

# **ANNUAL REPORT 2017-2018**



**MISHRA DHATU NIGAM LIMITED**

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## Board of Directors\*



**Dr. D. K. Likhi**

Chairman &  
Managing Director



**Dr. S. K. Jha**

Director  
(Production & Marketing)



**Shri. Sanjeev Singhal**

Director (Finance)



**Shri. Sanjay Jaju**

Government Nominee Director  
Joint Secretary (DIP),  
Ministry of Defence



**Dr. Usha Ramachandra**

Independent Director



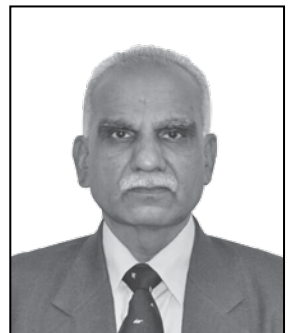
**Dr. Jyoti Mukhopadhyay**

Independent Director



**Shri. I. V. Sarma**

Independent Director



**Shri. Surendra Singh**

Independent Director

\*As on 01.06.2018

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## CHAIRMAN'S MESSAGE

It gives me immense pleasure to welcome you all to the 44<sup>th</sup> Annual General Meeting of Mishra Dhatu Nigam Limited. Subsequent to my taking over as Chairman & Managing Director of MIDHANI, this is my 3<sup>rd</sup> Annual Report highlighting performance of the Company and likely future ahead.

The FY 2017-18 was a memorable year for MIDHANI. In line with the disinvestment programme of Government of India, MIDHANI, became a Public Limited Company and successfully launched its Initial Public Offer of shares through an offer for sale upto 26% of Government holding. The Public issue was received well and the Shares of our company are now listed at BSE & NSE. I take this opportunity to extend my gratitude to all our investors for their confidence in our Company which is further reflected by the increased market capitalization post listing of our shares.

### Performance Highlights:

Performance wise FY 2017-18, inspite of challenges, has been another year of achievements with best ever Profit after Tax figures of ₹ 1312.62 Million. While we could achieve best ever VoP of ₹ 6976.76 Million, we could not attain growth in sales turnover due to non availability of critical equipment, major being 1500T Forge Press and some furnaces on account of planned major revamping. Profit could be achieved through greater thrust on value added products and reduction in cost. The year also saw MIDHANI taking toddler steps in the exports market. Efforts to enter international markets are also expected to bring result from this year onwards.

With continued focus on improvement in delivery cycles, Company has further improved its production cycle with 57% of orders booked and executed in the same year. The coming year, enhanced efforts in this direction is likely to increase our Order Book position with specific focus on new sectors and products.

We have been rated "Excellent", by Department of Public Enterprises with a score of 90.92% in MoU performance for FY 2016-17. With this we have now secured "Excellent" rating for 5 consecutive years. For the year 2017-18, based on the achievements, we are confident of getting "Very Good" MOU rating.

### Growth Trajectory

The year saw former Hon'ble Raksha Mantri, Shri Arun Jaitley, dedicate to nation, facilities commissioned under Phase # 1 of MIDHANI's Modernization programme along with the ground breaking ceremony for the mega project of Wide Plate Mill. During the FY 2017-18 new projects (Tungsten, Springs, Close Die) were approved with a capital investment of more than ₹ 1000 Millions. All the above combined will certainly pave the way for growth in the coming years. Further, thrust is placed for promoting use of renewable energy and towards this, a 60KW roof top Solar plant and 4MW Solar land based plant have been installed during the year, both together having a saving potential of more than ₹ 50 Million/year and 5600 Tons of CO<sub>2</sub> /Year.

The FY 2017-18 also saw MIDHANI taking major steps for implementation of its growth plan by procuring lands at Rohtak for setting up an Armouring Unit and at Nellore for Aluminium Alloy Plant in a proposed joint venture with NALCO for production of high end Aluminium Alloys products. With these acquisitions and firm plans in place, MIDHANI is poised to soon grow from a single unit organization to a multi-unit organization. These are small yet significant steps that are going to define the future for the company. While we are very pleased and thrilled with these developments, we are not resting on our laurels but continuing to work hard in making MIDHANI one of the premier institutions in the Country.

We seek to enter into the new markets of Oil and Gas, Mining, Power, Railways, Chemical and Fertilizers. These new sectors along with the export markets, being targeted by MIDHANI, shall enable us to achieve higher targets.

### Technology Trajectory:

With the constant developments made over the years in various operational areas, by utilizing in-house Research and Development capabilities and collaborative mode of innovations our Company indigenized various critical technologies, alloys and products which reduced dependence on imports of these critical materials. Our Company has been handling challenging developmental tasks, taking a lead position in indigenization of critical technologies and products to render support to several programmes of National importance.

Artificial Intelligence (AI) techniques have significant potential to provide greater insights into all areas of production and conducting business and we aim to tap and utilize such techniques in our various applications. This coupled with securing our Intellectual Property will be a focus area for your company in the coming years.

We have 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 continuously works towards improvement of Product quality and Process innovation for meeting the expected demands at acceptable costs. A dedicated "Technology Advisory Board", consisting of eminent personalities in the field of Metals and Materials, guides us on the required technologies for the development of new products.

### **Talent Trajectory:**

The vision and success story that we foresee is not an entitlement, but we need to earn and I can confidently say that we have the best talent pools in Company with an optimum blend of new and old employees to build our success story. The average employee age at MIDHANI is now about 42 years which is 10 years less than the average in the year 2012. The year saw fresh batch of JOTs / SOTs, Management Trainees joining the company and fresh lateral recruitments in the areas of Marketing, Maintenance, R&D, HR, IT and Projects. With this young, vibrant and talented workforce we can scale greater heights which in turn shall help us evolve a competent, cohesive and vibrant culture capable of coping with ever-changing competitive environment and meet our customer demands.

The IPO presented our employees a unique opportunity to become part owners of the company and more than 50% of our employees are shareholders of our Company. Executive and NUS wage revision was implemented during the year and in order to promote belongingness, skill management, employee welfare, Company has introduced many schemes, made significant contributions towards health care, sanitation, education and also conducted various training programs and workshops for all employees in FY 2017-18. The coming year will also see implementation of People Capability Maturity Model (PCMM) to help in continuously improving the management and development of the human assets of our company.

### **Social Trajectory**

In contributing towards the Swachh Bharat initiative, housekeeping was a key focus area and we have all successfully contributed towards the same and are confident of sustaining and further improving on it in the coming years. Your Company continues to fulfill its obligation towards society through its CSR initiatives. Our approach is guided by our CSR Policy, which outlines the Environmental, Social, and Governance commitments of the Company. We have identified and implemented socially impactful projects in a time bound manner with the total amount of ₹ 32.8 Million spent on CSR activities during the FY 2017-18 which is the highest ever spent on CSR activities in any single year. Community service presenting an invaluable opportunity for personal growth and enhanced understanding of the challenges facing society today, I always encourage all our staff members, especially our younger staff and retired colleagues, to get involved in our CSR initiatives.

### **Governance Trajectory**

The Company continued to comply with good corporate governance practices as stipulated by various statutes and guidelines of the Department of Public Enterprises (DPE). Your Company has secured a score of 99.44% in complying with the Guidelines on Corporate Governance issued by DPE. The Directors on our Board are all eminent personalities with vast experience from diverse fields. The total strength of the Board of Directors as on financial year end is seven out of which four (4 ) are Independent Directors.

### **Our Commitment to Stakeholders:**

**Customers:** It is generally stated that the cost of acquiring a new customer is 5 times greater than keeping an existing one. This entails anticipating our customers' needs as well as offering better products. A superior experience and greater convenience of our customers is of prime importance to us to help us retain our customers. I reaffirm our firm commitment to continuous quality improvement and better customer relations. Faced with tough competition we have successfully increased operational efficiency and reduced costs with superior and niche technology helping us adhere to delivery schedules and improve delivery cycles.

**Vendors:** I have always stated that our vendors are our partners in our progress towards a better tomorrow. Your company is maximizing its procurement through e-procurement process to promote transparency and has incorporated changes to the Purchase Policy to provide a level playing field to domestic suppliers. To interact with our vendors, MIDHANI participated in vendor meet during 18-19<sup>th</sup> January 2018 organized by all DPSUs at Chennai and around 300 vendors have visited MIDHANI's stall and interactions were held with the interested vendors. Our vendors, both domestic and international ensure prompt, quality and cost effective supply of input materials which has in turn helped us achieve timely deliveries and improve our customer service.



**Investors:** We at MIDHANI believe in providing our investors with accessible, transparent and accurate information about the company. We understand and appreciate our investors need to learn about our businesses, its strategies and prospects for the future and I further encourage them to follow progress of activities during the year and also reach us to clarify any doubts. I reaffirm our commitment to provide accessible, transparent and accurate information, in strict compliance with requirements to inform shareholders, regulatory authorities and the market in general.

**Conclusion:**

Our ardent belief on our core mantra i.e. "Together we can" (Samashti Krishi, Vummadi Vridhi), not only allows us but also encourages us to adopt the present day challenges and fulfill our responsibilities to our stakeholders and our nation at large. We will continue to focus on creating positive change and prosperity for all our stakeholders in order to ensure equitable and sustainable development to take this Company to an even higher horizon of growth.

As always I would like to convey my deepest appreciation for the relentless efforts put in by all MIDHANians. Further, our organization benefits every day from the dedicated energy and time devoted by the members of our Board, I convey my heartfelt thanks to all the Board Members for their valuable contribution in the growth of MIDHANI.

I also take this opportunity to thank our Administrative Ministry, Ministry of Defence and other offices of Government at both, State and Centre.

Finally I would like to take this opportunity to thank all the shareholders for their trust and support and solicit continued support to fulfill your expectations.

Thanking You

Jai Hind !!!

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



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## NOTICE

Notice is hereby given that the 44<sup>th</sup> Annual General Meeting of the Members of MISHRA DHATU NIGAM LIMITED will be held on Friday, the 28<sup>th</sup> day of September 2018 at 1030 hrs at DRDO Auditorium, DRDO Township, P.O. Kanchanbagh, Hyderabad - 500058 to transact the following business:

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### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2018 and the Statement of Profit and Loss for the year ended on that date together with the reports of the Directors' and the Auditors' thereon and Comments of the Comptroller & Auditor General of India.
2. To declare Dividend on Equity Shares for the financial year ended 31<sup>st</sup> March, 2018.
3. To appoint a Director in place of Dr. Dinesh Kumar Likhi (DIN: 03552634), who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the fixation and payment of remuneration approved by the Board to be paid to the Auditors for financial year 2017-18 and to authorize the Board of Directors to fix and pay the remuneration of the Auditors appointed by the Comptroller and Auditor General of India (C&AG) for the financial year 2018-19 in terms of the provisions of section 139(5) read with section 142 of the Companies Act, 2013.

### Special Business

5. **Ratification of Remuneration to Cost Auditors:** To consider and if thought fit, to pass with or without modification(s), 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 Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹1,00,000/- exclusive applicable taxes, payable to M/s S. S. Zanwar & Associates, Cost Accountants, as duly appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2017-18, be and is hereby ratified."

**"RESOLVED FURTHER THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby ratifies the remuneration of ₹ 1,00,000 per annum plus applicable tax payable to M/s S. S. Zanwar & Associates, Cost Accountants, who are appointed by the Board of Directors as Cost Auditors of the Company to conduct cost audits relating to cost records of the Company under the Companies (Cost Records and Audit) Rules, 2014 for the financial year ending March 31, 2019."

**By the Order of the Board of Directors**

Hyderabad  
28.08.2018

**Sd/-**  
**Paul Antony**  
**Company Secretary**

**Notes:**

1. The statement pursuant to Sec. 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed hereto.
2. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy, duly completed, stamped and signed, should however, be deposited at the Corporate Office of the Company not less than forty-eight hours before the commencement of the Meeting (on or before September 26, 2018 10:00 hrs IST). Proxies submitted on behalf of limited companies, societies etc. must be supported by an appropriate resolution/authority, as applicable.**
3. **Pursuant to the provisions of section 105 of the Act, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than ten percent of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.**
4. Brief profile of the Directors seeking appointment/re-appointment as mandated under Regulation 36(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 with the Stock Exchanges forms part of the Notice. The directors have furnished consent/declaration for their appointment/re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from **Saturday, 22<sup>nd</sup> September, 2018 to Friday, 28<sup>th</sup> September, 2018**(both days inclusive).
6. The Board has recommended a final dividend of ₹ 2.10 per equity share of ₹ 10/- each. The dividend, if declared by the Members at the said AGM, will be paid within 30 days from the date of declaration to those persons whose names appear as beneficial owners at the end of business hours on **Friday, 21<sup>st</sup> September, 2018** in the list of beneficial owners to be furnished by National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in electronic form; and whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/ Registrar and Share Transfer Agents on or before **Friday, 21<sup>st</sup> September, 2018**.
7. 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 encash/claim their respective dividend during the prescribed period.
8. Members are requested to:-
  - i. note that copies of Annual Report will not be distributed at the Annual General Meeting.
  - ii. bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
  - iii. note that the attendance slip/ proxy form should be signed as per the specimen signature registered with the Alankit Assignments Limited, Registrar & Transfer Agent (RTA)/ Depository Participant (DP).
  - iv. deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the Entry Slip available at the counters at the venue to be exchanged with the Attendance Slip.
  - v. note that 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.
  - vi. Intimate to their DP in respect of shares held in dematerialized form, and to the Company/Company's Registrar & Share Transfer Agent in respect of physical shares, changes if any, in their respective addresses along with the pin code number at an early date.
  - vii. quote their Folio / Client ID & DP ID Nos. in all correspondence.
  - viii. In case of multiple folio consolidate holdings into one folio in case of multiple folios with names in identical orders.
  - ix. note that no gifts/coupons will be distributed at the Annual General Meeting.

9. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Company Secretary of the Company at the Corporate Office of the company at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.
10. Members may also note that the Annual Report for the FY 2017-18 will also be available on the Company's website [www.midhani-india.in](http://www.midhani-india.in) for download.
11. **Members who have not registered their e-mail addresses so far or who want to update their e-mail address, are requested to approach their respective DP (for electronic holding) or with R&TA/ Company (for physical holding), for receiving all communication including Annual Report, Notices, Circulars, NECS intimation etc. for the Company electronically.**
12. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail of the nomination facility by filing Form No. SH- 13 in their own interest. Blank form can be obtained from RTA on request. Duly filled in and signed form is to be submitted to RTA. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank account details, National Electronic Clearing Services (NECS), nominations, power of attorney, change of name, change of address, PIN code etc., only to their Depository Participants (DPs) and not to the Registrar and Share Transfer Agent (RTA) or the Company.
13. None of the Directors of the Company is in any way related to each other
14. Route Map for the venue of the meeting is enclosed
15. **Instructions for Voting through electronic mode:**
  - (a) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the members are provided with the facility to exercise their right to vote electronically, through the e-voting services provided by NSDL, i.e. facility of casting the votes by the members using an electronic voting system from a place other than the venue of AGM (remote e-voting) on all the resolutions set forth in this Notice.
  - (b) The voting period begins on Tuesday, September 25, 2018 (09.00 a.m.) and ends on Thursday, September 27, 2018 (5.00 p.m.). During this period, members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, September 21, 2018 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
  - (c) Persons who have acquired shares and become members of the Company after the dispatch of notice and hold shares as on cut-off date of September 21, 2018 may obtain the login ID and password by sending request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
  - (d) The facility of voting through electronic voting system or by ballot paper shall be made available at the meeting also and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting. Shareholders who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again. Once the vote on a resolution is cast by the member, he/ she shall not be allowed to change it subsequently or cast the vote again.
  - (e) The results declared along with the Scrutinizer's Report, will be placed on the website of the Company [www.midhani-india.in](http://www.midhani-india.in) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges where the Company's shares are listed viz., BSE Ltd. and National Stock Exchange of India Limited. The results shall also be displayed on the notice board at the Registered Office of the Company.
  - (f) Any queries / grievances in relation to voting through electronic mode may be addressed to NSDL, Ms. Pallavi Mhatre, (Assistant Manager), NSDL, 4<sup>th</sup> Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), Tel: 1800 222 990/ 91 22 2499 4200/ 91 22 24994545.
  - (g) 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 are mentioned below:

#### How to Log-into NSDL e-Voting website?

1. 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.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. 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 109389 then user ID is 109389***

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, your 'initial password' is communicated to you on your postal address.
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](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
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 No. 109389" 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 [corporateadvocatejagan@gmail.com](mailto:corporateadvocatejagan@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. 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](http://www.evoting.nsdl.com) to reset the password.
3. 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](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**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 M/s S. S. Zanwar & Associates, Cost Accountants, upon annual remuneration of ₹ 1,00,000/- exclusive of Service Tax payable to conduct the audit of the cost records of the Company for the financial year 2017-18. Subsequently the Board has on the recommendation of the Audit Committee approved the appointment of M/s S. S. Zanwar & Associates, Cost Accountants, upon annual remuneration of ₹ 1,00,000/- exclusive of applicable taxes payable to conduct the audit of the cost records of the Company for the financial year 2018-19. 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 year 2017-18 and 2018-19 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  
28.08.2018

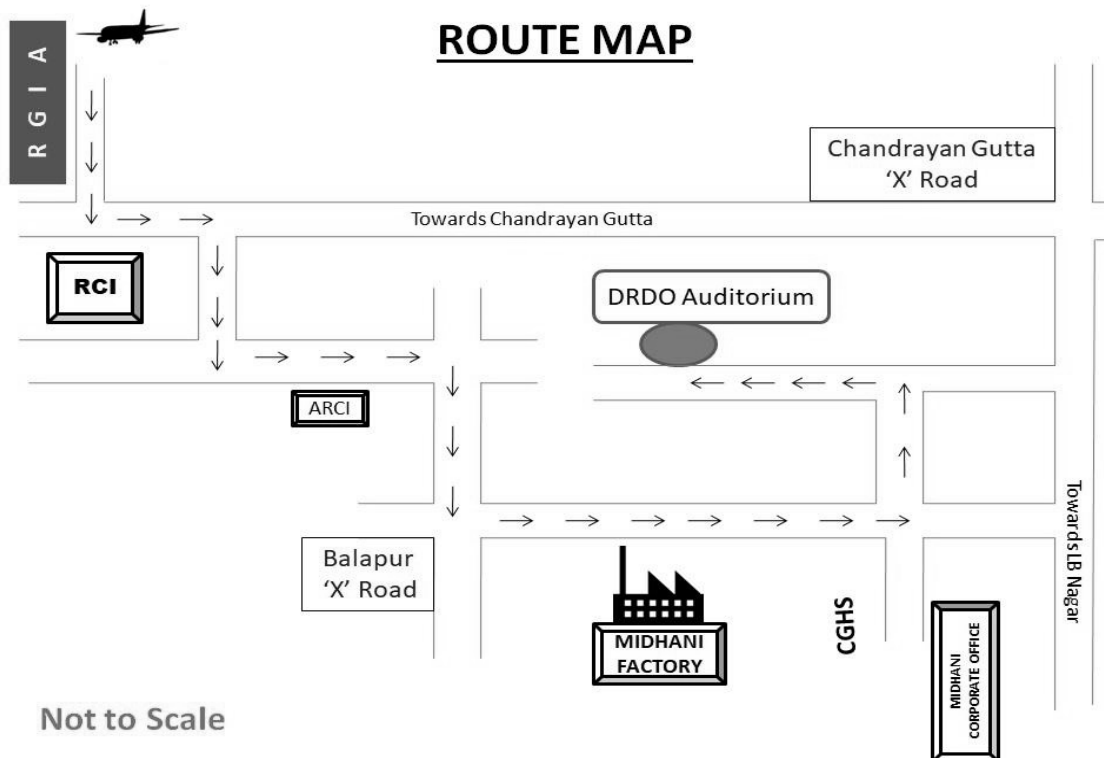
**Sd/-**  
**Paul Antony**  
**Company Secretary**



**Details of Director seeking reappointment at the AGM pursuant to Regulation 36(3) of Listing Regulations and Secretarial Standard – 2 on General Meetings:**

Name of the Director	Dr. Dinesh Kumar Likhi
DIN	03552634
Date of Birth	28.04.1960
Date of first appointment on the Board	01.09.2011
Qualifications	He is a gold medalist in Metallurgical Engineering from IIT Roorkee and obtained his ME in Industrial Metallurgy from NIT Rourkela, PG Diploma in Management from AIMA, MBA in corporate Strategy and Economic Policy from the Maastricht School of Management - the Netherlands and Ph.D in Strategic Alliance from IIT Delhi.
Expertise in specific functional areas	He started his career in Steel Authority of India Limited (SAIL) at Rourkela Steel Plant, in Production/Operation/Process control, and shifted to the corporate office of SAIL Delhi. He has joined MIDHANI in 2011 as Director (Production & Marketing). He has more than 35 year's wide experience in automobile, Steel and special metal alloys Industry.
Terms and conditions of appointment or reappointment	Pursuant to the presidential orders issued by Government of India, Ministry of Defence bearing letter No. 2(15)/2014/MDN/D(NS-I) dt. 27 <sup>th</sup> July 2015, Dr. D. K. Likhi assumed charge as Chairman & Managing Director w.e.f. 01.09.2015. The current terms and conditions of his employment were prescribed by Ministry of Defence vide order No. 2(15)/2014/MDN/D(NS-I) dated 3 <sup>rd</sup> November 2015.
Details of remuneration last drawn (FY 2017-18)	₹ 39,66,249
Directorships in other Public Limited Companies (excluding foreign companies, private companies & section 8 companies)	Nil
Membership of Committees/ Chairmanship in other Public Limited Companies	Nil
No. of Board Meetings attended during the Financial Year 2017-18	8
No. of shares held in the Company:	
(a) Own	Nil
(b) For other persons on a beneficial basis	Nil

Note: Dr. D. K. Likhi is not related to any other Director or Key Managerial Personnel.



- ❖ From Secunderabad Station: Bus No. 102 / 102B to MIDHANI Depot
- ❖ From Hyderabad (Nampally) Station: Any Bus to Koti Women's College, Change and board Bus heading for MIDHANI Depot
- ❖ From Airport: Pushpak Bus Service, Stoppage: Dr. A. P. J. Abdul Kalam Statue, DRDO Township.

### GPS View:



## 10 Years at a Glance

SI No.	ITEM	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	Sales (tonnage)	1908	2429	3014	3482	4687	4111	4732	5205	6150	4477
2	Sales (Value)	3091.12	3712.10	4178.67	5090.13	5585.92	5627.08	6557.01	7614.49	8097.08	6660.78
3	Value of Production (Excl. ED)	3562.75	3654.83	4754.73	4832.88	5326.71	5641.76	6400.45	6785.37	6956.40	6976.76
4	Cash Profit/(Loss)	660.56	708.53	795.52	1032.90	1229.37	1274.73	1483.02	1767.10	2055.13	2164.19
5	PBT (Incl. OCI)	628.97	676.68	751.81	985.03	1177.77	1214.35	1385.15	1626.45	1878.49	1967.78
6	Net Profit/(Loss)[Incl. OCI]	411.46	445.55	509.00	684.55	825.18	824.63	1021.28	1198.93	1272.92	1302.99
7	Value Added	2148.63	2375.75	2887.77	3513.77	3599.81	3761.88	4364.13	4785.78	5382.38	5485.14
8	Value added per employee	1.75	1.99	2.58	3.34	3.69	4.18	5.22	6.23	7.16	6.45
9	Paid up Capital	1463.40	1463.40	1833.40	1833.40	1873.40	1873.40	1873.40	1873.40	1873.40	1873.40
10	Gross Block	1422.83	1545.44	1769.36	1870.38	1997.51	2469.83	3867.02	2770.42	3591.14	3957.48
11	Net Fixed asset	277.93	367.68	552.64	606.74	681.74	1154.78	2442.80	2629.57	3273.77	3444.33
12	Net current asset	1848.56	2275.74	3031.00	3950.70	2792.17	2716.55	3977.75	4787.99	4786.23	4405.29
13	Capital employed (10+11)	2126.49	2643.42	3583.64	4557.44	3473.91	3871.33	6420.55	7417.56	8060.00	7849.62
14	Equity	1463.40	1463.40	1833.40	1833.40	1873.40	1873.40	1873.40	1873.40	1873.40	1873.40
15	Reserves	934.15	1275.92	1546.15	1804.53	2194.25	2577.94	3527.18	4323.30	5170.04	6016.95
16	Net Worth(13+14)	2397.55	2739.32	3379.55	3637.93	4067.65	4451.34	5400.58	6196.70	7043.44	7890.35
17	Contribution to Exchequer	665.10	629.50	795.61	1034.73	1213.60	1118.10	1061.77	1431.64	1664.10	1449.23
18	No.of employees (Nos)	1229	1191	1121	1052	976	900	836	768	752	850
19	Productivity per employee (₹ in Millions)	2.96	3.13	4.33	4.71	5.51	6.36	7.76	9.42	9.73	8.26

(Figures for FY 2015-16 restated as per Ind AS)

## **MISSION**

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

## DIRECTORS' REPORT

### The Members

#### Mishra Dhatu Nigam Limited,

Dear Members,

On behalf of the Board of Directors, We have pleasure in presenting the 44<sup>th</sup> Annual Report on the performance and achievements of your company for the year ended 31<sup>st</sup> March, 2018 together with the Audited Statements of Accounts, Auditors' Report and Financial highlights.

The FY 2017-18 has been a major milestone in the history of the Company as the Company converted itself from a Private limited Company to a Public Limited Company and the Government of India divesting 26% of its stake in our Company.

