



MDN/CS/AGM-48/2022-23

September 6, 2022

**BSE Limited,**  
P.J. Towers, 1<sup>st</sup> Floor,  
Dalal Street  
**Mumbai- 400001**  
Scrip Code: 541195

**National Stock Exchange of India Limited,**  
Exchange Plaza, 5<sup>th</sup> Floor C-1, Plot No. CII  
G Block, Bandra Kurla Complex, Bandra (East)  
**Mumbai - 400051**  
Trading Symbol: MIDHANI

**Sub: Annual Report for FY 2021-22 and Notice of 48<sup>th</sup> Annual General Meeting of Members of Company**

**Ref: Our letter MDN/CS/AGM-48/2022-23 dated August 29, 2022**

Dear Sir/Madam,

1. In furtherance to our letter quoted under reference and pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report for FY 2021-22 which also includes Notice of Forty-Eight (48<sup>th</sup>) Annual General Meeting (AGM) of Members of the Company.
2. The Annual Report for FY 2021-22 is being sent through electronic mode to those Members who have registered their e-mail addresses with Company/ depositories.
3. The aforementioned Annual Report of the Company is also available at Company's website at <https://midhani-india.in/annual-reports/>

Kindly take the above intimation on record.

Thanking you,



Yours faithfully,  
For Mishra Dhatu Nigam Limited

Paul Antony

Company Secretary & Compliance officer

e-mail: [company.secretary@midhani-india.in](mailto:company.secretary@midhani-india.in)

Encl: As above

**मिश्र धातु निगम लिमिटेड**

(भारत सरकार का उद्यम)

पंजीकृत कार्यालय: पी.ओ. कंचनबाग, हैदराबाद, तेलंगाना -500058

फोन Telephone: 040-24184000, फैक्स Fax: 040-24340039

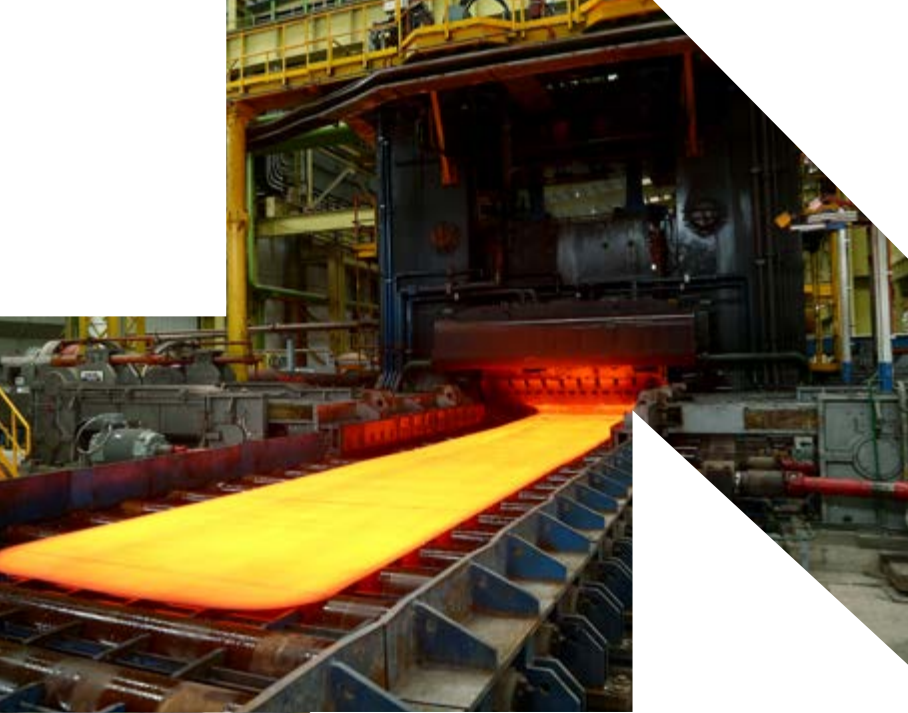
निगमित पहचान सं. CIN: L14292TG1973GOI001660

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

**MISHRA DHATU NIGAM LIMITED**

(A Govt. of India Enterprise)

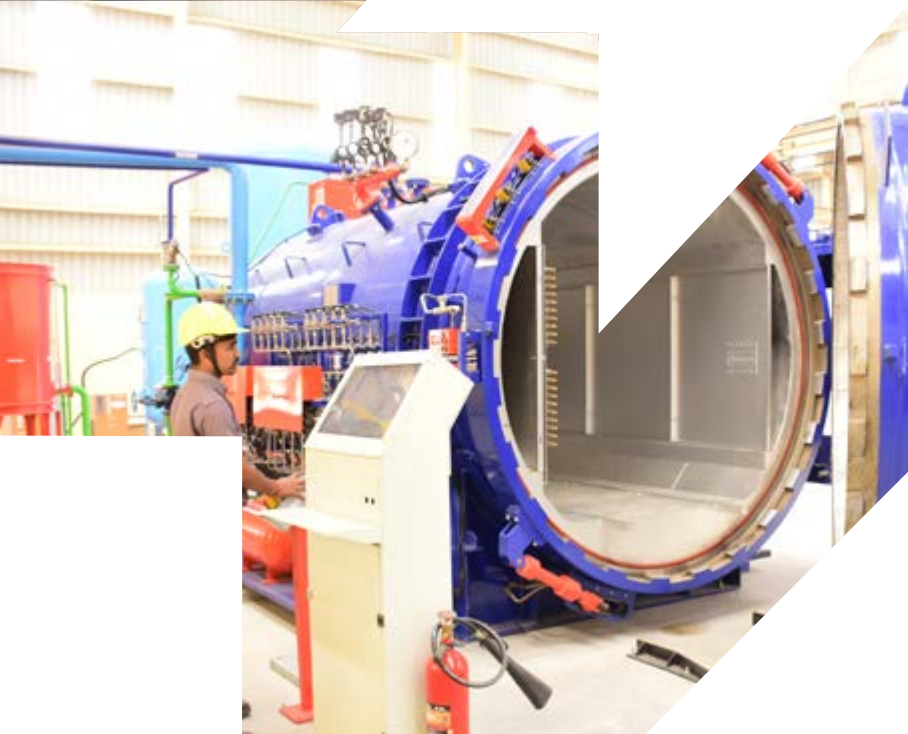
Registered Office: P.O. Kancharbagh, Hyderabad, Telangana-500058



**MISHRA DHATU NIGAM LIMITED**  
(A Govt. of India Enterprise, Ministry of Defence)



CATALYSING  
**GROWTH**  
FORGING WITH  
**EXCELLENCE**



Annual Report  
**2021-22**

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For additional information log on to  
[www.midhani-india.in](http://www.midhani-india.in)

लोक सभा/राज्य सभा के पटल पर रखे जाने वाले प्रपत्र  
Papers to be laid on the table of Lok Sabha / Rajya Sabha

आधिप्रमाणित  
Authenticated

रक्षा राज्य मंत्री  
Raksha Rajya Mantri





**In the last couple of years, we have demonstrated a spirit of resilience and an ability to grow in the face of an uncertain environment. Our approach remained consistent as it stayed agile, reflecting our endeavour to catalyse growth.**

We have been supplying strategic materials to the nation for last four decades, serving strategic sectors of nation such as Defence, Energy and Aerospace with our wide range of superalloys and special steel. Strengthening our manufacturing excellence with technological upgradation, expansion of our product portfolio and optimisation of costs helped us stay ahead of the curve. With unyielding focus on enhancing our innovative capabilities, as well as delivering superior quality, we forge ahead with excellence.

**MISHRA DHATU NIGAM LIMITED****Corporate Identity Number (CIN):** L14292TG1973GOI001660**Registered Office:** PO – Kanchanbagh Hyderabad - 500058, Telangana**Tel. No:** 040-2418 4515 **Fax No:** 040-2956 8502**Email Address:** [company.secretary@midhani-india.in](mailto:company.secretary@midhani-india.in) **Website:** [www.midhani-india.in](http://www.midhani-india.in)

**NOTICE** is hereby given that the forty-eight (48<sup>th</sup>) Annual General Meeting of the Members of **MISHRA DHATU NIGAM LIMITED** (MIDHANI) will be held on Thursday the 29<sup>th</sup> day of September 2022 at 11:00 A.M. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following businesses:

**ORDINARY BUSINESS****ITEM NO.1**

To receive, consider and adopt:

- a) the audited standalone financial statements of the Company for the financial year ended March 31, 2022, the reports of the Board of Directors and Auditors thereon; and
- b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2022 and report of the Auditors thereon.

**ITEM NO.2**

To confirm payment of interim dividend i.e. ₹ 1.56 per equity share of ₹ 10 each (i.e. @15.60%) and to declare final dividend of ₹ 1.54 per equity Share of ₹ 10/- each (i.e. @ 15.40%) for the financial year ended on March 31, 2022.

Hyderabad  
May 26, 2022

**ITEM NO.3**

To appoint a Director in place of Shri Gowri Sankara Rao Naramsetti (DIN: 08925899), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS****ITEM NO.4**

To ratify remuneration to be paid to BVR & Associates, Cost Accountants as Cost Auditor of the Company for FY 2022-23 and in this regard, to pass the following resolution as an **ORDINARY RESOLUTION:**

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, fee of ₹ 99,000/- (excluding applicable statutory levies and reimbursement of out of pocket expenses), to be paid to BVR & Associates, Cost Accountants (Firm Registration No 000453), appointed by the Board of Directors as Cost Auditor to conduct the audit of cost records of the Company, as applicable, for the Financial Year ending on March 31, 2023, be and is hereby ratified and approved.”

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

Sd/-  
**(Paul Antony)**  
Company Secretary & Compliance officer  
Membership No. A29037

**NOTES:**

1. In view of continuing COVID-19 pandemic, pursuant to General Circular No. 2/2022 dated May 5, 2022 issued by Ministry of Corporate Affairs ('MCA Circular') and in compliance with the provisions of the Companies Act, 2013, read with the rules made thereunder and SEBI Listing Regulations, the 48<sup>th</sup> Annual General Meeting of the Members of the Company is being convened through Video Conference / Other Audio Visual Means (VC/OAVM), without the physical presence of members at a common venue. In view of the same, the registered office of the Company shall be deemed to be the venue of the AGM.

Accordingly, Notice of the AGM along with the Annual Report for FY22 is being sent by electronic mode to those members whose e-mail address is registered with the Company/Depositories, unless any member has requested for a physical copy of the same.

2. Since the AGM is held through VC/OAVM, route map to the venue is not required and therefore, the same is not annexed to this Notice.
3. The Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') in respect of Item No. 4 of the Notice, is annexed hereto. Further, disclosures in relation to Item No. 3 of the Notice, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ('SS-2') forms part of this Notice.
4. Members attending the meeting through VC/OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act. Members holding equity shares of the Company as on **Thursday, September 22, 2022 ('Cut-off date')** can join the meeting anytime 30 minutes before the commencement of the AGM by following the procedure as outlined in **Annexure – 1** of the Notice.
5. Attendance through VC/OAVM is restricted and hence, members will be allowed on first come first serve basis. However, attendance of members holding more than 2% of the paid-up share capital of the Company, institutional investors, Directors and Key Managerial Personnel, Chairperson of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors will not be restricted on first come first serve basis.

6. **Appointment of Proxy and Attendance Slip:** Section 105 of the Act read with Rule 19 of the Companies (Management and Administration) Rules, 2014 provides for appointment of proxy to attend and vote at a general meeting on behalf of the member who is not able to physically attend the AGM. Since the 48<sup>th</sup> AGM is being held through VC/OAVM and in accordance with the MCA Circular, physical attendance of Members has been dispensed with. Accordingly, the facility of appointment of proxy would not be available to the Members for attending the 48<sup>th</sup> AGM and therefore, proxy form and attendance slip are not annexed to this Notice.

7. Corporate shareholders/institutional shareholders intending to send their authorised representative(s) to attend and vote at the 48<sup>th</sup> AGM are requested to send from their registered email address, scan copy of the relevant Board Resolution/ Authority Letter, etc. authorizing their representative(s) to vote, to the Scrutinizer i.e. Shri Navajyoth Puttaparthi on his e-mail ID at [pjandcofirm@gmail.com](mailto:pjandcofirm@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-voting" tab under their login.

8. **Record Date:** Members may kindly note that **Thursday, September 22, 2022** has been fixed as the Record Date to determine entitlement of members to the final dividend for the financial year 2021-22.

**9. Declaration Dividend:**

- a) Pursuant to Finance Act, 2020, dividend income is taxable in the hands of members effective April 1, 2020. Accordingly, the final dividend, as recommended by the Board of Directors, and if approved at this AGM, shall be paid after deducting tax at source ('TDS') in accordance with the provisions of the Income Tax Act, 1961 at the prescribed rates, within 30 days from the date of declaration:

- a) to members in respect of equity shares held by them in physical form, whose name appear as a member in the Company's Register of Members as on Thursday, September 22, 2022; and
- b) to beneficial owners in respect of equity shares held by them in dematerialized form whose name appear in the statement of beneficial owners



furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'), on close of business hours on Thursday, September 22, 2022.

- b) For information on Tax Deduction at Source ('TDS'), please visit Company's Website viz. <https://midhani-india.in/> and refer TDS instructions on dividend distribution.
  - c) In case of members whose bank details are not updated before the close of business hours on Thursday, September 22, 2022 or in case the Company is unable to pay the dividend to any member directly in his/her bank account via electronic clearing service, the Company shall dispatch the dividend draft/cheque to such member(s) by post.
10. **Mandatory updation of PAN, KYC, nomination and bank details by Members**

**For Members holding shares in physical form:**

SEBI vide Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021 read with Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated December 14, 2021, has mandated all listed entities to ensure that shareholders holding equity shares in physical form shall update their PAN, KYC, nomination and bank account details (if not updated or provided earlier) through the respective Registrar and Share Transfer Agent (RTA). The relevant forms for updating the records are available on Company's website <https://midhani-india.in/>, and the duly filled forms may be sent to the Company's RTA at the earliest, preferably on or before Thursday, September 22, 2022.

**For Members holding shares in demat form:**

Members holding shares in demat form are requested to update PAN and other details with their Depository Participant(s).

- 11. SEBI vide Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated companies to issue securities in dematerialized form only, while processing service requests viz. issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement, sub-division/splitting, consolidation of securities certificate, transmission and transposition. Members are accordingly advised to get their shares held in physical form dematerialized through their Depository Participant.
- 12. **Unclaimed Dividend:** Details of unclaimed dividend are available on the Company's website, [https://midhani-](https://midhani-india.in/unpaid-unclaimed-dividend-list/)

[india.in/unpaid-unclaimed-dividend-list/](https://midhani-india.in/unpaid-unclaimed-dividend-list/) Members who wish to claim their unpaid/unclaimed dividend(s) may send a request to the Corporate Secretarial Department on e-mail ID: [company.secretary@midhani-india.in](mailto:company.secretary@midhani-india.in) or to the Company's RTA on e-mail ID: [rt@alankit.com](mailto:rt@alankit.com) or by post to RTA's address at Alankit House, 4E/2, Jhandewalan Extension, New Delhi – 110055.

- 13. **Electronic dissemination of AGM Notice and Annual Report:** Electronic/digital copy of the Annual Report for FY22 and Notice of 48<sup>th</sup> AGM are being sent to all the Members whose e-mail ID is registered with the Company/NSDL/CDSL. Members who have not registered their e-mail ID may get the same registered by following the instruction mentioned at (10) above. The Annual Report for FY22 and Notice of 48<sup>th</sup> AGM of the Company are available on the Company's website viz. <https://midhani-india.in/> websites of BSE Limited and National Stock Exchange of India Limited, and on the website of NSDL at <https://www.evoting.nsdl.com>
- 14. **Inspection of documents:** The statutory registers maintained under the Act, shall be made available for inspection to the members by accessing the NSDL e-voting platform at <https://www.evoting.nsdl.com> during the remote e-voting period and during the 48<sup>th</sup> AGM.
- 15. **Speaker Registration/ facility to non-speakers:**

Registration as speaker at the AGM

Members who wish to raise queries at the AGM may register themselves as 'Speaker' by sending request to the said effect from their registered email address, to the e-mail ID: [company.secretary@midhani-india.in](mailto:company.secretary@midhani-india.in) quoting their name, DP ID and Client ID/folio number, on or before **Thursday, September 22, 2022.**

It is also advisable to submit questions/ subject matter to be addressed by shareholder.

Facility for non-speakers

Members who wish to receive any information on the Annual Report for FY22 or have questions on the financial statements and/or matters to be placed at the 48<sup>th</sup> AGM, may send a communication from their registered email address to the e-mail ID: [company.secretary@midhani-india.in](mailto:company.secretary@midhani-india.in) quoting their name, DP ID and Client ID/folio number, on or before **Thursday, September 22, 2022**

*The Company reserves the right to restrict the number of questions and/or number of speakers during the AGM, depending upon availability of time and for smooth conduct of the meeting. However, the Company will endeavour to respond to the questions which have remained unanswered during the meeting, over e-mail.*

**16. E-voting :**

- a) In accordance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, SS-2 and Regulation 44 of SEBI Listing Regulations, the Company has extended the facility of voting through electronic means including 'Remote e-voting' (e-voting other than at the AGM) to transact the business mentioned in the notice of 48<sup>th</sup> AGM.
- b) Necessary arrangements have been made by the Company with NSDL to facilitate 'Remote e-voting' as well as e-voting at the AGM to be held through VC/OAVM facility. Members shall have the option to vote either through remote e-voting or voting through electronic means at the AGM.
- c) The Company has appointed Shri Navajyoth Puttaparthi, Practising Company Secretary (Membership No. FCS 9896 and Certificate of Practice No. 16041) as the Scrutinizer for scrutinizing the remote e-voting process as well as voting at the AGM in a fair and transparent manner.
- d) Voting rights of members shall be reckoned on the paid-up value of equity shares registered in their name as on the '**Cut-off date' i.e. Thursday, September 22, 2022.**
- e) Members whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the 'Cut-off date', shall be entitled to avail the facility of remote e-voting or e-voting at the AGM, as the case may be.
- f) The remote e-voting facility will be available during the following period:

<b>Commencement of remote e-voting</b>	<b>From 9:00 a.m. (IST), September 25, 2022 (Sunday)</b>
<b>End of remote e-voting</b>	<b>Up to 5:00 p.m. (IST) September 28, 2022 (Wednesday)</b>

- g) The procedure for e-voting on the day of the AGM is identical to remote e-voting instructions as outlined in **Annexure-1** to this Notice.
- h) Any person who becomes a Member of the Company after dispatch of the Notice of 48<sup>th</sup> AGM and holds equity shares as on the 'Cut-off date' may also follow the procedure as outlined in **Annexure-1** to this Notice. Any person who is not a Member as on the 'Cut-off date' should treat this Notice for information purpose only.
- i) Members present at the 48<sup>th</sup> AGM through VC/OAVM facility and who have not cast their vote on resolutions set out in the 48<sup>th</sup> AGM Notice through remote e-voting, and who are not otherwise barred from doing so, shall be allowed to vote through e-voting facility during the 48<sup>th</sup> AGM. However, Members who have exercised their right to vote by remote e-voting may attend the 48<sup>th</sup> AGM but shall not be entitled to cast their vote again.
- j) Members can opt for only one mode of voting i.e. either through remote e-voting or e-voting at the 48<sup>th</sup> AGM. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail.
- k) In case of joint holders attending the 48<sup>th</sup> AGM through VC/OAVM facility, only such joint holder who is higher in the order of names will be entitled to vote.

**17. Declaration of results of voting:** After conclusion of the meeting, the Scrutinizer will submit the report on votes cast in favour or against and invalid votes, if any, to the Chairman or any other person authorized by him, who shall countersign the same, and the result of the voting will be declared within the time stipulated under the applicable laws. The voting results along with the Scrutinizer's report, will be hosted on the Company's website viz. <http://midhani-india.in/> website of NSDL, <https://www.evoting.nsdl.com/>, displayed on the Notice Board of the Company at the Registered Office and Corporate Office, and will be simultaneously forwarded to the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited.



## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 4

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records of the applicable products of the Company.

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment of BVR & Associates, Cost Accountants (Registration No. 000453), to conduct the audit of the cost records of the Company for the Financial Year 2022-23.

Brief profile, terms & conditions of appointment and the proposed fee of the proposed statutory auditor, are as follows:

- a) **Brief Profile:** BVR & Associates, Cost Accountants, Hyderabad was established in year 2006. BVR & Associates has diverse experience of undertaking cost audits of companies engaged in Power, Steel, Infrastructure, Engineering etc. BVR & Associates comprises of well experienced professionals.
- b) **Term of appointment:** Appointed as Cost Auditor for FY 2022-23
- c) **Proposed fees:** ₹ 99,000/- (excluding statutory levies and out of pocket expenditure)

Tender was floated by Company for engagement of Cost Audit firms. The firms were evaluated on diverse parameters like experience, expertise, proven track record, capability of handling diverse and complex business landscape.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor is required to be ratified by members of the company.

Accordingly, members are requested to consider and ratify the remuneration payable to Cost Auditors for the financial year 2022-23 as set out in the resolution for the aforesaid services.

The Board recommends the resolution set out in item No.4 of the accompanying notice for the approval of the members of the Company by way of an Ordinary Resolution.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution at item No. 4 of the accompanying Notice.

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

Sd/-

**Paul Antony**

Hyderabad  
May 26, 2022

Company Secretary & Compliance officer  
Membership No. A29037

**Details of the Directors pursuant to the provisions of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013, as applicable**

Name of the Director	Shri Gowri Sankara Rao Naramsetti
DIN	08925899
Date of Birth	May 15, 1965
Date of first appointment on the Board	October 27, 2020
Qualifications	Chartered Accountant and Bachelor of Commerce
Expertise in specific functional areas	Shri Gowri Sankara Rao Naramsetti started his career by joining Hyderabad Cylinders Private Limited, Hyderabad in year 1989. Thereafter, in 1991 he joined Rashtriya Ispat Nigam Limited (RINL), as Junior Manager (F&A) and was elevated to General Manager (F&A). He has expertise in Financial Planning & Control, Budgeting, concurrence, International Trade, International Financing, Taxation, Costing and Accountancy.
Terms and conditions of appointment or reappointment	Shri Gowri Sankara Rao Naramsetti was appointed by Administrative Ministry as Director (Finance) of the Company for a period of five (5) years or till date of superannuation i.e. till May 31, 2025, whichever is earlier, in basic pay scale of ₹ 1,60,000 – ₹ 2,90,000/- (IDA) pattern.  He assumed charge as Director (Finance) of the Company w.e.f. October 27, 2022. He is liable to retire by rotation.  He is also Chief Financial Officer (KMP) of the Company.
Details of remuneration last drawn (FY 2021-22)	₹ 41,22,022/-
Directorships in other Public Limited Companies (excluding foreign companies, private companies & section 8 companies)	None
Membership of Committees/ Chairmanship in other Public Limited Companies	Nil
No. of Board Meetings attended during the Financial Year 2021-22	5 out of 5
No. of shares held in the Company:	
(a) Own	Nil
(b) For other persons on a beneficial basis	Nil
Name of listed companies from which Director has resigned in past three years	None

Note: Shri Gowri Sankara Rao Naramsetti is not related to any other Director or Key Managerial Personnel.

**Annexure – 1**

**Instructions for remote e-voting and access to 48<sup>th</sup> Annual General Meeting**

Members are requested to follow the instructions given below to cast their vote through e-voting and to access the Video Conference facility at the AGM:

1. Shareholders holding shares either in physical form or in dematerialized form, as on the ‘Cut-off date’ i.e. Thursday, September 22, 2022 may cast their vote electronically by logging to NSDL website at <https://www.evoting.nsdl.com/>
2. The remote e-voting facility will be available during the following period:

<b>Commencement of remote e-voting</b>	<b>From 9:00 a.m. (IST), September 25, 2022 (Sunday)</b>
<b>End of remote e-voting</b>	<b>Up to 5:00 p.m. (IST) September 28, 2022 (Wednesday)</b>

The e-voting module shall be disabled by NSDL for voting thereafter.

3. Detailed steps on the process and manner for remote e-voting/e-voting at the AGM and to access the VC facility at the AGM, is given below:

**How do I vote electronically using NSDL e-Voting system?**

The procedure to vote electronically on NSDL e-Voting system consists of “Two Steps” which are outlined below:

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting for individual shareholders holding securities in demat mode:**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by listed companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

**Login method for Individual shareholders holding securities in demat mode is given below:**

<b>Type of shareholder</b>	<b>Login Method</b>
Individual Shareholders holding securities in demat mode with NSDL	Existing IDeAS user can visit the e-Services website of NSDL viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period.  If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>

Type of shareholder	Login Method
	<p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</p> <p>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” for seamless voting experience.</p>
	<p>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p>
Individual Shareholders holding securities in demat mode with CDSL	<p>After successful login of Easi/Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote</p> <p>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>

*Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.*

Helpdesk details for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL are as below:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43



**B) Login method for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

How to log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. ‘Cast your vote electronically’

**4. Your User ID details are given below:**

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 121553 then user ID is 121553001**

5. Password details for shareholders other than individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.

- c) How to retrieve your ‘initial password’?
  - i. If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
  - ii. If your email ID is not registered, please follow steps mentioned below which outlines the process for those shareholders whose email id is not registered.

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “Forgot User Details/Password” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) “Physical User Reset Password” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address, etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

## Step 2: Cast your vote electronically on NSDL e-Voting system

### How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period.
3. Now you are ready for e-Voting as the Voting page opens
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **GENERAL GUIDELINES FOR SHAREHOLDERS**

1. Members can attend the AGM through VC/OAVM after following the steps for Login as outlined above. After successful Login, Members will be able to see the VC/OAVM link placed under Join meeting menu against the Company’s name. Members are requested to click on the VC/OAVM link placed under Join meeting menu.
2. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scan copy (PDF/JPG format) of the relevant Board Resolution/ Authority letter etc. authorising their representative(s) to vote, to the Scrutinizer by e-mail to [pjandconfirm@gmail.com](mailto:pjandconfirm@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-voting" tab in their login.
3. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled after five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

4. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available in the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### **Process for those shareholders whose e-mail id is not registered with the depositories to procure user id and password and registration of e-mail id for e-Voting for the resolutions set out in this notice**

1. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), name, client master or copy of Consolidated Account Statement, PAN (self-attested scan copy of PAN card), Aadhar (self-attested scan copy of Aadhar Card) to [rta@alankit.com](mailto:rta@alankit.com). If you are an individual shareholder holding securities in demat mode, please refer to the login method explained at Step 1 (A) i.e. Login method for e-Voting for individual shareholders holding securities in demat mode. If you are a non-individual shareholder holding securities in demat mode, please refer to the login method explained at Step 1 (B) i.e. Login method for e-Voting for non-individual shareholders holding securities in demat mode.
2. In case shares are held in physical mode please provide Folio No., name of shareholder, scan copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), Aadhar (self-attested scan copy of Aadhar Card) by email to [rta@alankit.com](mailto:rta@alankit.com). If you are an Individual shareholder holding securities in physical mode, please refer to the login method explained at Step 1 (B) i.e. Login method for e-Voting for individual shareholders holding securities in physical mode.
3. Alternatively, shareholder may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-Voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by listed companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility

## Committed to excellence for over four decades

MIDHANI is one of the leading manufacturers of special steel superalloys and the only manufacturers of Titanium alloy in India with over four decades of experience in the industry.

We started our journey in 1973 as a Public Sector Undertaking under the Administrative control of Department of Defence Production, Ministry of Defence, Government of India. From a humble beginning we have now emerged as a National Centre for Excellence in advanced metallurgical production of special metals and Superalloys in India.

With integrated and highly flexible manufacturing processes that can create a variety of special metals and alloys, we have the technological capacity to manufacture a wide range of advanced metals and alloys under one roof. Our special alloys have higher mechanical qualities and greater workability necessary for unique applications in the aerospace, power generation, defence, and other general engineering industries.

Presently, more than 70% of MIDHANI's products cater to strategic customers in sectors such as Space, Defence and Energy. In addition, MIDHANI also supplies special alloys and products to commercial sector.







### Our mission

To achieve self-reliance in the research, development, manufacture and supply of critical alloys and products of National Security and Strategic Importance.

### Key highlights for FY22

₹ **85,949.02** Lakh

Sales turnover

**28.13%**

YoY value of production growth

**5.69%**

YoY sales turnover growth

₹ **1,31,770** Lakh

Order book as on April 1, 2022

₹ **98,872.75** Lakh

Value of production

₹ **3.10**

Dividend per equity share

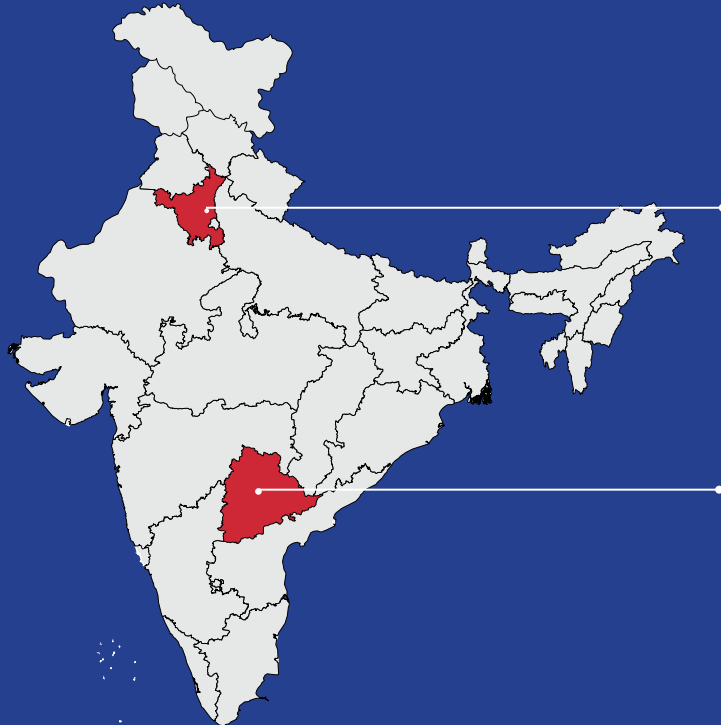
₹ **8,702.16** Lakh

Highest ever export sales





# Strengthening our presence



▲ Rohtak, Haryana



▲ Hyderabad

## Rohtak unit

The new plant in Rohtak is spread across 10 acres of land and is equipped with water jet cutting technology, plasma cutting technology, autoclaves, forming machines and composite moulding presses to undertake a variety of manufacturing processes. The plant is built for the manufacturing of armour products.

The manufacturing facilities at MIDHANI include Primary and Secondary melting furnaces such as Electric Arc Furnace with Ladle Refining Furnace, Vacuum Degassing/ Vacuum Oxygen Decarburisation, Vacuum Induction Melting Furnace, Vacuum Induction Refining Furnace, Vacuum Arc ReMelting Furnace, Electro Slag ReMelting Furnace and Electron Beam Melting Furnace. Subsequent operations are carried out at 6000T/1500T Forge Presses, Ring Rolling Mill, Hot Rolling and Cold Rolling Mills, Bar and Wire Drawing Mills etc. based on the output, form and sizes required. The auxiliary supporting services like conditioning, heat treatment, machining, pickling, quality control also forms part of MIDHANI's manufacturing processes.

## Hyderabad unit

Our Hyderabad plant is equipped with state-of-the-art manufacturing facilities in order to produce a wide range of special metals and alloys in different mill forms, such as forged bars/flats, rings, near net shapes, and closed die forgings, hot rolled bars/sheets, cold rolled sheets, strips, foils, wires, castings, tubes, and fasteners.

# Azadi ka Amrit Mahotsav

“Exhibition of MIDHANI Products for Public Display” as part of 'Azadi ka Amrit Mahotsav' celebrations were held from 13-19 December 2021. It was inaugurated virtually by Hon'ble Raksha Mantri, Shri Rajnath Singh and received an overwhelming response with around 20,000+ footfall recorded in Hyderabad and around 5000+ footfall recorded for the exhibition at Rohtak. At the Hyderabad Unit, Guest Lectures were organized on Metallurgical topics by eminent speakers from reputed organizations and metallurgy background students from various engineering colleges were invited to attend it. General public, local engineering / polytechnic/ degree colleges and school students were sent invitations for walk-in visits and more than 50 colleges and more than 50 schools have visited the exhibition. At the Valedictory function of the week long public exhibition Hon'ble Governor of Telangana & Hon'ble Lt. Governor of Puducherry, Dr. Tamilisai Soundararajan presided over the program as 'Chief Guest'.



▲ Hon'ble Governor of Telangana & Hon'ble Lt. Governor of Puducherry, Dr. Tamilisai Soundararajan presided over the valedictory function as 'Chief Guest'



▲ Dr. Sanjay Kumar Jha, C&MD, MIDHANI seen lighting the lamp at the inauguration of the exhibition.



▲ The exhibition of MIDHANI's Armour Products at Rohtak being inaugurated.



▲ Hon'able Raksha Mantri - Shri Rajnath Singh seen virtually inaugurating the exhibition.

## Chairman's message



The highest ever sales turnover of ₹ 85,949.02 Lakh achieved by the Company for FY22 has given us a year-on-year (YoY) growth of 5.69%, and a healthy EBITDA margin of 34.16%; translating into an EBITDA of ₹ 29,361.48 Lakh



### Dear Shareholders,

It gives me immense pleasure to welcome you to the 48<sup>th</sup> Annual General Meeting of Mishra Dhatu Nigam Limited (MIDHANI). We started FY22 on a solid foundation laid during FY21 with unmatched resilience and dedication during the COVID-19 pandemic. The pandemic taught us to navigate uncertainty and anticipate the unexpected as an unavoidable part of doing business, which helped build our resilience and is reflected in the Company's performance.

The fiscal also tested our spirit and resilience further due to the pandemic-related supply constraints and the Russia-Ukraine military conflict which has led to numerous other challenges in the form of strained geopolitical and trade relations, sanctions, high commodity and energy prices, and so on. However, these challenges notwithstanding, FY22 has been the second consecutive year where MIDHANI's perseverance and resilience has helped achieve new milestones with highest ever sales turnover of ₹ 85,949.02 Lakh.

The lingering effects of the pandemic and the Ukraine-Russia war led to high input costs, but we are hopeful that the growth of the superalloy industry is likely to remain stable. Domestic demand is expected to remain buoyant due to Government's policies boosting domestic procurement and the present global supply-demand dynamics

may also present additional export opportunities. The decision of the Ministry of Defence to procure 87% of capital acquisitions domestically, amounting to ₹11,486 Crore, will boost the domestic Defence Industries and will greatly benefit MIDHANI.

### Financial highlights

The highest ever sales turnover of ₹85,949.02 Lakh achieved by the Company for FY22 has given us a year-on-year (YoY) growth of 5.69%, and a healthy EBITDA margin of 34.16%; translating into an EBITDA of ₹29,361.48 Lakh. The Value of Production (VoP) for FY22 was ₹98,872.5 Lakh registering a YoY growth of 28.13%. The Operating Profit of your Company stood at ₹20,781.36 Lakh for FY22 was also the highest ever along with the Profit Before Tax (PBT) at ₹23,911.98 Lakh and Profit After Tax (PAT) at ₹17,630.77 Lakh for the fiscal. The Profit Before Tax (PBT) has seen a YoY growth of 5.76 % and the YoY growth for Profit After Tax (PAT) was 6.02%. Our export turnover at ₹8,702.16 Lakh recorded during the FY 2021-22 is also the highest ever with a YoY growth of 348%.

During the fiscal, the Company has paid an interim dividend of ₹1.56 per equity share and further proposes to pay another ₹1.54 per equity share as final dividend. The total dividend (including interim dividend) for the financial year is

₹3.10 per equity share (par value ₹10/- each). This works out to 32.94% of Profit After Tax which is the highest dividend being paid by the Company.

### Building an 'AatmaNirbhar Bharat'

MIDHANI continues to cater to the requirements of our strategic sectors and during the year we have made significant contributions to the Government's vision to shape a new India which is self-reliant. The Government's vision deeply resonates with MIDHANI's strategic roadmap of being future-ready and it is under this vision for an 'AatmaNirbhar Bharat' Bharat that MIDHANI has contributed to strategic programmes of the country such as Advanced Ultra-Supercritical Technology (AUSC) Programme, Aero Engine Programmes, 700 MW power plant, satellite launch vehicles (PSLV, GSLV-MkIII, Chandrayaan, Gaganyaan). We have also developed titanium rings for use by National Institute of Ocean Technology (NIOT) in the programme for sending humans to deep sea.

During the year under review, we have filed 16 IPR applications including five trademarks related to Armor products. Eleven patents were filed as on March 31, 2022. MIDHANI has been awarded 5 patents as on March 31, 2022.

We have also made significant progress in the exports front by recording our highest ever exports

sales. Your Company has completed first ever supplies of forged and machined superalloy bars, Titanium alloy rings and large size Soft magnetic alloy bars requiring stringent surface finish and close tolerances. These were developed in record time to meet the export requirements.

### Expanding facilities:

We have set up an armour facility at Rohtak, Haryana which is an exclusive facility for armour products which will be commissioned in FY23. We have a good order book visibility for this facility and have started the fiscal with order booking of about ₹10,000 lakh. We have also successfully commissioned our wide plate mill during FY22 which includes an entire product range including Low Alloys Steel, Stainless Steel, Titanium Alloys, Super Alloys, Armour Steel, and varieties of products. Our marketing department is preparing to secure orders with a some already secured. We would also explore the export potential for the products.

8T Vacuum Induction Melting Furnace is being set up to enhance our capacity in manufacturing of special steel and super alloys and our stakeholders can see the contribution from this facility in the FY23. We have also started a new Titanium shop for enhancing production capacity of Titanium Alloys. This facility will be dedicated towards



## Chairman's message (Contd...)

exclusively making Titanium products in a single place. This will help meet the requirement of the international aerospace companies for the moving parts of aero engine components.

As on April 1, 2022 the order book position of your Company stood at ₹ 1,31,700 Lakh. MIDHANI, in its endeavour to serve the needs of our strategic sectors, has equipped itself with the state-of-art infrastructure and is well poised to cater to the demands of these strategic sectors and to strengthen our position as 'import substitution' solutions provider.

### Sustainability at the core

MIDHANI is committed towards its social responsibility and sustainable developments goals. Your Company has always been committed to work for the society where it operates. On Corporate Social Responsibility (CSR) front, MIDHANI has fully met its CSR obligations which covers healthcare, sanitisation, education and technology. During FY22, MIDHANI established the MIDHANI Primary Health Care Centre to cater the medical needs of people belonging to underprivileged backgrounds. MIDHANI also sponsors education of SC/ST children from lower income backgrounds till class 10. We have spent an amount of ₹ 481.46 Lakh towards CSR expenditure for FY22.

Being a responsible corporate citizen, we ensure sustainability through optimum consumption of resources and as a result, during FY22 also we have utilised 3,538 T of plant returned scrap for melting. We are also striving to ensure zero work related accidents and is also committed towards well-being of its employees. We have sponsored health check-up for our employees. Most of our employees are fully vaccinated at vaccination drive organised by your Company.

### Practising good governance

We are ever committed and will always continue in our endeavour to strengthen our Corporate Governance function with clear organisational strategy, effective risk management, corporate social responsibility and transparency and information sharing with our stakeholders. Our Board and Senior Management adhere to our Code of Conduct. Our policies and procedures are continuously evaluated and upgraded to keep the organisational integrity intact and uphold values. We continue to follow, in letter and spirit, the guidelines issued by the Department of Public Enterprises. We are happy to report that, your Company scored 100% as per the revised grading norms for CPSEs, conducted by the DPE on compliance of guidelines on Corporate

Governance issued by them.

We have been bestowed with various awards during FY22 including 'Best Development Programme Public Sector for Middle Level Management' from National Awards for Excellence in Training and Development and 'Telangana State Intellectual Property Award' for the Best IP Portfolio in the PSU category by Confederation of Indian Industry (CII). Your Company was honoured with 'Best Performance Award' by The Indian Institute of Metals under category II 'Secondary Processing'.

### Way forward

Our performance reflects our commitment to meet the needs of our customers and emerge as the catalyst for overall growth. While we are witnessing elevated inflation and supply chain challenges, we are highly optimistic due to the transformation of Indian Defence Industry in recent times. The various initiatives launched by our Government continues to provide impetus to us in our efforts to be the 'National Centre for Excellence in Materials' in our country and to cater to the needs of the strategic sectors of our country.

On behalf of the Board, I want to express my deepest gratitude to the

frontline workers who were engaged in the battle against COVID-19. I would also like to thank our valued customers and vendors for their constant support and belief in our abilities. I heartily welcome newly appointed Directors of MIDHANI and I am grateful to my colleagues on the Board for their valuable guidance. I also extend my gratitude to our employees for their contribution and dedication of our employees towards the organisation. I also acknowledge the enormous amount of goodwill and support that we have received from our Administrative Ministry and all Government agencies particularly the Government at the Centre, State and local bodies who provide valuable guidance and support in the Company's Management.

I am confident that under the stewardship of its astute management team, MIDHANI will continue to scale greater heights and deliver value to all stakeholders.

Thanking You,

Jai Hind!

**Dr. Sanjay Kumar Jha**

Chairman & Managing Director



**As on April 1, 2022  
the order book  
position of your  
Company stood  
at ₹ 1,31,700 Lakh.  
MIDHANI, in its  
endeavour to serve  
the needs of our  
strategic sectors,  
has equipped itself  
with the state-of-  
art infrastructure  
and is well poised  
to cater to the  
demands of these  
strategic sectors**

# Our performance in numbers

## Revenue from operations

(₹ in lakh)

# 85,949.02



## Cash profit

(₹ in lakh)

# 27,211.51



## Profit before tax

(₹ in lakh)

# 23,911.98



## Profit after tax

(₹ in lakh)

**17,630.77**

## Gross block

(₹ in lakh)

**1,09,830.44**

## Net worth

(₹ in lakh)

**1,19,071.94**



# Catalysing growth through prudent strategies

Our strategic priorities help us define a clear way forward in achieving holistic and consistent progress. In the ‘strategic materials’ (superalloys) category, we leverage our distinct manufacturing facilities, homegrown value chain, market share, and long-standing client relationships as competitive advantages. Our growth is accelerated by a number of government measures, including the encouragement of indigenisation, new offset policies for Transfer of Technology, improved FDI, and the most recent patent regulations.

