

PAPER TO BE LAID ON THE TABLE OF THE
LOK SABHA/RAJYA SABHA

AUTHENTICATED



(Dr. Subhash Bhamre)
RAKSHA RAJYA MANTRI

REVIEW OF THE GOVERNMENT ON THE ANNUAL REPORT 2016-17 AND ON
THE WORKING OF AND AFFAIRS OF MISHRA DHATU NIGAM LIMITED,
HYDERABAD.

Mishra Dhatu Nigam Limited (MIDHANI), a Public Sector Undertaking under the administrative control of Ministry of Defence, Department of Defence Production, is engaged in the development and manufacturing of special steel, super alloys, Titanium alloy, etc., for Aeronautics, Space, Defence, Atomic Energy and other strategic sectors.

2. During the year 2016-17, Company has achieved annual sales turnover of Rs. 809.71 cr. surpassing the previous years sales of Rs. 761.45 Cr. and has recorded Profit Before Tax (PBT) of Rs. 187.85 Cr. as compared to Rs. 162.64 Cr. in the previous year.

3. The upgradation and modernization program of the company over the last decade contributed towards setting up of additional facilities and increase in production tonnage capacity & product diversity. Thus the company has successfully positioned itself to serve existing & new customers in domestic markets. Ongoing Projects that have been commissioned are EAF/LF/VOD Facility, 20T Electro Slag Refining Furnace (ESR), 10T Vacuum Arc Re-melting Furnace (VAR), Wide Plate Mill, Reheating Furnace and Heat Treatment Furnaces, Revamping of 1500T Forge Press, Upgradation of VAR-I, 4 MW Grid Connected Solar Power Plant, New Welding Electrode Plant.

4. During the year, new alloys MDN9201, for power transmission gears and pinions of HAL Helicopter Projects and MDN 719C cast & Hipped blades for turbocharger of diesel locomotives of Railways have been developed. New grades of steels and weld consumables required for Strategic Naval applications were developed.

5. The Cabinet Committee on Economic Affairs on 12.04.2016 has approved disinvestment of Company's Shares through IPO and its subsequent listing.

6. The Government is in agreement with Annual Report of Mishra Dhatu Nigam Limited for the year 2016-17.

Authenticated



(Dr. Subhash Bhamre)
Raksha Rajya Mantri

43rd ANNUAL REPORT 2016-2017



MISHRA DHATU NIGAM LIMITED

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

CIN U14292TG1973GOI001660

Chairman's Message



Our Hon'ble Prime Minister during his address to our nation on the occasion of Independence Day gave a clarion call, to act with the resolve of "Sankalp se Siddhi", to our 125 Crore countrymen to come together and strive in spirit and soul to achieve the pledge for building a new India by 2022. This can guide our Core Mantra at MIDHANI i.e. "Together we can" (Samashti Krishi, Vummadi Vridhi).

This clarion call given by our Hon'ble Prime Minister deeply resonates within our company. Together we have transformed MIDHANI, in a short period into a multi-business and multi-location Indian corporation, striving to have sustainable competitiveness.

The Company has successfully positioned itself on an accelerated growth curve, accomplished through combination of structural improvements, continuing emphasizes on better performance, specific focus on customer needs and interfaces.

MIDHANI: TRIPLE BOTTOM LINE PERFORMANCE:

The F/Y 2016-17 has been very eventful for MIDHANI. MIDHANI, continuously in pursuit of excellence has achieved its highest ever sales

turnover of ₹ 809.71 Cr. I foresee MIDHANI crossing many more milestones if we stick to our core mantra. It is my strong belief that all time high achievements in sales volume and operating profits have been possible only through sheer determination, commitment and hard work by every member of team MIDHANI.

During the year many lessons have been learnt, initiatives taken and benchmarks established. Our Governments vision to shape a new India also deeply resonates with MIDHANI's strategic road map of being future ready. Honorable Raksha Mantri, Shri. Arun Jaitely during his recent visit to MIDHANI stated that "Preparedness is the best form of Defence". Accordingly, MIDHANI in its endeavor to facilitate this preparedness has equipped itself with state of art infrastructure like Ring Rolling Mill, 6000 T Forge Press, New Melt Shop with 20 T EAF, LF, VD/VOD, new ESR, new VAR facilities to better serve our strategic partners.

MIDHANI also continues to maintain excellent Corporate Governance, as per framework of Department of Public Enterprises. Our strategy and core values of integrity, insight and innovation coupled with good governance will help MIDHANI in maintaining a stronger footing in the coming years.

We take our responsibilities to society seriously, and to promote sustainable living, MIDHANI is maintaining and promoting ecological balance in and around factory premises by developing and maintaining an extensive plantation and a thick canopy of greenery. Focus on reduced energy consumption has also resulted in cost savings during the year F/Y 2016-17.

MIDHANI is also committed towards identifying and offering helping hand to the needy and economically weaker sections of the society. In this direction MIDHANI has undertaken various activities to contribute to the need of society. MIDHANI had reached best ever expenditure of about ₹ 2.88 Cr in CSR areas during F/Y 2016-17 and cumulative CSR expenditure has crossed more than ₹ 14 Cr which signifies that MIDHANI always is and always will remain responsive to the society especially health, education and environment areas.

STRATEGIC MATERIALS: INDIA'S STRATEGIC LIFELINE

Post-Independence our Country was forced to depend totally on imports for meeting the strategic materials requirement, an absolute

necessity was then felt for the indigenous production of these critical alloys and MIDHANI took shape to meet these requirements. MIDHANI is the only facility in our country to carry out Vacuum based melting & refining through world class Vacuum Melting furnaces such as Vacuum Arc Melting, Vacuum Induction Melting, Vacuum Arc Refining, Electron Beam Melting etc. thereby ensuring superior metallurgical properties for critical applications at elevated temperatures.

The various initiatives launched by our Government provide impetus to us in our efforts to be the “National center for Excellence in Materials” in our country. This can be seen in our continuous and tireless efforts to build engines of growth, invest in state-of-the-art manufacturing facilities and Research & Development efforts. These provide MIDHANI competitive advantage going into future, therein enabling us to make larger contribution to national economy.

DOUBLING INCOME BY 2022: MIDHANI STRATEGY

Demand for Specials Steel, Superalloys, Titanium Alloys, Carbon fiber and Aluminum Alloys is expected to increase rapidly and the same have also been identified as the future growth drivers for MIDHANI. The company has carved out ambitious growth plan and will soon move from a single location to multi-location company. MIDHANI is in the process of setting up an Armouring solutions Plant at Rohtak, Haryana capable of meeting requirement of Defence & other para-military wings in respect of armoured products likes BR jackets, Mochas, armoured vehicles, etc. MIDHANI is also moving ahead to set up a High strength and low weight Aluminum Alloy manufacturing facility at Nellore in Andhra Pradesh. For production of carbon fiber, plans are in progress to set up production level plant with involvement of key stakeholders. MIDHANI is also entering into special business area such as manufacture of Tungsten powder therein facilitating our country to join the select club of only a few countries capable of manufacturing such products.

The above initiatives is expected to increase the income of MIDHANI to more than ₹ 2000 Cr. and set MIDHANI on a sustainable growth path.

MULTIDIMENSIONAL APPROACH TO STRATEGIC NEEDS:

Your company has achieved considerable success in reducing our nations’ dependence on imports resulting in significant Foreign exchange savings. Consistently registering higher & higher outsourcing has lead to

peripheral industrial development and employment generation. Special Metals & Alloys manufactured at MIDHANI are not just import substitutes they belong to super-critical category where the nations producing these materials on account of their strategic importance have banned export. MIDHANI's contribution in indigenization and Make in India initiatives are significant. Our company has successfully produced Hafnium Metal having vital application in Space sector for the first time in our country using state of art EBM furnace. Similarly, as another first in the country, large Nickel Super Alloy based casting has been made through Air Induction Melting route.

This is a testament to our resolve to build an institution for India that will be an engine for growth of the strategic sectors of our country.

ENABLING A CONDUCTIVE STRATEGY FRAMEWORK:

Customers: We at MIDHANI continue to maintain excellent customer relations; faced with tough competition we have successfully increased operational efficiency and reduced costs with superior and niche technology. We view the tough challenges as an opportunity and have taken several steps during the year that helped us deliver a year of superior earnings growth. Indicating better adherence to delivery schedules and improvement in delivery cycles, MIDHANI has achieved reduction in liquidated damages by 47.56% as percentage of turnover over previous year.

Vendors: Our vendors are our partners in our progress towards a better tomorrow. We depend on our vendors both of domestic and international origin; small, medium and large in size to ensure prompt, quality and cost effective supply of input materials to support our value chain. In order to bring more transparency in procurement, MIDHANI is maximizing procurement through e-procurement process and major changes were made to the Purchase Policy of MIDHANI to promote "Make in India" initiative and provide a level playing field to domestic suppliers. This kind of open engagement is a key part of our overall sustainability commitment, and we look forward to continuing to work with a broad and diverse range of partners. We thank our vendors for timely deliveries which has in turn helped us service our customers better.

Employees: Our greatest competitive strength, is our people. We are fortunate to have a team of dedicated professionals, who are working more closely than ever before to realize the full potential of MIDHANI. Our employees continue to be our major asset and with the third pay revision to

be implemented soon, it will guarantee enhanced pay to our workforce and motivate them to scale even greater heights. Senior members in Strategy, Product Development, Technology, Sales and Marketing were hired during the year, as a part of the strategic mission of your Company and towards ensuring effective Talent Management.

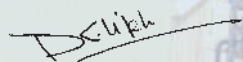
MIDHANI - A NATIONAL CENTRE OF PRIDE

Our Core Mantra i.e. “Together we can” (Samashti Krishi, Vummadi Vridhi) aligned with the clarion call given by our Honorable Prime Minister to act with the resolve of Sankalp se Siddhi will motivate us to work towards turnover target of ₹ 1000 Cr. in short term and ₹ 2000 Cr. by 2022. With successful completion of Phase 1 Modernization of MIDHANI at a Capital Outlay of ₹ 400 Cr. and with Phase 2 of Modernization pegged at around ₹ 1000 Cr. already underway, the Ground Breaking Ceremony for which was performed by our Hon’ble Minister of Defence, Finance & Corporate Affairs Shri. Arun Jaitley, we are confident in maintaining our status as the “National Center for Excellence in materials”. Further aligned with the Government initiatives such as Skill India, Start up India, Digital India, Swachh Bharat Initiative and Make in India, We at MIDHANI look towards a vision of new MIDHANI and a larger vision of a new India.

I am sure that the support you have all given during the F/Y 2016-17 will continue for F/Y 2017-18 and beyond. We need to achieve the next best performance during the F/Y 2017-18.

Thank you everyone,

Jai Hind!!!



Dr. D. K. Likhi
Chairman & Managing Director

Functional Directors



Dr. D. K. Likhi
Chairman & Managing Director



Shri Sanjay Kumar Jha
Director (Production & Marketing)
From: 05-07-2016



Shri Sanjeev Singhal
Director (Finance)
From: 06-01-2017



Shri B. G. Raj
Director (Finance)
Till: 31-12-2016

Government Nominee Director



Shri Sanjay Garg
Joint Secretary (DIP)

Independent Directors



Dr. Jyoti Mukhopadhyay
Director



Shri I. V. Sarma
Director



Dr. Usha Ramachandra
Director

Chief Vigilance Officer



Shri T. V. Reddy, IFS

Company Secretary



Shri Paul Antony

General Managers



Shri Debasish Dutta
GM (Projects)



Shri A. Rama Krishna Rao
GM (HR)



Shri S. K. Agarwal
GM (Finance & Commercial)



Shri Sivasubramanian
GM (R&D)



Shri G. V. R. Murthy
GM (BD & SS)



Shri D. Gopi Krishna
GM (OP & SP)

(As on 31.03.17)

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Mishra Dhatu Nigam Limited

10 Years at Glance

Figures in ₹ Lakh

Sl. No.	ITEM	2016-17	2015-16	2014-15	2013-14	2012-13
1	Sales (tonnage)	6,150	5,205	4,732	4,111	4,687
	Sales (Value)					
	..To customers	80,970.77	76,144.87	65,570.07	56,270.78	49,945.97
	..Despatch to sub-contractors	0.00	0.00	0.00	0.00	5,913.17
	Total	80,970.77	76,144.87	65,570.07	56,270.78	55,859.14
2	Value of Production (inclg. ED)	73,206.60	72,348.29	64,836.95	57,226.40	53,736.67
3	Cash Profit/Loss (-)	20,551.33	17,670.99	14,830.16	12,747.26	12,293.72
4	PBT	18,784.92	16,264.49	13,851.49	12,143.54	11,777.66
5	Net Profit/Loss (-)	12,729.16	11,989.33	10,212.80	8,246.29	8,251.83
6	Value Added	53,823.77	47,857.75	43,641.34	37,618.80	35,998.14
7	Value added per employee	71.57	62.31	52.20	41.61	36.88
8	Paid up Capital	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00
9	Gross Block	35,911.43	27,704.22	38,670.17	24,698.30	19,975.07
10	Net Fixed asset	32,737.74	26,295.74	24,427.97	11,547.79	6,817.41
11	Net current asset	47,862.25	47,879.87	39,777.47	27,165.47	27,921.73
12	Capital employed (10+11)	80,599.99	74,175.61	64,205.44	38,713.26	34,739.14
13	Equity	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00
14	Reserves	51,700.40	43,233.03	35,271.83	25,779.38	21,942.51
15	Net Worth (13+14)	70,434.40	61,967.03	54,005.83	44,513.38	40,676.51
16	Contribution to Exchequer	16,641.00	14,316.38	10,617.67	11,181.00	12,136.00
17	No. of employees (Nos.)					
	..Executives	228	228	242	253	267
	..Non executives	447	455	489	523	558
	..Non unionised supervisors	77	85	105	124	151
	Total	752	768	836	900	976
	Productivity per employee (₹ Lakh)	97.35	94.20	77.56	63.30	55.06

(Figures for F/Y 2015-16 and F/Y 2014-15 restated as per Ind AS)

Mishra Dhatu Nigam Limited

10 Years at Glance

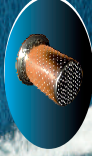
Figures in ₹ Lakh

Sl. No.	ITEM	2011-12	2010-11	2009-10	2008-09	2007-08
1	Sales (tonnage)	3,482	3,014	2,429	1,908	1,919
	Sales (Value)					
	..To customers	39,297.60	33,062.14	31,482.89	27,142.74	23,111.71
	..Despatch to sub-contractors	11,603.67	8,724.63	5,638.10	3,768.49	2,389.30
	Total	50,901.27	41,786.77	37,120.99	30,911.23	25,501.01
2	Value of Production (inclg. ED)	49,599.59	48,545.58	37,323.63	36,402.83	29,640.17
3	Cash Profit/Loss (-)	10,329.04	7,955.19	7,085.33	6,605.56	5,737.67
4	PBT	9,850.28	7,518.14	6,766.78	6,289.65	5,494.68
5	Net Profit/Loss (-)	6,845.49	5,090.02	4,455.52	4,114.63	3,548.93
6	Value Added	35,137.66	28,877.73	23,757.48	21,486.34	17,652.62
7	Value added per employee	33.40	25.76	19.95	17.48	13.97
8	Paid up Capital	18,334.00	18,334.00	14,634.00	14,634.00	13,734.00
9	Gross Block	18,703.81	17,693.55	15,454.37	14,228.28	13,810.98
10	Net Fixed asset	6,067.40	5,526.39	3676.82	2779.32	2667.90
11	Net current asset	39,507.00	30,310.00	22757.42	18485.64	16767.00
12	Capital employed (10+11)	45,574.40	35,836.39	26,434.24	21,264.96	19,434.90
13	Equity	18,334.00	18,334.00	14634.00	14634.00	13734.00
14	Reserves	18,045.30	15,461.46	12759.18	9341.50	6196.54
15	Net Worth (13+14)	36,779.30	33,795.46	27,393.18	23,975.50	19,930.54
16	Contribution to Exchequer	10,347.29	7,956.10	6,295.00	6,651.00	5,483.00
17	No. of employees (Nos.)					
	..Executives	250	258	255	249	249
	..Non executives	629	685	775	837	862
	..Non unionised supervisors	173	178	161	143	153
	Total	1052	1121	1191	1229	1264
	Productivity per employee (₹ Lakh)	47.15	43.31	31.34	29.62	23.45

**Manufacturer & Supplier of
T72 & T90 Gun Barrels,
Breech Rings & Ancillary Products.**

**Manufacturers of Super Alloys,
Titanium Alloys & Special Steels for
Critical Aeronautical Applications**

**Making our Presence Felt
from
“Deep Sea to Outer Space”**



MISHRA DHATU NIGAM LIMITED

NOTICE OF THE 43rd ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting of MISHRA DHATU NIGAM LIMITED will be held at 1000 hours on Monday, the 25th day of September, 2017 at the Registered Office of the Company, P.O. Kanchanbagh, Hyderabad – 500 058, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss for the year ended on that date and the reports of the Directors' and the Auditors' thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2017.

SPECIAL BUSINESS:

3. **Transfer to General Reserves:** 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 ₹ 120 Cr. to the General Reserves of the Company".
4. **Ratification of Remuneration to Cost Auditors:** To consider and if thought fit, to pass with or without modifications the following resolution as an **"ORDINARY RESOLUTION"**
"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹1,00,000/- exclusive of Service Tax, payable to M/s. S. S. Zanwar & Associates, Cost Accountants, as duly appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2016-17, be and is hereby ratified."

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



**PAUL ANTONY
COMPANY SECRETARY**

Place : Hyderabad,
Date : 02.09.2017

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 of the notice is annexed hereto.
- iii. The documents referred to in the Notice and accompanying Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 1100 hours and 1700 hours upto the date of the Annual General Meeting.
- iv. A copy of the audited Balance Sheet as at 31st March, 2017, 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 143(6)(b) of the Companies Act, 2013 and the reports of the Directors' and Auditors' thereon, is enclosed.
- v. The Dividend for the year 2016-2017 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 102 OF COMPANIES ACT, 2013

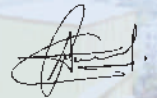
FOR ITEM: 3 - TRANSFER TO GENERAL RESERVES:

1. Since the year 2016-2017 has resulted in a distributable Profit of ₹ 126.31. Cr.; the Board of Directors have recommended to transfer a sum of ₹ 120 Cr. to the General Reserves of the Company and a sum of ₹ 37.89 Cr. towards payment of Final Dividend and ₹ 7.71 Cr. towards tax on Dividend, for the financial year ended on 31st March, 2017 subject to approval of 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 ₹ 120 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.

FOR ITEM: 4 - RATIFICATION OF REMUNERATION TO COST AUDITORS:

1. The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment of M/s S. S. Zanwar & Associates, Cost Accountants, upon annual remuneration of ₹ 1,00,000/- exclusive of Service Tax payable to conduct the audit of the cost records of the Company for the financial year 2016-17. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor is required to be ratified by members of the company.
2. Accordingly, members are requested to consider and ratify the remuneration payable to Cost Auditors for the year 2016-17 as set out in the resolution for the aforesaid services.
3. Your Directors commend the resolution for approval of the Members. None of the Directors of the Company is, in any way concerned or interested, in the resolution.

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



**PAUL ANTONY
COMPANY SECRETARY**

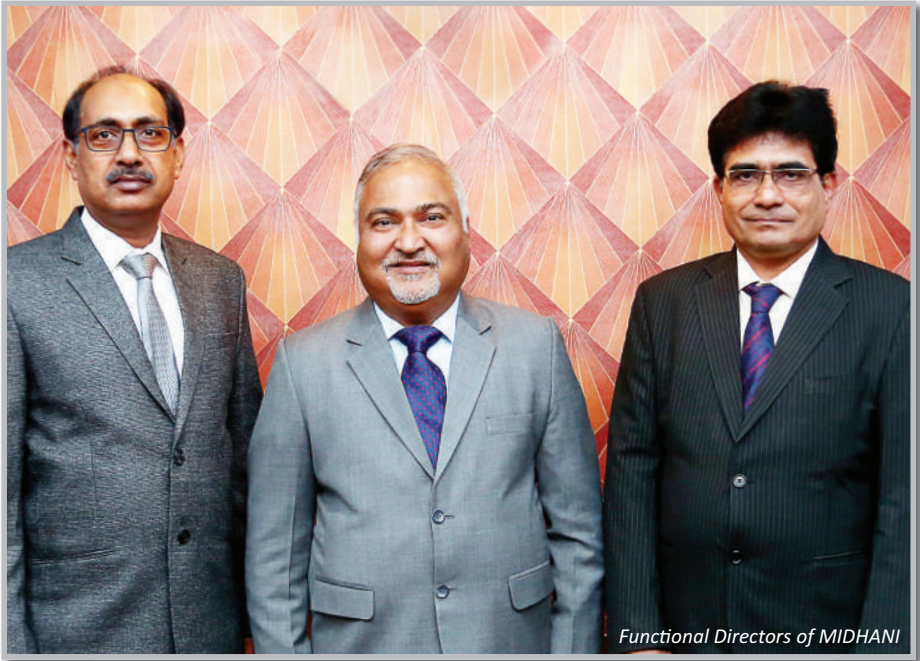
Place : Hyderabad,
Date : 02.09.2017



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Directors' Report



The Members
Mishra Dhatu Nigam Limited,
Dear Members,

On behalf of the Board of Directors, I have immense pleasure in presenting the 43rd Annual Report on the performance and achievements of your company for the year ended 31st March, 2017 together with Audited Statement of Accounts, Auditors' Report and Financial highlights.

1.0 SIGNIFICANT ACHIEVEMENTS during the year under report were:

- Impressive Compound Annual Growth Rate of 11.66% in Sales Turnover over the previous 6 years.
- **HIGHEST** ever achieved Sales Turnover of ₹ 809.71 Cr. surpassing the previous year sales of ₹ 761.45 Cr.
- **HIGHEST VALUE OF PRODUCTION** of ₹ 732.07 Cr. which is 1.19 % higher than the previous year.

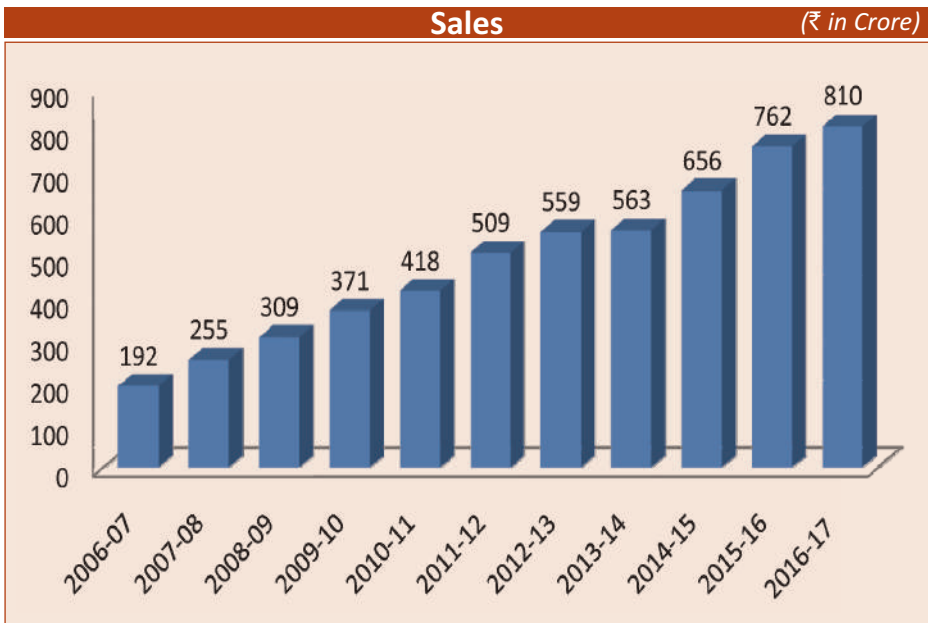
- **HIGHEST VALUE ADDED PER EMPLOYEE** of ₹ 71.57 Lakh which is 14.86 % higher than the previous year.

2.0 HIGHLIGHTS OF PRODUCTION & SUPPLIES

- New grades of steels and weld consumable required for strategic naval application were developed.
- Commercialization of newly installed in house manufactured 20T Electro slag Refining (ESR) Furnace was completed by melting of various grades like MDN 155, MDN 59, MDN 172, etc.

3.0 FINANCIAL HIGHLIGHTS:

3.1 Your Company has earned Profit before Tax (including other comprehensive income) of ₹ 187.85 Cr. during the year 2016-17 as compared ₹ 162.64 Cr. in the previous year. The Profit after Tax for the year stands at ₹ 127.29 Cr. as against ₹ 119.89 Cr. in the previous year.



