with Ind AS require estimates and assumptions to be made that affect the application of accounting policies and reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to

accounting estimates are recognized in the period in which the estimate is revised.

2.2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these standalone financial statements, unless otherwise stated.

2.3 Revenue recognition

Revenue is recognized when significant risks and rewards of ownership and effective control on goods have been transferred to the buyer. Revenue from the sale of manufactured goods is recognized upfront at the point in time when the goods are delivered to the customer. The supply of alloys may include supply of third-party equipment or material. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the company is acting as the principal or as an agent of the customer. The company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, liquidated damages, performance bonuses and incentives, if any, as specified in the contract with the customer.

Sales revenue is measured at fair value net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The

appropriate timing for transfer of risks and rewards varies depending on the individual terms and conditions of the sales contract.

In case of Ex-works contract, revenue is recognized when the goods are handed over to the carrier/agent for dispatch to the buyer and wherever customer's prior inspection is stipulated; revenue is recognized upon acceptance by customer's inspector.

In case of sales on FOR/FOB destination contracts, revenue is recognized considering the expected time in respect of dispatches to reach the destination within the accounting period, subject to adjustments based on actual receipt of material at destination.

Claims for additional revenue in respect of sales contracts/orders against outside agencies are accounted on certainty of realization.

Revenue on rendering of service: Revenue is recognized when the outcome of the services rendered can be estimated reliably. Revenue is recognized in the period when the service is performed by reference to the contract stage of completion on the reporting date.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there is a billing in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

Use of significant judgments in revenue recognition:

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identify distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfillment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalization. The assessment of this criterion requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

2.4 Foreign currencies

Foreign currency monetary items are recorded in the Functional Currency at the closing rate of the reporting period. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognized as expense or income in the period in which they arise.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through statement of profit and loss.

2.5 Employee benefits

i. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further

amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the statement of profit and loss in the periods during which services are rendered by employees. The Company has Post Retirement Medical Benefit Scheme (PRMBS) and Pension Scheme under this category.

ii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds, in the absence of deep market for high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in the statement of profit and loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the statement of profit and loss. The Company recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

The Company has Gratuity and contribution towards Provident Fund under this category.

iii. **Compensated Absence**

The Company accounts for its liability towards compensated absences based on actuarial valuation done as at the balance sheet date by an independent actuary using the Projected Unit Credit Method. The liability includes the long term component accounted on a discounted basis and the short term component which is accounted for on an undiscounted basis.

iv. **Other Employee Benefits**

Other employee benefits are estimated and accounted for based on the terms of the employment contract.

2.6 Property, plant and equipment

Land is capitalized at cost to the Company. Development of land such as leveling, clearing and grading is capitalized along with the cost of building in proportion to the land utilized for construction of building and rest of the development expenditure is capitalized along with the cost of land. Development expenditure incurred for the purpose of landscaping or for any other purpose not connected with construction of any building is treated as cost of land.

All other items of Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The company opted to adopt the previous GAAP value as the 'deemed cost'

for the purposes of preparation of opening balance sheet as at 01 April 2015.

The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of replacing a part of an item is recognized in the carrying amount of the item of property, plant and equipment, if the following recognition criteria are met:

- a) It is probable that future economic benefits associated with the item will flow to the Company and;
- b) The cost can be measured reliably.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Useful lives of the significant components are estimated by the internal technical experts.

The carrying amount of the replaced part is de-recognized at the time the replacement part is recognized. The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in statement of profit and loss when the item is de-recognized. The costs of the day-to-day servicing of the item are recognized in statement of profit and loss as incurred.

The present value of expected cost for the dismantling and restoration are included in the cost of respective assets if recognizing criteria for provision are met.

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 realizable 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.

Advance paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date is classified as capital advance under "Other non-current assets" and the cost of assets not put to use before such date are disclosed under 'capital work-in-progress'.

Customer funded assets: As per the guidance of Appendix C of erstwhile Ind AS 18 "Transfer of Assets from Customers" are recognized as an item of property, plant and equipment in accordance with Ind AS 16 in the books of accounts and depreciation is charged accordingly.

As per para 8 of Ind AS 16, items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with this Ind AS when they meet the definition of property, plant and equipment and are expected to be used for more than one accounting year. Otherwise, such items are classified as inventory.

Depreciation

Depreciation is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life.

The useful lives have been determined to be equal to those prescribed in Schedule II to the Companies Act, 2013. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets whose actual cost does not exceed ₹ 5000/-, depreciation is provided at the rate of hundred percent in the year of capitalization.

Disposal:

Gain and losses on disposal are determined by comparing net sale proceeds with carrying amount. These are included in statement of profit and loss.

2.7 Intangible assets

i. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. For transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

ii. De-recognition of intangible assets

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in statement of profit and loss when the asset is de-recognized.

iii. Useful lives of intangible assets

Amortization is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life.

The useful lives have been determined in accordance with guidance provided at Schedule II to the Companies Act, 2013.

The assets useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.8 Inventories

Inventories are valued on the following basis:

i. **Raw materials, consumables, spares and Tools and Instruments in Central Stores**

At weighted average cost

ii. **Raw materials in Shop floor/ Sub-stores in the shops**

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

iii. **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.

iv. **Re-usable process scrap, process rejections and sales rejections with customers for return**

At estimated realizable value for scrap.

v. **Tools and Gauges**

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

vi. **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.

vii. **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.

viii. Goods in transit are valued at cost.

ix. Stores declared surplus / unserviceable are transferred to salvage stores for disposal, and charged to revenue.

x. 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 (which do not meet definition of PPE): 50% of the book value

xi. Stationery, uniforms, medical and canteen stores are charged off to revenue at the time of receipt.

2.9 Investments in associates and joint ventures

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associate and joint ventures are measured at cost in accordance with Ind AS 109- Financial Instruments.

Investment in associate and joint ventures are subject to impairment wherever there is indication of negative reserve in the accounts of JV Companies. However, such impairment is limited to the value of investment.

2.10 Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

i. **Current income tax**

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

ii. **Deferred income tax**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

2.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation taking into account the risks and uncertainties surrounding the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such provision is made, the

Company recognizes any impairment loss on the assets associated with that contract.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.12 Financial instruments

i. **Financial assets**

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that

are solely payments of principal and interest on the principal amount outstanding

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

The Company's financial assets include security deposits, cash and cash equivalents, trade receivables and eligible current and non-current assets.

Cash and cash equivalents comprise cash balances and term deposits with original maturities of one year or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

ii. **Financial liabilities**

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company has the following financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognized initially at fair value through profit or loss and stated net off transaction cost that are directly attributable to them. Subsequent to initial recognition

these financial liabilities are measured at amortized cost using the effective interest method.

2.13 Impairment

i. **Financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

ii. **Non-financial assets**

At the end of each reporting period, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2.14 Borrowing costs

Borrowing costs incurred for obtaining assets which takes substantial period to get ready for their intended use are capitalized to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets. Other borrowing costs are treated as expense for the year.

Transaction costs in respect of long-term borrowings are amortized over the tenure of respective loans using effective interest method.

2.15 Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit and loss using the effective interest method.

2.16 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its

ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.17 Segment reporting

Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company is in the business of manufacturing of super alloys and other special metals. Considering the core activities of the Company, management is of the view that the Company operates a single business segment. Further, the Company has only domestic turnover. Therefore, there is no other reportable segment.

2.18 Claims by / against the Company:

Claims on underwriters/carriers towards loss / damage are accounted when monetary claims are preferred.

Claims for refund of customs duty including project imports/port trust charge/excise duty are accounted on acceptance/receipt.

Liquidated Damages on suppliers are accounted on recovery.

Liquidated damages levied by the customers are netted-off from revenue on recovery/ advice by the customers. A provision is created for the likely claims of Liquidated Damages for shipments made where a reliable estimation can be made.

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.

Provision for Doubtful Debts is made on the amounts due from other than Govt. Depts. &

PSUs using expected credit loss provisional matrix.

Provision for Contingencies & Warranty to take care of rejected / returned material by customers is provided at an average of percentages of rejections over turnover related to manufactured products for the previous 5 years.

2.19 Research and development expenses:

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

Expenditure incurred towards other development activity where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

2.20 Physical verification of Fixed Assets and Inventory:

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.

Inventories of work-in-process, finished goods, raw materials and consumables in the Company premises are verified at the end of the financial year.

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.

2.21 Cash Flow Statement:

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS 7- Statement of Cash Flows.

2.22 New standards and interpretations not yet effective:

A number of new standards, amendments to standards and interpretations are not yet effective as on the reporting date, and have not been applied in preparing these financial statements. The effect of the same is being evaluated by the Company.

2.23 Government Grants:

- i. Grants from the Government are recognized at their fair value where there is reasonable assurance that grant will be received and the Company will comply with all attached conditions.
- ii. Government grants relating to income are deferred and recognized in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Alternatively, they are deducted in reporting the related expense.
- iii. Grants related to non-depreciable assets may also require the fulfilment of certain obligations and would then be recognized in profit or loss over the periods that bear the cost of meeting the obligations.
- iv. Government Grants received either as subsidy or otherwise for acquisition of depreciable assets are accounted as deferred income. If the grant/subsidy is absolute, amount corresponding to the depreciation is treated as income over the life of the asset. If the grant/subsidy is attached with any conditions, such as repayment, income is accounted as per the terms of the grant/subsidy.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

3. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

	Land	Buildings/ Drainage/ water systems	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Other (Electrical installations)	Others (Roads and bridges)	Total Tangible Assets
As at 31st March 2019									
Gross Carrying amount									
Opening gross carrying amount	622.40	4,558.60	29,921.00	411.30	373.70	757.90	2,584.00	3.50	39,232.40
Additions	1,589.59	77.75	8,501.68	43.43	18.81	152.01	12.59	0.02	10,395.88
Disposals	-	[3.19]	[19.70]	[2.77]	[0.31]	[3.92]	[1.83]	-	[31.72]
Closing gross carrying amount	2,211.99	4,633.16	38,402.98	451.96	392.20	905.99	2,594.76	3.52	49,596.56
Accumulated depreciation									
Opening accumulated depreciation	-	419.90	3,584.80	95.90	110.80	200.03	543.47	-	4,954.90
Depreciation charge during the year	-	177.22	1,610.10	48.20	47.69	142.86	255.20	-	2,281.27
Disposals	-	[0.35]	[1.38]	[1.50]	-	[2.81]	[0.59]	-	[6.63]
Closing accumulated depreciation	-	596.77	5,193.52	142.60	158.49	340.08	798.08	-	7,229.54
Net Carrying amount	2,211.99	4,036.39	33,209.46	309.36	233.71	565.91	1,796.68	3.52	42,367.02
As at 31st March 2020									
Gross Carrying amount									
Opening gross carrying amount	2,211.99	4,633.16	38,402.98	451.96	392.20	905.99	2,594.76	3.52	49,596.56
Additions	-	219.34	3,029.37	11.00	118.59	205.03	617.98	-	4,201.31
Disposals	-	-	[0.02]	[0.31]	[32.65]	[9.73]	-	-	[42.71]
Closing gross carrying amount	2,211.99	4,852.50	41,432.33	462.65	478.14	1,101.29	3,212.74	3.52	53,755.16
Accumulated depreciation									
Opening accumulated depreciation	-	596.77	5,193.52	142.60	158.49	340.08	798.08	-	7,229.54
Depreciation charge during the year	-	177.19	1,819.93	46.50	54.82	165.56	323.88	-	2,587.88
Disposals	-	0.01	-	[0.05]	[25.56]	[7.21]	0.03	-	[32.78]
Closing accumulated depreciation	-	773.97	7,013.45	189.05	187.75	498.43	1,121.99	-	9,784.64
Net Carrying amount	2,211.99	4,078.53	34,418.88	273.60	290.39	602.86	2,090.75	3.52	43,970.52

1. 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.
2. 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.
3. 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)
4. Plant and Machinery includes ₹ 4984.60 lakhs (31-Mar-2019 ₹ 4520.22 lakhs) for R & D capital costs.
5. Company considered the salvage value as 5% of the Cost of Assets
6. Principal Asset costing ₹100 lakhs and above only are identified for the purpose of componentization of assets.
7. 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	
Furniture	5.70	10	0.45	5	1.26	0.81	
TOTAL	5.70		0.45		1.26	0.81	
Previous Year	6.80		0.44		1.29	0.85	

8. Refer Note 41(iii) for outstanding contractual commitments.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

4. INTANGIBLE ASSETS

(₹ in Lakhs)

	Computer software	Copyrights & Patents and other intellectual property rights, services and operating rights	Total Intangible Assets
As at 31st March 2019			
Gross Carrying amount			
Opening gross carrying amount	318.19	24.20	342.39
Additions	-	-	-
Disposals	-	-	-
Closing gross carrying amount	318.19	24.20	342.39
Accumulated depreciation			
Opening accumulated depreciation	164.68	11.83	176.51
Depreciation charge during the year	34.59	3.62	38.21
Disposals	-	-	-
Closing accumulated depreciation	199.27	15.45	214.72
Net Carrying amount	118.92	8.75	127.67
As at 31st March 2020			
Gross Carrying amount			
Opening gross carrying amount	318.19	24.20	342.39
Additions	-	-	-
Disposals	-	-	-
Closing gross carrying amount	318.19	24.20	342.39
Accumulated depreciation			
Opening accumulated depreciation	199.27	15.45	214.72
Depreciation charge during the year	21.30	2.26	23.56
Disposals	-	-	-
Closing accumulated depreciation	220.57	17.71	238.28
Net Carrying amount	97.62	6.49	104.11

5. CAPITAL WORK-IN -PROGRESS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Capital Work-in-Progress-Civil	3,481.03	1,494.45
Capital Work-in-Progress- Plant & Machinery Under Erection	36,937.55	15,877.81
Plant, Machinery & Equipment under Inspection & in Transit	63.43	132.44
Total	40,482.01	17,504.70

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Trade Investments Non-Trade, Unquoted AT COST		
Investment in Equity instruments		
Investment in other entities		
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
Investments in Joint Venture (**)		
Utkarsha Aluminium Dhatu Nigam Limited	2,000.00	-
2,00,00,000 fully paid up Equity share of ₹ 10/- each (Previous Year NIL)		
Total	2,210.11	210.11

(*) Investment in APGPCL shares are in the nature of security deposit for uninterrupted supply of power which has no specified tenure. Hence, not considered for fair valuation.

(**) Details of Joint venture

Particulars	Principal Activity and place of business	Proportion of ownership Interest / voting rights held by the Company	
		As at 31-03-2020	As at 31-03-2019
Utkarsha Aluminium Dhatu Nigam Limited	For setting up High End Aluminium Alloy Production plant at Nellore, Andhra Pradesh.	50%	-

7. NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Unsecured, considered good		
Loans to Vendors	64.85	-
Total	64.85	-

8. NON-CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Advance Income Tax	543.63	1,065.17
Total	543.63	1,065.17

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

9. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Capital Advances		
Unsecured, considered good	999.69	4,620.72
Doubtful	35.46	35.46
Less: Provision	35.46 -	35.46 -
Sub-Total	999.69	4,620.72
Others		
Doubtful Advances to supplier	22.52	22.52
Less: Provision	22.52 -	22.52 -
Obsolete and slow moving -Raw material	25.78	0.06
Less: Provision	25.78 -	0.06 -
Obsolete and slow moving -consumables	35.50	32.46
Less: Provision	35.50 -	32.46 -
Obsolete and slow moving -spares	143.94	138.96
Less: Provision	143.94 -	138.96 -
Total	999.69	4,620.72

10. INVENTORIES

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Raw Materials and components	16,322.02	13,546.37
Raw Materials and components -in transit	5,377.62	1,741.95
Total	21,699.64	15,288.32
Work-in-progress #	49,444.86	24,769.48
Total	49,444.86	24,769.48
Finished goods	-	-
Finished goods in transit	1,596.08	548.12
Total	1,596.08	548.12
Stores and spares	532.61	459.20
Stores and spares -in transit	-	-
Total	532.61	459.20
Loose Tools	0.47	0.96
Total	0.47	0.96
Consumables	1,790.28	1,427.67
Consumables-in transit	1.73	25.93
Total	1,792.01	1,453.60
Internally generated Scrap/rejected material	15,984.70	8,363.97
Total	15,984.70	8,363.97
Grand Total	91,050.37	50,883.65

The Inventory does not include material held in trust on behalf of Customers and material issued by the Customers to Midhani for job works

#Work in progress Include materials lying with sub-contractors ₹ 6186.46 Lakhs (31.03.2019 ₹ 1757.74 Lakhs) and is subject to confirmation of balance by sub-contractors.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

11. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Debts Outstanding for period exceeding Six Months		
Unsecured, considered good #	11,065.47	6,675.84
Unsecured, considered doubtful	646.84	764.04
Less: Provision	646.84	764.04
Total	11,065.47	6,675.84
Other Debts		
Unsecured, considered good #	18,674.04	28,548.48
Unsecured, considered doubtful	658.41	211.80
Less: Provision	658.41	211.80
Total	18,674.04	28,548.48
Grand Total	29,739.51	35,224.32

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.

