

# मिश्र धातु निगम लिमिटेड

(भारत सरकार का उद्यम)

(मिनी रत्न कंपनी)

सुपर अलॉय्स प्लांट

निगमित पहचान सं. U14292TG1973GOI001660

डाकघर : कंचनबाग, हैदराबाद - 500 058. भारत

दूरभाष : 040-24184000 (शृंखला नं.)

फैक्स : 040-24340214, 24340280, 24340371

वेबसाइट : www.midhani.com



AN ISO 9001:2008 COMPANY

# MISHRA DHATU NIGAM LIMITED

(A. Govt. of India Enterprise)

(MINI RATNA COMPANY)

SUPERALLOYS PLANT

CIN: U14292TG1973GOI001660

P.O. Kanchanbagh, Hyderabad - 500 058. India

Phone : 040-24184000 (Extn.)

Fax : 040-24340214, 24340280, 24340371

Website : www.midhani.com

MDN/CS/AR/2019-20

Date: 30.08.2019

To

The Manager,  
Listing Department/CRD  
Stock Exchange Mumbai,  
1st Floor, New Trading Ring,  
Rotunda Building  
P.J. Towers, Dalal Street, Fort,  
Mumbai- 400001

The Manager,  
Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, 5 th Floor; Plot No. CII  
G Block, Bandra Kurla Complex,  
Bandra (East)  
Mumbai - 400051

Scrip Code: BSE: 541195

Scrip Code: NSE: MIDHANI

Sub: Submission of Annual Report for the Financial Year 2018-2019 under Regulation 34 of Securities and Exchange Board of India (LODR), Regulations, 2015.

Dear Sir / Madam,

1. With reference to the subject cited, we hereby furnish the Annual Report for the financial year 2018-2019 as per the Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. This is for your information and record.

Thanking You



Yours faithfully,  
For Mishra Dhatu Nigam Limited

Paul Antony

Company Secretary & Compliance Officer

Encl: a/a

# ANNUAL REPORT 2018-19



**MISHRA DHATU NIGAM LIMITED**

## Index

S. No.	Content	Page No.
1.	List of Board of Directors	3
2.	Chairman's Message	5
3.	Notice of Annual General Meeting	7
4.	10 years at a glance	18
5.	Report of the Board of Directors	20
6.	Report on Corporate Governance	33
7.	Management Discussion and Analysis	50
8.	Independent Auditor's Report	86
9.	Comments of C&AG of India	95
10.	Balance Sheet	96
11.	Statement of Profit and Loss	97
12.	Statement of Cash Flow	99
13.	Significant Accounting Policies	101
14.	Notes to Accounts	109
15.	Attendance Slip	133
16.	Proxy Form	135

## List of ANNEXURES:

S.No.	Content	Page No.
I.	Representation and Recruitment of SC, STs etc.	58
II.	Report on CSR Activities	59
III.	Extract of Annual Return(Form No. MGT - 9)	61
IV.	Report on Conservation of Energy, Technology Absorption and Foreign exchange	67
V.	Business Responsibility Report	68
VI.	Brief Profile of Shri Sanjay Jaju, Government Nominee Director	76
VII.	Secretarial Audit Report (Form No. MR - 3)	77
VIII.	Attendance of Meetings	80
IX.	Certificate of Non Disqualification of Directors	82
X.	PCS Certificate on Corporate Governance	83
XI.	Compliance Certificate to Board of Directors	84
XII.	Form AOC 2	85

(This page has been intentionally left blank)

## 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



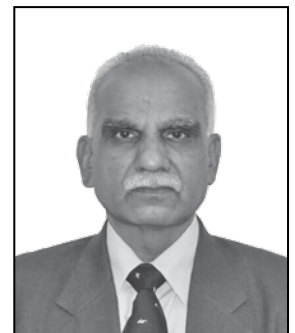
**Dr. Jyoti Mukhopadhyay**

Independent Director



**Shri. I. V. Sarma**

Independent Director



**Shri. Surendra Singh**

Independent Director

(This page has been intentionally left blank)

## Chairman's Message

Dear Shareholders,

It gives me immense pleasure to welcome you all to the 45<sup>th</sup> Annual General Meeting of Mishra Dhatu Nigam Limited. It has been my privilege to lead the Company as Chairman and Managing Director for over 4 years and I am happy to present before you the Annual Report highlighting performance of the Company and plans ahead.

FY 2018-19 is a very memorable year in the history of MIDHANI as the shares of the company were listed on 4<sup>th</sup> April 2018 at both BSE and NSE and received a very positive response from the market. I am aware that positive response places an even greater responsibility and I would like to thank valued stakeholders, for the trust and faith reposed in the company.

### **New Aspirations:**

The nation witnessed a smooth election in 2019 and a continuity of the Government at the centre. This definitely brings stability in governance and economy. With various regulatory changes in place, our country continues to be one of the most preferred economies in the world in terms of investment and growth. Government's vision of growth provides opportunities to special materials company like ours.

In tune with Government's vision, MIDHANI has also embarked upon a growth trajectory by taking steps for setting up a Spring plant at Hyderabad, an Armouring Unit at Rohtak, Haryana and an Aluminium Alloy Plant in Joint Venture with NALCO at Nellore, Andhra Pradesh. MIDHANI is all set to become a multi-unit organization by the end of current financial year.

The Government's Vision of 'Sabka Saath, Sabka Vikas' resonates deeply with your Company's commitment to sustainable and inclusive growth and a testament to this is the fact that MIDHANI incurred its highest CSR expenditure of ₹ 39.35 Million in the FY 2018-19 thereby taking the cumulative CSR spend by MIDHANI till FY 2018-19 to about ₹ 209 Million. Our CSR activities are primarily focused on Skill Development & Education, Health and Sanitation, Environment & Sustainability and Women Empowerment.

### **Performance Highlights:**

FY 2018-19 helped us get back on our growth path, it has been an eventful year laced with achievements as MIDHANI has achieved its best ever Value of Production of ₹ 8,148.32 Million, highest ever Capital Expenditure of ₹ 1935.70 Million for modernisation and growth, highest ever expenditure towards R&D of ₹ 299.71 Million and highest ever CSR expenditure of ₹ 39.35 Million. Sales Turnover of ₹ 7108.46 Million was higher than last year and with a healthy Profit after Tax of ₹ 1305.56 Million.

Your Company's determined efforts to enter into international market have started yielding results and in the FY 2018-19 your company attained an Export Turnover of ₹ 80.53 Million. With this achievement in the background, your Company has set a higher export target of about ₹ 40 Cr. for FY 2019-20

This year also witnessed MIDHANI securing highest ever orders to the tune of ₹ 18440.60 million.

In the MoU performance front for the FY 2018-19, we expect to achieve 'Excellent' MoU Rating; however the same is subject to evaluation by Department of Public Enterprises.

### **Broadening horizons: Powering the MIDHANI of tomorrow**

Your Company is a strategic material supplier/ partner to Indian Defence, Space and Energy sectors and this year MIDHANI's growth has been primarily driven by Space and Energy sector due to increased number of launches by ISRO and 'Make in India' program respectively. With the aspiration to be a leader in every business segment that we operate in, your company is set to grow from a single unit to multi-unit organization.

Commercial production of Vehicle and Personnel Armouring products at the Rohtak Plant is likely to come into operation by the end of FY 2019-20. We have also identified new areas of revenue in the areas of Armouring and have successfully completed first commercial Bullet Proof Vehicles order and handed over 15 Bullet Proof Vehicles to Central Armed Police Forces (CAPF) in the month of March 2019.

The Joint Venture with NALCO for establishment of an Aluminum Alloy Manufacturing plant at Andhra Pradesh under "Make in India" approach of Government of India for manufacturing of high end Aluminum Alloy products such as Sheets, Plates, Extrusions, Forgings, etc. is moving in positive direction with incorporation of Joint Venture Company with the name "Utkarsha Aluminium Dhatu Nigam Limited".

Our investments in different areas during the last two years will power our future growth. The endeavour now is not only to fortify the existing categories for delivering industry leading performance but also to foray into newer categories and sub-segments that are synergistic with your Company's institutional capabilities. A dedicated facility for the manufacture of Helical Compression Springs is being set up at the existing plant in Hyderabad. This facility would cater to various requirements in Indian Railways, Metro Coaches and Earth-Moving Equipment etc. We also seek to strengthen our existing product categories and to also enter new sectors such as Oil and Gas, Mining, Power, Railways, Chemical and Fertilizers to create new levers of growth having potential to catapult us to higher orbits of growth.

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

In line with Government initiative, prime focus is placed on Indigenization, New Product Development, and Technology Development. We have successfully indigenized various grades of steels and also indigenously developed Automatic Billet Grinder, Mobile Grinder and LPG fired Furnaces. These initiatives have helped prevent outflow of foreign exchange. Substantive investments have been made in R&D to enhance the productivity and to be at par with the global technological progress.

Innovation in any business is of prime importance and in a very significant achievement, and under Mission Raksha Gyan Shakti (MRGS), 50 Trademarks/Copy Rights and 9 patents were filed during the FY 2018-19 and an Innovation cell under "Center of Excellence- Special Materials"

has been to promote Innovation and creativity and to promote applied and high end research for the development of Special Materials of National importance. Your company was also awarded two patents for the first time, one for manufacturing "Fine grained Cobalt based alloy" and another for an invention entitled "Newly designed Air Hardening Alloy Steel". Your company achieved its targets under Mission Raksha Gyan Shakti (MRGS) by implementing training in IPR to 320 employees with the help of National Research Development Corporation (NRDC). This will help ensure value capture and retention in the country and also help create value streams for brand ownership in perpetuity.

For promotion of Innovation for Defence Excellence (iDEX) an initiative of the Government of India launched by the Hon'ble PM, your company contributed a sum of ₹ 1 Million to Centre for Innovation Incubation & Entrepreneurship (CIIE).

#### **Harnessing the technological breakthroughs:**

World over increased focus has been placed on Artificial Intelligence (AI). AI has the potential to redefine the contours of business. Recognising the importance of the same and to drive transformational change, a dedicated team has been constituted to develop roadmap for Artificial Intelligence (AI) for alloy development and process optimization in your company. An in-house Research and Development team is working towards improvement of product quality and process innovation for meeting the expected demands at competitive prices.

Your company is aware of the threats that cyber-attacks, data breaches and identity theft can pose and has hence has strengthened the cyber security framework to prevent and mitigate such threats.

#### **Systems for Social Sustainability:**

We take pride in the fact that we, through our CSR and Sustainability initiatives, conduct business in a manner that is beneficial to both, business and society. Your company views CSR as a way of conducting business that 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.

Your company is also setting up a state-of-the-art Skill Development Center called 'Center of Excellence – Special Materials' under its CSR initiative for Imparting skill & knowledge to women, youth and people from weaker sections of the society i.e. SCs, STs, OBCs etc. to enhance their employability.

#### **Talent management:**

MIDHANI's transformational journey over the years stands testimony to the capabilities of its world class Human Resource. Your Company today has a diverse talent pool with an average age of employees at 42 years, the value added per employee is ₹ 6.60 Million for FY 2018-19. This talent pool of professionals and a committed team will help your company uphold industry-leading quality standards while catering to customer requirements in a timely manner and pursue competitive growth.

#### **Corporate Governance Practises:**

MIDHANI also continues to maintain excellent grading in terms of compliance with the Corporate Governance enunciated by the Department of Public Enterprises. We have always attached great importance to sound, responsible management and supervision geared towards the creation of sustainable value addition. Our success has always been based on close and efficient co-operation between Board members, consideration of shareholders' interests, an open style of corporate communication and proper accounting and auditing procedures, as well as a responsible approach to risk and to statutory and in-house rules and regulations. We uphold high ethical standards and reaffirm our obligation to ensure the continued existence of the enterprise and sustainable value creation in conformity with good governance principles.

#### **Conclusion:**

I can confidently state that the achievements made by MIDHANI's can only be attributed to the unrelenting support that we have received from all our Stakeholders. I on behalf of the Board, thank all our valued Shareholders for your continued support and goodwill and for your unwavering faith as we thrive to build a valuable national institution.

I also express my sincere appreciation and gratitude to the successive generations of committed employees, who have diligently contributed to the success of your company.

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

To conclude, I reaffirm our commitment to our core mantra i.e. "Together we can" (Samashti Krishi, Vummadi Vridhi)

Thanking You,

Jai Hind!!

**Dr. D.K Likhi**

**Chairman & Managing Director**



## NOTICE

Notice is hereby given that the 45<sup>th</sup> Annual General Meeting of the Members of MISHRA DHATU NIGAM LIMITED will be held on Wednesday, the 25<sup>th</sup> day of September 2019 at 1030 hrs at DRDO Auditorium, DRDO Township P. O. Kanchanbagh, Hyderabad - 500058 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2019, together with the Reports of the Board of Directors' and Auditors' thereon;
2. To confirm payment of interim dividend and declare final dividend for the financial year ended 31<sup>st</sup> March 2019.
3. To appoint a Director in place of Dr. S. K. Jha (DIN: 07533036), who retires by rotation and being eligible, offers himself for re-appointment.
4. 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 2019-20 in terms of the provisions of section 139(5) read with section 142 of the Companies Act, 2013.

### Special Business

5. **Re-appointment of Shri Indraganty Venkateswara Sarma (DIN: 02144740) as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the approval of the Board of Directors of the Company, Shri Indraganty Venkateswara Sarma (DIN: 02144740), Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a period of one year or until further orders from the President of India with effect from December 1, 2018 and shall not be liable to retire by rotation."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto."

6. **Re-appointment of Dr. Jyoti Mukhopadhyay (DIN: 02224647) as an Independent Director:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the approval of the Board of Directors of the Company, Dr. Jyoti Mukhopadhyay (DIN: 02224647), Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a period of one year or until further orders from the President of India with effect from December 1, 2018 and shall not be liable to retire by rotation."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto."

7. **Re-appointment of Dr. Usha Ramachandra (DIN: 02831588) as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof for the time being in force) and pursuant

to the approval of the Board of Directors of the Company, Dr. Usha Ramachandra (DIN: 02831588), Independent Director of the Company, who has submitted a declaration that she meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a period of one year or until further orders from the President of India with effect from December 1, 2018 and shall not be liable to retire by rotation.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto.”

8. **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 (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby ratifies the remuneration of ₹1,30,000 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, 2020.”

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

Hyderabad  
26<sup>th</sup> August, 2019

**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 23, 2019 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 **Thursday, 19<sup>th</sup> September, 2019 to Wednesday, 25<sup>th</sup> September, 2019(both days inclusive).**
6. The Board has recommended a final dividend of Rs. 0.51 per equity share of Rs. 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 **Wednesday, 18<sup>th</sup> September, 2019** 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 **Wednesday, 18<sup>th</sup> September, 2019.**
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 2018-19 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/company. 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 **Sunday, September 22, 2019 (09.00 a.m.)** and ends on **Tuesday, September 24, 2019 (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 18, 2019 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 18, 2019** 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, (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.
  - (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 :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
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 109389001***

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.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**A detail 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. 111541" 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 to 7**

In line with the directions received from the President of India, vide letter No. 2(11)/2013/MDN/D(NS-I) dated 1<sup>st</sup> December, 2015 Shri Indraganty Venkateswara Sarma (DIN: 02144740), Dr. Jyoti Mukhopadhyay (DIN: 02224647) and Dr. Usha Ramachandra (DIN: 02831588) were appointed as Independent Directors of the Company w.e.f December 1, 2015 till November 30, 2018.

Subsequently as per the directions received from the President of India vide MoD Letter No. PC.No 11(57)/2017/MDN/D(NS) dated 22<sup>nd</sup> November, 2018 and with approval of the Board of Directors in its meeting held on 11<sup>th</sup> December, 2018, Shri Indraganty Venkateswara Sarma (DIN: 02144740), Dr. Jyoti Mukhopadhyay (DIN: 02224647) and Dr. Usha Ramachandra (DIN: 02831588) were re-appointed as Independent Directors of the Company for a period of one year or until further orders from the President of India with effect from December 1, 2018 and shall not be liable to retire by rotation."

The Company has received declaration from them stating that they meet the criteria of Independence as prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. They are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as an Independent Director.

In the opinion of the Board, Shri Indraganty Venkateswara Sarma (DIN: 02144740), Dr. Jyoti Mukhopadhyay (DIN: 02224647) and Dr. Usha Ramachandra (DIN: 02831588) fulfills the conditions for re-appointment as Independent Directors as specified in the Act and the SEBI Listing Regulations and is independent of the management.

The Board considers that their continued association would be of immense benefit and accordingly, consent of the Members is sought for passing Special Resolution as set out in Items 5 to 7 of the Notice for re-appointment of Shri Indraganty Venkateswara Sarma (DIN: 02144740), Dr. Jyoti Mukhopadhyay (DIN: 02224647) and Dr. Usha Ramachandra (DIN: 02831588) as Independent Directors of the Company.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

Except the directors who are being appointed in respect of each resolution respectively, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No's. 5 to 7.

The Board of Directors recommends the resolutions for your approval as a Special Resolution.

**Item No. 8**

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 ₹ 1,30,000/- exclusive of Tax payable to conduct the audit of the cost records of the Company for the Financial Year 2019-20. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor is required to be ratified by members of the company.

Accordingly, members are requested to consider and ratify the remuneration payable to Cost Auditors for the Financial Year 2019-20 as set out in the resolution for the aforesaid services.

The Board recommends the resolution set out in item No. 8 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. 8 of the accompanying Notice.

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

Hyderabad  
26<sup>th</sup> August 2019

**Sd/-  
Paul Antony  
Company Secretary**

**Additional information on Director recommended for appointment/reappointment as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 on General Meetings:**

<b>1.</b>	<b>Name of the Director</b>	<b>Dr. Sanjay Kumar Jha</b>
	<b>DIN</b>	07533036
	<b>Date of Birth</b>	20.02.1964
	<b>Date of first appointment on the Board</b>	05.07.2016
	<b>Qualifications</b>	Dr S. K. Jha has obtained B.Sc. (Engg.) from NIT Jamshedpur and joined the 32 <sup>nd</sup> batch training school of Bhabha Atomic Research Centre (BARC). He successfully completed one year intensive course in nuclear science and technology and was posted in Nuclear Fuel complex (NFC). He has completed his PHD in Engineering Sciences from Homi Bhabha National institute (HBNI), BARC.
	<b>Expertise in specific functional areas</b>	He started his carrier at Nuclear Fuel Complex (NFC) as scientific officer 'C' and reached upto the level of scientific officer 'H+'. In the year 2016 he joined Mishra Dhatu Nigam (MIDHANI) as Director (Production & Marketing).
	<b>Terms and conditions of appointment or reappointment</b>	Pursuant to the presidential orders issued by Government of India, Ministry of Defence bearing letter No. 2(13)/2015/MDN/D(NS-I) dt. 23 <sup>rd</sup> May 2016, Dr. S.K Jha assumed charge as Director (Production & Marketing) w.e.f. 05.07.2016. The current terms and conditions of his employment were prescribed by Ministry of Defence vide order No. 2(13)/2015/MDN/D (NS-I) dated 3 <sup>rd</sup> March 2017.
	<b>Details of remuneration last drawn (FY 2018-19)</b>	₹ 50,58,995/-
	<b>Directorships in other Public Limited Companies (excluding foreign companies, private companies &amp; section 8 companies)</b>	Nil
	<b>Membership of Committees/ Chairmanship in other Public Limited Companies</b>	Nil
	<b>No. of Board Meetings attended during the Financial Year 2018-19</b>	6
	<b>No. of shares held in the Company:</b>	
	<b>Own</b>	Nil
	<b>For other persons on a beneficial basis</b>	Nil

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

<b>2.</b>	<b>Name of the Director</b>	<b>Shri Indraganty Venkateswara Sarma</b>
	<b>DIN</b>	02144740
	<b>Date of Birth</b>	13.08.1952
	<b>Date of first appointment on the Board</b>	01.12.2015
	<b>Qualifications</b>	He holds a bachelor's degree in electronics and communications from the Andhra University and masters of business administration from the Faculty of Management Studies, Delhi.
	<b>Expertise in specific functional areas</b>	Mr. I.V. Sarma has experience of over 37 years in the Electronics industry in India. His experience covers a number of functions including R&D, Manufacturing, Domestic and International business development, Project Management, Offsets Management, Strategic Planning, Setting up of factories, and formation of JVs.



<b>Terms and conditions of appointment or reappointment</b>	President of India vide MoD Letter PC. No 11(57)/2017/MDN/D(NS) dated 22 <sup>nd</sup> November, 2018 re-appointed Shri Indraganty Venkateswara Sarma for a period of one year from the date of completion of his existing tenure in MIDHANI (i.e. from 1 <sup>st</sup> December 2018) or until further orders, whichever is earlier
<b>Details of remuneration last drawn</b>	Nil
<b>Directorships in other Public Limited Companies (excluding foreign companies, private companies &amp; section 8 companies)</b>	2
<b>Membership of Committees/ Chairmanship in other Public Limited Companies</b>	Nil
<b>No. of Board Meetings attended during the Financial Year</b>	7
<b>No. of shares held in the Company:</b>	
<b>Own</b>	Nil
<b>For other persons on a beneficial basis</b>	Nil

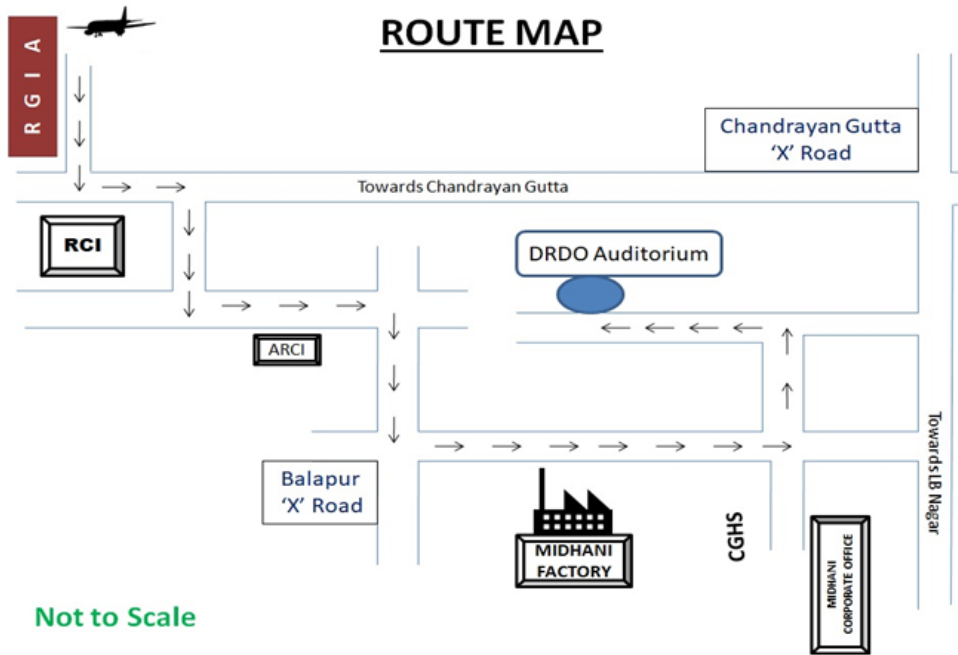
Note: Shri Indraganty Venkateswara Sarma is not related to any other Director or Key Managerial Personnel.

<b>3. Name of the Director</b>	<b>Dr. Jyoti Mukhopadhyay</b>
<b>DIN</b>	02224647
<b>Date of Birth</b>	12.08.1952
<b>Date of first appointment on the Board</b>	01.12.2015
<b>Qualifications</b>	He is an Engineering Graduate from Calcutta University, Master of Engineering from Roorkee University, presently, known as Indian Institute of Technology, Roorkee and Ph.D. in Materials Science and Engineering from Indian Institute of Technology, Bombay.
<b>Expertise in specific functional areas</b>	He is a visiting professor at Department of Materials Science and Engineering at Indian Institute of Technology, Gandhinagar. He has an overall experience of over 35 years in the field of research and development. He has also served as Director of Jawaharlal Nehru Aluminium Research Development and Design Centre falling under Ministry of Mines, Government of India for over 8 years.
<b>Terms and conditions of appointment or reappointment</b>	President of India vide MoD Letter PC. No 11(57)/2017/MDN/D(NS) dated 22 <sup>nd</sup> November, 2018 re-appointed Dr. Jyoti Mukhopadhyay for a period of one year from the date of completion of his existing tenure in MIDHANI (i.e. from 1 <sup>st</sup> December 2018) or until further orders, whichever is earlier.
<b>Details of remuneration last drawn</b>	Nil
<b>Directorships in other Public Limited Companies (excluding foreign companies, private companies &amp; section 8 companies)</b>	Nil
<b>Membership of Committees/ Chairmanship in other Public Limited Companies</b>	Nil
<b>No. of Board Meetings attended during the Financial Year</b>	6
<b>No. of shares held in the Company:</b>	
<b>Own</b>	Nil
<b>For other persons on a beneficial basis</b>	Nil

Note: Dr. Jyoti Mukhopadhyay is not related to any other Director or Key Managerial Personnel.

