

39^{वाँ} वार्षिक प्रतिवेदन
39th ANNUAL REPORT
2012-2013



MISHRA DHATU NIGAM LIMITED

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



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

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

आधिप्रमाणित
Authenticated

रक्षा राज्य मंत्री
Raksha Rajya Mantri

39th

ANNUAL REPORT
2012-2013



MISHRA DHATU NIGAM LIMITED

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



Chairman's Message

It is an immense pleasure for me to present the Annual Report of Mishra Dhatu Nigam Limited (Acronym: MIDHANI) for the Financial Year 2012-13. It is the 39th Annual Report of the Company.

I am extremely happy to announce that we have once again crossed the Rs.500 Cr. Mark by achieving highest ever sales turnover of Rs.558.59Cr. an increase of about 10% over the previous year's sales and recorded a net profit (PAT) of Rs.82.52Cr. The Company has also paid 20%dividend on equity in second consecutive year to the Government amounting to Rs.37.47Cr. As reflected in the financial highlights, the year 2013 has been an exceptionally good year for all of us, and based on the overall performance, the Company could achieve ""Excellent"" on the MoU rating. MIDHANI has come a long way from "Hindu rate of Growth" period in the beginning and ushered in a period of sustained growth and prosperity, achieving absolutely impressive Compound Annual Growth Rate (CGAR) of about 20% in sales over last 10 years by implementing appropriate holistic plans for strategic development.

Sustained marketing effort and meeting the customer's expectation resulted healthy order booking during the year 2012-13, especially from Defence Sector. I am glad to inform that we took the technological challenge of getting into advanced ceramic and for the first time of our history, could bag the order from Air Force, for armoring of MI-17 helicopters with technology developed by DMRL.

Constantly evaluating our strategic role as a sole supplier of advanced materials in the Country and new production facilities and process technologies which would be required thereof in the foreseeable time to serve the customers better, we have initiated massive modernization and expansion program, which is progressing under full swing. It gives me a great pleasure to share with you that we will be getting first of its kind in the country, a sophisticated Electron Beam Melting (EBM) furnace for the production and refining of exotic materials for which the contract has been signed in

the year 2012-13. With the all components of value creation machineries in place, we aim to breach the Rs.1000 Cr. sales mark and the Company to emerge as one of the global players in the production of advanced metals and alloys.

Setting up on the backdrop of making the Country self-reliant in the field of advanced materials, MIDHANI is taking strategic decision to go beyond the traditional alloy-making path to enter in to the manufacture of carbon Fiber – the backbone Carbon Fiber Polymer-Matrix Composites (PMC), which has already emerged as strategic material of immense national interest having applications both in military as well as in civilian sector, because of its high strength –to-volume ratio, high stiffness and very low density compared to steels. MIDHANI is also actively exploring the feasibility of production of Photovoltaic Solar Silicon Wafer, Rare earth magnets, Cold Rolled Grain Oriented Steels and Aluminium-Lithium alloys and large commercial scale. With these new ideas, MIDHANI which has already emerged as a Center of Excellence in Advanced Metal and Alloys products in the Country will enter into the realm of material science.

MIDHANI, as a signatory to “UN global Compact” initiative, reiterates its firm commitment to the implementation of UN Global Compact’s ten guiding principles in the areas of Human Rights, Labor, Environment and Anti-Corruption measures and do adopt these principles in true spirit in its business strategies and operation. Committed and duty bound, we have incorporated the issues of Corporate Governance, Corporate Social Responsibility (CSR), Sustainable Development (SD), Safety, Energy Consumption, Human Resource Development and Customer Satisfaction in the MoU with the Government of India with measurable yardsticks. As a responsible business organization, MIDHANI has always been striving hard to create and maintain clean environment, uphold the dignity of human value, prevent corruption & exploitation of labors and follows the concept of “Triple Bottom Line”- Planet, People and Profit for Corporate Sustainability.

We believe that our good financial position, technical expertise, flexible manufacturing system and good governance will take advantage of the current and future growth opportunities and meet the aspirations of all the stake holders and the Country always.

I, on my behalf and of behalf of Board of Directors, sincerely thank all the employees of the Company, esteemed customers & suppliers of the Company, Ministry of Defence, all concern institutions and agencies and other stake holders who put their unstinted support in achieving the magnificent result of the Company in the financial year 2012-13.



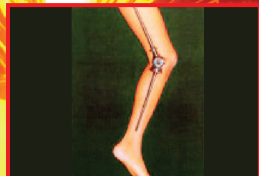
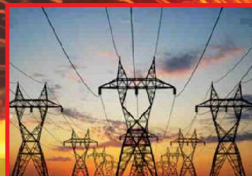
M. NARAYANA RAO
CHAIRMAN & MANAGING DIRECTOR

Trail-blazing custom-made
superalloys, Titanium Alloys,
Special Steels & more...

...for Aeronautical, Space,
Atomic Energy, Armament,
Naval, Power & other
demanding applications



In deep Vaccum
We Create Wonders





FUNCTIONAL DIRECTORS



Board of Directors



Shri. M. Narayana Rao
Chairman & Managing Director



Shri. V. S. Krishnamurthy
Director (Finance)



Dr. D. K. Likhi
Director (Production & Marketing)



GOVERNMENT NOMINEE DIRECTORS



Smt. Kusum Singh
Joint Secretary



Dr. G. Malakondaiah
CC (R&D)



INDEPENDENT DIRECTORS



Smt. Indu Liberhan
Director



Dr. Dipankar Banerjee
Director



Dr. Kota Bhanu Sankara Rao
Director



PERMANENT SPECIAL INVITEE



Shri. P. K. Kataria
Addl. F. A (K) & (JS)

CHIEF VIGILANCE OFFICER



COMPANY SECRETARY



Shri. T. V. Reddy, IFS



Shri. P.V. Subba Rao
Up to 31.05.2013



Shri. Paul Antony
From 13.08.2013

— General Managers —



Shri. B G Raj
G.M. (Commercial &
Business Development)



Shri. P. Mukhopadhyay
G.M. (QA, R&D)



Shri. Pallab Sarkar
G.M. (Production
& Planning)



Dr. H.V. Kiran
G.M. (Marketing)



Shri. Debasish Dutta
G.M. (Projects)



Shri. Achanta Rama
Krishna Rao
G.M. (HR)



Shri. Sanjay Kumar
Agarwal
G.M. (Finance)



Shri. M.S. Chalapathi
G.M. (Production)



Shri. K. Shankara Rao
G.M. (ES)

C O N T E N T

S.No.	DESCRIPTION	PAGE NO.
1.	10 Years at Glance	1
2.	Notice of AGM	4
3.	Report on the Board of Directors'	6
	- Report of Corporate Governance	46
	- Management Discussion & Analysis	65
4.	Auditors' Report	108
5.	Comments of C & AG of India	118
6.	Significant Accounting Policies	119
7.	Balance Sheet	128
8.	Statement of Profit & Loss	130
9.	Notes to Accounts & Schedules	133
10.	Cash Flow Statement	171
11.	Balance Sheet Abstract and Company's General Business Profile	174
12.	MIDHANI - General	178

MISHRA DHATU NIGAM LIMITED, HYDERABAD

10 YEARS AT GALANCE

Figures in Rs. Lakhs. (S. No. 1 - 16)

S.No.	ITEM	2003-04	2004-05	2005-06	2006-07	2007-08
1	Sales(tonnage)	1088	1337	1215	1262	1919
	Sales (Value)					
	..To customers	9,562.63	11,190.78	13,926.20	17,256.58	23,111.71
	..Despatch to sub-contractors	2,949.96	1,936.23	1,362.92	1,993.18	2,389.30
	TOTAL	12,512.59	13,127.01	15,289.12	19,249.76	25,501.01
2	Value of Production (including ED)	11,641.88	14,166.73	17,759.69	22,388.49	29,640.17
3	Cash Profit/Loss(-)*	908.62	1,385.47	2,036.80	3,768.16	5,737.67
4	PBT	756.97	1,152.97	1,841.82	3,559.04	5,494.68
5	Net Profit/Loss (-)**	690.15	687.08	1,180.78	2,318.01	3,548.93
6	Value Added	9,082.89	9,697.49	10,112.80	13,016.50	17,652.62
7	Value added per employee	7.06	7.34	7.67	10.16	13.97
8	Paid up Capital	13,734.00	13,734.00	13,734.00	13,734.00	13,734.00
9	Gross Block	13,138.93	13,115.61	13,270.84	13,340.11	13,810.98
10	Net Fixed asset	2789.45	2583.94	2555.10	2438.47	2667.90
11	Net current asset	11036.09	11777.69	12826.29	14602.87	16767.00
12	Capital employed(10+11)	13,825.54	14,361.63	15,381.39	17,041.34	19,434.90
13	Equity	13734.00	13734.00	13734.00	13734.00	13734.00
14	Reserves	259.68	734.80	1695.16	3474.21	6196.54
15	Net Worth(13+14)	13,888.66	14,468.80	15,429.16	17,208.21	19,930.54
16	Contribution to Exchequer	2,031.00	2,418.00	2,671.00	4,405.00	5,483.00
17	No. of employees	(Figures in Nos.)				
	..Executives	256	265	270	250	249
	..Non executives	1,030	993	985	905	862
	..Non unionized supervisors		63	64	126	153
	TOTAL	1286	1321	1319	1281	1264
	Productivity per employee(rs.Lakhs)	9.05	10.72	13.46	17.48	23.45

MISHRA DHATU NIGAM LIMITED, HYDERABAD

10 YEARS AT GALANCE

Figures in Rs. Lakhs. (S. No. 1 - 16)

S. No.	ITEM	2008-09	2009-10	2011-11	2011-12	2012-13
1	Sales(tonnage)	1908	2429	3014	3482	4687
	Sales (Value)					
	..To customers	27,142.74	31,482.89	33,062.14	39,297.60	49,945.97
	..Despatch to sub-contractors	3,768.49	5,638.10	8,724.63	11,603.67	5,913.17
	TOTAL	30,911.23	37,120.99	41,786.77	50,901.27	55,859.14
2	Value of Production (including ED)	36,402.83	37,323.63	48,545.58	49,599.59	53,736.67
3	Cash Profit/Loss(-)*	6,605.56	7,085.33	7,955.19	10,329.04	12,293.72
4	PBT	6,289.65	6,766.78	7,518.14	9,850.28	11,777.66
5	Net Profit/Loss (-)**	4,114.63	4,455.52	5,090.02	6,845.49	8,251.83
6	Value Added	21,486.34	23,757.48	28,877.73	35,137.66	35,998.14
7	Value added per employee	17.48	19.95	25.76	33.40	36.88
8	Paid up Capital	14,634.00	14,634.00	18,334.00	18,334.00	18,734.00
9	Gross Block	14,228.28	15,454.37	17,693.55	18,703.81	19,975.07
10	Net Fixed asset	2779.32	3676.82	5,526.39	6,067.40	6,817.41
11	Net current asset	18485.64	22757.42	30,310.00	39,507.00	27,921.73
12	Capital employed(10+11)	21,264.96	26,434.24	35,836.39	45,574.40	34,739.14
13	Equity	14634.00	14634.00	18,334.00	18,334.00	18,734.00
14	Reserves	9341.50	12759.18	15,461.46	18,045.30	21,942.51
15	Net Worth(13+14)	23,975.50	27,393.18	33,795.46	36,779.30	40,676.51
16	Contribution to Exchequer	6,651.00	6,295.00	7,956.10	10,347.29	12,136.00
17	No. of employees	(Figures in Nos.)				
	..Executives	249	255	258	250	267
	..Non executives	837	775	685	629	558
	..Non unionized supervisors	143	161	178	173	151
	TOTAL	1229	1191	1121	1052	976
	Productivity per employee(rs.Lakhs)	29.62	31.34	43.31	47.15	55.06



CERTIFICATE



This is to certify that

Mishra Dhatu Nigam Limited

P.O. Kanchanbagh
Hyderabad- 500 058
Andhra Pradesh
INDIA

has implemented and maintains a **Quality Management System.**

Scope:

The Manufacture and Supply of Metal & Alloy Products in Various forms made of Super Alloys, Titanium Alloys, Special Steels, Investment Casting, Fasteners and Weld Consumables for Aerospace & Defense Application.

Through an audit, performed in accordance with AS9104, Rev A and SR 001 it was verified that the management system fulfills the requirements of the following standard:

AS 9100C : 2009-01

EN9100 : 2009

JIS Q9100 : 2009

Quality Management Systems - Requirements for Aviation, Space and Defense Organizations

Certificate registration no. **20006283 ASHD9**

Date of certification **2012-08-20**

Valid until **2015-08-19**



UL DQS Inc.

Ganesh Rao
Managing Director

Accredited Body: UL DQS Inc., 1130 West Lake Cook Road, Suite 340, Buffalo Grove, IL 60089 USA
UL DQS Inc. is accredited by ANAB and recognized by the Americas Aerospace Quality Group (AAQG)

AS9100C Certificate-Midhani

NOTICE OF THE 39th ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting of **MISHRA DHATU NIGAM LIMITED** will be held at 1000 hours on Thursday, the 26th day of September, 2013 at the Registered Office of the Company, P.O. Kanchanbagh, Hyderabad – 500 058, to transact the following business:

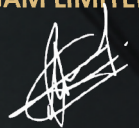
ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date and the reports of the Directors' and the Auditors' thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2013.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass with or without modifications, the following resolution as an "**ORDINARY RESOLUTION**"
"**RESOLVED THAT** the consent of the Members of the Company be and is hereby accorded for transferring a sum of Rs. 38.97Cr. to the General Reserves of the Company"

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



PAUL ANTONY
Company Secretary

Place : Hyderabad,

Date : 02.09.2013

NOTES:

- i. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The proxy form duly completed must reach the Registered Office of the Company at least forty eight hours before the commencement of the Meeting.
- ii. The Explanatory Statement in respect of the Special Business under item No. 3 of the notice is annexed hereto.
- iii. The documents referred to in the Notice and accompanying Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 1100 hours and 1700 hours upto the date of the Annual General Meeting.
- iv. A copy of the audited Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss for the year ended on that date along with all documents required to be annexed or attached thereto along with NIL comments by C&AG of India under Section 619 (4) of the Companies Act, 1956 and the reports of the Directors' and Auditors' thereon, is enclosed.
- v. The Dividend for the year 2012-2013 as and when declared to the extent due will be paid to the Shareholders whose names appear in the Register of Members as on the date of Annual General Meeting.

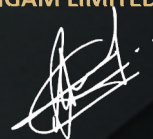
**EXPLANATORY STATEMENT REQUIRED UNDER SECTION 173(2)
OF THE COMPANIES ACT, 1956**

FOR ITEM: 3

Since the year 2012-2013 has resulted in a distributable Profit of Rs. 82.52Cr.; the Board of Directors have recommended to transfer a sum of Rs. 38.97Cr. to the General Reserves of the Company, after appropriating a sum of Rs.37.47 Cr. towards payment of Final Dividend (including interim Dividend of Rs.4 Cr.) and Rs. 6.08 Cr. towards tax on Dividend, for the financial year ended on 31st March, 2013 subject to the approval of the Members in General Meeting as set out in the Notice. As per Article 97 of the Articles of Association of MIDHANI, the Chairman & Managing Director, shall reserve for the decision of the President of India, the matter relating to creation of Reserves and Special Funds. Since the President of India holds virtually the entire paid up share capital of the Company and is the major shareholder in the Company, the resolution for transfer of a surplus of Rs. 38.97 Cr. to General Reserve is proposed for approval of the Members.

2. Your Directors commend the resolution for approval of the Members. None of the Directors of the Company is, in any way concerned or interested, in the resolution.

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



PAUL ANTONY
Company Secretary

**Place : Hyderabad,
Date : 02.09.2013**

DIRECTORS' REPORT



The Members

Mishra Dhatu Nigam Limited,

Dear Members,

On behalf of the Board of Directors, I have immense pleasure in presenting the 39th Annual Report on the performance and achievements of your company for the year ended on 31st March, 2013 together with Audited Statement of Accounts, Auditors' Report and Financial highlights.

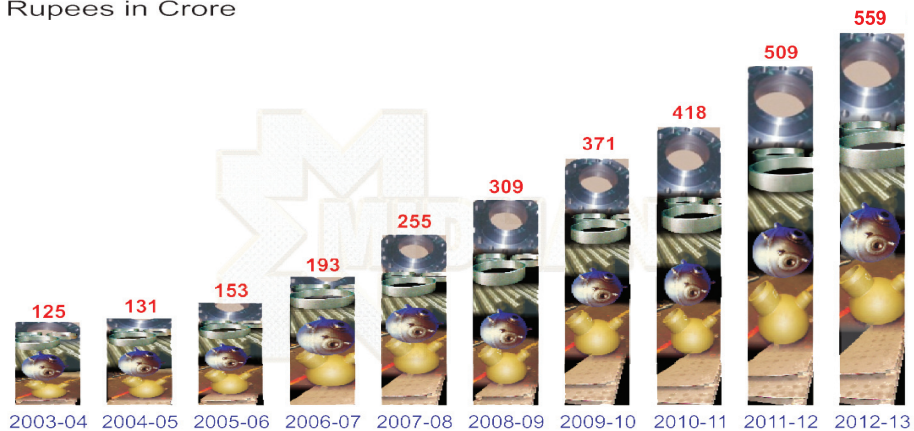
1.0 SIGNIFICANT ACHIEVEMENTS during the year under report were:

- **HIGHEST** ever achieved Sales Turnover of Rs. 558.59 Cr. surpassing the previous year sales of Rs. 509.01 Cr.
- **DECLARATION OF DIVIDEND** upto 20 % on Equity aggregating to Rs. 37.47 Cr. for the second successive year.

- **HIGHEST** VoP of Rs. 537.37 Cr., and VALUE ADDED PER EMPLOYEE of Rs. 36.92 Lakhs higher than the previous year.
- **HIGHEST** achieved order book position of Rs. 1270 Cr. as on 01.04.2013.
- **SIGNING** Transfer of Technology (TOT) Agreement on light weight composite Armour for Mi-17 Helicopter with Defence Metallurgical Laboratory (DMRL).

Sales

Rupees in Crore



2.0 HIGHLIGHTS OF PRODUCTION & SUPPLIES

- Indigenization of strategic products such as Titanium Sea Water filter and Ti High pressure valves for Naval systems.
- Turnover increased to Rs. 558.59 Cr. (4,687 MT) as compared to Rs.509.01Cr. (3,482 MT) during the previous year, thus registering a growth of about 10% value wise.

3.0 FINANCIAL HIGHLIGHTS:

- 3.1 SUCCESSFUL COMPLETION of one full year (F/Y 2012-2013) with Financial Accounts closure, in ERP after stopping the legacy system since 1st April, 2012.

3.2 The Company has earned a Gross Margin of Rs.129.78 Cr. and a Profit before Tax of Rs.117.78 Cr. during the year 2012-13 as compared to Rs. 103.29 Cr. and Rs. 98.50 Cr. in the previous year respectively. The Profit after Tax for the year stands at Rs. 82.52 Cr. as against Rs.68.45 Cr. in the previous year, thus surpassing all the previous years' records.

Net Profit/Loss

Rupees in Crore



3.3 The surplus available for appropriations would be Rs. 82.52 Cr. as against Rs. 68.45 Cr. in the previous year which would enable the Company to declare an Interim Dividend and a final dividend aggregating to Rs.37.47 Cr. as against Rs. 36.67 Cr. in the previous year.

3.4 During the year under report the authorised Share Capital of the Company remained un-altered. The Authorised and Paid up Share Capital stood at Rs. 200.00 Cr. and Rs. 187.34 Cr. respectively, as on 31.03.2013

3.5 Your Company has achieved all the financial and operational targets set out for the year 2012-13. The high lights are as under:

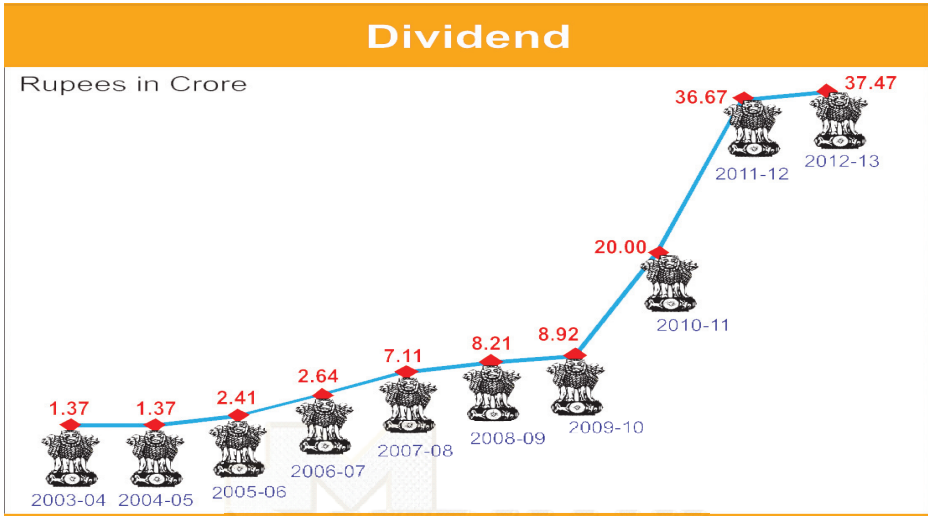
(Figures in Rs. Lakhs)

Particulars	2012-2013	2011-2012
Sales (Less returns)	55859	50901
Other Income	1986	2224
Value of Production (Excluding ED)	53267	48328
Depreciation	516	479
Interest	684	915
Profit (before tax)	11778	9850
Profit (after tax)	8252	6845
Ratios (Percentages)		
Profit Before Tax to Capital employed	33.90	21.61
Profit Before Tax to Sales	21.08	19.35
Profit After Tax to Net Worth	20.29	18.61
Profit After Tax to Paid-up Capital	44.05	37.34
(Net) Sales to Capital Employed	160.80	111.69
Sales to Gross Block	279.64	272.14
Per Capita Sales (Rs. Lakhs)	57.23	48.38

4.0 DIVIDEND AND TRANSFER TO GENERAL RESERVE

- 4.1 The Directors are pleased to recommend a Final Dividend @ 20% on the paid up Share capital of Rs.187.34 Cr. amounting to Rs. 37.47 Cr. as against 20% aggregating to Rs. 36.67 Cr. in the previous year. Further an amount of Rs 6.08 Cr. will be paid as Dividend Tax including surcharge as against Rs.5.95 Cr. in the previous year. The rate of Dividend works out to Rs. 200/- per Equity Share of Rs. 1000/- on 18,73,400 Equity Shares, as against Dividend of Rs. 200/- per Equity Share on 18,33,400 Shares in the previous year. MIDHANI had declared an Interim Dividend of Rs. 4.00 Cr. for the Financial

year 2012-13, adjustable in the Final Dividend declared in the ensuring Annual General Meeting.



4.2 The Directors are happy to inform that a sum of Rs. 38.97 Cr. has been Transferred to General Reserves of the Company after Provision for payment of Dividend as above as against previous year’s transfer of Rs. 25.84 Cr.; thereby accumulating the Reserve to the tune of Rs.219.43 Cr.

5.0 PERFORMANCE AGAINST MoU

5.1 For the year 2012-13 MIDHANI’s performance is expected to be ranked as “EXCELLENT” under various Performance Parameters of MoU.

5.2 For the year 2013-14, MIDHANI signed an MoU with Govt. of India to achieve an annual sales target of Rs. 560 Cr. with a gross margin of Rs.130 Cr. under Excellent criteria.