Expected Credit Loss Percentage

(₹ in Lakhs)

Age of receivables	Expected credit loss	
	As at 31 March 2020	As at 31 March 2019
Within Credit the Period	1.08%	0.76%
Upto 3 months	1.66%	1.67%
3-6 months	7.53%	6.14%
6-9 months	18.46%	14.83%
9-12 months	72.12%	75.86%
>12 months	100.00%	100.00%
Specific Provision (₹ In Lakhs) relating to Defence, Govt and PSU customer dues	441.62	560.23
Specific Provision (₹ In Lakhs) relating to Defence, Govt, PSU, Private customer dues (LD)	844.76	392.95

(₹ in Lakhs)

Age of receivables	As at 31 March 2020	As at 31 March 2019
Private Customers -Unsecured		
Within Credit the Period	4.19	0.72
Upto 3 months	72.26	0.05
3-6 months	-	-
6-9 months	-	46.82
9-12 months	-	-
>12 months	17.63	15.71
Private Customers -secured	2.13	82.61
Defence, Govt and PSU customer dues	30,948.55	36,054.25

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

Movement in Provision made against Trade Receivables

(₹ in Lakhs)

Particulars	Total
Loss allowance as on 31 st March 2019	975.84
Changes in loss allowance	329.41
Loss allowance as on 31 st March 2020	1,305.25

12. CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Balances with Banks		
In Current Accounts	984.11	1,369.05
In Deposit Accounts #	6,284.14	12,630.73
Cash on hand	2.78	4.45
Total	7,271.03	14,004.23

Balances in deposit accounts represents term deposits with maturities of one year or less and can be liquidated as and when required by the Company, hence classified as cash and cash equivalents.

13. CURRENT FINANCIAL ASSETS - BANK BALANCES [OTHER THAN (NOTE 12) ABOVE]

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Earnest Money Deposits with IndusInd Bank	98.48	123.03
Unpaid Dividend	4.30	3.02
Term Deposits*	3,715.86	5,669.27
Total	3,818.64	5,795.32

*Balances in Term Deposit Accounts includes ₹ 3715.86 lakhs (31.03.2019 ₹ 5669.27 lakhs) pledged for secured over drafts availed against the deposits with various banks.

14. CURRENT FINANCIAL ASSETS - OTHERS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Loans and advances to employees	16.89	16.12
Interest accrued on loans to employees	0.06	0.15
Claims receivable	59.14	50.55
Deposits with others	761.47	790.17
Interest accrued on bank deposits	484.25	291.50
Loans to Vendors	13.55	-
Total	1,335.36	1,148.49

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

15. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Assets held for disposal	1.96	1.96
Prepaid expenses	183.57	157.93
GST/Customs duty receivable	17,693.42	8,641.17
Others		
Unsecured, considered good		
Advance to suppliers	329.59	714.46
Total	18,208.54	9,515.52

16. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Authorised		
Equity shares		
20,00,00,000 shares @ ₹ 10/- per share	20,000.00	20,000.00
(Previous Year 20,00,00,000 shares @ ₹ 10/- per share)		
	20,000.00	20,000.00
Issued		
Equity shares		
18,73,40,000 shares @ ₹ 10/- per share	18,734.00	18,734.00
(Previous Year 18,73,40,000 shares @ ₹ 10/- per share)		
	18,734.00	18,734.00
Subscribed and fully Paid up		
Equity shares		
18,73,40,000 shares @ ₹ 10/- per share	18,734.00	18,734.00
(Previous Year 18,73,40,000 shares @ ₹ 10/- per share)		
	18,734.00	18,734.00
Total	18,734.00	18,734.00

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

Particulars	As at 31 st March 2020		As at 31 st March 2019	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Outstanding as at Opening Date	187,340,000	18,734.00	187,340,000	18,734.00
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Outstanding as at Closing Date	187,340,000	18,734.00	187,340,000	18,734.00

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

Terms/right attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share (Previous Year ₹ 10 per share). Each equity share represents one voting right.

Details of shareholders holding more than 5% shares in the Company

Particulars	31 st March 2020		31 st March 2019	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹ 10/- each fully paid-up (Previous Year ₹ 10/- each)				
President of India	138,631,600	74.00%	138,631,600	74.00%
Life Insurance Corporation of India	-		13,522,029	7.22%
HDFC Trustee Company Ltd. A/c HDFC Balanced Advantage Fund	12,318,595	6.58%	-	

17. OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 st March 2020		As at 31 st March 2019	
General Reserve				
Opening Balance		64,075.87		59,075.87
Less: Depreciation adjustment		-		-
		64,075.87		59,075.87
Add: Additions during the year		6,500.00		5,000.00
Sub-total		70,575.87		64,075.87
Retained Earnings				
Opening Balance		398.75		880.12
Add: Amount transferred from statement of profit and loss		15,973.38		13,055.69
Amount available for appropriation		16,372.13		13,935.81
Less: Appropriations				
Interim Dividend	1,873.40		3,147.31	
Final Dividend	955.43		3,934.14	
Dividend Tax	581.47		1,455.61	
Transferred to General Reserve	6,500.00	9,910.30	5,000.00	13,537.06
Sub-total		6,461.83		398.75
Components of other comprehensive income				
Opening Balance		262.29		213.49
Add: Remeasurement of the net defined benefit liability / asset, net of tax effect		[195.33]		48.80
Sub-total		66.96		262.29
Total		77,104.66		64,736.91

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

18. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Unsecured		
Advances - Augmentation Facilities - VSSC	18.41	57.06
(This represents balance amount payable (net of ₹ 50.00 lakhs (31.03.2019 ₹ 50.00 lakhs) repayable within 12 months and treated as Other Current Liability and included under Note No.26) against refundable loan of ₹ 478.38 lakhs received from VSSC for upgradation of forge press.)		
Total	18.41	57.06

Maturity Profile of Term Loan:

(₹ in Lakhs)

Borrower	Maturity Profile	
	2020-21	2021-22
VSSC	50.00	28.38

19. NON-CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Grants - Customer Financed Projects	32,597.80	15,609.81
Total	32,597.80	15,609.81

20. NON-CURRENT LIABILITIES - PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Provision for employee benefits		
Provision for gratuity	93.01	85.87
Provision for compensated absences	32.17	23.12
Total	125.18	108.99

21. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Deferred Tax Liabilities		
On Depreciation	3,495.82	4,451.06
Sub Total	3,495.82	4,451.06
Deferred Tax Assets		
On Provision	364.32	462.98
On Disallowance as per IT Act	8.10	8.08
Sub Total	372.42	471.06
Net Total	3,123.40	3,980.00

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

Movement in deferred tax

(₹ in Lakhs)

Particulars	Closing Balance 31-Mar-2019	Charge/Credit during the year 2019-20	Closing Balance 31-Mar-2020
Deferred Tax Assets			
Provision for Non Moving Stores	59.92	(8.27)	51.65
Provisions for Doubtful Debts	203.69	(87.79)	115.90
Provisions for Doubtful Adv / Claims	7.89	(2.22)	5.67
Provision for Contingencies & Warranty	128.55	10.30	138.85
AMTL Leave Provision	8.08	0.02	8.10
OFB Interest Differences (Net)	49.91	(4.97)	44.94
VSSC Interest Differences (Net)	13.02	(5.71)	7.31
Total Assets	471.06	(98.64)	372.42
Deferred Tax Liability			
Depreciation	4,451.06	(955.24)	3,495.82
Total Liability	4,451.06	(955.24)	3,495.82
Net Liability	3,980.00	(856.60)	3,123.40

22. OTHER NON-CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Advances		
Advances from Customers	31,837.69	19,840.80
Others		
Material Received on Loan - Kaveri Project	26.33	25.68
Other Liabilities - VSSC	54.72	54.72
Other Liabilities - OFB	131.93	26.93
Advances Others	64.57	64.57
Deferred Income	6,294.68	5,877.16
Total	38,409.92	25,889.86

23. CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Secured		
Loans repayable on demand		
From Banks		
Cash Credit	(0.04)	5,506.27
(By hypothecation of Raw materials, stock in process, finished good and book debts.)		
From various banks-short term overdraft secured by pledge of fixed deposits	3,344.27	5,102.34
Secured by Fixed Deposits of ₹ 3715.86 lakhs (31.03.2019 ₹ 5669.27 lakhs)		
Unsecured		
From Banks		
Short Term Loans	10,000.00	-
Total	13,344.23	10,608.61

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

24. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Micro & Small Enterprises	175.44	375.75
Others @	12,714.40	12,464.65
Total	12,889.84	12,840.40

@ 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 st March 2020	As at 31 st March 2019
Amount due and Payable at the year end		
Principal	175.44	375.75
Interest on above Principal	27.38	64.31
Payments made during the year after the due date		
Principal	1,571.40	2,188.28
Interest on above Principal	-	-
Interest due and payable for principals already paid	44.40	72.73
Total Interest accrued and remained unpaid at year end	71.78	137.04

25. CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Earnest money deposit	17.80	17.90
Security Deposit	269.36	167.09
Liabilities to customers	1,531.60	2,884.58
Capital creditors	1,340.12	1,060.22
Employee payables	1,254.92	2,160.61
Unpaid Dividend	4.30	3.02
Total	4,418.10	6,293.42

26. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Advances received from customers	21,304.96	13,304.00
Advance for Customer Financed projects	6,679.49	3,852.53
Material Received on Loan - Others	7,893.87	4,286.16
Statutory liabilities	113.69	62.43
Deferred Revenue	-	24.91
	35,992.01	21,530.03

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

27. CURRENT - PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Provision for employee benefits		
Provision for compensated absences	523.61	84.65
Provision for gratuity	426.63	196.75
Provision for post retirement medical scheme	154.80	94.08
Provision for pension scheme	371.40	219.51
Provision for other employee benefits	1,001.66	1,103.93
Other Provisions		
Provision for contingencies and warranty	551.68	367.87
Other provisions	11.04	11.04
Total	3,040.82	2,077.83

Movement in Provisions (Short term and Long term)

(₹ in Lakhs)

Particulars	As at 01.04.2019	Additions	Utilization	Reversal	As at 31.03.2020
Compensated absences	107.77	685.32	237.31	0.00	555.78
Gratuity	282.62	425.89	188.87	0.00	519.64
Post retirement medical scheme	94.08	154.80	94.08	0.00	154.80
Pension Scheme	219.51	371.40	219.51	0.00	371.40
Contingencies and Warranty	367.87	183.81	0.00	0.00	551.68
Others	1114.97	900.00	1002.27	0.00	1012.70
Total	2186.82	2721.22	1742.04	0.00	3166.00

28. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Sale of Manufacturing Products	69,237.93	68,938.42
Export Sales	1,042.04	805.32
Sale of Services	604.55	574.78
Other Operating Revenues	403.05	766.10
Total	71,287.57	71,084.62

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

29. OTHER INCOME

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Interest Income		
From Banks	1,157.21	855.12
From Employees	0.01	0.03
From Others	177.97	500.52
Liquidated Damages	881.68	808.00
Exchange rate variance	-	45.05
Net gain on sale of Fixed Assets	11.28	13.87
Income from Sale of Unserviceable Scrap	99.34	154.32
Excess Liabilities written back	1,232.05	1,179.59
Grant Income	24.00	18.00
Other miscellaneous income	60.09	114.96
Total	3,643.63	3,689.46

Details of other miscellaneous income

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Sale of Application Forms (Personnel)	1.99	0.61
Sale of Tender Documents	-	0.50
Others	58.10	113.85
Total	60.09	114.96

30. COST OF MATERIAL CONSUMED

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Cost of Material for manufactured products	37,660.59	29,276.27
Total	37,660.59	29,276.27

31. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE (₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Opening Stock		
Work-in-progress	24,769.48	11,608.70
Finished Stock	548.12	3,310.30
	25,317.60	14,919.00
Closing Stock		
Work-in-progress	49,444.86	24,769.48
Finished Stock	1,596.08	548.12
	51,040.94	25,317.60
(Increase) / Decrease		
Work-in-progress	[24,675.38]	[13,160.78]
Finished Stock	[1,047.96]	2,762.18
Total	(25,723.34)	(10,398.60)

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

32. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Salaries & Wages		
Salaries & Wages	8,190.48	7,103.89
Leave Encashment	685.32	375.48
Directors remuneration	245.34	181.13
Contribution to Provident and other Funds		
Contribution to provident fund	640.18	619.20
Employees Gratuity	164.86	278.52
Leave salary and pension contribution	371.40	295.49
Staff Welfare & Training		
Workmen and staff welfare expense	2,050.88	1,986.83
Total	12,348.46	10,840.54

(i) Gratuity

Gratuity payable to eligible employees is administered by a separate Trust, which has taken a policy with LICGGF. The annual demand computed through actuarial valuation is charged to Statement of Profit and Loss and other comprehensive income

Expenses Recognised during the period

(₹ in Lakhs)

Particulars	2019-20	2018-19
In Income Statement	168.75	271.76
In Other Comprehensive Income	261.03	(75.01)
Net Liability	429.78	196.75

Assets and Liability (Balance Sheet Position)

(₹ in Lakhs)

Particulars	2019-20	2018-19
Present Value of Obligation	4,120.91	4,057.43
Fair Value of Plan Assets	3,694.28	3,860.68
Surplus / (Deficit)	(426.63)	(196.75)
Effects of Asset Ceiling, if any	-	-
Net Assets / (Liability)	(426.63)	(196.75)

Changes in the Present Value of Obligation

(₹ in Lakhs)

Particulars	2019-20	2018-19
Present Value of Obligation as at beginning	4,057.42	4,656.53
Current Service Cost	153.67	166.47
Interest Expense or Cost	311.06	359.69
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-
- change in demographic assumptions	(0.56)	-
- change in financial assumptions	224.97	16.52
- experience variance (Actual Vs assumptions)	(4.80)	(59.34)
Past Service Cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits Paid	(620.85)	(1,082.45)
Acquisition Adjustment	-	-
Effect of business combinations or disposals	-	-
Present Value of Obligation as at the end	4,120.91	4,057.42

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

Bifurcation of net liability

(₹ in Lakhs)

Particulars	2019-20	2018-19
Current Liability (Short term)	-	-
Non-Current Liability (Long term)	426.63	196.75
Net Liability	426.63	196.75

Changes in the Fair Value of Plan Assets

(₹ in Lakhs)

Particulars	2019-20	2018-19
Fair Value of Plan Assets as at the beginning	3,860.68	3,293.50
Investment Income	295.97	254.41
Employer's Contribution	199.90	1,363.04
Expenses	-	-
Employee's Contribution	-	-
Benefits Paid	(620.85)	(1,082.45)
Return on plan assets , excluding amount recognised in net interest expense	(41.42)	32.18
Acquisition Adjustment	-	-
Fair Value of Plan Assets as at the end	3,694.28	3,860.68

Expenses Recognised in the Income Statement

(₹ in Lakhs)