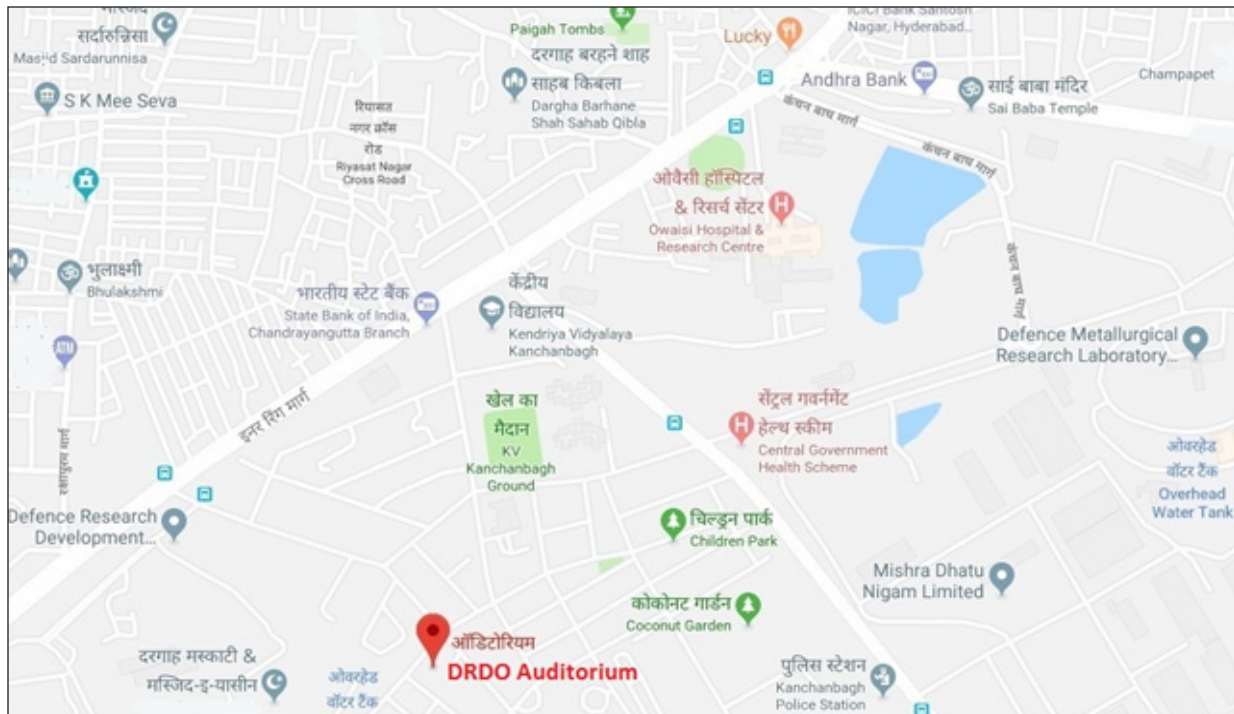
<b>4.</b>	<b>Name of the Director</b>	<b>Dr. Usha Ramachandra</b>
	<b>DIN</b>	02831588
	<b>Date of Birth</b>	15.09.1961
	<b>Date of first appointment on the Board</b>	01.12.2015
	<b>Qualifications</b>	She holds a PhD (Social Sciences) from the University of Hyderabad, masters in philosophy (Economics) from the University of Hyderabad, masters of arts (Economics) from the University of Hyderabad and bachelors in arts from the University of Osmania.
	<b>Expertise in specific functional areas</b>	She is an economist with over 20 years of experience in management development, infrastructure restructuring and regulations. She is a professor and chairperson, energy area at the Administrative Staff College of India, Hyderabad and has worked extensively on infrastructure regulation and restructuring, particularly that of the power sector.
	<b>Terms and conditions of appointment or reappointment</b>	President of India vide MoD Letter PC. No 11(57)/2017/MDN/D(NS) dated 22 <sup>nd</sup> November, 2018 re-appointed Dr. Usha Ramachandra for a period of one year from the date of completion of her existing tenure in MIDHANI (i.e. from 1 <sup>st</sup> December 2018) or until further orders, whichever is earlier.
	<b>Details of remuneration last drawn</b>	Nil
	<b>Directorships in other Public Limited Companies (excluding foreign companies, private companies &amp; section 8 companies)</b>	1
	<b>Membership of Committees/ Chairmanship in other Public Limited Companies</b>	Nil
	<b>No. of Board Meetings attended during the Financial Year</b>	7
	<b>No. of shares held in the Company:</b>	
	<b>Own</b>	Nil
	<b>For other persons on a beneficial basis</b>	Nil

Note: Dr. Usha Ramachandra is not related to any other Director or Key Managerial Personnel.



- ❖ From Secunderabad Station: Bus No. 102 / 102B
- ❖ From Hyderabad (Nampally) Station: Any Bus to Koti Women’s College, Change and catch any Bus heading for MIDHANI Depot
- ❖ From Airport: Pushpak Bus Service, Stoppage: Owaisi Hospital.

**GPS View:**



## 10 Years at a Glance

(₹ in Millions)

Sl No.	ITEM	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	Sales(tonnage)	2429	3014	3482	4687	4111	4732	5205	6150	4477	3685.23
2	Sales (Value)	3712.10	4178.67	5090.13	5585.92	5627.08	6557.01	7614.49	8097.08	6660.78	7108.46
3	Value of Production(Excl. ED)	3654.83	4754.73	4832.88	5326.71	5641.76	6400.45	6785.37	6956.40	6976.76	8148.32
4	Cash Profit/(Loss)	708.53	795.52	1032.90	1229.37	1274.73	1483.02	1767.10	2055.13	2164.19	2142.42
5	PBT (Incl. OCI)	676.68	751.81	985.03	1177.77	1214.35	1385.15	1626.45	1878.49	1967.78	1917.97
6	Net Profit/(Loss)[Incl. OCI]	445.55	509.00	684.55	825.18	824.63	1021.28	1198.93	1272.92	1302.99	1310.44
7	Value Added	2375.75	2887.77	3513.77	3599.81	3761.88	4364.13	4785.78	5382.38	5485.14	5220.69
8	Value added per employee	1.99	2.58	3.34	3.69	4.18	5.22	6.23	7.16	6.45	6.60
9	Paid up Capital	1463.40	1833.40	1833.40	1873.40	1873.40	1873.40	1873.40	1873.40	1873.40	1873.40
10	Gross Block	1545.44	1769.36	1870.38	1997.51	2469.83	3867.02	2770.42	3591.14	3957.48	4993.91
11	Net Fixed asset	367.68	552.64	606.74	681.74	1154.78	2442.80	2629.57	3273.77	3444.33	4249.47
12	Net current asset	2275.74	3031.00	3950.70	2792.17	2716.55	3977.75	4787.99	4786.23	4405.29	6303.69
13	Capital employed (11+12)	2643.42	3583.64	4557.44	3473.91	3871.33	6420.55	7417.56	8060.00	7849.62	10553.16
14	Equity	1463.40	1833.40	1833.40	1873.40	1873.40	1873.40	1873.40	1873.40	1873.40	1873.40
15	Reserves	1275.92	1546.15	1804.53	2194.25	2577.94	3527.18	4323.30	5170.04	6016.95	6473.69
16	Net Worth (14+15)	2739.32	3379.55	3637.93	4067.65	4451.34	5400.58	6196.70	7043.44	7890.35	8347.09
17	Contribution to Exchequer	629.50	795.61	1034.73	1213.60	1118.10	1061.77	1431.64	1664.10	1449.23	1627.22
18	No.of employees (Nos)	1191	1121	1052	976	900	836	768	752	850	791
19	Productivity per employee (₹ in Millions)	3.13	4.33	4.71	5.51	6.36	7.76	9.42	9.73	8.26	10.30

(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 45<sup>th</sup> Annual Report on the performance and achievements of your company for the year ended 31<sup>st</sup> March, 2019 together with the Audited Financials, Auditors' Report and Financial highlights.

FY 2018-19 is a landmark year as MIDHANI's shares were listed on 04.04.2018 on both NSE and BSE and this is the first Annual Report of MIDHANI as a listed entity.

#### 1. SIGNIFICANT ACHIEVEMENTS:

- Best ever Value of Production (VoP) of ₹ 8148.32 million for the FY 2018-19 registering a growth of 16.79% over the VoP of ₹ 6976.76 million achieved for FY 2017-18.
- Highest ever orders of ₹ 18440.60 million were secured during the FY 2018-19. Out of the above, about ₹ 1760 million of orders were bagged against open competition which is the highest in MIDHANI's history.
- Highest ever Export turnover of ₹ 80.53 million was recorded during the FY 2018-19.
- MIDHANI has also incurred highest ever Research and Development expenditure of ₹ 299.71 million and highest ever CSR expenditure of ₹ 39.35 million in FY 2018-19.

#### 2. HIGHLIGHTS OF OPERATIONS:

- New areas of revenue were identified in the areas of Armouring and MIDHANI has successfully completed its first commercial bullet proof vehicles order and handed over 15 Bullet Proof Vehicles to Central Armed Police Forces (CAPF) on 30.03.2019 at an event organized at MIDHANI. CAPF officer Shri J. K. Sharam, Deputy Commandant and Dr. D. K. Likhi, C&MD, MIDHANI flagged off the vehicles. Considering the business potential of the same, an Armouring unit at Rohtak, Haryana is being set up.
- With a focus on Exports, MIDHANI signed MoU with M/s TUBACEX, a multinational group with headquarters in Alava, Spain on 17<sup>th</sup> January, 2019. The MoU would allow joint development of advanced materials for the energy sector, contemplating technological alliances and the promotion of local manufacturing capacities.
- With a focus on cost reduction, highest ever plant return scrap of 5663.6 MT was used for melting during the FY 2018-19 as against 4486 MT during the FY 2017-18. The year also saw highest ever procurement and segregation of scrap at about 5472 MT as against 3447 MT during the FY 2017-18.

#### 3. FINANCIAL HIGHLIGHTS:

3.1 Your Company achieved a Sales Turnover of ₹ 7108.46 Million as against ₹ 6660.78 Million in the previous year thereby registering a growth of over 6.72%. Company earned Profit After Tax of ₹ 1305.56 Million as against ₹ 1312.62 Million in the previous year.

3.2 Your Company achieved the following results during FY 2018-19:

(Figures in ₹ Millions)

PARTICULARS	2018-19	2017-18
Sales	7108	6661
Other Income	369	292
Value of Production (Excluding ED)	8148	6977
Depreciation	232	196
Interest	64	86
Profit before tax (Excl. comp.inc.)	1910	1983
Profit after tax (Excl. comp. inc.)	1306	1313
<b>Ratios (Percentages)</b>		
Profit Before Tax to Capital employed	18.10	25.26
Profit Before Tax to Sales	26.88	29.76
Profit After Tax to Net Worth	15.64	16.64
Profit After Tax to Paid-up Capital	69.69	70.07
Sales to Capital Employed	67.36	84.85
Sales to Gross Block	142.34	168.31
<b>Per Capita Sales (₹ in Millions)</b>	<b>8.99</b>	<b>7.84</b>

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

- 4.1 Your Company, being a Central Public Sector Enterprise (CPSE), follows the Guidelines on Capital Restructuring issued by Department of Investment and Public Asset Management (DIPAM) vide F. No. 5/2/2016-Policy dated 27<sup>th</sup> May, 2016. The Guidelines state that every CPSE would pay a minimum annual Dividend of 30% of PAT or 5% of the Net-worth whichever is higher subject to the maximum Dividend permitted under the extant legal provisions.
- 4.2 The Board of Directors recommended a Final Dividend of ₹ 0.51 per equity share for the year ended 31.03.2019; this is in addition to the Interim Dividend of ₹ 1.68 per equity share which was approved by the Board on 16.03.2019.
- 4.3 The total dividend (including interim dividend) for the FY 2018-19 is ₹ 2.19 per equity share (par value ₹ 10/- each) and the Final Dividend is recommended by the Board for approval and the interim dividend already paid for confirmation by the Shareholders in the forthcoming Annual General Meeting of the Company.
- 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	2018-19	2017-18
1.	Dividend	410.27	393.41
2.	PAT	1305.56	1312.62
3.	Net Worth*	8205.67	7394.72
4.	Dividend/PAT (%)	31.42	30.00
5.	PAT/Net Worth (%)	15.91	17.75
6.	Dividend/Net Worth (%)	5.00	5.32

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

#### 5. PERFORMANCE AGAINST MoU

- 5.1 For the FY 2018-19, MIDHANI's MoU performance qualifies for an overall "EXCELLENT" rating, however, the same is subject to evaluation and confirmation by Department of Public Enterprises (DPE).

#### 6. INDIGENIZATION AND IMPORT SUBSTITUTION:

- 6.1 Indigenously developed Automatic Billet Grinder, 6T Mobile Grinder and 25T LPG fired Furnace were commissioned for commercial production with a total savings of approx ₹ 10 Cr.
- 6.2 Indigenous Procurement as percentage (%) of VoP is 62.92% during the FY 2018-19 as against 83.89% during FY 2017-18. Indigenous procurement is low due to global increase in raw material prices and percentage of direct import to value of production has increased from 16% to 31% based on customer order requirement.

Year	Indigenization (%)
2018-19	62.92
2017-18	83.89

- 6.3 By using alternate input materials (i.e. scrap, plant reverts) MIDHANI could substitute ₹ 27.62 Cr. of imported raw material (Cobalt, Nickel, Low Carbon Ferrochrome, Molybdenum, Pure Iron, Chromium Metal).

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

- 7.1 The up gradation and modernization of the Company over the last decade contributed towards setting up of additional facilities, increase in production tonnage capacity and product diversity. The Company has successfully positioned itself to serve existing and new customers in domestic markets as well as entered into new business areas of strategic and national importance.
- 7.2 Additions amounting Rs. 1039.60 million to the Gross block was made during the year under report.
- 7.3 Projects for Modernization, Expansion and Up-gradation of MIDHANI is as under:
- Forge / Heat treatment areas:
    - **90T Re-heating Furnace:** A new replacement re-heating furnace of 90T capacity is set up in Forge shop for accommodating ingots up to 12 meters in length. The furnace has been successfully commissioned in 1<sup>st</sup> quarter of FY 2018-19.
    - **4T & 6.5T Chargers:** Two new chargers of capacity 4T & 6.5T were procured for Forge Shop operations. Supply has been completed in 3<sup>rd</sup> quarter and 4<sup>th</sup> quarters of FY 2018-19 respectively.

- The following are the ongoing Projects in Forge / Heat treatment areas:
  - **Isothermal Forging Unit:** For providing end to end solutions of forged products of Super Alloys and other special materials and for manufacture of critical components to promote indigenization, Isothermal forging is being setup at 6000T Forge press. Procurement action has been initiated. Equipment delivery has started for FOB items. Commissioning is expected in 2<sup>nd</sup> quarter of FY 2019-20.
  - **25T Manipulator:** A new 25T manipulator is added in 6000T Forge press for forging of long shafts for special applications. Equipment received at site. Commissioning is planned for 1<sup>st</sup> quarter of the FY 2019-20.
- Downstream areas:
  - **Plate Leveler:** To overcome the production limitations of old leveler of HRM and to carry out industrial R&D, a New Plate Leveler is commissioned in 4<sup>th</sup> quarter of FY 2018-19 to accommodate the plates of width 650mm to 2000mm and thickness 5-15mm in HRM.
- The following are the ongoing Projects in Downstream areas:
  - **Auto Billet Grinder:** 3 No's of Billet Grinding machines are planned to be manufactured indigenously and accordingly procurement action has been initiated for Hydraulic items, VFD, fabricated items, Electrical equipment's etc,. Major equipments have been received at site. Infrastructure facility is being made available for Installation of the equipment's. Commissioning is expected in 2<sup>nd</sup> quarter of FY 2019-20. Indigenous manufacturing and commissioning helps the company achieve significant cost reduction.
  - **Cold Draw Bench:** For drawing of hot rolled & forged bars from 40mm to 70mm, a new Cold Draw Bench is being set up at Hot Rolling Mill. Accordingly, procurement action has been initiated in 4<sup>th</sup> quarter of FY 2018-19, and commissioning is expected in 4<sup>th</sup> quarter of the FY 2019-20.

7.4 The following projects for value addition are ongoing at MIDHANI during the year under report:

- **Wide Plate Mill:** To ensure self-reliance in production of extra wide plates / sheets of maraging steel & other strategic materials plates, armour plates etc. for Ordnance Factory, VSSC, DRDO, DAE and Navy, a Wide Plate Mill facility is being setup . The project is in advance stage and about 50% of the construction activity is completed till 4<sup>th</sup> quarter of 2018-19. About 45% of equipment delivered by 4<sup>th</sup> quarter of 2018-19 and balance is under inspection and finishing stage. Procurement action has been taken up for balance auxiliary facilities, Electrical & Utility systems etc. The complete facility is likely to be commissioned in 1<sup>st</sup> quarter of FY 2020-21. Further for processing of Armoring plates and other special plates, Tempering Furnace is procured. Imported supplies were received in 4<sup>th</sup> quarter of 2018-19. Domestic material supply is under progress. Civil foundation works for Tempering Furnace are under progress. Project is likely to be commissioned in 4<sup>th</sup> quarter of 2019-20.
- **Construction of Spring Manufacturing Plant:** For manufacture and supply of Helical Compression Springs for Railway Wagons, Coaches, Locomotives, a Spring Manufacture unit is being set up. This unit consists of Spring Coiling Machine, Walking Beam furnace, Tempering Furnace and End Heating Furnace, Scragging Machine, Load Testing Machine, End Grinding, Taper Rolling Machine etc. Major equipments have been received at site and Infrastructure facility is being made available for Installation of the equipment. Commissioning of equipments is expected in 3<sup>rd</sup> quarter of FY 2019-20.
- **Development of Armour unit at Rohtak:** Considering increasing global market demand for Body Armour, Vehicle armoring, Bullet Proof Morcha, Bullet Resistant Jackets etc, and to cater to the needs of domestic market, a new unit of MIDHANI is being established at Rohtak, Haryana. Construction activities are under progress. Procurement action has been initiated for major line equipment like Water jet cutting machine, Hydraulic ballistic press, water chiller machine, CNT, electrical and utilities. Plant is likely to come into operation by end of the FY 2019-20

## 8. LABOUR PRODUCTIVITY:

8.1 The value added per employee during the year was ₹ 6.60 Million, compared to ₹ 6.45 Million in the previous year.

## 9. SALES AND OPERATIONAL EFFICIENCY:

9.1 Debt collection was taken up as a focus area for the FY 2018-19. Trade receivable as "No. of Days Sales" has come down to 181 days as on 31.03.2019 compared to 227 days as on 31.03.2018. High accumulation of Debtors 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.

9.2 Your company has achieved reduction in liquidated damages by 32.32 % 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)
2018-19	46.70
2017-18	69.00

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

- 10.1 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, process and equipment. A Technology Advisory Board consisting of eminent personalities of Metal Industry regularly meets to guide and review the R&D activities of MIDHANI.
- 10.2 R&D department's primary focus areas have been Indigenization, New Product Development, and Technology Development; MIDHANI is also targeting new areas such as Artificial Intelligence and Intellectual Property Rights. An expenditure of ₹ 299.71 million, which is the best ever, has been incurred towards R&D expenses for the FY 2018-19.
- 10.3 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 research Institutes and organizations to gain access to the required know-how for developing various technologically advanced products.
- 10.4 Some of the R&D Initiatives undertaken by our company during the year are as below:
- New Product Development
    - Successfully indigenized various grades of steels.
    - Developed hot erosion resistance alloy superfast 868C castings for Coal Burner Splitter Plates and Impeller.
    - Successfully indigenized special steel for Space applications.
    - Successfully developed Nickel based alloy casting for the first time in the country.
  - Manufacturing and Process Technology Development
    - Development of test procedure for Fracture Toughness measurement resulting in smooth dispatch of MDN 350.
    - Cost effective melting process route was successfully developed for Nickel based Super Alloy via air melting instead of conventional vacuum melting process aiming at applications in Oil and Gas sectors.
  - Yield Improvement
    - SuperCo605 rings manufactured through innovative and optimized processing parameters resulting in improvement in yield by more than 10%.
    - 3% yield improvement in 6.5T VIM heats with the use of Insulating Hot Tops against the conventional Exothermic Hot Tops.
  - Artificial Intelligence(AI)
    - A dedicated team has been constituted to develop roadmap for Artificial Intelligence (AI) for alloy development and process optimization. A workshop by industry experts and academicians on Artificial Intelligence for alloy development and process optimization was conducted during the year.
- 10.5 In line with MoU parameters for the year 2018-19, our company successfully developed the following product/grades:
- Development of technology for making Ferrotitanium from scrap.
  - Development and commercialization of Superalloys (Superni 625/Superni 825) for commercial sectors.
  - Development and type approval of special Titanium for naval applications.

## 11. INTELLECTUAL PROPERTY:

- 11.1 IPR cell has been created to focus on Intellectual Property Rights Management and Training programs on IPR were conducted in four batches covering 320 employees with the help of National Research Development Corporation (NRDC), New Delhi.
- 11.2 50 Trademarks/Copy Rights and 9 patents were filed during the year and an Innovation cell under "Center of Excellence- Special Materials" was created to promote Innovation and creativity at MIDHANI.

**12. ENERGY CONSERVATION:**

12.1 During the year under report MIDHANI's efforts towards energy conservation through Solar Power Plant, energy efficient LPG fired furnaces etc. helped in energy savings. The following initiatives to improve the reliability of the existing system were successfully completed during the year:

- Installation of Automatic Power factor Control (APFC) Panels at Melt shop-I, Titanium Shop, Forge shop and Melt shop III Load Center substations.
- Successful commissioning of 132KV Second line and Open Access metering facility.
- Installation of four new energy efficient LPG Fired reheating furnaces at Forge Shop.
- Successful completion of the 11KV Cable laying work at Corporate Office and for the upcoming loads at Kanchan Amour plant
- Augmenting 415V Circuit Breaker panels at Hot Rolling Mills (HRM) substation for new Leveler Machine

12.2 In MIDHANI, earlier the data of LPG and Power Consumption was available only at shop level in the downstream shops. During the year 2018-19, power meters and LPG meters were installed in the re-heating furnaces. These new meters will be useful to analyze the furnace wise consumption of power/fuel. This data when used in the calculation of actual cost of products, will give more accurate results. Over a period of time, this data will be used to compare efficiencies of the furnaces.

12.3 The summary of consumption of Electricity and LPG for the FY 2018-19 are as below:

S. No.	ITEM	UNITS	2018-19	2017-18
1	Total consumption of Electricity:	KWHR (in Crore)	4.80	4.60
2	Total consumption of LPG	MT	4160	4081
3	Specific Consumptions			
	- Electricity Per MT of Production:	KWHR/MT (Prod.)	1655	1759
	- LPG per MT of Production	MT(LPG)/MT(Prod.)	0.12	0.16

**13. MARKETING & BUSINESS DEVELOPMENT:**

13.1 During the year under review, MIDHANI booked orders worth ₹ 18441 Million. The order book position as on 01-04-2019 stood at ₹ 16600 Million. With this order book and further orders in pipeline, the Company looks forward for good growth with commensurate profitability for the FY 2019-20. The sector wise orders booked is as under:

Sector	Total value of orders (₹ million)
Defence	1842
Space	12802
Energy	3144
Others	653
<b>Total</b>	<b>18441</b>

13.2 MIDHANI organized a Customer Meet at Ramoji Film City on 22<sup>nd</sup> June '18 and the event was attended by more than 120 customer delegates.

13.3 During the year under review, seven new customers were added to MIDHANI's clientele.

13.4 The total orders executed during the year under review were to the tune of Rs. 7108 million and the sector wise sales executed is as below:

Sector	Total value of supplies (₹ million)
Defence	2159
Space	3086
Energy	1359
Others	504
<b>Total</b>	<b>7108</b>

13.5 Considering current market scenario, identification of new business opportunities becomes all the more important to survive and grow in this fast changing economy. The progress made in Business Development during FY 2018-19 is as under:

- New segments/markets like Railways and Coal sector were developed during the year along with new Vendor base for outsourcing the orders of Railway and Mining sector
- Received orders worth ₹ 80.5 Million from ICF Indian Railways for supply of Bogie Plates; development orders for Spring Steel Rods and Al alloy castings; and Alloy Steel Rounds order from NCL (Coal India).

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

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

- Defexpo India, a biennial exhibition on Land, Naval and Internal Homeland Security Systems, held from 11<sup>th</sup> to 14<sup>th</sup> April 2018 at Chennai.
- Army 2018, an International military-technical forum - Exhibition held from 21<sup>st</sup> to 26<sup>th</sup> August, Moscow, Russia.
- International Conference on Advanced Materials and Manufacturing Processes for Strategic Sectors (ICAMPS 2018) during 25<sup>th</sup> to 27<sup>th</sup> Oct 2019, Trivandrum.
- Aero India 2019, International Exhibition organized by Defence Exhibition Organisation, MoD, GoI at Bangalore during 20<sup>th</sup> to 24<sup>th</sup> February 2019, Bengaluru.
- Indian Africa Field Training Exercise (IAFTX 2019) during 26<sup>th</sup> to 27<sup>th</sup> March 2019, Pune.

**15. QUALITY MANAGEMENT ACTIVITIES:**

- 15.1 The surveillance audit of the quality management system for compliance to AS 9100-2016 & ISO 9001-2015 in-line with the requirements of IAQG (International Aerospace Quality group) was successfully completed by M/s DQS India (Accredited by ANAB) in October 2018.
- 15.2 For the first time, in-house training on ISNT Ultrasonic testing Level – II was organised in corporate office and 18 participants from various organizations attended the same.
- 15.3 A four day in-house training program on ISO 17025-2017 was conducted in November'2018 as a part of Quality month for all the officers of QCL by Confederation of Indian Industry (CII).
- 15.4 Aeronautical Type Testing of Titan-44 (Beta-2015) alloy cold rolled sheets for use in Light Combat Aircraft (LCA) was successfully carried out.
- 15.5 Fracture toughness evaluation for MDN 350 tubes was established by meeting the stringent requirements and the same is above the international specification requirements.
- 15.6 EDM wire cut machines – 2 Numbers were successfully commissioned in QCL. The sample extraction / preparation for Fracture Toughness and sheet tensile, etc. increased by 50%.
- 15.7 Two new X-ray machines 450 KV with digital imaging and 320 kV facilities were successfully installed. With the addition of two new machines, our best possible maximum thickness of radiography testing has increased from 40mm to 90mm.

**16. SUPPLY CHAIN MANAGEMENT PERFORMANCE:**

- 16.1 **MSE Vendor Meet:** MIDHANI organized a vendor meet for MSE Entrepreneurs on 9<sup>th</sup> June 2018. Representatives from over 50 companies participated in the meet.
- 16.2 **Encouragement to Micro and Small Scale Industries:** MIDHANI continues to encourage and develop MSE units by regularly sourcing various goods from them. Percentage value of goods/ services procured from MSE units stood at 28.13% of total domestic value of procurement during FY 2018-19.
- 16.3 **Integrity Pact (IP):** To ensure transparency and Integrity in all contacts, MIDHANI is signing "Integrity Pact" with respective bidders in all high value procurement indents. Presently Shri. R Mukundan is holding the position of Independent external Monitor (IEM) at MIDHANI. About 91% of total value of contracts/PoS were covered under IP during the FY 2018-19.
- 16.4 **E-Procurement:** In order to bring higher transparency in procurement, MIDHANI is maximizing procurement through e-procurement process. During 2018-19, about 96% of total procurement other than the Open and Hybrid tenders' cases was done through e-procurement mode.