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

6.1 Modernisation /Upgradation /addition of higher capacity

equipment, new products & processes have become an absolute necessity for survival as also to meet the higher demands from the strategic customers and to challenge the changed market environment.

- 6.2 In line with the above and the Corporate Plan 2020, your Company has taken initiatives to revamp existing facilities and augment with new processes and equipment which will provide your company with best-in-class, world-scale manufacturing capacities. At MIDHANI our expansion plans are primarily based on the current and future requirements of our existing customers as also to further diversify our products portfolio to cater to perceptive customers.
- 6.3 The modernization & up-gradation program is scheduled in a phased manner as detailed below.

❖ **PHASE-I:**

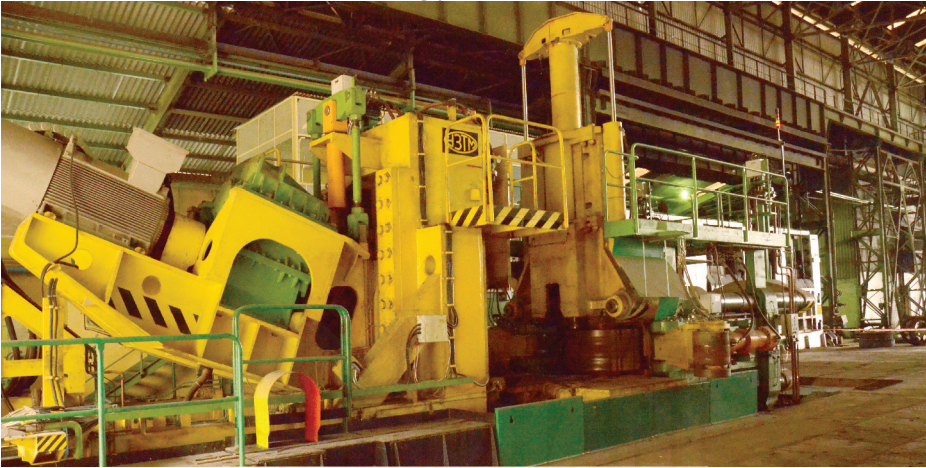
The Phase-I of the expansion plan commenced during the year 2007-08 and completed during the 2010-11 with an investment of Rs.151 Cr. During this phase, the basic melting capacity was enhanced and facilities like VIM, VAR, ESR furnaces and EDS machines were added. Several critical equipments were also revamped and modernized. The completion of Phase-I has already shown results both in terms of production and sales.

❖ **PHASE- II:**

The Phase-II of expansion plan focused mainly on the conversion facilities for saleable products commenced in 2009. The expansion is being supported by the internal resources and Rs.100 Cr. equity and loan by the Government of India. This phase initiates procurement of facilities such as Ring Rolling Mill, 6000T Forge Press and EAF/LRF/VD/VOD largely aligning to the Corporate Plan 2020 of your company.

A brief overview on facilities under this phase is as under:

- **Radial Axial Ring Rolling Mill** for manufacture rings will offer flexibility in processing suitable input stocks thus improving yield, provide control on quality thereby ensuring timely delivery. The Mill after erection & and installation is now under Commissioning process.



The Radial Axial Ring Rolling Mill now under Commissioning Process

- **The 6000 T Forge Press** is very important addition to the facilities of the company. The press will increase the forging capacity, improve the metallurgical quality of products and lower the forging time which will ultimately lead to lower costs and improved delivery. The Civil works, Electrical, Utilities & auxiliary activities are in different stages of execution with the delivery of several parts and components already received.



Construction activities in full swing for erection of 6000 T Forge Press

- **A 20 T capacity Electric Arc Furnace (EAF)** is in its final stage of procurement with almost all components received at MIDHANI along with Ladle refining Furnace (LRF), and Vacuum Degassing (VD)/Vacuum Oxygen Decarburizing (VOD) facility. The procurement of these facilities will lead to better yield & reduced lead times thereby resulting in higher productivity. The related civil and allied works for erection & installation are under progress.
- Work on Fastener plant building, R&D and corporate building is under progress.



Civil and allied works in Progress for erection and installation of 20 T capacity Electric Arc Furnace

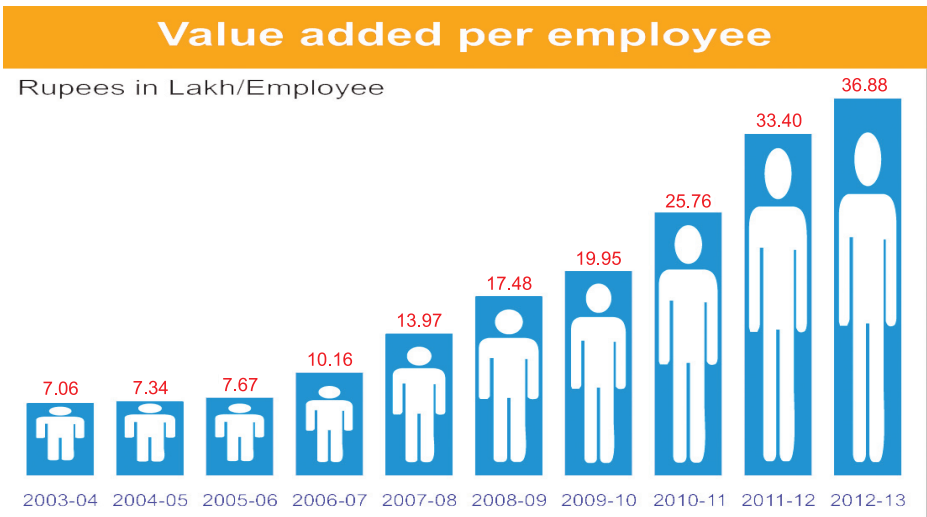
❖ **PHASE-III:**

Major expansions planned under this Phase are setting up of a Wide Plate Mill and an Electron Beam Melting furnace.

- **Electron Beam Melting furnace:** The furnace being an advanced processing technology will help in production and refining of high-purity metals such as Titanium, Niobium, etc., as also of some exotic alloys. Orders have been placed for procurement of this furnace.
- **Wide Plate Mill:** The mill is to cater to the wide plate requirements of Special Steels for Armour plates and for Defence applications. Currently the procurement process of the Wide Plate Mill is under tendering stage

7.0 FUTURE OUTLOOK:

7.1 With a view to discharge its long term goals and to fulfill its Corporate Mission, your company continued its efforts to reach the targeted capacity level of about 7,000-8000 Tonnes/year, from its existing level of 4,000 MT / year, in about a time frame of 3 years.



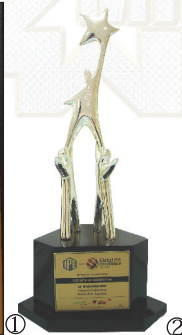
8.0 LABOUR PRODUCTIVITY:

8.1 The value added per employee rose to Rs. 36.88 Lakhs when compared to Rs. 33.40 Lakhs in the previous year and the Direct Labour Productivity, in terms of value added per direct worker, stood at Rs.93.02 Lakhs when compared to Rs. 81.70 Lakhs during the previous year.

9.0 AWARDS:

9.1 Institute of Public Enterprise (IPE) presented the global HR Excellence Award as “CEO with HR Orientation” to Chairman & Managing Director, MIDHANI, Shri. M. Narayana Rao, at a glittering awards ceremony during **World HRD Congress** held at Mumbai.

9.2 Ms. C. Sabita, Dy. General Mgr. (HR & CC) was conferred with 30 women Super Achievers award by IPE during the programme which is endorsed by **Thought Leaders and Asian confederation of Businesses.**



(1&2) Certificate & Award conferred on C&MD, MIDHANI (3) Smt. C. Sabita, DGM (HR&CC) being conferred with 30 woman super achiever's award by IPE.

10.0 OPERATIONAL EFFICIENCY:

10.1 “Excellent” performance in the matter of recycling of reclaimed material from production process to the extent of 31.76% (2,460 MT) obviating the use of virgin raw materials worth Rs.38.69 Cr., this has saved expenditure on costly material and money savings also the import content in the VOP

was maintained at the same level on account of indigenization efforts made by the Company, as compared to last year.

11.0 CAPACITY UTILISATION:

- 11.1 During the year under report M/s. Engineers India Ltd., carried out a detailed study to determine the capacity of the plant after augmentation, installation of all the additional facilities, the report so provided, puts the capacity of the plant at 8600MT/Year.
- 11.2 For Capacity utilization your company has undertaken several in-house measures like process improvements, increasing machining facilities, revamping and retrofitting of age old equipment and improvement of yield (by 0.5%). The results can be seen in the form of improvement in the production in terms of tonnage to almost 35% during the year under report.

12.0 DEVELOPMENTS OF NEW PRODUCTS THROUGH R&D EFFORTS DURING THE YEAR 2012-'13 INCLUDE:

- Development of Superni 750MW for Semi Cryogenic Engine (Aerospace)
- Development of different variants of Martensitic PH steel 11-10PH, for missile applications (Aerospace)
- Development of Martensitic (09X16H4b) and Austenitic Steel (15X18H12C4T) for BRAHMOS as well as Semi Cryogenic Engine (Aerospace)
- Development of Superfer 861 for Aerospace.
- Development of BT-16 titanium alloy for Aerospace.
- Development of different variants of Higher Strength Low alloy weldable steel (AB3) for marine structural application (Naval Systems).
- Development of higher strength Maraging steels equivalent

of Maraging 400/Maraging 500 for strategic Defence application.

- Development of Superni 617CC (Super Alloy) for ultra Super Critical Power.
- Development of MDN304 HCU Special stainless steel for Ultra Super Critical Power Plant.
- Development of special stainless steel (304HCu) and advanced SUPERALLOYS (Superni 617CC and Superni 740) for Advanced Ultra Super Critical (AUSC) Power plants (Power Sectors)
- Development of Titan 31 rings for aerospace application is Solution Treated and Aged (STA) condition.
- Development of Special Martensic Stainless Steel 09 X16H4B for semi cryogenic Engine.
- Development of Aluminum Lithium alloy on pilot scale.

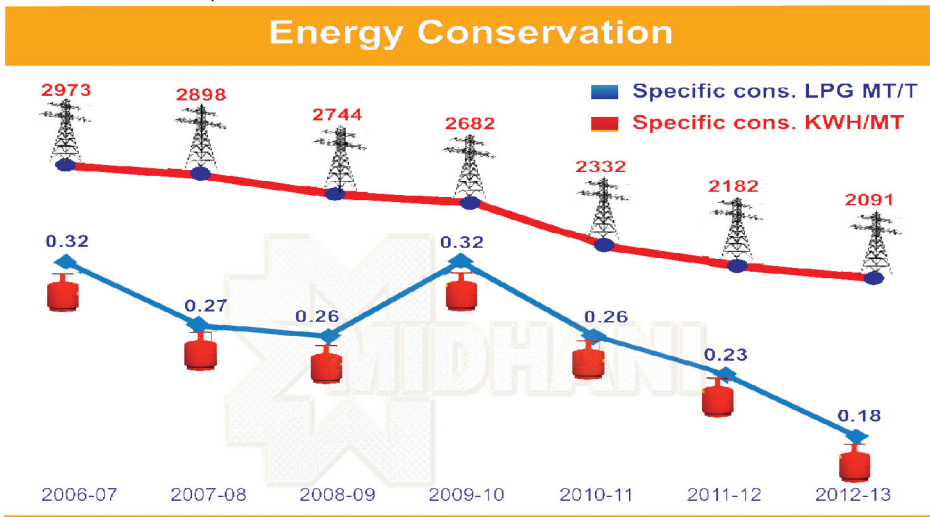
13.0 KNOWLEDGE UP-GRADATION:

13.1 Two technical papers titled **“Effect of processing condition on structure, properties & performance of Nickel based super alloy for high temperature applications”** and **“Influence of Thermo Mechanical Treatment on structure & properties of Cobalt based super alloy”** related to processing and structure property relations in Nickel and Cobalt base SUPERALLOYS were presented by MIDHANI officers in International Conference organized by TMS, at San Antonio, Texas, USA in March, 2013.

13.2 A paper on **“Role of Nitrogen in Stainless Steels”** was presented by MIDHANI officer in International Conference on High Nitrogen Steels (HNS2012), organized by IIM at Kalpakkam, in September, 2012.



13.3 Three technical papers titled (i) Origin of Gas Induced porosities in Ferritic - Martensitic steels (ii) An Insight to indigenization of Nickel super alloy for advanced super critical power plant (iii) Indigenization of Processing routes of Titanium alloy - Ti10V2Fe3Al at MIDHANI were presented at Annual Technical Meeting of IIM, held at Tatanagar during Nov., 2012.



14.0 ENERGY CONSERVATION:

14.1 At MIDHANI Energy conservation measures have been given due importance and have been continued as before during the year under report. After a lot of study, observation and discussion among production executives and process professionals, internal benchmarks & specific norms were developed. The norms so arrived at were put under constant review periodically at several forums by top management for a possibility of improving them over period of time, operational instructions also were issued to base level executives for adherence to the said norms. The measures introduced to save energy during the year under report was Revamping of furnaces, regular maintenance of furnaces,

latest refractory lining, regular calibrations, establishment of specific meters both for LPG & Electricity, developing a common heat treatment cycle for similar products.

14.2 Solar water heaters were also introduced at appropriate places to save energy during the year under report.

14.3 The summary of consumptions recorded during the year 2012-'13 both for Electricity and LPG were as follows:

S.No	ITEM	UNITS	2012-13	2011-12
1	Total consumption of Electricity:	KWHr (in crores)	3.74	3.78
2	Total consumption of LPG	MT	3,216	3,904
3	Specific Consumptions			
	- Electricity Per MT of Prod.:	KWHr/T (Prod.)	2,091	2,182
	- LPG per MT of Prod.	MT(LPG)/ MT(Prod.)	0.18	0.23

15.0 MARKETING & BUSINESS DEVELOPMENT:

15.1 During the year under review your company could maintain a comfortable order book position in spite of severe pressure on selling prices on account of rise in input costs like raw materials, power etc., and tough competition faced from overseas suppliers. For the year under report MIDHANI could secure orders to the tune of Rs. 757 Cr. and the order book position for the year 2013-'14 was to the tune of Rs.1,270 Cr.

15.2 To ensure timely deliveries the order execution plans were put under constant review and further business tie-ups along with efficient management of the outsourcing activities has

helped your company in considerably reducing the delay in supplies during the year under report.

- 15.3 The most welcome feature during the year under report was the improved customer base with higher customer satisfaction owing to the endeavor made towards supplying value added products and near to finish size products (rather than semis) thereby improving customer delight.
- 15.4 During the year under review 29 new customers joined the clientele of your company with major orders received from Defence, Space, Atomic and Commercial Sectors. The cumulative effect of all above has helped your company to improve order book position to comfortable levels.
- 15.5 During the year under report the following New grades were supplied by MIDHANI: 36XHT10, XH 62C, XH 67C, 15X18H12C4T, STEEL 45, 11-16X, B-2A, Al Lithium Alloy, M 50, M51, MDN 521A, MDN 4340A, MDN 440CA, SUPERNI 617CC, SS740H, S4750MW, SUPERFER 286M, MDN 304 HCU and 09X16H4B.

16.0 EXPORTS:

- 16.1 Your company has secured the AS 9100 C Certificate, which is mandatory for a supplier to meet the requirements of major players like M/s. Pratt & Whitney, BAE Systems, Forgital and EADS etc. Talks are now in progress to enter into MOU's with some of them as Indian offset partners to supply forgings & castings.
- 16.2 Having secured the above certificate, MIDHANI is now looking forward for exports and also, in view of the new capacities being added like Ring Rolling Mill and Fasteners, efforts are focused to nurture the new export market besides offset market.

17.0 MARKETING OF SPECIAL PRODUCTS:

17.1 BIO-MEDICAL IMPLANTS:

Orders were secured to the tune of Rs. 23 Lakhs from various corporate hospitals and dealers in Bio Implants. Also, under Corporate Social Responsibility initiative of the company, custom made prosthesis was supplied to Cancer patients in the year 2012-13.

17.2 FASTENERS:

The supplies of these products during the financial year accounted for Rs. 10.79 Lakhs.



Manufacture of Bio - Implants towards human cause

Manufacture of Fasteners

17.3 TITANIUM SEA WATER FILTER:

Successful development and handing over for the First time two types of "TITANIUM SEA WATER FILTER" to DMDE, Secunderabad.

18.0 CUSTOMER MEET & SEMINARS:

18.1 CUSTOMER MEET:



Lightening of the Lamp by Shri. Amol Chakravarty, Director DRDL, at the 9th two day customer Meet titled "Success through synergy with innovation". Also seen (L to R) Dr. D.K. Likhi, Director (P&M), Shri V.S. Krishna Murthy, Director (Finance), and Shri. M. Narayana Rao, C&MD, Midharni

The 9th two day Customer Meet titled **“Success through Synergy with innovation”** was organized by your company during December, 2012 wherein more than 100 Customers from various strategic sectors viz., Defence, Atomic Energy, Space Sectors, other PSUs and Private sectors organisations participated. The meet created a platform for showcasing MIDHANI's capabilities by interacting with the customers whereby the customer's needs were gauged regarding their short term and long term requirements of special metals and alloys. Most notable Customers of MIDHANI namely BHEL, HAL, & VSSC used this platform to communicate and project their future plans with regard to their likely requirement of

materials from MIDHANI. MIDHANI also communicated to its customers its Modernization plans which readies MIDHANI to supply new grades of metals as also enables MIDHANI to undertake supply of bulk quantities.



(L to R) Shri. B. Prasad Rao C&MD BHEL and Shri. M. Narayana Rao C&MD, MIDHANI, seen addressing the gathering.

18.2 SEMINARS:

As an effective marketing strategy, MIDHANI participated in various National and International Exhibitions, Conferences, Seminars to enhance its role both in the National and International Markets. Some of the programs attended were:

- Aero India 2013, an international Defence Exhibition organized by Defence Exhibition Organisation, New Delhi at Bangalore during Feb., 2013;



- 50th National Metallurgists day & 66th Annual Technical Meeting organized jointly by IIM, Jamshedpur and Tata Steel at Jamshedpur during Nov., 2012;
- India International Trade Fair (IITF) organized by Defence Exhibition Organisation, Ministry of Defence, New Delhi during Nov., 2012;
- Minerals, Metals, Metallurgy and Materials (MMMM) 2012 international exhibition at New Delhi organised by IIM, New Delhi Chapter during Sept., 2012;
- Bengaluru Space Expo 2012 (International Space Exhibition) organized jointly by CII & ISRO at Bengaluru during Sept., 2012;
- Africa Aerospace & Defence (AAD) 2012 international exhibition held at South Africa during Sept., 2012;
- COSPAR Scientific Assembly (COSPAR), International conference cum exhibition organized by ISRO during July, 2012;
- Eurosatory International Exhibition held at Paris, France during June, 2012;

19.0 QUALITY CONTROL & ASSURANCE:

- 19.1 During the year under report your company underwent a surveillance audit for ISO 9001:2008 conducted by M/s. Bureau of Indian Standards (BIS) and could successfully renew the certification.
- 19.2 The surveillance audit of chemical laboratories (stage control lab and RMIC) was carried by M/s. NABL and the certification was successfully renewed.
- 19.3 M/s. UL, DQS conducted the surveillance audit of Quality Management system for AS 9100 RevC and renewed the certification.

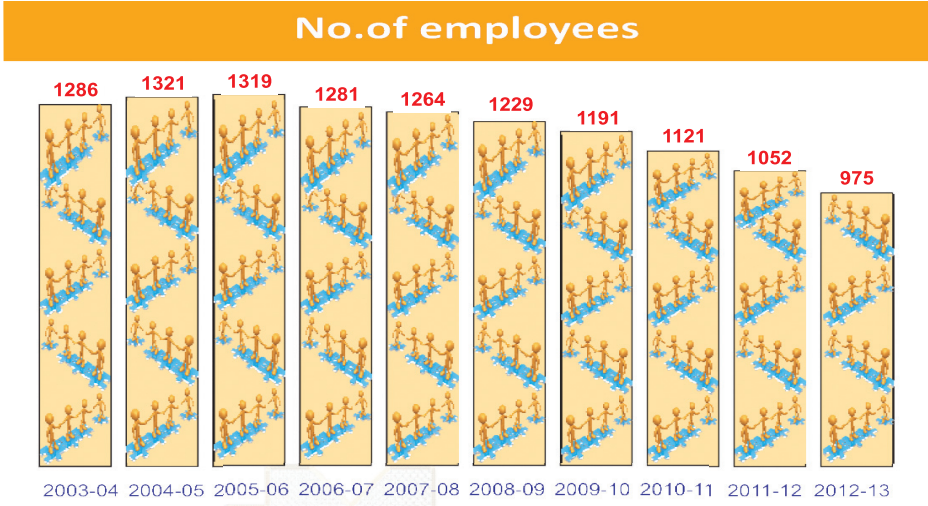
20.0 VENDOR DEVELOPMENT:

20.1 The fourth one day Vendor Meet was held at your company in 14th December '2012 in which Representatives from over 70 companies representing small scale, private, PSUs and Central Government Organisations participated. The meet provided a forum for interaction with our esteemed vendors, sharing ideas & future plans for meeting our increasing goods & services requirements. A detailed presentation on MIDHANI's future plans in new projects was also made, followed by interactive session with vendors. All the vendors showed a keen interest to be a part of this future plan.



The 4th one day Vendor meet titled "Strengthening Partnership for National Growth" held on 14th December 2012 at MIDHANI. Seen lighting the Lamp Shri. P. Sarkar (GM- Prodn. & Planning) with other officials of MIDHANI. (INSET) Participants at the Meeting.

21.0 HUMAN RESOURCE DEVELOPMENT:



21.1 At MIDHANI, Human Resource has always been considered as the most important asset and has rightly been identified as a major differentiator in the face of competition from world over. In keeping with this your company continues to aim at building a motivated, committed and satisfied work force to achieve its organizational goals. With Globalization bringing radical changes in business environment and more emphasis on business viability, value addition and profitability aligning HR initiatives with business strategy is of prime concern of MIDHANI.

21.2 The manpower being the main asset of MIDHANI and with the employees being highly skilled and motivated individuals the company recognised the challenge before it to continuously up-grade the knowledge and skills of its manpower through appropriate training and development modules. Special emphasis was given for the development of SC, ST, OBC, PWDs and Minorities employees

21.3 During the year under report, as a part of HR initiatives, an Employee Satisfaction Survey was initiated to know the

feedback from the internal customers on the HR Policies being used as input for future planning; the feedback so received was very good.

21.4 During the year, with a view to develop culture of constructive idea generation with the ultimate goal of increasing production, productivity, improvement in operational efficiency and effectiveness, reduction in costs, the Employee Suggestion Scheme has been revived with cash prize and certificate as a reward for the best suggestion and a gift prize for all prima-facie acceptable suggestions.

21.5 The total manpower strength under Permanent Category of your Company as on 31.03.2013 is as follows:

Particulars	Non-Executives	Non-Unionized Supervisors	Executives	Total
Male	536	145	236	917
Female	22	6	31	59
Total	558	151	267	976

The above includes functional directors

Statement showing the representation of SC/ST/OBC/PH and their recruitment etc., are given in Appx:I

22.0 PARTICULARS OF EMPLOYEES

22.1 During the year under report your Company had no employee covered under Section 217 (2A) of the Companies Act, 1956 and the Rules made thereunder.