Particulars	2019-20	2018-19
Current Service Cost	153.67	166.47
Past Service Cost	-	-
Loss / (Gain) on settlement	-	-
Expected return on Asset	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	15.08	105.29
Actuarial Gain/Loss	-	-
Expenses Recognised in the Income Statement	168.75	271.76

Other Comprehensive Income

(₹ in Lakhs)

Particulars	2019-20	2018-19
Actuarial (gains) / losses		
- change in demographic assumptions	(0.56)	-
- change in financial assumptions	224.97	16.52
- experience variance (i.e. Actual experience vs assumptions)	(4.80)	(59.35)
- others	-	-
Return on plan assets, excluding amount recognized in net interest expense	41.42	(32.18)
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
Components of defined benefit costs recognised in other comprehensive income	261.03	(75.01)

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

Actuarial assumptions

Particulars	2019-20	2018-19
Discount rate (per annum)	6.65%	7.65%
Salary growth rate (per annum)	8.00%	8.00%

Demographic assumptions

Particulars	2019-20	2018-19
Mortality rate	100.00%	100.00%
Withdrawal rate (per annum)	Upto 3% based on age	Upto 3% based on age

Table of sample mortality rates from Indian Assured Lives Mortality 2012-14

Mortality (per annum)

Age	Male	Female
20 years	0.092%	0.092%
25 years	0.093%	0.093%
30 years	0.098%	0.098%
35 years	0.120%	0.120%
40 years	0.168%	0.168%
45 years	0.258%	0.258%
50 years	0.444%	0.444%
55 years	0.751%	0.751%
60 years	1.116%	1.116%
65 years	1.593%	1.593%
70 years	2.406%	2.406%

Sensitivity analysis

(₹ in Lakhs)

Particulars	31-Mar-20		31-Mar-19	
Defined Benefit Obligation (Base)	4,120.91		4,057.43	
	Decrease	Increase	Decrease	Increase
Discount Rate [- / + 1%]	4,383.28	3,894.34	4,280.28	3,861.04
(% change compared to base due to sensitivity)	6.4%	-5.5%	5.5%	-4.8%
Salary Growth Rate [- / + 1%]	4,003.50	4,246.05	3,945.70	4,166.67
(% change compared to base due to sensitivity)	-2.8%	3.0%	-2.8%	2.7%
Attrition Rate [- / + 1%]	4,102.13	4,134.04	4,037.80	4,073.92
(% change compared to base due to sensitivity)	-0.5%	0.3%	-0.5%	0.4%
Mortality Rate [- / + 10%]	4,120.02	4,121.79	4,056.29	4,058.57
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%

Expected cash flows over the next (valued on undiscounted basis):

(₹ in Lakhs)

1 year	947.73
2 to 5 years	2,211.75
6 to 10 years	959.73
More than 10 years	2,972.19

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

(ii) Leave obligations

The leave obligations cover the Company's liability for the earned leave. The retirement benefit relating to leave encashment is administered through a Group Leave Encashment Scheme with LIC of India. The annual demand computed through actuarial valuation is charged to Statement of Profit and Loss

Bifurcation of net liability

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Current Liability (Short term)	424.09	300.99
Non-Current Liability (Long term)	2,214.47	1,896.78
Net Liability	2,638.56	2,197.77

(iii) Pension

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 Current year contribution to pension fund has been provided @ 7% of Basic + DA in line with the MoD guidelines

33. FINANCE COST

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Interest expense		
Cash Credit	47.20	115.19
Short Term Overdrafts	234.45	164.86
Interest - Others	278.78	341.10
Interest - Term Loan	31.17	15.20
Total	591.60	636.35

34. OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Travelling Expenses		
Travelling and conveyance	303.06	395.22
Hire of cars	48.42	40.32
Communication Expenses		
Postage & telephone	56.73	58.81
Repairs & maintenance expenses		
Buildings	407.27	339.45
Plant and machinery	312.04	278.77
Others	143.49	173.84
Rent, rates & taxes		
Rates and taxes	6.21	6.14
Rent	39.67	17.73

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Printing and stationery		
Printing and stationery	17.53	15.97
Office maintenance expenses		
Security guard charges	637.97	663.02
Administration expenses-Others	336.32	112.87
Power & fuel		
Power and fuel	6,056.83	5,474.23
Sub-contractor expenses		
Sub-contractor expenses	9,891.94	7,321.66
General expenses		
CSR Expenses	395.27	393.50
Stock verification discrepancies	-	-
Bad debts written off	70.14	439.81
Fixed Assets written off	2.01	18.54
Sales schemes	1,964.99	1,429.26
Library books	0.43	31.66
News paper and journals	12.63	7.80
Membership fees	42.25	5.98
Training expenses	76.04	51.58
Entertainment/courtesy expenses	7.70	5.26
Hostel/guest house expenses net of income	31.45	26.65
Business promotion expenses	218.35	216.25
Directors sitting fees	7.20	11.83
Factory expenses	271.05	279.87
Advertisement	102.79	155.97
Water charges	145.00	149.91
Consumption of stores, loose tools and spare parts		
Consumption of stores, loose tools and spare parts	4,827.49	4,116.12
Insurance expenses		
Insurance	171.29	150.46
Professional charges		
Legal and professional fees	8.83	4.24
Internal Audit Fee	12.59	13.62
Consultancy charges	161.77	268.17
Contract professionals expenses	12.42	12.52
R& D Expenses		
R & D Contribution	17.50	28.04
Exchange fluctuation		
Exchange rate variance charged off	55.31	-
Auditors remuneration		
Auditor's remuneration(As per details below)	7.52	6.98

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Finance & bank charges		
Bank charges	136.78	83.19
Provision for non moving inventories	33.74	9.35
Provision for Bad debts		
Provision for Doubtful Debts	-	83.17
Provision for Contingencies & Warranty		
Provision for Contingencies & Warranty	183.81	97.50
Total	27,233.83	22,995.26

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

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Consumption of materials	67.25	950.96
Conversion costs	78.32	271.96
Other Expenditure	169.12	217.87
R & D Contribution	17.50	25.65
Total	332.19	1,466.44

Remuneration and other payments to the auditor (₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Auditor		
(a) Statutory Audit	6.12	5.50
(b) Tax Audit	1.40	1.48
Total	7.52	6.98

Details of Corporate Social Responsibility (₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Promoting Education	132.68	293.80
Promotion of Health	170.07	89.7
Other Projects	92.52	10.00
TOTAL	395.27	393.50

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

35. INCOME TAX EXPENSE

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in the equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

(a) Income tax expense

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Current tax		
Current tax on profits for the year	5,006.99	4,961.00
Earlier year tax	19.15	(2.10)
	5,026.14	4,958.90
Deferred tax		
Decrease (increase) in deferred tax liabilities	856.60	(1,116.40)
Total income tax expense	4,169.54	6,075.30

(b) Reconciliation of tax expense and the accounting profit multiplied India's tax rate

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Profit before tax	19,947.59	19,179.79
Tax at Indian tax rate of 25.168%, 34.944%	5,020.40	6,702.16
Add:		
Depreciation under Companies Act	2,611.44	2,319.48
Disallowances under Sec 43B	-	-
Provision for Doubtful Debts	(122.40)	(171.79)
Provision for non moving stores and spares	33.74	9.35
R&D expenditure	-	1,466.44
Provision for contingency & warranty	183.81	97.50
Provision for obsolete items	-	-
Provision for doubtful claims	-	(286.58)
CSR Expenses	395.27	393.50
OFB Deferred Exp (Net-off)	35.76	36.58
VSSC Deferred Exp (Net-off)	(8.21)	(4.46)
AMTL Leave Provision	9.05	9.28
Provision for advance to suppliers	-	-
Others	71.78	137.04
	3,210.24	4,006.34
Less:		
Earlier years liability discharged in the current year	-	-
Donations 80G - Akshaya Patra Foundation	-	5.00
Depreciation as per IT Act	3,263.54	4,488.53
R & D weighted deductions	-	4,495.53
	3,263.54	8,989.06
Net Adjustments (Additions - Deductions)	(53.30)	(13.41)
Tax Liability	5,006.99	4,961.00
Interest	-	-
Earlier Year Tax	19.15	(2.10)
MAT Credit Entitlement	-	-
Deferred Tax	(856.60)	1,116.40
Total	4,169.54	6,075.30

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

Financial instruments

36. Fair value measurements

A. Financial instruments by category

(₹ in Lakhs)

	31 st March 2020				31 st March 2019			
	FVPL	FVOCI	Amortized Cost	Total	FVPL	FVOCI	Amortized Cost	Total
Financial assets								
Trade receivables	-	-	29,739.51	29,739.51	-	-	35,224.32	35,224.32
Cash and cash equivalents	-	-	11,089.67	11,089.67	-	-	19,799.55	19,799.55
Loans	-	-	64.85	64.85	-	-	-	-
Other financial assets	-	-	1,335.36	1,335.36	-	-	1,148.49	1,148.49
Total	-	-	42,229.39	42,229.39	-	-	56,172.36	56,172.36
Financial liabilities								
Borrowings	-	-	13,362.64	13,362.64	-	-	10,665.67	10,665.67
Trade payables	-	-	12,889.84	12,889.84	-	-	12,840.40	12,840.40
Other financial liabilities	-	-	37,015.90	37,015.90	-	-	21,903.23	21,903.23
Total	-	-	63,268.38	63,268.38	-	-	45,409.30	45,409.30

Note : For the purpose of above abbreviations, FVPL - Fair value through profit and loss; FVOCI - Fair value through other comprehensive income; Amortized cost - Fair value through amortized cost

- (1) Assets that are not financial assets (such as receivables from statutory authorities, export benefit receivables, prepaid expenses, advances paid and certain other receivables) as of March 31, 2020, March 31, 2019 respectively, are not included.
- (2) Other liabilities that are not financial liabilities (such as statutory dues payable, deferred revenue, advances from customers and certain other accruals) as of March 31, 2020, March 31, 2019 are not included.

(i) Fair value of financial asset and financial liabilities measured at amortized cost

The carrying amounts of trade receivables, trade payables, borrowings, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

37. Financial risk management

Risk management framework

The Company has a Board approved Risk Management Policy and the Risks involved at the various processes in the Company 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 in Management Discussion and Analysis and also listed out in the form of SWOT analysis.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

activities. 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 subject to periodical review by Audit Committee appointed by the Board.

The Board of Directors monitors the compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company has exposure to the following risks arising from financial instruments:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables	Aging analysis	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Further quantitative disclosures are included throughout these financial statements.

i. Credit risk

a) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Majority of trade receivables of the Company, originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approved by Board. Whereas, for other customers risk is measured using the expected credit loss provisional matrix and provision is recognized accordingly.

b) Provision for expected credit loss

The Company provides for expected credit loss based on the following :

Expected credit loss for loans, security deposits

The Company's loans and security deposits are high quality assets having negligible credit risk, hence expected credit loss have not been computed

Expected credit loss for trade receivables

c) Reconciliation of loss allowance provision - trade receivables

(₹ in Lakhs)

Loss allowance on 31 March 2019	975.84
Changes in loss allowance	329.41
Loss allowance on 31 March 2020	1,305.25

Expected credit loss on trade receivables has been disclosed in note 11

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

At March 31, 2020, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

Particulars	Carrying amount (₹ in Lakhs)	
	March 31, 2020	March 31, 2019
India	30,821.05	35,369.94
Outside India	223.71	830.22
	31,044.76	36,200.16

At March 31, 2020, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

Particulars	Carrying amount (₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Government, Government undertakings and other secured debts	30,948.55	36,054.25
Others	96.21	145.91
	31,044.76	36,200.16

Impairment

Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approve by Board. Whereas, for private customers, provision is determined using expected credit loss provisional matrix.

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 7,271.03 Lakhs at March 31, 2020 (March 31, 2019: ₹ 14,004.23 Lakhs).

The Company is investing in Fixed Deposits with various banks empanelled by the Investment Committee which is approved by the Board. All such deposits are made only with the approval of the Investment Committee. Further, management believes that cash and cash equivalents are of low risk in nature and hence no impairment has been recognized.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the following lines of credit.

Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

(₹ in Lakhs)

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 year to 2 years	Between 2 years to 5 years	Total
31 March 2020						
Non derivatives						
Borrowings	3344.23	10000.00				13344.23
Trade payables	12466.26	54.24	369.34			12889.84
Other financial liabilities	4,418.10					4418.10
Total non-derivative liabilities	20228.59	10054.24	369.34	-	-	30652.17

iii. Market risk

(a) Foreign currency risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Since majority of the company's operations are being carried out in India and since all the material balances are denominated in its functional currency, the company does not carry any material exposure to currency fluctuation risk.

(b) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company's external borrowings carries a fixed interest rate of 8.70% per annum, hence, no interest rate risk has been determined.

38. Capital Management

(a) Risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 8.70 percent (2019: 8.70 percent).

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

(₹ in Lakhs)

Particulars	As at 31 March 2020
Total liabilities	143,959.71
Less : Cash and cash equivalent	7,271.03
Adjusted net debt	136,688.68
Total equity	95,838.66
Less : Hedging reserve	-
Adjusted equity	95,838.66
Adjusted net debt to adjusted equity ratio	1.43

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

39. Operating segments

The Company is in the business of manufacturing of super alloys and other special metals. Considering the core activities of the Company, management is of the view that the Company operates a single business segment. Therefore, there is no other reportable segment. Further, Ministry of Corporate Affairs (MCA) has exempted the companies engaged in defence production from the requirement of Segment Reporting.

40. Related party transactions

Parent entity

Name	Type	Place of incorporation	Ownership interest	
			31-Mar-20	31-Mar-19
The President of India	Holding Company	India	74%	74%

Transactions with key management personnel

Key management personnel compensation

(₹ in Lakhs)

Name of the party	31 st March 2020					31 March 2019
	Salaries & wages	PF & EPS	Gratuity	Leave encashment	Total	Total
(a) Dr.D.K.Likhi, C&MD	100.31	3.76	-	4.01	108.08	76.95
(b) Shri Sanjeev Singhal, Director (F) (Upto 07-Jan-2020)	46.99	2.36		0.12	49.47	46.69
(c) Shri Sanjay Kumar Jha, Director (P&M)	84.32	3.47			87.79	57.49
(d) Shri Paul Antony, CS	13.64	0.94			14.58	13.55
Total	245.26	10.53	-	4.13	259.92	194.68

Joint Ventures:

During the year the company has made the following transactions with the JVs

(₹ in Lakhs)

Name of Joint Venture	Nature of Transaction	Year ended 31.03.2020	Year ended 31.03.2019
Utkarsha Aluminium Dhatu Nigam Limited	Equity contribution	2,000.00	-

Balance at the end of reporting day

Name of Joint Venture	Nature of Transaction	Year ended 31.03.2020	Year ended 31.03.2019
Utkarsha Aluminium Dhatu Nigam Limited	Investment in equity	2,000.00	-

41. Contingent liabilities and commitments (to the extent not provided for)

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
(i) Contingent liabilities		
Claims against the company not acknowledged as debt	5,935.34	4,297.02
Bank Guarantees	2,833.53	1,913.37
Letter of credit outstanding	2,681.93	3,470.36
	11,450.80	9,680.75

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

(ii) Commitments	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (Capital commitments)	11,891.62	8,197.95
	11,891.62	8,197.95

42. Earnings per share (EPS)

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

i. Profit attributable to Equity holders of company

Particulars	31 March 2020	31 March 2019
Profit attributable to equity holders of the Company (₹ in Lakhs)	15,973.38	13,055.69
Weighted average number of equity shares outstanding during the period	187,340,000	187,340,000
Face value of share (₹)	10	10
Earnings per share basic and diluted (₹ per share)	8.53	6.97

43. Ind AS-115 Revenue from Contracts with Customers:

The Ministry of Corporate Affairs (MCA), on 28 March 2018, notified Ind AS 115, Revenue from Contracts with Customers as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The new standard is effective for accounting period beginning on or after 1st April 2018. The new standard replaces existing revenue recognition standards Ind AS 11 Construction Contracts and Ind AS 18 Revenue and revised guidance note of the Institute of Chartered Accountants of India (ICAI) on Accounting for Real Estate Transactions for Ind AS entities issued in 2016 and also incorporating the consequential changes in some other Indian Accounting Standards. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of this Standard is that revenue should be recognized when an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled.

