

# 40<sup>th</sup>

## ANNUAL REPORT

2013-2014

### MISSION:

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



# MISHRA DHATU NIGAM LIMITED

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



# Chairman's Message



I am absolutely delighted to present the 40<sup>th</sup> Annual Report 2013-14 of Mishra Dhatu Nigam Limited (Acronym: MIDHANI) bringing out the important and highly significant achievements of the company in last financial year which we can be proud of and make all of us feel great.

The success story of the company is going unabated. What can delight me more than announcing the fact that the company exceeded its ₹ 560 Cr. annual sales target by over 6.0% and achieved a sales turnover of ₹ 593 Cr. (with adjustment) and a profit (PAT) of ₹ 121 Cr. in the year 2013-14. The company once again, because of its sound financial position, has paid 20% equity dividend amounting to ₹ 37.47 Cr. to the Government in the last financial year; with this, the company could pay dividend in three successive years. Most importantly, the value addition per employee has gone up from ₹ 37 Lakh in the previous year to ₹ 42 Lakh in last year. Our sustained focus on various energy conservation measures is also paying off in term of gradual reduction in specific energy consumption, so vital for the power intensive unit like MIDHANI; last year the electricity and LPG consumptions have come down to 1942.44 KWh/MT and 0.16 MT/MT of production respectively, as compared to 2091.36 KWh/MT and 0.18 MT/MT in the previous year. I am sure the excellent overall performance of the company on several financial and non-financial matters will pave the way for getting “**Excellent**” rating on MoU for the year 2013-14 which will be a real feather in the cap.

I am glad to inform you that, the extensive expansion and modernization program which you aware of the company embarked upon several years back has started giving fruits. The Radial Axial Rolling Mill has been successfully commissioned for regular production. The erection of 6000 MT Hydraulic Forge Press is on the verge of completion. The new melt shop, to be equipped with 20T EAF-LF-VD/VOD liquid metal processing facilities, is coming up far, and the most prestigious, befitting to MIDHANI's stature- the Electro-Beam Melting furnaces are on the way. Once all the equipments are in place, production therefrom will be streamlined, quality, value-added products will be assured and product quantity scaled up. Company will then be ready to foray into the real export market in a big way while concomitantly meeting the domestic needs.

MIDHANI has realized the importance of making a strategic shift in its traditional product-mix to meet the country's emerging demands of new class of alloys and new materials. The company is in touch with ISRO for starting the commercial production of exotic AL-Li alloy, which, by merits of its high stiffness-to-density ratio, has become the ideal candidate material for space application. Carbon fiber is another strategic material which the company is committed to produce. High Energy Rare Earth Magnet (REM) is another. The company is also ready to get into the production of REM, including solar silicon and CRGO steels at opportune moment.

MIDHANI is fast growing like a bamboo tree to a new height. Not only steels but also new specialized alloys, and altogether new types of strategic materials which belong to the realm of advanced material science, will continue to sprout like the exuberant growth of the new bamboo shoot, sustaining MIDHANI's position as the "National Center for Excellence" in advanced metals, alloys, materials and products for strategic sectors - Defence, Space, Power and making the company as strong, as charming, as well established, the bamboo grove could be.

Last but not least, MIDHANI reiterates its firm commitment to upholding the dignity of human value and fulfilling the societal responsibility for the green environment and sustainable development by imbibing the corporate value system in its corporate governance frame work. MIDHANI also continues to comply with the guidelines on corporate governance enunciated by the Department of Public Enterprises and has secured excellent grading for F/Y 2013-14 in terms of compliance with the said guidelines.

I, and on behalf of Board of Directors, take this opportunity to sincerely thanks all the employees of the company, esteemed customers & suppliers, Department of Defence Production and all other stake holders, for their unstinted support and encouragement in achieving the excellent result of the company in the financial year 2013-14.



**M. NARAYANA RAO**

CHAIRMAN & MANAGING DIRECTOR



राष्ट्रीय सुरक्षा 2011-12

Raksha Mantri's Awards for Excellence 2011-12

सत्यमेव जयते

Representation Ceremony

25 November, New Delhi

MIDHANI being bestowed with hon'ble Raksha Mantri's Institutional Award for Excellent performance on 25<sup>th</sup> November 2013 for the year 2011-12.

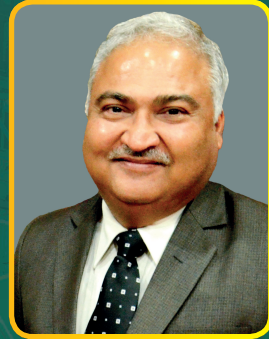
# *Functional Directors*



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  
(Till 08.12.2013)



Dr. Dipankar Banerjee  
Director  
(Till 08.12.2013)



Dr. Kota Bhanu Sankara Rao  
Director  
(Till 26.04.2014)

## *Permanent Special Invitee*



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

## *Chief Vigilance Officer*



Shri T.V. Reddy, IFS

## *Company Secretary*



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)  
(Untill 31-1-2014)



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



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



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



**Shri M.S. Chalapahti**  
G.M. (Production)



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



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# Mishra Dhatu Nigam Limited, Hyderabad

## 10 Years at Glance

Figures in ₹ Lakh (S. No. 1 - 16)

| S.No. | ITEM                               | 2004-05           | 2005-06          | 2006-07          | 2007-08          | 2008-09          |
|-------|------------------------------------|-------------------|------------------|------------------|------------------|------------------|
| 1     | Sales(tonnage)                     | 1337              | 1215             | 1262             | 1919             | 1908             |
|       | Sales (Value)                      |                   |                  |                  |                  |                  |
|       | ..To customers                     | 11,190.78         | 13,926.20        | 17,256.58        | 23,111.71        | 27,142.74        |
|       | ..Dispatches to sub-contractors    | 1,936.23          | 1,362.92         | 1,993.18         | 2,389.30         | 3,768.49         |
|       | <b>Total</b>                       | <b>13,127.01</b>  | <b>15,289.12</b> | <b>19,249.76</b> | <b>25,501.01</b> | <b>30,911.23</b> |
| 2     | Value of Production(inclg.ED)      | 14,166.73         | 17,759.69        | 22,388.49        | 29,640.17        | 36,402.83        |
| 3     | Cash Profit/Loss(-)*               | 1,385.47          | 2,036.80         | 3,768.16         | 5,737.67         | 6,605.56         |
| 4     | PBT                                | 1,152.97          | 1,841.82         | 3,559.04         | 5,494.68         | 6,289.65         |
| 5     | Net Profit/Loss (-)**              | 687.08            | 1,180.78         | 2,318.01         | 3,548.93         | 4,114.63         |
| 6     | Value Added                        | 9,697.49          | 10,112.80        | 13,016.50        | 17,652.62        | 21,486.34        |
| 7     | Value added per employee           | 7.34              | 7.67             | 10.16            | 13.97            | 17.48            |
| 8     | Paid up Capital                    | 13,734.00         | 13,734.00        | 13,734.00        | 13,734.00        | 14,634.00        |
| 9     | Gross Block                        | 13,115.61         | 13,270.84        | 13,340.11        | 13,810.98        | 14,228.28        |
| 10    | Net Fixed asset                    | 2583.94           | 2555.10          | 2438.47          | 2667.90          | 2779.32          |
| 11    | Net current asset                  | 11777.69          | 12826.29         | 14602.87         | 16767.00         | 18485.64         |
| 12    | Capital employed (10+11)           | 14,361.63         | 15,381.39        | 17,041.34        | 19,434.90        | 21,264.96        |
| 13    | Equity                             | 13734.00          | 13734.00         | 13734.00         | 13734.00         | 14634.00         |
| 14    | Reserves                           | 734.80            | 1695.16          | 3474.21          | 6196.54          | 9341.50          |
| 15    | Net Worth (13+14)                  | 14,468.80         | 15,429.16        | 17,208.21        | 19,930.54        | 23,975.50        |
| 16    | Contribution to Exchequer          | 2,418.00          | 2,671.00         | 4,405.00         | 5,483.00         | 6,651.00         |
| 17    | No. of employees                   | (Figures in Nos.) |                  |                  |                  |                  |
|       | ..Executives                       | 265               | 270              | 250              | 249              | 249              |
|       | ..Non executives                   | 993               | 985              | 905              | 862              | 837              |
|       | ..Non unionised supervisors        | 63                | 64               | 126              | 153              | 143              |
|       | <b>TOTAL</b>                       | <b>1321</b>       | <b>1319</b>      | <b>1281</b>      | <b>1264</b>      | <b>1229</b>      |
|       | Productivity per employee (₹ Lakh) | 10.72             | 13.46            | 17.48            | 23.45            | 29.62            |

# Mishra Dhatu Nigam Limited, Hyderabad

## 10 Years at Glance

Figures in ₹ Lakh (S. No. 1 - 16)

| S.No. | ITEM                               | 2009-10                  | 2010-11          | 2011-12          | 2012-13          | 2013-14          |
|-------|------------------------------------|--------------------------|------------------|------------------|------------------|------------------|
| 1     | Sales(tonnage)                     | 2429                     | 3014             | 3482             | 4687             | 4111             |
|       | Sales (Value)                      |                          |                  |                  |                  |                  |
|       | ..To customers                     | 31,482.89                | 33,062.14        | 39,297.60        | 49,945.97        | 56,270.78        |
|       | ..Despatch to sub-contractors      | 5,638.10                 | 8,724.63         | 11,603.67        | 5,913.17         | 0.00             |
|       | <b>Total</b>                       | <b>37,120.99</b>         | <b>41,786.77</b> | <b>50,901.27</b> | <b>55,859.14</b> | <b>56,270.78</b> |
| 2     | Value of Production(inclg.ED)      | 37,323.63                | 48,545.58        | 49,599.59        | 53,736.67        | 57,226.40        |
| 3     | Cash Profit/Loss(-)*               | 7,085.33                 | 7,955.19         | 10,329.04        | 12,293.72        | 12,747.26        |
| 4     | PBT                                | 6,766.78                 | 7,518.14         | 9,850.28         | 11,777.66        | 12,143.54        |
| 5     | Net Profit/Loss (-)**              | 4,455.52                 | 5,090.02         | 6,845.49         | 8,251.83         | 8,246.29         |
| 6     | Value Added                        | 23,757.48                | 28,877.73        | 35,137.66        | 35,998.14        | 37,618.80        |
| 7     | Value added per employee           | 19.95                    | 25.76            | 33.40            | 36.88            | 41.61            |
| 8     | Paid up Capital                    | 14,634.00                | 18,334.00        | 18,334.00        | 18,734.00        | 18,734.00        |
| 9     | Gross Block                        | 15,454.37                | 17,693.55        | 18,703.81        | 19,975.07        | 24,698.30        |
| 10    | Net Fixed asset                    | 3676.82                  | 5,526.39         | 6,067.40         | 6,817.41         | 11,547.79        |
| 11    | Net current asset                  | 22757.42                 | 30,310.00        | 39,507.00        | 27,921.73        | 27,165.47        |
| 12    | Capital employed (10+11)           | 26,434.24                | 35,836.39        | 45,574.40        | 34,739.14        | 38,713.26        |
| 13    | Equity                             | 14634.00                 | 18,334.00        | 18,334.00        | 18,734.00        | 18,734.00        |
| 14    | Reserves                           | 12759.18                 | 15,461.46        | 18,045.30        | 21,942.51        | 25,779.38        |
| 15    | Net Worth (13+14)                  | 27,393.18                | 33,795.46        | 36,779.30        | 40,676.51        | 44,513.38        |
| 16    | Contribution to Exchequer          | 6,295.00                 | 7,956.10         | 10,347.29        | 12,136.00        | 11,181.00        |
| 17    | No.of employees                    | <b>(Figures in Nos.)</b> |                  |                  |                  |                  |
|       | ..Executives                       | 255                      | 258              | 250              | 267              | 253              |
|       | ..Non executives                   | 775                      | 685              | 629              | 558              | 523              |
|       | ..Non unionised supervisors        | 161                      | 178              | 173              | 151              | 124              |
|       | <b>TOTAL</b>                       | <b>1191</b>              | <b>1121</b>      | <b>1052</b>      | <b>976</b>       | <b>900</b>       |
|       | Productivity per employee (₹ Lakh) | 31.34                    | 43.31            | 47.15            | 55.06            | 63.30            |



*Shri M. Narayana Rao, C&MD, MIDHANI receiving the 'INS Institutional Excellence Award' from Shri Ratan Tata bestowed on MIDHANI by Indian Nuclear Society.*



*Vigilance Department of MIDHANI being conferred with the Excellence Award during Golden Jubilee Celebrations of IPE, Hyderabad*

## NOTICE OF THE 40<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 40<sup>th</sup> Annual General Meeting of **MISHRA DHATU NIGAM LIMITED** will be held at 1000 hours on Friday, the 19<sup>th</sup> day of September, 2014 at the Registered Office of the Company, P.O. Kanchanbagh, Hyderabad – 500 058, to transact the following business:

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### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss for the year ended on that date and the reports of the Directors' and the Auditors' thereon.
2. To declare Dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2014.

### 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 ₹ 38.37 Cr. to the General Reserves of the Company"

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



**PAUL ANTONY  
COMPANY SECRETARY**

**Place : Hyderabad,**

**Date : 28.08.2014**

### 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 31<sup>st</sup> March, 2014, 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 2013-2014 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 2013-2014 has resulted in a distributable Profit of ₹ 82.46 Cr.; the Board of Directors have recommended to transfer a sum of ₹ 38.37 Cr. to the General Reserves of the Company, after appropriating a sum of ₹ 37.47 Cr. towards payment of Final Dividend (including interim Dividend of ₹ 4 Cr.) and ₹ 6.63 Cr. towards tax on Dividend, for the financial year ended on 31<sup>st</sup> March, 2014 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 ₹ 38.37 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 : 28.08.2014

# Directors' Report



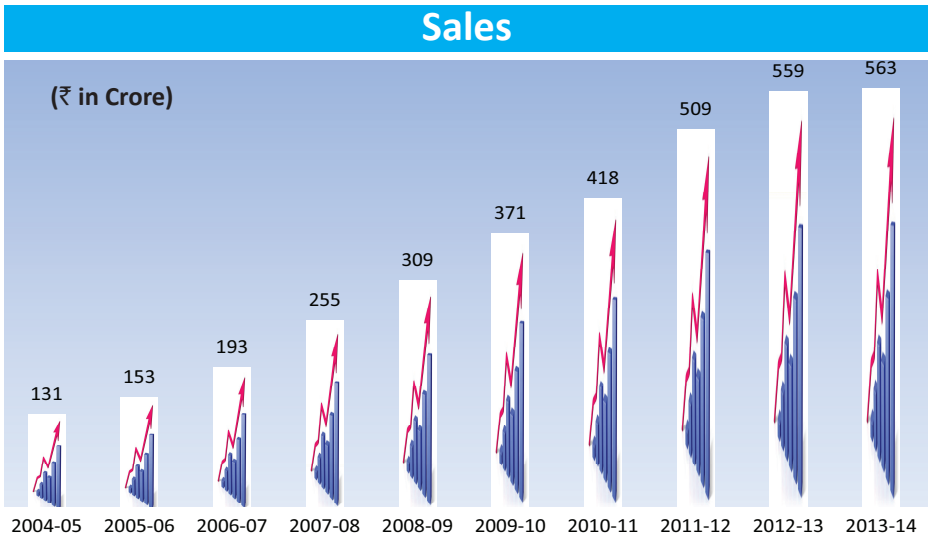
**The Members,  
Mishra Dhatu Nigam Limited,**

Dear Members,

On behalf of the Board of Directors, I have immense pleasure in presenting the 40<sup>th</sup> Annual Report on performance and achievements of your company for the year ended on 31<sup>st</sup> March, 2014 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 ₹ 592.99 Cr. surpassing the previous year sales of ₹ 558.59 Cr. However, due to change in Accounting Policy for de-recognition of revenue against dispatches to sub-contractor, the outstanding DA amounting to ₹ 30.28 Cr as at 31.03.2014 has been reversed. Net turnover after reversal for FY 2013-14 is ₹ 562.71 Cr.



- **DECLARATION OF DIVIDEND** upto 20 % on Equity aggregating to ₹ 37.47 Cr. for the third consecutive year.
- **HIGHEST** VoP of ₹ 572.26 Cr. and **VALUE ADDED PER EMPLOYEE** of ₹ 41.61 Lakh which is higher than the previous year.
- **SUCCESSFULLY MANUFACTURED AND DESPATCHED** 2 sets of Composite Armour Panels (Ceramic-titanium bonded encapsulated panels) to Air Force 3BRD, Chandigarh for armoring of MI-17 Helicopters. Each set comprises 28 different shapes and sizes of panels. Technology for manufacturing these panels was developed by DMRL, Hyderabad.
- **MEMORANDUM OF UNDERSTANDING (MoU)** has been entered with CSIR-NAL for Collaborative Development of Processing Technology for fabrication of NiTi Shape Memory Alloy semi-finished products (wire rods/wire) from forged NiTi billets on 9<sup>th</sup> July, 2013.

## 2.0 HIGHLIGHTS OF PRODUCTION & SUPPLIES

- Qualification of Mi-17 composite Armour panels for Mi-17 Helicopter after satisfactory test results was done during the



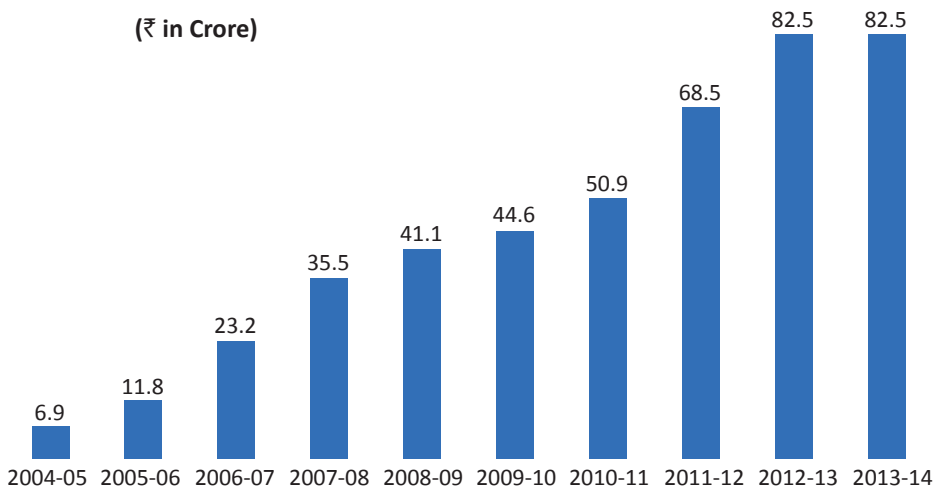
month of June 2013 and 8 sets of Mi-17 Composite Armour Panels supplied to Indian Air Force, Chandigarh.

- Ring Rolling Mill hot trials started on 28<sup>th</sup> June 2013 with efforts now being made towards production stabilization of Mill. Commissioning of equipment at new conditioning shop of Forge was completed and production activities started from 29.6.2013.
- Turnover increased to ₹ 562.71 Cr. (4111 MT) as compared to ₹ 558.59 Cr. (4,687 MT) during the previous year, thus registering a marginal growth value wise.

### 3.0 FINANCIAL HIGHLIGHTS:

- 3.1 Company has earned a Gross Margin of ₹ 127.90 Cr. and a Profit before Tax of ₹ 121.44 Cr. during the year 2013-14 as compared to ₹ 129.78 Cr. and ₹ 117.78 Cr. in the previous year respectively. The Profit after Tax for the year stands at ₹ 82.46 Cr. as against ₹ 82.52 Cr. in the previous year.

## Net Profit/Loss



- 3.2 The surplus available for appropriations would be ₹ 82.46 Cr. as against ₹ 82.52 Cr. in the previous year which would enable the Company to declare an Interim Dividend and a final dividend

aggregating to ₹ 37.47 Cr. in line with the amount declared as Dividend in the previous year.

3.3 During the year under report the authorized Share Capital of the Company remained un-altered. The Authorized and Paid up Share Capital stood at ₹ 200.00 Cr. and ₹ 187.34 Cr. respectively, as on 31.03.2014.

3.4 Your Company has achieved all the financial and operational targets set out for the year 2013-14. The high lights are as under:

(Figures in ₹ Lakh)

| Particulars                           | 2013-14      | 2012-13      |
|---------------------------------------|--------------|--------------|
| Sales (Less returns)                  | 56271        | 55859        |
| Other Income                          | 2093         | 1986         |
| Value of Production (Excluding ED)    | 56418        | 53267        |
| Depreciation                          | 604          | 516          |
| Interest                              | 419          | 684          |
| Profit (before tax)                   | 12144        | 11778        |
| Profit (after tax)                    | 8246         | 8252         |
| <b>Ratios (Percentages)</b>           |              |              |
| Profit Before Tax to Capital employed | 31.37        | 33.90        |
| Profit Before Tax to Sales            | 21.58        | 21.08        |
| Profit After Tax to Net Worth         | 18.53        | 20.29        |
| Profit After Tax to Paid-up Capital   | 44.02        | 44.05        |
| (Net) Sales to Capital Employed       | 145.35       | 160.80       |
| Sales to Gross Block                  | 227.83       | 279.64       |
| <b>Per Capita Sales ( ₹ Lakh)</b>     | <b>62.25</b> | <b>57.23</b> |

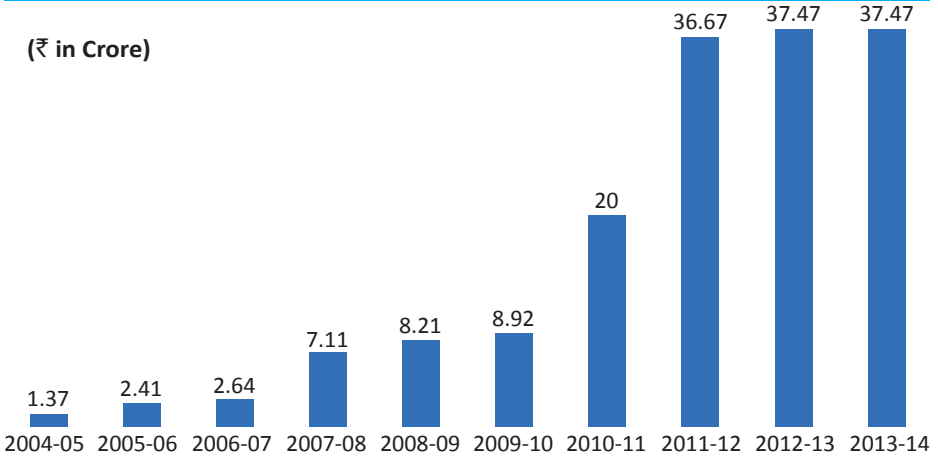
#### 4.0 DIVIDEND AND TRANSFER TO GENERAL RESERVE

4.1 The Directors are pleased to recommend a Final Dividend @ 20% on the paid up Share capital of ₹ 187.34 Cr. amounting to



₹ 37.47 Cr. as was also paid in the previous year. Further an amount of ₹ 6.63 Cr. will be paid as Dividend Tax including surcharge as against ₹ 6.08 Cr. in the previous year. The rate of Dividend works out to ₹ 200/- per Equity Share of ₹ 1000/- on 18,73,400 Equity Shares, as against Dividend of ₹ 200/- per Equity Share on 18,73,400 Shares in the previous year. MIDHANI had declared an Interim Dividend of ₹ 4.00 Cr. for the financial year 2013-14, adjustable in the Final Dividend declared in the ensuing Annual General Meeting.