23.0 INDUSTRIAL RELATIONS:

23.1 The industrial relations scenario continues to be peaceful and cordial during the year under report with the management receiving maximum support and cooperation from the employees as in the past.

23.2 The management also took initiatives to provide proactive and compassionate human relations by creating an atmosphere of mutual trust, participative management, and up-gradation of compliance level in line with strategic theory of the organization to influence the employee's performance.

23.3 Banner elections were also successfully conducted during the year under report on 12.12.2012 with MIDHANI Employee's Union emerging victorious.

24.0 ENCOURAGING SMALL FAMILY NORMS:

24.1 MIDHANI continues its commitment to encourage small family norms among its employees as a part of Government policy.

25.0 TRAINING & DEVELOPMENT:

25.1 During the year under report Training Programs were arranged for 520 Executives, 171 Non- Unionized Supervisors and 375 Non-Executives i.e. 1066 Employees, for both in-house and external training programs, Seminars, Conferences, Symposiums and Workshops.

25.2 As a part of succession planning, a batch of 35 Graduates / Post Graduates from technical and non-technical streams in various disciplines were inducted as Management Trainees (MT) into the Company and are undergoing intensive training, both class room and on-site orientation programmes. A batch of 12 Management Trainees inducted during the year 2011 after completion of their training program was posted to their respective departments.

25.3 Under the Industry - Academia - Interface Programme, Training & Development department organized 18 plant visits at MIDHANI for Defence Personnel, Officers & workers from other Public Sector Undertakings and students from

reputed Engineering Colleges / Universities across the country.

25.4 118 students carried out project works and other programs as a part of academic curriculum in MIDHANI. Statutory Training programs under-provisions of Apprentices Act, 1961 were continued in the year under report by organizing various Apprenticeship Training Programmes.

25.5 DR. TAMHANKAR'S TROPHY FOR YOUNG MANAGERS-2012:

Your company to encourage innovative idea introduced a competition among young managers called as “**Dr. Tamhankar's Trophy for Young Managers-2012**” with a theme of the year in the form of a specific project - “**Technological Advancements in the Field -R&D /Development of Future**”. The winners and participants of the competition were awarded cash prizes and certificate of participation on the eve of Republic Day Ceremony on 26th January, 2013. This competition will be conducted on a yearly basis.



Winners and Participants of the Dr. Tamhankar's Trophy for young Mangers-2012 being awarded cash prize and certificate of participation at Republic Day Ceremony held at MIDHANI. Also seen Shr. M. Narayana Rao, C&MD, MIDHANI and Shri. T. V. Reddy, CVO, MIDHANI (Seated at the Centre) along with other MIDHANI officials.

26.0 STATUTORY & SOCIAL OBLIGATIONS:

26.1 CONTRIBUTION TO EXCHEQUER:

Your Company contributed an amount of Rs. 12136 Lakhs in the form of Duties, Sales Tax, Income Tax and Surcharge during the year 2012-'13 as compared to Rs.10,347 Lakhs in the previous year.

26.2 EMPLOYEE WELFARE:

- ✓ During the year under report to promote Employee welfare, your company implemented Post Retirement Medical Benefit Scheme (PRMBS) and issued medical insurance cards to the beneficiaries i.e. Executives & Non-unionized Supervisors.



Dr. D. K. Likhi, Director (Production & Marketing) (Seated at the Centre) at the launch of Post retirement Medical Benefit Scheme (PRMBS).

- ✓ MIDHANI is also running Dr. Brahm Prakash DAV School for the benefit of children of its employees, children of Bharat Dynamics Limited employees as also for people residing in and around the company; monetary awards were also presented to meritorious students/children of employees belonging to SC, ST and OBC categories.

- ✓ Further as a measure of employee welfare MIDHANI maintains a small TOWNSHIP consisting of 87 quarters to cater to the housing needs of its employees.

26.3 WOMEN EMPOWERMENT:

- ✓ MIDHANI provides all facilities as per the statutes as also necessary platform for its women employees to realize their potential, take personal responsibility for performing the job with commitment and to take pride in what they do and contribute to achieve the organizational goals.
- ✓ To mark the occasion of International Women's day on 8th March, 2013, various programs were organized in MIDHANI.
- ✓ The strength of women employees in MIDHANI is 59 as on 31.03.2013 when compared to 53 as on 31.03.2012.



Shri. M. Narayana Rao, C&MD, with participants of Women's Day Celebration held on 8th March 2013 at MIDHANI.

27.0 IMPLEMENTATION OF RTI ACT 2005:

27.1 Your company being 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 was updated on continuous basis by uploading all the news and developments relating to the company.

28.0 RAJBHASHA IMPLEMENTATION:

28.1 During the year under report, as per the Government of India directives on the Official Language Act 1963, Official Language Rules 1973 and as per the orders issued by Government of India from time to time measures were taken and implemented for promoting the use of Hindi in Official work.

28.2 In order to promote the use of Hindi language in the day to day official work, Four (4) Hindi awareness workshops were organized, 23 employees of the company were also imparted training and subsequently passed the examinations under the Praveen & Pragya courses

28.3 As part of the directives received from Ministry of Home Affairs, “**Hindi Divas**” celebrations were organized for improving awareness and for promoting use of Official Language. 10th Edition of Techno Commercial Annual Hindi Magazine **SANKALP** was also released to all employees.

28.4 Regular meetings of Official Language Implementation Committee (OLIC) and Town Official Language Implementation Committee (TOLIC) were held during the year under report. MIDHANI also organized Hindi “Kavi Sammelan” on the Birthday eve of famous national poet Shri.

Surya Kant Tripathi “Nirala” during which the 2nd issue of Annual Hindi Magazine **SANKALP** was also released.



Workshops and Seminars are continually held in MIDHANI to promote use of Hindi in official work.

29.0 ENCOURAGEMENT TO SMALL SCALE/ANCILLARY INDUSTRIES:

29.1 Presently the Company has no Ancillaries. However, MIDHANI continues to encourage and develop SSI Units by regularly sourcing various goods and services from them. Value of goods / services procured from SSI units stands at Rs. 19.38 Cr. from 76 units.

30.0 CORPORATE SOCIAL RESPONSIBILITY:

30.1 MIDHANI goes beyond what is required to make a positive impact on society and the environment through its management and operations. During the year under report there was increased energy in the CSR activities, as a Corporate Social Responsibility towards the weaker section of the society MIDHANI incurred an expenditure of Rs. 156 Lakhs under its CSR programme for the following initiatives:

- ✓ Organizing Training programs for 120 students on CAD and open Office & Internet concepts at Skill Development Centre, Government Polytechnic College, Hyderabad.
- ✓ Tri Cycles, Wheel Chairs & Walking sticks distributed to Physically Handicapped (PHC) people on 5th March, 2013.

- ✓ Supplied Bio-implants to the Economically Weaker Section People.



Recipients of Tri Cycles, Wheel Chairs & Walking sticks received as a part of the MIDHANI's Corporate Social Responsibility Initiative. Also Seen Functional Directors, CVO and other officials of MIDHANI

- ✓ Contributed Donation to the National Foundation for Communal Harmony to promote communal harmony and to strengthen the nation.
- ✓ Granting financial assistance for education of Economically Backward Class Children.
- ✓ Procured an Ambulance to provide mobile hospital services to the needy in neighborhood areas.
- ✓ Procured one Tempo Traveler (Swaraj Mazda) to pickup & drop outsiders for Training/Seminar Programs.

31.0 ENVIRONMENT MANAGEMENT

31.1 MIDHANI continued its efforts to maintain and promote ecological balance in and around factory premises by developing and maintaining an extensive plantation. A thick canopy of greenery with thousand of plants of more than 50

species constitutes the green belt in and around MIDHANI. Special emphasis was also made towards conservation of water by maintaining ponds and growth of shrubs in and around Factory / Township premises.

32.0 VIGILANCE:

32.1 During the year under review, effective measures were taken to improve vigilance administration in the Company. Vigilance Awareness Week was observed by organizing talks by eminent vigilance professionals, which benefited MIDHANI employees in applying their suggestions in their day - to - day functioning of MIDHANI. A team of vigilance officials interacted with different departments and clarified several doubts from vigilance angle and quoted appropriate CVC guidelines. Essay Writing and slogan writing competitions were held during the above week.



Vigilance Awareness week was held at MIDHANI from 29th Oct. to 3rd Nov. 2012 with an aim to create vigilance awareness and to improve vigilance administration in the company.



- 32.2 MIDHANI also actively participated in the 10th Anniversary celebrations of Vigilance Study Circle, Hyderabad. Two officers of MIDHANI, Shri. P. Muralidhar Rao and Shri. T. V. Rao received awards for their contributions towards Vigilance. The Vigilance Study Circle being a forum for Vigilance wings of various public sector companies instituted an award for the best VSC chapter of India to be awarded from the year 2014; the Trophy for the same made of Titanium was sponsored by MIDHANI and handed over to VSC by C&MD MIDHANI.
- 32.3 A Workshop on 'CDA Rules' and 'Cyber Crimes' was organized by Vigilance Department at MIDHANI during the year for newly recruited executives, with experts in vigilance matters who were invited to conduct the above workshop.
- 32.4 Vigilance Department compiled and got printed a Compendium on CVC circulars and guidelines. It was released during the Vigilance Awareness Week -2012 by Shri. R. K. Shekhawat, Director (Vig.) Min. of Defence and the same was distributed to all concerned in MIDHANI.
- 32.5 The focus of Vigilance Department during the year has been on preventive vigilance which includes interaction with executives on the shop-floors, examination of case files, surprise and regular checks at Plant are and of tender opening, study of various procedures and systems in the organization and suggesting simplification and system improvements wherever required etc.

33.0 GENERAL EXEMPTION FROM DISCLOSURES:

- 33.1 Government of India, has exempted the Company from compliance of the provisions of Section 211(4) and 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, from disclosure of quantitative information on goods

manufactured in the Profit & Loss Account and from exhibition of information in respect of Conservation of Energy / Technology Absorption / Foreign Exchange earnings and outgo etc., in the Directors' Report.

34.0 FOREIGN TRAVEL:

- 34.1 An amount of Rs.128.42 Lakhs was spent towards foreign travel (previous year Rs. 109.16 Lakhs) undertaken by the Directors and employees of your Company for technology development and market/ business development/ pre-inspection of Materials/ Equipments.

Mission of MIDHANI

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

MIDHANI “Quality Policy”

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

35.0 VIP VISITS:

35.1 Dr. APJ Abdul Kalam, former President of India participated in the Birth Centenary Celebrations of Dr. Brahm Prakash, former Chairman of MIDHANI, as Chief Guest and addressed all employees on 30.11.2012.



Dr. A. P. J. Abdul Kalam, Former President of India at the Birth Centenary Celebrations of Dr. Brahm Prakash former Chairman of MIDHANI held on 30.11.2012. (seen below) Lightning of the Lamp by Dr. A. P. J. Abdul Kalam, along with (L to R) Shri. M. Narayana Rao, C&MD, MIDHANI, Shri. V. S. Krishna Murthy, Director (Finance) and Dr. D. K. Likhi, Director (P&M).



35.2 Shri. Jitendra Singh, Hon'ble Raksha Rajya Mantri visited MIDHANI on 31st May 2013 and went around various production facilities and evinced keen interest in the varied types of alloys being manufactured at MIDHANI.



Jitendra Singh, Hon'ble Raksha Rajya Mantri (Centre) on his visit to MIDHANI along with the Functional Directors, CVO and other officials of MIDHANI.

35.3 Shri B Prasad Rao, Chairman & Managing Director, Bharat Heavy Electricals Limited (BHEL) visited MIDHANI on July13, 2012 to check the feasibility of future collaboration between BHEL and MIDHANI.

35.4 Dr. R. N. Patra, Chairman & Managing Director, Indian Rare Earths Limited (IREL) visited MIDHANI on July21, 2012 to explore the possibility of joint working for manufacture of Titanium Sponge.

35.5 Air Marshal M Matherswaran, AVSM,VM,DCIDS (PP&FD) visited MIDHANI on July16, 2012 to assess MIDHANI's

capacity and operational capability in supporting Medium Range Surface to Air Missile (MRSAM) project and ascertain the level of indigenization capability.

- 35.6 Air Marshal Jagadish Chandra AVSM VSM AOC-I-CMC visited MIDHANI on May 16, 2012 to assess the capabilities of MIDHANI for manufacture of different special alloys.
- 35.7 Shri PC Rawal, IAS(Retd.) Independent External Monitor (IEM) visited on 22nd June 2012 and 4th March, 2013 review the status of projects at MIDHANI.
- 35.8 Mr. Gehler Sylvian, Chairman and Mr. Shayakhmetov Bagdat, President of M/s Ust-Kamenogorsk titanium and Magnesium Plant, Kazakhstan visited MIDHANI on June13, 2012 for discussion on supply of Aerospace quality Ti sponge to MIDHANI.

36.0 CORPORATE GOVERNANCE:

- 36.1 The basic principles and philosophy of Corporate Governance has been followed in letter and spirit in every aspect of Company's decision making in tune with the contemporary demand for good Corporate Governance and the adherence to revised guidelines issued by Govt. of India, Dept. of Public Enterprises from time to time.
- 36.2 A Code of Business Conduct & Ethics applicable to all Board Members and Senior Management has been implemented in the Company. The adherence of which has been confirmed by respective members on an annual basis. A certificate to this effect from Chief Executive has been made a part of the report on Corporate Governance.
- 36.3 A detailed report on Corporate Governance and a report on the Management Discussion & Analysis are enclosed to this report [**APPENDIX - III.**] & [**APPENDIX - IV**] respectively. The adherence to the guidelines issued by DPE in this regard was

also certified by a practicing Company Secretary and such Certificate is enclosed as a part of the report on Corporate Governance.

36.4 Training of new directors on their roles and responsibilities as envisaged under DPE guidelines from time to time.

36.5 In accordance with Revised Grading norms for CPSEs in the matter of compliance of Guidelines on Corporate Governance issued by DPE, the Company has scored provisional rating of 92.42% during the year 2012-13.

37.0 BOARD OF DIRECTORS:

37.1 During the year 2012-13 and till the date of this report the following Presidential Orders were received thereby resulting in a change in the composition of Board of Directors of MIDHANI:



Smt. Kusum Singh on her appointment as Govt. Nominee Director in MIDHANI. From (L to R) Shri. P. V. Subba Rao, Company Secretary; Dr. D.K. Likhi, Director (P&M); Shri T.V. Reddy, CVO; Dr. Dipankar Banerjee, Director; Smt. Indu Liberhan, Director; Smt. Kusum Singh, Govt. Nominee Director; Shri M. Narayana Rao, C&MD; Dr. K. Bhanu Sankara Rao, Director; Shri. V. S. Krishna Murthy, Director (Fin.)

- (i) Appointment of Shri. P. K. Mishra, Joint Secretary (MS) vs Shri. Gyanesh Kumar Joint Secretary (NS-I)
- (ii) Appointment of Smt. Kusum Singh, Joint Secretary (P&C) vs Shri P.K. Mishra, Joint Secretary (MS)
- (iii) The extension of tenure of Director (Finance) beyond 17.07.2013 upto 31.08.2014

37.2 The Resume of Smt. Kusum Singh, Joint Secretary (P&C) appointed on Board during the year 2012-13 is made a part of this report.

38.0 DIRECTORS' RESPONSIBILITY STATEMENT:

38.1 Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is confirmed as under:

- a) That in the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable Accounting Standards have been followed along with proper explanations on the material departure, if any;
- b) That the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year i.e. 31st March, 2013 and of the Profit or Loss of the Company for the year ending on that date;
- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, as amended from time to time, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the Directors have prepared the accounts for the financial year ended on 31st March, 2013 on a 'going concern' basis.

39.0 AUDITORS & AUDITORS' REPORT

39.1 **C&AG** of India has appointed **M/s. V. Rao & Gopi**, Chartered Accountants, Hyderabad, as Statutory Auditors of the Company for conducting audit of accounts for the year ended 31st March, 2013.

40.0 COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA:

40.1 The “**NIL**” comments on the Accounts by the Comptroller & Auditor General of India for the year ended 31st March, 2013 has been placed in this report after the report of Statutory Auditor.

41.0 ACKNOWLEDGEMENT:

41.1 Your Directors gratefully acknowledge the valuable support and assistance received from all Govt. agencies particularly from Ministry of Defence, VSSC, all establishments under DRDO and other agencies of Central and State Govt. Your Directors also place on record its sincere thanks vendors, Bankers, C&AG, Statutory /Internal Auditors, Chairperson - Audit Committee, Chairmen on other Committees, Advisers, Consultants etc., of the Company for their continued support and guidance during the year.

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

A handwritten signature in blue ink, appearing to read 'M. Narayana Rao', with a horizontal line drawn through it.

M. NARAYANA RAO
CHAIRMAN & MANAGING DIRECTOR

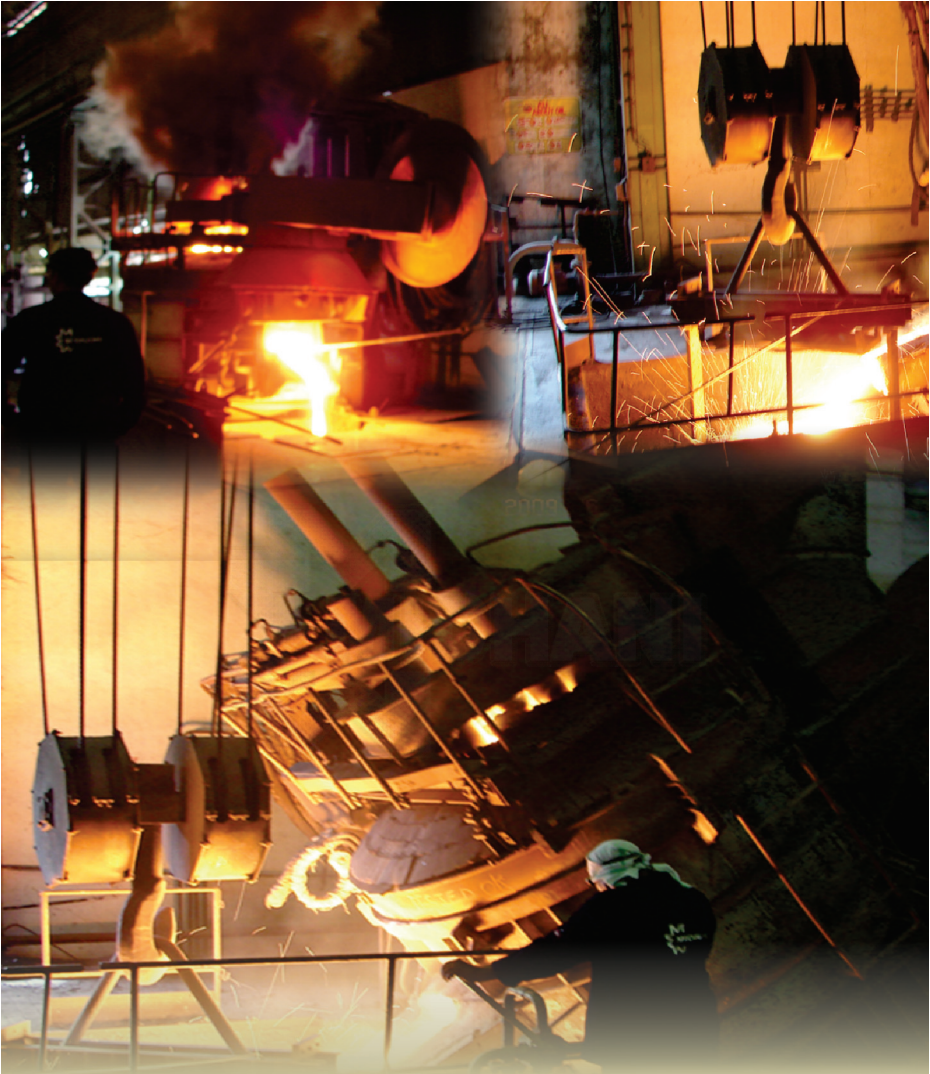
Place: Hyderabad
Date : 31.08.2013

RECRUITMENT OF SCs, STs DURING THE YEAR 2012

Pay Scale & Group	Total recruited during the year	No. of posts reserved		No. of candidates appointed	
		SC	ST	SC	ST
Group 'A' Rs.16,400- Rs. 40,500 & above	36	7	3	7	3
Group 'B' Rs. 12,600 - Rs.32.500 (Gr-I) Rs. 12,250 - Rs. 31,600 (Non Unionised Supervisory Cadre)	-	-	-	-	-
NON-EXECUTIVES: Group 'C' From Rs.8,500 -3%- 20,850 To Rs.11,750-3%- 33,360	3	-	-	-	-
Group 'D' From Rs.6,600 -3%- 16,310 To Rs.8,350-3%-20,470	-	-	-	-	-

REPRESENTATIONS OF SCs, STs, OBCs, PHCs & Ex-SN AS ON 31.03.2013

Pay Scale & Group	Total No of Employees	Strength of Employees				
		SC	ST	OBC	PHC	Ex-sn
EXECUTIVES						
Group 'A' (Rs.16,400- Rs. 40,500 & above)	267	32	8	54	3	1
Group 'B' Rs. 12,600 - Rs.32.500 (Gr-I) Rs. 12,250 - Rs. 31,600 (Non Unionised Supervisory Cadre)	11	-	-	3	1	-
	140	11	1	31	-	3
NON-EXECUTIVES:						
Group 'C' From Rs.8,500 -3%- 20,850 To Rs.11,750-3%- 33,360	488	112	32	288	16	19
Group 'D' From Rs.6,600 -3%- 16,310 To Rs.8,350-3%-20,470	70	14	5	26	2	-



**In Deep Vacuum
We Create Wonders**



REPORT ON CORPORATE GOVERNANCE

[AS ON DATE OF THIS REPORT]

1.0 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

2.0 BOARD OF DIRECTORS:

2.1 COMPOSITION & DETAILS OF THE BOARD MEMBERS:

2.1.1 In accordance with the provisions of Articles of Association of the Company, as amended from time to time, the minimum and maximum strength of the Board of MIDHANI is 2 and 15 respectively. The directors need not hold any qualification shares.

2.1.2 During the year under report, the composition of the Board was in accordance with guidelines issued by Dept. of Public Enterprises (DPE) and the provisions of Companies Act '56. As on the date of this report, the Board of MIDHANI consisted of **EIGHT (8)** Directors including Chairman & Managing Director. In addition to this, one (1) Permanent Special Invitee was nominated on the Board by Ministry of Defence thereby taking the Board's composition as under.