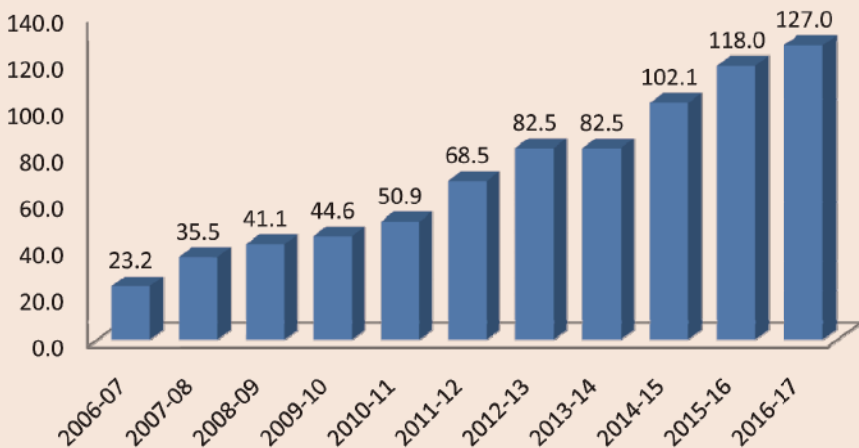
3.2 Your Company has achieved all the financial and operational targets set out for the year 2016-17. The high lights are as under:

(Figures in ₹ Lakh)

PARTICULARS	2016-17	2015-16
Sales (Less returns)	80,971	76,145
Other Income	2,338	2,900
Value of Production (Excluding ED)	69,564	67,854
Depreciation	1,766	1,407
Interest	468	419
Profit (before tax) (Excl. comp.inc.)	18,635	16,185
Profit (after tax) (Excl. comp. inc.)	12,631	11,937
Ratios (Percentages)		
Profit Before Tax to Capital employed	23.12	21.82
Profit Before Tax to Sales	23.01	21.25
Profit After Tax to Net Worth	17.93	19.26
Profit After Tax to Paid-up Capital	67.42	63.72
(Net) Sales to Capital Employed	100.46	102.65
Sales to Gross Block	225.47	274.85
Per Capita Sales (₹ Lakh)	107.67	99.15

Net Profit / Loss

(₹ in Crore)



4.0 DIVIDEND AND TRANSFER TO GENERAL RESERVE

- 4.1 The Directors are pleased to recommend a Final Dividend @ 30% on the PAT amounting to ₹ 37.89 Cr. Further an amount of ₹ 7.71 Cr. will be paid as Dividend Tax including surcharge. The rate of Dividend works out to ₹ 202.25/- per Equity Share of ₹ 1000/- on 18,73,400 Equity Shares.
- 4.2 In accordance with Ind AS, if an entity declares dividends to holder of equity instruments after the reporting period, the entity shall not recognize those dividends as a liability at the end of the reporting period. Accordingly, no liability has been provided towards Dividend and DDT for the FY 2016-17.
- 4.3 The Directors are happy to inform that a sum of ₹ 120 Cr. have been transferred to General Reserves of the Company, thereby accumulating the Reserve and Surplus to the tune of ₹ 517 Cr. Including other comprehensive income.
- 4.4 The performance of MIDHANI with respect to the Return on Investment in comparison to the previous year is as under

S.No	Parameters	2016-17	2015-16
1	Dividend	37.89	35.41
2	PAT	126.31	119.37
3	Net Worth*	658.74	577.05
4	Dividend/PAT (%)	30.00	30.00
5	PAT/Net Worth (%)	19.17	20.69
6	Dividend/Net Worth (%)	5.75	6.14

*Net worth is after considering Dividend for respective periods.

5.0 PERFORMANCE AGAINST MoU

- 5.1 For the F/Y 2015-16, MIDHANI has been awarded an “EXCELLENT” rating with a score of 97.06%. The MoU 2015-16 performance of MIDHANI is best amongst all the Defence PSUs and ranks among top 5% of all companies signing such MoUs.
- 5.2 For the year 2016-17 MIDHANI’s performance qualifies for an

overall “**EXCELLENT**” rating in respect of MoU signed with the Department of Defence Production.

- 5.3 For the Year 2017-18, MIDHANI has signed a MoU with Government of India to achieve an Annual Sales Target of ₹ 800 Cr. under excellent criteria. The lower projections are on account of the proposed revamping of critical and other old equipments/furnaces.

6.0 MODERNISATION, EXPANSION & UPGRADATION PROGRAM OF THE COMPANY:

- 6.1 The up gradation and modernization program of the Company over the last decade contributed towards setting up of additional facilities and increase in production tonnage capacity & product diversity. Thus the company has successfully positioned itself to serve existing & new customers in domestic markets.

- 6.2 Ongoing Projects that have been commissioned are:

- ✓ **EAF/LF/VD/VOD Facility:** Electric Arc Furnace (EAF) along with Ladle Refining Furnace (LRF) and Vacuum Degassing (VD) /Vacuum Oxygen Decarburizing (VOD) facility commissioned during the year has been successfully utilized & standardized for production and development of material for import substitution. The steel and other grades produced by this facility have significantly contributed towards sales turnover and additional production for the current financial year.
- ✓ **20T Electro Slag Refining Furnace (ESR):** The indigenously built 20 T ESR facility commissioned in previous year was stabilized during the year for different grades of products and has enhanced the capacity of secondary melts production, catered to the supplementary production. After successful commissioning of the furnace 38 heats were melted and have contributed to the sales turnover for the current financial year. Further it enabled MIDHANI to produce and venture new markets with large capacity forged and heat treated products.

- ✓ **10T Vacuum Arc Re-melting Furnace (VAR):** The indigenously built 10 T VAR facility commissioned during March 2016 has enhanced the capacity of secondary melts production, catered to the supplementary production and contributed to the sales turnover for the current financial year. This facility enables MIDHANI to develop aerospace quality Titanium products.
- ✓ **Wide Plate Mill:** The wide plate mill facility is the biggest capacity balancer in the downstream area to consume the increased melting capacity. The facility is being established under “Make in India” program in two phases i.e. Phase-1 and Phase-2 simultaneously. The complete facility is scheduled to be established within 30 months from the date of contract signing. The Phase-1 & Phase-2 equipments include Re-heating Furnace, Descaling unit, 4-Hi mill stack, Roller Tables, Dividing Shear, Leveler, Cooling Bed, Heat Treatment Furnace with Pressure Quench Leveler and all necessary electricals, automation & auxiliary systems and necessary building & structures. The mill would create in-house capability to develop and manufacture heavy plates of various special alloys for strategic requirements of Ordnance, Naval, Missile, Aerospace, Atomic energy, etc.
- ✓ **Reheating Furnace and Heat Treatment Furnaces:** Establishment of new additional furnaces to increase utilization of new 6000T forge press and Ring Rolling Mill facility; Replacement of old furnaces that have outlived their life was planned in previous year. In total four nos. of LPG fired bogie hearth furnace of latest technology are finalized. Two nos. of new furnace of capacity 20T & 60 T and two nos. replacement furnace of capacity 30T & 90 T is finalized during the year and commissioning of all the furnaces is scheduled during 3rd & 4th quarter of 2017-18.
- ✓ **Revamping of 1500T Forge Press:** The 1500T Forge Press is about 30 years old and due to heavy usage the equipments availability has gone down and as scheduled, the indigenous

revamping of the 1500T Forge Press was successfully completed by 10.1.2017. Thus this has paved way for the further identified equipment replacement by the OEM. The PO for the same has been released on OEM and the work is likely to commence in the coming financial year.

- ✓ **Upgradation of VAR-I:** The work for upgradation of VAR-I was started in the month of July 2016 and completed in the month of August 2016 and released for production. Following successful upgradation of the furnace, 134 heats were melted in the furnace.
- ✓ **4 MW Grid Connected Solar Power Plant:** A 4 MW Solar power plant is being established near MIDHANI Township. The power generated by the solar power plant will have grid connectivity to Distribution Company. The power plant is expected to be complete by end of March 2018. Further a 60 KW Solar Roof Top Solar Power Plant is also proposed to be setup during coming financial year.
- ✓ **New Welding Electrode Plant:** The New Welding Electrode Plant established in the existing KAPP shop area was commissioned in September 2016. About 150 T of welding electrodes of various sizes and grades were manufactured and contributed towards sales turnover during the financial year. The special welding electrodes are used for naval application and in other strategic areas. The electrodes produced with the new facility have lower rejection rate and lower processing time, better surface finish & quality and lower production cost. Thus setting up the facility has enhanced our competitive, qualitative and quantitative edge in electrode manufacturing area.

6.3 Other New Projects Planned in next Three Years are:

- ✓ **Construction of Spring Manufacturing Plant:** A proposal for construction of spring manufacturing plant for manufacture and supply of Helical Compression Springs for supply to the Railways (for Wagons, Coaches and Locomotives) is under

consideration. MIDHANI has entered into MOU with M/s Braithwaite for supply of springs for their CASNUB bogies.

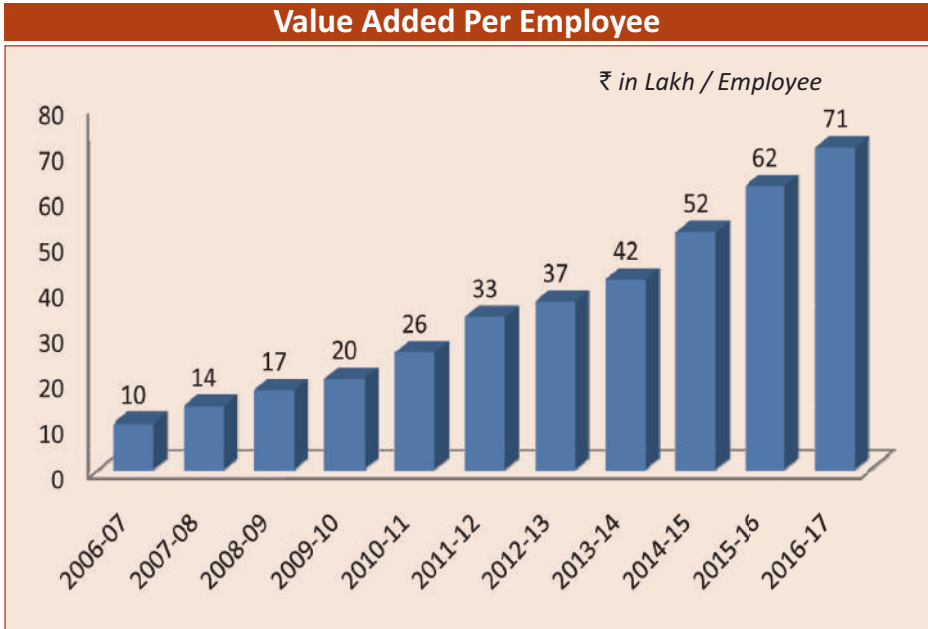
- ✓ **Carbon Fiber Manufacturing:** After implementation of MoU signed with NAL for development of aero quality carbon fibers, it is planned to set up production level plant with involvement of key stakeholders.
- ✓ **Tungsten Powder Facility:** MIDHANI and NMDC Limited have signed an MOU for Tungsten – Mining & Development of Processing Technology in October 2016. The Feasibility report for setting up of Ammonium Para Tungsten (APT), Tungsten powder & Tungsten carbide plant is prepared and a consultancy firm has been appointed for undertaking consultancy services for setting up of the Tungsten plant in the existing premises.
- ✓ **Armour projects:** MIDHANI has ventured into different armour products like Bullet Resistant Jackets, Armouring of vehicles, supply of morcha's, Fibres / Fabrics for bullet resistant jackets etc. and all these are in different stages of implementation. These are likely to be completed during the next financial year. Further MIDHANI is planning to set up a dedicated Armour Plant, at Rohtak, Haryana. The facility is likely to come up during the next financial year.
- ✓ **Aluminum Alloys:** MIDHANI has signed an MOU with NALCO for setting up of Aluminum Alloy Plant. Thus venturing into new products for use in aero, auto sector and import substitution.

7.0 FUTURE OUTLOOK:

- 7.1 The year 2016 -17 Company accelerated its actions for expansion and establishment of new facilities in areas of tungsten powder, carbon fiber, armour products, valve steel, tool/die steel, rings, cast products, etc.
- 7.2 Further, the future expansion plans of your company includes establishment of closed die forging, steckel mill, alloy powder production, 3 D printing, casting facility, etc.

8.0 LABOUR PRODUCTIVITY:

8.1 The value added per employee during the year rose to ₹ 71.57 Lakh when compared to ₹ 62.31 Lakh in the previous year.



9.0 CAPACITY UTILISATION:

- 9.1 During the year, various measures viz., process improvements, reduction in production cycle times, reduction in equipment down times have been undertaken to increase capacity utilization.
- 9.2 Your company has achieved a capacity utilization of 6107 MT for the year under report. The details of Capacity utilization is as under:

Year	Capacity Utilization (MT)
2016-17	6107
2015-16	5244
2014-15	4739

MISSION:

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

10.0 OPERATIONAL EFFICIENCY:

- 10.1 During the year under review, your company targeted yield improvement of its top three grades and has achieved a yield improvement of 0.80% against the baseline of previous year. The yield details are as under:

Year	Yield (%) (Top three Grades)
2016-17	40.90
2015-16	40.10

- 10.2 Your company has made significant progress and achieved a reduction of 86.66% in claims against the company not acknowledged as debt over previous years. Major part of reduction was contributed by MIDHANI winning an appeal against Excise department on account of demand for clearance of goods to VSSC and LPSC without payment of duty.
- 10.3 The speed with which a company can gainfully sell inventory is a critical measure of business performance and your company has reduced the number of days of inventory of finished goods and work in progress to sale of products from 97.22 days in 2015-16 to 53.43 days in 2016-17. Marketing efficiency ratio of 53.43 days is a significant reduction over the previous years.
- 10.4 Trade receivables as a percentage of revenue from operations was 35.63% during the year under review. The lag in collection of debts was primarily on account of the budgets getting exhausted at our customers' end, which are primarily Government Departments / agencies. Your company is targeting significant improvement in this area in the coming years.

- 10.5 Your company has achieved reduction in liquidated damages by 47.56% as percentage of turnover over previous year during the year under review, indicating better adherence to delivery schedules and improvement in delivery cycles.

Year	Liquidated Damages (₹ Cr.)
2016-17	9.96
2015-16	17.66

11.0 DEVELOPMENTS OF NEW PRODUCTS THROUGH R&D EFFORTS:

- 11.1 An expenditure of ₹ 14.03 Cr. was incurred towards R&D for Financial Year 2016-17. MIDHANI's R&D has been involved in the area of new grades & products development for its customers, Process development and modification and Yield improvement.

- 11.2 The R&D initiatives undertaken by your company during the year are mentioned below:

- ✓ Recognizing Industry-academia cooperation critical for technology leap, MoU have been signed with IIT Kanpur, IIT Roorkee and IIT Hyderabad. The partnership will focus on Research Development in the areas of product, process and new alloys designs apart from training & development activities.
- ✓ During the year, new alloys MDN9201, for power transmission gears and pinions of HAL Helicopter Projects and MDN 713C cast & Hipped blades for turbocharger of diesel locomotives of Railways have been developed.
- ✓ Business potential for large diameter tubes and long length pipes for Aluminum cast house and naval applications were identified and the products have been developed with in-house forging facilities and are expected to be put to use in near future.
- ✓ Type certification and Indigenous development of various titanium alloys of Russian origin like PT7M, PT3B, PTBM, PTI-0 & PTIM have been successfully taken up.

- ✓ For the first time in the country, large forgings of Superalloy 617CC have been developed for Advanced Ultra super critical thermal power plant application.
- ✓ Process technology for high strength INVAR alloy wires for electrical transmission lines has been developed.

12.0 ENERGY CONSERVATION:

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

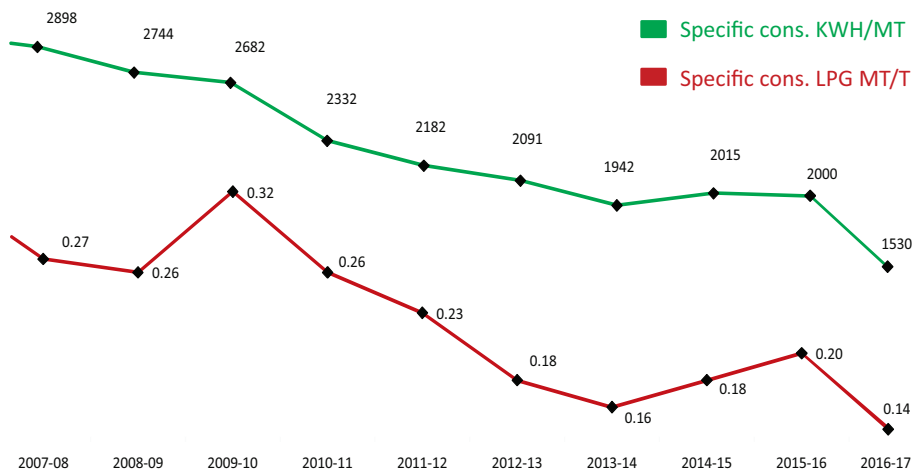
- For the first time at MIDHANI an Independent Organization, The Energy and Resources Institute (TERI) has carried out Energy Audit in all shops and suggested energy conservation methods. Most of the Short terms methods suggested by M/s TERI were completed. Medium and long term energy savings methods are being carried out.
- LED Lighting Systems for street and Bay lights 350 Nos., full diffuser LED lights 100 Nos. changed with an expenditure of ₹ 27 lakh. Resulting in lighting power savings of 50% compared to conventional lights.
- Demand enhancement from 10000KVA to 16000KVA implemented from September 2016 has resulted in savings ₹ 1.9 Crore in Electricity bills.

12.2 Base line survey for energy was taken up for the major items during the year 2016-17. MDN 172 grade in Steel and Titan 31 in Titanium products being major grades of production constituting more than 30% each of total production of MIDHANI, were considered for Base line survey for energy consumption. Based on the trend analysis and benchmarking with the past specific consumption achieved till 2015-16, the figures for Baseline, specific power consumption for 2016-17 a percentage reduction of 9.34% was achieved for MDN 172 melting and 1.09% for TITAN 31 Melting respectively.

12.3 The summary of consumption of Electricity and LPG for the financial year 2016-17 was as follows:

S.No	ITEM	UNITS	2016-17	2015-16
1	Total consumption of Electricity:	KWHr (in Crore)	4.54	3.86
2	Total consumption of LPG	MT	4049	3911
3	Specific Consumptions -			
	- Electricity Per MT of Production:	KWHr/T (Prod.)	1530	2000
	- LPG per MT of Prod.	MT(LPG)/MT(Prod.)	0.14	0.20

Energy Conservation



13.0 MARKETING & BUSINESS DEVELOPMENT:

13.1 During the year under review, MIDHANI could secure orders worth ₹ 320.27 Cr. and letter of intent for orders worth ₹ 115 Cr. The cumulative orders on hand as on 01.04.2017 was to the tune of ₹ 650.5 Cr. New orders were low due to economic slowdown and pending budget allocations to key projects. However, orders from non mandated sectors such as Railways, forging companies

and Oil & gas sectors were initiated and development orders were secured by your company. With entry into these new sectors, It is expected that order booking will improve during the coming years.

13.2 The breakup of orders booked is as under:

(₹ in Cr)

Sector	Total value of the orders
Defence	225.78
Space	59.68
Others	34.81
Total	320.27

13.3 **New Products / Market Development:**

New Products: The following new products were added to your company's product profile and supplied to Customers:

- Cobalt base Super Alloy MP 35N
- Iron base Hydrogen compatible Super Alloys
- Titanium alloy based received body for 5.56 mm Caliber small arms.
- Development order for supply of Inconel 713 grade investment cast turbine blades for Indian Railways.
- Armoured products viz. Bullet Proof Morchas and Wide Armour Plates.

Market Development: During the year, 6 new customers have been added to MIDHANI clientele. Development of springs for Wagons for Indian Railways, Bulb bars, Engine valve material, ESR grade rolled products and Invar material for power transmission lines are some of the new markets identified by MIDHANI.

13.4 The total orders executed during the year under review were to the tune of ₹ 773.28 Cr. and the sector wise sales executed is as below:

(₹ in Cr)

SECTOR	TOTAL VALUE OF THE SUPPLIES
Defence	553.36
Space	173.47
Others	46.45
Total	773.28

13.5 **EXPORT INITIATIVES:**

12.6.1 During the year 2016-17, to promote export of its products MIDHANI has floated an E.O.I for appointment of export agents and response were received from 4 agents and the terms and conditions for their appointment are being finalized.

12.6.2 MIDHANI is in discussions with M/s GE Aviation for manufacturing and supply of aero castings and forgings.

14.0 **RISK MANAGEMENT:**

14.1 **MIDHANI** has a Board approved Risk Management Policy and the Risks involved at the various processes in MIDHANI are also being discussed in the internal Production Review Meetings and Corporate Management Committee Meetings. The identification of the risk elements faced by the company is listed out at Point 6 of Management Discussion and Analysis placed at **APPENDIX VI** and also listed out in the form of SWOT analysis placed at **ANNEXURE – VII**.

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 executed orders worth of ₹ 13.35 Lakh during the year.

15.2 **FASTENERS:**

MIDHANI supplied fasteners worth ₹ 662 Lakh during the F/Y 2016-17.

16.0 CUSTOMERS MEET & SEMINARS:



*Dr. D.K. Likhi, C&MD, MIDHANI seen addressing the Customer Meet on Missile Sector held at MIDHANI on 07.06.2016 along with Dr. G. Satish Reddy, Scientific Advisor to Raksha Mantri.
(Inset) Dr. D.K. Likhi, C&MD, MIDHANI inaugurating the Customer Meet.*

16.1 CUSTOMER MEET:

16.1.1 MIDHANI organized Customer Meet focused on Missile Sector on 7th June 2016 at MIDHANI. The focus was given for sharing experiences and to discuss on future projects and requirements. Dr G. Satish Reddy, Scientific Advisor to Raksha Mantri inaugurated the meet.

16.1.2 Joint Review Meeting with all Ordnance Factories was organized in MIDHANI on 4th November, 2016. This meet was inaugurated by Shri. V. P. Yajurvedi, DGOF & Chairman OFB. Senior Officials from 12 Ordnance Factories participated and provided their feedback about products supplied by MIDHANI. Futuristic requirements were also discussed for development.

16.2 EXHIBITIONS/SEMINARS:

During the year MIDHANI participated in four National Exhibitions

16.2.1 MET 2016 & HTS 2016 International Exhibition & Conference organized by ASM International and TAFCON at Mumbai during 12th to 14th October, 2016.

16.2.2 International Conference on Advances in Materials & Manufacturing (ICAMM 2016) organized jointly by DRDL & Deptt. Of Mech. Eng. Osmania university at Hyderabad

during 8th to 10th December, 2016.

16.2.3 Vibrant Gujarat Global Summit 2017 organized by Gujarat Government at Gandhinagar from 9th to 13th Jan, 2017.

16.2.4 Aero India 2017 International Exhibition organized by Defence Exhibition Organization, MoD, Gol at Bangalore during 14th to 18th Feb, 2017.

17.0 QUALITY CONTROL & ASSURANCE:

17.1 The QMS of MIDHANI has been granted continuation of AS 9100 Rev C certification by M/s ULQDS (Accredited by ANAB) for conformance to the requirements by the Audit team during the Surveillance Audit held in November 2016.

17.2 The Laboratory Management systems of Chemical & Mechanical testing laboratories of MIDHANI have been granted continuation of Accreditation by NABL for conformance to the ISO 17025:2005 requirements vide Desktop surveillance audit.

17.3 MIDHANI has successfully carried out Indigenous development & Aeronautical Type testing of 03 Heats of MDN 9201A (ZFNL 9201) & 01 Heat from TITAN 10-2-3. Provisional clearance for the same has been accorded.

17.4 As a part of the enhancement of the test facilities planned, procurement process for the state-of-art XRF Spectrometer is completed in a short span.

17.5 The implementation of ERP QC Module has been initiated for the first time during the FY 2016-17 and test certificate was successfully generated through ERP system for MDN 172 slugs under supply to Ordnance Factories.

QUALITY POLICY :

MIDHANI shall provide Quality Metal and Alloy Products that consistently meet all applicable requirements. MIDHANI remains committed to enhancement of customer satisfaction by continually improving the effectiveness of Quality Management System to drive Organizational Performance.

18.0 SUPPLY CHAIN MANAGEMENT PERFORMANCE:

18.1 **Integrity Pact:** To ensure transparency and integrity of all contracts, MIDHANI is signing "Integrity Pact" with respective

bidders in all procurement indents of estimated value exceeding ₹ 1Cr. Presently Shri. N. Vinod Kumar is holding the position of Independent External Monitor (IEM) for MIDHANI. Integrity Pact was signed for 66 contracts valuing over ₹ 1Cr. during the year 2016-17. During the year 2016-17, the threshold limit for signing Integrity Pact has been reduced to ₹ 50 Lakh from ₹ 1 Cr. and 31 IP contracts were signed valuing between ₹ 50 Lakh to ₹ 1 Cr.

18.2 **E-Procurement:** In order to bring more transparency in procurement, MIDHANI is maximizing procurement through e-procurement process. During 2016-17, about 84% of total procurement other than the unavoidable cases was done through e-procurement mode.