## Dividend



4.2 The Directors are happy to inform that a sum of ₹ 38.37 Cr. have been Transferred to General Reserves of the Company after Provision for payment of Dividend as above as against previous year's transfer of ₹ 38.97 Cr.; thereby accumulating the Reserve to the tune of ₹ 257.79 Cr.

### 5.0 PERFORMANCE AGAINST MoU

- 5.1 For the year 2013-14 MIDHANI's performance is expected to be ranked as "EXCELLENT" under various Performance Parameters of MoU.
- 5.2 For the year 2014-15, MIDHANI signed a MoU with Govt. of India to achieve an annual sales target of ₹ 600 Cr. with a gross margin

of ₹ 138 Cr. under Excellent criteria at the Task force negotiation meeting held on 3<sup>rd</sup> day of February 2014, at New Delhi.

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

- 6.1 In line with the Corporate Plan 2020, your Company has taken initiatives to revamp and augment its existing facilities with new processes and equipments to provide for best-in-class, world-scale manufacturing capacities.
- 6.2 The expansion plans are primarily based on current and future requirements of all our existing customers and also to further diversify our products portfolio to cater to prospective customers.
- 6.3 Modernization / Up-gradation / 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.
- 6.4 The modernization & up-gradation program is scheduled in a phased manner as detailed below:

### **✓ PHASE-I: Revamping & Retrofitting**

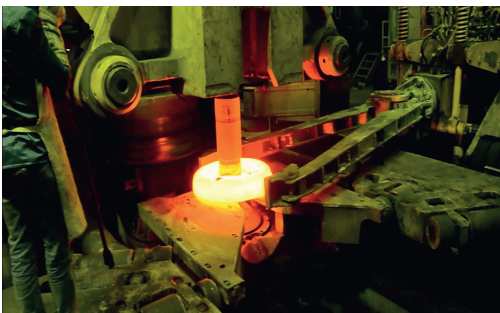
Phase -1 of expansion plan commenced during the year 2007-08 and was completed during the year 2010-11 with investment of ₹ 151 Crore. The basic melting capacities were enhanced and new facilities like VIM, VAR, ESR furnaces and EDS machines were added. The completion of Phase-1 has given the desired results both in terms of production and sales.

### **✓ PHASE- II: Augmentation**

Phase-2 of expansion plan, commenced in 2009, was focused towards conversion facilities for saleable products. The expansion was supported through equity on loan by the Government of India for ₹ 100 Cr. and ₹ 30 Cr. by internal sources.

The facilities envisaged in this phase are as under:

- **Radial Axial Ring Rolling Mill:** The ring rolling mill with radial rolling force of 330 T max and axial rolling force of 215 T max. for the manufacture rings up to 3500 mm OD and 600 mm height offering flexibility in processing suitable input stock with improved yield, specified quality and timely delivery has been successfully commissioned during the year. Ring Rolling Mill established has successfully contributed for the production & sales of Super alloy and Titanium alloy rings at a value of ₹ 200 Lakh.



*The newly commissioned Ring Rolling Mill at its various process stages of functioning*

- **6000 T Forge Press:** The 6000 T Forge Press which will enhance forging capacity, increase the feeding to downstream, reduce forging time, decrease cost and enable timely delivery with superior quality is being installed. The erection is completed and is expected to be commissioned during the next financial year.



*The newly installed 6000 T Forge Press under the final stages of commissioning*

- **EAF/LF/VD/VOD facility:** Electric Arc Furnace (EAF) along with Ladle Refining Furnace (LRF) and Vacuum Degassing (VD), Vacuum Oxygen Decarburizing (VOD) facility is being established for higher productivity, yield and reduced lead time.

✓ **PHASE - III: Major Expansion:**

Expansion under this phase commenced during the year 2013-14.

The phase envisages introduction of new product lines by establishment of Electron Beam Melting Furnace and Wide Plate Mill facility.

- **Electron Beam Melting** is an advanced processing technology for production and refining of high purity metals such as hafnium, niobium, tantalum, vanadium titanium and other exotic alloys. EBM furnace is likely to be delivered during financial year 2014-15.
- **Wide Plate Mill** is being set up primarily for the wide plate requirements of special Maraging Steel for Agni Programme of ASL, DRDO, Armour plates for Ordnance Factories. Further, it would also build in-house capability under Ministry of Defence to develop and manufacture wide plates of various special alloys for strategic requirements of Ordnance, Naval, Missile, Aerospace, Atomic energy etc. The Mill is expected to serve as a National facility for development of Wide Plates that would meet present and future requirements and also facilitate import substitution of above products.

✓ **PHASE - IV: Future Projects:**

*“Future belongs to those who see possibilities before they become obvious”*

The following future projects are under consideration of your company:

- Building in house a 10T Vacuum Arc Re-melting furnace
  - Building in house a 20T Electro Slag Refining Furnace
  - Manufacturing seamless tubes/wires by procuring an Extrusion press
- ✓ **PHASE - V: Diversification:**
- Introducing new products of Aluminum-Lithium alloys by setting up melting facility
  - To foray into new product lines of Carbon Fiber, Rare Earths and Tungsten products.

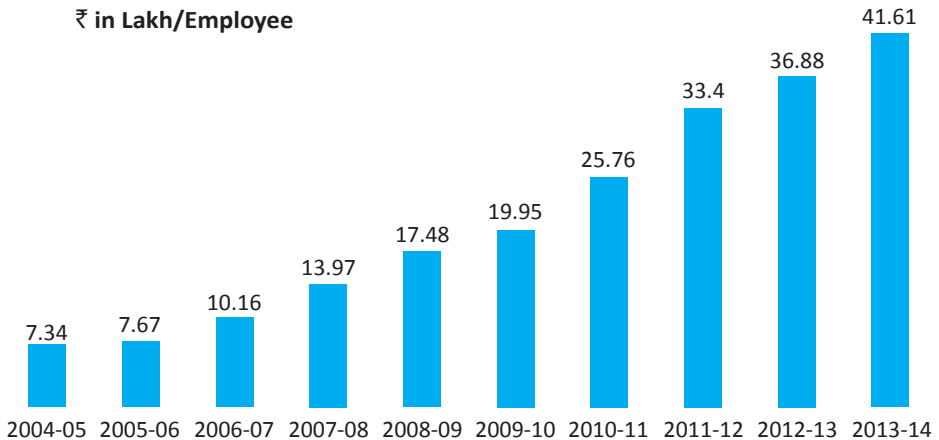
## 7.0 FUTURE OUTLOOK:

7.1 With a view to discharge its long term goals and to fulfill its Corporate Mission, your company continued its efforts to reach the targeted capacity level of about 7000-8000 MT / year, from its existing level of 4,000 MT / year, in a time frame of 3 years.

## 8.0 LABOUR PRODUCTIVITY:

8.1 The value added per employee rose to ₹ 41.61 Lakh when compared to ₹ 36.92 Lakh in the previous year and the Direct Labour Productivity, in terms of value added per direct worker, stood at ₹ 104.79 Lakh when compared to ₹ 93.02 Lakh during the previous year.

### Value Added Per Employee



## 9.0 AWARDS:

9.1 MIDHANI has been bestowed with Hon'ble Raksha Mantri's Institutional Award for Excellence in performance for the year 2011-12. The award was received on 25<sup>th</sup> November, 2013 from Hon'ble Raksha Mantri.

9.2 Indian Nuclear Society bestowed "INS Institutional Excellence Award" on MIDHANI.



- 9.3 MIDHANI was honored with Rajbasha Cup Award and MIDHANI's Hindi House Magazine "SANKALP" was conferred "Best Hindi Magazine Award" for the year 2012-13 from Town Official Language Implementation Committee [TOLIC(U)] Hyderabad / Secunderabad.
- 9.4 Dr. D K Likhi, Director (Production & Marketing) was awarded the "Award of Excellence" in the area of Technology and Management by Lions Club International on 15<sup>th</sup> September, 2013.
- 9.5 The team led by Shri P. Kiran, Dy. Manager (HRM) won the SODET Award (Silver) for Technology Innovation for the year 2012-13. The award was given at the function organized by SODET on 24<sup>th</sup> February 2014 at Mumbai.
- 9.6 Institute of Public Enterprises (IPE) presented Vigilance "Excellence Award" for the year 2013-14 to MIDHANI and Shri S. Narasing Rao, Senior Manager (Vigilance) was bestowed with best officer award in the recently organized programme by IPE on the occasion celebrating Golden Jubilee Year (1964-2014).

## 10.0 OPERATIONAL EFFICIENCY:

*"An ounce of performance is worth pounds of promises"*

- 10.1 "Excellent" performance in the matter of recycling of reclaimed material from production process to the extent of 36.49% (3389MT) obviating the use of virgin raw materials worth ₹ 42.31 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 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 in-house production tonnage by 7% during the year under report.

## 12.0 DEVELOPMENTS OF NEW PRODUCTS THROUGH R&D EFFORTS DURING THE YEAR 2013-'14 INCLUDES:

*At MIDHANI, "we believe in either finding the way or making one"*

R&D activities in MIDHANI are primarily focused on alloy and product development process modification with a view to create more business opportunities for the company. Significant work has been carried out towards development of special materials for Defence, Space, Power, Nuclear and other core sectors. MIDHANI incurred an expenditure of ₹ 7.97 Crore during the F/Y 2013-14 for R&D activities. Some of the salient outcome of alloy development projects is indicated below:

- Development of precipitation hardening stainless steel (MDN 11-10 T PH) for aerospace applications.
- Development of MDN 36HXTHO (Superfer 861) for aerospace.
- Development of PH Stainless Steel equivalent to custom 465 for BRAHMOS.
- Development of Ti-10-2-3 for aeronautical applications.
- Development of Austenitic Steel 15X18H12C4T for high temperature applications in aerospace.
- Emphasis is also being laid on indigenization of vital equipments and significant progress has been made towards indigenization of 20T ESR furnace.

## 13.0 ENERGY CONSERVATION:

*"Energy CONSERVED is Life PRESERVED"*

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

- LPG fired furnace (No. 09A) in Forge Shop was completely revamped by changing the lining from refractory to ceramic thereby reducing the LPG fuel consumption by 22 % approx.

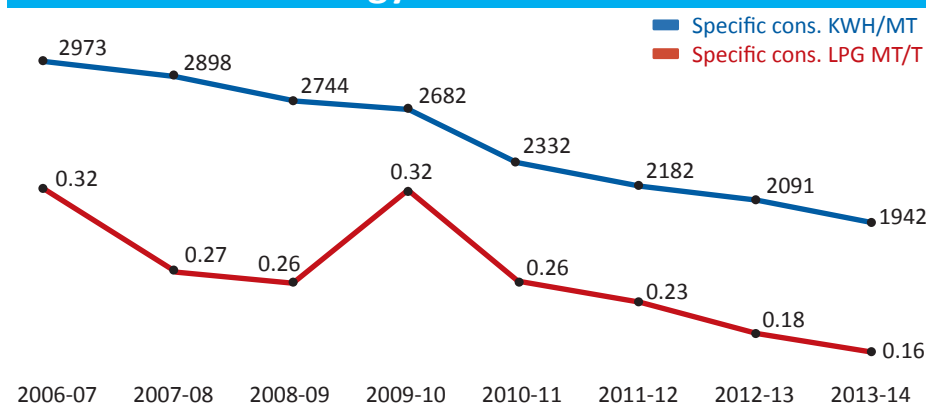
- Furnace door in HRM shop (Furnace No. 504) was revamped with ceramic lining to reduce heat losses.
- Energy Meters were installed for effective monitoring of energy consumption in the areas like Chief Resident Engineer (CRE) and corporate office of MIDHANI.

13.2 Thus 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 etc.

13.3 The summary of consumption of Electricity and LPG for the financial year 2013-14 was as follows:

| S.No. | ITEM                                | UNITS             | 2013-14 | 2012-13  |
|-------|-------------------------------------|-------------------|---------|----------|
| 1     | Total consumption of Electricity:   | KWHR (in crore)   | 3.97    | 3.74     |
| 2     | Total consumption of LPG            | MT                | 3186.23 | 3,215.86 |
| 3     | Specific Consumptions -             |                   |         |          |
|       | - Electricity Per MT of Production: | KWHR/T (Prod.)    | 1942.44 | 2,091.36 |
|       | - LPG per MT of Prod.               | MT(LPG)/MT(Prod.) | 0.16    | 0.18     |

### Energy Conservation



## 14.0 MARKETING & BUSINESS DEVELOPMENT:

*“Our success has really been based on partnerships with our customers from the very beginning”*

- 14.1 During the year under review in spite of the general economic slowdown and budget constraints in Strategic Sectors causing pressure on selling prices and demand, your company could maintain a comfortable order book position and secure orders worth ₹ 405 Crores for the F/Y 2013-14. The cumulative orders on hand as on 1<sup>st</sup> April 2014 was to the tune of ₹ 1083 Cr.
- 14.2 During the year under report the Order Booking from Defence sector was quite encouraging and long term tie ups and business agreement to supply high value and value added products could also be made during the year and it is also expected that the above efforts will further improve the order booking during the coming years.
- 14.3 During the year under report greater emphasis was given by your company to minimize delayed supplies by efficiently managing outsourcing activities and by way of effective interaction and further business tie ups. This has resulted in reducing the delayed orders during the year under report.
- 14.4 The total orders executed during the year under review were to the tune of ₹ 562.71 Cr. with about 39 new customers being added to your company's customer's list mainly from commercial sector for supply of MDN 321, SM 48B, MDN 138, 08x18H10t, MDN 250, Moly etc.
- 14.5 The new products added to your company's product profile is as under: 09X16H4, 09X16H4B, 36HXT10, XH35BT10, HSLA100, MDN 312, MDN 312M, 12X21H5, 15Cr-Ni-1Mo Transducer, Al-Li-Alloy, Titan 20 Superni 42, MDN 440CA, MDN 521A, MDN 57NB, MDN M40, MDN N35M, MDN VT-1-0, MI17 ARMOUR PANEL, DN304HCUW, SUPERNI 617CC.

## 14.6 CUSTOMER GRIEVANCES

MIDHANI has taken efforts to adequately address Customer complaints to the satisfaction of its customers.

#### **14.7 BRIEF ON EXPORT INITIATIVES: Future Outlook / estimated potential:**

- 14.7.1 In view of the subdued world economy and demand, unfavorable conditions in the world markets in general and European and US Markets in particular, the average prices are very low and not remunerative. Hence, no exports could be done in the F/Y 2013-14.
- 14.7.2 However your company has been putting its full efforts to enhance prospects for exporting its products. AS 9100C certificate obtained and widely circulated by MIDHANI has generated keen interest from major players like M/s Pratt & Whitney, BAE Systems, Forgital and EADS etc.
- 14.7.3 M/s. Pratt & Whitney, Rolls Royce, UK, M/s Thiot Ingenierie, France have visited MIDHANI to assess MIDHANI capabilities and to explore the business opportunities. Talks are also in progress to enter into MoU's with some of them as Indian offset partners to supply forgings & casting and to impart knowledge, a team from MIDHANI also attended a programme titled "Be an Airbus Supplier" organized by EADS during February 2014 at Bangalore.
- 14.7.4 MIDHANI has successfully undertaken an ambitious modernization and expansion plan and augmented its production capacities more particularly by procuring the Forge Press and Ring Rolling Mill. The Ring Rolling Mill has been commissioned and also commenced production activity, the 6000 T Forge press, 20T VD/VOD are under commissioning with the fastener plant soon expected to be fully operational. These augmented facilities will provide MIDHANI with excess capacities to look into the export market and target international buyers. In addition, the facilities will also help MIDHANI to be cost competitive and improve deliveries thereby helping tap new export markets.

**15.0 MARKETING OF SPECIAL PRODUCTS:**

**15.1 BIO-MEDICAL IMPLANTS:**

MIDHANI was able to secure orders from various corporate hospitals and dealers of Bio Implants and execute orders worth ₹ 35.21 Lakh. Under Corporate Social responsibility activities of your company 61 No's of custom made prosthesis were supplied to Cancer patients.



**15.2 FASTENERS:**

MIDHANI has supplied fasteners worth ₹ 57.25 Lakh during the F/Y 2013-14

## 16.0 CUSTOMER MEET & SEMINARS:

*“It has been a founding principle of our company to listen to our customers and not just guess what they want”*

### 16.1 CUSTOMER MEET:

- 16.1.1 MIDHANI organized 10<sup>th</sup> Customer Meet on 8<sup>th</sup> November 2013, wherein 150 delegates from 46 organizations across the country from various strategic sectors viz., Defence, Atomic Energy, Space, Other PSUs & Private sector organizations participated. The theme of the meet was ‘Future Quality Challenges – A Joint Perspective’.
- 16.1.2 Shri S. N. Mantha, C&MD, Bharat Dynamics Limited inaugurated the meet and Shri S. M. Vaidya, Executive Vice President & Business Head, Godrej Precision Systems was the Chief Guest for the valedictory function. Efforts put by MIDHANI in holding the Customer Meet every year to understand the needs of the customers were appreciated by all. MIDHANI was also commended for organizing the Customer Meet in an exemplary manner.



*(L to R) Shri M. Narayana Rao C&MD, MIDHANI, seen addressing the gathering and Shri S.N. Mantha, C&MD Bharat Dynamics Ltd. Lighting the Inagural Lamp.*

## 16.2 EXHIBITIONS/SEMINARS:

As an effective marketing strategy, MIDHANI participated in various National and International Exhibitions, Conferences, Seminars to effectively interact and appraise the new activities towards achieving good business and to also enhance its role both in the national and International markets. Some of the programs attended are as under:

- Participated in LAAD 2013, an International Defence Exhibition held at Brazil during 09<sup>th</sup> - 12<sup>th</sup> April, 2013.
- International Conference & Exhibition organized by ASM International, Chennai Chapter during 16<sup>th</sup> - 18<sup>th</sup> May, 2013.
- Seminar on High Temperature Materials & Hot structures (HTMUS) organized by Indian Institute of Metals, Trivandrum Chapter on the occasion of Prof. Brahma Prakash Birth Centenary Celebrations during 13<sup>th</sup> - 15<sup>th</sup> May 2013.
- DSEi 2013 International exhibition held at London, UK during



*Shri M Narayana Rao (C&MD), MIDHANI briefing the Secretary (DP) Shri Gokul Chandra Pati on his visit to MIDHANI stall at the Defence & Security Exhibition International-2013 (DSEI-2013) held at ExCel, London*



10<sup>th</sup> - 13<sup>th</sup> September, 2013 under composite Indian Defence Pavilion coordinated by Defence Exhibition Organisation at New Delhi.

- Conclave 2013 seminar cum exhibition organized jointly by DRDO and INAE at New Delhi during 17<sup>th</sup> - 19<sup>th</sup> September, 2013.
- India International Trade Fair (IITF) 2013 organized by Defence Exhibition organization at New Delhi from 14<sup>th</sup> - 27<sup>th</sup> November, 2013
- IOACON 2013, Annual conference cum exhibition organized by Indian Orthopedic Association at Delhi during 3<sup>rd</sup> - 8<sup>th</sup> December 2013.
- DEFEXPO 2014 organized by Defence Exhibition organization at New Delhi during 6<sup>th</sup> - 9<sup>th</sup> February 2014.



*Shri A.K. Antony Hon'ble Defence Minister Visiting Midhani stall at DEFEXPO 2014.  
(Inset) MIDHANI products on display at DEFEXPO*

- Programme by Marketing Officers titled "Be an Airbus Supplier" organized by EADS during 18<sup>th</sup> - 21<sup>st</sup> February 2014 at Bangalore.

## 17.0 QUALITY CONTROL & ASSURANCE:



- 17.1 MIDHANI observed the year 2013-14 as “Year of Quality” as per the guidelines issued by the Department of Defence Production, Ministry of Defence, New Delhi.
- 17.2 A seminar on “Quality Assurance in Strategic Applications” was organized on 6.3.2014 as a part of observing the year 2013-14 as “Year of Quality”. Eminent speakers from different organizations shared their experiences on the subject which culminated in knowledge transfer and exchange of views and ideas. Some of the important programmes organized during the “Year of Quality” are as under:
- Shop floor discussions on control of processes, process control measures, calibrations, minimizing deviations and rejections were organized in all production departments. Relevant case studies with examples were also discussed to highlight the importance of quality assurance.
  - Lectures to promote awareness on the following topics were organized.
    - (i) Metallurgy for Non Metallurgists.