(a) Functional/Whole time Directors : 3 (Three)

(i) Shri. M. Narayana Rao,
Chairman & Managing Director

(ii) Shri. V. S. Krishna Murthy,
Director (Finance)

(iii) Dr. D. K. Likhi
Director (Production & Marketing)

(b) Part-time Official/Government Directors: 2 (Two)

(i) Smt. Kusum Singh, [From:24.12.2012]
Joint Secretary (Personnel & Coordination),
Dept. of Def. Production,
Ministry of Defence

(ii) Shri. P. K. Mishra, [Up to 24.12.2012]
Joint Secretary (MS),
Dept. of Def. Production,
Ministry of Defence

(iii) Shri. Gyanesh Kumar, [Upto:29.10.2012]
Joint Secretary (Naval Systems),
Dept. of Def. Production,
Ministry of Defence

(iv) Dr. G. Malakondaiah
Distinguished Scientist,
CCR&D(HRM),DRDO, Ministry of Defence

(c) Part-time Non-Official Directors: 3 (Three)

- (i) Mrs. Indu Liberhan**
Ex - Secretary, Ministry of Defence (Finance)
- (ii) Dr. Dipankar Banerjee**
Professor, Department of Materials Engineering,
Indian Institute of Science,
Bangalore
- (iii) Dr. Kota Bhanu Sankara Rao**
Ministry of Steel Chair Professor,
Mahatma Gandhi Institute of Technology,
Hyderabad

(d) Permanent Special Invitee to Board: 1 (One)

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

2.2 The existing Articles of Association of the Company provides for appointment of all Directors by the President of India. The Directors appointed were persons of eminence in respective fields of their activity. The bio-data in respect of the new Director(s) appointed during the year under report is given in **ANNEXURE -I.**

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

3.0 MEETINGS OF THE BOARD AND ATTENDANCE THEREOF:

- 3.1 The Board met, six (6) times during the financial year under report as compared to statutory minimum requirement of four (4) meetings per year. The dates and attendance of directors at such meetings are given below:
- 3.2 As per DPE guidelines, Company has nominated Chairperson of Audit Committee and/or another Member of the Audit Committee for the purpose of according prior approval to related party transactions under Accounting Standard -18.

Sl. No.	Number of the	Date of the Meeting	Board Strength	No. of Directors Present
1.	202	14.06.2012	8	6
2.	203	04.07.2012	8	7
3.	204	28.09.2012	8	5
4.	205	02.11.2012	8	7
5.	206	23.01.2013	8	7
6.	207	14.03.2013	8	6

Leave of absences were recorded at every Meeting in case of inability expressed by any Director to attend the meeting due to unavoidable reasons.

The Attendance of individual Directors is placed at: **ANNEXURE: II**

The special invitee(s) for board meetings has/have attended 2 meetings as against 6 meetings required to be attended.

- 3.3 All Board Members had disclosed to Board about the personnel, official and other pecuniary interests, held by them in any proprietary, partnership or Company, whether in individual capacity or together with their relatives not only at the time of their appointment on the Board but also as and when such appointments were held. Such disclosures are being renewed every year, in the manner prescribed under Sections 297, 299 and other applicable provisions of the

S. No.	Name of the Director	Bodies corporate in which the Director is interested	Nature of interest and the date from which interested.
1.	Shri. Gyanesh Kumar	1. M/s. Mazgon Docks Ltd., Mumbai	Part-time Official Director, w.e.f. 31.12.2007
		2. M/s. Garden Reach Ship-builders & Engineers Ltd., Kolkata	Part-time Official Director, w.e.f. 31.12.2007
		3. M/s. Hindustan Shipyard Ltd., Vizag	Part-time Official Director 22.02.2010
		4. M/s. Goa Ship Yard Limited, Goa	Permanent Special Invitee on Board of Directors, w.e.f. 31.12.2007
2.	Shri M. Narayana Rao	1. Andhra Pradesh Gas Power Corporation Limited, Hyderabad	Part-time Director w.e.f. 30.09.2010
		2. International Advanced Research Centre for Powder Metallurgy and New Materials (ARCI), Hyderabad	Member on the Governing council
		3. Nuclear Fuel complex, Hyderabad	As Member on Board of Management
3.	Dr. Dipankar Banerjee	1. The Scientific Instrument Co. Ltd. Allahaba	Share holder (No. of Shares :1375)
		2. CSTEP, not for profit u/s 25 of Companies Act, 1956	Share holder (500 Equity Shares @Rs.100/- per share w.e.f. 22.08.2012)
4.	Other Members of the Board	NIL	NIL

Companies Act, 1956. Such disclosures made at the Board meeting held at the end of the year 2012-'13 are furnished hereunder:

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

4.0 ANNUAL GENERAL MEETINGS:

- 4.1 All the Annual General Meetings of the Company were held at a place where the Registered Office of the Company is situated. The details of such meetings for the last 3 years is as under:
- 4.2 The Company has not passed any Resolution through “Postal Ballot” during the year under report.

5.0 BOARD'S COMMITTEES THEIR SCOPE & MEETINGS THERE OF:

- 5.1 MIDHANI has the following **Nine (9)** Committees of the Board functioning as on date of the report:

Number of AGM	Financial Year	Date of the Meeting	Time of the Meeting	Venue or the
36	2009-10	25.08.2010	1000 Hours	M/s. Mishra Dhatu Nigam Ltd., Regd. Office, P.O. Kanchanbagh, Hyderabad 500 058
37	2010-11	20.09.2011	1100 Hours	
38	2011-12	24.09.2012	1100 Hours	

5.2 AUDIT COMMITTEE (AC):

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

5.2.2 The terms of reference to AC was broadly based on the guidelines suggested by DPE applicable to Central Public Sector Undertakings (CPSUs). Such Terms of reference are being updated, professionalized and adopted by the Board of Directors of the Company from time to time. A copy of such terms of reference is placed at **ANNEXURE: III (I)**

5.2.3 The AC has been functioning with three (3) Members who are independent directors on the Board; all the members of AC, the Chairperson in particular has good knowledge of accounting and expertise in financial matters. The Committee regularly interacts with the representatives of external audit firms carrying out Internal Audit work of the Company and takes stock of all the finance related matters.

5.2.4 The details of constitution of Audit Committee as on the date of the report is as under:

S. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Smt. Indu Liberhan, Part-time Non Official Director	Chairperson	24.01.2011
2.	Dr. D. Banerjee, Part-time-Non-Official Director	Member	24.01.2011
3.	Dr. G. Malakondaiah Part-time Official Director	Member	From:24.01.2011 To : 22.07.2011
4.	Dr. K. Bhanu Sankara Rao Part-time-Non-Official Director	Member	22.07.2011
5.	Dr. D. K. Likhi, Director (Production & Marketing)	Permanent Invitee	01.09.2011
6.	Director (Finance)	-do-	Since formation of the Committee

7.	Representatives of Statutory Audit Firm	-do-	-do-
8.	Representatives of External Chartered Accountant firms doing Internal Audit work	On Invitation	-do-
The Company Secretary acts as Secretary of the Committee.			

5.2.5 The AC shall meet at least four (4) times in a year and not more than four (4) months shall elapse between two meetings.

5.2.6 The quorum for AC meetings is two (2) members personally present.

5.2.7 Statutory Auditors, Director (Finance) / Head of Finance, Director (Production & Marketing) were made Permanent Invitees to the Meetings.

5.2.8 Three (3) meetings of the Audit Committee were held during the year 2012-'13. The dates on which such Meetings were held and the attendance of Directors/Members thereof is furnished below:

Attendance of Directors in Audit Committee Meetings				
Sl. No.	Number of the Meeting	Date	Committee Strength	No. of Directors Present
1.	36	29.06.2012	3	2
2.	37	24.09.2012	3	2
3.	38	04.01.2013	3	3

Leave of absences were recorded at every Meeting in case of inability expressed by any Director / Member to attend the Meeting due to unavoidable reasons.

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

5.3 PROCUREMENT COMMITTEE (PC):

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

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

5.3.3 The constitution of PC as on date of the report is as follows:

S. No.	Name / Designation of the Director	Status	Date of Appointment or change in the Committee
1.	Chairman & Managing Director,	Chairman	22.01.2008
2.	Part-time-Non-Official Director (Dr. Kota Bhanusankara Rao)	Member	22.07.2011
3.	Director (Finance)	Member	22.01.2008
4.	Director (Production & Marketing)	Member	22.01.2008
The nomination of Functional Directors on PC was on Ex-Officio basis.			
The Company Secretary acts as Secretary of the Committee.			

5.3.4 The quorum of the Committee shall be minimum of three (3) members personally present and one of whom shall be a part-time non-official Director.

5.3.5 There were thirteen (13) meetings of PC during the financial year 2012-'13. The dates on which such Meetings were held and the attendance of Directors / Members thereof is furnished hereunder:

Attendance of Directors in Procurement Committee Meetings			
S. No.	Date of the Meeting	Committee's Strength	No. of Directors Present
1.	14.06.2012	4	4
2.	04/07.2012	4	4
3.	16.07.2012	4	4
4.	11.08.2012	4	4
5.	22.08.2012	4	3
6.	31.08.2012	4	3
7.	17.09.2012	4	4
8.	31.10.2012	4	4
9.	09.11.2012	4	3
10.	24.11.2012	4	4
11.	04.01.2013	4	4
12.	31.01.2013	4	4
13.	16.02.2013	4	3
Leave of absences were recorded at every Meeting where the Directors expressed their inability to attend due to unavoidable reasons. The Attendance of individual Directors is placed at: <u>ANNEXURE: II (B)</u>			

5.4 REMUNERATION COMMITTEE (RC):

5.4.1 The RC was originally constituted by Board of Directors on 28.04.2009 to lay down norms for determining and disbursing the quantum of Performance Related Pay (PRP) as envisaged in the guidelines issued by DPE in OM dt. 26.11.2008. It was then reconstituted on 24.01.2011 having an Independent Director on the Board as Chairman with the Chairperson of Audit Committee also acting as Chairperson RC.

5.4.2 The main purpose of RC is to consider all relevant issues contained in the above DPE OM relating to Variable Pay or Performance Related Pay applicable to all Executives (including those at Board level) and Non - Unionized Supervisors in the Company.

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

5.4.4 The Composition of RC as on the date of the Report is as under:

S. No.	Name / Designation of the Directors	Status
1.	Smt. Indu Liberhan, Part-time Non Official Director	Chairperson
2.	Dr. D. Banerjee, Part-time-Non-Official Director	Member
3.	Dr. K. Bhanu Sankara Rao Part-time-Non-Official Director	Member

The Company Secretary acts as Secretary of the Committee.

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

5.4.6 One (1) meetings of the RC were held during the financial year 2012-'13. The dates on which such Meetings were held and the attendance of Directors / Members thereof is furnished hereunder:

Attendance of Directors in Remuneration Committee Meetings			
S. No.	Date	Committee's Strength	No. of Directors Present
1.	22.01.2013	3	3

Leave of absences were recorded at every Meeting where the Directors expressed their inability to attend due to unavoidable reasons.

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

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

5.5 HUMAN RESOURCES COMMITTEE (HRC):

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

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

5.5.3 The Composition of the HRC on the date of the report is as follows:

S. No.	Name / Designation of the Directors	Status
1.	Dr. D. Banerjee, Part-time-Non-Official Director	Chairman
2.	Dr. K. Bhanu Sankara Rao Part-time-Non-Official Director	Member
3.	Director (Finance)	Member
4.	Director (Production & Marketing)	Member
5.	Smt. Indu Liberhan, Part-time Non Official Director	On Invitation
The nomination of Functional Directors on HRC was on Ex-Officio basis.		
The Head of HR Department shall be the Secretary of the Committee.		

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

5.5.5 The Committee can frame its own rules of functioning.

5.5.6 There were four (4) meetings of the Human Resources Committee during the Financial Year 2012-'13. The dates on which such Meetings were held and the attendance of Directors / Members thereof is furnished hereunder:

Attendance of Directors in Human Resources Committee Meetings			
Sl. No.	Date	Committee's Strength	No. of Directors Present
1	28.07.2012	3	3
2	07.08.2012	3	2
3	22.08.2012	3	3
4	22.01.2013	3	3
Leave of absences were recorded at every Meeting in case of inability expressed by any Director due to unavoidable reasons			
The Attendance of individual Directors is placed at: <u>ANNEXURE: II (B)</u>			

5.6 TECHNICAL COMMITTEE (TC):

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

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

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

S. No.	Name / Designation of the Directors	Status
1.	Shri. M Narayana Rao Chairman & Managing Director	Chairman
2.	Dr. D. Banerjee, Part-time-Non-Official Director	Member
3.	Dr. G. Malakondaiah Part-time-Non-Official Director	Member

4.	Dr. K. Bhanu Sankara Rao Part-time-Non-Official Director	Member
5.	Dr. D. K. Likhi Director (Production & Marketing)	Member

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

5.7 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR):

5.7.1 Pursuant to the Guidelines issued by Dept. of Public Enterprises, during April, 2010, the Board constituted a Committee called as “Corporate Social Responsibility Committee” having an independent Director as its Chairman.

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

5.7.3 The scope / terms of reference of the CSR Committee is given at **ANNEXURE: III (vi)**

5.7.4 The Constitution of the CSR Committee is as under:

S. No.	Name / Designation of the Directors	Status
1.	Dr. K. Bhanu Sankara Rao Part-time-Non-Official Director	Chairman
2.	Director (Finance)	Member
3.	Director (Production & Marketing)	Member

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

The Head of HR Department shall function as the Secretary of the Committee.

5.7.5 During the year 2012-'13, one (1) Meeting of CSR Committee was held the details are as under.

Attendance of Directors in Corporate Social Responsibility Committee Meetings			
Sl. No.	Date	Committee's Strength	No. of Directors Present
1.	05.03.2013	3	3
Leave of absences were recorded at every Meeting in case of inability expressed by any Director due to unavoidable reasons			
The Attendance of individual Directors is placed at: ANNEXURE: II (B)			

5.8 SUSTAINABLE DEVELOPMENT COMMITTEE (SDC):

- 5.8.1 The Committee was constituted w.e.f 17.03.2012. The committee aims at the Development that meets the need of the present without compromising on the ability of future generations to meet their own needs with an objective of having an enduring and balanced approach to economic activity, social progress and environmental responsibility.
- 5.8.2 The committee will be instrumental for the conception of the SD policies of the company namely planning of the projects, implementation, monitoring, reporting, training, documentation, and evaluation of the projects.
- 5.8.3 MIDHANI has currently taken up projects in the area of Waste Management, Energy Management and SD training. An internal Committee of senior officers has been constituted to carry out the functions of SD Committee.
- 5.8.4 The terms of reference to the committee is placed at **ANNEXURE: III (vii)**.

5.9 DELIVERY REVIEW COMMITTEE (DRC):

- 5.9.1 The Delivery Review Committee was constituted w.e.f 24.07.2012 having an independent Director as its Chairman. The committee was constituted to carry out a periodic review to ensure timely deliveries as also to monitor the delivery schedules on a continuous basis.

5.9.2 The Constitution of the DRC Committee is as under:

S. No.	Name / Designation of the Directors	Status
1.	Dr. K. Bhanu Sankara Rao Part-time-Non-Official Director	Chairman
2.	Director (Finance)	Member
3.	Director (Production & Marketing)	Member
General Manager (P&P) shall act as the Secretary of the Committee.		

5.9.3 During the year 2012-'13, one (1) Meeting of DRC Committee was held, the details are as under.

Attendance of Directors in Delivery Review Committee Meetings			
Sl. No.	Date	Committee's Strength	No. of Directors Present
1.	11.01.2013	3	3
Leave of absences were recorded at every Meeting in case of inability expressed by any Director due to unavoidable reasons			
The Attendance of individual Directors is placed at: <u>ANNEXURE: II (B)</u>			

5.10 Corporate Management Committee (CMC):

5.10.1 In order to have effective planning, organizing, coordinating and controlling the day to day operations of Management, a Committee known as Management Committee (MC) was functioning since the year 1980. During the year 2003 the same was re-constituted as "Corporate Management Committee" (CMC).

5.10.2 CMC plays important roles in resolving inter / intra departmental delays or bottlenecks and strives to achieve free flow of work at various levels within the organization.

5.10.3 The terms of reference to the Committee is given in **ANNEXURE: III (viii)**,

- 5.10.4 The meetings of CMC 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. The decisions taken in the CMC meetings are constantly reviewed in the form of “Action Taken Report”.
- 5.10.5 The Committee normally meets twice a month with the Company Secretary acting as the Secretary of the Committee.

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

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

7.0 DISCLOSURES:

- (i) During the year there were no transactions of material and significant nature with the Shareholders, Directors or Senior Management personnel or their relatives that had potential conflict with the interest of the Company at large and attracting the provisions of Section 297 of the Companies Act, 1956, except salaries, fees, perquisites allowed and PRP as per extant rules of the Company.

- (ii) Disclosure of related party transactions as per Accounting Standard - 18, issued by the Institute of Chartered Accountants of India, is given in note no 27 of the notes forming part of Annual Accounts for 2012-'13. All the transactions covered under related party transactions were fair, transparent and at arms' length and were pre-approved by competent authority nominated for this purpose.
- (iii) No penalties and strictures were imposed on the Company by any Statutory Authority on any matter related to any guidelines issued by Government during last 3 years.
- (iv) A formal Whistle Blower policy and Risk Management system is framed and under finalization stage. However, during the year under report no personnel have been denied access to the Members of the Audit Committee or its Chairman.

Presidential Orders were received in respect of:

- (a) Appointment of Shri P. K. Mishra, Joint Secretary (MS) vs Shri. Gyanesh Kumar Joint Secretary (NS-I)
- (b) Appointment of Smt. Kusum Singh, Joint Secretary (P&C) vs Shri P. K. Mishra, Joint Secretary (MS)
- (c) The extension of tenure of Director (Finance) beyond 17.07.2013 upto 31.08.2014
- (v) There were no items of expenditure included in the Financial Statements which are personnel 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 are incurred not for purposes of the business.
- (vii) The Administrative and Office Expenses as a percentage of total expenses was 2.84 % as compared to 2.78 % in the

previous year and such percentage in respect of financial expenses was 1.50 % when compared to 2.18 % in the previous year.

- (viii) No extravagancy was found in the Expenditure on the part of the Board Members and Senior Management Personnel.
- (ix) The deviation from Accounting Standards, if any, has been explained by the Directors in their report to shareholders.

8.0 COMMUNICATION:

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

9.0 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- 9.1 Aseparate report is enclosed at **APPENDIX: IV**

MANAGEMENT DISCUSSION AND ANALYSIS

1.0 INDUSTRY STRUCTURE AND DEVELOPMENTS:

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

collaborators during its initial stages and fully reaped the benefits associated with such technologies. With the constant developments made over the years in various operational areas, by utilizing in-house R&D capabilities; the company indigenized various critical technologies, alloys and products which reduced dependence on imports of these critical materials.

2.0 **ORGANISATION:**

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

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

4.0 **SECTOR WISE PERFORMANCE:**

- 4.1 Presently majority of MIDHANI's products cater to strategic sectors viz Ordinance Factories (OFB), Defence Research and Development Organization (DRDO) and applications of

Air, Naval, Land Forces; Indian Space Research Organization (ISRO), Department of Atomic Energy (DAE), etc. In addition MIDHANI also supplies special alloys to commercial sector including Larsen & Toubro, Wallchandnagar etc., which also goes into Defence and Atomic energy sectors of our country.

4.2 The alloy wise performance in the turnover for the last 2 years is given hereunder:

GRADE	2012-2013		2011-2012	
	Qty.	Value (Rs. Lakhs)	Qty.	Value (Rs. Lakhs)
Super alloys, Titanium Alloys and Special Stainless Steels, etc.,	4,687	558.59	3,482	509.01

The order book position stood at Rs. 1,270 Cr. at the beginning of the year 2013-'14 and with the commissioning process of the newly procured equipments in its final stage there will be a substantially improve and enhancement of the supply level during the year 2014-15.

5.0 **MODERNISATION & UP-GRADATION PROGRAM:**

5.1 In an ambitious plan to becoming a global player in the field of SUPERALLOYS, Special Steels, Titanium and Titanium alloys and in an effort to supply finish components as against semis and mill forms, MIDHANI has embarked on an expansion phase augmenting, expanding and revamping its age old in-house production facilities with contemporary technologies available elsewhere in the world and also developing new applications for the existing products.

5.2 Under Phase-I an investment of around Rs.151Cr. was envisaged for revamping /upgrading /enhancing production capacities. Under Phase-II the main focus was to enhance Production capacities of equipment with additions at a cost of Rs. 205 Cr. Prominent among them were; New 6000 T Forge Press with 20 T Manipulator with an estimated investment of Rs.120 Cr.; Radial Axial Ring Rolling Mill an estimated cost of Rs.40 Cr.; Establishment of a New Fastener Plant, R&D Building, Corporate Building & Administrative Building with an expected capital outlay of Rs. 32 Cr.; Instillation of 20 Ton Electric Arc Furnace with Vacuum Degassing (VD) / Vacuum Oxygen Decarbursing (VOD) and Ladle Refining Furnace (LRF) at a cost of Rs. 30 Cr. under funding from OFB. Under Phase-III a major expansion program at an estimated investment of Rs. 507Cr. for setting up of balancing facilities funding coming from ASL, DRDO to the extent of Rs. 200 Cr. and Rs. 307 Cr. from OFB was envisaged and the work in respect of the same is at an advanced stage.

6.0 RISKS AND CONCERNS:

- 6.1 The volatile nature of prices and non- availability of critical imported raw material in the International market coupled with unfavorable trend in exchange rates of Rupee Vs US\$, play adversely on the competitive edge of the Company. The exact prediction of timing and the price at which most economic buying can be resorted to has become highly volatile.
- 6.2 Difficulties / delays are expected to arise in supplying critical equipment to MIDHANI by some countries in the Western World. This coupled with the wide fluctuations in foreign exchange rates i.e Rs. vs. US\$ & Euro, is expected to result in heavy cost and time overruns in executing

company's expansion projects.

- 6.3 In order to gain confidence and trust from major customers of the Company, concrete action plans were implemented in the area of cost reduction, yield improvement, optimizing process parameters to ensure uncompromising quality
- 6.4 **Power & Fuel Costs:** Several shop floor controls were introduced to contain costs on Power and Fuel at optimum levels, which includes making provision for separate meters at all possible consumption centers to collect consumption data / pattern. Taking indices from reputed industry leaders for bench marking was evolved during the year for effective monitoring of consumption of those inputs.
- 6.5 **Meeting Customers stringent and dynamic technical specifications:** The Company's aim to achieve customer's delight is not possible unless innovative activities and improvements in processes, products, product applications etc., are carried out with technological excellence and expertise.
- 6.6 Horizontal and vertical integration of company's activities with the activities of its major customers and suppliers is another area where Management has continued its efforts during the year under report for achieving better results.
- 6.7 **Timely Deliveries:** Ensuring timely deliveries has been the main area of attention of Management. In order to expedite deliveries and cut down the incidence of contractual penalties and damages for delayed deliveries; strategic decisions like outsourcing of some of the company's operations to premier institutions were resorted to in the non-core area of functioning of the

Company wherever such facilities are cost effective and quicker.