19.0 INDIVIDUAL AWARDS:

- ✓ **National Metallurgist Award (2016) to Dr Dinesh Kumar Likhi, C&MD:** National Metallurgist Award for Industry instituted by Ministry of Steel, Govt of India was bestowed upon Dr. Dinesh Kumar Likhi, C&MD, MIDHANI in recognition of his outstanding leadership foresightedness and contributions to the growth of Steel Industry in India by Shri. Vishnu Deo Sai, Hon'ble Minister



Dr. D.K. Likhi, C&MD, MIDHANI receiving the National Metallurgist Award from Shri. Vishnu Deo Sai, Hon'ble Minister of State, Ministry of Steel on 14.11.2016.

of State, Ministry of Steel at the 54th National Metallurgists Day (NMD) organized at IIT, Kanpur on 14.11.2016.

- ✓ **Udyog Rattan Award:** Udyog Rattan Award was presented to Dr. Dinesh Kumar Likhi, Chairman & Managing Director by the Institute of Economic Studies (IES) on 23rd April 2016.
- ✓ **National Vigilance Excellence Award:** “National Vigilance Excellence Award” was awarded to CVO, MIDHANI by CVC during the anniversary of Vigilance Study Circle, Hyderabad. Shri. K. V. Chowdary, Central Vigilance Commissioner (CVC) presented the award to Shri. T V Reddy, IFS, CVO, MIDHANI on 06th July 2016.

20.0 COMPANY PERFORMANCE AWARDS:

- ✓ **Corporate Vigilance Excellence Award:** The Corporate Vigilance Excellence Award for the year 2016-17 under “Metallurgy Sector” was conferred on MIDHANI in recognition of exemplary work done in the area of preventive vigilance. Shri K. V. Chowdary, Central Vigilance Commissioner (CVC) presented the award to Shri T. V. Reddy, IFS, CVO, MIDHANI at the 8th Conclave of Vigilance Officers organized by the Institute of Public Enterprise (IPE), Hyderabad on 3rd March 2017.



Shri. T.V. Reddy, CVO, MIDHANI with other officials of MIDHANI receiving the Corporate Vigilance Excellence Award for the year 2016-17 conferred on MIDHANI.

- ✓ **SKOCH AWARDS – 2016:** Sustainable and Balanced Business Performance was awarded to MIDHANI on 8th June 2016. Award was presented by Shri. Sameer Kochhar, Chairman Skoch Group.
- ✓ **Excellence Award:** Excellence Award was presented to MIDHANI by “Institute of Economic Studies” on “Economic Development” on 23rd April 2016.



MIDHANI being conferred with 'Excellence Award' on 23.04.2016

21.0 HUMAN RESOURCE DEVELOPMENT:

21.1 HUMAN RESOURCE has been recognized as the most important asset of our organization. MIDHANI continues to aim at building a motivated, committed and satisfied work force to achieve its organizational goals. Today HR Management has transformed to a strategic function from that of a conventional/traditional support function. MIDHANI recognizes that the most important asset is its employees and that could be a major differentiator in the face of competition from world over. Keeping in view the current trends, several HR Policies have been updated, modified and introduced.

21.2 During the year under review, special emphasis was given

for development of SC, ST, OBC, PWD and Minorities among employees. Emphasis was placed on continuous up-gradation of employee knowledge and skill through appropriate training and development modules.

21.3 The total manpower strength under Permanent Category of your Company as on 31st March 2017 is as under:

Particulars	Non-Executives	Non-Unionized Supervisors	Executives	Total
Male	402	75	204	681
Female	45	2	24	71
Total	447	77	228	752
<i>Excluding Directors. Statement showing the representation of SC/ST/OBC/PH and their recruitment etc., are given in Appx:I</i>				

22.0 PARTICULARS OF EMPLOYEES:

22.1 During the year under report your Company had no employee covered under Companies (Particulars of Employees) Amendment Rules, 2011.

23.0 INDUSTRIAL RELATIONS:

23.1 The industrial relations scenario continued to be peaceful and cordial during the year under report. The management continues to receive maximum support and cooperation from the employees as in the past. The management provides proactive, compassionate human relations by creating an atmosphere of mutual trust, participative management, up-gradation of compliance level in line with strategic philosophy of the organization and influence the employee's performance.

24.0 TRAINING & DEVELOPMENT:

24.1 During the year under report, 1579 man days of training program were arranged for 321 Executives (including Non Unionized Supervisors) and 162 Non-executives i.e. 483 Employees, for both in-house and external training programs, Seminars, Conferences, Symposiums and Workshops.

- 24.2 **Induction of SOTs / JOTs – 2014-15 Batch:** 10 Diploma Engineering SOTs & 44 ITI Trades JOTs in various discipline / trades were inducted during the year. The SOTs/JOTs have been imparted structured training programs and on successful completion of the training, all the SOTs/JoTs have been inducted into regular cadre employees.
- 24.3 Under the industry - Academia - interface programme 13 Plant visits were organized during the year, about 320 professionals/ executives/ employees from various organizations such as Ordnance Factories, BRAHMOS, DRDO, Goa Shipyard Limited and about 165 students from reputed institutions visited MIDHANI for observation study. 50 Engineering Students from various branch of engineering from reputed Institution/ Colleges were also permitted to carry out projects/Internship training as a part of their academic curriculum.
- 24.4 MIDHANI is committed to fulfill its obligation under Apprentice Act 1961. Under the scheme 24 Sandwich Diploma Engineering (Metallurgy) students from Govt. Polytechnics have got On job Training for a period of six months in 2 batches, 35 trade apprentices in Electrician, Fitter, Welder, Machinist & Turner have been engaged for on job Training for one year and likewise 39 Graduates Apprentice (GATs) and 6 Technician Apprentice (TATs) under the scheme of BOAT, Chennai have been engaged for one year training.
- 24.5 **National Productivity Week Celebration-2017:** The National Productivity Week 2017 was celebrated from 12th to 18th Feb., 2017. The Theme of this year is “Waste to Profits through Re-use, Reduce and Recycle”. In association with National Productivity Council, Hyderabad, essay writing competitions were conducted and the runners up and winners were presented with mementoes.

25.0 STATUTORY & SOCIAL OBLIGATIONS:

25.1 CORPORATE SOCIAL RESPONSIBILITY:

- ✓ The Corporate Social Responsibility and Sustainable Development Policy of MIDHANI in line with the Companies

Act 2013 was approved by the Board of MIDHANI. For the year under review MIDHANI has incurred its highest ever expenditure of ₹ 2.88 Cr for CSR activities and the cumulative CSR expenditure incurred over the years has crossed ₹ 14 Cr.

- ✓ As a part of Corporate Social Responsibility towards the weaker section of the society and the children of the weaker section, Company has awarded cash prize 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 15th August 2016.
- ✓ An annual report on the CSR activities of the company giving the composition of the CSR Committee in MIDHANI as mandated under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is also placed at **APPENDIX-II**.
- ✓ The projects taken up by your company during the year under report for CSR activities is as under:
 - (i) Promotion of Health Care and Sanitation (3 Projects)
 - (ii) Promotion of Education (3 Projects)
 - (iii) Skill Development (2 Projects)
 - (iv) Sports Development (1 Project)
 - (v) Others
- (i) **Promotion of Health Care and Sanitation:**
 - **Improvement of sanitation at Govt. Schools:** Construction of Toilets under Swachh Bharat Scheme 8 Nos. including Maintenance for benefit of approx. 500 students, both boys and girls. All toilets have been maintained on annual maintenance basis to encourage students to use toilets. Expenditure in 2016-17 was ₹ 31.22 lakh.



Toilets constructed by MIDHANI under 'Swachh Bharat' initiative.

- **Distribution of Aids & Appliances to Disabled persons:** Approx. 115 persons of various disabilities such as Orthopedic, Hearing Impairment, Visually Impaired were provided with Tri-Cycles, Wheel Chairs, Walking Sticks, Hearing aids etc. All beneficiaries belong



MIDHANI Officials with the recipients of Tri-cycles supplied by MIDHANI under its CSR initiative.

to BPL & Poor families identified by District Rural Development Agency of Nalgonda Dist. of Telangana. Expenditure in 2016-17 was ₹ 25.07 lakh.

- **Contribution to Swachh Bharat Kosh:** During the year 2016-17, Company has contributed ₹ 15 lakh to Swachh Bharat Kosh.

(ii) **Promotion of Education:**

- **Sponsoring 20 Seater School Bus to M/s Thakur Hari Prasad Institute of Research and Rehabilitation:** The Institute was founded for multidisciplinary approach to rehabilitate persons with mental handicap. There are around 250 students of different age group. Children with disabilities face multiple barriers because of their mobility implications in every mode of travel due to impairment. To help the organization to bring these disabled students to the Institute a specially designed 20 seater vehicle was sponsored. Expenditure in 2016-17 was ₹ 14.04 lakh.



20 seater School Bus donated by MIDHANI under CSR initiative to M/s Thakur Hari Prasad Institute of Research on Rehabilitation.

- **Mid-day meal to Govt. Schools:** MIDHANI has sponsored Mid-day meal for approx. 4500 Children in 4 Mandals of Medak Dist through M/s Akshya Patra Foundation. Expenditure in 2016-17 was ₹ 40.00 lakh.
- **Donating Specially Designed Vehicle:** In Hyderabad, M/s Akshayapatra serves 60000 children feeding 454 schools in Medak District. To ensure timely delivery of hot meals, MIDHANI has donated a specially designed vehicle to M/s Akshayapatra. Expenditure in 2016-17 was ₹ 15.00 lakh.



Dr. D.K. Likhi, C&MD, MIDHANI and Functional Directors, MIDHANI handing over specially designed vehicle key to representatives of M/s Akshayapatra.

(iii) Skill Development:

- **Adoption of ITI, Alwal:** As per the MoU signed between Ministry of Defence (MOD) and Ministry of Skill Development and Entrepreneurship (MSDE), one of the activities

was “ADOPTION OF ITI”. In this regard Company has signed MoU with Director, Employment & Training, Telangana State for adoption of ITI at Alwal District. As per the scope of the MoU, Company will provide assistance for various civil works such as construction of compound wall & toilets, up-gradation of computer lab, civil renovation of hostel building, workshops, furniture for class rooms, setting up of library furniture, fans & tube lights, financial assistance for employment of teaching staff, etc. The execution is still under progress. Expenditure in 2016-17 was ₹ 6.19 lakh.

- **Construction of Training Centre:** As envisaged in CSR-policy of MIDHANI, efforts were made to set up skill development centre. Accordingly Construction work of Skill Development Centre cum Centre of Excellence has been taken up. Expenditure in 2016-17 was ₹ 54.82 lakh. The construction work is in progress.

(iv) **Sports Development:** During the year 2016-17, Company has contributed ₹ 10 lakh towards sports development.

(v) **Others:** Other CSR expenditure during 2016-17 was ₹ 76.28 Lakh.

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

- ✓ Your company has always believed in providing a safe and harassment free workplace for every individual working in the company and women in particular, with an environment that is free from discrimination and harassment including sexual harassment. Company has in place a robust policy on prevention of sexual harassment at workplace. There is an

Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy. During the year under review the Internal Complaints Committee (ICC) has not received any complaint pertaining to sexual harassment.

25.3 CONTRIBUTION TO EXCHEQUER:

- ✓ Your Company contributed an amount of ₹ 16641.08 Lakh in the form of Duties, Sales Tax, Income Tax and Surcharge during the year 2016-17 as compared to ₹ 14316.38 Lakh in the previous year.

25.4 EXTRACT OF ANNUAL RETURN:

- ✓ The extract of annual return as provided under sub-section (3) of section 92 of Companies Act 2013 is enclosed at **APPENDIX – III**

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

- ✓ Report on conversation of energy, technology absorption and foreign exchange earnings and outgo is enclosed at **APPENDIX - IV**

25.6 EMPLOYEE WELFARE:

- ✓ As a part of welfare initiative, to boost the morale and loyalty of employees towards MIDHANI and also to give exposure to young graduates, MIDHANI has introduced Industrial Programme for the wards of employees who are on the rolls of the company and wards of the employees who expired while in service under CSR.
- ✓ Education Scholarships: (WG-0 to WG-5): The Wards of Workmen who get a minimum 'pass' in the previous class (1toX) and goes to the next higher class is eligible for Education Scholarship of ₹ 300/- per month.
- ✓ Merit Scholarships: Applicable to all Employees of the

Company. The ward of the employee who is studying in a class (I to X) and stood 1st & 2nd rank in the final examinations in the previous class is eligible for merit scholarship ₹ 6000/- and ₹ 3000/- per annum respectively.

- ✓ Post Retirement Medical Schemes has been implemented for all Executives and Non-Unionized Supervisors. MIDHANI also provides Education Scholarship for wards of Workmen/employees of MIDHANI studying in BPDVA School.
- ✓ Under the Talent Retention Scheme, three Employees were awarded Best Employee of the year in Executive, NUS and Non-Executive category.

25.7 SOCIAL OBLIGATIONS/WELFARE PROGRAMMES:

- ✓ During the year under review, monetary awards were presented to meritorious students/children of our employees of SC, ST and OBC categories @ ₹ 1000/- per child in each category who scored highest percentage 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 2016. The awards were presented on 15th August 2016.
- ✓ 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.

25.8 EMPOWERMENT OF WOMEN:

- ✓ During the year under report MIDHANI has extended all facilities as per the statutes for the welfare of all its women employees. MIDHANI is providing the necessary platform for women employees to realize their potential, take personal responsibility for performing the job with commitment and take pride in what they do and contribute to achieve the organizational goals.
- ✓ Women employees of MIDHANI belonging to Executive,

supervisory and Non-Executive cadre are spread out throughout the Company right from Material procurement, production, maintenance, dispatches to support services such as Civil, Finance, HR, Marketing etc. There are a total of 71 women employees collectively working at par with men towards achieving the Company goals.

- ✓ To encourage women employees to strengthen their technical skills and overall grooming, Management nominates for in-house as well as external training programmes. Some of them were also sent abroad for training on new equipment's operation and maintenance.



Shri. Sanjeev Singhal, Director (Finance), MIDHANI addressing the women employees of MIDHANI during the International Women's day celebration held at MIDHANI.

- ✓ On the occasion of International Women's Day, Comprehensive Health checkup was conducted for spouses of employees who are above 40 years as a part of MIDHANI's commitment to the overall health and well being of its employees and their families. The teaching staff of MIDHANI administered BPDVAV School was also covered

in the above exercise and an expenditure of about ₹ 39.5 lakh was incurred for the same.

25.9 ENCOURAGING SMALL FAMILY NORMS:

- ✓ MIDHANI continues its commitment to encourage small family norms among its employees as a part of Government Policy. 241 Employees are availing the Small Family Incentive benefits at MIDHANI.

25.10 IMPLEMENTATION OF RTI ACT 2005:

- ✓ MIDHANI a Public Authority under RTI Act 2005 continued to discharge its obligations. The number of information seekers has gone up considerably during the year. MIDHANI has received 53 RTI applications including online applications during the year 2016-17.
- ✓ In order to have access to information for the Citizens and also as a part of company's philosophy and corporate governance, MIDHANI's web site was updated on continuous basis by uploading the company's news and developments.

25.11 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 Rule 1976 and as per the orders issued by Government of India from time to time. The quarterly meeting of Official Language Implementation Committee (4 nos.) were held under the Chairmanship of Chairman & Managing Director of the Company.
- ✓ "HINDI FORTNIGHT" celebrations were organized for improving awareness and use of Official Language from 1st to 14th September 2016. Hindi Diwas was celebrated on 14th September 2016, the 16th Edition of Techno Commercial Annual Hindi House Magazine "SANKALP" was released.
- ✓ During the year under review to encourage the use of

Hindi in day-to-day official work, a total of 15 employees in Praveen and 17 employees in Pragya Courses were trained. Four (4) Hindi Awareness Workshops were organized for about 117 employees.

25.12 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 procured from SME units stands at ₹ 52.31Cr. during 2016-17.
- ✓ **MSME Vendor Meet:** MIDHANI organized a vendor meet for MSME Entrepreneurs on 27th July, 2016. Representatives from over 50 companies participated in the meet. A detailed presentation was given on the benefits being extended to MSMEs by MIDHANI.

25.13 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 thousands of plants of more than 50 species constitutes the green belt in and around MIDHANI. A Peacock Sanctuary is also maintained at our premise which is providing a conducive atmosphere for the Peacocks.

26.0 VIGILANCE:

- 26.1 During the year under review, Vigilance profiles of senior officers including Board level officers have been uploaded in NIC-DoPT portal created to facilitate technology based online vigilance clearance.
- 26.2 As a part of the Vigilance Awareness Week observed from 31.10.2016 to 05.11.2016 with the theme of "Public participation in promoting Integrity and eradicating Corruption", five different schools/colleges were identified and competitions were conducted to create vigilance awareness. An issue of the in-house

magazine of the Vigilance Department “Jagruti” and a hand book on “RTI Act’ were published and circulated during the week apart from several other activities.



(L to R) Shri. T.V. Reddy, CVO, Dr. D.K. Likhil, C&MD & Shri.S.K. Jha, D(P&M) seen releasing the hand book on ‘RTI Act’ during the Vigilance Awareness Week held at MIDHANI.

26.3 A special lecture cum interactive session on “Role of CBI and its co-ordination with Departments” by Shri. A. Y. V. Krishna, Jt. Director, CBI Hyderabad Zone was conducted at MIDHANI involving MIDHANI, BDL officers and members of Vigilance Study Circle, Hyderabad.

27.0 VIP VISITS:

27.1 Shri. M. Rajakannu, Director General at DGAQA, Department of Defence Production, Ministry of Defence visited MIDHANI on 21.05.2016.

27.2 Ms. E. Parameswaran Nivedita, Principal Director of Commercial Audit visited MIDHANI on 24.06.2016

27.3 Shri. K. Durga Prasad, DG, CRPF visited MIDHANI on 26.08.2016

- 27.4 Shri. K. N. Vyas, Director, BARC & Member, Atomic Energy Commission visited MIDHANI on 15.12.2016
- 27.5 Shri. S C Sati, OS, Director General (NS&M), DRDO along with Mr. Sameer V Kamat, Director, DMRL visited MIDHANI on 17.12.2016.
- 27.6 Shri. Ansuman Das, Member, PESB visited MIDHANI on 21.12.2016.
- 27.7 Anupam Kulshreshtha, IPS, IG (PROV) visited MIDHANI on 04.02.2017

28.0 CORPORATE GOVERNANCE:

- 28.1 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. 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.
- 28.2 A detailed report on Corporate Governance and a report on the Management Discussion & Analysis are enclosed to this report **[APPENDIX - V.] & [APPENDIX - VI]** respectively. The adherence to the guidelines issued by DPE in this regard certified by a practicing Company Secretary is enclosed as a part of the report on Corporate Governance **(ANNEXURE-V)**.
- 28.3 In accordance with Revised Grading norms for CPSEs in the matter of compliance of Guidelines on Corporate Governance issued by DPE, your Company has scored rating of 97.75%.

29.0 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

- 29.1 The company has put in place all required internal controls and systems to meet all the canons of financial propriety. We believe that internal control and risk management are necessary

prerequisites of the principle of governance. Our Management is committed to ensure an effective internal control environment, commensurate with the size and complexity of the business, which provides assurance on the efficiency of operations and security of assets. We have an effective internal control system, which is assessed and strengthened with new/revised standard operating procedures and which ensures that all our assets are safeguarded and protected against any losses.

- 29.2 External Audit firms are engaged to carry out internal audit. They help ensure adequacy of systems, controls and their reports thereon are subjected to periodical review by Audit Committee appointed by Board. In addition, the in-house internal audit team also regularly carries out audits for specific processes. Their annual audit plans are approved by the Audit Committee of the Board. Based on the internal audit reports, process owners undertake corrective actions in their respective areas and thereby strengthen the controls. Internal Audit Reports along with corrective actions are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of our internal controls.

30.0 BOARD OF DIRECTORS:

- 30.1 Shri. S.K. Jha, Director (Production & Marketing) assumed charge on 05.07.2016. A brief bio-data is enclosed at **Annex-1**
- 30.2 Shri. Sanjeev Singhal, Director (Finance) assumed charge on 06.01.2017. A brief bio-data is enclosed at **Annex-1**

31.0 DIRECTORS' RESPONSIBILITY STATEMENT:

- 31.1 Requirement under Section 134 (3) (c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, is confirmed as under:
- a. That in the preparation of the annual accounts for the financial year ended 31st March, 2017, the applicable Accounting Standards have been followed along with proper explanations on the material departure;

- b. That the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year i.e. 31st March, 2017 and of the Profit or Loss of the Company for the year ending on that date;
- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013, as amended from time to time, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. That the Directors have prepared the accounts for the financial year ended on 31st March, 2017 on a **'going concern'** basis.
- e. That the Directors have laid down internal financial controls to be followed by the company, and that such internal controls are adequate and are operating effectively; and
- f. That the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

32.0 AUDITORS:

- 32.1 C&AG of India has appointed M/s. Basha & Narasimhan, Chartered Accountants, Hyderabad, as Statutory Auditors of the Company for conducting audit of accounts for the year ended 31st March, 2017.
- 32.2 Your Company appointed M/s SS & Associates, Cost Accountants, Hyderabad, as Cost Auditors for the year 2016-17 in terms of Section 148 of Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014.

33.0 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 31st March, 2017

has been placed in this report after the report of the Statutory Auditors.

34.0 ACKNOWLEDGEMENT:

- 34.1 Your Directors gratefully acknowledge the valuable support and assistance received from all Government agencies particularly from Ministry of Defence, DAE, OFB, ISRO, all establishments under DRDO and other agencies of Central and State Government. Your Directors also place on record sincere thanks to vendors, Bankers, C&AG, Statutory /Internal Auditors, Chairperson - Audit Committee, Chairman of other 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 Shri. B.G. Raj, Ex-Director (Finance), whose tenure came to end on 31st December 2016.
- 34.3 Your Directors take this opportunity to place on record their deep appreciation for the 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

Sd/-
Dr. D. K. LIKHI
CHAIRMAN & MANAGING DIRECTOR

Place : Hyderabad
Date : 18.08.2017

APPENDIX - I
**REPRESENTATIONS OF SCs, STs, OBCs, PHCs & Ex-SN AS ON 31.03.2017
Manpower Position as on 31.03.2017**

Pay Scale & Group	Total No of Employees	Strength of Employees				
		SC	ST	OBC	PHC	Ex-sn
EXECUTIVES Group 'A' (₹16,400 - ₹ 40,500 & above)	220	38	9	45	5	4
Group 'B' ₹ 12,600 - ₹ 32.500 (Gr-I) ₹ 12,250 - ₹ 31,600 (E.O) (Non Unionised Supervisory Cadre)	85	12	4	22	5	-
NON-EXECUTIVES: Group 'C' From ₹ 8,500 - 3% - 20,850 To ₹ 11,750 - 3% - 33,360	246	46	26	91	6	4
Group 'D' From ₹ 6,600 - 3% - 16,310 To ₹ 8,350 - 3% - 20,470	201	44	19	88	4	-

RECRUITMENT OF SCs, STs DURING THE CALENDAR YEAR 2016

Pay Scale & Group	Total recruited during the year	No. of posts reserved		No. of candidates appointed	
		SC	ST	SC	ST
Group 'A' ₹ 16,400 - ₹ 40,500 & above	28	6	1	6	1
Group 'B' ₹ 12,600 - ₹ 32.500 (Gr-I) ₹ 12,250 - ₹ 31,600 (Non Unionised Supervisory Cadre)	-	-	-	-	-
NON-EXECUTIVES: Group 'C' From ₹ 8,500 - 3% - 20,850 To ₹ 11,750 - 3% - 33,360	15	3	1	3	1
Group 'D' From ₹ 6,600 - 3% - 16,310 To ₹ 8,350 - 3% - 20,470	53	8	7	8	7

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs is as under:

- The CSR policy of MIDHANI aims at developing company specific social responsibility strategies for long, medium and short term period with built in mechanism for implementation and monitoring towards all-round development of people residing in and around the Company's area of operation.
- To be a Responsible Corporate Citizen committed to Socio – Economic development through social innovation and to build a better sustainable way of life for the weaker sections of the society through suitable projects or programs.
- A brief overview of projects/programs undertaken at MIDHANI under its CSR policy is as under:
 - (i) Promotion of Health Care and Sanitation
 - (ii) Promotion of Education
 - (iii) Skill Development
 - (iv) Sports Development initiative
 - (v) Environment Sustainability, Ecological Balance & Conservation of Natural Resources
- The CSR policy and the activities undertaken under the CSR policy of MIDHANI can also be viewed at <http://www.midhani.com>

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

- The CSR & SD Committee shall consist of three or more Directors, out which at least one Director shall be an Independent Director. The Constitution of CSR Committee is as under:

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

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

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

S. No.	Year	Net Profit / Loss (₹ In Crores)
(i)	2013-14	121.44
(ii)	2014-15	138.51
(iii)	2015-16	159.93

4. Details of CSR spends during the financial year:

- Total amount to be spent for the financial year : ₹ 2.80 Cr.
- Amount unspent, if any; : Nil
- Manner in which the amount spent during the financial year is detailed below:-

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other and district where projects or program was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects	Cumulative expenditure upto the reporting period	Amount spent ; Direct or through implementing agency
1.	Construction of Toilets (Swachh Vidyalaya initiative)	Promotion of Health Care & Sanitation	RR Dist, Alwal at Hyderabad, Telangana	16,64,000	15,01,623	15,01,623	M/s Sulabh International
	Maintenance of toilets constructed at Govt. Schools		RR Dist, Telangana.	16,20,000	16,20,000	16,20,000	M/s Sulabh International
	Supply of aids & appliances for differently able person		Nalgonda Dist, Telangana.	25,00,000	25,07,091	25,07,091	M/s ALIMCO
	Contribution to Swachh Bharat Kosh			---	15,00,000	15,00,000	Direct
2.	Infrastructure facilities to neighbouring school (providing customized school bus to M/s THPI (Institute for mentally retarded children)	Promotion of Education.	Neighborhood area, in and around Organization	16,00,000	14,04,000	14,04,000	Direct
	(ii) Mid Day Meal for Govt. Schools		4 Mandals of Medak District, Telangana	40,00,000	40,00,000	40,00,000	M/s Akshaya patra

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or program was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects	Cumulative expenditure upto the reporting period	Amount spent ; Direct or through implementing agency
	(iii) Donating Specially Designed Vehicle to serve 60000 children feeding 454 schools in Medak District. To meet the requirement of vehicle to make available hot food at the school		454 schools in Medak District, Telangana	15,00,000	15,00,000	15,00,000	M/s Akshaya patra
	(iv) Providing Dual Desks to Govt. Schools		Neighborhood area, in and around Organization	19,92,068	19,92,068	19,92,068	Direct
	(v) Support to Cry for enrolment of dropped out students		Neighborhood area, in and around Organization	-	3,60,000	3,60,000	Direct
	(vi) Other infrastructure/ school fees support to school		Neighbourhood area, in and around Organization	5,50,000	8,16,459	8,16,459	Direct

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other and district where projects or program was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects	Cumulative expenditure upto the reporting period	Amount spent ; Direct or through implementing agency
3.	(i) Adoption of ITI, Alwal: Company has signed MoU with Director, Employment & Training, Telangana State for adoption of ITI	Skill Development	Alwal, Hyderabad, Telangana	80,00,000	6,18,560	6,18,560	Direct
	(ii) Construction work of Skill Development Centre cum Centre of Excellence			1,00,00,000	54,82,319	54,82,319	Direct
	(iii) Trade Apprentices expenses under Skill Development program			7,00,000	37,86,345	37,86,345	Direct
4.	Drilling of Borewell to provide water for plantation.	Environment Sustainability, Ecological balance	Neighborhood area, in and around Organization	6,50,000	6,25,811	6,25,811	Direct
5.	Contribution to National Sports Development Fund(NSDF)	Development of Sports		-	10,00,000	10,00,000	Direct

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other and district where projects or program was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects	Cumulative expenditure upto the reporting period	Amount spent ; Direct or through implementing agency
6.	Staff Engaged for CSR Activities	Promotion of CSR Activities	Neighborhood area, in and around Organization	48,000	48,485	48,485	Direct
	Total			3,48,24,068	2,87,62,761	2,87,62,761	

Details of implementing agencies:

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

objective of benefiting the persons with disability to the maximum extent possible by manufacturing the Rehabilitation Aids for persons with disabilities and by promoting, encouraging and developing the availability, use, supply and distribution of Artificial Limbs and other Rehabilitation Aids to the disabled persons of the country.