**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. A Risk Management Committee in terms of SEBI (LODR) Regulations, 2015 has also been constituted. 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 Human Resource has been recognized as the most important asset of our organization. MIDHANI continues to aim at building a motivated, committed and satisfied work force to achieve its organizational goals. The aim is to align Talent Management initiatives with Technology for rapid growth of the Company. MIDHANI recognizes that the most important asset is its employees and that could be a major differentiator in the face of competition. Keeping in view the current trends, several HR Policies have been updated, modified, and introduced.

18.2 **Man Power Position:** The manpower strength of MIDHANI as on 31.03.2019 is 469 Non-executives, 65 Non-Unionized Supervisors and 257 Executives as against 509 Non-executives, 71 Non-Unionized Supervisors and 272 Executives as on 31.03.2018.

18.3 The total manpower strength under Permanent Category of your Company as on 31<sup>st</sup> March 2019 is as under:

Particulars	Non-Executives	Non-Unionized Supervisors	Executives	Total
Male	418	64	228	710
Female	51	01	29	81
<b>Total</b>	<b>469</b>	<b>65</b>	<b>257</b>	<b>791</b>

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

**18.4 Employee Welfare Initiatives:**

- Monetary awards were presented to meritorious students/children of MIDHANI employees of SC, ST and OBC categories. MIDHANI also awards scholarship to the children of employees for pursuing graduation in Metallurgical Engineering @ ₹ 1000/-p.m., till completion of the course.
- **Post-Retirement Medical Benefit Scheme (PRMBS):** PRMBS for Executives and Non-Unionised Supervisors retired after 01.01.2007 and Group Medical Insurance Scheme for Employees retired prior to 01.01.2007 was implemented and medical insurance cards were issued to the beneficiaries. Post-Retirement Medical Benefit Scheme for Non-Executives retired on or after 01.01.2007 was implemented from 01.05.2017 as approved by Board.
- **School:** Brahm Prakash DAV School is run by the Company in MIDHANI Township for the benefit of children of MIDHANI employees. Students have brought glory to the school in Academics, Sports & Cultural activities. Reimbursement @ ₹ 500/- per child per month is paid by the Company every month (max. 2 children) for the employee's children studying in BPDVA.
- **Township:** MIDHANI continues to discharge its social obligations by maintaining a Township consisting of 87 quarters to cater to the housing needs of the employees working in essential services of the company.
- **Education Scholarship for wards of Workmen / employees of MIDHANI Studying in BPDVA School:** As a part of welfare initiative towards employees and to promote education among wards of employees, MIDHANI provides an Education and Merit Scholarships to the wards of employees as detailed below:
  - (a) Education Scholarships (WG-0 to WG-5): The Wards of Workmen are eligible for Education Scholarship of ₹ 300/- per month.
  - (b) Merit Scholarships: Applicable to all Employees of the Company. The ward of the employee who is studying in a class (1 to X) and stood 1<sup>st</sup> & 2<sup>nd</sup> rank in the final examinations in the previous class will be eligible for merit scholarship @ ₹ 6,000/- and ₹ 3000/- Per annum respectively.
- **"ON JOB" Training policy for the ward of employees of MIDHANI:** In order to boost the morale and loyalty of employees towards MIDHANI and also to give exposure to young graduates, MIDHANI, under the CSR initiatives, operates an Industrial Training Programme for the wards of Employees who are on the rolls of the company and wards of the employees who passed away while in service.

18.5 **Women Empowerment:** MIDHANI is extending all facilities as per the statutes for the welfare of the women employees. There are a total of 81 women employees collectively working at par with men towards achieving the Company goals. Women employees of MIDHANI belonging to Executive, Supervisory and Non-Executive cadre are spread out across all the functions of the company ranging from Material procurement, production, maintenance, Dispatches to support services such as Civil, Finance, HR, and 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 Continuous up gradation of knowledge and skills of the employees through appropriate training and development programs is one of the focus areas at MIDHANI. Accordingly, during the year under report, 1931 man days of training was imparted to 597 Executives (including Non-Unionized Supervisors) and 305 Non-Executives i.e. 902 Employees, both in-house and through external training programs. Special emphasis is given to the development of employees under SC, ST, OBC, PWDs and Minority category.

20.2 **Quality of Life:** Special Training programs for employees along with their spouses were conducted in two batches for balancing their personal and professional life. The programs were conducted with the help of Central Workers Education Board Hyderabad.

20.3 **Plant Visits:** Under the Industry-Academia- Interface program, 12 plant visits were organized during the year, with participation of about 240 professionals/ executives/ employees from various organizations.

20.4 **Project Works:** 50 Engineering Students from various branches of engineering from reputed Institutions/Govt. Colleges were also permitted to carry out Projects/Internship training as part of their academic curriculum.

20.5 **Apprenticeship Training:** MIDHANI is committed towards fulfilling its obligations under Apprentices Act 1961. Under the scheme, 30 Sandwich Diploma Engineering (Metallurgy) students from Government Polytechnic Colleges received on job training for a period of six months in 2 batches. 85 trade apprentices like Electrician, Fitter, Welder, Machinist and Turner were engaged for on the job training for one year. Likewise, 32 Graduate Apprentices Trainees (GATs) and 5 Technician Apprentice Trainees (TATs) were engaged for one year training.

20.6 **National Productivity Week Celebrations-2019:** The National Productivity week was celebrated in association with National Productivity Council, Hyderabad from 12<sup>th</sup> to 18<sup>th</sup> February-2019 with the theme "Circular Economy for Productivity and Sustainability"

**21. STATUTORY & SOCIAL OBLIGATIONS:****21.1 CORPORATE SOCIAL RESPONSIBILITY:**

- The Corporate Social Responsibility and Sustainable Development Policy of MIDHANI in line with the Companies Act 2013 was approved by the Board of MIDHANI. For the year under review MIDHANI has incurred its highest ever expenditure of ₹ 39.35 million for CSR activities against the mandatory requirement of ₹ 36.49 million. Thus, the cumulative CSR expenditure incurred by MIDHANI over the years is about ₹ 209 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 fall under below mentioned areas:
  - (i) Promotion of Health Care and Sanitation
  - (ii) Promotion of Education
  - (iii) Skill Development
  - (iv) Others
    - (i) **Promotion of Health Care and Sanitation:**
      - (a) **Construction of Toilets:** Toilets were constructed in Government School at CPS Jilleguda and Khammam District with a Total Project Expenditure of approx. ₹ 4.68 million. The same is expected to benefit 2000 students including boys and girls.
      - (b) **Annual maintenance of Toilets constructed by MIDHANI under Swachh Bharat:** To ensure regular use and to promote sanitation MIDHANI has ensured maintenance and regular upkeep of 45 toilet Blocks in various Government schools at an expenditure of ₹ 2.44 million, the same has benefitted approximately 7000 students.

- (c) **Sanitary Vending Machines and Incinerators:** MIDHANI installed Sanitary Vending Machines and Incinerators at Government Schools and at schools near MIDHANI at an expenditure of ₹ 0.75 million.
- (d) **Charitable Health Care Centre:** MIDHANI has set up a Charitable Health Care Centre for the poor families staying in and around MIDHANI. Basic checkup and medicines are provided at free of cost to the patients. Expenditure incurred in hiring of Doctor and Medicines is ₹ 0.301 Million.
- (e) **Lift facility at Medical College:** MIDHANI sponsored passenger Lift to Rangaraya Medical College, Kakinada for the benefit of senior faculty members, physically challenged students and most importantly the patients, particularly pregnant ladies, patients suffering from orthopedic and neurological problems having difficulty in climbing staircase. An expenditure of ₹ 0.73 million was incurred in this regard.

(ii) **Promotion of Education:**

- (a) **Mid-day meal to Government Schools:** MIDHANI sponsored mid-day meal to approx. 455 students of Government Schools at Kothagudem through M/s Akshya Patra Foundation at an expenditure of ₹ 0.5 Million.
- (b) **School Beautification:** MIDHANI took up the painting and repair works at nearby schools and incurred an expenditure of ₹ 4.24 million in this regard.

(iii) **Skill Development:**

- **Adoption of ITI, Alwal:** As per the scope of MoU signed with ITI, Alwal, MIDHANI is to provide assistance for various civil works such as construction of compound wall and toilets, up-gradation of computer lab, civil renovation of hostel building, workshops, furniture for class rooms, setting up of library furniture, fans and tube lights, financial assistance for employment of teaching staff, etc. The execution is still under progress and expenditure of ₹ 3.03 Million was incurred during the year.
- **Construction of Center of Excellence:** Following the instructions of Ministry of Defence, Govt. of India, MIDHANI under its Corporate Social Responsibility & Sustainable Development Policy is setting up a state-of-the-art Skill Development Centre in accordance with Schedule VII of Companies Act. Accordingly, construction and infrastructure work at Centre of Excellence has been taken up and expenditure of ₹ 20.82 Million was incurred during the year.
- **Promoting Innovation:** MIDHANI contributed a sum of ₹ 1 Million to Centre for Innovation Incubation & Entrepreneurship (CIIE), at Indian Institute of Management (IIM), Ahmedabad for promotion of Innovations for Defence Excellence (iDEX) an initiative of the Government of India launched by the Hon'ble PM.
- **Joy of Giving:** As part of MIDHANI's commitment towards New Development Model for the country, a camp was organized at "Thakur Hari Prasad Institute of Research And Rehabilitation For The Mentally Handicapped (THPI)" under the title "Joy of Giving" at an expenditure of ₹ 0.1 Million.

- (iv) **Others:** Other CSR expenditure during 2018-19 stood at ₹ 0.56 Million.

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

- Your company has always believed in providing a safe and harassment free workplace for every individual working in the company and women in particular. 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) did not receive any complaint pertaining to sexual harassment.

**21.3 CONTRIBUTION TO EXCHEQUER:**

- Your Company contributed an amount of ₹ 1627.22 Million in the form of Dividend, Duties and taxes during the FY 2018-19 as compared to ₹ 1449.23 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 BUSINESS RESPONSIBILITY REPORT:**

- The Securities and Exchange Board of India (SEBI) has mandated inclusion of Business Responsibility Report ("BR report") as part of the Annual Report for 500 listed entities based on market capitalization. Your Company has prepared a comprehensive policy framework for BR report after studying the SEBI (LODR) Regulations, 2015 requirements and keeping in view the Business and Governance environment in which MIDHANI operates. The Company's BR report for the year is attached to this report as **ANNEXURE-V**.

**21.7 IMPLEMENTATION OF RTI ACT 2005:**

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

**21.8 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. Four (4) quarterly meeting of Official Language Implementation Committee were held under the Chairmanship of Chairman & Managing Director of the Company during the year under report.
- MIDHANI continues to encourage usage of Hindi as the Official Language and in order to encourage daily usage of official language to carry out day-to-day official work, Five (5 nos.) Hindi Awareness Workshops were organized for the employees during the year under report. Prabodh, Praveen and Pragya Hindi training courses were also conducted for the employees during the year under report.
- "HINDI MAHOTSAV" was organized for the propagation of Hindi at large scale in the month of September 2019. 'HINDI DIWAS' was celebrated on 8<sup>th</sup> October 2019 and "Vishwa HINDI Diwas" celebrated on 10<sup>th</sup> January 2019. Inspection of Official Language Implementation was conducted on 13<sup>th</sup> November 2018 by a team of Jt. Director, Rajbhasha and Sr. Hindi Translator, DDP and the efforts taken by MIDHANI Management to propagate OL were appreciated.

**21.9 RELATED PARTY TRANSACTION:**

Disclosure of related party transactions as per Ind AS-24, issued by the Institute of Chartered Accountants of India, is given at note no 42 of the Notes forming part of Annual Accounts for 2018-19. Transactions if any, 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, has been explained by the Directors in their report to shareholders.

**22. VIGILANCE ACTIVITIES:**

- 22.1 The company's vigilance set up is headed by a Chief Vigilance Officer. Preventive Vigilance has been the thrust area of the Vigilance department and Vigilance department examines major procurements/contracts, conducts regular and surprise inspections. CTE type inspections and structured meetings between C&MD and CVO continued to be regular activities of Vigilance.
- 22.2 In line with the CVC guidelines on Leveraging Technology and to ensure Transparency through effective use of Technology, tools like e-Procurement, e-Payment, On-line Vendor registrations etc., are made operational through the company's website and also details of contracts awarded above ₹ 0.50 Million are being posted in the company website.

22.3 Some of the key activities that have been carried out during the year are;

- Organized Vigilance Awareness Week from 26<sup>th</sup> October to 03<sup>rd</sup> November 2018 with theme "Eradicate Corruption – Build a New India". Sixth issue of the In-house Vigilance magazine "JAGRUTI" was released during the week. Other activities during the week long awareness programs included competitions involving employees, students of local Govt. schools and Junior colleges, technical sessions by experts etc. to create awareness and sensitize citizens towards the impact of corruption.
- Implemented a dedicated On-line Vigilance Clearance module and vigilance clearances are being accorded through online mode only.
- To increase the competency levels of employees, they were deputed to different training programs and workshops on subjects like "Workshop on Preventive Vigilance", "Corporate Governance", "Advanced leadership program", "Risk mitigation through Forensic Examination", etc.,

### **23. VIGIL MECHANISM:**

23.1 The Whistle Blower Policy was initially adopted by the Board of Directors at its 206<sup>th</sup> Meeting held on January 23, 2013. The same was subsequently amended in line with the latest "PIDPI" guidelines by Vigilance department and the Whistle Blower Policy – 2018. The updated policy works 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)

### **24. AWARDS AND RECOGNITION:**

- 24.1 At the 56<sup>th</sup> National Metallurgists Day (NMD) organized at Kolkata on 14.11.2018, Dr Dinesh Kumar Likhi, C&MD, MIDHANI was bestowed with Tata Gold Medal in recognition of his Outstanding Contribution to Metallurgical Industries in India.
- 24.2 MIDHANI was awarded HR-Excellence Award for Value Growth in the Non-financial category on 17.01.2019 at the Governance Now 6<sup>th</sup> PSU Award.

### **25. VISITS AND INTERACTIONS WITH DISTINGUISHED GUESTS:**

- 25.1 Dr. Ajay Kumar, Secretary (DP) visited MIDHANI on 21<sup>st</sup> July' 18 and inaugurated the 4MW Solar Power Plant.
- 25.2 Shri. S Somanath, Director VSSC visited MIDHANI on 30<sup>th</sup> July'18
- 25.3 Dr. V Narayanan, Director, LPSC visited MIDHANI on 1<sup>st</sup> Nov'18

### **26. CORPORATE GOVERNANCE:**

- 26.1 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 declaration to this effect by Chief Executive is made part of this report.
- 26.2 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 and SEBI LODR Regulations 2015 duly signed by a practicing Company Secretary, is also made a part of this report.
- 26.3 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 100% for the FY 2018-19.

### **27. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

- 27.1 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.
- 27.2 External Audit firm M/s. Pary & Co. were engaged to carry out Internal Audit during the year under report. This helped ensure adequacy of systems and controls. Their reports thereon were further reviewed by the Audit Committee appointed by Board. In addition, the In-house Internal Audit team also regularly carries out audits of specific processes. Internal Audit Reports along with corrective actions initiated are discussed with the Management and are reviewed by the Audit Committee of the Board. The Audit Committee also reviews the adequacy and effectiveness of internal controls.



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

## 28. BOARD OF DIRECTORS:

- 28.1 The Board of your company comprises of Eight (8) Directors i.e. Three (3) Functional Directors, One (1) Government Nominee Director and Four (4) Non-Official Part-Time (Independent) Directors, all eminent personalities with vast experience from diverse fields.
- 28.2 In line with orders received from Administrative Ministry vide MoD Letter No. 8(80)/2015-D (Coord/DDP) dated 30.05.2018, Shri Sanjay Jaju (DIN: 01671018) was appointed as Government Nominee Director on the Board of MIDHANI w.e.f 30.05.2018. A brief profile of Shri Sanjay Jaju is enclosed at **ANNEXURE-VI**
- 28.3 Presidential Orders were received vide MoD Letter PC.No 11(57)/2017/MDN/D(NS) dated 22<sup>nd</sup> November,2018 for re-appointment of Shri I.V Sarma, Dr. Jyoti Mukhopadhyay and Dr. Usha Ramachandra as part-time Non- Official Directors on the Board of Mishra Dhatu Nigam Limited (MIDHANI) for a period of one year from the date of completion of their existing tenure in MIDHANI.
- 28.4 **Performance Evaluation:** The Company is a Government Company and Independent Directors are appointed / reappointed by the President of India, through Administrative Ministry. The evaluation of the performance of the Independent Directors and their fulfillment of Independence criteria as specified in the Regulations, are being carried out by the Government of India as per its own processes and the Board of the Company has no role to play in this regard.
- 28.5 The company is a Government Company and Directors are appointed/ re-appointed by the President of India, through the Administrative Ministry.

## 29. DECLARATION AND MEETING OF INDEPENDENT DIRECTORS:

- 29.1 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, 16<sup>th</sup> 2019 wherein all the Independent Directors were present.

## 30. DIRECTORS' RESPONSIBILITY STATEMENT:

- 30.1 Requirement under Section 134 (3) (c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, is confirmed as under:
- That in the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2019, the applicable Accounting Standards have been followed along with proper explanations on the material departures;
  - 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, 2019 and of the Profit or Loss of the Company for the year ending on that date;
  - 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;
  - That the Directors have prepared the accounts for the financial year ended on 31<sup>st</sup> March, 2019 on a 'going concern' basis.
  - 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
  - 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.

## 31. AUDITORS:

- 31.1 **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, 2019.
- 31.2 **Cost Auditor:** Your Company appointed M/s. Sandeep Zanwar & Associates, Cost Accountants, Hyderabad, as Cost Auditors for the year 2018-19 in terms of Section 148 of Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014.

31.3 **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 R&A Associates, Hyderabad as Secretarial Auditors of the Company for the FY 2018-19. The Secretarial Audit report is placed at **ANNEXURE – VII.**

31.4 **Internal Auditor:** Your Company engaged M/s. Pary & Co. to conduct Internal Audit for the financial year 2018-19.

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

32.1 The comments on the Accounts by the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March, 2019 are placed in this report after the report of the Statutory Auditors.

### **33. ACKNOWLEDGEMENT:**

33.1 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.

33.2 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.

33.3 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 : 29.05.2019

# 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. 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 Jaju (from 30.05.2018)**  
Joint Secretary (DIP),  
Department of Defence 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,**  
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 acted as Chairperson of more than five committees across all listed entities in which he/she 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.

2.1.4 The Tenure of Independent Directors of MIDHANI was extended by a year vide MoD Letter PC.No 11(57)/2017/MDN/D(NS) dated 22<sup>nd</sup> November, 2018

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

3.1 The Board met seven (7) times during the financial year under report as compared to statutory minimum requirement of four (4) meetings per year. The average attendance of Directors for all the Board Meetings during the financial year was 89.09%. 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.	241	30.05.2018	7	7
2.	242	10.08.2018	8	6
3.	243	15.10.2018	8	6
4.	244	13.11.2018	8	8
5.	245	11.12.2018	8	7
6.	246	14.02.2019	8	8
7.	247	16.03.2019	8	7

The Attendance of individual Directors is placed at: **ANNEXURE: VIII (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:

S. No.	Name of the Director	Body/ Corporate in which the Director is interested	Nature of interest.
1.	Dr. D.K. Likhi	1 The Indian Institute of Metals, Kolkata 2 Indian Institute of Material Management, Navi Mumbai 3 National Institute of Personnel Management South Conclave, Kolkata 4 Global Institute of Flexible Systems management, New Delhi 5 Strategic Alliance Professionals Association, Hyderabad 6 Research Council of CSIR-Institute of Mineral & Materials (CSIR-IMMT) Bhubaneswar 7 Indian Iron and Steel Sector Skill Council 8 Nuclear Fuel Corporation of India	Life Member Life member Life Member Life member President Member Director Director
2.	Shri. I. V. Sarma	1 BPL Telecom Limited 2 ELDASS Technologies Private Limited 3 ACS Technologies Ltd.	Director Director Director
3.	Dr. Usha Ramachandra	1 Andhra Pradesh Gas Power Corporation Limited 2. Kamireddy Sakleshpur Power Private Limited	Director Director
4.	Other Members of the Board	NIL	NIL

3.4 Three (3) resolutions were passed through circulation amongst Directors during the year under report.

**4.0 GENERAL MEETINGS:**

4.1 The details of the Annual General Meetings of the Company for the last 3 years is as under:

Number of AGM	Financial Year	Date of the Meeting	Venue of the Meeting
42	2015-16	27.09.2016	M/s. Mishra Dhatu Nigam Ltd.,
43	2016-17	25.09.2017	Regd. Office, P.O. Kanchanbagh, Hyderabad 500 058
44	2017-18	28.09.2018	DRDO Auditorium, PO Kanchanbagh, Hyderabad-500058

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

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

**5.1** MIDHANI had the following **Nine (9)** Committees of Board and **One (1)** apex level internal committee called Corporate Management Committee as on 31<sup>st</sup> March 2019:

**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. four (4) Independent Directors on the Board. Statutory Auditors, Director (Finance) / Head of Finance, Director (Production & Marketing) 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/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:

S. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Dr. Usha Ramachandra Part-time Non-official Director	Chairperson	From : 18.12.2015
2.	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 Till : 10.08.2018
5.	Shri Surendra Sinh Part-time Non-official Director	Member	From : 10.08.2018

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 87.5%. 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>S. No.</b>	<b>Number of the Meeting</b>	<b>Date</b>	<b>Committee Strength</b>	<b>No. of Directors Present</b>
1.	61	30.05.2018	4	3
2.	62	10.08.2018	4	3
3.	63	13.11.2018	4	4
4.	64	14.02.2019	4	4

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

#### 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:

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

The Company Secretary acts as Secretary of the Committee.

5.3.4 Two meetings of the Nomination & Remuneration Committee were held during the Financial Year 2018-19.

<b>Attendance of Directors in Nomination &amp; Remuneration Committee Meeting</b>			
S. No.	Date of the Meeting	Committee's Strength	No. of Directors Present
1	30.05.2018	4	4
2	14.02.2019	4	4

The Attendance of individual Directors is placed at: **ANNEXURE: VIII (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 nonunionized 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". 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)

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

S. No.	Name / Designation of the Directors	Status	Date of Appointment or change in Committee
1.	Dr. D. K. Likhi Chairman & Managing Director	Chairman	01.09.2015
2.	Dr. Usha Ramachandra Part-time Non-Official Director	Member	18.12.2015



S. No.	Name / Designation of the Directors	Status	Date of Appointment or change in Committee
3.	Shri Surendra Singh Part-time Non-Official Director	Member	10.08.2018
4.	Dr. S. K. Jha Director (Production & Marketing)	Member	05.07.2016
5.	Shri Sanjeev Singhal Director (Finance)	Member	06.01.2017

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

The Company Secretary acts as Secretary of the Committee.

5.4.3 During the year 2018-19, Three (3) 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.	15.06.2018	4	4
2.	12.01.2019	5	5
3.	16.03.2019	5	5

The Attendance of individual Directors is placed at: **ANNEXURE: VIII (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:

S. No.	Name / Designation of the Directors	Status
1.	Shri Surendra Singh 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 SRC is on Ex-Officio basis.

The Company Secretary acts as Secretary of the Committee.

5.5.3 During the year 2018-19, One (1) Meeting of SRC was held, the average attendance of Directors for all the SRC Meetings during the financial year was 100 %. The details are as under.

#### Attendance of Directors in Stakeholder Relationship Committee Meeting

Sl. No.	Date	Committee's Strength	No. of Directors Present
1.	14.02.2019	3	3

#### 5.5.4 Terms of reference to Stakeholders Relationship Committee:

- (i) Redressal of all securities holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints;
- (ii) Giving effect to all transfer/transmission of shares and debentures, dematerialization 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;
- (iii) Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services; and

- (iv) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or SEBI Listing Regulations, or by any other regulatory authority.

## 5.6 RISK MANAGEMENT COMMITTEE:

5.6.1 As per Regulation 21 of the Securities and Exchange Board of India Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors shall constitute a Risk Management Committee.

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

S.No.	Name/Designation of Directors	Status
1.	Sanjeev Singhal Director (Finance)	Chairman
2.	Dr. S. K. Jha Director (Production & Marketing)	Member
3.	D. Gopikrishna General Manager (Commercial & IT)	Member
4.	Madhubala Kalluri AGM (Finance)	Member

Company Secretary shall act as Secretary to the Committee

### 5.6.3 Terms of reference to Risk Management Committee:

- i) To review the Risk Management Policy and associated frameworks, processes and practices of the Company and recommend any proposed changes to the Board for approval.
- ii) To review and assess the quality, integrity and effectiveness of the risk management systems especially Cyber Security measures taken up by the Company and ensure that the risk policies and strategies are effectively managed.
- iii) To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- iv) To assist the Board in setting risk strategies, policies, frameworks, models and procedures
- v) To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work.
- vi) To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk.
- vii) Identify additional risks, if any and decide risk mitigation plans including risk acceptance.
- viii) The Committee can frame its own guideline for conducting its meetings.

## 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:

S. No.	Name / Designation of the Directors	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 92.30%. The dates on which such Meetings were held and the attendance of Directors / Members thereof is furnished hereunder:

<b>Attendance of Directors in Procurement Committee Meetings</b>			
<b>S. No.</b>	<b>Date of the Meeting</b>	<b>Committee's Strength</b>	<b>No. of Directors Present</b>
1.	30.04.2018	4	3
2	15.06.2018	4	4
3	26.06.2018	4	3
4	05.07.2018	4	4
5	09.08.2018	4	3
6	12.09.2018	4	4
7	20.09.2018	4	3
8	25.10.2018	4	4
9	24.11.2018	4	4
10	01.12.2018	4	4
11	21.12.2018	4	4
12	12.01.2019	4	4
13	02.02.2019	4	4

The Attendance of individual Directors is placed at: **ANNEXURE: VIII (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:

S. 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.	Shri Surendra Sinh Part-time Non-Official Director	Member	10.08.2018
4.	Dr. S. K. Jha Director (Production & Marketing)	Member	05.07.2016
5.	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 Four meetings of the HRC were held during the Financial Year 2018-19.

Attendance of Directors in Human Resources Committee Meetings

S. No.	Date of the Meeting	Committee's Strength	No. of Directors Present
1	30.05.2018	4	3
2	26.06.2018	4	3
3	01.10.2018	5	4
4	01.11.2018	5	3

The Attendance of individual Directors is placed at: **ANNEXURE: VIII (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:

S. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Dr. D. K. Likhi, Chairman & Managing Director	Chairman	01.09.2015
2.	Dr. 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 One Technical Committee meeting was held during the year under review.