### 1. SIGNIFICANT ACHIEVEMENTS:

- HIGHEST VALUE OF PRODUCTION of ₹ 6976.76 Million for the FY 2017-18 over the VoP of ₹ 6956.40 Million achieved last year.
- HIGHEST PROFIT BEFORE TAX (PBT) for the FY 2017-18 at ₹ 1982.51 Million as against ₹ 1863.53 Million last year, registering an increase of 6.38 % and best ever Operating Profit of ₹ 1626.69 Million.

### 2. HIGHLIGHTS OF PRODUCTION & SUPPLIES:

- In a first of its kind, under "Make in India" program, MIDHANI handed over a fully Armoured Bus and Bullet Proof Jacket to DG, CRPF in the august presence of Shri Rajnath Singh, Hon'ble Minister of Home Affairs, Smt Nirmala Sitharaman, Hon'ble Minister of Defence, Dr. Subhash Bhamre, Hon'ble Minister of State, Defence at a function organized at DRDO Bhawan, New Delhi.
- MIDHANI was successful in producing Nickel-Titanium Shape Memory Alloy in various mill forms under the Transfer of Technology Agreement with National Aerospace Laboratories (CSIR-NAL), Bangalore. First batch of commercial production & dispatch was completed successfully and MIDHANI joined the band of select few manufacturers of Shape Memory Alloy in the world.

### 3. FINANCIAL HIGHLIGHTS:

- 3.1 Your Company earned a Profit after Tax of ₹ 1312.62 Million as against ₹ 1263.13 Million in the previous year. The Sales Turnover, however, was lower at ₹ 6661 Million due to non availability of critical equipments, 1500T Forge Press and Furnaces on account of planned major revamping.
- 3.2 Your Company achieved the following results during FY 2017-18:

(Figures in ₹ Millions)

PARTICULARS	2017-18	2016-17
Sales	6661	8097
Other Income	292	234
Value of Production (Excluding ED)	6977	6956
Depreciation	196	177
Interest	86	47
Profit before tax (Excl. comp.inc.)	1983	1864
Profit after tax (Excl. comp. inc.)	1313	1263
<b>Ratios (Percentages)</b>		
Profit Before Tax to Capital employed	25.26	23.12
Profit Before Tax to Sales	29.76	23.01
Profit After Tax to Net Worth	16.64	17.93
Profit After Tax to Paid-up Capital	70.07	67.42
Sales to Capital Employed	84.85	100.46
Sales to Gross Block	168.31	225.47
Per Capita Sales (₹ in Millions)	7.84	10.77

#### 4. DIVIDEND POLICY AND TRANSFER TO GENERAL RESERVE

- 4.1 Your Company, being a Central Public Sector Undertaking, follows the Guidelines on Capital Restructuring issued by Department of Investment and Public Asset Management (DIPAM).
- 4.2 Directors are pleased to recommend a Final Dividend @ 30% on the PAT amounting to ₹ 393.79 Million. Further an amount of ₹ 80.94 Million will be paid as Dividend Tax including surcharge. The rate of Dividend works out to ₹ 2.10/- per Equity Share of ₹ 10/- on 18,73,40,000 Equity Shares, being the highest ever paid by MIDHANI.
- 4.3 The Directors are happy to inform that a sum of ₹ 900 Million is being transferred to General Reserves of the Company, thereby accumulating the Reserve and Surplus to the tune of ₹ 6017 Million including Other Comprehensive Income.
- 4.4 The performance of MIDHANI with respect to the Return on Investment in comparison to the previous year is as under

(₹ in Million unless otherwise stated)

S. No	Parameters	2017-18	2016-17
1.	Dividend	393.79	378.94
2.	PAT	1312.62	1263.13
3.	Net Worth*	7415.62	6587.36
4.	Dividend/PAT (%)	30.00	30.00
5.	PAT/Net Worth (%)	17.70	19.17
6.	Dividend/Net Worth (%)	5.31	5.75

\*Net worth is after considering Dividend for respective periods.

#### 5. PERFORMANCE AGAINST MoU

- 5.1 For the F/Y 2016-17, MIDHANI has been awarded an "EXCELLENT" MoU rating with a score of 90.92%.
- 5.2 For the year 2017-18 MIDHANI's performance qualifies for an overall "VERY GOOD" rating in respect of MoU signed with the Department of Defence Production. Excellent rating could not be achieved during the year due to decline in Sales turnover coupled with delay in collection from customers.

#### 6. DISINVESTMENT OF GOVERNMENT HOLDING AND LISTING:

- 6.1 To facilitate the IPO of MIDHANI shares, in line with the disinvestment programme of Government of India, our Company, earlier a Private Limited Company converted itself into a 'Public Limited Company' with effect from November 13, 2017 and a fresh Certificate of Incorporation has been issued by the Registrar of Companies (RoC).
- 6.2 Cabinet Committee on Economic Affairs (CCEA) conveyed its approval for listing of MIDHANI on 12<sup>th</sup> April 2017. Subsequently the President of India, acting through the Ministry of Defence approved the Offer for Sale of Company's shares.
- 6.3 The Public offer consisted of 4,87,08,400 Equity Shares (upto 26% of Government Holding) of face value of ₹10 each through an offer for sale by the President of India acting through the Ministry of Defence for cash at a price of ₹ 90 per equity share including a reservation of upto 18,73,400 equity shares for subscription by eligible employees. A discount of ₹ 3 per Equity Share on the offer price was offered to eligible employees and Retail Individual Bidders.
- 6.4 The public issue opened for subscription on 21<sup>st</sup> March 2018 and closed on 23<sup>rd</sup> March 2018. The issue was subscribed 1.21 times. The details of basis of allotment, finalized on 31<sup>st</sup> March 2018, are as under:

Category	No. of shares allotted	Issue Price Per Share	Amount Realized (₹)
Qualified Institutional Buyers (QIB)	3,67,28,200	90	330,55,38,000
Non Institutional Investors (NII)	7,87,800	90	7,09,02,000
Retail Individual Investors (RII)	1,08,36,150	87	94,27,45,050
Employees	3,56,250	87	3,09,93,750
<b>Total</b>	<b>4,87,08,400</b>	<b>-</b>	<b>435,01,78,800</b>

- 6.5 The Company's Shares were admitted into both the depositories' i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and are traded under International Securities Identification Number (ISIN) – INE099Z01011. The entire Equity Capital of the Company is in electronic form except Six (6) shares held by the nominees of President of India, the same are in the process of being converted to Dematerialized form.
- 6.6 The shares of the company were listed on both the stock exchanges i.e. BSE and NSE on the 04.04.2018. M/s. Alankit Assignments Limited are the Registrar & Transfer Agents in respect of these equity shares.

## 7. GST IMPLEMENTATION AND ERP UPGRADATION:

- 7.1 The Goods and Services Tax (GST), one of the biggest reforms in indirect taxes, was rolled out by the Government of India from 01.07.2017. Your company ensured smooth transition to GST environment from 01.07.2017. ERP Application is duly upgraded to make it GST compliant.
- 7.2 ERP hardware and software were upgraded during FY 2017-18 and there has been a seamless migration from old environment to new environment.

## 8. MODERNISATION, EXPANSION & UPGRADATION PROGRAM OF THE COMPANY:

- 8.1 The upgradation and modernization program of the Company spread over the last decade contributed towards setting up of additional facilities and increase in production capacity and augmented product diversity.
- 8.2 Phase 1 Modernization of MIDHANI at a Capital Outlay of around ₹ 400 Cr. was successfully completed by revamping /upgrading/enhancing production capacities. Prominent among them are new 6000 T Forge Press with 20 T Manipulator, Radial Axial Ring Rolling Mill, Establishment of a New Fastener Plant, R&D Building, Installation of 20 Ton Electric Arc Furnace with Vacuum Degassing (VD) / Vacuum Oxygen Decarburizing (VOD) and Ladle Refining Furnace (LRF). Phase 2 of Modernization pegged at around ₹ 1000 Cr. is currently underway. Your company has thus successfully positioned itself to serve existing and new customers in domestic markets.

### 8.3 Completed Projects:

- **Reheating Furnaces and Heat Treatment Furnaces:** Commissioning of new additional furnaces for improved utilization of new forge press and Ring Rolling Mill facility; Replacement of old furnaces that have outlived their life was executed during the year. In total, commissioning of 4 No's of LPG fired Bogie hearth furnaces of latest technology have been successfully completed, of these 3 were commissioned during the year and one furnace is commissioned in the first quarter of 2018-19.
- **Revamping of 1500T Forge Press:** The 1500T Forge Press is about 30 years old and due to heavy usage the equipments needed revamping. The OEM took up the work of revamping of 1500T forge press by replacement of identified equipments and the revamping work has been successfully completed.
- **4 MW Grid Connected Solar Power Plant:** A 4 MW Solar Power plant, established near MIDHANI township, has been successfully Commissioned on 22<sup>nd</sup> March' 2018. The power generated by the Solar power plant is grid connected to the distribution company. The 4 MW Solar power plant is capable of generating about 20,000 KWh of power per day. Apart from this your company has also commissioned a 60 KW Roof Top Solar Power Plant in Sep' 2017. With the above additions your company is expected to meet around 15% of its power requirements from renewable sources.

### 8.4 Ongoing Projects:

- (a) **Wide Plate Mill:** The Wide Plate Mill facility shall be the biggest capacity balancer in the downstream area to consume increased melting capacity. The facility is being established under "Make in India" programme in two phases (Phase-1 & Phase-2 being executed simultaneously). This mill would create in-house capability to manufacture heavy plates of various special alloys for strategic requirements of Ordnance Factories, Naval, Missile, Aerospace, Atomic Energy sectors etc. including manufacturing of any special grade plates. The complete facility is scheduled to be operational by March 2020.
- (b) **Construction of Spring Manufacturing Plant:** For manufacture and supply of Helical Compression Springs for Railway Wagons, Coaches, Locomotives, Earth Moving Equipments etc. a Spring Manufacturing unit is being set up. This unit consists of Spring Coiling Machine, Walking Beam furnace, Tempering Furnace & End Heating Furnace etc. The complete facility is planned to be established by end of 2019.

## 9. LABOUR PRODUCTIVITY:

- 9.1 The value added per employee during the year was ₹ 6.45 Million, compared to ₹ 7.16 Million in the previous year.



## 10. OPERATIONAL EFFICIENCY:

10.1 Trade receivables as a percentage of revenue from primarily stood at 62.07% as on 31.03.2018. The lag in collection of debts is primarily on account of higher sales in the fourth quarter and the budgets getting exhausted at customers' end, which are primarily Government Departments / agencies. Your company has taken debt collection as a focus area for significant improvement in the coming years.

10.2 Indigenous Procurement as percentage (%) of VoP has increased from 81.58% in FY 2016-17 to 83.87% in FY 2017-18. Your company has achieved an increase of 2.81% in indigenization over previous year.

Year	Indigenization (%)
2017-18	83.87
2016-17	81.58

10.3 Your company has achieved reduction in liquidated damages by 15.75% as percentage of turnover over previous year during the year under review, indicating improved adherence to delivery schedules and reduction in delivery cycles.

Year	Liquidated Damages (₹ Million)
2017-18	69.00
2016-17	99.56

## 11. DEVELOPMENT OF NEW PRODUCTS THROUGH R&D EFFORTS:

11.1 Our business requires us to keep abreast with the latest developments in related fields of science and technology. To be at par with the global technological progress, we place strong emphasis on technology of products, technology of process and technology of equipment. A Technology Advisory Board consisting of eminent personalities in Metal Industry regularly meets to guide and review the R&D activities of MIDHANI.

11.2 MIDHANI's R&D initiatives are focused in developing new grades and Products for its customers, Process development and modification and Yield improvement. An expenditure of ₹ 154.63 Million was incurred towards R&D for Financial Year 2017-18.

11.3 The in-house research and development team works towards improvement of product quality and process innovation for meeting the expected demands at competitive prices. We have entered into collaborations with Indian and international research institutions and organizations to gain access to the required know-how for developing various key advanced technology products.

11.4 Some of the R&D initiatives undertaken by your company during the year are as mentioned below:

- Process technology for the production of 1200mm dia Electro slag remelted ingots of high strength steels has been developed for the first time in the country.
- Adour engine disc of Titanium alloy through Isothermal forging route has been successfully manufactured. Type certification and indigenous development of Special Super Alloy blade blank for Adour engine has been taken up.
- MONEL 400 Nickel-Copper alloy has been developed indigenously for marine applications.
- Beta Titanium alloys has been successfully developed for Aeronautical applications.
- Crusher hammer for coal crushing has been developed through Close Die Forging. These hammers have been put to successful use at NTPC.
- Manufacturing technology for the production of Tool steel has been developed.
- New Automatic Billet Grinding machine designed indigenously and successfully commissioned in house.

11.5 The following new products were added to your Company's product profile and supplied to Customers:

- Development of Erosion Resistant Coal Burner Impeller.
- Special alloys such as Superni 617 CC, Superni 617M, Inconel 625, Inconel 740, MDN 304 HCU developed for BHEL Advanced Ultra Super Critical Project (AUSC)

- Superni 625 Forged bars for Oil & Gas and other Commercial Sectors.
  - Titanium products type certification for Naval Applications.
- 11.6 As per the MoU parameters for the year 2017-18, your company has successfully developed and obtained approval for the following products/grades:
- Development and approval of weld consumables for naval application (Completed by 28.09.17.)
  - Development and approval of Cupro Nickel tubes for Naval application (Completed by 24.11.17.)
  - Development and approval of Armor Steel for Defence Application (Completed by 31.01.18.)

## 12. ENERGY CONSERVATION:

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

- Committed demand enhancement from 16000KVA to 20000KVA implemented, resulting in savings ₹ 17 Million in Electricity bills.
- Procurement has been initiated for installing APFC Panels for Melt 3, Titanium and Forge LCSS at a cost of about ₹ 2.3 Million for improving power factor. APFC Panels Procured and installed in Melt 1 LCSS at a cost of ₹ 0.97 Million for improving power factor. Expected Savings from Melt shop-1 LCSS is ₹ 0.6 Million per year.
- 4MW Solar PV power plant commissioned to generate around 7000 MWhr/year of electricity (saving : ₹ 50 Million/year and reduction of 5600 Tons of CO<sub>2</sub> /Year)
- 60 KW roof top Solar power plant commissioned to generate around 79 MWhr/year (saving : 0.564 Million/year and reduction of 63 Tons of CO<sub>2</sub> /Year)
- Replacement of air conditioners older than 10 years or more in a phased manner with new energy efficient air conditioners resulting in reduced energy consumption.
- Replacement of Conventional street lights & Bay lights with LED lights in phased manner. This is expected to reduce energy required for lighting loads considerably. LED Lights were changed in Phase III and Phase IV during the year under review with an expenditure of ₹ 9.65 Million resulting in savings of 2175 Kw/hrs.

12.2 The summary of consumption of Electricity and LPG for the financial year 2017-18 are as below:

S. No	ITEM	UNITS	2017-18	2016-17
1.	Total consumption of Electricity:	KWHr (in Crore)	4.60	4.54
2.	Total consumption of LPG	MT	4081	4049
3.	Specific Consumptions -			
	- Electricity Per MT of Production:	KWHr/T (Prod.)	1759*	1530
	- LPG per MT of Production.	MT(LPG)/MT(Prod.)	0.16*	0.14

\*Reasons for increase in Specific Consumptions:

1. During the FY 2017-18 MIDHANI manufactured higher proportion of Titanium products resulting in lower tonnage (Density of Titanium being approximately 55% to that of Steel) but better value/sales.
2. Due to non availability of 1500T Forge Press for more than 5 months on account of planned revamping, smaller products otherwise manufactured through this press were taken up through the bigger press i.e. 6000T Forge press.

### 13. MARKETING & BUSINESS DEVELOPMENT:

- 13.1 During the year under review, MIDHANI secured orders worth ₹ 6357 Million. The sector wise breakup of orders booked is as under:

(₹ in Million)

Sector	Total value of the orders
Defence	3847
Space	1135
Energy	776
Others	599
<b>Total</b>	<b>6357</b>

- 13.2 During the year, seven new customers were added to MIDHANI clientele.

- 13.3 The total orders executed during the year under review were to the tune of Rs. 6661 Million and the sector wise sales executed is as below:

(₹ in Million)

SECTOR	Total value of the supplies
Defence	3896
Space	1985
Energy	304
Others	476
<b>Total</b>	<b>6661</b>

- 13.4 The progress made in Business Development during FY 2017-18 is as under:

- MIDHANI participated in International Railway Equipment Exhibition 2017 and also registered some of its products with RDSO. MIDHANI is now a development source for Bogie Plates, Steel Plates & Spring Steel Rounds for Railways.
- MIDHANI also secured orders from the Mining Sector for Alloy Steel Rounds valued at ₹ 13.2 Million for Forged and Hot Rolled Products.
- Orders worth ₹ 7.7 Million were secured from Oil and Gas Sector and development orders were secured from automobiles sector for tool steel products
- During the year 2017-18, MIDHANI secured and successfully executed a trial Export Order of ₹ 1.47 Million from M/s Scholler Blackmann, (Tubacex Group), Austria for Super Alloys Forged Bars.
- To enable MIDHANI to explore export markets such as Oil & Gas Sector etc., MIDHANI appointed four export agents for marketing its products in India and abroad.

### 14. EXHIBITIONS/SEMINARS FOR PROMOTION OF COMPANY PRODUCTS/BRAND:

- 14.1 MIDHANI participated in various International Defence Exhibitions in India and abroad to interact with various foreign companies for identifying potential customers for its products.

- 14.2 During DEFEXPO 2018, MIDHANI entered into two MoUs with Ukraine and USA based companies to explore feasibility of exports of our products.

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

- 14.3.1 International Police Expo organized by Nexgen Exhibitions Pvt. Ltd. at New Delhi during 18-19 May, 2017 to showcase Central Armed Police Forces and State Police products.

- 14.3.2 DSEi 2017, an International Defence Exhibition held at London during 12-15 Sept, 2017 to exhibit Super Alloys, future materials and Armoured products.
- 14.3.3 Exhibition organized on 22-23 Sept. 2017 at DRDO Bhavan, New Delhi to demonstrate our potential in Naval Material Technology and products.
- 14.3.4 Maritime Business Event held at Hai Phong, Vietnam on 25<sup>th</sup> Sept, 2017 on potential of Emerging Material Technology in Naval application.
- 14.3.5 Defence and Security International Exhibition 2017 held at Bangkok, Thailand during 6-9 Nov., 2017 to explore opportunities with South Asian countries.
- 14.3.6 Defence Industry Vendor Development Meet held at Chennai during 18-19 Jan, 2018 to exhibit products that can be undertaken by MSMEs/SMEs and thus act as strategic partner.

## 15. QUALITY CONTROL & ASSURANCE:

- 15.1 During the FY 2017-18 MIDHANI has successfully completed transition recertification audit of QMS for conformance to the revised requirements of AS 9100:2016 & ISO 9001:2015. Audit was carried out by M/s DQS India (Accredited by ANAB) in October 2017.
- 15.2 During the FY 2017-18, MIDHANI has successfully completed Renewal audit of the Laboratory Management systems of Chemical and Mechanical testing laboratories of MIDHANI for conformance to ISO 17025:2005 requirements. Audit was carried out by National Accreditation Board for Testing and Calibration Laboratories (NABL) in February 2018.
- 15.3 MIDHANI has been granted continuation of approval from Directorate General of Aeronautical Quality Assurance (DGAQA) for compliance to Approved Firm and its Quality Management System (AFQMS) requirements.
- 15.4 MIDHANI successfully completed Aeronautical Type Testing activity of Special alloy forged bars intended for the forgings employed in ALH, LUH programme of HAL (Foundry & Forge).
- 15.5 MIDHANI successfully completed Aeronautical Type Testing activity of TITAN31A forged bars intended for various closed forgings of HAL (Foundry & Forge).
- 15.6 MIDHANI successfully completed Aeronautical Type Testing activity of Titanium alloys forged & hot rolled bars intended for various closed forgings of LCA Programme.

## 16. SUPPLY CHAIN MANAGEMENT PERFORMANCE:

- 16.1 **Reverse Auction:** Reverse auction concept was initiated during the year. This has had a significant impact in reducing the procurement costs.
- 16.2 **E-Procurement:** In order to bring higher transparency in procurements, MIDHANI is maximizing procurement through e-procurement process. During FY 2017-18, about 93% of total procurement was done through e-procurement mode.
- 16.3 **Vendor Meet:** MIDHANI participated in vendor meet during 18-19<sup>th</sup> January 2018 organized by all DPSUs at Chennai. Around 16 products for outsourcing and 18 products for indigenization were showcased during the meet. During the meet around 300 vendors visited MIDHANI's stall and interactions were held with the interested vendors. Our core business activities were explained and prospective vendors were appraised about various products earmarked by MIDHANI for outsourcing and indigenization as part of Make in India Programme.
- 16.4 **Integrity Pact:** To ensure transparency and integrity in all contracts, MIDHANI is signing "Integrity Pact" with respective bidders in all procurements of estimated value exceeding ₹ 4 Million. Presently Shri R. Mukundan is holding the position of Independent External Monitor (IEM) of MIDHANI. During the FY 2017-18, threshold limit for signing Integrity pact has been reduced from ₹5 Million to ₹4 Million. About 138 Integrity Pact contracts were signed and 91% of total value of contract /Purchase Orders was covered under Integrity Pact during FY 2017-18. No complaints were received by the IEM during this period.
- 16.5 **Encouragement to small scale/ancillary industries:** MIDHANI continues to encourage and develop MSMEs by regularly sourcing various goods and services from them. The guidelines issued under Public Procurement policy (PPP) for Micro & Small Enterprises (MSEs) Order, 2012 have been complied and MIDHANI has extended the benefits like exemption of Earnest Money Deposit (EMD) payment, Tender fee etc. to MSE vendors. Value of goods/services procured from MSE units stands at ₹ 578 Million during FY 2017-18 which is 23.37% of total indigenous procurement. The value of goods/services procured from SC/ST MSEs stands at ₹ 13.8 Million out of total procurement from MSEs during FY 2017-18.

- 16.6 **Startup India Programme:** Under the Start-up India Programme, list of items identified and reserved for procurement from Micro and Small Enterprises is published in the website of the company. In addition, MIDHANI also provides relaxation on prior turnover and prior experience criteria for the startup organizations.

## 17. RISK MANAGEMENT:

- 17.1 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. The identification of the risk elements faced by the company is listed out in Management Discussion and Analysis placed as part of the report.

## 18. HUMAN RESOURCE DEVELOPMENT:

- 18.1 Our human capital contributes significantly to our business operations and we believe that our employees are our invaluable assets essential for our success. As we build our human resource systems and processes, we intend to continue to focus on improving health, safety and environment for our employees and have in place various programs and benefits for their well being and skill enhancement.
- 18.2 The total manpower strength under Permanent Category of your Company as on 31<sup>st</sup> March 2018 is as under:

Particulars	Non-Executives	Non-Unionized Supervisors	Executives	Total
<b>Male</b>	453	69	243	765
<b>Female</b>	54	02	29	85
<b>Total</b>	<b>507</b>	<b>71</b>	<b>272</b>	<b>850</b>

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

- 18.3 Emphasis is placed on continuous up-gradation of employee's knowledge and skills through appropriate training and development modules. We intend to develop entrepreneurship skills and further strengthen our workforce through more comprehensive and relevant training programs, creating a core of skilled workers for our future growth by providing them with a conducive, safe and healthy working environment.
- 18.4 During the year under review, special emphasis was given for development of SC, ST, OBC, PWD employees.
- 18.5 The industrial relations scenario continued to be peaceful and cordial during the year under report. The management continues to receive maximum support and cooperation from the employees as in the past. The management provides proactive, compassionate human relations by creating an atmosphere of mutual trust and participative management.
- 18.6 Dr. Sanak Mishra, former Managing Director, Rourkela Steel Plant has been appointed as Senior Advisor for supporting MIDHANI on issues of Technology intervention, Business opportunities, Strategy collaborations / Partnerships etc. He has also conducted Leadership Development Programmes for all employees as a part of Change Management Initiative to usher in a cultural change amongst employees.
- 18.7 Employee Welfare Initiatives:
- As a part of welfare initiative for employees and to promote education among the wards of employees, MIDHANI awards Education and Merit Scholarships to the wards of employees.
  - A fully operational Crèche facility with required infrastructure is provided at MIDHANI for the benefit of its employees. Your Company also provides free medicines to employees suffering from chronic diseases.
  - In order to boost the morale and loyalty of employees towards MIDHANI and also to give exposure to young graduates, MIDHANI has introduced "On Job Training" policy for the wards of employees of MIDHANI who are on the rolls of the Company and the wards of the employees who passed away while in service, as a CSR initiative.
  - During the year under review, monetary awards were presented to meritorious students/children of employees of SC, ST and OBC categories @ ₹ 1000/- per child in each category who scored highest percentage of marks and @ ₹ 500/- each to all the students of above categories who scored 75% and above marks in class X Board examination or equivalent held in March/April 2017. The awards were presented on 15<sup>th</sup> August 2017.
  - As per the Company's Scheme, a Scholarship to the children of employees for pursuing graduation in Metallurgical Engineering is granted @ ₹ 1,000/- p.m., till completion of the course.

#### 18.8 Women Empowerment:

- MIDHANI is extending all facilities as per the statutes for the welfare of all its women employees. MIDHANI is providing the necessary platform for women employees to realize their potential, take personal responsibility for performing the job with commitment and take pride in what they do and contribute to achieve the organizational goals. International Women's Day is celebrated by women employees every year in MIDHANI.
- There are a total of 85 women employees collectively working at par with men employees towards achieving the Company goals as against 71 women employees last year. Women employees of MIDHANI belonging to Executive, Supervisory and Non-Executive cadre are spread out across various functions of the Company right from Material procurement, Production, Maintenance, Dispatches to support services such as Civil, Finance, HR, Marketing etc.

### 19. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

19.1 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 its rules thereof.