In line with the above, accounting policy 2.3 "Revenue recognition" has been modified and implemented w.e.f 1st April 2018

44. Impact of COVID-19:

(i) Impact on Operations and Revenue:

- Company was not operational for 2 months due to lockdown
- Company is not able to operate upto its full capacity due to employee safety measures viz., social distancing, flexible timings and restrictions in night shift operation.
- MSME vendors have not started the operations completely.
- Disruption in supply chain leading to major delivery postponement

(ii) Liquidity Risk

- The Customer base of the Company is majorly in the Government Sectors like Defence, Space, Atomic Energy, Ordnance Factories and Public Sector Undertakings. Since many of the customers are operating with skeleton staff with emphasis on support to MSME by prioritising the payments etc., there shall be a small degree of stress in the liquidity as the company is anticipating delays in realization of receivables.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR FY 2019-20

- (b) Being a Public Sector Undertaking, to support the indigenous MSMEs, Company continues to honour the contractual obligations to its vendors for supply of Goods and Services.
- (c) With this impact, Company may undergo a small degree of stress in holding the adequate liquidity levels and which may cause to arrange for short term funding arrangements for its Working Capital requirements.

45. Impact analysis of new corporate tax rates

Taxation Laws (Amendment) Ordinance, 2019 has been promulgated by the President of India. The Ordinance has amended the Income-tax Act, 1961 and the Finance (No. 2) Act, 2019. In order to provide relief to certain domestic companies, a new section 115BAA has been inserted in the I-T Act with effect from Assessment Year 2020-21 to provide an option to domestic companies to pay tax at the rate of 22% plus applicable surcharge and cess. However, the option to avail the benefit of section 115BAA shall be available only when total income of the company is computed without providing for specified deductions or exemptions. After analyzing the impact analysis, company adopted New Provision 115BAA: 22% + 10% Surcharge + 4% Cess. i.e. 25.168% from the current assessment year i.e. AY 2020-21.

Following is the impact on Income Tax and Deferred Tax w.r.t Old Tax Rates Vs New Tax Rates for the FY 2019-20

Particulars	New Tax Rates @ 25.168% (₹ in Lakhs)	Old Tax Rates @ 34.944% (₹ in Lakhs)	Impact (₹ in Lakhs)
Profit Before Tax	20208.62	20208.62	-
Tax Expenses	5091.84	6828.84	-1737.00
Deferred Tax	-856.60	356.64	-1213.24
Profit After Tax	15973.38	13023.14	2950.24
Other comprehensive income for the year net of tax	-195.33	-169.82	-25.51
Total Comprehensive Income for the period	15778.05	12853.32	2924.73

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

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mishra Dhatu Nigam Limited

Report on the Audit of the Consolidated Financial Statements

We have issued an Independent Audit Report dated 30th June 2020 on the Ind AS Consolidated Financial Statements as adopted by Board of Directors on even date. Pursuant to observations of Comptroller and Auditor General of India under Section 143(6)(b) of The Companies Act, 2013, Para -1 in Other Matters Paragraph has been included to comply with the above observations.

Opinion

We have audited the accompanying consolidated financial statements of **Mishra Dhatu Nigam Limited** (hereinafter referred to as "the Company") and its joint controlled entity, which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view, in conformity with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (Ind AS) and the

accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its joint controlled entity as at March 31, 2020, of consolidated profit, total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its joint controlled entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter that we have identified in the current year are as follows:

The Key Audit matter	How the matter was addressed in our audit
<p>Revenue Recognition</p> <p>Refer Accounting Policy Note No. 2.3 and Note No. 28 to the Consolidated financial statements.</p> <p>We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. This could create an incentive for revenue to be overstated or recognised before control has been transferred.</p> <p>The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognition.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none"> 1. We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards. 2. We evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions. 3. We performed substantive testing by selecting samples of revenue transactions, recorded during the year by testing the underlying documents using statistical sampling. 4. We carried out analytical procedures on revenue recognised during the year to identify unusual variances. 5. We have tested on sample basis whether revenue transactions near to the reporting date have been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes and the terms of sales. We have inspected the underlying documentation to verify that the control and ownership has been transferred to the customer.

Emphasis of Matter

We draw attention to the following matters in the Notes to the Consolidated Financial Statements:

- a) Note No. 9 (Other Non-Current Assets), Note No. 11 (Current Financial Assets Trade Receivables), Note No. 14 (Current Financial Assets - Others), Note No. 15 (Other Current Assets), Note No. 22 (Other Non-current Liabilities), Note No. 24 (Trade Payables), Note No. 25 (Current Financial Liabilities Others) and Note No. 26 (Other Current Liabilities) to the Consolidated Financial Statements are subject to receipt of confirmation of balances/reconciliation.
- b) We draw attention to Note No. 44 of the Consolidated financial statements in which the Company describes the impact arising from the COVID-19 Pandemic.

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information contained in Directors' Report including Annual Report on CSR Activities,

Management Discussion & Analysis Report, Business Responsibility Report, Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo, Report on Corporate Governance annexed thereto, Shareholder Information and other information contained in Annual Report, but does not include the consolidated financial statements and our report thereon. These reports are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Company including its jointly controlled entity in accordance with accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. The respective Board of Directors of the Company and its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective companies and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Company and its jointly controlled entity, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Company and its jointly controlled entity are responsible for assessing their ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management of the Company or the jointly controlled entity either intends to be liquidated or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and its jointly controlled entity are responsible for overseeing the financial reporting process of each Company and of the jointly controlled entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with respect to the consolidated financial statements in place and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its jointly controlled entity to continue as a going concern.

- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its jointly controlled entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities of the Company and its jointly controlled entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Company and such other jointly controlled entity included in the consolidated financial statements regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Company and such other jointly controlled entity included in the consolidated financial statements with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of the Company and such jointly controlled entity included in the consolidated financial statements, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. The Company had entered into a lease agreement dated 31st October 1991 with Defence Research and Development Organization (DRDO) wherein 35 acres and 39 guntas were leased for a period of 30 years at a nominal lease rental of ₹ 1 per acre per annum. As per the lease agreement, the Company retains ownership rights of the land during the lease term and shall continue to be the owner after the expiry of lease term. The extent of land leased out is disclosed in Note Number 3.1 - Property, Plant and Equipment in the consolidated financial statements. However, as per Ind AS 116 Leases, this lease is in the nature of an Operating lease and the nature of lease should have been disclosed in the financial statements.

Given the materiality of lease rentals, no lease transaction was accounted for or reported in the consolidated financial statements and hence, the nature of lease was not disclosed and no separate accounting policy on Leases was adopted by the Company.

2. The accompanying consolidated financial statements include the Company's share of Net Loss of ₹ 162.75 Lakhs for the year ended March 31, 2020, as considered in consolidated financial statements, in respect of **M/s. Utkarsha Aluminium Dhatu Nigam Limited**, a jointly controlled entity, whose financial statements have not been audited us.

The financial statements has been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entity and our report in terms of sub

section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid joint venture, is based solely on the report of other auditor.

Our opinion on the Consolidated Financial Statements, and our "Report on Other Legal and Regulatory Requirements" below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and financial statements certified by the Board of Directors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(5) of the Act, we give in **Annexure "A"** a statement on the matters contained in directions issued by the Comptroller and Auditors General of India, the action taken thereon and its impact on the accounts and consolidated financial statements of the Company and its jointly controlled entity.
2. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
 - (e) As per Section 164(2) of the Act regarding disqualification of directors is not applicable to the Company by virtue of Notification No. G.S.R. No.463(E) dated 05.06.2015 and on the basis of the reports of the statutory auditor of its jointly controlled entity incorporated in India, none of the director of these jointly controlled entity is disqualified as on

31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and its jointly controlled entity and the operating effectiveness of such controls, refer to our separate report in **Annexure "B"** to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (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 Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company and its jointly controlled entity have pending litigations, the liabilities in respect of which is either provided for or disclosed as contingent liabilities - Refer Note 41 of the Notes on accounts to the Consolidated financial statements. The company has disclosed the impact of these pending litigations on the consolidated financial position of the Company including its jointly controlled entity is subject to their judicial outcome;
 - ii. The Company including its jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company or its jointly controlled entity incorporated in India.

**for BASHA & NARASIMHAN,
Chartered Accountants
Firm Registration No: 006031S**

**Sd/-
(CA K. Narasimha Sah)
Partner
Membership No.201777
ICAI UDIN: 20201777AAAAA7271**

Place: Hyderabad
Date: 28th August, 2020

ANNEXURE - A

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 OF MISHRA DHATU NIGAM LIMITED

[Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date]

Report on the directions under section 143(5) of the Companies Act, 2013 by the Comptroller & Auditor General of India

Sl. No.	Directions u/s. 143(5) of the Companies Act, 2013	Auditor's Reply on action taken on the directions	Impact
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated;	Company is using Oracle ERP software to record all business and financial transactions including Purchase Accounting, Sales Accounting, Inventory transactions, Production transactions, Accounts Payable, Accounts Receivable, Fixed Assets, Payroll, Oracle Process Manufacturing and General Ledger and all the modules are integrated with one another. The software itself has built in checks and validations between inter related modules, thus the data accuracy and integrity is maintained. All payment approvals are processed using the approval hierarchy defined in Oracle Module. All the accounting transactions are processed and the Trial Balance is generated from Oracle based ERP System. In view of the above, we confirm that no financial transactions are carried out outside IT systems and hence there is no financial implication on the integrity of the accounts during the Financial Year 2019-20.	NIL
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write-off of debts/loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated	According to the information and explanation furnished to us, and based on our examination of books, we are of the opinion that there is no restructuring of an existing loan or cases of waiver / write-off of debts / loans/ interest etc made by a lender to the company during the financial year 2019-20.	NIL
3.	Whether funds received / receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation	Based on the examination of the books and records of the company, during the Financial Year 2019-20: Grant of ₹ 6.00 Crores from Ministry of Steel for promotion of Research & Development. Under this initiative it is decided by the company to establish a new Vacuum Induction Melting Furnace and the work is in progress. The grants are accounted as per Ind AS 20 and as per the Accounting Policy No.2.23.	NIL

Our reports under Section 143(5) of the Act on the consolidated financial statements of Mishra Dhatu Nigam Limited., in so far as it relates to the joint venture of the Company, to which Section 143(5) of the Act is applicable, is based on the corresponding report of the auditor of such joint venture and information furnished by the management of such joint venture.

for BASHA & NARASIMHAN,
Chartered Accountants
Firm Registration No: 006031S

Sd/-
(CA K. Narasimha Sah)
Partner

Membership No.201777
ICAI UDIN: 20201777AAAAAZ7271

Place: Hyderabad
Date: 28th August, 2020

ANNEXURE - B

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 OF MISHRA DHATU NIGAM LIMITED

(Referred to in paragraph 2(f) under “Report on Other Legal and Regulatory Requirements” of our report to Members of Mishra Dhatu Nigam Limited of even date)

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **MISHRA DHATU NIGAM LIMITED** (hereinafter referred to as (“the Company”) and considered the auditors’ reports on Internal Financial Controls over financial reporting of its jointly controlled entity, which are companies incorporated in India, as of that date.

The financial statements of the jointly controlled entity have been audited by other auditor whose reports has been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to these jointly controlled entity, is based solely on the reports of the other auditor.

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the jointly controlled entity, which are companies incorporated in India, is based on the corresponding report of the other auditor of such company.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and jointly controlled entity which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls 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. 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 the respective 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, both 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.

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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in

terms of their report referred to in the other matters paragraph below, 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 consolidated 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 consolidated 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 consolidated 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 and its jointly controlled entity, which are companies incorporated in India, have, 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, 2020, 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 BASHA & NARASIMHAN,
Chartered Accountants
Firm Registration No: 006031S**

**Sd/-
(CA K. Narasimha Sah)
Partner
Membership No.201777
ICAI UDIN: 20201777AAAAAZ7271**

Place: Hyderabad

Date: 28th August, 2020


**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES
ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
M/S. MISHRA DHATU NIGAM LIMITED, HYDERABAD FOR THE YEAR ENDED
31 MARCH 2020**

The preparation of consolidated financial statements of **M/S. Mishra Dhatu Nigam Limited, Hyderabad** for the year ended 31 March 2020 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 auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) 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 revised Audit Report dated 28.08.2020 which supersedes their earlier Audit Report dated 30 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **M/S. Mishra Dhatu Nigam Limited, Hyderabad** for the year ended 31 March 2020 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of M/S. Mishra Dhatu Nigam Limited, Hyderabad and M/s. Utkarsha Aluminium Dhatu Nigam Limited, Hyderabad, for the year ended on that date. 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.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143 (6)(b) of the Act.

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


(Santosh Kumar) 28/08/2020

Principal Director of Commercial Audit

Place: Bengaluru

Date: 28 August 2020

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH 2020

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March 2020	As at 31 st March 2019
ASSETS:			
Non-current assets			
Property, Plant and Equipment	3	43,970.52	42,367.02
Capital work-in-progress	5	40,482.01	17,504.70
Intangible assets	4	104.11	127.67
Financial Assets			
(i) Investments	6	2,047.36	210.11
(ii) Loans	7	64.85	-
Non current tax assets (Net)	8	543.63	1,065.17
Other non-current assets	9	999.69	4,620.72
Total Non-Current Assets		88,212.17	65,895.39
Current assets:			
Inventories	10	91,050.37	50,883.65
Financial Assets			
(i) Trade receivables	11	29,739.51	35,224.32
(ii) Cash and cash equivalents	12	7,271.03	14,004.23
(iii) Bank balances [other than (ii) above]	13	3,818.64	5,795.32
(iv) Others	14	1,335.36	1,148.49
Other current assets	15	18,208.54	9,515.52
Total Current Assets		151,423.45	116,571.53
Total Assets		239,635.62	182,466.92
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	16	18,734.00	18,734.00
Other Equity	17	76,941.91	64,736.91
Total Equity		95,675.91	83,470.91
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	18	18.41	57.06
(ii) Others	19	32,597.80	15,609.81
Provisions	20	125.18	108.99
Deferred tax liabilities (net)	21	3,123.40	3,980.00
Other non-current liabilities	22	38,409.92	25,889.86
Total Non-current liabilities		74,274.71	45,645.72
Current Liabilities			
Financial liabilities			
(i) Borrowings	23	13,344.23	10,608.61
(ii) Trade payables	24	12,889.84	12,840.40
(iii) Others	25	4,418.10	6,293.42
Other current liabilities	26	35,992.01	21,530.03
Provisions	27	3,040.82	2,077.83
Total Current Liabilities		69,685.00	53,350.29
Total Equity and Liabilities		239,635.62	182,466.92

The accompanying notes 1 to 48 form an integral part of the consolidated financial statements.