NOTE:

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

Sd/-

Dr. D.K.LIKHI

Chairman & Managing Director
and Chairman, CSR Committee

Sd/-

S.K.JHA

Director (Prod. & Mktg.)
and Member CSR Committee

Sd/-

S.SINGHAL

Director(Finance) and
Member CSR Committee

APPENDIX –III

**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN**

(as on the financial year ended on 31.03.2017)

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : **U14292TG1973GOI001660**
- ii) Registration Date : **20th November 1973**
- iii) Name of the Company : **Mishra Dhatu Nigam Limited**
- iv) Category / Sub-Category of the Company : **Private / Government Company**
- v) Address of the Registered office : **P.O. Kanchanbagh,
and contact details Hyderabad - 500058**
- vi) Whether listed company : **Unlisted**
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : **N/A**

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Other Alloy Steel in semi-finished forms Special Stainless Steel MDN 172/155/250	72240000	80.20
2.	Titanium and Titanium base Alloys Tital 12/15/31	81080000	11.90

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

S. No.	Name And Address Of The Company	Cin/Gln	Holding/ Subsidiary / Associate
-N/A	N/A	N/A	N/A

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

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]			No. of Shares held at the end of the year[As on 31-March-2016]			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
A. Promoters							
(1) Indian							
a) Individual/ HUF	-	-	-	-	-	-	-
b) Central Govt	-	18,73,399	18,73,399	-	18,73,399	18,73,399	99.99
c) State Govt(s)	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-
Sub-total (A)(1):-	-	18,73,399	18,73,399	-	18,73,399	18,73,399	99.99
(2) Foreign							
a) Individuals(Non-Resident Individuals/Foreign Individuals)	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	-	18,73,399	18,73,399	-	18,73,399	18,73,399	99.99
							0.00

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]			No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total		% of Total Shares
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh*	-	1	1	0.01	-	1	1	0.01	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	1	1	0.01	-	1	1	0.01	0.00
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	18,73,400	18,73,400	100	-	18,73,400	18,73,400	100	0.00

* One Equity Share of ₹ 1000/- fully paid is held by C&MD as nominee of President of India

B: Shareholding of Promoter:

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	PRESIDENT OF INDIA	18,73,399	99.99	0.00	18,73,399	99.99	0.00	0.00

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

SN	Shareholding at the beginning of the year	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3	At the end of the year	-	-	-	-

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
-	-	-	-	-	-

E: Shareholding of Directors and Key Managerial Personnel:

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

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at beginning of financial year				
i) Principal Amount	106629047	35838246	-	142467293
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	887389	-	-	887389
Total (i+ii+iii)	107516436	35838246	-	143354682
Change in Indebtedness during financial year				
* Addition	125498839	-	-	125498839
* Reduction	32550364	13000000	-	45550364
Net Change	92948475	(13000000)	-	79948475
Indebtedness at the end of financial year				
i) Principal Amount	199849343	22838246	-	222687589
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	615568	-	-	615568
Total (i+ii+iii)	200464911	22838246	-	223303157

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A) Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			
		Dr. D. K. Likhli	B. G. Raj	S. K. Jha	Sanjeev Singhal
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5212992	3809141	1347540	283732
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	489956	299048	319355	102194
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of profit - others, specify...				
5	Others, please specify				
	Total (A)	5702948	4108189	1666895	385926
	Ceiling as per the Act				

B) Remuneration to other directors: NIL

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		I. V. Sarma	Dr. Jyoti Mukhopadhyay	Dr. Usha Ramachandra	
1	Independent Directors				
	Fee for attending board committee meetings	225000	150000	435000	8,10,000
	Commission				
	Others, please specify				
	Total (1)	225000	150000	435000	8,10,000
2	Other Non-Executive Directors	-	-	-	-
	Fee for attending board committee meetings				
	Commission				
	Others, please specify				
	Total (2)	-	-	-	-
	Total (B)=(1+2)	225000	150000	435000	8,10,000
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

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

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	710425	-	710425
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	117772	-	117772
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-		-	-
2	Stock Option	-		-	-
3	Sweat Equity	-		-	-
4	Commission	-		-	-
	- as % of profit	-		-	-
	others, specify...	-		-	-
5	Others, please specify	-		-	-
	Total		828197		828197

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : NIL

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

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

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A. CONSERVATION OF ENERGY:

(i) Steps taken or impact on conservation of energy:

- Installation & revamping of major production equipments. This is expected to improve the efficiency and reliability of the equipment and result in energy savings. In line with this new LPG fired furnaces are being installed in Forge shop and expected to be commissioned by 31st March 2018. These furnaces will reduce LPG consumption and improve productivity.
- Replacement of Conventional street lights & Bay lights with LED lights in phased manner. This is expected to reduce energy consumption of lighting loads considerably. 700 Lights were changed in 1st & 2nd Phases. Procurement action for 525 Nos. lights in 3rd phase is in process.

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

- Roof top Solar Power plant of 60 Kw capacity is being commissioned. Purchase Order for establishing 4 MW Solar Power plant has been released and expected to be commissioned by March 2018. This is expected to generate 70 lakh units p.a which is non-polluting and renewable, thus reducing energy demand from conventional (non renewable) energy sources.

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

- About ₹ 60 lakh was spent as capital investment on energy conservation equipment's

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

- **The following projects towards technology absorption are under progress:**
 - (a) AB3 Class steels (two wrought alloys) and its weld consumables (five stainless and five low alloy steel) for Naval Applications – Transfer of Technology from PROMETEY, Russia.
 - (b) Adour Engine disc of Titanium Alloy Ti26 for Aeronautical applications – Transfer of Technology from Defence Metallurgical Research Laboratory, Hyderabad.

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

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

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

- AB3 Class steels (two wrought alloys) and its weld consumables (five stainless and five low alloy steel) for Naval Applications are being developed under Transfer of Technology from PROMETEY, Russia.

(iv) The expenditure incurred on Research and Development:

- MIDHANI incurred an expenditure of ₹ 14.03 Cr. for the FY 2016-17

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- During the year, the total foreign exchange used was ₹ 5313.74 Lakh and there was no foreign exchange earned.

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, high standards of ethics in all spheres. The good Governance, it practices, is based on its stated belief and the guidelines of the Government of India issued from time to time which enables the Company 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 2013. The Board's composition as on 31st March 2017 is as under.

(a) Functional/Whole time Directors :

- (i) **Dr. D. K. Likhi**
Chairman & Managing Director
& Additional Charge of D(P&M) [Upto 31.05.2016]
- (ii) **Shri. B.G. Raj,** [Upto 31.12.2016]
Director (Finance)
- (iii) **Shri. S.K. Jha** [From: 05.07.2016]
Director (Production & Marketing)
- (iv) **Shri. Sanjeev Singhal** [From: 06.01.2017]
Director (Finance)

(b) Part-time Official/Government Directors:

- (i) **Shri Sanjay Garg**
Joint Secretary (DIP),
Dept. of Def. Production,
Ministry of Defence

(c) Part-time Non-Official Directors:

- (i) **Dr. Jyoti Mukhopadhyay**
Visiting Professor, Materials Science and
Engineering,
Indian Institute of Technology, Gandhinagar
- (ii) **Shri. I.V. Sarma,**
Ex-Director (R&D)
Bharat Electronics Limited
Bangalore
- (iii) **Dr. Usha Ramachandra,**
Professor & Area Chairperson, Energy Area,
Administrative Staff College of India,
Hyderabad.

- 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 average attendance of Directors for all the Board Meetings during the financial year was 90.24 %. The dates and attendance of directors at such meetings are given below:

Sl. No.	Number of the Meeting	Date of the Meeting	Board Strength	No. of Directors Present
1.	227	31.05.2016	6	6
2.	228	20.07.2016	7	6
3.	229	19.10.2016	7	6
4.	230	20.12.2016	7	7
5.	231	28.01.2017	7	5
6.	232	23.03.2017	7	7

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

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

- 3.2 As per DPE guidelines, Company has nominated Chairperson of Audit Committee and/or another Member of the Audit Committee for the purpose of according prior approval to related party transactions.

- 3.3 All Board Members had disclosed to Board about the personal, official and other pecuniary interests, held by them in any proprietary, partnership or Company, whether in individual capacity or together with their relatives not only at the time of their appointment on the Board but also as and when such appointments were held. Such disclosures are being renewed every year. Such disclosures made at the Board meeting held at the end of the year 2016-'17 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.	Dr. D.K. Likhi	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 South Conclave, Kolkata	Life member
		4. Global Institute of Flexible Systems management, New Delhi	Life Member
		5. Strategic Alliance Professionals Association, Hyderabad	President
		6. Andhra Pradesh Gas Power Corporation Limited	Additional Director
2.	Shri. I. V. Sarma	BPL Telecom Limited	Director
3.	Dr. Usha Ramachandra	1. Andhra Pradesh Gas Power Corporation Limited	Director
		2. Kamireddy Sakleshpur Power Private Limited	Director
		3. Kamireddy Sakleshpur Enterprises Private Limited	Director
4.	Other Members of the Board	NIL	NIL

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

4.0 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
40	2013-14	19.09.2014	1000 Hours	M/s. Mishra Dhatu Nigam Ltd., Regd. Office, P.O. Kanchanbagh, Hyderabad 500 058
41	2014-15	22.09.2015	1000 Hours	
42	2015-16	27.09.2016	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 THERE OF:

- 5.1 MIDHANI has the following Six (6) Committees of Board and One (1) apex level internal committee called Corporate Management Committee as on 31st March 2017:

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 of AC is broadly based on Companies Act, 2013 & on the guidelines suggested by DPE applicable to Central Public Sector Undertakings (CPSUs). Such Terms of reference are being updated, professionalized and adopted by the Board of Directors of the Company from time to time. A copy of such terms of reference is placed at **ANNEXURE: III (i)**

5.2.3 The AC is now functioning with three (3) Members i.e. 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 during the year under report is as under:

S. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Dr. Usha Ramachandra Part-time Non-official Director	Chairperson	From: 18.12.2015
2.	Shri. I. V. Sarma Part-time Non-official Director	Member	From :18.12.2015
3.	Dr. Jyoti Mukhopadhyay Part-time Non-official Director	Member	From :18.12.2015
4.	Dr. D. K. Likhi Additional Charge as Director (Production & Marketing)	Member	upto :31.05.2016
5.	Shri. S.K. Jha Director (Production & Marketing)	Member	From: 05.07.2016
6.	Shri. B. G. Raj Director (Finance)	Permanent Invitee	Upto : 31.12.2016
7.	Shri. Sanjeev Singhal Director (Finance)	-do-	From:06.01.2017
8.	Representatives of Statutory Audit Firm	-do-	From formation of Committee
9.	Representatives of External Chartered Accountant firms doing Internal Audit work	On Invitation	-do-
The Company Secretary acts as Secretary of the Committee.			

- 5.2.1 The quorum for AC meetings is two (2) members personally present. The Audit Committee shall meet at least four (4) times during any financial year and not more than four months shall elapse between two meetings.
- 5.2.2 Statutory Auditors, Director (Finance) / Head of Finance, were made Permanent Invitees to the Meetings.
- 5.2.3 The Chairperson of the Audit Committee and / or another Independent Part-time Non-Official Director who is also a member of the Audit Committee, has / have been designated as person(s) responsible for according prior approval for related party transactions as contemplated under DPE guidelines and Ind AS 24.
- 5.2.4 Five (5) meetings of the Audit Committee were held during the year under report. The average attendance of Directors for all the AC Meetings during the financial year was 95%. 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.	52	30.05.16	4	4
2.	53	20.07.16	4	3
3.	54	29.09.16	4	4
4.	55	20.12.16	4	3
5.	56	23.03.17	4	4
Leave of absences were recorded at every Meeting in case of inability expressed by any Director / Member to attend the Meeting due to unavoidable reasons.				
The Attendance of individual Directors is placed at: ANNEXURE: II (A)				

5.3 PROCUREMENT COMMITTEE (PC):

- 5.3.1 The PC has been constituted by Board of Directors of the

Company on 22.01.2008 for the purpose of authorizing procurement of materials beyond the individual delegated powers of Chairman & Managing Director.

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

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

S. No.	Name / Designation of the Directors	Status	Date of Appointment or change in the Committee
1.	Dr. D. K. Likhi Chairman & Managing Director	Chairman	From: 01.09.2015
2.	Shri. B. G. Raj Director (Finance)	Member	Up to: 31.12.2016
3.	Shri. Sanjeev Singhal Director (Finance)	Member	From 06.01.2017
4.	Dr. D. K. Likhi, Additional Charge as Director (Production & Marketing)	Member	From :01.09.2015 To: 31.05.2016
5.	Shri. S. K. Jha Director (Production & Marketing)	Member	From: 05.07.2016
6.	Dr. Usha Ramachandra	Member	From: 18.12.2015
The nomination of Functional Directors on PC was on Ex-Officio basis.			
The Company Secretary acts as Secretary of the Committee.			

5.3.4 The quorum of the Committee requires that one director present shall be a part-time non-official Director. Dr. D. K. Likhi, occupied additional charge as Director (Production & Marketing) from 01.09.2015 to 31.05.2016. The Minutes of the PC meetings were regularly put up to the Board for its information and duly noted by the Board.

5.3.5 There were thirteen (13) meetings of PC during the year under report. The average attendance of Directors for all the PC Meetings during the financial year was 80.95%. 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.	05.04.2016	3	2
2	30.05.2016	3	3
3	14.06.2016	3	3
4	08.08.2016	4	3
5	15.09.2016	4	3
6	07.10.2016	4	3
7	30.11.2016	4	4
8	17.12.2016	4	3
9	26.12.2016	4	3
10	07.01.2017	4	4
11	25.02.2017	4	4
12	18.03.2017	4	4
13	25.03.2017	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: ANNEXURE: II (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 reconstituted on 18.12.2015.

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

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

5.4.4 The Composition of RC as on 31st March, 2017 is as under:

S. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Shri. I V Sarma	Chairman	18.12.2015
2.	Dr. Jyoti Mukhopadhyay	Member	18.12.2015
3.	Dr. Usha Ramachandra	Member	18.12.2015
4.	Director (Finance)	On Invitation	
5.	Director (Production & Marketing)	On Invitation	
6.	Representative from HR dept.	Invitee	
The nomination of Functional Directors on RC is on Ex-Officio basis.			
Company Secretary shall function as Secretary to the Committee.			

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

5.4.6 One meeting of the Remuneration Committee was held during the Financial Year 2016-'17.

Attendance of Directors in Remuneration Committee Meeting			
S. No.	Date of the Meeting	Committee's Strength	No. of Directors Present
1	28.01.2017	3	2
Leave of absences were recorded at every Meeting where the Directors expressed their inability to attend due to unavoidable reasons.			
The Attendance of individual Directors is placed at: ANNEXURE: II (B)			

5.5 HUMAN RESOURCES COMMITTEE (HRC):

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

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

5.5.3 The Composition of the HRC on 31st March, 2017 is as follows:

S. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Shri. I. V. Sarma	Chairman	18.12.2015
2.	Dr. Usha Ramachandra	Member	18.12.2015
3.	Shri. Sanjeev Singhal Director (Finance)	Member	From: 06.01.2017
4.	Shri. B. G. Raj Director (Finance)	Member	Up to: 31.12.2016
5.	Shri. S.K. Jha Director (Production & Marketing)	Member	From: 05.07.2016
6.	Dr. D. K. Likhi, Additional Charge as Director (Production & Marketing)	Member	Upto: 31.05.2016

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

Company Secretary 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 Two meetings of the Human Resources Committee were held during the Financial Year 2016-'17.

Attendance of Directors in Human Resources Committee Meetings			
S. No.	Date of the Meeting	Committee's Strength	No. of Directors Present
1	13.04.2016	4	3
2	31.05.2016	4	4
Leave of absences were recorded at every Meeting where the Directors expressed their inability to attend due to unavoidable reasons.			
The Attendance of individual Directors is placed at: ANNEXURE: II (B)			

5.6 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 Modernization, Up-gradation and Expansion programmes under implementation or proposed to be undertaken in near future.

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

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

S. No.	Name of the Director	Status	Date of Appointment or change in the Committee
1.	Dr. D. K. Likhi, Chairman & Managing Director	Chairman	01.09.2015
2.	Dr. D. K. Likhi, Additional Charge as Director (Production & Marketing)	Member	Upto: 31.05.2016
3.	Shri. S. K. Jha Director (Production & Marketing)	Member	From: 05.07.2016
4.	Shri. I. V. Sarma	Member	18.12.2015
5.	Dr. Jyoti Mukhopadhyay	Member	18.12.2015
The nomination of Functional Directors on TC is on Ex-Officio basis.			
Head of R&D shall function as Secretary to the Committee			

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

5.6.5 One Technical Committee meeting was held during the year under review.

Attendance of Directors in Technical Committee Meeting			
S. No.	Date of the Meeting	Committee's Strength	No. of Directors Present
1	21.12.2016	4	4
Leave of absences were recorded at every Meeting where the Directors expressed their inability to attend due to unavoidable reasons.			
The Attendance of individual Directors is placed at: ANNEXURE: II (B)			

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

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".

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 has been approved by Board of Directors.

5.7.3 The CSR activities of MIDHANI are carried out in line with the CSR policy of MIDHANI which is also available at the company website : www.midhani.gov.in

5.7.4 The Constitution of the CSR & SD Committee as per the above policy is as under:

S. No.	Name / Designation of the Directors	Status
1.	Chairman & Managing Director	Chairman
2.	Dr. Usha Ramachandra Part-time Non-Official Director	Member
3.	Director (Finance)	Member
4.	Director (Production & Marketing)	Member
5.	GM-HR	Permanent Invitee
6.	GM-ES	Permanent Invitee
The nomination of Functional Directors on CSR is on Ex-Officio basis.		
Company Secretary shall function as Secretary to the Committee.		

5.7.5 During the year 2016-'17, four (4) Meetings of CSR Committee were held, The average attendance of Directors for all the CSR Meetings during the financial year was 87.5%. The details are as under.

Attendance of Directors in Corporate Social Responsibility & Sustainable Development Committee Meetings			
Sl. No.	Date	Committee's Strength	No. of Directors Present
1.	18.08.2016	4	3
2.	22.10.2016	4	3
3.	07.01.2017	4	4
4.	10.03.2017	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: ANNEXURE: II (B)			

5.8 Corporate Management Committee (CMC):

- 5.8.1 In order to have effective planning, organizing, coordinating and controlling the day to day operations of Management, a Committee known as Management Committee (MC) is functioning since the year 1980. During the year 2003 the same was re-constituted as “Corporate Management Committee” (CMC).
- 5.8.2 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.
- 5.8.3 The terms of reference to the Committee is given in **ANNEXURE: III (vi)**,
- 5.8.4 CMC meetings were 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.
- 5.8.5 Company Secretary acts 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 brief summary of the same is enclosed as **ANNEXURE: IV**
- 6.2 The Directors and the Senior Executives have given declarations affirming the compliance with the code of conduct during the year under report.
- 6.3 A Certificate on such Compliance issued by Chairman & Managing Director of the Company is placed as a part of this report at **ANNEXURE: V**

7.0 DISCLOSURES:

- (i) During the year, there were no transactions of material and significant nature with the Shareholders, Directors or Senior Management personnel or their relatives that had potential conflict with the interest of the Company at large and attracting the provisions of Section 188 of the Companies Act, 2013, except salaries, fees, perquisites allowed and PRP as per extant rules of the Company.
- (ii) Disclosure of related party transactions as per Ind AS - 24, issued by the Institute of Chartered Accountants of India, is given in note no 40 of the notes forming part of Annual Accounts for 2016-'17. 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) During the year, no penalties and strictures were imposed on the Company by any Statutory Authority on any matter related to any guidelines issued by Government.
- (iv) A formal Whistle Blower policy and Risk Management system is framed. During the year under report no personnel have been denied access to the Members of the Audit Committee or its Chairperson.
- (v) Presidential Orders were received in respect of appointment of Shri. S. K. Jha vide letter No. 2(13)/2015/MDN/D(NS-I) dt. 23.05.2016 convening his appointment as Director (Production & Marketing), and in respect of Shri. Sanjeev Singhal vide letter No.2(5)/2015/MDN/D(NS-I) dt. 26.09.2016 convening his appointment as Director (Finance).
- (vi) There were no items of expenditure included in the Financial Statements which are personal in nature to any Member of the Board or Senior Management of the company except as permitted by the extant rules in force in the Company.
- (vii) There were no items of expenditure included in the Financial Statements which are incurred not for purposes of the business.

- (viii) The Administrative and Office Expenses as a percentage of total expenses was 3.02% as compared to 2.80% in the previous year and such percentage in respect of financial expenses was 0.72% when compared to 0.67% 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 Ind AS, if any, has been explained by the Directors in their report to shareholders.

8.0 COMMUNICATION:

- 8.1 The means of communication is canalized 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 at **ANNEXURE: VI**

9.0 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

Appendix: VI**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 20th Day of November 1973. The main object of the company is to manufacture and process various grades, types, sizes of steels, titanium and super alloys in particular and other special metals and their alloys in the form of ingots, billets, forgings, rolled plates, sheets and strips, wires, tubes, and other sintered, fabricated shapes and forms required for aircraft, rockets, missiles, electronics, instruments, and allied industries in India or elsewhere either independently or in collaboration with others.
- 1.2 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 consist of Production Planning & Control, Production Divisions, Technology, R&D Dept, 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 specification requirements of the Strategic customers of the Company provides the basic thrust and driving force to the organization to suitably frame its policies and procedures in every sphere of organizational activity to discharge its goal.