### 20. TRAINING & DEVELOPMENT:

- 20.1 During the year under report, 2566 man days of training programs were organized for 346 Executives (including Non Unionized Supervisors) and 504 Non-executives i.e. 850 Employees, for both in-house and external training programs, Seminars, Conferences, Symposiums and Workshops. Special Training programme for employees along with their spouse were conducted in two batches for balancing their personal and official life. The programme was conducted with the help of Central Workers Education Board, Hyderabad.
- 20.2 **Induction of SOTs / JOTs – 2017-18 Batch:** 36 Diploma Engineering SOTs & 43 ITI Trades JOTs in various discipline / trades were inducted during the year.
- 20.3 **Induction of Management Trainees – 2017-18 Batch:** 18 Engineering Trainees and 5 Finance professionals were inducted as Management Trainees during the year.
- 20.4 MIDHANI is committed towards fulfilling its obligations under Apprentice Act 1961. Under the scheme 30 Sandwich Diploma Engineering (Metallurgy) students from Government Polytechnics received on job Training for a period of six months in 2 batches; 85 trade apprentices are Electrician, Fitter Welder, Machinist & Turner were engaged for on job Training for one year. Likewise 40 Graduates Apprentices (GATs) and 2 Technician Apprentices (TATs) under the scheme of Board of Apprenticeship Training (BOAT), Chennai were engaged for one year training.
- 20.5 In association with National Productivity Council, Hyderabad, National Productivity week was celebrated from 12<sup>th</sup> to 18<sup>th</sup> Feb., 2018. The Theme of this year was "Industry 4.0, Leapfrog Opportunity for India". Various competitions were also conducted.

### 21. STATUTORY & SOCIAL OBLIGATIONS:

#### 21.1 CORPORATE SOCIAL RESPONSIBILITY:

- 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.
- The Corporate Social Responsibility and Sustainable Development Policy of MIDHANI, in line with the Companies Act 2013, is approved by the Board of MIDHANI.
- For the year under review, MIDHANI spent ₹ 32.83 Million towards CSR activities highest since inception. The cumulative amount spent towards CSR by MIDHANI over the years is ₹ 170 Million.
- An annual report on the CSR activities of the company, including the composition of the CSR Committee in MIDHANI, as mandated under the Companies (Corporate Social Responsibility Policy) Rules, 2014, is also placed at **ANNEXURE - II**.
- The projects taken up for CSR activities by your company during the year under report are as under:
  - Promotion of Health Care and Sanitation (3 Projects)
  - Promotion of Education (2 Projects)
  - Skill Development (2 Projects)
  - Others

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

- **Improvement of sanitation at Govt. Schools:** Under the Swachh Bharat initiative, construction of 24 toilets was undertaken by MIDHANI and the same is expected to benefit approx. 3000 students, both boys and girls. Expenditure of about ₹ 5.82 Million has been incurred on this project.
- **Annual maintenance of Toilets:** To ensure regular use and to promote sanitation, MIDHANI has ensured maintenance and regular upkeep of 35 No's of toilets in various Government Schools at an expenditure of ₹ 1.71 Million. The same has benefitted approx 5000 students.
- **Promotion of Health care:** A Charitable Health Care Centre for the poor families, staying in and around MIDHANI, is set up and basic checkup facilities and medicines are provided free of cost to the patients. Expenditure incurred during the year in running the centre is ₹ 0.35 Million.

**(ii) Promotion of Education:**

- **Sponsored Dual Desks:** 630 No's of Dual Desks were sponsored by MIDHANI for Government School children of Chouttupal Mandal and Suryapet at an expenditure of ₹ 2.1 Million.
- **Mid-day meal to Government School:** MIDHANI sponsored Mid-day meal to approx. 1579 Children of 12 Government Schools of Medak Dist through M/s Akshaya Patra Foundation. Expenditure of ₹ 1.5 Million was incurred towards the same during the year.

**(iii) Skill Development:**

- **Adoption of ITI, Alwal:** As per the scope of the MoU signed with ITI Alwal, MIDHANI is to provide assistance for various civil works such as construction of compound wall & toilets, up-gradation of computer lab, civil renovation of hostel building, workshops, furniture for class rooms, setting up of library furniture, fans & tube lights, financial assistance for employment of teaching staff, etc. The project is still under implementation. Expenditure in 2017-18 is ₹ 5.19 Million.
- **Construction of Training Centre:** As envisaged in CSR-policy of MIDHANI, your company is in the process of setting up a Skill Development Centre. Accordingly Construction work of Skill Development Centre cum Centre of Excellence has been taken up. Expenditure for 2017-18 is ₹ 14.50 Million. The construction work is in progress.

**(iv) Others:** Other CSR expenditure during 2017-18 is ₹ 1.65 Million.

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

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

**21.3 CONTRIBUTION TO EXCHEQUER:**

- Your Company contributed an amount of ₹ 1449.23 Million in the form of Dividend, Duties and taxes during the year 2017-18 as compared to ₹ 1664.10 Million in the previous year.

**21.4 EXTRACT OF ANNUAL RETURN:**

- The extract of Annual Return as provided under sub-section (3) of section 92 of Companies Act 2013 is enclosed at **ANNEXURE – III**

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

- Report on conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo is enclosed at **ANNEXURE - IV**



**21.6 IMPLEMENTATION OF RTI ACT 2005:**

- MIDHANI, as a Public Authority under RTI Act 2005 continues to discharge its obligations. MIDHANI received 67 RTI applications including online applications during the year 2017-18. All the RTI applications and the appeals received, both on line and off line, during the year 2017-18 have been processed and information was provided in a time bound manner as stipulated in the Act.
- In order to have access to information for the Citizens and also as a part of company's philosophy and Corporate Governance, MIDHANI's web site is updated on regular basis by uploading company's news and developments.

**21.7 RAJBHASHA IMPLEMENTATION:**

- Govt. 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 (4 nos. in the financial year 2017-18) were held regularly under the Chairmanship of Chairman & Managing Director of the Company. To encourage the use of Hindi in day-to-day official work, a total of 6 employees in Prabodh, 26 employees in Praveen and 26 employees in Pragya Courses were trained. Four (4) Hindi Awareness Workshops were also organized for 67 employees.
- On the occasion of 'HINDI DIWAS' in the month of Sept 2018, "HINDI MAHOTSAV" was organized. A Guest Lecture was also organized on 14<sup>th</sup> Sept. 2017 as per the direction of Ministry of Home Affairs (MHA) on "Hindi Bhasha ka Mahatva". Further, "Vishwa HINDI Diwas" was celebrated on 10<sup>th</sup> Jan 2018 to propagate Official Language in the organization and on this occasion "Hasya Kavi Sammelan" was also organized.

**22. INTELLECTUAL PROPERTY:**

- 22.1 During the year under report your Company's Logo has been registered as a "Word Mark and Label" under Class 6 and 35. Your company has been issued the trademark registration certificate on May 18, 2017 in respect of advertising, business, administration, office, functions, demonstration of goods, dissemination of advertising matter publicity services, promotional services, all being in relation to special metals and alloys and on May 26, 2017 in respect of common metals and their alloys, design, development and equipment made out of special metals and alloy sheets.

**23. VIGILANCE ACTIVITIES:**

- 23.1 During the year under review, a workshop-cum-Interactive session was organized on 06.10.2017 at MIDHANI on improving Vigilance Administration. Shri K. V. Chowdary, Central Vigilance Commissioner (CVC) chaired the workshop and shared his ideas on Preventive Vigilance and Integrity issues during the session.
- 23.2 Vigilance Awareness Week was conducted from 31<sup>st</sup> October to 4<sup>th</sup> November 2017 with the theme "My Vision-Corruption Free India". On the occasion, the fifth issue of the In-house Vigilance magazine "JAGRUTI" was also released.
- 23.3 Vigilance Department also released the Seventh edition of CVC Vigilance Manual-2017 and the same was distributed to employees as a quick reference and guide for decision making.
- 23.4 During the FY 2017-18, under the initiative of the Vigilance Department, "Online submission of Property return" is implemented.

**24. VIGIL MECHANISM:**

- 24.1 The Whistle Blower Policy adopted by the Board of Directors at its 206<sup>th</sup> Meeting held on January 23, 2013 is functioning as Vigil Mechanism of MIDHANI. The Whistle Blower Policy of MIDHANI is available at the link [www.midhani-india.in/doc/MDN-WHISTLEBLOWER-POLICY-2015.pdf](http://www.midhani-india.in/doc/MDN-WHISTLEBLOWER-POLICY-2015.pdf)

**25. AWARDS AND RECOGNITION:**

- 25.1 During the year 2017-18, MIDHANI was awarded Raksha Mantri's Award for Excellence for the year 2014-15 under the category of innovation. The award was given for development of Nuclear Application Steel Plate. The award was presented by then Raksha Mantri, Shri Arun Jaitley to a cross-functional team of MIDHANI on 30<sup>th</sup> May 2017.

## 26. VISITS AND INTERACTIONS WITH DISTINGUISHED GUESTS:

- 26.1 Shri K. K. Roy Kurian, Managing Director, Kerala Minerals and Metals Limited (KMML) and G Kalyanakrishnan, Distinguished Scientist, Chairman and Chief Executive, Nuclear Fuel Complex (NFC) visited MIDHANI on 09.05.2017.
- 26.2 RAdm L. V. Sarat Babu, NM, IN(Retd), C&MD, Hindustan Shipyard Limited (HSL) visited MIDHANI on 01.06.2017.
- 26.3 Shri Ashok Kumar Gupta, IAS, Secretary (Defence Production) visited MIDHANI on 28.06.2017 to review performance of MIDHANI and inaugurated the in-house indigenously developed 20T Electro Slag Refining Furnace and 10T Vacuum Arc Re-melting Furnace and dedicated the same to the Nation.
- 26.4 Shri TVSN Prasad, JS (Police Modernisation), Ministry of Home Affairs (MHA), and Members from other Paramilitary Forces visited MIDHANI on 30.06.2017 to explore supply of armor products to Para Military Forces.
- 26.5 To review the progress of MIDHANI w.r.t. disinvestment initiative, Shri Neeraj Kumar Gupta, Secretary (DIPAM) visited MIDHANI on 07.07.2017 and also inaugurated the Research and Development Centre at MIDHANI.
- 26.6 Shri S. Somanath, Director LPSC and Team visited MIDHANI on 19.08.2017 for enhanced focus of MIDHANI towards space sector.
- 26.7 Then Hon'ble Minister of Defence, Finance & Corporate Affairs Shri. Arun Jaitley visited MIDHANI on 27.08.2017 and dedicated the newly commissioned facilities of Phase 1 modernization at MIDHANI to the nation. He also conducted the Ground Breaking Ceremony of Phase 2 of modernization at MIDHANI.
- 26.8 Hon'ble Raksha Rajya Mantri Dr. Subhash Ramrao Bhamre visited MIDHANI on 22.09.2017 and inaugurated the "Welding Electrode Plant".
- 26.9 Shri K. V. Chowdary, Central Vigilance Commissioner visited MIDHANI on 06.10.2017 to create awareness on "Preventive Vigilance".
- 26.10 Shri Santosh Sharma, C&MD, Hindustan Copper Limited (HCL) visited MIDHANI on 14.10.2017 to explore areas of cooperation between HCL and MIDHANI.
- 26.11 Shri Apurva Chandra, IAS, Additional Secretary (Defence Production) visited MIDHANI on 27.10.2017 to review the performance and activities of MIDHANI.
- 26.12 Shri K. N. Vyas, Director BARC and Member Atomic Energy Commission visited MIDHANI on 17.01.2018 to review and discuss on areas of cooperation between Department of Atomic Energy and MIDHANI.
- 26.13 Mr. Jesus Esmoris CEO Tubacex Group visited MIDHANI on 17.01.2018 to explore areas of collaboration between Tubacex and MIDHANI.

## 27. CORPORATE GOVERNANCE:

- 27.1 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 from Chief Executive is made part of this report.
- 27.2 A detailed report on Corporate Governance and a report on the Management Discussion & Analysis are part of this report. Certificate for adherence to the guidelines issued by DPE in this regard, duly signed by a practicing Company Secretary, is made part of this report.
- 27.3 In accordance with Revised Grading norms for CPSEs, in the matter of compliance of Guidelines on Corporate Governance issued by DPE, your Company has scored 99.44% for the FY 2017-18.

## 28. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

- 28.1 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.

28.2 External Audit firm M/s. Ernst & Young 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 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.

28.3 No cases of fraud were reported by the Auditors during the year under report.

## 29. BOARD OF DIRECTORS:

29.1 The Board of your company comprised of seven (7) Directors i.e. 3 Functional Directors and 4 Non-Official Part-Time (Independent) Directors, all eminent personalities with vast experience from diverse fields.

29.2 Presidential Orders were received and Shri Surendra Sinh (DIN: 07960634) was appointed as Part Time Non-Official Director on the Board of MIDHANI w.e.f. 09.10.2017. A brief profile of Shri Surendra Sinh is enclosed at **ANNEXURE - V**

29.3 Shri. Sanjay Garg, Joint Secretary (DIP) and Government Nominee Director on the Board of MIDHANI ceased to be a Director on the Board of MIDHANI w.e.f. the date of notification of the same by Administrative Ministry i.e. from 06.12.2017. We place on record our appreciation for the contribution made by Shri Sanjay Garg.

## 30. DECLARATION AND MEETING OF INDEPENDENT DIRECTORS:

30.1 The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013. A separate meeting of Independent Directors in line with the statutory provisions was held on March 8, 2018 wherein all the Independent Directors were present.

## 31. DIRECTORS' RESPONSIBILITY STATEMENT:

31.1 Requirement under Section 134 (3) (c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, is confirmed as under:

- a. That in the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2018, the applicable Accounting Standards have been followed along with proper explanations on the material departures;
- b. That the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year i.e. 31<sup>st</sup> March, 2018 and of the Profit or Loss of the Company for the year ending on that date;
- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013, as amended from time to time, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. That the Directors have prepared the accounts for the financial year ended on 31<sup>st</sup> March, 2018 on a '**going concern**' basis.
- e. That the Directors have laid down Internal Financial Controls to be followed by the company, and that such internal controls are adequate and are operating effectively; and
- f. That the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 32. AUDITORS:

32.1 **Statutory Auditors:** C&AG of India appointed M/s. Basha & Narasimhan, Chartered Accountants, Hyderabad, as Statutory Auditors of the Company for conducting audit of accounts for the year ended 31<sup>st</sup> March, 2018.

32.2 **Cost Auditor:** Your Company appointed M/s. Sandeep Zanwar & Associates, Cost Accountants, Hyderabad, as Cost Auditors for the year 2017-18 in terms of Section 148 of Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014.

32.3 **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 M/s Puttaparthi Jagannatham and Co, Company Secretaries, Hyderabad as Secretarial Auditors of the Company for the FY 2017-18. The Secretarial Audit report is placed at **ANNEXURE – VI**.

32.4 **Internal Auditor:** Your Company engaged M/s. Ernst & Young to conduct Internal Audit for the financial year 2017-18.

### **33. COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA:**

33.1 The comments on the Accounts by the Comptroller & Auditor General of India for the year ended 31<sup>st</sup> March, 2018 are placed in this report after the report of the Statutory Auditors.

### **34. FUTURE OUTLOOK:**

34.1 We believe that innovation in our production processes coupled with enhanced efficiency and utilization of resources is the key to reduce production costs. We intend to leverage our Design, Engineering and Manufacturing capabilities to improve our focus on advanced technology products. We will continue to pursue new collaborations that allow us to add to our product portfolio.

34.2 MIDHANI will also focus on new process based technologies such as Closed-Die Forgings, Investment Castings, Isothermal Forging and using special alloys to further improve existing products and add new products to existing product portfolio. Such new products include Carbon Fiber, Tungsten Powder and Armour products that find use in strategic sectors.

34.3 With a view to expand existing business and to also enter into new areas of business, thrust is placed on Business Development. The new sectors being identified and explored by MIDHANI as part of Business Development are the Railways Sector, Oil & Gas Sector, Automobile Sector and Coal Fields etc.

### **35. ACKNOWLEDGEMENT:**

35.1 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.

35.2 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.

35.3 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. D. K. LIKHI**  
**CHAIRMAN & MANAGING DIRECTOR**

Place: Hyderabad  
Date : 30.05.2018

# REPORT ON CORPORATE GOVERNANCE

## 1.0 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

- 1.1 **MISHRA DHATU NIGAM LIMITED (MIDHANI), a MINI-RATNA-Category - I** company, as a Good Corporate Citizen strives to carry out its Mission, Objectives and Business obligations with good corporate values and high standards of ethics in all spheres. The Good Governance it practices is based on its stated belief and the guidelines of the Government of India issued from time to time, which enables the Company in enhancing values for all stakeholders. Towards this direction, the Board discharges its fiduciary role towards the Company with effective accountability, respect for law, maintaining Corporate Governance standards beyond law, putting systems in place for planning, budget, internal controls, risk-management, communication policy on various facets of Company's operations including creation of an environment for growth and development of human resources.
- 1.2 Your Company is in compliance with the requirements of the Corporate Governance standards as stipulated under Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises – 2010 (hereinafter referred to as "DPE Guidelines") and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as "ICDR regulations"), SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 (hereinafter referred to as "Listing regulations") to the extent applicable.

## 2.0 BOARD OF DIRECTORS:

### 2.1 COMPOSITION & DETAILS OF THE BOARD MEMBERS:

2.1.1 The Board of Directors of Mishra Dhatu Nigam Limited plays a pivotal role in ensuring good Corporate Governance. The Board comprises of an optimum mix of Executive and Non-Executive Directors. The Board has one Woman Director. Half of the Board comprises of Independent Directors. There is no inter-se relationship amongst the Directors. The Board's composition during the year under review is as under:

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

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

Chairman & Managing Director

##### (ii) Dr. S. K. Jha

Director (Production & Marketing)

##### (iii) Shri Sanjeev Singhal

Director (Finance)

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

##### (i) Shri Sanjay Garg (Upto 06.12.2017)

Joint Secretary (DIP),

Dept. of Def. Production,

Ministry of Defence

#### (c) Part-time Non-Official Directors:

##### (i) Dr. Jyoti Mukhopadhyay

Visiting Professor, Materials Science and Engineering,

Indian Institute of Technology, Gandhinagar

##### (ii) Shri I. V. Sarma,

Ex-Director (R&D)

Bharat Electronics Limited, Bangalore

##### (iii) Dr. Usha Ramachandra,

Professor & Area Chairperson, Energy Area,

Administrative Staff College of India, Hyderabad.

##### (iv) Shri Surendra Sinh, (from 09.10.2017)

Vice Chairman, Madhya Pradesh State Disaster Management Authority, Bhopal

2.1.2 The existing Articles of Association of the Company provides for appointment of all Directors by the President of India. The Directors appointed are persons of eminence in respective fields of their activity. None of the directors of the Company were members in more than ten committees or act as Chairperson of more than five committees across all listed entities in which he is a Director during the year. During the year none of the Independent Directors of the Company held directorships in more than seven listed companies during the year.

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

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

- 3.1 The Board met eight (8) times during the financial year under report as compared to statutory minimum requirement of four (4) meetings per year. The average attendance of Directors for all the Board Meetings during the financial year was 91%. The meeting dates and attendance of Directors at such meetings are given below:

Sl. No.	No. of the Meeting	Date of the Meeting	Board Strength	No. of Directors Present
1.	233	22.06.2017	7	6
2.	234	18.08.2017	7	7
3.	235	21.09.2017	7	6
4.	236	17.11.2017	8	7
5.	237	14.12.2017	7	6
6.	238	06.01.2018	7	7
7.	239	08.03.2018	7	7
8.	240	26.03.2018	7	6

The Attendance of individual Directors is placed at: **ANNEXURE: VII(A)**

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

Sl. No.	Name of the Director	Bodies corporate in which the Director is interested
1.	Dr. D. K. Likhi	<div>1. The Indian Institute of Metals, Kolkata Life Member</div> <div>2. Indian Institute of Material Management, Navi Mumbai Life member</div> <div>3. National Institute of Personnel Management South Conclave, Kolkata Life Member</div> <div>4. Global Institute of Flexible Systems management, New Delhi Life member</div> <div>5. Strategic Alliance Professionals Association, Hyderabad President</div>
2.	Shri. I. V. Sarma	BPL Telecom Limited Director
3.	Dr. Usha Ramachandra	<div>1. Andhra Pradesh Gas Power Corporation Limited Director</div> <div>2. Kamireddy Sakleshpur Power Private Limited Director</div> <div>3. Kamireddy Sakleshpur Enterprises Private Limited Director</div>
4.	Other Members of the Board	NIL NIL

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

#### 4.0 General Meetings:

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

Number of AGM	Financial Year	Date of the Meeting	Time of the Meeting	Venue of the Meeting
41	2014-15	22.09.2015	1000 Hours	M/s. Mishra Dhatu Nigam Ltd.,
42	2015-16	27.09.2016	1000 Hours	Regd. Office, P.O. Kanchanbagh,
43	2016-17	25.09.2017	1000 Hours	Hyderabad 500 058

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

4.3 One Extra Ordinary General Meeting of the Company was held on 27.10.2017 for sub-division of shares and for conversion of MIDHANI from Private Limited to a Public Limited Company.

#### 5.0 BOARD'S COMMITTEES, THEIR SCOPE & MEETINGS THEREOF:

5.1 MIDHANI had the following Eight (8) Committees of Board and One (1) apex level internal committee called Corporate Management Committee as on 31<sup>st</sup> March 2018:

#### 5.2 AUDIT COMMITTEE (AC):

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

5.2.2 On conversion of MIDHANI from Private Limited to Public Limited Company, the AC complies with the terms of reference as enumerated under the applicable provisions under the Companies Act, 2013, Listing regulations, DPE Guidelines as amended from time to time.

5.2.3 The AC is currently functioning with four (4) Members i.e. three (3) Independent Directors and One (1) functional Director on the Board. Statutory Auditors, Director (Finance) / Head of Finance, are Permanent Invitees to the Meetings. All members of AC, the Chairperson in particular, have good knowledge of accounting and expertise in financial matters. The Committee regularly interacts with the representatives of external audit firms carrying out Internal Audit / Statutory Audit of the Company and takes stock of all the finance related matters.

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

Si. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Dr. Usha Ramachandra Part-time Non-official Director	Chairperson	From: 18.12.2015
2.	Shri I. V. Sarma Part-time Non-official Director	Member	From :18.12.2015
3.	Dr. Jyoti Mukhopadhyay Part-time Non-official Director	Member	From :18.12.2015
4.	Dr. S. K. Jha Director (Production & Marketing)	Member	From: 05.07.2016

The Company Secretary acts as Secretary of the Committee.

5.2.5 The quorum for AC meetings is two (2) Independent Directors personally present. The Audit Committee is required to meet at least four (4) times during any financial year and not more than 120 days shall elapse between two meetings.

5.2.6 The Chairperson of the Audit Committee and / or another Independent Part-time Non-Official Director who is also a member of the Audit Committee, has / have been designated as person(s) responsible for according prior approval for related party transactions as contemplated under DPE guidelines and Ind AS 24.

5.2.7 Four (4) meetings of the Audit Committee were held during the year under report. The average attendance of Directors for all the AC Meetings during the financial year was 94%. The dates on which such Meetings were held



and the attendance of Directors/Members thereof is furnished below:

<b>Attendance of Directors in Audit Committee Meetings</b>				
<b>Sl. No.</b>	<b>Number of the Meeting</b>	<b>Date</b>	<b>Committee Strength</b>	<b>No. of Directors Present</b>
1.	57	22.06.2017	4	3
2.	58	18.08.2017	4	4
3.	59	17.11.2017	4	4
4.	60	08.03.2018	4	4
The Attendance of individual Directors is placed at: <b>ANNEXURE: VII (A)</b>				

#### 5.2.8 Terms of Reference to the Audit Committee

- (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

### 5.3 NOMINATION AND REMUNERATION COMMITTEE (N&RC):

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

5.3.2 Post conversion of MIDHANI from Private Limited to Public Limited Company and pursuant to the provisions under Section 178(1) of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the Committee was reconstituted and renamed as "Nomination and Remuneration Committee" on 17.11.2017.

5.3.3 The Composition of Nomination & Remuneration Committee during the year under report is as under:

Sl. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Shri I. V. Sarma	Chairman	18.12.2015
2.	Dr. Jyoti Mukhopadhyay	Member	18.12.2015
3.	Dr. Usha Ramachandra	Member	18.12.2015
4.	Shri Surendra Sinh	Member	17.11.2017

The Company Secretary acts as Secretary of the Committee.

5.3.4 One meeting of the Nomination & Remuneration Committee was held during the Financial Year 2017-18.

Attendance of Directors in Nomination & Remuneration Committee Meeting			
Sl. No.	Date of the Meeting	Committee's Strength	No. of Directors Present
1	06.01.2018	4	4

The Attendance of individual Directors is placed at: **ANNEXURE: VII (B)**

5.3.5 Terms of reference to Nomination & Remuneration Committee:

- (i) 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;
- (ii) Formulation and modification of schemes for providing perks and allowances for officers and non unionized supervisors;
- (iii) Any new scheme of compensation like medical scheme, pension etc. to officers, non-unionized supervisors and the employees as the case may be; and
- (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.

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

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

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

5.4.3 The Constitution of the CSR & SD Committee during the year under report is as under:

Sl. No.	Name / Designation of the Directors	Status
1.	Dr. D. K. Likhi Chairman & Managing Director	Chairman
2.	Dr. Usha Ramachandra Part-time Non-Official Director	Member
3.	Dr. S. K. Jha Director (Production & Marketing)	Member
4.	Shri Sanjeev Singhal Director (Finance)	Member

The nomination of Functional Directors on CSR&SD is on Ex-Officio basis.

The Company Secretary acts as Secretary of the Committee.