## Diversifying client base

We strive to broaden our client base and explore potential opportunities in different industries. The railroad, oil and gas, and commercial sectors are our targets for marketing and business development initiatives.

accommodate thickness of up to 9mm. Because of these constraints, wide plates below 9mm thickness are now fulfilled by machining, which results in loss of expensive materials and increases in-production costs. The unique facility will give us a cost advantage by eliminating the machining process.

## Setting up new facilities

**Springs:** A plant with a capacity of 60,000 Springs per year has been set up to manufacture Springs indigenously. We have already received a few development orders from the Railway Board for the supply of springs for LHB coaches and wagons.

## Commissioning wide plate rolling facility

The facility will ensure self-reliance in production of extra wide plates of special steel and other strategic application including armour plates. The mill will assist in meeting customer demands for wide plate of unique alloys with thickness of 4–20 mm, width of 1,000–2,500mm, and length up to 11,000mm. At present all rolling facilities in the country can only

## Armour Plant

We have set up a new unit at Rohtak in Haryana for manufacture of Armour products. Equipments like Fibre cutting machine, Hydraulic ballistic press, water jet cutting machine, CNT spray machine etc. has been set up at this unit to cater to the increase in demand for Body armour, Vehicle armoured, Bullet proof Morcha, Bullet Resistant Jackets etc.

## Enhancing export sales

Exports is one of our primary business sectors mentioned. Inquiries and orders have resulted from several conversations and meetings with numerous defence attachés of different nations. During FY 2021-2022, we recorded the highest export sales of ₹8,702.16 Lakh, registering Y-o-Y growth of 348%.

**Building capacity to deliver at scale**



▲ Wide Plate Mill - Hyderabad



▲ Wide Plate Mill - Hyderabad



▲ Spring Plant - Hyderabad



▲ Armour plant - Rohtak, Haryana

# Leveraging innovation to build brand value

We have developed strong research and development capabilities over the years, which has allowed us to become the most preferred partner for our customers in both the domestic and international markets. Our strong internal R&D capabilities have allowed us to locally produce a number of essential technologies and alloys, indigenously.

**14**

R&D employees

**11**

Patents filed (As on March 31, 2022)

**16**

IPRs filed

**5**

Patents granted  
(As on March 31, 2022)

## R&D investment

For research and development purposes, we have recently invested in new DSC, SEM, image analyser, 300KN UTS, and immersion ultrasonic equipment. We have started research and development initiatives including the production of metal powders (Ni alloys & Ti alloys) for additive manufacturing. Artificial intelligence has been used to develop new alloys in collaboration with IIT Chennai and a ToT to develop ‘shape memory alloys’ has been inked with CSIR-National Aerospace Laboratories (NAL).

**₹ 681.79** Lakh

R&D investment in FY22

## R&D collaboration

To create ceramic-based composite armour, an MoU has been inked with Carborundum Universal Limited (CUMI). For the development and production of composite raw materials, we have also signed an MoU with HAL. A collaboration deal between India and Italy has been formed to develop aluminium alloy powder for additive manufacturing.



▲ MIDHANI was awarded the “Telangana state Intellectual Property award “ for Best IP Portfolio in the PSU Category by Confederation of Indian Industry (CII) and Telangana state global linker.



## Expanding portfolio of globally benchmarked products

Our R&D division concentrates on technological research, new product development, and indigenisation as part of 'Atmanirbhar Bharat'. For critical applications, we have locally sourced a number of products over the past five years, including the high-pressure compressor disc for the Jaguar aircraft, the super alloy blade blanks for the Adour engine, the composite armouring for the MI 17 helicopter, the MIDHANI KAVACH for bulletproof jackets, the crucial Steam Generator (SG) tubes for the energy sector, and many others.

**₹ 25,800** Lakh

Revenue in last 5 year  
through R&D effort

### PT 1M seamless pipes

We successfully created PT 1M Seamless Pipes for use in freshwater and saltwater applications. We have developed our own technology to successfully produce the previously imported pipes into seamless pipes for pressure hull applications.

### Spherical pressure hull

We produced dummy Spherical Pressure Hull (SPH) with a 2.2-metre diameter for the National Institute of Ocean Technology (NIOT), a first for our nation. For deep sea SPH components, we have successfully created Top Hatch, a primary viewport, and a secondary viewport.

### Fluid end component

For use in the oil and gas industry, we created and produced 'Fluid End Component- MDN 16-5-1, Super Martensitic Stainless Steel'. The need for this product in our nation was being met by imports, but owing to R&D initiatives, the product has been indigenised.

### Zircalloy tubes

First ever Zircalloy tubes were successfully forged in India and supplied for its use in energy applications. The alloy was melted in our VAR furnace.

### Borated zirconium strip

Even though it was challenging to get homogenous chemistry for strips, we created a borated zirconium strip with dimensions of 1 mm x 10 mm x 1000 mm for use in energy applications.

### Bearing steel

We created five different types of bearing steel in association with the Defence Metallurgical Research Laboratory (DMRL). The Light Combat Aircraft Tejas LSP4 successfully completed its first hour-long flight while using indigenous aircraft bearings for the vital gear box, and DRDO confirmed this in February 2022.



# Empowering our talent pool

Our people are an integral force that drive us forward in achieving our long-term goals. Our team drive innovation and sustainability to carve a niche for the company. We believe in a shared sense of purpose that enables each employee to connect their personal goals with the larger ‘mission’ of the company. We strive to create a working environment, where our people are encouraged to reach their full potential.

Item	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
No. of employees	976	900	836	768	752	850	791	786	763	770
Productivity per employee (₹ in Lakh)	54.58	63.30	76.56	88.35	92.51	82.08	103.01	123.42	101.13	128.41

**770**

Employees

**40**

Average age of employees

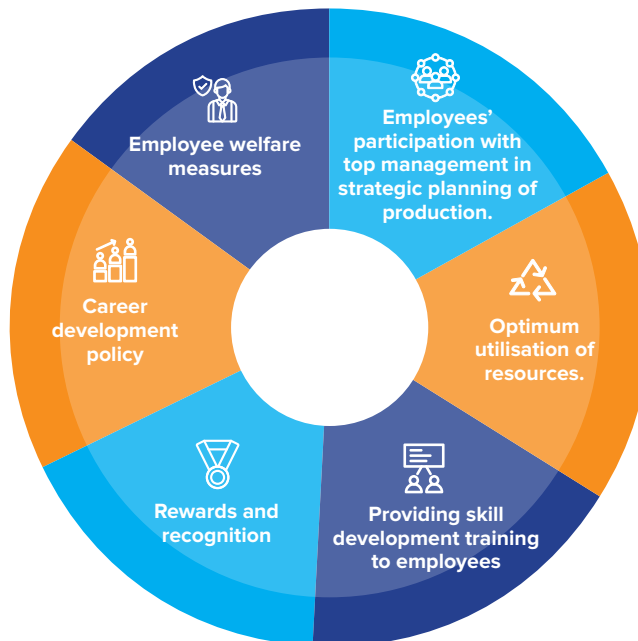
**30+** years

Average Experience possessed by top management

**₹ 86.84** Lakh

Value added per employee

### Key strategic focus areas for human resource development



### Promoting camaraderie

We conduct various initiatives to keep our employees motivated and create an enabling workspace. Cultural and sporting events are held annually to promote employees' physical and mental fitness. We host a variety of events, such as farewells for retiring employees and celebrations of International Women's Day. Management and staff members actively take part in 'Swachh Bharat' events and International Yoga Day.

**Diverse and inclusive workforce**

We believe that a diversified and inclusive workforce will lead to higher productivity and to achieve this, we retain a mix of young and experienced experts across all verticals in order to encourage the inflow of original ideas and the effective implementation of organisational objectives.

We hire freshmen with technical and managerial backgrounds giving underprivileged groups in society an equal chance in accordance with government regulations. To draw applicants from across the country and backgrounds, every lateral entry job position receives an all-India advertisement.

We foster a work environment where employees can readily adapt and thrive. To foster a friendly and



▲ Glimpse from the Interactive session organised for all woman employees on the occasion of ' International Women's Day!'

participatory workplace culture, we engage in open discussion with employees.



▲ Vigilance awareness week was observed in MIDHANI from October 26 to November 1, 2021



▲ International Yoga day being observed at MIDHANI

### Training and development

Every year, the need for skill development training with regard to all personnel is recorded with the intention of offering targeted training. The subsequent training initiatives were carried out during the reporting period.

1. MID Career training programme is conducted for middle level management personnel with 15 days extensive training
2. In order to boost the motivation of Senior Level Management staff, specific training programmes have been designed and imparted
3. Hindi training programmes were also conducted to facilitate and encourage employees for promotion of Hindi usage in official communication
4. Specific skill upgradation programmes in technical and non-technical areas are being conducted
5. Employees are encouraged to participate in various workshops, seminars and exhibitions for knowledge gaining and sharing.

**1,236**

Man days training programmes conducted

**19**

Training programmes held during FY22

**28**



▲ Mid career training programme was conducted for middle level management personnel at MIDHANI.

▼ MIDHANI was conferred with 'Best Development Program Public Sector for Middle Management' from National Awards for Excellence in Training & Development at 7<sup>th</sup> edition World HRD Congress on August 27, 2021





### Employee well-being

We consistently prioritise the welfare of our workforce and view employees as our most valuable resource. We provide all the basic amenities including a canteen, restrooms, a daycare centre, uniforms, and safety shoes. In addition to providing regular medical coverage for all employees and their eligible dependents during the COVID epidemic, we also implemented the following measures.

1. Face masks and sanitisers were distributed multiple times for uninterrupted use by employees.
2. Mass screening for COVID cases during the first and second wave and contact tracing
3. Immune booster medicines were distributed to staff and casual workers
4. Dose-1 and Dose-2 vaccination drives for workers and the local community
5. Awareness circulars, SOPs, posters, social media regarding prevention of COVID.
6. Oxygen cylinders and oxygen concentrators were given to patients.



▲ Free COVID-19 vaccination drive held at MIDHANI for all employees and also for local community.





# Enabling communities to thrive

As a socially responsible entity, we believe that the best way to empower people is to reach out to them and be there for them. Through our CSR division, we have put this approach into practise.

**₹ 481.46** Lakh  
CSR expenditure

**10,000+**  
Lives impacted

## Our CSR focus areas for the year



### Promotion of health and sanitation

For the purpose of serving the medical requirements of the local population surrounding MIDHANI, the MIDHANI Primary Health Care Centre was established through the MIDHANI Primary Health Care Trust. Patients at the MIDHANI Primary Health Care Centre receive free basic check-ups and medications. We also sponsored oxygen cylinder plant and shed to Osmania general hospital. We also constructed toilets which benefits local population.

**₹ 116.81** Lakh  
Spent on equipment

**₹ 42.24** Lakh  
Spent on hiring doctors and medicine

**₹ 87** Lakh  
Spent on oxygen generator plant and shed



▲ Sanitation & disinfection drive carried out in the local areas in and around MIDHANI.

### Promotion of education

Children from the SC/ST category and underprivileged backgrounds are admitted to LKG, and their tuition costs through the 10<sup>th</sup> grade are borne by us. Additionally, we provided dual desks to numerous Government Schools at Kothagudem.

# 8

Children education sponsored

₹ **59.80** Lakh

Spent towards Kothagudem Government Schools



▲ MIDHANI Primary Health Care Centre



▲ MIDHANI - Center of Excellence - Special Materials

### Promotion of skill development

Every year, we hire more than 10% apprentices to provide students experience in the workplace and give them access to knowledgeable professionals. As instructed by the Ministry of Defence, we also made a contribution to the Coimbatore Innovation and Business Incubator in support of the Honourable PM's programme, Innovations for Defence Excellence (iDEX).

₹ **88.38** Lakh

Stipend paid to the apprentices.

₹ **40** Lakh

Donated for promotion of innovations for Decent Excellence (iDEX)

## Board of Directors



**Dr. Sanjay Kumar Jha**  
Chairman & Managing Director



**Shri Gowri Sankara Rao Naramsetti**  
Director (Finance) and CFO



**Shri. T. Muthukumar**  
Director (Production & Marketing)  
(w.e.f. June 23, 2022)



**Shri Anurag Bajpai**  
Joint Secretary (DIP)  
Govt. Nominee Director



**Shri V. Chakrapani**  
(Independent Director)  
(w.e.f. December 24, 2021)



**Smt. V. T. Rema**  
(Independent Director)  
(w.e.f. April 5, 2022)

**Chief Vigilance  
Officer**

**Dr. Upender Vennam**  
I.Po.S

**Key Managerial  
Personnel**

**Shri Paul Antony**  
Company Secretary &  
Compliance Officer

**Senior Management**

**Shri A. Ramakrishna Rao**  
GM (HR)



**Shri D. Gopikrishna**  
GM (Production & Marketing)  
(till July 31, 2022)



**Shri Supartha Sen**  
GM (Vigilance)



**Shri Debasish Dutta**  
GM (Projects)



**Shri Atchutaram Dasu**  
GM (Commercial)  
(till July 31, 2022)



**Shri Rama Ramesh Babu**  
GM (Melts)



**Shri Sasidharan Palasseri**  
GM (Engineering Services)

# 10 years at a glance

(₹ in Lakh unless stated otherwise)

Item	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Sales (Tonnage)	4,687.00	4,111.00	4,732.00	5,205.00	6,150.00	4,477.00	3,685.00	3,390.00	3,556.23	3,317.00
Sales (Value)	55,859.14	56,270.78	65,570.07	76,144.87	80,970.77	66,607.87	71,084.62	71,287.57	81,323.08	85,949.02
Value of Production(Excl.ED)	53,267.12	56,417.57	64,004.42	67,853.65	69,564.01	69,767.72	81,483.22	97,010.91	77,164.22	98,872.75
Cash Profit/Loss(-)	12,293.72	12,747.26	14,830.16	17,591.00	20,401.69	21,789.22	21,424.26	22,820.06	25,308.92	27,211.51
Profit Before Tax (PBT)	11,777.66	12,143.54	13,851.49	16,184.50	18,635.28	19,825.09	19,104.78	20,208.62	22,609.39	23,911.98
Net Profit/Loss (PAT)	8,251.83	8,246.29	10,212.80	11,937.02	12,631.31	13,126.18	13,055.69	15,973.38	16,629.15	17,630.77
Value Added (Excl. ED)	35,528.59	36,809.97	42,808.81	43,363.11	50,181.18	54,412.85	52,206.95	59,350.32	60,157.17	66,868.27
Value added per employee	36.40	40.90	51.21	56.46	66.73	64.02	66.00	75.51	78.84	86.84
Paid up Capital	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00
Gross Block	19,975.07	24,698.30	38,670.17	27,704.22	35,911.43	39,574.81	49,938.95	54,097.55	55,592.28	1,09,830.44
Net Fixed asset	6,817.41	11,547.79	24,427.97	26,295.74	32,737.74	34,443.38	42,494.69	44,074.63	42,891.57	93,848.75
Net current asset	55,673.71	44,471.94	35,144.93	47,879.87	47,862.25	44,052.85	63,221.24	81,738.45	80,847.94	87,649.27
Capital Employed (as per MOU)*	42,034.89	46,330.91	55,339.80	62,868.51	70,558.01	78,995.46	83,527.97	95,857.07	1,07,263.11	1,21,847.82
Equity	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00	18,734.00
Reserves	21,942.51	25,779.38	35,271.83	43,233.03	51,700.40	60,169.45	64,736.91	77,104.66	88,529.11	1,00,337.94
Net Worth	40,676.51	44,513.38	54,005.83	61,967.03	70,434.40	78,903.45	83,470.91	95,838.66	1,07,263.11	1,19,071.94
Contribution to Exchequer	12,136.00	11,181.00	10,617.67	14,316.38	16,641.00	14,492.26	16,272.22	17,012.99	18,593.16	22,363.05

\* Capital employed is calculated as Networth + long-term Borrowings



# Corporate information

## Registered Office

### Hyderabad

P.O. Kanchanbagh, Hyderabad -500058  
Tel. No: 040-2418 4515, Fax No: 040-2956 8502  
Website: [www.midhani-india.in](http://www.midhani-india.in)

## Commercial/ Regional office

### New Delhi

Core- 6, Floor – 1, Scope Complex, 7 Lodhi Road,  
New Delhi – 110070  
Tel No. : 011-4166 6375, Fax: 011-2436 6466

### Rohtak, Haryana

Mishra Dhatu Nigam Limited, Plot No. 8 & 13,  
Sector 30 A, IMT, Rohtak, Haryana- 124 001

### Kolkata

BE-70, Ground floor, Sector – 1, Salt Lake,  
Kolkata - 700064  
Tel No. 033-2334 4832  
Fax : 033-2334 8411

## Statutory Auditors

Sarath & Associates, Chartered Accountants

## Cost Auditor

S.S. Zanwar & Associates, Cost Accountants

## Secretarial Auditors

R&A Associates, Company Secretaries

## Bankers

HDFC Bank Limited

State Bank of India

Union Bank (formerly Andhra Bank)

## Registrar & Transfer Agent

Alankit Assignments Limited,  
4E/2 Jhandewalan Extension, New Delhi -110 055  
Tel: 011-4254 1234 / 2354 1234; Fax: 011- 4254 1201  
Email: [rt@alankit.com](mailto:rt@alankit.com)

## Investor Relations

### Shri Paul Antony

Company Secretary & Compliance Officer

P.O Kanchanbagh, Hyderabad- 500058  
Tel- 040-2418 4515  
Fax: 040-2956 8502  
Email: [company.secretary@midhani-india.in](mailto:company.secretary@midhani-india.in)

# Boards' Report

The Members,  
**Mishra Dhatu Nigam Limited**

Dear Members,

Your Directors are pleased to present their 48<sup>th</sup> Annual Board's Report, on the performance and achievement of your Company, together with the Audited Financial Statements (Standalone & Consolidated) for the financial year ended on March 31, 2022.

## 1. SIGNIFICANT ACHIEVEMENTS:

- Achieved highest ever Sales of ₹ 85,949.02 Lakh for FY 2021-22 registering a y-o-y growth of 5.69% vis-à-vis Sales of ₹ 81,323.08 Lakh achieved for FY 2020-21. Achieved highest ever Value of Production (VoP) of ₹ 98,872.75 Lakh for FY 2021-22 registering a y-o-y growth of 28.13% vis-à-vis VoP of ₹ 77,164.22 Lakh achieved for FY 2020-21.
  - Achieved highest ever Operating Profit of ₹ 20,781.36 Lakh for the FY 2021-22 registering y-o-y growth of 0.75% vis-à-vis Operating Profit of ₹ 20,626.27 Lakh achieved for FY 2020-21.
  - Achieved highest ever Profit Before Tax (PBT) for FY 2021-22 at ₹ 23,911.98 Lakh vis-à-vis PBT of ₹ 22,609.39 Lakh for FY 2020-21, registering y-o-y growth of 5.76 % and the highest ever Profit After Tax (PAT) of ₹ 17,630.77 Lakh for the FY 2021-22, vis-a- vis ₹ 16,629.15 Lakh achieved for FY 2020- 21, registering y-o-y growth of 6.02 %.
  - Highest ever export turnover of ₹ 8,702.16 Lakh was achieved during the FY 2021-22 vis-à-vis ₹ 1,942.47 Lakh for FY 2020-21, registering y-o-y growth of 348 %.
- **Spherical Pressure Hull:** MIDHANI has successfully indigenously manufactured dummy Spherical Pressure Hull (SPH) of Dia 2.2 Meters ring for National Institute of Ocean Technology (NIOT) which is first ever in our country. MIDHANI has successfully developed Top Hatch, primary viewport, and secondary viewports for deep sea SPH components.
  - **Zircalloy tubes:** First ever Zircalloy tubes were successfully forged and supplied for its use in Energy applications.
  - **Borated Zirconium strip:** Even though, achieving uniform chemistry for strips was a difficult task, MIDHANI developed. Borated Zirconium strip of 1mm x 10mm X 1000mm for use in Energy application.
  - **Fluid End Component:** MIDHANI developed and manufactured, 'Fluid End Component- MDN 16-5-1, Super Martensitic Stainless Steel for its application in Oil and Gas Sector. The demand for this product in our country was being met through imports. With Indigenous R&D efforts, MIDHANI has indigenized the product.
  - **Bearing Steel:** MIDHANI in collaboration with DMRL, has developed 5 types of bearing steels. The Light Combat Aircraft - Tejas LSP4 completed the first one-hour flight accommodated with indigenous aircraft bearings for the critical gear box and the same was confirmed by DRDO on February 8, 2022.

## 2. HIGHLIGHTS OF OPERATIONS:

- **PT 1M Seamless Pipes:** MIDHANI has successfully developed PT 1M Seamless Pipes for applications in sea and fresh water. The pipes earlier imported was developed indigenously by MIDHANI and could be successfully manufactured into seamless pipes for pressure hull application.

## 3. FINANCIAL HIGHLIGHTS:

- 3.1 Your Company achieved a Sales Turnover of ₹ 85,949.02 Lakh, Profit Before Tax (PBT) of ₹ 23,911.98 Lakh, Profit After Tax (PAT) of ₹ 17,630.77 Lakh and Operating Profit of ₹ 20,781.36 Lakh for the FY 2021-22. The company's operations were impacted by the second wave of the COVID-19 pandemic during April - May 2021, however, with collective efforts, Company has achieved best ever results in terms of revenue and profits during the financial year.

## 3.2 Your Company achieved the following results during FY 2021-22:

(Figures in ₹ Lakh)

Particulars	FY 2021-22	FY 2020-21
Revenue from Operations	85,949.02	81,323.08
Other Income	3,130.62	1,983.12
<b>Total income</b>	<b>89,079.64</b>	<b>83,306.20</b>
Less: Operating Expenditure	59,718.16	56,797.75
Profit before Depreciation, Finance Costs, Exceptional items and Tax Expense	29,361.48	26,508.45
Less: Depreciation/ Amortization/ Impairment	3,299.53	2,699.53
Profit before Finance Costs, Exceptional items and Tax Expense	26,061.95	23,808.92
Less: Finance Costs	2,149.97	1,199.53
Profit before Exceptional items and Tax Expense	23,911.98	22,609.39
Add/(less): Exceptional items	-	-
<b>Profit Before Tax</b>	<b>23,911.98</b>	<b>22,609.39</b>
Less: Tax Expense (Current & Deferred)	6,281.21	5,980.24
<b>Profit After Tax (1)</b>	<b>17,630.77</b>	<b>16,629.15</b>
<b>Other Comprehensive Income/(loss) (2)</b>	<b>60.62</b>	<b>(34.09)</b>
<b>Total Comprehensive Income (1+2)</b>	<b>17,691.39</b>	<b>16,595.06</b>
<b>Ratios (Percentages)</b>		
Profit Before Tax to Capital employed*	19.62	21.08
Profit Before Tax to Revenue from operations	27.82	27.80
Profit After Tax to Net Worth	14.81	15.50
Profit After Tax to Paid-up Share Capital	94.11	88.76
Sales to Capital Employed*	70.54	75.82
Sales to Gross Block	78.26	146.28
Per Capita Sales (₹ in Lakh)	111.62	106.58

\*Capital Employed is calculated as Net worth + Long term Borrowings.

#### 4. DIVIDEND POLICY:

- 4.1 The Board of Directors of your Company are pleased to recommend a final dividend of ₹ 1.54 per equity share of the face value of ₹ 10/- each i.e. @ 15.40%, for the financial year ended on March 31, 2022 and seek your approval for the same. The proposed final dividend, will be payable to those shareholders whose names appear in the Register of Members as on the Record Date i.e. September 22, 2022.
- 4.2 Further, during the year under review, the Board of Directors of the Company in their Meeting held on March 14, 2022 has declared and paid interim Dividend of ₹ 1.56 per equity share of the face value of ₹ 10/- each i.e. @ 15.60%.
- 4.3 Cumulatively, the Board of Directors of your Company has declared / recommended a total Dividend of ₹ 3.10 per equity share of the face value of ₹ 10/- each i.e.

@ 31 % for the year ended March 31, 2022. At 32.94% of Profit After Tax (PAT) this is the highest ever dividend payout by the Company.

- 4.4 Your Company, being a Central Public Sector Enterprise (CPSE), follows the Guidelines on Capital Restructuring issued by Department of Investment and Public Asset Management (DIPAM) vide F. No. 5/2/2016-Policy dated May 27, 2016. As per the Guidelines, every CPSE would pay a minimum annual Dividend of 30% of PAT or 5% of the Net-worth whichever is higher subject to the maximum Dividend permitted under the extant legal provisions. The Company's dividend distribution policy is enclosed as "Annexure - I" and also available on the Company's website viz. <https://midhani-india.in/policies/>.

4.5 The performance of MIDHANI with respect to the Return on Investment in comparison to the previous year is as under:

(₹ in Lakh unless otherwise stated)

S. No.	Parameters	FY 2021-22	FY 2020-21
1.	Dividend	5,807.57	5,208.05
2.	Profit After Tax (PAT)	17,630.77	16,629.15
3.	Net Worth*	1,16,093.41	1,04,270.29
4.	Dividend/PAT (%)	32.94	31.32
5.	PAT/Net Worth (%)	15.19	15.95
6.	Dividend/Net Worth (%)	5	5

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

## 5. TRANSFER TO GENERAL RESERVE:

Your Company has transferred ₹ 10,300.00 Lakh to General Reserve for the FY 2021-22.

## 6. PERFORMANCE AGAINST MoU:

For the FY 2021-22, MIDHANI's MoU performance is expected to qualify for an overall 'Good' rating, however, the same is subject to evaluation and confirmation by Department of Public Enterprises (DPE).

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

7.1 The aim of modernization, expansion and up-gradation program of the Company is to enhance the competitiveness of Company's products by replacing legacy technologies with newer, more innovative platforms for increased sales and product growth. The up-gradation and modernization programs of the Company over the last decade contributed towards streamlining the rule-based business processes, thereby alleviating strain from the human workforce for increase in production tonnage capacity and product diversity.

7.2 In public sector, customer value translates to public service and with the modernization and upgradation initiatives, Company has successfully positioned itself to serve existing and new customers in domestic markets as well as to enter new business areas of strategic and National importance. The strategy is to apply technologies to workflows and make processes more dynamic and agile to sustain competitiveness. Capacity enhancement and ramping up of new facilities was the main catalyst in helping your Company to surpass previous records in physical performance during the financial year under report.

7.3 Projects related to Modernization, Expansion and Up-gradation of MIDHANI's production activities successfully commissioned during the year ended on March 31, 2022 are as under:

- **Wide Plate Mill:** To ensure self-reliance in production of extra wide plates / sheets of special steel and other strategic materials plates, armour plates etc, a Wide Plate Rolling facility was successfully commissioned in 3<sup>rd</sup> Quarter of FY 2021-22.
- **Hot Spring coiling machine for Production of Helical Springs:** For manufacturing and supply of Helical Compression Springs for Railway Wagons, Coaches, Locomotives, a Spring Manufacture unit was set up and successfully commissioned.
- **30T Bogie Hearth Furnace:** Replacement of old reheating furnace of capacity 30T for heating of billets was setup in Forge shop and the furnace was successfully commissioned in 3<sup>rd</sup> Quarter of FY 2021-22.
- **20T Fixed Hearth Furnace:** A new fixed hearth furnace of capacity 20T was set up in Forge shop for reheating of smaller ingots. The furnace was successfully commissioned in 3<sup>rd</sup> Quarter of FY 2021-22.
- **Encon Furnace Bogie:** Revamping of Bogie drive of the furnace was successfully completed in 4<sup>th</sup> Quarter of FY 2021-22.
- **Tempering furnace for Wide Plate Mill (WPM):** For processing of Armour plates and other special plates, Tempering Facility was successfully commissioned in 4<sup>th</sup> Quarter of FY 2021 - 22.

7.4 Projects related to Modernization, Expansion and Up-gradation of MIDHANI's production activities which will be commissioned during the current financial year are as under:

- **New 20T & 12T Fixed Hearth Furnace for Forge shop:** New furnaces of capacity 20T & 12T for Re-heating of smaller size billets are being set-up in Forge Shop to replace old fixed hearth reheating furnace for Re-heating of smaller size billets. Major supplies for furnaces has been completed.
- **New Vacuum Induction Melting Furnace:** A new 8T Capacity 'Vacuum Induction Melting' Furnace (VIM) is being set up in Melt Shop-III in addition to existing VIM, which remains continuously operational to meet customers requirement. Erection of equipment has been completed and commissioning is under progress.
- **300 Kg Vacuum Arc Skull Melting Furnace:** For installation of 300 Kg Skull Melting Furnace, relevant infrastructure has been provided successfully and erection of equipment is under progress.
- **Establishment of new 10T VAR facility:** It is planned to add one new '10T Vacuum Arc Re-melting Furnace' (VAR) facility to meet customers' requirement. Civil & structural works, auxiliary and electrical facilities are under progress.

**7.5 Development of Armour unit at Rohtak:** Considering increasing global market demand for body armour, Vehicle armour, Bullet Proof Morcha, Bullet Resistant Jackets etc, and to cater the needs of domestic market an armour unit of MIDHANI is being set up at Rohtak, Haryana. Major construction activities of Phase-I & Phase-II has been completed. Equipment like Fiber cutting machine, Water jet cutting machine, Hydraulic ballistic press, CNT spray machine, etc are commissioned. Plant is likely to be operational during FY 2022-23.

**7.6 Aluminum Alloy Plant:** 'Utkarsha Aluminium Dhatu Nigam Limited' (UADNL) is a (50:50) joint venture of MIDHANI and National Aluminium Co. Ltd, incorporated to set up High end Aluminum Alloy Production plant at Nellore, Andhra Pradesh. To establish green field project of Aluminum Alloy flat rolled product facility, land of 110 Acres is procured in Nellore. Corporate Office of UADNL has been set-up. Environmental Clearance and Consent for Establishment have been obtained. The technical consultant have been appointed.

The technical specification for technology Know-how and equipment supply is under progress.

## 8. LABOUR PRODUCTIVITY:

The value added per employee during the year was ₹ 86.84 Lakh compared to ₹ 78.84 Lakh in the previous year.

## 9. SALES AND OPERATIONAL EFFICIENCY:

Debt collection continued to be a focus area for the FY 2021-22. Trade receivable as "No. of Days Sales" has come down to 130 days as on March 31, 2022 as compared to 173 days as on March 31, 2021. High accumulation of Debtors is primarily on account of the budgets getting exhausted at customers' end, which are primarily Government Departments / agencies.

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

10.1 Every successful development of product begins with Research and Development (R&D), however, the role of R&D department is more complex than simple innovation. R&D is connected to marketing, cost management and other verticals of business strategy as Research and development is instrumental in creating new products and up-grading old products. MIDHANI places due importance to R&D.

10.2 An expenditure of ₹ 681.79 Lakh has been incurred towards R&D expenses during FY 2021-22. Apart from, overseeing the research and development of new products, R&D Department in MIDHANI is also responsible for planning, team management, deployment of technical infrastructure and manpower to support specific processes.

10.3 Some of the major R&D initiatives undertaken during the year are as below:

### New Product Developments:

- **PT 1M Seamless Pipes:** MIDHANI has successfully developed PT 1M Seamless Pipes for its strategic use in Naval Sector. The PT 1M Seamless Pipes are used to manufacture deformable semi-finished products like sheets, pipes, rods, etc for its applications in sea and fresh water with operating temperatures up to 150°C. The pipes were earlier imported from Russia. As a strategic material supplier – MIDHANI, took



initiative and successfully developed this material indigenously and it could be manufactured into seamless pipes for pressure hull application.

- **Titanium alloys for National Institute of Ocean Technology (NIOT) Project:** MIDHANI has successfully indigenously manufactured dummy Spherical Pressure Hull (SPH) of Dia 2.2 Meters ring for National Institute of Ocean Technology (NIOT) which is first ever in our country. The main deep sea Titanium SPH components have high section thickness (~400mm) beyond the international specifications limiting thickness up to 150 mm. MIDHANI took the initiative and indigenously manufactured dummy SPH of Dia 2.2 Meters ring for deep sea spherical pressure hull components for Top Hatch, primary viewport, and secondary viewports.
- **Zircalloy tubes for Energy applications:** First ever Zircalloy tubes were successfully forged and supplied by MIDHANI for its use in Energy applications. For the first time in MIDHANI, an alloy was melted with a melt rate of 1400 Kg/hr in VAR furnace. The alloy being pyrophoric was handled expertly and due precautions were observed during cooling and machining which resulted in successful development.
- **Borated Zirconium strip of 1mm x 10mm X 1000mm for Energy applications:** Borated Zirconium strip of 1mm x 10mm X 1000mm for use in Energy application was developed by MIDHANI. Borated Zirconium of about 45 mm dia and 50 mm height was compacted and welded together to form an electrode, it was then melted in Electron Beam Melting (300 KW) Furnace at high power. The electrode after first melt was cut into four parts cross sectionally and melted thrice for achieving uniform chemistry which was a difficult task successfully achieved by MIDHANI.
- **'Fluid End Component'- MDN 16-5-1, Super Martensitic Stainless Steel for Oil and Gas Sector:** Demand of 'Fluid End Component' spares remain at higher end due to its short life which varies from 12 to 60 days; due to erosion in corrosive environment of oil and gas drilling wells. The demand for this product was met through imports only, with indigenous R&D efforts, MIDHANI has successfully developed and manufactured this product.
- **Ferni 36 and Ferni 36 M:** Ferni 36 is an Iron-Nickel alloy consisting of 36% Nickel and exhibits very low coefficient of thermal expansion. Ferni 36M is similar to Ferni 36 with modified chemical composition. These alloys were successfully manufactured and dispatched to customers by MIDHANI which are used in applications where high dimensional stability is required, such as precision instruments, valves in engines, clocks, seismic gauges, relays, transformers etc.
- **FerCoNi:** FerCoNi is an Iron-Nickel-Cobalt alloy that exhibits coefficient of thermal expansion similar to glass (both borosilicate & alumina). This alloy, successfully developed by MIDHANI is used in glass-to-metal hermetic sealing, ceramic-to-metal sealing, power tubes, microwave tubes, transistors, diodes, integrated circuits etc.
- **SOFTMAG 48B:** SOFTMAG 48B is a soft magnetic iron-nickel alloy, consisting of 48% Nickel and exhibits very high magnetic permeability with high saturation level. This alloy developed by MIDHANI has typical applications in magnetic shielding, sensors, transformers, choke, watches, etc.
- **13-8 Mo PH Martensitic Steel:** 13-8Mo, Precipitation Hardening (PH) Martensitic Steel was the first newly developed grade for Oil and Gas sector against an export order. This alloy was developed and supplied by MIDHANI in a record time of two months.
- **Cobalt free special steel:** Cobalt free special steel finds its applications in tooling industry for service temperatures upto 350°C. MIDHANI has indigenously developed 18% Ni cobalt free special steel (MDN T250) on a product scale with a combination of high strength and fracture toughness. The product was developed first time and was supplied against an export order.
- **Manufacturing of 2mm Cold rolled sheet of alloy Superalloy276:** Superalloy 276 is a solid solution strengthened Nickel-Molybdenum-Chromium alloy with a small addition of Tungsten. It is one of the premier corrosion resistance materials for process industries. Superalloy 276 has excellent resistance in both oxidizing and reducing environments. MIDHANI has successfully developed and manufactured this material as part of indigenization efforts, as the alloy was one of the most imported items among all super alloys.

- **150 X 1050 X 4500 mm large slab of Superni 625:** Alloy 625 is a nickel-chromium-molybdenum alloy that is used for its high strength, high toughness, and excellent corrosion resistance. The strength of alloy 625 is derived from the stiffening effect of molybdenum and niobium on its nickel-chromium matrix. MIDHANI has successfully manufactured the first ever large size slab measuring 150 X 1050 X 4500 mm.

#### **Manufacturing and Process Technology Development:**

- **Optimization of chemical composition and heat treatment cycle to meet the mechanical properties of SNI 80A retainer rings:** SNI 80A is Nickel-chromium alloy strengthened by addition of Titanium and Aluminium having good creep strength and high resistance to high temperature oxidation up to 850°C. Since this alloy is meant for high temperature application, the issues of hardness values being on the lower side were observed occasionally and was inconsistent. To improve the hardness, efforts were made to optimize the chemical composition and heat treatment parameters to meet the required hardness.
- **Ageing parameters optimization to meet the property requirements of MDN2100 for tank ammunition applications:** High strength martensitic ageing steel finds its usage as a sabot in tank ammunition. The material was always imported to meet the defence needs of the nation. As part of indigenization efforts, MIDHANI manufactured this material and has optimized the process parameters to meet the property requirements.
- **Establishment of process parameters for rolling of MDN250 plates using new Wide Plate Mill facility:** Large sized MDN250 plates for space applications were being rolled at external facilities. MIDHANI has established a new wide plate rolling mill facility and also established process parameters for rolling of MDN250 plates to meet the requirements of space applications.

#### **Artificial Intelligence (AI)**

- As part of AI roadmap, two projects were initiated in MIDHANI having potential for extending to several other areas of MIDHANI's operations viz. process optimization of Special alloys; Alloy design and development through AI. A data-driven optimization technique through evolutionary algorithms Neural Networks has been used for process optimization of Special Steel. Multiple process parameters of a vacuum melting furnace were processed through a

data model and the Algorithm has provided a trade-off among critical parameters and improvement in melt duration.

- MIDHANI established a framework for new alloy design with the help of AI. The preliminary studies were conducted around the composition of a tool steel. The targeted application was focused to achieve low thermal expansion coefficient with considerable strength of the steel using Machine Learning approach. This framework is potentially usable for other alloy systems such as Super alloys and Titanium alloys with respect to specific applications.

### **11. INTELLECTUAL PROPERTY:**

- 11.1 New products were developed to capture the emerging demand of the market. Remarkable progress in R&D activities were achieved which are reflected in the form of expansion of Intellectual properties assets of the company. The products manufactured by MIDHANI are unique in nature and to prevent infringement, Intellectual Property (IPRs) Rights application were encouraged.
- 11.2 In total 11 No's of patents has been filed and 5 No's of patents were granted to MIDHANI. During FY 2021-22, MIDHANI has filed 16 IPR applications including 5 Trademarks related to Armor products.
- 11.3 To create awareness on IPR, trainings were conducted by R&D team in association with Training and Development department. These sessions were conducted physically and through online mode. The IPR awareness drives for vendors were also conducted. The study material, recorded video links and other useful resources w.r.t IPR were shared with MIDHANI's registered vendors.

### **12. ENERGY CONSERVATION:**

- 12.1 Efforts in the direction of Energy Conservation has continued during the year under report. MIDHANI is committed to developing, building, and promoting sustainable energy solutions. Due importance has been given to energy conservation measures at MIDHANI.
- 12.2 MIDHANI has set up a Solar Plant and entered into open access agreement with TSSPDCL & TSTRANSCO to avail the 4 MW solar power plant generated energy. The solar power plant had generated solar energy valued at ₹ 303.00 Lakh for FY 2021-22.
- 12.3 During the year under report, there was an increase in specific consumption of LPG and electricity due to the

ongoing project particularly the Wide Plate Mill and the new VIM 8T Furnace. The summary of consumption of Electricity and LPG for the FY 2021-22 vis-à-vis FY 2020-21 are as below:

• **The summary of consumption of LPG:**

Description	Unit	FY 2021-22	FY 2020-21
Annual consumption of LPG	MT	5,473.53	4,045.62
Specific consumption of LPG in Production	MT (LPG)/ MT (Prod.)	0.18	0.16

• **The summary of consumption of Electricity:**

Description	Unit	FY 2021-22	FY 2020-21
Annual consumption of Electricity	KWHr (in Crore)	5.40	3.88
Specific consumption of Electricity in Production	Kwh/T	1762.89	1,272.29

### 13. MARKETING & BUSINESS DEVELOPMENT:

13.1 During the year under review, MIDHANI booked orders worth of ₹ 81,691.00 Lakh. The order book position as on April 1, 2022 stood at ₹ 1,31,700 Lakh. With the current order book and considering the future orders in pipeline, your Company looks forward to steady growth in the upcoming years. The sector wise order booked during FY 2021-22 are as under:

Sector	Total value of orders (₹ Lakh)
Defence	55,440
Space	7,020
Energy	7,570
Others	11,661
<b>Total</b>	<b>81,691</b>

13.2 **Sector-wise Performance:** The total orders executed during the year under review were ₹ 85,949.02 Lakh and the sector wise sales executed is as below:

Sector	Total value of supplies (₹ Lakh)
Defence	18,442.68
Space	38,728.16
Energy	1,143.53
Others	27,634.65
<b>Total</b>	<b>85,949.02</b>

### 13.3 Business Development:

As part of its growth strategy MIDHANI has invested in new facilities like Armour unit at Rohtak, Haryana and a new Wide plate cum sheet mill to tap other industries outside Defence, in particular, railways, inland security, oil and gas pipelines, and the power sector. This would be a step towards 'Aatma Nirbhar Bharat Abhiyaan' of Government of India which aims to produce goods indigenously and provide import substitute of advanced materials. The efforts of business development in the following sectors are explained:

- **Aerospace:** MIDHANI has collaborated with various Start-ups, MSMEs, component manufacturers and Original Equipment Manufacturers (OEM) to supply various grades of aeronautical materials. MIDHANI has supported organisations in aerospace sector by supplying quantities much lesser than Minimum Order Quantity (MoQ) for facilitating approvals. Discussions are in advanced stages with various global OEMs for qualification of materials, processes and Technology transfer through Defence offset. During FY2021-22, MIDHANI has developed ten new customers in aerospace sector and indigenized six different grades of materials.
- **Armour:** MIDHANI has supplied the lightest body armour produced under Transfer of Technology (ToT) with/ from BARC and other inhouse designed armouring products such as up-armoured vehicles, Bullet Resistant Jackets, to Itanagar Police, Greyhounds, Telangana Police, Assam police, Ordnance factories, Arunachal Pradesh Police, Indian Airforce, J&K police, etc.
- **Railways, Oil & Gas:** MIDHANI discussed with Railway Board members for supply of high-quality steel plates and spring for LHB coaches and wagons and has obtained few development orders. The same was produced in the new Springs facility and supplied. More orders are in the pipeline. MIDHANI

has demonstrated manufacturing of Nickel alloy plates for the Oil & Gas industry and is in talks with the project partners for orders. Few customers are ready to sign long term contracts. In upcoming years, Oil and Gas sector is going to play a major role in MIDHANI's progress.