#### Attendance of Directors in Technical Committee Meeting

S. No.	Date of the Meeting	Committee's Strength	No. of Directors Present
1	01.11.2018	4	4

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

### 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 Share Certificate Committee(SCC):

S. No.	Details of Members	Status
1.	Chairman & Managing Director	Chairman
2.	Director (Production & Marketing)	Member
3.	Director (Finance)	Member

Company Secretary shall act as Secretary to the Committee

5.10.1 Two Share Certificate Committee meetings were held during the year under review.

**Attendance of Directors in Share Certificate Committee Meeting**

S.No.	Date of the Meeting	Committee's Strength	No. of Directors Present
1	25.06.2018	3	3
2	04.08.2018	3	3

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

5.10.2 **Terms of reference to Share Certificate Committee:**

- (i) To consider the request for Transfer, transmission, de-mat, re-mat of Shares and issue of duplicate share certificates and approve the same as duly complying with the provisions of the Companies Act, 2013 and Listing Regulations.

**5.11 Corporate Management Committee (CMC):**

5.11.1 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).

5.11.2 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.

5.11.3 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 Manger and above as its members. Company Secretary acts as the Secretary of the Committee.

5.11.4 **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 and 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 declaration on such Compliance issued by Chairman & Managing Director of the Company is as under:

**7.0 DECLARATION BY CHAIRMAN & MANAGING DIRECTOR:**

7.1 It is hereby declared that all Board Members and Senior Management Personnel affirmed compliance with "The Code of Business Conduct and Ethics for Board Members and Senior Management of Mishra Dhatu Nigam Limited" for the year ended 31<sup>st</sup> March 2019.

**8.0 PREVENTION OF INSIDER TRADING:**

8.1 The Company has in place "The Code of Internal Procedures and Conduct for Prohibition of Insider Trading". The code was initially approved by the Board at its 237<sup>th</sup> meeting held on the 14<sup>th</sup> day of December 2017. The same was subsequently amended in line with the amendments to the Securities and Exchange Board of India (Prohibition of Insider trading) (Amendment) Regulations, 2018 issued by SEBI on 31.12.2018 and has been implemented w.e.f 01.04.2019.

8.2 The Code lays down guidelines that advice 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).

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

- 9.1 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 16, 2019.

## 10.0 TRAINING OF BOARD MEMBERS:

- 10.1 The Board members of MIDHANI are senior executives who have a, wide and varied experience in the areas of Education, Industry, Defence, Management, Human Resource management and Administration. 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 programs to improve their effectiveness. The Board has also adopted a policy regarding training of Directors.

## 11.0 LISTING OF SHARES AND STOCK CODE:

- 11.1 The Company's equity shares got listed at the under mentioned Stock Exchanges on 04.04.2018 and listing fees for the FY 2018-19 has been paid to the Stock Exchanges.

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

## 12.0 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) 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.
- (iii) During the year, no penalties and strictures were imposed on the Company by any Statutory Authority on any matter related to any guidelines issued by Government. 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.
- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) The Administrative and Office Expenses as a percentage of total expenses stood at 3.96% as compared to 4.20% in the previous year and such percentage in respect of financial expenses was 1.14% when compared to 1.70 % in the previous year. No extravagancy was found in the Expenditure on the part of the Board Members and Senior Management Personnel.
- (viii) 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.

**13.0 GENERAL SHAREHOLDER INFORMATION:**

- 13.1 **Reconciliation of Share Capital Audit:** The Company obtains a Reconciliation of Share Capital Audit Report from a Practicing Company Secretary every quarter to reconcile the total admitted capital with the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total issued and listed capital. This Audit Report is submitted to both BSE and NSE. Further the Company also submits to BSE and NSE a Certificate of Compliance from a Practicing Company Secretary at half-yearly intervals certifying that transfer requests complete in all respects have been processed and share certificates with transfer endorsements have been issued by the Company within 15 days from the date of lodgment thereof.
- 13.2 **Registrar & Share Transfer Agent:** Alankit Assignments Limited, based in Delhi, a SEBI registered Category I, Registrar and Share Transfer Agent is the Company's Registrar and Share Transfer Agent. All share transfer/transmission/split/consolidation/issue of duplicate certificates/change of address requests as well as all dematerialisation/rematerialisation requests and related matters as well as all dividend related queries and complaints are to be forwarded to the RTA at the following address:

**Alankit Assignments Limited**

205-208, Anarkali Complex

Jhandewalan Extension, New Delhi-110055

Telephone: +91 11 42541234;

Facsimile : +91 11 41543474

Email: midhani\_ipo@alankit.com;

Website: www.alankit.com

Investor Grievance ID: midhani\_igr@alankit.com

Contact Person: Jagdeep Kumar Singla

- 13.3 **Distribution of shareholding as on 31<sup>st</sup> March 2019:** The distribution of shareholding as 31<sup>st</sup> March 2019 is as under:

No of Equity Shares held		No. of holders		No. of Shares	
From	To	No's	%	No's	%
1	100	12056	36.518	604104	0.322
101	500	18016	54.571	3714747	1.983
501	1000	1494	4.525	1127347	0.602
1001	5000	1303	3.947	2461260	1.314
5001	10000	73	0.221	521710	0.278
10001	20000	25	0.076	375862	0.201
20001	30000	10	0.03	273601	0.146
30001	40000	5	0.015	162043	0.086
40001	50000	4	0.012	178741	0.095
50001	100000	6	0.018	439770	0.235
100001	500000	12	0.036	3063090	1.635
500001	ABOVE	10	0.03	174417725	93.102
<b>TOTAL</b>		<b>33014</b>	<b>100.00</b>	<b>187340000</b>	<b>100.00</b>



- 13.4 **Dematerialisation of Shares:** The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on 31<sup>st</sup> March 2019, the number of equity shares in electronic form and physical form is as follows:

S. No.	Particulars	No. of Shares	Percentage
1.	NSDL	18,11,64,372	96.70
2.	CDSL	61,75,468	3.30
3.	Physical	160	0.00
	<b>Total</b>	<b>18,73,40,000</b>	<b>100.00</b>

- 13.5 **Outstanding GDRs/ADRs/Warrants:** There are no outstanding GDRs/ADRs/ Warrants or any convertible instruments
- 13.6 **Details of shares held in Unclaimed Suspense Account:** There are no outstanding shares lying in the unclaimed suspense account as on 31<sup>st</sup> March 2019.
- 13.7 **Transfer of Unclaimed/Unpaid Dividend and shares to Investor Education and Protection fund Authority:** The company shall be transferring the unclaimed/unpaid dividends and shares in respect of the Dividend remaining unclaimed/unpaid for a period of seven consecutive years or more, to the Investor Education and Protection Fund Authority, established by the Central Government, in terms of the provisions of Section 124 & 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Members who have not encashed their Dividend Warrants for the above financial years/period may approach the Company's Registrar & share Transfer Agent for obtaining duplicate Warrants/Revalidation of Dividend Warrants.

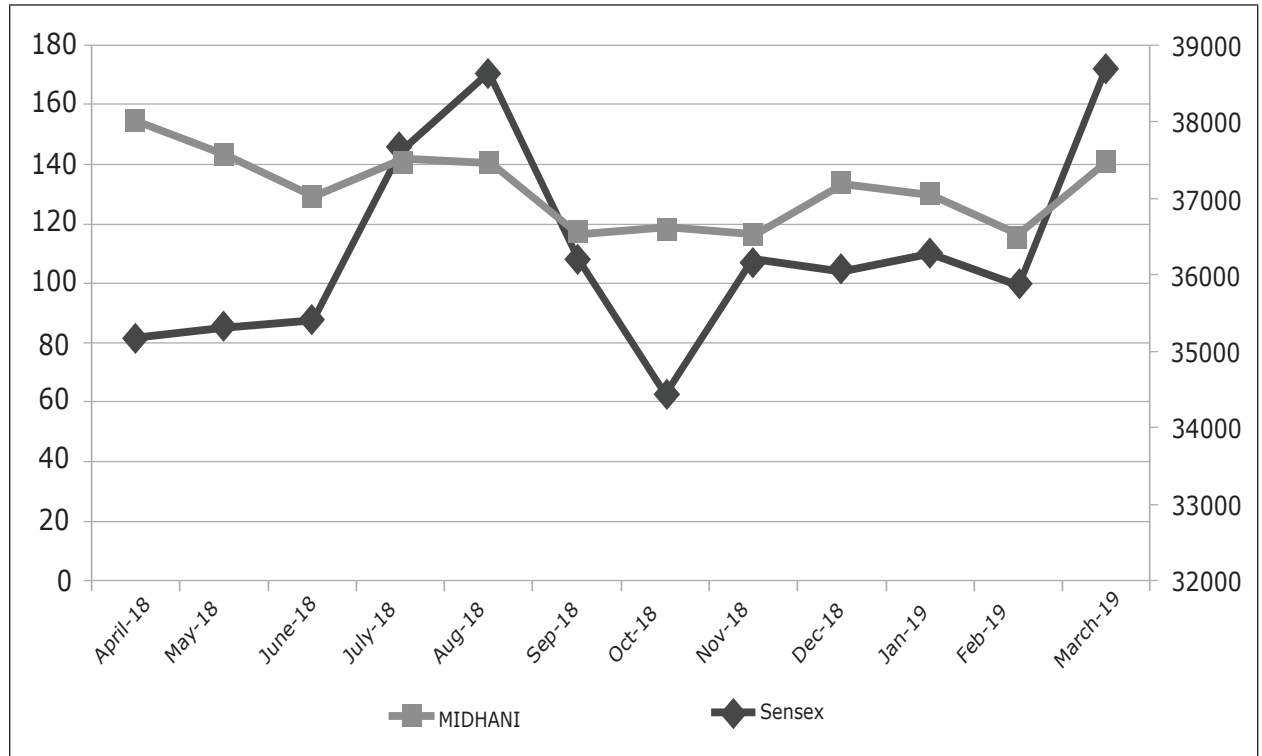
13.8 **Market Price of Shares:**

The Company listed on BSE and NSE on 4<sup>th</sup> April 2018. The details of high/low market prices of the shares of the Company at BSE and NSE are as under:

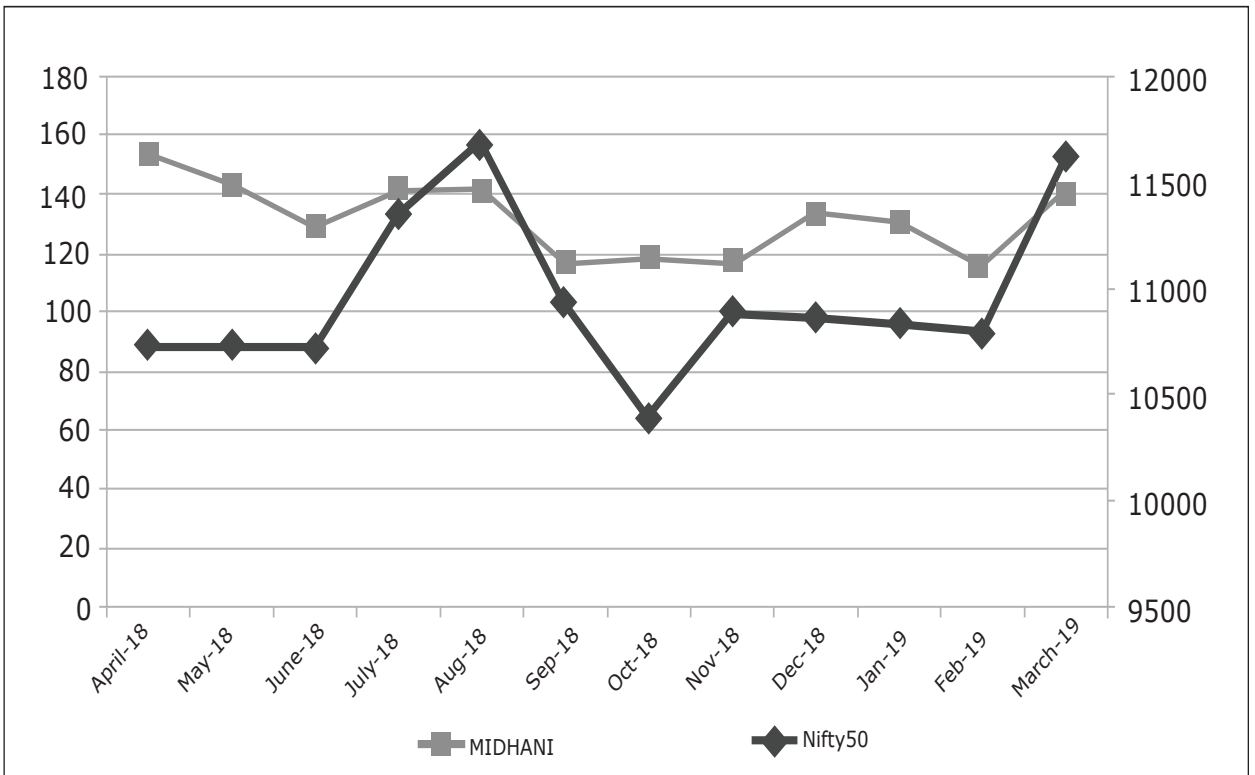
Month	BSE Share Price			BSE Volume	NSE Share Price			NSE Volume
	High	Low	Close		High	Low	Close	
	₹	₹	₹		₹	₹	₹	
April, 18	177	86.35	153.65	17381921	177.55	86.05	153.75	96821187
May, 18	158.85	125.85	143.25	2122451	158.80	125.6	143.20	9013731
June, 18	155	124	129.6	1726714	154.95	125	129.50	10929762
July, 18	160.4	118	141.35	2848767	160.90	118	141.60	15735585
August, 18	157.9	127.75	141.1	2391960	157.85	113	141.50	11661793
September, 18	160	115	116.4	2727918	159.90	115	116.55	10898487
October, 18	124.25	100.9	118.5	793629	124.40	100.2	118.55	4437156
November, 18	130	114	116.95	448118	129.80	114	116.90	3000822
December, 18	137.75	101.2	133.9	560899	138.30	109.45	133.60	4278168
January, 19	142.25	120.1	130.05	433745	142.45	120	130.35	3037103
February, 19	131.4	100	115.4	360875	135.00	107.6	115.70	2029140
March, 19	149.4	115	141.05	1108644	149.60	115.5	141.10	6083595

A graphic representation of comparison of closing quotation of the Company's share price on BSE and NSE with the closing position of BSE SENSEX and NIFTY is as under:

**BSE:**



**NSE:**



**14.0 CERTIFICATIONS:**

- 14.1 None of the Directors on the Board of the company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority. A certificate in this regard obtained from Company Secretary in Practice is placed at **ANNEXURE - IX**
- 14.2 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 SEBI LODR Regulations, 2015 and the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by Dept of Public Enterprises is placed at **ANNEXURE: X**
- 14.3 The CEO/CFO certification of the financial statements for the year is placed at **ANNEXURE: XI** to this report and Form AOC-2 has been attached as **ANNEXURE-XII** as required under section 134(3)(h) of the Companies Act, 2013.

**15.0 NON-MANDATORY REQUIREMENTS:**

- 15.1 The Company has complied with the following non-mandatory requirements of the Listing Regulations relating to Corporate Governance. The status of compliance with the non-mandatory requirements listed in Regulation 27 (1) read with Part E of Schedule II of the Listing Regulations is as under:
  - During the year under review, the Auditors have expressed no qualification in their reports.

**16.0 COMMUNICATION:**

- 16.1 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.

**17.0 MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

- 17.1 A separate report is enclosed.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1.0 FORWARD LOOKING STATEMENTS:

- 1.1 Certain statements in this report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historic fact, including those regarding the financial position, business strategy, management plans and objectives for future operations.
- 1.2 Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operational or financial performance.
- 1.3 Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized, and as such, are not intended to be guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
- 1.4 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.
- 1.5 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.

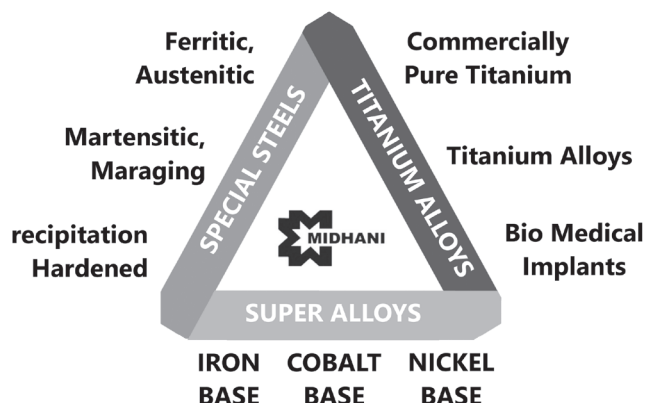
### 2.0 INDUSTRY STRUCTURE AND DEVELOPMENTS:

- 2.1 Mishra Dhatu Nigam Limited (MIDHANI) was established in the year 1973 under Ministry of Defence as Government of India Enterprise. The production unit of MIDHANI, located at Kanchanbagh, Hyderabad, was commissioned in the year 1982. It was set up with a view to achieve self-reliance in production and supply of various super alloys, special steels, materials to Strategic Sectors of our country.
- 2.2 MIDHANI's diversification initiatives will define its future growth. With 45 years of glorious past, MIDHANI is poised to grow from a single unit organization to a multi-unit organization. The Armour Manufacturing facility at Rohtak is expected to be commissioned by the end of 2019-20. MIDHANI's Joint Venture proposal with NALCO for setting up Aluminium Alloy Plant at Nellore, Andhra Pradesh is also moving in positive direction with respect to Government approvals.

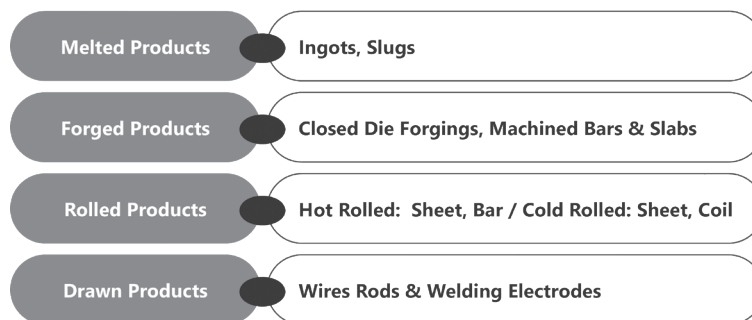
### 3.0 ORGANISATION:

- 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 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 A representation of the product portfolio of MIDHANI is as under:



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



3.4.2 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.

#### 4.0 MARKET OVERVIEW: HIGH VALUE SPECIALITY STEEL, SUPERALLOY AND TITANIUM ALLOY PRODUCTS: (Source: KPMG research)

- 4.1 With 6-8% growth in GDP and subsequent growth in infrastructure in power & industrial sectors and advancements in space sector, there exists significant opportunities for MIDHANI. To tap these opportunities, MIDHANI has to formulate new strategies and augment its facilities to cater to the enhanced demands.
- 4.2 **HIGH VALUE SPECIALITY STEEL:** Specialty Steel market in India is currently estimated at ~3.8 to 4.5 lakh Tons, primarily driven by Auto sector. Projects worth INR ~15,000 Billion are planned in Defense which will drive the demand for Specialty steel in the country. Addressable market for MIDHANI is ~0.4 to 0.5 Lakh tons, coming from Defence, Power and Niche Engineering sectors. In MIDHANI's addressable market, Defense sector is expected to drive the demand for Specialty Steel. Defense sector in India is expected to grow at a CAGR of 8% between FY17 to FY25.
- 4.3 **TITANIUM ALLOY PRODUCTS:** Most of the needs of Indian Aerospace and Defence industry are currently met through imports. Unlike the global market which is dominated by commercial aerospace, Indian Aerospace & Defence Titanium demand is dominated by Defence. The Titanium market size in India for FY18 is 3098 TPA and is expected to increase to 5231 TPA in the FY 25 with a CAGR of ~ 7.8%. MIDHANI can aggressively target import substitution to increase its market share.
- 4.4 **SUPERALLOY:** India market for super alloys has increased at 14% CAGR for the last 2 years. MIDHANI is the only domestic manufacturer of super alloys and rest of the demand is mostly imported. Current MIDHANI market share is only ~1% and rest of the volumes is imports. Future Demand Drivers for Super Alloys in India are:

- Among applications, where aerospace segment is expected to dominate the market due to increasing need for lightweight and high strength materials that can withstand high temperatures.
  - Strategic Power Project and Power Plants will drive the demand for super alloys in India.
- 4.5 In Space sector, demand will be driven by ISRO's ongoing and future satellite programs with increased launches and the upcoming Chandrayaan-2 mission apart from the many current projects.

## 5.0 SECTOR WISE PERFORMANCE:

- 5.1 Presently, more than seventy percent of MIDHANI's products (value wise) cater to strategic customers and operates mainly in Defence, Space, Energy and Commercial sectors. MIDHANI has traditionally banked on orders from Defence sector for sustenance and growth. About 50% of orders come from Defence sector and Space sector has shown cyclical nature in terms of order position.
- 5.2 In line with the thrust given by Government of India on "Defence preparedness", MIDHANI has focused more on Defence sector. In addition, MIDHANI also supplies special alloys to private commercial sector which also finally goes into Defence and Atomic energy sectors of our country. But in FY 18-19, Space was the best performing sector and grew by ~ 46 % primarily due to increased number of launches.

## 6.0 FUTURE OUTLOOK:

- 6.1 MIDHANI primarily operates in Defence, Space, Energy and Commercial sectors, MIDHANI predominantly caters to strategic customers. With increased competition and dynamic environment, venturing into new businesses and opting for collaborative approach becomes all the more important for staying competitive in the market. We need to optimally utilize our production capacities and be pragmatic in formulating policies and decision making.
- 6.2 MIDHANI also looks forward for geographical expansion within India and beyond 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 We intend to improve our focus on advanced technology products and pursue new collaborations that allow us to add to our product portfolio. In line with the above approach, MIDHANI is planning to setup metal powder production unit capable of producing high quality for a variety of special alloys: Ti & Ti-alloys, Ni-alloys, Co alloys and refractory metal and alloys for application in aerospace and bio medical sectors.
- 6.4 MIDHANI plans to explore the feasibility for production of cobalt in India using material from secondary sources (Cobalt- Hydroxide) / plant reverts. Towards this, MIDHANI plans to set up cobalt recovery plant through public private partnership under Indigenization program from internal plant reverts.
- 6.5 A brief on the new projects planned/proposed for the coming years is as under:
- **Aluminium Alloy Plant:** MIDHANI & NALCO intend to set up High end Aluminium Alloy Production plant through a JV Company at Nellore. To establish green field project of Aluminium Alloy production the state government of Andhra Pradesh has allotted 110 Acres of Land to MIDHANI. Activities like Land survey, soil testing, ground water survey and construction of compound wall are complete. M/s MECON has prepared DPR for setting up the project. NITI AYOG examined the project proposal and has recommended for setting up of Aluminium Alloy plant and subsequent action for incorporating JV Company and other activities like engaging Engineering, Procurement and Construction Management Consultant and Technology provider have been initiated.
  - **Tungsten and Tungsten Carbide powder Production Facilities:** Tungsten powder is the main ingredient material for production of High Kinetic Energy Penetrators and Pre-fragments for Defence applications and presently these requirements are fulfilled through imports. For indigenization of such strategic material, MIDHANI is exploring to setup a facility to produce 500TPA tungsten powder.
  - **Carbon Fiber Prepegs Manufacturing:** In pursuance of Make in India initiative, Ministry of Defence identified Procurement / Production of Strategic / Critical materials like Carbon Fiber Prepegs as it is used in strategic programs. MoU is signed with NAL for development of aero quality carbon fibers. In addition, International Joint ventures for production of prepegs is also being examined to meet such demand.

## 7.0 RISKS, CONCERNS AND MITIGATION:

- 7.1. A strategic sector company like MIDHANI operates in a very dynamic environment where raw material prices are volatile, technology is ever-changing and competition with the private players is greater than ever. Currently, majority of MIDHANI's business (4/5<sup>th</sup> of volumes) comes from High performance steel. Going forward, this market segment is expected to witness high competition from private companies with similar/substitute products.

- 7.2 Timely and satisfactory execution of our contractual commitments depends upon numerous factors. Lack of additional primary melting facilities like Vacuum Induction Melting Furnace, Vacuum Arc Melting Furnace and compacting press may prove to be bottleneck in the long run. This may also impact the lead time for delivery of the products and the cost of the product as 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.
- 7.3 The volatile nature of prices exchange rate fluctuations coupled with limited availability and supply of raw materials such as Nickel and Cobalt, which are used by our Company for manufacturing various products, can result in an increase in the price of the products and play adversely on the competitive edge of the Company
- 7.4 Most of our revenue is derived from the work performed under Government contracts and change in Government priorities may affect a decision to fund or the amount of funding available to existing or proposed strategic programmes.
- 7.5 MIDHANI also faces competition from Imports which may, in some cases, be cheaper. This may in some cases also hamper our export potential.
- 7.6 **RISK MITIGATION PLANS:**
- 7.6.1 To protect the core business, relationship marketing on Defence and Space sectors is planned.
- 7.6.2 We are enhancing competitiveness through improved execution, delivery capabilities (on time and within cost), customer service etc.
- 7.6.3 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 buffer stock of raw material and timely procurement of raw materials in view of anticipated orders from major customers.
- 7.6.4 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.
- 7.6.5 We are enhancing end use industry portfolio to diversify risk –expansion in Power, Oil and gas and Engineering sectors. Even Machine tool, Bearings and Industrial Valve steels are being considered with forward integration into end products/components –Compression Springs, Armoured products, etc.,
- 7.6.6 To promote exports, we have identified certain product categories to tap the global market and has ambitious plan to achieve export revenue.

## 8.0 SWOT ANALYSIS:

### 8.1 Strengths:

- (a) Capability to manufacture a wide range of advanced materials.
- (b) Strong Research & Development capability to indigenously develop customized products/ alloys for programs of national importance.
- (c) Rich experience gained over 45 years of operation and maintenance of high technology equipments, processes and systems.
- (d) Unique and complex quality control practice to deliver superior quality of products

### 8.2 Weakness:

- (a) In select products, lack of economies of scale makes products non-competitive at global level.
- (b) Dependence on orders from Government Sector
- (c) Lack of technology and infrastructure for developing finished components using own materials which leads to reduced value addition.
- (d) Limited control over sales realization.