- (ii) Quality System Model for Development of Strategic Weapon Systems.
- (iii) Role of NDE in Missile & Aerospace Industries.
- Quality System Audits for ISO 9001:2008, AS9100 and NABL Accreditations for Chemical and Mechanical testing laboratories.

## 18.0 VENDOR DEVELOPMENT:

- 18.1 MIDHANI organized its 5<sup>th</sup> Vendor Meet titled “Transparency in Procurement” on 30<sup>th</sup> October 2013 with representatives from 43 companies representing small scale, private, PSU’s and central government organizations participating.
- 18.2 A detailed presentation on augmentation, expansion plans under implementation and the e-procurement portal of MIDHANI was made, followed by interactive session with vendors. The event served as a platform for MIDHANI and our esteemed vendors to share ideas and future plans thereby helping build a strong relationship for the future.

## 19.0 HUMAN RESOURCE DEVELOPMENT:

*“Coming together is beginning;  
Keeping together is progress;  
Working together is success”*

- 19.1 MIDHANI having recognized HUMAN RESOURCE as the most important asset continuously aims at building a motivated, committed and satisfied work force to achieve its organization goals. MIDHANI recognizes that the most important asset is its employees and that could be a major differentiator in the face of competition from world over.
- 19.2 HR Management having transformed from that of a conventional/traditional support function to a strategic function calls for aligning HR initiatives with business strategy which is of prime concern for MIDHANI. Keeping this in view and the current trends; several HR Policies have been updated, modified and introduced.
- 19.3 Having identified the highly skilled and motivated manpower of

MIDHANI as its main asset your company recognized and met 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 among employees.

19.4 MAN POWER POSITION: The man power strength of MIDHANI as on 31.03.2014 is 523 Non-executives, 124 Non-Unionized Supervisors and 257 Executives as against 558 Non-executives, 151 Non-Unionized Supervisors and 267 Executives as on 31.03.2013

19.5 The total manpower strength under Permanent Category of your Company as on 31<sup>st</sup> March 2014 is as under:

| Particulars   | Non-Executives | Non-Unionized Supervisors | Executives | Total |
|---|----------------|---------------------------|------------|-------|
| Male  | 491            | 121                       | 227        | 839   |
| Female  | 32             | 3                         | 30         | 65    |
| Total   | 523            | 124                       | 257        | 904   |
| Statement showing the representation of SC/ST/OBC/PH and their recruitment etc., are given in <b>Appx:I</b> |                |                           |            |       |

## 20.0 PARTICULARS OF EMPLOYEES:

20.1 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.

## 21.0 INDUSTRIAL RELATIONS:

21.1 The industrial relations scenario continued 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.

21.2 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.

## 22.0 TRAINING & DEVELOPMENT:

*“We give due importance for training and development as we believe that a well trained human resource is positive cash flow”*

- 22.1 During the year under report Training Programs were arranged for 639 Executives, 46 Non Unionized Supervisors and 458 Non-executives i.e. 1143 Employees, for both in-house and external training programs, Seminars, Conferences, Symposiums and Workshops.
- 22.2 Under the Industry - Academia - Interface Programme, Training & Development department organized 14 plant visits at MIDHANI for Defence Personnel, Officers & Workers from other Public Sector Undertakings and students from reputed Engineering Colleges / Universities across the country.
- 22.3 141 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.

### 22.4 DR. TAMHANKAR'S TROPHY FOR YOUNG MANAGERS-2013:

Your company to encourage innovative idea introduced a yearly competition among young managers called as **“Dr. Tamhankar's Trophy for Young Managers”**. The theme for the year 2013 in form of a specific project was - **“Cost Reduction at MIDHANI through Process Improvements”**. The competition saw active participation and results for Winners, Runners up were declared with Consolation Prizes for all participants.

## 23.0 STATUTORY & SOCIAL OBLIGATIONS:

### 23.1 CORPORATE SOCIAL RESPONSIBILITY:

As a responsible business, MIDHANI takes pride in being socially inclined and focuses on sustained and effective CSR projects. Your company has always given top priority towards the all-round development of the people residing in and around the Company's

area of operation. MIDHANI is committed to Corporate Social Responsibility and 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 an increase in CSR & Sustainability activities and MIDHANI incurred an expenditure of ₹ 231.89 Lakh for the following activities:

- **PROMOTION OF EDUCATION:** As a part of Corporate Social Responsibility towards the weaker section of the society and also to encourage the children of the weaker section, Company awarded a cash prize of ₹ 1000/- to each student from SC, ST & OBC categories who stood first in their respective classes from Class I to X of BPDVA School. The awards were presented on 15<sup>th</sup> August 2013.
- **HEALTH & ENVIRONMENT INITIATIVE:**
  - (a) Bio-implants (Prosthesis) were supplied for cancer patients at concessional rate thereby helping them avoid amputation of limbs thus providing a quality life.
  - (b) 318 Hearing aids were distributed to the needy BPL families belonging to neighborhood villages



*Recipients of the hearing aid appliances distributed under MIDHANI's CSR Health Initiatives*



*Shri M. Narayana Rao, C&MD, MIDHANI along with other officials of MIDHANI seen planting Aromatic & Medicinal Plants under "OUSHADA VARAM PROJECT"*

- (c) Under Environment Protection Initiatives "Oushada Vanam Project" was undertaken and Plantation of 600 Aromatic & Medicinal Plants (18 types of plants) was organized on 12<sup>th</sup> February 2014. In total 600 No's of Aromatic & Medicinal plants under "OUSHADA VARAM PROJECT" and 250 Nos. Mango plants under "GREEN PROJECT" were planted to maintain ecological balance in surrounding areas.
- **PROVIDING INFRASTRUCTURE FACILITIES:** Infrastructure facilities were provided to seven Govt. Schools covering 2000 students under Education & Health initiatives, the facilities so provided is as under:
  - (a) Construction of Toilets
  - (b) Providing RO Drinking water plants
  - (c) Supply of Duel Desks

- **SUSTAINABILITY INITIATIVES:** Under Sustainability for energy saving aids to improve operational efficiency of old equipment, the following steps were undertaken:
  - (a) Supply, fabrication, erection & commissioning of steam pipe line from Boiler House to Melt-IV
  - (b) Re-location of Utility pipe line from Melt shop-1 to R&M shop
  - (c) Replacement of damaged pipe lines of Utilities Dept.
  - (d) Re-Routing of Bore well & fire water pipe line of stores
  - (e) Modification of 009A Furnace at Forge Shop
- **CSR AWARENESS AMONG EMPLOYEES:** CSR awareness programmes were conducted for 30% of MIDHANI employees to create CSR- culture within the organization.

### 23.2 CONTRIBUTION TO EXCHEQUER:

- Your Company contributed an amount of ₹ 11,181 Lakh in the form of Duties, Sales Tax, Income Tax and Surcharge during the F/Y 2013-14 as compared to ₹ 12,136 Lakh in the previous year.

### 23.3 EMPLOYEE WELFARE:

- During the year under report to promote Employee welfare, your company implemented Post Retirement Medical Benefit Scheme (PRMBS) and medical insurance cards were issued to the beneficiaries both Executives & Non-unionized Supervisors.
- Dr. Brahm Prakash DAV School is run by the Company in MIDHANI Township for the benefit of children of MIDHANI employees. A lot of emphasis is laid on all round development of the child including extra circular activities such as Sports, Scouts & Guides etc. Students of the school have brought glory to the school in academic, Sports & Cultural activities.
- MIDHANI as employee welfare measure fulfills its obligations by maintaining a small Township consisting of 87 quarters to cater to the housing needs of its employees working in essential services of the Company.



#### **23.4 SOCIAL OBLIGATIONS/WELFARE PROGRAMMES:**

- Monetary awards were presented to meritorious students/ children of our employees of SC, ST and OBC categories @ ₹ 1,000/- per child in each category who scored highest % of marks and @ ₹ 500/- each to all the students of above categories who scored 75% and above marks in X class. Board examination or equivalent held in March/April 2013. The awards were presented on 15<sup>th</sup> August, 2013.
- As per the Company scheme a scholarship to the children of employees for pursuing graduation in Metallurgical Engineering has been granted @ ₹ 1,000/ p.m till completion of the course.

#### **23.5 EMPOWERMENT OF WOMEN:**

- During the year under report MIDHANI has extended all facilities as per the statues for the welfare of all its women employees.
- MIDHANI is also providing the necessary platform for women employees to realize their potential, take personal responsibility for performing the job with commitment and take pride in what they do and contribute to achieve the organizational goals. Women employees, both executives and non-executives are nominated for in-house as well as external training programmes.
- To mark the international Women's Day a Programme was organized in MIDHANI on 8<sup>th</sup> March 2014 which saw active participation from all women employees in MIDHANI. The strength of women employees stood at 65 as on 31.03.2014 against 59 as on 31.03.2013.
- As a part of MIDHANI's commitment for empowerment of women, it is proposed to set up a plant for manufacture of Fasteners at a cost of ₹ 7 Crore to be run exclusively by women employees.



*Participants at the programme organized to mark the Woman's Day Celebration held on 8<sup>th</sup> March 2014 at MIDHANI*

### 23.6 IMPLEMENTATION OF RTI ACT 2005:

- During the year under report MIDHANI being a Public Authority under RTI Act 2005 has discharged all its obligations. 53 applications were received during the year and have been replied to within the stipulated time given under the act. Quarterly reports as required under the act have been regularly uploaded to ensure compliance under the ACT. In order to provide access to information to the Citizens and also as a part of company's philosophy and corporate governance MIDHANI's web site was also updated on a continuous basis by uploading the company's news and developments.

**23.7 RAJBHASHA IMPLEMENTATION:**

- During the year under report, MIDHANI has taken all efforts for promoting the use of Hindi in Official work as per the Government of India directives on the Official Language Act 1963, Official Language Rules 1973 and as per the orders issued by Government of India from time to time.
- As part of directives received from Ministry of Home Affairs, "HINDI DIVAS" celebrations were organized for improving awareness and use of Official Language. On the occasion of Hindi Divas on 24<sup>th</sup> September, 2013 the 12<sup>th</sup> Edition of Techno Commercial Annual Hindi House Magazine SANKALP was released.
- MIDHANI also celebrated the birthday of National Poet Shri Surya Kant Tripathi "Nirala" as "Nirala Jayanti Divas" on 21<sup>st</sup> February 2014 and organized a Kavi Sammelan on this occasion and the 2<sup>nd</sup> issue of MIDHANI House Magazine "SANKALP" was also released.



*MIDHANI House Magazine "SANKALP" being released on the occasion of "Nirala Jayanti Divas" on 21<sup>st</sup> February 2014 celebrated at MIDHANI*

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

- MIDHANI continues to encourage and develop MSME Units by regularly sourcing various goods and services from them. Value of goods/services purchased from MSME units stands at ₹ 26.73 Cr. from 105 units.

**23.9 ENVIRONMENT MANAGEMENT:**

- MIDHANI continued its efforts to maintain and promote ecological balance in and around factory premises by developing and maintaining an extensive plantation. A thick canopy of greenery with thousand of plants of more than 50 species constitutes the green belt in and around MIDHANI. This not only controls air/dust pollution but also attracts birds of different species.
- Coinciding with World Environment Day, MIDHANI has taken up initiative of planting 250 mango saplings at Township area in Association with Event Expert & DRDO Sports Club.
- During the year special emphasis was also made towards conservation of water by maintaining ponds and growth of shrubs in and around Factory / Township area.

**24.0 VIGILANCE:**

- 24.1 During the year under report the Vigilance department of MIDHANI was conferred with an Excellence award during the golden Jubilee celebrations of IPE, Hyderabad.
- 24.2 Vigilance Awareness week was observed from 28<sup>th</sup> October, 2013. On this occasion, In-house magazine of Vigilance "JAGRUTI" was published. Lectures by eminent professionals in the field were also organized to create awareness, sensitize and educate the employees on the evils of corruption and its impact on society along with various competitions among cross section of employees as well as children of MIDHANI School.
- 24.3 The Vigilance department of MIDHANI also conducted a five day training program on "Vigilance for Science & Technology Institutions" for participants from across the country during the

year under report. Experts in the field of vigilance investigations and disciplinary proceedings delivered guest lectures during the program.

- 24.4 Structured meetings with C&MD along with officers of procurement and HR Departments were conducted on a regular basis for systemic improvements to reduce corruption in organizational activities. Interaction with shop-floor level executives, checking of procurement files, Annual Property Returns of officers and conducting surprise checks remained a continuous activity of Vigilance Department of MIDHANI.

## **25.0 GENERAL EXEMPTION FROM DISCLOSURES:**

- 25.1 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.

## **26.0 VIP VISITS:**

- 26.1 Shri Jitender Singh, Hon'ble Raksha Rajya Mantri visited MIDHANI on May 31<sup>st</sup>, 2013 and observed various production facilities and types of alloys being manufactured at MIDHANI.
- 26.2 Shri G. C. Pati, Secretary, Defence Production visited MIDHANI on 19<sup>th</sup> October 2013 and reviewed the performance of the company.
- 26.3 Padmashri S. Rama Krishnan, Director, VSSC visited MIDHANI on 16<sup>th</sup> April 2013.
- 26.4 Shri Sekhar Basu, Director, BARC, Mumbai visited MIDHANI on 1<sup>st</sup> August 2013.
- 26.5 Shri K. M. Acharya, Member of Public Enterprises Selection Board (PESB) visited MIDHANI on 4<sup>th</sup> April 2013.
- 26.6 A team of Integrated Defence Staff (IDS) visited MIDHANI on 19<sup>th</sup>

November 2013 to carry out a study on review of aeronautical sector from national security perspective under the directions of COSC and National Security Council, under the Chairmanship of Air Marshal Shri M. Matheswaran.



*Honourable RRM Shri Jitendra Singh on his visit to MIDHANI with Shri. V. S Krishna Murthy, Director (Finance), Shri. M. Narayana Rao, C&MD, Dr. D. K. Likhi Director (P&M) and Shri. T. V. Reddy, CVO.*

## **27.0 CORPORATE GOVERNANCE:**

27.1 The basic principles and philosophy of Corporate Governance has been followed in letter and spirit in every aspect of Company's decision making in tune with the contemporary demand for good

Corporate Governance and the adherence to revised guidelines issued by Govt. of India, Dept. of Public Enterprises from time to time.

- 27.2 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.
- 27.3 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 certified by a practicing Company Secretary is enclosed as a part of the report on Corporate Governance.
- 27.4 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 rating of 92.35% during the year 2013-14.

### **28.0 BOARD OF DIRECTORS:**

- 28.1 During the year 2013-14 tenure of two non-official part-time directors namely Mrs. Indu Liberhan and Dr. Dipankar Banerjee ended on 9<sup>th</sup> December 2013 thereby resulting in change of composition in the Board of Directors of MIDHANI. No presidential orders for fresh appointments were received as a result of which your company could not have an optimum combination of Independent directors on its Board for the last quarter.

### **29.0 DIRECTORS' RESPONSIBILITY STATEMENT:**

- 29.1 Pursuant to the requirement under the erstwhile 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 31<sup>st</sup> March, 2014, 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. 31<sup>st</sup> March, 2014 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 31<sup>st</sup> March, 2014 on a 'going concern' basis.

### **30.0 AUDITORS & AUDITORS' REPORT:**

- 32.1 C&AG of India has appointed M/s. V. Rao & Gopi, Chartered Accountants, Hyderabad, as Statutory Auditors of the Company for conducting audit of accounts for the year ended 31<sup>st</sup> March, 2014.
- 32.2 A statement showing observations of Statutory Auditors and the Management's replies thereto is enclosed as **APPENDIX-II**

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

- 33.1 The "NIL" comments on the Accounts by the Comptroller & Auditor General of India for the year ended 31<sup>st</sup> March, 2014 has been placed in this report after the report of Statutory Auditors.

### **32.0 ACKNOWLEDGEMENT:**

- 34.1 Your Directors gratefully acknowledge the valuable support and assistance received from all Govt. agencies particularly from Ministry of Defence, DAE, VSSC, all establishments under DRDO





and other agencies of Central and State Govt. Your Directors also place on record their sincere thanks to vendors, Bankers, C&AG, Statutory /Internal Auditors, Chairperson - Audit Committee, Chairmen on other Committees, Advisers, Consultants etc., of the Company for their continued support and guidance during the year.

- 34.2 Your Directors also place on record the appreciation for excellent support and guidance given by the two Independent Directors Mrs. Indu Liberhan and Dr. Dipankar Banerjee, whose tenure came to end on 9<sup>th</sup> December, 2013.
- 34.3 Your Directors take this opportunity to place on record their deep appreciation for the in valuable contribution made and excellent co-operation rendered by the employees and executives at all levels to propel the Company to greater heights and also in sustaining its growth path in the years to come.

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

A handwritten signature in blue ink, appearing to read 'M. Narayana Rao', with a horizontal line extending to the right.

**(M. NARAYANA RAO)**

**CHAIRMAN & MANAGING DIRECTOR**

Place: Hyderabad

Date : 27.08.2014

**APPENDIX - I**
**Representations of SCs, STs, OBCs, PHCs & Ex-SN As on 31.03.2014**

| Pay Scale & Group   | Total No of Employees | Strength of Employees |        |         |        |        |
|---|-----------------------|-----------------------|--------|---------|--------|--------|
|   |                       | SC                    | ST     | OBC     | PHC    | Ex-sn  |
| EXECUTIVES<br>Group 'A' (₹ 16,400 - ₹ 40,500 & above)   | 241                   | 37                    | 9      | 52      | 3      | 1      |
| Group 'B'<br>₹ 12,600 - ₹ 32.500 (Gr-I)<br>₹ 12,250 - ₹ 31,600<br>(Non Unionised Supervisory Cadre) | 12<br>124             | -<br>18               | -<br>4 | 4<br>30 | 1<br>4 | -<br>- |
| NON-EXECUTIVES:<br>Group 'C'<br>From ₹ 8,500 - 3% - 20,850<br>To ₹ 11,750 - 3% - 33,360             | 426                   | 77                    | 28     | 159     | 8      | 15     |
| Group 'D'<br>From ₹ 6,600 - 3% - 16,310<br>To ₹ 8,350 - 3% - 20,470                                 | 97                    | 19                    | 7      | 30      | 3      | -      |

**RECRUITMENT OF SCs, STs DURING THE YEAR 2013**

| Pay Scale & Group  | Total re-<br>cruited<br>during<br>the year | No. of posts reserved |        | No. of candidates appointed |        |
|--|--|-----------------------|--------|-----------------------------|--------|
|  |  | SC                    | ST     | SC                          | ST     |
| Group 'A'<br>₹ 16,400- ₹ 40,500 & above  | 6  | -                     | -      | -                           | -      |
| Group 'B'<br>₹ 12,600 - ₹ 32.500 (Gr-I)<br>₹ 12,250 - ₹ 31,600<br>(NonUnionised Supervisory Cadre) | -  | -                     | -      | -                           | -      |
| NON-EXECUTIVES:<br>Group 'C'<br>From ₹ 8,500 -3%- 20,850<br>To ₹ 11,750-3%- 33,360                 | 17<br>-                                    | 2<br>-                | 1<br>- | 3<br>-                      | 1<br>- |
| Group 'D'<br>From ₹ 6,600 - 3% - 16,310<br>To ₹ 8,350 - 3%- 20,470                                 | 7<br>20                                    | 0<br>3                | 1<br>1 | 0<br>6                      | 1<br>3 |

## APPENDIX -II

With reference to observations of Statutory Auditors stated as “BASIS FOR QUALIFIED OPINION” in the Auditor’s Report, Management comments are as given below:

| Auditor’s Observation  | Management Reply   |
|--|--|
| <p><b><i>In reference to Accounting policy No. 5.3 whereby Liquidated damages levied by the customers are being charged off on recovery / advice from the customers. The Accounting policy of the Company is not consistent with the requirement of Accounting Standard 29. This has an estimated impact on profit of the Company for the current year of ₹ 675.86 Lakh.</i></b></p> | <p>Company was expecting to meet the delivery schedules of customers thereby avoiding liquidated damages. However, due to delay in installation/ procurement of new equipment viz. Forge Press which due to the need for retendering and also the delays caused due to repeated retendering for procuring the critical strategic raw materials viz. Titanium Sponge from overseas suppliers resulted in the supplies to the customers being delayed and thereby the Company incurring Liquidated Damages. Company has also taken-up with customers for waiver of liquidated damages for delayed supplies as there was no consequential production loss to customers. However, with the installation of new equipments and strategic stocking of critical materials, the situation will improve during the financial year 2014-15 and Company will align the Accounting Policy in line with Accounting Standards.</p> |



**M**  
**MIDHANI**

**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 31<sup>st</sup> March 2014, the Board of MIDHANI consisted of SIX (6) Directors including Chairman & Managing Director. In addition to this, one (1) Permanent Special Invitee is 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,**  
Joint Secretary (Personnel & Coordination),  
Dept. of Def. Production,  
Ministry of Defence
  - (ii) **Dr. G. Malakondaiah,**  
Distinguished Scientist,  
CC R&D(HRM), DRDO,  
Ministry of Defence
- (c) Part-time Non-Official Directors: **3 (Three)**
- (i) **Mrs. Indu Liberhan** [Upto 8<sup>th</sup> December, 2013]  
Ex - Secretary, Ministry of Defence (Finance)

(ii) **Dr. Dipankar Banerjee** [Upto 8<sup>th</sup> December, 2013]  
Professor, Dept. 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.