5.4.4 During the year 2017-18, Two (2) Meetings of CSR&SD Committee were held, The average attendance of Directors for all the CSR Meetings during the financial year was 100 %. The details are as under.

Attendance of Directors in Corporate Social Responsibility & Sustainable Development Committee Meetings			
Sl. No.	Date	Committee's Strength	No. of Directors Present
1.	08.07.2017	4	4
2.	26.12.2017	4	4

The Attendance of individual Directors is placed at: **ANNEXURE: VII (B)**

## 5.5 STAKEHOLDER RELATIONSHIP COMMITTEE:

5.5.1 In terms of Section 178(5) of the Companies Act, 2013 and Regulation 20(1) of the Listing Regulation, the Board of Directors constituted the "Stakeholders Relationship Committee" on 17.11.2017.

5.5.2 The constitution of the Stakeholders Relationship Committee during the year under report is as under:

Sl. No.	Name / Designation of the Directors	Status
1.	Shri Surendra Sinh Part-time Non-Official Director	Chairman
2.	Dr. S. K. Jha Director (Production & Marketing)	Member
3.	Shri Sanjeev Singhal Director (Finance)	Member

The nomination of Functional Directors on CSR is on Ex-Officio basis.

The Company Secretary acts as Secretary of the Committee.

5.5.3 No meeting of the Stakeholder Relationship Committee was held during the year under review.

5.5.4 Terms of reference to Stakeholders Relationship Committee:

- 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;
- Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and re-materialization 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;
- 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; and
- 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.

## 5.6 INITIAL PUBLIC OFFER (IPO) COMMITTEE:

5.6.1 The President of India, acting through the Ministry of Defence has approved the Offer for Sale of 48,708,400 Equity Shares of our Company. The Board of Directors of the Company at its 236<sup>th</sup> Meeting held on 17.11.2017, in view of the proposed disinvestment and subsequent listing of MIDHANI shares, constituted an IPO Committee to complete various legal, statutory and procedural formalities.

5.6.2 The constitution of the IPO Committee during the year under report is as under:

Sl. No.	Name / Designation of the Directors	Status
1.	Dr. D. K. Likhi Chairman & Managing Director	Chairman
2.	Dr. S. K. Jha Director (Production & Marketing)	Member
3.	Shri Sanjeev Singhal Director (Finance)	Member
The Company Secretary act as Secretary of the Committee.		

5.6.3 Two meetings of the IPO Committee were held during the year under report. The average attendance of Directors for the IPO Committee Meetings was 100 %. The details are as under.

Attendance of Directors in IPO Committee Meetings			
Sl. No.	Date	Committee's Strength	No. of Directors Present
1.	16.01.2018	3	3
2.	31.03.2018	3	3
The Attendance of individual Directors is placed at: <b>ANNEXURE: VII (B)</b>			

5.6.4 Terms of reference to IPO Committee:

- To decide on the actual size (including Reservation), timing, pricing and all the terms and conditions of the Offer, including the price, and to accept any amendments, modifications, variations or alterations thereto subject to directions of Administrative Ministry.
- To extend the Bid/Offer period, revise the Price Band, allow revision in the Offer for Sale portion (pursuant to instructions of the Selling Shareholder) in accordance with Applicable Laws;
- To enter into arrangements with the BRLMs, underwriters to the Offer, Syndicate members to the Offer, Brokers to the Offer, escrow collection bankers to the Offer, the registrar to the Offer, refund banks to the Offer, public issue account banks to the Offer, legal counsels to the Company and the BRLMs and any other agencies or persons or intermediaries to the Offer and to negotiate and finalize the terms of engagement letter, negotiation, finalization and execution of the offer agreement with the BRLMs;
- To finalize, settle, execute and deliver or arrange the delivery of the Registrar agreement, Syndicate agreement, Underwriting agreement, Cash escrow agreement, share escrow agreement and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the Registrar to the Offer, Legal counsels to the Company and the BRLMs, Auditors, Stock exchanges where the equity shares of the Company are proposed to be listed ("Stock Exchanges"), BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorize one or more officers of the Company to negotiate, execute and deliver all or any of the afore-stated documents;
- To finalize, settle, approve and adopt the DRHP, the RHP, the Prospectus, and the preliminary and final international wrap for the Offer together with any addenda, corrigenda or supplement thereto and take all such actions as may be necessary for filing of these documents including incorporating such alterations/corrections/modifications as may be required by and to submit undertaking/ certificates or provide clarifications to SEBI or any other relevant governmental and statutory authorities;
- To make applications to seek clarifications and obtain approvals from, if necessary, the RBI or to any other statutory or governmental authorities in connection with the Offer and wherever necessary, incorporate such modifications/amendments/alterations/corrections as may be required in the DRHP, the RHP and the Prospectus;

- (vii) To open and provide instructions for the operation of Bank account(s) in terms of: (a) Section 40(3) of the Companies Act, 2013; (b) the Escrow agreement, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (viii) To approve the code of conduct and other policies as may be considered necessary by the IPO Committee or as required under Applicable Laws (including the SEBI Listing Regulations), regulations or guidelines for the IPO Committee, officers of the Company and other employees of the Company;
- (ix) To authorize any person to act on behalf of the Company and give such declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the Offer;
- (x) To seek, if required, the consent of the third parties such as the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, and any other consents that may be required in connection with the Offer, if any;
- (xi) To approve any Corporate Governance requirement that may be considered necessary by the IPO Committee or as may be required under applicable laws, regulations or guidelines in connection with the Offer;
- (xii) To determine and finalize the Bid Opening and Bid Closing dates (including Bid Opening and Closing dates for Anchor Investors), price band for the Offer, the offer price for Anchor Investors (in the event that the Offer is extended to Anchor investors), approve the basis for allocation and confirm allocation of the Equity Shares to various categories of persons as disclosed in the DRHP, the RHP and the Prospectus, in consultation with the BRLMs, and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the offer;
- (xiii) To issue receipts/allotment letters/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares with such features and attributes as may be required and to provide for the tradeability and free transferability thereof as per market practices and regulations, including listing on one of the Stock Exchanges, with power to authorization one or more officers of the Company to sign all or any of the afore-stated documents;
- (xiv) To make applications for listing of the Equity shares on the National Stock Exchange of India Limited and the BSE Limited and to execute and to deliver or arrange the delivery of necessary documentation to the Stock Exchanges and to take all such other actions as may be necessary in connection with obtaining such listing;
- (xv) To do all such deeds and acts as may be required to dematerialize the Equity Shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, Registrar and Transfer agents and such other agencies, as may be required in this connection with power to authorize one or more officers of the Company to execute all or any of the afore-stated documents;
- (xvi) To authorize and approve the incurring of expenditure and payment of fees, commissions, remuneration and expenses in connection with the Offer;
- (xvii) To do all such acts, deeds, matters and things and execute all such other documents, give directions etc. as it may, in its absolute discretion, deem necessary or desirable for the Offer, in consultation with the BRLMs, including without limitation, determining the Anchor Investor portion and allocation to Anchor Investors (if required), finalizing the basis of allocation and allotment of Equity Shares to the successful transferees and credit of Equity Shares to the demat accounts of the successful transferees in accordance with Applicable Laws, as are in the best interests of the Company;
- (xviii) To settle all questions, difficulties or doubts that may arise in regard to such offer or transfer as it may, in its absolute discretion deem fit;
- (xix) To execute and deliver any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;
- (xx) To withdraw the DRHP or the RHP or to decide not to proceed with the Offer at any stage in accordance with instructions from the Selling Shareholder, the SEBI ICDR Regulations and Applicable Laws; and

(xxi) To delegate any of the powers mentioned in (i) to (xx) as decided by the Committee for best interest of the Company and Selling Shareholder.

## 5.7 PROCUREMENT COMMITTEE (PC):

5.7.1 The PC was constituted by Board of Directors of the Company on 22.01.2008 for the purposes of authorizing procurement of materials beyond the individual delegated powers of Chairman & Managing Director.

5.7.2 The details of constitution of Procurement Committee for the year under report is as under:

Sl. No.	Date of the Meeting	Status	Date of Appointment or change in the Committee
1.	Dr. D. K. Likhi Chairman & Managing Director	Chairman	From: 01.09.2015
2.	Dr. S. K. Jha Director (Production & Marketing)	Member	From: 05.07.2016
3.	Shri. Sanjeev Singhal Director (Finance)	Member	From 06.01.2017
4.	Dr. Usha Ramachandra Part-time Non-Official Director	Member	From: 18.12.2015

The nomination of Functional Directors on PC is on Ex-Officio basis.

The Company Secretary acts as Secretary of the Committee.

5.7.3 The quorum of the Committee is minimum of three (3) members personally present, one of whom shall be a part-time non-official Director. The Minutes of the PC meetings are put up to the Board for its information.

5.7.4 Thirteen (13) meetings of PC were held during the year under report. The average attendance of Directors for all the PC Meetings during the financial year was 94%. The dates on which such Meetings were held and the attendance of Directors / Members thereof is furnished hereunder:

Attendance of Directors in Procurement Committee Meetings			
Sl. No.	Date of the Meeting	Committee's Strength	No. of Directors Present
1.	10.05.2017	4	4
2.	10.06.2017	4	3
3.	15.07.2017	4	4
4.	27.07.2017	4	3
5.	01.09.2017	4	4
6.	04.11.2017	4	4
7.	15.11.2017	4	4
8.	14.12.2017	4	4
9.	26.12.2018	4	4
10.	18.01.2018	4	3
11.	24.02.2018	4	4
12.	10.03.2018	4	4
13.	17.03.2018	4	4

The Attendance of individual Directors is placed at: **ANNEXURE: VII (C)**

5.7.5 Terms of reference to Procurement Committee:

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) To consider and approve such other Procurement proposals as may be entrusted by the Board from time to time.
- (v) 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.
- (vi) To consider and advise Board on matters relating to e-procurement.
- (vii) To consider and advise Board on the matters relating to CVC Guidelines/MoD instructions.
- (viii) 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.

## 5.8 HUMAN RESOURCES COMMITTEE (HRC):

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

5.8.2 The Composition of the HRC during the year under report is as under:

Sl. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Shri. I. V. Sarma Part-time Non-Official Director	Chairman	18.12.2015
2.	Dr. Usha Ramachandra Part-time Non-Official Director	Member	18.12.2015
3.	Dr. S. K. Jha Director (Production & Marketing)	Member	05.07.2016
4.	Shri. Sanjeev Singhal Director (Finance)	Member	06.01.2017

The nomination of Functional Directors on HRC is on Ex-Officio basis.

The Company Secretary acts as Secretary of the Committee.

5.8.3 The quorum of the HRC is at least Three (3) members personally present, one of whom shall be a Non-official Director. The Committee is empowered to frame its own rules of functioning.

5.8.4 Three meetings of the HRC were held during the Financial Year 2017-18.

Attendance of Directors in Human Resources Committee Meetings			
Sl. No.	Date of the Meeting	Committee's Strength	No. of Directors Present
1	22.07.2017	4	4
2	09.09.2017	4	3
3	21.02.2018	4	4

The Attendance of individual Directors is placed at: **ANNEXURE: VII (C)**

5.8.5 Terms of reference to Human Resource Committee:



- (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.
- (ii) 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) Career Development Plans including Training & Development Programs - Engagement of GETs / MTs and the Schemes relating to them.
  - (b) Framing up of Conduct, Discipline and Appeal (CDA) Rules and Standing Order as applicable.
  - (c) Review and make suitable recommendations to Board in respect of Disciplinary proceedings / reports / actions taken and/or to be taken.
  - (d) Introduction of Voluntary Retirement, Compulsory Retirement and other Separation Schemes.
  - (e) Vigilance and Security related issues.
  - (f) Trade Unions, Officers / Supervisors Associations.
- (iii) Recommending to Board of Directors regarding grant of donations to charitable and other funds on account of natural calamities.
- (iv) 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.

## 5.9 TECHNICAL COMMITTEE (TC):

5.9.1 The Technical Committee (TC) started functioning w.e.f. 24.01.2011. 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 MIDHANI's operations, and Modernization, Up-gradation and Expansion programmes under implementation or proposed to be undertaken in near future.

5.9.2 TC consists of members of the Board having technical expertise in metallurgy. The constitution of TC is as follows:

Sl. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Dr. D. K. Likhi, Chairman & Managing Director	Chairman	01.09.2015
2.	Dr. S. K. Jha Director (Production & Marketing)	Member	05.07.2016
3.	Shri. I. V. Sarma Part-time Non-Official Director	Member	18.12.2015
4.	Dr. Jyoti Mukhopadhyay Part-time Non-Official Director	Member	18.12.2015

The nomination of Functional Directors on TC is on Ex-Officio basis.  
Head of R&D functions as Secretary to the Committee

5.9.3 The Committee is empowered to frame its own guidelines for conducting its meetings.

5.9.4 Two Technical Committee meeting were held during the year under review.

<b>Attendance of Directors in Technical Committee Meeting</b>			
<b>Sl. No.</b>	<b>Date of the Meeting</b>	<b>Committee's Strength</b>	<b>No. of Directors Present</b>
1.	09.09.2017	4	3
2.	21.02.2018	4	4
The Attendance of individual Directors is placed at: <b>ANNEXURE: VII (C)</b>			

5.9.5 Terms of reference to Technical Committee:

- (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 (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.

#### 5.10 CORPORATE MANAGEMENT COMMITTEE (CMC):

- 5.10.1 In order to have effective planning, organizing, coordination and control over the day to day operations of Management, a Committee known as Management Committee (MC) was functioning since the year 1980. During the year 2003 the same was re-constituted as "Corporate Management Committee" (CMC).
- 5.10.2 CMC plays important role in resolving inter / intra departmental delays or bottlenecks and strives to ensure free flow of work at various levels within the organization.
- 5.10.3 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.
- 5.10.4 **Terms of reference to Corporate Management Committee:** The subjects for deliberation / discussions at the meeting, inter-alia include:
  - (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;
  - (v) Improving inter-departmental; inter-functional co-ordination and resolving inter-departmental and intra-departmental bottlenecks, if any.

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

- 6.1 The Code of Business Conduct & Ethics was revised by Department of Public Enterprises in April, 2010, while framing its guidelines relating to Corporate Governance. This code was adopted by MIDHANI in respect of its Directors and Senior Level Executives. However post conversion of MIDHANI from Private to a Public Limited Company the revised Code of Business Conduct and Ethics for Board Members and Senior Management was approved at the 237<sup>th</sup> meeting of the Board held on 14.12.2017. The same is available at our Company's website at: [www.midhani-india.in](http://www.midhani-india.in).
- 6.2 The Directors and the Senior Executives have given declarations affirming the compliance with the code of conduct during the year under report.

- 6.3 A Certificate on such Compliance issued by Chairman & Managing Director of the Company is placed at **ANNEXURE: VIII**

## 7.0 PREVENTION OF INSIDER TRADING:

- 7.1 The Company has in place The Code of Internal Procedures and Conduct for Prohibition of Insider Trading in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- 7.2 The Code lays down guidelines which advise on procedures to be followed and disclosures to be made while dealing with the shares of the Company. The Code of Conduct for Prevention of Insider Trading is hosted on the website of the Company and can be accessed at: [www.midhani-india.in](http://www.midhani-india.in).

## 8.0 REMUNERATION POLICY / EVALUATION OF BOARD'S PERFORMANCE:

- 8.1 MIDHANI is a Government of India owned Public Sector Enterprise under administrative control of Ministry of Defence. Presently 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 March 8, 2018.

## 9.0 TRAINING OF BOARD MEMBERS:

- 8.2 The Board members of MIDHANI are senior executives who have a very vast, wide and varied experience in the areas of Education, Industry, Defence, Management, Human Resource management and Administration. MIDHANI has benefited from their vision and knowledge. Presentations are made to the Board members on the Company's performance, Business model, Corporate plan and future 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 programmes to improve their effectiveness. The Board has also adopted a policy regarding training of Directors.

## 10.0 LISTING OF SHARES AND STOCK CODE:

- 10.1 The Company's equity shares got listed at the under mentioned Stock Exchanges on 04.04.2018 and listing fees for the year 2017-18 has been paid to the Stock Exchanges.

Name and address of the Stock Exchange	Stock Code
<b>BSE Limited</b> Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai – 400 001	<b>541195</b>
<b>National Stock Exchange of India Limited</b> Exchange Plaza, 5 <sup>th</sup> Floor, Bandra - Kurla Complex, Bandra (East), Mumbai – 400 051	<b>MIDHANI</b>

## 11.0 DISCLOSURES:

- (i) During the year, there were no transactions of material and significant nature with the Shareholders, Directors or Senior Management personnel or their relatives that had potential conflict with the interest of the Company at large and attracting the provisions of Section 188 of the Companies Act, 2013, except salaries, fees, perquisites allowed and PRP as per extant rules of the Company.
- (ii) Disclosure of related party transactions as per Ind AS - 24, issued by the Institute of Chartered Accountants of India, is given at note no 42 of the Notes forming part of Annual Accounts for 2017-18. All the transactions covered under related party transactions were fair, transparent and at arms' length and were pre-approved by competent authority nominated for this purpose. The deviation from Ind AS, if any, have been explained by the Directors in their report to shareholders.
- (iii) A report on the status of compliance with all the applicable Corporate laws, rules and regulations by the Company is placed before the Board for information and review. The Company has, to the extent applicable, complied with all the mandatory requirements of the Code of Corporate Governance as specified in Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations.
- (iv) During the year, no penalties and strictures were imposed on the Company by any Statutory Authority on any matter related to any guidelines issued by Government. No significant and material orders were passed by the regulators or any courts or tribunals impacting the "going concern" status of the Company and affecting its operations.

- (v) A formal Whistle Blower policy and Risk Management Policy is framed. During the year under report, no personnel were denied access to the Members of the Audit Committee or its Chairperson.
- (vi) There were no items of expenditure included in the Financial Statements which are personal in nature to any Member of the Board or Senior Management of the company except as permitted by the extant rules in force in the Company.
- (vii) There were no items of expenditure included in the Financial Statements which 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.
- (viii) The Administrative and Office Expenses as a percentage of total expenses stated at 4.20 % as compared to 3.02% in the previous year and such percentage in respect of financial expenses was 1.70 % when compared to 0.72 % in the previous year. No extravagancy was found in the Expenditure on the part of the Board Members and Senior Management Personnel.
- (ix) 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.

## 12.0 COMMUNICATION:

- 12.1 The quarterly/half yearly financial results are posted on the websites of the BSE, NSE and the Company after consideration and approval by the Board and are also 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.
- 12.2 A factual report on the compliance of Corporate Governance Guidelines is being regularly furnished to the Administrative Ministry on quarterly basis. A compliance report by a practicing Company Secretary regarding compliance of the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by Dept of Pubic Enterprises is placed at **ANNEXURE: IX**
- 12.3 The CEO/CFO Certification of financial statements for the year is placed at **ANNEXURE X** to this report.

## 13.0 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- 13.1 A separate report is enclosed.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1.0 FORWARD LOOKING STATEMENTS:

- 1.1 Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward-looking statements based on the management's beliefs and assumptions, which in turn are based on currently available information, reflect the current views of our Company and are not a guarantee of future performance. Although, we believe, the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. The Company assumes no responsibility to publicly amend, modify or revise forward looking statements on the basis of any subsequent developments, information or events.
- 1.2 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 Accounting Standards 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.
- 1.3 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.

### 2.0 INDUSTRY STRUCTURE AND DEVELOPMENTS:


- 2.1 MIDHANI, incorporated on the 20<sup>th</sup> Day of November 1973 is a Public Sector Undertaking under the Administrative control of Dept. of Defence Production, Ministry of Defence, Government of India,. MIDHANI primarily caters to the needs of critical materials and alloys required by strategic sectors of our country like Defence, Space, Atomic Energy, Aeronautics etc. MIDHANI is one of the leading manufacturers of special steels, Superalloys and the only manufacturer of Titanium alloys in India. The products produced by MIDHANI are basically import substitutes which were denied to India by western world and their non-availability would have affected various prestigious national programs of the country. With the constant developments made over the years in various operational areas, by utilizing in-house R&D capabilities, your company indigenized various critical technologies, alloys and products which reduced dependence on imports of these critical materials. MIDHANI has emerged as a 'National Centre for Excellence' in advanced metallurgical production of special metals and Superalloys in India. MIDHANI achieved the status of Mini Ratna, Category-I in 2008.
- 2.2 MIDHANI currently has a single manufacturing unit with Registered Office situated in the city of Hyderabad in the State of Telangana. However MIDHANI is in the process of setting up two new manufacturing facilities in Rohtak, Haryana and Nellore, Andhra Pradesh.

### 3.0 ORGANISATION:

- 3.1 The commitment to fulfill the ever increasing demands with stringent specifications/requirements by the Strategic customers of the Company provides the basic thrust and is the driving force that motivates the organization to suitably frame its policies and procedures in every sphere of organizational activity to discharge its goal effectively.
- 3.2 The main operating divisions/departments of the company consist of Production Planning & Control, Production Divisions, Technology, R&D Dept, Projects and Quality Control. The production function is further optimally integrated to Material planning & procurement, Marketing, Finance, HR and other logistic functions.
- 3.3 Operations: 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.
- 3.4 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 Ferroalloys.

3.5 The product portfolio of MIDHANI is as under:

Special Alloys		Super Alloys		Titanium Alloys	
• Ferritic, Austenitic		• Iron Base		• Commercially Pure Titanium	
• Martensitic, Maraging		• Cobalt Base		• Titanium Alloys	
• Precipitation, Hardened		• Nickel Base		• Bio Medical Implants	



Melted Products		Forged Products		Rolled Products		Drawn Products	
• Ingots		• Closed Die Forgings		• Hot Rolled: Sheet, Bar		• Wires Rods	
• Slugs		• Machined Bars & Slabs		• Cold Rolled: Sheet, Coil		• Welding Electrodes	

#### 4.0 MARKET OVERVIEW: HIGH VALUE SPECIALITY STEEL, SUPERALLOY AND TITANIUM ALLOY PRODUCTS:

- 4.1 The "Industry Report on High Value Specialty Steel, Super alloys and titanium Alloy Products Market in India" of December 13, 2017, by Frost and Sullivan (the "F&S Report") states that the High value specialty steel grades have the highest demand among the select product category. The cumulative demand for high value specialty steel, super alloy and titanium is expected to witness a minimum growth of around 6.5% during 2016-2021 owing to the proposed investment plans of end user segments.
- 4.2 The report further states that India is expected to emerge as the third-biggest country in terms of defence-related expenditure from its current (eighth) position by 2020, especially through Indigenously Designed, Developed and Manufactured (IDDM) 'Make in India' initiative to encourage domestic manufacturers to produce high value specialty steel and super alloy grades and supply them to Defence and Aerospace.
- 4.3 India is rapidly building capabilities to emerge as a preferred destination for Indian Maintenance, Repair and Overhaul ("MRO") for aviation. India's current MRO market size is estimated to be around USD 750 million. The market is expected to grow at 7% CAGR to reach over USD 1.5 billion by 2020.
- 4.4 The Indian space program, spearheaded by the ISRO, is engaged in development of its future space science missions like Chandrayaan-2 and Aditya-L1, apart from expanding many of its current projects.

#### 5.0 SECTOR WISE PERFORMANCE:

- 5.1 Presently majority of MIDHANI's products cater to strategic sectors and applications of Air, Naval, Land Forces etc. In addition MIDHANI also supplies special alloys to private commercial sector which also finally goes into Defence and Atomic energy sectors of our country.
- 5.2 The order book position of MIDHANI stood at ₹ 5690 Million as at 31<sup>st</sup> March, 2018. With the commissioning of the newly procured equipments, there should be a substantial improvement and enhancement of the supply levels during the year 2018-19, especially from growing strategic sector such as Space.
- 5.3 The orders from the existing sectors are not growing significantly and area of focus for MIDHANI is to also target new sectors for future growth, apart from diversification in Carbon Fiber, Tungsten, Aluminum Alloys etc.

#### 6.0 FUTURE OUTLOOK:

- 6.1 MIDHANI seeks growth (through both greenfield and brownfield) based on the development of technology for customers and products. Our Company is also in the process of upgrading and modernizing its existing manufacturing equipments and facilities. Some of our new projects planned in the next three years include: (a) Construction of Spring manufacturing plant for manufacture and supply of Helical Compression Springs for supply to the Railways, Earth Moving Equipments suppliers etc. (b) development of Aero Quality Carbon Fibers and (c) Tungsten powder etc.
- 6.2 MIDHANI also looks forward for geographical expansion and to operate from multiple locations. At present, our Company intends to start two new manufacturing units based in Rohtak, Haryana and Nellore, Andhra Pradesh.
- 6.3 A brief on the new projects planned for the coming years is as under:
  - (a) **Armour Project:** To cater to the critical requirements of Defence Forces and Central Armed Police Forces for Bullet Proof Products, MIDHANI is setting up a dedicated Armour Unit with full fledged production capacity

and technological capabilities at IMT, Rohtak. The Project is being set up on land allotted by Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDC). Erection and Commissioning of machinery and equipment for the project is expected by mid of FY 2019-20 and production is expected to commence thereafter.