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

4.0 SECTOR WISE PERFORMANCE:

- 4.1 Presently majority of MIDHANI's products cater to strategic sectors viz 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 order book position stood at ₹ 650.50 Cr. at 31st March, 2017 and with the commissioning of the newly procured equipments, there should be a substantial improvement and enhancement of the supply level during the year 2017-18.
- 4.3 The orders booked from the existing sectors has been slow and the key area of focus for MIDHANI is to target new sectors for future

growth, with concern area being the time taken in development of products.

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 Phase 1 Modernization of MIDHANI at a Capital Outlay of ₹ 400 Cr. was successfully completed for revamping /upgrading /enhancing production capacities. Prominent among them were; New 6000 T Forge Press with 20 T Manipulator, Radial Axial Ring Rolling Mill, Establishment of a New Fastener Plant, R&D Building, Installation of 20 Ton Electric Arc Furnace with Vacuum Degassing (VD) / Vacuum Oxygen Decarbursing (VOD) and Ladle Refining Furnace (LRF). Phase 2 of Modernization pegged at around ₹ 1000 Cr. is underway.

6.0 RISKS AND CONCERNS:

- 6.1 The risks facing MIDHANI can be classified as Volatility, Uncertainty, Complexity and Ambiguity. 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, uncertain, complex and ambiguous.
- 6.2 **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 canons of financial propriety. External Audit firms who were engaged to carry out internal audit, continue their efforts to ensure adequacy of such systems, controls and report thereon which were subjected to periodical review by Audit Committee appointed by Board.

8.0 FINANCIAL PERFORMANCE

8.1 The Summarized financial position for the Financial year 2016-17 and for the two preceding Financial Years is given below:

(Figures in ₹ Crore)

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
ASSETS:			
Non-current assets			
Property, Plant and Equipment	326.44	261.46	242.34
Capital work-in-progress	6.21	6.69	9.44
Intangible assets	0.94	1.49	1.94
Financial Assets			
(i) Investments	2.10	2.10	2.10
(ii) Loans	-	0.01	0.01
Non-current tax assets (Net)	29.34	63.71	53.41
Other non-current assets	9.37	1.66	3.31
Total Non-Current Assets	374.40	337.12	312.55
Current assets:			
Inventories	206.04	288.55	423.02
Financial Assets			
(i) Trade receivables	288.53	209.06	220.08
(ii) Cash and cash equivalents	207.93	195.86	89.40
(iii) Other financial assets	11.68	12.21	13.60

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Other current assets	12.46	78.05	104.41
Total Current Assets	726.64	783.73	850.51
Total Assets	1,101.04	1,120.85	1,163.06
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	187.34	187.34	187.34
Other Equity	517.00	432.33	352.72
Total Equity	704.34	619.67	540.06
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	1.24	9.01	13.34
(ii) Other Financial Liabilities	17.34	16.46	14.22
Provisions	0.76	0.66	0.56
Deferred tax liabilities (net)	20.44	22.65	12.74
Other non-current liabilities	108.91	147.48	129.40
Total Non-current liabilities	148.69	196.26	170.26
Current Liabilities			
Financial liabilities			
(i) Borrowings	12.55	-	41.48
(ii) Trade payables	66.03	52.95	95.17
(iii) Other financial liabilities	57.64	47.24	76.77
Other current liabilities	83.09	144.24	193.15
Provisions	28.70	60.49	46.17
Total Current Liabilities	248.01	304.92	452.74
Total Equity and Liabilities	1,101.04	1,120.85	1,163.06
Working Capital	478.62	478.80	397.77
Capital Employed	806.00	741.76	642.05
Net Worth	704.34	619.67	540.06
Net worth per rupee of paid up capital (₹)	3.76	3.31	2.88

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 2016-‘17. The significant highlights of the performance for the year 2016-‘17 and a comparison with the previous two years are as under:

(Figures in ₹ Crores)

Sl. No.	Particulars	2016-17	2015-16	2014-15
1	Sales - To Customers (Incl. ED)	809.71	761.45	655.70
	Sales – Export	-	-	-
2	Value of Production (Incl. ED)	732.07	723.48	648.37
3	Cash Profit (Excl prior period items)	204.02	175.91	148.23
4	Profit Before Tax	186.35	161.85	138.51
5	Net Profit (PAT)	126.31	119.37	102.13
6	Value Added	538.24	478.58	436.41
7	Value added per employee	0.7157	0.6231	0.5220
8	Productivity per employee	0.9735	0.9420	0.7756
9	Value added per direct worker	1.6768	1.5050	1.3265
10	Paid up Capital	187.34	187.34	187.34
11	Capital Employed	806.00	741.76	642.05
12	Net Worth	704.34	619.67	540.06
13	Working Capital	478.62	478.80	397.77
14	No of Employees	752	768	836

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	2016-17	2015-16	2014-15
A.	Current Ratio	2.93	2.57	1.88
B	Profitability Ratios			
a)	Profit Before Tax to			
	i) Capital Employed (%)	23.12	21.82	21.57
	ii) Net worth (%)	26.46	26.12	25.65
	iii) Sales (%)	23.01	21.25	21.12
b)	Profit After Tax to Equity (%)	67.42	63.72	54.51
c)	Earnings Per Share (in Rupees)	674.25	637.18	545.15

8.2.3 Amount available for Appropriation:

The amount available for appropriation is ₹ 126.31 Cr. as against ₹ 119.37 Cr. in the previous year.

9.0 HUMAN RESOURCE DEVELOPMENT

9.1 The total permanent manpower strength of MIDHANI as on 31.3.2017 is as under:

Gender	Non-Executives	Non-Unionized Supervisors	Executives	Total
Male	402	75	204	681
Female	45	2	24	71
Total	447	77	228	752
Previous Year	455	85	228	768

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 2016-17 was ₹ 109.28 Cr. as against previous year expenditure of ₹ 90.73 Cr. The details are :

(Figures in ₹ Crores)

S. No	Particulars	2016-17	2015-16
1)	Salaries & Wages	64.11	61.18
2)	Leave Encashment	3.91	4.60
3)	Directors remuneration	1.45	1.27
4)	Contribution to provident fund	5.16	5.39
5)	Employees Gratuity	15.08	2.79
6)	Leave salary and pension contribution	2.46	2.45
7)	Workmen and staff welfare expense	17.11	13.05
	TOTAL	109.28	90.73

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 2016-17 as shown below:

No.	Remuneration to Functional Directors	Amount (₹ Lakh)	
		2016-17	2015-16
1.	Salaries and Wages	112.75	94.36
2.	Cont. to Provident Fund & EPS	6.53	5.49
3.	Gratuity	10.00	9.75
4.	Leave Encashment	15.61	17.77
5.	TOTAL	144.89	127.37

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

10.0 MoU 2016-17 Performance:

- 10.1 Your company signed a MoU with Ministry of Defence (MoD), Department of Defence Production, Government of India on the 13th day of July 2016. The MoU has 17 parameters for evaluation. The performance of your company qualifies for “Excellent” in 14 parameters, “Very Good” in 1 parameter i.e. CAPEX, “Good” in 1 parameter i.e. CAPEX Monitoring and Poor in 1 parameter i.e. Trade Receivables as percentage of Revenue from Operations (Gross) out of 17 parameters agreed to in MoU 2016-17.
- 10.2 The MoU 2016-17 performance of your company is expected to be ranked “EXCELLENT”. However, the same is subject to evaluation by Department of Public enterprise (DPE)

11.0 CORPORATE SOCIAL RESPONSIBILITY

MIDHANI as a corporate citizen has been discharging its social responsibilities by undertaking activities listed out in its CSR & SD policy viz. various welfare measures like community development, pollution control and eco-friendly measures. MIDHANI has keenly taken steps to implement its Corporate Social Responsibility as mandated under section 135 of Companies Act 2013 and also as per the guidelines received from 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, with inbuilt mechanism for monitoring and accountability.

ANNEX – I

BRIEF PROFILE OF Shri. S. K. JHA

Shri S. K. Jha is a Metallurgical Engineering graduate from NIT Jamshedpur in the year 1988. He then joined the 32nd batch of BARC training school following which due to his interest in the production area he opted to join NFC, Hyderabad and was posted in extrusion and piercing plant (EPP).

At NFC, under his leadership, for the first time simulation and modeling of “difficult to hot work” Inconel 718, Titanium full alloy, PT-7M, PT-3B Inconel 690, Incoloy 800 were carried out successfully. He was also instrumental in producing Titanium half alloy and full alloy tube in different sizes for Light Combat Aircraft and PSLV application, Simulation and modeling of two dissimilar metals for superconductor applications which is being used for development of fusion technology, Alloy 617 and SS 30HCu for advanced ultra supercritical boiler and optimizing the radial forging process and extrusion process parameters for production of pressure tube for 700 MWe PHWRs. His contributions in development of Superni42 in hot working and heat treatment are noteworthy; he has also contributed in development of seamless tube making technology Nb based alloys, shape memory alloys.

He has also received many awards and recognition for all his efforts at NFC. The most notable amongst them being, award for Excellence in Science technology for the year 2006 from Department of Atomic Energy. He has also received Group award from DAE five times for development of modified route for pressure tube, Development of Niobium alloys, Revamping of extrusion press, extrusion of ODS steel for FBRs application, Steam generator tubes for 700 MWe PHWRs. He is also a Life member of Indian institute of Metals and Indian Nuclear Society. He has also published 35 articles in international journals. He has completed the lead auditor course of ISO and is now currently pursuing his PhD from HBNI.

BRIEF PROFILE OF SHRI.SANJEEV SINGHAL

Shri. Sanjeev Singhal born in the year 1965 holds a B.COM (Hons) from Delhi University (1st Division) and is a qualified Cost Accountant and recipient of 'Certificate of Merit' from the Institute of Cost Accountants of India.

Shri. Sanjeev Singhal started his career at M/s. Steel Authority of India Limited (SAIL) and has had a distinguished career at SAIL with hands on experience in all major areas of the Finance function. Before joining MIDHANI, he was spearheading the function of Project Finance at SAIL and was involved in Contract closure for ₹ 12,000 Cr. expansion plan undertaken by Rourkela Steel Plant in 2008. He has vast experience in analysis, appraisal and evaluation of Investment Proposals, Management of resources, Capital Budgeting and was instrumental in successfully obtaining ISO 9001 certification for the Finance function at SAIL / RSP. Shri. Sanjeev Singhal is a recipient of "Jawaharlal Nehru Award" at SAIL which is the most prestigious award for executives of SAIL, awarded for exceptionally outstanding performance. During his career at SAIL, Shri. Sanjeev Singhal was the only Finance Executive from Rourkela Steel Plant (RSP) selected for the prestigious "Assessment Development Centre" (ADC) evaluation & training", a flagship programme of SAIL to identify and nurture talent for future leadership roles. He successfully completed all 18 Management modules subscribed by SAIL from Harvard Business School.

Shri. Sanjeev Singhal was also a Honorary Director (Finance) at CWS (Community Welfare Society), a charitable organization working for the under privileged strata of the society. Shri. Sanjeev Singhal has contributed as a valued faculty at Management Training Institute (MTI), Ranchi (a premiere Executive Training Institute of SAIL) and also at Human Resources Development Centre (HRDC), Rourkela Steel Plant (a plant level training institute of repute).

ANNEX-II (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.	Dr. D. K. Likhi-C&MD	6	6	NA	NA	1	1
2.	Dr. D.K. Likhi-Addl. Charge D(P&M)	1	1	1	1	NA	NA
3.	Shri. S.K. Jha D(P&M)	5	4	4	4	1	1
4.	Shri. Sanjay Garg	6	5	NA	NA	NA	NA
5.	Shri. B.G. Raj	4	4	4	4	1	1
6.	Shri. Sanjeev Singhal	2	2	1	1	NA	NA
7.	Dr. Jyoti Mukhopadhyay	6	5	5	4	NA	NA
8.	Shri. I. V. Sarma	6	6	5	4	NA	NA
9.	Dr. Usha Ramachandra	6	5	5	5	NA	NA
*Annual General Meeting held on 27.09.2016 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-II(B)

DETAILS OF THE MEETINGS OF COMMITTEES OF BOARD HELD DURING THE YEAR AND THE ATTENDANCE OF THE DIRECTORS THEREOF							
S. No.	NAME & DESCRIPTION OF DIRECTOR Shri/S	PROCUREMENT COMMITTEE		CORPORATE SOCIAL RESPONSIBILITY COMMITTEE		TECHNICAL COMMITTEE	
		NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED	NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED	NUMBER OF MEETINGS OUGHT TO HAVE BEEN ATTENDED	NO OF MEETINGS ATTENDED
1)	Dr. D. K. Likhi C&MD	13	11	4	4	1	1
2)	S.K. Jha	10	7	4	4	1	1
3)	B. G. Raj	9	7	2	1	NA	NA
4)	Sanjeev Singhal	4	4	2	2	NA	NA
5)	Dr. Usha Ramachandra	13	13	4	3	NA	NA
6)	Dr. Jyoti Mukhopadhyay	NA	NA	NA	NA	1	1
7)	I.V. Sarma	NA	NA	NA	NA	1	1
Leave for absences for the Directors were recorded at every Meeting in case of their inability to attend due to unavoidable reasons.							

ANNEX-II(B)

DETAILS OF THE MEETINGS OF COMMITTEES OF BOARD HELD DURING THE YEAR AND THE ATTENDANCE OF THE DIRECTORS THEREOF					
S. No	NAME & DESCRIPTION OF DIRECTOR Shri/S	HUMAN RESOURCES COMMITTEE		REMUNERATION 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
1	I.V. Sarma	2	2	1	1
2	Dr. Usha Ramachandra	2	2	1	0
3	B. G. Raj	2	1	NA	NA
4	Dr. D.K. Likhi- Addl. Charge D(P&M)	2	2	NA	NA
5	Dr. Jyoti Mukhopadhyay	NA	NA	1	1
Leave of absence for the Directors were recorded at every Meeting in case of their inability to attend due to unavoidable reasons.					

ANNEXURE-III (i)

TERMS OF REFERENCE & CONSTITUTION OF AUDIT COMMITTEE UNDER COMPANIES ACT 2013 & DPE GUIDELINES ON CORPORATE GOVERNANCE

I. Constitution of Audit Committee:

- 1) At any point of time the Audit Committee shall consist of a minimum of three directors with independent directors forming a majority.
- 2) Audit Committee shall have Minimum three directors as members and two-third of its members shall be Independent Directors, provided that majority of members of Audit Committee including its Chairperson shall be persons with ability to read and understand, the financial statement and at least one member shall have expertise in accounting and financial management.
- 3) The meetings of Audit Committee shall always be chaired by an Independent Director.

II. Meetings of the Audit Committee:

- 1) The Audit Committee shall meet at least **FOUR (4)** times during any financial year and not more than four months shall elapse between two meetings.
- 2) A minimum of two Independent Directors shall be the quorum for any meetings of the Audit Committee so conducted.

III. Functions of Audit Committee:

- 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) Audit Committee shall be responsible for reviewing with the management and ensuring that the company's quarterly financial statements, annual financial statements declared by CEO /CFO [C&MD/D(F)] and audits are in compliance with applicable laws, regulations, and company policies before submission to the Board for approval.

- 3) The Committee shall provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
- 4) Reviewing, with the management, the annual financial statements and Auditor's Report 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 section 134 (3) (c) of the Companies Act, 2013;
 - 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.
- 5) Recommend to the Board for appointment, remuneration and terms of appointment of auditors of the company.
- 6) **Vigil Mechanism:**
 - (i) The Committee shall establish and recommend to the Board a vigil mechanism for directors and employees to report genuine concerns with regard to the operations of the company.
 - (ii) The Committee shall provide for adequate safeguards against victimization of persons who use such mechanism and shall make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

- (iii) The Committee shall ensure that the vigil mechanism so established and approved by the Board shall be disclosed by the company on its website and also in the Board's report.
- 7) The Committee shall review the functioning of the Whistle Blower Mechanism.
- 8) **Cost Auditor:** The Committee shall recommend to the Board for appointment of Cost Auditor along with remuneration, the remuneration recommended by the Audit Committee shall be considered and approved by the Board and ratified subsequently by the shareholders.

IV. Powers of Audit Committee:

- I. The Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
- II. The Committee shall have authority to investigate into any matter in relation to its functions or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.
- III. The Committee shall provide the Auditors and the key managerial personnel of the company a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not provide the right to vote.
- IV. The Committee shall ask for the disclosure of its composition in Board's report and also to disclose in such report along with the reasons thereof where the Board had not accepted any recommendation of the Audit Committee.
- V. The Committee shall be empowered to summon and seek information from any employee of the CPSE at any given point of time.

- VI. Review and monitor the auditor's independence and performance, and effectiveness of audit process and shall also have powers to strengthen auditor independence by mitigating conflicts of interest.
- VII. The Committee shall 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.
- VIII. The Committee can conduct scrutiny of inter-corporate loans and investments, Valuation of undertakings or assets of the company, wherever it is necessary and also carry on review and evaluation of internal financial controls and risk management systems.
- IX. The Committee shall have powers to monitoring the end use of funds raised, if any, through public offers and related matters.
- X. All information regarding appointment and/or removal of Chief Internal Auditor shall be placed before the Audit Committee.
- XI. **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) 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.
 - d) Recommending to the Board the fixation of Statutory Audit fees.
 - e) Approval of payment to statutory auditors for any other services (other than audit) rendered by them.
- (iii) **GOVERNMENT AUDIT:** To review the follow up action on the audit observations of the C&AG audit.
- (iv) The Committee shall consider and review the following with the management, internal auditor and the independent auditor:
- a) Significant findings during the year, including the status of previous audit recommendations
 - b) Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
- (v) The Committee shall consider and review the following with the independent auditor and management:
- a) The adequacy of internal controls including computerized information system controls and security, and
 - b) Related findings and recommendations of the Independent auditor and internal auditor, together with the management responses.

- XII. 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.
- XIII. 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.
- XIV. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.

Explanation (i): The term “**related party transactions**” shall have the same meaning as contained in the Ind AS 24, Related Party Transactions, issued by the Institute of Chartered Accountants of India.

[Presently, the Chairman of the Audit Committee or another independent Part-time Non-Official Independent Director who is a member of the Audit Committee, have been designated as person(s) responsible for according prior approval for related party transactions (Ind AS-24) as contemplated under DPE guidelines.]

ANNEXURE-III (ii)

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-III (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.

ANNEXURE-III (iv)**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.
- Career 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-III (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) 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-III (vi)**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.

A BRIEF SUMMARY OF THE CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT OF MISHRA DAHTU NIGAM LIMITED IS AS UNDER:

CONTENTS OF CODE

1.0 GENERAL MORAL IMPERATIVES

1.1 Contribute to society and human well being

1.1.1 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.

1.1.2 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.

1.2 Be honest and trustworthy & practice integrity

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

1.2.2 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.

1.3 Be fair and take action not to discriminate

1.3.1 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

1.4 Honour Confidentiality

1.4.1 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.

1.4.2 All Board Members and Senior Management, therefore, shall maintain the confidentiality of all confidential unpublished information about business and affairs of the Company.

1.5 Pledge & Practice

1.5.1 To strive continuously to bring about integrity and transparency in all spheres of the activities.

1.5.2 Work unstintingly for eradication of corruption in all spheres of life.

1.5.3 Remain vigilant and work towards growth and reputation of the Company.

1.5.4 Bring pride to the organization and provide value-based services to Company's stakeholders.

1.5.5 Do duty conscientiously and without fear or favour

2.0 SPECIFIC PROFESSIONAL RESPONSIBILITIES

2.1 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.

2.2 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.

2.3 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.

2.4 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

3.0 SPECIFIC ADDITIONAL PROVISIONS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

3.1 As Board Members and Senior Management:

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

3.2 As Board Members:

3.2.1 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.

3.2.2 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.

मिश्र धातू निगम लिमिटेड
(भारत सरकार का उपक्रम)
(एक मिनी रत्ना कंपनी)
सुपर आर्लोय्स 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.

CIN : U14292TG1973GOI001660

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of Mishra Dhatu Nigam Limited,

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

This is also to certify that the Board members and Senior Management personnel of Mishra Dhatu Nigam Limited have affirmed compliance with the code of the Company for the financial year ended 31st March 2017.

for MISHRA DHATU NIGAM LIMITED



(Dr. D.K. LIKHI)

CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad
Date: 09.08.2017

ANNEXURE - VI

(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
Hyderabad

We have examined all the relevant records of Mishra Dhatu Nigam Limited for the purpose of certifying the compliance of conditions of the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 for the financial year ended 31st March 2017. 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.

FORPUTTAPARTHI JAGANNATHAM & CO.,
COMPANY SECRETARIES

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

Place: Hyderabad

Date: 09.08.2017

SWOT ANALYSIS

ANNEXURE - VII

1.0 STRENGTHS:

- Capability to manufacture a wide range of advanced products.
- Metallurgical expertise and experience gained of over 40 years in operation and maintenance of various high technology equipment and processes.
- High Quality of Products.
- New and Augmented Technology in select areas mainly in melting and forging.

2.0 WEAKNESSES

- Some of the plants and equipments are old.
- High cost of select products.
- Long delivery periods in select areas.
- Reduced manpower and lack of knowledge management.
- Overdependence on orders from Government Sector.

3.0 OPPORTUNITIES

- Demand for special alloys and steels are increasing.
- Likely increase in demand on account of Government initiatives like Make in India.
- Opportunity for long-term tie-ups in the form of Joint ventures and strategic alliances etc.,
- Diversification opportunities in materials area.

4.0 THREATS

- Competition from private sector in India and abroad
- Volatile prices of some of the critical imported raw materials coupled with their non-availability at times.

INDEPENDENT AUDITOR'S REPORT

To
The Members,
Mishra Dhatu Nigam Limited,
Hyderabad.

Report on the Ind AS Financial Statements

- 1) We have audited the accompanying Ind AS Financial Statements of Mishra Dhatu Nigam Limited, ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows and the statement of change in equity for the year then ended and a summary of significant Accounting Policies and other explanatory information.
- 2) We have issued an Audit Report dated 18.08.2017 ("the original report") on the Ind AS Financial Statements as adopted by Board of Directors on even date. Pursuant to observations of Comptroller and Auditor General of India under section 143(6) (b) of Companies Act, 2013, the original report has been revised to comply with the above observations.

Management's Responsibility for the Financial Statements

- 3) The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Accounting principles generally accepted in India, including the accounting standards (Ind AS) specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the

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

Auditor's Responsibility

- 4) Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit. In conducting our Audit we have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.
- 5) An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers "internal financial control" relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes

evaluating the appropriateness of Accounting Policies used and the reasonableness of the Accounting Estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

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

Opinion

- 7) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31st 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

- 8) We draw attention to the following matters in the Notes to the Ind AS Financial Statements:
- i) Note No. 32 (iii): The Company has contributed ₹ 567.95 lakhs towards Pension Scheme upto March'16 to Trust which has not been approved by MoD. The company has again represented to MoD for approval. The current year provision for Pension Scheme amounting to ₹ 70.26 lakhs is subject to approval as per Government Guidelines.
 - ii) Note No. 9 (Other Non-Current Assets), Note No. 13 (Other Financial Assets) Note No. 14 (Other Current Assets), Note No. 21 (Other Non-current Liabilities), Note No. 23 (Trade Payables), Note No. 24 (Other Financial Liabilities)

and Note No. 25 (Other Current Liabilities) to the Ind AS Financial Statements are subject to receipt of confirmation of balances/reconciliation.

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

Other Matters

- 9) The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2016 and 31st March 2015 dated 08th August 2016 and 04th August 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of these matters.

Report on other Legal and Regulatory Requirements

- 10) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act 2013, we give in the Annexure A, a Statement on the Matters specified in the Paragraph 3 and 4 of the Order.
- 11) As required by the Sub-section (5) of Section 143 of the Act, we give in the Annexure D, a Statement on the matters contained in directions issued by the Comptroller & Auditor General of India in terms of aforesaid section.
- 12) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, Read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015;
- e) In terms of Ministry of Corporate Affairs GSR No. 463 (E) dated 05.06.2015, Government companies are exempt from the applicability of the provisions of section 164(2) of the companies Act, 2013. Hence no comments offered.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure C; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements. Refer to Note No. 41 of the Notes on Accounts to the Ind AS Financial Statements
 - ii) The company did not have any long term contracts including Derivative Contracts for which there were any material foreseeable losses.



- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv) The Company has provided requisite disclosures in its Ind AS Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note No. 43 of the Notes on Accounts to the Ind AS Financial Statements.

**for BASHA & NARASIMHAN
Chartered Accountants**

Firm's Registration No.: 006031S

Sd/-

K. Narasimha Sah

Partner

Membership No.201777

Place: Hyderabad,

Date: 1st September 2017

Annexure - A to the Auditor's Report

With reference to Annexure referred to in paragraph 8 of the Independent Auditor's Report of even date of the Company on the Ind AS Financial Statements for the year ended March 31st, 2017, we report that:

- i. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As informed to us, all the fixed assets have been physically verified by the Management during the year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are not held in the name of the Company and the details of which are given as under.