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:

| S. No.  | Number of the Meeting | Date of the Meeting | Board Strength | No. of Directors Present |
|---|-----------------------|---------------------|----------------|--------------------------|
| 1.  | 208                   | 22.05.2013          | 8              | 8                        |
| 2.  | 209                   | 07.06.2013          | 8              | 8                        |
| 3.  | 210                   | 10.07.2013          | 8              | 8                        |
| 4.  | 211                   | 26.09.2013          | 8              | 8                        |
| 5.  | 212                   | 29.10.2013          | 8              | 7                        |
| 6.  | 213                   | 26.12.2013          | 6              | 6                        |
| 7.  | 214                   | 14.02.2014          | 6              | 6                        |
| Leave of absences were recorded at every Meeting in case of inability expressed by any Director to attend the meeting due to unavoidable reasons. |                       |                     |                |                          |
| The Attendance of individual Directors is placed at: <b>ANNEXURE: I</b>   |                       |                     |                |                          |
| The special invitee(s) for board meetings has/have attended 2 meetings as against 7 meetings required to be attended.                             |                       |                     |                |                          |

- 3.2 As per DPE guidelines, Company has nominated Chairperson of Audit Committee and/or another Member of the Audit Committee for the purpose of according prior approval to related party transactions under Accounting Standard -18.
- 3.3 All Board Members had disclosed to Board about the 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 Companies Act, 1956. Such disclosures made at the Board meeting held at the end of the year 2013-'14 are furnished hereunder:



| S. No. | Name of the Director                    | Bodies corporate in which the Director is interested  | Nature of interest and the date from which interested.               |
|--------|---|---|--|
| 1.     | Shri. M. Narayana Rao                   | 1. Andhra Pradesh Gas Power Corporation Limited, Hyderabad  | Part-time Director w.e.f. 30.09.2010                                 |
|        |   | 2. International Advanced Research Centre for Powder Metallurgy and New Materials (ARCI), Hyderabad | Member on the Governing council                                      |
|        |   | 3. Nuclear Fuel complex, Hyderabad  | Member as Board of Management  |
| 2.     | Dr. Dipankar Banerjee                   | 1. The Scientific Instrument Co. Ltd. Allahabad   | Share holder (No. of Shares : 1375)                                  |
|        |   | 2. CSTEP, not for profit u/s 25 of Companies Act, 1956  | Share holder (500 Equity Shares @ ₹100/- per share w.e.f 22.08.2012) |
| 3.     | Dr. Kota Bhanu Sankara Rao              | Mahatma Gandhi Institute of Technology  | Ministry of Steel Chair Professor                                    |
| 4.     | Dr. D.K. Likhi Director (Prodn.& Mktg.) | 1. The Indian Institute of Metals, Kolkata  | Life Member  |
|        |   | 2. Indian Institute of Material Management, Navi Mumbai   | Life Member  |
|        |   | 3. National Institute of Personnel Management, Mumbai   | Life Member  |
|        |   | 4. IIM, Raipur  | Guest Faculty  |
|        |   | 5. Global Institute of Flexible Systems management, New Delhi                                       | Life member  |
|        |   | 6. Strategic Alliance professionals Association   | President  |
| 5.     | Other Members of the Board              | NIL   | NIL  |

3.4 One (1) resolution was passed through circulation amongst Directors during the year under report.

#### 4.0 ANNUAL GENERAL MEETINGS:

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

| Number of AGM | Financial Year | Date of the Meeting | Time of the Meeting | Venue of the Meeting  |
|---------------|----------------|---------------------|---------------------|---|
| 37            | 2010-11        | 20.09.2011          | 1100 Hours          | M/s. Mishra Dhatu Nigam Ltd., Regd. Office, P.O. Kanchanbagh, Hyderabad - 500 058 |
| 38            | 2011-12        | 24.09.2012          | 1100 Hours          |   |
| 39            | 2012-13        | 26.09.2013          | 1000 Hours          |   |

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

#### 5.0 BOARD’S COMMITTEES THEIR SCOPE & MEETINGS THEREOF:

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

##### 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: II (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 have good knowledge

of accounting and expertise in financial matters. The Committee regularly interacts with the representatives of external audit firms carrying out Internal Audit 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 31<sup>st</sup> March 2014 is as under:

| S. No.  | Name of the Director   | Status            | Date of Appointment or change in the Committee |
|---|--|-------------------|--|
| 1.  | Smt. Indu Liberhan,<br>Part-time Non Official Director                           | Chairperson       | From:24.01.2011<br>To : 08.12.2013             |
| 2.  | Dr. D. Banerjee,<br>Part-time-Non-Official Director                              | Member            | From:24.01.2011<br>To : 08.12.2013             |
| 3.  | Dr. K. Bhanu Sankara Rao,<br>Part-time-Non-Official Director                     | Member            | 22.07.2011                                     |
| 4.  | Dr. D. K. Likhi,<br>Director (Production & Marketing)                            | Permanent Invitee | 01.09.2011                                     |
| 5.  | Director (Finance)   | -do-              | Since formation of the Committee               |
| 6.  | Representatives of Statutory Audit Firm  | -do-              | -do-   |
| 7.  | 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 As per the decision of the Board and in compliance with the ministry guidelines, from the F/Y 2013-14 the Audit Committee shall meet at least once in every two months.
- 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 The Chairperson of the Audit Committee and / or another Independent Part-time Non-Official Director who is also a member of the Audit Committee, has / have been designated as person(s) responsible for according prior approval for related party transactions as contemplated under DPE guidelines and under Accounting Standard - 18.
- 5.2.9 Four (4) meetings of the Audit Committee were held during the year 2013-'14. The dates on which such Meetings were held and the attendance of Directors/Members thereof is furnished below:

| Attendance of Directors in Audit Committee Meetings  |                       |            |                    |                          |
|--|-----------------------|------------|--------------------|--------------------------|
| S. No.   | Number of the Meeting | Date       | Committee Strength | No. of Directors Present |
| 1.   | 39                    | 03.04.2013 | 3                  | 3                        |
| 2.   | 40                    | 03.07.2013 | 3                  | 3                        |
| 3.   | 41                    | 12.09.2013 | 3                  | 3                        |
| 4.   | 42                    | 16.11.2013 | 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: <b>ANNEXURE: I (A)</b>  |                       |            |                    |                          |

### 5.3 PROCUREMENT COMMITTEE (PC):

- 5.3.1 The PC has been constituted by Board of Directors of the Company on 22.01.2008 for the purpose of authorizing procurement of materials beyond the individual delegated powers of Chairman & Managing Director.
- 5.3.2 The terms of reference to PC as on date is placed at **ANNEXURE: II (ii)**.
- 5.2.10 The details of constitution of Procurement Committee as on 31<sup>st</sup> March 2014 is as under:

| S. No.  | Name / Designation of the Directors                            | Status   | Date of Appointment or change in the Committee |
|---|--|----------|--|
| 1.  | Chairman & Managing Director,                                  | Chairman | 22.01.2008                                     |
| 2.  | Part-time-Non-Official Director<br>(Dr. Kota Bhanusankara Rao) | Member   | 22.07.2011                                     |
| 3.  | Director (Finance)   | Member   | 22.01.2008                                     |
| 4.  | Director (Production & Marketing)                              | Member   | 01.09.2011                                     |
| The nomination of Functional Directors on PC was on Ex-Officio basis. |  |          |  |
| The Company Secretary acts as Secretary of the Committee.             |  |          |  |

- 5.3.3 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.
- 5.3.4 There were nine (9) meetings of PC during the financial year 2013-'14. 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.   | 03.04.2013          | 4                    | 4                        |
| 2  | 17.04.2013          | 4                    | 4                        |
| 3  | 10.05.2013          | 4                    | 4                        |
| 4  | 08.07.2013          | 4                    | 3                        |
| 5  | 17.08.2013          | 4                    | 4                        |
| 6  | 23.09.2013          | 4                    | 4                        |
| 7  | 01.11.2013          | 4                    | 4                        |
| 8  | 16.11.2013          | 4                    | 3                        |
| 9  | 06.01.2014          | 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: <b>ANNEXURE: I (B)</b>  |                     |                      |                          |

#### 5.4 REMUNERATION COMMITTEE (RC):

5.4.1 The RC was originally constituted by Board of Directors on 28.04.2009 to lay down norms for determining and disbursing the quantum of Performance Related Pay (PRP) as envisaged in the guidelines issued by DPE in OM dt. 26.11.2008. It was then reconstituted on 24.01.2011 having an Independent Director on the Board as Chairman with the Chairperson of Audit Committee also acting as Chairperson RC. However, due to the tenure end of two Independent Directors on the Board Smt. Indu Liberhan and Dr. Dipankar Banerjee, the RC was again reconstituted on 26<sup>th</sup> December, 2013 having one Independent Director Dr. Kota Bhanu Sankara Rao as Chairman and two Government Directors as members.

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-II (iii)]

5.4.4 The Composition of RC as on 31<sup>st</sup> March, 2014 is as under:

| S. No. | Name of the Director   | Status      | Date of Appointment or change in the Committee |
|--------|--|-------------|--|
| 1.     | Smt. Indu Liberhan,<br>Part-time Non Official Director       | Chairperson | From:24.01.2011<br>To : 08.12.2013             |
| 2.     | Dr. D. Banerjee,<br>Part-time-Non-Official Director          | Member      | From:24.01.2011<br>To : 08.12.2013             |
| 3.     | Dr. K. Bhanu Sankara Rao,<br>Part-time-Non-Official Director | Member      | From:22.07.2011<br>To : 08.12.2013             |
|        |  | Chairperson | From:26.12.2013                                |
| 4.     | Smt. Kusum Singh,<br>Part-time-Official/Government Director  | Member      | 26.12.2013                                     |
| 5.     | Dr. G. Malakondaiah  | Member      | -do-   |

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 2013-14. 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.   | 14.02.2014 | 3                    | 3                        |
| Leave of absences were recorded at every Meeting where the Directors expressed their inability to attend due to unavoidable reasons. |            |                      |                          |
| The Attendance of individual Directors is placed at: <b>ANNEXURE: I (B)</b>  |            |                      |                          |

**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: II (iv)**.
- 5.5.3 The Composition of the HRC on 31<sup>st</sup> March, 2014 is as follows:

| S. No.   | Name of the Director   | Status        | Date of Appointment or change in the Committee |
|--|--|---------------|--|
| 1.   | Dr. D. Banerjee,<br>Part-time-Non-Official Director          | Chairman      | From: 22.07.2011<br>To : 08.12.2013            |
| 2.   | Dr. K. Bhanu Sankara Rao,<br>Part-time-Non-Official Director | Member        | 22.07.2011                                     |
| 3.   | Director (Finance)   | Member        | 22.07.2011                                     |
| 4.   | Director (Production & Marketing)                            | Member        | 01.09.2011                                     |
| 5.   | Smt. Indu Liberhan,<br>Part-time Non Official Director       | On Invitation | From: 22.07.2011<br>To : 08.12.2013            |
| 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 was one (1) meetings of the Human Resources Committee during the Financial Year 2013-'14. 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  | 03.04.2013 | 4                    | 4                        |
| Leave of absences were recorded at every Meeting in case of inability expressed by any Director due to unavoidable reasons |            |                      |                          |
| The Attendance of individual Directors is placed at: <b>ANNEXURE: I (B)</b>  |            |                      |                          |

### 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: II (v)**.
- 5.6.3 The composition of TC consists of members of the Board having technical expertise in metallurgy, the constitution of TC is as follows:

| S. No. | Name of the Director   | Status   | Date of Appointment or change in the Committee |
|--------|--|----------|--|
| 1.     | Shri. M Narayana Rao,<br>Chairman & Managing Director        | Chairman | 24.01.2011                                     |
| 2.     | Dr. D. Banerjee,<br>Part-time-Non-Official Director          | Member   | From: 24.01.2011<br>To : 08.12.2013            |
| 3.     | Dr. G. Malakondaiah,<br>Part-time-Official/Govt. Director    | Member   | 24.01.2011                                     |
| 4.     | Dr. K. Bhanu Sankara Rao,<br>Part-time-Non-Official Director | Member   | 24.05.2011                                     |
| 5.     | Dr. D. K. Likhi,<br>Director (Production & Marketing)        | Member   | 01.09.2011                                     |

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

5.6.5 There was one (1) meetings of the Technical Committee during the Financial Year 2013-'14. 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  | 24.10.2013 | 5                    | 4                        |
| Leave of absences were recorded at every Meeting in case of inability expressed by any Director due to unavoidable reasons |            |                      |                          |
| The Attendance of individual Directors is placed at: <b>ANNEXURE: I (B)</b>  |            |                      |                          |

## 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 been approved by Board of Directors.
- 5.7.3 The scope / terms of reference of the CSR Committee is given at **ANNEXURE: II (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,<br>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 Secretary of the Committee. |  |          |

- 5.7.5 During the year 2013-'14, three (3) Meetings of CSR Committee were 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.   | 17.08.2013 | 3                    | 3                        |
| 2.   | 09.12.2013 | 3                    | 3                        |
| 3.   | 10.02.2014 | 3                    | 2                        |
| Leave of absences were recorded at every Meeting in case of inability expressed by any Director due to unavoidable reasons |            |                      |                          |
| The Attendance of individual Directors is placed at: <b>ANNEXURE: I (B)</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: II (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 2013-'14, two (2) Meetings 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.   | 18.07.2013 | 3                    | 3                        |
| 2.   | 09.12.2013 | 3                    | 3                        |
| Leave of absences were recorded at every Meeting in case of inability expressed by any Director due to unavoidable reasons |            |                      |                          |

#### 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: II (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.
- 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: III**
- 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: IV**

## 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 26 of the notes forming part of Annual Accounts for F/Y 2013-'14. 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 4 years.
- (iv) A formal Whistle Blower policy and Risk Management system is framed. The modus operandi and implementation of the same is under finalization. However, during the year under report no personnel have been denied access to the Members of the Audit

Committee or its Chairman.

- (v) Presidential Orders were received in respect of:
  - (i) The extension of tenure of Director (Finance) beyond 17.07.2013 upto 31.08.2014
- (vi) 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.
- (vii) There were no items of expenditure included in the Financial Statements which are incurred not for purposes of the business.
- (viii) The Administrative and Office Expenses as a percentage of total expenses was 3.13 % as compared to 2.84 % in the previous year and such percentage in respect of financial expenses was 0.92 % when compared to 1.50 % in the previous year.
- (ix) No extravagancy was found in the Expenditure on the part of the Board Members and Senior Management Personnel.
- (x) The deviation from Accounting Standards, if any, has been explained by the Directors in their report to shareholders.

## 8.0 COMMUNICATION:

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

## 9.0 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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## MANAGEMENT DISCUSSION AND ANALYSIS

### 1.0 INDUSTRY STRUCTURE AND DEVELOPMENTS:

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



## 2.0 ORGANISATION:

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

## 3.0 STRENGTH AND OPPORTUNITIES:

The SWOT analysis is given in ANNEXURE : VI

## 4.0 SECTOR WISE PERFORMANCE:

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

| GRADE   | 2013-2014 |                    | 2012-2013 |                    |
|---|-----------|--------------------|-----------|--------------------|
|   | Qty.      | Value<br>(₹ Crore) | Qty.      | Value<br>(₹ Crore) |
| Super alloys, Titanium Alloys and Special Stainless Steels, etc., | 4,111     | 562.71             | 4,687     | 558.59             |

The order book position stood at ₹ 1,083 Cr. at the beginning of the year 2014-'15 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 become a global player in the field of SUPERALLOYS, Special Steels, Titanium and Titanium alloys and in an effort to supply finished components as against semis and mill forms, MIDHANI has embarked on an expansion phase augmenting, expanding and revamping its age old in-house production facilities with contemporary technologies available elsewhere in the world and also developing new applications for the existing products.
- 5.2 Under Phase-I an investment of around ₹ 151 Cr. was envisaged for revamping /upgrading /enhancing production capacities. Under Phase-II the main focus was to enhance Production capacities of equipment with additions at a cost of ₹ 205 Cr. Prominent among them were; New 6000 T Forge Press with 20 T Manipulator with an estimated investment of ₹ 140 Cr.; Radial Axial Ring Rolling Mill an estimated cost of ₹ 40 Cr.; Establishment of a New Fastener Plant, R&D Building, Corporate Building & Administrative Building with an expected capital outlay of ₹ 32 Cr.; Installation of 20 Ton Electric Arc Furnace with Vacuum Degassing (VD) / Vacuum Oxygen Decarbursing (VOD) and Ladle Refining Furnace (LRF) at a cost of ₹ 30 Cr. under funding from OFB. Under Phase-III a major expansion program at an estimated investment of ₹ 432Cr. for setting up of balancing facilities funding coming from ASL, DRDO to the extent of ₹ 200 Cr. and ₹ 307 Cr. from OFB was envisaged and the work in respect of the same is at an advanced stage. Many future projects have been planned under phase-IV and company plans to diversify its product profile under phase-V.

## 6.0 RISKS AND CONCERNS:

- 6.1 The volatile nature of prices and non- availability of critical imported raw material in the International market coupled

with unfavorable trend in exchange rates of Rupee Vs US\$, play adversely on the competitive edge of the Company. The exact prediction of timing and the price at which most economic buying can be resorted to has become highly volatile.

- 6.2 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 ₹ 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 and 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:** Company's aim to achieve its customer's stringent and dynamic technical specifications with innovative activities and improvements in processes, products, product applications etc., 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 all 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 ₹ Crores)

| S.No       | Particulars                               | 2013-2014      | 2012-2013      | 2011-2012       |
|------------|---|----------------|----------------|-----------------|
| <b>I.</b>  | <b>LIABILITIES</b>                        |                |                |                 |
| a)         | (i) Paid Up Capital                       | 187.34         | 187.34         | 183.34          |
|            | (ii) Share Application Money              | -              | -              | 4.00            |
|            | (iii) Reserves and Surplus                | 257.79         | 219.43         | 180.45          |
| b)         | Loan Funds                                | 46.03          | 69.93          | --              |
| c)         | Deferred Taxes                            | 6.43           | 0.32           | 0.54            |
| d)         | (i) Current Liabilities & Provisions      | 640.85         | 561.42         | 512.88          |
|            | (ii) Non-Current Liabilities & Provisions | 211.49         | 343.96         | 118.51          |
|            | (iii) Gratuity Provision                  | 0.40           | 0.33           | 0.28            |
|            | <b>TOTAL</b>                              | <b>1350.33</b> | <b>1382.73</b> | <b>1,000.00</b> |
| <b>II.</b> | <b>ASSETS</b>                             |                |                |                 |
| e)         | Net Block                                 | 115.48         | 68.17          | 60.67           |
| f)         | Capital Work in Progress                  | 117.93         | 135.02         | 10.22           |
| g)         | Investments                               | 2.10           | 2.10           | 2.10            |

|    |   |                |                |                 |
|----|---|----------------|----------------|-----------------|
| h) | (i) Current Assets, Loans & Advances            | 1113.42        | 1174.51        | 906.90          |
|    | (ii) Non-Current Assets                         | 1.40           | 2.93           | 20.11           |
| i) | Misc. Expenses not written off                  | -              | -              | -               |
|    | <b>TOTAL</b>                                    | <b>1350.33</b> | <b>1382.73</b> | <b>1,000.00</b> |
| j) | Working Capital                                 | 271.65         | 279.22         | 395.07          |
| k) | Capital Employed                                | 387.13         | 347.39         | 455.74          |
| l) | Net Worth                                       | 445.13         | 406.77         | 367.79          |
| m) | Net worth per rupee of paid up capital (Rupees) | 2.38           | 2.17           | 2.01            |

## 8.2 WORKING RESULTS

8.2.1 The company is expected to achieve “EXCELLENT” MoU rating for all round growth and overall financial and operational performance in the year 2013-'14. The significant highlights of the performance for the year 2013-'14 and a comparison with the previous two years are as under:

(Figures in ₹ Crores)

| S.No. | Particulars                            | 2013-2014 | 2012-2013 | 2011-2012 |
|-------|--|-----------|-----------|-----------|
| 1.    | Sales - To Customers                   | 562.71    | 499.46    | 392.98    |
|       | Sales – Export                         | -         | -         | -         |
|       | Sales - Dispatches to Sub- Contractors | -         | 59.13     | 116.04    |
| 2.    | Value of Production (Incl ED)          | 572.26    | 537.37    | 496.00    |
| 3.    | Cash Profit (Excl prior period items)  | 126.34    | 118.18    | 102.74    |
| 4.    | Profit Before Tax                      | 121.44    | 117.78    | 98.50     |
| 5.    | Net Profit (PAT)                       | 82.46     | 82.52     | 68.45     |
| 6.    | Value Added                            | 376.19    | 359.98    | 351.38    |

|     |                               |        |        |        |
|-----|-------------------------------|--------|--------|--------|
| 7.  | Value added per employee      | 0.4161 | 0.3689 | 0.3340 |
| 8.  | Value Added per Direct Worker | 1.048  | 0.930  | 0.817  |
| 9.  | Productivity per employee     | 0.6330 | 0.5506 | 0.472  |
| 10. | Paid up Capital               | 187.34 | 187.34 | 183.34 |
| 11. | Share Application Money       | -      | -      | 4.00   |
| 12. | Capital Employed              | 387.13 | 347.36 | 455.74 |
| 13. | Net Worth                     | 445.13 | 406.77 | 367.79 |
| 14. | Working Capital               | 271.65 | 279.19 | 395.07 |
| 15. | Contribution to Exchequer     | 111.81 | 121.36 | 103.47 |
| 16. | No of Employees               | 904    | 976    | 1,052  |

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

(Figures in Percentage % unless specified)

| S.No.     | Particulars  | 2013-2014 | 2012-2013 | 2011-2012 |
|-----------|--|-----------|-----------|-----------|
| <b>A.</b> | <b>Liquidity Ratios</b>  |           |           |           |
|           | Current Ratio<br>(Current Assets to Current Liabilities and Provisions, Interest accrued due but excluding provision for Gratuity) | 132.62    | 131.28    | 177.02    |
| <b>B.</b> | <b>Profitability Ratios</b>  |           |           |           |
| a)        | Profit Before Tax to   |           |           |           |
|           | (i) Capital Employed   | 31.37     | 33.91     | 21.61     |
|           | (ii) Net worth   | 27.28     | 28.95     | 26.78     |
|           | (iii) Sales  | 21.58     | 21.08     | 19.35     |
| b)        | Profit After Tax to Equity   | 44.02     | 44.05     | 37.34     |
| c)        | Earnings Per Share (in Rupees)   | 440.18    | 440.47    | 373.38    |

### 8.2.3 Amount available for Appropriation:

The amount available for appropriation is ₹ 82.46 Cr. as against ₹ 82.52 Cr. in the previous year.