7.0 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

8.0 FINANCIAL PERFORMANCE

8.1. The Summarized financial position for the 3 preceding Financial Years is given below:

(Figures in Rs. Cores)

S. No	Particulars	2012-2013	2011-2012	2010-2011
I.	LIABILITIES			
a)	(i) Paid Up Capital	187.34	183.34	183.34
	(ii) Share Application Money	-	4.00	
	(iii) Reserves and Surplus	219.43	180.45	154.62
b)	Loan Funds	69.93	-	-
c)	Deferred Taxes	0.32	0.54	0.40
d)	(i) Current Liabilities & Provisions	561.42	512.88	368.62
	(ii) Non-Current Liabilities & Provisions	343.96	118.51	183.19
	(iii) Gratuity Provision	0.33	0.28	0.20
	TOTAL	1382.73	1,000.00	890.36
II.	ASSETS			
e)	Net Block	68.17	60.67	55.27
f)	Capital Work in Progress	135.02	10.22	9.38

g)	Investments	2.10	2.10	2.10
h)	(i) Current Assets,			
	Loans & Advances	1174.51	906.90	818.78
	(ii) Non-Current Assets	2.93	20.11	4.83
i)	Misc. Expenses not written off	-	-	-
	TOTAL	1382.73	1,000.00	890.36
j)	Working Capital	279.22	395.07	303.10
k)	Capital Employed	347.39	455.74	358.37
l)	Net Worth	406.77	367.79	337.95
m)	Net worth per rupee of paid up capital (Rupees)	2.17	2.01	1.63

8.2 WORKING RESULT

8.2.1 The company is expected to achieve "**EXCELLENT**" MoU rating for all round growth and overall financial and operational performance in the year 2012-'13. The significant highlights of the performance for the year 2012-'13 and a comparison with the previous two years are as under:

8.2.2

(Figures in Rs. Cores)

S.No	Particulars	2012-2013	2011-2012	2010-2011
1.	Sales - To Customers	499.46	392.98	330.62
	Sales – Export	-	-	
	Sales - Dispatches to Sub-Contractors	59.13	116.04	87.25
2.	Value of Production (Incl ED)	537.37	496.00	485.46
3.	Cash Profit (Excl prior period items)	118.18	102.74	79.55
4.	Profit Before Tax	117.78	98.50	75.18
5.	Net Profit (PAT)	82.52	68.45	50.42
6.	Value Added	359.98	351.38	288.78

7.	Value added per employee	0.3689	0.3340	0.2576
8.	Value Added per Direct Worker	0.930	0.817	0.672
9.	Productivity per employee	0.5506	0.472	0.433
10.	Paid up Capital	187.34	183.34	183.34
11.	Share Application Money	-	4.00	-
12.	Capital Employed	347.36	455.74	280.21
13.	Net Worth	406.77	367.79	298.87
14.	Working Capital	279.19	395.07	224.94
15.	Contribution to Exchequer	121.36	103.47	79.56
16.	No of Employees	976	1,052	1,121

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

(Figures in Percentage % unless specified)

S. No	Particulars	2012-2013	2011-2012	2010-2011
A.	Liquidity Ratios			
	Current Ratio <i>(Current Assets to Current Liabilities and Provisions, Interest accrued due but excluding provision for Gratuity)</i>	131.28	177.02	143.62
B.	Profitability Ratios			
a)	Profit Before Tax to			
	(i) Capital Employed	33.91	21.61	26.83
	(ii) Net worth	28.95	26.78	25.15
	(iii) Sales	21.08	19.35	17.99
b)	Profit After Tax to Equity	44.05	37.34	27.50
c)	Earnings Per Share <i>(in Rupees)</i>	440.47	373.38	275.02

8.2.4 Amount available for Appropriation:

The amount available for appropriation is Rs.82.52 Cr. as against Rs. 68.45 Cr. in the previous year.

9.0 HUMAN RESOURCE DEVELOPMENT

9.1 The total manpower strength of MIDHANI as on 31.3.2013 is 976 as under:

Gender	Non-Executives	Non-Unionized Supervisors	Executives	Total
Male	536	145	236	917
Female	22	6	31	59
Total	558	151	267	976
Previous Year	630	173	249	1052
Including functional Directors.				

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

9.3 Considering the age mix of the employees, and the major natural separations taking place in the year under report and also during the years to come, the Company needs to focus its attention in re-deployment and fresh induction of contemporary skills and expertise from the market.

9.4 Employees Remuneration

9.4.1 The total expenditure incurred on the Employees remuneration for the year 2012-13 was Rs.96.37 Cr. as against previous year expenditure of Rs. 112.12 Cr. The details are :

S.No	Particulars	2012-2013	2011-2012
1)	Salaries and Wages	6,123.29	6,523.14
2)	Cont. to Provident Fund & EPS	570.63	592.23
3)	Gratuity	568.85	524.80
4)	Leave Encashment	553.79	431.93
5)	Staff Welfare Expenditure (Net)	1,548.10	1,989.06
6)	Leave Salary & Pension Contribution	275.05	1,150.80
7)	TOTAL	9,636.71	11,211.96

9.4.2 Remuneration to Members of Board:

- (i) The Official Directors on the Board of the Company are not entitled to any salary, perquisites allowances, bonuses, stock options, pensions, Performance Related Pay (PRP) etc. at the expense of the company.
- (ii) The Part-time Non-official Directors on the Board of the Company are not entitled to any remuneration except sitting fees for attending meetings of the Board or its committees thereof at Rs.10,000/- (Rupees Ten Thousand only) per day (including its adjournment for next day) They were also reimbursed TA/DA expenses for attending the Meetings of the Board or its Committees thereof at the rates applicable for functional directors (other than CMD) of the Company.
- (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 2012-13 as shown below:

(Figures in Rs. Lakhs)

No.	Remuneration to Functional Directors	Amount (Rs. Lakhs)	
		2012-13	2011-12
1.	Salaries and Wages	105.70	104.21
2.	Cont. to Provident Fund & EPS	5.58	4.98
3.	Gratuity	-	10.00
4.	Leave Encashment	6.21	1.38
5.	TOTAL	117.49	120.57

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

10.0 CORPORATE SOCIAL RESPONSIBILITY

MIDHANI as a corporate citizen has been discharging its social responsibilities by undertaking various welfare measures like community development, pollution control and eco-friendly measures. MIDHANI has also been keen in taking steps to implement the guidelines received from Govt. of India, Dept. of Public Enterprises on the subject in its true letter and spirit. The guidelines envisaged earmarking of separate budget for these activities with the main object of developing company specific social responsibility strategies both in long term, medium term, short term, within built mechanism for monitoring and accountability.

RESUME

Smt. Kusum Singh, Joint Secretary (P&C)

Smt. Kusum Singh, aged 52 years, belongs to the 1984 batch of Indian Railway Personnel Service. She has completed her M.A. in Economics from Delhi School of Economics. She is presently holding the post Joint Secretary (P&C) an important post in the Department of Defence Production, Ministry of Defence, Government of India. She has a very wide experience in administration and other disciplines had previously held a post as General Manager with Centre for Railway Information Systems (CRIS).



ANNEX-III(A)

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

Sl. No	Name & Description OF DIRECTOR	BOARD			AUDIT COMMITTEE			GENERAL MEETINGS*		
		No. of Meetings Ought to Have been Attended	No. of Meetings Attended	No. of Meetings Ought to Have been Attended	No. of Meetings Attends	No. of Meetings Ought to Have been Attended	No. of Meetings Attended	No. of Meetings Ought to Have been Attended	No. of Meetings Attended	
1.	Shri M NARAYANA RAO	6	6	NA	NA	1	1	1		
2.	Dr. G. Malakondaiah	6	4	NA	NA	1	0	0		
3.	Mrs. Indu Liberhan	6	5	3	3	1	1	1		
4.	Dr. Dipankar Banerjee	6	4	3	2	1	0	0		
5.	Dr. Kota Bhanu Sankara Rao	6	6	3	2	1	1	1		
6.	V. S. KRISHNA MURTHY	6	6	3	3	1	1	1		
7.	Dr. D. K. Lkhi	6	5	3	3	1	1	1		
8.	Gyanesh Kumar	3	0	NA	NA	1	0	0		
9.	P. K. Mishra	1	1	NA	NA	NA	NA	NA		
10.	Kusum Singh	2	1	NA	NA	NA	NA	NA		
11.	<u>Permanent special invitee: P.K. KATARIA</u>	6	2	NA	NA	1	0	0		

* Annual General Meeting held on 24.09.2012 where in representative of President of India was present
Leave for absences for the Directors were recorded at every Meeting in case of their inability to attend due to unavoidable reasons

ANNEX-II(B)

DETAILS OF THE MEETINGS OF COMMITTEES OF BOARD HELD DURING THE YEAR AND THE ATTENDANCE OF THE DIRECTORS THEREOF																
S. No.	Name & Description of Director	PROCUREMENT COMMITTEE			REMUNERATION COMMITTEE			HUMAN RESOURCES COMMITTEE			TECHNICAL COMMITTEE			CORPORATE SOCIAL COMMITTEE		
		No. of Meetings ought to have been attended	No. of Meetings Attended	No. of Meetings ought to have been attended	No. of Meetings Attended	No. of Meetings ought to have been attended	No. of Meetings Attended	No. of Meetings ought to have been attended	No. of Meetings Attended	No. of Meetings ought to have been attended	No. of Meetings Attended	No. of Meetings ought to have been attended	No. of Meetings Attended	No. of Meetings ought to have been attended	No. of Meetings Attended	
1.	Mrs. Indu Liberhan	NA	NA	1	1	4	4	4	4					NA	NA	
2.	Dr. Dipankar Banerjee	NA	NA	1	1	4	4	4	4					NA	NA	
3.	Dr. Kota Bhanu Sankara Rao	13	13	1	1	4	4	3	3					1	1	
4.	V.S. KRISHNA MURTHY	13	12	NA	NA	4	4	3	3					1	1	
5.	Dr.D.K. LIKHI	13	12	NA	NA	4	4	4	4					1	1	
6.	M NARAYANA RAO	13	11	NA	NA	NA	NA	NA	NA					NA	NA	
7.	Dr.G. Malakondaiah	NA	NA	NA	NA	NA	NA	NA	NA					NA	NA	
8.	Gyanesh Kumar	NA	NA	NA	NA	NA	NA	NA	NA					NA	NA	
9.	P.K. Mishra	NA	NA	NA	NA	NA	NA	NA	NA					NA	NA	
10.	Kusum Singh	NA	NA	NA	NA	NA	NA	NA	NA					NA	NA	

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



**THE ROLE/TERMS/FUNCTIONS OF
THE AUDIT COMMITTEE IS AS UNDER:**

- 1) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- 3) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions; and
 - g) Qualifications in the draft audit report.

4) AUDIT(S):

(i) INTERNAL AUDIT:

- a) Reviewing, with the management, performance of internal auditors (external firms) and adequacy of the internal control systems.
- b) Reviewing the adequacy of internal audit (in house) function, if any, including the structure of the internal audit department,

staffing and seniority of the official heading the department, reporting structure coverage and frequency of such audit.

- c) Discussion with internal auditors on any significant findings and follow up thereon.
- d) Recommending to the Board the fixation of fees for Internal Auditors for Audit and other services if any.

(ii) STATUTORY AUDIT:

- a) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - b) Discussion with Statutory auditors on any significant findings and follow up thereon.
 - c) Recommending to the Board the fixation of Statutory Audit fees.
 - d) Approval of payment to statutory auditors for any other services (other than audit) rendered by them;
- 5) Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
- 6) Review with the independent auditors the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
- 7) Consider and review the following with the independent auditor and management:
- ✓ The adequacy of internal controls including computerized information system controls and security, and
 - ✓ Related findings and recommendations of the Independent auditor and internal auditor, together with the management responses.
- 8) Consider and review the following with the management, internal auditor and the independent auditor:
- ✓ Significant findings during the year, including the status of previous audit recommendations



- ✓ Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
- 9) **GOVT. AUDIT:** To review the follow up action on the audit observations of the C&AG audit.
- 10) Reviewing the findings of any internal investigations by the internal auditors/ statutory auditors/ other agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- 12) To review the functioning of the Whistle Blower Mechanism.
- 13) To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
- 14) Review and pre-approve all related party transactions in the company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions.

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

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

TERMS OF REFERENCE TO PROCUREMENT COMMITTEE

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



TERMS OF REFERENCE &

PURPOSE OF REMUNERATION COMMITTEE:

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

TERMS OF REFERENCE TO HUMAN RESOURCES COMMITTEE

- To review and make suggestions to Board of Directors in respect of Policy matters relating to both Executives (including Non-Unionized Supervisory Cadre) and Non-Executives in respect of the following matters:
 - ✓ Creation /abolition of Posts - fixing optimum man power strength.
 - ✓ Changes in the Organization Structure , Designations , allocation of functions
 - ✓ Recruitment Rules and Procedure
 - ✓ Service conditions like Leaves, TA&DA, Medical, LTC etc.
 - ✓ Salary / Wage structure - Scales of Pay- Increments and other related matters.
 - ✓ Perquisites and Allowances, Bonus , Performance and Productivity Related Incentive Schemes
 - ✓ Retirement benefits and plans
 - ✓ Creation and Maintenance of Provident Fund, Gratuity Fund, Pension Fund etc.
 - ✓ All Welfare Schemes including Canteen, School, Transport, Awards/ Rewards, Ex-gratia, Gifts and other benefits including facilities to be extended after retirement
 - ✓ Maintenance of Town Ship and Estate Matters
- To review and make suggestions to Board of Directors in respect of Policy matters relating to both Executives including (Non- Unionized Supervisory Cadre) and Non- Executives



- ✓ Carrier Development Plans including Training & Development Programs - Engagement of GETs / MTs and the Schemes relating to them.
- ✓ Framing up of Conduct, Discipline and Appeal (CDA) Rules and Standing Order as applicable.
- ✓ Review and make suitable recommendations to Board in respect of Disciplinary proceedings / reports / actions taken and/or to be taken
- ✓ Introduction of Voluntary Retirement, Compulsory Retirement and other Separation Schemes.
- ✓ Vigilance and Security related issues.
- ✓ Trade Unions, Officers / Supervisors Associations
- Recommending to Board of Directors regarding grant of donations to charitable and other funds on account of natural calamities.
- The Committee can frame its own guidelines for conducting its meetings.

TERMS OF REFERENCE TO TECHNICAL COMMITTEE

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



TERMS OF REFERENCE TO CORPORATE SOCIAL RESPONSIBILITY:

- To frame the CSR Policy in tune with MIDHANI's Mission and prepare a long term CSR Plan matching the company's long term business plan.
- To prepare medium and short term CSR plans in tune with the above clearly specifying the following:
 - ✓ Requirements relating to baseline survey
 - ✓ Activities to be undertaken
 - ✓ Budget allocated
 - ✓ Time-lines prescribed
 - ✓ Responsibilities and authorities defined
 - ✓ Major measurable and perceivable results expected.
- To identify, approve and monitor various projects under CSR activity.
- To identify, approve and recommend agencies for carrying out the CSR projects
- To identify external agency for evaluation and audit the CSR project (Concurrent & Final)
- Resolving any grievances that may arise out of CSR activities
- To interpret and ensure implementation of all the provisions as mentioned in DPE Guidelines as modified from time to time
- To constitute multidisciplinary taskforce teams with required responsibility and authority to monitor all functions of CSR activities/project and liaise with different agencies involved and obtain necessary registrations and approvals.

TERMS OF REFERENCE ON SUSTAINABLE DEVELOPMENT (SD) COMMITTEE:

- The Committee has been functioning since March, 2012 with an object of development without compromising the ability of future generations to meet their own needs;
- Sustainable Development involves an enduring and balanced approach to economic activity, social progress and environmental responsibility in compliance with the National Environment Policy (NEP) issued by the Ministry of Environment & Forests in 2006 as a “response to our national commitment to a clean environment as mandated in the Constitution in Articles 48A and 51 A (g) and strengthened by judicial interpretation of Article 21.
- The Department of Public Enterprises (DPE) has also attached weightage (5 marks) for these activities in the MoU.
- Internal Officers at the level of Addl. Genl. Mgr were made Members of the Committee to become instrumental for the conception of SD policy for the company, planning of the Projects, implementation, monitoring, reporting, training, documentation, and evaluation of all the projects and the project evaluation will be done based on the objectives, scope, deliverables and benefits by independent agency/ consultants, specialist



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

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

CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT OF MISHRA DHATU NIGAM LIMITED.

1.0 INTRODUCTION

- 1.1. This code shall be called as "The Code of Business Conduct & Ethics (hereinafter referred to as "code") and applicable for Board Members and Senior Management" of MISHRA DHATU NIGAM LIMITED (hereinafter referred to as "the Company").
- 1.2. The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company.
- 1.3. This Code for Board Members and Senior Management has been framed specially in compliance of the provisions of the Guidelines of DPE.
- 1.4. It shall come into force with effect from 24th January, 2011

2.0 DEFINITIONS AND INTERPRETATIONS:

- 2.1 The term "Board Members" shall mean Directors on the Board of Directors of the Company.
- 2.2 The term "Whole-time Directors" or "Functional Directors" shall be the Directors on the Board of Directors of the Company who are in whole-time employment of the Company.
- 2.3 The term "Part-time Directors" shall mean Directors on the Board of Directors of the Company who are not in whole time employment of the Company.
- 2.4 The term "Relative" shall have the same meaning as defined in Section 6 of the Companies Act, 1956.
- 2.5 The term "Senior Management" shall mean personnel of the Company who are members of its core management team excluding Board of Directors and would comprise all members of management one level below the Whole time Directors,



including all functional heads (i.e. Managerial Personnel in the rank of General Manager in Grade - VIII and above)

Note: In these code words imparting the masculine gender shall include feminine gender and words importing singular shall include the plural or vice-versa

3.0 APPLICABILITY

- 3.1 This code shall be applicable to the following personnel:
 - a. All Whole-time Directors including the Chairman & Managing Director of the Company.
 - b. All Part-time Directors including Independent Directors under the provisions of law.
 - c. Senior Management.
- 3.2 The Whole-time Directors and Senior Management should continue to comply with other applicable / to be applicable policies, rules and procedures of the Company.

4.0 CONTENTS OF CODE

- 4.1 **Part I** General Moral Imperatives
 - Part II** Specific Professional Responsibilities
 - Part III** Specific Additional Provisions for Board Members and Senior Management
- 4.2 This code is intended to serve as a basis for ethical decision making in the conduct of professional work. It may also serve as a basis for judging the merit of a formal complaint pertaining to violation of professional ethical standards.
- 4.3 It is understood that some words and phrases in the code of ethics and conduct document are subject to varying interpretations. In case of any conflict, the decision of the Board shall be final.

PART-I

5.0 GENERAL MORAL IMPERATIVES

5.1 Contribute to society and human well being

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

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

5.2 Be honest and trustworthy & practice integrity

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

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

5.3 Be fair and take action not to discriminate

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



5.4 Honour Confidentiality

- 5.5.1 The principle of honesty extends to issues of confidentiality of information. The ethical concern is to respect all obligations of confidentiality to all stakeholders unless discharged from such obligations by requirements of the law or other principles of this Code.
- 5.5.2 All Board Members and Senior Management, therefore, shall maintain the confidentiality of all confidential unpublished information about business and affairs of the Company.

5.5 Pledge & Practice

- 5.5.1 To strive continuously to bring about integrity and transparency in all spheres of the activities.
- 5.5.2 Work unstintingly for eradication of corruption in all spheres of life.
- 5.5.3 Remain vigilant and work towards growth and reputation of the Company.
- 5.5.4 Bring pride to the organization and provide value-based services to Company's stakeholders.
- 5.5.5 Do duty conscientiously and without fear or favour

PART - II

6.0 SPECIFIC PROFESSIONAL RESPONSIBILITIES

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

For quick reference MISSION is under:

A. MISSION OF THE COMPANY :

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

B. VALUES:

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

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

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

6.3 Acquire and maintain professional competence:

Excellence depends on individuals who take responsibility for acquiring and maintaining professional competence. All are,

therefore, expected to participate in setting standards for appropriate levels of competence, and strive to achieve those standards.

6.4 Compliance with Laws:

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

6.5 Accept and provide appropriate professional review:

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

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

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

6.7 Be upright and avoid any inducements:

The Board Members and Senior Management shall not, directly or indirectly through their family and other connections, solicit any personal fee, commission or other form of remuneration arising out of transactions involving Company. This includes gifts or other benefits of significant

values, which might be extended at times, to influence business for the organization or awarding a contract to an agency etc.

6.8 Observe Corporate Discipline:

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

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

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

6.10 Be accountable to Company's stakeholders:

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



6.11 Prevention of Insider Trading:

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

6.12 Identify, mitigate and manage business risks:

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

6.13 Protect properties of the Company:

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

PART-III

7.0 SPECIFIC ADDITIONAL PROVISIONS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

7.1 As Board Members and Senior Management:

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

7.2 As Board Members:

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

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

Illustrative cases can be;

(i) Related Party Transactions:

Entering into any transactions or relationship with Company or its subsidiaries in which they have a financial or other personal interest (either directly or indirectly such as through a family member or relation or other person or other organisation with which they are associated).



(ii) Outside Directorship:

Accepting Directorship on the Board of any other Company that competes with the business of the Company.

(iii) Consultancy/Business/Employment:

Engaging in any activity (be it in the nature of providing consultancy service, carrying on business, accepting employment) which is likely to interfere or conflict with their duties / responsibilities towards Company. They should not invest or associate themselves in any other manner with any supplier, service provider or customer of the Company.

(iv) Use of Official position for personal gains:

Should not use their official position for personal gains.

7.3 Compliance with the Code of Business Conduct and Ethics:

7.3.1 All Members of the Board and Senior Management of Company shall uphold and promote the principles of this code:

The future of the organization depends on both technical and ethical excellence. Not only it is important for Board members and Senior Management to adhere to the principles expressed in this Code, each of them should also encourage and support adherence by others.

7.3.2 Treat violations of this code as inconsistent association with the organization:

Adherence of professionals to a code of ethics is largely and generally a voluntary matter. However, if any of Board Members and Senior Management does not follow this Code, the matter would be reviewed by the Board and its

decision shall be final. The Company reserves the right to take appropriate action against the defaulter.

7.4 Miscellaneous Points:

7.4.1 Continual updation of Code:

This Code is subject to continuous review and updation in line with any changes in law, changes in Company's philosophy, Mission, business plans or otherwise as may be deemed necessary by the Board and all such amendments/ modifications shall take effect prospectively from the date stated herein.

7.4.2 Where to seek clarifications:

Any member of Board or Senior Management requiring any clarification regarding this code of conduct may contact Director / Company Secretary / any officer specifically designated by the Board of Directors.

This has the approval of the Board of Directors of the Company at its 193rd Meeting held on 24th January, 2011.



**ACKNOWLEDGMENT OF RECEIPT
OF
CODE OF BUSINESS CONDUCT AND ETHICS
FOR
BOARD MEMBERS AND SENIOR MANAGEMENT
OF MISHRA DHATU NIGAM LIMITED**

I Whole-time / Part-time Director / Senior Executive of the Company have received and read the code of Business Conduct and Ethics for Board Members and Senior Management of Mishra Dhatu Nigam Limited. I understand the standards and policies contained in the said Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job. I further agree to comply with the said Code of Business Conduct and Ethics.

2. If I have questions concerning the meaning or application of the said Code of Business Conduct and Ethics, any policies of the Company or the legal and regulatory requirements applicable to my job; I know I can consult Director or Company Secretary of the Company knowing that my questions or reports will be maintained in confidence.
3. Further, I undertake to provide following affirmation on an Annual basis to the Company within 30 days from the end of 31st March every year.

Signature :

Name :

Designation :

Place: Employment Number :

Date: Telephone No. :

AFFIRMATION

(By Board Members /Senior Management of the Company on Annual basis by 30th April of every year)

I------(name)------(designation) having read and understood the Code of Business Conduct and Ethics for Board Members and Senior management, hereby solemnly affirm that I have complied with and has not violated any of the provisions of the Code during the year ended 31st March.....