- **Exports:** Exports has been one of the key areas identified for business. Several discussions and meetings with many Defence attache's of countries have yielded enquiries and orders. MIDHANI achieved highest export sales of ₹ 8,702.16 Lakh during FY 2021-22 registering y-o-y growth of 348%. MIDHANI has developed few new tailor-made alloys for exports.

#### 13.4 Information Technology (IT):

- Efforts to strengthen Cyber Security framework continued during the year under review. To further strengthen cyber security posture, MIDHANI upgraded its IT Infrastructure in terms of Networks, Endpoints, and additional Desktop PCs etc. MIDHANI has NIC based e-mail accounts which are secured by 'KAVACH' a 'Two Factor' security authentication for NIC based corporate mail accounts. IT Department has completed Digital Signature integration to E-office application for secure document movement and approvals.
- Vulnerability Assessment and Penetration Testing (VAPT) Audit by CERT-In impaneled auditor was completed for the IT Infrastructure and Website. Intranet setup with E-office, ERP, Mails has been extended to new production facility of MIDHANI at Rohtak, Haryana. Separate ERP organization setup, including all the modules i.e. Production, Marketing, Finance, Human Resource, Taxation and Stores was also implemented for Rohtak Plant.
- During the year under report, QR Code for B2C Invoices with Java based utility was developed in-house to integrate QR generation with ERP and integration to invoice facility. This has helped MIDHANI be compliant with B2C QR invoices as per Ministry guidelines
- Successfully installed 'Big Blue Button', an advanced open-source web conferencing and online teaching and learning platform in MIDHANI's Intranet system, with real time sharing of audio, video, slides, white boards, chat and screen to provide free and effective platform for web conferencing.

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

As part of 'Azadi ka Amrit Mahotsav', MIDHANI held an exhibition for the general public from 13<sup>th</sup> to 19<sup>th</sup> December, 2021 to show case various products being manufactured by MIDHANI. The exhibition received an over-whelming response and was a grand success with a footfall of 20,000+ visitors recorded in Hyderabad and 5000+ recorded in Rohtak. Dr. (Smt.) Tamilisai Soundararajan, Hon'ble Governor - Telangana addressed the valedictory function of the exhibition and appreciated the role played by MIDHANI in serving the strategic sectors of the country.

#### 15. QUALITY MANAGEMENT ACTIVITIES:

- 15.1 The Quality Management Systems in MIDHANI have been approved by Directorate General of Aeronautical Quality Assurance (DGAQA) in accordance with AFQMS-2018 standard with validity up to June 30, 2023.
- 15.2 Quality Management Systems of 'Aeronautical Materials Testing Laboratory' (AMTL) operated by MIDHANI have been approved by Directorate General of Aeronautical Quality Assurance (DGAQA) in accordance with AFQMS-2018 standard during October 2021 with validity up to June 30, 2024.
- 15.3 Certificate of accreditation from National Accredited Board for Testing Laboratories (NABL) in accordance with standard ISO/IEC 17025:2017 for Chemical and Mechanical testing laboratories has been renewed in the month of March 2022 with validity up to December 1, 2022.
- 15.4 Certification of Quality Management Systems of MIDHANI for compliance with AS9100:2016 and ISO 9001:2015 has been renewed during the month of December 2021 with validity up to May 15, 2024.
- 15.5 Quality Month - 2021 program on the theme "Sustainably Improving Our Products, People, and Planet" was organized by Quality Management Department of MIDHANI in the month of November 2021.

#### 16. SUPPLY CHAIN MANAGEMENT PERFORMANCE:

- 16.1 **Micro and Small Enterprises (MSEs) Vendor Meet:** A Vendor Development webinar was organized with MSE vendors on the occasion of "Commonwealth of 75 years of India's Independence" on April 15, 2021 to encourage MSEs and startups participation. To encourage MSEs participation, during the meet, MSEs were appraised



about the opportunities available and benefits extended to MSEs by MIDHANI, and they were also appraised about the items specifically to be procured from them.

**16.2 Vendor Meet:** MIDHANI organized ‘Vendor Meet’ on October 30, 2021, to interact with the vendors and to showcase the recent developments, product profiles of MIDHANI and to also understand the issues, if any, being faced by vendors to improve the process.

**16.3 Encouragement to Micro and Small-Scale Industries:** MIDHANI continues to encourage MSE units by regularly sourcing various goods and services from them. Percentage value of goods/services procured from MSE units stood at 37% of total domestic value procurement during FY 2021-22.

**16.4 Integrity Pact (IP):** To ensure transparency and integrity of all the contracts, MIDHANI signs “Integrity Pact” with respective bidders in all procurement indents of high value contracts. At present, Shri Anand Deep, IRS (Retd.) and Shri P. Mallikarjuna Rao, IFS (Retd.) are holding the position of Independent External Monitors (IEMs) of MIDHANI. About 85% of the total value of Contracts / Purchase Orders were covered under IP during FY 2021-22.

**16.5 E-Procurement:** To bring higher transparency in procurement, MIDHANI has maximized procurement through e-procurement process. During FY 2021-22, about 98% of total procurement value other than exempted category were done through e-procurement mode.

**16.6 Government e-Market Place (GeM):** MIDHANI is maximizing its procurement through GeM. During the FY 2021-22, MIDHANI released Purchase Orders for procurement of Goods and services of value of ₹ 2,660.00 Lakh through GeM vis-à-vis procurement value of ₹ 78.80 Lakh during the FY 2020-21 which is more than three fold increase.

**17. RISK MANAGEMENT:**

MIDHANI has a Board approved Risk Management Policy and the Risks associated with various processes in MIDHANI were discussed in the Internal Production

Review Meetings and Corporate Management Committee Meetings, from time to time. A Risk Management Committee in terms of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 (SEBI Listing Regulations) has also been constituted. The identification of the risk elements faced by the Company is listed out in Management Discussion and Analysis, which forms part of this Annual Report.

**18. HUMAN RESOURCE DEVELOPMENT:**

18.1. MIDHANI continues to aim at building a motivated, committed and satisfied work force to achieve its organizational goals. HR Management has transformed to a strategic function from that of a conventional support function. MIDHANI recognizes Human Resource as its most important asset that could be a major differentiator in the face of competition.

18.2. Aligning Talent Management initiatives with Technology is extremely important for rapid growth of the Company. Keeping in view the current trends, several HR Policies such as Promotion Policies, Post-Retirement Benefits Schemes, Recruitment Schemes etc. were amended/ introduced to stay abreast with requirement of employees and Company.

18.3. The employees are highly skilled and self-motivated individuals. One of the major challenges before the Company is to periodically up-grade knowledge and skills of its workforce by means of training and development modules. Special emphasis was given for the development of SC, ST, OBC and PWDs among employees.

18.4. **Manpower Position:** The manpower strength of MIDHANI as on March 31, 2022 stands at 486 Non-executives, 36 Non-Unionized Supervisors and 248 Executives compared with 470 Non-executives, 41 Non-Unionized Supervisors and 250 Executives as on March 31, 2021.

18.5. The total manpower strength under permanent category of your Company as on March 31, 2022 is as under:

Particulars	Non-Executives	Non-Unionized Supervisors	Executives	Total
Male	442	34	219	695
Female	44	2	29	75
<b>Total</b>	<b>486</b>	<b>36</b>	<b>248</b>	<b>770</b>

Statement showing the representation of SC/ST/OBC/PH and their recruitment etc., is enclosed as 'Annexure - II'

Note: Excluding Directors

**Representation of SC/ST/OBC among Non-Executives:**

SC	ST	OBC	Others	Total
88	46	207	145	486

**18.6. Employee Welfare Initiatives:** The various employee welfare initiative taken during the FY 2021-22 are as below:

- **Better work-life Balance:-** As an employee welfare measure and for better work-life balance, management declared second Saturday of every month as Holiday w.e.f. July 2021.
- **Encouraging Small Family Norms:** In order to encourage employees to opt for small family, Management, as a policy, allows casual leave for employees who undergo sterilization operation varying from 6 to 14 days based on the type of sterilization operation.
- **Social obligations / welfare programs:** Monetary awards were presented to meritorious students/ children of our employees belonging to SC, ST and OBC categories @ ₹ 1,000/- 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 10<sup>th</sup> standard Board examination or equivalent held in March/ April. As per the Company scheme, a scholarship for children of employees for pursuing graduation in Metallurgical Engineering has been granted @ ₹ 1000/-p.m., till completion of the course. MIDHANI Employees' Family Benefit Scheme 2021 was also introduced during the year under report.
- **School Activities:** Brahm Prakash D A V School is managed by the Company for the benefit of children of MIDHANI employees. A lot of emphasis is laid on all round development of the child including extra-curricular activities such as Sports, Games, Scouts and Guides etc. Reimbursement @ ₹ 500/- per child

per month was made by the Company every month (max. 2 children) for the children studying in BPDVA. In case of any increase in tuition fee by school authorities in future over and above the existing fee, the same will be borne 50% by the workmen and 50% by the Management.

- **Township:** MIDHANI continues to discharge its social obligations by maintaining a township consisting of 87 quarters to cater to the housing needs of the employees working in essential services of the Company.

**18.7. Women Empowerment:**

- MIDHANI encourages its women employees to strengthen their technical skills and overall grooming. Management nominates women employees for in-house as well as external training programs.
- MIDHANI is extending all facilities as per the statutes for the welfare of the women employees. Women employees of MIDHANI belonging to Executive and Non-Executive cadre are spread out throughout various departments of Company. There are a total of 75 women employees collectively working on par with men towards achieving the Company goals.
- MIDHANI celebrates International Women's Day program on March 8, 2022 every year. International Women's Day on March 8, 2022 was celebrated on the theme "Break the Bias". As part of this program, MIDHANI conducted interactive session for women employees where they discussed improvements in women welfare measures. Women employees of all age groups actively participated in the program.

**18.8.Industrial relations:** The industrial relations 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.

**18.9.Environment management:** MIDHANI continued its efforts to maintain and promote ecological balance in and around factory premises by developing and maintaining extensive plantation. A thick canopy of greenery with thousands of plants of more than 200 species constitutes the green belt in and around MIDHANI. This not only controls air / dust pollution but also provide habitat to birds of different species.

## 19. DIRECTORS, EMPLOYEES AND RELATED DISCLOSURES:

In accordance with Ministry of Corporate Affairs notification no. GSR 463(E) dated June 05, 2015, Government Companies are exempt from provisions of Section 197 of the Companies Act, 2013 and rules thereof.

## 20. TRAINING & DEVELOPMENT:

20.1 During the year under report, Training & Development Department achieved 1236-man days training as against 1362 man in the previous year. Such shortfall was due to the ongoing COVID-19 pandemic due to which only limited physical training programs could be held. 1236-man days of training programs were arranged for 284 Executives (including Non-Unionized Supervisors), 486 Non-Executives, and 1145 contract workmen including Fixed Term Contract employees.

20.2 Under the industry - Academia - interface program, two Plant visits were organized during the year and among one of them was the Instructional visit of Indian Army Officers in rank of 'Major', pursuing Advance Mechanical Engineering (PT-II) course at Faculty of Electrical and Mechanical Engineering (FEME) under Military College of Electronics and Mechanical engineering (MCEME), Secunderabad.

20.3 In line with the directions of Chief Vigilance Commission and Administrative Ministry, two week in-house 'Mid-Career Training Program' (MCTP) including two days module on Preventive Vigilance and one day Field visit, was organized by MIDHANI for 32 Middle level Managers in a single batch. The objective was to help middle level managers to become more confident about their roles and responsibilities, to gain acquaintance, which shall help them to become better executives in the decision making process.

## 21. STATUTORY & SOCIAL OBLIGATIONS:

### 21.1 CORPORATE SOCIAL RESPONSIBILITY:

- The Corporate Social Responsibility and Sustainable Development Policy of MIDHANI in line with the Companies Act 2013 was approved by the Board of MIDHANI. The policy is available at <https://midhani-india.in/policies/>.
  - For the year under review MIDHANI has incurred its highest ever expenditure of ₹ 481.46 Lakh for CSR activities against the mandatory requirement of ₹ 452.38. Lakh. Thus, the cumulative CSR expenditure incurred by MIDHANI over the years has crossed ₹ 3,320.65 Lakh.
  - An annual report on the CSR activities of the Company as mandated under the Companies (Corporate Social Responsibility Policy) Rules, 2014, is available at <https://midhani-india.in/csr/> and enclosed as **Annexure - III**. The composition of Corporate Social Responsibility and Sustainable Development Committee of MIDHANI is provided in "Report on Corporate Governance" which forms part of this Annual Report.
  - The projects taken up for CSR activities by your Company during the year under report fall under below mentioned areas:
    - (i) Promotion of Health Care and Sanitation;
    - (ii) Promotion of Education;
    - (iii) Skill Development; and
    - (iv) Others
- (i) Promotion of Health Care and Sanitation:**
- (a) Promotion of Health care:**
- i) 'MIDHANI Primary Health Care Centre' was set up through 'MIDHANI Primary Health Care Trust' to cater to the medical needs of the public living in and around MIDHANI's corporate office. An amount of ₹ 116.81 Lakh was spent towards equipment purchase.
  - ii) Basic checkup and medicines are provided at free of cost to the patients at MIDHANI Primary Health Care Centre. Expenditure incurred in hiring of Doctor and Medicines was ₹ 42.24 Lakh.

- iii) Sponsored Oxygen Generator Plant and shed to Osmania General Hospital at an expenditure of ₹ 87 Lakh.

**(b) Annual maintenance of Toilets constructed by MIDHANI under Swachh Bharat: Annual Maintenance of Toilets constructed by MIDHANI:**

- i) Location: Public Toilet constructed around MIDHANI.
- ii) Total Project Expenditure: ₹ 1.75 Lakh.
- iii) No of beneficiaries: 100-150 per day.

**(ii) Promotion of Education:**

- (a) Children belonging to SC/ST category whose parents fall in lower income group are being given admission in to LKG and the entire fee shall be borne by MIDHANI till they complete 10<sup>th</sup> Class. This year Company has sponsored for 8 (eight) such children.
- (b) Sponsored Dual Desks to various Government Schools of Kothagudem (Aspirational Dist) at an expenditure of ₹ 59.80 Lakh.

**(iii) Skill Development:**

- (a) Every year MIDHANI is inducting more than 10% apprentices to help students have exposure to the real time environment and gain knowledge from the experienced professionals. As part of the stipend paid to the apprentices, an amount of ₹ 88.38 Lakh is accounted under CSR as per the guidelines.
  - (b) Contributed ₹ 40 lakh to Coimbatore Innovation and Business Incubator as advised by Ministry of Defence for promotion of Innovations for Defence Excellence (IDEX) an initiative of the Government of India launched by the Hon'ble PM.
- Actual Expenditure incurred in FY 2021-22 is ₹ 4,81,46,165/- which includes previous years unspent amount of ₹ 41,11,000/- against mandatory expenditure of ₹ 4,11,27,000/- hence, MIDHANI has incurred excess expenditure of ₹ 29,08,165. The

Board of MIDHANI has accorded its approval to set-off ₹ 29,00,000 such excess CSR expenditure in compliance with the conditions stipulated under Rule 7(3) of the Companies (CSR Policy) Rules, 2014.

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

- Your Company has always provided a safe and harassment free workplace for every individual working in the company and for women in particular. There is an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy.
- During the year under review the Internal Complaints Committee (ICC) did not receive any complaint pertaining to sexual harassment and no such complaint are pending at the end of FY 2021-22.

**21.3 CONTRIBUTION TO EXCHEQUER:**

During FY 2021-22, your Company contributed an amount of ₹ 22,363.05 Lakh in the form of Dividend, Duties and Taxes vis-à-vis ₹ 18,953.18 Lakh during previous financial year.

**21.4 COPY OF ANNUAL RETURN:**

The Annual Return as provided under sub-section (3) of Section 92 of The Companies Act 2013 is available at website of the Company viz. <https://midhani-india.in/annual-return/>

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

The Report on conservation of Energy, Technology Absorption and foreign exchange earnings and outgo is enclosed at **Annexure – IV**

**21.6 BUSINESS RESPONSIBILITY REPORT:**

As stipulated under the Regulation 34 of SEBI Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective is attached as a part of the Annual Report as **Annexure- V**



## 21.7 IMPLEMENTATION OF RIGHT TO INFORMATION (RTI) ACT 2005:

MIDHANI being a Public Authority under RTI Act 2005 is discharging its obligation thereof. MIDHANI is furnishing information sought by the citizens of India within the stipulated time. MIDHANI has also fulfilled its obligation of Suo Motu disclosures under Section 4 of RTI Act 2005, by displaying information on its official website.

## 21.8 RAJBHASHA IMPLEMENTATION:

- As per Government of India directives, the Official Language Act 1963, the Official Language Rules 1976 made there under and the orders issued by Government of India from time to time for promoting the use of Hindi for Official purpose was complied by MIDHANI without deviation. The quarterly meetings of Official Language Implementation Committee were held under the Chairmanship of Chairman & Managing Director of the Company during the year under report.
- MIDHANI continues to encourage usage of Hindi as the Official Language and in order to encourage daily usage of official language to carry out day-to-day official work, Seven (7) nos. of Hindi Awareness Workshops were organized for the employees during the year under report. Prabodh, Praveen, Pragya and Parangat Hindi training courses were also conducted for the employees during the year under report. In-house Half yearly Hindi Magazine 'Sankalp' for the period of April 21 to September 21 and October 21 to March 22 was also published by MIDHANI.

## 21.9 RELATED PARTY TRANSACTION:

- Disclosure of related party transactions as per Ind AS-24, issued by the Institute of Chartered Accountants of India, is provided at note no. 40 of the Notes forming part of Annual Accounts for FY 2021-22.
- All contracts /arrangements /transactions entered into by the Company with related parties during the year under review, were in ordinary course of business of the Company and on arms' length terms. The related party transactions were placed before the Audit Committee/Board for review and/or approval.
- During the year, the Company did not enter into any contract /arrangement /transaction with related party, which could be considered material in accordance with the Company's 'Policy on Materiality

of and dealing with Related Party Transactions' and accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. The aforesaid Policy is available on the Company's website viz. <https://midhani-india.in/policies/>

## 22. VIGILANCE ACTIVITIES:

- 22.1 The company's Vigilance department is headed by a Chief Vigilance Officer (CVO). At present, Dr. Upender Vennam, an IPoS officer, heads company's vigilance set up as CVO. He acts as an advisor to the Chairman & Managing Director (C&MD) in all matters pertaining to vigilance. He also provides a link between organization and the Central Vigilance Commission (CVC).
- 22.2 Preventive Vigilance has been the thrust area of the Vigilance department and the same received focused concentration during the current year which includes simplification and standardization of rules and procedures to eliminate discretion and arbitrariness. Three structured meetings between C&MD and CVO during FY 2021-22 were held apart from the regular activities of Vigilance. Systemic improvements and good practices in the areas of Human Resources, Procurement/Contracts are regularly suggested by the Vigilance department.
- 22.3 Vigilance setup in MIDHANI has been continuously endeavoring to bring in the transparency, fairness and ethicality in all transactions and processes of the Company through creating a sense of awareness campaign and training program. Vigilance Awareness Week – 2021 was observed from 26<sup>th</sup> October to 01<sup>st</sup> November, 2021 focusing on CVC theme of "Independent India @ 75: Self Reliance with Integrity".
- 22.4 The 9<sup>th</sup> issue of MIDHANI in-house vigilance magazine "JAGRUTI" covering the messages, articles, case studies etc., was published and made available to all the employees.

## 23. VIGIL MECHANISM:

- 23.1 The Whistle Blower Policy was initially adopted by the Board of Directors at its 206<sup>th</sup> Meeting held on January 23, 2013. The same was subsequently amended as Whistle Blower Policy – 2018 in line with Public Interest Disclosure and Protection of Informers Resolution, 2004 (PIDPI), which envisages a mechanism by which a complainant can blow a whistle by lodging a complaint and also seek protection against his victimization for doing so.

23.2 The Company encourages reporting of unfair, unethical activities, if any, in the Company from the employees. The Audit Committee reviews the functioning of the vigil mechanism and whistle blower compliant, if any, periodically.

23.3 Whistle Blower Policy – 2018 works as Vigil Mechanism of MIDHANI and aims at providing the stakeholders of MIDHANI, ways and means to report issues that might impact MIDHANI as an organization. The Whistle Blower Policy of MIDHANI is available on the Company's website viz. [https://midhani-india.in/department\\_vigilance/role-functions-of-vigilance-department/](https://midhani-india.in/department_vigilance/role-functions-of-vigilance-department/)

## 24. AWARDS AND RECOGNITION:

24.1 MIDHANI was conferred with "Best Development Program Public Sector for Middle Level Management" from National Awards for Excellence in Training & Development at the 7<sup>th</sup> Edition, World HRD Congress on August 27, 2021, at Taj Lands End Mumbai.

24.2 Dr. Sanjay Kumar Jha, Chairman & Managing Director, received the "Telangana State Intellectual Property Award" for the Best IP Portfolio in the PSU category by Confederation of Indian Industry (CII) and Telangana State Global Linker from Shri K.T. Rama Rao, Hon'ble Minister for Industries, MA & UD, IT, E&C Govt. of Telangana.

24.3 MIDHANI was honored with "Best Performance Award" by The Indian Institute of Metals under category II "Secondary Processing" in an online award ceremony.

24.4 MIDHANI's Training & Development department was conferred with an award "Best Training & Development Programme Award" by "Transformance Forum" at 2<sup>nd</sup> Edition of "L&D Vision and Innovation Summit Awards 2022" for its Mid-Career Training Programme (Batch I, II&III) held on February 24, 2022 at Mumbai.

24.5 In the Hindi Diwas function organized by the Department of Official language (DOL), Ministry of Home Affairs (MHA), Dr. B. Balaji, Deputy Manager, Hindi Cell & Corporate Communicaton, MIDHANI was honored with "Rajbhasha Gaurav Puraskar" for Technical Article in Hindi "Armouring Ke Utpadan Men Agrani MIDHANI", under the Non-Hindi speaking Region for the year 2020-21.

## 25. COMPANY PERFORMANCE AND FUTURE OUTLOOK:

A detailed analysis and insights into the financial performance and operations of your Company for the year under review and future outlook, is appearing in

Management Discussion and Analysis, which forms part of this Annual Report.

## 26. CORPORATE GOVERNANCE:

26.1 The basic principles and philosophy of Corporate Governance is followed in letter and spirit in every aspect of Company's decision making in tune with the contemporary demand for good Corporate Governance and adherence to guidelines issued by Department of Public Enterprises from time to time. A Code of Business Conduct and Ethics, applicable to all Board Members and Senior Management, has been implemented in the Company. The adherence to the code is confirmed by respective members on an annual basis. A certificate to this effect by Chairman and Managing Director forms part of the Annual Report at **Annexure – VI**.

26.2A detailed report on Corporate Governance forms part of this Annual Report. Certificate for adherence to the guidelines issued by DPE and SEBI Listing Regulations in this regard, duly signed by a practicing Company Secretary, is also made a part of the Annual Report at **Annexure – VII**.

26.3 In accordance with Revised Grading norms for CPSEs, in the matter of compliance of Guidelines on Corporate Governance issued by DPE, your Company has scored 100% for the FY 2021-22.

## 27. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

27.1 MIDHANI has established a framework for internal controls, commensurate with the size and nature of its operations. The internal control system is supplemented by an extensive program of internal audits and their reviews by the management. The in-house internal audit function supported by professional external audit firms conduct comprehensive risk focused audits and evaluate the effectiveness of the internal control structure and functions on a regular basis.

27.2 The Company has laid down internal financial controls as detailed in the Companies Act, 2013. These have been established across the levels and are designed to ensure compliance to internal control requirements, regulatory compliance and appropriate recording of financial and operational information.

27.3 External Audit firm Eswar & Co. were engaged to carry out Internal Audit during the year under report, to ensure adequacy of systems and controls. Their reports thereon

were further reviewed by the Audit Committee/Board. In addition, the In-house Internal Audit team also regularly carries out audits of specific processes. Internal Audit Reports along with corrective actions initiated are discussed with the Management and were reviewed by the Audit Committee/Board. The Audit Committee/Board also reviews the adequacy and effectiveness of internal controls.

27.4 There were no instances of fraud reported to the Audit Committee/Board by the Auditors pursuant to Section 143(12) of the Companies Act, 2013 and rules made thereunder. Hence no disclosure under Section 134(3)(ca) is made.

## 28. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

28.1 The Board of your Company at the beginning of the FY 2021-22 comprised of Three (3) Directors i.e. Two (2) Functional Directors, One (1) Government Nominee Director all eminent personalities with vast experience from diverse fields.

28.2 As on date of this Report, the Company has Six (6) Directors i.e. Three (3) Functional Directors, One (1) Govt. Nominee Director and Two (2) Independent Directors.

28.3 During the year under review, the following changes in composition of Board of Directors were observed:

- Administrative Ministry i.e. Ministry of Defence vide letter No. 11(70)/2021/Misc.D(NS) dated December 24, 2021 appointed Shri Valluri Chakrapani (DIN:00867270) as Independent Director on the Board of Mishra Dhatu Nigam Limited, w.e.f. December 24, 2021 for a period of three (3) years i.e. till December 23, 2024 or until further orders by Ministry of Defence whichever is earlier.
- Administrative Ministry i.e. Ministry of Defence vide letter No. 11(70)/2021/Misc./D(NS) dated March 25, 2022 appointed Smt. Vallikkat Thanayankizhil Rema (DIN: 09561611) as Woman Independent Director on the Board of Mishra Dhatu Nigam Limited for a period of 3 years commencing, w.e.f. April 5, 2022 till April 4, 2025 or until further order by Ministry of Defence whichever is earlier.
- The Members of Company have accorded their approval by way of Special Resolution on June 30, 2022 through Postal ballot process for appointment of Smt. Vallikkat Thanayankizhil Rema as Independent

Director of the Company pursuant to Regulation 17(1C) & 25(2A) of SEBI Listing Regulations.

- Administrative Ministry vide letter no : 2(13)/2015/MDN/D(NS-I) dated May 27, 2022, entrusted the additional charge for the post of Director (P&M) to Cmde Siddharth Mishra, C&MD Bharat Dynamics Limited (BDL) for a period of 06 months w.e.f May 11, 2022. However, the charge was not assumed.
- Administrative Ministry i.e. Ministry of Defence vide letter No. 5/1(1)/2020/D(NS) dated June 9, 2022, appointed Shri Thulasiraman Muthukumar (DIN: 09636771) as Director (Production & Marketing) in pay scale of ₹ 1,60,000 – 2,90,000 (IDA) on the Board of Mishra Dhatu Nigam Limited for a period commencing from date of his assumption of charge of post till June 30, 2025 or until further orders by Ministry of Defence, whichever is earlier. Shri Thulasiraman Muthukumar assumed charge of post of Director (Production & Marketing) w.e.f. June 23, 2022.
- The Members of Company have accorded their approval by way of Ordinary Resolution on August 03, 2022 through Postal ballot process for appointment of Shri Thulasiraman Muthukumar as Director (Production & Marketing) of the Company pursuant to Regulation 17(1C) of SEBI Listing Regulations.

28.4 In accordance with provisions of the Companies Act, 2013, Shri Gowri Sankara Rao Naramsetti, Director (Finance) (DIN: 08925899) retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible has offered himself for re-appointment.

28.5 Brief resume, nature of expertise, details of directorship held in other companies, of the Director(s) proposed to be appointed / re-appointed at the ensuing AGM, along with their shareholding in the Company, as stipulated under Secretarial Standard-2 and Regulation 36 of the SEBI Listing Regulations, is provided in the Notice of the 48<sup>th</sup> AGM.

**28.6 Performance Evaluation:** The Company is a Government Company and Independent Directors are appointed / reappointed by the President of India, through Administrative Ministry. The evaluation of the performance of the Independent Directors and their fulfillment of Independence criteria as specified in the SEBI Listing Regulations, are being carried out by the Government of India as per its own processes. However,

due to the vacant position of Independent Directors on Board of MIDHANI no meetings of Independent Directors could be held to review the performance of the Board during FY 2021-22.

## 29. REMUNERATION POLICY:

29.1 MIDHANI is a Government of India owned Public Sector Enterprise under administrative control of Ministry of Defence. Directors of the Company are presidential appointees, and their remuneration is fixed in accordance with the DPE Guidelines. As per Article 67 of the Articles of Association of MIDHANI, the President of India will appoint Directors and determine their remuneration. Since the Board level appointments are made by the President of India, the evaluation of performance of such appointees is also done by the Government of India.

29.2 The terms and condition of payment of sitting fees to Independent Directors and Govt. Nominee Director is available on the Company's website viz. <https://midhani-india.in/policies/>.

29.3 Further, provisions of Section 178(2), (3) and (4) are not applicable on Company vide Ministry of Corporate Affairs notification dated June 5, 2015.

## 30. DECLARATION AND MEETING OF INDEPENDENT DIRECTORS:

30.1 Independent Directors of the Company have confirmed that they meet the criteria of Independence as prescribed under both, the Companies Act, 2013 and SEBI Listing Regulations. Further, Independent Directors have complied with Rule 6, Sub-rule 1 & 2 of Companies (Appointment and Qualifications of Directors) Rules, 2014.

30.2 The Independent Directors have also confirmed that they have complied with the "Code of Business Conduct and Ethics for Board Members and Senior Management" of the Company.

30.3 A separate meeting of Independent Directors in line with provisions of Companies Act, 2013 could not be held during the year under report due to the post of Independent Directors remaining vacant.

## 31. DIRECTORS' RESPONSIBILITY STATEMENT:

31.1 Pursuant to Section 134(5) of the Companies Act, 2013, your Directors state that:

- a. in the preparation of the Annual Accounts for the financial year ended March 31, 2022, the applicable Indian Accounting Standards (Ind AS) have been followed along with proper explanations on the material departures;
- b. the Directors have such Accounting Policies have been selected and applied consistently and judgments and estimate have been made; 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. March 31, 2022; and of the Profit of the Company for the year ending on March 31, 2022;
- c. the Directors have taken proper and sufficient care has been taken 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. the Directors have prepared the accounts for the financial year ended on March 31, 2022 on a 'going concern' basis;
- e. the Directors have laid down proper internal financial controls in place and that such internal controls are adequate and are operating effectively; and
- f. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 32. AUDITORS:

32.1 **Statutory Auditors:** C&AG of India appointed M/s Sarath & Associates, Chartered Accountants, Hyderabad, [Firm Registration No. 005120S] as Statutory Auditors of the Company for conducting audit of accounts for the year ended March 31, 2022. The Auditors Report of Statutory Auditors on the Financial Statements for the financial year ended on March 31, 2022, is an unmodified opinion i.e. it does not contain any qualification, reservation or adverse remark.

32.2 **Cost Auditor:** Your company is required to maintain cost records as specified by Central Government under section 148(1) of the Companies Act, 2013. Your Company appointed Sandeep Zanwar & Associates, Cost Accountants, Hyderabad, [Firm Registration No 100283]



as Cost Auditors for the FY 2021-22 in terms of Section 148 of Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014.

**32.3 Secretarial Auditor:** In terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 your Company appointed R&A Associates, Hyderabad [Firm Registration No.P1994AP011100] as Secretarial Auditors of the Company for the FY 2021-22. The Secretarial Audit report is placed at **ANNEXURE – VIII** along with management reply to the observations therein.

**32.4 Internal Auditor:** Your Company engaged Eswar & Co. [Firm Registration No. 007288C] to conduct Internal Audit for the FY 2021-22.

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

The comments on the Accounts by the Comptroller and Auditor General of India for the year ended March 31, 2022 and MIDHANI's reply thereto is placed in this report after Statutory Auditors Report.

### 34. DISCLOSURES UNDER COMPANIES ACT, 2013:

**34.1 Borrowings and Debt Servicing:** During the year under review, your Company has met all its obligations towards repayment of principal and interest on loans availed.

**34.2 Particulars of loans given, investments made, guarantees / securities given:** The details of investments made and loans/ guarantees/securities given, as applicable, are given in Notes No. 6, 7 and 14 of the Annual Financial Statements.

**34.3 Board Meetings:** During the financial year ended on March 31, 2022, the Board met five (5) times on June 24, 2021, August 12, 2021, November 9, 2021, February 10, 2022 and March 14, 2022. For further details of these meetings, Members may please refer 'Report on Corporate Governance' which forms part of this Annual Report.

**34.4 Board Committees:** For details regarding Board Committee's, Members may please refer 'Report on Corporate Governance' which forms part of this Annual Report.

**34.5 Secretarial Standards:** Your Directors state that the Secretarial Standards i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly followed by the Company.

### 35. GENERAL AFFIRMATIONS AND DISCLOSURES:

**35.1** Your Directors state that no disclosure is required in respect of the following matters, as there were no transactions/events in relation thereto, during the year under review:

- a) Details relating to deposits covered under Chapter V of the Companies Act, 2013.
- b) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- c) Issue of shares (including sweat equity shares) to employees of the Company under any scheme of the Company.

**35.2** Your Directors further state that:

- a) there was no change in the share capital of the Company during the year under review.
- b) no material changes/commitments of the Company have occurred after the end of the FY 2021-22 and till the date of this report, which affect the financial position of your Company.
- c) no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the 'going concern' status and Company's operations in future.
- d) During the year, no corporate insolvency resolution process was initiated under the Insolvency and Bankruptcy Code, 2016, either by or against the Company, before National Company Law Tribunal or other court(s).

### 36. ACKNOWLEDGEMENT:

**36.1** The Board of Directors are extremely thankful for the continued patronage and gratefully acknowledge the valuable support and assistance received from all Government agencies particularly from Ministry of

Defence, all establishments under DRDO and other agencies of Central and State Government. Your Directors also place on record sincere thanks to customers, vendors, Bankers, C&AG, Statutory /Internal Auditors, Chairperson - Audit Committee, Chairman of other sub Committees of the Board, Advisers, Consultants etc., of the Company for their continued support and guidance during the year.

36.2 Your Directors take this opportunity to place on record their deep appreciation for the valuable contribution made and excellent co-operation rendered by all the employees.

36.3 Your Directors express their appreciation and gratitude to all the shareholders/investors for the trust and confidence reposed in the Company and look forward to their continued support to propel the Company to greater heights.

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

sd/-

**Dr. Sanjay Kumar Jha**  
**Chairman & Managing Director**  
**DIN : 07533036**

**Place:** Hyderabad

**Date :** August 30, 2022

# Report on Corporate Governance

## MIDHANI's philosophy on code of Governance

Mishra Dhatu Nigam Limited (MIDHANI) is a Mini-Ratna Category – 1, Public Sector Production Undertaking (PSU) under administrative control of Ministry of Defence (MoD). As a good corporate citizen, MIDHANI's philosophy on Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures, legal compliances, transparency in decision making and avoiding conflicts of interest. MIDHANI strives to transcend beyond the basic requirements of Corporate Governance and focuses consistently towards the interests of individuals, organization and society.

The Company seeks to protect and facilitate the exercise of rights by the shareholders, provides timely information to them and ensures equitable treatment of all shareholders. Company recognizes the rights of its stakeholders and ensures timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company.

MIDHANI being a public listed Company adheres to Corporate Governance requirements for listed entities enunciated by Department of Public Enterprises and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. MIDHANI has a strong administrative set up to facilitate decentralized and transparent decision making. For effective implementation, the following major good governance practices are followed and have been put in place:

- Code of Conduct for Board of Directors and Senior Management.
- Code of Conduct for Prevention of Insider Trading and Fair disclosure of Unpublished Price Sensitive Information.
- Conduct, Discipline and Appeal Rules for Employees.
- To ensure transparency and Integrity in all contracts, MIDHANI is signing "Integrity Pact" with respective bidders in all high value procurement indents.
- Implementation of Right to Information Act, 2005 and MIDHANI's website is updated on continuous basis

for stakeholders awareness about various news and developments.

- MIDHANI's vigilance set up is headed by a Chief Vigilance Officer. Preventive Vigilance has been the thrust area of the Vigilance department and Vigilance department examines major procurements/contracts, conducts regular and surprise inspections.

A report on Corporate Governance in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and guidelines enunciated by the Department of Public Enterprises (DPE), Govt. of India, on Corporate Governance is outlined below.

## Board of Directors

### Composition of the Board

As on March 31, 2022, the Board of MIDHANI comprised of four (4) Directors, including two non-executive Directors, which is not in accordance with Regulation 17(1)(a),(b)& (c) of SEBI Listing Regulations, which provides that, top 1000 companies shall have at least one (1) woman Independent Director and Board of Directors shall comprise of not less than six (6) directors.

MIDHANI being a Govt. Company and in accordance with Articles of Association, the Board of Directors has no authority to appoint Directors on the Board of MIDHANI. The authority for appointment of Directors on the Board vests with 'The President of India' acting through Administrative Ministry i.e. Ministry of Defence (MoD). As on March 31, 2022, the position for three (3) Independent Directors and One Executive Director stood vacant.

During the financial year ended on March 31, 2022 the following appointment of a Director was observed:

- Shri Valluri Chakrapani (DIN: 00867270) was appointed as Non-executive (Independent Director) on the Board of MIDHANI w.e.f. December 24, 2021 for a period of three (3) years or until further orders whichever is earlier vide letter No. 11(70)/2021/Misc./D(NS) dated December 24, 2021 issued by MoD.

The composition of the Board of Directors as on March 31, 2022, was as follows:

Name of Director	Date of Appointment	Relationship between Directors, inter-se	DIN
<b>EXECUTIVE DIRECTOR(S)/ FUNCTIONAL DIRECTOR(S)</b>			
Dr. Sanjay Kumar Jha Chairman & Managing Director	July 5, 2016	None	07533036
Shri Gowri Sankara Rao Naramsetti Director (Finance) & Chief Financial Officer	October 27, 2020	None	08925899
<b>GOVERNMENT NOMINEE DIRECTOR</b>			
Shri Anurag Bajpai Joint Secretary (DIP) Department of Defence Production, Ministry of Defence	November 24, 2020	None	08948155
<b>NON-EXECUTIVE – INDEPENDENT DIRECTOR</b>			
Shri Valluri Chakrapani	December 24, 2021	None	00867270

### Key Board expertise and skills

The Directors in your Company are appointed by President of India acting through the Department of Defence Production, Ministry of Defence, which is in line with Articles of Association of MIDHANI. The selection of Directors on the Board of MIDHANI is done through a meticulous screening process adopted by the Government of India.

The Directors hold qualifications, and possess requisite skills, expertise, competence and experience in core general corporate management, finance, economics and other allied fields, which enable them to contribute effectively to the Company. Following are skills/expertise/competencies of the Board for its effective functioning.

- **Industry specific**
  - Knowledge of products manufactured by Company.
  - Reforms in technological aspects of Metallurgy Industry.
  - Understanding laws, rules and regulations specific to a Defence PSU.
- **Management skills**
  - General Management skill.
  - Understanding of micro and macro factors affecting the industry.
  - Risk Management.
  - Assessment and evaluation of project viability.
- **Corporate Governance**
  - Protecting stakeholders' interest.
  - Observing appropriate governance practices
  - Contribute towards streamlining integrity and good corporate practices across organization.

All Directors on Board of MIDHANI possess the skills/expertise/competencies to the extent to facilitate smooth functioning of your Company.

None of the Directors serve as Independent Director in more than seven listed companies or serve as Independent Director in more than three listed companies in case he/she serves as Whole-time Director in a listed Company.

Further, In terms of Regulation 25(8) of SEBI Listing Regulations, Independent Director has confirmed that he was not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. Based on the declarations received from the Independent Director, the Board of Directors has confirmed that he meets the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that he was independent of the management.

Shri Gowri Sankara Rao Naramsetti (DIN: 08925899) is liable to retire by rotation at the forthcoming Annual General Meeting scheduled to be held on September 29, 2022 and being eligible has offered himself for re-appointment.

The brief resume and other requisite details of the Director proposed to be re-appointed are provided in Notice of forthcoming Annual General Meeting.

### CEO & CFO Certificate

In accordance with the provisions of Regulation 17(8) of SEBI Listing Regulations, certificate of Chairman & Managing Director and Chief Financial Officer in relation to the Financial Statements for the year ended March 31, 2022, forms part of this Annual Report at **Annexure – IX**.



### Certificate on Non- disqualification of Directors

None of the Directors hold any shares in the Company. Further, none of the Directors on the Board have been debarred or disqualified from being appointed or continuing as directors by SEBI/ Ministry of Corporate Affairs or any other statutory authority. The certificate of Puttapparathi Jagannatham & Co., Practicing Company Secretaries, certifying the same, forms part of this Annual Report at “**Annexure – X**”.

### Directors’ attendance and Directorships held

The Board met five (5) times during the financial year ended March 31, 2022. The average attendance of Directors for all the Board Meetings during the financial year was 100%, details thereof are as follows:

No. of Board Meeting	Date of Board Meeting	Board Strength	No. of Directors Present	No. of Independent Directors Present <sup>@</sup>
262	24.06.2021	3	3	NA
263	12.08.2021	3	3	NA
264	09.11.2021	3	3	NA
265	10.02.2022	4	4	01 out of 01
266	14.03.2022	4	4	01 out of 01

<sup>@</sup>Board of Company did not have any Independent Director from October 9, 2020 till December 23, 2021

Details of Directors’ attendance at the Board Meetings and Annual General Meeting as on March 31, 2022 along with name(s) of listed companies and category of directorship held, are as follows:

Name of Director	No. of Board Meetings attended during FY 2021-22	Attendance at last Annual General Meeting held on 29.09.2021	No. of other Directorships held	Committee positions held in other companies <sup>§</sup>		Directorship held in other listed company and category
				Chairperson	Member <sup>%</sup>	
Dr. Sanjay Kumar Jha	5	✓	2	None	None	None
Shri Gowri Sankara Rao Naramsetti	5	✓	-	None	None	None
Shri Anurag Bajpai	5	Absent	3	None	None	Bharat Electronics Limited – Non-Executive Director
Shri Valluri Chakrapani <sup>@</sup>	2	Not applicable	0	None	None	None

<sup>@</sup>Appointed as Independent Director of the Company w.e.f. December 24, 2021.