SI No.	Particulars	Land Details
1	Total Number of Cases	i. Factory Area: 132 acres and 31 Guntas
		ii. Corporate Office: 8.00 Acres
		iii. Township Area: 97 Acres and 05 Guntas
		iv. Under lease to DRDO & Others: 37 Acres and 39 Guntas.
2	Whether Freehold/ Lease hold	Free hold
3	Gross block as on 31-03-2017	₹ 128.82 lakhs
4	Net Block as on 31-03-2017	₹ 128.82 lakhs
5	Remarks	Conveyance Deed for 275 Acres and 35 Guntas of land acquired are yet to be executed in the name of the Company. Out of this 1.5 Acres land is under dispute on account of unauthorized occupancy by third party.

- ii. Physical verification of inventory has been conducted by the Management at reasonable intervals and the discrepancies noticed on such physical verification by the management have been properly dealt with in the books of account.
- iii. The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered under section 189 of the Companies Act 2013. Accordingly the clause 3(iii) (a), 3 (iii) (b) and 3(iii) (c) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to us and based on our examination of records, the provisions of section 185 and 186 of the Companies Act, 2013 are not applicable to the Company vide Notification GSR No.463(E) F.No.1/2/2014-CL.V dated 5th June 2015.
- v. The Company has not accepted any deposits from the public, within the meaning of provisions of sections 73 to 76 any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi. We have broadly reviewed the cost records maintained by the Company as prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate and complete.
- vii. a) According to the information and explanations given to us and on the basis of examination of the records of the Company, undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, custom duty, excise duty, value added tax, cess and any other statutory dues have been regularly deposited during the year by the company with the appropriate authorities. No undisputed amounts are in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, and on the basis of examination of the records of the company examined by us, the disputed Statutory Dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess (as applicable) amounts to ₹ 1,020.51 lakhs as at 31st March 2017, have not deposited on account of disputes pending before appropriate authorities as given in Annexure - B.
- viii. According to the records of the Company examined by us and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or government during the year. The Company has not issued any debentures.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the year or informed any such case by the management.
- xi. Provision of Section 197 are not applicable to Government companies vide notification no. G.S.R. 463(E) F.No.1/2/2014-CL.V dated 05.06.2015 issued by the Central Government, hence the provisions of clause 3 (xi) of the order are not applicable to the company.
- xii. This Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS Financial Statements etc., as required by the applicable accounting standards.

- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

**for BASHA & NARASIMHAN
Chartered Accountants**

Firm's Registration No.: 006031S

Sd/-

K. Narasimha Sah

Partner

Membership No.201777

Place: Hyderabad,

Date: 1st September 2017

Annexure – B to the Independent Auditor's Report

Referred to in paragraph vii (b) of Annexure A, a statement on the matters specified in the Companies (Auditor's Report) Order, 2016 (as amended) of the Company for the year ended on 31st March, 2017.

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

Sl No	Name of the Statute	Nature of the Dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax Demand	736.77	A.Y. 2013-14	CIT (Appeals) - IV
2	Income Tax Act, 1961	Income tax Demand	40.44	A.Y. 2015-16	CPC, Bangalore
3	CST Act, 1956	Demand of CST	82.83	A.Y. 2010-11	VAT Tribunal, Telangana
4	VAT Act 2005/ CST Act, 1956	Demand of CST (C Forms)	54.27	A.Y. 2011-12	Appellate Deputy Commissioner
5	Customs Act, 1962	Custom Duty and Penalty	106.20	A.Y. 2011-12	Commissioner of Customs, Central Excise and Service Tax, Hyd. - II
		Total	1020.51		
Total amount paid under protest pending final orders ₹153.49 lakhs					

Annexure-C to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mishra Dhatu Nigam Limited, ("the Company"), as of 31st March 2017 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and

plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion:

In our opinion, the company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as on March 31, 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-
K. Narasimha Sah
Partner
Membership No.201777

Place: Hyderabad,
Date: 1st September 2017

Annexure - D to the Independent Auditor's Report

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of the Mishra Dhatu Nigam Limited, Hyderabad for the year 2016 – 17 issued by the Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013.

SI No.	Directions u/s. 143(5) of the Companies Act, 2013	Auditor's Reply on action taken on the directions	Impact on Ind AS Financial Statements
1.	Whether the Company has clear title / lease deeds for freehold and leasehold land respectively? If not please state area of freehold and leasehold land for which title/lease deeds are not available.	The company held free hold land of 275 acres and 35 Guntas. However Conveyance deeds/ Title Deeds in respect of this land were not yet executed in the Company's name.	Nil
2.	Whether there are any cases of waiver/ write off debts/loans/ interest etc., if yes, the reasons there for and the amount involved.	The Company has written off ₹ 201.18 lakhs as bad debts which is identified as non recoverable on account of tax variances and other reasons during the reporting period. Further the company has written off ₹ 995.59 lakhs towards Liquidated Damages recovered by the Customers from the company on account of delayed shipment by the company.	₹1196.77 lakhs
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grant(s) from Govt. or other authorities.	The company has maintained adequate records in respect of inventories lying with third parties. As per the explanation and information given to us, no assets have been received by the company as gift from Government or other authorities.	Nil

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF M/S. MISHRA DHATU NIGAM LIMITED, HYDERABAD, FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of M/s. MISHRA DHATU NIGAM LIMITED, Hyderabad for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act), is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 18 August 2017 and **revised report dated 01 September 2017**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of M/s. MISHRA DHATU NIGAM LIMITED, Hyderabad for the year ended 31 March, 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited to primarily inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. *In view of the revision made to include Sl.No.9 Other Matters revision in Sl.No. 12(d), Annexure-A Sl.No. vii (b) and Annexure-D Sl.No.2 to the independent auditors report as a result of my audit observations highlighted during supplementary audit*, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6) (b) of the Act.

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

Sd/-

(Prachi Pandey)

Pr. Director of Commercial Audit

Place : Bengaluru

Dated: 06 September 2017

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL INFORMATION

Mishra Dhatu Nigam Limited (“the Company”) a Government of India enterprise was set up in 1976 and is engaged in the business of manufacturing of superalloys, titanium, special purpose steel and other special metals. The Company has its registered office at ‘P.O. Kanchanbagh, Hyderabad, 500058’.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

i. Statement of compliance

- a) The financial statements are prepared and presented in accordance with Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015], to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.
- b) These are the Company’s first financial statements prepared in accordance with Ind AS and Ind AS 101 First-time Adoption of Ind AS has been applied.
- c) The transition was carried out from Generally Accepted Accounting Principles in India (IGAAP), the mandatory Accounting Standards [as notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP)], which was the previous GAAP. An explanation of how the transition to Ind-AS has affected the reported balance sheet, statement of profit and loss and cash flows of the Company is provided in note on first time adoption.

ii. Functional and presentation currency

The standalone financial statements are presented in Indian

rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest lakhs except share and per share data.

iii. Use of estimates and judgment

The preparation of financial statements in conformity with Ind AS require estimates and assumptions to be made that affect the application of accounting policies and reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

2.2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these standalone financial statements and in preparing the opening Ind AS balance sheet as at 1 April 2015 for the purposes of the transition to Ind AS, unless otherwise indicated.

2.3 Revenue recognition

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

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

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

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

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

2.4 Foreign currencies

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

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

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

2.5 Employee benefits

i. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to

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

ii. **Defined Benefit Plan**

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

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

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

iii. Compensated Absence

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

iv. Other Employee Benefits

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

2.6 Property, plant and equipment

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

All other items of Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The

company opted to adopt the previous GAAP value as the 'deemed cost' for the purposes of preparation of opening balance sheet as at 01 April 2015.

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

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

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

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

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

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

Pending disposal, unserviceable fixed assets are removed from the Fixed Assets Register and shown under "Other Current Assets" as a separate line item at the lower of their net book value

and net realizable value. As and when the disposal of such assets takes place, the difference between the carrying amount and the amount actually realized will be recognized as Loss / Profit from sale of Fixed Assets.

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

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

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

Depreciation

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

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

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

Disposal:

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

2.7 Intangible assets

i. Intangible assets acquired separately

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

ii. De-recognition of intangible assets

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

iii. Useful lives of intangible assets

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

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

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

2.8 Inventories

Inventories are valued on the following basis:

i. Raw materials, consumables, spares and Tools and Instruments in Central Stores

At weighted average cost

ii. Raw materials in Shop floor/ Sub-stores in the shops

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

iii. Consumables in Shop floor/Sub-stores

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

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

At estimated realizable value for scrap.

v. Tools and Gauges

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

vi. Work-in-process

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

vii. Finished Goods

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

Value of Finished Goods is inclusive of Excise Duty.

viii. Goods in transit are valued at cost.

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

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

Raw materials: 85% of the book value

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

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

2.9 Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

i. Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

ii. Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

2.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation taking into account the risks and uncertainties surrounding the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such provision is made, the Company recognizes any impairment loss on the assets associated with that contract.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.11 Financial instruments**i. Financial assets**

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date

at which the Company becomes a party to the contractual provisions of the instrument.

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

The Company's financial assets include security deposits, cash and cash equivalents, trade receivables and eligible current and non-current assets.

Cash and cash equivalents comprise cash balances and

term deposits with original maturities of one year or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

ii. Financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company has the following financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognized initially at fair value through profit or loss and stated net off transaction cost that are directly attributable to them. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

2.12 Impairment

i. Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of

an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

ii. **Non-financial assets**

At the end of each reporting period, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2.13 **Borrowing costs**

Borrowing costs incurred for obtaining assets which takes substantial period to get ready for their intended use are

capitalized to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets. Other borrowing costs are treated as expense for the year.

Transaction costs in respect of long-term borrowings are amortized over the tenure of respective loans using effective interest method.

2.14 Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit and loss using the effective interest method.

2.15 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.16 Segment reporting

Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company is in the business of manufacturing of super alloys and other special metals. Considering the core activities of the

Company, management is of the view that the Company operates a single business segment. Further, the Company has only domestic turnover. Therefore, there is no other reportable segment.

2.17 **Claims by / against the Company:**

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

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

Liquidated Damages on suppliers are accounted on recovery.

Liquidated damages levied by the customers are charged off on recovery/advice by the customers. A provision is created for the likely claims of Liquidated Damages for shipments made where a reliable estimation can be made.

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

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

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

2.18 **Research and development expenses:**

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

Expenditure incurred towards other development activity where

the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

2.19 Physical verification of Fixed Assets and Inventory:

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

Inventories of work-in-process, finished goods, raw materials and consumables in the Company premises are verified at the end of the financial year.

Inventories of raw materials, stores and spares in the Central Stores are verified on perpetual basis as per norms fixed from time to time and reconciled. Provisional adjustments are made to revenue, in respect of discrepancies pending reconciliation.

2.20 Cash Flow Statement:

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

2.21 New standards and interpretations not yet effective:

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2017, and have not been applied in preparing these financial statements. The effect of the same is being evaluated by the Company.

* * *

BALANCE SHEET AS AT 31st MARCH 2017

(₹ in Lakhs)

Particulars	Note No.	31 st March 2017	31 st March 2016	1 st April 2015
ASSETS:				
Non-current assets				
Property, Plant and Equipment	3	32,643.91	26,146.32	24,233.60
Capital work-in-progress	5	620.52	668.94	944.09
Intangible assets	4	93.83	149.42	194.37
Financial Assets				
(i) Investments	6	210.11	210.11	210.11
(ii) Loans	7	0.37	0.69	1.21
Non current tax assets (Net)	8	2,934.10	6,371.15	5,340.51
Other non-current assets	9	937.09	166.44	331.28
Total Non-Current Assets		37,439.93	33,713.07	31,255.17
Current assets:				
Inventories	10	20,604.23	28,854.54	42,301.54
Financial Assets				
(i) Trade receivables	11	28,852.96	20,905.37	22,008.03
(ii) Cash and cash equivalents	12	20,792.56	19,586.21	8,940.41
(iii) Other financial assets	13	1,168.07	1,220.75	1,359.57
Other current assets	14	1,245.90	7,804.91	10,441.54
Total Current Assets		72,663.72	78,371.78	85,051.09
Total Assets		110,103.65	112,084.85	116,306.26
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	15	18,734.00	18,734.00	18,734.00
Other Equity	16	51,700.40	43,233.03	35,271.83
Total Equity		70,434.40	61,967.03	54,005.83

Particulars	Note No.	31 st March 2017	31 st March 2016	1 st April 2015
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	17	123.61	901.48	1,333.97
(ii) Other Financial Liabilities	18	1,733.66	1,645.50	1,422.22
Provisions	19	75.73	66.38	56.46
Deferred tax liabilities (net)	20	2,044.02	2,264.79	1,274.41
Other non-current liabilities	21	10,890.76	14,747.76	12,939.75
Total Non-current liabilities		14,867.78	19,625.91	17,026.81
Current Liabilities				
Financial liabilities				
(i) Borrowings	22	1,255.13	0.14	4,147.73
(ii) Trade payables	23	6,603.11	5,295.10	9,517.19
(iii) Other financial liabilities	24	5,764.23	4,724.47	7,677.38
Other current liabilities	25	8,308.73	14,423.53	19,314.74
Provisions	26	2,870.27	6,048.67	4,616.58
Total Current Liabilities		24,801.47	30,491.91	45,273.62
Total Equity and Liabilities		110,103.65	112,084.85	116,306.26

The accompanying notes 1 to 46 form part of the Financial Statements

**As per our report of even date
for BASHA & NARASIMHAN**

for Mishra Dhatu Nigam Limited

Chartered Accountants
Firm's registration no. 6031 S

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

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

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

**Sd/-
Paul Antony**
Company Secretary

Place: New Delhi
Date: 18.08.2017

Place: New Delhi
Date: 18.08.2017

**STATEMENT OF PROFIT AND LOSS
FOR THE PERIOD ENDED 31st MARCH 2017**

(₹ in Lakhs)

Particulars	Note No.	31 st March 2017	31 st March 2016
Revenue From Operations	27	80,970.77	76,144.87
Other Income	28	2,338.26	2,899.90
Total Income		83,309.03	79,044.77
Expenses			
Cost of material consumed	29	19,382.83	24,490.54
Excise Duty	30	3,642.59	4,494.64
Change in inventories of finished goods, work-in-progress and stock-in-trade	31	7,764.17	3,796.58
Employee benefits expense	32	10,928.46	9,073.46
Finance Costs	33	467.64	418.60
Depreciation and amortization expense	3, 4	1,766.41	1,406.50
Other expenses	34	20,721.65	19,179.95
Total Expenses		64,673.75	62,860.27
Profit / (Loss) before exceptional items and tax		18,635.28	16,184.50
Exceptional Items		-	-
Profit / (Loss) before tax		18,635.28	16,184.50
Tax expense	35		
Current Tax		6,206.31	3,807.95
Earlier Year Tax		18.43	(133.93)
MAT Credit Entitlement			(216.50)
Deferred Tax		(220.77)	789.96
Profit / (Loss) for the period		12,631.31	11,937.02
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		149.64	79.99

Particulars	Note No.	31 st March 2017	31 st March 2016
(ii) Income tax relating to items that will not be reclassified to profit or loss		(51.79)	(27.68)
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year net of tax		97.85	52.31
Total Comprehensive Income for the period (Comprising Profit / (Loss) and Other Comprehensive Income for the period)		12,729.16	11,989.33
Earning per equity share (Amount in ₹)			
(i) Basic		674.25	637.18
(ii) Diluted		674.25	637.18
Weighted average number of shares used in computing earnings per share			
(i) Basic		1,873,400	1,873,400
(ii) Diluted		1,873,400	1,873,400

The accompanying notes 1 to 46 form part of the Financial Statements

**As per our report of even date
for BASHA & NARASIMHAN**

Chartered Accountants
Firm's registration no. 6031 S

Sd/-

Shri K. Narasimha Sah
Partner
Membership No. 201777

Place: New Delhi
Date: 18.08.2017

for Mishra Dhatu Nigam Limited

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

Sd/-
Sanjeev Singhal
Director (Finance)

Sd/-
Paul Antony
Company Secretary

Place: New Delhi
Date: 18.08.2017

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31ST MARCH 2017**

A: Equity Share Capital

(₹ in Lakhs)

Particulars	Amount
Balance as at 1 st April 2015	18,734.00
Changes in Equity Share Capital	-
Balance as at 31st March 2016	18,734.00
Changes in Equity Share Capital	-
Balance as at 31st March 2017	18,734.00

B. Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus		Other Compre- hensive Income	Total Other Equity
	Retained Earnings	General Reserve	Other items of Other Compre- hensive Income	
Balance as at 1st April 2015	4,336.33	30,775.87	159.63	35,271.83
Changes in Equity Share Capital during the year				-
Profit for the period	11,937.02			11,937.02
Remeasurement of the net defined benefit liability / asset, net of tax effect			52.31	52.31
Dividends	(3,346.80)			(3,346.80)
Dividend Distribution Tax	(681.33)			(681.33)
Transfer to General Reserve	(7,300.00)	7,300.00		-
Balance as at 31st March 2016	4,945.22	38,075.87	211.94	43,233.03

Particulars	Reserves and Surplus		Other Compre- hensive Income	Total Other Equity
	Retained Earnings	General Reserve	Other items of Other Compre- hensive Income	
Opening Balance	4,945.22	38,075.87	211.94	43,233.03
Changes in Equity Share Capital				-
Profit for the period	12,631.31			12,631.31
Remeasurement of the net defined benefit liability / asset, net of tax effect			97.85	97.85
Dividends	(3,540.94)			(3,540.94)
Dividend Distribution Tax	(720.85)			(720.85)
Transfer to General Reserve	(12,000.00)	12,000.00		-
Balance as at 31st March 2017	1,314.74	50,075.87	309.79	51,700.40

The accompanying notes 1 to 46 form part of the Financial Statements

**As per our report of even date
for BASHA & NARASIMHAN**

Chartered Accountants
Firm's registration no. 6031 S

for Mishra Dhatu Nigam Limited

**Sd/-
Dr. D.K.Likhi**
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Membership No. 201777

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

**Sd/-
Paul Antony**
Company Secretary

Place: New Delhi
Date: 18.08.2017

Place: New Delhi
Date: 18.08.2017

STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31st MARCH 2017

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016
Cash flows from operating activities		
Profit/(loss) for the year (before tax)	18,784.92	16,264.49
Adjustments for:		
Depreciation expense	1,766.41	1,406.50
Finance costs	467.64	418.60
Interest income	(1,726.76)	(1,081.56)
Profit / Loss on sale of Fixed Assets	2.42	(0.22)
	19,294.63	17,007.81
Working capital adjustments:		
(Increase) / decrease in inventories	8,250.31	13,447.00
(Increase) / decrease in trade receivables and loans	(7,947.27)	1,103.18
(Increase) / decrease in other financial assets	52.68	138.82
(Increase) / decrease in other non-current assets	(770.65)	164.84
(Increase) / decrease in other current assets	6,559.01	2,636.63
Increase / (decrease) in trade payables	1,308.01	(4,222.09)
Increase / (decrease) in other financial liabilities	1,127.92	(2,729.63)
Increase / (decrease) in provisions	64.12	939.78
Increase / (decrease) in non-current liabilities	(3,857.00)	1,808.01
Increase / (decrease) in other current liabilities	(6,114.80)	(4,891.21)
Cash generated from operating activities	17,966.96	25,403.14
Income tax paid (net)	(6,072.65)	(3,813.19)
Net cash from operating activities (A)	11,894.31	21,589.95
Cash flow from investing activities		
Acquisition of property, plant and equipment	(8,159.99)	(2,999.12)
Profit / (Loss) on sale of Fixed Assets	(2.42)	0.22
Interest received	1,726.76	1,081.56

Particulars	31 st March 2017	31 st March 2016
Investment in fixed deposits	(49.50)	(8,749.80)
Net cash from investing activities (B)	(6,485.15)	(10,667.14)
Cash flows from financing activities		
Repayment of borrowings	477.12	(4,580.08)
Dividend on shares	(4,261.79)	(4,028.13)
Interest paid	(467.64)	(418.60)
Net cash flow from (used in) financing activities (C)	(4,252.31)	(9,026.81)
Net decrease in cash and cash equivalents (A+B+C)	1,156.85	1,896.00
Cash and cash equivalents at 1 April	2,236.41	340.41
Cash and cash equivalents at 31 March	3,393.26	2,236.41
Recancellation of cash and cash equivalents as per the balance sheet		
Cash and cash equivalents as per the cash flow statement	3,393.26	2,236.41
Other bank balances not considered above		
- Bank deposits with maturity more than 3 months	17,399.30	17,349.80
	20,792.56	19,586.21

**As per our report of even date
for BASHA & NARASIMHAN**

Chartered Accountants
Firm's registration no. 6031 S

Sd/-

Shri K. Narasimha Sah
Partner
Membership No. 201777

Place: New Delhi
Date: 18.08.2017

for Mishra Dhatu Nigam Limited

Sd/-

Dr. D.K.Likhi
Chairman & Managing Director

Sd/-

Sanjeev Singhal
Director (Finance)

Sd/-

Paul Antony
Company Secretary

Place: New Delhi
Date: 18.08.2017

(₹ in Lakhs)

3. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings/ Drainage/ water systems	Plant and Equipment	Furni- ture and Fixtures	Vehi- cles	Office equip- ment	Other (Electrical installa- tions)	Others (Roads and bridges)	Total Tangible Assets
Year ended 31st March 2016									
Gross Carrying amount									
Deemed Cost as at 1 st April 2015	128.82	2,130.35	20,932.26	147.41	130.68	168.91	591.69	3.48	24,233.60
Additions	-	43.58	2,957.46	56.83	87.44	78.46	71.46	-	3,295.23
Disposals	-	-	19.15	-	4.97	3.07	1.79	-	28.98
Closing gross carrying amount	128.82	2,173.93	23,870.57	204.24	213.15	244.30	661.36	3.48	27,499.85
Accumulated depreciation									
Depreciation charge during the year	-	95.49	1,053.32	26.89	32.36	61.30	85.47	-	1,354.83
Disposals	-	-	-	-	(0.64)	(0.53)	(0.13)	-	(1.30)
Closing accumulated depreciation	-	95.49	1,053.32	26.89	31.72	60.77	85.34	-	1,353.53
Net carrying amount	128.82	2,078.44	22,817.25	177.35	181.43	183.53	576.02	3.48	26,146.32

Year ended 31st March 2017										
	Land	Buildings/ Drainage/ water systems	Plant and Equipment	Furni- ture and Fixtures	Vehi- cles	Office equip- ment	Other (Electrical installa- tions)	Others (Roads and bridges)	Total Tangible Assets	
Gross Carrying amount										
Opening gross carrying amount	128.82	2,173.93	23,870.57	204.24	213.15	244.30	661.36	3.48	27,499.85	
Additions	-	1,906.58	4,147.06	63.00	81.81	171.43	1,842.18	-	8,212.06	
Disposals	-	-	-	-	-	4.00	0.85	-	4.85	
Closing gross carrying amount	128.82	4,080.51	28,017.63	267.24	294.96	411.73	2,502.69	3.48	35,707.06	
Accumulated depreciation										
Opening accumulated depreciation	-	95.49	1,053.32	26.89	31.72	60.77	85.34	-	1,353.53	
Depreciation charge during the year	-	140.25	1,238.29	32.05	37.77	54.03	208.43	-	1,710.82	
Disposals	-	-	-	-	-	(0.87)	(0.33)	-	(1.20)	
Closing accumulated depreciation	-	235.74	2,291.61	58.94	69.49	113.93	293.44	-	3,063.15	
Net Carrying amount	128.82	3,844.77	25,726.02	208.30	225.47	297.80	2,209.25	3.48	32,643.91	

1. Conveyance deeds for 275 acres and 35 guntas of Land acquired are yet to be executed. Out of the above, the extent of land leased to the following parties: DRDO - 35 acres and 39 guntas, Telangana State Govt.- 1 acre, BDL - 1 acre, and 1.5 acres is under dispute on account of unauthorized possession by a third party.
2. Claims for reimbursement of cost for 70 acres and 23 guntas of Land transferred by DRDO not acknowledged, as no final settlement has been reached.
3. Pending registration/receipt of claims no Provision has been made towards stamp Duty on conveyance deeds/conversion of Land use/property taxes/service charges (amount not ascertainable)
4. Plant and Machinery includes ₹ 2488.63 Lakhs (31-Mar-2016 ₹ 2185.96 Lakhs, 01-Apr-2015 ₹ 584.96 Lakhs) for R & D capital costs.
5. Company considered the salvage value as 5% of the Cost of Assets
6. Principal Asset costing ₹ 1 Crore and above only are identified for the purpose of componentization of assets.
7. Useful life adopted by the Company for calculation of Depreciation in respect of the following assets are less than the useful life prescribed under Schedule II of the Companies Act, 2013. The reduced useful life has been adopted in view of faster rate of wear and tear:-

Category	Gross Block	Normal Depreciation		Higher Depreciation		Impact
		Life in Years	Amount ₹ in Lakhs	Life in Years	Amount ₹ in Lakhs	Amount ₹ in Lakhs
Plant and Equipment	29.50	25	0.54	5	11.23	10.69
Furniture	5.79	10	0.31	5	0.63	0.32
TOTAL	35.29		0.85		11.86	11.01
Previous Year	80.08		1.21		14.42	13.21

4. INTANGIBLE ASSETS

(₹ in Lakhs)

	Com- puter soft- ware	Copyrights & Patents and other intellectual property rights, services and operating rights	Total In- tangible Assets
Year ended 31st March 2016			
Gross Carrying amount			
Deemed Cost as at 1 st April 2015	185.19	9.18	194.37
Additions	-	10.00	10.00
Disposals	-	-	-
Closing gross carrying amount	185.19	19.18	204.37
Accumulated depreciation			
Depreciation charge during the year	51.65	3.30	54.95
Disposals	-	-	-
Closing accumulated depreciation	51.65	3.30	54.95
Net carrying amount	133.54	15.88	149.42
Year ended 31st March 2017			
Gross Carrying amount			
Opening gross carrying amount	185.19	19.18	204.37
Additions	-	-	-
Disposals	-	-	-
Closing gross carrying amount	185.19	19.18	204.37
Accumulated depreciation			
Opening accumulated depreciation	51.65	3.30	54.95
Depreciation charge during the year	51.65	3.94	55.59
Disposals	-	-	-
Closing accumulated depreciation	103.30	7.24	110.54
Net Carrying amount	81.89	11.94	93.83

5. CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Capital Work-in-Progress-Civil	160.01	225.65	41.25
Capital Work-in-Progress-Plant & Machinery Under Erection	442.29	349.29	902.84
Redundant / obsolete items	6.97	-	-
Less: Provision	6.97	-	-
Plant, Machinery & Equipment under Inspection & in Transit	18.22	94.00	-
Total	620.52	668.94	944.09

6. NON-CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Investment in Equity instruments			
AP Gas Power Corporation Limited			
18,43,857 fully paid up Equity share of ₹ 10/- each including 7,71,847 fully paid up bonus share of face value ₹ 10/- each	107.20	107.20	107.20
4,28,800 fully paid up Equity share of ₹ 10/- each subscribed at ₹ 24/- each and paid-up ₹ 24/- each	102.91	102.91	102.91
Total	210.11	210.11	210.11

Investment in APGPCL shares are in the nature of security deposit for uninterrupted supply of power which has no specified tenure. Hence, not considered for fair valuation.