As per our report of even date

for **BASHA & NARASIMHAN**
Chartered Accountants
Firm's registration no. 006031 S

Sd/-
Shri K. Narasimha Sah
Partner
Membership No. 201777

Place: Hyderabad
Date: 30.06.2020

for and on behalf of the Board of Directors

Sd/-
Dr. Sanjay Kumar Jha

Chairman & Managing Director
Sd/-
Smt K. Madhubala
Chief Financial Officer

Sd/-
Shri Paul Antony
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

AS AT 31ST MARCH 2020

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Income			
Revenue From Operations	28	71,287.57	71,084.62
Other Income	29	3,643.63	3,689.46
Total Income		74,931.20	74,774.08
Expenses			
Cost of material consumed	30	37,660.59	29,276.27
Change in inventories of finished goods, work-in-progress and stock-in-trade	31	(25,723.34)	(10,398.60)
Employee benefits expense	32	12,348.46	10,840.54
Finance Costs	33	591.60	636.35
Depreciation and amortization expense	3, 4	2,611.44	2,319.48
Other expenses	34	27,233.83	22,995.26
Total Expenses		54,722.58	55,669.30
Profit / (Loss) before exceptional items and tax		20,208.62	19,104.78
Exceptional Items - Income / (Expense)		-	-
Share of Profit / (Loss) of Joint Venture		(162.75)	-
Profit / (Loss) before tax		20,045.87	19,104.78
Tax expense			
Current Tax	35	5,072.69	4,934.79
Earlier Year Tax		19.15	(2.10)
MAT Credit Entitlement		-	-
Deferred Tax		(856.60)	1,116.40
Profit / (Loss) for the period		15,810.63	13,055.69
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		(261.03)	75.01
(ii) Income tax relating to items that will not be reclassified to profit or loss		65.70	(26.21)
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
C Share of other comprehensive income of joint venture		-	-
Other comprehensive income for the year net of tax		(195.33)	48.80
Total Comprehensive Income for the period		15,615.30	13,104.49
(Comprising Profit / (Loss) and Other Comprehensive Income for the period)			
Earning per equity share (Amount in ₹)			
Basic (₹)		8.44	6.97
Diluted (₹)		8.44	6.97
Weighted average number of shares (Nos.) (Basic & Diluted)		187,340,000	187,340,000

The accompanying notes 1 to 48 form an integral part of the consolidated financial statements.

As per our report of even date

for **BASHA & NARASIMHAN**
Chartered Accountants
Firm's registration no. 006031 S

Sd/-
Shri K. Narasimha Sah
Partner
Membership No. 201777

Place: Hyderabad
Date: 30.06.2020

for and on behalf of the Board of Directors

Sd/-
Dr. Sanjay Kumar Jha

Chairman & Managing Director
Sd/-
Smt K. Madhubala
Chief Financial Officer

Sd/-
Shri Paul Antony
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31ST MARCH 2020

(₹ in Lakhs)

A: Equity Share Capital

Particulars	Amount
Balance as at 31st March 2018	18,734.00
Changes in Equity Share Capital	-
Balance as at 31st March 2019	18,734.00
Changes in Equity Share Capital	-
Balance as at 31st March 2020	18,734.00

B. Other Equity

Particulars	Reserves and Surplus		Other Comprehensive Income	Total Other Equity
	Retained Earnings	General Reserve	Other items of Other Comprehensive Income	
Opening Balance as at 1st April 2018	880.12	59,075.87	213.49	60,169.48
Changes in Equity Share Capital during the year				-
Profit for the period	13,055.69			13,055.69
Remeasurement of the net defined benefit liability / asset, net of tax effect			48.80	48.80
Dividends	(7,081.45)			(7,081.45)
Dividend Distribution Tax	(1,455.61)			(1,455.61)
Transfer to General Reserve	(5,000.00)	5,000.00		-
Balance as at 31st March 2019	398.75	64,075.87	262.29	64,736.91
Opening Balance as at 1st April 2019	398.75	64,075.87	262.29	64,736.91
Changes in Equity Share Capital during the year				-
Profit for the period	15,810.63			15,810.63
Remeasurement of the net defined benefit liability / asset, net of tax effect			(195.33)	(195.33)
Dividends	(2,828.83)			(2,828.83)
Dividend Distribution Tax	(581.47)			(581.47)
Transfer to General Reserve	(6,500.00)	6,500.00		-
Balance as at 31st March 2020	6,299.08	70,575.87	66.96	76,941.91

The accompanying notes 1 to 48 form an integral part of the consolidated financial statements.

As per our report of even date

for **BASHA & NARASIMHAN**
Chartered Accountants
Firm's registration no. 006031 S

Sd/-
Shri K. Narasimha Sah
Partner
Membership No. 201777

Place: Hyderabad
Date: 30.06.2020

for and on behalf of the Board of Directors

Sd/-
Dr. Sanjay Kumar Jha

Chairman & Managing Director
Sd/-
Smt K. Madhubala
Chief Financial Officer

Sd/-
Shri Paul Antony
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH 2020

	[₹ in Lakhs]	
Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Cash flows from operating activities		
Profit/(loss) for the year (before tax)	19,784.84	19,179.79
Adjustments for:		
Share of Profit / Loss of Joint Venture	162.75	
Depreciation expense	2,611.44	2,319.48
Finance costs	591.60	636.35
Interest income	(1,335.19)	(1,355.67)
Profit / Loss on sale of Fixed Assets	(9.27)	4.67
	21,806.17	20,784.62
Working capital adjustments:		
(Increase) decrease in inventories	(40,166.72)	(26,745.60)
(Increase) decrease in trade receivables and loans	5,419.96	6,119.18
(Increase) decrease in other financial assets	(186.87)	791.96
(Increase) decrease in other non-current assets	3,621.03	2,044.51
(Increase) decrease in other current assets	(8,693.02)	(8,264.55)
Increase (decrease) in trade payables	73.99	3,232.98
Increase (decrease) in other financial liabilities	15,112.67	9,716.41
Increase (decrease) in provisions	979.18	(544.95)
Increase (decrease) in non-current liabilities	12,520.06	18,483.99
Increase (decrease) in other current liabilities	14,461.98	9,147.05
Cash generated from operating activities	24,948.43	34,765.60
Income tax paid (net)	(4,504.60)	(5,163.10)
Net cash from operating activities (A)	20,443.83	29,602.50
Cash flow from investing activities		
Acquisition of property, plant and equipment	(27,168.69)	(21,376.27)
Profit / Loss on sale of Fixed Assets	9.27	(4.67)
Investment in other projects	(2,000.00)	-
Interest received	1,335.19	1,355.67
Investment in fixed deposits	8,300.00	(511.30)
Net cash from investing activities (B)	(19,524.23)	(20,536.57)
Cash flows from financing activities		
Repayment of borrowings	2,696.97	1,380.31
Dividend on shares	(3,411.58)	(8,539.94)
Interest paid	(591.60)	(636.35)
Net cash flow from (used in) financing activities (C)	(1,306.21)	(7,795.98)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(386.61)	1,269.95
Cash and cash equivalents at 1 April	1,373.50	103.55
Cash and cash equivalents at the reporting date	986.89	1,373.50
Reconciliation of cash and cash equivalents as per the balance sheet		
Cash and cash equivalents as per the cash flow statement	986.89	1,373.50
Other bank balances not considered above		
- Term Deposit	6,284.14	12,630.73
Cash and cash equivalents (including Term Deposits) at the reporting date	7,271.03	14,004.23

The accompanying notes 1 to 48 form an integral part of the consolidated financial statements.

As per our report of even date

for **BASHA & NARASIMHAN**
Chartered Accountants
Firm's registration no. 006031 S

Sd/-
Shri K. Narasimha Sah
Partner
Membership No. 201777

Place: Hyderabad
Date: 30.06.2020

for and on behalf of the Board of Directors

Sd/-
Dr. Sanjay Kumar Jha

Chairman & Managing Director
Sd/-
Smt K. Madhubala
Chief Financial Officer

Sd/-
Shri Paul Antony
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL INFORMATION

Mishra Dhatu Nigam Limited ("the Company") a Government of India enterprise was set up in 1973 and is engaged in the business of manufacturing of superalloys, titanium, special purpose steel and other special metals. The Company has its registered office at 'P.O. Kanchanbagh, Hyderabad, 500058'.

The company has made strategic investment in a joint venture company M/s. Utkarsha Aluminium Dhatu Nigam Limited for furtherance of its business in the area of Aluminium based alloys.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

i. Statement of compliance

The consolidated financial statements of the company and its joint venture are prepared and presented in accordance with Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015], to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

ii. Functional and presentation currency

The consolidated financial statements are presented in Indian rupees, which is the functional currency of the Company and its Joint venture and the currency of the primary economic environment in which the entities operate. All financial information presented in Indian rupees has been rounded to the nearest lakhs except share and per share data.

iii. Use of estimates and judgment

The preparation of consolidated financial statements are in conformity with Ind AS require estimates and assumptions to be made that affect the application of accounting policies and reported amounts of assets and

liabilities, and the reported amounts of revenues and expenses during the reporting period. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

2.2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

2.3 Revenue recognition

Revenue is recognized when significant risks and rewards of ownership and effective control on goods have been transferred to the buyer. Revenue from the sale of manufactured goods is recognized upfront at the point in time when the goods are delivered to the customer. The supply of alloys may include supply of third-party equipment or material. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the company and its joint venture is acting as the principal or as an agent of the customer. The company and its joint venture recognize revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, liquidated damages, performance bonuses and incentives, if any, as specified in the contract with the customer.

Sales revenue is measured at fair value net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to

the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The appropriate timing for transfer of risks and rewards varies depending on the individual terms and conditions of the sales contract.

In case of Ex-works contract, revenue is recognized when the goods are handed over to the carrier/agent for dispatch to the buyer and wherever customer's prior inspection is stipulated; revenue is recognized upon acceptance by customer's inspector.

In case of sales on FOR/FOB destination contracts, revenue is recognized considering the expected time in respect of dispatches to reach the destination within the accounting period, subject to adjustments based on actual receipt of material at destination.

Claims for additional revenue in respect of sales contracts/orders against outside agencies are accounted on certainty of realization.

Revenue on rendering of service: Revenue is recognized when the outcome of the services rendered can be estimated reliably. Revenue is recognized in the period when the service is performed by reference to the contract stage of completion on the reporting date.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there is a billing in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction

price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

Use of significant judgments in revenue recognition:

The contracts of the Company and its joint venture with its customers could include promises to transfer multiple products and services to a customer. The Company and its joint venture assesses the products / services promised in a contract and identify distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. Variable considerations are allocated to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company and its joint venture use judgment to determine an appropriate standalone selling price for a performance obligation. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised

in the contract. Where standalone selling price is not observable, expected cost plus margin approach used to allocate the transaction price to each distinct performance obligation.

The Company and its joint venture exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. Indicators considered such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfillment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalization. The assessment of this criterion requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

2.4 Foreign currencies

Foreign currency monetary items are recorded in the Functional Currency at the closing rate of the reporting period. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognized as expense or income in the period in which they arise.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through consolidated statement of profit and loss.

2.5 Employee benefits

i. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the consolidated statement of profit and loss in the periods during which services are rendered by employees. Post Retirement Medical Benefit Scheme (PRMBS) and Pension Scheme are classified under this category.

ii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds, in the absence of deep market for high quality corporate bonds that have maturity dates approximating the terms of the obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits,

consideration is given to any minimum funding requirements that apply to any plan. An economic benefit is available if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in the consolidated statement of profit and loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the consolidated statement of profit and loss. All actuarial gains and losses arising from defined benefit plans recognized in other comprehensive income.

The Gratuity and contribution towards Provident Fund classified under this category.

iii. **Compensated Absence**

The liability towards compensated absences is accounted based on actuarial valuation done as at the balance sheet date by an independent actuary using the Projected Unit Credit Method. The liability includes the long term component accounted on a discounted basis and the short term component which is accounted for on an undiscounted basis.

iv. **Other Employee Benefits**

Other employee benefits are estimated and accounted for based on the terms of the employment contract.

2.6 Property, plant and equipment

Land is capitalized at cost to the Company. Development of land such as leveling, clearing and grading is capitalized along with the cost of building in proportion to the land utilized for construction of building and rest of the development expenditure is capitalized along with the cost of land. Development expenditure incurred for the purpose of landscaping or for any other

purpose not connected with construction of any building is treated as cost of land.

All other items of Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The company opted to adopt the previous GAAP value as the 'deemed cost' for the purposes of preparation of opening balance sheet as at 01 April 2015.

The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, when there is an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of replacing a part of an item is recognized in the carrying amount of the item of property, plant and equipment, if the following recognition criteria are met:

- a) It is probable that future economic benefits associated with the item will flow and;
- b) The cost can be measured reliably.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Useful lives of the significant components are estimated by the internal technical experts.

The carrying amount of the replaced part is de-recognized at the time the replacement part is recognized. The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in consolidated statement of profit and loss when the item is de-recognized. The costs of the day-to-day servicing of the item are recognized in consolidated statement of profit and loss as incurred.

The present value of expected cost for the dismantling and restoration are included in the cost of respective assets if recognizing criteria for provision are met.

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 realizable 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.

Advance paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date is classified as capital advance under "Other non-current assets" and the cost of assets not put to use before such date are disclosed under 'capital work-in-progress'.

Customer funded assets: As per the guidance of Appendix C of erstwhile Ind AS 18 "Transfer of Assets from Customers" are recognized as an item of property, plant and equipment in accordance with Ind AS 16 in the books of accounts and depreciation is charged accordingly.

As per para 8 of Ind AS 16, items such as spare parts, stand-by equipment and servicing equipment are recognized in accordance with this Ind AS when they meet the definition of property, plant and equipment and are expected to be used for more than one accounting year. Otherwise, such items are classified as inventory.

Depreciation

Depreciation is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life.

The useful lives have been determined to be equal to those prescribed in Schedule II to the Companies Act, 2013. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets whose actual cost does not exceed ₹ 5000/-, depreciation is provided at the rate of hundred percent in the year of capitalization.

Disposal:

Gain and losses on disposal are determined by comparing net sale proceeds with carrying amount. These are included in consolidated statement of profit and loss.

2.7 Intangible assets

i. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. For transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

ii. De-recognition of intangible assets

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in consolidated statement of profit and loss when the asset is de-recognized.

iii. Useful lives of intangible assets

Amortization is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life.

The useful lives have been determined in accordance with guidance provided at Schedule II to the Companies Act, 2013.

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.8 Inventories

Inventories are valued on the following basis:

i. **Raw materials, consumables, spares and Tools and Instruments in Central Stores**

At weighted average cost

ii. **Raw materials in Shop floor/ Sub-stores in the shops**

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

iii. **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.

iv. **Re-usable process scrap, process rejections and sales rejections with customers for return**

At estimated realizable value for scrap.

v. **Tools and Gauges**

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

vi. **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.

vii. **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.

viii. Goods in transit are valued at cost.

ix. Stores declared surplus / unserviceable are transferred to salvage stores for disposal, and charged to revenue.

x. 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 (which do not meet definition of PPE): 50% of the book value

xi. Stationery, uniforms, medical and canteen stores are charged off to revenue at the time of receipt.

2.9 Investments in Associates and Joint Ventures

An associate is an entity over which the Company has significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates or joint ventures are incorporated on these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or joint venture is initially recognized in the consolidated balance

sheet at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate or joint venture.

Distributions received from an associate or a joint venture reduces the carrying amount of the investment. When the company's share of losses of an associate or a joint venture exceeds the company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the company's net investment in the associate or joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Company determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If, there exists such an objective evidence of impairment, then it is necessary to recognize impairment loss with respect to the Company's investment in an associate or joint venture.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

For the purpose of consolidation the use of the equity method is discontinued from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the company retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

The equity method is continued when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the ownership interest in an associate or a joint venture is reduced but the use of equity method is continued, the proportion

of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

2.10 Income tax

Tax expense represents the sum of current tax and deferred tax

i. Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The current tax assets and current tax liabilities are off-set, where there is a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

ii. Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

2.11 Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation taking into account the risks and uncertainties surrounding the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such provision is made, impairment loss if any is recognized on the assets associated with that contract.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.12 Financial instruments

i. Financial assets

The Company and its joint venture initially recognizes its Loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company and its joint venture becomes a party to the contractual provisions of the instrument.

The Company and its joint venture de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained is recognized as a separate asset or liability. Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, there is a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Financial assets include security deposits, cash and cash equivalents, trade receivables and eligible current and non-current assets.

Cash and cash equivalents comprise cash balances and term deposits with original maturities of one year or less. Bank overdrafts that are repayable on demand and form an integral part of the Company and its joint venture's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

ii. **Financial liabilities**

The Company and its joint venture initially recognize debt securities issued and subordinated liabilities on the date that they are originated and all other financial liabilities are recognized initially on the trade date at which it becomes a party to the contractual provisions of the instrument.

The Company and its joint venture de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include loans and borrowings and trade and other payables.