<sup>§</sup>Only Audit Committee and Stakeholders’ Relationship Committee are considered.

<sup>%</sup>Does not include chairmanships.

During the year under review, due to vacancy of the Independent Directors, separate Meeting of Independent Directors could not be held in pursuance of applicable statutory and regulatory provisions.

During the year, majority of Board Meetings were held through Video Conferencing, in line with Ministry of Corporate Affairs (MCA) notifications issued in this regard..

The Directors are not members of, more than ten Board Committees or Chair more than five such Committees. The number of Directorships, Committee membership(s)/ Chairmanship(s) of the Directors is within respective limits prescribed under the Companies Act, 2013 and SEBI Listing Regulations.

## Board Methodology

Detailed agenda notes setting out the business(es) to be transacted at the Board/Committee meeting(s) are supplied in advance, and decisions are taken after due deliberations. In case of practical difficulty to forward the relevant document(s) with the agenda papers, the same are circulated before the meeting or placed at the meeting.

During FY 22, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration. The Directors were provided with video-conferencing facility, as and when desired by them to attend/participate in Board/Committee Meeting. Further, quorum of Board was un-interested throughout the Meeting in terms of Section 174 of Companies Act, 2013.

The Board engages with the management during business reviews, and provides constructive suggestions and guidance on various issues, including strategy, as required from time to time.

## Appointment and Remuneration of Executive Directors/ Functional Directors, Non-executive Director and Independent Directors

### Appointment and remuneration to Functional Directors

The Articles of Association of the Company provides for appointment of all Directors by President of India. The terms and conditions of appointment of a Director are issued by Govt. of India acting through Ministry of Defence. The Functional Directors are generally appointed for a period of five years with effect from date of assumption of charge of the post or till the date of his/her superannuation or until further orders by MoD whichever is earlier. The Functional Directors are also entitled to performance related pay in accordance with DPE guidelines. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice period, 3 months' pay be remitted.

### The details of remunerations paid to Functional Directors during FY 2021-22:

Figures (in ₹)

Name of Director	Salary & Allowances	Perquisites	Retirement benefits (Pension/ Gratuity)	Performance related pay during FY 2021-22 (pertaining to profits for FY19-20)
Dr. Sanjay Kumar Jha	58,07,754.53	0	4,06,804/-	20,57,725/-
Shri Gowri Sankara Rao Naramsetti	38,12,523.86	0	3,09,499/-	Not applicable

### Appointment and remuneration to Non-Executive Independent Directors

The appointment of Non-executive Independent Directors is under the purview of Govt. of India. The Non-executive Independent Directors are paid sitting fees @₹20,000/- per meeting, for attending meetings of Board and @₹15,000/- for attending each meeting of its committees thereof. The Independent Directors are reimbursed with travelling cost, accommodation cost etc. for attending meetings. The criteria for making payments to Non-Executive Independent Directors of the Company are disclosed on the Company's website at <https://midhani-india.in/policies/>

The details of sitting fees paid to Shri Valluri Chakrapani (Independent Director) during the financial year ended on March 31, 2022, are as under:

Name of Independent Director	Sitting fees (in ₹)	
	For Board Meetings	For committee Meetings
Shri Valluri Chakrapani	40,000/-	45,000/-

### Appointment and remuneration to Non-Executive - Government Nominee Director

The Government Nominee Director is appointed by the President of India and he/she holds the office till further orders from the Government. They are not entitled to any remuneration or sitting fees. As on March 31, 2022, your Company has one Government Nominee Director i.e. Shri Anurag Bajpai – JS (DIP).

### Board Committees

Pursuant to order of MoD, the tenure of one remaining Independent Director on the Board of Company ended w.e.f. October 9, 2020. Consequently, Board of Directors in its Meeting held on November 11, 2020 suspended all its sub-committees of Board till such time, the Independent Directors are appointed by MoD. All matters pertaining to such Board level committee were put up to the Board for consideration.

Shri Valluri Chakrapani was appointed by MoD as Independent Director w.e.f. December 24, 2021 and subsequently, Corporate Social Responsibility & Sustainable Development

Committee, Risk Management Committee and Procurement Committee were re-constituted accordingly as per terms of references of respective committee.

In view of above, as on March 31, 2022, MIDHANI has following active Board level committees i.e.

- Corporate Social Responsibility and Sustainable Development Committee;
- Risk Management Committee; and
- Procurement Committee

In line with the SEBI Listing Regulations, Companies Act, 2013, DPE Guidelines on Corporate Governance and organization requirements, MIDHANI is required to constitute nine (9) statutory and non-statutory committees of Board and has one apex internal committee called Corporate Management Committee.

The details of such committees are as below:

- a) Audit Committee;
- b) Nomination & Remuneration Committee;
- c) Stakeholders Relationship Committee;
- d) Risk Management Committee;
- e) Corporate Social Responsibility & Sustainable Development Committee;
- f) Procurement Committee;
- g) Human Resources Committee;
- h) Technical Committee;
- i) Share Certificate Committee; and
- j) Corporate Management Committee

**a) Audit Committee (AC) :-**

Due to vacancy of Independent Director on the Board of MIDHANI, no Meeting of Audit Committee Meeting was held during FY 2021-22. Matters pertaining to Audit Committee were put up to the Board for consideration.

Audit Committee acts as a link between the Auditors of the Company and the Board of Directors of the Company. The terms of reference of the Audit Committee are as specified in Section 177 of the Companies Act, 2013 and the rules made thereunder, the SEBI Listing Regulations and the Guidelines on Corporate Governance issued by the DPE. The primary function of the Committee is to assist the Board of Directors in fulfilling its responsibilities by reviewing, the financial reports, systems of internal controls, accounting and legal compliance, and auditing, accounting and financial reporting process.

The Audit Committee reviews reports of the Internal Auditors, Statutory Auditors and discusses their findings, suggestions and other related matters and reviews the major accounting policies followed by your Company. The Audit Committee reviews and recommends to Board the quarterly, half yearly and annual financial statements for their approval. The detailed terms of reference of Audit committee are as follows:

- i) The Audit Committee shall meet at least four times in a year and not more than 120 days shall elapse between two meetings. The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater, but there should be a minimum of two independent directors present.
- ii) The Chairman of the Audit Committee shall be present at the Annual General Meeting of the Company to answer shareholder queries.
- iii) The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company. The Finance Director, Head of Internal Audit and a representative of the Statutory Auditors of the Company may be present as invitees for the meetings of the Audit Committee.
- iv) The Audit Committee shall have powers, which should include the following:
  - a) to investigate any activity within its terms of reference;
  - b) to seek information from any employee of the Company;
  - c) to obtain outside legal or other professional advice; and
  - d) to secure attendance of outsiders with relevant expertise, if it considers necessary.
- v) The role of the Audit Committee shall include the following:
  - a) oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - b) make recommendation for appointment, remuneration and terms of appointment of auditors of the Company based on the order of

- Comptroller & Auditor General of India, being Government Company, as applicable;
- c) approve payment to statutory auditors for any other services rendered by them;
- d) review with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to :-
- i. matters required to be included in the Director's Responsibility Statement to be included in the Board of Directors report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - ii. changes, if any, in accounting policies and practices and reasons for the same;
  - iii. major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
  - iv. significant adjustments made in the financial statements arising out of audit findings;
  - v. compliance with listing and other legal requirements relating to financial statements;
  - vi. disclosure of any related party transactions; and
  - vii. Modified opinion(s) in the draft audit report.
- e) Review, with the management, the quarterly financial statements before submission to the Board of Directors for their approval;
- f) Review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to our Board of Directors to take up steps in this matter;
- g) Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- h) Approve or subsequently modify transactions of the Company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Conduct valuation of undertakings or assets of the Company, wherever it is necessary;
- k) Evaluate Internal Financial Controls and Risk Management Systems;
- l) Review, with the management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
- m) Review the adequacy of Internal Audit function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- n) Discuss with Internal Auditors of any significant findings and follow up there on;
- o) Review the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- p) Discuss with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- r) To review the functioning of the whistle blower mechanism;
- s) Approve the appointment of the Chief Financial Officer of the Company after assessing the qualifications, experience and background, etc. of the candidate;
- t) Carry out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board of Directors of the Company or specified/provided under the Companies Act, 2013 or by the Securities and

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or by any other regulatory authority

- u) To review the follow up action on the audit observations of the C&AG audit;
- v) Recommend the appointment, removal and fixing of remuneration of Cost Auditors and Secretarial Auditors.
- w) The Company Secretary acts as Secretary to the Committee.
- x) Chairman of Audit Committee shall be a Non-executive Independent Director, who has accounting and related financial management expertise. All members of Audit Committee have good knowledge of accounting and expertise in financial matters. The Committee regularly interacts with the representatives of external audit firms carrying out Internal/ Statutory Audit of the Company and takes stock of all the finance related matters.
- y) The Chairman of the Audit Committee shall apprise the Board about the observations of the Audit Committee during the Board Meetings. The Minutes of the Audit Committee Meetings are placed before the Board of Directors at their subsequent meetings for information.

**b) Nomination & Remuneration Committee (NRC)**

During FY 2021-22, due to vacancy of Independent Director on the Board of MIDHANI, the NRC stood suspended. The Company was not in compliance with Regulation 19 of SEBI Listing Regulation and Section 178 of Companies Act, 2013.

The terms and reference to Nomination & Remuneration Committee are as follows:

- (i) Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives and non-unionized supervisors of our Company;
- (ii) Formulation and modification of schemes for providing perks and allowances for officers and nonunionized supervisors;
- (iii) Any new scheme of compensation like medical scheme, pension etc. to officers, non-unionized supervisors and the employees as the case may be; and

(iv) Exercising such other roles assigned to it by the provisions of the SEBI Listing Regulations and any other laws and their amendments from time to time.

(v) Company Secretary acts as Secretary to the Committee.

**c) Stakeholders Relationship Committee (SRC)**

During FY 2021-22, due to vacancy of Independent Director on the Board of MIDHANI, the SRC stood suspended. The Company was not in compliance with Regulation 20 of SEBI Listing Regulation and Section 178 of Companies Act, 2013.

The terms of reference of SRC in accordance with Companies Act 2013 and SEBI Listing Regulations, are as follows:

- (i) Redressal of all securities holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/ transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints;
- (ii) Giving effect to all transfer/transmission of shares and debentures, dematerialization/ rematerialization of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
- (iii) Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services; and
- (iv) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or SEBI Listing Regulations, or by any other regulatory authority.

During the year under review, the status of investor complaints was as follows:

Opening balance	Received	Resolved	Closing Balance
Nil	4	4	Nil



**d) Risk Management Committee (RMC)**

In terms of market capitalization as on March 31, 2021, your Company was among the top 500 listed companies. Hence, for FY 2021-22, constitution of Risk Management Committee (RMC) was applicable in terms of Regulation 21 of Listing Regulations.

The terms of reference to RMC are as follows:

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

During the financial year ended on March 31, 2022, one meeting of the RMC was held. The composition of RMC, date on which the meetings were held and attendance of Directors at the above meetings, was as follows:

Name of Director & Category <sup>®</sup>	Meeting No. & date of Meeting and attendance
	3 <sup>rd</sup> Meeting 29.03.2022
Dr. Sanjay Kumar Jha – Chairman Executive Director	✓
Shri Gowri Sankara Rao Naramsetti – Member Executive Director	✓
Shri Valluri Chakrapani – Member Non-Executive Director	✓
Shri. D. Gopikrishna – Member GM (Production & Marketing)	✓
Smt. K. Madhubala – Member AGM (Finance & Accounts)	✓

Company Secretary acts as Secretary to the Committee.

<sup>®</sup>The RMC was re-constituted w.e.f. January 7, 2022.

**e) Corporate Social Responsibility (CSR) Committee & Sustainable Development (SD) Committee (CSR&SD)**

The Board of Directors of your Company has approved the Corporate Social Responsibility and Sustainability Policy formulated as per the Section 135 of the Companies Act, 2013 and the rules framed thereunder and the Corporate Social Responsibility & Sustainability Guidelines issued by the DPE.

The aforesaid policy is available at the website of company viz. <https://midhani-india.in/csr/>

A CSR & SD Committee under the Chairmanship of Chairman & Managing Director has been constituted in terms of the said Policy for planning, implementation and monitoring of the CSR & SD activities of your Company.

The terms of reference of the CSR & SD Committee, inter-alia, includes the following:-

- i) Formulation and recommending to the Board the CSR Policy indicating the activities to be undertaken by the Company covered under Schedule VII of the Companies Act, 2013 and adhering to guidelines of DPE.
- ii) To monitor the CSR Policy of the Company from time to time.

During the financial year ended on March 31, 2022, 01 (one) meeting of the CSR&SD Committee was held. The composition of CSR & SD Committee, date on which the meetings were held and attendance of the Directors at the said meetings was as follows:

Name of Director & Category <sup>®</sup>	Meeting No., date of Meeting & attendance
	22 <sup>nd</sup> Meeting
	14.03.2022
Dr. Sanjay Kumar Jha - Chairman Executive Director	✓
Shri Gowri Sankara Rao Naramsetti – Member Executive Director	✓
Shri Valluri Chakrapani – Member Independent Director	✓

Company Secretary acts as Secretary to the Committee.

<sup>®</sup>The CSR&SD Committee was re-constituted w.e.f. January 7, 2022.

#### f) Procurement Committee (PC)

The PC was constituted by Board of Directors of the Company on January 22, 2008 for the purposes of authorizing procurement of materials beyond the individual delegated powers of Chairman & Managing Director.

The terms of reference of PC are as follows:

- (i) The Committee shall have the powers of Board to deal with all cases of Procurement of Raw Materials, Consumables and other revenue items beyond the delegated powers of Chairman & Managing Director;
- (ii) In respect of Capital items, the Committee shall have full powers of the Board, provided AoN (i.e. Acceptance of Necessity) was approved by the Board, any deviation from the original approvals shall require fresh approval of the Board;
- (iii) To consider and clear the Procurement Proposals beyond the delegated powers of Chairman & Managing Director as per delegation of powers approved by Board, subject to adhering to the due process laid down in the Purchase Policy & Procedures in vogue in the Company;
- (iv) To consider and approve such other Procurement proposals as may be entrusted by the Board from time to time;

- (v) To study and recommend to Board the Policies & Procedures to be followed by the Company in the matter of Procurement of materials and equipment including the recommendation to Board for approval of Purchase manual;
- (vi) To consider and advise Board on matters relating to e-procurement;
- (vii) To consider and advise Board on the matters relating to CVC Guidelines/ MoD instructions; and
- (viii) The C&MD of the Company shall act as Chairman of the Committee and in the absence of the Chairman; the members present may elect the Chairman and conduct the proceedings. The proposals approved by the Committee shall be put up to Board at its next meeting for information.

During the financial year ended on March 31, 2022, one (1) meeting of the PC was held. The composition PC, date on which the meetings were held and attendance of the Directors at the said meetings was as follows:

Name of Director & Category <sup>@</sup>	Meeting No. & date of Meeting and attendance
	130 <sup>th</sup>
	14.03.2022
Dr. Sanjay Kumar Jha, Chairman Executive Director	✓
Shri Gowri Sankara Rao Naramsetti – Member Executive Director	✓
Shri Valluri Chakrapani – Member Independent Director	✓

Company Secretary acts as Secretary to the Committee.

<sup>@</sup>The PC was re-constituted w.e.f. January 7, 2022.

#### g) Human Resources Committee (HRC)

During FY 2021-22, due to vacancy of Independent Director on the Board of MIDHANI, the HRC stood suspended. No Meeting of HRC was held during FY 2021-22.

The HRC was constituted by the Board of Directors on July 22, 2011. HRC is being headed by an Independent Director. The role of 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.

The detailed terms of reference of HRC are as follows:

- (i) To review and make suggestions to Board of Directors in respect of Policy matters relating to both Executives (including Non-Unionized Supervisory Cadre) and Non-Executives in respect of the following matters:
  - a) Creation /abolition of Posts - fixing optimum manpower strength.
  - b) Changes in the Organization Structure, Designations, allocation of functions.
  - c) Recruitment Rules and Procedure.
  - d) Service conditions like Leaves, TA&DA, Medical, LTC etc.
  - e) Salary / Wage structure - Scales of Pay-Increments and other related matters.
  - f) Perquisites and Allowances, Bonus, Performance and Productivity Related Incentive Schemes.
  - g) Retirement benefits and plans.
  - h) Creation and Maintenance of Provident Fund, Gratuity Fund, Pension Fund etc.
  - i) All Welfare Schemes including Canteen, School, Transport, Awards/ Rewards, Ex-gratia, Gifts and other benefits including facilities to be extended after retirement.
  - j) Maintenance of Town Ship and Estate Matters.
  - k) Career Development Plans including Training & Development Programs - Engagement of GETs / MTs and the Schemes relating to them.
  - l) Framing up of Conduct, Discipline and Appeal (CDA) Rules and Standing Order as applicable.
  - m) Review and make suitable recommendations to Board in respect of Disciplinary proceedings / reports / actions taken and/or to be taken.
  - n) Introduction of Voluntary Retirement, Compulsory Retirement and other Separation Schemes.
  - o) Vigilance and Security related issues.
  - p) Trade Unions, Officers / Supervisors Associations.
- (ii) Recommending to Board of Directors regarding grant of donations to charitable and other funds on account of natural calamities.

- (iii) The committee shall submit its recommendations to Board for its consideration and approval. The committee can frame its own guidelines for conducting its meeting.

#### **h) Technical Committee (TC)**

During FY 2021-22, due to vacancy of Independent Director on the Board of MIDHANI, the TC stood suspended. No Meeting of TC was held during FY 2021-22.

The Technical Committee (TC) started functioning w.e.f. January 24, 2011. It was constituted by Board of Directors with the primary objective of studying technological aspects that needed attention of the Company and to carry out technical study of Company's operations, and Modernization, up-gradation and Expansion programmes under implementation or proposed to be undertaken in near future. TC will consists members of the Board having technical expertise in metallurgy.

The terms of reference to technical committee are as follows:

- (i) Overseeing of the Company's technological competitiveness (current and future) in line with the business strategy;
- (ii) Guiding research & technological plan of the company;
- (iii) Guiding Operational Strategy of the company with particular reference to –
  - a) new product development;
  - b) new market development;
  - c) new diversification projects; and
  - d) technological alliances
- (iv) To advise the Board in relation to framing of risk management policy in the Company;
- (v) Guide and reviewing the academia industry interface for leveraging basic knowledge in the area of technology;
- (vi) Guiding the Company for development of new technologies in the area of product and process including, Intellectual Property Right Management (IPRM);
- (vii) Guiding the company to create the Centre of Excellence in R&D for special steels, super alloys and titanium alloys;

- (viii) The committee shall submit its recommendations to Board for its consideration and approval; and
- (ix) The Committee is empowered to frame its own guidelines for conducting its meetings.

**i) Share Certificate Committee (SCC)**

Due to vacancy of functional Director on the Board of MIDHANI, i.e. Director (Production & Marketing), the Share Certificate Committee (SCC) stood suspended as on March 31, 2022.

SCC was constituted w.e.f. August 8, 2018 for considering the request for Transfer, transmission, de-mat, re-mat of shares and issue of duplicate share certificates and approve the same for complying with the provisions of the Companies Act, 2013 and SEBI Listing Regulations. Company Secretary acts as Secretary to the Committee.

During the financial year ended on March 31, 2022, no meeting of the SCC was held.

**j) Corporate Management Committee (CMC)**

A Committee known as Management Committee (MC) was functioning since the year 1980. During the year 2003 the same was re-constituted as “Corporate Management Committee” (CMC). CMC was constituted for carrying out

effective planning, organizing, coordination and control over the day-to-day operations of Management.

CMC plays important role in resolving inter / intra departmental execution delays/bottlenecks and strives to ensure free flow of work at various levels within the organization.

CMC meetings are held under the Chairmanship of C&MD of the Company with the senior level functionaries of the Company i.e. Additional General Manger and above as its members. Company Secretary acts as the Secretary of the Committee.

The terms of reference to CMC, subject to discussions and deliberations at the meeting, inter -alia includes: -

- (i) Review of Production/major Projects and Financial Performance and Marketing Operations;
- (ii) Ways and means of improving cash flows in the organization;
- (iii) Employee relations / resolving Personnel grievances;
- (iv) Systems improvements; and
- (v) Improving inter-departmental; inter-functional co-ordination and resolving inter-departmental and intradepartmental bottlenecks, if any.

**Annual General Meetings (AGM)**

The details of the last three (3) Annual General Meetings of your Company are given below:

<b>Date &amp; Time</b>	45 <sup>th</sup> Annual General Meeting held on September 25, 2019 at 10:30 a.m.	46 <sup>th</sup> Annual General Meeting held on September 29, 2020 at 11:00 a.m.	47 <sup>th</sup> Annual General Meeting held on September 29, 2021 at 11:00 a.m.
<b>Venue</b>	DRDO Auditorium P.O. Kanchanbagh Hyderabad - 500058	Through Video Conferencing - Mishra Dhatu Nigam Limited – P.O. Kanchanbagh Hyderabad - 500058	
<b>Special Resolution(s) passed, if any</b>	<ul style="list-style-type: none"> <li>• Re-appointment of Shri I.V. Sarma as Independent Director of Company.</li> <li>• Re-appointment of Dr. Jyoti Mukhopadhyay as Independent Director of Company.</li> <li>• Re-appointment of Dr. Usha Ramachandra as Independent Director of Company .</li> </ul>	Nil	Nil

### Extra-ordinary General Meeting (EGM)

During last three years, i.e FY 2019 to FY 2022 no EGM was held.

### Postal Ballot

During the year ended on March 31, 2022, no resolution was put to vote through Postal Ballot. None of the business proposed to be transacted in the ensuing AGM requires the passing of a Special Resolution by way of Postal Ballot.

### Other Disclosures in terms of SEBI Listing Regulations & Guidelines on Corporate Governance for Central Public Sector Enterprises

#### Related Party Transaction

During the financial year ended on March 31, 2022, all transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations were in the ordinary course of business and on arm's length terms, and they do not attract the provisions of Section 188 of the Companies Act, 2013.

There were also no materially significant related party transactions that may have a potential conflict with the interests of the Company at large. The Audit Committee reviews the statement containing details of every transaction with the related parties, on quarterly basis.

Disclosure of related party transactions as per Ind AS-24, issued by the Institute of Chartered Accountants of India, is given at note no 40 of the Notes forming part of Annual Accounts for FY 2021-22.

#### Details of Compliance/Non-compliance under SEBI Listing Regulations

There were no Independent Directors on the Board of MIDHANI till December 23, 2021; on December 24, 2021 one (1) Independent Director was appointed by MoD on the Board of MIDHANI.

During FY 2021-22, none of the Committee meetings were held, apart from meeting of Risk Management Committee, Corporate Social Responsibility & Sustainable Development Committee and Procurement Committee.

Consequently, the Board and Committee composition of your Company was not in line with Regulation 17, 18, 19, 20 and 21 of SEBI Listing Regulations during FY 2021-22.

As on March 31, 2022, Stock Exchanges have imposed a cumulative penalty of ₹ 1,59,91,360 /- on account for non-compliances of Regulation 17,18,19, 20 and 21 of SEBI Listing Regulations.

The Company has sought waiver of fine imposed by Stock Exchanges in accordance with carve out policy.

As on March 31, 2022 Company has not paid any fine to stock exchanges.

During the year under review, the Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clause (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations, as applicable, except Regulation 17, 18, 19, 20 and 21 of SEBI Listing Regulations.

The Independent Directors have the requisite qualifications and experience which enable them to contribute effectively. Terms and conditions of appointment of Independent Directors are hosted on Company's website viz. <https://midhani-india.in/policies/>

The CEO/CFO certificate in terms of Regulation 17(8) of the SEBI Regulations has been placed before the Board and forms part of this report at **Annexure- IX**. In terms of Part – E of Schedule II of SEBI Listing Regulations, the Company has complied with some of the non-mandatory requirements of the SEBI Listing Regulations on Corporate Governance such as, the head of internal audit of the company directly reports to Audit Committee.

#### Training and Evaluation of Directors

The Board members of MIDHANI are senior executives who have a, wide and varied experience in the areas of Education, Industry, Defence, Management, Human Resource Management and Administration.

Presentations are made to the Board members on the Company's performance, Business model, Corporate plan and outlook, on their induction in the Board. In addition, at the Board/ Committee/ other meetings, detailed presentations are made by the senior management personnel/ professionals/ consultants on business related issues, risk assessment, risk policy etc. The directors are encouraged to identify and attend specific training programs to improve their effectiveness. The details of Familiarization Program are available on the website of the Company viz. <https://midhani-india.in/policies/>

MIDHANI is a Government of India owned Public Sector Enterprise under administrative control of Ministry of Defence. The Directors of the Company are Presidential appointees



and their remuneration (i.e. in case of functional Directors) it is fixed in accordance with the DPE guidelines. Accordingly, Article 67 of the Articles of Association of MIDHANI states that the President of India is empowered to appoint Directors. Since the Board level appointments are made by the President of India, the evaluation of performance of such appointees is also done by the Government of India.

### Other Affirmations

During the year under review, your Company has not raised any funds through preferential allotment or qualified institutional placement, as specified under Regulation 32 (7A) of the SEBI Listing Regulations.

During the year under review, all the recommendations made by the committees of the Directors have been accepted by the Board of Directors.

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.

There were no items of expenditure included in the Financial Statements which were incurred not for the purposes of the business. No material changes and commitments, affecting financial position of Company, have occurred between end of the Financial Year of the Company and the date of this Report.

The Administrative and Office Expenses as a percentage of total expenses stood at 3.32% as compared to 2.94% in the previous year and such percentage in respect of financial expenses was 3.30% when compared to 1.98% in the previous year. No extravagancy was found in the Expenditure on the part of the Board Members and Senior Management Personnel.

There has been no change in the nature of business of the Company during the year under report. The Company has complied with all Presidential directives issued by Central Government regarding the operation of PSUs.

Management Discussion and Analysis covering the operations of the Company, forms part of this Annual Report.

### Prevention of Sexual Harassment of Women at Workplace

During the year under review, status of complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, was as follows:

Number of Complaints filed during FY-21-22	Number of Complaints disposed of during FY-21-22	Number of Complaints pending as on end of FY-21-22
Nil	Nil	Nil

### Fee paid to Statutory Auditor during FY 2021-22:

Particulars	Amount in ₹ Lakh
Statutory Audit & Limited Review	₹ 9.25
Tax Audit	₹ 1.40
<b>Total</b>	<b>₹ 10.65</b>

### Means of Communication

After consideration and approval by the Board, the quarterly/ half yearly & yearly financial results are submitted and subsequently posted on the websites of the BSE, NSE (stock exchanges) and same are published on the Company's website viz. <https://midhani-india.in/financial-results/>.

In terms with Regulation 47 of SEBI Listing Regulations, the financial results are published in one English national daily, having all India circulation, one Hindi Daily and at least in one local Telugu daily within 48 hours of its adoption. The Annual Report of the Company, on placement before both the houses of Parliament is posted in the website viz. <https://midhani-india.in/annual-reports/>. The website of the Company also displays all official news releases and investor presentation.

### Policies & Code framed

#### Policy of Materiality of and of dealing with Related party Transactions

The Company has formulated the 'Policy on Materiality of and dealing with Related Party Transactions', which is hosted on Company's website viz. <https://midhani-india.in/policies/>

#### Vigilance & Whistle Blower Policy

The company's vigilance set up is headed by a Chief Vigilance Officer. Preventive Vigilance has been the thrust area of the Vigilance department and Vigilance department examines major procurements/contracts, conducts regular and surprise inspections. Company has in place "Whistle Blower Policy" and same is available on the website on the Company viz. <http://midhani-india.in/departmentvigilance/whistle-blower-policy-document/>.

#### Policy on Material Subsidiaries

Your company does not have any subsidiaries as on March 31, 2022, hence policy on determining material subsidiaries is not yet formulated.

## Code of Conduct

The Board of Directors of your Company has formulated a “Code of Business Conduct and Ethics for Board Members and Senior Management” for better Corporate Governance and fair & transparent practices as per Guidelines issued by the Department of Public Enterprises. A copy of the same has been circulated to all concerned and posted on your Company’s website. The Board members and senior management personnel to whom the said Code is applicable have affirmed compliance of the same for the year ended March 31, 2021. A declaration to this effect signed by the Chairman & Managing Director of your Company forms part of Annual Report at **Annexure – VI**.

## General Shareholders Information

### Forthcoming Annual General Meeting

Date	September 29, 2022
Time	11:00 am
Venue	Through Video conferencing In line with General Circular No. 2/2022 dated May 5, 2022, issued by MCA.

### Financial year

April 1 of each year till March 31 of next year.

### Dividend Payment date

The final dividend for the year ended March 31, 2022, if approved at the AGM, will be paid on or after September 29, 2022

### Record Date

The record Date for the purpose of remote e-voting and payment of Dividend will be September 22, 2022.

## Unpaid & Unclaimed Dividend details

Pursuant to the applicable provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund (‘IEPF’) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the statement furnishing information of unpaid and unclaimed dividend (interim & final) for previous seven years is available on the website of the Company viz. <https://midhani-india.in/unpaid-unclaimed-dividend-list/>.

Further, no unclaimed dividend from previous years is due to be transferred to the IEPF as on March 31, 2022.

## Listing of Equity Shares on Stock Exchanges and Stock Codes

Particulars	Scrip Code/ Trading Symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	541195
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C-1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	MIDHANI

MIDHANI Equity shares got listed in April, 2018 and as per market capitalization on March 31, 2022 MIDHANI falls under category of top 1000 listed companies.

The ISIN of Equity Shares of the Company is **INE099Z01011**.

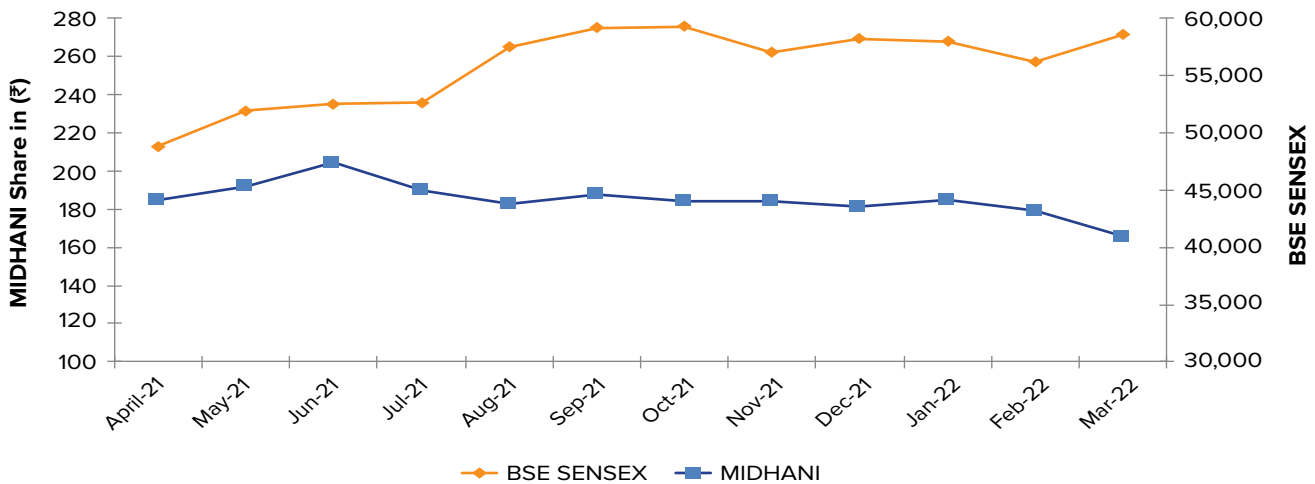
The annual listing fees have been paid to both stock exchanges i.e. BSE & NSE for financial year 2022-23. The Company has also paid Annual Custodian fees to both the Depositories i.e NSDL and CDSL.

### Market price of shares

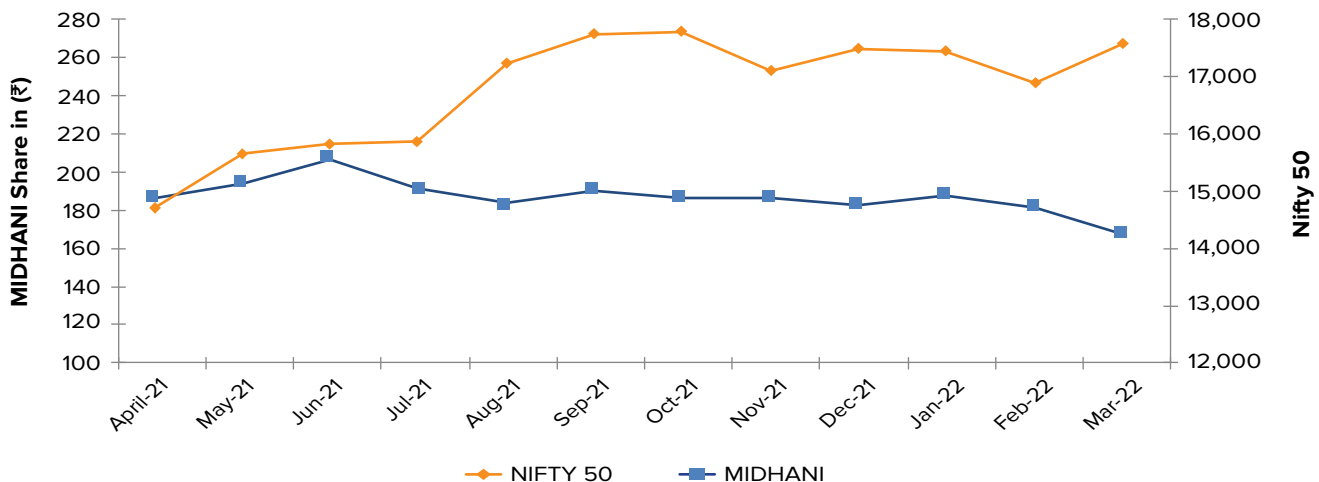
The details of high/low market prices of the shares of the Company during each month of FY 21-22 at BSE and NSE was as follows:

Month	BSE				NSE			
	MIDHANI		SENSEX		MIDHANI		NIFTY 50	
	High (in ₹)	Low (in ₹)	High	Low	High (in ₹)	Low (in ₹)	High	Low
Apr-21	197.15	175.00	50,375.77	47,204.50	197.40	176.50	15044.35	14151.4
May-21	209.25	182.05	52,013.22	48,028.07	208.80	180.05	15606.35	14416.25
Jun-21	221.80	190.10	53,126.73	51,450.58	221.85	190.00	15915.65	15450.9
Jul-22	208.45	187.25	53,290.81	51,802.73	206.00	187.00	15962.25	15513.45
Aug-21	194.30	173.00	57,625.26	52,804.08	194.40	174.00	17153.5	15834.65
Sep-21	192.30	180.90	60,412.32	57,263.90	192.50	181.00	17947.65	17055.05
Oct-21	205.45	183.35	62,245.43	58,551.14	205.50	183.15	18604.45	17452.9
Nov-21	204.20	180.60	61,036.56	56,382.93	204.90	180.00	18210.15	16782.4
Dec-21	188.75	175.70	59,203.37	55,132.68	189.80	175.75	17639.5	16410.2
Jan-22	194.95	177.30	61,475.15	56,409.63	194.60	177.50	18350.95	16836.8
Feb-22	183.55	163.50	59,618.51	54,383.20	195.75	165.65	17794.6	16203.25
Mar-22	183.55	163.50	58,890.92	52,260.82	183.85	163.15	17559.8	15671.45

**Movement of MIDHANI Share at BSE during FY 22**



**Movement of MIDHANI share at NSE during FY 22**



### Shareholding pattern as on March 31, 2022

Particulars	No. of shareholders	No. Equity shares held	% of paid up equity share capital
<b>Promoter &amp; Promoter Group (A)</b>	1	13,86,31,600	74
<b>Public Shareholding (B)</b>			
Mutual Funds	4	2,40,21,879	12.82
Alternate Investment Fund	1	5,000	0.01
Foreign Portfolio Investors	24	5,77,843	0.31
Insurance Companies	2	35,90,129	1.92
Bodies Corporate	298	15,35,990	0.82
Non-Resident Indians	1,116	5,77,317	0.31
Trusts	4	6,380	-
Clearing Members	64	2,15,279	0.11
HUF	1,795	7,44,234	0.40
Employees	152	62,907	0.03
Individuals	83,044	1,73,71,442	9.27
<b>Total Public Shareholding (B)</b>	<b>86,504</b>	<b>4,87,08,400</b>	<b>26</b>
<b>Total Shareholding (A+B)</b>	<b>86,505</b>	<b>18,73,40,000</b>	<b>100</b>

### Distribution of shareholding by size as on March 31, 2022.

No. of equity shares held	No. of shareholders	% of total shareholders	No. of equity shares held	% of paid up equity share capital
Upto 500	80,480	93.04	81,70,179	4.36
501-1000	3,411	3.94	26,74,240	1.43
1001-5000	2,321	2.68	47,53,415	2.54
5001-10000	164	0.19	12,24,239	0.65
10001 & above	129	0.15	17,05,17,927	91.02

### Commodity risks or foreign exchange risk and hedging activities

Your Company had no exposure to commodity and commodity risks for the financial year 2021-22. Further, your Company does not involve in hedging activities. The Company is exposed to foreign exchange exposures related to procurement of materials and services. These procurements are mostly covered under exchange rate variation clause for reimbursement of exchange rate variations arising out of foreign currency fluctuations. Hence, your Company has no direct exposure on this account.

### Prohibition of Insider Trading

The Company has adopted 'Code of Conduct to Regulate Monitor and Report Trading by Designated Persons' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations). The Company issues circulars, notifications etc. from time to time to sensitize Designated Persons with PIT Regulations. The Company's Code of practices and processes for disclosure of unpublished price sensitive information is available on Company's website. <https://midhani-india.in/policies/>

### Dematerialisation of Shares and Liquidity

The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on March 31, 2022, the number of equity shares in electronic form and physical form was as follows

Particulars	No. of shares	% of paid up equity shares
Demat shares with NSDL	17,52,11,367	93.525
Demat shares with CDSL	1,21,28,623	6.474
Physical shares	10	0.0001
<b>Total no. of shares</b>	<b>18,73,40,000</b>	<b>100</b>

### Outstanding GDRs/ADRs/Warrants

There are no outstanding GDRs/ADRs/ Warrants or any convertible instruments as on March 31, 2022.

### Credit Ratings obtained during the year

During the year under review, credit rating agency 'CRISIL Ratings Limited' has affirmed the rating of Commercial Paper at CRISIL A1+.

### Details of shares held in Unclaimed Suspense Account

There are no outstanding shares lying in the unclaimed suspense account as on March 31, 2022.

### Plant Locations ( As on March 31, 2022)

City	Address
Hyderabad, Telangana	P.O. Kanchanbagh - 500058
Rohtak, Haryana	Mishra Dhatu Nigam Limited, Plot No. 8 & 13, Sector 30 A, IMT, Rohtak, Haryana- 124 001

### Details of Compliance Officer / Address for Investor correspondence

Shri Paul Antony  
Company Secretary & Compliance Officer,  
P.O Kanchanbagh, Hyderabad- 500058  
**Tele-Fax:** 040 2418 4515/ 040 2956 8502  
**Email:** [company.secretary@midhani-india.in](mailto:company.secretary@midhani-india.in)

### Details of IEPF Nodal Officer

Shri Paul Antony  
Company Secretary & Compliance Officer  
P.O Kanchanbagh, Hyderabad- 500058  
**Tele-Fax:** 040 2418 4515/ 040 2956 8502  
**Email:** [company.secretary@midhani-india.in](mailto:company.secretary@midhani-india.in)

### Registrar and share transfer agent

Alankit Assignments Limited  
4E/2 Jhandewalan Extension,  
New Delhi -110 055  
Tel: 011-42541234 / 23541234; Fax: 011- 42541201  
**Email:** [rta@alankit.com](mailto:rta@alankit.com)

### Share Transfer System

The dematerialized shares of the Company are transferable through the depository system. However, the shares held in physical form are processed by the Registrar & Transfer Agent of the Company in coordination with Share Certificate Committee of Company.

Further, in accordance with the proviso to Regulation 40(1) of the SEBI Listing Regulations, effective from April 1, 2019, transfer of shares of the Company shall not be processed unless the shares are held in the dematerialized form with a depository. As on March 31, 2022, 10 equity shares of the Company were held in physical form.



# Management Discussion and Analysis

## 1.0 FORWARD LOOKING STATEMENTS:

- 1.1 Certain statements in this report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historic fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operational or financial performance. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized, and as such, are not intended to be guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
- 1.2 The financial statements are prepared under historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 (the "Act") and comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The management of Mishra Dhatu Nigam Limited ("MIDHANI" or "the Company") has used estimates and judgments relating to the financial statements on a prudent and reasonable basis in order that the financial statements reflect in a true and fair manner, the state of affairs for the year.
- 1.3 The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the annual report.

## 2.0 Global Economy:

- 2.1 Global economic output increased by 5.5 % in CY2021, but is predicted to decline to 4.1 % in CY2022 and 3.2% in

CY2023.<sup>1</sup> Rapid vaccine rollouts in developed countries boosted the global economic growth while reducing health-care costs. While the economy registered a strong rebound during 2021. The year 2022 brought with it a new set of challenges. Russia's invasion of Ukraine and the sanctions that ensued led to a sharp rise in commodity prices. Russia and Ukraine have been key suppliers of essential goods like food and energy. The outbreak of the war threatened the supply of these materials. As a result price tensions continued to persist for those commodities for which supply from Russia and Ukraine has historically dominated global markets. Additionally, the conflict has put Metal output under pressure due to the rising energy prices. Given that Russia holds 49% of world nickel exports, the crisis has led to a shortage of the metal, thereby leading its price to spike.<sup>2</sup> These metal prices are likely to continue to be impacted by broadening sanctions and speculative activity in the market.