7. LOANS

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Loans and advances to employees	0.37	0.69	1.21
Total	0.37	0.69	1.21

8. NON-CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Advance Income Tax	2,934.10	6,337.03	5,303.62
Tax deducted at source	-	34.12	36.89
Total	2,934.10	6,371.15	5,340.51

9. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Capital Advances			
Secured, considered good			
Unsecured, considered good	937.09	166.44	331.28
Doubtful	35.46	35.46	35.46
Less: Provision	35.46	-	35.46
Sub-Total	937.09	166.44	331.28
Deposits with others			
Others			
Doubtful Advances to supplier	23.66	23.66	23.66
Less: Provision	23.66	-	23.66
Obsolete and slow moving -Raw material	0.06	8.30	12.02
Less: Provision	0.06	-	12.02
Obsolete and slow moving -consumables	22.90	23.75	77.26
Less: Provision	22.90	-	77.26
Obsolete and slow moving -spares	138.78	248.36	260.07
Less: Provision	138.78	-	260.07
Total	937.09	166.44	331.28

10. INVENTORIES

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Raw Materials and components	4,896.05	5,633.34	9,376.83
Raw Materials and components -in transit	1,029.55	811.48	5,102.06
Total	5,925.60	6,444.82	14,478.89
Work-in-progress #	11,256.27	18,208.28	22,815.46
Total	11,256.27	18,208.28	22,815.46
Finished goods	8.87	663.80	2.20
Finished goods in transit	55.31	212.54	63.54
Total	64.18	876.34	65.74
Stores and spares	420.54	531.87	585.41
Stores and spares -in transit	-	-	101.09
Total	420.54	531.87	686.50
Loose Tools	3.28	1.95	16.54
Total	3.28	1.95	16.54
Consumables	1,132.52	986.82	1,640.96
Consumables-in transit	14.56	31.99	282.62
Total	1,147.08	1,018.81	1,923.58
Internally generated Scrap/rejected material	1,787.28	1,772.47	2,314.83
Total	1,787.28	1,772.47	2,314.83
Grand Total	20,604.23	28,854.54	42,301.54

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

#Work in progress Include materials lying with sub-contractors ₹ 1462.63 Lakhs (31.03.2016 ₹ 1441.39 Lakhs, 01.04.2015 ₹ 1119.70 Lakhs) and is subject to confirmation of balance by sub-contractors.

11. TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	31 st March 2017		31 st March 2016		1 st April 2015	
Debts Outstanding for period exceeding Six Months						
Unsecured, considered good \$		5,268.52		2,833.86		5,662.38
Unsecured, considered doubtful	897.46		342.08		309.73	
Less: Provision	897.46	-	342.08	-	309.73	-
Total		5,268.52		2,833.86		5,662.38
Other Debts						
Unsecured, considered good \$		23,584.44		18,071.51		16,345.65
Unsecured, considered doubtful	501.49		800.39		871.43	
Less: Provision	501.49	-	800.39	-	871.43	-
Total		23,584.44		18,071.51		16,345.65
Grand Total		28,852.96		20,905.37		22,008.03

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

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

Expected Credit Loss Percentage

Aging	Expected credit loss		
	31 March 2017	31 March 2016	1 April 2015
Within Credit the Period	0.44%	0.29%	0.68%
Upto 3 months	2.09%	4.03%	3.42%
3-6 months	6.44%	11.81%	11.97%
6-9 months	22.92%	26.39%	31.95%
9-12 months	91.67%	100.00%	100.00%
>12 months	100.00%	100.00%	100.00%
Specific Provision (₹ In Lakhs) relating to Defence, Govt and PSU customer dues	593.31	233.92	133.33
Specific Provision (₹ In Lakhs) relating to Defence, Govt, PSU, Private customer dues (LD)	798.11	860.64	949.7

(₹ in Lakhs)

Age of receivables	As at	As at	As at
	31 March 2017	31 March 2016	1 April 2015
Private Customers - Unsecured			
Within Credit the Period	616.76	127.49	721.89
Upto 3 months	232.00	-	2.00
3-6 months	-	-	60.00
6-9 months	-	21.00	-
9-12 months	-	-	62.00
>12 months	-	42.00	24.00
Private Customers - secured	363.84	360.11	326.90
Defence, Govt and PSU customer dues	29,039.31	21,497.24	21,992.40

Movement in Provision made against Trade Receivables (₹ in Lakhs)

Particulars	Total
Loss allowance as on 1 st April 2015	1,181.16
Changes in loss allowance	(38.69)
Loss allowance as on 31 st March 2016	1,142.47
Changes in loss allowance	256.48
Loss allowance as on 31 st March 2017	1,398.95

12. CASH AND CASH EQUIVALENTS (₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Balances with Banks			
In Current Accounts	3,391.27	2,231.21	335.77
In Deposit Accounts	17,399.30	17,349.80	8,600.00
Cash on hand	1.99	5.20	4.64
Total	20,792.56	19,586.21	8,940.41

Balances in Deposit Accounts ₹ 1383.97 Lakhs (31.03.2016 ₹ 0.16 Lakhs, 01.04.2015 ₹ 4600.16 Lakhs) pledged for secured over drafts availed against the deposits

Balances in deposit accounts represents term deposits with maturities of one year or less and can be liquidated as and when required by the Company, hence classified as cash and cash equivalents.

13. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Loans and advances to employees	15.22	21.86	25.65
Interest accrued on loans to employees	0.52	0.70	1.30
Claims receivable	40.12	287.83	465.32
Deposits with others	426.22	306.96	101.91
Interest accrued on bank deposits	685.99	603.40	765.39
Interest accrued-doubtful	286.58	286.58	286.58
Less: Provision	286.58	- 286.58	- 286.58
Total	1,168.07	1,220.75	1,359.57

14. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Assets held for disposal	-	7.76	7.76
Gratuity Fund	-	-	7.28
Prepaid expenses	207.28	114.27	108.03
VAT/Modvat/Service Tax/Customs duty receivable	282.10	225.42	1,455.36
Customer financed projects	-	6,961.41	7,232.68
Others			
Unsecured, considered good			
Advance to suppliers	756.52	496.05	1,630.43
Total	1,245.90	7,804.91	10,441.54

15. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Authorised			
Equity shares			
20,00,000 shares @ ₹ 1,000/- per share (Previous Year 20,00,000 shares @ ₹ 1,000/- per share)	20,000.00	20,000.00	20,000.00
	20,000.00	20,000.00	20,000.00
Issued			
Equity shares			
18,73,400 shares @ ₹ 1,000/- per share (Previous Year 18,73,400 shares @ ₹ 1,000/- per share)	18,734.00	18,734.00	18,734.00
	18,734.00	18,734.00	18,734.00
Subscribed and fully Paid up			
Equity shares			
18,73,400 shares @ ₹ 1,000/- per share (Previous Year 18,73,400 shares @ ₹ 1,000/- per share)	18,734.00	18,734.00	18,734.00
	18,734.00	18,734.00	18,734.00
Total	18,734.00	18,734.00	18,734.00

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

Particulars	31 st March 2017		31 st March 2016		1 st April 2015	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Outstanding as at Opening Date	1,873,400	18,734.00	1,873,400	18,734.00	1,873,400	18,734.00
Add: Issued during the period						
To President of India	-	-	-	-	-	-
To Employees	-	-	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-	-	-
Outstanding as at Closing Date	1,873,400	18,734.00	1,873,400	18,734.00	1,873,400	18,734.00

Terms/right attached to equity shares

The Company has only one class of equity shares having par value of ₹ 1,000 per share. Hundred percent shares are held by President of India. Each equity share represents one voting right.

Shares of the Company held by holding company (No. of shares)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
President of India	1,873,400	1,873,400	1,873,400

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

Particulars	31 st March 2017		31 st March 2016		1 st April 2015	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹ 1000/- each fully paid-up						
President of India	1,873,400	100%	1,873,400	100%	1,873,400	100%

16. OTHER EQUITY

(₹ in Lakhs)

Particulars	31 st March 2017		31 st March 2016	
General Reserve				
Opening Balance		38,075.87		30,775.87
Less: Depreciation adjustment		-		-
		38,075.87		30,775.87
Add: Additions during the year		12,000.00		7,300.00
Sub-total		50,075.87		38,075.87
Retained Earnings				
Opening Balance		4,945.22		4,336.33
Add: Amount transferred from statement of profit and loss		12,631.31		11,937.02
Amount available for appropriation		17,576.53		16,273.35
Less: Appropriations				
Interim Dividend		-		-
Final Dividend	3,540.94		3,346.80	
Dividend Tax	720.85		681.33	
Transferred to General Reserve	12,000.00	16,261.79	7,300.00	11,328.13
Sub-total		1,314.74		4,945.22
Components of other comprehensive income				
Opening Balance		211.94		159.63
Add: Remeasurement of the net defined benefit liability / asset, net of tax effect		97.85		52.31
Sub-total		309.79		211.94
Total		51,700.40		43,233.03

17. BORROWINGS (NON-CURRENT)

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Secured			
Term Loans			
from Banks	-	749.30	1,075.96
(Secured by way of Hypothecation of Machinery Purchased out of Term Loan) (Excluding ₹ 749.52 Lakhs (31.03.2016 ₹ 325.72 Lakhs, 01.04.2015 ₹ 325.91 Lakhs) which is due for payment within 12 months treated as Other Current Liability and included under Note 23)			
Repayable in 60 monthly equal installments			
Unsecured			
Term Loans			
Loan from Government of India	-	-	80.00
(Excluding NIL (31.03.2016 ₹ 80 Lakhs, 01.04.2015 ₹ 80 Lakhs) which is due for payment within 12 months treated as Other Current Liability and included under Note 23)			
Terms of Repayment, every year 1/5 of the principal amount			
Advances - Augmentation Facilities - VSSC	123.61	152.18	178.01
(This represents balance amount payable (net of ₹ 50.00 Lakhs (31.03.2016 ₹ 50 Lakhs, 01.04.2015 ₹ 50.00 Lakhs) repayable within 12 months and treated as Other Current Liability and included under Note No.24) against refundable loan of ₹ 478.38 Lakhs received from VSSC for upgradation of forge press.)			
Total	123.61	901.48	1,333.97

Maturity profile of Term Loan:

(₹ in Lakhs)

Borrower	Maturity Profile					
	Interest Rate	2017-18	2018-19	2019-20	2020-21	2021-22
State Bank of India	9.60%	749.52				
VSSC		50.00	50.00	50.00	50.00	28.38

18. OTHER FINANCIAL LIABILITIES (NON-CURRENT)

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Grants - Customer Financed Projects	1,733.66	1,645.50	1,422.22
Total	1,733.66	1,645.50	1,422.22

19. PROVISIONS (NON-CURRENT)

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Provision for employee benefits			
Provision for gratuity	58.94	53.03	46.46
Provision for compensated absences	16.79	13.35	10.00
Total	75.73	66.38	56.46

20. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Deferred Tax Liabilities			
On Depreciation	2,859.47	2,598.80	1,888.36
Sub Total	2,859.47	2,598.80	1,888.36
Deferred Tax Assets			
On Provision	809.64	329.39	610.55
On Disallowance as per IT Act	5.81	4.62	3.40
Sub Total	815.45	334.01	613.95
Net Total	2,044.02	2,264.79	1,274.41

Movement in deferred tax

	Opening Balance 01-Apr-2015	Charge/Credit during the year 2015-16	Closing Balance 31-Mar-2016	Charge/Credit during the year 2016-17	Closing Balance 31-Mar-2017
Deferred Tax Assets					
Provision for Non Moving Stores	118.74	(21.70)	97.04	(41.07)	55.97
Provisions for Doubtful Debts	62.84	34.46	97.30	110.64	207.94
Provisions for Doubtful ICD	97.41	1.77	99.18	-	99.18
Provisions for Doubtful Adv / Claims	20.09	0.37	20.46	-	20.46
Provision for Contingencies & Warranty	52.05	4.44	56.49	87.20	143.69
AMTL Leave Provision	3.40	1.22	4.62	1.19	5.81
OFB Interest Differences (Net)	2.74	8.74	11.48	12.50	23.98
VSSC Interest Differences (Net)	12.34	1.82	14.16	0.66	14.82
Gratuity	11.98	(213.29)	(201.31)	442.50	241.19
Leave	31.94	102.65	134.59	(134.59)	-
MAT Credit	200.42	(200.42)	-	-	-
Provision for redundant / obsolete items	-	-	-	2.41	2.41
Total Assets	613.95	(279.94)	334.01	481.44	815.45
Deferred Tax Liability					
Depreciation	1,888.36	710.44	2,598.80	260.67	2,859.47
Total Liability	1,888.36	710.44	2,598.80	260.67	2,859.47
Net Liability	1,274.41	990.38	2,264.79	(220.77)	2,044.02

21. OTHER NON-CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Advances			
Advances from Customers	5,336.65	9,319.33	7,590.64
Others			
Material Received on Loan - Kaveri Project	23.58	23.58	23.58
Other Liabilities - VSSC	54.72	54.72	54.72
Expenditure CFP - TIFAC - TDAA	-	-	0.33
Advances Others	64.57	64.57	66.10
Deferred Income	5,411.24	5,285.56	5,204.38
Total	10,890.76	14,747.76	12,939.75

22. BORROWINGS (CURRENT)

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Secured			
Loans repayable on demand			
From Banks			
State Bank of India - Cash Credit (By hypothecation of Raw materials, stock in process, finished good and book debts.)	9.56	-	7.59
From various banks-short term overdraft secured by pledge of fixed deposits (Secured by Fixed Deposits of ₹ 0.16 Lakhs (Previous Year ₹ 4600.16 Lakhs)	1,245.57	0.14	4,140.14
Total	1,255.13	0.14	4,147.73

23. TRADE PAYABLES

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Micro, Small & Medium Enterprises	104.83	236.83	97.35
Others @	6,498.28	5,058.27	9,419.84
Total	6,603.11	5,295.10	9,517.19

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

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

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Amount due and Payable at the year end			
Principal	104.83	236.83	97.35
Interest on above Principal	1.04	6.49	8.88
Payments made during the year after the due date			
Principal	1,542.75	1,243.24	676.45
Interest on above Principal	-	-	-
Interest due and payable for principals already paid	37.19	46.56	28.20
Total Interest accrued and remained unpaid at year end	38.23	53.05	37.08

24. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Current Maturities of Long Term Debt			
Loan from Government of India	-	80.00	80.00
Term Loan from State Bank of India	749.52	325.72	325.91
Others			
Earnest money deposit	28.72	26.99	28.17
Security Deposit	66.15	102.62	111.57
Liabilities to customers	3,088.43	3,272.03	4,386.09
Capital creditors	58.85	454.44	1,318.54
Employee payables	1,772.56	462.67	1,427.10
Total	5,764.23	4,724.47	7,677.38

25. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Advances received from customers	5,827.31	12,599.40	17,727.17
Advance for Customer Financed projects	522.15	225.42	802.57
Material Received on Loan - Others	1,385.64	894.50	90.39
Statutory liabilities	573.63	704.21	694.61
Total	8,308.73	14,423.53	19,314.74

26. PROVISIONS (CURRENT)

(₹ in Lakhs)

Particulars	31 st March 2017	31 st March 2016	1 st April 2015
Provision for employee benefits			
Provision for compensated absences	604.35	344.52	142.51
Provision for gratuity	695.88	752.91	-
Provision for post retirement medical scheme	70.26	72.20	207.77
Provision for pension scheme	245.98	247.36	253.87
Provision for other employee benefits	639.27	1,035.96	929.04
Other Provisions			
Equity dividend	-	-	-
Tax on equity dividend	-	-	-
Provision for contingencies and warranty	415.20	163.22	153.12
Provision for Income Tax	188.29	3,421.46	2,919.23
Other provisions	11.04	11.04	11.04
Total	2,870.27	6,048.67	4,616.58

27. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Sale of Manufacturing Products	80,155.12	74,921.68
Sale of Services	704.73	1,106.11
Other Operating Revenues	110.92	117.08
Total	80,970.77	76,144.87

28. OTHER INCOME

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Interest Income		
From Banks	1,532.87	789.01
From Employees	0.16	0.24
From Others	193.73	292.31
Liquidated Damages	181.64	177.57
Exchange rate variance	4.78	-
Net gain on sale of Fixed Assets	0.16	3.41
Income from Sale of Unserviceable Scrap	168.31	-
Provisions written back		
Non-Moving Inventories	118.66	68.96
Excess Liabilities written back	62.53	1,430.42
Other miscellaneous income	75.42	137.98
Total	2,338.26	2,899.90

Details of Other miscellaneous income

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Sale of Application Forms (Personnel)	6.38	3.92
Sale of Tender Documents	6.85	4.25
Others	62.19	129.81
Total	75.42	137.98

29. COST OF MATERIAL CONSUMED

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Cost of Material for manufactured products *	19,382.83	24,490.54
Total	19,382.83	24,490.54

*(Includes ₹ 649.52 Lakhs (Previous Year ₹ 2913.88 Lakhs) towards primary melting outsourced to SAIL, VISL)

30. EXCISE DUTY

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Excise - Finished Goods	3,642.59	4,494.64
Total	3,642.59	4,494.64

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

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Opening Stock		
Work-in-progress	18,208.28	22,815.46
Finished Stock	876.34	65.74
	19,084.62	22,881.20
Closing Stock		
Work-in-progress	11,256.27	18,208.28
Finished Stock	64.18	876.34
	11,320.45	19,084.62
(Increase) / Decrease		
Work-in-progress	6,952.01	4,607.18
Finished Stock	812.16	(810.60)
Total	7,764.17	3,796.58

32. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Salaries & Wages		
Salaries & Wages	6,411.15	6,118.37
Leave Encashment	391.21	459.74
Directors remuneration	144.89	127.37
Contribution to Provident and other Funds		
Contribution to provident fund	515.83	539.17
Employees Gratuity	1,508.56	278.83
Leave salary and pension contribution	246.15	245.04
Staff Welfare & Training		
Workmen and staff welfare expense	1,710.67	1,304.94
Total	10,928.46	9,073.46

(i) Gratuity

Gratuity payable to eligible employees is administered by a separate Trust, which has taken a policy with LICGGF. The annual demand computed through actuarial valuation is charged to Statement of Profit and Loss and other comprehensive income

Expenses Recognised during the period

(₹ in Lakhs)

Particulars	2016-17	2015-16
In Income Statement	1,514.35	273.56
In Other Comprehensive Income	(149.64)	(79.99)
Net Liability	1,364.71	193.57

Assets and Liability (Balance Sheet Position)

(₹ in Lakhs)

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Present Value of Obligation	4,289.38	3,576.19	4,070.59
Fair Value of Plan Assets	3,593.51	3,405.00	4,043.08
Surplus / (Deficit)	(695.87)	(171.19)	(27.51)
Effects of Asset Ceiling, if any	-	-	-
Net Assets / (Liability)	(695.87)	(171.19)	(27.51)

Changes in the Present Value of Obligation

(₹ in Lakhs)

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Present Value of Obligation as at beginning	3,576.19	4,070.60	4,646.04
Current Service Cost	1,500.66	271.36	334.17
Interest Expense or Cost	286.10	325.65	371.68
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-	-
- change in demographic assumptions	(257.59)	-	-
- change in financial assumptions	118.75	(79.13)	(225.18)
- experience variance (Actual Vs assumptions)	0.55	(23.31)	-
Past Service Cost	-	-	-
Effect of change in foreign exchange rates	-	-	-
Benefits Paid	(935.28)	(988.97)	(1,056.12)
Acquisition Adjustment	-	-	-
Effect of business combinations or disposals	-	-	-
Present Value of Obligation as at the end	4,289.38	3,576.19	4,070.60

Bifurcation of net liability

(₹ in Lakhs)

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Current Liability (Short term)	767.26	934.73	1,012.28
Non-Current Liability (Long term)	3,522.12	2,641.46	3,058.32
Net Liability	4,289.38	3,576.19	4,070.60

Changes in the Fair Value of Plan Assets

(₹ in Lakhs)

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Fair Value of Plan Assets as at the beginning	3,405.00	4,043.09	4,432.96
Investment Income	272.40	323.45	354.64
Employer's Contribution	840.58	49.88	292.68
Expenses	(0.55)	-	-
Employee's Contribution	-	-	-
Benefits Paid	(935.28)	(988.97)	(1,056.12)
Return on plan assets , excluding amount recognised in net interest expense	11.36	(22.45)	18.93
Acquisition Adjustment	-	-	-
Fair Value of Plan Assets as at the end	3,593.51	3,405.00	4,043.09

Expenses Recognised in the Income Statement

(₹ in Lakhs)

Particulars	2016-17	2015-16
Current Service Cost	1,500.66	271.36
Past Service Cost	-	-
Loss / (Gain) on settlement	-	-
Expected return on Asset	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	13.69	2.20
Actuarial Gain/Loss	-	-
Expenses Recognised in the Income Statement	1,514.35	273.56

Other Comprehensive Income

(₹ in Lakhs)

Particulars	2016-17	2015-16
Actuarial (gains) / losses		
- change in demographic assumptions	(257.58)	
- change in financial assumptions	118.75	(79.13)
- experience variance (i.e. Actual experience vs assumptions)	0.55	(23.31)
- others	-	
Return on plan assets, excluding amount recognized in net interest expense	(11.36)	22.45
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	
Components of defined benefit costs recognised in other comprehensive income	(149.64)	(79.99)

Actuarial assumptions

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Discount rate (per annum)	7.33%	8.00%	8.00%
Salary growth rate (per annum)	6.50%	6.50%	4.00%

Demographic assumptions

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Mortality rate (% of IALM 06-08)	100.00%	100.00%	100.00%
Withdrawal rate (per annum)	Upto 3% based on age	Upto 3% based on age	Upto 3% based on age

Table of sample mortality rates from Indian Assured Lives Mortality 2006-08

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

(₹ in Lakhs)

Sensitivity analysis

Particulars	31-Mar-17		31-Mar-16		01-Apr-15	
	Decrease	Increase	Decrease	Increase	Decrease	Increase
Defined Benefit Obligation (Base)		4,289.38		3,576.19		4,070.60
Discount Rate (- / + 1%)	4,483.35	4,115.08	3,712.20	3,452.80	4,206.88	3,944.99
(% change compared to base due to sensitivity)	4.52	-4.06	3.8	-3.45	3.35	-3.09
Salary Growth Rate (- / + 1%)	4,077.54	4,511.27	3,530.28	3,611.95	4,003.06	4,137.10
(% change compared to base due to sensitivity)	-4.94	5.17	-1.28	1	-1.66	1.63
Attrition Rate (- / + 1%)	4,169.72	4,396.89	3,492.13	3,652.25	4,010.12	4,126.27
(% change compared to base due to sensitivity)	-2.79	2.51	-2.35	2.13	-1.49	1.37
Mortality Rate (- / + 10%)	4,285.52	4,293.24	3,573.26	3,579.11	4,067.92	4,073.27
(% change compared to base due to sensitivity)	-0.09	0.09	-0.08	0.08	-0.07	0.07

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

(₹ in Lakhs)

1 year	690.34
2 to 5 years	1,891.97
6 to 10 years	1,029.37
More than 10 years	677.70

(ii) Leave obligations

“The leave obligations cover the Company’s liability for the earned leave. The retirement benefit relating to leave encashment is administered through a Group Leave Encashment Scheme with LIC of India. The annual demand computed through actuarial valuation is charged to Statement of Profit and Loss.”