- (b) **Closed Die Forging Facility:** MIDHANI plans to establish Closed Die Forging facility in a phased manner and has engaged a consultant for the project. Major capital equipment procurement is under process with the first phase of the facility expected to be operational in FY2019-20. Setting up of the facility will provide the opportunity to manufacture and supply specific value added finished products with complex shapes through closed die forging route.
- (c) **Tungsten & Tungsten Carbide powder production facilities:**
  - (i) The requirements of Tungsten powder, the main ingredient for production of High Kinetic Energy Penetrators and Pre-fragments for Defence applications, are presently met through imports. In addition there is a potential market for Tungsten Carbide powder for making Cutting tools.
  - (ii) For indigenization of these strategic materials, MIDHANI plans to establish these facilities to meet and fulfill strategic requirement. The facilities once set up are estimated to generate additional business and are further expected to provide direct employment opportunity through ancillaries.
  - (iii) MIDHANI has engaged a consultant for preparation of Pre-Feasibility Report (PFR) and Project Management Consultancy Service (PMC). Subsequent to preparation of PFR, a Global tender shall be issued to carry out the project in EPC mode including technology and knowhow.
- (d) **Carbon Fiber Manufacturing:** MIDHANI proposes to set up a Carbon Fiber production plant to fulfill and meet the strategic requirements of our country. Draft PFR has been submitted and is under discussion with stakeholders.
- (e) **Aluminium Alloys Plant:** MIDHANI has signed a MOU with NALCO for setting up High end Aluminium Alloys Production plant. Formation of JV Company with NALCO is under consideration. Further in line with the MOU, the following activities are initiated by MIDHANI for setting up the project:
  - (i) Completion of Land survey, Soil Testing and Ground water survey at the allotted 110 Acres of Land by Andhra Pradesh Government through Andhra Pradesh Industrial Infrastructure Corporation (APIIC) to establish green field project for Aluminium Alloys production.
  - (ii) MIDHANI has engaged a consultant to prepare DPR for setting up the project and the final DPR is under preparation. Based on Techno-Commercial analysis and finalization of DPR, further actions shall be planned.

## 7.0 RISKS, CONCERNS AND MITIGATION:

- 7.1 The risks facing MIDHANI can be classified as Increasing Volatility, Uncertainty, Complexity and Ambiguity in business environment. The volatile nature of prices and non-availability of critical imported raw material in the International market coupled with unfavorable trend in exchange rates of Rupee Vs USD, play adversely on the competitive edge of the Company. The prediction of timing and the price at which most economic buying can be resorted to has become highly volatile, uncertain, complex and ambiguous.
- 7.2 There is limited availability and supply of raw materials such as Nickel and Cobalt, which are used by our Company for manufacturing various products. Shortage in supply of the raw materials we use in our business may result in an increase in the price of the products. In the past, the prices of Nickel and Cobalt have fluctuated significantly with the change in their global supply and demand, which has impacted our cost of procurement of these raw materials. In the event that the prices of our raw materials further increases, we may not be able to pass the input price increase to our customers on our existing fixed price contracts and our business, financial condition and in consequence results of operations may be adversely affected.
- 7.3 Most of our revenue is derived from the work performed under Government contracts. While we believe that our programmes are well aligned with India's national strategic priorities, shifts in domestic spending and tax policy, changes in security levels, defence requirements general economic conditions and developments, and other factors may affect a decision to fund or the amount of funding available to existing or proposed strategic programmes.
- 7.4 Some of our contracts provide for liquidated damages in the event that we are unable to perform and deliver in accordance with the contractual schedule; this may impact our operating and financial performance. The timely and satisfactory execution of our contractual commitments depends upon numerous factors including our ability



to develop the technologies necessary to provide, directly or through third parties, the products required by our customers.

#### 7.5 RISK MITIGATION:

- 7.5.1 Major imported raw materials procured by MIDHANI are Cobalt, Nickel, Molybdenum, Chromium etc. In order to reduce the cost of raw material procurement, several strategies have been deployed, including procuring of some buffer stock of raw material and advance procurement of raw materials in view of anticipated orders from major customers.
- 7.5.2 Efforts to mitigate the risk of limited availability of raw Materials include optimization of consumption and reuse of reverts in the manufacture of various alloys, based on the application and agreed quality norms as well as extensive recycling of internal scrap and R&D initiatives to segregate valuable metals components from the scrap generated internally.
- 7.5.3 MIDHANI is also focusing on new process based technologies such as closed-die forgings, investment castings, isothermal forging and using special alloys to further improve our existing products and add new products to our product portfolio. With a view to expand business and also to enter into new areas for business, thrust is placed on Business Development. New sectors identified and explored are Railways, Oil & Gas Sector, Automobile Mobile Industry and Coal Fields etc.
- 7.5.4 Timely Deliveries: Ensuring timely deliveries has been the main area of attention of Management. In order to expedite deliveries and cut down the incidence of contractual penalties and damages for delayed deliveries, strategic decisions like modernization and outsourcing of some of the company's non-core operations to premier institutions are resorted to wherever such facilities are cost effective and efficient.

### 8.0 SWOT ANALYSIS:

#### 8.1 Strengths:

- (a) Capability to manufacture a wide range of advanced materials.
- (b) Metallurgical expertise and experience gained over 45 years of operation, maintenance and management of high technology equipments and processes and systems.
- (c) Superior Quality of Products.
- (d) New and Augmented Technology in select areas, mainly in melting and forging.

#### 8.2 Weakness:

- (a) Dependence on orders from Government Sector.
- (b) Some of the plant and equipments are old.
- (c) High cost of select products.
- (d) Long delivery periods in select areas.
- (e) Lack of economies of scale, as being niche products, mass production cannot be resorted to.

#### 8.3 Opportunities:

- (a) Demand for special alloys and steel is increasing.
- (b) Likely increase in demand on account of Government initiatives like "Make in India".
- (c) Opportunity for long-term tie-ups in the form of Joint ventures and strategic alliances etc.
- (d) Diversification opportunities in materials area.

#### 8.4 Threats:

- (a) Competition from private sector in India and abroad
- (b) Volatile prices of some of the critical imported raw materials coupled with their restricted availability.



## 9.0 FINANCIAL PERFORMANCE

- 9.1 The Summarized financial position for the Financial Year 2017-18 and for the two preceding Financial Years is given below:

(Figures in ₹ Millions)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16
<b>ASSETS:</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3427.75	3264.39	2614.63
Capital work-in-progress	649.93	62.05	66.89
Intangible assets	16.58	9.38	14.94
Financial Assets			
(i) Investments	21.01	21.01	21.01
(ii) Loans	0.01	0.04	0.07
Non-current tax assets (Net)	202.12	293.41	637.12
Other non-current assets	681.77	93.71	16.65
<b>Total Non-Current Assets</b>	<b>4999.17</b>	<b>3743.99</b>	<b>3371.31</b>
<b>Current assets:</b>			
Inventories	2413.80	2060.42	2885.45
Financial Assets			
(i) Trade receivables	4134.34	2885.30	2090.54
(ii) Cash and cash equivalents	1800.79	2079.26	1958.62
(iii) Other financial assets	178.80	116.81	122.08
Other current assets	125.10	124.59	780.49
<b>Total Current Assets</b>	<b>8652.83</b>	<b>7266.38</b>	<b>7837.18</b>
<b>Total Assets</b>	<b>13652.00</b>	<b>11010.37</b>	<b>11208.49</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	1873.40	1873.40	1873.40
Other Equity	6016.95	5170.04	4323.30
<b>Total Equity</b>	<b>7890.35</b>	<b>7043.44</b>	<b>6196.70</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	9.20	12.36	90.15
(ii) Other Financial Liabilities	469.99	173.37	164.55
Provisions	7.98	7.57	6.64
Deferred tax liabilities (net)	286.36	204.41	226.48
Other non-current liabilities	740.58	1089.08	1474.78
<b>Total Non-current liabilities</b>	<b>1514.11</b>	<b>1486.79</b>	<b>1962.60</b>
<b>Current Liabilities</b>			
Financial liabilities			
(i) Borrowings	919.33	125.51	0.01
(ii) Trade payables	963.16	660.31	529.51
(iii) Other financial liabilities	748.70	576.42	472.45
Other current liabilities	1235.13	830.87	1442.35
Provisions	381.22	287.03	604.87
<b>Total Current Liabilities</b>	<b>4247.54</b>	<b>2480.14</b>	<b>3049.19</b>
<b>Total Equity and Liabilities</b>	<b>13652.00</b>	<b>11010.37</b>	<b>11208.49</b>
<b>Working Capital</b>	4405.29	4786.24	4787.99
<b>Capital Employed</b>	7849.62	8060.01	7417.56
<b>Net Worth</b>	7890.35	7043.44	6196.70
<b>Net worth per rupee of paid up capital (₹)</b>	4.21	3.76	3.31

## 9.2 MOU 2017-18 PERFORMANCE AND WORKING RESULTS:

9.2.1 The company is expected to achieve "Very Good" MoU rating subject to evaluation by Department of Public Enterprise (DPE) against the overall financial and operational performance for the year 2017-18.

9.2.2 The MoU performance rating is expected to be "Very Good", down from Excellent last year, as even with increased profitability there was a decline in 'Sales' due to non availability of critical equipment, 1500T Forge Press and furnaces on account of planned major revamping, resulting in decreased Revenue from Operations in comparison with last year i.e. FY 2016-17. Further the targets for "Trade receivables against Revenue from Operations" also could not be achieved as there was higher concentration of sales turnover in the last quarter against which the collections started only in the first quarter of FY 2018-19. These issues are being addressed with focused efforts to secure "Excellent" rating in the coming years.

9.2.3 The significant highlights of the performance for the year 2017-18 and comparison with the previous two years is as under:

(Figures in ₹ Millions)

S. No.	Particulars	2017-18	2016-17	2015-16
1	Sales - To Customers (Incl. ED)	6660.78	8097.07	7614.49
	Sales – Export	1.47	-	-
2	Value of Production (Incl. ED)	7020.63	7320.66	7234.83
3	Cash Profit (Excl prior period items)	2178.92	2040.17	1759.10
4	Profit Before Tax	1982.51	1863.53	1618.45
5	Net Profit (PAT)	1312.62	1263.13	1193.70
6	Value Added	5485.14	5382.38	4785.78
7	Value added per employee	6.45	7.16	6.23
8	Productivity per employee	8.26	9.73	9.42
9	Value added per direct worker	16.62	16.77	15.05
10	Paid up Capital	1873.40	1873.40	1873.40
11	No of Employees	850	752	768

9.2.4 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	2017-18	2016-17	2015-16
<b>A.</b>	<b>Current Ratio</b>	2.04	2.93	2.57
<b>B.</b>	<b>Profitability Ratios</b>			
a)	Profit Before Tax to			
	i) Capital Employed (%)	25.26	23.12	21.82
	ii) Net worth (%)	25.13	26.46	26.12
	iii) Sales (%)	29.76	23.01	21.25
b)	Profit After Tax to Equity (%)	70.07	67.42	63.72
c)	Earnings Per Share (in Rupees)	7.01	6.74	6.37

### 9.2.5 Amount available for Appropriation:

The amount available for appropriation is ₹ 1312.62 Million as against ₹ 1263.13 Million in the previous year.

## 10.0 HUMAN RESOURCE DEVELOPMENT

10.1 The total permanent manpower strength of MIDHANI as on 31.3.2018 stood at 850 employees. The average age of employees as on 31.03.2018 is 42 years compared to average age of 52 in the year 2012. With a younger workforce, your Company is rightly poised to undertake complex tasks and to uphold industry-leading quality standards while catering to customer requirements in a timely manner.

10.2 Rational distribution of man power between Administration and Production Depts., and between Non-Executives and Executives, optimum degree of automation in operations are some of the areas that received focused attention during the year under report. As part of periodical job rotation, 192 employees were transferred within the company during the year under report.

10.3 Considering the age mix of the employees, and the major natural separations taking place in the year under report and also during the years to come, your Company has recruited 165 employees out of which 103 are fresh induction with contemporary skills from reputed institutions and 62 are lateral recruits to bring more dynamism in team performance.

#### 10.4 Employees Remuneration

10.4.1 As per the DPE guidelines on 3<sup>rd</sup> Pay Revision Committee (PRC) Recommendations, Pay revision for Executives and Non Unionized Supervisors was implemented at MIDHANI w.e.f. 01.01.2017. Further necessary provision for pay revision of the Non-Executive Employees is also created in the books of accounts. With the implementation of the pay revision (tenured for next 10 years) the employees shall be motivated, thereby facilitating better productivity.

10.5 The total expenditure incurred on the Employees remuneration for the year 2017-18 was ₹ 1282.94 Million as against previous year expenditure of ₹ 1092.85 Million. The details are as under:

(Figures in ₹ Millions)

S. No	Particulars	2017-18	2016-17
1)	Salaries & Wages	892.89	641.11
2)	Leave Encashment	60.88	39.12
3)	Directors remuneration	12.66	14.49
4)	Contribution to provident fund	58.15	51.58
5)	Employees Gratuity	52.99	150.86
6)	Leave salary & pension contribution	20.64	24.62
7)	Workmen and staff welfare expense	184.73	171.07
	<b>TOTAL</b>	<b>1282.94</b>	<b>1092.85</b>

##### 10.5.1 Remuneration to Members of Board:

- The Part-time Non-official Directors on the Board of the Company are not entitled to any remuneration except sitting fees per meeting for attending meetings of the Board or its committees thereof at ₹ 20,000/- (Twenty thousand only) for Board Meetings and ₹ 15,000/- (Rupees Fifteen Thousand only) for Board Sub-Committee meetings. They were also reimbursed TA/DA expenses for attending the Meetings of the Board or its Committees.
- The Remuneration of Functional Directors of the Company is approved by President of India with detailed terms and conditions of appointment under the provisions of Articles of Association of the Company. They were paid remuneration during the year 2017-18 as shown below:

No.	Remuneration to Functional Directors	Amount (₹ Millions)	
		2017-18	2016-17
1.	Salaries and Wages	11.00	11.28
2.	Cont. to Provident Fund & EPS	0.88	0.65
3.	Gratuity	-	1.00
4.	Leave Encashment	0.78	1.56
5.	<b>TOTAL</b>	<b>12.66</b>	<b>14.49</b>

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

**11.0 Cautionary Statement:**

- 11.1 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.

**ANNEXURE -I**
**REPRESENTATIONS OF SCs, STs, OBCs, PHCs & ESM AS ON 31.03.2018  
Manpower Position as on 31.03.2018**

Pay Scale & Group	Total No. of Employees	Strength of Employees				
		SC	ST	OBC	PHC	ESM
EXECUTIVES (Revised)						
Group 'A' (₹ 40,000 - ₹ 140,000 & above)	265	44	14	56	4	4
Group 'B' ₹ 30,000 – 120,000(Grade-I) ₹ 29,000-115,000 (E.O.) to ₹ 50,000-160,000 (EO-III) (Non Unionised Supervisory Cadre)	78	11	5	18	4	2
NON-EXECUTIVES:						
Group 'C' From Rs.8,500 -3%- 20,850 To ₹ 11,750-3%- 33,360	266	46	25	105	5	13
Group 'D' From ₹ 6,600 -3%- 16,310 To ₹ 8,350-3%-20,470	241	51	21	104	4	2

**RECRUITMENT OF SCs, STs DURING THE CALENDAR YEAR 2017**

Pay Scale & Group	Total recruited during the year	No. of posts reserved		No. of candidates appointed	
		SC	ST	SC	ST
Group 'A' (Revised) ₹40,000-1,40,000 & above	60	9	5	9	5
Group 'B' ₹ 12,600 - ₹32.500 (Gr-I) ₹ 12,250 - ₹ 31,600 (Non Unionised Supervisory Cadre)	3	-	-	-	-
NON-EXECUTIVES:					
Group 'C' From ₹ 8,500 -3%- 20,850 To ₹ 11,750-3%- 33,360	61	10	3	10	3
Group 'D' From ₹ 6,600 -3%- 16,310 To ₹ 8,350-3%-20,470	44	7	2	7	2

## ANNEXURE -II

## 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 is as under:**

- The CSR policy of MIDHANI aims at developing company specific social responsibility strategies for long, medium and short term period with inbuilt mechanism for implementation and monitoring for 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 or programs.
- A brief overview of projects/programs undertaken by 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 are available at [www.midhani-india.in](http://www.midhani-india.in)

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

- The CSR & SD Committee shall consist of three or more Directors, out which at least one Director shall be an Independent Director. The Constitution of CSR 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
The nomination of Functional Directors on the Committee is on Ex-Officio basis.		
Company Secretary acts as Secretary of the Committee.		

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

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

S. No.	Year	Net Profit / (Loss) (₹ in Million)
1.	2014-15	1385.15
2.	2015-16	1626.45
3.	2016-17	1878.49

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

- a) Total amount to be spent for the financial year : ₹ 32.60 Million
- b) Amount unspent, if any; : Nil

c) Manner in which the amount spent during the financial year is detailed below:

(Figures in ₹)

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or 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.	Setting up of Training and Development Centre Adoption of ITI, Alwal (Bal expenditure)	Skill Development	Hyderabad, Telangana	19,400,000	14,494,371	14,494,371	Direct
			Alwal, Hyderabad, Telangana	6,100,000	5,188,860	19,683,231	Direct
	Maintenance of toilets Nos.	Promotion of Health & Sanitation	Hyderabad, Telangana	2,100,000	7,532,492	27,215,723	M/s Sulabh International
2.	Construction of 24 Toilets at Choutuppal, Yadadri District		Choutuppal, Telangana	2,000,000	-	-	
3.	Community Health Centre	Promotion of Health	Hyderabad, Telangana	1,000,000	352,466	27,568,189	Direct
	Supply of aids & appliances to differently abled persons (Balance Payment)		Nalgonda, Telangana	200,000	241,096	27,809,285	M/s ALIMCO
4.	130 nos of Dual Desks to Govt Schools of PS Thaduvai, PS Chandupatla and PS Namavaram 500 dual desks to Yadagiri Bhongir Dist. Schools	Promotion of Education	Bhongiri Dist, Telangana	1,900,000	2,106,890	29,916,175	Direct
	20 seater school bus to THPI for mentally retarded children		Hyderabad, Telangana	200,000	209,600	30,125,775	Direct
5.	Mid Day Meals for Govt Schools at Medak	Promotion of Health & Education	Medak, Telangana	1,500,000	1,500,000	31,625,775	M/s Akshaya Patra
6.	Other CSR expenditure	Others	Hyderabad, Telangana	4,000,000	1,199,842	32,825,617	
	<b>Total</b>			<b>38,400,000</b>	<b>32,825,617</b>	<b>32,825,617</b>	

**Details of implementing agencies:**

- a) **M/s. SULABH INTERNATIONAL:** M/s. Sulabh International, is a India-based social service organization that works to promote human rights, environmental sanitation, non-conventional sources of energy, waste management and social reforms through education.
- b) **M/s. AKSHAYA PATRA:** The Akshaya Patra Foundation commonly known as Akshaya Patra is a non-profit organization in India that runs school lunch programme across India; it provides meals to 1.4 million children every day.
- c) **M/s ALIMCO:** Artificial Limbs Manufacturing Corporation of India (ALIMCO) is a Schedule 'C' Miniratna Category II Central Public Sector Enterprises, registered under Section 8 (Not for Profit motive) of the Companies Act, 2013, (corresponding to Section 25 of the Companies Act, 1956) is functioning under the Administrative Control of Ministry of Social Justice & Empowerment, Department of Empowerment of Persons with Disabilities. It is 100% owned Govt. of India Central Public Sector Enterprises with an objective of benefiting the persons with disability to the maximum extent possible by manufacturing Rehabilitation Aids for persons with disabilities and by promoting, encouraging and developing the availability, use, supply and distribution of Artificial Limbs and other Rehabilitation Aids to the disabled persons of the country.

**NOTE:**

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

Sd/-

**Dr. D. K. LIKHI**Chairman & Managing Director  
and Chairman, CSR Committee

Sd/-

**Dr. S. K. JHA**Director (Prod. & Mktg.)  
and Member CSR Committee

Sd/-

**S. SINGHAL**Director (Finance) and  
Member CSR Committee



**ANNEXURE –III**
**FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN**

(as on the financial year ended on 31.03.2018)

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

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	:	U14292TG1973GOI001660
ii)	Registration Date	:	20 <sup>th</sup> November 1973
iii)	Name of the Company	:	Mishra Dhatu Nigam Limited
iv)	Category / Sub-Category of the Company	:	Public / Government Company
v)	Address of the Registered office and contact details	:	P.O. Kanchanbagh, Hyderabad - 500058
vi)	Whether listed company	:	Unlisted as on 31.03.2018
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Alankit Assignments Limited, "Alankit House, 4E/2 Jhandewalan Extension, New Delhi - 110 055" Tel: 011-42541952.

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Other Alloy Steel in semi-finished forms Special Stainless Steel (MDN 172/155/250)	72240000	78.10
2.	Titanium and Titanium base Alloys (Tital 12/15/31)	81080000	16.76

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

Sl. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE
-N/A	N/A	N/A	N/A

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):**

- i) Category-wise Share Holding: As per the basis of allotment approved by BSE Limited (Designated Stock Exchange) on March 28, 2018.

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]*				No. of Shares held at the end of the year [As on 31-March-2018]*				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	6	6	-	-
b) Central Govt	-	18,73,399	18,73,399	99.99	138631594	-	138631594	74	26.00
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	-	<b>18,73,399</b>	<b>18,73,399</b>	<b>99.99</b>	<b>138631594</b>	<b>6</b>	<b>138631600</b>	<b>74</b>	<b>26.00</b>

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]*				No. of Shares held at the end of the year [As on 31-March-2018]*				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) Individuals (Non-Resident Individuals/Foreign Individuals)	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	-	<b>18,73,399</b>	<b>18,73,399</b>	<b>99.99</b>	<b>138631594</b>	<b>6</b>	<b>138631600</b>	<b>74.00</b>	<b>(26.00)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	5831758	-	5831758	3.11	3.11
b) Banks / FI	-	-	-	-	8242638	-	8242638	4.40	4.40
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	22653804	-	22653804	12.09	12.09
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	<b>36728200</b>	-	<b>36728200</b>	<b>19.60</b>	<b>19.60</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	335400	-	335400	0.18	0.18
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	66000	-	66000	0.04	0.04
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	-	1	1	0.01	11037150	-	11037150	5.89	5.89
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	-	-	-	-	388650	-	388650	0.21	0.21
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non-Resident Indians	-	-	-	-	153000	-	153000	0.08	0.08
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	<b>1</b>	<b>1</b>	<b>0.01</b>	<b>11980200</b>	-	<b>11980200</b>	<b>6.40</b>	<b>6.40</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	-	-	-	-	<b>48708400</b>	-	<b>48708400</b>	<b>26.00</b>	<b>26.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	0.00
<b>Grand Total (A+B+C)</b>	-	<b>18,73,400</b>	<b>18,73,400</b>	<b>100</b>	<b>187339994</b>	<b>6</b>	<b>187340000</b>	<b>100</b>	<b>0.00</b>

\* The face value of shares at the beginning of the year was ₹ 1000 per share and ₹ 10 per share at the end of year. Six Equity Share of ₹ 10/- fully paid are held by nominees of President of India.

**B: Shareholding of Promoter:** As per the basis of allotment approved by BSE Limited (Designated Stock Exchange) on March 28, 2018.

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares*	% of total Shares of the company	% 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	18,73,400	100.00	0.00	138631600	74.00	0.00	26.00

\* The face value of shares at the beginning of the year was ₹ 1000 per share and ₹ 10 per share at the end of year. Six Equity Share of ₹ 10/- fully paid are held by nominees of President of India.

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

SN		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares*	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	18,73,400	100	18,73,400	100
2	Date wise Decrease in Promoters Share holding during the year specifying the reasons for decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	(48708400)** 28.03.2018	26	(48708400)** 28.03.2018	26
3	At the end of the year	138631600	74	138631600	74

\* The face value of shares at the beginning of the year was ₹ 1000 per share and ₹ 10 per share at the end of year. Six Equity Shares of ₹ 10/- fully paid are held by nominees of President of India.

\*\* The decrease in Promoters Share Holding is as a result of disinvestment of 26% of Government (Promoter) holding through an offer for sale.

**D: Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):** As per the basis of allotment approved by BSE Limited (Designated Stock Exchange) on March 28, 2018.

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Life Insurance Corporation Of India	-	-	16350564	8.73
2.	State Bank Of India	-	-	3878927	2.07
3.	General Insurance Corporation Of India	-	-	2909228	1.55
4.	The New India Assurance Company Ltd.	-	-	2424313	1.29
5.	Union Bank Of India	-	-	2424313	1.29
6.	ITPL - Invesco India Contra Fund Reg-Rcf	-	-	2334012	1.25
7.	Reliance Capital Trustee Co Ltd-A/C Reliance Mi	-	-	2020474	1.08
8.	Canara Bank	-	-	969699	0.52
9.	National Insurance Company Ltd.	-	-	969699	0.52
10.	Syndicate Bank	-	-	969699	0.52

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

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

\* The shares of ₹ 10/- fully paid is held as nominee of President of India

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

(Figures in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at beginning of financial year</b>				
i) Principal Amount	199849343	22838246	-	222687589
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	615568	-	-	615568
<b>Total (i+ii+iii)</b>	<b>200464911</b>	<b>22838246</b>	-	<b>223303157</b>
<b>Change in Indebtedness during financial year</b>				
* Addition	343822223	450000000	-	793822223
* Reduction	74952176	5000000	-	79952176
<b>Net Change</b>	<b>268870047</b>	<b>445000000</b>	-	<b>713870047</b>
<b>Indebtedness at the end of financial year</b>				
i) Principal Amount	469334958	467838246	-	937173204
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>469334958</b>	<b>467838246</b>	-	<b>937173204</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A) Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Figures in ₹)

SN.	Particulars of Remuneration	Name of MD/WTD/Manager		
		Dr. D.K. Likhi	Dr. S. K. Jha	Sanjeev Singhal
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3421746	3208555	3435970
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	544503	490056	447225
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify...			
5	Others, please specify			
	Total (A)	<b>3966249</b>	<b>3698611</b>	<b>3883195</b>

SN.	Particulars of Remuneration	Name of MD/WTD/Manager
	Ceiling as per the Act	In accordance with Ministry of Corporate Affairs notification no. GSR 463(E) dated 5 <sup>th</sup> June, 2015, Government Companies are exempt from Section 197 of the Companies Act, 2013 and its rules thereof.