- 2.2 There has also been a surge in oil prices since the supply chain mounted following sanctions on Russian banks. Due to this, Inflationary pressures have constantly been on the rise. Reduced wealth and gender inequalities have also had an impact on people.
- 2.3 Improving the vaccination rate in EMDES, on the other hand, is crucial for long-term growth. Due to the elimination of closure restrictions and the return of economic activity, consumer spending is increasing. This is owing to rising demand and consistent increases in discretionary expenditure.
- 2.4 Furthermore, the goods trade industry has recovered and is now higher than it was before the epidemic. Global economy is being boosted by this, as well as various countries' accommodating fiscal and monetary policies. Pre-existing inflation, however, is on the rise once more, exacerbated by global tensions. Supply-chain disruptions have created uncertainty, resulting in a considerable increase in food and energy costs. Despite this, the global economy is likely to make a robust return, barring externalities.
- 2.5 Inflation is frequently brought on by supply-demand mismatches brought on by pandemics and higher commodity costs than a year before. In CY2022, price

<sup>1</sup><https://www.worldbank.org/en/news/press-release/2022/01/11/global-recovery-economics-debt-commodity-inequality>

<sup>2</sup><https://www.finance-monthly.com/2022/04/what-impact-is-the-conflict-between-russia-and-ukraine-likely-to-have-on-the-price-of-commodities/#:~:text=As%20Russia%20accounts%20for%2049,nickel%20and%20%ainless%2Dsteel%20producer.>

pressures are expected to diminish marginally. As a result of increased food costs, the delayed impact of higher oil prices, and exchange rate depreciation, which impacts the pricing of imported goods, price pressures are expected to persist in various emerging market and developing nations.

### 3.0 Indian Economy:

- 3.1 The Indian economy staged a solid rebound in the fiscal 2021-22 owing to the government's immediate fiscal and monetary response to the pandemic. Although the health crisis had been more severe as against the first wave of the pandemic, almost all indicators demonstrated the economic impact of the second wave had been much smaller than the first. Most of the sectors showed rebound during the year. Among sectors, the Manufacturing sector showed a strong recovery when its pace speeded up in the second and third quarter. Additionally, the rising capital expenditure by the government on infrastructure and an uptick in the housing cycle have been responsible for reviving the construction sector which allowed the consumption and production of steel to revert to pre-pandemic levels.
- 3.2 A further plan to increase capex is included in the Union Budget for FY2023, which would assist to attract greater investment. This is because the country's solid financial position is moving the economy ahead. Moving forward, India is on course to be the next world's fastest-growing major economy, and it is aggressively seeking supply-side measures to boost the recovery, including industry deregulation and the repeal of retrospective taxes, among other things. However, the continuation of high prices and rising geopolitical tensions may provide some downside risks. Nonetheless, India has a long history of overcoming hardship and is well equipped to deal with minor setbacks.
- 3.3 Overall, macroeconomic stability indicators show that India's economy is well positioned to meet the difficulties that will face it in 2022-23. One of the reasons for India's success is its distinct response strategy. India's response has also been marked by an emphasis on supply-side improvements rather than a complete reliance on demand management.
- 3.4 Agriculture, which is regarded as the backbone of Indian GDP, has outperformed forecasts, providing roughly 17% of GDP.

### 4.0 Outlook

In FY2022–23, India's GDP growth will be between 7.5 and 8.0 percent, and between 6.7 and 7.1 % in FY2023–24.<sup>3</sup> The Russia Ukraine war has triggered a turmoil in the global markets, the prevailing uncertainty worldwide has left India as no exception. Supply chain disruptions caused due to the western sanctions and a trade shock are significantly weighing on India as well. The rising commodity prices and crude oil prices globally are impacting India by aggravating inflationary pressures that existed even before the war struck. Additionally, because the partial pass-through of higher food and energy costs has a negative impact on consumers' attitudes and wallets, pent-up demand which was soaring in FY2021-22 will also be expected to grow with a slight lag. Companies will wait for demand signals and cost hikes before spending. Growth is expected to increase up in the second quarter of FY2022–23 as uncertainties fade. Capital outflows and a swift depreciation of the currency may follow from the early geopolitical disputes, but both are anticipated to recover by the end of 2022.

### 5.0 Industry Overview

- 5.1 Iron ore, bauxite, chromium, manganese ore, baryte, rare earths, and mineral salts are all abundant in India. Due to reforms such as the Make in India campaign, Smart Cities, Rural Electrification, and a focus on building renewable energy projects under the National Electricity Policy, as well as increased infrastructure development, India's metals and mining sector is expected to undergo significant changes in the coming years.<sup>4</sup>
- 5.2 The steel industry's performance is critical to the economy's expansion. Despite being hit by COVID-19, the steel industry has recovered, with cumulative crude and finished steel production in 2021-22 (April-October) of 66.91 MT and 62.37 MT, respectively, up 25.0% and 28.9% over the same period last year.<sup>5</sup> It's worth noting that global steel output has slowed recently. The drop in global steel output is due to lower worldwide production. According to a World Steel Association news release from November 2021, global crude steel output was 143.3 million tonnes (Mt) in November 2021, down 9.9% from November 2020.<sup>6</sup> Steel consumption is expected to rise this year and next as the global economy improves. In the coming fiscal year, the steel sector is likely to see a rise in demand as well.

<sup>3</sup><https://www2.deloitte.com/xe/en/insights/economy/asia-pacific/india-economic-outlook.html>

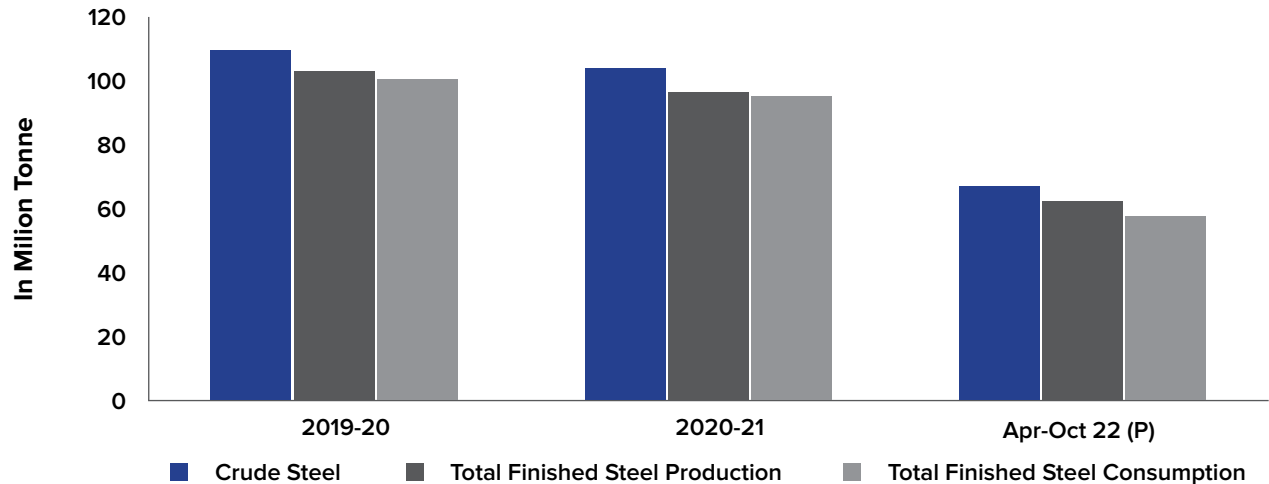
<sup>4</sup><https://www.ibef.org/blogs/mining-sector-reforms-and-the-road-ahead>

<sup>5</sup>[https://static.investindia.gov.in/s3fs-public/2022-02/Economic%20Survey%20Complete%20PDF\\_0.pdf](https://static.investindia.gov.in/s3fs-public/2022-02/Economic%20Survey%20Complete%20PDF_0.pdf), Economic Survey 2021-22

<sup>6</sup><https://worldsteel.org/media-centre/press-releases/2021/november-2021-crude-steel-production/>

This is mostly due to the Indian government's concentration on infrastructure development, such as roads, trains, and defence manufacture.

**Fig: Production and Consumption – Steel**

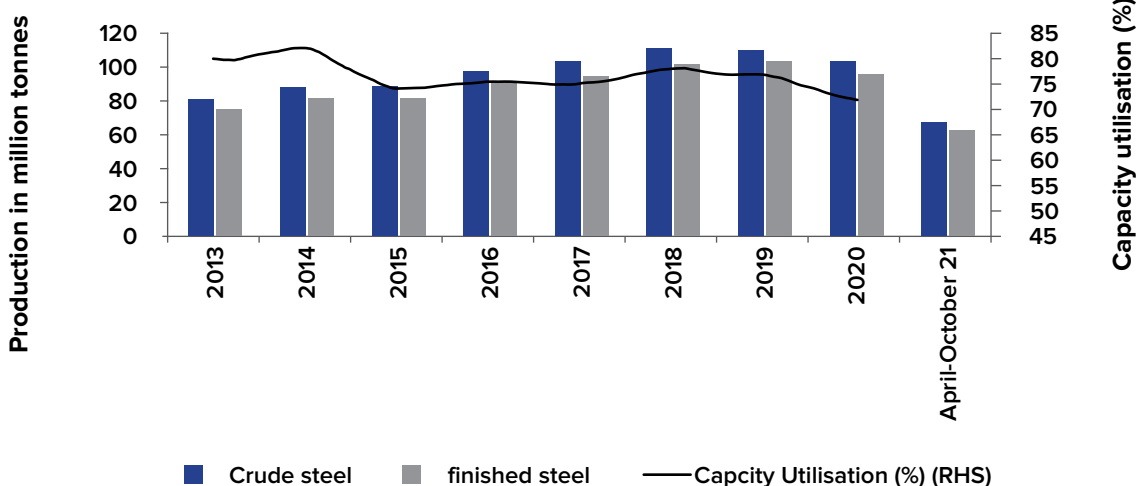


Source: Survey calculation based on data from M/O Steel

5.3 India is the world's second-largest crude steel producer, with 104.91 million tonnes produced during January to November 2021.

5.4 Total Finished Steel production was 111.858 MT, up 21.3% from the previous year. During FY'22, India exported 13.5 MT of finished steel worth INR one lakh crores. Actual crude steel output is expected to reach 255 MT between 2030 and 31. By 2030-31, per capita finished steel consumption is predicted to reach 160 kg. Steel output (weight: 17.92%) grew by 9.3% in July 2021 compared to July 2020. By 2047, the demand for stainless steel in the United States is estimated to exceed 20 MT. During the fiscal year 2021, India produced 120 million tonnes (MT) of crude steel.<sup>7</sup>

**Fig: Production and capacity utilization**



Source: Survey calculation based on data from Ministry of steel

<sup>7</sup><https://www.investindia.gov.in/sector/metals-mining>

## 6.0 High Performance Alloys

- 6.1 High-performance alloys—also known as superalloys—are metal materials designed to provide enhanced characteristics, like higher mechanical strength, better corrosion and oxidation resistance, greater thermal creep resistance. These properties enable them to withstand use in demanding applications, like aerospace and marine industries.
- 6.2 The worldwide market for high-performance alloys is estimated to reach USD 15.64 billion in 2030, with a revenue CAGR of 5.3 percent during that time period.<sup>8</sup> The Non-Ferrous Metal segment within the high performance alloys is expected to increase at a 5.6 percent compound annual growth rate (CAGR) to reach US\$5.4 billion by the conclusion of the analysis period. Another segment, Super Alloys currently accounting for 30.9 percent of the global market for High Performance Alloys is projected to grow at a CAGR of 4.3% for the next 7-year period.
- 6.3 Top car manufacturers employ high-performance alloys to minimise total vehicle weight. Other significant factors projected to fuel market expansion include innovations in aluminium and magnesium mining, as well as increasing extraction of alloying metals.
- 6.4 The 3.6% CAGR forecast for the worldwide Refractory industry is driven by the United States, Canada, Japan, China, and Europe. These regional markets, which had a total market value of US\$805.8 million in 2020, are expected to grow to US\$1 billion by the end of 2026.<sup>9</sup> China will continue to be one of the fastest developing markets in this area. The Asia-Pacific market is expected to reach US\$124.7 million by 2026, led by nations like Australia, India, and South Korea.

## 7.0 Defence Manufacturing:

- 7.1 Government spend 3.7 % of worldwide military spending, making it the world's third largest military spender. Defense spending accounted for 2.9 percent of India's total GDP in 2020, with \$72.9 billion spent on defence. The government has chosen the defence industry as one of the key areas for boosting 'Atma Nirbhar Bharat, or Self-Reliant India,' due to rising demand. Exports of defence products, including significant items, totaled ₹1,940.64 crore in FY 2014-15 and ₹8,434.84 crore in FY 2020-21, respectively. By 2025, the government wants to have a turnover of \$25 billion, with \$5 billion in Aerospace and Defense goods and services exported.

- 7.2 The defence capital investment was boosted in the budget 2021-22 to fund defence modernization. According to the most recent budget release, domestic industry would get 68 percent of the defence capital procurement budget in 2022-23. (Up from 58% in 2021-22).
- 7.3 To meet export requirements, a draft Production and Export Promotion Policy (DPEPP) 2020 has also been formulated. By 2025, the country wants to turn over ₹1,75,000 crore (\$25 billion), including ₹35,000 crore (\$5 billion) in Aerospace and Defence goods and services. To construct a dynamic, resilient, and competitive defence sector, including the aerospace and naval shipbuilding industries, to meet the demands of the armed services with high-quality goods.
- 7.4 Under the leadership of the defence minister, the Defence Acquisition Council (DAC) adopted the general parameters of the Strategic Partnership Model (SPM). Through a transparent and competitive procedure, long-term strategic collaborations with qualified Indian industry majors are formed. Indian industrial partners will form partnerships with global OEMs to seek technology transfers and manufacturing know-how in order to establish indigenous manufacturing infrastructure and supply chains.

## 8.0 Indian Aerospace Industry:

- 8.1 India's passenger growth is expected to reach 442 million by 2035, according to the International Air Transport Association (IATA), with the aviation industry sustaining 19.1 million jobs and contributing \$172 billion to the country's GDP. According to Boeing, India will require an additional 2,500 passenger planes to fulfil its fast increasing demand.<sup>10</sup> 3.56 million Tonnes of goods were handled. Indian airlines have placed big aircraft orders to meet present and expected increases in demand for commercial air travel. By 2038, the country's aviation fleet is expected to triple in size, reaching over 2500 aircraft.
- 8.2 During the fiscal 2021-22, the Hindustan Aeronautics Limited placed an order worth ₹5,375 crores for 99 F404-GE-IN20 engines and support services with GE Aviation, USA, to power the Tejas Light Combat Aircraft and also facilitate India's goal of achieving self-reliance in the aerospace and aeronautics industry. This has been the largest-ever deal and the purchase order placed by HAL for LCA which will boost the Indian Aerospace industry.

<sup>8</sup><https://www.prnewswire.com/news-releases/high-performance-alloys-market-size-to-reach-usd-15-64-billion-in-2030--rising-demand-for-high-performance-alloys-from-various-end-use-industries-is-the-key-factor-driving-market-revenue-growth-says-reports-and-data-301499146.html>

<sup>9</sup>[https://www.researchandmarkets.com/reports/347935/high\\_performance\\_alloys\\_global\\_market](https://www.researchandmarkets.com/reports/347935/high_performance_alloys_global_market)

<sup>10</sup><https://www.trade.gov/country-commercial-guides/india-aerospace-and-defense>

8.3 The Indian Civil Aviation MRO industry is now valued at roughly \$900 million and is expected to expand to \$4.33 billion by 2025, with a CAGR of 14-15 percent.<sup>11</sup> There is also the possibility of providing OEMs with design and engineering services linked to components and assemblies. With the expansion of the aircraft industry, there will be a demand for leasing, financing, ground support, and other sorts of services.

8.4 For civil aviation infrastructure development projects, FDI of up to 100 percent is permitted, but any airline share more than 49 percent requires government permission. Therefore, with a tremendous increase in demand for aircraft and components, the Indian aerospace sector is on the verge of becoming a worldwide player. Low labour costs, a large supply of engineering, design, and technical skills and knowledge, high growth markets, and active backing from the government's new policies are only some of the advantages.

## 9.0 Energy Sector:

9.1 After China and the United States, India is the world's third largest energy and oil user. India is attempting to transition to a gas-based economy by boosting natural gas's portion of the country's energy mix from 6.3 % to 15 % by 2030. Under the Pradhan Mantri Ji-VAN Yojana, the goal is to set up 12 commercial scale 2G bio-ethanol projects with viability gap funding of up to ₹150 crore each plant. The Sustainable Alternative towards Affordable Transportation (SATAT) Scheme aims to install 5000 compressed biogas (CBG) units. India's oil demand will climb by about 4 million barrels per day by 2040, the biggest increase of any country.

9.2 From April to December 2021, total crude oil output was 22378.40 TMT, which is 4.47 percent and 2.63 percent lower than the target for the period and production for the same time previous year, respectively. Over the years, India's output and consumption of petroleum products have steadily increased. Petroleum product output increased by 5.9% YoY to 250 MMT in 2021, compared to 236 MMT in 2020. Petroleum product consumption increased by 3.6% YoY to 201 MMT in 2021 from 194 MMT in 2020.

9.3 In December 2021, natural gas production grew by 19.5 percent over December 2020. Up to September 2021, a total of 21735 kilometres of pipes have been installed as part of the Gas Grid. By 2024-25, India wants to increase pipeline coverage by 60%, to 34,500 kilometres. By 2027, all states should be connected by a trunk national pipeline network. The total amount of natural gas

produced in March 2022 was 2886.23 MMSCM, up 7.46 % from March 2021.

9.4 India is the world's fourth-largest liquefied natural gas importer (LNG). On both coastlines, LNG supply is advancing, with three new LNG terminals and one expansion project under development on the west coast and two on the east coast. The total capacity will be 62.5 MMTPA when all of the projects are completed.<sup>12</sup>

## 10.0 Super Alloys:

From USD 8819 million in 2020 to USD 14850 million in 2027, the worldwide Super alloy market is predicted to rise at a CAGR of 6.4% between 2022 and 2027.<sup>13</sup> The market for super alloys in the United States was worth USD million in 2020 and is expected to grow at a CAGR of percent to USD million by 2027.

## 11.0 Titanium:

11.1 Titanium market size is expected to reach \$7,608 million by 2025, after rising at a CAGR of 4.7 percent from 2020 to 2025<sup>14</sup>, owing to increased use of titanium in different sectors such as automotive, construction, and aerospace. Numerous uses of titanium alloys, fueled by their low thermal expansion and high co-efficient fire resistance, have driven up market demand dramatically.

11.2 The most popular use for titanium is aerospace, which is expected to expand at a CAGR of 4.3 percent during the projected period. Titanium is in high demand in aircraft because of its strong corrosion resistance and coefficient of thermal expansion compatibility with CFRP. The usage of Titanium in aircraft can also increase that aircraft's range while decreasing its fuel use.

## 12.0 Speciality alloys:

From 2020 to 2027, the Special Steel Market is expected to increase at a CAGR of 2.4 percent, from USD 207.8 billion in 2019 to USD 252.2 billion in 2027. The large consumption of Special Steel Market in the substantially rising industries of car, aviation, aerospace, and railway is expected to have a favourable influence on the Global Special Steel Market. Over the projected period, rising demand for manufacturing tools and machineries will drive market expansion. Over the forecast period, rising urbanisation in emerging nations would significantly boost market growth. However, the high costs of Special Steel Market manufacture might limit market expansion. The Global Special Steel Market study offers a comprehensive analysis of the industry.

<sup>11</sup><https://www.investindia.gov.in/sector/aviation>

<sup>12</sup><https://www.investindia.gov.in/sector/oil-gas>

<sup>13</sup><https://www.marketwatch.com/press-release/superalloy-market-size-2022-in-this-market-research-reports-no-of-pages-107-cagr-industry-trends-and-investigation-growth-rate-consumption-by-regional-data-2022-04-04>

<sup>14</sup><https://www.industryarc.com/Report/18688/titaniummarket.html#:~:text=Titanium%20Market%20Overview,construction%2C%20aerospace%20and%20so%20on>



**13.0 Key Strategies and Initiatives:**

<b>Our Strategies</b>	<b>Our Plans</b>	<b>Key initiatives</b>
Growth and modernization	Seeks growth (through both greenfield and brownfield) based on the development of technology for customers and product <ul style="list-style-type: none"> <li>• Aim for geographical expansion of the Company and to operate from multiple locations</li> <li>• In process of setting up two new manufacturing facilities in Rohtak and Nellore</li> <li>• Seek to enter into the new markets of oil and gas, mining, power, railways, chemical and fertilizers</li> </ul>	Aluminium Alloy Plant – MIDHANI-NALCO Joint Venture; Utkarsha Aluminium Dhatu Nigam Limited is being set up. The Company proposes to manufacture High end Aluminium Alloy at Nellore, Andhra Pradesh
Increased focus on research and development	Entered into collaborations with Indian and international research institutions and organizations to gain access to the required know-how for developing certain key advanced technology products <ul style="list-style-type: none"> <li>• Aims for forward and backward integration by manufacturing components/ value added products</li> </ul>	16 IPRs has been filed during the year and two patents have been granted to MIDHANI during the year.  New products have been developed for Aero Space, Navy and Energy Sectors.
Strengthen Human capital	Intends to continue to focus on improving health, safety and environment for the employees and provide various programs and benefits for their wellbeing and skill-enhancement <ul style="list-style-type: none"> <li>• Intends to develop entrepreneurship skills and further strengthen the workforce through more comprehensive training programs, creating a core of skilled workers for future growth by providing them with a conducive, safer and healthier working environment</li> </ul>	Mid Career training program was conducted for Middle Level management.  COVID -19 vaccination drive was organized for all Employees And their dependents.

**14.0 SWOT Analysis:**

<b>Strengths:</b>	<b>Weakness:</b>
<ul style="list-style-type: none"> <li>• Core competence and integrated manufacturing facility to develop and manufacture, 'strategic metals and alloys', custom-made alloys.</li> <li>• Capability to produce a range of semi-finished and finished products like forged rings, near net shapes and titanium tubes.</li> <li>• The only manufacturer of Titanium alloy in India.</li> <li>• Access to Research &amp; Development (R&amp;D) capability to indigenously develop customized products/ alloys for programs of national importance, through DRDO, ISRO, and other R&amp;D institutions.</li> <li>• Ability to expand into space and energy sectors.</li> </ul>	<ul style="list-style-type: none"> <li>• Customer concentration as more than 70% of the orders come from India's defence and space sector.</li> <li>• Need to source raw materials from foreign suppliers and limited requirement leads to higher input costs.</li> <li>• In select products, the lack of economies of scale and high input cost makes products noncompetitive at the global level.</li> <li>• Need to balance levels for raw materials, Minimum Stock Levels (MSL) and unsold inventory leads to capital lock-up and high delivery timelines.</li> <li>• Lack of technology and infrastructure for developing finished components using own materials which leads to reduced value addition.</li> </ul>

Opportunities:	Threats:
<ul style="list-style-type: none"> <li>The government is expected to invest close to ₹10 lakh crore (USD 130 billion) on military modernisation in the next 5-6 years. The Defence Acquisition Policy (DAP) 2020 emphasises on &gt;50% indigenous content for a majority of the procurement categories.</li> <li>Requirement of indigenous content in platforms and systems is likely to translate into demand for indigenous raw material providing thrust to the Indian metals &amp; alloys manufacturers.</li> <li>Demand in associated sectors including aerospace manufacturing, space, electric vehicles, railways to be tapped to obtain economies of scale.</li> </ul>	<ul style="list-style-type: none"> <li>Procurement/supply chain risks are not evenly distributed amongst the suppliers for almost half of the raw materials procured.</li> <li>Emerging competition from private sector entities in India.</li> <li>Single order quantity and dispersed requirements from buyers leading to not meeting economies of scale.</li> <li>High volatile prices of some of the critical imported raw materials coupled with their restricted availability.</li> <li>Indigenisation requirements likely to shift potential orders to more vertically integrated organisations.</li> </ul>

## 15.0 Review of our operations:

15.1 We are a modern and integrated metallurgical plant for manufacturing a wide spectrum of critical alloys in variety of forms such as ingots, forged bars, rings hot rolled sheets and bars, cold rolled sheets, strips and foils, wires, castings, fasteners and tubes using state of the art production facilities for defence, space, aeronautics, power and thermal power, electronics, tele-communications and engineering industries and other sectors in India.

15.2 We are manufacturers of High Performance Alloys, special steels and stainless steels, Super alloys (nickel base, iron base and cobalt base), commercially pure titanium and titanium alloys, soft magnetic alloys, controlled expansion alloys, heat resistance alloys, special purpose alloys, refractory metals and other alloys in different shapes, properties and sizes. We have process capabilities across the product manufacturing value chain, including melting, forging, rolling, wire drawing, investment casting, machining and quality testing.

15.3 Our Company is the only facility in India to carry out vacuum based melting and refining through world class vacuum melting furnace such as vacuum induction melting, vacuum arc re-melting, vacuum degassing/vacuum oxygen decarburisation, electro slag re-melting and electron- beam melting. It enables our Company to venture new markets with innovative and advanced products. The wide spectrum of advanced melting facilities enables us with the flexibility to provide our customers with high quality products which meet their stringent quality requirements. Our value chain is supported and strengthened by our strong financials, human resources and logistics.

## 16.0 Our Manufacturing Locations:

**Hyderabad:** Hyderabad Plant is equipped with highly integrated and flexible manufacturing facilities to produce a wide variety of special metals and alloys in various mill forms such as forged bars/ flats, Rings; near net shapes and closed die forgings, hot rolled bars/ sheets, cold rolled sheets, strips and foils; wires, castings, tubes and fasteners.

**Rohtak Plant:** At Rohtak plant, Armour products will be manufactured.

## 17.0 Manufacturing facilities:

The manufacturing facilities at MIDHANI include Primary and Secondary melting furnaces such as Electric Arc Furnace with Ladle Refining Furnace, Vacuum Degassing/ Vacuum Oxygen Decarburisation, Vacuum Induction Melting Furnace, Vacuum Induction Refining Furnace, Vacuum Arc Re-Melting Furnace, Electro Slag Re-Melting Furnace and Electron Beam Melting Furnace. Subsequent operations are carried out at 6000T/1500T Forge Presses, Ring Rolling Mill, Hot Rolling and Cold Rolling Mills, Bar and Wire Drawing Mills etc. based on the output, form and sizes required. The auxiliary supporting services like conditioning, heat treatment, machining, pickling, quality control also form part of our manufacturing processes.

## 18.0 Our Products:

- Special Alloys (Ferritic, Austenitic, Martensitic, Maraging, Armour Steel)
- Super Alloys (Iron/Cobalt/Nickel Based)

- Titanium Alloys in the form of melted, forged, rolled and drawn product.
- Special Steels and Titanium Alloy grades constitute a major portion of production tonnage.

### 19.0 Key Raw Materials:

The primary raw materials used by our Company for manufacturing various products are: (a) Nickel metal; (b) Cobalt metal; (c) Various Master Alloys; (d) Pure Iron; (e) Titanium sponge; (f) Chromium metal; (g) Mild Steel scrap/ Stainless Steel scrap; (h) High Carbon/Low Carbon Ferro Chrome; (i) Aluminium metal; (j) Manganese Metal; and (k) Various Ferro alloys.

### 20.0 Research & Development:

We seek to achieve growth through the design, development, production, sale and support of innovative

products that incorporate advanced technologies. The product requirements of our customers changes and evolve regularly, and we invest substantial amounts in research and development efforts to pursue advancements in a wide range of technologies and products

Our in-house research and development team works towards improvement of product quality and processes innovation. We place strong emphasis on research and development to enhance our product range and improving our manufacturing processes.

By utilizing in-house research and development capabilities, MIDHANI has indigenized various critical technologies, alloys and products. This reduced dependence on imports of various critical materials. MIDHANI has been handling challenging developmental tasks, taking a lead position in indigenization of critical technologies and products to render support to several programmes of national importance.

## 21.0 FINANCIAL PERFORMANCE

21.1 The Summarized financial position for the Financial Year 2021-22 and for the two preceding Financial Years is given below:

Particulars	Figures in ₹ Lakh		
	31-Mar-22	31-Mar-21	31-Mar-20
<b>ASSETS:</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	93,748.33	42,785.85	43,970.52
Capital work-in-progress	13,186.56	54,874.46	40,482.01
Intangible assets	100.42	105.72	104.11
Financial Assets			
(i) Investments	2,210.11	2,210.11	2,210.11
(ii) Loans	1.59	35.60	64.85
Non-current tax assets (Net)	555.93	553.82	543.63
Other non-current assets	434.03	396.93	999.69
<b>Total Non-Current Assets (1)</b>	<b>1,10,236.97</b>	<b>100,962.49</b>	<b>88,374.92</b>
<b>Current assets:</b>			
Inventories	1,09,149.16	80,083.79	91,050.37
Financial Assets			
(i) Trade receivables	30,630.83	38,613.55	29,739.51
(ii) Cash and cash equivalents	6,258.15	9,394.67	11,089.67
(iii) Other financial assets	1,171.02	855.22	1,335.36
Other current assets	20,620.01	16,161.97	18,208.54
<b>Total Current Assets (2)</b>	<b>1,67,829.17</b>	<b>1,45,109.20</b>	<b>1,51,423.45</b>
<b>Total Assets (1+2)</b>	<b>2,78,066.14</b>	<b>2,46,071.69</b>	<b>2,39,798.37</b>

Particulars	31-Mar-22	31-Mar-21	31-Mar-20
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	18,734.00	18,734.00	18,734.00
Other Equity	1,00,337.94	88,529.11	77,104.66
<b>Total Equity (1)</b>	<b>1,19,071.94</b>	<b>1,07,263.11</b>	<b>95,838.66</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	2,775.88	-	18.41
(ii) Other Financial Liabilities	8,093.72	39,461.20	32,597.80
Provisions	162.81	136.67	125.18
Deferred tax liabilities (net)	3517.17	3,377.37	3,123.40
Other non-current liabilities	64,264.72	31,572.08	38,409.92
<b>Total Non-current liabilities (2)</b>	<b>78,814.30</b>	<b>74,547.32</b>	<b>74,274.71</b>
<b>Current Liabilities</b>			
Financial liabilities			
(i) Borrowings	23,981.88	16,043.55	13,344.23
(ii) Trade payables	17,588.16	8,556.71	12,889.84
(iii) Other financial liabilities	10,947.17	5,744.96	4,418.10
Other current liabilities	24,400.15	29,475.99	35,992.01
Provisions	3,262.54	4,440.05	3,040.82
<b>Total Current Liabilities (3)</b>	<b>80,179.90</b>	<b>64,261.26</b>	<b>69,685.00</b>
<b>Total Equity and Liabilities (1+2+3)</b>	<b>2,78,066.14</b>	<b>2,46,071.69</b>	<b>2,39,798.37</b>
Working Capital	87,649.27	80,847.94	81,738.45
Capital Employed	1,21,847.82	1,07,263.11	95,857.07
Net Worth	1,19,071.94	1,07,263.11	95,838.66
Net worth per rupee of paid-up capital (₹)	6.36	5.73	5.12

## 22.0 MOU 2021-22 PERFORMANCE AND WORKING RESULTS:

22.1 For the FY 2021-22, MIDHANI's MoU performance is expected to qualify for an overall "Good" rating. Despite a record performance in terms of turnover, export sales and VoP, the decline in MoU performance is mainly attributable to factors that were beyond organizational control of MIDHANI like market Capitalization, Govt. mandate on GeM etc. However, the rating is subject to evaluation and confirmation by Department of Public Enterprises.

22.2 The performance of your company against various parameters was as under:

S. No.	Name of the Parameter	Unit	Actual
1	Revenue from Operations	₹ Lakh	85,949.02
2	Asset Turnover Ratio	%	32.04
3	EBITDA as a percentage of Revenue	%	32.96
4	Return on Net Worth	%	15.58
5	Return on Capital Employed	%	21.39
6	Value of Production	₹ Lakh	98,872.75
7	Trade Receivables as number of days of Revenue from Operations	Number of Days	130.08
8	CAPEX	₹ Lakh	12,629.26
9	CAPEX achievement till end of 3 <sup>rd</sup> quarter (Upto 31 <sup>st</sup> December 2021)	₹ Lakh	9,433.04
10	Expenditure on R&D/ innovations Initiatives as % of PBT	%	2.85
11	Exports as % of Revenue from Operations	%	10.12
12	Reduction in total imports as % of Revenue from operations over previous syear	%	-7.40

22.3 The performance of MIDHANI against the parameter of Market Capitalization i.e. the improvement of share price of MIDHANI over BSE S&P Industrials index was calculated at -32.45%.

22.4 The significant highlights of the performance for the 2021-22 and comparison with the previous two years is as under:

(Figures in ₹ Lakh)

S. No.	Particulars	2021-22	2020-21	2019-20
1	Sales - To Customers	85,949.02	81,323.08	71,287.57
	Sales – Export	8,702.16	1,942.47	1,042.04
2	Value of Production	98,872.75	77,164.22	97,010.91
3	Cash Profit (Excl prior period items)	27,211.51	25,308.92	22,820.06
4	Profit Before Tax	23,911.98	22,609.39	20,208.62
5	Net Profit (PAT)	17,630.77	16,629.15	15,973.38
6	Value Added	66,868.27	60,157.17	59,350.32
7	Value added per employee	86.84	78.84	75.51
8	Productivity per employee	128.41	101.13	123.42
9	Value added per direct worker	180.24	195.32	194.59
10	Paid up Capital	18,734.00	18,734.00	18,734.00
11	No of Employees	770	763	786

**23.0 Some of the important financial ratios indicating financial health and working of the Company at the end of last three years are as under:**

S. No.	Particulars	2021-22	2020-21	2019-20
A.	Current Ratio	2.09	2.26	2.17
B.	Profitability Ratios			
a)	Profit Before Tax to			
	i) Capital Employed (%)	19.62	21.08	21.08
	ii) Net worth (%)	20.08	21.08	21.09
	iii) Sales (%)	27.82	27.80	28.35
b)	Profit After Tax to Equity (%)	94.11	88.76	85.26
c)	Earnings Per Share ₹	9.41	8.88	8.53

**24.0 The other Key Financial Ratios are as under:**

S. No.	Particulars	FY 2021-22	FY 2020-21	Change in % as compared to FY 2020-21	Detailed explanation for change of 25% or more
1.	Debtors Turnover	2.48	2.38	4.20	-
2.	Inventory Turnover	0.66	0.69	-4.35	-
3.	Interest Coverage	13.66	22.10	-38.19	Due to higher Finance cost, for meeting up Working Capital requirement
4.	Current Ratio	2.09	2.26	-7.52	-
5.	Debt Equity Ratio	0.22	0.15	46.66	Due to availment of CAPEX loan and increase in working capital requirement.
6.	Operating Profit Margin (%)	24.18	25.36	-4.65	-
7.	Net Profit Margin (%)	20.51	20.45	0.29	-
8.	Return on Network	15.58	16.38	-4.88	-



## 25.0 Amount available for Appropriation:

The amount available for appropriation is ₹ 17,630.77 Lakh as against ₹ 16,629.15 Lakh in the previous year.

## 26.0 Risks and Risk Analysis:

Risk Type	Risk Definition	Risk Probability	Risk Impact	Risk Mitigation
Market Risks	Customer portfolio of MIDHANI comprises more of government / government related organisations. Change in government priorities may affect the existing or proposed strategic programmes.	M/L	H	MIDHANI is diversifying its customer portfolio by targeting sectors like Oil & gas, Power, Engineering etc. Also, machine tool, bearings and Industrial Valve steels are being considered with forward integration into end products/components line Compression Springs, Armoured products etc.
Competition Risks	Competition from private players and imports which may, in some cases, be cheaper	M/L	M/H	MIDHANI is focusing on better customer service by way of regular workshops/ meetings with customers by Directors of the company. Also, faster & effective job execution is being focused upon.
People Risk	Manpower risk, Labour issues, any inability to recruit skilled manpower	M/L	M/L	Recruitment policies to be updated and the trades/skills of the non-executives to be aligned with those defined by the Ministry of Skill Development and Entrepreneurship (MSDE).
Epidemic and Pandemic Risk	Pandemics like Covid 19	L	M/H	Vaccination drive has been conducted for all employees. Regular health and medical checkup are also organized.
Policy Risks	Govt policy related risk – level playing field to private sector etc.	M/H	L/M	Pursuit of business development activities to build market opportunity pipeline. Conduct market intelligence for new material requirements and obtain detailed information from target clients on various grades, specifications and compositions of materials required.
Raw Material Risks	MIDHANI manufactures & supplies materials / products for high performance applications which need critical raw materials as input. Raw materials like Nickel, Cobalt, Molybdenum are imported and sometimes due to business environment availability & price is a challenge.	L/M	M/H	Raw material procurement at MIDHANI is closely monitored by Directors of the Company. Efforts have been taken to procure majority of materials during favourable forex rate. Further, we also undertake bulk procurement of critical raw material in view of anticipated orders. We maintain a reverse auction for all e-procurement above ₹ 10 Lakh.

(L: Low, M: Medium, H: High)

## 27.0 HUMAN RESOURCE DEVELOPMENT:

- 27.1 The permanent manpower strength of MIDHANI as on March 31, 2022 is 770 employees including 51 employees (9 Executives and 43 Non-Executives cadre) recruited during FY2021-22. The average age of the employees is 40 years. With the current workforce the company is rightly poised to undertake complex tasks and to uphold industry-leading quality standards while catering to the customer demands. Rational distribution of human skills among functional areas like administration, finance, production and marketing continue to be the key focus to increase performance efficiency and for seamless inter departmental communications and collaboration.
- 27.2 During the year under review, Training & Development Department (T&D), achieved 1236 man days training.
- 27.3 As per the directions of Central Vigilance Commission (CVC) and Ministry of Defence (MoD), two week In-House Mid-Career Training Program (MCTP) has been organized by MIDHANI including two days module on Preventive Vigilance and one day Field visit (outbound training program to Forensic laboratory) for 32 Middle level Managers in two batches, with the objective that to become more confident about their roles and responsibilities, to gain knowledge and make them better executives in the decision making process. The program was highly fruitful and well appreciated by participants and Management.

## 28.0 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

- 28.1 MIDHANI has established a framework for internal controls, commensurate with the size and nature of its operations. The internal control system is supplemented by an extensive program of internal audits and their reviews by the management. The in-house internal audit function supported by professional external audit firms conduct comprehensive risk focused audits and evaluate the effectiveness of the internal control structure and functions on a regular basis.
- 28.2 The Company has laid down internal financial controls as detailed in the Companies Act, 2013. These have been established across the levels and are designed to ensure compliance to internal control requirements, regulatory compliance and appropriate recording of financial and operational information.
- 28.3 External Audit firm Eswar & Co. were engaged to carry out Internal Audit during the year under report, which ensure adequacy of systems and controls. Their reports thereon were further reviewed by the Audit Committee/Board. In addition, the In-house Internal Audit team also regularly carries out audits of specific processes. Internal Audit Reports along with corrective actions initiated are discussed with the Management and were reviewed by the Audit Committee/Board. The Audit Committee/Board also reviews the adequacy and effectiveness of internal controls.

## Annexure - I

# Dividend Distribution Policy

## 1. PREAMBLE

- 1.1. The shares of MIDHANI are listed on BSE Limited and National Stock Exchange of India Limited. As per Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") the top five hundred listed entities based on market capitalization (calculated as on March 31<sup>st</sup> of every year) need to formulate a dividend distribution policy which shall be disclosed in the company's Annual Report and on its website.
- 1.2. This policy lays down the general parameters for considering and deciding the distribution of dividend to the Company's shareholders and/or retaining of earnings for sustained growth.

## 2. POLICY FRAME WORK

- 2.1. MIDHANI being a Central Public Sector Enterprise (CPSE) follows the guidelines on Capital Restructuring issued by Department of Investment and Public Asset Management (DIPAM) vide F. No. 5/2/2016- Policy dated 27<sup>th</sup> May, 2016.
- 2.2. The Policy will be implemented by the Company keeping in view the provisions of the SEBI LODR Regulations, the Companies Act 2013 (Act) and also taking into consideration guidelines issued by Securities and Exchange Board of India (SEBI), Department of Public Enterprises (DPE), (DIPAM), Ministry of Defence and other guidelines to the extent applicable to the Company.

## 3. NON-APPLICABILITY

The policy shall not apply to:

- a) Distribution of dividend in kind i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- b) Distribution of cash as an alternative to payment of dividend through Buyback of equity shares.

## 4. PARAMETERS CONSIDERED WHILE DECLARING DIVIDEND

- 4.1. In pursuance of Section 123 of the Act, no dividend shall be declared or paid by the Company for any financial

year except out of the profits of the Company for that year or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation.

- 4.2. Interim dividend will be based on profits of the current year as per unaudited results after providing for depreciation in accordance with law and management estimates of profits for financial year.

- 4.3. The quantum of dividend declared by the Company would depend upon following external and internal factors :-

- a) The external factors that shall impact the decision to pay dividend will inter-alia include economic environment, market conditions expectation of shareholders, statutory requirements and Government directives as may be applicable from time to time.
- b) The internal factors that shall be considered for dividend will be profitability of the Company, its net worth, its requirement for funds for its Capital Expenditure towards renewals & replacement/ up-gradation / R&D and expansion (CAPEX), and any other factors as may be identified by the Board that impact the decision to declare dividend.

- 4.4. The Company may endeavor to pay minimum annual dividend as per guidelines issued by DIPAM, subject to maximum dividend permitted under the extant legal provisions.

## 5. UTILISATION OF RETAINED EARNINGS

MIDHANI is acutely conscious of the need to plough back adequate profits for its smooth operations and capital investment in order to maintain and improve its market position in the face of emerging new technologies requiring investments to stay abreast of current technologies, competition arising from domestic and foreign industries. The Company has necessarily to invest in upgrading & renewals and replacement of its existing facility and R&D projects. Further, with the growth in revenue, the incremental working capital requirements also will have to be met increasingly from cash and reserves of the Company.