### 8.3 Opportunities:

- (a) Demand for special alloys and steel is increasing.
- (b) Government initiatives like "Make in India", Indigenization, Make II etc. allowing Indian organizations to penetrate existing markets within the country and abroad.
- (c) Opportunity for long-term tie-ups in the form of Joint ventures and strategic alliances etc.
- (d) Diversification opportunities exists in strategic materials

**8.4 Threats:**

- (a) Competition from private sector in India and abroad
- (b) High volatile prices of some of the critical imported raw materials coupled with their restricted availability.
- (c) Risk of obsolescence in technology, processes and products-metals being replaced with composites/materials.
- (d) Change in Government Policies.

**9.0 FINANCIAL PERFORMANCE**
**9.1 The Summarized financial position for the Financial Year 2018-19 and for the two preceding Financial Years is given below:**

(Figures in ₹ Millions)			
Particulars	31-Mar-19	31-Mar-18	31-Mar-17
<b>ASSETS:</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	4236.70	3427.75	3264.39
Capital work-in-progress	1750.47	649.93	62.05
Intangible assets	12.77	16.58	9.38
Financial Assets			
(i) Investments	21.01	21.01	21.01
(ii) Loans	-	0.01	0.04
Non-current tax assets (Net)	106.52	202.12	293.41
Other non-current assets	480.51	681.77	93.71
<b>Total Non-Current Assets</b>	<b>6607.98</b>	<b>4999.17</b>	<b>3743.99</b>
<b>Current assets:</b>			
Inventories	5088.35	2413.80	2060.42
Financial Assets			
(i) Trade receivables	3522.44	4134.34	2885.30
(ii) Cash and cash equivalents	1979.94	1800.79	2079.26
(iii) Other financial assets	96.42	178.80	116.81
Other current assets	951.56	125.10	124.59
<b>Total Current Assets</b>	<b>11638.71</b>	<b>8652.83</b>	<b>7266.38</b>
<b>Total Assets</b>	<b>18246.69</b>	<b>13652.00</b>	<b>11010.37</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	1873.40	1873.40	1873.40
Other Equity	6473.69	6016.95	5170.04
<b>Total Equity</b>	<b>8347.09</b>	<b>7890.35</b>	<b>7043.44</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	5.71	9.20	12.36
(ii) Other Financial Liabilities	1560.98	469.99	173.37
Provisions	10.90	7.98	7.57
Deferred tax liabilities (net)	398.00	286.36	204.41
Other non-current liabilities	2588.99	740.58	1089.08
<b>Total Non-current liabilities</b>	<b>4564.58</b>	<b>1514.11</b>	<b>1486.79</b>
<b>Current Liabilities</b>			
Financial liabilities			



(Figures in ₹ Millions)

Particulars	31-Mar-19	31-Mar-18	31-Mar-17
(i) Borrowings	1060.86	919.33	125.51
(ii) Trade payables	1286.49	963.16	660.31
(iii) Other financial liabilities	629.34	748.70	576.42
Other current liabilities	2150.54	1235.13	830.87
Provisions	207.79	381.22	287.03
<b>Total Current Liabilities</b>	<b>5335.02</b>	<b>4247.54</b>	<b>2480.14</b>
<b>Total Equity and Liabilities</b>	<b>18246.69</b>	<b>13652.00</b>	<b>11010.37</b>
<b>Working Capital</b>	6303.69	4405.29	4786.24
<b>Capital Employed</b>	10553.16	7849.62	8060.01
<b>Net Worth</b>	8347.09	7890.35	7043.44
<b>Net worth per rupee of paid up capital (₹)</b>	4.46	4.21	3.76

## 9.2 MOU 2018-19 PERFORMANCE AND WORKING RESULTS:

9.2.1 The company is expected to achieve "Excellent" MoU rating subject to evaluation by Department of Public Enterprise (DPE) against the overall Financial and Operational performance for the year 2018-19.

9.2.2 The MoU performance rating is expected to improve to "Excellent" from "Very Good" last year as a result of focused efforts in the areas such as Production, Exports, R&D, Capital Expenditure planning and Specific LPG consumption, HR parameters. Export Sales of ₹ 80.53 million is a significant achievement considering MIDHANI's occasional venture into exports in the past. The company also registered highest ever VoP of ₹ 8148.32 million in the current year. Revenue from operations of ₹ 7108.46 Million as against the target of ₹ 8150.00 Million., but it has improved compared to last year's performance. The issues related to converting VoP into sales are being analyzed and addressed at the planning level for improved sales performance in the future years.

9.2.3 The significant highlights of the performance for the financial year 2018-19 and comparison with the previous two years is as under:

(Figures in ₹ Millions)

S. No.	Particulars	2018-19	2017-18	2016-17
1	Sales - To Customers (Incl. ED)	7108.46	6660.78	8097.07
	Sales - Export	80.53	1.47	-
2	Value of Production (Incl. ED)	8148.32	7020.63	7320.66
3	Cash Profit (Excl prior period items)	2142.42	2178.92	2040.17
4	Profit Before Tax	1910.47	1982.51	1863.53
5	Net Profit (PAT)	1305.56	1312.62	1263.13
6	Value Added	5220.69	5485.14	5382.38
7	Value added per employee	6.60	6.45	7.16
8	Productivity per employee	10.30	8.26	9.73
9	Value added per direct worker	17.12	16.62	16.77
10	Paid up Capital	1873.40	1873.40	1873.40
11	No of Employees	791	850	752

## 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	2018-19	2017-18	2016-17
<b>A.</b>	<b>Current Ratio</b>	2.18	2.04	2.93
<b>B</b>	<b>Profitability Ratios</b>			
a)	Profit Before Tax to			
	i) Capital Employed (%)	18.10	25.26	23.12
	ii) Net worth (%)	22.89	25.13	26.46
	iii) Sales (%)	26.88	29.76	23.01
b)	Profit After Tax to Equity (%)	69.69	70.07	67.42
c)	Earnings Per Share (in Rupees)	6.97	7.01	6.74

**9.2.5 Key Financial Ratios:**

S.No.	Particulars	FY 2018-19	FY 2017-18	Change in % as compared to FY 2017-18	Detailed explanation for change of 25% or more
1.	Debtors Turnover	1.86	1.90	-2.16	NA
2.	Inventory Turnover	1.90	2.98	-36.35	Increase in the value of Raw Material and WIP
3.	Interest Coverage	30.02	23.16	29.62	Due to decrease in interest expenditure
4.	Current Ratio	2.18	2.04	7.09	NA
5.	Debt Equity Ratio	0.57	0.50	14.87	NA
6.	Operating Profit Margin (%)	21.69	24.42	-11.20	NA
7.	Net Profit Margin (%)	17.46	18.88	-7.52	NA
8.	Return on Networth	16.13	17.64	-8.58	NA

Note : S.No. 1, 2 & 8 are calculated based on average value.

**9.2.6 Amount available for Appropriation:**

The amount available for appropriation is ₹ 1305.56 Million as against ₹ 1312.62 Million in the previous year.

**10.0 HUMAN RESOURCE DEVELOPMENT**

- 10.1 The total permanent manpower strength of MIDHANI as on 31.03.2019 stood at 791 employees. The average age of employees as on 31.03.2019 is 42 years and 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 MIDHANI also engages Consultants/Advisors in areas that require special expertise/guidance such as Purchase, Costing, and Business Development etc. In FY 2018-19, MIDHANI introduced 'Fixed Term Contract' policy for hiring people on contract basis. Rational distribution of man power between Administration and Production Depts., and between Non-Executives and Executives, optimum degree of automation in operations continued to receive focused attention during the year under report.
- 10.3 In order to promote loyalty, skill development and employee welfare, many schemes introduced and training programs conducted. Half Pay Leave, Post-Retirement Medical Benefit Scheme (PRMBS) for retired Non-Executives, Amendment to Medical Attendance Rules, Introduction of Out-Patient (OP) Services (at CGHS rates), Job Rotation Policy for Executives are some initiatives taken by MIDHANI in recent past to boost employee morale.
- 10.4 **Employees Remuneration:** Memorandum of settlement for Wage revision of Non-Executives was also signed with the union on 26.11.2018 after obtaining approval from Administrative Ministry. Accordingly, the revised wages were disbursed to the Non-Executive employees in November 2018. Pay revision for Executives and Non-Unionized Supervisors was earlier implemented at MIDHANI w.e.f. 01.01.2017 as per the DPE guidelines on 3<sup>rd</sup> Pay Revision Committee (PRC) Recommendations.
- 10.5 The total expenditure incurred on the Employees remuneration for the year 2018-19 was ₹ 1084.05 Million as against previous year expenditure of ₹ 1282.94 Million. The details are as under:

		(Figures in ₹ Millions)	
S. No	Particulars	2018-19	2017-18
1)	Salaries & Wages	710.39	892.89
2)	Leave Encashment	37.55	60.88
3)	Directors remuneration	18.11	12.66
4)	Contribution to provident fund	61.92	58.15
5)	Employees Gratuity	27.85	52.99
6)	Leave salary & pension contribution	29.55	20.64
7)	Workmen and staff welfare expense	198.68	184.73
<b>TOTAL</b>		<b>1084.05</b>	<b>1282.94</b>

**10.5.1 Remuneration to Members of Board:**

- (i) 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 travelling expenses for attending the Meetings of the Board or its Committees.
- (ii) Shri Surendra Singh on assuming charge as Information Commissioner has not accepted sitting fees for attending Board/ Sub Committee Meetings paid by the company w.e.f. 31.10.2018 in keeping with the provisions of Section 15(6) of the right to Information Act 2005.
- (iii) The Remuneration of Functional Directors of the Company is approved by President of India with detailed terms and conditions of appointment under the provisions of Articles of Association of the Company. They were paid remuneration during the year 2018-19 as shown below:

No.	Remuneration to Functional Directors	Amount (₹ Millions)	
		2018-19	2017-18
1.	Salaries and Wages	16.32	11.00
2.	Cont. to Provident Fund & EPS	0.91	0.88
3.	Gratuity	-	-
4.	Leave Encashment	0.88	0.78
	<b>TOTAL</b>	<b>18.11</b>	<b>12.66</b>

- (iv) 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 & Ex-SN AS ON 31.03.2019 Manpower Position as on 31.03.2019**

Pay Scale & Group	Total No of Employees	Strength of Employees				
		SC	ST	OBC	PHC	ESM
EXECUTIVES(Revised)	252	42	14	52	04	2
Group 'A' (₹ 40,000 - ₹140,000 & above)						
Group 'B' ₹ 30,000 - 120,000(Grade-I)	70	09	05	15	04	2
₹ 29,000-115,000 (E.O.) to ₹ 50,000-160,000 (E0-III) (Non Unionised Supervisory Cadre)						
NON-EXECUTIVES:	251	44	27	98	04	13
Group 'C' ₹ 28950/- ₹ 28790/- ₹ 27810/- ₹ 26830/- ₹ 25900/- ₹ 25230/- ₹ 23750/- ₹ 22950/- ₹ 21900/-						
Group 'D' ₹ 21000/- ₹ 20000/- ₹ 19130/- ₹ 18000/-	218	43	17	94	04	2

**RECRUITMENT OF SCs, STs DURING FY 2018-19**

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	7	1	-	1	-
Group 'B' ₹ 30,000 - ₹ 1,20,000 (Gr-I)	1	1	-	1	-
₹ 29,000 - ₹ 115000 (E.O.) to ₹ 50,000- ₹ 160000(E0-III) (Non Unionised Supervisory Cadre)					
NON-EXECUTIVES:	1	-	-	-	-
Group 'C' ₹ 28950/- ₹ 28790/- ₹ 27810/- ₹ 26830/- ₹ 25900/- ₹ 25230/- ₹ 23750/- ₹ 22950/- ₹ 21900/-					
Group 'D' ₹ 21000/- ₹ 20000/- ₹ 19130/- ₹ 18000/-	-	-	-	-	-

### ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken 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.
- A brief overview of projects/programs undertaken by MIDHANI under its CSR policy during FY 2018-19 is as under:
  - (i) Promotion of Health Care and Sanitation
  - (ii) Promotion of Education
  - (iii) Skill Development
  - (iv) Others
- The CSR policy and the activities undertaken under the CSR policy of MIDHANI are available at <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.	Net Profit for the Year 2015-16	1626.45
2.	Net Profit for the Year 2016-17	1878.49
3.	Net Profit for the Year 2017-18	1967.78

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

- a) Total amount to be spent for the financial year : ₹ **36.49 Million**
- b) Amount unspent, if any; : **Nil**
- c) Manner in which the amount spent during the financial year is detailed below:

(Figures in ₹ Millions)

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 to the reporting period	Amount spent ; Direct or through implementing agency
1.	Setting up of Center of Excellence	Skill Development	Hyderabad, Telangana	20.82	20.82	20.82	Direct
	Adoption of ITI, Alwal(Bal expenditure)		Alwal, Hyderabad, Telangana	3.03	3.03	23.85	Direct
2.	Maintenance of toilets	Promotion of Health & Sanitation	Hyderabad, Telangana	2.44	2.44	26.29	M/s Sulabh International
	Construction of 24 Toilets		Jillelguda & Khammam Telangana	4.68	4.68	30.97	
	Installation of Sanitary Vending Machine & Incinerators		Choutuppal, Parigi	0.75	0.75	31.72	M/s Sulabh International
3.	Community Health Centre	Promotion of Health	Hyderabad, Telangana	0.49	0.49	32.21	Direct
	Mid-Day Meals for Govt.Schools at Kothagudem	Promotion of Health & Education	Kothagudem, Telangana	0.5	0.5	32.71	M/s Akshaya Patra
4.	Passenger Lift to Rangaraya Medical college	Promotion of Education	Kakinada	0.73	0.73	33.44	Implementing agency
	Repairs and Maintenance work at nearby Govt. Schools		Hyderabad, Telangana	4.24	4.24	37.68	Direct
5.	Contribution to CIIE IIM Ahmedabad		Ahmedabad	1.0	1.0	38.68	Direct
6.	Organized "Joy of Giving" event at THPI	Promotion of Health & Education	Hyderabad, Telangana	0.1	0.1	38.78	Direct
7.	Other CSR expenditure	Others	Hyderabad, Telangana	0.57	0.57	39.35	
<b>Total</b>				<b>39.35</b>	<b>39.35</b>	<b>39.35</b>	

**Details of major implementing agencies:**

- a) **M/s. SULABH INTERNATIONAL:** M/s. Sulabh International, is an 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.

**NOTE:**

- In compliance with the provisions of the Companies Act 2013, MIDHANI has spent more than two per cent of the average net profit of the last three financial years for its CSR & SD activities.
- 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/-  
**SANJEEV SINGHAL**  
 Director (Finance) and  
 Member CSR Committee

## FORM NO. MGT-9

## ANNEXURE-III

## 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	:	<b>L14292TG1973GOI001660</b>
ii)	Registration Date	:	<b>20<sup>th</sup> November 1973</b>
iii)	Name of the Company	:	<b>Mishra Dhatu Nigam Limited</b>
iv)	Category / Sub-Category of the Company	:	<b>Public / Government Company</b>
v)	Address of the Registered office and contact details	:	<b>P.O. Kanchanbagh, Hyderabad - 500058</b>
vi)	Whether listed company	:	<b>Yes</b>
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	<b>Alankit Assignments Limited, Alankit house, 4E/2 Jhandewalan Extn, New Delhi Tel: 011- 4254 1952</b>

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Other Alloy Steel in semi-finished forms Special Stainless Steel	72240000	80.19
2.	Titanium and Titanium base Alloys	81080000	13.69

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

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

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

## i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	-	6	6	-	-	-	-	-	-
b) Central Govt	138631594	-	138631594	74	138631600	-	138631600	74	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	<b>138631594</b>	<b>6</b>	<b>138631600</b>	<b>74</b>	<b>138631600</b>		<b>138631600</b>	<b>74</b>	<b>-</b>

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
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>138631594</b>	<b>6</b>	<b>138631600</b>	<b>74</b>	<b>138631600</b>	-	<b>138631600</b>	<b>74</b>	-
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	5831758	-	5831758	3.11	17440821	-	17440821	9.31	6.20
b) Banks / FI	8242638	-	8242638	4.40	19095776	-	19095776	10.19	5.25
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	22653804	-	22653804	12.09	-	-	-	-	-12.09
g) FIIs	-	-	-	-	952553	-	952553	0.51	0.51
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>37489150</b>	-	<b>37489150</b>	<b>20.01</b>	<b>0.95</b>
2. Non-Institutions									
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.	11037150	-	11037150	5.89	7683056	160	7682896	4.10	-1.79
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	388650	-	388650	0.21	1200411	-	1200411	0.64	0.43



Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)	-	-	-	-	396595	-	396595	0.21	0.21
Non Resident Indians	153000	-	153000	0.08	291742	-	291742	0.16	0.08
Overseas Corporate Bodies	-	-	-	-	1527677	-	1527677	0.82	0.82
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	115569	-	115569	0.06	0.06
Trusts	-	-	-	-	4200	-	4200	0.00	0.00
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>11980200</b>	-	<b>11980200</b>	<b>6.40</b>	<b>11219250</b>	<b>160</b>	<b>11219090</b>	<b>5.99</b>	<b>-0.41</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>48708400</b>	-	<b>48708400</b>	<b>26</b>	<b>48708400</b>	<b>160</b>	<b>48708240</b>	<b>26</b>	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>187340000</b>	<b>6</b>	<b>187340000</b>	<b>100</b>	<b>187340000</b>	<b>160</b>	<b>187339840</b>	<b>100</b>	-

**B: Shareholding of Promoter:** As on March 31, 2019.

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares*	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares*	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	PRESIDENT OF INDIA	138631600	74.00	0.00	138631600	74.00	0.00	0.00

**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	138631600	74	138631600	74
2	Date wise Decrease in Promoters Shareholding during the year specifying the reasons for decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	No change	No change	No change	No change
3	At the end of the year	138631600	74	138631600	74

\* Includes shareholdings of nominees.

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 06.04.2018)		Shareholding at the end of the year (As on 31.03.2019)	
		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	11396246	6.08
2.	HDFC Trustee Company Limited - HDFC Prudence Fund	5471059	2.92	9051427	4.83
3.	General Insurance Corporation of India	2909228	1.55	1877871	1.00
4.	ITPL - Invesco India Contra Fund	2685056	1.43	1979754	1.06
5.	The New India Assurance Company Limited	2424313	1.29	2424313	1.29
6.	State Bank of India	1264341	0.67	-	-
7.	INFINA Finance Private Limited	1200000	0.64	-	-
8.	ITPL - Invesco India Mid N Small Cap Fund	1164595	0.62	-	-
9.	National Insurance Company Limited	969699	0.52	969699	0.52
10.	Syndicate Bank	853300	0.46	-	-
11.	ITPL - Invesco India Mid Cap Fund	389539	0.21	380349	0.20
12.	Renaissance Asset Management Company Pvt Ltd	277650	0.15	205000	0.11
13.	Chaitanya Dalmia	277650	0.15	277650	0.15
14.	ITPL - Invesco India PSU Equity Fund	265480	0.14	247283	0.13

\*The shares of the company are widely traded on daily basis. Therefore, the date wise increase/decrease in shareholding is not included.

**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	-	-
2.	Sanjay Garg*	1	0.01	-	-

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

**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	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>-</b>	<b>937173204</b>
<b>Change in Indebtedness during financial year</b>				
* Addition	1060860596	-	-	1060860596
* Reduction	469334958	455000000	-	924334958
Net Change	591525638	(455000000)	-	136525638
Indebtedness at the end of financial year				
i) Principal Amount	1060860596	12838246	-	1073698842
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1060860596</b>	<b>12838246</b>	<b>-</b>	<b>1073698842</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	5766835	3962220	3239755
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1164868	1096775	852313
	(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>6931703</b>	<b>5058995</b>	<b>4092068</b>
	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	
<b>1</b>	<b>Independent Directors</b>					
	Fee for attending Board Committee Meetings	3,20,000	2,40,000	5,45,000	75,000	11,80,000
	Commission					
	Others, please specify					
	<b>Total (1)</b>	<b>3,20,000</b>	<b>2,40,000</b>	<b>5,45,000</b>	<b>75,000</b>	<b>11,80,000</b>
<b>2</b>	<b>Other Non-Executive Directors</b>					
	Fee for attending Board Committee meetings					
	Commission					
	Others, please specify					
	<b>Total (2)</b>					
	<b>Total (B)=(1+2)</b>	<b>3,20,000</b>	<b>2,40,000</b>	<b>5,45,000</b>	<b>75,000</b>	<b>11,80,000</b>
	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	-	958412	-	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	276539	-	
	(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>1234951</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:**

- Energy Efficiency Improvement Initiatives like use of LED lighting, use of Variable frequency drives, use of Energy efficient motors, Installation of Automatic Power factor Control Panels, and cyclic operation of distribution transformers etc. helped in annual savings of about 30 Lakh KWH (About ₹ 19.7 million / PA)
- Installation of four new energy efficient LPG Fired reheating furnaces at Forge Shop was completed and this has helped in reduction of Specific LPG consumption of Forge Shop by 20%. Utilization of new energy efficient furnaces instead of old furnaces has helped in annual savings of about ₹ 20 million (approx.).
- Process of procurement of Dynamic reactive power compensation equipment for 6000T Forge press load centre is initiated and for the purpose of energy monitoring of major equipment and for improved reliability of the existing system, Multi-Function meters (20 Nos) were installed at 1500T forge press load centre and Heat Treatment shop load centre.

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

- The Solar plants set up have generated about 60 Lakh KWH of Clean Energy (Meeting 12% of MIDHANI'S Annual Energy requirement and about ₹ 40.00 million in value) also avoiding emissions of 4800 Tons of CO<sub>2</sub>.

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

- Investment made towards procurement and installation of new energy efficient furnaces is about ₹ 200 million during the year 2018-19.
- Made investment of approx. ₹ 24.3 million towards procurement of energy conservation equipment (APFC panels, IE3-motors, VFDs etc) during year 2018-19.

**B. TECHNOLOGY ABSORPTION:****(i) The efforts made towards technology absorption:**

- The following projects towards technology absorption are under progress:
  - (a) Manufacture of Shape Memory Alloy Products under transfer of technology from National Aerospace Laboratory, Bangalore.
  - (b) Development and Production of Super Alloy Triple melted Forged bar through technology development from RINA consulting Spa, Italy.
  - (c) Development of High Nitrogen Steel for Armour Application from Defence Metallurgical 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 ₹ 299.71 million on Research and Development for FY 2018-19.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- During the year, the total foreign exchange used was ₹ 2066.33 million.

**BUSINESS RESPONSIBILITY REPORT**
**[See Regulation 34(2)(f)]**
**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

1.	Corporate Identity Number (CIN) of the Company:	L14292TG1973GOI001660
2.	Name of the Company:	Mishra Dhatu Nigam Limited
3.	Registered address:	P.O.Kanchanbagh, Hyderabad Telangana – 500058
4.	Website:	www.midhani-india.in
5.	E-mail id:	company.secretary@midhani-india.in
6.	Financial Year reported:	2018-19
7. 8.	Sector(s) that the Company is engaged in (industrial activity code-wise):	Other Alloy Steel in semi-finished forms Special Stainless Steel (72240000) Titanium and Titanium base Alloys (81080000)
9.	List three key products/services that the Company manufactures/provides (as in balance sheet):	i) Manufacture of Other Alloy Steel in semi-finished forms ii) Manufacture of Titanium and Titanium base Alloy iii) Manufacture of Nickel based alloy in semi-finished forms
10.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5):	Nil
	(b) Number of National Locations:	One (1)
11.	Markets served by the Company – Local/State/National/International:	National/International

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1.	Paid up Capital (INR):	<b>187,34,00,000.00</b>
2.	Total Turnover (INR):	<b>710,84,61,886.86</b>
3.	Total profit after taxes (INR):	<b>130,55,51,168.14</b>
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	<b>3,93,49,516.33</b> <b>3.01%</b>
5.	List of activities in which expenditure in 4 above has been incurred:	(i) Promotion of Health Care and Sanitation (ii) Promotion of Education (iii) Skill Development (iv) Others

**SECTION C: OTHER DETAILS**

1. Does the Company have any Subsidiary Company/ Companies?
  - ▶ No
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
  - ▶ NA
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]
  - ▶ The Company has adapted well established procedures for outsourcing and procurement activities in order to ensure quality, on time delivery and optimum cost. The Company has panel of vendors with sound integrity. [More than 60%]

**SECTION D: BR INFORMATION**

1. Details of Director/Directors responsible for BR
  - (a) Details of the Director/Director responsible for implementation of the BR policy/policies:
    - The overall Business Responsibility of the company lies with the Chairman & Managing Director who gets them implemented through the respective group heads. The Board has not assigned responsibilities specifically to any Director to function as the BR head.
  - (b) Details of the BR head:
    - The details of the C&MD, MIDHANI is as under:

No.	Particulars	Details
1	DIN Number (if applicable)	03552634
2	Name	Dr. Dinesh Kumar Likhi
3	Designation	Chairman & Managing Director
4	Telephone number	040-24340201
5	e-mail id	cmd@midhani-india.in

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

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for BR	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The Company follows all work practices, procedures and production endeavors pertaining to its area of activities/operations as mandated by Industry, Government and relevant statutory bodies									
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes. Policies at MIDHANI conform to applicable statutes/ guidelines/ rules etc. issued by GOI, and are updated from time to time. Industry practices, national/ international standards are generally kept in view while formulating policies.								
4	Has the policy being approved by the Board?  Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Various policies conforming to the directives of the Government under various applicable laws/statutes/rules/ guidelines etc., are approved by the Board or authority delegated for the same by the Board									
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The Board oversees the compliance and implementation of the policies through its various Committees as detailed in the Corporate Governance Report forming part of the Annual Report.									
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The policies are available at Company's website: <a href="http://www.midhani-india.in">www.midhani-india.in</a>									
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The Company policies and operational framework are available on the Company's website as well as its intranet.									
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Yes, The Company has well-established in-house infrastructure, manpower pool, documented standard operating procedure and other executive & administrative machineries to implement the given policies in the area of safe and sustainable production of goods and services of the Company.									
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The Board has set up a Committee named Stakeholder's Relationship Committee to address the grievances of the stakeholders, and other persons holding securities in the Company as required under the Companies Act, 2013 and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. In addition, the Company has also set up a vigil mechanism to address the genuine concerns, of any of the directors and employees. Further representations from bidders/ contractors as well as opinion sought by the Company against various tenders are referred to Independent External Monitors (IEM). IEMs discuss the issues with the executives concerned and bidders' representatives wherever felt necessary by IEMs and give their opinion through a speaking order.									
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The Company is subject to various audits such as Statutory Audit by firm of Chartered Accountants appointed by the Comptroller & Auditor General, Internal Audit, C&AG Audit, Cost Audit, Secretarial Audit, Quality Audit, Safety Audit, Integrated Management Systems Audit etc. These audits ensure compliance to various internal and external policies.									