**B) Remuneration to other directors:**

(Figures in ₹)

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		I. V. Sarma	Dr. Jyoti Mukhopadhyay	Dr. Usha Ramachandra	Surendra Sinh	
1	Independent Directors					
	Fee for attending Board Committee Meetings	3,35,000	2,25,000	5,50,000	1,45,000	12,55,000
	Commission					
	Others, please specify					
	Total (1)	3,35,000	2,25,000	5,50,000	1,45,000	12,55,000
2	Other Non-Executive Directors					
	Fee for attending Board Committee meetings					
	Commission					
	Others, please specify					
	Total (2)					
	<b>Total (B)=(1+2)</b>	3,35,000	2,25,000	5,50,000	1,45,000	12,55,000
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	In accordance with Ministry of Corporate Affairs notification no. GSR 463(E) dated 5 <sup>th</sup> June, 2015, Government Companies are exempt from Section 197 of the Companies Act, 2013 and its rules thereof.				

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

(Figures in ₹)

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	979114	-	979114
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	124378	-	124378
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>		<b>1103492</b>		<b>1103492</b>

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

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

**ANNEXURE – IV**

# 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:

- Replacement of Conventional street lights & Bay lights with LED lights in phased manner. This is expected to reduce energy consumption of lighting loads considerably. LED Lights were changed in Phase III and Phase IV with an expenditure of ₹ 9.65 Million resulting in savings of 2175 Kw/hrs.
- Replacement of air conditioners older than 10 years or more in a phased manner with new energy efficient air conditioners resulting in reduced energy consumption.

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

- Roof top Solar Power plant of 60Kw capacity has been commissioned in September 2017 and resulted in reduction of 53030 KWHr energy consumption from conventional (non-renewable) energy sources in this financial year. It is expected to generate energy of 78840 KWHr/year and reduce 63 Tons of CO<sub>2</sub> emissions Per Year.
- Land Based 4 MW Solar Power plant has been commissioned in March 2018. This is expected to generate 70,00,000 KWHr energy per Year which is non-polluting and renewable, thus reducing energy demand from conventional (non-renewable) energy sources. This is expected to reduce 5600 Tons of CO<sub>2</sub> emissions Per Year.

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

- About ₹ 11 Million was spent as capital investment on energy conservation equipment's

## B. TECHNOLOGY ABSORPTION:

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

- The following projects towards technology absorption are under progress:
  - (a) Development of Body Armour (BhabhaKavach) under transfer of technology from Bhabha Atomic Research Centre, Mumbai
  - (b) Manufacture of Shape Memory Alloy products under transfer of technology from National Aerospace Laboratory, Bangalore
  - (c) Development and production of Super Alloy Triple Melted Forged Bar through technology development from RINA consulting Spa, Italy
  - (d) Fused Silica Radar Domes technology from Defence Metallurgical Research Laboratory, Hyderabad.

### (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 ₹ 154.63 Million on Research and Development for the FY 2017-18.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- During the year, the total foreign exchange used was ₹ 5287.75 Million and foreign exchange earned is ₹ 1.47 Million.

**ANNEX – V****Brief Profile of Shri Surendra Sinh**

Shri. Surendra Sinh, completed his M.Sc. in Physics and served as Scientific Officer in BARC Mumbai from 1977 to 1980. He then joined Indian Police Service in 1980 and was allotted Madhya Pradesh cadre. He served as head of the Madhya Pradesh State Police as DGP from October 2014 to June 2016 and is now currently serving as Vice Chairman at Madhya Pradesh State Disaster Management Authority at Bhopal.

During his tenure he has also served as Superintendent of Police in Mandla, Morena, Khandwa, Durg and Bhopal Districts. Served as Range IGP in Chambal and Bhopal Ranges. Served as Staff Officer in Police Headquarters, Madhya Pradesh in the rank of DIG and Additional DGP. He has also served as head of Intelligence, Administration and Special Armed Force branches of Police Headquarters. He also worked as Director General of Prison and Correctional Services in Govt. of Madhya Pradesh.



## Form No. MR-3

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

### SECRETARIAL AUDIT REPORT

{For the Financial Year Ending 31<sup>st</sup> March 2018}

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. 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, minutes 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 31<sup>st</sup> March, 2018 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 the Company for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) 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;
- (v) 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;  
**(Not applicable to the Company as on 31<sup>st</sup> March 2018)**
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;  
**(Not applicable to the Company as on 31<sup>st</sup> March 2018)**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 erstwhile The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;  
**(Not applicable as the Company has not issued any stock options or stock purchase scheme to employees during the financial year under review)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;  
**(Not applicable as the Company has not issued any Debt securities during the financial year under review)**
  - (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 as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review);**

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

**(Not applicable as the Company has not delisted/proposed to delist its equity shares from any Stock Exchange during the financial year under review)**

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

**(Not applicable as the Company has not bought back any of its equity shares)**

- (vi) 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:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to the Board and General Meeting.
- (ii) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on 31<sup>st</sup> March 2018 read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that

- (i) based on the information provided by the Company, its officers and its authorised representatives during the conduct of the audit and also on review of quarterly reports by respective Department Heads/Company Secretary/ CEO taken on record by the Board of Directors of the Company, adequate systems and processes and control mechanism exist in the company to monitor and ensure the compliance of with the applicable general laws like labour laws, competition law and environment laws.
- (ii) the Compliance by the Company of applicable financial laws like direct and indirect laws has not been reviewed in this Audit since the same have been subject to review by Statutory Financial Audit and Other designated professionals.
- (iii) the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- (iv) 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.
- (v) all the decisions at the Board Meetings and Committee Meetings have been carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that

- (i) 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.
- (ii) there are the following specific events/actions in pursuance of the above referred laws, rules, regulations, etc., having a major bearing on the Company's affairs:
- a) Conversion from a Private Limited to Public Limited Company on 13<sup>th</sup> day of November, 2017.
- b) Initial Public Offer of 48,708,400 Equity Shares of face value of ₹ 10/- each (representing 26% of the paid-up capital of the Company) through an offer for sale by the President of India which opened for subscription on 21<sup>st</sup> March and closed on 23<sup>rd</sup> March 2018 and subsequent listing on 4<sup>th</sup> day of April, 2018 at BSE and NSE.

**For Puttaparthi Jagannatham & Co.**

**Sd/-**

**Navajyoth Puttaparthi**

**Practicing Company Secretary**

**COP No: 16041**

**ACS NO: 28843**

Place: Hyderabad

Date: 21<sup>st</sup> May, 2018

\*This report is to be read with our letter with given date which is annexed as 'Annexure A' and forms an integral part of this report.

**'ANNEXURE A'****To,****The Members of Mishra Dhatu Nigam Limited, Hyderabad**

Our report with given date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of 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 Puttaparthi Jagannatham & Co.****Sd/-****Navajyoth Puttaparthi****Practicing Company Secretary****COP No: 16041****ACS NO: 28843**

Place: Hyderabad

Date: 21<sup>st</sup> May, 2018

## ANNEXURE - VII

## ANNEX-VII (A)

## DETAILS OF THE MEETINGS HELD DURING THE YEAR AND THE ATTENDANCE OF DIRECTORS THEREOF

SI. NO	NAME OF DIRECTOR	BOARD		AUDIT COMMITTEE		GENERAL MEETINGS*	
		NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED	NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED	NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED
1)	Dr. D. K. Likhi-C&MD	8	8	NA	NA	2	2
2)	Dr. S.K. Jha D(P&M)	8	6	4	4	2	2
3)	Shri. Sanjay Garg	4	3	-	-	-	-
4)	Shri. Sanjeev Singhal	8	8	4	4	2	2
5)	Dr. Jyoti Mukhopadhyay	8	6	4	3	-	-
6)	Shri. I. V. Sarma	8	8	4	4	-	-
7)	Dr. Usha Ramachandra	8	8	4	4	2	1
8)	Shri. Surendra Sinh	5	5	-	-	-	-

\*Annual General Meeting was held on 25.09.2017.

Leave of absence for the Directors was recorded at every Meeting in case of their inability to attend due to unavoidable reasons.

C&MD is not a member of Audit Committee and hence attendance part is not applicable to him.

**ANNEX-VII (B)**
**DETAILS OF THE MEETINGS OF COMMITTEES OF BOARD HELD DURING THE YEAR AND THE ATTENDANCE OF THE DIRECTORS THEREOF**

S. NO.	NAME OF DIRECTOR	NOMINATION & REMUNERATION COMMITTEE		CORPORATE SOCIAL RESPONSIBILITY COMMITTEE		IPO COMMITTEE	
		NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED	NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED	NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED
1)	Dr. D. K. Likhi C&MD	NA	NA	2	2	2	2
2)	Dr. S.K. Jha	NA	NA	2	2	2	2
3)	Sanjeev Singhal	NA	NA	2	2	2	2
4)	I.V. Sarma	1	1	NA	NA	NA	NA
5)	Dr. Usha Ramachandra	1	1	2	2	NA	NA
6)	Dr. Jyoti Mukhopadhyay	1	1	NA	NA	NA	NA
7)	Surendra Sinh	1	1	NA	NA	NA	NA

Leave of absence for the Directors was recorded at every Meeting in case of their inability to attend due to unavoidable reasons.

**ANNEX-VII (C)**
**DETAILS OF THE MEETINGS OF COMMITTEES OF BOARD HELD DURING THE YEAR AND THE ATTENDANCE OF THE DIRECTORS THEREOF**

S. No	NAME OF DIRECTOR	PROCUREMENT COMMITTEE		HUMAN RESOURCES COMMITTEE		TECHNICAL COMMITTEE	
		NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED	NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED	NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED
1)	Dr. D. K. Likhi	13	12	NA	NA	2	2
2)	Dr. S.K. Jha	13	12	3	2	2	1
3)	Sanjeev Singhal	13	12	3	3	NA	NA
4)	I.V. Sarma	NA	NA	3	3	2	2
5)	Dr. Usha Ramachandra	13	13	3	3	NA	NA
6)	Dr. Jyoti Mukhopadhyay	NA	NA	NA	NA	2	2
7)	Surendra Sinh	NA	NA	NA	NA	NA	NA

Leave of absence for the Directors was recorded at every Meeting in case of their inability to attend due to unavoidable reasons.

## CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Mishra Dhatu Nigam Limited,

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

**This is also to certify** that the Board members and Senior Management personnel of Mishra Dhatu Nigam Limited have affirmed compliance with the code of the Company for the financial year ended 31<sup>st</sup> March 2018.

for **MISHRA DHATU NIGAM LIMITED**

Sd/-

**(Dr. D.K. LIKHI)**

CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad

Date: 15.05.2018

**ANNEXURE - IX****CERTIFICATE ON CORPORATE GOVERNANCE****To ,****The Members of****Mishra Dhatu Nigam Limited****Hyderabad**

We have examined all the relevant records of Mishra Dhatu Nigam Limited for the purpose of certifying the compliance of conditions of the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 for the financial year ended 31<sup>st</sup> March 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

In our opinion and to the best of our knowledge and according to the explanations given to us, we certify that the Company has complied with the above said guidelines.

Place: Hyderabad

Date: 21.05.2018

**FOR PUTTAPARTHI JAGANNATHAM & CO.,**

COMPANY SECRETARIES

Sd/-

**CS NAVAJYOTH PUTTAPARTHI**

PARTNER, CP NO. 16041

## ANNEXURE - X

To,  
The Board of Directors,  
**Mishra Dhatu Nigam Limited**

**Sub: Compliance certificate to Board of Directors**  
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Dear Sir/Madam,

1. We have reviewed Financial Statements, read with the Cash Flow Statement of Mishra Dhatu Nigam Limited for the year ended 31<sup>st</sup> March 2018 and that to the best of our knowledge and belief, we state that:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements present a true and fair view of the Company's affairs and are in compliance with current Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal control for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and;
4. We have indicated to the Auditors and the Audit Committee that:
  - (i) There are no significant changes, in internal control over financial reporting during the year;
  - (ii) There are no significant changes, in accounting policies made during the year and;
  - (iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-  
**Sanjeev Singhal**  
Director (Finance)

Sd/-  
**Dr. D. K. Likhi**  
Chairman & Managing Director

Date: 15.05.2018  
Place: Hyderabad



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# INDEPENDENT AUDITOR'S REPORT

To

The Members,

**MISHRA DHATU NIGAM LIMITED,**

**Hyderabad.**

## Report on the Ind AS Financial Statements

- 1) We have audited the accompanying Ind AS Financial Statements of **MISHRA DHATU NIGAM LIMITED**, ("the Company"), which comprise the Balance Sheet as at March 31 2018, 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.
- 2) We have issued an Audit Report dated 30.05.2018 ("the original report") on the Ind AS 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 Companies Act, 2013, the original report has been amended at Sl.No.i(c) of Annexure A and Sl.No.1 of Annexure D of this Report, to comply with the above observations.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS 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 the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes the 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit. In conducting our Audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31<sup>st</sup> 2018 and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

**Emphasis of Matter**

We draw attention to the following matter in the Notes to the Ind AS Financial Statements:

Note No. 9 (Other Non-Current Assets), Note No. 14 (Other Financial Assets) Note No. 15 (Other Current Assets), Note No. 22 (Other Non-current Liabilities), Note No. 24 (Trade Payables), Note No. 25 (Other Financial Liabilities) and Note No. 26 (Other Current Liabilities) to the Ind AS Financial Statements are subject to receipt of confirmation of balances/reconciliation.

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

**Report on other Legal and Regulatory Requirement**

- 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 Companies Act, 2013, we give in the Annexure A, a Statement on the Matters specified in the Paragraph 3 and 4 of the Order.
- 2) As required by the Sub-section (5) of Section 143 of the Act, we give in the Annexure D, a Statement on the matters contained in directions issued by the Comptroller & Auditor General of India in terms of aforesaid section.
- 3) As required by Section 143(3) of the Act, based on our audit we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the of the Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e) in terms of Ministry of Corporate Affairs GSR No. 463 (E) dated 05.06.2015, Government companies are exempt from the applicability of the provisions of section 164(2) of the Companies Act, 2013. Hence no comments offered.
  - f) with respect to 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) 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 has disclosed the impact of pending litigations in its financial position in its Ind AS Financial Statements. Refer to Note No. 43 of the Notes on Accounts to the Ind AS Financial Statements.
    - ii) The company did not have any long term contracts including Derivative Contracts for which there were any material foreseeable losses.
    - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Hyderabad,

Date: 25<sup>th</sup> June, 2018.

**for BASHA & NARASIMHAN**

Chartered Accountants

Firm's Registration No.: 006031S

Sd/-

**K. Narasimha Sah**

Partner

Membership No.201777

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(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.

Sl. No.	Particulars	Land Details
1.	Total Number of Cases	i. Factory Area: 132 acres and 31 Guntas ii. Corporate Office: 8.00 Acres iii. Township Area: 97 Acres and 05 Guntas iv. Under lease to DRDO & Others: 37 Acres and 39 Guntas.
2.	Whether Freehold/ Lease hold	Free hold
3.	Gross/ Net Block as on 31-03-2018 of the above.	₹ 12.88 millions
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 at reasonable intervals and the discrepancies noticed on such physical verification by the management have been properly dealt with in the books of account.
- 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 Companies Act 2013. 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 Companies Act, 2013 are not applicable to the Company vide Notification GSR No.463(E) F.No.1/2/2014-CL.V dated 5<sup>th</sup> June 2015.
- 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 March 31, 2018 and therefore, the provisions of the clause 3(v) 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 Companies Act, 2013 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, Custom 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, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
  - c) Details of disputed Statutory Dues of Income Tax, Sales Tax, Value Added Tax, Custom Duty, Excise Duty, Entry Tax, Cess (as applicable) amounting to ₹ 47.63 millions as at 31<sup>st</sup> March 2018, have not been deposited 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. In our opinion and according to the information and explanations given to us and on the basis of examination of the records of the Company, even though during the Financial Year the Company has gone for initial public offer by way of dis-investment of 26% of its Equity Shares held in the name of the President of India, there is no inflow of money into the Company, instead of that the same was credited to Government of India from the above offer. Therefore, the provisions of the clause 3(ix) are not applicable.
- 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 05.06.2015 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 Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS 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.

Place: Hyderabad

Date: 25<sup>th</sup> June, 2018.

**for BASHA & NARASIMHAN**

Chartered Accountants

Firm's Registration No.: 006031S

Sd/-

**K. Narasimha Sah**

Partner

Membership No.201777

## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(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 31<sup>st</sup> March, 2018.

According to the records of the company dues of Income Tax, Sales Tax, Value Added Tax, Custom Duty, Excise Duty, Entry Tax and Cess which have not been deposited on account of any dispute are stated below: -

Sl. No.	Name of the Statute	Nature of the Dues	Amount (₹ in Millions)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax Demand	4.04	A.Y. 2015-16	CPC, Bangalore
2	CST Act, 1956	Demand of CST	8.28	A.Y. 2010-11	VAT Tribunal, Telangana
3	VAT Act 2005/ CST Act, 1956	Demand of CST (C Forms)	0.23	A.Y. 2011-12	Appellate Deputy Commissioner
4	Customs Act, 1962	Custom Duty and Penalty	10.62	A.Y. 2011-12	CESTAT, Bangalore
5	Central Excise Tariff Act, 1985	Excise Duty Penalty	22.60	A.Y. 2006-07 to A.Y. 2008-09	Commissioner of Customs, Central Excise and Service Tax
6	Central Excise Tariff Act, 1985	Demand of Excise Duty	0.02	A.Y. 2018-19	Commissioner of Customs, Central Excise and Service Tax
7	Andhra Pradesh tax on Entry of goods into Local areas Act, 2001	Demand of Entry Tax	1.84	A.Y. 2013-14 & A.Y. 2014-15	Appellate Deputy Commissioner, Panjagutta Division, Hyd
		<b>Total</b>	<b>47.63</b>		
Total amount paid under protest pending final orders ₹ 15.38 millions					

## ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3(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")**

We have audited the internal financial controls over financial reporting of Mishra Dhatu Nigam Limited, ("the Company"), as of 31<sup>st</sup> March 2018 in conjunction with our audit of the Ind AS 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and 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 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 March 31, 2018, 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.

Place: Hyderabad,

Date: 25<sup>th</sup> June, 2018.

**for BASHA & NARASIMHAN**

Chartered Accountants

Firm's Registration No.: 006031S

Sd/-

**K. Narasimha Sah,**

Partner

Membership No.201777



## ANNEXURE 'D' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" of our report to Members of Mishra Dhatu Nigam Limited of even date)

**Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of the Mishra Dhatu Nigam Limited, Hyderabad for the year 2017 – 18 issued by the Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013.**

Sl. No.	Directions u/s. 143(5) of the Companies Act, 2013	Auditor's Reply on action taken on the directions	Impact on Ind AS Financial Statements
1.	Whether the Company has clear title / lease deeds for freehold and leasehold land respectively? If not please state area of freehold and leasehold land for which title/lease deeds are not available.	The company is holding free hold land of 385 acres and 35 Guntas. However Conveyance deeds/ Title Deeds in respect of lands totalling 275 acres and 35 Guntas are not yet executed in the Company's name.	Nil
2.	Whether there are any cases of waiver/write off debts/loans/ interest etc., if yes, the reasons there for and the amount involved.	The Company has written off ₹ 35.94 millions as bad debts which is identified as non recoverable by the management on account of tax variances and other reasons during the reporting period. Further the company has written off ₹ 69.00 millions towards Liquidated Damages recovered by the Customers from the company on account of delayed shipment by the company.	₹ 104.94 millions
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities.	The company has maintained adequate records in respect of inventories lying with third parties. As per the explanation and information given to us, no assets have been received by the company as gift from Government or other authorities.	Nil

**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 2018.**

The preparation of financial statements of M/s MISHRA DHATU NIGAM LIMITED, HYDERABAD for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 May 2018 and **revised report dated 25 June 2018**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of M/s. MISHRA DHATU NIGAM LIMITED, HYDERABAD for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited to primarily inquiries of the statutory auditor, company personnel and a selective examination of some of the accounting records. *In view of the revisions made in Sl. No. 1(c) of Annexure-A and Sl. No.1 of Annexure-D of the statutory auditors' report as a result of my audit observations highlighted during supplementary audit*, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

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

Sd/-

**(Santosh Kumar)**

Pr. Director of Commercial Audit

Place : Bengaluru

Date : 12 July 2018

# BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2018

(₹ in Million)

PARTICULARS	Note No.	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	3,427.75	3,264.39
Capital work-in-progress	5	649.93	62.05
Intangible Assets	4	16.58	9.38
Financial Assets			
(i) Investments	6	21.01	21.01
(ii) Loans	7	0.01	0.04
Non-current tax assets (Net)	8	202.12	293.41
Other non-current assets	9	681.77	93.71
<b>Total Non-Current Assets</b>		<b>4,999.17</b>	<b>3,743.99</b>
<b>Current assets:</b>			
Inventories	10	2,413.80	2,060.42
Financial Assets			
(i) Trade receivables	11	4,134.34	2,885.30
(ii) Cash and cash equivalents	12	851.08	1,940.86
(iii) Bank balances [other than (ii) above]	13	949.71	138.40
(iv) Others	14	178.80	116.81
Other current assets	15	125.10	124.59
<b>Total Current Assets</b>		<b>8,652.83</b>	<b>7,266.38</b>
<b>Total Assets</b>		<b>13,652.00</b>	<b>11,010.37</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	16	1,873.40	1,873.40
Other Equity	17	6,016.95	5,170.04
<b>Total Equity</b>		<b>7,890.35</b>	<b>7,043.44</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	18	9.20	12.36
(ii) Others	19	469.99	173.37
Provisions	20	7.98	7.57
Deferred tax liabilities (net)	21	286.36	204.41
Other non-current liabilities	22	740.58	1,089.08
<b>Total Non-current liabilities</b>		<b>1,514.11</b>	<b>1,486.79</b>
<b>Current Liabilities</b>			
Financial liabilities			
(i) Borrowings	23	919.33	125.51
(ii) Trade payables	24	963.16	660.31
(iii) Others	25	748.70	576.42
Other current liabilities	26	1,235.13	830.87
Provisions	27	381.22	287.03
<b>Total Current Liabilities</b>		<b>4,247.54</b>	<b>2,480.14</b>
<b>Total Equity and Liabilities</b>		<b>13,652.00</b>	<b>11,010.37</b>

The accompanying notes 1 to 47 form an integral part of the financial statements.

As per our report of even date  
for **BASHA & NARASIMHAN**  
Chartered Accountants  
Firm's registration no. 6031 S

Sd/-  
**Shri K. Narasimha Sah**  
Partner  
Membership No. 201777  
Place: Hyderabad  
Date: 30.05.2018

for and on behalf of the Board of Directors

Sd/-  
**Dr. D. K. Likhi**  
Chairman & Managing Director

Sd/-  
**Sanjeev Singhal**  
Director (Finance)

Sd/-  
**Paul Antony**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS** FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

(₹ in Million)

<b>PARTICULARS</b>	<b>Note No.</b>	<b>For the year ended 31<sup>st</sup> March 2018</b>	<b>For the year ended 31<sup>st</sup> March 2017</b>
<b>Income</b>			
Revenue From Operations	28	6,660.78	8,097.07
Other Income	29	292.00	233.83
<b>Total Income</b>		<b>6,952.78</b>	<b>8,330.90</b>
<b>Expenses</b>			
Cost of material consumed	30	1,535.49	1,938.28
Excise Duty	31	43.87	364.26
Change in inventories of finished goods, work-in-progress and stock-in-trade	32	(359.85)	776.41
Employee benefits expense	33	1,282.94	1,092.85
Finance Costs	34	85.60	46.76
Depreciation and amortization expense	3, 4	196.41	176.64
Other expenses	35	2,249.63	2,072.17
<b>Total Expenses</b>		<b>5,034.09</b>	<b>6,467.37</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>1,918.69</b>	<b>1,863.53</b>
Exceptional Items - Income / (Expense)		63.82	-
<b>Profit / (Loss) before tax</b>		<b>1,982.51</b>	<b>1,863.53</b>
Tax expense	37		
Current Tax		598.61	620.63
Earlier Year Tax		(10.67)	1.84
MAT Credit Entitlement			
Deferred Tax		81.95	(22.07)
<b>Profit / (Loss) for the period</b>		<b>1,312.62</b>	<b>1,263.13</b>
<b>Other Comprehensive Income</b>			
<b>A</b> (i) Items that will not be reclassified to profit or loss		(14.73)	14.97
(ii) Income tax relating to items that will not be reclassified to profit or loss		5.10	(5.18)
<b>B</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		(9.63)	9.79
<b>Total Comprehensive Income for the period</b>		<b>1,302.99</b>	<b>1,272.92</b>
(Comprising Profit / (Loss) and Other Comprehensive Income for the period)			
Earning per equity share (Amount in ₹)			
Basic (₹)		7.01	6.74
Diluted (₹)		7.01	6.74
Weighted average number of shares (Nos.) (Basic & Diluted)		187,340,000	187,340,000

The accompanying notes 1 to 47 form an integral part of the financial statements.