Such financial liabilities are recognized initially at fair value through profit or loss and stated net off transaction cost that are directly attributable to them. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

2.13 Impairment

i. **Financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company and its joint venture on terms that would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

ii. **Non-financial assets**

At the end of each reporting period, the Company and its joint venture reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets

are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2.14 Borrowing costs

Borrowing costs incurred for obtaining assets which takes substantial period to get ready for their intended use are capitalized to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets. Other borrowing costs are treated as expense for the year.

Transaction costs in respect of long-term borrowings are amortized over the tenure of respective loans using effective interest method.

2.15 Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in the consolidated statement of profit and loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying

asset are recognized in the consolidated statement of profit and loss using the effective interest method.

2.16 Earnings per share

The Company and its joint venture presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.17 Segment reporting

Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company is in the business of manufacturing of super alloys and other special metals. Considering the core activities of the Company, management is of the view that the Company operates a single business segment. Further, the Company has only domestic turnover. Therefore, there is no other reportable segment.

2.18 Claims by / against the Company:

Claims on underwriters/carriers towards loss / damage are accounted when monetary claims are preferred.

Claims for refund of customs duty including project imports/port trust charge/excise duty are accounted on acceptance/receipt.

Liquidated Damages on suppliers are accounted on recovery.

Liquidated damages levied by the customers are netted-off from revenue on recovery/ advice by the customers. A provision is created for the likely claims of Liquidated Damages for shipments made where a reliable estimation can be made.

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.

Provision for Doubtful Debts is made on the amounts due from other than Govt. Depts. & PSUs using expected credit loss provisional matrix.

Provision for Contingencies & Warranty to take care of rejected / returned material by customers is provided at an average of percentages of rejections over turnover related to manufactured products for the previous 5 years.

2.19 Research and development expenses:

Research expenditure is charged to the consolidated Statement of Profit and Loss. Development costs of products are also charged to the consolidated Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

Expenditure incurred towards other development activity where the research results or other knowledge is applied for developing new or improved products or processes, are recognized as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, and has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

2.20 Physical verification of Fixed Assets and Inventory:

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.

Inventories of work-in-process, finished goods, raw materials and consumables in the Company premises are verified at the end of the financial year.

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.

2.21 Cash Flow Statement:

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS 7- Statement of Cash Flows.

2.22 New standards and interpretations not yet effective:

A number of new standards, amendments to standards and interpretations are not yet effective as on the reporting date, and have not been applied in preparing these consolidated financial statements. The effect of the same is being evaluated by the Company and its joint venture.

2.23 Government Grants:

- i. Grants from the Government are recognized at their fair value where there is reasonable assurance that grant will be received and the Company and its joint venture will comply with all attached conditions.
- ii. Government grants relating to income are deferred and recognized in the consolidated profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Alternatively, they are deducted in reporting the related expense.
- iii. Grants related to non-depreciable assets may also require the fulfilment of certain obligations and would then be recognized in consolidated profit or loss over the periods that bear the cost of meeting the obligations.
- iv. Government Grants received either as subsidy or otherwise for acquisition of depreciable assets are accounted as deferred income. If the grant/subsidy is absolute, amount corresponding to the depreciation is treated as income over the life of the asset. If the grant/subsidy is attached with any conditions, such as repayment, income is accounted as per the terms of the grant/subsidy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

3. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

	Land	Buildings/ Drainage/ water systems	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Other (Electrical installations)	Others (Roads and bridges)	Total Tangible Assets
As at 31st March 2019									
Gross Carrying amount									
Opening gross carrying amount	622.40	4,558.60	29,921.00	411.30	373.70	757.90	2,584.00	3.50	39,232.40
Additions	1,589.59	77.75	8,501.68	43.43	18.81	152.01	12.59	0.02	10,395.88
Disposals	-	(3.19)	(19.70)	(2.77)	(0.31)	(3.92)	(1.83)	-	(31.72)
Closing gross carrying amount	2,211.99	4,633.16	38,402.98	451.96	392.20	905.99	2,594.76	3.52	49,596.56
Accumulated depreciation									
Opening accumulated depreciation	-	419.90	3,584.80	95.90	110.80	200.03	543.47	-	4,954.90
Depreciation charge during the year	-	177.22	1,610.10	48.20	47.69	142.86	255.20	-	2,281.27
Disposals	-	(0.35)	(1.38)	(1.50)	-	(2.81)	(0.59)	-	(6.63)
Closing accumulated depreciation	-	596.77	5,193.52	142.60	158.49	340.08	798.08	-	7,229.54
Net Carrying amount	2,211.99	4,036.39	33,209.46	309.36	233.71	565.91	1,796.68	3.52	42,367.02
As at 31st March 2020									
Gross Carrying amount									
Opening gross carrying amount	2,211.99	4,633.16	38,402.98	451.96	392.20	905.99	2,594.76	3.52	49,596.56
Additions	-	219.34	3,029.37	11.00	118.59	205.03	617.98	-	4,201.31
Disposals	-	-	(0.02)	(0.31)	(32.65)	(9.73)	-	-	(42.71)
Closing gross carrying amount	2,211.99	4,852.50	41,432.33	462.65	478.14	1,101.29	3,212.74	3.52	53,755.16
Accumulated depreciation									
Opening accumulated depreciation	-	596.77	5,193.52	142.60	158.49	340.08	798.08	-	7,229.54
Depreciation charge during the year	-	177.19	1,819.93	46.50	54.82	165.56	323.88	-	2,587.88
Disposals	-	0.01	-	(0.05)	(25.56)	(7.21)	0.03	-	(32.78)
Closing accumulated depreciation	-	773.97	7,013.45	189.05	187.75	498.43	1,121.99	-	9,784.64
Net Carrying amount	2,211.99	4,078.53	34,418.88	273.60	290.39	602.86	2,090.75	3.52	43,970.52

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

1. 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.
2. 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.
3. 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)
4. Plant and Machinery includes ₹ 4984.60 lakhs (31-Mar-2019 ₹ 4520.22 lakhs) for R & D capital costs.
5. Company considered the salvage value as 5% of the Cost of Assets
6. Principal Asset costing ₹100 lakhs and above only are identified for the purpose of componentization of assets.
7. 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	
Furniture	5.70	10.00	0.45	5.00	1.26	0.81	
TOTAL	5.70		0.45		1.26	0.81	
Previous Year	6.80		0.44		1.29	0.85	

8. Refer Note 41(iii) for outstanding contractual commitments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

4. INTANGIBLE ASSETS

(₹ in Lakhs)

	Computer software	Copyrights & Patents and other intellectual property rights, services and operating rights	Total Intangible Assets
As at 31st March 2019			
Gross Carrying amount			
Opening gross carrying amount	318.19	24.20	342.39
Additions	-	-	-
Disposals	-	-	-
Closing gross carrying amount	318.19	24.20	342.39
Accumulated depreciation			
Opening accumulated depreciation	164.68	11.83	176.51
Depreciation charge during the year	34.59	3.62	38.21
Disposals	-	-	-
Closing accumulated depreciation	199.27	15.45	214.72
Net Carrying amount	118.92	8.75	127.67
As at 31st March 2020			
Gross Carrying amount			
Opening gross carrying amount	318.19	24.20	342.39
Additions	-	-	-
Disposals	-	-	-
Closing gross carrying amount	318.19	24.20	342.39
Accumulated depreciation			
Opening accumulated depreciation	199.27	15.45	214.72
Depreciation charge during the year	21.30	2.26	23.56
Disposals	-	-	-
Closing accumulated depreciation	220.57	17.71	238.28
Net Carrying amount	97.62	6.49	104.11

5. CAPITAL WORK-IN -PROGRESS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Capital Work-in-Progress-Civil	3,481.03	1,494.45
Capital Work-in-Progress- Plant & Machinery Under Erection	36,937.55	15,877.81
Plant, Machinery & Equipment under Inspection & in Transit	63.43	132.44
Total	40,482.01	17,504.70

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Trade Investments Non-Trade, Unquoted AT COST		
Investment in Equity instruments		
Investment in other entities		
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
Investments in Joint Venture (**)		
Utkarsha Aluminium Dhatu Nigam Limited	1,837.25	-
2,00,00,000 fully paid up Equity share of ₹ 10/- each (Previous Year NIL)		
Total	2,047.36	210.11

(*) Investment in APGPCL shares are in the nature of security deposit for uninterrupted supply of power which has no specified tenure. Hence, not considered for fair valuation.

(**) Details of Joint venture

Particulars	Principal Activity and place of business	Proportion of ownership Interest / voting rights held by the Company	
		As at 31-03-2020	As at 31-03-2019
Utkarsha Aluminium Dhatu Nigam Limited	For setting up High End Aluminium Alloy Production plant at Nellore, Andhra Pradesh.	50%	-

Financial Information in respect of Joint Venture

Particulars	As at 31 st March 2020	As at 31 st March 2019
Non-current assets	222.85	-
Current assets	3,452.27	-
Non-current liabilities	-	-
Current liabilities	0.62	-
The above amounts of assets and liabilities includes the following:		
Cash and cash equivalents	3,451.10	-
Current financial liabilities (excluding trade payables and provisions)	-	-
Non-current financial liabilities (excluding trade payables and provisions)	-	-
Current liabilities	0.62	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

Particulars	As at 31 st March 2020	As at 31 st March 2019
Profit or loss from continuing operations	(325.50)	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(325.50)	-
The above profit / (Loss) for the year include the following:		
Depreciation and amortisation	3.24	-
Interest Income	-	-
Interest expenses	-	-
Income tax expense / (income)	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in JV recognised in the consolidated financial statements:

Particulars	As at 31 st March 2020	As at 31 st March 2019
Net asset of the Joint Venture	3,674.50	-
Proportion of the Group's ownership interest in JV (%)	50%	-
Proportion of the Group's ownership interest in JV (₹)	1,837.25	-
Add: additional subscription of share warrant / advance against equity	-	-
Add: good will on acquisition	-	-
Less: unrealised profit	-	-
Group's share in the net asset of JV	1,837.25	-
Carrying amount of the Group's interest in JV	1,837.25	-

7. NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in Lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
Unsecured, considered good		
Loans to Vendors	64.85	-
Total	64.85	-

8. NON-CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
Advance Income Tax	543.63	1,065.17
Total	543.63	1,065.17

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

9. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Capital Advances		
Unsecured, considered good	999.69	4,620.72
Doubtful	35.46	35.46
Less: Provision	35.46 -	35.46 -
Sub-Total	999.69	4,620.72
Others		
Doubtful Advances to supplier	22.52	22.52
Less: Provision	22.52 -	22.52 -
Obsolete and slow moving -Raw material	25.78	0.06
Less: Provision	25.78 -	0.06 -
Obsolete and slow moving -consumables	35.50	32.46
Less: Provision	35.50 -	32.46 -
Obsolete and slow moving -spares	143.94	138.96
Less: Provision	143.94 -	138.96 -
Total	999.69	4,620.72

10. INVENTORIES

(₹ in Lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
Raw Materials and components	16,322.02	13,546.37
Raw Materials and components -in transit	5,377.62	1,741.95
Total	21,699.64	15,288.32
Work-in-progress #	49,444.86	24,769.48
Total	49,444.86	24,769.48
Finished goods	-	-
Finished goods in transit	1,596.08	548.12
Total	1,596.08	548.12
Stores and spares	532.61	459.20
Stores and spares -in transit	-	-
Total	532.61	459.20
Loose Tools	0.47	0.96
Total	0.47	0.96
Consumables	1,790.28	1,427.67
Consumables-in transit	1.73	25.93
Total	1,792.01	1,453.60
Internally generated Scrap/rejected material	15,984.70	8,363.97
Total	15,984.70	8,363.97
Grand Total	91,050.37	50,883.65

The Inventory does not include material held in trust on behalf of Customers and material issued by the Customers to Midhani for job works

#Work in progress Include materials lying with sub-contractors ₹ 6186.46 Lakhs (31.03.2019 ₹ 1757.74 Lakhs) and is subject to confirmation of balance by sub-contractors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

11. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Debts Outstanding for period exceeding Six Months		
Unsecured, considered good #	11,065.47	6,675.84
Unsecured, considered doubtful	646.84	764.04
Less: Provision	646.84 -	764.04 -
Total	11,065.47	6,675.84
Other Debts		
Unsecured, considered good #	18,674.04	28,548.48
Unsecured, considered doubtful	658.41	211.80
Less: Provision	658.41 -	211.80 -
Total	18,674.04	28,548.48
Grand Total	29,739.51	35,224.32

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.

Expected Credit Loss Percentage

Age of receivables	Expected credit loss	
	As at 31 st March 2020	As at 31 st March 2019
Within Credit the Period	1.08%	0.76%
Upto 3 months	1.66%	1.67%
3-6 months	7.53%	6.14%
6-9 months	18.46%	14.83%
9-12 months	72.12%	75.86%
>12 months	100.00%	100.00%
Specific Provision (₹ In Lakhs) relating to Defence, Govt and PSU customer dues	441.62	560.23
Specific Provision (₹ In Lakhs) relating to Defence, Govt, PSU, Private customer dues (LD)	844.76	392.95

(₹ in Lakhs)

Age of receivables	As at 31 st March 2020	As at 31 st March 2019
Private Customers -Unsecured		
Within Credit the Period	4.19	0.72
Upto 3 months	72.26	0.05
3-6 months	-	-
6-9 months	-	46.82
9-12 months	-	-
>12 months	17.63	15.71
Private Customers -secured	2.13	82.61
Defence, Govt and PSU customer dues	30,948.55	36,054.25

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

Movement in Provision made against Trade Receivables

(₹ in Lakhs)

Particulars	Total
Loss allowance as on 31 st March 2019	975.84
Changes in loss allowance	329.41
Loss allowance as on 31 st March 2020	1,305.25

12. CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Balances with Banks		
In Current Accounts	984.11	1,369.05
In Deposit Accounts #	6,284.14	12,630.73
Cash on hand	2.78	4.45
Total	7,271.03	14,004.23

Balances in deposit accounts represents term deposits with maturities of one year or less and can be liquidated as and when required by the Company, hence classified as cash and cash equivalents.

13. CURRENT FINANCIAL ASSETS - BANK BALANCES [OTHER THAN (NOTE 12) ABOVE]

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Earnest Money Deposits with IndusInd Bank	98.48	123.03
Unpaid Dividend	4.30	3.02
Term Deposits*	3,715.86	5,669.27
Total	3,818.64	5,795.32

*Balances in Term Deposit Accounts includes ₹ 3715.86 lakhs (31.03.2019 ₹ 5669.27 lakhs) pledged for secured over drafts availed against the deposits with various banks.

14. CURRENT FINANCIAL ASSETS - OTHERS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Loans and advances to employees	16.89	16.12
Interest accrued on loans to employees	0.06	0.15
Claims receivable	59.14	50.55
Deposits with others	761.47	790.17
Interest accrued on bank deposits	484.25	291.50
Loans to Vendors	13.55	-
Total	1,335.36	1,148.49

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

15. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Assets held for disposal	1.96	1.96
Prepaid expenses	183.57	157.93
GST/Customs duty receivable	17,693.42	8,641.17
Others		
Unsecured, considered good		
Advance to suppliers	329.59	714.46
Total	18,208.54	9,515.52

16. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Authorised		
Equity shares		
20,00,00,000 shares @ ₹ 10/- per share	20,000.00	20,000.00
(Previous Year 20,00,00,000 shares @ ₹ 10/- per share)		
	20,000.00	20,000.00
Issued		
Equity shares		
18,73,40,000 shares @ ₹ 10/- per share	18,734.00	18,734.00
(Previous Year 18,73,40,000 shares @ ₹ 10/- per share)		
	18,734.00	18,734.00
Subscribed and fully Paid up		
Equity shares		
18,73,40,000 shares @ ₹ 10/- per share	18,734.00	18,734.00
(Previous Year 18,73,40,000 shares @ ₹ 10/- per share)		
	18,734.00	18,734.00
Total	18,734.00	18,734.00

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

Particulars	As at 31 st March 2020		As at 31 st March 2019	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Outstanding as at Opening Date	187,340,000	18,734.00	187,340,000	18,734.00
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Outstanding as at Closing Date	187,340,000	18,734.00	187,340,000	18,734.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

Terms/right attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share (Previous Year ₹ 10 per share). Each equity share represents one voting right.