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

- Not Applicable

3. Governance related to BR:

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company:
- ▶ The senior management of the Company reviews BR performance on an on-going basis. The Board/ Committees constituted by it review the same annually.
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
- ▶ This is the first year after the applicability of Regulation 34(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?
  - ▶ No, a model Code of Business Conduct and Ethics is applicable to all Board Members and Senior Management of the Company. Further, to ensure transparency and integrity in all contracts, MIDHANI is signing "Integrity Pact" with respective bidders in all procurements of estimated value exceeding ₹ 4 Million. This enables the bidders to raise any issues with respect to high value tenders floated from time to time with the Independent External Monitor (IEM). An IEM is appointed by the Central Vigilance Commission (CVC) to oversee implementation of the said Integrity Pact. The pact is essentially an agreement for ethical conduct of the business and any violations of the same would entail disqualification of the bidders and exclusion from future business dealings.
2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so
  - ▶ During the past financial year about 40 complaints from shareholders were lodged with the RTA/Company and all the grievances were resolved by the RTA/Company within the stipulated time. Only one complaint against the company was lodged in the SCORES portal; however the same was resolved without any implications on the company. Majority of the complaints were pertaining to Dividend payment and were successfully resolved.

### Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
  - ▶ (a) Armour Products
  - ▶ (b) Bio implants like Nickel-Titanium Shape Memory alloys
  - ▶ (c) Materials for Space sector
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
  - (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
    - ▶ On an average production yield improved by about 3%.
  - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
    - ▶ Specific LPG consumption has reduced by 20% from last year, specific LPG consumption for FY 2017-18 was 0.16/T of production when compared to specific LPG consumption of 0.126/T of production for FY 2018-19

3. Does the company have procedures in place for sustainable sourcing (including transportation)?
- ▶ Yes
- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so
- ▶ All inputs are sourced by MIDHANI sustainably. The same is procured in line with the Purchase Policy duly approved by the Board of MIDHANI.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
- ▶ Yes
- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
- ▶ Preference under Make in India (under Public Procurement Order 2017) has been incorporated in the Purchase Policy and is being mentioned in the tender notice. The Percentage value of goods/ services procured from Micro Small Enterprises (MSE) units stands at 28.13% of total domestic value of procurement during FY 2018-19.
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.
- ▶ Yes, the percentage of scrap usage in the products depends on the composition and Customer requirements. It may vary from 0-100% depending on the customer requirement. In FY 18-19, about Rs. 280 Million of imported raw materials (Cobalt, Nickel, Low Carbon Ferrochrome, Molybdenum, Pure Iron, and Chromium Metal) were substituted by using alternate input materials (scrap, plant reverts).

### Principle 3

1. Please indicate the Total number of employees
  - ▶ 795 (including Directors & CVO)
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis
  - ▶ 390
3. Please indicate the Number of permanent women employees
  - ▶ 81
4. Please indicate the Number of permanent employees with disabilities
  - ▶ 16
5. Do you have an employee association that is recognized by management
  - ▶ Yes
6. What percentage of your permanent employees is members of this recognized employee association?
  - ▶ 80.75%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
- Permanent Employees
    - ▶ 90%
  - Permanent Women Employees
    - ▶ 65%
  - Casual/Temporary/Contractual Employees
    - ▶ 58%
  - Employees with Disabilities
    - ▶ 30%

#### Principle 4

- Has the company mapped its internal and external stakeholders?
  - ▶ Yes
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
  - ▶ Corporate Social Responsibility (CSR) at MIDHANI is viewed as a way of conducting business, which enables the creation and distribution of wealth for the betterment of its stakeholders, through the implementation and integration of ethical systems and sustainable management practices and aims at benefiting the disadvantaged, vulnerable and marginalized community. Further MIDHANI ensures that the reservation policy as advised by Govt. of India from time to time is implemented and has also identified SC/ST/OBC/EWS, Differently Abled etc. as disadvantaged, vulnerable and marginalized for employment purpose and follows all the Government regulations regarding reservations for SC / ST and Differently abled.
- Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
  - ▶ MIDHANI has set up a Charitable Health Care Centre for the poor families staying in and around MIDHANI. Basic checkup and medicines are provided at free of cost to the patients. Further, the projects undertaken by MIDHANI under its CSR activities are specially designed to cater to engage with the disadvantaged, vulnerable and marginalized stakeholders. MIDHANI continues to encourage and develop MSE units by regularly sourcing various goods from them.

#### Principle 5

- Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
  - ▶ The Company has no subsidiaries/Joint Ventures/Group etc., The Human resource policies of the Company cover all aspects of human rights of its employees and others associated with it for operation of its business. No complaints have been received in the past financial year on human rights. The Company is committed to uphold and maintain the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year under review, no such complaint was received.
- How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
  - ▶ During the year under review, no such complaints were received

#### Principle 6

- Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
  - ▶ Covers the Company as a whole. MIDHANI has no subsidiaries/Joint Ventures/Group etc.,
- Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

- ▶ MIDHANI has been certified with ISO 14001:2004 Environmental Management System. Training, documentation, internal audits and up gradation audits to ISO 14001:2015 carried out and certifying body recommended to ISO 14001:2015 certification.
3. Does the company identify and assess potential environmental risks? Y/N
- ▶ Yes
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
- ▶ No
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
- ▶ MIDHANI has implemented green initiatives and setting up of Open access metering facility has helped to utilize the solar power generated by our Captive power plant near Balapur and also from any other source, if required. The Solar plants have generated about 60Lakh units of Clean Energy (12% of MIDHANI'S Annual Energy requirement about ₹ 400 Lakhs in value) also avoiding emissions of 4800 Tons of CO<sub>2</sub>. Further MIDHANI has also continued its efforts to maintain and promote ecological balance in and around factory premises by developing and maintaining extensive plantation. A thick canopy of greenery with thousands of plants of more than 50 species constitutes the green belt in and around MIDHANI. This not only controls air / dust pollution but also attracts birds of different species. In order to protect the fast diminishing National Bird, a Peacock Sanctuary has been created at our premises which is providing conducive atmosphere for the Peacocks.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
- ▶ Yes
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
- ▶ NIL

### Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
- ▶ (a) Confederation of Indian Industry (CII)
  - ▶ (b) Society of Defence Technologists
  - ▶ (c) Standing Conference of Public Enterprises
  - ▶ (d) Federation of Telangana Chamber of Commerce and Industry (FTCCI)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
- ▶ No

### Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof
- ▶ As stated in the above sections, MIDHANI'S various CSR projects are in pursuit of the socio and economic development. Further, the MIDHANI'S Vendor development programs pave the way for achieving the inclusive growth and equitable development.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?
  - ▶ Majority of MIDHANI's programs are done in-house and in some cases MIDHANI also collaborates with various NGOs, foundations, government agencies, and other professional agencies for execution of the project on the ground.
3. Have you done any impact assessment of your initiative?
  - ▶ Yes
4.
  - ▶ What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken
  - ▶ During the financial year 2018-19, the contribution to community development projects was ₹ 39.34 million. Please refer to the Annual Report on CSR Activities forming part of this Annual Report.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
  - ▶ Yes, MIDHANI conducts impact assessment for majority of the projects

### Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
  - ▶ NIL
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)
  - ▶ Not applicable
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
  - ▶ No
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
  - ▶ MIDHANI carried out Customer Satisfaction survey in the year 2018-19 and the trend for the same was 4.15 rating out of a possible 5.

### **Brief Profile of Shri Sanjay Jaju**

Shri. Sanjay Jaju, completed his Post Graduate Mechanical Engineer and a Cost & Management Accountant by background and has completed MBA in Finance. He has worked in diverse areas like Urban, Infrastructure, Civil Supplies, Education & Tribal Welfare. He has been an ardent advocate of Information Technology for Development and Governance.

He earlier worked as the founding Director (A&F) in the National Highways Infrastructure Development Corporation Limited (NHIDCL) in the Ministry of Road Transport & Highways, GoI. He could transform NHIDCL as an eCompany with Initiatives like INAMPRO, INFRACON, ePACE and BIMS. These IT platforms are regarded as change agents for the larger infrastructure sector and have been awarded National e-Governance Gold Award by Government of India for the year 2018.

He had earlier worked as Secretary to Government of Andhra Pradesh in Information Technology & Communications Department. 'MeeSeva' a comprehensive flagship initiative for delivering host of G2C services through an integrated architecture in AP (2011) was conceptualized and successfully implemented by him with over 350 G2C services clocking more than 300 Million transactions till date. The project has revolutionized citizen service delivery in AP and has become a National role model and has been awarded National e-Governance Gold Award by Government of India for the year 2014. He has written many papers that have been published and awarded in National and International Journals and Publications.

**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 2019}

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2019 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made there under;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. - **(Not applicable to the Company during the Audit Period)**
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October, 2014; **(Not applicable to the Company during the Audit Period)**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. **(Not applicable to the Company during the Audit Period)**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period).**
- (6) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India.

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

- (1) Secretarial Standards issued by The Institute of Company Secretaries of India,
- (2) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange (NSE) Limited read with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**We further report that**

- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (iii) All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the Meeting of Board of Directors and/ or Committees as the case may be.
- (iv) 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 exists in the company to monitor and ensure the compliance with applicable laws.
- (v) 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.

**We further report that**

- (i) The company has listed its Equity Shares on BSE Limited and National Stock Exchange (NSE) Limited effective from 04<sup>th</sup> April, 2018.

**For R &A Associates  
Company Secretaries**

**Date: 29<sup>th</sup> April, 2019  
Place: Hyderabad**

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

\*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,**  
**MISHRA DHATU NIGAM LIMITED,**  
P.O.KANCHANBAGH,  
HYDERABAD – 500058,  
TELANGANA.

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 **MISHRA DHATU NIGAM LIMITED** ("the Company"). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For R &A Associates  
Company Secretaries**

**Date: 29<sup>th</sup> April, 2019**  
**Place: Hyderabad**

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

**ANNEXURE - VIII**
**ANNEX-VIII(A)**
**DETAILS OF THE MEETINGS HELD DURING THE YEAR AND THE ATTENDANCE OF DIRECTORS THEREOF**

Sl. NO	NAME OF DIRECTOR	Board		Audit Committee		General meetings*	
		No. of meetings ought to have attended	No of meetings attended	No. of meetings ought to have attended	No. of meetings attended	Number of meetings ought to have attended	No of meetings attended
1.	Dr. D. K. Likhi-C&MD	7	7	NA	NA	1	1
2.	Dr. S.K. Jha Director (P&M)	7	6	4	2	1	1
3.	Shri. Sanjay Jaju	6	3	-	-	-	-
4.	Shri. Sanjeev Singhal Director (Finance)	7	7	4	4	1	1
5.	Dr. Jyoti Mukhopadhyay	7	6	4	4	1	1
6.	Shri. I. V. Sarma	7	7	4	4	-	-
7.	Dr. Usha Ramachandra	7	7	4	4	1	1
8.	Shri. Surendra Sinh	7	6	2	2	-	-

\*Annual General Meeting held on 28.09.2018 where in representative of President of India was present

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.

**ANNEXURE - VIII (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 Shri/S	Nomination & Remuneration Committee		Corporate Social Responsibility Committee		Stakeholder Relationship Committee	
		No. of meetings ought to have attended	No of meetings attended	No. of meetings ought to have attended	No. of meetings attended	Number of meetings ought to have attended	No of meetings attended
1)	Dr. D. K. Likhi C&MD	NA	NA	3	3	NA	NA
2)	Dr. S.K. Jha	NA	NA	3	3	1	1
3)	Sanjeev Singhal	NA	NA	3	3	1	1
4)	I.V. Sarma	2	2	NA	NA	NA	NA
5)	Dr. Usha Ramachandra	2	2	3	3	NA	NA
6)	Dr. Jyoti Mukhopadhyay	2	2	NA	NA	NA	NA
7)	Surendra Sinh	2	2	2	2	1	1

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

## ANNEX-VIII(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 Shri/S	Procurement Committee		Human Resources Committee		Technical Committee		Share Certificate Committee	
		No. of meetings ought to have attended	No. of Meetings Attended	No. of meetings ought to have attended	No. of meetings attended	No. of meetings ought to have attended	No. of meetings attended	No. of meetings ought to have attended	No. of meetings attended
1)	Dr. D. K. Likhi	13	10	NA	NA	1	1	2	2
2)	Dr. S.K. Jha	13	12	4	1	1	1	2	2
3)	Sanjeev Singhal	13	13	4	4	NA	NA	2	2
4)	I.V. Sarma	NA	NA	4	4	1	1	NA	NA
5)	Dr. Usha Ramachandra	13	13	4	4	NA	NA	NA	NA
6)	Dr. Jyoti Mukhopadhyay	NA	NA	NA	NA	1	1	NA	NA
7)	Surendra Sinh	NA	NA	2	-	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 OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr.No.	Name of Director	DIN	Date of appointment in Company
1.	Dr. Dinesh Kumar Likhi	03552634	01/09/2011
2.	Dr. Sanjay Kumar Jha	07533036	05/07/2016
3.	Sanjeev Singhal	07642358	06/01/2017
4.	Indraganty Venkateswara Sarma	02144740	01/12/2015
5.	Dr. Jyoti Mukhopadhyay	02224647	01/12/2015
6.	Dr. Usha Ramachandra	02831588	01/12/2015
7.	Sanjay Jaju	01671018	30/05/2018
8.	Surendra Sinh	07960634	09/10/2017

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR PUTTAPARTHI JAGANNATHAM & CO.,  
COMPANY SECRETARIES**

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

**Place: Hyderabad  
Date: 23.05.2019**

## 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 2019. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

We have also examined the compliance of conditions of Corporate Governance by Mishra Dhatu Nigam Limited for year ended 31<sup>st</sup> March, 2019 as stipulated in Regulation 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the Stock Exchanges(BSE & NSE).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in The Listing Agreements and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010.

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

**FOR PUTTAPARTHI JAGANNATHAM & CO.,  
COMPANY SECRETARIES**

**Place: Hyderabad  
Date: 21.05.2019**

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

**ANNEXURE - XI**

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

**Sub: Compliance certificate to Board of Directors**  
-----

Dear Sir/Madam,

1. We have reviewed Financial Statements and the Cash Flow Statement of Mishra Dhatu Nigam Limited for the year ended 31<sup>st</sup> March 2019 and that to the best of our knowledge and belief:
  - (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 existing 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 ended 31<sup>st</sup> March 2019 are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
  - (i) that there has not been any significant change in internal control over financial reporting during the year under reference;
  - (ii) the changes in accounting policies during the year and its impact on financial statements; and
  - (iii) that we are not aware of any instances during the year of significant fraud with involvement therein 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: 23.05.2019  
Place: Hyderabad

## ANNEXURE-XII

## Form No. AOC-2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/agreements entered into by the Company with related parties referred to in subsection (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

Name(s) of the related party and nature of relationship	Not Applicable
Nature of contracts/arrangements/transactions	Not Applicable
Duration of the contracts/arrangements/transactions	Not Applicable
Salient terms of the contracts or arrangements or transactions including the value, if any	Not Applicable
Justification for entering into such contracts or arrangements or transactions	Not Applicable
Date(s) of approval by the Board	Not Applicable
Amount paid as advances, if any	Not Applicable
Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not Applicable

**2. Details of material contracts or arrangements or transactions at arm's length basis:**

Name(s) of the related party and nature of relationship	Not Applicable
Nature of contracts/arrangements/transactions	Not Applicable
Duration of the contracts/arrangements/transactions	Not Applicable
Salient terms of the contracts or arrangements or transactions including the value, if any	Not Applicable
Date(s) of approval by the Board	Not Applicable
Amount paid as advances, if any	Not Applicable

**For and on behalf of the Board of Directors**

**Sd/-  
Dr. Dinesh Kumar Likhi  
Chairman & Managing Director**

Date: 23.05.2019  
Place: Hyderabad

## INDEPENDENT AUDITOR'S REPORT

To  
The Members,  
Mishra Dhatu Nigam Limited.

Report on the Audit of Standalone Financial Statements

### Opinion

We have audited the accompanying Standalone Financial Statements of **MISHRA DHATU NIGAM LIMITED**, ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2019, the profit and total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no Key Audit Matters to communicate in our Report.

### Emphasis of Matter

We draw attention to the following matter in the Notes to the Standalone 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 Standalone Financial Statements are subject to receipt of confirmation of balances/reconciliation.

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

### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of Act, with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, the changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting



frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **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 Act, we give in the Annexure A, a Statement on the Matters specified in the Paragraph 3 and 4 of the Order, to the extent applicable
- 2) As required by Section 143(3) of the Act, based on our audit we report 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 relevant books of account;

- d) in our opinion, the aforesaid Standalone 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 5<sup>th</sup> June 2015, Government companies are exempt from the applicability of the provisions of section 164(2) of the Act. Hence no comments offered.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure C. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) As required by Section 143(5) of the Act, we give in Annexure D, a statement on the matters contained in directions issued by the Comptroller & Auditor General of India in terms of aforesaid section.
- h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us :
  - i) The Company has disclosed the impact of pending litigations in its financial position in its Standalone Financial Statements. Refer to Note No. 43 of the Notes on Accounts to the Standalone Financial Statements.
  - ii) The company did not have any long term contracts including Derivative Contracts for which there were any material foreseeable losses.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**for BASHA & NARASIMHAN**  
Chartered Accountants  
Firm's Registration No.: 006031S

Sd/-  
**(K. Narasimha Sah)**  
Partner  
Membership No.201777

Place: Hyderabad,  
Date: 29<sup>th</sup> May, 2019

## 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:
- The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - 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.
  - According to the information and explanation given to us and on the basis of our examination of the conveyance deeds provided to us, we report that, the title deeds of immovable properties of land and buildings which are mentioned here under are not held in the name of the Company as at the Balance sheet date.

Sl No.	Particulars	Land Details
1	Total Number of Cases	Factory Area: 132 acres and 31 Guntas Corporate Office: 8.00 Acres Township Area: 97 Acres and 05 Guntas Under lease to DRDO & Others: 37 Acres and 39 Guntas.
2	Whether Freehold/ Lease hold	Free hold
3	Gross/ Net Block as on 31-03-2019 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.

- 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.
- According to the information and explanations given to us and based on our examination of records, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered under section 189 of the Act. Accordingly the clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.
- According to the information and explanations given to us and based on our examination of records, the provisions of section 185 and 186 of the Act are not applicable to the Company vide Notification GSR No.463(E) F.No.1/2/2014-CL.V dated 5<sup>th</sup> June 2015.
- 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 31<sup>st</sup> March, 2019 and therefore, the provisions of the clause 3(v) are not applicable to the Company.
- We have broadly reviewed the cost records maintained by the Company as prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate and complete.
- 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:
  - The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Entry Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March 2019 for a period of more than six months from the date they became payable.

- c) Details of disputed Statutory Dues of Sales Tax, Value Added Tax, Customs Duty, Excise Duty, Entry Tax, Service Tax, Cess (as applicable) as at 31<sup>st</sup> March 2019, on account of disputes pending before appropriate authorities as given in Annexure - B.
- viii. According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company has not defaulted in repayment of dues to any financial institution or bank or government during the year. The Company has not issued any debentures.
- ix. According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is 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 5<sup>th</sup> June 2015 issued by the Central Government, therefore the provisions of clause 3(xi) of the order are not applicable to the Company.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and on the basis of examination of the records of the Company, all transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the Standalone Financial Statements etc., as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with its Directors or persons connected to its directors and hence reporting under clause 3(xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause 3(xvi) of the Order is not applicable.

**for BASHA & NARASIMHAN**  
Chartered Accountants  
Firm's Registration No.: 006031S

Sd/-  
**(K. Narasimha Sah)**  
Partner  
Membership No.201777

Place: Hyderabad,  
Date: 29<sup>th</sup> May, 2019

## 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, 2019.

According to the records of the company dues on account of any dispute with respect to Sales Tax, Value Added Tax, Customs Duty, Excise Duty, Service Tax, Entry Tax, Cess and the particulars are furnished below:

(₹ in million)

Name of the Statute	Nature of Dues	Disputed Amount	Paid under Protest	Balance	Period to which the amount relates	Forum where dispute is pending
CST Act, 1956	CST	16.57	8.28	8.28	2010-11	VAT Tribunal
VAT Act, 2005	VAT	0.38	0.10	0.29	2010-11	Appellate Deputy Commissioner
CST Act, 1956	CST	0.23	0.21	0.02	2011-12	Appellate Deputy Commissioner
CST Act, 1956	CST	2.12	0.53	1.59	2013-14	Appellate Deputy Commissioner
VAT Act, 2005	VAT	17.86	2.23	15.63	02/2014 to 06/2017	Appellate Deputy Commissioner
AP Entry Tax Act, 2001	Entry Tax	2.10	0.74	1.37	2013-14 & 2014-15	Appellate Deputy Commissioner
Customs Act, 1962	Customs Duty & Penalty	10.62	-	10.62	2011-12	CESTAT
Central Excise Tariff Act, 1985	Excise Duty & Penalty	22.60	-	22.60	2006-07 to 2008-09	Comm. of Customs, Central Excise & Service Tax
Central Excise Tariff Act, 1985	Excise Duty on account of non-reversal of ITC for material sent on job work	13.00	0.41	12.59	2012-13 & 2013-14	Comm. of Customs, Central Excise & Service Tax
Finance Act, 1994	Service Tax on LD received from Vendors	15.42	0.77	14.65	07/2012 to 03/2016	CESTAT
Finance Act, 1994	Service Tax on LD received from Vendors	3.32	0.25	3.07	2016-17	Comm. Of Customs, Central Excise & Service Tax
Finance Act, 1994	Service Tax on Works Contract	0.09	0.01	0.08	2016-17	Comm. Of Customs, Central Excise & Service Tax
	<b>Total</b>	<b>104.31</b>	<b>13.52</b>	<b>90.79</b>		

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

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

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of the Company, as of 31<sup>st</sup> March 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls:**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by ICAI and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion:**

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31<sup>st</sup> March, 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**for BASHA & NARASIMHAN**

Chartered Accountants

Firm's Registration No.: 006031S

Sd/-

**(K. Narasimha Sah)**

Partner

Membership No.201777

Place: Hyderabad,  
Date: 29<sup>th</sup> May, 2019

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

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

**Report on the directions under sub-section 5 of Section 143 of the Act, issued by the Comptroller and Auditor General of India:**

Sl. No.	Directions u/s. 143(5) of the Companies Act, 2013	Auditor's Reply on action taken on the directions	Impact
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	Company is using Oracle ERP software to record all business and financial transactions including Purchase Accounting, Sales Accounting, Inventory transactions, Production transactions, Accounts Payable, Accounts Receivable, Fixed Assets, Payroll, Oracle Process Manufacturing and General Ledger and all the modules are integrated with one another. The software itself has built in checks and validations between inter related modules, thus the data accuracy and integrity is maintained. All payment approvals are processed using the approval hierarchy defined in Oracle Module. All the accounting transactions are processed and the Trial Balance is generated from Oracle based ERP System. In view of the above, we confirm that no financial transactions are carried out outside IT systems and hence there is no financial implication on the integrity of the accounts during the Financial Year 2018-19.	NIL
2.	Whether there is any restructuring of an existing loan or cases of waiver/write-off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated	According to the information and explanation furnished to us, and based on our examination of books, we are of the opinion that there is no restructuring of an existing loan or cases of waiver / write-off of debts / loans/ interest etc made by a lender to the company during the financial year 2018-19.	NIL
3.	Whether funds received / receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation	Based on the examination of the books and records of the company, during the Financial Year 2018-19: a) Grant of Rs.6.00 Crores from Solar Energy Corporation of India Limited towards 4MW Solar Power Plant established at the Company premises. The total funds are utilized for the said purpose. b) Grant of Rs.2.00 Crores from Ministry of Steel for promotion of Research & Development. Under this initiative it is decided by the company to revamp the existing Vacuum Induction Melting Furnace and the procurement actions is in progress. These grants are accounted as per Ind AS 20 and as per the Accounting Policy 2.22	NIL

**for BASHA & NARASIMHAN**  
 Chartered Accountants  
 Firm's Registration No.: 006031S

Sd/-  
**(K. Narasimha Sah)**  
 Partner  
 Membership No.201777

Place: Hyderabad,  
 Date: 29<sup>th</sup> May, 2019



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MISHRA DHATU NIGAM LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of MISHRA DHATU NIGAM LIMITED, HYDERABAD for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under 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 29 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of MISHRA DHATU NIGAM LIMITED, HYDERABAD for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor, company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

Sd/-  
**(Santosh Kumar)**  
**Pr. Director of Commercial Audit**

Place: Bengaluru  
Date: 08 July 2019

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2019

Particulars	Note No.	(₹ in Million)	
		As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>ASSETS:</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	4,236.70	3,427.75
Capital work-in-progress	5	1,750.47	649.93
Intangible assets	4	12.77	16.58
Financial Assets			
(i) Investments	6	21.01	21.01
(ii) Loans	7	-	0.01
Non current tax assets (Net)	8	106.52	202.12
Other non-current assets	9	480.51	681.77
<b>Total Non-Current Assets</b>		<b>6,607.98</b>	<b>4,999.17</b>
<b>Current assets:</b>			
Inventories	10	5,088.35	2,413.80
Financial Assets			
(i) Trade receivables	11	3,522.44	4,134.34
(ii) Cash and cash equivalents	12	1,400.42	851.08
(iii) Bank balances [other than (ii) above]	13	579.52	949.71
(iv) Others	14	96.42	178.80
Other current assets	15	951.56	125.10
<b>Total Current Assets</b>		<b>11,638.71</b>	<b>8,652.83</b>
<b>Total Assets</b>		<b>18,246.69</b>	<b>13,652.00</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	16	1,873.40	1,873.40
Other Equity	17	6,473.69	6,016.95
<b>Total Equity</b>		<b>8,347.09</b>	<b>7,890.35</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	18	5.71	9.20
(ii) Others	19	1,560.98	469.99
Provisions	20	10.90	7.98
Deferred tax liabilities (net)	21	398.00	286.36
Other non-current liabilities	22	2,588.99	740.58
<b>Total Non-current liabilities</b>		<b>4,564.58</b>	<b>1,514.11</b>
<b>Current Liabilities</b>			
Financial liabilities			
(i) Borrowings	23	1,060.86	919.33
(ii) Trade payables	24	1,286.49	963.16
(iii) Others	25	629.34	748.70
Other current liabilities	26	2,150.54	1,235.13
Provisions	27	207.79	381.22
<b>Total Current Liabilities</b>		<b>5,335.02</b>	<b>4,247.54</b>
<b>Total Equity and Liabilities</b>		<b>18,246.69</b>	<b>13,652.00</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: 29.05.2019