## 6. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The shareholders of the Company may or may not expect dividend depending upon the circumstances including, but not limited, to the following:-

- a) In the event of inadequacy of profits or whenever the Company has incurred losses;
- b) Whenever the Company undertakes or proposes to undertake significant capital expenditure that impact the retained earnings of the Company substantially;
- c) Whenever the Company proposes to utilise the surplus cash for buyback of securities; and
- d) Any other circumstance/instance which the Board of Directors may consider relevant to the dividend declaration decisions.

## 7. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

- 7.1. The Company has issued only one class of shares i.e. equity shares with equal voting rights. Hence, all the members of the Company are entitled to receive the same amount of dividend per share.

## 8. INTERPRETATION & AMENDMENTS

- 8.1. Any term which is used in policy and not defined shall have the same meaning as defined under the Companies Act, 2013, SEBI LODR Regulations and any other applicable statutory regulations/guidelines.
- 8.2. The Board of Directors may review, amend and modify the Policy at any point of time as it may deem necessary and /or as may be required from time to time in accordance with subsequent amendments in Act, Companies Rules, Circulars, Notifications, SEBI LODR Regulations, relevant guidelines of DPE, DIPAM, Ministry of Defence as also other guidelines to the extent applicable to the Company from time to time.

## Annexure- II

# Manpower Position As On 31.3.2022

PAY SCALE & GROUP	Total No. of Employees	SCs	STs	OBC	Differently abled	Ex-Ser. men
<b>EXECUTIVES</b>	244	44	14	63	05	05
<b>Group – A</b> ₹40000-140000 & above						
<b>Group – B</b> ₹30000 - 120000(Grade-I) ₹29000 – 115000 (E.O.) to ₹50000 – 160000(E0-III) (Jr. Mgr & Non-Unionized Supervisory Cadre)	40	02	05	18	03	1
<b>NON-EXECUTIVES:</b>	324	62	36	132	05	14
<b>Group – C</b> ₹28950/- ₹28790/- ₹27810/- ₹26830/- ₹25900/- ₹25230/- ₹23750/- ₹22950/- ₹21900/-						
<b>Group – D</b> ₹21000/- ₹20000/- ₹19130/- ₹18000/-	162	26	10	75	06	02

Note: Excluding Directors



## Recruitment Of SCs, STs During FY 2021-22

Pay Scales & Group	Total recruited during the year	No. of posts reserved		No. of candidates appointed	
		SC	ST	SC	ST
<b>EXECUTIVES</b>	08	3	-	3	-
<b>Group – A</b> ₹40000-140000 & above					
<b>Group – B</b> ₹30000 – 120000(Grade-I) ₹29000 – 115000 (E.O.) to ₹50000 – 160000(E0-III) (Non-Unionized Supervisory Cadre)	1	-	-	-	-
<b>NON-EXECUTIVES:</b>	19	-	1	-	1
<b>Group – C</b> ₹28950/- ₹28790/- ₹27810/- ₹26830/- ₹25900/- ₹25230/- ₹23750/- ₹22950/- ₹21900/-					
<b>Group – D</b> ₹21000/- ₹20000/- ₹19130/- ₹18000/-	23	2	2	3	2

## Annexure- III

# Annual Report on CSR Activities for FY 2021-22

1. **Brief outline on CSR Policy of the Company:**
- 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 and 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) Others
2. **Composition of CSR Committee:** The composition of the CSR Committee as on March 31, 2022 was as under:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. Sanjay Kumar Jha	Chairman & Managing Director	1	1
2.	Shri N. Gowri Sankara Rao	Director (Finance)	1	1
3.	Shri Valluri Chakrapani	Independent Director	1	1

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.** The composition of CSR Committee can be viewed at <https://midhani-india.in/policies/> a CSR&SD policy and the activities undertaken under the CSR policy of MIDHANI can also be viewed at <https://midhani-india.in/csr/>
4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):** Not applicable for the financial year under review.
5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:** Nil

<b>6. Average net profit of the company as per section 135(5):</b>	₹ 20,563.79 Lakh
<b>7. a) Two percent of average net profit of the company as per section 135(5):</b>	₹ 411.27 Lakh
<b>b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:</b>	-
<b>c) Amount required to be set-off or the financial year, if any:</b>	Nil
<b>d) Total CSR obligation for the financial year (7a+7b- 7c):</b>	₹ 411.27 Lakh
<b>8. a) CSR amount spent or unspent for the financial year:</b>	

		Amount Unspent (in ₹.)	
Total Amount Spent for the Financial Year. (in ₹)	Total Amount transferred to Unspent CSR Account as per section 135(6).	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).
Amount.	Date of transfer.	Name of the Fund	Amount.
4,81,46,165	Nil	NA	Nil
		NA	NA

**b) Details of CSR amount spent against ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
Sl.No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.	Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementing Agency - Through Implementing Agency		
Sl.No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	State.	District.	Amount allocated for the project (in ₹).	Amount spent in the current financial year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Direct (Yes/No).	Name	CSR Registration number.	
1.	MIDHANI Charitable Health Center	Promoting Health Care	Yes	Telangana	Hyderabad	Recurring	4,22,441	4,22,441	Nil	Yes	Not Applicable	Not Applicable
2.	Annual Maintenance of Public Toilet	Promoting Health Care	Yes	Telangana	Hyderabad	Annual	2,75,000	2,75,000	Nil	No	Sulabh International Social Service Organization	CSR000000185
3.	Sponsoring of Free Education to SC/ST/OBC children in BPDVA School	Promoting Education	Yes	Telangana	Hyderabad	Annual	2,69,200	2,69,200	Nil	Yes	NA	NA
4.	MIDHANI Primary Health Care Centres- infrastructure/ equipment	Promoting Health Care	Yes	Telangana	Hyderabad	One Year	1,16,81,935	1,16,81,935	Nil	Yes	MIDHANI PRIMARY HEALTH CARE CENTER TRUST	CSR00024879
5.	Stipend to Apprentices	Skill Development	Yes	Telangana	Hyderabad	Recurring	88,38,598.84	88,38,598.84	Nil	Yes	MIDHANI	NA
<b>Total</b>							<b>2,14,87,174.84</b>	<b>2,14,87,174.84</b>				

## c) Details of CSR amount spent against other than ongoing projects for the financial year:

Figures in ₹

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
				State.	District.			Name	CSR Registration number.
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
1.	Sponsored COVID Hospital to DRDO -Lucknow	Health Care	No	Uttar Pradesh	Lucknow	50,00,000	No	DRDO	Not Applicable
2.	Construction to iDex partner – Bharat Forge	Technology Incubator	No	Not applicable	Not Applicable	40,00,000	No	DRDO	Not Applicable
3.	Sponsored Oxygen Generator Plant to Osmania General Hospital	Health Care	Yes	Telangana	Hyderabad	87,00,000	Yes	MIDHANI	Not Applicable
4.	Ex-Gratia paid to contract employee for COVID Treatment	Health Care	Yes	Telangana	Hyderabad	4,00,000	Yes	MIDHANI	Not Applicable
5.	Procured Oxygen Concentrators for COVID patients	Health Care	Yes	Telangana	Hyderabad	2,24,000	Yes	MIDHANI	Not Applicable
6.	Sponsored Pandit Jasraj's Annual Musical Festival	Culture	Yes	Telangana	Hyderabad	3,00,000	No	Pandit Jasraj Foundation	CSR00017936
7.	Sponsored to Samskruti Foundation	Education	Yes	Telangana	Hyderabad	6,85,000	No	Samskruti Foundation	CSR00012754
8.	Sponsored Dual Desks to Kothagudem Govt Schools	Education	Yes	Telangana	Hyderabad	59,50,877	Yes	MIDHANI	Not Applicable
<b>Total</b>						<b>2,52,59,877</b>			

<b>d)</b>	<b>Amount spent in Administrative Overheads (in ₹)</b>	13,99,113.16
<b>e)</b>	<b>Amount spent on Impact Assessment, if applicable</b>	Not Applicable
<b>f)</b>	<b>Total amount spent for the Financial Year (8b+8c+8d+8e) (in ₹)</b>	4,81,46,165
<b>g)</b>	<b>Excess amount for set off, if any in succeeding financial year (in ₹)</b>	29,08,165

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	4,11,27,000
(ii)	Total amount spent for the Financial Year	4,81,46,165
(iii)	Excess amount spent for the financial year [(ii)-(i)]	70,19,165
(iv)	Unspent Amount of previous financial year spent in reporting Financial year	41,11,000
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	29,08,165

**9. a) Details of Unspent CSR amount for the preceding three financial years:**

S. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the Reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	2020-21	41,11,000	41,11,000	NA	Nil	NA	Nil
2.	2019-20	Not Applicable	Not Applicable	NA	NA	NA	Not Applicable
3.	2018-19	Not Applicable	Not Applicable	NA	NA	NA	Not Applicable
<b>Total</b>		<b>41,11,000</b>	<b>41,11,000</b>	NA	Nil	NA	<b>Nil</b>

**b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing.
1.	FY 31.03.2021-1	MIDHANI Charitable Health Center	2017-18	Recurring	Annual expenditure of ₹5,00,000/- or actuals	4,22,441	18,04,907	Ongoing
2.	FY 31.03.2021-7	Sponsoring Free Education to SC/ ST children in BPDVA School	2019-20	Recurring	Annual expenditure of ₹1,24,320 or actuals	2,69,200	5,17,840	Ongoing
3.	FY 31.03.2021-9	Stipend to Apprentices	2019-20	Recurring	Actuals	88,38,598.84	1,76,24,627.84	Ongoing
<b>Total</b>						<b>95,30,239.84</b>	<b>1,99,47,374.84</b>	

**10. In case of creation of capital asset, furnish details relating to asset so created or acquired through CSR spent in financial year:**

a) Date of creation or acquisition of the capital asset(s).	Not Applicable
b) Amount of CSR spent for creation or acquisition of capital asset.	Not Applicable
c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Not Applicable
d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	Not Applicable
11. Specify the reason(s), if company has failed to spend two percent of average net profit as per section 135(5)	Not Applicable

Sd/-

**(Gowri Sankara Rao Naramsetti)**

 Director (Finance) & CFO  
 (Member - CSR Committee)  
 DIN:08925899

Sd/-

**(Dr. Sanjay Kumar Jha)**

 (Chairman & Managing Director)  
 (Chairman of CSR Committee)  
 DIN:07533036

**Date :** July 27, 2022

**Place :** Hyderabad



## Annexure-IV

# Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

## A. CONSERVATION OF ENERGY

### i. Steps taken or impact on conservation of energy:

- The measures introduced to save LPG during the year under report are as follows:
  - Installation of New Furnaces (Andrich) in place of Old Furnaces to save LPG consumption.
  - Loading of materials which are having similar heat-cycle in the furnaces up to their full capacity and optimization of similar batch type materials.
  - Planning of furnaces running continuously to utilize available heat energy in the furnace.
  - Furnace availability is more than 80% during the financial year.
- The measures introduced to save energy during the year under report are as follows:
  - Installation of Dynamic Reactive Power Compensation (panels for reactive power consumption at 1500 T Forge press) has helped in saving an amount of ₹11.93 Lakh/Month based on the operation of 1500 T press.

### ii. Steps taken by the company for utilizing alternate source of energy:

- Company has utilized the solar energy generated by solar power plants during the year under report. For FY 2021-22 Solar power plants have generated solar energy valued at ₹303 Lakh.

### iii. Capital investment on energy conservation equipment's: NIL

## B. TECHNOLOGY ABSORPTION:

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

- Development of Shape Memory alloys under ToT from CSIR-National Aerospace Laboratories (NAL).
- Development of ceramic based composite armour product under MoU with Carborundum universal limited (CUMI)
- Development of forgings and weld consumables for naval applications under ToT from Defence Metallurgical Research Laboratory (DMRL)-Naval Materials Research Laboratory (NMRL).

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

- Development of new products, product improvements, import substitution and savings of valuable foreign exchange.

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

- Not applicable.

### (iv) The expenditure incurred on Research and Development:

- An amount of ₹ 681.79 Lakh has been incurred towards R&D Expenditure.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- During the year, the total foreign exchange used was ₹ 22,333.77 Lakh.

**Annexure- V**

# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company:	L14292TG1973GOI001660
2. Name of the Company:	Mishra Dhatu Nigam Limited
3. Registered address:	P.O.Kanchanbagh, Hyderabad Telangana –500058
4. Website:	<a href="http://www.midhani-india.in">www.midhani-india.in</a>
5. E-mailid:	<a href="mailto:company.secretary@midhani-india.in">company.secretary@midhani-india.in</a>
6. Financial Year reported:	2021-22
7. Sector(s) that the Company is engaged in National Industrial Classification):	<ul style="list-style-type: none"> <li>• Other Alloy Steel in semi-finished forms, Special Stainless Steel and super alloys (241, 242)*</li> <li>• Titanium and Titanium base Alloys (243)*</li> </ul>
8. List three key products/services that the Company manufactures/ provides (as in balance sheet):	<ul style="list-style-type: none"> <li>i) Manufacture of Other Alloy Steel in semi-finished forms</li> <li>ii) Manufacture of Titanium and Titanium base Alloy</li> <li>iii) Manufacture of Nickel based alloy in semi-finished forms</li> </ul>
9. Total number of locations where business activity is undertaken by the Company	Company is managing its Business Operations from Hyderabad & Rohtak and Company does not have any international locations.
(a) Number of International Locations	
(b) Number of National Locations:	
10. Markets served by the Company Local/State/National/International:	National and International

\*Source: National Industrial Clarification - 2008

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (₹):	18,734.00 Lakh
2. Total Turnover (₹):	85,949.02Lakh
3. Total profit after taxes (₹):	17,630.77 Lakh
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	481.46 Lakh i.e 2.73 % of Profit after tax
5. List of activities in which expenditure in 4 above has been incurred:	<ul style="list-style-type: none"> <li>(i) Promotion of Health Care and Sanitation</li> <li>(ii) Promotion of Education</li> <li>(iii) Skill Development</li> <li>(iv) Others</li> </ul>

## SECTION C: OTHER DETAILS

### 1. Does the Company have any Subsidiary Company/Companies?

- No

### 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

- NA

### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

- Company has a panel of vendors that the Company does business with, in line with the procedures and policies in place. [100%]

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies:

- The overall implementation of Business Responsibility of the Company lies with the Chairman & Managing Director (CMD), who in turn gets BR policy implemented through the respective department heads.

(b) Details of the BR head:

- The details of the C&MD, MIDHANI is as under:

Sl. No.	Financial Year	
1	DIN Number (if applicable)	07533036
2	Name	Dr. Sanjay Kumar Jha
3	Designation	Chairman & Managing Director
4	Telephone number	040-24184501
5	e-mail id	<a href="mailto:cmd@midhani-india.in">cmd@midhani-india.in</a>

### 2 Principle-wise BR Policy/policies

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

No.	Questions	Business Ethics	Product life responsibility	Employee Well Being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for BR*	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?*	Y	Y	Y	Y	Y	Y	Y	Y	Y

The Company follows all work practices, procedures and production endeavors pertaining to its area of activities/operations as mandated by Industry, Government and relevant statutory bodies.

No.	Questions	Business Ethics	Product life responsibility	Employee Well Being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes. Policies at MIDHANI conform to applicable statutes/ guidelines/ rules etc. issued by GOI, and are updated from time to time. Industry practices, national/ international standards are generally kept in view while formulating polices.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Various policies conforming to the directives of the Government under various applicable laws/statutes/rules/ guidelines etc., are approved by the Board or authority delegated for the same by the Board and the same is administrated under overall supervision of C&MD.										
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
The Board oversees the compliance and implementation of the policies through its various Committees as detailed in the Corporate Governance Report forming part of this Annual Report.										
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
The policies are available at Company's website viz. <a href="http://www.midhani-india.in">www.midhani-india.in</a>										
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, The Company policies and operational framework are available on the Company's website as well as on its intranet portal.								
8	Does the company have in-house structure to implement the policy/ policies.	Yes, The Company has well-established in-house infrastructure, manpower pool, documented standard operating procedure and other executive & administrative machineries to implement the afore mentioned policies in the area of safe and sustainable production of goods and services of the Company.								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Yes, Company has provided contact details for redressal of stakeholders grievance. In addition, the Company has Whistle Blower Mechanism and also a vigil mechanism to address the genuine concerns, of any of the directors and employees. Further representations from bidders/ contractors as well as opinion sought by the Company against various tenders are referred to Independent External Monitors (IEM). IEMs discuss the issues with the executives concerned and bidders' representatives wherever felt necessary by IEMs and give their opinion through a speaking order.										
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
The Company is subject to various audits such as Statutory Audit by firm of Chartered Accountants appointed by the Comptroller & Auditor General, Internal Audit, C&AG Audit, Cost Audit, Secretarial Audit, Quality Audit, Safety Audit, Integrated Management Systems Audit etc. These audits ensure compliance to various internal and external policies.										

\* While no formal written policy may exist for certain principles, the Company has robust procedures / practices as well as standard operating procedures in place and are regularly being reviewed for adherence by Chairman & Managing Director.

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

- Not Applicable

**Governance related to BR:**

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company:

- The senior management of the Company reviews BR performance on an on-going basis. The Board/ Committees constituted by it review the same annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

- Company publishes Business Responsibility Report (BRR) on yearly basis which forms part of its Annual Report. The BRR forming part of Annual Report is available on the Company's website viz. [www.midhani-india.in](http://www.midhani-india.in).

## SECTION E: PRINCIPLE-WISE PERFORMANCE

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability:**

- Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/Others?
  - A model Code of Business Conduct and Ethics is applicable to all Board Members and Senior Management of the Company. Further, to ensure transparency and integrity in all contracts, MIDHANI is signing "Integrity Pact" with respective bidders in all procurements of estimated value exceeding ₹40 Lakh. This enables the bidders to raise any issues with respect to high value tenders floated from time to time with the Independent External Monitor (IEM). An IEM is appointed by the Central Vigilance Commission (CVC) to oversee implementation of the said Integrity Pact. The pact is essentially an agreement for ethical conduct of the business and any violations of the same would entail disqualification of the bidders and exclusion from future business dealings.
- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.

- As mentioned in the Report on Corporate Governance, 4 investors complaint were received during the year. Additionally, complaints from all other stakeholders are addressed and dealt with by respective functions in the Company. One complaint against the company was lodged in the SCORES portal during the FY 2021-22 and the same was disposed off without any implications on the company, no complaints are pending against the Company as on March 31, 2022.

**Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
  - (a) Bio-Implants;
  - (b) Material for Critical Care Ventilator; and
  - (c) Armour Products
- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
  - (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
    - Overall, production yield has improved.
  - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
    - Installation of Dynamic Reactive Power Compensation [panels for reactive power consumption at 1500 T Forge press has helped save an amount of ₹11.93 Lakh/Month based on the operation of 1500 T press. There was a reduction on power consumption from 59500 KWH in December' 2021 before Dynamic Reactive Power Compensation panel Installation to 56600 KWH in January 2022 after Dynamic Reactive Power Compensation panel Installation
- Does the company have procedures in place for sustainable sourcing (including transportation)?
  - Yes.
    - (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.
      - MIDHANI has sourced all its inputs sustainably. The same were procured in line with the Purchase Policy duly approved by the Board of MIDHANI.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

- Yes.
- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
  - MIDHANI continues to encourage and develop MSE units by regularly sourcing various goods from them. The Percentage value of goods/ services procured from Micro Small Enterprises (MSE) units stands at 37% of total domestic value of procurement during FY 2021-22.

**5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.**

- Yes. The percentage of scrap usage in the products depends on the composition and Customer requirements. The percentage of recycling may vary from 0-100% depending on the customer requirement.

**Principle 3: Business should promote the wellbeing of all employees**

1. Please indicate the Total number of employees
  - 770+3 Directors
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis
  - 537 (Incl. Fixed Term Contract)
3. Please indicate the Number of permanent women employees.
  - 75
4. Please indicate the Number of permanent employees with disabilities.
  - 19
5. Do you have an employee association that is recognized by management?
  - Yes
6. What percentage of your permanent employees is members of this recognized employee association?
  - 90%

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on end of financial year.**

- Nil

**8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?**

- (a) Permanent Employees
  - 80%
- (b) Permanent Women Employees
  - 80%
- (c) Casual/Temporary/Contractual Employees
  - 90%
- (d) Employees with Disabilities
  - 80%

**Principle 4 :Business should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Has the company mapped its internal and external stakeholders?**

- Yes, the Company’s internal and external stakeholders can be categorized as employees, consumers, vendors, government authorities and shareholders.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

- Corporate Social Responsibility (CSR) policy of MIDHANI aims at providing benefits to the disadvantaged, vulnerable and marginalized community. The detailed CSR report forms part of this Annual Report. Further MIDHANI ensures that the reservation policy as advised by Govt. of India from time to time is implemented and follows all the Government regulations regarding reservations for SC / ST and Differently Aabled.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

- MIDHANI has set up a Primary Health Care Centre. The Health Care Center is constructed in Dr. B. R. Ground MIDHANI as an initiative under Corporate



Social Responsibility (CSR) for the medical care of poor families in and around MIDHANI. The Medical services will be provided in the center at very low tariff rates. Further, the projects undertaken by MIDHANI under its CSR activities are specially designed to cater needs of disadvantaged, vulnerable and marginalized stakeholders.

**Principle 5 :Business should respect and promote Human Rights**

**1. Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

- The Company has one Joint Venture Company (JVC) and that JVC is yet to commence business operations. The Human resource policies of the Company cover all aspects of human rights of its employees and others associated with it for operation of its business. No complaints have been received in the past financial year on human rights. The Company is committed to uphold and maintain the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints, also Whistle blower policy provides an opportunity to all stakeholders to raise instances of abuse of human rights as well. During the year under review, no such complaint was received.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

- No stakeholder complaints on Human Rights Violation were received during the year under review.

**Principle 6 :Business should respect, protect, and make effort to restore the environment**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

- Covers the Company as a whole. The Company has one Joint Ventures Company (JVC) i.e., Utkarsha Aluminium Dhatu Nigam Limited and that JVC is yet to commence business operations. We do not have a direct control over the external stakeholders. However, the endeavor is to do business with entities that echo our principles and policies.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

- MIDHANI has been certified with ISO 14001:2015 Environmental Management System (EMS), ISO 45001:2018 Occupational Health and Safety Management Systems (OHSMS).

**3. Does the company identify and assess potential environmental risks? Yes/No**

- Yes, the Company regularly reviews its environmental risks and undertakes initiatives to mitigate them

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?**

- The Company continuously seeks to improve its environment performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies as well renewable energy. The Company has a solar plant, although company has not registered any project for Clean Development Mechanism, so submission compliance report is not needed.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

- MIDHANI has implemented green initiatives and entered into open access agreement with TSSPDCL & TSTRANSCO to avail our 4 MW solar power plant generated energy. Further MIDHANI has also continued its efforts to maintain and promote ecological balance in and around factory premises by developing and maintaining extensive plantation.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

- Yes

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

- Nil

**Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

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

**Principle 8: Business should support inclusive growth and equitable development**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof
  - As stated in the above sections, MIDHANI's various CSR projects are in pursuit of the socio and economic development. Further, the MIDHANI's vendor development programs pave the way for achieving the inclusive growth and equitable development.
2. Are the Programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?
  - Majority of MIDHANI's programs are done in-house through public trust setup by MIDHANI and, in some cases, MIDHANI also collaborates with various NGOs, foundations, government agencies,

and other professional agencies for execution of the project on the ground. A detailed report on CSR forms part of this Annual Report at **Annexure III**.

3. Have you done any impact assessment of your initiative?
  - Not Applicable
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken
  - Please refer to the Annual Report on CSR Activities forming part of this Annual Report as **Annexure III**.
5. Have you taken steps to ensure that the community successfully adopts this community development initiative?
  - Yes.

**Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner**

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

## Annexure- VI

# Declaration of compliance with ‘Code of Conduct’ of the Company

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

I, Dr. Sanjay Kumar Jha, Chairman & Managing Director be hereby declare that:

- a) Mishra Dhatu Nigam Limited, has adopted a ‘Code of Business Conduct and Ethics’ as per the Guidelines on Corporate Governance for Public Sector Enterprises, 2010 issued by Department of Public Enterprises, and Regulation 17 of SEBI Listing Regulations;
- b) all the Board members and Senior Management Personnel of the Company have complied with the ‘Code of Business Conduct and Ethics for Board Members and Senior Management’, during the financial year 2021-22; and
- c) this declaration is based on and is in pursuance of the individual affirmations received in writing from the Board members and the Senior Management Personnel of the Company.

**For Mishra Dhatu Nigam Limited**

**Sd/-**

**Dr. Sanjay Kumar Jha**

**Chairman & Managing Director**

**DIN: 07533036**

**Place:** Hyderabad

**Date:** May 26, 2022

## Annexure- VII

# Certificate on Corporate Governance

To,  
The Members of  
Mishra Dhatu Nigam Limited  
Reg Off: P.O.Kanchanbagh, Hyderabad-500058, Telangana.

We have examined the relevant records relating to compliance of conditions of Corporate Governance by Mishra Dhatu Nigam Limited ("the Company"), for the year ended 31<sup>st</sup> March 2022, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the year ended 31<sup>st</sup> March, 2022.

We have also 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 year ended 31<sup>st</sup> March 2022. 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 procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Subject to below mentioned observation under Listing Regulations, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V to the Listing Regulations during the year ended 31<sup>st</sup> March 2022 and Company has also complied with Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, during the year ended on 31<sup>st</sup> March 2022.

## Observations:

- a) **Regulation 17(1)(a):** As on 31<sup>st</sup> March 2022, the Board of Directors of the Company does not have at least one Woman Director and the Composition of the Board of Directors does not comprise of atleast 50% of the Directors as Non-Executive Directors till 24<sup>th</sup> December, 2021.
- b) **Proviso to Regulation 17(1)(a):** The Company does not have at least one Independent Woman Director on their Board.
- c) **Regulation 17(1)(b):** The Company does not have at least half of the Board of Directors as their Independent Directors.
- d) **Regulation 17(1)(c):** The Company has 4 Directors as on 31<sup>st</sup> March 2022 instead of atleast 6 Director on the Board.
- e) **Regulation 17 (2A):** The quorum of Board Meeting held on 24<sup>th</sup> June 2021, 12<sup>th</sup> August 2021, 9<sup>th</sup> November 2021 were not in line with Regulation 17(2A).
- f) **Regulation 18(1)(a)&(b):** The Company does not have an Audit Committee as there are no Independent Directors on their Board.
- g) **Regulation 18(2)(a):** No Meetings of Audit Committee were held during the FY 2021-22.
- h) **Regulation 19(1)& 19(3A):** Nomination and Remuneration Committee (NRC) of Board of Directors was not constituted, due to vacancy of Independent Directors on the Board of MIDHANI and hence no Meeting of NRC was held during the FY 2021-22.
- i) **Regulation 20(1), (2)&(2A) and (3A):** Due to vacancy of Directors, the Stakeholders' Relationship Committee was not constituted and hence, no Meeting of SRC was held during the FY 2021-22.

- j) **Regulation 21(1):** There was no Risk Management Committee constituted till 7<sup>th</sup> January 2022.
- k) **Regulation 21(3A):** During the review period, the Risk Management Committee has met only once i.e. on 29<sup>th</sup> March, 2022 against the requirement of meeting two times in a year.
- l) **Regulation 25 (3) & (4):** Due to vacancy of Independent Directors on the Board of the Company, no separate Meeting of Independent Directors was held and there was no review of performance of the Non-Independent Directors, Chairperson and the Board of Directors as a whole.

\*It is informed that the Company being a Government Company under the Administrative Control of Ministry of Defence, the power to appoint Directors (including Independent Directors) and the terms and conditions of such appointments vests with the Government of India (GOI) and the Company is following up the matter regularly with the Administrative Ministry i.e., Ministry of Defence for filling up the vacancy of Independent Directors.

**For Puttaparthi Jagannatham & Co.  
Company Secretaries**

**Sd/-**

**CS Navajyoth Puttaparthi**

**Partner**

**FCS No: 9896; C P No: 16041**

**Peer Review Certificate No. 1158/2021**

**UDIN: F009896D000354999**

**Place: Hyderabad**

**Date: May 20, 2022**

**Annexure- VIII**

**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022.**

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

To,  
The Members,  
Mishra Dhatu Nigam Limited,  
(CIN: L14292TG1973GOI001660),  
P.O. Kancharbagh,  
Hyderabad – 500058.

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

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2022 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- (1) The Companies Act, 2013 (“the Act”) and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (4) Foreign Exchange Management Act, 1999 and the rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment

and External Commercial Borrowings. - **(Not applicable to the Company during the Audit Period)**

- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”);
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the Audit Period).
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the Audit Period).
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period).
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the Audit Period).
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period).
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the Audit Period).
  - i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;



- j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (6) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India;
- (7) Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises;
- (8) Framework for listing of Commercial Paper, issued by SEBI vide Circular SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated 22<sup>nd</sup> October, 2019, and Circulars/ guidelines issued thereunder;

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

- (1) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (2) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange (NSE) of India Limited;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

#### **Under Companies Act, 2013:**

1. The CSR Committee was not constituted till 07<sup>th</sup> January, 2022 as required under Section 135(1) of the Companies Act, 2013;
2. The Board of Directors of the Company do not comprise of at least one Woman Director as required under second proviso to sub-section (1) of Section 149 of Companies Act, 2013 as on 31<sup>st</sup> March, 2022;
3. The Company does not have at least 1/3<sup>rd</sup> of the Total Number of the Directors as Independent Directors as required under Section 149 of Companies Act, 2013 read with Rule 4 of Companies (Appointment and Qualifications of Directors) Rules, 2014;
4. There is no Audit Committee constituted as required under the provisions of Section 177 of Companies Act, 2013 as on 31<sup>st</sup> March, 2022 and accordingly all the functions and duties of Audit Committee required under various provisions of the act and the rules made thereunder were not undertaken;

5. There is no Nomination Remuneration Committee constituted as required under the provisions of Section 178(1) Companies Act, 2013, as on 31<sup>st</sup> March, 2022;
6. There is no Stakeholders Relationship Committee constituted as required under the provisions of Section 178(5) Companies Act, 2013, as on 31<sup>st</sup> March, 2022;
7. During the year under review, there was no separate Meeting of Independent Directors was held;

#### **Under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["LODR Regulations"]**

8. As on 31<sup>st</sup> March, 2022, the Board of Directors of the Listed Entity does not have at least one-Woman Director on their Board and the Composition of the Board of Directors does not comprise of at least 50% of the Directors as Non-Executive Directors till 24<sup>th</sup> December, 2021 as required under Regulation 17(1)(a) of the LODR Regulations;
9. During the review period, the Listed Entity being one of the top 500 Listed Entity does not have at least one Independent Woman Director on the Board as required under proviso to Regulation 17(1)(a) of the LODR Regulations;
10. Since, the Chairman of the Listed Entity is an Executive Director; the Listed Entity shall have at least half of the Board of Directors as Independent Directors. as required under Regulation 17(1)(b) of the LODR Regulations; However, as on 31<sup>st</sup> March, 2022 the Listed Entity have only one Independent Director on their Board;
11. The Company being a Top 1000 Listed Entity, the Board of Directors of the Company do not comprise of not less than 6 Directors (i.e., it has only 4 Directors on Board) as required under Regulation 17(1)(c) of the LODR Regulations;
12. There was no Independent Director on the Board of the Listed Entity till 24<sup>th</sup> December, 2021. Therefore, the quorum for the Board Meetings held on 24<sup>th</sup> June, 2021, 12<sup>th</sup> August, 2021, 09<sup>th</sup> November, 2021 was not as per Regulation 17 (2A) of the LODR Regulations;
13. There is no Audit Committee constituted as required under the Regulation 18(1) (a) & (b) of SEBI (LODR) Regulations and accordingly all the functions and duties of Audit Committee as required under LODR Regulations was undertaken by the Board instead of Audit Committee;

14. The Audit Committee of the Company has not met at least four times in a year as required under Regulation 18(2)(a) of the LODR Regulations;
  15. There is no Nomination and Remuneration Committee constituted as required under the Regulation 19(1)(a), (b) & (c) of the LODR Regulations;
  16. The Nomination and Remuneration Committee of the Company has not met at least once in a year as required under Regulation 19(3A) of LODR Regulations;
  17. There is no Stakeholders Relationship Committee constituted as required under the Regulation 20(2A) of the LODR Regulations;
  18. The Stakeholders Relationship Committee of the Company has not met at least once in a year as required under Regulation 20(3A) of the LODR Regulations;
  19. There was no Risk Management Committee Constituted till 7<sup>th</sup> January, 2022 by the Listed Entity as required under Regulation 21 of the LODR Regulations, 2015;
  20. During the year, the Risk Management Committee did not meet at least twice in year as required under the Regulation 21(3A) LODR Regulations;
  21. During the year under review, there was no separate Meeting of Independent Directors was held during the financial year and there was no review of performance of the Non-Independent Directors, Chairperson and the Board of Directors as Whole as required under Regulation 25(3) & (4) of the LODR Regulations;
- clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever necessary.
  - iv. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
  - v. We further report that subject to above observations, the Company has complied with the conditions of Corporate Governance as stipulated in the Act and Guidelines for Corporate Governance for CPSEs and other specific laws.
  - vi. The compliance by the Company of applicable financial laws like Direct and Indirect Tax Laws has not been reviewed in this Audit since the same have been subject to review by Statutory Financial Audit and other Designated Professionals.
- We further report that during the audit period, the company has the following specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., referred to above:
- i. Appointment of Mr. Valluri Chakrapani (DIN: 00867270) as Independent Director of the Company with effect from 24<sup>th</sup> December, 2021.

#### **We further report that:**

- i. The Board of Directors of the Company does not comprise of proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and

**For R & A Associates,  
Company Secretaries**

sd/-

**R. Ramakrishna Gupta**

**Senior Partner**

**FCS No: #5523**

**COP No.: #6696**

**Place: Hyderabad.**

**Date: May 25, 2022.**

**UDIN: F005523D000387773**

***This report is to be read with our letter of even date, which is annexed as "Annexure – A" and forms an integral part of this report.***

**“Annexure – A”**

To  
The Members,  
Mishra Dhatu Nigam Limited,  
(CIN: L14292TG1973GOI001660),  
P.O. Kanchanbagh,  
Hyderabad – 500058.

Our report of even date is to be read along with this letter:

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

For R&A Associates,  
Company Secretaries

sd/-

**R. Ramakrishna Gupta**

Senior Partner

FCS No: #5523

COP No.: #6696

UDIN: F005523D000387773

Place: Hyderabad.

Date: May 25, 2022.

# Management Reply to Secretarial Audit Report

Sl. No.	Observations of Secretarial Auditor	Management's Reply
1.	<p>The CSR Committee was not constituted till 07<sup>th</sup> January, 2022 as required under Section 135(1) of the Companies Act, 2013;</p>	<p>As on March 31, 2022, the Board of MIDHANI comprised of two Executive/functional Directors, one Govt. Nominee Director and one Independent Director. Shri Indraganty Venkateswara Sarma (DIN:02144740), Dr. Jyoti Mukhopadhyay (DIN:02224647) and Dr. Usha Ramachandra (Woman Independent Director) (DIN: 02831588) ceased to be Independent Directors of Company upon completion of their term on November 30, 2019 in accordance with Presidential Order issued vide MoD letter PC. No 11(57)/2017/MDN/D(NS) dated November 22, 2018.</p> <p>Further, Shri Surendra Sinh (DIN: 07960634) ceased to be Independent Director of the Company w.e.f. October 8, 2022 upon completion of his tenure in accordance with Presidential Order issued vide MoD letter No. 11(66)/2017/MDN/D(NS) dated September 8, 2017.</p> <p>Consequent to tenure end of Independent Directors, the Board of Directors in their meeting held on November 11, 2020 suspended Board level Committees till such time, Independent Directors are appointed by Administrative Ministry i.e. Ministry of Defence.</p> <p>Hence, during FY 2021-22, the Board Composition, Committee Composition, quorum requirements of Board Meetings etc. were not in compliance with relevant provisions of the Companies Act, 2013 &amp; SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.</p> <p>MIDHANI, being a CPSU and under the administrative control of Ministry of Defence (MoD), the authority for appointment of Directors vests with Government of India acting through MOD.</p> <p>Administrative Ministry vide letter No. 11(70)/2021/Misc./D(NS) dated December 24, 2021 appointed Shri Valluri Chakrapani (DIN: 00867270) as Independent Director of the Company w.e.f. December 24, 2021 for a period of three consecutive years subject to any further orders by MOD.</p> <p>In view of above, the Corporate Social Responsibility Committee &amp; Sustainability Committee (CSR &amp;SD) Committee &amp; Risk Management Committee of Board of Directors was re-constituted on January 7, 2022.</p> <p>Furthermore, Administrative Ministry vide letter No. 11(70)/2021/Misc./D(NS) dated March 25, 2022 appointed Prof. V.T. Rema as Woman Independent Director on the Board of MIDHANI for a term of three consecutive years. Her appointment was subject to effectuate from the date obtaining Director Identification Number, which was obtained by her on April 5, 2022.</p> <p>Hence, Prof. V. T. Rema (DIN:09561611) became an Independent Director on the Board of MIDHANI w.e.f. April 5, 2022 for a consecutive term of three years.</p> <p>Consequent to appointment of Shri Valluri Chakrapani &amp; Prof. V.T. Rema the Board of MIDHANI re-constituted below mentioned Committees</p> <ol style="list-style-type: none"> <li>a) CSR &amp; SD Committee (January 7, 2022);</li> <li>b) Risk Management Committee (January 7, 2022)</li> <li>c) Audit Committee ( April 5, 2022); and</li> <li>d) Stakeholders' Relationship Committee ( April 5, 2022)</li> </ol>

Sl. No.	Observations of Secretarial Auditor	Management's Reply
		<p>Further as on signing of the Management's Reply, the Company has vacancy of One Functional/ Executive Director and Two Independent Director as per sanctioned Board strength.</p> <p>Company on regular intervals, apprise its Administrative Ministry w.r.t. non-compliances under Companies Act, 2013 &amp; SEBI (Listing Obligations and Disclosure Requirements), 2015 as amended.</p>
2.	The Board of Directors of the Company do not comprise of at least one Woman Director as required under second proviso to sub-section (1) of Section 149 of Companies Act, 2013 as on 31 <sup>st</sup> March, 2022;	Administrative Ministry vide letter No. 11(70)/2021/Misc./D(NS) dated March 25, 2022 appointed Prof. V.T. Rema as Woman Independent Director on the Board of MIDHANI for a term of three consecutive years. Her appointed was subject to effectuate from the date of obtaining Director Identification Number, which was obtained by her on April 5, 2022.
3.	The Company does not have at least 1/3 <sup>rd</sup> of the Total Number of the Directors as Independent Directors as required under Section 149 of Companies Act, 2013 read with Rule 4 of Companies (Appointment and Qualifications of Directors) Rules, 2014;	Refer reply at S.No.1
4.	There is no Audit Committee constituted as required under the provisions of Section 177 of Companies Act, 2013 as on 31 <sup>st</sup> March, 2022 and accordingly all the functions and duties of Audit Committee required under various provisions of the act and the rules made thereunder were not undertaken.	Refer reply at S.No.1 Also, upon appointment of Shri Valluri Chakrapani & Prof. V.T. Rema as Independent Directors of the Company, The Audit Committee was re-constituted w.e.f. April 5, 2022.
5.	There is no Nomination Remuneration Committee constituted as required under the provisions of Section 178(1) Companies Act, 2013, as on 31 <sup>st</sup> March, 2022;	Refer reply at S.No.1
6.	There is no Stakeholders Relationship Committee constituted as required under the provisions of Section 178(5) Companies Act, 2013, as on 31 <sup>st</sup> March, 2022;	Refer reply at S.No.1 Also, upon appointment of Shri Valluri Chakrapani & Prof. V.T. Rema as Independent Directors of the Company, The Stakeholders' Relationship Committee was re-constituted w.e.f. April 5, 2022.
7.	During the year under review, there was no separate Meeting of Independent Directors was held.	Refer reply at S.No.1

Sl. No.	Observations of Secretarial Auditor	Management's Reply
8.	As on 31 <sup>st</sup> March, 2022, the Board of Directors of the Listed Entity does not have at least one-Woman Director on their Board and the Composition of the Board of Directors does not comprise of at least 50% of the Directors as Non-Executive Directors till 24 <sup>th</sup> December, 2021 as required under Regulation 17(1)(a) of the LODR Regulations;	Refer reply at S.No.1 & S.No. 2
9.	During the review period, the Listed Entity being one of the top 500 Listed Entity does not have at least one Independent Woman Director on the Board as required under proviso to Regulation 17(1)(a) of the LODR Regulations;	Refer reply at S.No.2
10.	Since, the Chairman of the Listed Entity is an Executive Director; the Listed Entity shall have at least half of the Board of Directors as Independent Directors. as required under Regulation 17(1)(b) of the LODR Regulations; However, as on 31 <sup>st</sup> March, 2022 the Listed Entity have only one Independent Director on their Board;	Refer reply at S.No.1
11.	The Company being a Top 1000 Listed Entity, the Board of Directors of the Company do not comprise of not less than 6 Directors (i.e., it has only 4 Directors on Board) as required under Regulation 17(1)(c) of the LODR Regulations;	Refer reply at S.No.1.
12.	There was no Independent Director on the Board of the Listed Entity till 24 <sup>th</sup> December, 2021. Therefore, the quorum for the Board Meetings held on 24 <sup>th</sup> June, 2021, 12 <sup>th</sup> August, 2021, 09 <sup>th</sup> November, 2021 was not as per Regulation 17 (2A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Refer reply at S.No.1



Sl. No.	Observations of Secretarial Auditor	Management's Reply
13.	There is no Audit Committee constituted as required under the Regulation 18(1) (a) & (b) of SEBI (LODR) Regulations and accordingly all the functions and duties of Audit Committee as required under SEBI (LODR) Regulations, 2015 was undertaken by the Board instead of Audit Committee;	Refer reply at S.No.1. Also, upon appointment of Shri Valluri Chakrapani & Prof. V. T. Rema as Independent Directors of the Company, The Audit Committee was re-constituted w.e.f. April 5, 2022.
14.	The Audit Committee of the Company has not met atleast four times in a year as required under Regulation 18(2)(a) of the SEBI (LODR) Regulations, 2015;	Refer reply at S.No.1.
15.	There is no Nomination and Remuneration Committee constituted as required under the Regulation 19(1)(a), (b)& (c) of the SEBI (LODR) Regulations, 2015;	Refer reply at S.No.1.
16.	The Nomination and Remuneration Committee of the Company has not met at least once in a year as required under Regulation 19(3A) of the SEBI (LODR) Regulations, 2015;	Refer reply at S.No.1.
17.	There is no Stakeholders Relationship Committee constituted as required under the Regulation 20(2A) of the SEBI (LODR) Regulations, 2015;	Refer reply at S.No.1. Also, upon appointment of Shri Valluri Chakrapani & Prof. V. T. Rema as Independent Directors of the Company, The Stakeholders' Relationship Committee was re-constituted w.e.f. April 5, 2022.
18.	The Stakeholders Relationship Committee of the Company has not met at least once in a year as required under Regulation 20(3A) of the SEBI (LODR) Regulations, 2015;	Refer reply at S.No.1.
19.	There was no Risk Management Committee Constituted as required under Regulation 21 of the SEBI (LODR) Regulations, 2015 till 7 <sup>th</sup> January,2022 by the Listed Entity;	Refer reply at S.No.1.
20.	During the year, the Risk Management Committee did not meet at least two twice in year as required under the Regulation 21(3A) SEBI (LODR) Regulations, 2015;	Upon appointment of Shri Valluri Chakrpani as Independent Director, the Risk Management Committee (RMC) was re-constituted w.e.f. January 7, 2022 and a Meeting of RMC was held on March 29, 2022.