Details of shareholders holding more than 5% shares in the Company

Particulars	31 st March 2020		31 st March 2019	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹ 10/- each fully paid-up (Previous Year ₹ 10/- each)				
President of India	138,631,600	74.00%	138,631,600	74.00%
Life Insurance Corporation of India	-	-	13,522,029	7.22%
HDFC Trustee Company Ltd. A/c HDFC Balanced Advantage Fund	12,318,595	6.58%	-	0.00%

17. OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 st March 2020		As at 31 st March 2019	
General Reserve				
Opening Balance		64,075.87		59,075.87
Less: Depreciation adjustment		-		-
		64,075.87		59,075.87
Add: Additions during the year		6,500.00		5,000.00
Sub-total		70,575.87		64,075.87
Retained Earnings				
Opening Balance		398.75		880.12
Add: Amount transferred from statement of profit and loss		15,810.63		13,055.69
Amount available for appropriation		16,209.38		13,935.81
Less: Appropriations				
Interim Dividend	1,873.40		3,147.31	
Final Dividend	955.43		3,934.14	
Dividend Tax	581.47		1,455.61	
Transferred to General Reserve	6,500.00	9,910.30	5,000.00	13,537.06
Sub-total		6,299.08		398.75
Components of other comprehensive income				
Opening Balance		262.29		213.49
Add: Remeasurement of the net defined benefit liability / asset, net of tax effect		[195.33]		48.80
Sub-total		66.96		262.29
Total		76,941.91		64,736.91

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

18. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Unsecured		
Advances - Augmentation Facilities - VSSC	18.41	57.06
(This represents balance amount payable (net of ₹ 50.00 lakhs (31.03.2019 ₹ 50.00 lakhs) repayable within 12 months and treated as Other Current Liability and included under Note No.26) against refundable loan of ₹ 478.38 lakhs received from VSSC for upgradation of forge press.)		
Total	18.41	57.06

Maturity Profile of Term Loan:

(₹ in Lakhs)

Borrower	Maturity Profile	
	2020-21	2021-22
VSSC	50.00	28.38

19. NON-CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Grants - Customer Financed Projects	32,597.80	15,609.81
Total	32,597.80	15,609.81

20. NON-CURRENT LIABILITIES - PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Provision for employee benefits		
Provision for gratuity	93.01	85.87
Provision for compensated absences	32.17	23.12
Total	125.18	108.99

21. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Deferred Tax Liabilities		
On Depreciation	3,495.82	4,451.06
Sub Total	3,495.82	4,451.06
Deferred Tax Assets		
On Provision	364.32	462.98
On Disallowance as per IT Act	8.10	8.08
Sub Total	372.42	471.06
Net Total	3,123.40	3,980.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

Movement in deferred tax

Particulars	Closing Balance 31-Mar-2019	Charge/Credit during the year 2019-20	Closing Balance 31-Mar-2020
Deferred Tax Assets			
Provision for Non Moving Stores	59.92	(8.27)	51.65
Provisions for Doubtful Debts	203.69	(87.79)	115.90
Provisions for Doubtful Adv / Claims	7.89	(2.22)	5.67
Provision for Contingencies & Warranty	128.55	10.30	138.85
AMTL Leave Provision	8.08	0.02	8.10
OFB Interest Differences (Net)	49.91	(4.97)	44.94
VSSC Interest Differences (Net)	13.02	(5.71)	7.31
Total Assets	471.06	(98.64)	372.42
Deferred Tax Liability			
Depreciation	4,451.06	(955.24)	3,495.82
Total Liability	4,451.06	(955.24)	3,495.82
Net Liability	3,980.00	(856.60)	3,123.40

22. OTHER NON-CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Advances		
Advances from Customers	31,837.69	19,840.80
Others		
Material Received on Loan - Kaveri Project	26.33	25.68
Other Liabilities - VSSC	54.72	54.72
Other Liabilities - OFB	131.93	26.93
Advances Others	64.57	64.57
Deferred Income	6,294.68	5,877.16
Total	38,409.92	25,889.86

23. CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Secured		
Loans repayable on demand		
From Banks		
Cash Credit	(0.04)	5,506.27
(By hypothecation of Raw materials, stock in process, finished good and book debts.)		
From various banks-short term overdraft secured by pledge of fixed deposits	3,344.27	5,102.34
Secured by Fixed Deposits of ₹ 3715.86 lakhs (31.03.2019 ₹ 5669.27 lakhs)		
Unsecured		
From Banks		
Short Term Loans	10,000.00	-
Total	13,344.23	10,608.61

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

24. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Micro & Small Enterprises	175.44	375.75
Others @	12,714.40	12,464.65
Total	12,889.84	12,840.40

@ 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 :

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Amount due and Payable at the year end		
Principal	175.44	375.75
Interest on above Principal	27.38	64.31
Payments made during the year after the due date		
Principal	1,571.40	2,188.28
Interest on above Principal	-	-
Interest due and payable for principals already paid	44.40	72.73
Total Interest accrued and remained unpaid at year end	71.78	137.04

25. CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Earnest money deposit	17.80	17.90
Security Deposit	269.36	167.09
Liabilities to customers	1,531.60	2,884.58
Capital creditors	1,340.12	1,060.22
Employee payables	1,254.92	2,160.61
Unpaid Dividend	4.30	3.02
Total	4,418.10	6,293.42

26. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Advances received from customers	21,304.96	13,304.00
Advance for Customer Financed projects	6,679.49	3,852.53
Material Received on Loan - Others	7,893.87	4,286.16
Statutory liabilities	113.69	62.43
Deferred Revenue	-	24.91
Total	35,992.01	21,530.03

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

27. CURRENT - PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Provision for employee benefits		
Provision for compensated absences	523.61	84.65
Provision for gratuity	426.63	196.75
Provision for post retirement medical scheme	154.80	94.08
Provision for pension scheme	371.40	219.51
Provision for other employee benefits	1,001.66	1,103.93
Other Provisions		
Provision for contingencies and warranty	551.68	367.87
Other provisions	11.04	11.04
Total	3,040.82	2,077.83

Movement in Provisions (Short term and Long term)

(₹ in Lakhs)

Particulars	As at 01.04.2019	Additions	Utilization	Reversal	As at 31.03.2020
Compensated absences	107.77	685.32	237.31	-	555.78
Gratuity	282.62	425.89	188.87	-	519.64
Post retirement medical scheme	94.08	154.8	94.08	-	154.80
Pension Scheme	219.51	371.4	219.51	-	371.40
Contingencies and Warranty	367.87	183.81	-	-	551.68
Others	1,114.97	900.00	1,002.27	-	1,012.70
Total	2,186.82	2,721.22	1,742.04	-	3,166.00

28. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Sale of Manufacturing Products	69,237.93	68,938.42
Export Sales	1,042.04	805.32
Sale of Services	604.55	574.78
Other Operating Revenues	403.05	766.10
Total	71,287.57	71,084.62

29. OTHER INCOME

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Interest Income		
From Banks	1,157.21	855.12
From Employees	0.01	0.03
From Others	177.97	500.52
Liquidated Damages	881.68	808.00
Exchange rate variance	-	45.05

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Net gain on sale of Fixed Assets	11.28	13.87
Income from Sale of Unserviceable Scrap	99.34	154.32
Excess Liabilities written back	1,232.05	1,179.59
Grant Income	24.00	18.00
Other miscellaneous income	60.09	114.96
Total	3,643.63	3,689.46

Details of other miscellaneous income

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Sale of Application Forms (Personnel)	1.99	0.61
Sale of Tender Documents	-	0.50
Others	58.10	113.85
Total	60.09	114.96

30. COST OF MATERIAL CONSUMED

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Cost of Material for manufactured products	37,660.59	29,276.27
Total	37,660.59	29,276.27

31. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE (₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Opening Stock		
Work-in-progress	24,769.48	11,608.70
Finished Stock	548.12	3,310.30
	25,317.60	14,919.00
Closing Stock		
Work-in-progress	49,444.86	24,769.48
Finished Stock	1,596.08	548.12
	51,040.94	25,317.60
(Increase) / Decrease		
Work-in-progress	(24,675.38)	(13,160.78)
Finished Stock	(1,047.96)	2,762.18
Total	(25,723.34)	(10,398.60)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

32. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Salaries & Wages		
Salaries & Wages	8,190.48	7,103.89
Leave Encashment	685.32	375.48
Directors remuneration	245.34	181.13
Contribution to Provident and other Funds		
Contribution to provident fund	640.18	619.20
Employees Gratuity	164.86	278.52
Leave salary and pension contribution	371.40	295.49
Staff Welfare & Training		
Workmen and staff welfare expense	2,050.88	1,986.83
Total	12,348.46	10,840.54

(i) Gratuity

Gratuity payable to eligible employees is administered by a separate Trust, which has taken a policy with LICGGF. The annual demand computed through actuarial valuation is charged to Statement of Profit and Loss and other comprehensive income

Expenses Recognised during the period

(₹ in Lakhs)

Particulars	2019-20	2018-19
In Income Statement	168.75	271.76
In Other Comprehensive Income	261.03	(75.01)
Net Liability	429.78	196.75

Assets and Liability (Balance Sheet Position)

(₹ in Lakhs)

Particulars	2019-20	2018-19
Present Value of Obligation	4,120.91	4,057.43
Fair Value of Plan Assets	3,694.28	3,860.68
Surplus / (Deficit)	(426.63)	(196.75)
Effects of Asset Ceiling, if any	-	-
Net Assets / (Liability)	(426.63)	(196.75)

Changes in the Present Value of Obligation

(₹ in Lakhs)

Particulars	2019-20	2018-19
Present Value of Obligation as at beginning	4,057.42	4,656.53
Current Service Cost	153.67	166.47
Interest Expense or Cost	311.06	359.69
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-
- change in demographic assumptions	(0.56)	-
- change in financial assumptions	224.97	16.52
- experience variance (Actual Vs assumptions)	(4.80)	(59.34)
Past Service Cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits Paid	(620.85)	(1,082.45)
Acquisition Adjustment	-	-
Effect of business combinations or disposals	-	-
Present Value of Obligation as at the end	4,120.91	4,057.42

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

Bifurcation of net liability

(₹ in Lakhs)

Particulars	2019-20	2018-19
Current Liability (Short term)	-	-
Non-Current Liability (Long term)	426.63	196.75
Net Liability	426.63	196.75

Changes in the Fair Value of Plan Assets

(₹ in Lakhs)

Particulars	2019-20	2018-19
Fair Value of Plan Assets as at the beginning	3,860.68	3,293.50
Investment Income	295.97	254.41
Employer's Contribution	199.90	1,363.04
Expenses	-	-
Employee's Contribution	-	-
Benefits Paid	(620.85)	(1,082.45)
Return on plan assets , excluding amount recognised in net interest expense	(41.42)	32.18
Acquisition Adjustment	-	-
Fair Value of Plan Assets as at the end	3,694.28	3,860.68

Expenses Recognised in the Income Statement

(₹ in Lakhs)

Particulars	2019-20	2018-19
Current Service Cost	153.67	166.47
Past Service Cost	-	-
Loss / (Gain) on settlement	-	-
Expected return on Asset	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	15.08	105.29
Actuarial Gain/Loss	-	-
Expenses Recognised in the Income Statement	168.75	271.76

Other Comprehensive Income

(₹ in Lakhs)

Particulars	2019-20	2018-19
Actuarial (gains) / losses		
- change in demographic assumptions	(0.56)	-
- change in financial assumptions	224.97	16.52
- experience variance (i.e. Actual experience vs assumptions)	(4.80)	(59.35)
- others	-	-
Return on plan assets, excluding amount recognized in net interest expense	41.42	(32.18)
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
Components of defined benefit costs recognised in other comprehensive income	261.03	(75.01)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

Actuarial assumptions (₹ in Lakhs)

Particulars	2019-20	2018-19
Discount rate (per annum)	6.65%	7.65%
Salary growth rate (per annum)	8.00%	8.00%

Demographic assumptions (₹ in Lakhs)

Particulars	2019-20	2018-19
Mortality rate	100.00%	100.00%
Withdrawal rate (per annum)	Upto 3% based on age	Upto 3% based on age

Table of sample mortality rates from Indian Assured Lives Mortality 2012-14

Mortality (per annum)		
Age	Male	Female
20 years	0.092%	0.092%
25 years	0.093%	0.093%
30 years	0.098%	0.098%
35 years	0.120%	0.120%
40 years	0.168%	0.168%
45 years	0.258%	0.258%
50 years	0.444%	0.444%
55 years	0.751%	0.751%
60 years	1.116%	1.116%
65 years	1.593%	1.593%
70 years	2.406%	2.406%

Sensitivity analysis (₹ in Lakhs)

Particulars	31-Mar-20		31-Mar-19	
Defined Benefit Obligation (Base)	4,120.91		4,057.43	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	4,383.28	3,894.34	4,280.28	3,861.04
(% change compared to base due to sensitivity)	6.4%	-5.5%	5.5%	-4.8%
Salary Growth Rate (- / + 1%)	4,003.50	4,246.05	3,945.70	4,166.67
(% change compared to base due to sensitivity)	-2.8%	3.0%	-2.8%	2.7%
Attrition Rate (- / + 1%)	4,102.13	4,134.04	4,037.80	4,073.92
(% change compared to base due to sensitivity)	-0.5%	0.3%	-0.5%	0.4%
Mortality Rate (- / + 10%)	4,120.02	4,121.79	4,056.29	4,058.57
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%

Expected cash flows over the next (valued on undiscounted basis): (₹ in Lakhs)

1 year	947.73
2 to 5 years	2,211.75
6 to 10 years	959.73
More than 10 years	2,972.19

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

(ii) Leave obligations

The leave obligations cover the Company's liability for the earned leave. The retirement benefit relating to leave encashment is administered through a Group Leave Encashment Scheme with LIC of India. The annual demand computed through actuarial valuation is charged to Statement of Profit and Loss

Bifurcation of net liability

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Current Liability (Short term)	424.09	300.99
Non-Current Liability (Long term)	2,214.47	1,896.78
Net Liability	2,638.56	2,197.77

(iii) Pension

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 Current year contribution to pension fund has been provided @ 7% of Basic + DA in line with the MoD guidelines

33. FINANCE COST

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Interest expense		
Cash Credit	47.20	115.19
Short Term Overdrafts	234.45	164.86
Interest - Others	278.78	341.10
Interest - Term Loan	31.17	15.20
Total	591.60	636.35

34. OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Travelling Expenses		
Travelling and conveyance	303.06	395.22
Hire of cars	48.42	40.32
Communication Expenses		
Postage & telephone	56.73	58.81
Repairs & maintenance expenses		
Buildings	407.27	339.45
Plant and machinery	312.04	278.77
Others	143.49	173.84
Rent, rates & taxes		
Rates and taxes	6.21	6.14
Rent	39.67	17.73
Printing and stationery		
Printing and stationery	17.53	15.97

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Office maintenance expenses		
Security guard charges	637.97	663.02
Administration expenses-Others	336.32	112.87
Power & fuel		
Power and fuel	6,056.83	5,474.23
Sub-contractor expenses		
Sub-contractor expenses	9,891.94	7,321.66
General expenses		
CSR Expenses	395.27	393.50
Stock verification discrepancies	-	-
Bad debts written off	70.14	439.81
Fixed Assets written off	2.01	18.54
Sales schemes	1,964.99	1,429.26
Library books	0.43	31.66
News paper and journals	12.63	7.80
Membership fees	42.25	5.98
Training expenses	76.04	51.58
Entertainment/courtesy expenses	7.70	5.26
Hostel/guest house expenses net of income	31.45	26.65
Business promotion expenses	218.35	216.25
Directors sitting fees	7.20	11.83
Factory expenses	271.05	279.87
Advertisement	102.79	155.97
Water charges	145.00	149.91
Consumption of stores, loose tools and spare parts		
Consumption of stores, loose tools and spare parts	4,827.49	4,116.12
Insurance expenses		
Insurance	171.29	150.46
Professional charges		
Legal and professional fees	8.83	4.24
Internal Audit Fee	12.59	13.62
Consultancy charges	161.77	268.17
Contract professionals expenses	12.42	12.52
R& D Expenses		
R & D Contribution	17.50	28.04
Exchange fluctuation		
Exchange rate variance charged off	55.31	-
Auditors remuneration		
Auditor's remuneration(As per details below)	7.52	6.98
Finance & bank charges		
Bank charges	136.78	83.19
Provision for non moving inventories	33.74	9.35
Provision for Bad debts		
Provision for Doubtful Debts	-	83.17
Provision for Contingencies & Warranty		
Provision for Contingencies & Warranty	183.81	97.50
Total	27,233.83	22,995.26