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 2019

(₹ in Million)

Particulars	Note No.	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>Income</b>			
Revenue From Operations	28	7,108.46	6,660.78
Other Income	29	368.95	292.00
<b>Total Income</b>		<b>7,477.41</b>	<b>6,952.78</b>
<b>Expenses</b>			
Cost of material consumed	30	2,927.63	1,535.49
Excise Duty	31	-	43.87
Change in inventories of finished goods, work-in-progress and stock-in-trade	32	(1,039.86)	(359.85)
Employee benefits expense	33	1,084.05	1,282.94
Finance Costs	34	63.64	85.60
Depreciation and amortization expense	3, 4	231.95	196.41
Other expenses	35	2,299.53	2,249.63
<b>Total Expenses</b>		<b>5,566.94</b>	<b>5,034.09</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>1,910.47</b>	<b>1,918.69</b>
Exceptional Items - Income / (Expense)	36	-	63.82
<b>Profit / (Loss) before tax</b>		<b>1,910.47</b>	<b>1,982.51</b>
<b>Tax expense</b>			
Current Tax	37	493.48	598.61
Earlier Year Tax		(0.21)	(10.67)
MAT Credit Entitlement		-	-
Deferred Tax		111.64	81.95
<b>Profit / (Loss) for the period</b>		<b>1,305.56</b>	<b>1,312.62</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss		7.50	(14.73)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(2.62)	5.10
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		4.88	(9.63)
<b>Total Comprehensive Income for the period</b>		<b>1,310.44</b>	<b>1,302.99</b>
(Comprising Profit / (Loss) and Other Comprehensive Income for the period)			
Earning per equity share (Amount in ₹)			
Basic (₹)		6.97	7.01
Diluted (₹)		6.97	7.01
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: 29.05.2019

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 2019

**A: Equity Share Capital**

	(₹ in Million)
Particulars	Amount
Balance as at 31 <sup>st</sup> March 2018	1,873.40
Changes in Equity Share Capital	-
Balance as at 31 <sup>st</sup> March 2019	1,873.40

**B. Other Equity**

	Reserves and Surplus		Other Comprehensive Income	(₹ in Million)
	Retained Earnings	General Reserve	Other items of Other Comprehensive Income	Total Other Equity
<b>Opening Balance as at 1<sup>st</sup> April 2017</b>	<b>131.47</b>	<b>5,007.59</b>	<b>30.98</b>	<b>5,170.04</b>
Changes in Equity Share Capital during the year	-	-	-	-
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	-	-
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>88.01</b>	<b>5,907.59</b>	<b>21.35</b>	<b>6,016.95</b>
<b>Opening Balance as at 1<sup>st</sup> April 2018</b>	<b>88.01</b>	<b>5,907.59</b>	<b>21.35</b>	<b>6,016.95</b>
Changes in Equity Share Capital during the year	-	-	-	-
Profit for the period	1,305.56	-	-	1,305.56
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	4.88	4.88
Dividends	(708.14)	-	-	(708.14)
Dividend Distribution Tax	(145.56)	-	-	(145.56)
Transfer to General Reserve	(500.00)	500.00	-	-
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>39.87</b>	<b>6,407.59</b>	<b>26.23</b>	<b>6,473.69</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: 29.05.2019

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 2019

(₹ in Million)

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>Cash flows from operating activities</b>		
Profit/(loss) for the year (before tax)	1,917.97	1,967.78
Adjustments for:		
Depreciation expense	231.95	196.41
Finance costs	63.64	85.60
Interest income	(135.56)	(213.19)
Profit / Loss on sale of Fixed Assets	0.46	(0.09)
	<b>2,078.46</b>	<b>2,036.51</b>
<b>Working capital adjustments:</b>		
(Increase) decrease in inventories	(2,674.55)	(353.38)
(Increase) decrease in trade receivables and loans	611.91	(1,249.01)
(Increase) decrease in other financial assets	82.38	(61.99)
(Increase) decrease in other non-current assets	201.26	(588.06)
(Increase) decrease in other current assets	(826.46)	(0.51)
Increase (decrease) in trade payables	322.59	291.29
Increase (decrease) in other financial liabilities	971.63	468.90
Increase (decrease) in provisions	(54.49)	(2.59)
Increase (decrease) in non-current liabilities	1,848.41	(348.50)
Increase (decrease) in other current liabilities	915.41	404.26
Cash generated from operating activities	3,476.55	596.92
Income tax paid (net)	(516.31)	(394.36)
<b>Net cash from operating activities (A)</b>	<b>2,960.24</b>	<b>202.56</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(2,137.63)	(954.85)
Profit / Loss on sale of Fixed Assets	(0.46)	0.09
Interest received	135.56	213.19
Investment in fixed deposits	(51.13)	(38.94)
<b>Net cash from investing activities (B)</b>	<b>(2,053.66)</b>	<b>(780.51)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	138.04	790.66
Dividend on shares	(854.00)	(456.08)
Interest paid	(63.64)	(85.60)
<b>Net cash flow from (used in) financing activities (C)</b>	<b>(779.60)</b>	<b>248.98</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>126.98</b>	<b>(328.97)</b>
Cash and cash equivalents at 1 April	10.36	339.33
Cash and cash equivalents at the reporting date	137.34	10.36

(₹ in Million)

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>Reconciliation of cash and cash equivalents as per the balance sheet</b>		
Cash and cash equivalents as per the cash flow statement	137.34	10.36
Other bank balances not considered above		
- Term Deposit and EMD Deposit	1,263.08	840.72
	<b>1,400.42</b>	<b>851.08</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: 29.05.2019

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. Revenue from the sale of manufactured goods is recognized upfront at the point in time when the goods are delivered to the customer. The supply of alloys may include supply of third-party equipment or material. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the company is acting as the principal or as an agent of the customer. The company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, liquidated damages, performance bonuses and incentives, if any, as specified in the contract with the customer.

Sales revenue is measured at fair value net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The appropriate timing for transfer of risks and rewards varies depending on the individual terms and conditions of the sales contract.

In case of Ex-works contract, revenue is recognized when the goods are handed over to the carrier/agent for dispatch to the buyer and wherever customer's prior inspection is stipulated; revenue is recognized upon acceptance by customer's inspector.

In case of sales on FOR/FOB destination contracts, revenue is recognized considering the expected time in respect of dispatches to reach the destination within the accounting period, subject to adjustments based on actual receipt of material at destination.

Claims for additional revenue in respect of sales contracts/orders against outside agencies are accounted on certainty of realization.

Revenue on rendering of service: Revenue is recognized when the outcome of the services rendered can be estimated reliably. Revenue is recognized in the period when the service is performed by reference to the contract stage of completion on the reporting date.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there is a billing in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

#### **Use of significant judgments in revenue recognition:**

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identify distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfillment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalization. The assessment of this criterion requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

## **2.4 Foreign currencies**

Foreign currency monetary items are recorded in the Functional Currency at the closing rate of the reporting period. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognized as expense or income in the period in which they arise.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through statement of profit and loss.

## **2.5 Employee benefits**

### **i. Defined Contribution Plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the statement of profit and loss in the periods during which services are rendered by employees. The Company has Post Retirement Medical Benefit Scheme (PRMBS) and Pension Scheme under this category.



## ii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds, in the absence of deep market for high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in the statement of profit and loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the statement of profit and loss. The Company recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

The Company has Gratuity and contribution towards Provident Fund under this category.

## iii. Compensated Absence

The Company accounts for its liability towards compensated absences based on actuarial valuation done as at the balance sheet date by an independent actuary using the Projected Unit Credit Method. The liability includes the long term component accounted on a discounted basis and the short term component which is accounted for on an undiscounted basis.

## iv. Other Employee Benefits

Other employee benefits are estimated and accounted for based on the terms of the employment contract.

## 2.6 Property, plant and equipment

Land is capitalized at cost to the Company. Development of land such as leveling, clearing and grading is capitalized along with the cost of building in proportion to the land utilized for construction of building and rest of the development expenditure is capitalized along with the cost of land. Development expenditure incurred for the purpose of landscaping or for any other purpose not connected with construction of any building is treated as cost of land.

All other items of Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The company opted to adopt the previous GAAP value as the 'deemed cost' for the purposes of preparation of opening balance sheet as at 01 April 2015.

The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of replacing a part of an item is recognized in the carrying amount of the item of property, plant and equipment, if the following recognition criteria are met:

- a) It is probable that future economic benefits associated with the item will flow to the Company and;
- b) The cost can be measured reliably.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Useful lives of the significant components are estimated by the internal technical experts.

The carrying amount of the replaced part is de-recognized at the time the replacement part is recognized. The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in statement of profit and loss when the item is de-recognized. The costs of the day-to-day servicing of the item are recognized in statement of profit and loss as incurred.

The present value of expected cost for the dismantling and restoration are included in the cost of respective assets if recognizing criteria for provision are met.

Pending disposal, unserviceable fixed assets are removed from the Fixed Assets Register and shown under "Other Current Assets" as a separate line item at the lower of their net book value and net realizable value. As and when the disposal of such assets takes place, the difference between the carrying amount and the amount actually realized will be recognized as Loss / Profit from sale of Fixed Assets.

Advance paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date is classified as capital advance under "Other non-current assets" and the cost of assets not put to use before such date are disclosed under 'capital work-in-progress'.

Customer funded assets: As per the guidance of Appendix C of erstwhile Ind AS 18 "Transfer of Assets from Customers" are recognized as an item of property, plant and equipment in accordance with Ind AS 16 in the books of accounts and depreciation is charged accordingly.

As per para 8 of Ind AS 16, items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with this Ind AS when they meet the definition of property, plant and equipment and are expected to be used for more than one accounting year. Otherwise, such items are classified as inventory.

### **Depreciation**

Depreciation is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life.

The useful lives have been determined to be equal to those prescribed in Schedule II to the Companies Act, 2013. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets whose actual cost does not exceed ₹5000/-, depreciation is provided at the rate of hundred percent in the year of capitalization.

### **Disposal:**

Gain and losses on disposal are determined by comparing net sale proceeds with carrying amount. These are included in statement of profit and loss.

## **2.7 Intangible assets**

### **i. Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. For transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### **ii. De-recognition of intangible assets**

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in statement of profit and loss when the asset is de-recognized.

### **iii. Useful lives of intangible assets**

Amortization is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life.

The useful lives have been determined in accordance with guidance provided at Schedule II to the Companies Act, 2013.

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## 2.8 Inventories

Inventories are valued on the following basis:

- i. **Raw materials, consumables, spares and Tools and Instruments in Central Stores**  
At weighted average cost
- ii. **Raw materials in Shop floor/ Sub-stores in the shops**  
At weighted average rate of Central Stores, at the end of the year
- iii. **Consumables in Shop floor/Sub-stores**  
All consumables drawn from the Central Stores are charged off to expense. Only in respect of 'A' and 'B' class consumables identified by Management from time to time, the stock at the Shop floor/Shop sub-stores are brought to inventory at the close of the year at the weighted average rate. However, moulds, rolls, dies etc., in use at the close of the year, are valued at issue rates with reference to the balance life, technically estimated.
- iv. **Re-usable process scrap, process rejections and sales rejections with customers for return**  
At estimated realizable value for scrap.
- v. **Tools and Gauges**  
Issued tools, instruments, gauges etc. are amortized uniformly over their estimated life.
- vi. **Work-in-process**  
At cost or estimated realizable value appropriate to the stage of production based on technical evaluation, whichever is less. However, the WIP of 5 years old and above is valued at the realizable scrap rate.
- vii. **Finished Goods**  
At cost or net realizable value (at shop finished stage) whichever is less. However, the Finished Goods of 5 years old and above is valued at the realizable scrap rate.
- viii. Goods in transit are valued at cost.
- ix. Stores declared surplus / unserviceable are transferred to salvage stores for disposal, and charged to revenue.
- x. Provision for the non-moving raw materials, consumables and spares for over three years is made as under:  
Raw materials: 85% of the book value  
Consumables and Spares (which do not meet definition of PPE): 50% of the book value
- xi. Stationery, uniforms, medical and canteen stores are charged off to revenue at the time of receipt.

## 2.9 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 netted-off from revenue on recovery/advice by the customers. A provision is created for the likely claims of Liquidated Damages for shipments made where a reliable estimation can be made.

Disputed/Time barred debts from Govt. Depts. & PSUs are not treated as Doubtful Debts. However, on a review appropriate provisions/write offs are made in the books of accounts on a case to case basis.

Provision for Doubtful Debts is made on the amounts due from other than Govt. Depts. & PSUs using expected credit loss provisional matrix.

Provision for Contingencies & Warranty to take care of rejected / returned material by customers is provided at an average of percentages of rejections over turnover related to manufactured products for the previous 5 years.

### **2.18 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 2019, and have not been applied in preparing these financial statements. The effect of the same is being evaluated by the Company.

### **2.22 Government Grants:**

- i. Grants from the Government are recognized at their fair value where there is reasonable assurance that grant will be received and the Company will comply with all attached conditions.
- ii. Government grants relating to income are deferred and recognized in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Alternatively, they are deducted in reporting the related expense.
- iii. Grants related to non-depreciable assets may also require the fulfilment of certain obligations and would then be recognized in profit or loss over the periods that bear the cost of meeting the obligations.
- iv. Government Grants received either as subsidy or otherwise for acquisition of depreciable assets are accounted as deferred income. If the grant/subsidy is absolute, amount corresponding to the depreciation is treated as income over the life of the asset. If the grant/subsidy is attached with any conditions, such as repayment, income is accounted as per the terms of the grant/subsidy.

## 3. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings/ Drainage/ water systems	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Other Others (Roads and bridges)	Total Tangible Assets
<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	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	62.24	455.86	2,992.10	41.13	37.37	75.79	258.40	3,923.24
Closing gross carrying amount	-	-	-	-	-	-	-	-
<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)
Closing accumulated depreciation	-	41.99	358.48	9.59	11.08	20.00	54.35	495.49
<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>3,427.75</b>
<b>Year ended 31<sup>st</sup> March 2019</b>								
Gross Carrying amount	62.24	455.86	2,992.10	41.13	37.37	75.79	258.40	3,923.24
Opening gross carrying amount	158.96	7.78	850.17	4.35	1.88	15.20	1.26	1,039.60
Additions	-	(0.32)	(1.97)	(0.28)	(0.03)	(0.39)	(0.18)	(3.17)
Disposals	221.20	463.32	3,840.30	45.20	39.22	90.60	259.48	4,959.67
Closing gross carrying amount	-	-	-	-	-	-	-	-
<b>Accumulated depreciation</b>								
Opening accumulated depreciation	-	41.99	358.48	9.59	11.08	20.00	54.35	495.49
Depreciation charge during the year	-	17.72	161.01	4.82	4.77	14.30	25.52	228.14
Disposals	-	(0.03)	(0.14)	(0.15)	-	(0.28)	(0.06)	(0.66)
Closing accumulated depreciation	-	59.68	519.35	14.26	15.85	34.02	79.81	722.97
<b>Net Carrying amount</b>	<b>221.20</b>	<b>403.64</b>	<b>3,320.95</b>	<b>30.94</b>	<b>23.37</b>	<b>56.58</b>	<b>179.67</b>	<b>4,236.70</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 ₹ 452.02 million (31-Mar-2018 ₹ 298.96 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.							
<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>	<b>Life in Years</b>	<b>Amount ₹ in Million</b>	<b>Life in Years</b>	<b>Amount ₹ in Million</b>
Furniture	0.68	10	0.04	5	0.13	0.09		
<b>TOTAL</b>	<b>0.68</b>	<b>0.68</b>	<b>0.04</b>	<b>0.13</b>	<b>0.13</b>	<b>0.09</b>		
<b>Previous Year</b>	<b>0.68</b>	<b>0.68</b>	<b>0.05</b>	<b>0.11</b>	<b>0.11</b>	<b>0.06</b>		

8. Refer Note 43(ii) for outstanding contractual commitments.

**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 2018</b>			
Gross Carrying amount			
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	-	-	-
<b>Closing accumulated depreciation</b>	<b>16.48</b>	<b>1.18</b>	<b>17.66</b>
<b>Net Carrying amount</b>	<b>15.34</b>	<b>1.24</b>	<b>16.58</b>
<b>Year ended 31<sup>st</sup> March 2019</b>			
<b>Gross Carrying amount</b>			
Opening gross carrying amount	31.82	2.42	34.24
Additions	-	-	-
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	16.48	1.18	17.66
Depreciation charge during the year	3.45	0.36	3.81
Disposals	-	-	-
Closing accumulated depreciation	19.93	1.54	21.47
<b>Net Carrying amount</b>	<b>11.89</b>	<b>0.88</b>	<b>12.77</b>

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

	(₹ in Million)	
Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Capital Work-in-Progress-Civil	149.45	10.08
Capital Work-in-Progress- Plant & Machinery Under Erection	1,587.78	639.85
Plant, Machinery & Equipment under Inspection & in Transit	13.24	-
<b>Total</b>	<b>1,750.47</b>	<b>649.93</b>

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

	(₹ in Million)	
Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Trade Investments Non-Trade, Unquoted AT COST		
Investment in Equity instruments		
AP Gas Power Corporation Limited		
18,43,857 fully paid up Equity share of ₹ 10/- each including 7,71,847 fully paid up bonus share of face value ₹ 10/- each	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**

Particulars	(₹ in Million)	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Unsecured, considered good		
Loans and advances to employees	-	0.01
<b>Total</b>	<b>-</b>	<b>0.01</b>

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

Particulars	(₹ in Million)	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Advance Income Tax	106.52	202.12
<b>Total</b>	<b>106.52</b>	<b>202.12</b>

**9. OTHER NON-CURRENT ASSETS**

Particulars	(₹ in Million)	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Capital Advances</b>		
Unsecured, considered good	480.51	681.77
Doubtful	3.55	3.55
Less: Provision	3.55	3.55
<b>Sub-Total</b>	<b>480.51</b>	<b>681.77</b>
<b>Others</b>		
Doubtful Advances to supplier	2.25	2.25
Less: Provision	2.25	2.25
Obsolete and slow moving -Raw material	0.01	0.01
Less: Provision	0.01	0.01
Obsolete and slow moving -consumables	3.25	2.80
Less: Provision	3.25	2.80
Obsolete and slow moving -spares	13.90	13.41
Less: Provision	13.90	13.41
<b>Total</b>	<b>480.51</b>	<b>681.77</b>

**10. INVENTORIES**

Particulars	(₹ in Million)	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Raw Materials and components	1,354.63	443.74
Raw Materials and components -in transit	174.19	182.09
<b>Total</b>	<b>1,528.82</b>	<b>625.83</b>
Work-in-progress #	2,476.95	1,160.87
<b>Total</b>	<b>2,476.95</b>	<b>1,160.87</b>
Finished goods in transit	54.81	331.03
<b>Total</b>	<b>54.81</b>	<b>331.03</b>
Stores and spares	45.92	44.54
Stores and spares -in transit	-	1.97
<b>Total</b>	<b>45.92</b>	<b>46.51</b>
Loose Tools	0.10	0.50
<b>Total</b>	<b>0.10</b>	<b>0.50</b>

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Consumables	142.76	103.13
Consumables-in transit	2.59	-
<b>Total</b>	<b>145.35</b>	<b>103.13</b>
Internally generated Scrap/rejected material	836.40	145.93
<b>Total</b>	<b>836.40</b>	<b>145.93</b>
<b>Grand Total</b>	<b>5,088.35</b>	<b>2,413.80</b>

The Inventory does not include material held in trust on behalf of customers and materials issued by the Customers to Midhani for Job Works.

#Work in progress Include materials lying with sub-contractors ₹ 175.77 milliion (31.03.2018 ₹ 132.09 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 2019	As at 31 <sup>st</sup> March 2018
<b>Debts Outstanding for period exceeding Six Months</b>		
Unsecured, considered good #	667.59	1,041.96
Unsecured, considered doubtful	76.40	99.66
Less: Provision	76.40	99.66
<b>Total</b>	<b>667.59</b>	<b>1,041.96</b>
<b>Other Debts</b>		
Unsecured, considered good #	2,854.85	3,092.38
Unsecured, considered doubtful	21.18	50.09
Less: Provision	21.18	50.09
<b>Total</b>	<b>2,854.85</b>	<b>3,092.38</b>
<b>Grand Total</b>	<b>3,522.44</b>	<b>4,134.34</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 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Within Credit the Period	0.76%	0.40%
Upto 3 months	1.67%	1.13%
3-6 months	6.14%	3.46%
6-9 months	14.83%	16.41%
9-12 months	75.86%	87.50%
>12 months	100.00%	100.00%
Specific Provision (Rs. In Million) relating to Defence, Govt and PSU customer dues	56.03	73.91
Specific Provision (Rs. In Million) relating to Defence, Govt, PSU, Private customer dues (LD)	39.29	74.28

Age of receivables	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Private Customers -Unsecured</b>		
Within Credit the Period	0.07	35.86
Upto 3 months	0.01	20.02
3-6 months	-	27.02
6-9 months	4.68	-
9-12 months	-	-
>12 months	1.57	0.26
Private Customers -secured	8.26	0.90
Defence, Govt and PSU customer dues	3,605.43	4,200.03

#### Movement in Provision made against Trade Receivables

Particulars	Total
<b>Loss allowance as on 31<sup>st</sup> March 2018</b>	<b>149.75</b>
Changes in loss allowance	(52.17)
<b>Loss allowance as on 31<sup>st</sup> March 2019</b>	<b>97.58</b>

(₹ in Million)

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

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Balances with Banks</b>		
In Current Accounts	136.90	10.03
In Deposit Accounts #	1,263.08	840.72
<b>Cash on hand</b>	0.44	0.33
<b>Total</b>	<b>1,400.42</b>	<b>851.08</b>

(₹ in Million)

# 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]

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Earnest Money Deposits with IndusInd Bank	12.30	11.56
Unpaid Dividend	0.30	-
Term Deposits*	566.92	938.15
<b>Total</b>	<b>579.52</b>	<b>949.71</b>

(₹ in Million)

\*Balances in Term Deposit Accounts includes ₹ 566.92 million (31.03.2018 ₹ 497.94 million) pledged for secured over drafts availed against the deposits with various banks and ₹ NIL (31.03.2018 ₹ 440.21) earmarked for repayment of term loan availed with IndusInd Bank

**14. CURRENT FINANCIAL ASSETS - OTHERS**

Particulars	(₹ in Million)	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Loans and advances to employees	1.61	10.20
Interest accrued on loans to employees	0.01	0.03
Claims receivable	5.07	6.45
Deposits with others	60.58	49.27
Interest accrued on bank deposits	29.15	112.85
Interest accrued-doubtful	-	28.66
Less: Provision	-	28.66
<b>Total</b>	<b>96.42</b>	<b>178.80</b>

**15. OTHER CURRENT ASSETS**

Particulars	(₹ in Million)	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Assets held for disposal	0.20	-
Prepaid expenses	15.79	13.16
GST/Customs duty receivable	864.12	63.92
Others		
Unsecured, considered good		
Advance to suppliers	71.45	48.02
<b>Total</b>	<b>951.56</b>	<b>125.10</b>

**16. EQUITY SHARE CAPITAL**

Particulars	(₹ in Million)	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Authorised</b>		
Equity shares		
20,00,00,000 shares @ ₹ 10/- per share (Previous Year 20,00,00,000 shares @ ₹ 10/- per share)	2,000.00	2,000.00
	<b>2,000.00</b>	<b>2,000.00</b>
<b>Issued</b>		
Equity shares		
18,73,40,000 shares @ ₹ 10/- per share (Previous Year 18,73,40,000 shares @ ₹ 10/- per share)	1,873.40	1,873.40
	<b>1,873.40</b>	<b>1,873.40</b>
<b>Subscribed and fully Paid up</b>		
Equity shares		
18,73,40,000 shares @ ₹ 10/- per share (Previous Year 18,73,40,000 shares @ ₹ 10/- per share)	1,873.40	1,873.40
	<b>1,873.40</b>	<b>1,873.40</b>
<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 2019		31 <sup>st</sup> March 2018	
	No. of Shares	Amount (₹ in Million)	No. of Shares	Amount (₹ in Million)
Outstanding as at Opening Date	187,340,000	1,873.40	187,340,000	1,873.40
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
<b>Outstanding as at Closing Date</b>	<b>187,340,000</b>	<b>1,873.40</b>	<b>187,340,000</b>	<b>1,873.40</b>

Terms/right attached to equity shares

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

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

Particulars	31 <sup>st</sup> March 2019		31 <sup>st</sup> March 2018	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹ 10/- each fully paid-up (Previous Year ₹ 10/- each)				
President of India	138,631,600	74.00%	138,631,600	74.00%
Life Insurance Corporation of India	13,522,029	7.22%	16,350,564	8.73%

## 17. OTHER EQUITY

Particulars	As at 31 <sup>st</sup> March 2019		As at 31 <sup>st</sup> March 2018	
(₹ in Million)				
General Reserve				
Opening Balance		5,907.59		5,007.59
Add: Additions during the year		500.00		900.00
<b>Sub-total</b>		<b>6,407.59</b>		<b>5,907.59</b>
Retained Earnings				
Opening Balance		88.01		131.47
Add: Amount transferred from statement of profit and loss		1,305.56		1,312.62
Amount available for appropriation		1,393.57		1,444.09
Less: Appropriations				
Interim Dividend	314.73		-	
Final Dividend 2017-18	393.41		378.94	
Dividend Tax	145.56		77.14	
Transferred to General Reserve	500.00	1,353.70	900.00	1,356.08
<b>Sub-total</b>		<b>39.87</b>		<b>88.01</b>
Components of other comprehensive income				
Opening Balance		21.35		30.98
Add: Remeasurement of the net defined benefit liability / asset, net of tax effect		4.88		(9.63)
<b>Sub-total</b>		<b>26.23</b>		<b>21.35</b>
<b>Total</b>		<b>6,473.69</b>		<b>6,016.95</b>