## 9.0 HUMAN RESOURCE DEVELOPMENT

9.1 The total manpower strength of MIDHANI as on 31.3.2014 is 900 as under:

| Gender        | Non-Executives | Non-Unionized Supervisors | Executives | Total      |
|---------------|----------------|---------------------------|------------|------------|
| Male          | 491            | 121                       | 227        | 839        |
| Female        | 32             | 3                         | 30         | 65         |
| <b>Total</b>  | <b>523</b>     | <b>124</b>                | <b>257</b> | <b>904</b> |
| Previous Year | 558            | 151                       | 267        | 976        |

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, your Company is aware that it needs to focus its attention in re-deployment and fresh induction of contemporary skills and expertise from the market.

### 9.4 Employees Remuneration

9.4.1 The total expenditure incurred on the Employees remuneration for the year 2013-14 was ₹ 96.64 Cr. as against previous year expenditure of ₹ 96.37 Cr. The details are :

(Figures in ₹ Lakh)

| S. No | Particulars                         | 2013-2014       | 2012-2013       |
|-------|-------------------------------------|-----------------|-----------------|
| 1)    | Salaries and Wages                  | 6,632.20        | 6,123.29        |
| 2)    | Cont. to Provident Fund & EPS       | 594.76          | 570.63          |
| 3)    | Gratuity                            | 339.26          | 565.85          |
| 4)    | Leave Encashment                    | 406.88          | 553.79          |
| 5)    | Staff Welfare Expenditure (Net)     | 1,443.23        | 1,548.10        |
| 6)    | Leave Salary & Pension Contribution | 247.32          | 275.05          |
| 7)    | <b>TOTAL</b>                        | <b>9,663.65</b> | <b>9,636.71</b> |

**9.4.2 Remuneration to Members of Board:**

- (i) The Official Directors on the Board of the Company are not entitled to any salary, perquisites allowances, bonuses, stock options, pensions, Performance Related Pay (PRP) etc. at the expense of the company.
- (ii) The Part-time Non-official Directors on the Board of the Company are not entitled to any remuneration except sitting fees for attending meetings of the Board or its committees thereof at ₹ 15,000/- (Rupees Fifteen Thousand only) per meeting (including its adjournment for next day) They were also reimbursed TA/DA expenses for attending the Meetings of the Board or its Committees.
- (iii) The Remuneration of Functional Directors of the Company is approved by President of India with detailed terms and conditions of appointment, under the provisions of Articles of Association of the Company. They were paid remuneration during the year 2013-14 as shown below:



(Figures in ₹ Lakh)

| No. | Remuneration to Functional Directors | Amount (₹ Lakhs) |         |
|-----|--------------------------------------|------------------|---------|
|     |                                      | 2013-14          | 2012-13 |
| 1.  | Salaries and Wages                   | 121.21           | 105.70  |
| 2.  | Cont. to Provident Fund & EPS        | 6.37             | 5.58    |
| 3.  | Gratuity                             | -                | -       |
| 4.  | Leave Encashment                     | -                | 6.21    |
| 5.  | TOTAL                                | 127.58           | 117.49  |

- (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.

ANNEX-I (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*                              |                         |
|   |   | Number Of Meetings Ought To Have Been Attended | No Of Meetings Attended | Number Of Meetings Ought To Have Been Attended | No Of Meetings Attended | Number Of Meetings Ought To Have Been Attended | No Of Meetings Attended |
| 1.  | Shri M Narayana Rao                     | 7  | 7                       | NA   | NA                      | 1  | 1                       |
| 2.  | Dr. G. Malakondaiah                     | 7  | 7                       | NA   | NA                      | 1  | 1                       |
| 3.  | Mrs. Indu Liberhan                      | 5  | 5                       | 4  | 4                       | 1  | 1                       |
| 4.  | Dr. Dipankar Banerjee                   | 5  | 5                       | 4  | 4                       | 1  | 1                       |
| 5.  | Dr. Kota Bhanu Sankara Rao              | 7  | 6                       | 4  | 4                       | 1  | A                       |
| 6.  | V. S. Krishna Murthy                    | 7  | 7                       | 4  | 3                       | 1  | 1                       |
| 7.  | Dr. D. K. Lkhi                          | 7  | 7                       | 4  | 4                       | 1  | 1                       |
| 8.  | Smt. Kusum Singh                        | 7  | 7                       | NA   | NA                      | 1  | 1                       |
| 9.  | Permanent Special Invitee: P.K. Kataria | 7  | 2                       | NA   | NA                      | 1  | 0                       |
| *Annual General Meeting held on 26.09.2013 where in representative of President of India was present                                |   |  |                         |  |                         |  |                         |
| Leave for absences for the Directors were recorded at every Meeting in case of their inability to attend due to unavoidable reasons |   |  |                         |  |                         |  |                         |
| C&MD is not a member of Audit Committee and hence attendance part is not applicable to him.   |   |  |                         |  |                         |  |                         |

## ANNEX-I (B)

| Details of the meetings of committees of board held during the year and the attendance of the directors thereof |                                |  |                         |  |                         |  |                         |  |                         |  |                         |
|---|--------------------------------|--|-------------------------|--|-------------------------|--|-------------------------|--|-------------------------|--|-------------------------|
| Sl. No  | Name & Description Of Director | Procurement Committee                          |                         | Remuneration Committee                         |                         | Human Resources Committee                      |                         | Technical Committee                            |                         | Corporate Social Responsibility Committee      |                         |
|   |                                | Number Of Meetings Ought To Have Been Attended | No Of Meetings Attended | Number Of Meetings Ought To Have Been Attended | No Of Meetings Attended | Number Of Meetings Ought To Have Been Attended | No Of Meetings Attended | Number Of Meetings Ought To Have Been Attended | No Of Meetings Attended | Number Of Meetings Ought To Have Been Attended | No Of Meetings Attended |
| 1.  | Mrs. Indu Liberhan             | NA   | NA                      | NA   | NA                      | 1  | 1                       | NA   | NA                      | NA   | NA                      |
| 2.  | Dr. Dipankar Banerjee          | NA   | NA                      | NA   | NA                      | 1  | 1                       | 1  | 1                       | NA   | NA                      |
| 3.  | Dr. Kota Bhanu Sankara Rao     | 9  | 9                       | 1  | 1                       | 1  | 1                       | 1  | A                       | 3  | 3                       |
| 4.  | V. S. Krishna Murthy           | 9  | 8                       | NA   | NA                      | 1  | 1                       | NA   | NA                      | 3  | 2                       |
| 5.  | Dr. D.K. Likhi                 | 9  | 8                       | NA   | NA                      | 1  | 1                       | 1  | 1                       | 3  | 3                       |
| 6.  | M Narayana Rao                 | 9  | 7                       | NA   | NA                      | NA   | NA                      | 1  | 1                       | NA   | NA                      |
| 7.  | Dr. G. Malakondaiah            | NA   | NA                      | 1  | 1                       | NA   | NA                      | 1  | 1                       | NA   | NA                      |
| 8.  | Smt. Kusum Singh               | NA   | NA                      | 1  | 1                       | 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.

## ANNEXURE-II (i)

**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.

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

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

## TERMS OF REFERENCE TO PROCUREMENT COMMITTEE

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

**ANNEXURE-II (iii)**

**TERMS OF REFERENCE &  
PURPOSE OF REMUNERATION COMMITTEE**

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



### 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.



**ANNEXURE-II (v)**

**TERMS OF REFERENCE TO TECHNICAL COMMITTEE**

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

**ANNEXURE-II (vi)**

**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.

**ANNEXURE-II (viii)**

**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.

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### 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 24<sup>th</sup> 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.

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





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

1. 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 31<sup>st</sup> 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 30<sup>th</sup> 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 31<sup>st</sup> March.....

Signature :

Name :

Designation :

Place: Employment Number :

Date: Telephone No. :



ANNEXURE - IV

**मिश्र धातू निगम लिमिटेड**  
(भारत सरकार का उपक्रम)

(एक मिनी रत्ना कम्पनी)

**सुपर आलॉय्स प्लांट**

डाकघर : कंचनबाग, हैदराबाद - 500 058, भारत

दुरभाषा : 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 31<sup>st</sup> March 2014

**for MISHRA DHATU NIGAM LIMITED**

**(M. NARAYANA RAO)**

**CHAIRMAN & MANAGING DIRECTOR**

**Place: Hyderabad**

**Date: 14-07-2014**

**ANNEXURE - V**



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

**CERTIFICATE ON CORPORATE GOVERNANCE**

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

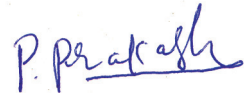
We have examined all the relevant records of Mishra Dhatu Nigam Limited for the purpose of certifying the compliance of the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 for the financial year ended 31<sup>st</sup> March 2014. We have obtained all the information and 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. It is noticed that MoD has to appoint the two Independent Directors in place of two directors whose term expired in December, 2013 following which the company could not have an optimum combination of independent directors on its Board and consequently the frequency of conducting Audit Committee meeting was not maintained as per norms in the last quarter.

**Place: Hyderabad**  
**Date: 18<sup>th</sup> July, 2014**

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



**PRAKASH REDDY P**  
PARTNER  
CP NO. 11777

## SWOT ANALYSIS

### ANNEXURE - VI

#### 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.

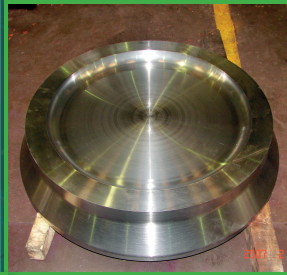
#### 3.0 OPPORTUNITIES

- 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 AUDITORS' REPORT

To  
**The Members**  
**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 March 31, 2014, 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.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's 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 notified under the Companies Act, 1956 (the Act) read with the General Circular No.15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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**

***In reference to Accounting Policy No.5.3 whereby Liquidated damages levied by the customers are being charged off on recovery/advise from the customers. The Accounting Policy of the Company is not consistent with the requirement of Accounting Standard 29. This has an estimated impact on profit of the Company for the Current year of ₹ 675.86 lakhs.***

### **QUALIFIED OPINION**

In our opinion and to the best of our information and according to the explanations given to us, except for effect of the matter described in the Basis for Qualified Opinion paragraph the aforesaid 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 31<sup>st</sup> March, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

## EMPHASIS OF MATTER

We draw attention to:

- 1** *Point No.1 in the Notes to accounts, based on the opinion of the Expert Advisory Committee of the ICAI on revenue recognition from Despatches to Sub-contractors by the Company, (erstwhile Accounting Policy No.8) has been dispensed with from the financial year 2013-14 and the Company has disclosed the impact on the revenue/profitability.*
- 2** *Note No.8 (Trade payables), Note No.9 (Other Current Liabilities), Note No.15 (Long Term Loans and Advances), Note No.18 (Trade Receivables), Note No.20 (Short Term Loans and Advances), to the financial statements which are subject to receipt of confirmation of balances/reconciliation.*
- 3** *Note No.23, Other Income of ₹ 14.77 Lakhs towards service charges from Gas Turbine Research Establishment, DRDO accounted @6% of reimbursable expenses for operation of AMTL and Note No.20 Claim of ₹ 293.14 lakhs including ₹ 14.77 Lakhs towards the reimbursable expenses for the financial year 2013-14 has been accounted pending approval of MoU by the Gas Turbine Research Establishment.*
- 4** *Note No.26, as per the Dept. of Defence Production, Ministry of Defence, GOI, guidelines vide No.8(112)/2012/D(cord/DDP)dt. 11.11.2013, the contribution to pension Fund has been restricted to a maximum of 10% (7%with the Board Approval and 3% with the prior approval of the Govt.)of Basic +DA in a financial year. Pension contribution for the earlier years as well as current year has been made @10% without prior approval from MoD for 3% over and above 7%.*

*Our opinion is not qualified in respect of the above matters.*

## **OTHER MATTERS**

Pursuant to Comptroller and Auditor General of India's observations under Section 619(4) of the Companies Act, 1956, our report dt. 02.07.2014 on the accounts adopted by the Board of Directors has been revised. This report supersedes our earlier report to include modified opinion in the light of the observations by Comptroller and Auditor General of India, as stated under "Basis for Qualified Opinion" above.

## **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 Section 227(4A) 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 books.
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. Except, for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular No.15/2013

dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

- e. In terms of Ministry of Law, Justice and Company Affairs, Department of Company Affairs General Circular No.08/2002, dated 22<sup>nd</sup> March, 2002, Government Companies are exempt from the applicability of the Provisions of Section 274(1)(g) of the Companies Act, 1956. Hence, no comments offered.

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

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

Place of Signature: Hyderabad  
Date:21/07/2014

### Annexure to the Auditors' Report

**(Referred to in Paragraph 1 of our report of even date on other legal and regulatory requirements)  
Re: Mishra Dhatu Nigam Limited**

|            |   |   |
|------------|---|---|
| <b>i.</b>  | 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 | Based on our observation and as explained by the Company, fixed assets have been physically verified by the management during the year and discrepancies were properly dealt in the books of accounts. 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 further improved. |
|            | c | In our opinion, the Company has not disposed off any substantial part of fixed assets, during the year.   |
| <b>ii.</b> | a | As explained to us inventories have been physically verified by the management. 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 maintained proper records of inventories. The company developed new software module for work-in-progress during the year for automation and integrating it to its ERP. The discrepancies between balance as per records and physical balance of work-in-progress at the yearend were properly dealt with, in the books of accounts. The new software module for work-in-progress is yet to be stabilized.     |

|       |   |  |
|-------|---|--|
| 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 system 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 the 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 31.03.2014 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<br>₹ Lakhs       |
|--------------------------|---|--|-------------------------|
| Income Tax Act, 1961     | Income Tax for the A.Y 2004-05                                      | Appeal filed was decided in f/o Company by CIT(A)., However IT dept 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(Appeals)-V, Hyderabad   | 1365.81                 |
| AP VAT Act, 2005         | VAT A.Y.2009-10   | Dy. Commissioner-Appeals (Commercial Tax)  | 233.38                  |
| AP VAT Act, 2005         | VAT A.Y.2010-11   | Dy. Commissioner-Appeals (Commercial Tax)  | 17.49                   |
| CST Act, 1956            | CST A.Y.2010-11   | Dy. Commissioner-Appeals (Commercial Tax)  | 165.66                  |
| Central Excise Act, 1944 | Excise Duty & Penalty for the period April, 2005 to September, 2009 | CESTAT Bangalore Bench   | 7223.44<br>&<br>7223.44 |

|               |  |  |
|---------------|--|--|
| <b>x.</b>     |  | 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.  |
| <b>xi.</b>    |  | 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.   |
| <b>xii.</b>   |  | 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.   |
| <b>xiii.</b>  |  | In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, Paragraph-4(xiii) is not applicable.   |
| <b>xiv.</b>   |  | The Company does not deal or trade in shares, securities, debentures and other investments. Therefore, Paragraph-4(xiv) is not applicable.   |
| <b>xv.</b>    |  | 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. |
| <b>xvi.</b>   |  | The Company has got sanction of Term loan from SBI amounting to ₹ 9500 lakhs. Out of this an amount of ₹ 1500 lakhs has been availed up to 31 <sup>st</sup> March 2014 and the same has been utilized for the purpose for which it was sanctioned.                                       |
| <b>xvii.</b>  |  | 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.                                      |
| <b>xviii.</b> |  | 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  |



|             |  |  |
|-------------|--|--|
| <b>xix.</b> |  | The Company has not raised any money by way of issue of debentures.  |
| <b>xx.</b>  |  | The Company has not raised any money by way of public issue. Therefore, paragraph-4(XX) is not applicable.                             |
| <b>xxi.</b> |  | 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

Sd/-

**(P. Hanumantha Rao)**

Partner

M. No: 026990

Place of Signature: Hyderabad

Date:21/07/2014

**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 31<sup>ST</sup> MARCH, 2014**

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The preparation of financial statements of **M/s Mishra Dhatu Nigam Limited, Hyderabad** for the year ended 31<sup>st</sup> March, 2014 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 02.07.2014 and their Revised Report dated 21.07.2014.**

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, Hyderabad** for the year ended 31<sup>st</sup> March, 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. **In view of the revision in Independent Auditors' Report to include modified opinion and Emphasis of Matter (Sl. No.3), as a result of my audit observations highlighted during supplementary audit,** I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under Section 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: 30 July, 2014.

## SIGNIFICANT ACCOUNTING POLICIES

### 1.0 Accounting Method:

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

### 2.0 Fixed Assets:

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

- the existing asset will be transferred to scrap at NIL value.
- 2.5 Where actual cost of fixed assets cannot be accurately ascertained, such assets are initially capitalized on the basis of estimated cost. On ascertaining actual, gross block is adjusted and depreciation is provided proportionately over the balance life of the asset.
  - 2.6 Pending disposal, unserviceable fixed assets are removed from the Fixed Assets Register and shown under “Other Current Assets” as a separate line item at the lower of their net book value and net realisable value. As and when the disposal of such assets takes place, the difference between the carrying amount and the amount actually realized will be recognized as Loss / Profit from sale of Fixed Assets.
  - 2.7 Depreciation on fixed assets is charged on straight-line method 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 ₹ 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: “Provision for Contingencies & Warranty” to take care of rejected/returned material by customers is provided at 0.25% of turnover related to Manufactured Products.

### 6.0 Employee Benefits:

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

### 7.0 Sales:

- 7.1 Sales include Excise Duty
- 7.2.1 In case of sales Ex-Works contracts, sale is set up when the goods are handed over to the carrier/agent for despatch to the buyer and wherever customer's prior inspection is stipulated, sale is accounted only after acceptance by customer's inspector.
- 7.2.2 In the case of sales on FOR/FOB destination contracts, sale is set up considering the expected time in respect of despatches to reach the destination within the accounting period, subject to adjustments based on actual receipt of material at destination.
- 7.3 Where sale prices are not established, sales are set up on provisional basis at prices likely to be realized.

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

- 8.1 Fixed Assets under the heads Land & Development, Roads & Bridges, Drainage, Sewerage and water system and Buildings

& Internal Services are verified once in 3 years. All other Fixed Assets are verified once in the Financial Year. Reconciliation is made for all items except minor value items like miscellaneous shop equipment, furniture, office equipment etc., individually valued ₹2000/- and less.

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

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

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

#### **10.0 Accounting on Cash basis:**

- 10.1 The following items are accounted at the time of receipt/ payment.
  - (a) Sale of unserviceable scrap / stores
  - (b) Export Incentives
- 10.2 Claims such as for price variation on sales contracts/orders are accounted on settlement of claim.



### 11.0 Investments:

- 11.1 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.
- 11.2 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.

### 12.0 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.

### 13.0 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.

### 14.0 Extra-ordinary and exceptional Items:

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

### 15.0 Provisions:

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

**16.0 Classification of Expenditure:**

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

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As per our Report of even date

**For V.RAO & GOPI**

**Chartered Accountants**

Firm's Registration No.003153S

Sd/-

**(P. Hanumantha Rao)**

Partner

Membership No.026990

Place: Hyderabad

Date: 02-07-2014

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

Sd/-

**M. Narayana Rao**

**Chairman &**

**Managing Director**

Sd/-

**V. S. Krishna Murthy**

**Director (Finance)**

Sd/-

**Paul Antony**

**Company Secretary**

Place: Hyderabad

Date: 02-07-2014

## BALANCE SHEET AS AT 31<sup>st</sup> March 2014

| Particulars                                      | Note | 31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | 31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|------|---|---|
| <b>EQUITY AND LIABILITIES</b>                    |      |   |   |
| <b>Shareholders' Funds</b>                       |      |   |   |
| Share Capital                                    | 1    | 18,734.00                                   | 18,734.00                                   |
| Reserves and Surplus                             | 2    | 25,779.38                                   | 21,942.51                                   |
| <b>Share application money pending allotment</b> |      | -   | -   |
| <b>Non-Current Liabilities</b>                   |      |   |   |
| Long-term borrowings                             | 3    | 1,817.53                                    | 1,358.38                                    |
| Deferred tax liabilities (net)                   | 4    | 642.55                                      | 32.49                                       |
| Other long term liabilities                      | 5    | 21,140.02                                   | 32,937.60                                   |
| Long term provisions                             | 6    | 49.30                                       | 1,491.76                                    |
| <b>Current liabilities</b>                       |      |   |   |
| Short-term borrowings                            | 7    | 2,785.08                                    | 5,635.03                                    |
| Trade payables                                   | 8    | 9,693.61                                    | 7,428.12                                    |
| Other current liabilities                        | 9    | 28,150.55                                   | 25,757.64                                   |
| Short term provisions                            | 10   | 26,241.26                                   | 22,956.28                                   |
|  |      | <b>135,033.28</b>                           | <b>138,273.81</b>                           |
| <b><u>ASSETS</u></b>                             |      |   |   |
| <b>Non current assets</b>                        |      |   |   |
| Fixed assets                                     |      |   |   |
| - Tangible assets                                | 11   | 11,295.73                                   | 6,517.79                                    |
| - Intangible assets                              | 12   | 252.06                                      | 299.62                                      |

| Particulars                  | Note | 31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | 31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|------------------------------|------|---|---|
| - Capital work in progress   | 13   | 11,792.59                                   | 13,502.34                                   |
| Non Current investments      | 14   | 210.11                                      | 210.11                                      |
| Long term loans and advances | 15   | 138.95                                      | 286.96                                      |
| Other non current assets     | 16   | 1.40  | 6.21  |
| <b>Current assets</b>        |      |   |   |
| Inventories                  | 17   | 45,278.73                                   | 48,292.49                                   |
| Trade receivables            | 18   | 24,363.01                                   | 26,738.14                                   |
| Cash and Bank Balances       | 19   | 10,564.86                                   | 17,298.21                                   |
| Short term loan and advances | 20   | 30,399.18                                   | 22,714.13                                   |
| Other current assets         | 21   | 736.66                                      | 2,407.81                                    |
|                              |      | <b>135,033.28</b>                           | <b>138,273.81</b>                           |

Note nos.1 to 29 and accounting policies annexed herewith forms part of this financial statements.