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<b>Sl. No.</b>	<b>Observations of Secretarial Auditor</b>	<b>Management's Reply</b>
<b>21.</b>	During the year under review, there was no separate Meeting of Independent Directors was held during the financial year and there was no review of performance of the Non-Independent Directors, Chairperson and the Board of Directors as Whole as required under Regulation 25(3) & (4) of the SEBI (LODR) Regulations, 2015;	Refer reply at S.No.1.

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For **Mishra Dhatu Nigam Limited**

Sd/-

(**Dr. Sanjay Kumar Jha**)

**Chairman & Managing Director**

**DIN: 07533036**

**Date:** May 26, 2022

**Place:** Hyderabad

## Annexure- IX

## CEO and CFO Compliance Certificate

We, Dr. Sanjay Kumar Jha, Chairman & Managing Director and Shri. Gowri Sankara Rao Naramsetti, Director (Finance) & Chief Financial Officer certify that:

- a) We have reviewed the Financial Statements for the year ended 31<sup>st</sup> March, 2022 and to the best of our knowledge and belief :
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2022 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal financial controls over financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Board and steps have been taken to rectify these deficiencies.
- d) We have indicated to the Auditors and the Board that:
  - i) there has not been any significant change in internal control over financial reporting during the period under reference;
  - ii) the changes in Accounting Policies during the period and its impact on financial statements; and
  - iii) we are not aware of any instance during the period of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal financial control system over financial reporting.

Sd/-

**Dr. Sanjay Kumar Jha**

Chairman & Managing Director

DIN:07533036

Sd/-

**Gowri Sankara Rao Naramsetti**

Director (Finance) & CFO

DIN:08925899

**Place:** Hyderabad

**Date:** May 26, 2022

## Annexure- X

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To,  
The Members of  
**Mishra Dhatu Nigam Limited**  
Reg Off: P.O.Kanchanbagh, Hyderabad-500058, Telangana.

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

In our opinion and to the best of our information and according to the verifications of the Company Records, (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

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

For **Puttaparthi Jagannatham & Co.**

Sd/-

**CS Navajyoth Puttaparthi**

Partner

FCS No: 9896; C P No: 16041

Peer Review Certificate No. 1158/2021

UDIN: F009896D000354933

Place: Hyderabad

Date: May 20, 2022

# Independent Auditor's Report

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

## Report on the Audit of the Standalone Financial Statements

*We have issued an Independent Audit Report dated 26.05.2022 on the Ind AS Standalone Financial Statements as adopted by Board of Directors on even date. Pursuant to the observations of Comptroller and Auditor General of India, we are issuing this Revised Report by including additional disclosure under 'Emphasis of Matter' para. This report supersedes our earlier report issued on 26.05.2022.*

### Opinion

We have audited the accompanying standalone financial statements of **Mishra Dhatu Nigam Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and total

comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that we have identified in the current year are as follows:

#### Key Audit matter

##### Revenue Recognition

Refer Accounting Policy Note No.2.3 and Note No. 28 to the standalone financial statements.

Revenue Recognition was identified as a key audit matter as the Company as well as its external stakeholders focus on Revenue as a key performance indicator. This could create an

#### How the matter was addressed in our audit

Following audit procedures were applied, considering the significance of the matter, amongst others to obtain sufficient appropriate audit evidence:

1. Assessed the appropriateness of the revenue recognition accounting policies whether they are in line with applicable accounting standards.

**Key Audit matter**

incentive for revenue to be overstated or recognised before control has been transferred.

The standard on Revenue establishes a comprehensive framework for determining when, how much & whether, revenue could be recognized. Accordingly, this involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognition.

**How the matter was addressed in our audit**

2. Evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions.
3. Performed substantive testing by sample selection of revenue transactions recorded during the year by testing the underlying documents.
4. Carried out analytical procedures on revenue recognised during the year to identify unusual variances, if any.
5. Tested on sampling basis, whether revenue transactions near to the reporting data have been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes and the terms of sales.
6. Checked the underlying documentation to verify that the control and ownership has been transferred to the customer.

**Emphasis of Matter**

We draw attention to the following matters in the Notes to the Standalone Financial Statements:

- a) Note No. 9 (Other Non-Current Assets), Note No.11 (Current Financial Assets - Trade Receivables), Note No. 14 (Current Financial Assets - Others), Note No. 15 (Other Current Assets), Note No. 22 (Other Non-current Liabilities), Note No. 24 (Current Financial Liabilities - Trade Payables), Note No. 25 (Current Financial Liabilities - Others) and Note No. 26 (Other Current Liabilities) to the standalone Financial Statements are subject to receipt of confirmation of balances/reconciliation.
- b) We draw attention to Note No. 46 of the Standalone financial statements in which the Company describes the impact arising from the COVID-19 Pandemic.
- c) We draw attention to Note No.30 'Cost of Raw Material consumed' which includes scrap generated as a part of manufacturing process, majority of which will again be reused as Raw Material in the production process. At present there is no Ind AS or Guidance note on disclosures regarding changes in scrap and going by the significant value being re-used, Company is accounting for them as Raw Material consumption. Company had referred the matter regarding appropriate disclosure to the Expert Advisory Committee of Institute of Chartered Accountants of India and the response of the Expert Committee is awaited.

Our opinion on the Standalone Financial Statements is not modified in respect of the above matters.

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information contained in Directors' Report including Annual Report on CSR Activities, Management Discussion & Analysis Report, Business Responsibility Report, Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo, Report on Corporate Governance annexed thereto, Shareholder Information and other information contained in Annual Report, but does not include the standalone financial statements and our report thereon. These reports are expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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



When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Management's Responsibilities for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone financial statements by the Directors of the Company, as aforesaid.

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities of the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the standalone financial statements of such entity included in.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of the Company, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the

**Annexure "A"**, a Statement on the Matters specified in the Paragraph 3 and 4 of the Order, to the extent applicable.

- 2) As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid standalone financial statements have been kept by the Company so far as it appears from our examination of those books.
  - c) The standalone Balance Sheet, the standalone Statement of Profit and Loss including Other Comprehensive Income, standalone Statement of Changes in Equity and the standalone Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the standalone financial statements.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) As per Section 164(2) of the Act regarding disqualification of directors is not applicable to the Company by virtue of Notification No. G.S.R. No.463 (E) dated 05.06.2015, Government companies are exempt from the applicability of the provisions of section 164(2) of the Act. Hence no comments offered.
  - f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "C"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) As required by Section 143(5) of the Act, we give in **Annexure "D"**, a statement on the matters contained in directions issued by the Comptroller & Auditor General of India, the action taken thereon and its impact on the accounts and standalone financial statements of the company in terms of aforesaid section.

- h) i. The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other person or entities identified in any manner whatsoever by the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- ii. The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties) with the understanding, whether writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries" or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- iii. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) or Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,
- as amended, in our opinion and to the best of our information and according to the explanations given to us :
- i. The Company have pending litigations, the liabilities in respect of which is either provided for or disclosed as contingent liabilities - Refer Note 41 of the Notes on accounts to the standalone financial statements. The company has disclosed the impact of these pending litigations on the standalone financial position of the Company is subject to their judicial outcome;
- 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 Investors Education and Protection Fund by the Company.
- j) The dividend declared or paid during the year by the company is in compliance with section 123 of the Act
- k) In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Sec 197 of the Act.
- Date : 24.06.2022**  
**Place : Hyderabad**
- For Sarath & Associates**  
**Chartered Accountants**  
**Firm Regn. 05120S**
- Sd/-**  
**CA S Srinivas**  
**Partner**  
**M.No. 202471**  
**UDIN : 22202471ALOPUV5983**

## Annexure - “A”

### ANNEXURE TO THE INDEPENDENT AUDITOR’S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022 OF MISHRA DHATU NIGAM LIMITED

**(Referred to in paragraph 1 under “Report on Other Legal and Regulatory Requirements” of our report to Members of Mishra Dhatu Nigam Limited of even date)**

- i. In respect of the Company’s Plant, Property & Equipment:
- (a) A. The company has maintained proper records showing full particulars, including quantitative details and situation of Plant, Property & Equipment.
- B. The Company is maintaining proper records showing full particulars of intangible assets.
- (b) The Company has a program of verification to cover all the items of Plant, Property & Equipment, which is, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, all the Plant, Property & Equipment have been physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the conveyance deeds provided to us, we report that, the title deeds of immovable properties comprising of land which are mentioned here under are not held in the name of the Company as at the Balance sheet date.

SI No.	Particulars	Land details
1.	Description of Property	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.	Gross Carrying Value	₹ 128.80 Lakhs
3.	Held in the name of	DMRL, Ministry of Defence. However, in some land award proceedings, Midhani’s name is mentioned as Super Alloy Plant of DMRL
4.	Whether Promoter, Director or their relative or employee	NO
5.	Period Held. Indicate Range where appropriate	Since 1975/1977/1985/1986
6.	Reason for not being held in the name of the Company	Conveyance Deed for 275 Acres and 35 Guntas of land acquired which are through various Allotment/Award Letters/GO’s are yet to be executed in the name of the Company. Most of them are allotted/granted by the undivided Govt. of AP earlier. In the said Grant proceedings, Midhani is mentioned as Super Alloy Plant of DMRL (Defence Organization). Further, out of this 1.5 Acres land is under dispute on account of unauthorized occupancy by third party.

- (d) As per the information and explanations given to us, the Company had not carried any revaluation in respect of its Assets. Accordingly, the provisions of clause (d) of para 3 (i) are not applicable for the year under review
- (e) There are no proceedings which were either initiated or pending against the Company for holding any benami properties under the Benami Transactions (Prohibition) Act 1988
- ii. (a) The management has conducted the physical verification of inventories at reasonable intervals. In our opinion, the coverage & procedure of such verification is appropriate. The discrepancies noticed on physical verification of the inventory as compared to book records are not more than 10% and those have been properly dealt in the books of account.

- (b) The Company had been sanctioned Working Capital Loan during the year under review on the basis of security of current assets. In respect of this Working Loan, the quarterly returns/ statements submitted by the Company to the Bank are in agreement with the books of accounts of the Company
- iii. The Company has not made any investments in, or provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties during the period under review. Accordingly, the provisions of Clause 3(iii)(a) to Clause 3 (iii)(f) of the said Order are not applicable for the Company during the year under review
- 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 Act are not applicable to the Company vide Notification GSR No.463 (E) F.No.1/2/2014-CL.V dated 5<sup>th</sup> June 2015.
- v. According to the information and explanations given to us and based on our examination of records, the Company has not accepted any deposits during the year and does not have any unclaimed deposits as at 31<sup>st</sup> March, 2022 and therefore, the provisions of the clause 3(v) are not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company as prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate and complete.
- vii. According to the information and explanations given to us and on the basis of examination of the records of the Company in respect of Statutory dues:
- a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Entry Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March 2022 for a period of more than six months from the date they became payable.
- c) Details of disputed Statutory Dues of Sales Tax, Value Added Tax, Customs Duty, Excise Duty, Entry Tax, Service Tax, Cess (as applicable) as at 31<sup>st</sup> March 2022, on account of disputes pending before appropriate authorities as given in **Annexure – "B"**.
- viii. There are no transactions not recorded in the books which have been surrendered or disclosed as Income during the year in the Tax Assessments under Income Tax Act
- ix. (a) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company has not defaulted in repayment of dues to any financial institution or bank or government during the year. The Company has not issued any debentures.
- (b) Company had not been declared a Wilful Defaulter by any Bank
- (c) Company had availed Term Loans during the year, which was utilized for the purpose for which those were raised by the Company
- (d) There are no instances of any short term funds raised which were used for Long Term purpose
- (e) There are no funds which are raised by the Company to meet the obligations of any other entities
- (f) Company had not raised any loans on the pledge of any securities held
- x. According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. However, the Company has taken (unsecured) short term loan from Bank for meeting its working capital requirements and there are no overdues in the account towards interest and no principle is due for repayment during the year.
- The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xi. a) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the

- year. Accordingly, there are no instances of filing of Form ADT-4 as prescribed during the year under review.
- b) As per the information and explanations given to us, there are no instances of any Whistle Blower complaints received during the year.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and on the basis of examination of the records of the Company, all transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the Standalone Financial Statements etc., as required by the applicable accounting standards.
- xiv. a) The Company has an internal audit system commensurate with the size and nature of its business.
- b) We have considered the reports of the Internal Auditor while framing our report.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with its Directors or persons connected to its directors and hence reporting under clause 3(xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Further, the Company did not conduct any Non Banking Financial or House Finance Activities. The Company is not a Core Investment Company as defined in the regulations made by the Reserve Bank of India. Hence reporting under clause 3(xvi) of the Order is not applicable.
- xvii. The Company had not incurred any Cash losses during the year or in the immediate preceding financial year
- xviii. During the year under review, there has been no instance of any resignation of the Statutory Auditors. Hence the provisions of para (xviii) of the said Order are not applicable
- xix. Based on the information & explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx. There are no unspent amounts required to be transferred to Fund specified in Schedule VII of the Companies Act, whether for ongoing or other than ongoing projects. Accordingly, the provisions of para (xx) of the said Order are not applicable
- xxi. There are no qualifications or adverse remarks by the Auditors of the Joint Controlled Entity, whose share of profit/loss is included in the consolidated financial statements of the Company

**For Sarath & Associates**  
**Chartered Accountants**  
**Firm Regn. 05120S**

**Sd/-**  
**CA S Srinivas**  
**Partner**

**Date : 24.06.2022**

**Place : Hyderabad**

**M.No. 202471**  
**UDIN : 22202471ALOPUV5983**



## Annexure - “B”

### ANNEXURE TO THE INDEPENDENT AUDITOR’S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022 OF MISHRA DHATU NIGAM LIMITED

(Referred to in paragraph vii(c) of Annexure A, a statement on the matters specified in the Companies (Auditor’s Report) Order, 2020 (as amended) of the Company for the year ended on 31<sup>st</sup> March, 2022)

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

(₹ in Lakhs)

Name of the Statute	Nature of Dues	Disputed Amount	Paid under Protest	Balance	Period to which the amount relates	Forum where dispute is pending
CST Act, 1956	CST	165.66	82.83	82.83	2010-11	VAT Tribunal
VAT Act, 2005	VAT	3.80	0.95	2.85	2010-11	Appellate Deputy Commissioner
CST Act, 1956	CST	2.32	2.07	0.25	2011-12	Appellate Deputy Commissioner
VAT Act, 2005	VAT	64.21	22.32	41.89	02/2014 to 06/2017	Appellate Deputy Commissioner
AP Entry Tax Act, 2001	Entry Tax	21.03	10.51	10.52	2013-14 & 2014-15	Appellate Deputy Commissioner
Customs Act, 1962	Customs Duty & Penalty	106.20	-	106.20	2011-12	CESTAT
Central Excise Tariff Act, 1985	Excise Duty & Penalty	225.97	-	225.97	2006-07 to 2008-09	Comm. of Customs, Central Excise & Service Tax
Central Excise Tariff Act, 1985	Duty on account of non-reversal of ITC for material sent on job work	46.46	4.12	42.34	2012-13 & 2013-14	Comm. of Customs, Central Excise & Service Tax
Finance Act, 1994	Service Tax on LD received from Vendors	154.20	7.71	146.49	07/2012 to 03/2016	CESTAT
Finance Act, 1994	Service Tax on LD received from Vendors	33.21	3.32	29.89	2016-17	Comm. Of Customs, Central Excise & Service Tax
Customs Act, 1962	Customs Duty & Penalty	540.89	20.28	520.61	2009-12	CESTAT
	<b>Total</b>	<b>1363.95</b>	<b>154.11</b>	<b>1209.84</b>		

## Annexure - “C”

### ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022 OF MISHRA DHATU NIGAM LIMITED

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

#### Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to Financial Statements of the Company, as of 31<sup>st</sup> March 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

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

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by ICAI and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Financial Statements.

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

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

#### Meaning of Internal Financial Controls with reference to Financial Statements

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

A company's internal financial control with reference to Financial Statements includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

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

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Financial Statements, 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 with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion:**

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as on 31<sup>st</sup> March, 2022, 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 Sarath & Associates**  
**Chartered Accountants**  
**Firm Regn. 05120S**

**Sd/-**  
**CA S Srinivas**  
**Partner**

**Date : 24.06.2022**

**Place : Hyderabad**

**M.No. 202471**  
**UDIN : 22202471ALOPUV5983**

## Annexure - “D”

### **ANNEXURE TO THE INDEPENDENT AUDITOR’S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022 OF MISHRA DHATU NIGAM LIMITED**

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

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

<b>Sl No.</b>	<b>Directions u/s. 143(5) of the Companies Act, 2013</b>	<b>Auditor’s Reply on action taken on the directions</b>	<b>Impact</b>
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	Company is using Oracle ERP software to record all business and financial transactions including Purchase Accounting, Sales Accounting, Inventory transactions, Production transactions, Accounts Payable, Accounts Receivable, Fixed Assets, Payroll, Oracle Process Manufacturing and General Ledger and all the modules are integrated with one another. The software itself has built in checks and validations between inter related modules. Accordingly, the data accuracy and integrity is maintained. All payment approvals are processed using the approval hierarchy defined in Oracle Module. All the accounting transactions are processed and the Trial Balance is generated from Oracle based ERP System. In view of the above, we confirm that no financial transactions are carried out outside IT systems and hence there is no financial implication on the integrity of the accounts during the Financial Year 2021-22.	NIL
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write-off of debts/loans/ interest etc. made by a lender to the company due to the company’s inability to repay the loan? If yes, the financial impact may be stated	According to the information and explanation furnished to us and based on our examination of books, there is no restructuring of an existing loan or cases of waiver / write-off of debts / loans/ interest etc made by a lender to the company during the financial year 2021-22	NIL
3.	Whether funds received / receivable for specific schemes from central/state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation	Based on the examination of the books and records of the company, during the Financial Year 2021-22, no funds were received by the Company for any specific schemes.	NIL

**For Sarath & Associates  
Chartered Accountants  
Firm Regn. 051205**

Sd/-  
**CA S Srinivas  
Partner**

**M.No. 202471**

**UDIN : 22202471ALOPUV5983**

**Date : 24.06.2022**

**Place : Hyderabad**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MISHRA DHATU NIGAM LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of financial statements of **Mishra Dhatu Nigam Limited, Hyderabad** for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their revised Audit Report dated 24 June 2022 which supersedes their earlier Audit Report dated 26 May 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Mishra Dhatu Nigam Limited, Hyderabad** for the year ended 31 March 2022 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

**A. Comments on Profitability:**

- 1. Statement of Profit and Loss Account**  
**Revenue from Operations – Rs. 859.49 crore**  
**Sale of Manufacturing Products (Note 28) – Rs. 742.54 crore**

As per accounting policy (2.3) of the Company, Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, liquidated damages, performance bonuses and incentives, if any, as specified in the Contract with customer. An amount of Rs. 6.67 crore pertaining to the provision for liquidated damages due to delay in supplies of materials by MIDHANI in two Sale Orders (SO Nos 360320119 and 360320219) in a contract (HSDO 2019 0000540101 dated 13.06.2019) to supply G-type rings to Human Space Flight Centre, Bengaluru was however, not adjusted from the revenue. The products were not delivered on scheduled time, despite extension of delivery dates five times.

MIDHANI, however, booked the total revenue in these two Sales Orders instead of deducting an amount of Rs. 6.67 crore for provision of liquidated damage from the total value of these sales orders. This is not in line with Ind AS 37 (Paragraph 14) - *Provisions, Contingent Liabilities and Contingent Assets*, which states that -

*A provision shall be recognized when:*

- a) An entity has a present obligation (legal or constructive) as a result of a past event;*
- b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and*
- c) A reliable estimate can be made of the amount of the obligation.*

This has resulted in overstatement of Revenue of the Company by Rs. 6.67 crore with consequent overstatement of Profit to the same extent.

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

  
25/07/2022

**Principal Director of Commercial Audit**

**Place: Bengaluru  
Date: 25<sup>th</sup> July 2022**



## C&AG Comments and MIDHANI's Reply

### C&AG Comments u/s 143(6)(B) of Companies Act, 2013

#### A. Comments on Profitability:

##### 1. Statement of profit and Loss Account

##### Revenue from Operations – ₹ 859.49 crore

##### Sale of Manufacturing Products (Note 28) – 742.54 crore

As per accounting policy (2.3) of the Company, Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, liquidated damages, performance bonuses and incentives, if any, as specified in the Contract with customer. An amount of ₹ 6.67 crore pertaining to the provision for liquidated damages due to delay in supplies of materials by MIDHANI in two Sale Orders (SO Nos 360320119 and 360320219) in a contract (HSDO 2019 0000540101 dated 13.06.2019) to supply G-type rings to Human Space Flight Centre, Bengaluru was however, not adjusted from the revenue. The products were not delivered on scheduled time, despite extension of delivery dates five times.

MIDHANI, however, booked the total revenue in these two Sale Orders instead of deducting an amount of ₹ 6.67 crore for provision of liquidated damage from the total value of these sale orders. This is not in the line with Ind AS 37 (Paragraph 14) - Provisions, Contingent Liabilities and Contingent Assets, which states that –

A provision shall be recognised when:

- An entity has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

This has resulted in overstatement of Revenue of the Company by ₹ 6.67 crore with consequent overstatement of Profit to the same extent.

### MIDHANI's Reply

MIDHANI had entered into the contract (HSDO 2019 0000540101 dated 13.06.2019) with HSFC to supply G type rings worth ₹ 197.07 crore within 18 months of the contract date in 5 lots. As per Liquidated Damage (LD) clause in the contract, if delivery made beyond scheduled delivery time, LD at the rate of 0.50% per week of the basic cost of the delayed delivery is liveable subject to maximum of 10%.

However, due to COVID-19 pandemic and related disruption/restrictions, there was a severe interruption of manufacturing activities and logistics which lead to delayed supply. After considering the situation, customer accepted the request of MIDHANI to extend the scheduled delivery date without levying any LD upto September 2021.

After September 2021 also, there was disruption in production at customer identified Job Worker Place because of COVID-19, Omicron and unexpected breakdown maintenance work. These incidences were beyond control of MIDHANI and resulted into further delay in supplies.

Therefore, M/s VSSC and M/s HSFC was requested to waive off the LD in this regard. M/s VSSC issued a letter of assurance dated 30.03.2022 mentioning that VSSC is reviewing the request of MIDHANI for waiving of LD due to situation arisen due to COVID in following contract(s).

- VSSC Contract No. 6022 2018E108580101 Dated 11.01.19
- VSSC Contract no. 6022 2018E113740101 dated 28.02.19
- HSFC Contract no. HSDO20190000540101 dated 13.06.2019
- HSFC PO No. HSDO 2019 000354 0101LO dated 20.12.2019

In HSFC PO No. HSDO 2019 000354 0101LO dated 20.12.2019 also, HSFC vide purchase order amendment dated 03.01.2022 extended the delivery date and refunded ₹ 2,11,62,891 on 10.01.2022 which was earlier deducted by them on account of LD.

Considering the long-term association with MIDHANI and taking into account the global pandemic situation, customer had already extended support by way of refund of LD which was levied earlier and assurance was also given to review in the present instance.

Taking the above into cognizance LD provision was not made in accounts by MIDHANI and accordingly there is no overstatement of Trade Receivables and Profit for the period under consideration.

In view of the above facts there is no overstatement of Revenue and Profit.

# Standalone Balance Sheet

 as at 31<sup>st</sup> March 2022

Particulars	Note No.	(₹ in Lakhs)	
		As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>ASSETS:</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	93,748.33	42,785.85
Capital work-in-progress	5	13,186.56	54,874.46
Intangible assets	4	100.42	105.72
<b>Financial Assets</b>			
(i) Investments	6	2,210.11	2,210.11
(ii) Loans	7	1.59	35.60
Non current tax assets (Net)	8	555.93	553.82
Other non-current assets	9	434.03	396.93
<b>Total Non-Current Assets</b>		<b>1,10,236.97</b>	<b>1,00,962.49</b>
<b>Current assets:</b>			
Inventories	10	1,09,149.16	80,083.79
<b>Financial Assets</b>			
(i) Trade receivables	11	30,630.83	38,613.55
(ii) Cash and cash equivalents	12	6,247.72	9,387.01
(iii) Bank balances [other than (ii) above]	13	10.43	7.66
(iv) Others	14	1,171.02	855.22
Other current assets	15	20,620.01	16,161.97
<b>Total Current Assets</b>		<b>1,67,829.17</b>	<b>1,45,109.20</b>
<b>Total Assets</b>		<b>2,78,066.14</b>	<b>2,46,071.69</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	16	18,734.00	18,734.00
Other Equity	17	1,00,337.94	88,529.11
<b>Total Equity</b>		<b>1,19,071.94</b>	<b>1,07,263.11</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	18	2,775.88	-
(ia) Lease Liabilities	18-A	-	-
(ii) Others	19	8,093.72	39,461.20
Provisions	20	162.81	136.67
Deferred tax liabilities (net)	21	3,517.17	3,377.37
Other non-current liabilities	22	64,264.72	31,572.08
<b>Total Non-current liabilities</b>		<b>78,814.30</b>	<b>74,547.32</b>
<b>Current Liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	23	23,981.88	16,043.55
(ia) Lease Liabilities	23-A	-	-
(ii) Trade payables	24	-	-
(A) Micro enterprises and Small Enterprises		379.03	546.48
(B) Other than Micro enterprises and Small enterprises		17,209.13	8,010.23
(iii) Others	25	10,947.17	7,398.01
Other current liabilities	26	24,400.15	27,822.94
Provisions	27	3,262.54	4,440.05
<b>Total Current Liabilities</b>		<b>80,179.90</b>	<b>64,261.26</b>
<b>Total Equity and Liabilities</b>		<b>2,78,066.14</b>	<b>2,46,071.69</b>

The accompanying notes 1 to 48 form an integral part of the financial statements.

As per our report of even date

for **SARATH & ASSOCIATES**  
Chartered Accountants  
Firm's registration no. 005120 S

Sd/-  
**Shri S. Srinivas**  
Partner  
Membership No. 202471

Place: Hyderabad  
Date: 26.05.2022

for and on behalf of the Board of Directors

Sd/-  
**Dr. Sanjay Kumar Jha**  
Chairman & Managing Director  
DIN: 07533036

Sd/-  
**Shri. Gowri Sankara Rao Naramsetti**  
Director (Finance)  
DIN: 08925899

Sd/-  
**Shri Paul Antony**  
Company Secretary  
Membership No. A29037

# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2022

(₹ in Lakhs)

Particulars	Note No.	For the Year ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
<b>Income</b>			
Revenue From Operations	28	85,949.02	81,323.08
Other Income	29	3,130.62	1,983.12
<b>Total Income</b>		<b>89,079.64</b>	<b>83,306.20</b>
<b>Expenses</b>			
Cost of material consumed	30	32,004.48	17,007.05
Change in inventories of finished goods, work-in-progress and stock-in-trade	31	(12,923.73)	4,158.86
Employee benefits expense	32	12,254.30	12,101.04
Finance Costs	33	2,149.97	1,199.53
Depreciation and amortization expense	3, 4	3,299.53	2,699.53
Other expenses	34	28,383.11	23,530.80
<b>Total Expenses</b>		<b>65,167.66</b>	<b>60,696.81</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>23,911.98</b>	<b>22,609.39</b>
Exceptional Items - Income / (Expense)		-	-
<b>Profit / (Loss) before tax</b>		<b>23,911.98</b>	<b>22,609.39</b>
<b>Tax expense</b>			
Current Tax	35	6,141.41	5,748.40
Earlier Year Tax		-	(22.13)
MAT Credit Entitlement			
Deferred Tax		139.80	253.97
<b>Profit / (Loss) for the period</b>		<b>17,630.77</b>	<b>16,629.15</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss		81.01	(45.55)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(20.39)	11.46
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		60.62	(34.09)
<b>Total Comprehensive Income for the period</b>		<b>17,691.39</b>	<b>16,595.06</b>
(Comprising Profit / (Loss) and Other Comprehensive Income for the period)			
<b>Earning per equity share (Amount in ₹)</b>			
Basic (₹)		9.41	8.88
Diluted (₹)		9.41	8.88
Weighted average number of shares (Nos.) (Basic & Diluted)		18,73,40,000	18,73,40,000

The accompanying notes 1 to 48 form an integral part of the financial statements.

As per our report of even date

for **SARATH & ASSOCIATES**

Chartered Accountants

Firm's registration no. 005120 S

Sd/-

**Shri S. Srinivas**

Partner

Membership No. 202471

Place: Hyderabad

Date: 26.05.2022

for and on behalf of the Board of Directors

Sd/-

**Dr. Sanjay Kumar Jha**

Chairman & Managing Director

DIN: 07533036

Sd/-

**Shri. Gowri Sankara Rao Naramsetti**

Director (Finance)

DIN: 08925899

Sd/-

**Shri Paul Antony**

Company Secretary

Membership No. A29037

# Standalone Statement of Changes in Equity

as at 31<sup>st</sup> March 2022

## A. Equity Share Capital

### (1) As at 31<sup>st</sup> March 2022

(₹ in Lakhs)

Balance as at 01 <sup>st</sup> April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01 <sup>st</sup> April 2021	Changes in share capital during the F.Y. 2021-22	Balance as at 31 <sup>st</sup> March 2022
18,734.00	-	18,734.00	-	18,734.00

### (2) As at 31<sup>st</sup> March 2021

(₹ in Lakhs)

Balance as at 01 <sup>st</sup> April 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01 <sup>st</sup> April 2020	Changes in share capital during the F.Y. 2020-21	Balance as at 31 <sup>st</sup> March 2021
18,734.00	-	18,734.00	-	18,734.00

## B. Other Equity

### (1) As at 31<sup>st</sup> March 2022

(₹ in Lakhs)

Particulars	Reserves and Surplus		Other Comprehensive Income	Total Other Equity
	Retained Earnings	General Reserve	Other items of Other Comprehensive Income	
<b>Opening Balance as at 01<sup>st</sup> April 2021</b>	<b>8,920.37</b>	<b>79,575.87</b>	<b>32.87</b>	<b>88,529.11</b>
Changes in accounting policy or prior period errors	-	-	-	-
<b>Restated balance as at 01<sup>st</sup> April 2021</b>	<b>8,920.37</b>	<b>79,575.87</b>	<b>32.87</b>	<b>88,529.11</b>
Profit for the Period	17,630.77			17,630.77
Remeasurement of the net defined benefit liability / asset, net of tax effect			60.62	60.62
Dividends	(5,882.56)			(5,882.56)
Dividend Distribution Tax	-			-
Transfer to General Reserve	(10,300.00)	10,300.00		-
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>10,368.58</b>	<b>89,875.87</b>	<b>93.49</b>	<b>1,00,337.94</b>

# Standalone Statement of Changes in Equity

as at 31<sup>st</sup> March 2022

## B. Other Equity (Contd..)

### (2) As at 31<sup>st</sup> March 2021

Particulars				(₹ in Lakhs)
	Reserves and Surplus		Other Comprehensive Income	Total Other Equity
	Retained Earnings	General Reserve	Other items of Other Comprehensive Income	
<b>Opening Balance as at 1<sup>st</sup> April 2020</b>	<b>6,461.83</b>	<b>70,575.87</b>	<b>66.96</b>	<b>77,104.66</b>
Changes in accounting policy or prior period errors	-	-	-	-
<b>Restated balance as at 01<sup>st</sup> April 2020</b>	<b>6,461.83</b>	<b>70,575.87</b>	<b>66.96</b>	<b>77,104.66</b>
Profit for the Period	16,629.15			16,629.15
Remeasurement of the net defined benefit liability / asset, net of tax effect			(34.09)	(34.09)
Dividends	(5,170.61)			(5,170.61)
Dividend Distribution Tax	-			-
Transfer to General Reserve	(9,000.00)	9,000.00		-
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>8,920.37</b>	<b>79,575.87</b>	<b>32.87</b>	<b>88,529.11</b>

The accompanying notes 1 to 48 form an integral part of the financial statements.

As per our report of even date

for **SARATH & ASSOCIATES**

Chartered Accountants

Firm's registration no. 005120 S

Sd/-

**Shri S. Srinivas**

Partner

Membership No. 202471

Place: Hyderabad

Date: 26.05.2022

for and on behalf of the Board of Directors

Sd/-

**Dr. Sanjay Kumar Jha**

Chairman & Managing Director

DIN: 07533036

Sd/-

**Shri. Gowri Sankara Rao Naramsetti**

Director (Finance)

DIN: 08925899

Sd/-

**Shri Paul Antony**

Company Secretary

Membership No. A29037

# Standalone Statement of Cash Flow

 for the period ended 31<sup>st</sup> march 2022

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
<b>Cash flows from operating activities</b>		
Profit/(loss) for the year (before tax)	23,992.99	22,563.84
Adjustments for:		
Depreciation expense	3,299.53	2,699.53
Finance costs	2,149.97	1,199.53
Interest income	(1,548.40)	(429.87)
Profit / Loss on sale of Fixed Assets	10.80	16.26
	<b>27,904.89</b>	<b>26,049.29</b>
Working capital adjustments:		
(Increase) decrease in inventories	(29,065.37)	10,966.58
(Increase) decrease in trade receivables and loans	8,016.73	(8,844.79)
(Increase) decrease in other financial assets	(315.80)	480.14
(Increase) decrease in other non-current assets	(37.10)	602.76
(Increase) decrease in other current assets	(4,458.04)	2,046.57
Increase (decrease) in trade payables	9,031.45	(4,234.65)
Increase (decrease) in other financial liabilities	(27,818.32)	8,190.26
Increase (decrease) in provisions	(331.53)	462.83
Increase (decrease) in non-current liabilities	32,692.64	(6,837.84)
Increase (decrease) in other current liabilities	(3,422.79)	(6,516.02)
<b>Cash generated from operating activities</b>	<b>12,196.76</b>	<b>22,365.13</b>
Income tax paid (net)	(6,983.75)	(4,777.11)
<b>Net cash from/(used in) operating activities (A)</b>	<b>5,213.01</b>	<b>17,588.02</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(12,568.81)	(15,908.92)
Profit / Loss on sale of Fixed Assets	(10.80)	(16.26)
Investment in other projects	-	-
Interest received	1,548.40	429.87
<b>Investment in fixed deposits</b>	<b>740.00</b>	<b>4,000.00</b>
<b>Net cash from/(used in) investing activities (B)</b>	<b>(10,291.21)</b>	<b>(11,495.31)</b>
<b>Cash flows from financing activities</b>		
(Repayment)/Availment of borrowings	10,714.21	2,680.91
Dividend on shares	(5,885.50)	(5,173.80)
Interest paid	(2,149.97)	(1,199.53)
<b>Net cash flow from (used in) financing activities (C)</b>	<b>2,678.74</b>	<b>(3,692.42)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(2,399.46)</b>	<b>2,400.29</b>
Cash and cash equivalents at 1 April	3,387.18	986.89
<b>Cash and cash equivalents at the reporting date</b>	<b>987.72</b>	<b>3,387.18</b>
<b>Reconciliation of cash and cash equivalents as per the balance sheet</b>		
Cash and cash equivalents as per the cash flow statement	987.72	3,387.18
<b>Other bank balances not considered above</b>		
- Term Deposit	5,260.00	5,999.83
<b>Cash and cash equivalents (including Term Deposits) at the reporting date</b>	<b>6,247.72</b>	<b>9,387.01</b>

The accompanying notes 1 to 48 form an integral part of the financial statements.

As per our report of even date

 for **SARATH & ASSOCIATES**  
 Chartered Accountants  
 Firm's registration no. 005120 S

 Sd/-  
**Shri S. Srinivas**  
 Partner  
 Membership No. 202471

 Place: Hyderabad  
 Date: 26.05.2022

for and on behalf of the Board of Directors

 Sd/-  
**Dr. Sanjay Kumar Jha**  
 Chairman & Managing Director  
 DIN: 07533036  
 Sd/-  
**Shri. Gowri Sankara Rao Naramsetti**  
 Director (Finance)  
 DIN: 08925899

 Sd/-  
**Shri Paul Antony**  
 Company Secretary  
 Membership No. A29037



# Significant Accounting Policies

## 1. GENERAL INFORMATION

Mishra Dhatu Nigam Limited (“the Company”) a Government of India enterprise was set up in 1973 and is engaged in the business of manufacturing of superalloys, titanium, special purpose steel and other special metals. The Company has its registered office at ‘P.O. Kanchanbagh, Hyderabad, 500058’.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

#### i. Statement of compliance

The financial statements are prepared and presented in accordance with Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015], to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

#### ii. Functional and presentation currency

The standalone financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest 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, unless otherwise stated.

### 2.3 Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

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

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

the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

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

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

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

## **2.4 Foreign currencies**

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

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

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

## 2.5 Employee benefits

### i. Defined Contribution Plan

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

### ii. Defined Benefit Plan

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

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in the statement of profit and loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is

recognized immediately in the statement of profit and loss. The Company recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

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

### iii. Compensated Absence

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

### iv. Other Employee Benefits

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

## 2.6 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

### Depreciation

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

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

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

### Disposal:

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

## 2.7 Intangible assets

### i. Intangible assets acquired separately

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

### ii. De-recognition of intangible assets

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

### iii. Useful lives of intangible assets

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

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

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

## 2.8 Inventories

Inventories are valued on the following basis:

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

At weighted average cost

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

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

### iii. Consumables in Shop floor/Sub-stores

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

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

At estimated realizable value for scrap.

### v. Tools and Gauges

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

### vi. Work-in-process

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

### vii. Finished Goods

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

viii. Goods in transit are valued at cost.

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

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

Raw materials: 85% of the book value

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

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

## 2.9 Investments in associates and joint ventures

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associate and joint ventures are measured at cost in accordance with Ind AS 109- Financial Instruments.

Investment in associate and joint ventures are subject to impairment wherever there is indication of negative reserve in the accounts of JV Companies. However, such impairment is limited to the value of investment.

## 2.10 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.

## 2.11 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.

## 2.12 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.

## 2.13 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.

## 2.14 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.

## 2.15 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.

## 2.16 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.

## 2.17 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.

## 2.18 Claims by / against the Company:

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

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

Liquidated Damages on suppliers are accounted on recovery.

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

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

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

Provision for Contingencies & Warranty to take care of rejected / returned material by customers is provided at

an average of percentages of rejections over turnover related to manufactured products for the previous 5 years.

## 2.19 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.

## 2.20 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.

## 2.21 Cash Flow Statement:

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

## 2.22 New standards and interpretations not yet effective:

- i. A number of new standards, amendments to standards and interpretations are not yet effective as on the reporting date, and have not been applied in preparing these financial statements. The effect of the same is being evaluated by the Company.

## 2.23 Government Grants:

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

## 2.24 LEASES

### Company as a lessee:

Contracts with third party, which give the company the right of use in respect of an Asset, are accounted in line with the provisions of Ind AS 116 – “Leases” if the recognition criteria as specified in the Accounting standard are met.

Lease payments associated with short term lease (term of twelve months or less) and lease in respect of low value assets are charged off as expenses on straight line basis over lease term or other systematic basis, as applicable.

At commencement date, the value of “right of use” is capitalised at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset.

Liability for lease is created for an amount equivalent to the present value of outstanding lease payments. Subsequent measurement, if any, is made using cost model.

Each lease payment is allocated between the liability created and finance cost. The finance cost is charged to

the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right of use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight line basis.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company’s incremental borrowing rate.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

### Company as a Lessor:

Lease are classified as finance or operating lease based on the recognition criteria specified in Ind AS 116 – Leases.

#### a) Finance Lease:

At commencement date, amount equivalent to the “net investment in the lease” is presented as a receivable. The implicit interest rate is used to measure the value of the “net investment in Lease”.

Each lease payment is allocated between the Receivable created and finance income. The finance income is recognised in the statement of profit and loss over the lease period so as to reflect a constant periodic rate of return on the net investment in lease.

The asset is tested for de-recognition and impairment requirements as per Ind AS 109- Financial Instruments.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

#### b) Operating lease:

The company recognises lease payments from operating leases as income on either a straight line basis or another systematic basis, if required. Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

A lease is classified at the inception date as a finance lease or operating lease.