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

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Unsecured</b>		
Advances - Augmentation Facilities - VSSC (This represents balance amount payable (net of ₹ 5.00 million (31.03.2018 ₹ 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.)	5.71	9.20
	<b>5.71</b>	<b>9.20</b>

(₹ in Millions)

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

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

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Grants - Customer Financed Projects	1,560.98	469.99
<b>Total</b>	<b>1,560.98</b>	<b>469.99</b>

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

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Provision for employee benefits</b>		
Provision for gratuity	8.59	6.60
Provision for compensated absences	2.31	1.38
<b>Total</b>	<b>10.90</b>	<b>7.98</b>

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

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Deferred Tax Liabilities</b>		
On Depreciation	445.11	344.98
<b>Sub Total</b>	<b>445.11</b>	<b>344.98</b>
<b>Deferred Tax Assets</b>		
On Provision	46.30	58.14
On Disallowance as per IT Act	0.81	0.48
<b>Sub Total</b>	<b>47.11</b>	<b>58.62</b>
<b>Net Total</b>	<b>398.00</b>	<b>286.36</b>

**Movement in deferred tax**

(₹ in Million)

Particulars	Closing Balance 31-Mar-2018	Charge/Credit during the year 2018-19	Closing Balance 31-Mar-2019
<b>Deferred Tax Assets</b>			
Provision for Non Moving Stores	5.61	0.38	5.99
Provisions for Doubtful Debts	26.12	(5.75)	20.37
Provisions for Doubtful ICD	9.92	(9.92)	-
Provisions for Doubtful Adv / Claims	2.01	(1.22)	0.79
Provision for Contingencies & Warranty	9.36	3.50	12.86
AMTL Leave Provision	0.48	0.33	0.81
OFB Interest Differences (Net)	3.68	1.31	4.99
VSSC Interest Differences (Net)	1.44	(0.14)	1.30
<b>Total Assets</b>	<b>58.62</b>	<b>(11.51)</b>	<b>47.11</b>
<b>Deferred Tax Liability</b>			
Depreciation	344.98	100.13	445.11
<b>Total Liability</b>	<b>344.98</b>	<b>100.13</b>	<b>445.11</b>
<b>Net Liability</b>	<b>286.36</b>	<b>111.64</b>	<b>398.00</b>

**22. OTHER NON-CURRENT LIABILITIES**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Advances</b>		
Advances from Customers	1,984.08	200.93
<b>Others</b>		
Material Received on Loan - Kaveri Project	2.57	2.40
Other Liabilities - VSSC	5.47	5.47
Other Liabilities - OFB	2.69	-
Advances Others	6.46	6.46
Deferred Income	587.72	525.32
<b>Total</b>	<b>2,588.99</b>	<b>740.58</b>

**23. CURRENT FINANCIAL LIABILITIES - BORROWINGS**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Secured</b>		
Loans repayable on demand		
From Banks		
Cash Credit	550.63	21.18
(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	510.23	448.15
Secured by Fixed Deposits of ₹ 566.92 million (31.03.2018 ₹ 497.94 million)		
<b>Unsecured</b>		
From Banks		
Short Term Loans	-	450.00
<b>Total</b>	<b>1,060.86</b>	<b>919.33</b>

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

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Micro, Small & Medium Enterprises	37.58	35.33
Others @	1,248.91	927.83
<b>Total</b>	<b>1,286.49</b>	<b>963.16</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 2019	31 <sup>st</sup> March 2018
Amount due and Payable at the year end		
Principal	37.58	35.33
Interest on above Principal	6.43	3.43
Payments made during the year after the due date		
Principal	218.83	299.71
Interest on above Principal	-	-
Interest due and payable for principals already paid	7.27	7.48
<b>Total Interest accrued and remained unpaid at year end</b>	<b>13.70</b>	<b>10.91</b>

**25. CURRENT FINANCIAL LIABILITIES - OTHERS**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Earnest money deposit	1.79	9.72
Security Deposit	16.71	10.37
Liabilities to customers	288.46	311.46
Capital creditors	106.02	78.85
Employee payables	216.06	338.30
Unpaid Dividend	0.30	-
<b>Total</b>	<b>629.34</b>	<b>748.70</b>

**26. OTHER CURRENT LIABILITIES**

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Advances received from customers	1,330.40	608.43
Advance for Customer Financed projects	385.24	364.36
Material Received on Loan - Others	428.62	196.42
Statutory liabilities	3.79	65.92
Deferred Revenue	2.49	-
<b>Total</b>	<b>2,150.54</b>	<b>1,235.13</b>



## 27. CURRENT - PROVISIONS

(₹ in Million)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Provision for employee benefits</b>		
Provision for compensated absences	8.47	28.86
Provision for gratuity	19.68	66.72
Provision for post retirement medical scheme	9.41	8.98
Provision for pension scheme	21.95	21.19
Provision for other employee benefits	110.39	111.31
<b>Other Provisions</b>		
Provision for contingencies and warranty	36.79	27.04
Provision for Income Tax	-	116.02
Other provisions	1.10	1.10
<b>Total</b>	<b>207.79</b>	<b>381.22</b>

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

(₹ in Million)

Particulars	As at 01.04.2018	Additions	Utilization	Reversal	As at 31.03.2019
Compensated absences	30.24	37.55	57.01	-	10.78
Gratuity	73.32	27.85	72.90	-	28.27
Post retirement medical scheme	8.98	9.41	8.98	-	9.41
Pension Scheme	21.19	21.95	21.19	-	21.95
Contingencies and Warranty	27.04	9.75	-	-	36.79
Others	112.41	91.6	92.52	-	111.49
<b>Total</b>	<b>273.18</b>	<b>198.11</b>	<b>252.60</b>	<b>-</b>	<b>218.69</b>

## 28. REVENUE FROM OPERATIONS

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
Sale of Manufacturing Products	6,893.84	6,553.09
Export Sales	80.53	1.47
Sale of Services	57.48	66.37
Other Operating Revenues	76.61	39.85
<b>Total</b>	<b>7,108.46</b>	<b>6,660.78</b>

**29. OTHER INCOME**

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
<b>Interest Income</b>		
From Banks	85.51	169.45
From Employees	-	0.01
From Others	50.05	43.73
Liquidated Damages	80.80	18.71
Exchange rate variance	4.51	1.79
Net gain on sale of Fixed Assets	1.39	0.75
Income from Sale of Unserviceable Scrap	15.43	25.64
Excess Liabilities written back	117.96	28.57
Grants Income	1.80	-
Other miscellaneous income	11.50	3.35
<b>Total</b>	<b>368.95</b>	<b>292.00</b>

**Details of other miscellaneous income**

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
Sale of Application Forms (Personnel)	0.06	0.23
Sale of Tender Documents	0.05	0.61
Others	11.39	2.51
<b>Total</b>	<b>11.50</b>	<b>3.35</b>

**30. COST OF MATERIAL CONSUMED**

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
Cost of Material for manufactured products	2,927.63	1,535.49
<b>Total</b>	<b>2,927.63</b>	<b>1,535.49</b>

**31. EXCISE DUTY**

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
Excise - Finished Goods	-	43.87
<b>Total</b>	<b>-</b>	<b>43.87</b>

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

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
<b>Opening Stock</b>		
Work-in-progress	1,160.87	1,125.63
Finished Stock	331.03	6.42
	1,491.90	1,132.05
<b>Closing Stock</b>		
Work-in-progress	2,476.95	1,160.87
Finished Stock	54.81	331.03
	2,531.76	1,491.90
<b>(Increase) / Decrease</b>		
Work-in-progress	(1,316.08)	(35.24)
Finished Stock	276.22	(324.61)
<b>Total</b>	<b>(1,039.86)</b>	<b>(359.85)</b>

**33. EMPLOYEE BENEFITS EXPENSE**

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
<b>Salaries &amp; Wages</b>		
Salaries & Wages	710.39	892.89
Leave Encashment	37.55	60.88
Directors remuneration	18.11	12.66
<b>Contribution to Provident and other Funds</b>		
Contribution to provident fund	61.92	58.15
Employees Gratuity	27.85	52.99
Leave salary and pension contribution	29.55	20.64
<b>Staff Welfare &amp; Training</b>		
Workmen and staff welfare expense	198.68	184.73
<b>Total</b>	<b>1,084.05</b>	<b>1,282.94</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	2018-19	2017-18	
In Income Statement	27.18	51.99	
In Other Comprehensive Income	(7.50)	14.73	
Net Liability	<b>19.68</b>	<b>66.72</b>	

<b>Assets and Liability (Balance Sheet Position)</b>		(₹ in Million)	
<b>Particulars</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>	
Present Value of Obligation	405.74	465.65	
Fair Value of Plan Assets	386.06	329.35	
Surplus / (Deficit)	(19.68)	(136.30)	
Effects of Asset Ceiling, if any	-	-	
<b>Net Assets / (Liability)</b>	<b>(19.68)</b>	<b>(136.30)</b>	

<b>Changes in the Present Value of Obligation</b>		(₹ in Million)	
<b>Particulars</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>	
Present Value of Obligation as at beginning	465.65	428.94	
Current Service Cost	16.65	47.01	
Interest Expense or Cost	35.96	31.44	
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-	
- Change in demographic assumptions	-	(14.00)	
- Change in financial assumptions	1.65	(8.55)	
- Experience variance (Actual Vs assumptions)	(5.93)	36.05	
Past Service Cost	-	-	
Effect of change in foreign exchange rates	-	-	
Benefits Paid	(108.24)	(55.24)	
Acquisition Adjustment	-	-	
Effect of business combinations or disposals	-	-	
<b>Present Value of Obligation as at the end</b>	<b>405.74</b>	<b>465.65</b>	

<b>Bifurcation of net liability</b>		(₹ in Million)	
<b>Particulars</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>	
Current Liability (Short term)	-	78.59	
Non-Current Liability (Long term)	19.68	387.06	
<b>Net Liability</b>	<b>19.68</b>	<b>465.65</b>	

<b>Changes in the Fair Value of Plan Assets</b>		(₹ in Million)	
<b>Particulars</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>	
Fair Value of Plan Assets as at the beginning	329.35	359.35	
Investment Income	25.44	26.34	
Employer's Contribution	136.30	0.12	
Expenses	-	(0.15)	
Employee's Contribution	-	-	
Benefits Paid	(108.24)	(55.24)	
Return on plan assets , excluding amount recognised in net interest expense	3.22	(1.08)	
Acquisition Adjustment	-	-	
<b>Fair Value of Plan Assets as at the end</b>	<b>386.07</b>	<b>329.35</b>	

<b>Changes in the Fair Value of Plan Assets</b> (₹ in Million)		
<b>Particulars</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Expenses Recognised in the Income Statement</b> (₹ in Million)		
<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Current Service Cost	16.65	46.89
Past Service Cost	-	-
Loss / (Gain) on settlement	-	-
Expected return on Asset	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	10.53	5.10
Actuarial Gain/Loss	-	-
<b>Expenses Recognised in the Income Statement</b>	<b>27.18</b>	<b>51.99</b>

<b>Other Comprehensive Income</b> (₹ in Million)		
<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
<b>Actuarial (gains) / losses</b>		
- change in demographic assumptions	-	(14.00)
- change in financial assumptions	1.65	(8.55)
- experience variance (i.e. Actual experience vs assumptions)	(5.93)	36.05
- others	-	-
Return on plan assets, excluding amount recognized in net interest expense	(3.22)	1.08
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	0.15
Components of defined benefit costs recognised in other comprehensive income	<b>(7.50)</b>	<b>14.73</b>

**Actuarial assumptions**

<b>Particulars</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Discount rate (per annum)	7.65%	7.73%
Salary growth rate (per annum)	8.00%	8.00%

**Demographic assumptions**

<b>Particulars</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
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**

(₹ in Million)

Particulars	31-Mar-19		31-Mar-18	
	Decrease	Increase	Decrease	Increase
Defined Benefit Obligation (Base)	465.65		465.65	
Discount Rate (- / + 1%)	428.03	386.10	487.83	445.93
(% change compared to base due to sensitivity)	5.5%	-4.8%	4.8%	-4.2%
Salary Growth Rate (- / + 1%)	394.57	416.67	450.21	478.80
(% change compared to base due to sensitivity)	-2.8%	2.7%	-3.3%	2.8%
Attrition Rate (- / + 1%)	403.78	407.39	448.35	481.13
(% change compared to base due to sensitivity)	-0.5%	0.4%	-3.7%	3.3%
Mortality Rate (- / + 10%)	405.63	405.86	465.16	466.15
(% change compared to base due to sensitivity)	0.0%	0.0%	-0.1%	0.1%

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

(₹ in Million)

1 year	76.00
2 to 5 years	265.36
6 to 10 years	114.27
More than 10 years	252.18

**(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-19	31-Mar-18
Current Liability (Short term)	30.10	213.47
Non-Current Liability (Long term)	189.68	-
Net Liability	<b>219.78</b>	<b>213.47</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 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 2019	For the Year Ended 31 <sup>st</sup> March 2018
<b>Interest expense</b>		
Cash Credit	11.52	0.02
Short Term Overdrafts	16.49	47.34
Interest - Others	34.11	30.88
Interest - Term Loan	1.52	7.36
<b>Total</b>	<b>63.64</b>	<b>85.60</b>

**35. OTHER EXPENSES**

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
Travelling Expenses		
Travelling and conveyance	39.52	34.06
Hire of cars	4.03	4.81
Communication Expenses		
Postage & telephone	5.88	6.57
Repairs & maintenance expenses		
Buildings	33.94	57.44
Plant and machinery	27.88	25.27
Others	17.38	12.36
Rent, rates & taxes		
Rates and taxes	0.61	0.85
Rent	1.77	1.90
Printing and stationery		
Printing and stationery	1.60	1.18
Office maintenance expenses		
Security guard charges	66.30	66.15
Administration expenses-Others	11.30	20.69
Power & fuel		
Power and fuel	547.42	539.52
Sub-contractor expenses		
Sub-contractor expenses	732.17	709.99
General expenses		
CSR Expenses	39.35	32.83
Bad debts written off	43.98	35.94
Fixed Assets written off	1.85	0.66
Liquidated damages on sales	-	69.00
Sales schemes	142.93	103.62
Increase/(Decrease) Excise duty on finished goods	-	(0.19)
Library books	3.17	1.68
News paper and journals	0.78	0.07
Membership fees	0.60	0.65
Training expenses	5.16	2.97
Entertainment/courtesy expenses	0.53	0.48
Hostel/guest house expenses net of income	2.66	2.72
Business promotion expenses	21.63	31.63
Directors sitting fees	1.18	1.38
Factory expenses	27.99	32.13
Advertisement	15.60	13.30
Water charges	14.99	14.39
Consumption of stores, loose tools and spare parts		

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
Consumption of stores, loose tools and spare parts	411.61	338.89
Insurance expenses		
Insurance	15.05	16.24
Professional charges		
Legal and professional fees	0.42	0.39
Internal Audit Fee	1.36	2.13
Consultancy charges	26.82	20.41
Contract professionals expenses	1.25	6.47
R& D Expenses		
R & D Contribution	2.80	7.37
Auditors remuneration		
Auditor's remuneration(As per details below)	0.70	0.83
Finance & bank charges		
Bank charges	8.32	5.34
Provision for non moving inventories	0.93	0.04
Provision for Bad debts		
Provision for Doubtful Debts	8.32	27.47
Provision for Contingencies & Warranty		
Provision for Contingencies & Warranty	9.75	-
<b>Total</b>	<b>2,299.53</b>	<b>2,249.63</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 2019	For the Year Ended 31 <sup>st</sup> March 2018
Consumption of materials	27.20	36.41
Conversion costs	95.10	28.47
Other Expenditure	21.79	32.28
R & D Contribution	2.56	7.37
<b>Total</b>	<b>146.65</b>	<b>104.53</b>

Remuneration and other payments to the auditor

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
<b>Auditor</b>		
(a) Statutory Audit	0.55	0.55
(b) Tax Audit	0.15	0.18
(c) Other Services	-	0.10
<b>Total</b>	<b>0.70</b>	<b>0.83</b>

Details of Corporate Social Responsibility

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
Promoting Education	29.38	24.50
Protection of Environmental & Ecology balancing Projects	-	-
Promotion of Health	8.97	8.33
Women Empowerment	-	-
Other Projects	1.00	-
<b>TOTAL</b>	<b>39.35</b>	<b>32.83</b>



**36. EXCEPTIONAL ITEMS**

Particulars	(₹ in Million)	
	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
<b>Income</b>		
Refund of Pension Contribution	-	63.82
	-	63.82
<b>Expenditure</b>		
	-	-
	-	-
<b>Net Income / (Expenditure)</b>	<b>-</b>	<b>63.82</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**

Particulars	(₹ in Million)	
	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
<b>Current tax</b>		
Current tax on profits for the year	496.10	593.51
Earlier year tax	(0.21)	(10.67)
MAT Credit Entitlement	-	-
	495.89	582.84
<b>Deferred tax</b>		
Decrease (increase) in deferred tax liabilities	(111.64)	(81.95)
<b>Total income tax expense</b>	<b>607.53</b>	<b>664.79</b>

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

Particulars	(₹ in Million)	
	For the Year Ended 31 <sup>st</sup> March 2019	For the Year Ended 31 <sup>st</sup> March 2018
<b>Profit before tax</b>	<b>1,917.97</b>	<b>1,967.78</b>
Tax at Indian tax rate of 34.944% (2017-18 - 34.608%)	670.22	681.00
Add:		
Depreciation under Companies Act	231.95	196.41
Disallowances under Sec 43B	-	-
Provision for Doubtful Debts	(17.18)	15.38
Provision for non moving stores and spares	0.94	0.04
R&D expenditure	146.65	104.53
Provision for contingency & warranty	9.75	(14.48)
Provision for obsolete items	-	(0.70)
Prov. For doubtful claims	(28.66)	
CSR Expenses	39.35	32.83
OFB Deferred Exp (Net-off)	3.66	3.70
VSSC Deferred Exp (Net-off)	(0.45)	(0.11)
AMTL Leave Provision	0.93	(0.30)
Provision for advance to suppliers	-	(0.12)
Others	13.70	10.91
	<b>400.64</b>	<b>348.09</b>

(₹ in Million)

Particulars	For the Year Ended 31 <sup>st</sup> March 2019		For the Year Ended 31 <sup>st</sup> March 2018	
Less:				
Earlier years liability discharged in the current year	-		127.86	
Donations 80G - Akshaya Patra Foundation	0.50		-	
Depreciation as per IT Act	448.85		257.22	
R & D weighted deductions	449.57		231.95	
	<b>898.92</b>		<b>617.03</b>	
Net Adjustments (Additions - Deductions)	<b>(498.28)</b>	(174.12)	<b>(268.94)</b>	(93.07)
Tax Liability		496.10		587.93
Interest		-		5.58
Earlier Year Tax		(0.21)		(10.67)
MAT Credit Entitlement		-		-
Deferred Tax		111.64		81.95
<b>Total</b>		<b>607.53</b>		<b>664.79</b>

**Financial instruments**
**38. Fair value measurements**
**A. Financial instruments by category**

(₹ in Millions)

	31 <sup>st</sup> March 2019				31 March 2018			
	FVPL	FVOCI	Amortized Cost	Total	FVPL	FVOCI	Amortized Cost	Total
<b>Financial assets</b>								
Trade receivables	-	-	3,522.44	3,522.44	-	-	4,134.34	4,134.34
Cash and cash equivalents	-	-	1,979.94	1,979.94	-	-	1,800.79	1,800.79
Loans	-	-	-	-	-	-	0.01	0.01
Other financial assets	-	-	96.42	96.42	-	-	178.80	178.80
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,598.80</b>	<b>5,598.80</b>	<b>-</b>	<b>-</b>	<b>6,113.94</b>	<b>6,113.94</b>
<b>Financial liabilities</b>								
Borrowings	-	-	1,066.57	1,066.57	-	-	928.53	928.53
Trade payables	-	-	1,286.49	1,286.49	-	-	963.16	963.16
Other financial liabilities	-	-	2,190.32	2,190.32	-	-	1,218.69	1,218.69
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,543.38</b>	<b>4,543.38</b>	<b>-</b>	<b>-</b>	<b>3,110.38</b>	<b>3,110.38</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, 2019, March 31, 2018 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, 2019, March 31, 2018 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 do 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 2018	149.75
Changes in loss allowance	(52.17)
Loss allowance on 31 March 2019	97.58

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, 2019, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

Particulars	Carrying amount (₹ in Million)	
	March 31, 2019	March 31, 2018
India	3,537.00	4,284.09
Outside India	83.02	-
	3,620.02	4,284.09

At March 31, 2019, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

Particulars	Carrying amount (₹ in Million)	
	March 31, 2019	March 31, 2018
Government and Government undertakings	3,605.43	4,200.03
Others	14.59	84.06
	3,620.02	4,284.09

### 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 ₹ 1400.42 million at March 31, 2019 (March 31, 2018: ₹ 851.08 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.

Contractual maturities of financial liabilities	(₹ in Million)					
	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>31 March 2019</b>						
<b>Non derivatives</b>						
Borrowings	1060.86					1060.86
Trade payables	1202.53	2.24	81.72			1286.49
Other financial liabilities	629.34					629.34
<b>Total non-derivative liabilities</b>	<b>2892.73</b>	<b>2.24</b>	<b>81.72</b>	<b>-</b>	<b>-</b>	<b>2976.69</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 8.70% 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 8.70 percent (2018: 8.35 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 2019
<b>Total liabilities</b>		<b>9,899.60</b>
Less : Cash and cash equivalent		1,979.94
Adjusted net debt		7,919.66
Total equity		8,347.09
Less : Hedging reserve		-
Adjusted equity		8,347.09
Adjusted net debt to adjusted equity ratio		0.95

**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-19	31-Mar-18
The President of India	Holding Company	India	74%	74%

**Transactions with key management personnel****Key management personnel compensation**

Name of the party	31 March 2019					31 March 2018
	Salaries & wages	PF & EPS	Gratuity	Leave encashment	Total	Total
(a) Dr.D.K.Likhi, C&MD	6.89	0.34		0.47	7.70	4.44
(b) Shri Sanjeev Singhal, Director (F)	4.00	0.26		0.41	4.67	4.21
(c) Shri Sanjay Kumar Jha, Director (P&M)	5.43	0.31			5.74	4.01
<b>Total</b>	<b>16.32</b>	<b>0.91</b>	<b>-</b>	<b>0.88</b>	<b>18.11</b>	<b>12.66</b>

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

Particulars	31 March 2019	31 March 2018
<b>(i) Contingent liabilities</b>		
Claims against the company not acknowledged as debt	429.70	141.52
Bank Guarantees	191.34	87.91
Letter of credit outstanding	347.04	85.45
	<b>968.08</b>	<b>314.88</b>
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Capital commitments)	819.80	570.58
	<b>819.80</b>	<b>570.58</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 2019	31 March 2018
Profit attributable to equity holders of the Company (₹ in Million)	1,305.56	1,312.62
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)	6.97	7.01

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 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.

In line with the above, accounting policy 2.3 "Revenue recognition" has been modified and implemented w.e.f 1<sup>st</sup> April 2018



## MISHRA DHATU NIGAM LIMITED

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

CIN L14292TG1973GOI001660

REGISTERED OFFICE & WORKS:

P.O KANCHANBAGH, HYDERABAD-500058, INDIA

Phone: 24184515 / 24340853

Fax: -+91-40-24340214 / 24340853

Website: - www.midhani-india.in

### COMMERCIAL OFFICES

<p><b>NEW DELHI</b> Core 6, Floor-1, Scope Complex, 7-Lodhi Road, <b>New Delhi - 110003</b> Tele-Fax: +91-011-26890253 Tel: +91-011-41666375 Email: dro@midhani-india.in</p>	<p><b>KOLKATA</b> BE-70, Ground Floor, Secor 1, Salt Lake, Kolkata - 700064 Tele-Fax: +91-033-23348411 Tel: +91-033-23344832 Email: kco@midhani-india.in</p>
<p><b>BANKERS</b> ANDHRA BANK, HDFC BANK, STATE BANK OF INDIA</p>	<p><b>STATUTORY AUDITORS</b> M/s Basha &amp; Narasimhan Chartered Accountants, Hyderabad</p>
<p><b>COST AUDITORS</b> M/s S. S. Zanwar &amp; Associates, Hyderabad</p>	<p><b>SECRETARIAL AUDITORS</b> M/s R&amp;A Associates., Hyderabad</p>
<p><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: rta@alankit.com / jksingla@alankit.com</p>	
<p><b>INVESTOR RELATIONS</b> Paul Antony Company Secretary &amp; Compliance Officer Tele-Fax: +91-040-24340853 / 24184515 Email: secretary@midhani-india.in / company.secretary@midhani-india.in</p>	







**MISHRA DHATU NIGAM LIMITED**

Corporate Identity Number (CIN): L14292TG1973GOI001660  
Registered Office: PO – Kanchanbagh Hyderabad - 500058, Telangana, INDIA  
Tel. No: 91-40-24184515 Fax No: 91-40-24340214 / 24340853  
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:

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

Address .....

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

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

Address .....

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

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 Fifth Annual General Meeting of the company, to be held on Friday, Wednesday, September 25<sup>th</sup> 2019 at 1030 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, 2019, together with the Reports of the Board of Directors' and Auditors' thereon;		
2	To confirm payment of interim dividend and declare final dividend for the Financial Year ended 31 <sup>st</sup> March 2019		
3	Re-appointment of Dr. S.K Jha (DIN: 07533036), who retires by rotation.		
4	To authorize the Board of Directors to fix remuneration of the Auditors for the FY 2019-20.		
<b>SPECIAL BUSINESS</b>			
5	Re-appointment of Shri Indraganty Venkateswara Sarma (DIN: 02144740) as an Independent Director.		
6	Re-appointment of Dr. Jyoti Mukhopadhyay (DIN: 02224647) as an Independent Director.		
7	Re-appointment of Dr. Usha Ramachandra (DIN: 02831588) as an Independent Director.		
8	Ratification of remuneration of Cost Auditors for the FY 2019-20		

Signed this..... day of ..... 2019

Affix  
Revenue  
Stamp

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

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 Fifth Annual General Meeting of the Company.



## **MISHRA DHATU NIGAM LIMITED**

CIN :L14292TG1973GOI001660

(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)