Signature :

Name :

Designation :

Place: Employment Number :

Date: Telephone No.:



PUTTAPARTHI JAGANNATHAM & CO.
COMPANY SECRETARIES

(O) : 315, Bhanu Enclave, Adj. ESI Hospital, Erragadda, Hyderabad -38.
(R) F-1, Pavani Aparts., 40, Rajeev Nagar, Hyderabad - 500045.
Tel (O) : 23701964, Fax : 23701374, (R) 23833265,
E-mail : jagannatham123@rediffmail.com

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Mishra Dhatu Nigam Limited

We have examined all the relevant records of Mishra Dhatu Nigam Limited for the purpose of certifying the compliance of the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 for the financial year ended 31st March 2013. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

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

Place: Hyderabad
Date: 13th August, 2013

FOR PUTTAPARTHI JAGANNATHAM & CO.,

COMPANY SECRETARIES



PRAKASH REDDY P
PARTNER
CP NO. 11777



Corporate Governance

ANNEXURE - VI

मिश्र धातू निगम लिमिटेड

(भारत सरकार का उपक्रम)

(एक मिनी रत्ना कम्पन)

सुपर आलॉय्स प्लांट

डाकघर : कंचनबाग, हैदराबाद -500 058, भारत

दूरभाषा : 24340001 (लाईन 10)

फैक्स : 040-24340764, 24340214, 24340371



AN ISO 9001:2008 COMPANY

MISHRA DHATU NIGAM LIMITED

(A Govt. of India Enterprise)

(A MINI RATNA COMPANY)

SUPERALLOYS PLANT

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

Phone : 24340001 (10 Lines)

Fax : 040-24340764, 24340214, 24340371

website : www.midhani.gov.in.

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Mishra Dhatu Nigam Limited,

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

This is also to certify that the Board members and Senior Management personnel of Mishra Dhatu Nigam Limited have affirmed compliance with the code of the Company for the financial year ended 31st March 2013

for MISHRA DHATU NIGAM LIMITED

(M. NARAYANA RAO)

CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad

Date: 04.07.2013

SWOT ANALYSIS

1.0 STRENGTHS

- ✓ Company's capability to manufacture a wide range of advanced metals and alloys in various mill forms viz. forgings, sheets, strips, bars, rods, wires, etc.
- ✓ World-class experience and expertise gained over 30 years in operating and maintenance of various high technology equipment and processes.
- ✓ Skilled and experienced manpower resource in manufacture of special metals and alloys.
- ✓ MIDHANI's systems and procedures are time tested, quality consistent and adheres to ISO-9001:2000 certification.
- ✓ Status of self certification was accredited by prestigious inspection agencies and major customers of the company for its supplies.
- ✓ Company's Modernisation, Upgradation and Expansion project would improve the competitive edge of the Company.

2.0 WEAKNESSES

- ✓ Plant and Equipments are age old.
- ✓ Lack of economies of scale leading to high incidence of overheads and production costs.
- ✓ Lack of adequate and matching downstream facilities.
- ✓ Long production cycle.
- ✓ Processing of small lots of various grades requiring tailor made operations.
- ✓ Production normally involves product development involving long lead times.

3.0 OPPORTUNITIES

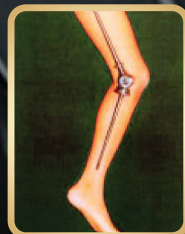
- ✓ With the growth of economies in India and abroad, demand for special alloys and steels is increasing.
- ✓ Some of the labour intensive operations required in the

manufacture can be carried out economically in India when compared to other countries.

- ✓ The additional capacities created recently would bring in further reduction in operating costs thus improving Competitive edge for the Company.
- ✓ Programs of Strategic Sectors like fast breeder reactor program, commercial space vehicle launches by Indian Space Research Organization, components of tanks, aircrafts, submarines, etc. would create demand for special metals and alloys.
- ✓ Opportunity exists to diversify into Armour products, bio-medical implants, Fasteners for Aero space and production of near net shape forgings.
- ✓ Home-grown technologies would reduce the country's dependence on outside world.
- ✓ Synergisation and integration with other Public Sector Undertakings for processing part of the materials
- ✓ Potential exists for ensuring long-term tie-ups with customers, Joint ventures and strategic alliances etc.,

4.0 THREATS

- ✓ Lack of contemporary technology as is available in other parts of the globe resulting in high cost with long delivery periods.
- ✓ Adverse import duty structure for some of the company's products
- ✓ High volatile prices of some of the critical imported raw materials coupled with their non-availability at times.
- ✓ Dumping from China in respect of Molybdenum products.
- ✓ Lack of competitive edge in the international market on account of above
- ✓ Risk of obsolescence in processes and procedures.
- ✓ Stiff competition from private sector organizations in India and abroad.



Midhani in Support of Programs of National Importance



INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Mishra Dhatu Nigam Limited, which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Pursuant to Comptroller and Auditor General of India's observation under Section 619(4) of the Companies Act, 1956, the accounts adopted by the Board of Directors on 13/07/2013 have been revised. There is no impact in the financial statements due to this revision as stated in note no. 30 of the accounts. This report supersedes our earlier report dated 13th July, 2013 which has been suitably revised to include modified opinion in line of the observations by Comptroller and Auditor General of India, as stated below.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

BASIS FOR QUALIFIED OPINION

As explained in point no. 3, in Notes to accounts under "Basis of preparation of accounts" to the financial statements which describes the method of recognizing the revenue on consistency basis in respect of dispatches to sub-contractors in terms of Accounting Policy No. 8 pending receipt of expert opinion sought by the Company on

applicability of AS-7, the recognition of the revenue in respect of dispatches to sub-contractors is not consistent with the requirement of AS-7 and the Company has disclosed the impact of above recognition on the revenue/profitability in point no. 3 in the Notes to accounts.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013
- b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

EMPHASIS OF MATTER

Note No. 9 (Trade payables), Note No. 10 (Advances for Customer financed projects), Note No.19 (Trade Receivables), Note No. 16 (Long Term Loans and Advances), Note No.21 (Short Term Loans and Advances), and Note No. 22 (Others - Dispatches with sub-contractors) to the financial statements which are subject to receipt of confirmation of balances / reconciliation. Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit:
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those book
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 except compliance of disclosure requirements prescribed in Accounting Standard-7.
 - e) In terms of Ministry of Law, Justice and Company Affairs, Department of Company Affairs General Circular No.8/2002, dated March 22, 2002, Government Companies are exempt from the applicability of the provisions of Section 274(1) (g) of the Companies Act, 1956. Hence, no comments are offered.

- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

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

Place of Signature : Hyderabad
Date : 07.08.2013

Annexure to the Auditors' Report

(referred to in Paragraph 1 of our report of even date)

Re: Mishra Dhatu Nigam Limited

i.	a.	The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, on the basis of available information.
	b.	As explained to us, the fixed assets have been physically verified by the management and no discrepancies were reported. On the basis of information /documents produced for our verification, we are of the opinion that the system followed by the company for the physical verification of the fixed assets needs to be strengthened to commensurate with the size of the company.
	c.	In our opinion, the Company has not disposed off any substantial part of fixed assets, during the year.
ii.	a.	As explained to us inventories have been physically verified by the management at the year end. In our opinion, the frequency of verification is to be improved.
	b.	In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
	c.	The Company has maintained proper records of inventories. As explained to us, the discrepancies noticed on physical verification by the management valuing Rs. 191.24 Lakhs pertaining to earlier years are brought into account and we are of the opinion that the same have been properly dealt with in the books of account.

iii.		The Company has not granted or taken any loans to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
iv.		In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system.
v.		According to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956.
vi.		The Company has not accepted any deposits from the public.
vii.		In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
viii.		We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
ix.	a.	According to the information and explanation given to us and on the basis of our examination of records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees'



	State Insurance, Income tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess, Service Tax, and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
b.	According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31.03.2013 for a period of more than six months from the date they became payable.
c.	According to the information and explanation given to us, there are no dues of wealth Tax, service tax and cess which have not been deposited with the appropriate authorities on account of any dispute. However according to the information and explanation given to us, the following Income tax, AP VAT, Central Excise, have not been deposited as per the details given here under.

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Amount (Rs.) Lakhs
Income Tax Act, 1961.	Income Tax for the A.Y. 2004-05.	Appeal filed was decided in f/o of Company by CIT(A)., however depart filed an appeal before ITAT.	49.38
Income Tax Act, 1961.	Income Tax for the A.Y. 2006-07, 2008-09, & 2009-10	Commissioner of Income Tax (Appeals)-V, Hyderabad.	1878.49
Income Tax Act, 1961.	Income Tax for the A.Y. 2010-11.	Commissioner of Income Tax	1365.81

		(Appeals)-V, Hyderabad.	
AP VAT Act.,	2005VAT A.Y. 2009-10.	The Dy. Commissioner (Commercial Tax)AP.	233.38
VAT Act., 2005	Period 2005-06 to 2008-09 up to Sep' 2008.	AP Sales Tax Appellate Tribunal, Hyderabad.	10.27
Central Excise Act, 1944.	Excise Duty interest & Penalty for the period April, 2005 to September, 2009.	CESTAT Banglore Bench	7223.44

x.		The Company has no accumulated losses as at the end of the current financial year and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
xi.		In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks.
xii.		In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
xiii.		In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, Paragraph-4 (xiii) is not applicable.
xiv.		The Company does not deal or trade in shares, securities, debentures and other investments. Therefore, Paragraph-4 (xiv) is not applicable.

xv.		The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima-facie prejudicial to the interests of the Company.
xvi.		The Company has not raised any Term loan during the year.
xii.		According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilized any funds raised on short term basis for long term investment.
xiii.		During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
xix.		The Company has not raised any money by way of issue of debentures.
xx.		The Company has not raised any money by way of public issue. Therefore, Paragraph-4(xx) is not applicable.
xxi.		According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

Place of signature:
Hyderabad Date: 07/08/2013

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

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF M/S MISHRA DHATU NIGAM LIMITED FOR THE YEAR ENDED 31ST MARCH 2013.

The preparation of financial statements of M/s MISHRA DHATU NIGAM LIMITED for the year ended 31st March, 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their **Audit Report dated 13.7.2013 and their revised report dated 7.8.2013.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of **M/s Mishra Dhatu Nigam Limited** for the year ended 31st March, 2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the Statutory Auditors and Company personal and a selective examination of some of the accounting records. **In view of the revision made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Notes forming part of Accounts, vide Note No. 30 and the revision in the Auditors' Report to include modified opinion,** I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under Section 619(4) of the Companies Act, 1956.

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

Sd/-

(V. K. GIRIJAVALLABHAN, IA&AS)

Pr. Director of Commercial Audit

&Ex-officio Member, Audit Board, Bangalore.

Bangalore

Dated: 14 August, 2013.

SIGNIFICANT ACCOUNTING POLICIES

1.0 Accounting Method:

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

2.0 Fixed Assets:

- 2.1.1 Land received from the Government as alienation/ acquisition has been valued either at cost or estimated market value as indicated by State Government pending determination of liability.
- 2.1.2 The expenditure on development of open land is capitalized as part of the cost of land.
- 2.2 Other fixed assets are stated at cost. Cost includes, where applicable, allocation of expenditure during construction and expenditure as part of start up and commissioning.
- 2.3 Capital works, done internally, are valued at prime cost i.e., cost of direct labour, direct material and direct expenses
- 2.4.1 Initial pack of spares procured along with the plant, machinery and equipment are capitalized and depreciated in the same manner as plant and machinery.
- 2.4.2 When a major overhaul/revamping of the asset is carried out resulting in increase in future benefits from the existing beyond its previously assessed standard of performance, additional expenditure incurred for such overhauling/revamping will be capitalized in the year in which the overhauling/revamping of the asset is completed.
- 2.4.3 Any purchase of spares subsequent to purchase of machinery and fitted into the equipment only results in maintaining the previously estimated standard of

performance and does not improve the previously estimated standard of performance, the same will be charged off to revenue in the year of purchase.

- 2.4.4 Worn out spares on replacement which were in integral part of the existing asset will be transferred to scrap at NIL value.
- 2.5 Where actual cost of fixed assets cannot be accurately ascertained, such assets are initially capitalized on the basis of estimated cost. On ascertaining actual, gross block is adjusted and depreciation is provided proportionately over the balance life of the asset.
- 2.6 Pending disposal, unserviceable fixed assets are shown separately in the Fixed Assets schedule, at book value or realizable value, whichever is lower. The difference, if any, is charged off.
- 2.7 Depreciation on fixed assets is charged on straight-line method at the rates and in the manner laid down in Schedule-XIV to the Companies Act, 1956, as amended from time to time.
- 2.8.1 In respect of certain fixed assets, depreciation has been provided for on the basis of technical evaluation at the rates higher than the rates laid down in Schedule – XIV to the Companies Act.
- 2.8.2 When major revamping/overhauling of a fixed asset is carried out, the extended life of the asset will be technically evaluated for arriving at the estimated revised life of the asset and depreciation will be charged systematically over the balance useful life of the asset.
- 2.9 In respect of Plant and Machinery, rate prescribed for continuous process plant is adopted based on technical evaluation.

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

3.0 Impairment of Assets:

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

4.0 Inventories and Valuation:

Inventories are valued on the following basis:

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

At weighted average Cost.

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

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

4.3 Consumables in Shop floor/Sub-Stores

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

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

At estimated realizable value for scrap.

4.5 Tools and Gauges:

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

4.6 Work-in-process – At cost or estimated realizable value appropriate to the stage of production based on technical evaluation, whichever is less. However, the WIP of 5 years old and above is valued at the realizable scrap rate.

4.7 Finished Goods – At cost or net realizable value (at shop finished stage) whichever is less. However, the Finished Goods of 5 years old and above is valued at the realizable scrap rate.

4.8 Goods in transit are valued at cost.

4.9.1 Stores declared surplus / unserviceable are transferred to salvage stores for disposal, and charged to revenue.

4.9.2 Provision for the non-moving raw materials, consumables and spares for over three years is made as under:

Raw materials : 85% of the book value

Consumables and Spares : 50% of the book value

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

5.0 Claims by / against the Company:

5.1 Claims on underwriters/carriers towards loss / damage are accounted when monetary claims are preferred.

5.2 Claims for refund of customs duty including project imports/port trust charge/excise duty are accounted on acceptance/receipt.

5.3 Liquidated Damages on suppliers are accounted on recovery. Liquidated damages levied by the customers are

charged off on recovery//advise from the customers.

- 5.4 Disputed/Time barred debts from Govt. Depts. & PSUs are not treated as Doubtful Debts, however, on a review appropriate provisions/write offs are made in the books of accounts on a case to case basis.
- 5.5 Provision for Doubtful Debts is made on the amounts due from other than Govt. Depts. & PSUs at the rates determined by the Board. (Less than one year – Nil, One to Two years 10%, Two to Three years 25%, Three to Four years 50%, Four to Five years 80% and above Five years 100%).
- 5.6 Provision towards warranty against supplies: MIDHANI product being critical/strategic in nature 0.25% of Gross turnover is provided as “Provision for Contingencies & Warranty” to take care of rejected/returned material by customers.

6.0 Employee Benefits:

- 6.1 Gratuity payable to eligible employees is administered by a separate Trust, which has taken a policy with LICGGF. Demands made by the trust on account of annual renewal premium of the LIC policy are charged to Statement of Profit and Loss.
- 6.2 Provision for leave encashment liability to employees is made on the basis of actuarial valuation as at the year end.
- 6.3 Settlement Allowance: Employees are paid eligible amount at the time of separation(except on resignation and termination) for their settlement.

7.0 Sales:

- 7.1 Sales include Excise Duty
- 7.2.1 In case of sales Ex-Works contracts, sale is set up when the

goods are handed over to the carrier/agent for despatch to the buyer and wherever customer's prior inspection is stipulated, sale is accounted only after acceptance by customer's inspector.

- 7.2.2 In the case of sales on FOR/FOB destination contracts, sale is set up considering the expected time in respect of despatches to reach the destination within the accounting period, subject to adjustments based on actual receipt of material at destination.
- 7.3 Where sale prices are not established, sales are set up on provisional basis at prices likely to be realized.

8. Despatches to Sub-contractors:

In respect of the contracts for supply of items requiring long production cycle time which involve intermediary/final operations outside the company, income is recognized proportionately as under:

- (a) Where prices are available for each stage of completion:-

The price appropriate to the stage of completion.

- (b) Where prices are not available for each stage of completion:-

- 90% as the case may be, of the final contract value for the item less estimated cost to be incurred for completing the item.
- Balance is recognized as income on completion / acceptance and despatch of the item.

9.0 Physical verification of Fixed Assets and Inventory:

- 9.1 Fixed Assets under the heads Land & Development, Roads & Bridges, Drainage, Sewerage and water system and Buildings & Internal Services are verified once in 3 years.

All other Fixed Assets are verified once in the Financial Year. Reconciliation is made for all items except minor value items like miscellaneous shop equipment, furniture, office equipment etc., individually valued Rs.2000/- and less.

- 9.2 Inventories of work-in-process, finished goods, raw materials and consumables in the Company premises are verified at the end of the financial year.
- 9.3 Inventories of raw materials, stores and spares in the Central Stores are verified on perpetual basis as per norms fixed from time to time and reconciled. Provisional adjustments are made to revenue, in respect of discrepancies pending reconciliation.

10.0 Accounting for Foreign Currency transactions:

- 10.1 Foreign currency transactions are recorded in the reporting currency by applying the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- 10.2 Monetary items denominated in foreign currencies at the year end are restated at year end rates and Non-monetary items are carried at cost.
- 10.3 Exchange differences arising on settlement/restatement at rates different from those at which were initially recorded are recognized as income or as expenses in the year in which they arise.

11 Accounting on Cash basis:

- 11.1 The following items are accounted at the time of receipt/payment.
 - (a) Sale of unserviceable scrap / stores
 - (b) Export Incentives

- 11.2 Claims such as for price variation on sales contracts/orders are accounted on settlement of claim.

12.0 Investments:

- 12.1 Investments that are readily realizable and intended to be held for not more than a year are classified as current investments and are carried at lower of cost or fair value determined on an individual investment basis.
- 12.2 All other investments are classified as long term investments and are carried at cost after providing for any diminution in value, if such diminution is of a permanent nature.

13.0 Borrowing Costs:

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

14.0 Deferred Tax:

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

15. Extra-ordinary and exceptional Items:

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

16. Provisions:

A provision is recognized when the company has a present

obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

17. Classification of Expenditure:

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

As per our Report of even date

For **V. RAO & GOPI**

Chartered Accountants

Firm's Registration No.003153S

Sd/-

(P. Hanumantha Rao)

Partner

Membership No.026990

Place: Hyderabad

Date: 07.08.2013

For and on behalf of Board of Directors

Sd/-

M. Narayana Rao

Chairman & Managing Director

Sd/-

V. S. Krishna Murthy

Director (Finance)

Place: Hyderabad

Date: 07.08.2013

BALANCE SHEET AS AT 31st MARCH, 2013

Particulars	Note	31 st March 2013 (Rs. In Lakhs)"	31 st March 2012 (Rs. In Lakhs)"
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	1	18,734.00	18,334.00
Reserves and Surplus	2	21,942.51	18,045.30
Share application money pending allotment	3	-	400.00
Non-Current Liabilities			
Long-term borrowings	4	1,358.38	2,408.38
Deferred tax liabilities (net)	5	32.49	53.80
Other long term liabilities	6	32,937.60	8,079.92
Long term provisions	7	1,491.76	1,362.51
Current liabilities			
Short-term borrowings	8	5,635.03	8,864.46
Trade payables	9	7,428.12	4,315.72
Other current liabilities	10	26,718.97	19,498.98
Short term provisions	11	21,994.95	19,025.46
		138,273.81	100,388.53
<u>ASSETS</u>			
Non current assets			
Fixed assets			
- Tangible assets	12	6,517.79	6,064.45
- Intangible assets	13	299.62	2.95
- Capital work in progress	14	13,502.34	1,021.70
- Intangible assets under development	-	-	-



Balance Sheet

Particulars	Note	31 st March 2013 (Rs. In Lakhs)"	31 st March 2012 (Rs. In Lakhs)"
Non Current investments	15	210.11	210.11
Long term loans and advances	16	286.96	1,903.76
Other non current assets	17	6.21	107.43
Current assets			
Current investments	-	-	-
Inventories	18	48,292.49	44,336.24
Trade receivables	19	26,738.14	13,522.98
Cash and Bank Balances	20	17,298.21	15,036.06
Short term loan and advances	21	22,714.13	16,174.20
Other current assets	22	2,407.81	2,008.65
		138,273.81	100,388.53

Note nos.1 to 30 and accounting policies annexed herewith forms part of this financial statements.

As per our report of even date

for **Mishra Dhatu Nigam Limited**

for **V. RAO & GOPI**

Chartered Accountants

Firm's registration no. 003153S

Sd/-

Shri P. Hanumantha Rao

Partner

Membership No. 026990

Sd/-

M. Narayana Rao

Chairman & Managing Director

Sd/-

V. S.Krishna Murthy

Director(Finance)

Place: Hyderabad

Date : 07.08.2013

Place: Hyderabad

Date : 07.08.2013

MISHRA DHATU NIGAM LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH 2013

Particulars	Note	31 st March 2013 (Rs. In Lakhs)"	31 st March 2012 (Rs. In Lakhs)"
Revenue:			
Revenue from operations	23	55389.59	49630.51
Other income	24	1985.65	2223.91
Total Revenue		57375.24	51854.42
Expenses			
Cost of materials consumed	25	17738.53	14461.93
Change in inventory of finished goods, work-in-progress & stock-in trade	26	2122.47	1301.68
Employee benefits & expenses	27	9636.71	11211.96
Finance costs	28	684.32	914.84
Depreciation and amortisation expense	12 & 13	516.06	478.76
Other expenses	29	14899.49	13634.97
Total expenses		45597.58	42004.14
Profit / (Loss) before exceptional and extraordinary items and tax		11777.66	9850.28
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		11777.66	9850.28
Extraordinary items		-	-
Profit / (Loss) before tax		11777.66	9850.28



Statement of Profit & Loss

Particulars	Note	31 st March 2013 (Rs. In Lakhs)"	31 st March 2012 (Rs. In Lakhs)"
Tax expense			
1. current tax		3547.14	2991.03
4. deferred tax		-21.31	13.76
Profit / (Loss) for the period from continuing operations		8251.83	6845.49
Profit / (Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit / (Loss) from discontinuing operations after tax		-	-
Profit / (Loss) for the period		8251.83	6845.49
Earning per equity share (Amount in Rs.)			
Basic		440.47	373.38
Diluted		-	-

Note nos.1 to 30 and accounting policies annexed herewith forms part of this financial statements.

As per our report of even date

for **Mishra Dhatu Nigam Limited**

for **V. RAO & GOPI**

Chartered Accountants

Firm's registration no. 003153S

Sd/-

Shri P. Hanumantha Rao

Partner

Membership No. 026990

Sd/-

M. Narayana Rao

Chairman & Managing Director

Sd/-

V. S.Krishna Murthy

Director(Finance)

Place: Hyderabad

Date : 07.08.2013

Place: Hyderabad

Date : 07.08.2013

NOTES FORMING PART OF FINANCIAL STATEMENT

Basis of Preparation of Accounts

Assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in and cash equivalents, the Company's operating cycle as twelve months for the purpose of current, non-current classification of assets and liabilities.

MIDHANI is a strategic industry with only one business segment and hence Segment Reporting as per AS-17 is not applicable.

No provision has been made in respect of Cess payable under Section 441A of the Companies Act 1956, since no notification has been issued by the Central Government in terms of Section 441A of the Companies Act 1956.