Bifurcation of net liability

(₹ in Lakhs)

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Current Liability (Short term)	1,969.27	1,960.96	1,884.17
Non-Current Liability (Long term)			
Net Liability	1,969.27	1,960.96	1,884.17

(iii) Pension

“As per the Department of Defence Production, Ministry of Defence, GOI, Guidelines No.8(112)/2012/D(Coord/DDP) dt. 11.11.2013, the contribution to Pension Scheme has to be restricted to a maximum of 10% (7% with the approval of Board and 3% with the prior approval of the Ministry of Defence) of Basic+DA in a financial year. The Company has made a pension contribution @ 10% to the Trust with the approval of Board of Directors w.e.f 01.01.2007 to 31.03.2016, which includes ₹ 567.95 lakhs towards 3% contribution pending approval of MoD. However, MoD has not approved the proposal of the Company. The matter has been represented again with the MoD. The Current year contribution to pension fund has been provided @ 10% (31 March 2016 - 10%) considering the performance of the Company during the financial year. This includes ₹ 70.26 lakhs (31 March 2016 ₹ 72.20 lakhs) towards 3% (31 March 2016 - 3%) contribution pending approval from MoD.”

33. FINANCE COST

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Interest expense		
Cash Credit	0.77	0.19
Short Term Overdrafts	99.03	64.00
Interest - Others	271.58	213.49
Interest - Term Loan	87.06	122.52
Interest - Govt. Loans	9.20	18.40
Total	467.64	418.60

34. OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Travelling Expenses		
Travelling and conveyance	239.94	239.91
Hire of cars	37.06	41.36
Communication Expenses		
Postage & telephone	56.65	62.49
Repairs & maintenance expenses		
Buildings	560.16	330.11
Plant and machinery	407.30	578.46
Others	156.99	75.32
Rent, rates & taxes		
Rates and taxes	12.90	12.06
Rent	17.58	16.31
Printing and stationery		
Printing and stationery	18.35	50.02
Office maintenance expenses		
Security guard charges	644.00	672.32
Administration expenses-Others	124.07	63.17

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Power & fuel		
Power and fuel	5,930.08	5,068.03
Sub-contractor expenses		
Sub-contractor expenses	5,182.46	4,390.24
General expenses		
CSR Expenses	287.63	276.27
Stock verification discrepancies	(61.13)	(0.67)
Bad debts written off	201.18	228.63
Fixed Assets written off	2.58	3.19
Liquidated damages on sales	995.59	1,766.00
Sales schemes	693.95	564.97
Prior Period (-) income / (+) expenses	-	(0.26)
Increase/(Decrease) Excise duty on finished goods	(224.09)	228.46
Library books	0.47	1.20
News paper and journals	0.13	7.93
Membership fees	7.58	7.78
Training expenses	51.11	21.60
Entertainment/courtesy expenses	7.52	3.28
Hostel/guest house expenses net of income	15.57	18.63
Business promotion expenses	103.62	307.88
Directors sitting fees	9.91	2.58
Factory expenses	187.94	60.73
Advertisement	194.96	142.40
Water charges	127.88	141.83

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Consumption of stores, loose tools and spare parts		
Consumption of stores, loose tools and spare parts	3,420.68	2,833.48
Insurance expenses		
Insurance	151.68	147.54
Professional charges		
Legal and professional fees	3.65	2.58
Internal Audit Fee	6.76	7.94
Consultancy charges	200.63	63.60
Contract professionals expenses	79.37	85.32
R& D Expenses		
R & D Contribution	214.27	458.21
Exchange fluctuation		
Exchange rate variance charged off	-	3.02
Auditors remuneration		
Auditor's remuneration(As per details below)	4.91	4.89
Finance & bank charges		
Bank charges	71.79	84.08
Provision for non moving inventories	-	-
Provision for redundant / obsolete items	6.97	-
Provision for Bad debts		
Provision for Doubtful Debts	319.01	96.96
Provision for Contingencies & Warranty		
Provision for Contingencies & Warranty	251.99	10.10
Total	20,721.65	19,179.95

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

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Consumption of materials	-	150.48
Conversion costs	773.40	133.19
Other Expenditure	112.42	77.95
R & D Contribution	214.27	458.21
Total	1,100.09	819.83

Remuneration and other payments to the auditor (₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Auditor		
(a) Statutory Audit	4.03	3.93
(b) Tax Audit	0.88	0.84
(c) Other Services	-	0.12
Total	4.91	4.89

Details of Corporate Social Responsibility (₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Promoting Education	184.87	106.58
Protection of Environmental & Ecology balancing Projects	5.70	43.65
Promotion of Health	80.33	63.05
Women Empowerment	-	55.86
Other Projects	16.73	7.13
TOTAL	287.63	276.27

35. INCOME TAX EXPENSE

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in the equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

(a) Income tax expense

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Current tax		
Current tax on profits for the year	6,258.10	3,835.63
Earlier year tax	18.43	(133.93)
MAT Credit Entitlement	-	(216.50)
	6,276.53	3,485.20
Deferred tax		
Decrease / (increase) in deferred tax liabilities	220.77	(789.96)
Total income tax expense	6,055.76	4,275.16

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

(₹ in Lakhs)

Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
Profit before tax	18,784.92	16,264.49
Tax at Indian tax rate of 34.608% (2015-16 - 34.608%)	6,501.10	- 5,628.81
Add:		
Depreciation under Companies Act	1,766.41	1,406.50
Disallowances under Sec 43B	1,278.57	(319.67)
Provision for Doubtful Debts	319.01	96.96

Particulars	For the Year Ended 31 st March 2017		For the Year Ended 31 st March 2016	
Provision for non moving stores and spares	(118.66)		(68.96)	
R&D expenditure	1,100.09		819.83	
Provision for contingency & warranty	251.99		10.10	
CSR Expenses	209.74		276.27	
OFB Deferred Exp (Net-off)	36.18		25.07	
VSSC Deferred Exp (Net-off)	1.92		4.61	
AMTL Leave Provision	3.44			
Others			(65.59)	
	4,848.69		2,185.12	
Less:				
Earlier years liability discharged in the current year	388.92		-	
Depreciation as per IT Act	2,703.98		2,968.47	
R & D weighted deductions	2,541.44		4,398.06	
	5,634.34		7,366.53	
Net Adjustments (Additions - Deductions)	(785.65)	(271.90)	(5,181.41)	(1,793.18)
Tax Liability		6,229.20		3,835.63
Interest		28.90		
Earlier Year Tax		18.43		(133.93)
MAT Credit Entitlement		-		(216.50)
Deferred Tax		(220.77)		789.96
Total		6,055.76		4,275.16

Financial instruments

36. Fair value measurements

A. Financial instruments by category

	31 March 2017			31 March 2016			1 April 2015		
	FVPL FVOCI	Amortized Cost	Total	FVPL FVOCI	Amortized Cost	Total	FVPL FVOCI	Amortized Cost	Total
Financial assets									
Trade receivables	-	28,852.96	28,852.96	-	20,905.37	20,905.37	-	22,008.03	22,008.03
Cash and cash equivalents	-	20,792.56	20,792.56	-	19,586.21	19,586.21	-	8,940.41	8,940.41
Loans	-	0.37	0.37	-	0.69	0.69	-	1.21	1.21
Other financial assets	-	1,168.07	1,168.07	-	1,220.75	1,220.75	-	1,359.57	1,359.57
Total	-	50,813.96	50,813.96	-	41,713.02	41,713.02	-	32,309.22	32,309.22
Financial liabilities									
Borrowings	-	1,378.74	1,378.74	-	901.62	901.62	-	5,481.70	5,481.70
Trade payables	-	6,603.11	6,603.11	-	5,295.10	5,295.10	-	9,517.19	9,517.19
Other financial liabilities	-	7,497.89	7,497.89	-	6,369.97	6,369.97	-	9,099.60	9,099.60
Total	-	15,479.74	15,479.74	-	12,566.69	12,566.69	-	24,098.49	24,098.49

Note : For the purpose of above abbreviations, FVPL - Fair value through profit and loss; FVOCI - Fair value through other comprehensive income; Amortized cost - Fair value through amortized cost

“(1) Assets that are not financial assets (such as receivables from statutory authorities, export benefit receivables, prepaid expenses, advances paid and certain other receivables) as of March 31, 2017, March 31, 2016 and April 1, 2015, respectively, are not included.

(2) Other liabilities that are not financial liabilities (such as statutory dues payable, deferred revenue, advances from customers and certain other accruals) as of March 31, 2017, March 31, 2016 and April 1, 2015, respectively, are not included.”

(i) Fair value of financial asset and financial liabilities measured at amortized cost

The carrying amounts of trade receivables, trade payables, borrowings, cash and cash equivalents and other financial liabilities are considered to be the same as their fair values, due do their short-term nature.

37. Financial risk management

Risk management framework

The Company has a Board approved Risk Management Policy and the Risks involved at the various processes in the Company are also being discussed in the internal Production Review Meetings and Corporate Management Committee Meetings. The identification of the risk elements faced by the company is listed out in Management Discussion and Analysis and also listed out in the form of SWOT analysis.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company has put in place all required internal controls and systems to meet all the canons of financial propriety. External Audit firms who were engaged to carry out internal audit, continue their efforts to ensure adequacy of such systems, controls and report thereon which were subject to periodical review by Audit Committee appointed by the Board.

The Board of Directors monitors the compliance with the Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company has exposure to the following risks arising from financial instruments:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables	Aging analysis	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Further quantitative disclosures are included throughout these financial statements.

i. Credit risk

a) Credit risk management

"Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Majority of trade receivables of the Company, originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approved by Board. Whereas, for other customers risk is measured using the expected credit loss provisional matrix and provision is recognized accordingly."

b) Provision for expected credit loss

The Company provides for expected credit loss based on the following :

Expected credit loss for loans, security deposits

The Company's loans and security deposits are high quality assets having negligible credit risk, hence expected credit loss have not computed

Expected credit loss for trade receivables
c) Reconciliation of loss allowance provision - trade receivables

Loss allowance on 1 April 2015	1,181.16
Changes in loss allowance	(38.69)
Loss allowance on 31 March 2016	1,142.47
Changes in loss allowance	256.48
Loss allowance on 31 March 2017	1,398.95

Expected credit loss on trade receivables has been disclosed in note 11

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At March 31, 2017, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

Particulars	Carrying amount (₹ in Lakhs)	
	March 31, 2017	March 31, 2016
India	30,251.91	22,047.84
Outside India	-	-
	30,251.91	22,047.84

At March 31, 2017, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

Particulars	Carrying amount (₹ in Lakhs)	
	March 31, 2017	March 31, 2016
Government and Government undertakings	29,039.31	21,497.24
Others	1,212.60	550.60
	30,251.91	22,047.84

Impairment

Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approve by Board. Whereas, for private customers, provision is determined using expected credit loss provisional matrix.

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 20792.56 Lakhs at March 31, 2017 (March 31, 2016: ₹ 19586.21 Lakhs). The cash and cash equivalents are held with banks.

The Company is investing in Fixed Deposits with various banks empanelled by the Investment Committee which is approved by the Board. All such deposits are made only with the approval of the Investment Committee. Further, management believes that cash and cash equivalents are of low risk in nature and hence no impairment has been recognized.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in Lakhs)

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 year to 2 years	Between 2 years to 5 years	Total
31 March 2017						
Non derivatives						
Borrowings	1,255					1,255
Trade payables	6,454	18	131			6,603
Other financial liabilities	5,764					5,764
Total non-derivative liabilities	13,473	18	131	-	-	13,622

iii. Market risk**(a) Foreign currency risk**

“Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Since majority of the company’s operations are being carried out in India and since all the material balances are denominated in its functional currency, the company does not carry any material exposure to currency fluctuation risk. “

(b) Interest rate risk

“Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. The Company’s external borrowings carries a fixed interest rate of 9.60% per annum, hence, no interest rate risk has been determined.”

38. Capital Management**(a) Risk management**

The Board’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders’ equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. In comparison the weighted average interest expense on interest-

bearing borrowings (excluding liabilities with imputed interest) was 9.60 percent (2016: 9.80 percent).

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

Particulars	As at 31 March 2017	As at 31 March 2016
Total liabilities	39,669.25	50,117.82
Less : Cash and cash equivalent	20,792.56	19,586.21
Adjusted net debt	18,876.69	30,531.61
Total equity	70,434.40	61,967.03
Less : Hedging reserve	-	-
Adjusted equity	70,434.40	61,967.03
Adjusted net debt to adjusted equity ratio	0.27	0.49

39. Operating segments

The Company is in the business of manufacturing of super alloys and other special metals. Considering the core activities of the Company, management is of the view that the Company operates a single business segment. Further, the Company has only domestic turnover. Therefore, there is no other reportable segment.

40. Related party transactions

Parent entity

Name	Type	Place of incorporation	Ownership interest		
			31-Mar-17	31-Mar-16	01-Apr-15
The President of India	Holding Company	India	100%	100%	100%

Transactions with key management personnel
Key management personnel compensation

₹ in Lakhs

Name of the party	31 March 2017				31 March 2016					
	Salaries & wages	PF & EPS	Gratu-ity	Leave encash-ment	Total	Salaries & wages	PF & EPS	Gratu-ity	Leave encash-ment	Total
(a) Shri M Narayana Rao, C&MD	-	-	-	-	-	29.44	1.10	9.75	15.84	56.13
(b) Dr.D.K.Likhi, C&MD	57.46	2.60	-	-	60.06	38.01	2.37	-	1.93	42.31
(c) Shri B.G.Raj, Director (F)	26.51	1.63	10.00	15.61	53.75	26.91	2.02	-	-	28.93
(d) Shri Sanjeev Singhal, Director (F)	6.33	0.56	-	-	6.89	-	-	-	-	-
(e) Shri Sanjay Kumar Jha, Director (P&M)	22.45	1.74	-	-	24.19	-	-	-	-	-
Total	112.75	6.53	10.00	15.61	144.89	94.36	5.49	9.75	17.77	127.37

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

Particulars	31 March 2017	31 March 2016	1 April 2015
(i) Contingent liabilities			
Claims against the company not acknowledged as debt	2,180.04	16,337.49	16,967.73
Bank Guarantees	1,077.51	2,455.62	3,627.49
Letter of credit outstanding	1,318.80	1,607.38	3,241.94
Others	-	50.00	50.00
	4,576.35	20,450.49	23,887.16
(ii) Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (Capital commitments)	4,150.42	1,384.19	2,829.47
	4,150.42	1,384.19	2,829.47

42. Earnings per share (EPS)

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

i. Profit attributable to Equity holders of company

Particulars	31 March 2017 INR	31 March 2016 INR
Profit attributable to equity holders of the Company	12,631.31	11,937.02
Weighted average number of equity shares outstanding during the period	1,873,400.00	1,873,400.00
Earnings per share basic and diluted	674.25	637.18

43. Disclosure on specified bank notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R.308(E) dated 31st March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other Denominations notes	Total
Closing Cash in hand as on 8 th November, 2016	185,500.00	96,683.00	282,183.00
(+) Permitted receipts	166,500.00	5,378,837.00	5,545,337.00
(-) Permitted payments	-	4,785,863.00	4,785,863.00
(-) Amount deposited in Banks	352,000.00	600,000.00	952,000.00
Closing Cash in hand as on 30th December 2016	-	89,657.00	89,657.00

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407(E), dated 8th November, 2016

44. New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2017, and have not been applied in preparing these financial statements. The Company has not evaluated the impact of the same on the financial statements for the year ended 31st March 2017.

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

46. First time adoption of Ind AS

Explanation of transition to Ind AS

As stated in note 2.1 i(a), these are the Company's first standalone financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's balance sheet, profit and loss and cash flows is set out in the following tables and the notes that accompany the tables.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed Cost

Ind AS 101 permits a first-time adopter to continue with the carrying value for all its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making the necessary adjustments for the de-commission liabilities. This exemption can also be used for intangible assets covered by the Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets at their previous GAAP carrying value.

A.2 Ind AS mandatory exceptions

A.2.1 De-recognition of financial assets and financial liabilities

Ind AS 101 allows first time adopter to apply the derecognition requirements of Ind AS 101 retrospectively from the date of entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for the transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

A.2.2 Estimates

An entity estimates in accordance with Ind AS's at the date of transition to Ind AS shall be consistent with the estimates made for the same date in accordance with the previous GAAP (after adjustments to reflect any difference in accounting policies) unless there is an objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for the following items in accordance with Ind AS at the date of transition as they were not required under previous GAAP.

- Impairment of financial assets based on the expected credit loss model.

A.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exists at the date of transition to Ind AS.

B. Reconciliation between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

B.1 Reconciliation of equity as at the date of transition (1 April 2015)

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, Plant and Equipment		24,233.60	-	24,233.60
Capital work-in-progress		944.09	-	944.09
Intangible assets		194.37	-	194.37
Financial Assets				
(i) Investments		210.11	-	210.11
(ii) Loans		1.21	-	1.21
Non current tax assets (Net)		5,340.51	-	5,340.51
Other non-current assets		331.28	-	331.28
Total Non-Current Assets		31,255.17	-	31,255.17
Current assets:				
Inventories		42,301.54	-	42,301.54
Financial Assets				
(i) Trade receivables	8	22,045.31	(37.28)	22,008.03
(ii) Cash and cash equivalents		8,940.41	-	8,940.41
(iii) Other financial assets		1,359.57	-	1,359.57
Other current assets	1	10,443.85	(2.31)	10,441.54
Total current assets		85,090.68	(39.59)	85,051.09
Total Assets		116,345.85	(39.59)	116,306.26

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		18,734.00	-	18,734.00
Other Equity	5	31,380.56	3,891.27	35,271.83
Total Equity		50,114.56	3,891.27	54,005.83
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	3	1,434.34	(100.37)	1,333.97
(ii) Other Financial Liabilities	1	-	1,422.22	1,422.22
Provisions		56.46	-	56.46
Deferred tax liabilities (net)	4	1,346.08	(71.67)	1,274.41
Other non-current liabilities	1	7,735.37	5,204.38	12,939.75
Total Non-current liabilities		10,572.25	6,454.56	17,026.81
Current Liabilities				
Financial liabilities				
(i) Borrowings		4,147.73	-	4,147.73
(ii) Trade payables	1	10,768.28	(1,251.09)	9,517.19
(iii) Other financial liabilities	7	7,642.76	34.62	7,677.38
Other current liabilities	1	24,547.86	(5,233.12)	19,314.74
Provisions	5	8,552.41	(3,935.83)	4,616.58
Total Current Liabilities		55,659.04	(10,385.42)	45,273.62
Total Equity and Liabilities		116,345.85	(39.59)	116,306.26

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

B.2 Reconciliation of equity as at 31 March 2016

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, Plant and Equipment		26,146.32	-	26,146.32
Capital work-in-progress		668.94	-	668.94
Intangible assets		149.42	-	149.42
Financial Assets				
(i) Investments		210.11	-	210.11
(ii) Loans		0.69	-	0.69
Non current tax assets (Net)		6,371.15	-	6,371.15
Other non-current assets		166.44	-	166.44
Total Non-Current Assets		33,713.07	-	33,713.07
Current assets:				
Inventories	2	28,884.54	(30.00)	28,854.54
Financial Assets				
(i) Trade receivables	8	20,931.01	(25.64)	20,905.37
(ii) Cash and cash equivalents		19,586.21	-	19,586.21
(iii) other financial assets		1,220.75	-	1,220.75
Other current assets		7,804.91	-	7,804.91
Total current assets		78,427.42	(55.64)	78,371.78
Total Assets		112,140.49	(55.64)	112,084.85

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		18,734.00	-	18,734.00
Other Equity		38,921.89	4,311.14	43,233.03
Total Equity		57,655.89	4,311.14	61,967.03
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	3	977.68	(76.20)	901.48
(ii) Other Financial Liabilities	1	-	1,645.50	1,645.50
Provisions		66.38	-	66.38
Deferred tax liabilities (net)	4	2,251.04	13.75	2,264.79
Other non-current liabilities	1	9,462.20	5,285.56	14,747.76
Total Non-current liabilities		12,757.30	6,868.61	19,625.91
Current Liabilities				
Financial liabilities				
(i) Borrowings		0.14	-	0.14
(ii) Trade payables		5,295.10	-	5,295.10
(iii) Other financial liabilities	7	5,306.14	(581.67)	4,724.47
Other current liabilities	1	21,204.38	(6,780.85)	14,423.53
Provisions	5	9,921.54	(3,872.87)	6,048.67
Total Current Liabilities		41,727.30	(11,235.39)	30,491.91
Total Equity and Liabilities		112,140.49	(55.64)	112,084.85

B.3 Reconciliation of total comprehensive income for the year ended 31 March 2016

Particulars	Notes to first-time adoption	Previous GAAP*	Ind AS Impact	Ind AS
Revenue From Operations		76,144.87	-	76,144.87
Other Income	1,3	2,753.54	146.36	2,899.90
Total Income		78,898.41	146.36	79,044.77
Expenses				
Cost of material consumed		24,490.54	-	24,490.54
Excise Duty	6	4,494.64	-	4,494.64
Change in inventories of finished goods, work-in-progress and stock-in-trade		3,796.58	-	3,796.58
Employee benefits expense	7	9,313.14	(239.68)	9,073.46
Finance Costs	1,3	242.56	176.04	418.60
Depreciation and amortization expense	2	1,352.50	54.00	1,406.50
Other expenses	2, 8	19,215.59	(35.64)	19,179.95
Total Expenses		62,905.55	(45.28)	62,860.27
Profit / (Loss) before exceptional items and tax				
Profit / (Loss) before tax		15,992.86	191.64	16,184.50
Tax expense		-	-	-
Current Tax		3,835.63	(27.68)	3,807.95
Earlier Year Tax		(133.93)	-	(133.93)
MAT Credit Entitlement		(216.50)	-	(216.50)
Deferred Tax		704.54	85.42	789.96
Profit / (Loss) for the period		11,803.12	133.90	11,937.02
Other Comprehensive Income				
A. (i) Items that will not be reclassified to profit or loss	7	-	79.99	79.99
A. (ii) Income tax relating to items that will not be reclassified to profit or loss	4	-	(27.68)	(27.68)
Other comprehensive income for the year net of tax		-	52.31	52.31
Total Comprehensive Income for the period		11,803.12	186.21	11,989.33

B.4 Impact of Ind AS adoption on the consolidated statements of cash flows for the year ended 31 March 2016

	Notes	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities		16,763.81	4,826.14	21,589.95
Net cash flow from investing activities		(1,847.32)	(8,819.82)	(10,667.14)
Net cash flow from financing activities		(4,270.69)	(4,756.12)	(9,026.81)
Net increase/(decrease) in cash and cash equivalents		10,645.80	(8,749.80)	1,896.00
Cash and cash equivalents as at 1 April 2015		8,940.41	(8,600.00)	340.41
Effects of exchange rate changes on cash and cash equivalents		-	-	-
Cash and cash equivalents as at 31 March 2016		19,586.21	(17,349.80)	2,236.41

C. Notes to first-time adoption

Note 1 : Customer financed project

Recognition of assets as per the guidance of Appendix C of Ind AS 18 "Transfer of Assets from Customers".

Note 2 : Depreciation of spares

As per Ind AS spares having significant useful life has been treated as item of property, plant and equipment and depreciation has been provided from the date of spares being available for its intended use.

Note 3 : Interest free loan

As per Ind AS benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value

of the loan determined in accordance with Ind AS 39 and the proceeds received. The benefit is accounted for in accordance with Ind AS 39.

Note 4 : Deferred taxes

As per Ind AS deferred taxes have to be recognized on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base referred to as the Balance sheet approach.

Note 5 : Proposed dividend

As per Ind AS if an entity declares dividends to holders of equity instruments after the reporting period, the entity shall not recognize those dividends as a liability at the end of the reporting period.

Note 6 : Revenue - Excise duty

As per Ind AS revenue has been presented gross of excise duty accordingly excise duty has been shown as an expenses. Further price variation claims have been adjusted with revenue.

Note 7 : Employee benefit

As per Ind AS 19, actuarial gains and losses (net of tax) representing experience adjustments and changes in actuarial assumptions relating to post-employment benefits are recognized in other comprehensive income and not reclassified to profit or loss in a subsequent period.

Note 8 : Trade receivables

As per Ind AS 109, the receivables in the Company should be put to impairment test using the expected credit loss model. Ind AS 109 allows the use of practical expedients when measuring expected credit loss on trade receivables, and states that a provision matrix is a example of such an expedient. Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approved by Board. Whereas, for other customers, provision is determined using expected credit loss provisional matrix.



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