**As per our report of even date**

for **V. RAO & GOPI**

Chartered Accountants

Firm's registration no. 003153S

Sd/-

**Shri P. Hanumantha Rao**

Partner

Membership No. 026990

for **Mishra Dhatu Nigam Limited**

Sd/-

**M Narayana Rao**

Chairman & Managing Director

Sd/-

**V.S. Krishnamurthy**

Director (Finance)

Sd/-

**Paul Antony**

Company Secretary

Place: Hyderabad

Date: 02.07.2014

Place: Hyderabad

Date: 02.07.2014

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> March 2014

| Particulars  | Note    | 31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | 31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|---------|---|---|
| <b>Revenue:</b>  |         |   |   |
| Revenue from operations  | 22      | 55461.95                                    | 55389.59                                    |
| Other income   | 23      | 2093.47                                     | 1985.65                                     |
| <b>Total Revenue</b>   |         | <b>57555.42</b>                             | <b>57375.24</b>                             |
| <b>Expenses</b>  |         |   |   |
| Cost of materials consumed   | 24      | 19607.60                                    | 17738.53                                    |
| Change in inventory of finished goods, work-in-progress and stock-in trade | 25      | (955.62)                                    | 2122.47                                     |
| Employee benefits & expenses   | 26      | 9663.65                                     | 9636.71                                     |
| Finance costs  | 27      | 419.44                                      | 684.32                                      |
| Depreciation and amortisation expense                                      | 11 & 12 | 603.72                                      | 516.06                                      |
| Other expenses   | 28      | 16335.70                                    | 14899.49                                    |
| <b>Total expenses</b>  |         | <b>45674.49</b>                             | <b>45597.58</b>                             |
| <b>Profit / (Loss) before exceptional and extraordinary items and tax</b>  |         | <b>11880.93</b>                             | <b>11777.66</b>                             |
| <b>Exceptional items</b>   |         | -   | -   |
| <b>Profit / (Loss) before extraordinary items and tax</b>                  |         | <b>11880.93</b>                             | <b>11777.66</b>                             |
| <b>Extraordinary items</b>   | 29      | <b>(262.61)</b>                             | -   |
| <b>Profit / (Loss) before tax</b>  |         | <b>12143.54</b>                             | <b>11777.66</b>                             |

| Particulars  | Note | 31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | 31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|------|---|---|
| <b>Tax expense</b>   |      |   |   |
| 1. Current Tax   |      | 3181.20                                     | 3547.14                                     |
| 2. Earlier Year Tax  |      | 105.99                                      | -   |
| 3. Deferred Tax  |      | 610.06                                      | (21.31)                                     |
| <b>Profit / (Loss) for the period from continuing operations</b> |      | <b>8246.29</b>                              | <b>8251.83</b>                              |
| <b>Profit/(Loss)fromdiscontinuingoperations</b>                  |      | -   | -   |
| <b>Tax expense of discontinuing operations</b>                   |      | -   | -   |
| <b>Profit / (Loss) from discontinuing operations after tax</b>   |      | -   | -   |
| <b>Profit / (Loss) for the period</b>                            |      | <b>8246.29</b>                              | <b>8251.83</b>                              |
| <b>Earning per equity share (Amount in ₹)</b>                    |      |   |   |
| Basic  |      | 440.18                                      | 440.47                                      |
| Diluted  |      | -   | -   |

Note nos.1 to 29 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. Krishnamurthy**

Director (Finance)

Sd/-

**Paul Antony**

Company Secretary

Place: Hyderabad

Date: 02.07.2014

Place: Hyderabad

Date: 02.07.2014

## 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) Based on the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India on revenue recognition from Despatches to Sub-contractors by the Company, the following (erstwhile Accounting Policy No.8) has been dispensed with from the financial year 2013-14 :

“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 dispatch of the item.”

Pursuant to discontinuation of the above Accounting Policy from the financial year 2013-14 onwards, the revenue is recognized in terms of Accounting Policy No.7, Sales.

The impact of this change in Accounting Policy on the financial statements is primarily to reduce income from despatches to sub-contractors, account the same in work-in-progress inventory and related income arising on such transactions. The impact on each line item of the financial statements for the current year is shown in the table below:

| <b>PARTICULARS</b>  | <b>IMPACT<br/>(₹ in Lakhs)</b> | <b>IMPACT</b> |
|---|--------------------------------|---------------|
| Revenue from operations                                       | 3028.06                        | Decreased     |
| Profit before Tax   | 2014.42                        | Decreased     |
| Inventories (Work-in-progress)                                | 1013.64                        | Increased     |
| Other Current Assets (Others-Despatches with sub-contractors) | 1696.22                        | Decreased     |
| Other Current Liabilities (Advances from customers)           | 1331.85                        | Increased     |

- 2) Due to the modification of the Accounting Policy 2.6, Unserviceable fixed assets pending disposal are now shown under “Other Current Assets” as a separate line item, erstwhile it was shown under the Fixed Assets as Others (Unserviceable)

The impact of this change in Accounting Policy on the financial statements is primarily to change classification of unserviceable fixed assets from Fixed Assets to Other Current Assets. The impact on each line item of the financial statements for the current year is shown in the table below:

| <b>PARTICULARS</b>                              | <b>IMPACT<br/>(₹ in Lakhs)</b> | <b>IMPACT</b> |
|---|--------------------------------|---------------|
| Gross Block                                     | 221.85                         | Decreased     |
| Accumulated Depreciation                        | 206.27                         | Decreased     |
| Net Block                                       | 15.58                          | Decreased     |
| Other Current Assets (Assets Held for Disposal) | 15.58                          | Increased     |

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



## 1. SHARE CAPITAL

| Particulars   | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|---|--|--|
| <b>Authorised</b>   |  |  |
| <b>Equity shares</b>  | 20000.00   | 20000.00   |
| 20,00,000 shares @ ₹ 1,000/- per share<br>(Previous Year 20,00,000 shares<br>@ ₹ 1,000/- per share) | <b>20000.00</b>                                      | <b>20000.00</b>                                      |
| <b>Issued</b>   |  |  |
| <b>Equity shares</b>  | 18734.00   | 18734.00   |
| 18,73,400 shares @ ₹ 1,000/- per share<br>(Previous Year 18,73,400 shares<br>@ ₹ 1,000/- per share) | <b>18734.00</b>                                      | <b>18734.00</b>                                      |
| <b>Subscribed and fully Paid up<br/>Equity shares</b>   |  |  |
| 18,73,400 shares @ ₹ 1,000/- per share<br>(Previous Year 18,73,400 shares<br>@ ₹ 1,000/- per share) | 18734.00   | 18734.00   |
|   | <b>18734.00</b>                                      | <b>18734.00</b>                                      |
| <b>Grand Total</b>  | <b>18734.00</b>                                      | <b>18734.00</b>                                      |

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

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

| Particulars                               | As at 31 <sup>st</sup> March 2014 |                     | As at 31 <sup>st</sup> March 2013 |                     |
|---|-----------------------------------|---------------------|-----------------------------------|---------------------|
|   | Number of Shares                  | Amount (₹ in Lakhs) | Number of Shares                  | Amount (₹ in Lakhs) |
| Outstanding as at Opening Date            | 1,873,400                         | 18,734.00           | 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) | -                                 | -                   | -                                 | -                   |
| <b>Outstanding as at Closing Date</b>     | <b>1,873,400</b>                  | <b>18,734.00</b>    | <b>1,873,400</b>                  | <b>18,734.00</b>    |

## 2 RESERVES AND SURPLUS

| Particulars   | As at 31 <sup>st</sup> March 2014<br>(₹ in Lakhs) |                  | As at 31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |                  |
|---|---|------------------|---|------------------|
| <b>Surplus</b>  |   |                  |   |                  |
| Opening Balance   |   | 21,942.51        |   | 18,045.30        |
| Add: Amount transferred from statement of profit and loss | 8,246.29  |                  | 8,251.83  |                  |
| Less: Amount utilized (dividend plus dividend tax)        | 4,409.42  | 3,836.87         | 4,354.62  | 3,897.21         |
| <b>Closing Balance</b>                                    |   | <b>25,779.38</b> |   | <b>21,942.51</b> |

| Details of dividend and dividend tax:- | As at 31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at 31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|---|---|
| Interim Dividend                       | 400.00  | 400.00  |
| Proposed Dividend                      | 3346.80   | 3346.80   |
| Dividend tax                           | 662.62  | 607.82  |
| <b>Total</b>                           | <b>4,409.42</b>                                   | <b>4,354.62</b>                                   |

### 3. LONG TERM BORROWINGS

| Particulars   | As at                                       | As at                                       |
|---|---|---|
|   | 31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | 31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
| <b>Secured</b>  |   |   |
| <b>Term Loans</b>   |   |   |
| from Banks<br>(Secured by way of Hypothecation of Machinery Purchased out of Term Loan)<br>(Excluding ₹ 234.56 Lakhs (Previous Year NIL) which is due for payment within 12 months treated as Other Current Liability and included under Note 9)<br>Repayable in 60 monthly equal installments  | 1329.15                                     | -   |
|   | 1329.15                                     | -   |
| <b>Unsecured</b>  |   |   |
| <b>Term Loans</b>   |   |   |
| Loan from Govt of India<br>(Excluding ₹ 820 Lakhs (Previous Year ₹ 1000 Lakhs) which is due for payment within 12 months treated as Other Current Liability and included under Note 9)<br>Terms of Repayment, every year 1/5 of the principal amount  | 160.00                                      | 980.00                                      |
| Advances - Augmentation Facilities - VSSC<br>(This represents balance amount payable (net of ₹ 50.00 Lakhs (Previous Year ₹ 50.00 Lakhs) repayable within 12 months and included under Note No.9) against refundable loan of ₹ 478.38 Lakhs received from VSSC for upgradation of forge press.) | 328.38                                      | 378.38                                      |
|   | 488.38                                      | 1358.38                                     |
| <b>Total</b>  | <b>1817.53</b>                              | <b>1358.38</b>                              |

**Maturity Profile of Term Loan :**

(₹ in Lakhs)

| Borrower                 | Maturity Profile |         |         |         |         |         |         |         |         |
|--------------------------|------------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                          | Interest Rate    | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| Loan from Govt. of India | 11.50%           | 820.00  | 80.00   | 80.00   |         |         |         |         |         |
| State Bank of India      | 10.50%           | 234.56  | 312.74  | 312.74  | 312.74  | 312.74  | 78.19   |         |         |
| VSSC                     |                  | 50.00   | 50.00   | 50.00   | 50.00   | 50.00   | 50.00   | 50.00   | 28.38   |

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

| Particulars                   | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|-------------------------------|--|--|
| Deferred Tax liabilities      |  |  |
| On Depreciation               | 1,067.15   | 855.10   |
| <b>Sub Total</b>              | <b>1,067.15</b>                                      | <b>855.10</b>  |
| Deferred Tax Assets           |  |  |
| On Provision                  | 339.07   | 251.28   |
| On Disallowance as per IT Act | 85.53  | 571.33   |
| <b>Sub Total</b>              | <b>424.60</b>  | <b>822.61</b>  |
| <b>Net Total</b>              | <b>642.55</b>  | <b>32.49</b>   |

## 5. OTHER LONG TERM LIABILITIES

| Particulars   | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ n Lakhs) |
|---|--|---|
| <b>Trade Payables</b>                                 |  |   |
| SD - Contractors for Works (Capital)                  | -  | 37.11   |
| 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  | 65.14   |
| Security Deposit Realised from M/S HBE PRESS, KOREA** | -  | 732.69  |
| Advances from Customers                               | 20,996.25  | 32,024.03   |
| <b>Total</b>  | <b>21,140.02</b>                                     | <b>32,937.60</b>                                    |

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

## 6. LONG TERM PROVISIONS

| Particulars                            | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ n Lakhs) |
|--|--|---|
| <b>Provision for employee benefits</b> |  |   |
| Gratuity                               | 40.46  | 33.45   |
| Leave encashment                       | 8.84   | 1,458.31  |
| <b>Others (Specify nature)</b>         |  |   |
| <b>Total</b>                           | <b>49.30</b>   | <b>1,491.76</b>                                     |

## 7. SHORT TERM BORROWINGS

| Particulars  | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|--|--|
| <b>Secured</b>   |  |  |
| <b>Banks</b>   |  |  |
| From State Bank of India-Cash Credit<br>(By hypothecation of Raw materials,<br>stock in process, finished good and<br>book debts.)                                       | -  | 0.01   |
| From various banks-short term<br>overdraft secured by pledge of fixed<br>deposits<br>(Secured by Fixed Deposits of<br>₹ 3094.53 Lakhs (Previous Year<br>₹ 6261.13 Lakhs) | 2785.08  | 5635.02  |
| <b>Sub Total (a)</b>   | <b>2785.08</b>                                       | <b>5635.03</b>                                       |
| Unsecured  |  |  |
| NIL  | -  | -  |
| <b>Sub Total (b)</b>   | <b>-</b>   | <b>-</b>   |
| <b>TOTAL (a+b)</b>   | <b>2785.08</b>                                       | <b>5635.03</b>                                       |

## 8. TRADE PAYABLES

| Particulars                       | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|-----------------------------------|--|--|
| Micro, Small & Medium Enterprises | 104.01   | -  |
| Others @                          | 9589.60  | 7428.12  |
| <b>Total</b>                      | <b>9693.61</b>                                       | <b>7428.12</b>                                       |

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

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

| Particulars  | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|--|--|
| Amount due and Payable at the year end                 |  |  |
| - Principal  | 68.16  | -  |
| - Interest on above Principal                          | 6.99   | -  |
| Payments made during the year after the due date       |  |  |
| - Principal  | 1,104.27   | -  |
| - Interest   | -  | -  |
| Interest due and payable for principals already paid   | 32.91  | -  |
| Total Interest accrued and remained unpaid at year end | 39.90  | -  |

## 9. OTHER CURRENT LIABILITIES

| Particulars   | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|---|--|--|
| Advances from customers                                 | 18,499.75  | 14,339.49  |
| Advance for Customer Financed projects                  | 911.55   | 405.27   |
| Earnest money deposit                                   | 21.82  | 29.52  |
| Security Deposit  | 84.98  | 40.12  |
| Liabilities to customers                                | 1,995.86   | 673.38   |
| Material Received on Loan - Others                      | 95.60  | 475.55   |
| Other creditors   | 2,929.38   | 6,594.47   |
| Salary liability  | 1,125.01   | 1,681.05   |
| Taxes and duties payable                                | 699.35   | 518.79   |
| Security Deposit Realised from M/S<br>HBE PRESS, KOREA* | 732.69   | -  |
| Loan from Govt of India Ministry of<br>Defence **       | 820.00   | 1,000.00   |
| Term Loan from State Bank of India                      | 234.56   | -  |
| <b>Total</b>  | <b>28,150.55</b>                                     | <b>25,757.64</b>                                     |

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

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



## 10. SHORT TERM PROVISIONS

| Particulars                            | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|--|--|
| <b>Provision for Employee Benefits</b> |  |  |
| for Leave Salary                       | 242.78   | 302.62   |
| for Gratuity                           | 213.08   | 316.93   |
| for Post Retirement Medical Scheme     | 182.15   | 147.75   |
| for Pension Scheme                     | 250.61   | 274.00   |
| for Others                             | 529.67   | 496.65   |
| <b>Others (Specify nature)</b>         |  |  |
| Provision for taxation                 | 20688.77   | 17401.58   |
| Proposed dividends                     | 3346.80  | 3346.80  |
| Corporate dividend tax                 | 636.77   | 542.93   |
| Provision for Contingencies & Warranty | 139.59   | 115.98   |
| Provision others                       | 11.04  | 11.04  |
| <b>Total</b>                           | <b>26241.26</b>                                      | <b>22956.28</b>                                      |

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

(₹ in Lakhs)

| Particulars                       | As at<br>01.04.2013 | Additions      | Utilization    | Reversal     | As at<br>31.03.2014 |
|-----------------------------------|---------------------|----------------|----------------|--------------|---------------------|
| Leave Encashment                  | 1760.93             | 406.88         | 1916.19        | -            | 251.62              |
| Gratuity                          | 350.38              | 339.26         | 436.10         | -            | 253.54              |
| Post Retirement<br>Medical Scheme | 147.75              | 34.40          | -              | -            | 182.15              |
| Pension Scheme                    | 274.00              | 247.32         | 224.02         | 46.69        | 250.61              |
| Contingencies &<br>Warranty       | 115.98              | 23.61          | -              | -            | 139.59              |
| Others                            | 507.69              | 416.60         | 382.94         | 0.64         | 540.71              |
| <b>Total</b>                      | <b>3156.73</b>      | <b>1468.07</b> | <b>2959.25</b> | <b>47.33</b> | <b>1,618.22</b>     |

(₹ in Lakhs)

**11 & 12. FIXED ASSETS**

| Fixed Assets                             | Gross Block        |           |  |                   |           |           |                     |                    | Accumulated Depreciation         |                                |                            |  |                               |                     |                     | Net block           |                     |
|--|--------------------|-----------|--|-------------------|-----------|-----------|---------------------|--------------------|----------------------------------|--------------------------------|----------------------------|--|-------------------------------|---------------------|---------------------|---------------------|---------------------|
|  | As at 1 April 2013 | Additions | Acquired through business combinations | Other adjustments | Sub total | Disposals | As at 31 March 2014 | As at 1 April 2013 | Depreciation charge for the year | Adjustment due to revaluations | Disposal through demergers | Adjustments due to impairments/reversals | Deductions/ Other adjustments | As at 31 March 2014 | As at 31 March 2014 | As at 31 March 2014 | As at 31 March 2013 |
| <b>11. Tangible Assets</b>               |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| <b>Land and Roads &amp; bridges</b>      |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| Owned                                    | 199.14             | -         |  |                   | 199.14    |           | 199.14              | 35.29              | 1.16                             |                                |                            |  |                               | 36.45               | 162.69              | 163.85              |                     |
| Assets under lease                       |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| <b>Buildings/Drainage/ water systems</b> |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| Owned                                    | 2,263.07           | 491.69    |  | (53.07)           | 2,701.69  |           | 2,701.69            | 1,642.91           | 42.41                            |                                |                            |  | (43.35)                       | 1,641.97            | 1,059.72            | 620.16              |                     |
| Assets under lease                       |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| <b>Leasehold improvements</b>            |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| <b>Plant and Equipment</b>               |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| Owned                                    | 15,311.20          | 4,518.67  |  | (370.64)          | 19,459.23 |           | 19,459.23           | 10,365.35          | 367.29                           |                                |                            |  | (337.26)                      | 10,395.38           | 9,063.85            | 4,945.85            |                     |
| Assets under lease                       |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| <b>Furniture and Fixtures</b>            |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| Owned                                    | 181.88             | 20.37     |  | (19.86)           | 182.39    |           | 182.39              | 106.93             | 7.55                             |                                |                            |  | 0.53                          | 115.01              | 67.38               | 74.95               |                     |
| Assets under lease                       |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| <b>Vehicles</b>                          |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| Owned                                    | 256.93             | 45.12     |  | (9.10)            | 292.95    |           | 292.95              | 90.44              | 27.30                            |                                |                            |  | (3.55)                        | 114.19              | 178.76              | 166.49              |                     |
| Assets under lease                       |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| <b>Office equipment</b>                  |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |
| Owned                                    | 816.46             | 36.70     |  | (156.91)          | 696.25    |           | 696.25              | 529.87             | 83.30                            |                                |                            |  | (154.18)                      | 458.99              | 237.26              | 286.59              |                     |
| Assets under lease                       |                    |           |  |                   |           |           |                     |                    |                                  |                                |                            |  |                               |                     |                     |                     |                     |

| Fixed Assets   | Gross Block        |           |  |                   |           |           |                     | Accumulated Depreciation |                                  |                                |                            |   |                               |                     | Net block           |                     |
|--|--------------------|-----------|--|-------------------|-----------|-----------|---------------------|--------------------------|----------------------------------|--------------------------------|----------------------------|---|-------------------------------|---------------------|---------------------|---------------------|
|  | As at 1 April 2013 | Additions | Acquired through business combinations | Other adjustments | Sub total | Disposals | As at 31 March 2014 | As at 1 April 2013       | Depreciation charge for the year | Adjustment due to revaluations | Disposal through demergers | Adjustments due to impairments/ reversals | Deductions/ Other adjustments | As at 31 March 2014 | As at 31 March 2014 | As at 31 March 2013 |
| <b>Other (Electrical installations)</b>  |                    |           |  |                   |           |           |                     |                          |                                  |                                |                            |   |                               |                     |                     |                     |
| Owned  | 554.55             | 288.66    |  | (27.55)           | 815.66    |           | 815.66              | 294.97                   | 20.40                            |                                |                            |   | (25.78)                       | 289.59              | 526.07              | 259.58              |
| Assets under lease   |                    |           |  |                   |           |           |                     |                          |                                  |                                |                            |   |                               |                     |                     |                     |
| <b>Others (Unserviceable)</b>  |                    |           |  |                   |           |           |                     |                          |                                  |                                |                            |   |                               |                     |                     |                     |
| Owned  | 47.60              |           |  | (47.60)           | -         |           | -                   | 47.28                    |                                  |                                |                            |   | (47.28)                       | -                   | -                   | 0.32                |
| Assets under lease   |                    |           |  |                   |           |           |                     |                          |                                  |                                |                            |   |                               |                     |                     |                     |
| <b>Sub Total (a)</b>   | 19,630.83          | 5,401.21  | -                                      | (684.73)          | 24,347.31 | -         | 24,347.31           | 13,113.04                | 549.41                           | -                              | -                          | -   | (610.87)                      | 13,051.58           | 11,295.73           | 6,517.79            |
| <b>Previous Year</b>   | 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            |
| <b>12. Intangible Assets</b>   |                    |           |  |                   |           |           |                     |                          |                                  |                                |                            |   |                               |                     |                     |                     |
| Computer software  | 329.24             | 6.75      |  |                   | 335.99    |           | 335.99              | 43.59                    | 51.88                            |                                |                            |   |                               | 95.47               | 240.52              | 285.65              |
| Copyrights & Patents and other intellectual property rights, services and operating rights | 15.00              | -         |  |                   | 15.00     |           | 15.00               | 1.03                     | 2.43                             |                                |                            |   |                               | 3.46                | 11.54               | 13.97               |
| <b>Sub Total(b)</b>  | 344.24             | 6.75      | -                                      | -                 | 350.99    | -         | 350.99              | 44.62                    | 54.31                            | -                              | -                          | -   | -                             | 98.93               | 252.06              | 299.62              |
| <b>Previous Year</b>   | 6.57               | 337.67    | -                                      | -                 | 344.24    | -         | 344.24              | 3.62                     | 41.00                            | -                              | -                          | -   | -                             | 44.62               | 299.62              | 2.95                |
| <b>Grand Total(a+b)</b>  | 19,975.07          | 5,407.96  | -                                      | (684.73)          | 24,698.30 | -         | 24,698.30           | 13,157.66                | 603.72                           | -                              | -                          | -   | (610.87)                      | 13,150.51           | 11,547.79           | 6,817.41            |
| <b>Previous Year</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            |