Notes to accounts

- 1) Due to modification to Accounting Policy Nos. 7.2.2 & 11.2 there is no effect on the accounts.
- 2) Due to introduction of Accounting Policy No. 5.6 for Provision towards Contingencies & Warranties @ 0.25% of sales for current year, the profit is decreased by Rs.115.98 Lakhs. "
- 3) Income from dispatches to Sub-contractors under Revenue from operations include Rs. 4688.72 Lakhs (previous year Rs.9210.02 Lakhs), recognized as revenue in terms of Accounting Policy No.8.0 pending receipt of opinion on applicability of AS 7 for Accounting Policy No.8.0 from Expert Advisory Committee of the Institute of Chartered Accountants of India, Company recognized the same as Revenue on consistent basis. This has resulted in increase in profit by Rs. 2544.15 Lakhs for current year (previous year Rs.3095.32 Lakhs)."
- 4) The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current presentation."

1. SHARE CAPITAL

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	As at 31 st March 2012 (Rs. In Lakhs)
Authorised		
Equity shares		
20,00,000 shares @ Rs. 1,000/- per share	20000.00	20000.00
(Previous Year 20,00,000 shares @ Rs. 1,000/- per share)	20000.00	20000.00
Issued		
Equity shares		
18,73,400 shares @ Rs. 1,000/- per share	18734.00	18334.00
(Previous Year 18,33,400 shares @ Rs. 1,000/- per share)	18734.00	18334.00
Subscribed and fully Paid up Equity shares		
18,73,400 shares @ Rs. 1,000/- per share	18734.00	18334.00
(Previous Year 18,33,400 shares @ Rs. 1,000/- per share)	18734.00	18334.00
Grand Total	18734.00	18334.00

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

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

Particulars	As at 31 st March 2013		As at 31 st March 2012	
	Number of Shares	Amount (Rs. In Lakhs)	Number of Shares	Amount (Rs. In Lakhs)
Outstanding as at Opening Date	1,833,400	18,334.00	1,833,400	18,334.00
Add: Issued during the period				
- To President of India	40,000	400.00	-	-
- To Employees	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Outstanding as at Closing Date	1,873,400	18,734.00	1,833,400	18,334.00

2 RESERVES AND SURPLUS

Particulars	As at 31 st March 2013		As at 31 st March 2012	
	Surplus			
Opening Balance		18,045.30		15,461.46
Add: Amount transferred from statement of profit and loss	8,251.83		6,845.49	
Less: Amount utilized (dividend plus dividend tax)	4,354.62	3,897.21	4,261.65	2,583.84
Closing Balance		21,942.51		18,045.30

Details of dividend and dividend tax:-	As at 31 st March 2013 (Rs. In Lakhs)	"As at 31 st March 2012 (Rs. In Lakhs)"
Interim Dividend	400.00	400.00
Proposed Dividend	3346.80	3266.80
Dividend tax	607.82	594.85
Total	4,354.62	4,261.65

3. SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	"As at 31 st March 2012 (Rs. In Lakhs)"
Share Application money received from MOD, for 40,000 Equity shares of Rs.1,000/- each fully paid.	-	400.00
Total	-	400.00

4. LONG TERM BORROWINGS

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	"As at 31 st March 2012 (Rs. In Lakhs)"
<u>Secured</u>		
Term Loans		
from Banks	-	-
(Secured by way of Hypothecation of Vehicle)	-	-
<u>Unsecured</u>		
Term Loans		
Loan from Govt of India	980.00	1980.00
(Excluding Rs.1000 Lakhs which is due for payment within 12 months treated as short term borrowings)		
Terms of Repayment, every year 1/5 of the principal amount)		
Advances - Augmentation Facilities - VSSC *	378.38	428.38
	1358.38	2408.38
Total	1358.38	2408.38

*This represents balance amount payable (net of Rs. 50.00 Lakhs repayable within 12 months and included under Note No.10) against refundable loan of Rs.478.38 Lakhs received from VSSC for upgradation of forge press.

5. DEFERRED TAX LIABILITY (NET)

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	"As at 31 st March 2012 (Rs. In Lakhs)"
Deferred Tax liabilities On Depreciation	855.10	748.61
Sub Total	855.10	748.61
Deferred Tax Assets On Provision	251.28	191.34
On Disallowance as per IT Act	571.33	503.47
Sub Total	822.61	694.81
Net Total	32.49	53.80

6. OTHER LONG TERM LIABILITIES

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	"As at 31 st March 2012 (Rs. In Lakhs)"
Trade Payables		
EMD - Contractor for Works (Capital)	0.00	24.81
SD - Contractors for Works (Capital)	37.11	16.87
Material Received on Loan - Kaveri Project	23.58	23.58
Other Liabilities - VSSC	54.72	54.72
Expenditure CFP - TIFAC - TDAA	0.33	0.33
Advances Others	65.14	64.57
Security Deposit Realised from M/S HBE PRESS, KOREA**	732.69	732.69
Advances from Customers	32,024.03	7,162.35
Total	32,937.60	8,079.92

** This will be set-off against final stage of capitalization of Forge Press

7. LONG TERM PROVISIONS

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	"As at 31 st March 2012 (Rs. In Lakhs)"
Provision for employee benefits		
Gratuity	33.45	27.98
Leave encashment **	1,458.31	1,334.53
Others (Specify nature)		
Total	1,491.76	1,362.51

**Provision for leave encashment for employees except those who are due for superannuation within 12 months have been treated as long term provision.

8. SHORT TERM BORROWINGS

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	"As at 31 st March 2012 (Rs. In Lakhs)"
<u>Secured</u>		
Banks		
From State Bank of India- Cash Credit	0.01	2492.99
(By hypothecation of Raw materials, stock in process, finished good and book debts.)		
From various banks-short term overdraft secured by charge to fixed deposits	5635.02	6369.95

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	"As at 31 st March 2012 (Rs. In Lakhs)"
(Secured by Fixed Deposits of Rs.6261.13 Lakhs) From HDFC Bank-Car Loan (Secured against hypothecation of vehicle.)	-	1.52
Sub Total (a)	5635.03	8864.46
Unsecured NIL	-	-
Sub Total(b)	0.00	0.00
TOTAL(a+b)	5635.03	8864.46

9. TRADE PAYABLES

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	"As at 31 st March 2012 (Rs. In Lakhs)"
Trade Payables - others creditors@ \$	7428.12	4315.72
Total	7428.12	4315.72

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

\$ As on 31st March 2013, dues to SSI units is Rs.151.98 Lakhs (previous year Rs.194.37 Lakhs). However, specific disclosure as per Ministry of Corporate Affairs Notification could not be complied due to lack of sufficient data.

10. OTHER CURRENT LIABILITIES

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	"As at 31 st March 2012 (Rs. In Lakhs)"
Advances from customers	14,339.49	11,787.68
Advance for Customer Financed projects	405.27	1,357.27
Earnest money deposit	29.52	33.81
Security Deposit	40.12	102.33
Liabilities to other customers	673.38	673.39
Material Received on Loan -		
Others	475.55	539.97
Other creditors	6,594.47	474.45
Salary liability	2,642.38	3,281.39
Taxes and duties payable	518.79	248.69
Loan from Govt of India Ministry of Defence **	1,000.00	1,000.00
Total	26,718.97	19,498.98

** This is earmarked for procurement of Forge Press exclusively which is kept in fixed deposit and payable within 12 months

11. SHORT TERM PROVISIONS

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	"As at 31 st March 2012 (Rs. In Lakhs)"
Provision for Employee Benefits		
Leave encashment	302.62	217.22
Superannuation benefits (pension) ^	274.00	1146.00
Others (Specify nature)		
Provision for taxation	17401.58	13854.44
Proposed dividends	3346.80	3266.80
Corporate dividend tax	542.93	529.96
Provision for Contingencies & Warranty*	115.98	-
Provision others	11.04	11.04
Total	21994.95	19025.46

^ Provision for superannuation includes provision for pension benefits as per DPE guidelines.

* This is due to the introduction of the new accounting policy 5.6 in FY 2012-13

12 & 13 Fixed Assets

	Gross Block						Accumulated Depreciation						NET BLOCK			
	As at 1 April 2012	Additions	Acquired through business combinations	Other adjustments	Sub total	Disposals	As at 31 March 2013	As at 1 April 2012	Depreciation charge for the year	Adjustment due to revaluations	Disposal through demergers	Adjustment due to impairments/ reversals	Deductions/ Other adjustments	As at 31 March 2013	As at 31 March 2013	As at 31 March 2013
12. Tangible Assets																
Land and Roads and bridges																
Owned	199.14	-			199.14		199.14	34.13	1.16					35.29	163.85	165.01
Assets under lease																
Buildings/ Drainage/ water systems																
Owned	2,224.55	38.52			2,263.07		2,263.07	1614.13	27.15			1.63		1642.9	1620.16	610.42
Assets under lease																
Leasehold Improvements																
Plant and Equipment																
Owned	14,735.92	575.28			15,311.20		15,311.20	10034.77	327.27					4,945.85	4,701.15	
Assets under lease																
Furniture and Fixtures																
Owned	154.22	27.66			181.88		181.88		97,579.36					106.93	74.95	56.65
Assets under lease																
Vehicles																
Owned	173.81	83.12	256.93		256.93		75.45	14.78						166.49	98.36	
Assets under lease																

Fixed Assets	Gross Block						Accumulated Depreciation						NET BLOCK			
	As at 1 April 2012	Additions	Acquired through business combinations	Other adjustments	Sub total	Disposals	As at 31 March 2013	As at 1 April 2012	Depreciation charge for the year	Adjustment due to revaluations	Disposal through demergers	Adjustment due to impairments/reversals	Deductions/Other adjustments	As at 31 March 2013	As at 31 March 2013	As at 31 March 2013
Office equipment																
Owned	759.82	56.64			816.46		816.46	443.61	86.22				0.04	529.87	286.59	316.21
Assets under lease																
Other(Electrical Installations)																
Owned	402.18	152.37			554.55		554.55		285.85	9.12				294.97	259.58	116.33
Assets under lease																
Others (Unserviceable)																
Owned	47.60				47.60		47.60		47.28					47.28	0.32	0.32
Assets under lease																
Sub Total (a)	18,697.24	933.59	-	-	19,630.83	-	19,630.83	12,632.79	475.06	-	-	-	5.19	13,113.04	6,517.79	6,064.45
Previous Year	17,686.98	1,020.27	-	-	18,707.25	10.01	18,697.24	12,164.60	477.70	-	-	-	9.51	12,632.79	6,064.45	5,522.38
13. Intangible Assets																
Computer software	6.57	322.67			329.24		329.24	3.62	39.97					43.59	285.65	2.95
Copyrights & Patents and other intellectual property rights, services and operating rights	-	15.00			15.00		15.00	0	1.03					1.03	13.97	-
Sub Total(b)	6.57	337.67	-	-	344.24	-	44.24	3.62	41.00	-	-	-	-	44.62	299.62	2.95
Previous Year	6.57	-	-	-	6.57	-	6.57	2.56	1.06	-	-	-	-	3.62	2.95	4.01
Grand Total(a+b)	18,703.81	1,271.26	-	-	19,975.07	-	19,975.07	12,636.41	516.06	-	-	-	5.19	13,157.66	6,817.41	6,067.40
Previous Year	17,693.55	1,020.27	-	-	18,713.82	10.01	18,703.81	12,167.16	478.76	-	-	-	9.51	12,636.41	6,067.40	5,526.39

1. Net effect of depreciation provided on the assets for which higher rate of depreciation than the rates prescribed is enclosed at annexure.
2. No revaluation has been made of the assets during the period mentioned above.
3. 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, AP State Govt.- 1 acre BDL- 1 acre, and 1.5 acres is under dispute on account of unauthorized possession by a third party.
4. Claims for reimbursement of cost for 70 acres and 23 guntas of Land transferred by DRDO not acknowledged, as various claims were made by them at different times and no final settlement has been reached.
5. The indications listed in paragraph 8 to 10 of Accounting Standard 28 -Impairment of Assets, have been examined and on such examination, it has been found that none of the indications are present in the case of the Company and hence no provision for a potential impairment loss is required. In respect of Titanium Tube Plant, a comparison of the estimated coverable amount vis a vis the carrying cost indicates that there is no potential impairment loss and hence no provision is required
6. 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)
7. Plant and Machinery includes Rs.186.27 Lakhs for R &D capital costs.
8. Fixed Assets does not include assets valued Rs.9888.27 Lakhs (previous year Rs.10050.13 Lakhs) pertaining to customer financed projects.

ADDITIONAL IMPACT FOR CHARGING HIGHER RATE OF DEPRECIATION													
Major Category	Minor Category	Asset Account	Units	Date in Service	Rate	Cost	Recoverable Cost INR	Acc DEPRN	YTD DEPRN INR	Acc. Dep 31.03.2012	Normal Rate	Normal Dep	Impact 2012-13
Furniture and Fittings	Office Furniture	01.20704.04001.999999.999.99	1	28-Sep-06	20	17452.36	16579.74	16579.74	0	16579.74	6.33	0.00	0.00
Plant and Machinery	Plant And Machinery	01.20501.04001.999999.999.99	1	16-Feb-07	19	265172	251913.40	251913.40	0	251913.4	5.28	0.00	0.00
Residential Furniture & Eqpmt.	Residential Equipment	01.20751.04001.999999.999.99	1	6-Apr-07	20	26000	24700.00	24700.00	0	0	247004.7	50.00	0.00
Residential Furniture & Eqpmt.	Equipment	01.20751.04001.999999.999.99	1	26-Apr-08	20	29500	28025.00	28025.00	4829.05	23195.95	4.75	1401.25	3427.80
Residential Furniture & Eqpmt.	Equipment	01.20751.04001.999999.999.99	1	12-Nov-08	20	6900	6555.00	6049.34	1380	4669.34	4.75	327.75	1052.25
Residential Furniture & Eqpmt.	Equipment	01.20751.04001.999999.999.99	1	15-Nov-11	20	28703	27267.85	7905.11	5740.6	2164.51	4.75	1363.39	4377.21
Residential Furniture & Eqpmt.	Equipment	01.20751.04001.999999.999.99	1	31-Oct-11	20	12000	11400.00	3403.28	2400	100.28	4.75	570.00	1830.00
Residential Furniture & EQPMT	Equipment	01.20751.04001.999999.999.99	1	31-oct-11	20	11200	10640.00	3176.41	2240	936.41	4.75	532.00	1708.00
Power Supply & Communication	communication Systems	01.20602.04001.999999.999.99	1	1-Oct-11	33.33	34000	32300.00	16998.30	11332.2	566.1	4.75	1615.00	9717.20
Plant And Machinery	Plant and Machinery	01.20501.04001.999999.999.99	1	28-Feb-12	20	750000	712500.00	163524.59	150000	13524.59	5.28	39600.00	110400.00
Power Supply & Communication Sys	Communication Systems	01.20602.04001.999999.999.99	1	15-Sep-11	33.33	34000	32300.00	17493.70	11332.2	6161.5	4.75	1615.00	9717.20

Power Supply & communication Sys	Communication Systems	01.20602.04001.999999.999.99	1	12-Sep-11	33.33	34000	32300.00	17586.58	11332.2	6254.38	4.75	1615.00	9717.20
Plant and Machinery	Plant and Machinery	01.20501.04001.999999.999.99	1	31-Dec-11	20	6299271	5984307.45	1576583.85	1259854.2	316684.65	5.28	332801.51	927252.69
Plant and Machinery	Plant and Machinery	01.20501.04001.999999.999.99	1	1-Apr-08	25.47	11300000	10735000.00	10735000.00	0	10735000	5.28	0.00	0.00
Residential Furniture & Eqpt	Residential Equipment	01.20751.04001.999999.999.99	1	12-Nov-08	20	25300	24035.00	22180.80	5060	17120.8	4.75	1201.75	3858.25
Power Supply & communication Sys	communication Systems	01.20602.04001.999999.999.99	1	11-Nov-11	33.33	29000	27550.00	13415.78	9665.7	3750.08	4.75	1377.50	8288.20
Furniture and Fittings	Audio Visual Aids	01.20703.04001.999999.999.99	2	19-Nov-09	33.33	52998	50348.10	50348.10	8583.08	41765.02	6.33	3354.77	5228.31
Residential Furniture & Eqpt	Equipment	01.20751.04001.999999.999.99	1	3-Apr-07	20	59990	56990.50	56990.50	0	56990.5	4.75	0.00	0.00
Residential Furniture & Eqpt	Equipment	01.20751.04001.999999.999.99	1	12-Nov-08	20	19500	18525.00	17095.89	3900	13195.89	4.75	926.25	2973.75
Furniture and Fittings	Audio Visual Aids	01.20703.04001.999999.999.99	1	9-Jul-11	33.33	34000	32300.00	19599.13	11332.2	8266.93	6.33	2152.20	9180.00
Residential Furniture & Eqpt	Equipment	01.20751.04001.999999.999.99	1	12-Nov-08	20	29800	28310.00	26126.02	5960	20166.02	4.75	1415.50	4544.50
Residential Furniture & Eqpt	Equipment	01.20751.04001.999999.999.99	1	31-Oct-11	20	8100	1695.00	2297.21	1620	677.21	4.75	3384.75	1235.25
Residential Furniture & Eqpt	Furnitures	01.20752.04001.999999.999.99	1	19-Nov-11	20	20370	19351.50	5565.58	4074	1491.58	6.33	1389.42	2784.58
Plant and Machinery	Plant and Machinery	01.20501.04001.999999.999.99	1	7-Mar-12	20	825000	783750.00	176270.49	165000	11270.49	5.28	43560.00	121440.00
TOTAL									1675635.43			436903.04	1238732.39
Previous Year									2697760.32			720897.35	1976862.97

14. Capital Work-in-Progress

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	As at 31 st March 2012 (Rs. In Lakhs)
Capital Work-in-Progress-Civil	562.16	198.37
Capital Work-in-Progress Departmental Works	-	-
Construction materials	-	0.17
Capital Work-in-Progress-Electrical	-	2.94
Expenditure pending allocation -(ERP)	-	254.49
Capital Work-in-Progress-Plant & Machinery Under Erection	4,523.28	291.34
Plant, Machinery & Equipment under Inspection & in Transit *	8,416.90	274.39
Total	13,502.34	1,021.70

* This includes an adjustment of Rs.(64.72) Lakhs (Previous Year NIL) towards net Borrowing Cost on the Govt. Loan taken for Forge Press

15. Non Current Investments

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	As at 31 st March 2012 (Rs. In Lakhs)
Trade Investments Non-Trade, Unquoted AT COST		
Other Investment		
Investment in Equity instruments	107.20	107.20
AP Gas Power Corporation Limited 18,43,857 fully paid up Equity share of Rs.10/- each including 7,71,847 fully paid up bonus share of face value Rs.10/- each		
4,28,800 fully paid up Equity share of Rs.10/- each subscribed at Rs.24/each and paid-up Rs.24/- each	102.91	102.91
Total	210.11	210.11

16. Long Term Loans and Advances

Particulars		As at 31 st March 2013 (Rs. In Lakhs)	As at 31 st March 2012 (Rs. In Lakhs)
Capital Advances			
For purchase of fixed assets			
Secured, considered good ^		-	1850.71
Doubtful - Capital Goods	35.46		35.46
			-
Less: Provision for doubtful advances	35.46	-	35.46
Unsecured, considered good		284.28	48.69
Sub-Total		284.28	1899.40
Other loans and advances (specify nature)			
secured considered good			
(employee advance)		2.68	4.36
Sub-Total		2.68	4.36
Total		286.96	1903.76

^Secured advances considered good includes advance payment made to Stork International for Ring Rolling Mill Rs. NIL (Previous Year Rs.459.04 Lakhs) and Danieli & C.Officine Meccaniche S.P.A. for 6000 ton Forge Press Rs.NIL (Previous Year Rs.1391.67 Lakhs.)

17. Other Non-Current Assets

Particulars		As at 31 st March 2013 (Rs. In Lakhs)	As at 31 st March 2012 (Rs. In Lakhs)
Long term trade receivables (including trade receivables on deferred credit terms)		-	-
Others (specify nature)		-	-
Others -Post office savings \$		1.40	1.40
Prepaid expenses		4.81	106.03
Doubtful Advance to supplier	23.66		23.66
Less: Provision for doubtful advance	23.66	-	23.66
Obsolete and slow moving - Raw material	32.28	28.06	
Less: Provision for obsolete and slow moving - Raw material	32.28	-	28.06
Obsolete and slow moving - consumables	40.06		29.66
Less: Provision for obsolete and slow moving - consumables	40.06	-	29.66
Obsolete and slow moving -spares	205.27		180.24
Less: Provision for obsolete and slow moving -spares	205.27	-	180.24
Other current assets (related parties)		-	-
Total		6.21	107.43

\$ Pledged with Excise Authorities Rs. 1.40 Lakhs (Previous Year Rs.1.40 Lakhs).

18. Inventories

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	As at 31 st March 2012 (Rs. In Lakhs)
Raw Materials and components (Valued at weighted average cost)	15473.09	12674.16
@ Goods-in transit	3859.45	2341.97
Total	19332.54	15016.13
Work-in-progress (Valued at cost or estimated realisable value whichever is less) #	22606.63	24094.46
	22606.63	24094.46
Finished goods (Valued at cost or net realisable value whichever is less)	52.07	686.71
Total	52.07	686.71
Stores and spares (Valued at weighted average cost)	551.91	549.12
Goods-in transit	34.2	90.92
Total	586.20	550.04
Loose Tools (Valued at weighted average cost)	14.19	9.55
Total	14.19	9.55

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	As at 31 st March 2012 (Rs. In Lakhs)
Consumables (Valued at weighted average cost)	1233.03	1038.88
Goods-in transit	175.25	9.39
Total	1408.28	1048.27
Internally generated Scrap/ rejected material (Valued at estimated realisable for scrap)	4292.58	2931.08
Total	4292.58	2931.08
Grand Total	48292.49	44336.24

@Raw material does not include material worth of Rs.1434.87 Lakhs (Previous year Rs.1551.02 Lakhs) & Ingots/Billets worth Rs.12743.62 Lakhs held on behalf of Customers (Previous year Rs.1753.75 Lakhs)

#Work in progress Include materials lying with outsiders Rs. 761.32 Lakhs (Previous year Rs.2484.13 Lakhs)

#Work in progress Include items valuing Rs.191.24 Lakhs (Previous year Rs.301.42 Lakhs) pertaining to earlier years, brought into account, during the year, on reconciliation

Work in progress has been valued as per the accounting policy 4.6. However work in process carried over from earlier years is valued at on the basis of value as on 1st April 2012 or realisable market value during 2012-13 whichever is lower.

19. Trade Receivables

Particulars	As at 31 st March 2013 (Rs. In Lakhs)		As at 31 st March 2012 (Rs. In Lakhs)	
Debts Outstanding for period exceeding Six Months				
Secured, considered good		-		-
Unsecured, considered good \$		9356.69		3220.36
Unsecured, considered doubtful- trade receivable	31.67		5.92	
Less: Provision for doubtful debts-trade receivable	<u>31.67</u>	-	<u>5.92</u>	-
Total		9356.69		3220.36
Other Debts				
Secured, considered good		-		-
Unsecured, considered good\$		17381.45		10302.62
Unsecured, considered doubtful-trade receivable	-		-	
Less: Provision for doubtful debts-trade receivable	-	-	-	-
Total		17381.45		10302.62
Grand Total		26738.14		13522.98

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.