As per our report of even date  
for **BASHA & NARASIMHAN**  
Chartered Accountants  
Firm's registration no. 6031 S

Sd/-  
**Shri K. Narasimha Sah**  
Partner  
Membership No. 201777  
Place: Hyderabad  
Date: 30.05.2018

for and on behalf of the Board of Directors

Sd/-  
**Dr. D. K. Likhi**  
Chairman & Managing Director

Sd/-  
**Sanjeev Singhal**  
Director (Finance)

Sd/-  
**Paul Antony**  
Company Secretary

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

## A: Equity Share Capital

		(₹ in Million)
Particulars		Amount
Balance as at 31 <sup>st</sup> March 2017		1,873.40
Changes in Equity Share Capital		-
Balance as at 31 <sup>st</sup> March 2018		1,873.40

## B: Other Equity

					(₹ in Million)
	Reserves and Surplus		Other Comprehensive Income	Total Other Equity	
	Retained Earnings	General Reserve	Other items of Other Comprehensive Income		
Opening Balance as at 1 <sup>st</sup> April 2016	494.52	3,807.59	21.19		4,323.30
Changes in Equity Share Capital					-
Profit for the period	1,263.13				1,263.13
Remeasurement of the net defined benefit liability / asset, net of tax effect			9.79		9.79
Dividends	(354.09)				(354.09)
Dividend Distribution Tax	(72.09)				(72.09)
Transfer to General Reserve	(1,200.00)	1,200.00			-
Balance as at 31 <sup>st</sup> March 2017	131.47	5,007.59	30.98		5,170.04
Opening Balance as at 1 <sup>st</sup> April 2017	131.47	5,007.59	30.98		5,170.04
Changes in Equity Share Capital					-
Profit for the period	1,312.62				1,312.62
Remeasurement of the net defined benefit liability / asset, net of tax effect			(9.63)		(9.63)
Dividends	(378.94)				(378.94)
Dividend Distribution Tax	(77.14)				(77.14)
Transfer to General Reserve	(900.00)	900.00			-
Balance as at 31 <sup>st</sup> March 2018	88.01	5,907.59	21.35		6,016.95

The accompanying notes 1 to 47 form an integral part of the financial statements.

As per our report of even date  
for **BASHA & NARASIMHAN**  
Chartered Accountants  
Firm's registration no. 6031 S

Sd/-  
**Shri K. Narasimha Sah**  
Partner  
Membership No. 201777  
Place: Hyderabad  
Date: 30.05.2018

for and on behalf of the Board of Directors

Sd/-  
**Dr. D. K. Likhi**  
Chairman & Managing Director

Sd/-  
**Sanjeev Singhal**  
Director (Finance)

Sd/-  
**Paul Antony**  
Company Secretary

**STATEMENT OF CASH FLOW** FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

(₹ in Million)

Particulars	For the year ended 31 <sup>st</sup> March 2018	For the year ended 31 <sup>st</sup> March 2017
<b>Cash flows from operating activities</b>		
Profit/(loss) for the year (before tax)	1,967.78	1,878.50
Adjustments for:		
Depreciation expense	196.41	176.64
Finance costs	85.60	46.76
Interest income	(213.19)	(172.68)
Profit / Loss on sale of Fixed Assets	(0.09)	0.24
	<b>2,036.51</b>	<b>1,929.46</b>
Working capital adjustments:		
(Increase) decrease in inventories	(353.38)	825.03
(Increase) decrease in trade receivables and loans	(1,249.01)	(794.73)
(Increase) decrease in other financial assets	(61.99)	5.27
(Increase) decrease in other non-current assets	(588.06)	(77.07)
(Increase) decrease in other current assets	(0.51)	655.91
Increase (decrease) in trade payables	291.29	130.80
Increase (decrease) in other financial liabilities	468.90	112.79
Increase (decrease) in provisions	(2.59)	6.41
Increase (decrease) in non-current liabilities	(348.50)	(385.70)
Increase (decrease) in other current liabilities	404.26	(611.48)
Cash generated from operating activities	596.92	1,796.69
Income tax paid (net)	(394.36)	(607.27)
<b>Net cash from operating activities (A)</b>	<b>202.56</b>	<b>1,189.42</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(954.85)	(815.99)
Profit / (Loss) on sale of Fixed Assets	0.09	(0.24)
Interest received	213.19	172.68
Investment in fixed deposits	(38.94)	(4.95)
<b>Net cash from investing activities (B)</b>	<b>(780.51)</b>	<b>(648.50)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	790.66	47.71
Dividend on shares	(456.08)	(426.18)
Interest paid	(85.60)	(46.76)
<b>Net cash flow from (used in) financing activities (C)</b>	<b>248.98</b>	<b>(425.23)</b>

# STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

(₹ in Million)		
Particulars	For the year ended 31 <sup>st</sup> March 2018	For the year ended 31 <sup>st</sup> March 2017
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	(328.97)	115.69
Cash and cash equivalents at 1 April	339.33	223.64
Cash and cash equivalents at 31 <sup>st</sup> March	<b>10.36</b>	339.33
<b>Reconciliation of cash and cash equivalents as per the balance sheet</b>		
Cash and cash equivalents as per the cash flow statement	10.36	339.33
<b>Other bank balances not considered above</b>		
- Term Deposit and EMD Deposit	840.72	1,601.53
	<b>851.08</b>	<b>1,940.86</b>

The accompanying notes 1 to 47 form an integral part of the financial statements.

## Amendment to Ind AS 7:

Effective from April 1, 2017 the company adopted the amendment to Ind AS 7 which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes, suggesting inclusion of reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

As per our report of even date  
for **BASHA & NARASIMHAN**  
Chartered Accountants  
Firm's registration no. 6031 S

Sd/-  
**Shri K. Narasimha Sah**  
Partner  
Membership No. 201777  
Place: Hyderabad  
Date: 30.05.2018

for and on behalf of the Board of Directors

Sd/-  
**Dr. D. K. Likhi**  
Chairman & Managing Director

Sd/-  
**Sanjeev Singhal**  
Director (Finance)

Sd/-  
**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 millions 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. 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 despatch 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 despatches 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 at the reporting date.

#### 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 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:**

**xi. Raw materials: 85% of the book value**

**xii. Consumables and Spares (which do not meet definition of PPE): 50% of the book value**

**xiii. Stationery, uniforms, medical and canteen stores are charged off to revenue at the time of receipt.**

## 2.9 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.

## 2.10 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.

## 2.11 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.

## **2.12 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.

### 2.13 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.

### 2.14 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.

### 2.15 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.

### 2.16 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.

### 2.17 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 charged off 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.

### 2.18 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.

#### **2.19 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.

#### **2.20 Cash Flow Statement:**

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS 7- Statement of Cash Flows.

#### **2.21 New standards and interpretations not yet effective:**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2018, and have not been applied in preparing these financial statements. The effect of the same is being evaluated by the Company.

\* \* \*

## 3. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings/ Drainage/ water systems	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Other (Electrical installations)	Others (Roads and bridges)	Total Tangible Assets
(₹ in Million)									
<b>Year ended 31<sup>st</sup> March 2017</b>									
Gross Carrying amount	12.88	217.39	2,387.06	20.42	21.31	24.43	66.14	0.35	2,749.98
Opening gross carrying amount	-	190.66	414.71	6.30	8.18	17.14	184.22	-	821.21
Additions	-	-	-	-	-	(0.40)	(0.09)	-	(0.49)
Disposals	-	-	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>12.88</b>	<b>408.05</b>	<b>2,801.77</b>	<b>26.72</b>	<b>29.49</b>	<b>41.17</b>	<b>250.27</b>	<b>0.35</b>	<b>3,570.70</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation	-	9.55	105.33	2.69	3.17	6.08	8.53	-	135.35
Depreciation charge during the year	-	14.03	123.83	3.20	3.78	5.40	20.84	-	171.08
Disposals	-	-	-	-	-	(0.09)	(0.03)	-	(0.12)
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>23.58</b>	<b>229.16</b>	<b>5.89</b>	<b>6.95</b>	<b>11.39</b>	<b>29.34</b>	<b>-</b>	<b>306.31</b>
<b>Net Carrying amount</b>	<b>12.88</b>	<b>384.47</b>	<b>2,572.61</b>	<b>20.83</b>	<b>22.54</b>	<b>29.78</b>	<b>220.93</b>	<b>0.35</b>	<b>3,264.39</b>
<b>Year ended 31<sup>st</sup> March 2018</b>									
Gross Carrying amount	12.88	408.05	2,801.77	26.72	29.49	41.17	250.27	0.35	3,570.70
Opening gross carrying amount	49.36	47.81	190.75	14.41	8.67	35.34	8.32	-	354.66
Additions	-	-	(0.42)	-	(0.79)	(0.72)	(0.19)	-	(2.12)
Disposals	-	-	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>62.24</b>	<b>455.86</b>	<b>2,992.10</b>	<b>41.13</b>	<b>37.37</b>	<b>75.79</b>	<b>258.40</b>	<b>0.35</b>	<b>3,923.24</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation	-	23.58	229.16	5.89	6.95	11.39	29.34	-	306.31
Depreciation charge during the year	-	18.41	129.32	3.70	4.45	8.85	25.08	-	189.81
Disposals	-	-	-	-	(0.32)	(0.24)	(0.07)	-	(0.63)
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>41.99</b>	<b>358.48</b>	<b>9.59</b>	<b>11.08</b>	<b>20.00</b>	<b>54.35</b>	<b>-</b>	<b>495.49</b>
<b>Net Carrying amount</b>	<b>62.24</b>	<b>413.87</b>	<b>2,633.62</b>	<b>31.54</b>	<b>26.29</b>	<b>55.79</b>	<b>204.05</b>	<b>0.35</b>	<b>3,427.75</b>
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 ₹ 298.96 million (31-Mar-2017 ₹ 248.86 million) for R & D capital costs.									
5. Company considered the salvage value as 5% of the Cost of Assets.									
6. Principal Asset costing ₹10 million 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.									
8. The reduced useful life has been adopted in view of faster rate of wear and tear:-									
Refer Note 43(ii) for outstanding contractual commitments.									
<b>Category</b>	<b>Gross Block</b>	<b>Normal Depreciation</b>	<b>Higher Depreciation</b>	<b>Impact</b>					
	<b>Life in Years</b>	<b>Amount ₹ in Million</b>	<b>Life in Years</b>	<b>Amount ₹ in Million</b>					
Furniture	0.68	10	0.05	5	0.11	0.06			
TOTAL	0.68		0.05		0.11	0.06			
Previous Year	0.58		0.03		0.06	0.03			



#### 4. INTANGIBLE ASSETS

(₹ in Million)

	Computer software	Copyrights & Patents and other intellectual property rights, services and operating rights	Total Intangible Assets
<b>Year ended 31<sup>st</sup> March 2017</b>			
Gross Carrying amount			
Opening gross carrying amount	18.52	1.92	20.44
Additions	-	-	-
Disposals	-	-	-
<b>Closing gross carrying amount</b>	<b>18.52</b>	<b>1.92</b>	<b>20.44</b>
<b>Accumulated depreciation</b>			
Opening accumulated depreciation	5.17	0.33	5.50
Depreciation charge during the year	5.17	0.39	5.56
Disposals	-	-	-
<b>Closing accumulated depreciation</b>	<b>10.34</b>	<b>0.72</b>	<b>11.06</b>
<b>Net Carrying amount</b>	<b>8.18</b>	<b>1.20</b>	<b>9.38</b>
<b>Year ended 31<sup>st</sup> March 2018</b>			
<b>Gross Carrying amount</b>			
Opening gross carrying amount	18.52	1.92	20.44
Additions	13.30	0.50	13.80
Disposals	-	-	-
<b>Closing gross carrying amount</b>	<b>31.82</b>	<b>2.42</b>	<b>34.24</b>
<b>Accumulated depreciation</b>			
Opening accumulated depreciation	10.34	0.72	11.06
Depreciation charge during the year	6.14	0.46	6.60
Disposals	-	-	-
Closing accumulated depreciation	16.48	1.18	17.66
<b>Net Carrying amount</b>	<b>15.34</b>	<b>1.24</b>	<b>16.58</b>

**5. CAPITAL WORK-IN-PROGRESS**

(₹ in Million)		
Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Capital Work-in-Progress-Civil	10.08	16.00
Capital Work-in-Progress-Plant & Machinery Under Erection	639.85	44.23
Redundant / obsolete items	-	0.70
Less: Provision	-	0.70
Plant, Machinery & Equipment under Inspection & in Transit	-	1.82
<b>Total</b>	<b>649.93</b>	<b>62.05</b>

**6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS**

(₹ in Million)		
Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Trade Investments Non-Trade, Unquoted AT COST		
<b>Investment in Equity instruments</b>		
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	10.72	10.72
4,28,800 fully paid up Equity share of ₹ 10/- each subscribed at ₹ 24/- each and paid-up ₹ 24/- each	10.29	10.29
<b>Total</b>	<b>21.01</b>	<b>21.01</b>

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.

**7. NON-CURRENT FINANCIAL ASSETS - LOANS**

(₹ in Million)		
Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Unsecured, considered good		
Loans and advances to employees	0.01	0.04
<b>Total</b>	<b>0.01</b>	<b>0.04</b>

**8. NON-CURRENT TAX ASSETS (NET)**

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Advance Income Tax	202.12	293.41
Tax deducted at source	-	-
<b>Total</b>	<b>202.12</b>	<b>293.41</b>

## 9. OTHER NON-CURRENT ASSETS

(₹ in Million)		
Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
<b>Capital Advances</b>		
Unsecured, considered good	681.77	93.71
Doubtful	3.55	3.55
Less: Provision	3.55	-
<b>Sub-Total</b>	<b>681.77</b>	<b>93.71</b>
<b>Others</b>		
Doubtful Advances to supplier	2.25	2.37
Less: Provision	2.25	2.37
Obsolete and slow moving -Raw material	0.01	0.01
Less: Provision	0.01	0.01
Obsolete and slow moving -consumables	2.80	2.29
Less: Provision	2.80	2.29
Obsolete and slow moving -spares	13.41	13.88
Less: Provision	13.41	13.88
<b>Total</b>	<b>681.77</b>	<b>93.71</b>

## 10. INVENTORIES

(₹ in Million)		
Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Raw Materials and components	443.74	489.60
Raw Materials and components -in transit	182.09	102.96
<b>Total</b>	<b>625.83</b>	<b>592.56</b>
Work-in-progress #	1,160.87	1,125.63
<b>Total</b>	<b>1,160.87</b>	<b>1,125.63</b>
Finished goods	-	0.89
Finished goods in transit	331.03	5.53
<b>Total</b>	<b>331.03</b>	<b>6.42</b>
Stores and spares	44.54	42.05
Stores and spares -in transit	1.97	-
<b>Total</b>	<b>46.51</b>	<b>42.05</b>
Loose Tools	0.50	0.33
<b>Total</b>	<b>0.50</b>	<b>0.33</b>
Consumables	103.13	113.25
Consumables-in transit	-	1.45
<b>Total</b>	<b>103.13</b>	<b>114.70</b>
Internally generated Scrap/rejected material	145.93	178.73
<b>Total</b>	<b>145.93</b>	<b>178.73</b>
<b>Grand Total</b>	<b>2,413.80</b>	<b>2,060.42</b>

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

As per the erstwhile accounting policy No.2.8 (vii), finished goods for the previous year i.e. 2016-17 is inclusive of excise duty.

#Work in progress Include materials lying with sub-contractors ₹ 132.09 million (31.03.2017 ₹ 146.26 million) and is subject to confirmation of balance by sub-contractors.

**11. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**

(₹ in Million)		
Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Debts Outstanding for period exceeding Six Months		
Unsecured, considered good #	1,041.96	526.85
Unsecured, considered doubtful	99.66	89.75
Less: Provision	99.66	89.75
<b>Total</b>	<b>1,041.96</b>	<b>526.85</b>
Other Debts		
Unsecured, considered good #	3,092.38	2,358.45
Unsecured, considered doubtful	50.09	50.15
Less: Provision	50.09	50.15
<b>Total</b>	<b>3,092.38</b>	<b>2,358.45</b>
<b>Grand Total</b>	<b>4,134.34</b>	<b>2,885.30</b>

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

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

**Expected Credit Loss Percentage**

Aging	Expected credit loss	
	As at 31 March 2018	As at 31 March 2017
Within Credit the Period	0.40%	0.44%
Upto 3 months	1.13%	2.09%
3-6 months	3.46%	6.44%
6-9 months	16.41%	22.92%
9-12 months	87.50%	91.67%
>12 months	100.00%	100.00%
Specific Provision (₹ In Million) relating to Defence, Govt and PSU customer dues	73.91	59.33
Specific Provision (₹ In Million) relating to Defence, Govt, PSU, Private customer dues (LD)	74.28	79.81

(₹ in Million)

Age of receivables	As at 31 March 2018	As at 31 March 2017
Private Customers -Unsecured		
Within Credit the Period	35.86	61.68
Upto 3 months	20.02	23.20
3-6 months	27.02	-
6-9 months	-	-
9-12 months	-	-
>12 months	0.26	-
Private Customers -secured	0.90	36.38
Defence, Govt and PSU customer dues	4,200.03	2,903.94

**Movement in Provision made against Trade Receivables**

(₹ in Million)

Particulars	Total
Loss allowance as on 31 <sup>st</sup> March 2017	139.90
Changes in loss allowance	9.85
Loss allowance as on 31 <sup>st</sup> March 2018	149.75

**12. CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Balances with Banks		
In Current Accounts	10.03	339.13
In Deposit Accounts #	840.72	1,601.53
Cash on hand	0.33	0.20
<b>Total</b>	<b>851.08</b>	<b>1,940.86</b>

# 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 Million)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Earnest Money Deposits with IndusInd Bank	11.56	-
Term Deposits*	938.15	138.40
<b>Total</b>	<b>949.71</b>	<b>138.40</b>

\*Balances in Term Deposit Accounts includes ₹ 497.94 million (31.03.2017 ₹ 138.40 million) pledged for secured over drafts availed against the deposits with various banks and ₹ 440.21 million (31.03.2017 ₹ Nil) earmarked for repayment of term loan availed with IndusInd Bank.

**14. CURRENT FINANCIAL ASSETS - OTHERS**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Loans and advances to employees	10.20	1.52
Interest accrued on loans to employees	0.03	0.05
Claims receivable	6.45	4.01
Deposits with others	49.27	42.63
Interest accrued on bank deposits	112.85	68.60
Interest accrued-doubtful	28.66	28.66
Less: Provision	28.66	-
<b>Total</b>	<b>178.80</b>	<b>116.81</b>

**15. OTHER CURRENT ASSETS**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Prepaid expenses	13.16	20.73
GST/VAT/Modvat/Service Tax/Customs duty receivable	63.92	28.21
Others		
Unsecured, considered good		
Advance to suppliers	48.02	75.65
<b>Total</b>	<b>125.10</b>	<b>124.59</b>

**16. EQUITY SHARE CAPITAL**

(₹ in Million)		
Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
<b>Authorised</b>		
Equity shares		
20,00,00,000 shares @ ₹ 10/- per share	2,000.00	2,000.00
(Previous Year 20,00,000 shares @ ₹ 1000/- per share)		
	2,000.00	2,000.00
<b>Issued</b>		
Equity shares		
18,73,40,000 shares @ ₹ 10/- per share	1,873.40	1,873.40
(Previous Year 18,73,400 shares @ ₹ 1000/- per share)		
	1,873.40	1,873.40
<b>Subscribed and fully Paid up</b>		
Equity shares		
18,73,40,000 shares @ ₹ 10/- per share	1,873.40	1,873.40
(Previous Year 18,73,400 shares @ ₹ 1000/- per share)		
	1,873.40	1,873.40
<b>Total</b>	<b>1,873.40</b>	<b>1,873.40</b>

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

Particulars	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2017	
	No. of Shares	Amount (₹ in Million)	No. of Shares	Amount (₹ in Million)
Outstanding as at Opening Date	1,873,400	1,873.40	1,873,400	1,873.40
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Sub-division of Shares #	185,466,600	-	-	-
(from ₹ 1000 to ₹ 10 per equity share) during the year				
<b>Outstanding as at Closing Date</b>	<b>187,340,000</b>	<b>1,873.40</b>	<b>1,873,400</b>	<b>1,873.40</b>

#Approval of share holders for sub-division of shares accorded at the extraordinary general meeting of the Company held on 27<sup>th</sup> October 2017.

**Terms/right attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share (Previous Year ₹ 1000 per share). Each equity share represents one voting right.

**Details of shareholders holding more than 5% shares in the Company**

Particulars	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2017	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹ 10/- each fully paid-up (Previous Year ₹ 1000 each)				
President Of India	138,631,600	74.00%	1,873,400	100%
Life Insurance Corporation of India	16,350,564	8.73%	-	-

**17. OTHER EQUITY**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
General Reserve	5,907.59	5,007.59
Retained Earnings	88.01	131.47
Components of other comprehensive income	21.35	30.98
<b>Total</b>	<b>6,016.95</b>	<b>5,170.04</b>

**18. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Unsecured		
Advances - Augmentation Facilities - VSSC	9.20	12.36
(This represents balance amount payable (net of ₹ 5.00 million (31.03.2017 ₹ 5 million) repayable within 12 months and treated as Other Current Liability and included under Note No.26) against refundable loan of ₹ 47.84 million received from VSSC for upgradation of forge press.)		
<b>Total</b>	<b>9.20</b>	<b>12.36</b>

**Maturity Profile of Term Loan:**

Borrower	Maturity Profile			
	2018-19	2019-20	2020-21	2021-22
VSSC	5.00	5.00	5.00	2.84

**19. NON-CURRENT FINANCIAL LIABILITIES - OTHERS**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Grants - Customer Financed Projects	469.99	173.37
<b>Total</b>	<b>469.99</b>	<b>173.37</b>

**20. NON-CURRENT LIABILITIES - PROVISIONS**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Provision for employee benefits		
Provision for gratuity	6.60	5.89
Provision for compensated absences	1.38	1.68
<b>Total</b>	<b>7.98</b>	<b>7.57</b>

**21. DEFERRED TAX LIABILITIES (NET)**

(₹ in Million)		
Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Deferred Tax Liabilities		
On Depreciation	344.98	285.95
<b>Sub Total</b>	<b>344.98</b>	<b>285.95</b>
Deferred Tax Assets		
On Provision	58.14	80.96
On Disallowance as per IT Act	0.48	0.58
<b>Sub Total</b>	<b>58.62</b>	<b>81.54</b>
<b>Net Total</b>	<b>286.36</b>	<b>204.41</b>

**Movement in deferred tax**

(₹ in Million)			
Particulars	Closing Balance 31-Mar-2017	Charge/Credit during the year 2017-18	Closing Balance 31-Mar-2018
<b>Deferred Tax Assets</b>			
Provision for Non Moving Stores	5.59	0.02	5.61
Provisions for Doubtful Debts	20.79	5.33	26.12
Provisions for Doubtful ICD	9.92	-	9.92
Provisions for Doubtful Adv / Claims	2.05	(0.04)	2.01
Provision for Contingencies & Warranty	14.37	(5.01)	9.36
AMTL Leave Provision	0.58	(0.10)	0.48
OFB Interest Differences (Net)	2.40	1.28	3.68
VSSC Interest Differences (Net)	1.48	(0.04)	1.44
Gratuity	24.12	(24.12)	-
Leave	-	-	-
Provision for redundant / obsolete items	0.24	(0.24)	-
<b>Total Assets</b>	<b>81.54</b>	<b>(22.92)</b>	<b>58.62</b>
<b>Deferred Tax Liability</b>			
Depreciation	285.95	59.03	344.98
<b>Total Liability</b>	<b>285.95</b>	<b>59.03</b>	<b>344.98</b>
<b>Net Liability</b>	<b>204.41</b>	<b>81.95</b>	<b>286.36</b>

**22. OTHER NON-CURRENT LIABILITIES**

(₹ in Million)		
Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Advances		
Advances from Customers	200.93	533.67
Others		
Material Received on Loan - Kaveri Project	2.40	2.36
Other Liabilities - VSSC	5.47	5.47
Advances Others	6.46	6.46
Deferred Income	525.32	541.12
<b>Total</b>	<b>740.58</b>	<b>1,089.08</b>



**23. CURRENT FINANCIAL LIABILITIES - BORROWINGS**

(₹ in Million)		
Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Secured		
Loans repayable on demand		
From Banks		
Cash Credit	21.18	0.95
(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	448.15	124.56
Secured by Fixed Deposits of ₹ 497.94 million (31.03.2017 ₹ 138.40 million)		
Unsecured		
From Banks		
Short Term Loans	450.00	
<b>Total</b>	<b>919.33</b>	<b>125.51</b>

**24. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**

(₹ in Million)		
Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Micro, Small & Medium Enterprises	35.33	10.48
Others @	927.83	649.83
<b>Total</b>	<b>963.16</b>	<b>660.31</b>

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

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

(₹ in Million)		
Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Amount due and Payable at the year end		
Principal	35.33	10.48
Interest on above Principal	3.43	0.10
Payments made during the year after the due date		
Principal	299.71	154.28
Interest on above Principal	-	-
Interest due and payable for principals already paid	7.48	3.72
Total Interest accrued and remained unpaid at year end	10.91	3.82

**25. CURRENT FINANCIAL LIABILITIES - OTHERS**

(₹ in Million)		
Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Current Maturities of Long Term Debt		
Term Loan from State Bank of India	-	74.95
Others		
Earnest money deposit	9.72	2.87
Security Deposit	10.37	6.62
Liabilities to customers	311.46	308.84
Capital creditors	78.85	5.89
Employee payables	338.30	177.25
<b>Total</b>	<b>748.70</b>	<b>576.42</b>

**26. OTHER CURRENT LIABILITIES**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Advances received from customers	608.43	582.73
Advance for Customer Financed projects	364.36	52.22
Material Received on Loan - Others	196.42	138.56
Statutory liabilities	65.92	57.36
<b>Total</b>	<b>1,235.13</b>	<b>830.87</b>

**27. CURRENT - PROVISIONS**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Provision for employee benefits		
Provision for compensated absences	28.86	60.43
Provision for gratuity	66.72	69.59
Provision for post retirement medical scheme	8.98	7.03
Provision for pension scheme	21.19	24.60
Provision for other employee benefits	111.31	63.93
<b>Other Provisions</b>		
Provision for contingencies and warranty	27.04	41.52
Provision for Income Tax	116.02	18.83
Other provisions	1.10	1.10
<b>Total</b>	<b>381.22</b>	<b>287.03</b>