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

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

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Consumption of materials	67.25	950.96
Conversion costs	78.32	271.96
Other Expenditure	169.12	217.87
R & D Contribution	17.50	25.65
Total	332.19	1,466.44

Remuneration and other payments to the auditor (₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Auditor		
(a) Statutory Audit	6.12	5.50
(b) Tax Audit	1.40	1.48
Total	7.52	6.98

Details of Corporate Social Responsibility (₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Promoting Education	132.68	293.80
Promotion of Health	170.07	89.70
Other Projects	92.52	10.00
TOTAL	395.27	393.50

35. INCOME TAX EXPENSE

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in the equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

(a) Income tax expense (₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
Current tax		
Current tax on profits for the year	5,006.99	4,961.00
Earlier year tax	19.15	(2.10)
	5,026.14	4,958.90
Deferred tax		
Decrease (increase) in deferred tax liabilities	856.60	(1,116.40)
Total income tax expense	4,169.54	6,075.30

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

(b) Reconciliation of tax expense and the accounting profit multiplied India's tax rate (₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2020		For the Year Ended 31 st March 2019	
Profit before tax	19,947.59		19,179.79	
Tax at Indian tax rate of 25.168%, 34.944%	5,020.40		6,702.16	
Add:				
Depreciation under Companies Act	2,611.44		2,319.48	
Disallowances under Sec 43B	-		-	
Provision for Doubtful Debts	(122.40)		(171.79)	
Provision for non moving stores and spares	33.74		9.35	
R&D expenditure	-		1,466.44	
Provision for contingency & warranty	183.81		97.50	
Provision for obsolete items	-		-	
Provision for doubtful claims	-		(286.58)	
CSR Expenses	395.27		393.50	
OFB Deferred Exp (Net-off)	35.76		36.58	
VSSC Deferred Exp (Net-off)	(8.21)		(4.46)	
AMTL Leave Provision	9.05		9.28	
Provision for advance to suppliers	-		-	
Others	71.78		137.04	
	3,210.24		4,006.34	
Less:				
Earlier years liability discharged in the current year	-		-	
Donations 80G - Akshaya Patra Foundation	-		5.00	
Depreciation as per IT Act	3,263.54		4,488.53	
R & D weighted deductions	-		4,495.53	
	3,263.54		8,989.06	
Net Adjustments (Additions - Deductions)	(53.30)	(13.41)	(4,982.72)	(1,741.16)
Tax Liability	5,006.99		4,961.00	
Interest	-		-	
Earlier Year Tax	19.15		(2.10)	
MAT Credit Entitlement	-		-	
Deferred Tax	(856.60)		1,116.40	
Total	4,169.54		6,075.30	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

Financial instruments

36. Fair value measurements

A. Financial instruments by category

(₹ in Lakhs)

	31 st March 2020				31 st March 2019			
	FVPL	FVOCI	Amortized Cost	Total	FVPL	FVOCI	Amortized Cost	Total
Financial assets								
Trade receivables	-	-	29,739.51	29,739.51	-	-	35,224.32	35,224.32
Cash and cash equivalents	-	-	11,089.67	11,089.67	-	-	19,799.55	19,799.55
Loans	-	-	64.85	64.85	-	-	-	-
Other financial assets	-	-	1,335.36	1,335.36	-	-	1,148.49	1,148.49
Total	-	-	42,229.39	42,229.39	-	-	56,172.36	56,172.36
Financial liabilities								
Borrowings	-	-	13,362.64	13,362.64	-	-	10,665.67	10,665.67
Trade payables	-	-	12,889.84	12,889.84	-	-	12,840.40	12,840.40
Other financial liabilities	-	-	37,015.90	37,015.90	-	-	21,903.23	21,903.23
Total	-	-	63,268.38	63,268.38	-	-	45,409.30	45,409.30

Note : For the purpose of above abbreviations, FVPL - Fair value through profit and loss; FVOCI - Fair value through other comprehensive income; Amortized cost - Fair value through amortized cost

- (1) Assets that are not financial assets (such as receivables from statutory authorities, export benefit receivables, prepaid expenses, advances paid and certain other receivables) as of March 31, 2020, March 31, 2019 respectively, are not included.
- (2) Other liabilities that are not financial liabilities (such as statutory dues payable, deferred revenue, advances from customers and certain other accruals) as of March 31, 2020, March 31, 2019 are not included.

(i) Fair value of financial asset and financial liabilities measured at amortized cost

The carrying amounts of trade receivables, trade payables, borrowings, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

37. Financial risk management

Risk management framework

The Company has a Board approved Risk Management Policy and the Risks involved at the various processes in the Company 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 in Management Discussion and Analysis and also listed out in the form of SWOT analysis.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. 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 subject to periodical review by Audit Committee appointed by the Board.

The Board of Directors monitors the compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

The Company has exposure to the following risks arising from financial instruments:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables	Aging analysis	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Further quantitative disclosures are included throughout these consolidated financial statements.

i. Credit risk

a) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Majority of trade receivables of the Company, originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approved by Board. Whereas, for other customers risk is measured using the expected credit loss provisional matrix and provision is recognized accordingly.

b) Provision for expected credit loss

The Company provides for expected credit loss based on the following :

Expected credit loss for loans, security deposits

The Company's loans and security deposits are high quality assets having negligible credit risk, hence expected credit loss have not been computed

Expected credit loss for trade receivables

c) Reconciliation of loss allowance provision - trade receivables

(₹ in Lakhs)

Loss allowance on 31 March 2019	975.84
Changes in loss allowance	329.41
Loss allowance on 31 March 2020	1,305.25

Expected credit loss on trade receivables has been disclosed in note 11

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At March 31, 2020, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

Particulars	Carrying amount (₹ in Lakhs)	
	March 31, 2020	March 31, 2019
India	30,821.05	35,369.94
Outside India	223.71	830.22
	31,044.76	36,200.16

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

At March 31, 2020, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

Particulars	Carrying amount (₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Government, Government undertakings and other secured debts	30,948.55	36,054.25
Others	96.21	145.91
	31,044.76	36,200.16

Impairment

Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approve by Board. Whereas, for private customers, provision is determined using expected credit loss provisional matrix.

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 7,271.03 Lakhs at March 31, 2020 (March 31, 2019: ₹ 14,004.23 Lakhs).

The Company is investing in Fixed Deposits with various banks empanelled by the Investment Committee which is approved by the Board. All such deposits are made only with the approval of the Investment Committee. Further, management believes that cash and cash equivalents are of low risk in nature and hence no impairment has been recognized.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the following lines of credit.

Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in Lakhs)

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 year to 2 years	Between 2 years to 5 years	Total
31 March 2020						
Non derivatives						
Borrowings	13344.23					13344.23
Trade payables	12466.26	54.24	369.34			12889.84
Other financial liabilities	4,418.10					4418.10
Total non-derivative liabilities	30228.59	54.24	369.34	-	-	30652.17

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

iii. Market risk

(a) Foreign currency risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Since majority of the company's operations are being carried out in India and since all the material balances are denominated in its functional currency, the company does not carry any material exposure to currency fluctuation risk.

(b) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company's external borrowings carries a fixed interest rate of 8.70% per annum, hence, no interest rate risk has been determined.

38. Capital Management

(a) Risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 8.70 percent (2019: 8.70 percent).

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

(₹ in Lakhs)	
Particulars	As at 31 March 2020
Total liabilities	143,959.71
Less : Cash and cash equivalent	7,271.03
Adjusted net debt	136,688.68
Total equity	95,675.91
Less : Hedging reserve	-
Adjusted equity	95,675.91
Adjusted net debt to adjusted equity ratio	1.43

39. Operating segments

The Company is in the business of manufacturing of super alloys and other special metals. Considering the core activities of the Company, management is of the view that the Company operates a single business segment. Therefore, there is no other reportable segment. Further, Ministry of Corporate Affairs (MCA) has exempted the companies engaged in defence production from the requirement of Segment Reporting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

40. Related party transactions

Parent entity

(₹ in Lakhs)

Name	Type	Place of incorporation	Ownership interest	
			31-Mar-20	31-Mar-19
The President of India	Holding Company	India	74%	74%

Transactions with key management personnel

Key management personnel compensation

(₹ in Lakhs)

Name of the party	31 March 2020					31 March 2019
	Salaries & wages	PF & EPS	Gratuity	Leave encashment	Total	Total
(a) Dr.D.K.Likhi, C&MD	100.31	3.76	-	4.01	108.08	76.95
(b) Shri Sanjeev Singhal, Director (F) (Upto 07-Jan-2020)	46.99	2.36	-	0.12	49.47	46.69
(c) Shri Sanjay Kumar Jha, Director (P&M)	84.32	3.47	-	-	87.79	57.49
(d) Shri Paul Antony, CS	13.64	0.94	-	-	14.58	13.55
Total	245.26	10.53	-	4.13	259.92	194.68

41. Contingent liabilities and commitments (to the extent not provided for)

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
(i) Contingent liabilities		
Claims against the company not acknowledged as debt	5,935.34	4,297.02
Bank Guarantees	2,833.53	1,913.37
Letter of credit outstanding	2,681.93	3,470.36
	11,450.80	9,680.75
(ii) Commitments	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (Capital commitments)	11,891.62	8,197.95
	11,891.62	8,197.95

42. Earnings per share (EPS)

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

i. Profit attributable to Equity holders of company

Particulars	31 March 2020	31 March 2019
Profit attributable to equity holders of the Company (₹ in Lakhs)	15,810.63	13,055.69
Weighted average number of equity shares outstanding during the period	187,340,000	187,340,000
Face value of share (₹)	10	10
Earnings per share basic and diluted (₹ per share)	8.44	6.97

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

43. Ind AS-115 Revenue from Contracts with Customers:

The Ministry of Corporate Affairs (MCA), on 28 March 2018, notified Ind AS 115, Revenue from Contracts with Customers as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The new standard is effective for accounting period beginning on or after 1st April 2018. The new standard replaces existing revenue recognition standards Ind AS 11 Construction Contracts and Ind AS 18 Revenue and revised guidance note of the Institute of Chartered Accountants of India (ICAI) on Accounting for Real Estate Transactions for Ind AS entities issued in 2016 and also incorporating the consequential changes in some other Indian Accounting Standards. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of this Standard is that revenue should be recognized when an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled.

In line with the above, accounting policy 2.3 "Revenue recognition" has been modified and implemented w.e.f 1st April 2018

44. Impact of COVID-19:

(i) Impact on Operations and Revenue:

- (a) Company was not operational for 2 months due to lockdown
- (b) Company is not able to operate upto its full capacity due to employee safety measures viz., social distancing, flexible timings and restrictions in night shift operation.
- (c) MSME vendors have not started the operations completely.
- (d) Disruption in supply chain leading to major delivery postponement

(ii) Liquidity Risk

- (a) The Customer base of the Company is majorly in the Government Sectors like Defence, Space, Atomic Energy, Ordnance Factories and Public Sector Undertakings. Since many of the customers are operating with skeleton staff with emphasis on support to MSME by prioritising the payments etc., there shall be a small degree of stress in the liquidity as the company is anticipating delays in realization of receivables.
- (b) Being a Public Sector Undertaking, to support the indigenous MSMEs, Company continues to honour the contractual obligations to its vendors for supply of Goods and Services.
- (c) With this impact, Company may undergo a small degree of stress in holding the adequate liquidity levels and which may cause to arrange for short term funding arrangements for its Working Capital requirements.

45. Impact analysis of new corporate tax rates

Taxation Laws (Amendment) Ordinance, 2019 has been promulgated by the President of India. The Ordinance has amended the Income-tax Act, 1961 and the Finance (No. 2) Act, 2019. In order to provide relief to certain domestic companies, a new section 115BAA has been inserted in the I-T Act with effect from Assessment Year 2020-21 to provide an option to domestic companies to pay tax at the rate of 22% plus applicable surcharge and cess. However, the option to avail the benefit of section 115BAA shall be available only when total income of the company is computed without providing for specified deductions or exemptions. After analyzing the impact analysis, company adopted New Provision 115BAA: 22% + 10% Surcharge + 4% Cess. i.e. 25.168% from the current assessment year i.e. AY 2020-21.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

Following is the impact on Income Tax and Deferred Tax w.r.t Old Tax Rates Vs New Tax Rates for the FY 2019-20

Particulars	New Tax Rates @ 25.168% (₹ in Lakhs)	Old Tax Rates @ 34.944% (₹ in Lakhs)	Impact (₹ in Lakhs)
Profit Before Tax	20208.62	20208.62	0
Tax Expenses	5091.84	6828.84	-1737
Deferred Tax	-856.6	356.64	-1213.24
Profit After Tax	15973.38	13023.14	2950.24
Other comprehensive income for the year net of tax	-195.33	-169.82	-25.51
Total Comprehensive Income for the period	15778.05	12853.32	2924.73

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

47. Disclosure of additional information

(a) As at and for the year ended 31st March 2020

(₹ in Lakhs)

Name of the entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	AS % of consolidated net assets	Amount	AS % of consolidated profit or loss	Amount	AS % of consolidated other comprehensive income	Amount	AS % of consolidated total comprehensive income	Amount
Joint Ventures (Accounting as per equity method)								
Utkarsha Aluminium Dhatu Nigam Limited	3.84%	3674.50	-1.03%	[162.75]	0.00%	-	-1.04%	[162.75]

(b) As at and for the year ended 31st March 2019

(₹ in Lakhs)

Name of the entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	AS % of consolidated net assets	Amount	AS % of consolidated profit or loss	Amount	AS % of consolidated other comprehensive income	Amount	AS % of consolidated total comprehensive income	Amount
Joint Ventures (Investment as per equity method)								
Utkarsha Aluminium Dhatu Nigam Limited	0.00%	0.00	0.00%	-	0.00%	-	0.00%	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2019-20

48. Salient features of joint venture

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF ASSOCIATE COMPANIES / JOINT VENTURES FORM AOC-1

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates / Joint Ventures	Joint Venture
	Utkarsha Aluminium Dhatu Nigam Limited
1. Latest audited Balance Sheet Date	31.03.2020
2. Shares of Associate / Joint Ventures held by the company on the year end	
No.	20,000,000
Amount of Investment in Associates / Joint Ventures (₹)	200,000,000
Extent of Holding %	50.00%
3. Description of how there is significant influence	[refer note 48.2]
4. Reason why the associate / joint venture is not consolidated	-
5. Networth attributable to share holding as per latest audited Balance Sheet (₹)	183,725,000
6. Profit / (Loss) for the year (₹)	
i. Considered in Consolidation	(16,275,000.00)
ii. Not Considered in Consolidation	-
Note:	
48.1 The JV Company has not commenced its operations.	
48.2 Voting power as per the percentage of equity held.	

As per our report of even date

for **BASHA & NARASIMHAN**
Chartered Accountants
Firm's registration no. 006031 S

Sd/-
Shri K. Narasimha Sah
Partner
Membership No. 201777

Place: Hyderabad
Date: 30.06.2020

for and on behalf of the Board of Directors

Sd/-
Dr. Sanjay Kumar Jha
Chairman & Managing Director

Sd/-
Smt K. Madhubala
Chief Financial Officer

Sd/-
Shri Paul Antony
Company Secretary



MISHRA DHATU NIGAM LIMITED

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

MISHRA DHATU NIGAM LIMITED

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