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 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 ₹ 378.30 Lakhs (Previous Year ₹ 186.27 Lakhs) for R & D capital costs.
8. Fixed Assets does not include assets valued ₹ 9931.20 Lakhs (previous year ₹ 9888.27 Lakhs) pertaining to customer financed projects.
9. Assets Gross Block of ₹ 462.88 Lakhs (Previous Year NIL) identified as Not traceable and the same were removed from the Fixed Assets Register and the Net Block of ₹ 44.62 Lakhs (Previous Year NIL) was written-off
10. Assets Gross Block of ₹ 221.85 Lakhs (Previous Year NIL) identified as condemned and the same were removed from the Fixed Assets Register and the Net Block of ₹ 15.58 Lakhs (Previous Year NIL) was shown in the Other Current Assets as 'Assets Held for Disposal' as per Accounting Policy 2.6
11. Depreciation rate adopted by the company in respect of following assets is significantly higher than the statutory minimum rates prescribed under the Companies Act, 1956.

| Category                         | Gross Block   | Normal Depreciation |                      | Higher Depreciation |                      | Impact               |
|----------------------------------|---------------|---------------------|----------------------|---------------------|----------------------|----------------------|
|                                  |               | Rate %              | Amount<br>₹ in Lakhs | Rate %              | Amount<br>₹ in Lakhs | Amount<br>₹ in Lakhs |
| Plant and Equipment              | 78.74         | 5.28                | 4.16                 | 20                  | 15.75                | 11.59                |
| Other (Electrical installations) | 2.22          | 4.75                | 0.09                 | 33.33               | 0.64                 | 0.55                 |
| Office equipment                 | 18.74         | 16.21               | 2.8                  | 33.33               | 8.49                 | 5.69                 |
| Office equipment                 | 0.34          | 6.33                | 0.02                 | 33.33               | 0.11                 | 0.09                 |
| Office equipment                 | 1.42          | 4.75                | 0.07                 | 20                  | 0.18                 | 0.11                 |
| Office equipment                 | 0.2           | 6.33                | 0.01                 | 20                  | 0.04                 | 0.03                 |
| <b>TOTAL</b>                     | <b>101.66</b> |                     | <b>7.15</b>          |                     | <b>25.21</b>         | <b>18.06</b>         |
| Previous Year                    | 82.84         |                     | 4.37                 |                     | 16.76                | 12.39                |

### 13. CAPITAL WORK-IN-PROGRESS

| Particulars   | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|---|--|--|
| Capital Work-in-Progress-Civil                              | 757.04   | 562.16   |
| Capital Work-in-Progress-Plant & Machinery Under Erection * | 10,921.46  | 4,523.28   |
| Plant, Machinery & Equipment under Inspection & in Transit  | 114.09   | 8,416.90   |
| <b>Total</b>  | <b>11,792.59</b>                                     | <b>13,502.34</b>                                     |

\* This includes an adjustment of ₹ 143.03 Lakhs (Previous Year (₹ 64.72 Lakhs)) towards net Borrowing Cost on the Govt. Loan & Term Loan from Bank taken for Forge Press

## 14. NON CURRENT INVESTMENTS

| Particulars   | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|---|--|--|
| <b>Trade Investments Non-Trade,<br/>Unquoted AT COST</b>  |  |  |
| <b>Other Investment</b>   |  |  |
| Investment in Equity instruments<br>AP Gas Power Corporation Limited<br>18,43,857 fully paid up Equity share of<br>₹ 10/- each<br>including 7,71,847 fully paid up bonus<br>share of face value ₹ 10/- each | 107.20   | 107.20   |
| 4,28,800 fully paid up Equity share of<br>₹ 10/- each subscribed at ₹ 24/- each<br>and paid-up ₹ 24/- each  | 102.91   | 102.91   |
| <b>Total</b>  | <b>210.11</b>  | <b>210.11</b>  |

## 15. LONG TERM LOANS AND ADVANCES

| Particulars  |       | As at<br>31 <sup>st</sup> March<br>2014<br>(₹ in lakhs) |       | As at<br>31 <sup>st</sup> March<br>2013<br>(₹ in Lakhs) |
|--|-------|---|-------|---|
| <b>Capital Advances</b>                              |       |   |       |   |
| <b>For purchase of fixed assets</b>                  |       |   |       |   |
| Secured, considered good ^                           |       | 31.41   |       | -   |
| Doubtful - Capital Goods                             | 35.46 |   | 35.46 |   |
| Less:Provision for doubtful advances                 | 35.46 | -   | 35.46 | -   |
| Unsecured, considered good                           |       | 106.19  |       | 284.28  |
| <b>Sub-Total</b>                                     |       | 137.60  |       | 284.28  |
| <b>Other loans and advances<br/>(specify nature)</b> |       |   |       |   |
| secured considered good<br>(employee advance)        |       | 1.35  |       | 2.68  |
| <b>Sub-Total</b>                                     |       | 1.35  |       | 2.68  |
| <b>Total</b>   |       | <b>138.95</b>   |       | <b>286.96</b>   |

*^Secured advances considered good includes advance payment made to Danieli & C.Officine Meccaniche S.P.A. for 6000T Forge Press ₹ 31.41 Lakhs (Previous Year Nil) secured by way of Bank Guarantee*



## 16. OTHER NON-CURRENT ASSETS

| Particulars   |        | As at<br>31 <sup>st</sup> March<br>2014<br>(₹ in Lakhs) |        | As at<br>31 <sup>st</sup> March<br>2013<br>(₹ in Lakhs) |
|---|--------|---|--------|---|
| <b>Long term trade receivables<br/>(including trade receivables on<br/>deferred credit terms)</b> |        | -   |        | -   |
| <b>Others (specify nature)</b>  |        |   |        |   |
| Others -Post office savings \$  |        | 1.40  |        | 1.40  |
| Prepaid expenses  |        | -   |        | 4.81  |
| Doubtful Advance to supplier  | 23.66  |   | 23.66  |   |
| Less:Provisionfordoubtfuladvance  | 23.66  | -   | 23.66  | -   |
| Obsolete and slow moving -Raw<br>material   | 58.43  |   | 32.28  |   |
| Less:Provision for obsolete and<br>slow moving -Raw material                                      | 58.43  | -   | 32.28  | -   |
| Obsolete and slow moving<br>-consumables  | 66.36  |   | 40.06  |   |
| Less:Provision for obsolete and<br>slow moving -consumables                                       | 66.36  | -   | 40.06  | -   |
| Obsolete and slow moving -spares  | 274.80 |   | 205.27 |   |
| Less:Provision for obsolete and<br>slow moving -spares  | 274.80 | -   | 205.27 | -   |
| <b>Othercurrentassets(relatedparties)</b>   |        | -   |        | -   |
| <b>Total</b>  |        | <b>1.40</b>   |        | <b>6.21</b>   |

*\$Pledged with Excise Authorities ₹ 1.40 Lakhs (Previous Year ₹ 1.40 Lakhs)*

## 17. INVENTORIES

| Particulars                                  | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|--|--|
| Raw Materials and components                 | 11948.73   | 15473.09   |
| Goods-in transit                             | 5245.13  | 3859.45  |
| <b>Total</b>                                 | <b>17193.86</b>                                      | <b>19332.54</b>                                      |
| Work-in-progress #                           | 23587.65   | 22606.63   |
| <b>Total</b>                                 | <b>23587.65</b>                                      | <b>22606.63</b>                                      |
| Finished goods in transit                    | 26.67  | 52.07  |
| <b>Total</b>                                 | <b>26.67</b>   | <b>52.07</b>   |
| Stores and spares                            | 514.01   | 551.91   |
| Goods-in transit                             | 116.83   | 34.29  |
| <b>Total</b>                                 | <b>630.84</b>  | <b>586.20</b>  |
| Loose Tools                                  | 16.54  | 14.19  |
| <b>Total</b>                                 | <b>16.54</b>   | <b>14.19</b>   |
| Consumables                                  | 1569.59  | 1233.03  |
| Goods-in transit                             | 276.38   | 175.25   |
| <b>Total</b>                                 | <b>1845.97</b>                                       | <b>1408.28</b>                                       |
| Internally generated Scrap/rejected material | 1977.20  | 4292.58  |
| <b>Total</b>                                 | <b>1977.20</b>                                       | <b>4292.58</b>                                       |
| <b>Grand Total</b>                           | <b>45278.73</b>                                      | <b>48292.49</b>                                      |

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

#Work in progress Include materials lying with sub-contractors ₹ 606.46 Lakhs (Previous year ₹ 761.32 Lakhs) and is subject to confirmation of balance by sub-contractors.

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 1<sup>st</sup> April 2013 or realisable market value during 2013-14 whichever is lower.

## 18. TRADE RECEIVABLES

| Particulars  | As at                                       |   |
|--|---|---|
|  | 31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | 31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
| <b>Debts Outstanding for period exceeding Six Months</b> |   |   |
| Secured, considered good                                 | -   | -   |
| Unsecured, considered good \$                            | 7684.75                                     | 9356.69                                     |
| Unsecured, considered doubtful-trade receivable          | 112.69                                      | 31.67                                       |
| Less: Provision for doubtful debts-trade receivable      | 112.69                                      | 31.67                                       |
| <b>Total</b>   | <b>7684.75</b>                              | <b>9356.69</b>                              |
| <b>Other Debts</b>                                       |   |   |
| Secured, considered good                                 | -   | -   |
| Unsecured, considered good \$                            | 16678.26                                    | 17381.45                                    |
| Unsecured, considered doubtful-trade receivable          | -   | -   |
| Less: Provision for doubtful debts-trade receivable      | -   | -   |
| <b>Total</b>   | <b>16678.26</b>                             | <b>17381.45</b>                             |
| <b>Grand Total</b>                                       | <b>24363.01</b>                             | <b>26738.14</b>                             |

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

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

## 19. CASH AND BANK BALANCES

| Particulars   | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|---|--|--|
| <b>Cash and cash equivalents:</b>   |  |  |
| Cash on hand  | 5.08   | 2.79   |
| Balance with banks  | 859.78   | 395.42   |
| <b>Other Bank balances:</b>   |  |  |
| Fixed Deposits held with various banks upto 12 months maturity <sup>^</sup>     | 6605.47  | 10638.87   |
| Fixed Deposit with banks upto 12 months maturity (to the extent pledged for OD) | 3094.53  | 6261.13  |
| <b>Total</b>  | <b>10564.86</b>                                      | <b>17298.21</b>                                      |

<sup>^</sup> Bank deposits includes ₹ Nil (Previous Year ₹ 5679 Lakhs) received from MOD towards financing of Forge Press.

## 20. SHORT TERM LOAN AND ADVANCES

| Particulars                                       | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|---|--|--|
| <b>Others (specify nature)</b>                    |  |  |
| <b>Secured, considered good</b>                   |  |  |
| Advances to employee                              | 2.34   | 2.09   |
| <b>Unsecured, considered good</b>                 |  |  |
| Advance income tax                                | 22174.93   | 18260.27   |
| Tax deducted at source                            | 48.51  | 35.79  |
| Prepaid expenses                                  | 61.87  | 125.93   |
| VAT/Modvat/Service Tax/Customs<br>Duty receivable | 2521.36  | 1452.11  |
| Claims receivable                                 | 520.84   | 398.94   |
| Deposit with Customs and Excise                   | 256.98   | 447.31   |
| Deposit with others                               | 131.67   | 100.75   |
| Advance to employees                              | 37.40  | 39.91  |
| Advance to supplier                               | 2460.11  | 1569.19  |
| Customer Finance Projects                         | 2183.17  | 281.84   |
| <b>Total</b>                                      | <b>30399.18</b>                                      | <b>22714.13</b>                                      |

## 21. OTHER CURRENT ASSETS

| Particulars  | As at<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) |               | As at<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |                |
|--|--|---------------|--|----------------|
|  |  |               |  |                |
| Interest accrued on Bank Deposits                      |  | 719.82        |  | 1319.22        |
| Interest accrued-doubtful                              | 286.58   |               | 286.58   |                |
| Less: Provision for Interest accrued-doubtful          | 286.58   | -             | 286.58   | -              |
| Interest accrued on loans to employees-considered good |  | 1.26          |  | 1.11           |
| Others-Dispatches with sub contractors \$              |  | -             |  | 1087.48        |
| Assets Held for Disposal                               |  | 15.58         |  | -              |
| <b>Total</b>   |  | <b>736.66</b> |  | <b>2407.81</b> |

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

## 22. REVENUE FROM OPERATIONS

| Particulars                              | For the Year Ended<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | For the Year Ended<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|---|---|
| a. Sale of Manufacturing Products        | 55438.77  | 46861.91  |
| Income from dispatches to subcontractors | -   | 5913.17   |
| <b>Sub-Total</b>                         | <b>55438.77</b>   | <b>52775.08</b>   |
| b. Sale of Expert Sourcing Solution      | -   | 2777.88   |
| <b>Sub-Total</b>                         | <b>-</b>  | <b>2777.88</b>  |
| c. Sale of Services                      | 374.85  | 242.91  |
| <b>Sub-Total</b>                         | <b>374.85</b>   | <b>242.91</b>   |
| d. Other Operating Revenues              | 457.16  | 63.27   |
| <b>Sub-Total</b>                         | <b>457.16</b>   | <b>63.27</b>  |
| Revenue including Excise Duty            | 56270.78  | 55859.14  |
| Less: Excise Duty                        | 808.83  | 469.55  |
| <b>Total</b>                             | <b>55461.95</b>   | <b>55389.59</b>   |

## 23. OTHER INCOME

| Particulars                             | For the Year Ended<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | For the Year Ended<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|---|---|---|
| Interest Income                         |   |   |
| - From Banks                            | 1092.24   | 1796.15   |
| - From Employees                        | 0.53  | 0.64  |
| - From Others                           | 168.57  | -   |
| Liquidated Damages                      | 94.00   | 136.17  |
| Exchange rate variance written back     | 6.37  | -   |
| Income from Sale of Unserviceable Scrap | -   | 5.81  |
| Excess Liabilities written back         | 697.33  | -   |
| Other miscellaneous income              | 34.43   | 46.88   |
| <b>Total</b>                            | <b>2093.47</b>  | <b>1985.65</b>  |

### Details of Other miscellaneous income:

| Particulars  | For the Year Ended<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | For the Year Ended<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|---|---|
| Sale of Application Forms (Personnel)              | 2.11  | 1.40  |
| Service Charges received from AMTL /GTRE           | 14.77   | 13.96   |
| Write Back of Old Advances received from Customers | 14.47   | 15.93   |
| Bond Charges recovered                             | 0.13  | 0.06  |
| Others   | 2.95  | 15.53   |
| <b>Total</b>                                       | <b>34.43</b>  | <b>46.88</b>  |



## 24. COST OF MATERIAL CONSUMED

| Particulars                                  | For the Year Ended<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | For the Year Ended<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|---|---|
| Cost of Material for manufactured products * | 19607.60  | 17738.53  |
| <b>Total</b>                                 | <b>19607.60</b>   | <b>17738.53</b>   |

\* Includes ₹ 331.17 Lakhs (Previous Year NIL) towards primary melting outsourced to SAIL, VISL

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

| Particulars           | For the Year Ended<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | For the Year Ended<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|-----------------------|---|---|
| Opening Stock         |   |   |
| Work-in-progress      | 22,606.63   | 24,094.46   |
| Finished Stock        | 52.07   | 686.71  |
|                       | <b>22,658.70</b>  | <b>24,781.17</b>  |
| Closing Stock         |   |   |
| Work-in-progress      | 23,587.65   | 22,606.63   |
| Finished Stock        | 26.67   | 52.07   |
|                       | <b>23,614.32</b>  | <b>22,658.70</b>  |
| (Increase) / Decrease |   |   |
| Work-in-progress      | (981.02)  | 1,487.83  |
| Finished Stock        | 25.40   | 634.64  |
| <b>Total</b>          | <b>(955.62)</b>   | <b>2122.47</b>  |

## 26. EMPLOYEE BENEFITS & EXPENSES

| Particulars  | For the Year Ended<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | For the Year Ended<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|---|---|
| Salaries, wages                                    | 6510.99   | 6005.80   |
| Contribution to provident fund<br>and other funds- | 588.39  | 570.63  |
| Gratuity   | 339.26  | 565.85  |
| Leave Encashment                                   | 406.88  | 553.79  |
| Workmen and staff welfare ex-<br>penses            | 1443.23   | 1548.10   |
| Leave salary and pension contri-<br>bution         | 247.32  | 275.05  |
| Directors remuneration                             | 127.58  | 117.49  |
| <b>Total</b>                                       | <b>9663.65</b>  | <b>9636.71</b>  |

### Disclosure relating to AS-18. Related Parties: Remuneration to Key Management Personnel:

| Particulars  | For the Year Ended<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | For the Year Ended<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|---|---|
| a. Shri M. Narayana Rao<br>Chairman & Managing<br>Director | 50.70   | 45.90   |
| b. Shri V. S. Krishnamurthy<br>Director (Finance)          | 37.58   | 36.78   |
| c. Dr. D. K. Likhi<br>Director (Prodn.&Mktg.)              | 39.30   | 34.81   |

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 31.03.2014 provided by LICGGF with whom the company has taken the Policy through its Gratuity Trust.

| <b>Report Under AS - 15 (Revised 2005)(PROVISIONAL) as on 31/03/2014<br/>in respect of GGCA scheme of MISHRA DHATU NIGAM LIMITED<br/>POLICY NO.510424</b> |   |                             |
|---|---|-----------------------------|
| <b>1</b>  | <b>Assumptions</b>  | <b>As on<br/>31/03/2014</b> |
|   | Discount Rate   | 8.00%                       |
|   | Salary Escalation   | 4.00%                       |
| <b>2</b>  | <b>Table showing changes in present value of obligations</b>  | <b>As on<br/>31/03/2014</b> |
|   | Present value of obligations as at beginning of year          | 489021581                   |
|   | Interest cost   | 39121726                    |
|   | Current Service Cost  | 12181641                    |
|   | Benefits Paid   | 97749341                    |
|   | Actuarial (gain)/Loss on obligations                          | 22028740                    |
|   | Present value of obligations as at end of year                | 464604347                   |
| <b>3</b>  | <b>Table showing changes in the fair value of plan assets</b> | <b>As on<br/>31/03/2014</b> |
|   | Fair value of plan assets at beginning of year                | 457328659                   |
|   | Expected return on plan assets                                | 39842239                    |
|   | Contributions   | 43874563                    |
|   | Benefits paid   | 97749341                    |
|   | Actuarial Gain / (Loss) on Plan assets                        | NIL                         |
|   | Fair value of plan assets at the end of year                  | 443296120                   |
| <b>5</b>  | <b>Table showing fair value of plan assets</b>                |                             |
|   | Fair value of plan assets at beginning of year                | 457328659                   |

|  |  |                             |
|--|--|-----------------------------|
|  | Actual return on plan assets   | 39842239                    |
|  | Contributions  | 43874563                    |
|  | Benefits Paid  | 97749341                    |
|  | Fair value of plan assets at the end of year   | 443296120                   |
|  | Funded status  | -21308227                   |
|  | Excess of Actual over estimated return on plan assets<br>(Actual rate of return = Estimated rate of return as ARD falls on 31st March) |                             |
| <b>6</b>   | <b>Actuarial Gain/Loss recognized</b>  | <b>As on<br/>31/03/2014</b> |
|  | Actuarial gain/(Loss) for the year -Obligation   | 22028739.52                 |
|  | Actuarial (gain)/Loss for the year - plan assets   | 0                           |
|  | Total (gain)/Loss for the year   | 22028739.52                 |
|  | Actuarial (gain)/Loss recognized in the year   | 22028739.52                 |
| <b>7</b>   | <b>The amounts to be recognized in the balance sheet and statements of profit and loss</b>   |                             |
|  | Present value of obligations as at the end of year   | 464604347                   |
|  | Fair value of plan assets as at the end of the year  | 443296120                   |
|  | Funded status  | -21308227                   |
|  | Net Asset/(liability) recognized in balance sheet  | -21308227                   |
| <b>8</b>   | <b>Expenses Recognised in statement of Profit &amp; loss</b>   |                             |
|  | Current Service cost   | 12181641                    |
|  | Interest Cost  | 39121726.48                 |
|  | Expected return on plan assets   | 39842239                    |
|  | Net Actuarial (gain)/Loss recognised in the year   | 22028739.52                 |
|  | Expenses recognised in statement of Profit & loss  | 33489868                    |
| 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. |  |                             |