**28. REVENUE FROM OPERATIONS**

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Sale of Manufacturing Products	6,553.09	8,015.51
Export Sales	1.47	-
Sale of Services	66.37	70.47
Other Operating Revenues	39.85	11.09
<b>Total</b>	<b>6,660.78</b>	<b>8,097.07</b>

**29. OTHER INCOME**

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Interest Income		
From Banks	169.45	153.29
From Employees	0.01	0.02
From Others	43.73	19.37
Liquidated Damages	18.71	18.16
<b>Exchange rate variance</b>	<b>1.79</b>	<b>0.48</b>
<b>Net gain on sale of Fixed Assets</b>	<b>0.75</b>	<b>0.02</b>
Income from Sale of Unserviceable Scrap	25.64	16.83
Provisions written back		
Non-Moving Inventories	-	11.87
Excess Liabilities written back	28.57	6.25
Other miscellaneous income	3.35	7.54
<b>Total</b>	<b>292.00</b>	<b>233.83</b>

**Details of other miscellaneous income**

Particulars	(₹ in Million)	
	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Sale of Application Forms (Personnel)	0.23	0.64
Sale of Tender Documents	0.61	0.69
Others	2.51	6.21
<b>Total</b>	<b>3.35</b>	<b>7.54</b>

**30. COST OF MATERIAL CONSUMED**

Particulars	(₹ in Million)	
	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Cost of Material for manufactured products	1,535.49	1,938.28
<b>Total</b>	<b>1,535.49</b>	<b>1,938.28</b>

**31. EXCISE DUTY**

Particulars	(₹ in Million)	
	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Excise - Finished Goods	43.87	364.26
<b>Total</b>	<b>43.87</b>	<b>364.26</b>

**32. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE**

Particulars	(₹ in Million)	
	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Opening Stock		
Work-in-progress	1,125.63	1,820.83
Finished Stock	6.42	87.63
	1,132.05	1,908.46
Closing Stock		
Work-in-progress	1,160.87	1,125.63
Finished Stock	331.03	6.42
	1,491.90	1,132.05
(Increase) / Decrease		
Work-in-progress	(35.24)	695.20
Finished Stock	(324.61)	81.21
<b>Total</b>	<b>(359.85)</b>	<b>776.41</b>

**33. EMPLOYEE BENEFITS EXPENSE**

(₹ in Million)		
Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Salaries & Wages		
Salaries & Wages	892.89	641.11
Leave Encashment	60.88	39.12
Directors remuneration	12.66	14.49
Contribution to Provident and other Funds		
Contribution to provident fund	58.15	51.58
Employees Gratuity	52.99	150.86
Leave salary and pension contribution	20.64	24.62
Staff Welfare & Training		
Workmen and staff welfare expense	184.73	171.07
<b>Total</b>	<b>1,282.94</b>	<b>1,092.85</b>

**(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 Million)		
Particulars	2017-18	2016-17
In Income Statement	51.99	151.43
In Other Comprehensive Income	14.73	(14.96)
<b>Net Liability</b>	<b>66.72</b>	<b>136.47</b>

**Assets and Liability (Balance Sheet Position)**

(₹ in Million)		
Particulars	31-Mar-18	31-Mar-17
Present Value of Obligation	465.65	428.94
Fair Value of Plan Assets	329.35	359.35
Surplus / (Deficit)	(136.30)	(69.59)
Effects of Asset Ceiling, if any	-	-
<b>Net Assets / (Liability)</b>	<b>(136.30)</b>	<b>(69.59)</b>

**Changes in the Present Value of Obligation**

(₹ in Million)		
Particulars	31-Mar-18	31-Mar-17
Present Value of Obligation as at beginning	428.94	357.62
Current Service Cost	47.01	150.07
Interest Expense or Cost	31.44	28.61
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-
- change in demographic assumptions	(14.00)	(25.76)
- change in financial assumptions	(8.55)	11.88
- experience variance (Actual Vs assumptions)	36.05	0.06
Past Service Cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits Paid	(55.24)	(93.53)
Acquisition Adjustment	-	-
Effect of business combinations or disposals	-	-
<b>Present Value of Obligation as at the end</b>	<b>465.65</b>	<b>428.94</b>

**Bifurcation of net liability**

(₹ in Million)		
Particulars	31-Mar-18	31-Mar-17
Current Liability (Short term)	78.59	76.73
Non-Current Liability (Long term)	387.06	352.21
<b>Net Liability</b>	<b>465.65</b>	<b>428.94</b>

**Changes in the Fair Value of Plan Assets**

(₹ in Million)		
Particulars	31-Mar-18	31-Mar-17
Fair Value of Plan Assets as at the beginning	359.35	340.50
Investment Income	26.34	27.24
Employer's Contribution	0.12	84.06
Expenses	(0.15)	(0.06)
Employee's Contribution	-	-
Benefits Paid	(55.24)	(93.53)
Return on plan assets, excluding amount recognised in net interest expense	(1.08)	1.14
Acquisition Adjustment	-	-
<b>Fair Value of Plan Assets as at the end</b>	<b>329.35</b>	<b>359.35</b>

**Expenses Recognised in the Income Statement**

(₹ in Million)		
Particulars	2017-18	2016-17
Current Service Cost	46.89	150.07
Past Service Cost	-	-
Loss / (Gain) on settlement	-	-
Expected return on Asset	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	5.10	1.37
Actuarial Gain/Loss	-	-
<b>Expenses Recognised in the Income Statement</b>	<b>51.99</b>	<b>151.44</b>

**Other Comprehensive Income**

(₹ in Million)		
Particulars	2017-18	2016-17
Actuarial (gains) / losses		
- change in demographic assumptions	36.05	(25.76)
- change in financial assumptions	(8.55)	11.88
- experience variance (i.e. Actual experience vs assumptions)	(14.00)	0.06
- others	-	-
Return on plan assets, excluding amount recognized in net interest expense	1.08	(1.14)
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	0.15	-
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>14.73</b>	<b>(14.96)</b>

**Actuarial assumptions**

Particulars	31-Mar-18	31-Mar-17
Discount rate (per annum)	7.73%	7.33%
Salary growth rate (per annum)	8.00%	6.50%

**Demographic assumptions**

Particulars	31-Mar-18	31-Mar-17
Mortality rate (% of IALM 06-08)	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 2006-08**

Mortality (per annum)		
Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%
30 years	0.106%	0.106%
35 years	0.128%	0.128%
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.700%	1.700%
70 years	2.585%	2.585%

**Sensitivity analysis**

Particulars	31-Mar-18		31-Mar-17	
	Decrease	Increase	Decrease	Increase
Defined Benefit Obligation (Base)	465.65		428.94	
Discount Rate (- / + 1%)	487.83	445.93	448.34	411.51
(% change compared to base due to sensitivity)	4.76	-4.24	4.52	-4.06
Salary Growth Rate (- / + 1%)	450.21	478.80	407.75	451.13
(% change compared to base due to sensitivity)	-3.32	2.82	-4.94	5.17
Attrition Rate (- / + 1%)	448.35	481.13	416.97	439.69
(% change compared to base due to sensitivity)	-3.72	3.32	-2.79	2.51
Mortality Rate (- / + 10%)	465.16	466.15	428.55	429.32
(% change compared to base due to sensitivity)	-0.11	0.11	-0.09	0.09

**Expected cash flows over the next (valued on undiscounted basis):**

	(₹ in Million)
1 year	70.32
2 to 5 years	221.94
6 to 10 years	76.87
More than 10 years	96.51

**(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 and other comprehensive income

**Bifurcation of net liability**

(₹ in Million)

Particulars	31-Mar-18	31-Mar-17
Current Liability (Short term)	213.47	196.93
Non-Current Liability (Long term)		
<b>Net Liability</b>	<b>213.47</b>	<b>196.93</b>

**(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 Company has made a pension contribution @ 10% to the Trust with the approval of Board of Directors w.e.f 01.01.2007 to 31.03.2017, which includes ₹ 63.82 million towards 3% contribution pending approval of MoD. However, MoD has not approved the proposal of the Company. Since MoD did not approve the proposal for additional 3% contribution, the additional contribution made upto 31.03.2017 has been reversed.

The Current year contribution to pension fund has been provided @ 7% of Basic + DA in line with the MoD guidelines.

**34. FINANCE COST**

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Interest expense		
Cash Credit	0.02	0.07
Short Term Overdrafts	47.34	9.90
Interest - Others	30.88	27.16
Interest - Term Loan	7.36	8.71
Interest - Govt. Loans	-	0.92
<b>Total</b>	<b>85.60</b>	<b>46.76</b>

**35. OTHER EXPENSES**

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Travelling Expenses		
Travelling and conveyance	34.06	23.99
Hire of cars	4.81	3.71
Communication Expenses		
Postage & telephone	6.57	5.66
Repairs & maintenance expenses		
Buildings	57.44	56.01
Plant and machinery	25.27	40.73
Others	12.36	15.70

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Rent, rates & taxes		
Rates and taxes	0.85	1.29
Rent	1.90	1.76
Printing and stationery		
Printing and stationery	1.18	1.83
Office maintenance expenses		
Security guard charges	66.15	64.40
Administration expenses-Others	20.69	12.41
Power & fuel		
Power and fuel	539.52	593.01
Sub-contractor expenses		
Sub-contractor expenses	709.99	518.25
General expenses		
CSR Expenses	32.83	28.76
Stock verification discrepancies	-	(6.11)
Bad debts written off	35.94	20.12
Fixed Assets written off	0.66	0.26
Liquidated damages on sales	69.00	99.56
Sales schemes	103.62	69.40
Increase/(Decrease) Excise duty on finished goods	(0.19)	(22.41)
Library books	1.68	0.05
News paper and journals	0.07	0.01
Membership fees	0.65	0.76
Training expenses	2.97	5.11
Entertainment/courtesy expenses	0.48	0.75
Hostel/guest house expenses net of income	2.72	1.56
Business promotion expenses	31.63	10.36
Directors sitting fees	1.38	0.99
Factory expenses	32.13	18.79
Advertisement	13.30	19.49
Water charges	14.39	12.79
Consumption of stores, loose tools and spare parts		
Consumption of stores, loose tools and spare parts	338.89	342.07
Insurance expenses		
Insurance	16.24	15.17
Professional charges		
Legal and professional fees	0.39	0.36
Internal Audit Fee	2.13	0.68
Consultancy charges	20.41	20.06
Contract professionals expenses	6.47	7.94



(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
R& D Expenses		
R & D Contribution	7.37	21.43
Auditors remuneration		
Auditor's remuneration(As per details below)	0.83	0.49
Finance & bank charges		
Bank charges	5.34	7.18
Provision for non moving inventories	0.04	-
Provision for redundant / obsolete items	-	0.70
Provision for Bad debts		
Provision for Doubtful Debts	27.47	31.90
Provision for Contingencies & Warranty		
Provision for Contingencies & Warranty	-	25.20
<b>Total</b>	<b>2,249.63</b>	<b>2,072.17</b>

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

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Consumption of materials	36.41	-
Conversion costs	28.47	77.34
Other Expenditure	32.28	11.24
R & D Contribution	7.37	21.43
<b>Total</b>	<b>104.53</b>	<b>110.01</b>

Remuneration and other payments to the auditor

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Auditor		
(a) Statutory Audit	0.55	0.39
(b) Tax Audit	0.18	0.08
(c) Other Services	0.10	0.02
<b>Total</b>	<b>0.83</b>	<b>0.49</b>

Details of Corporate Social Responsibility

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Promoting Education	24.50	18.49
Protection of Environmental & Ecology balancing Projects	-	0.57
Promotion of Health	8.33	8.03
Other Projects	-	1.67
<b>TOTAL</b>	<b>32.83</b>	<b>28.76</b>

**36. EXCEPTIONAL ITEMS**

(₹ in Million)		
Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Income		
Refund of Pension Contribution	63.82	-
<b>Net Income / (Expenditure)</b>	<b>63.82</b>	<b>-</b>

**37. 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 Million)		
Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
Current tax		
Current tax on profits for the year	593.51	625.81
Earlier year tax	(10.67)	1.84
	<b>582.84</b>	<b>627.65</b>
Deferred tax		
Decrease (increase) in deferred tax liabilities	(81.95)	22.07
<b>Total income tax expense</b>	<b>664.79</b>	<b>605.58</b>

**(b) Reconciliation of tax expense and the accounting profit multiplied India's tax rate**

(₹ in Million)		
Particulars	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
<b>Profit before tax</b>	<b>1,967.78</b>	<b>1,878.50</b>
Tax at Indian tax rate of 34.608% (2016-17 - 34.608%)	681.00	650.11
Add:		
Depreciation under Companies Act	196.41	176.64
Disallowances under Sec 43B	-	127.86
Provision for Doubtful Debts	15.38	31.90
Provision for non moving stores and spares	0.04	(11.87)
R&D expenditure	104.53	110.01
Provision for contingency & warranty	(14.48)	25.20
Provision for obsolete items	(0.70)	-
CSR Expenses	32.83	20.97
OFB Deferred Exp (Net-off)	3.70	3.62
VSSC Deferred Exp (Net-off)	(0.11)	0.19
AMTL Leave Provision	(0.30)	0.34
Provision for advance to suppliers	(0.12)	-
Others	10.91	-

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2018		For the Year Ended 31 <sup>st</sup> March 2017	
	<b>348.09</b>		<b>484.86</b>	
Less:				
Earlier years liability discharged in the current year	127.86		38.89	
Depreciation as per IT Act	257.22		270.40	
R & D weighted deductions	231.95		254.14	
	<b>617.03</b>		<b>563.43</b>	
Net Adjustments (Additions - Deductions)	(268.94)	(93.07)	(78.57)	(27.19)
Tax Liability	587.93		622.92	
Interest	5.58		2.89	
Earlier Year Tax	(10.67)		1.84	
MAT Credit Entitlement	-		-	
Deferred Tax	81.95		(22.07)	
<b>Total</b>	<b>664.79</b>		<b>605.58</b>	

## Financial Instruments

### 38. Fair value measurements

#### A. Financial instruments by category

(₹ in Millions)

	31 <sup>st</sup> March 2018				31 March 2017			
	FVPL	FVOCI	Amortized Cost	Total	FVPL	FVOCI	Amortized Cost	Total
Financial assets								
Trade receivables	-	-	4,134.34	4,134.34	-	-	2,885.30	2,885.30
Cash and cash equivalents	-	-	1,800.79	1,800.79	-	-	2,079.26	2,079.26
Loans	-	-	0.01	0.01	-	-	0.04	0.04
Other financial assets	-	-	178.80	178.80	-	-	116.81	116.81
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,113.94</b>	<b>6,113.94</b>	<b>-</b>	<b>-</b>	<b>5,081.41</b>	<b>5,081.41</b>
Financial liabilities								
Borrowings	-	-	928.53	928.53	-	-	137.87	137.87
Trade payables	-	-	963.16	963.16	-	-	660.31	660.31
Other financial liabilities	-	-	1,218.69	1,218.69	-	-	749.79	749.79
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,110.38</b>	<b>3,110.38</b>	<b>-</b>	<b>-</b>	<b>1,547.97</b>	<b>1,547.97</b>

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, 2018, March 31, 2017 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, 2018, March 31, 2017 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.

### 39. 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.

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 computed.

Expected credit loss for trade receivables

##### c) Reconciliation of loss allowance provision - trade receivables

	(₹ in Million)
Loss allowance on 31 March 2017	139.90
Changes in loss allowance	9.85
Loss allowance on 31 March 2018	149.75

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, 2018, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

Particulars	Carrying amount (₹ in Million)	
	March 31, 2018	March 31, 2017
India	4,284.09	3,025.20
Outside India	-	-
	<b>4,284.09</b>	<b>3,025.20</b>

At March 31, 2018, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

Particulars	Carrying amount (₹ in Million)	
	March 31, 2018	March 31, 2017
Government and Government undertakings	4,200.03	2,903.94
Others	84.06	121.26
	<b>4,284.09</b>	<b>3,025.20</b>

### 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 ₹ 851.08 million at March 31, 2018 (March 31, 2017: ₹ 1940.86 million).

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 Million)

Contractual maturities of financial liabilities 31 March 2018	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
<b>Non derivatives</b>						
Borrowings	919.33					919.33
Trade payables	901.32	4.50	57.34			963.16
Other financial liabilities	748.70					748.70
<b>Total non-derivative liabilities</b>	<b>2569.35</b>	<b>4.50</b>	<b>57.34</b>	<b>-</b>	<b>-</b>	<b>2631.19</b>

**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 8.35% per annum, hence, no interest rate risk has been determined.

**40. 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 8.35 percent (2017: 9.60 percent).

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

(₹ in Million)

Particulars	As at 31 March 2018
Total liabilities	5,761.65
Less : Cash and cash equivalent	851.08
<b>Adjusted net debt</b>	<b>4,910.57</b>
Total equity	7,890.35
Less : Hedging reserve	-
Adjusted equity	7,890.35
Adjusted net debt to adjusted equity ratio	0.62

#### 41. 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.

#### 42. Related party transactions

##### Parent entity

Name	Type	Place of incorporation	Ownership interest	
			31-Mar-18	31-Mar-17
The President of India	Holding Company	India	74%	100%

##### Transactions with key management personnel

##### Key management personnel compensation

Name of the party	31 March 2018					(₹ in Million)
	Salaries & wages	PF & EPS	Gratuity	Leave encashment	Total	31 March 2017
(a) Dr.D.K.Likhi, C&MD	4.11	0.33			4.44	6.01
(b) Shri B.G.Raj, Director (F)					-	5.38
(c) Shri Sanjeev Singhal, Director (F)	3.18	0.25		0.78	4.21	0.69
(d) Shri Sanjay Kumar Jha, Director (P&M)	3.71	0.30			4.01	2.42
<b>Total</b>	<b>11.00</b>	<b>0.88</b>	<b>-</b>	<b>0.78</b>	<b>12.66</b>	<b>14.49</b>

#### 43. Contingent liabilities and commitments (to the extent not provided for)

Particulars	31 March 2018	31 March 2017
<b>(i) Contingent liabilities</b>		
Claims against the company not acknowledged as debt	141.52	218.00
Bank Guarantees	87.91	107.75
Letter of credit outstanding	85.45	131.88
	<b>314.88</b>	<b>457.64</b>
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Capital commitments)	570.58	415.04
	<b>570.58</b>	<b>415.04</b>

#### 44. 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 2018	31 March 2017
Profit attributable to equity holders of the Company (₹ in Million)	1,312.62	1,263.13
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)	7.01	6.74

#Approval of share holders for sub-division of shares accorded at the extraordinary general meeting of the Company held on 26<sup>th</sup> October 2017 from face value of ₹ 1000 per share to ₹ 10 per share.

Accordingly, for computation of EPS, previous year shares (31.03.2017) 18,73,400 shares of face value ₹ 1000 have been restated as 18,73,40,000 of face value ₹10 per share

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

**46. Impact of implementation of Goods and Service Tax (GST) on the financial statements**

In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sale for the previous year ended 31<sup>st</sup> March 2017 and for the period from 1<sup>st</sup> April 2017 to 30<sup>th</sup> June 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT) / Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Service Tax (GST) with effect from 1<sup>st</sup> July 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST. Further, GST is not recognized as part of sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current year in comparison to the sales reported under the pre-GST structure of indirect taxes corresponding to the excise component subsumed in GST.

**47. 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 1<sup>st</sup> 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.

The effect of the Ind AS 115 and consequential changes in other Indian Accounting Standards are being evaluated.





## MISHRA DHATU NIGAM LIMITED

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

CIN L14292TG1973GOI001660

REGISTERED OFFICE & WORKS:

P.O KANCHANBAGH, HYDERABAD-500058, INDIA

Phone: 24184000 (Extn)

Fax: -+91-40-24340214

Website: - [www.midhani-india.in](http://www.midhani-india.in)

### COMMERCIAL OFFICES

<b>NEW DELHI</b> FLAT No. 8330,C-8, Vasant Kunj, <b>New Delhi - 110070</b> Tele-Fax: +91-011-26890253 Tel:+91-011-41666375 Email: <a href="mailto:dro@midhani-india.in">dro@midhani-india.in</a>	<b>KOLKATA</b> BE-70,Ground Floor, Secor 1, Salt Lake, Kolkata - 700064 Tele-Fax:+91-033-23348411 Tel: +91-033-23344832 Email: <a href="mailto:kco@midhani-india.in">kco@midhani-india.in</a>
<b>BANKERS</b> ANDHRA BANK,HDFC BANK, STATE BANK OF INDIA	<b>STATUTORY AUDITORS</b> M/s Basha & Narasimhan Chartered Accountants, Hyderabad
<b>COST AUDITORS</b> M/s S. S. Zanwar & Associates, Hyderabad	<b>SECRETARIAL AUDITORS</b> M/s Puttaparthi Jagannatham & Co., Hyderabad
<b>REGISTRAR AND SHARE TRANSFER AGENT</b> <b>ALANKIT ASSIGNMENTS LIMITED</b> 4E/2 Jhandewalan Extension,New Delhi -110 055 Tel: 011-42541234 / 23541234 Fax: 011- 42541201 Email: <a href="mailto:rta@alankit.com">rta@alankit.com</a> / <a href="mailto:jksingla@alankit.com">jksingla@alankit.com</a>	
<b>INVESTOR RELATIONS</b> <b>Paul Antony</b> Company Secretary & Compliance Officer Tele-Fax: +91-040-24340853 Email: <a href="mailto:secretary@midhani-india.in">secretary@midhani-india.in</a>	

**MISHRA DHATU NIGAM LIMITED**

Corporate Identity Number (CIN): L14292TG1973GOI001660

Registered Office: PO – Kanchanbagh Hyderabad - 500058, Telangana, INDIA

Tel. No: 91-40-24184000 Fax No: 91-40-24340214

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

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

Name of the member(s) .....

Registered Address .....

Folio No. / Client ID No. .... Email-ID .....

I/We, being the member (s) of ..... Shares of Mishra Dhatu Nigam  
Limited, hereby appoint:

1. Name: ..... E-mail Id: .....

Address .....

.....Signature: ..... or failing him/her;

2. Name: ..... E-mail Id: .....

Address .....

.....Signature: ..... or failing him/her;

3. Name: ..... E-mail Id: .....

Address .....

.....Signature: ..... or failing him/her;

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Forty Fourth Annual General Meeting of  
the company, to be held on Friday, September 28, 2018 at 10.30 hrs at DRDO Auditorium, DRDO Township, PO Kanchanbagh  
Hyderabad - 500058 and at any adjournment thereof in respect of such resolutions as are indicated below:

\* I wish my above Proxy to vote in the manner as indicated in the box below:

Sl. No	Resolutions	For	Against
<b>ORDINARY BUSINESS</b>			
1.	To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors' and Auditors' thereon;		
2.	To declare a Dividend on equity shares for the financial year ended March 31, 2018.		
3.	Re-appointment of Dr. D. K. Likhi (DIN: 03552634), who retires by rotation.		
4.	Ratification of remuneration payable for FY 2017-18 and to authorize the Board of Directors to fix remuneration of the Auditors for the FY 2018-19		
<b>SPECIAL BUSINESS</b>			
5.	Ratification of remuneration of Cost Auditors for the FY 2017-18 and 2018-19		

Signed this..... day of ..... 2018

Signature of shareholder ..... Signature of Proxy holder(s).....

Affix  
Revenue  
Stamp

**Notes:**

- This form of proxy in order to be effective should be duly filled, stamped, signed and deposited at the Registered Office of the Company at Mishra Dhatu Nigam Limited PO Kanchanbagh Hyderabad Telangana-500058 not less than 48 hours before the commencement of the Meeting.**
- A proxy need not be a member of the Company.
- \* This is only optional. Please put a (Tick) in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the Forty Forth Annual General Meeting of the Company.

[illegible]

[illegible]



## MISHRA DHATU NIGAM LIMITED

Corporate Identity Number (CIN): L14292TG1973GOI001660

Registered Office: PO – Kanchanbagh Hyderabad - 500058, Telangana, INDIA

Tel. No: 91-40-24184000 Fax No: 91-40-24340214

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

### ATTENDANCE SLIP

**44<sup>th</sup> ANNUAL GENERAL MEETING ON FRIDAY, SEPTEMBER 28, 2018 AT 10.30 HRS**

Sr. No.

1. Name and Address of the Member :  
(in block letters)  
(Including Joint holders, if any)

2. Folio No./ DP ID/Client ID :

3. Number of Shares held :

I /We hereby record that I/We am/are a registered Shareholder(s) / Proxy for the registered shareholder(s) of the Company. I/We hereby record my/our presence at the Forty Fourth Annual General Meeting of the Company at DRDO Auditorium, DRDO Township, PO Kanchanbagh Hyderabad 500058 at 10.30 hrs on Friday, September 28, 2018.

Name of the Member\_\_\_\_\_

Signature\_\_\_\_\_

Name of the Proxy\_\_\_\_\_

Signature\_\_\_\_\_

#### Notes:

1. Only Member/Proxyholder can attend the Meeting
2. Please completely fill this attendance slip and hand over, duly signed, at the attendance verification counter at the entrance of the meeting hall.
3. Authorized Representatives of Corporate members shall produce proper authorization issued in their favour.
4. Electronic copy of the Annual Report for 2017-18 and Notice of Annual General Meeting (AGM) along with attendance slip and proxy form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.

#### E-VOTING INFORMATION

<b>EVEN</b> <b>(Electronic Voting Event Number)</b>	<b>User ID</b>	<b>Password</b>



## **MISHRA DHATU NIGAM LIMITED**

(Government Of India Enterprise, Ministry of Defence)

Phone: +91-040-24340853

P.O. Kanchanbagh, Hyderabad - 500058

[www.midhani-india.in](http://www.midhani-india.in)