20. Cash and Bank Balances

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	As at 31 st March 2012 (Rs. In Lakhs)
Cash and cash equivalents:		
Cash on hand	2.79	1.54
Balance with banks	395.42	644.52
Other Bank balances:		
Fixed Deposits held with various banks upto 12 months maturity ^	10638.87	8020.05
Deposit with banks upto 12 months maturity(to the extent loan taken)	6261.13	6369.95
Total	17298.21	15036.06

^ Bank deposits includes Rs.5679 Lakhs (Previous year Rs.7222 Lakhs) received from MOD towards financing of Forge Press. Liability was created for Rs.5569.35 Lakhs based on shipments made before 31.03.2013 excepting the last shipment valuing Rs.1514.17 Lakhs of over dimension consignment and the shipments made after 31.03.2013.

21. Short Term Loan and Advances

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	As at 31 st March 2012 (Rs. In Lakhs)
Others (specify nature)		
Secured, considered good Advances to employee	2.09	1.29
Unsecured, considered good Advance income tax	18260.27	13808.23
Tax deducted at source	35.79	29.95
Prepaid expenses	125.93	55.69
VAT/Modvat/Service Tax/Customs Duty receivable	1452.11	573.56
Claims receivable	398.94	128.93
Deposit with Customs and Excise	447.31	2.17
Deposit with others	100.75	97.99
Advance to employees	39.91	77.05
Advance to supplier	1569.19	1010.89
Customer Finance Projects	281.84	388.45
Total	22714.13	16174.20

22. Other Current Assets

Particulars	As at		As at	
	31 st March 2013 (Rs. In Lakhs)		31 st March 2012 (Rs. In Lakhs)	
Interest accrued on investments-considered good		1319.22		311.55
Interest accrued-doubtful	286.58			286.58
Less: Provision for Interest accrued-doubtful	<u>286.58</u>	-	<u>286.58</u>	-
Interest accrued on loans to employees-considered good	1.11			2.72
Others-Dispatches with sub contractors \$		1087.48		1694.38
Total		2407.81		2008.65

\$Other dispatches with sub-contractors includes the amount of material sent for job work to sub-contractors valuing Rs.8066.29 Lakhs (previous year Rs.9210.02 Lakhs) at estimated realizable value and advance of Rs.6978.81 Lakhs (previous year Rs.7515.64 Lakhs) received from customer is netted out.

23. Revenue from Operations

Particulars	For the year Ended 31 st March 2013 (Rs. In Lakhs)	For the year Ended 31 st March 2012 (Rs. In Lakhs)
(a) -Sale of Manufacturing Products	46861.91	36518.69
-Income from dispatches to subcontractors	5913.17	11603.67
Sub-Total	52775.08	48122.36
(b) Sale of Expert Sourcing Solution	2777.88	2712.23
Sub-Total	2777.88	2712.23
(c) Sale of Services	242.91	66.68
Sub-Total	242.91	66.68
(d) Other Operating Revenues	63.27	-
Sub-Total	63.27	0.00
Revenue including Excise Duty	55859.14	50901.27
Less: Excise Duty	469.55	1270.76
Total	55389.59	49630.51

24. Other Income

Particulars	For the year Ended 31 st March 2013 (Rs. In Lakhs)	For the year Ended 31 st March 2012 (Rs. In Lakhs)
Interest Income		
- From Banks	1796.15	1835.59
- From Employees	0.64	0.38
Liquidated Damages	136.17	80.62
Exchange rate variance written back	-	1.60
Net gain on sale of Fixed Assets	-	1.03
Income from Sale of Unserviceable Scrap	5.81	23.64
Provisions written back		
-Doubtful debts & Advances	-	10.49
Other miscellaneous income	46.88	270.56
Total	1985.65	2223.91

Details of Other miscellaneous income:

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	As at 31 st March 2012 (Rs. In Lakhs)
Sale of Application Forms (Personnel)	1.40	1.38
Handling Charges for Procurement of Magnesium Ingots from NFC	-	83.41
Bad Debts recoveries from Customers	-	19.35
Recovery of LD's deducted earlier by customers	-	17.36

Particulars	For the year Ended 31 st March 2013 (Rs. In Lakhs)	For the year Ended 31 st March 2012 (Rs. In Lakhs)
Service Charges received from AMTL/GTRE	13.96	21.98
Write Back of Old Advances received from Customers	15.93	15.76
Unclaimed Liability written back	-	104.33
Bond Charges recovered	0.06	-
Others	15.53	6.99
Total	46.88	270.56

25. Cost of Material Consumed

Particulars	For the year Ended 31 st March 2013 (Rs. In Lakhs)	For the year Ended 31 st March 2012 (Rs. In Lakhs)
Cost of Material for manufactured products	17738.53	14461.93
Total	17738.53	14461.93

26. Change in Inventory of Finished Goods, Work-in-Progress and Stock in Trade

Particulars	For the year Ended 31 st March 2013 (Rs. In Lakhs)	For the year Ended 31 st March 2012 (Rs. In Lakhs)
Opening Stock		
Work-in-progress	24,094.46	24,740.37
Finished Stock	686.71	1,342.48
	24,781.17	26,082.85
Closing Stock Work-in-progress	22,606.63	24,094.46
Finished Stock	52.07	686.71
	22,658.70	24,781.17
(Increase) / Decrease		
Work-in-progress	1,487.83	645.91
Finished Stock	634.64	655.77
Total	2122.47	1301.68

27. Employee Benefits & Expenses

Particulars	For the year Ended 31 st March 2013 (Rs. In Lakhs)	For the year Ended 31 st March 2012 (Rs. In Lakhs)
Opening Stock	6005.80	6402.57
Salaries, wages		
Contribution to provident fund and other funds-	570.63	592.23
Gratuity	565.85	524.80
Leave Encashment	553.79	431.93
Workmen and staff welfare expenses	1548.10	1989.06
Leave salary and pension contribution	275.05	1150.80
Directors remuneration	117.49	120.57
Total	9636.71	11211.96

As per the provision of the Revised Accounting Standard-15, the following information is disclosed in respect of gratuity as per actuarial valuation as on 31.03.2013 provided by LICGGF with whom the company has taken the Policy through its Gratuity Trust.

Disclosure relating to AS-18. Names of Related Parties:

Key Management Personnel:

- (a) Shri M Narayana Rao
Chairman & Managing Director
- (b) Shri V.S.Krishna murthy
Director (Finance)
- (d) Dr.D.K.Likhi
Director (Prodn.&Mktg.)



**GRATUITY REPORT UNDER AS - 15(R) FOR 31/03/2013 :
MIDHANI MP 510424**

1. ASSUMPTIONS

31/03/2013

Discount Rate	8%
Salary Escalation	4%

2. Table showing the changes in present value of obligations as on 31/03/2013

a. Present value of obligations at the beginning of the year	48 50 77 388
b. Interest cost	3 88 06 191
c. Current service cost	1 21 81 641
d. benefits paid-Actuals	9 39 16 714
e. Expected liability at the year end	44 21 48 506
f. Present value of obligations at the end of the year	48 90 21 581
g. Actuarial Loss	-4 68 73 075

3. Changes in fair value of Assets

a. Fair Value of Assets at the beginning of the year	46 54 70 055
b. Expected return on plan assets	7 48 49 302
c. Contributions	4 35 75 368
d. Benefits paid	9 39 16 714
e. Actuarial gain/loss on plan assets	Nil

Notes



f. Fair Value of Assets at the end of the year 48 99 78 011

4. Table showing fair value of plan assets

a. Fair Value of plan assets at the beginning of the year 46 54 70 055

b. Actual return on plan assets 4 21 99 950

c. Contributions 4 35 75 368

d. Benefits paid 9 39 16 714

e. Fair value of plan assets at the end of the year 48 99 78 011

f. Funded Status 9 53 430

g. Excess of Actual over estimated return on plan assets Nil

5. Actuarial Loss or Gain recognised

a. Actuarial Loss for the year-Obligation -4 68 73 075

b. Actuarial Loss for the year-plan assets 0

c. Total Loss for the year -4 68 73 075

d. Actuarial Loss recognised -4 68 73 057

6. Amounts to be recognised in the balance sheet and statements of P&L

a. PV of obligations as at the end of the year 48 90 21 581

b. Fair Value of Assets at the end of the year 48 99 78 011

c. Funded Status 9 56 430

d. Net liability/Asset recognised in balance sheet 9 56 430

7. Expenses Recognised in statement of P&L

a. Current Service Cost 1 21 81 641

b. Interest Cost	3 88 06 191
c. Expected return on plan assets	7 48 49 302
d. Net Actuarial Loss recognised in the year	-4 68 73 075
e. Expenses recognised in statement of Profit & Loss	2 30 11 605

Note : The above report is not certification under AS-15 revised 2005 read with Actuaries Act, 2006, It is simply a report generated to help companies for proper accounting of employees liabilities.

28. Finance Cost

Particulars	For the year Ended 31 st March 2013 (Rs. In Lakhs)	For the year Ended 31 st March 2012 (Rs. In Lakhs)
Interest expense:-		
Cash Credit	9.96	21.62
Short Term Overdrafts	613.99	489.88
Interest -Others	12.92	0.28
Interest-Govt. Loans	47.43	402.50
Interest - Car Loan	0.02	0.56
Total	684.32	914.84

29. Other Expense

Particulars	For the year Ended 31 st March 2013 (Rs. In Lakhs)	For the year Ended 31 st March 2012 (Rs. In Lakhs)
Consumption of stores, loose tools and spare parts	2079.34	1623.89
Power and fuel	3458.96	3465.60
Rent	40.86	16.87
Repairs and maintenance		
- buildings	384.37	191.64
- plant and machinery	982.39	883.21
- others	35.54	39.42
Rates and taxes, excluding, taxes on income	9.84	20.52
Water charges	73.65	53.99
Insurance	89.69	49.33
Postage, telephone	56.59	62.31
Travelling and conveyance	283.74	245.56
Directors sitting fees	4.50	3.80
Factory expenses	17.65	12.74
Advertisement	115.58	115.67
Legal and professional fees	1.41	0.87
Auditor's remuneration (As per details below)	8.10	6.11
Hire of cars	15.39	15.15
Library books	14.72	31.57
News paper and journals	2.88	2.20
Membership fees	4.70	6.10
Training expenses	43.03	43.13
Entertainment/courtesy expenses	6.30	2.67
Hostel/guest house expenses net of income	17.15	10.10

Particulars	For the year Ended 31st March 2013 (Rs. In Lakhs)	For the year Ended 31st March 2012 (Rs. In Lakhs)
Business promotion expenses	112.40	135.63
Consultancy charges	26.53	9.44
Contract professionals expenses	83.17	65.30
Security guard charges	389.62	347.23
Administration expenses-Others	22.85	26.47
Misc selling expenses	0.25	7.18
Exchange rate variance charged off	12.00	-
Liquidated damages imposed by customers	1462.38	406.05
Sales schemes	92.01	449.72
Prior Period (-) income / (+) expenses (As per details below)	-475.50	-54.98
Increase/Decrease Excise duty on finished goods	-10.87	13.18
Bank charges	91.95	91.11
Provision for non moving inventories	39.65	36.55
Provision for stock verification discrepancies	3.79	0.20
Provision for Contingencies & Warranty	115.98	-
Provision for Doubtful Debts	25.75	-
Bad debts written off	14.18	45.03
Printing and stationery	10.14	31.44
Sub-contractor expenses	5022.71	5105.64
CSR Expenses	114.12	17.33
Total	14899.49	13634.97

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

Particulars	For the year Ended	For the year Ended
	31 st March 2013 (Rs. In Lakhs)	31 st March 2012 (Rs. In Lakhs)
Consumption of materials	421.58	192.23
Offloading costs	-	22.68
Conversion costs	258.89	176.89
Other Expenditure	6.19	6.51
Total	686.66	398.31

Details of Prior Period Income / Expense

Particulars	For the year ended		For the year ended	
	31 st March 2013		31 st March 2012	
	Debit (Rs. in Lakhs)	Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)	Credit (Rs. in Lakhs)
Consumption of Materials etc.,		26.28		44.42
Employee Expenses		20.94		-
Manufacturing Expenses	2.14			10.24
Other Administrative Expenses		25.53	4.56	4.88
Selling Expenses		412.86		-
Depreciation	5.19			-
Other Income	279.74			-
Interest Expenses		272.68		-
Total	284.93	760.43	4.56	59.54
Net Total		475.50		54.98

Remuneration and other payments to the auditor

Particulars	For the year Ended 31 st March 2013 (Rs. In Lakhs)	For the year Ended 31 st March 2012 (Rs. In Lakhs)
Auditor		
(a) As Statutory Auditor	3.50	2.00
(b) As Internal Auditor	3.85	3.36
(c) For taxation matter	0.75	0.75
Total	8.10	6.11

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

Particulars	As at 31 st March 2013 (Rs. In Lakhs)	As at 31 st March 2012 (Rs. In Lakhs)
Contingent Liabilities		
Claims against the company not acknowledged as debt	11359.29	9606.25
Bank Guarantees	5027.69	5132.05
Letter of credit outstanding	6826.38	3626.94
Others	50.00	50.00
	23263.36	18415.24
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Capital commitments)	11229.60	16080.74
	11229.60	16080.74
Total	34492.96	34495.98

Details of Prior Period Income / Expense

Particulars	As at 31 st March 2013		As at 31 st March 2013	
	Rs	Per share Rs.	Rs.	Per Share Rs.
Dividends proposed to be distributed to equity shareholders	3,746.80	200.00	3,666.80	200.00
Dividends proposed to be distributed to preference shareholders	-	-	-	-
Arrears of fixed cumulative dividends on preference shares	-	-	-	-

30. Notes to Accounts

The Accounts for the year as approved by the Board of Directors and certified by the Statutory Auditors on 13th July 2013 were revised in the light of the C&AG's observations under section 619(4) of the Companies Act, 1956 which are minor in nature and has no impact on financial statements.

CASH FLOW STATEMENT

	Year ended 31 st March 2013 (Rs. in Lakhs)	Year ended 31 st March 2012 (Rs. in Lakhs)
I. Cash Flow From Operating Activities		
Net Profit Before Tax	11,777.66	9,850.28
Adjustment to reconcile net income to net cash providing by operating activities		
Depreciation	521.25	478.76
Interest Paid	684.32	914.84
Interest Received	(1,796.15)	(1,835.59)
Write back of provisions	-	(10.49)
Profit/Loss on fixed assets	-	(1.03)
Write Offs	1,476.56	450.57
Exchange Rate Variation	12.00	(1.60)
Provision for Doubtful debts / Advances/ Modvat / Non-moving stores / spares	399.82	215.67
Sub-Total	<u>1,297.80</u>	<u>211.13</u>
Operating Profit before Working Capital Changes	<u>13,075.46</u>	<u>10,061.41</u>
Adjustment for Changes in Assets and Liabilities		
(Increase) / Decrease in Trade Receivables	(13,215.16)	(3,116.60)
(Increase) / Decrease in Inventories	(3,956.25)	(5,110.14)
(Increase) / Decrease in Other Current Assets	(3,932.86)	(2,949.62)
Increase / (Decrease) in Trade Payables & Other Liabilities	34,434.05	(4,137.50)
Increase / (Decrease) in Bank Borrowings	(4,279.43)	7,665.92
Sub-Total	9,050.35	(7,647.94)

Cash Flow



	Year ended 31 st March 2013 (Rs. in Lakhs)	Year ended 31 st March 2012 (Rs. in Lakhs)
Cash Generated from Operations before Adj. from Other Assets	<u>22,125.81</u>	<u>2,413.47</u>
Adjustment for Other Assets	-	-
Sub-Total	<u>22,125.81</u>	<u>2,413.47</u>
Cash Generated from Operations		
Direct Tax Paid	(3,571.00)	(2,760.00)
Sub-Total	(3,571.00)	(2,760.00)
Net Cash provided by Operating Activities (a)	<u>18,554.81</u>	<u>(346.53)</u>
II. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(12,136.78)	(2,525.72)
Proceeds from Sale of Fixed Assets	-	1.54
Interest Received	790.09	2,180.42
Net Cash provided (used in) by Investing Activities (b)	<u>(11,346.69)</u>	<u>(343.76)</u>
III. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(684.32)	(914.84)
Dividend Paid	(3,666.80)	(2,200.00)
Tax on Dividend Paid	(594.85)	(404.79)
Share capital/Share application money increase/decrease		400.00
Net Cash provided by Financing Activities (c)	<u>(4,945.97)</u>	<u>(3,119.63)</u>

CASH FLOW STATEMENT

	Year ended 31 st March 2013 (Rs. in Lakhs)	Year ended 31 st March 2012 (Rs. in Lakhs)
Abstract		
Net Cash provided by Operating Activities (a)	18,554.81	(346.53)
Net Cash provided (used in) by Investing Activities (b)	(11,346.69)	(343.76)
Net Cash provided by Financing Activities (c)	(4,945.97)	(3,119.63)
Net Increase/(decrease) in cash & cash equivalent during the year	2,262.15	(3,809.92)
Cash and Cash equivalent at the beginning of the year	15,037.46	18,847.38
Cash and Cash equivalent at the end of the year	17,299.61	15,037.46
	2,262.15	(3,809.92)
Components of Cash and Cash equivalents as at	31st March 2013 (Rs. in Lakhs)	31st March 2012 (Rs. in Lakhs)
Cash on Hand	2.79	1.54
With Post Office Savings Bank Account	1.40	1.40
With Scheduled Banks		
- in Current Account	395.42	644.52
- in Fixed Deposit	16,900.00	14,390.00
TOTAL	17,299.61	15,037.46

As per our report of even date

for **V. RAO & GOPI**

Chartered Accountants

Firm's registration no. 003153S

Sd/-

Shri P. Hanumantha Rao

Partner

Membership No. 026990

Place: Hyderabad

Date : 07.08.2013

for **Mishra Dhatu Nigam Limited**

Sd/-

M. Narayana Rao

Chairman & Managing Director

Place: Hyderabad

Date : 07.08.2013

Sd/-

V. S. Krishna Murthy

Director(Finance)



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS:

Registration Number	1660	State Code	1
Balance Sheet Date	31st March 2013		

II CAPITAL RAISED DURING THE YEAR

(Amount in Rupees Thousands)

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

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Amount in Rupees Thousands)

Total Liabilities	13827381	Total Assets	13827381
Sources of Funds			
Paid Up Capital	1873400	Reserves and Surplus	2194251
Share Application Money	-		
Secured Loans	563503	Unsecured Loans	135838
Deferred Taxes	3249	Current Liabilities	5614204
		Non Current Liabilities	3442936
Application of Funds			
Net Fixed Assets	2031975	Investments	21011
Current Assets, Loans & Advances	11773774	Non Current Assets	621
Accumulated Losses			



IV PERFORMANCE OF THE COMPANY

(Amount in Rupees Thousands)

Turnover (Gross earnings)	5538959	Total	
		Expenditure	4559758
Profit / (-) Loss Before Tax	1177766	Profit / (-) Loss	
		after Tax	825183
Earning Per Share in Rupees	440.47	Dividend Rate %	20%

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

Item Code Number (ITC Code) 72240000

Product Description Other Alloy Steel in semi-finished forms Special Stainless Steel MDN 172/155/250

Item Code Number (ITC Code) 81080000

Product Description Titanium and Titanium base Alloys Titan 12/15/31

Item Code Number (ITC Code) 81029300

Product Description Molybdenum and articles thereof Moly wire

for Mishra Dhatu Nigam Limited

Sd/-

M. Narayana Rao

Chairman & Managing Director

Sd/-

V. S.Krishna Murthy

Director(Finance)

Place: Hyderabad

Date: 07.08.2013

A. EXPENDITURE ON SOCIAL OVERHEADS FOR THE YEAR 2012-2013 - CAPITAL

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.04.2012	Additions during the year	Adj/ Ded during the year	As at 31.3.2013	As at 1.04.2012	Adj/ Ded during the year	Deprecia- during the year	As at 31.3.2013	As at 31.3.2013	As at 31.3.2013
Land	28.66	-	-	28.66	-	-	-	-	28.66	28.66
Township Buildings: - Residential	103.24	-	-	103.24	44.38	-	1.68	46.07	51.17	58.86
Township Buildings: - Non-Residential										
a) School	44.74	-	-	44.74	14.69	-	0.73	15.42	29.35	30.05
b) Hospital	1.77	-	-	1.77	0.80	-	0.03	0.83	0.94	0.97
c) Sub-station buildings	1.92	-	-	1.92	0.82	-	0.03	0.85	1.08	1.10
Township External Services :										
a) Water	2.44	-	-	2.44	2.36	-	-	2.36	0.08	0.08
b) Electrical	7.45	-	-	7.45	7.13	-	-	7.13	0.32	0.32
c) School furniture	7.66	3.08	-	10.74	7.63	-	0.93	8.56	2.18	0.03
Township Roads	8.25	-	-	8.24	3.42	-	0.12	3.54	4.70	4.82
Total	206.12	3.08	-	209.20	81.23	-	3.53	84.76	124.44	124.89
Previous Year	203.57	2.55	-	206.12	78.61	-	2.62	81.23	124.89	124.96

B. EXPENDITURE ON SOCIAL OVERHEADS FOR THE YEAR 2012-13

Description	Township	School	Medical facilities Over & above those which are statutorily required	Subsidized transport	Other items of welfare expenditure	Total
Sales & Wages (including PF contribution)	39.56	-	-	-	-	39.56
Electricity	17.95	-	-	-	-	17.95
Repair & Maintenance	6.19	-	-	-	-	6.19
Payment to Transport Co	-	-	-	-	-	-
Subsidies (Net)	-	2.05	-	-	-	2.05
Reimbursement of Tuition Fee	-	-	-	-	-	-
Interest subsidy on HB Loans	-	-	-	-	-	-
Miscellaneous Expenses	-	-	-	-	7.58	7.58
Township Dispensary	-	-	2.30	-	-	2.30
Depreciation	3.53	-	-	-	-	3.53
Total Expenditure	67.23	2.05	2.30	-	7.58	79.16
Previous Year	73.35	13.54	2.63	79.91	7.13	176.56
Income for current year	4.44	-	-	48.32	-	52.76
Income for previous year	3.99	-	-	58.36	-	62.35



MISHRA DHATU NIGAM LIMITED

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

REGISTERED OFFICE & WORKS :
P.O. KANCHANBAGH, HYDERABAD - 500058, INDIA

Phone: +91-40-24340001 (10 lines),
24340201, 2430280, 24340044, 24340853 (Other lines)
Fax: +91-40-24340214/24340764,
E-mail: spralloy.midhani@nic.in
Website: www.midhani.com

COMMERCIAL OFFICES

<p>NEW DELHI Flat No. 8330, C-8, Vasant Kunj, NEW DELHI - 110 070 Tele-fax: +91-011-26890253 Tel : +91 - 011-26132875 e-mail: dro.midhani@nic.in</p>	<p>KOLKATA No.1/131, Gariahat Road (South) Jodhpur Park, KOLKATA - 700 068 Tele-fax: +91-033-24728414 e-mail: kco.midhani@nic.in</p>
<p>CHENNAI 13, New / 5 (Old), Vyasar Street, East Tambaram CHENNAI - 600 059 Tele-fax: +91-044-22394983 e-mail: cco.midhani@nic.in</p>	<p>BANKERS ANDHRA BANK, HDFC BANK STATE BANK OF INDIA STATE BANK OF HYDERABAD</p>
<p>STATUTORY AUDITORS M/s V. Rao & Gopi Chartered Accountants, Hyderabad</p>	



MISHRA DHATU NIGAM LIMITED

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

Registered Office : P.O. Kanchanbagh, Hyderabad - 500058, INDIA