## 27. FINANCE COST

| Particulars           | For the Year Ended<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | For the Year Ended<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|-----------------------|---|---|
| Interest expense:-    |   |   |
| Cash Credit           | 37.46   | 9.96  |
| Short Term Overdrafts | 298.51  | 613.99  |
| Interest -Others      | 51.96   | 12.92   |
| Interest-Govt. Loans  | 31.51   | 47.43   |
| Interest - Car Loan   | -   | 0.02  |
| <b>Total</b>          | <b>419.44</b>   | <b>684.32</b>   |

## 28. OTHER EXPENSE

| Particulars  | For the Year Ended                          | For the Year Ended                          |
|--|---|---|
|  | 31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | 31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
| Consumption of stores, loose tools and spare parts | 2544.83                                     | 2079.34                                     |
| Power and fuel                                     | 4238.61                                     | 3458.96                                     |
| Rent   | 12.22                                       | 40.86                                       |
| Repairs and maintenance                            |   |   |
| - buildings  | 303.18                                      | 384.37                                      |
| - plant and machinery                              | 389.20                                      | 982.39                                      |
| - others   | 82.98                                       | 35.54                                       |
| Rates and taxes, excluding, taxes on income        | 10.81                                       | 9.84  |
| Water charges                                      | 72.30                                       | 73.65                                       |
| Insurance  | 112.63                                      | 89.69                                       |
| Postage, telephone                                 | 65.97                                       | 56.59                                       |
| Travelling and conveyance                          | 288.22                                      | 283.74                                      |
| Directors sitting fees                             | 6.60  | 4.50  |
| Factory expenses                                   | 12.60                                       | 17.65                                       |
| Advertisement                                      | 101.12                                      | 115.58                                      |
| Legal and professional fees                        | 0.92  | 1.41  |
| Auditor's remuneration(As per details below)       | 4.25  | 4.25  |
| Internal Audit Fee                                 | 4.41  | 3.85  |
| Hire of cars                                       | 7.98  | 15.39                                       |
| Library books                                      | 20.26                                       | 14.72                                       |
| News paper and journals                            | 2.94  | 2.88  |
| Membership fees                                    | 4.75  | 4.70  |
| Training expenses                                  | 74.67                                       | 43.03                                       |

| Particulars  | For the Year Ended<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | For the Year Ended<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--|---|---|
| Entertainment/courtesy expenses                                  | 2.70  | 6.30  |
| Hostel/guest house expenses net of income                        | 16.24   | 17.15   |
| Business promotion expenses                                      | 145.15  | 112.65  |
| Consultancy charges  | 56.76   | 26.53   |
| Contract professionals expenses                                  | 87.59   | 83.17   |
| Security guard charges   | 402.66  | 389.62  |
| Administration expenses-Others                                   | 47.56   | 22.85   |
| Exchange rate variance charged off                               | -   | 12.00   |
| Liquidated damages imposed by customers                          | 1411.04   | 1462.38   |
| Sales schemes  | 1456.67   | 92.01   |
| Prior Period (-) income / (+) expenses<br>(As per details below) | -113.60   | -475.50   |
| Increase/Decrease Excise duty on finished goods                  | -1.34   | -10.87  |
| Bank charges   | 85.45   | 91.95   |
| Provision for non moving inventories                             | 121.99  | 39.65   |
| Provision for stock verification discrepancies                   | 42.10   | 3.79  |
| Provision for Contingencies & Warranty                           | 23.60   | 115.98  |
| Provision for Doubtful Debts                                     | 93.95   | 25.75   |
| Bad debts written off  | 81.73   | 14.18   |
| Fixed Assets written off   | 44.62   | -   |
| Printing and stationery  | 22.73   | 10.14   |
| Sub-contractor expenses  | 3754.94   | 5022.71   |
| CSR Expenses   | 191.71  | 114.12  |
| <b>Total</b>   | <b>16335.70</b>   | <b>14899.49</b>   |

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

| Particulars              | For the Year Ended<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | For the Year Ended<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--------------------------|---|---|
| Consumption of materials | 249.63  | 421.58  |
| Offloading costs         | -   | -   |
| Conversion costs         | 349.85  | 258.89  |
| Other Expenditure        | 5.27  | 6.19  |
| <b>Total</b>             | <b>604.75</b>   | <b>686.66</b>   |

## Details of Prior Period Income / Expense

| Particulars                    | For the year ended<br>31 <sup>st</sup> March 2014 |                        | For the year ended<br>31 <sup>st</sup> March 2013 |                        |
|--------------------------------|---|------------------------|---|------------------------|
|                                | Debit<br>(₹ in Lakhs)                             | Credit<br>(₹ in Lakhs) | Debit<br>(₹ in Lakhs)                             | Credit<br>(₹ in Lakhs) |
| Consumption of Materials etc., |   | 0.03                   |   | 26.28                  |
| Employee Expenses              |   |                        |   | 20.94                  |
| Manufacturing Expenses         |   |                        |   | 2.14                   |
| Other Administrative Expenses  |   | 127.26                 |   | 25.53                  |
| Selling Expenses               |   |                        |   | 412.86                 |
| Depreciation                   | 13.69   |                        | 5.19  |                        |
| Other Income                   |   |                        | 279.74  |                        |
| Interest Expenses              |   |                        |   | 272.68                 |
| <b>Total</b>                   | <b>13.69</b>                                      | <b>127.29</b>          | <b>284.93</b>                                     | <b>760.43</b>          |
| <b>Net Total</b>               |   | <b>113.60</b>          |   | <b>475.50</b>          |



## Remuneration and other payments to the auditor

| Particulars              | For the Year Ended<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | For the Year Ended<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|--------------------------|---|---|
| Auditor                  |   |   |
| (a) As Statutory Auditor | 3.50  | 3.50  |
| (b) For taxation matter  | 0.75  | 0.75  |
| <b>Total</b>             | <b>4.25</b>   | <b>4.25</b>   |

## 29. EXTRAORDINARY ITEMS

| Particulars                       | For the Year Ended<br>31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | For the Year Ended<br>31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
|-----------------------------------|---|---|
| <b>Income</b>                     |   |   |
| Refund of Pension Contribution *  | 262.61  | -   |
|                                   | 262.61  | -   |
| <b>Expenditure</b>                | -   | -   |
|                                   | -   | -   |
| <b>Net Income / (Expenditure)</b> | <b>262.61</b>   | <b>-</b>  |

\* Company contributed 12% of Salary (Basic + DA) for all the eligible executives towards Pension Contribution to the Pension Trust upto 31.03.2013. As per the Guidelines of Ministry of Defence, Pension Contribution has to be restricted to a maximum of 10% of Salary (Basic + DA), thus, 2% of Salary (Basic + DA) towards the excess contributions refunded by the Pension Trust to the Company.

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

| Particulars  | As at                                       | As at                                       |
|--|---|---|
|  | 31 <sup>st</sup> March 2014<br>(₹ in Lakhs) | 31 <sup>st</sup> March 2013<br>(₹ in Lakhs) |
| <b>Contingent Liabilities</b>  |   |   |
| Claims against the company not acknowledged as debt  | 19269.89                                    | 11359.29                                    |
| Bank Guarantees  | 4876.98                                     | 5027.69                                     |
| Letter of credit outstanding   | 7975.78                                     | 6826.38                                     |
| Others   | 50.00                                       | 50.00                                       |
|  | <b>32172.65</b>                             | <b>23263.36</b>                             |
| <b>Commitments</b>   |   |   |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Capital commitments) | 7898.69                                     | 11229.60                                    |
|  | <b>7898.69</b>                              | <b>11229.60</b>                             |
| <b>Total</b>   | <b>40071.34</b>                             | <b>34492.96</b>                             |

## Disclosure pursuant to Note no. 6(U) of Part I of Schedule VI to the Companies Act, 1956

| Particulars   | As at 31 <sup>st</sup> March 2014 |             | As at 31 <sup>st</sup> March 2013 |             |
|---|-----------------------------------|-------------|-----------------------------------|-------------|
|   | ₹                                 | Per share ₹ | ₹                                 | Per share ₹ |
| Dividends proposed to be distributed to equity shareholders     | 3,746.80                          | 200.00      | 3,746.80                          | 200.00      |
| Dividends proposed to be distributed to preference shareholders | -                                 | -           | -                                 | -           |
| Arrears of fixed cumulative dividends on preference shares      | -                                 | -           | -                                 | -           |

## STATEMENT OF CASH FLOW

|   | Year ended                               |                  | Year ended                               |                  |
|---|--|------------------|--|------------------|
|   | 31 <sup>st</sup> March 2014 (₹ in Lakhs) |                  | 31 <sup>st</sup> March 2013 (₹ in Lakhs) |                  |
| <b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>   |  |                  |  |                  |
| Net Profit Before Tax   |  | 12,143.54        |  | 11,777.66        |
| <b>Adjustment to reconcile net income to net cash providing by operating activities</b> |  |                  |  |                  |
| Depreciation  | 617.41                                   |                  | 521.25                                   |                  |
| Interest Paid   | 419.44                                   |                  | 684.32                                   |                  |
| Interest Received   | (1,092.24)                               |                  | (1,796.15)                               |                  |
| Write back of provisions  | -  |                  | -  |                  |
| Profit/Loss on fixed assets   | -  |                  | -  |                  |
| Write Offs  | 1,492.77                                 |                  | 1,476.56                                 |                  |
| Exchange Rate Variation   | (6.37)                                   |                  | 12.00                                    |                  |
| Provision for Doubtful debts / Advances/ Modvat / Non-moving stores / spares            | (1,220.66)                               |                  | 399.82                                   |                  |
| <b>Sub-Total</b>  |  | <b>210.35</b>    |  | <b>1,297.80</b>  |
| Operating Profit before Working Capital Changes   |  | <b>12,353.89</b> |  | <b>13,075.46</b> |
| <b>Adjustment for Changes in Assets and Liabilities</b>                                 |  |                  |  |                  |
| (Increase) / Decrease in Trade Receivables  | 2,375.13                                 |                  | (13,215.16)                              |                  |
| (Increase) / Decrease in Inventories  | 3,013.76                                 |                  | (3,956.25)                               |                  |
| (Increase) / Decrease in Other Current Assets   | (4,536.05)                               |                  | (3,932.86)                               |                  |
| Increase / (Decrease) in Trade Payables & Other Liabilities                             | (7,175.39)                               |                  | 34,434.05                                |                  |

|   | Year ended<br>31 <sup>st</sup> March 2014 (₹ in Lakhs) | Year ended<br>31 <sup>st</sup> March 2013 (₹ in Lakhs) |
|---|--|--|
| Increase / (Decrease) in Bank Borrowings                            | (2,390.80)   | (4,279.43)   |
| <b>Sub-Total</b>  | <b>(8,713.35)</b>                                      | 9,050.35   |
| <b>Cash Generated from Operations before Adj. from Other Assets</b> | <b>3,640.54</b>  | 22,125.81  |
| Adjustment for Other Assets   | -  | -  |
| <b>Sub-Total</b>  | <b>3,640.54</b>  | 22,125.81  |
| <b>Cash Generated from Operations</b>                               | <b>3,640.54</b>  | 22,125.81  |
| Direct Tax Paid   | (3,839.00)   | (3,571.00)   |
| Sub-Total   | (3,839.00)   | (3,571.00)   |
| <b>Net Cash provided by Operating Activities (a)</b>                | <b>(198.46)</b>  | 18,554.81  |
| <b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>                      |  |  |
| Purchase of Fixed Assets  | (3,491.36)   | (12,136.78)  |
| Proceeds from Sale of Fixed Assets                                  | -  |  |
| Interest Received   | 1,691.49   | 790.09   |
| <b>Net Cash provided (used in) by Investing Activities (b)</b>      | <b>(1,799.87)</b>                                      | (11,346.69)  |
| <b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>                     |  |  |
| Interest Paid   | (419.44)   | (684.32)   |
| Dividend Paid   | (3,746.80)   | (3,666.80)   |
| Tax on Dividend Paid  | (568.78)   | (594.85)   |
| Share capital/Share application money increase/decrease             |  |  |
| <b>Net Cash provided by Financing Activities (c)</b>                | <b>(4,735.02)</b>                                      | (4,945.97)   |

## Cash Flow



|  | Year ended                               |                   | Year ended                               |                  |
|--|--|-------------------|--|------------------|
|  | 31 <sup>st</sup> March 2014 (₹ in Lakhs) |                   | 31 <sup>st</sup> March 2013 (₹ in Lakhs) |                  |
| Abstract   |  |                   |  |                  |
| Net Cash provided by Operating Activities (a)                                |  | (198.46)          |  | 18,554.81        |
| Net Cash provided (used in) by Investing Activities (b)                      |  | (1,799.87)        |  | (11,346.69)      |
| Net Cash provided by Financing Activities (c)                                |  | (4,735.02)        |  | (4,945.97)       |
| <b>Net Increase/(decrease) in cash &amp; cash equivalent during the year</b> |  | <b>(6,733.35)</b> |  | 2,262.15         |
| Cash and Cash equivalent at the beginning of the year                        |  | 17,299.61         |  | 15,037.46        |
| Cash and Cash equivalent at the end of the year                              |  | 10,566.26         |  | 17,299.61        |
|  |  | (6,733.35)        |  | 2,262.15         |
| Components of Cash and Cash equivalents as at                                | <b>31<sup>st</sup> March 2014</b>        |                   | <b>31<sup>st</sup> March 2013</b>        |                  |
|  | <b>(₹ in Lakhs)</b>                      |                   | <b>(₹ in Lakhs)</b>                      |                  |
| Cash on Hand   |  | 5.08              |  | 2.79             |
| With Post Office Savings Bank Account  |  | 1.40              |  | 1.40             |
| With Scheduled Banks   |  |                   |  |                  |
| - in Current Account   |  | 859.78            |  | 395.42           |
| - in Fixed Deposit   |  | 9,700.00          |  | 16,900.00        |
| <b>TOTAL</b>   |  | <b>10,566.26</b>  |  | <b>17,299.61</b> |

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. Krishnamurthy**

Director (Finance)

Sd/-

**Paul Antony**

Company Secretary

Place: Hyderabad

Date: 02.07.2014

Place: Hyderabad

Date: 02.07.2014



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

### I REGISTRATION DETAILS:

|                     |                             |            |   |
|---------------------|-----------------------------|------------|---|
| Registration Number | 1660                        | State Code | 1 |
| Balance Sheet Date  | 31 <sup>st</sup> March 2014 |            |   |

### 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 | 13503328 | Total Assets | 13503328 |
|-------------------|----------|--------------|----------|

#### Sources of Funds

|                 |         |                      |         |
|-----------------|---------|----------------------|---------|
| Paid Up Capital | 1873400 | Reserves and Surplus | 2577938 |
|-----------------|---------|----------------------|---------|

Share Application Money

|  |   |  |  |
|--|---|--|--|
|  | - |  |  |
|--|---|--|--|

|               |        |                 |       |
|---------------|--------|-----------------|-------|
| Secured Loans | 411423 | Unsecured Loans | 48838 |
|---------------|--------|-----------------|-------|

|                |       |                     |         |
|----------------|-------|---------------------|---------|
| Deferred Taxes | 64255 | Current Liabilities | 6408542 |
|----------------|-------|---------------------|---------|

|                         |         |  |  |
|-------------------------|---------|--|--|
| Non Current Liabilities | 2118932 |  |  |
|-------------------------|---------|--|--|

#### Application of Funds

|                  |         |             |       |
|------------------|---------|-------------|-------|
| Net Fixed Assets | 2334038 | Investments | 21011 |
|------------------|---------|-------------|-------|

|                                  |          |                    |     |
|----------------------------------|----------|--------------------|-----|
| Current Assets, Loans & Advances | 11148139 | Non Current Assets | 140 |
|----------------------------------|----------|--------------------|-----|

Accumulated Losses

### IV PERFORMANCE OF THE COMPANY

(Amount in Rupees Thousands)

|                           |         |                   |         |
|---------------------------|---------|-------------------|---------|
| Turnover (Gross earnings) | 5546195 | Total Expenditure | 4567449 |
|---------------------------|---------|-------------------|---------|

|                              |         |                             |        |
|------------------------------|---------|-----------------------------|--------|
| Profit / (-) Loss Before Tax | 1214354 | Profit / (-) Loss after Tax | 824629 |
|------------------------------|---------|-----------------------------|--------|

|                             |        |                 |     |
|-----------------------------|--------|-----------------|-----|
| Earning Per Share in Rupees | 440.18 | 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<br>MDN 172/155/250 |
| Item Code Number (ITC Code) | 81080000  |
| Product Description         | Titanium and Titanium base Alloys<br>Titan 12/15/31                                 |
| Item Code Number (ITC Code) | 81029300  |
| Product Description         | Molybdenum and articles thereof<br>Moly wire  |

for **Mishra Dhatu Nigam Limited**

Sd/-

**M. Narayana Rao**

Chairman & Managing Director

Sd/-

**V.S. Krishna Murthy**

Director (Finance)

Sd/-

**Paul Antony**

Company Secretary

Place: Hyderabad

Date: 02.07.2014

Place: Hyderabad

Date: 02.07.2014

## A. EXPENDITURE ON SOCIAL OVERHEADS FOR THE YEAR 2013-2014 - CAPITAL

(₹ in Lakhs)

| Description                              | GROSS BLOCK     |                           |                          | DEPRECIATION    |                 |                          | NET BLOCK                 |                 |                 |
|--|-----------------|---------------------------|--------------------------|-----------------|-----------------|--------------------------|---------------------------|-----------------|-----------------|
|  | As at 1.04.2013 | Additions during the year | Adj./Ded during the year | As at 31.3.2014 | As at 1.04.2013 | Adj./Ded during the year | Depreciation for the year | As at 31.3.2014 | As at 31.3.2013 |
| Land                                     | 28.66           | --                        | --                       | 28.66           | --              | --                       | --                        | 28.66           | 28.66           |
| Township Buildings:<br>- Residential     | 103.24          | --                        | --                       | 103.24          | 46.07           | --                       | 1.68                      | 55.49           | 57.17           |
| Township Buildings:<br>- Non-Residential |                 |                           |                          |                 |                 |                          |                           |                 |                 |
| a) School                                | 44.74           | --                        | --                       | 44.74           | 15.42           | --                       | 0.73                      | 28.59           | 29.32           |
| b) Hospital                              | 1.77            | --                        | --                       | 1.77            | 0.83            | --                       | 0.03                      | 0.91            | 0.94            |
| c) Sub-station buildings                 | 1.92            | --                        | --                       | 1.92            | 0.85            | --                       | 0.03                      | 1.04            | 1.07            |
| Township External<br>Services:           |                 |                           |                          |                 |                 |                          |                           |                 |                 |
| (a) Water                                | 2.44            | 3.18                      | --                       | 5.62            | 2.36            | --                       | 0.14                      | 3.12            | 0.08            |
| (b) Electrical                           | 7.45            | --                        | --                       | 7.45            | 7.13            | --                       |                           | 0.32            | 0.32            |
| © School furniture                       | 10.74           | --                        | (0.55)                   | 10.19           | 8.56            | (0.55)                   | 0.21                      | 1.97            | 2.18            |
| Township Roads                           | 8.24            | --                        | --                       | 8.24            | 3.54            | --                       | 0.14                      | 4.56            | 4.70            |
| <b>TOTAL</b>                             | <b>209.20</b>   | <b>3.18</b>               | <b>(0.55)</b>            | <b>211.83</b>   | <b>84.76</b>    | <b>(0.55)</b>            | <b>2.96</b>               | <b>87.17</b>    | <b>124.44</b>   |
| Previous Year                            | 206.12          | 3.08                      | --                       | 209.20          | 81.23           | --                       | 3.53                      | 124.44          | 124.89          |



## B. EXPENDITURE ON SOCIAL OVERHEADS FOR THE YEAR 2013-14

(₹ in Lakhs)

| Description                                  | Township     | School | Medical facilities Over & above those which are statutorily required | Other items of welfare expenditure | Total        |
|--|--------------|--------|--|------------------------------------|--------------|
| Salaries & Wages (including PF contribution) | 32.93        | -      | -  | -                                  | 32.93        |
| Electricity                                  | 3.86         | -      | -  | -                                  | 3.86         |
| Repair & Maintenance                         | 18.24        | -      | -  | -                                  | 18.24        |
| Payment to Transport Co                      | -            | -      | -  | -                                  | -            |
| Subsidies (Net)                              | -            | -      | -  | -                                  | -            |
| Reimbursement of Tuition Fee                 | -            | -      | -  | -                                  | -            |
| Interest subsidy on HB Loans                 | -            | -      | -  | -                                  | -            |
| Miscellaneous Expenses                       | -            | -      | -  | 10.96                              | 10.96        |
| Township Dispensary                          | -            | -      | 2.02   | -                                  | 2.02         |
| Depreciation                                 | 2.98         | -      | -  | -                                  | 2.98         |
| <b>Total Expenditure</b>                     | <b>58.01</b> | -      | <b>2.02</b>  | <b>10.96</b>                       | <b>70.99</b> |
| Previous Year                                | 67.23        | 2.05   | 2.30   | 7.58                               | 79.16        |
| Income for current year                      | 2.44         | -      | -  | -                                  | 2.44         |
| Income for previous year                     | 4.44         | -      | -  | -                                  | 4.44         |





### C. PROJECTS / ACTIVITIES / PROGRAMMES ON CSR & SUSTAINABILITY FOR THE YEAR 2013-14

| Particulars   | (₹ in Lakhs)  |
|---|---------------|
| Sustainability Project-Energy conservation, resource optimization | 91.46         |
| CSR-Training Hub-Skill enhancement with focus on women            | 55.68         |
| Medical Health and Environment                                    | 53.65         |
| Other Projects  | 31.10         |
| <b>TOTAL</b>  | <b>231.89</b> |



# MISHRA DHATU NIGAM LIMITED

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

CIN U14292TG1973GOI001660

REGISTERED OFFICE & WORKS :

P.O. KANCHANBAGH, HYDERABAD - 500058, INDIA

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

Fax: +91-40-24340214/24340764,

E-mail: spralloy.midhani@nic.in

Website: www.midhani.gov.in

## COMMERCIAL OFFICES

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



**In Deep Vacuum  
We Create Wonders**

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