## Notes to Standalone Financial Statements for FY 2021-22

### 3. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings/ Drainage/ water systems	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Other (Electrical installations)	Others (Roads and bridges)	Total Tangible Assets
(₹ in Lakhs)									
<b>As at 31<sup>st</sup> March 2021</b>									
<b>Gross Carrying amount</b>									
Opening gross carrying amount	2,211.99	4,852.50	41,432.33	462.65	478.14	1,101.29	3,212.74	3.52	53,755.16
Additions	-	328.80	1,517.32	23.33	2.00	48.05	78.32	778	2,005.60
Disposals	(493.60)	(13.19)	(14.77)	(0.25)	-	(19.09)	(0.47)	-	(541.37)
<b>Closing gross carrying amount</b>	<b>1,718.39</b>	<b>5,168.11</b>	<b>42,934.88</b>	<b>485.73</b>	<b>480.14</b>	<b>1,130.25</b>	<b>3,290.59</b>	<b>11.30</b>	<b>55,219.39</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation	-	773.97	7,013.45	189.05	187.75	498.43	1,121.99	-	9,784.64
Depreciation charge during the year	-	175.20	1,901.45	47.06	54.95	177.36	313.78	0.84	2,670.64
Disposals	-	(3.04)	(4.69)	(0.21)	-	(13.56)	(0.24)	-	(21.74)
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>946.13</b>	<b>8,910.21</b>	<b>235.90</b>	<b>242.70</b>	<b>662.23</b>	<b>1,435.53</b>	<b>0.84</b>	<b>12,433.54</b>
<b>Net Carrying amount</b>	<b>1,718.39</b>	<b>4,221.98</b>	<b>34,024.67</b>	<b>249.83</b>	<b>237.44</b>	<b>468.02</b>	<b>1,855.06</b>	<b>10.46</b>	<b>42,785.85</b>
<b>As at 31<sup>st</sup> Mar 2022</b>									
<b>Gross Carrying amount</b>									
Opening gross carrying amount	1,718.39	5,168.11	42,934.88	485.73	480.14	1,130.25	3,290.59	11.30	55,219.39
Additions	0.00	4,174.46	47,678.91	23.40	19.82	146.55	2,211.15	-	54,254.29
Disposals	-	(0.81)	(29.67)	(2.20)	-	(9.07)	(0.15)	-	(41.90)
<b>Closing gross carrying amount</b>	<b>1,718.39</b>	<b>9,341.76</b>	<b>90,584.12</b>	<b>506.93</b>	<b>499.96</b>	<b>1,267.73</b>	<b>5,501.59</b>	<b>11.30</b>	<b>1,09,431.78</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation	-	946.13	8,910.21	235.90	242.70	662.23	1,435.53	0.84	12,433.54
Depreciation charge during the period	-	221.50	2,392.87	44.99	52.41	171.75	383.46	1.48	3,268.46
Disposals	-	-	(10.64)	(1.78)	(6.01)	-	(0.12)	-	(18.55)
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>1,167.63</b>	<b>11,292.44</b>	<b>279.11</b>	<b>289.10</b>	<b>833.98</b>	<b>1,818.87</b>	<b>2.32</b>	<b>15,683.45</b>
<b>Net Carrying amount</b>	<b>1,718.39</b>	<b>8,174.13</b>	<b>79,291.68</b>	<b>227.82</b>	<b>210.86</b>	<b>433.75</b>	<b>3,682.72</b>	<b>8.98</b>	<b>93,748.33</b>
<b>Net Carrying amount 31.03.2021</b>	<b>1,718.39</b>	<b>4,221.98</b>	<b>34,024.67</b>	<b>249.83</b>	<b>237.44</b>	<b>468.02</b>	<b>1,855.06</b>	<b>10.46</b>	<b>42,785.85</b>

- 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. Lease to DRDO is in the nature of Operating Lease.
- 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.
- 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)

## Notes to Standalone Financial Statements for FY 2021-22

### 3. PROPERTY, PLANT AND EQUIPMENT (Contd..)

4. Company considered the salvage value as 5% of the Cost of Assets
5. Principal Asset costing ₹ 100 lakhs and above only are identified for the purpose of componentization of assets.
6. During the year, the Company has not revalued Property, Plant and Equipment.
7. Customer funded assets have been included under the relevant category of Property, Plant and Equipment i.e Building, Plant and Machinery and Electrical Installations.
8. 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
		(₹ in Lakhs)				
Furniture	4.62	10	0.19	5	0.43	0.24
<b>TOTAL</b>	<b>4.62</b>		<b>0.19</b>		<b>0.43</b>	<b>0.24</b>
Previous Year	3.52		0.18		0.52	0.40

9. Refer Note 41(ii) for outstanding contractual commitments.

### 4. INTANGIBLE ASSETS

	(₹ in Lakhs)		
	Computer software	Copyrights & Patents and other intellectual property rights, services and operating rights	Total Intangible Assets
<b>As at 31<sup>st</sup> March 2021</b>			
<b>Gross Carrying amount</b>			
Opening gross carrying amount	318.19	24.20	342.39
Additions	30.50	-	30.50
Disposals	-	-	-
<b>Closing gross carrying amount</b>	<b>348.69</b>	<b>24.20</b>	<b>372.89</b>
<b>Accumulated depreciation</b>			
Opening accumulated depreciation	220.57	17.71	238.28
Depreciation charge during the year	26.63	2.26	28.89
Disposals	-	-	-
<b>Closing accumulated depreciation</b>	<b>247.20</b>	<b>19.97</b>	<b>267.17</b>
<b>Net Carrying amount</b>	<b>101.49</b>	<b>4.23</b>	<b>105.72</b>

## Notes to Standalone Financial Statements for FY 2021-22

### 4. INTANGIBLE ASSETS (Contd..)

	(₹ in Lakhs)		
	Computer software	Copyrights & Patents and other intellectual property rights, services and operating rights	Total Intangible Assets
<b>As at 31<sup>st</sup> March 2022</b>			
Gross Carrying amount			
Opening gross carrying amount	348.69	24.20	372.89
Additions	25.77	-	25.77
Disposals	-	-	-
<b>Closing gross carrying amount</b>	<b>374.46</b>	<b>24.20</b>	<b>398.66</b>
<b>Accumulated depreciation</b>			
Opening accumulated depreciation	247.20	19.97	267.17
Depreciation charge during the period	29.76	1.31	31.07
Disposals	-	-	-
<b>Closing accumulated depreciation</b>	<b>276.96</b>	<b>21.28</b>	<b>298.24</b>
<b>Net Carrying amount</b>	<b>97.50</b>	<b>2.92</b>	<b>100.42</b>
<b>Net Carrying amount 31.03.2021</b>	<b>101.49</b>	<b>4.23</b>	<b>105.72</b>

### 5. CAPITAL WORK-IN -PROGRESS

	(₹ in Lakhs)	
Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Capital Work-in-Progress-Civil	2,231.82	4,191.99
Capital Work-in-Progress- Plant & Machinery Under Erection	8,326.88	49,500.62
Plant, Machinery & Equipment under Inspection & in Transit	2,627.86	1,181.85
<b>Total</b>	<b>13,186.56</b>	<b>54,874.46</b>

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

	(₹ in Lakhs)	
Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Trade Investments Non-Trade, Unquoted AT COST		
<b>Investment in Equity instruments</b>		
<b>Investment in other entities</b>		
AP Gas Power Corporation Limited (*)		
18,43,857 fully paid up Equity share of ₹ 10/- each including 7,71,847 fully paid up bonus share of face value ₹ 10/- each	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
<b>Investments in Joint Venture (**)</b>		
Utkarsha Aluminium Dhatu Nigam Limited	2,000.00	2,000.00
2,00,00,000 fully paid up Equity share of ₹ 10/- each		
<b>Total</b>	<b>2,210.11</b>	<b>2,210.11</b>

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

(\*\*) Details of Joint venture



## Notes to Standalone Financial Statements for FY 2021-22

### 6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (Contd..)

(₹ in Lakhs)

Particulars	Principal Activity and place of business	Proportion of ownership Interest/voting rights held by the Company	
		As at 31-03-2022	As at 31-03-2021
Utkarsha Aluminium Dhatu Nigam Limited	For setting up High End Aluminium Alloy Production plant at Nellore, Andhra Pradesh.	50%	50%

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

(₹ in Lakhs)

Particulars	As at	As at
	31st March 2022	31st March 2021
<b>Unsecured, considered good</b>		
Loans to Vendors	1.59	35.60
<b>Total</b>	<b>1.59</b>	<b>35.60</b>

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

(₹ in Lakhs)

Particulars	As at	As at
	31st March 2022	31st March 2021
Advance Income Tax	555.93	553.82
<b>Total</b>	<b>555.93</b>	<b>553.82</b>

### 9. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at	As at
	31st March 2022	31st March 2021
<b>Capital Advances</b>		
Unsecured, considered good	434.03	396.93
Doubtful	35.46	35.46
Less: Provision	35.46	-
<b>Sub-Total</b>	<b>434.03</b>	<b>396.93</b>
<b>Others</b>		
Doubtful Advances to supplier	22.52	22.52
Less: Provision	22.52	-
Obsolete and slow moving -Raw material	256.06	77.28
Less: Provision	256.06	-
Obsolete and slow moving -consumables	48.06	31.61
Less: Provision	48.06	-
Obsolete and slow moving -spares	189.03	172.39
Less: Provision	189.03	-
<b>Total</b>	<b>434.03</b>	<b>396.93</b>

## Notes to Standalone Financial Statements for FY 2021-22

### 10. INVENTORIES

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Raw Materials and components	18,065.96	8,441.59
Raw Materials and components -in transit	3,964.72	575.74
<b>Total</b>	<b>22,030.68</b>	<b>9,017.33</b>
Work-in-progress #	59,680.82	46,233.18
<b>Total</b>	<b>59,680.82</b>	<b>46,233.18</b>
Finished goods	-	-
Finished goods in transit	124.99	648.90
<b>Total</b>	<b>124.99</b>	<b>648.90</b>
Stores and spares	652.02	609.07
Stores and spares -in transit	5.43	-
<b>Total</b>	<b>657.45</b>	<b>609.07</b>
Loose Tools	18.82	-
<b>Total</b>	<b>18.82</b>	-
Consumables	2,390.92	1,815.67
Consumables-in transit	-	-
<b>Total</b>	<b>2,390.92</b>	<b>1,815.67</b>
Internally generated Scrap/rejected material	24,245.48	21,759.64
<b>Total</b>	<b>24,245.48</b>	<b>21,759.64</b>
<b>Grand Total</b>	<b>1,09,149.16</b>	<b>80,083.79</b>

The Inventory does not include material held in trust on behalf of Customers and material issued by the Customers to Midhani for job works

#Work in progress Include materials lying with sub-contractors ₹ 2044.79 Lakhs (31.03.2021 ₹ 2622.14Lakhs) and is subject to confirmation of balance by sub-contractors.

### 11. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>Trade Receivables</b>		
Considered Good - Unsecured	30,651.75	38,619.56
Which have significant increase in Credit Risk	-	-
Credit Impaired	1,878.12	1,605.10
<b>Total (A)</b>	<b>32,529.87</b>	<b>40,224.66</b>
<b>Less : Allowance for bad and doubtful debts</b>		
Considered good - Unsecured (ECL)	(20.92)	(6.01)
Which have significant increase in Credit Risk	-	-
Credit Impaired	(1,878.12)	(1,605.10)
<b>Total (B)</b>	<b>(1,899.04)</b>	<b>(1,611.11)</b>
<b>Grand Total (A-B)</b>	<b>30,630.83</b>	<b>38,613.55</b>

## Notes to Standalone Financial Statements for FY 2021-22

### 11. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES (Contd..)

#### Trade Receivables ageing schedule

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	23,361.76	2,621.91	3,193.17	1,061.75	413.17	30,651.76
(ii) Undisputed Trade Receivables - which have significant increase in Credit Risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	946.97	183.72	381.34	158.76	207.33	1,878.12
(iv) Disputed Trade Receivables - Considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in Credit Risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit impaired	-	-	-	-	-	-

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

Age of receivables	Expected credit loss	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Within Credit the Period	1.13%	2.40%
Upto 3 months	1.33%	3.31%
3-6 months	6.02%	16.40%
6-9 months	18.07%	30.16%
9-12 months	69.74%	71.16%
>12 months	100.00%	100.00%
Specific Provision (₹ In Lakhs) relating to Defence, Govt and PSU customer dues	335.58	212.90
Specific Provision (₹ In Lakhs) relating to Defence, Govt, PSU, Private customer dues (LD)	1,542.54	1,392.20

## Notes to Standalone Financial Statements for FY 2021-22

### 11. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES (Contd..)

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Private Customers -Unsecured		
Within Credit the Period	1,101.45	56.86
Upto 3 months	585.00	51.72
3-6 months	-	5.13
6-9 months	0.32	-
9-12 months	0.03	1.00
>12 months	0.64	1.38
Private Customers -secured	17.50	125.30
Defence, Govt and PSU customer dues	30,824.93	39,983.27

#### Movement in Provision made against Trade Receivables

Particulars	(₹ in Lakhs)	
	Total	
Loss allowance as on 31 <sup>st</sup> March 2021		1,611.11
Changes in loss allowance		287.93
Loss allowance as on 31 <sup>st</sup> March 2022		1,899.04

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

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Balances with Banks		
In Current Accounts	985.61	3,385.57
In Deposit Accounts #	5,260.00	5,999.83
Cash on hand	2.11	1.61
<b>Total</b>	<b>6,247.72</b>	<b>9,387.01</b>

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

### 13. CURRENT FINANCIAL ASSETS - BANK BALANCES [OTHER THAN (NOTE 12) ABOVE]

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Unpaid Dividend	10.43	7.49
Term Deposits*	-	0.17
<b>Total</b>	<b>10.43</b>	<b>7.66</b>

\*Balances in Term Deposit Accounts includes ₹ Nil (31.03.2021 ₹ 0.17 lakhs) pledged for secured over drafts availed against the deposits with various banks.

## Notes to Standalone Financial Statements for FY 2021-22

### 14. CURRENT FINANCIAL ASSETS - OTHERS

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Loans and advances to employees	25.76	23.90
Claims receivable	143.75	67.28
Deposits with others	752.87	729.51
Interest accrued on bank deposits	214.63	3.92
Loans to Vendors	34.01	30.61
<b>Total</b>	<b>1,171.02</b>	<b>855.22</b>

### 15. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Assets held for disposal	20.73	8.52
Prepaid expenses	241.83	201.96
GST/Customs duty receivable	20,238.67	15,806.31
Others		
Unsecured, considered good		
Advance to suppliers	118.78	145.18
<b>Total</b>	<b>20,620.01</b>	<b>16,161.97</b>

### 16. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Authorised</b>		
Equity shares		
20,00,00,000 shares @ ₹ 10/- per share	20,000.00	20,000.00
(Previous Year 20,00,00,000 shares @ ₹ 10/- per share)		
	<b>20,000.00</b>	<b>20,000.00</b>
<b>Issued</b>		
Equity shares		
18,73,40,000 shares @ ₹ 10/- per share	18,734.00	18,734.00
(Previous Year 18,73,40,000 shares @ ₹ 10/- per share)		
	<b>18,734.00</b>	<b>18,734.00</b>
<b>Subscribed and fully Paid up</b>		
Equity shares		
18,73,40,000 shares @ ₹ 10/- per share	18,734.00	18,734.00
(Previous Year 18,73,40,000 shares @ ₹ 10/- per share)		
	<b>18,734.00</b>	<b>18,734.00</b>
<b>Total</b>	<b>18,734.00</b>	<b>18,734.00</b>

## Notes to Standalone Financial Statements for FY 2021-22

### 16. EQUITY SHARE CAPITAL (Contd..)

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

Particulars	(₹ in Lakhs)			
	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Outstanding as at Opening Date	18,73,40,000	18,734.00	18,73,40,000	18,734.00
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
<b>Outstanding as at Closing Date</b>	<b>18,73,40,000</b>	<b>18,734.00</b>	<b>18,73,40,000</b>	<b>18,734.00</b>

#### Terms/right attached to equity shares

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

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

Particulars	31 <sup>st</sup> March 2022		31 <sup>st</sup> March 2021	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹ 10/- each fully paid-up (Previous Year ₹ 10/- each)				
President of India	13,86,31,600	74.00%	13,86,31,600	74.00%
Life Insurance Corporation of India	-	-	-	-
HDFC Trustee Company Ltd. A/c HDFC Balanced Advantage Fund	1,46,79,407	7.84%	1,50,45,195	8.03%

#### Details of Shareholding of Promoters

Shares held by promoters as on 31 <sup>st</sup> March 2022				
S. No.	Promoter Name	No. of Shares	% of Total shares	% Change during the year
1	President of India	13,86,31,600	74%	-

### 17. OTHER EQUITY

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
General Reserve		
Opening Balance	79,575.87	70,575.87
Less: Depreciation adjustment	-	-
	79,575.87	70,575.87
Add: Additions during the year	10,300.00	9,000.00
<b>Sub-total</b>	<b>89,875.87</b>	<b>79,575.87</b>



## Notes to Standalone Financial Statements for FY 2021-22

### 17. OTHER EQUITY (Contd..)

(₹ in Lakhs)

Particulars	As at	
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Retained Earnings		
Opening Balance	8,920.37	6,461.83
Add: Amount transferred from statement of profit and loss	17,630.77	16,629.15
Amount available for appropriation	<b>26,551.14</b>	<b>23,090.98</b>
Less: Appropriations		
Interim Dividend	2,922.53	2,248.08
Final Dividend	2,960.03	2,922.53
Transferred to General Reserve	10,300.00	14,170.61
<b>Sub-total</b>	<b>10,368.58</b>	<b>8,920.37</b>
Components of other comprehensive income		
Opening Balance	32.87	66.96
Add: Remeasurement of the net defined benefit liability / asset, net of tax effect	60.62	(34.09)
<b>Sub-total</b>	<b>93.49</b>	<b>32.87</b>
<b>Total</b>	<b>1,00,337.94</b>	<b>88,529.11</b>

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

(₹ in Lakhs)

Particulars	As at	
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Secured		
Term Loans from Banks	2,775.88	-
(Secured by way of Hypothecation of Machinery Purchased out of Term Loan) (Excluding ₹ Nil (31.03.2021 - ₹ Nil) which is due for payment within 12 months treated as Other Current Financial Liability and included under Note 23 Repayable in 20 quarterly equal installments)		
Advances - Augmentation Facilities - VSSC	-	-
(This represents balance amount payable (net of ₹ Nil (31.03.2021 ₹ 25.66 lakhs) repayable within 12 months and treated as Other Current Liability and included under Note No.26) against refundable loan of ₹ 478.38 lakhs received from VSSC for upgradation of forge press.)		
<b>Total</b>	<b>2,775.88</b>	<b>-</b>

### 18-A. NON-CURRENT FINANCIAL LIABILITIES - LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at	
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Lease Liabilities	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Notes to Standalone Financial Statements for FY 2021-22

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

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Grants - Customer Financed Projects	8,009.18	39,461.20
Deposit under MEFBS-2021	84.54	-
<b>Total</b>	<b>8,093.72</b>	<b>39,461.20</b>

### 20. NON-CURRENT LIABILITIES - PROVISIONS

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Provision for employee benefits		
Provision for gratuity	119.04	105.23
Provision for compensated absences	43.77	31.44
<b>Total</b>	<b>162.81</b>	<b>136.67</b>

### 21. DEFERRED TAX LIABILITIES (NET)

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Deferred Tax Liabilities		
On Depreciation	4,070.37	3,715.84
<b>Sub Total</b>	<b>4,070.37</b>	<b>3,715.84</b>
Deferred Tax Assets		
On Provision	542.18	330.56
On Disallowance as per IT Act	11.02	7.91
<b>Sub Total</b>	<b>553.20</b>	<b>338.47</b>
<b>Net Total</b>	<b>3,517.17</b>	<b>3,377.37</b>

#### Movement in deferred tax

Particulars	(₹ in Lakhs)		
	Closing Balance 31-Mar-2021	Charge/Credit during the year 2021-22	Closing Balance 31-March-2022
<b>Deferred Tax Assets</b>			
Provision for Non Moving Stores	70.79	53.33	124.12
Provisions for Doubtful Debts	55.10	34.62	89.72
Provisions for Doubtful Adv / Claims	5.67	-	5.67
Provision for Contingencies & Warranty	140.84	49.37	190.21
AMTL Leave Provision	7.91	3.11	11.02
Provison for Others	-	27.69	27.69
OFB-Melt-IV Interest Differences (Net)	53.93	8.86	62.79
VSSC Interest Differences (Net)	4.23	(4.23)	-
OFB-WPM Interest Differences (Net)	-	41.98	41.98
<b>Total Assets</b>	<b>338.47</b>	<b>214.73</b>	<b>553.20</b>

## Notes to Standalone Financial Statements for FY 2021-22

### 21. DEFERRED TAX LIABILITIES (NET) (Contd..)

(₹ in Lakhs)

Particulars	Closing Balance 31-Mar-2021	Charge/Credit during the year 2021-22	Closing Balance 31-March-2022
<b>Deferred Tax Liability</b>			
Depreciation	3,715.84	354.53	4,070.37
<b>Total Liability</b>	<b>3,715.84</b>	<b>354.53</b>	<b>4,070.37</b>
<b>Net Liability</b>	<b>3,377.37</b>	<b>139.80</b>	<b>3,517.17</b>

### 22. OTHER NON-CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Advances		
Advances from Customers	24,220.29	25,182.89
Others		
Material Received on Loan - Kaveri Project	29.46	26.33
Other Liabilities - VSSC	54.72	54.72
Other Liabilities - OFB	43.00	130.93
Advances Others	64.57	64.57
Deferred Income	39,852.68	6,112.64
<b>Total</b>	<b>64,264.72</b>	<b>31,572.08</b>

### 23. CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Secured		
Loans repayable on demand		
From Banks		
Cash Credit	(0.09)	7.68
(By hypothecation of Raw materials, stock in process, finished good and book debts.)		
From various banks-short term overdraft secured by pledge of fixed deposits	(18.03)	0.15
Secured by Fixed Deposits of ₹ Nil (31.03.2021 ₹ 0.17 lakhs)		
Unsecured		
From Banks		
Short Term Loans	24,000.00	11,035.72
Commercial Paper	-	5,000.00
Current Maturities of Long Term Debt	-	-
<b>Total</b>	<b>23,981.88</b>	<b>16,043.55</b>

## Notes to Standalone Financial Statements for FY 2021-22

### 23-A. CURRENT FINANCIAL LIABILITIES - LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Current portion of Lease Liabilities	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 24. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Micro & Small Enterprises	379.03	546.48
Others @	17,209.13	8,010.23
<b>Total</b>	<b>17,588.16</b>	<b>8,556.71</b>

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

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

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Amount due and Payable at the year end		
Principal	-	546.48
Interest on above Principal	-	51.65
Payments made during the year after the due date		
Principal	-	2,188.14
Interest on above Principal	-	-
Interest due and payable for principals already paid	-	56.92
Total Interest accrued and remained unpaid at year end	-	108.57

### Trade Payables ageing schedule

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	379.03	-	-	-	379.03
(ii) Others	15,865.04	510.28	140.81	693.00	17,209.13
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

## Notes to Standalone Financial Statements for FY 2021-22

### 25. CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Earnest money deposit	10.68	10.68
Security Deposit	204.98	299.51
Liabilities to customers	1,086.49	1,535.45
Capital creditors	7,813.03	4,243.56
Employee payables	1,821.56	1,301.32
Unpaid Dividend	10.43	7.49
<b>Total</b>	<b>10,947.17</b>	<b>7,398.01</b>

### 26. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Advances received from customers	16,145.88	16,802.83
Liabilities for Customer Financed projects	4,249.57	6,616.01
Material Received on Loan - Others	3,790.65	4,221.98
Statutory liabilities	214.05	182.12
<b>Total</b>	<b>24,400.15</b>	<b>27,822.94</b>

### 27. CURRENT - PROVISIONS

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Provision for employee benefits		
Provision for compensated absences	172.88	213.27
Provision for gratuity	115.62	241.85
Provision for post retirement medical scheme	163.03	155.40
Provision for pension scheme	-	371.00
Provision for other employee benefits	1,817.16	1,940.00
Other Provisions		
Provision for contingencies and warranty	755.76	559.60
Provision for Income Tax	128.05	947.89
Other provisions	110.04	11.04
<b>Total</b>	<b>3,262.54</b>	<b>4,440.05</b>

## Notes to Standalone Financial Statements for FY 2021-22

### 27. CURRENT - PROVISIONS (Contd..)

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

Particulars					(₹ in Lakhs)
	As at 01.04.2021	Additions	Utilization	Reversal	As at 31.03.2022
Compensated absences	244.71	346.68	374.74	0.00	216.65
Gratuity	347.08	124.96	237.38	0.00	234.66
Post retirement medical scheme	155.40	163.03	155.40	0.00	163.03
Pension Scheme	371.00	378.05	749.05	0.00	0.00
Contingencies and Warranty	559.60	196.16	0.00	0.00	755.76
Others	1951.04	800.00	823.84	0.00	1927.20
<b>Total</b>	<b>3628.83</b>	<b>2008.88</b>	<b>2340.41</b>	<b>0.00</b>	<b>3297.30</b>

### 28. REVENUE FROM OPERATIONS

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Sale of Manufacturing Products	74,254.30	77,877.12
Less : Sale of trial run production (Transferred to CWIP)	109.56	-
	<b>74,144.74</b>	<b>77,877.12</b>
Export Sales	8,702.16	1,942.47
Sale of Services	850.84	615.36
Other Operating Revenues	2,251.28	888.13
<b>Total</b>	<b>85,949.02</b>	<b>81,323.08</b>

### 29. OTHER INCOME

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Interest Income		
From Banks	420.36	266.55
From Others	1,128.04	163.32
Liquidated Damages	571.16	394.62
Exchange rate variance	40.10	-
Net gain on sale of Fixed Assets	0.16	1.20
Income from Sale of Unserviceable Scrap	127.65	238.49
Excess Liabilities written back	428.39	825.35
Grant Income	204.63	24.00
Other miscellaneous income	210.13	69.59
<b>Total</b>	<b>3,130.62</b>	<b>1,983.12</b>



## Notes to Standalone Financial Statements for FY 2021-22

### 29. OTHER INCOME (Contd..)

#### Details of other miscellaneous income

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Sale of Application Forms (Personnel)	15.97	0.50
Sale of Tender Documents	-	-
Others	194.16	69.09
<b>Total</b>	<b>210.13</b>	<b>69.59</b>

### 30. COST OF MATERIAL CONSUMED

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Cost of Material for manufactured products	32,004.48	17,007.05
<b>Total</b>	<b>32,004.48</b>	<b>17,007.05</b>

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

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Opening Stock		
Work-in-progress	46,233.18	49,444.86
Finished Stock	648.90	1,596.08
	<b>46,882.08</b>	<b>51,040.94</b>
Closing Stock		
Work-in-progress	59,680.82	46,233.18
Finished Stock	124.99	648.90
	<b>59,805.81</b>	<b>46,882.08</b>
(Increase) / Decrease		
Work-in-progress	(13,447.64)	3,211.68
Finished Stock	523.91	947.18
<b>Total</b>	<b>(12,923.73)</b>	<b>4,158.86</b>

### 32. EMPLOYEE BENEFITS EXPENSE

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Salaries & Wages		
Salaries & Wages	8,375.76	8,301.40
Leave Encashment	346.68	366.86
Directors remuneration	123.94	94.81
Contribution to Provident and other Funds		
Contribution to provident fund	687.73	650.70
Employees Gratuity	205.97	151.72
Leave salary and pension contribution	378.05	371.00

## Notes to Standalone Financial Statements for FY 2021-22

### 32. EMPLOYEE BENEFITS EXPENSE (Contd..)

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Staff Welfare & Training		
Workmen and staff welfare expense	2,136.17	2,164.55
<b>Total</b>	<b>12,254.30</b>	<b>12,101.04</b>

#### (i) Gratuity

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

#### Expenses Recognised during the period

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
In Income Statement	200.56	200.85
In Other Comprehensive Income	(81.01)	45.55
<b>Net Liability</b>	<b>119.55</b>	<b>246.40</b>

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

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
Present Value of Obligation	3,329.05	3,595.65
Fair Value of Plan Assets	3,213.43	3,353.80
Surplus / (Deficit)	(115.62)	(241.85)
Effects of Asset Ceiling, if any	-	-
<b>Net Assets / (Liability)</b>	<b>(115.62)</b>	<b>(241.85)</b>

#### Changes in the Present Value of Obligation

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
<b>Present Value of Obligation as at beginning</b>	3,595.65	4,120.91
Current Service Cost	184.24	172.50
Interest Expense or Cost	242.53	273.85
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-
- change in demographic assumptions	-	-
- change in financial assumptions	(110.51)	(24.32)
- experience variance (Actual Vs assumptions)	31.95	61.23
Past Service Cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits Paid	(614.82)	(1,008.52)
Acquisition Adjustment	-	-
Effect of business combinations or disposals	-	-
<b>Present Value of Obligation as at the end</b>	<b>3,329.04</b>	<b>3,595.65</b>

## Notes to Standalone Financial Statements for FY 2021-22

### 32. EMPLOYEE BENEFITS EXPENSE (Contd..)

#### Bifurcation of net liability

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
Current Liability (Short term)	-	-
Non-Current Liability (Long term)	115.62	241.85
<b>Net Liability</b>	<b>115.62</b>	<b>241.85</b>

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

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
<b>Fair Value of Plan Assets as at the beginning</b>	<b>3,353.80</b>	<b>3,694.28</b>
Investment Income	226.22	245.50
Employer's Contribution	245.78	431.18
Expenses	-	-
Employee's Contribution	-	-
Benefits Paid	(614.81)	(1,008.52)
Return on plan assets , excluding amount recognised in net interest expense	2.44	(8.64)
Acquisition Adjustment	-	-
<b>Fair Value of Plan Assets as at the end</b>	<b>3,213.43</b>	<b>3,353.80</b>

#### Expenses Recognised in the Income Statement

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
Current Service Cost	184.24	172.50
Past Service Cost	-	-
Loss / (Gain) on settlement	-	-
Expected return on Asset	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	16.31	28.35
Actuarial Gain/Loss	-	-
<b>Expenses Recognised in the Income Statement</b>	<b>200.55</b>	<b>200.85</b>

#### Other Comprehensive Income

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
<b>Actuarial (gains) / losses</b>		
- change in demographic assumptions	-	-
- change in financial assumptions	(110.51)	(24.32)
- experience variance (i.e. Actual experience vs assumptions)	31.95	61.23
- others	-	-
Return on plan assets, excluding amount recognized in net interest expense	(2.44)	8.64
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(81.00)</b>	<b>45.55</b>

## Notes to Standalone Financial Statements for FY 2021-22

### 32. EMPLOYEE BENEFITS EXPENSE (Contd..)

#### Actuarial assumptions

Particulars	2021-22	2020-21
Discount rate (per annum)	7.20%	6.75%
Salary growth rate (per annum)	8.00%	8.00%

#### Demographic assumptions

Particulars	2021-22	2020-21
Mortality rate	100.00%	100.00%
Withdrawal rate (per annum)	Upto 3% based on age	Upto 3% based on age

#### Table of sample mortality rates from Indian Assured Lives Mortality 2012-14

#### Mortality (per annum)

Age	Male	Female
20 years	0.092%	0.092%
25 years	0.093%	0.093%
30 years	0.098%	0.098%
35 years	0.120%	0.120%
40 years	0.168%	0.168%
45 years	0.258%	0.258%
50 years	0.444%	0.444%
55 years	0.751%	0.751%
60 years	1.116%	1.116%
65 years	1.593%	1.593%
70 years	2.406%	2.406%

#### Sensitivity analysis

(₹ in Lakhs)

Particulars	31-Mar-22		31-Mar-21	
	Decrease	Increase	Decrease	Increase
Defined Benefit Obligation (Base)	3,329.05		3,595.65	
Discount Rate (- / + 1%)	3,587.44	3,108.84	3,858.66	3,370.76
(% change compared to base due to sensitivity)	7.8%	-6.6%	7.3%	-6.3%
Salary Growth Rate (- / + 1%)	3,196.85	3,471.25	3,469.46	3,733.97
(% change compared to base due to sensitivity)	-4.0%	4.3%	-3.5%	3.8%
Attrition Rate (- / + 1%)	3,283.08	3,364.86	3,572.36	3,612.54
(% change compared to base due to sensitivity)	-1.4%	1.1%	-0.6%	0.5%
Mortality Rate (- / + 10%)	3,327.81	3,330.29	3,594.75	3,596.56
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%

## Notes to Standalone Financial Statements for FY 2021-22

### 32. EMPLOYEE BENEFITS EXPENSE (Contd..)

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

	(₹ in Lakhs)
1 year	838.46
2 to 5 years	1,441.06
6 to 10 years	831.76
More than 10 years	3,726.45

#### (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-22	31-Mar-21
Current Liability (Short term)	434.80	283.12
Non-Current Liability (Long term)	2,271.29	2,309.98
<b>Net Liability</b>	<b>2,706.09</b>	<b>2,593.10</b>

#### (iii) Pension

As per the Department of Defence Production, Ministry of Defence, GOI, Guidelines No.8(112)/2012/D(Coord/DDP) dt. 11.11.2013, the contribution to Pension Scheme has to be restricted to a maximum of 10% (7% with the approval of Board and 3% with the prior approval of the Ministry of Defence) of Basic+DA in a financial year.

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

### 33. FINANCE COST

	(₹ in Lakhs)	
Particulars	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Interest expense		
Cash Credit	47.02	10.67
Short Term Overdrafts	94.86	86.94
Interest - Others	1,329.65	292.08
Interest - Term Loan	463.38	796.46
Discount on issue of Commercial Paper	215.06	13.38
<b>Total</b>	<b>2,149.97</b>	<b>1,199.53</b>

## Notes to Standalone Financial Statements for FY 2021-22

### 34. OTHER EXPENSES

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Travelling Expenses		
Travelling and conveyance	136.08	46.41
Hire of cars	20.78	11.99
Communication Expenses		
Postage & telephone	45.71	59.65
Repairs & maintenance expenses		
Buildings	528.56	534.12
Plant and machinery	476.16	306.72
Others	151.97	130.82
Rent, rates & taxes		
Rates and taxes	19.85	8.69
Rent	42.03	43.22
Printing and stationery		
Printing and stationery	8.50	11.79
Office maintenance expenses		
Security guard charges	922.58	648.99
Administration expenses-Others	318.11	322.33
Power & fuel		
Power and fuel	6,126.31	4,087.25
Sub-contractor expenses		
Sub-contractor expenses	12,247.62	10,550.31
General expenses		
CSR Expenses	481.46	350.92
Bad debts written off	51.57	136.55
Fixed Assets written off	10.96	17.46
Sales schemes	1,906.29	1,633.09
Library books	0.49	0.27
News paper and journals	0.59	10.24
Membership fees	12.71	8.43
Training expenses	18.37	10.38
Entertainment/courtesy expenses	2.04	1.67
Hostel/guest house expenses net of income	31.28	21.64
Business promotion expenses	78.70	55.14
Directors sitting fees	0.85	-
Factory expenses	127.65	140.12
Advertisement	75.63	67.55
Water charges	174.98	144.92
Consumption of stores, loose tools and spare parts		
Consumption of stores, loose tools and spare parts	3,223.80	3,589.53
Insurance expenses		
Insurance	224.97	215.59



## Notes to Standalone Financial Statements for FY 2021-22

### 34. OTHER EXPENSES (Contd..)

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Professional charges		
Legal and professional fees	16.32	9.29
Internal Audit Fee	5.78	8.20
Consultancy charges	115.11	146.90
Contract professionals expenses	16.22	16.59
R& D Expenses		
R & D Contribution	1.02	2.87
Exchange fluctuation		
Exchange rate variance charged off	-	16.01
Auditors remuneration		
Auditor's remuneration	10.65	11.75
Finance & bank charges		
Bank charges	106.80	69.42
Provision for non moving inventories	211.87	76.06
Provision for redundant / obsolete items	-	-
Provision for Bad debts		
Provision for Doubtful Debts	137.59	-
Provision for Contingencies & Warranty		
Provision for Contingencies & Warranty	196.15	7.92
Provision - Others	99.00	-
<b>Total</b>	<b>28,383.11</b>	<b>23,530.80</b>

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

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Consumption of materials	206.26	640.26
Conversion costs	133.19	521.75
Other Expenditure	292.82	107.27
R & D Contribution	49.52	2.68
<b>Total</b>	<b>681.79</b>	<b>1,271.96</b>

Remuneration and other payments to the auditor

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Auditor		
(a) Statutory Audit & Limited Review	9.25	10.25
(b) Tax Audit	1.40	1.40
(c) Other Services	-	0.10
<b>Total</b>	<b>10.65</b>	<b>11.75</b>

## Notes to Standalone Financial Statements for FY 2021-22

### 34. OTHER EXPENSES

#### Details of Corporate Social Responsibility

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Promoting Education	164.58	135.72
Protection of Environmental & Ecology balancing Projects	-	-
Promotion of Health	267.03	143.51
Women Empowerment	-	-
Other Projects	49.85	71.69
<b>TOTAL</b>	<b>481.46</b>	<b>350.92</b>

#### Additional details of Corporate Social Responsibility (CSR)

Sl. No.	Particulars	For the Year Ended 31 <sup>st</sup> March 2022
(i)	Amount required to be spent by the company	411.27
(ii)	Amount of expenditure incurred	481.46
(iii)	Shortfall at the end of the year	No Shortfall
(iv)	Total of previous years shortfall (For F.Y. 2020-21)	41.11
(v)	Reason for shortfall	Not applicable
(vi)	Nature of CSR activities	Promote Education, Skill development. Promote culture, social and sport activities. Promote health activities
(vii)	Details of related party transactions	MIDHANI under CSR has envisaged to build a Primary Health Care Centre to provide medical services to the poor families residing in and around MIDHANI. The centre shall cater to the basic needs of the patients by providing consultation, checkup, basic diagnostic test & medicines at normal charges. During the F.Y. 2021-22, MIDHANI under CSR has spent an amount of ₹116.81 lakhs towards Civil works, Infrastructure, manpower, etc.
(viii)	Movement in provision with respect to liability incurred by entering into a contractual liability	Nil

### 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.

## Notes to Standalone Financial Statements for FY 2021-22

### 35. INCOME TAX EXPENSE (Contd..)

#### (a) Income tax expense

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Current tax		
Current tax on profits for the year	6,161.80	5,736.94
Earlier year tax	-	(22.13)
	<b>6,161.80</b>	<b>5,714.81</b>
Deferred tax		
Decrease (increase) in deferred tax liabilities	(139.80)	(253.97)
<b>Total income tax expense</b>	<b>6,301.60</b>	<b>5,968.78</b>

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

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Profit before tax	<b>23,992.99</b>	<b>22,563.84</b>
Tax at Indian tax rate of 25.168%	6,038.56	5,678.87
Add:		
Depreciation under Companies Act	3,299.53	2,699.53
Disallowances under Sec 43B	-	-
Provision for Doubtful Debts	137.59	(241.58)
Provision for non moving stores and spares	211.87	76.06
R&D expenditure	-	-
Provision for contingency & warranty	196.15	7.92
Provision for obsolete items	-	-
Provision for doubtful claims	-	-
CSR Expenses	481.46	350.92
OFB Deferred Exp (Net-off)	35.19	35.70
VSSC Deferred Exp (Net-off)	(16.79)	(12.26)
OFB-WPM Deferred Exp (Net off)	166.80	-
AMTL Leave Provision	12.33	(0.73)
Provision for Others	99.00	-
Provision for advance to suppliers	-	-
Others	(409.09)	108.58
	<b>4,214.04</b>	<b>3,024.14</b>
Less:		
Earlier years liability discharged in the current year	-	-
Donations 80G - Akshaya Patra Foundation	-	-
Depreciation as per IT Act	3,729.40	3,020.23
R & D weighted deductions	-	-
	<b>3,729.40</b>	<b>3,020.23</b>
Net Adjustments (Additions - Deductions)	<b>484.64</b>	<b>3.91</b>
	121.97	0.98

## Notes to Standalone Financial Statements for FY 2021-22

### 35. INCOME TAX EXPENSE (Contd..)

(₹ in Lakhs)

Particulars	For the Year Ended	
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Tax Liability	6,160.53	5,679.85
Interest	1.27	57.09
Earlier Year Tax	-	(22.13)
MAT Credit Entitlement	-	-
Deferred Tax	139.80	253.97
<b>Total</b>	<b>6,301.60</b>	<b>5,968.78</b>

### 36. Fair value measurements

#### A. Financial instruments by category

(₹ in Lakhs)

	31 <sup>st</sup> March 2022				31 <sup>st</sup> March 2021			
	FVPL	FVOCI	Amortized Cost	Total	FVPL	FVOCI	Amortized Cost	Total
<b>Financial assets</b>								
Trade receivables	-	-	30,630.83	30,630.83	-	-	38,613.55	38,613.55
Cash and cash equivalents	-	-	6,258.15	6,258.15	-	-	9,394.67	9,394.67
Loans	-	-	1.59	1.59	-	-	35.60	35.60
Other financial assets	-	-	1,171.02	1,171.02	-	-	855.22	855.22
<b>Total</b>	<b>-</b>	<b>-</b>	<b>38,061.59</b>	<b>38,061.59</b>	<b>-</b>	<b>-</b>	<b>48,899.04</b>	<b>48,899.04</b>
<b>Financial liabilities</b>								
Borrowings	-	-	26,757.76	26,757.76	-	-	16,043.55	16,043.55
Trade payables	-	-	17,588.16	17,588.16	-	-	8,556.71	8,556.71
Other financial liabilities	-	-	19,040.89	19,040.89	-	-	46,859.21	46,859.21
<b>Total</b>	<b>-</b>	<b>-</b>	<b>63,386.81</b>	<b>63,386.81</b>	<b>-</b>	<b>-</b>	<b>71,459.47</b>	<b>71,459.47</b>

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

- (1) Assets that are not financial assets (such as receivables from statutory authorities, export benefit receivables, prepaid expenses, advances paid and certain other receivables) as of March 31, 2022, March 31, 2021 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, 2022, March 31, 2021 are not included.

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

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

# Notes to Standalone Financial Statements for FY 2021-22

## 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:

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
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.

## Notes to Standalone Financial Statements for FY 2021-22

### 37. FINANCIAL RISK MANAGEMENT (Contd..)

#### 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 been computed

##### Expected credit loss for trade receivables

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

	(₹ in Lakhs)
<b>Loss allowance on 31<sup>st</sup> March, 2021</b>	<b>1,611.11</b>
Changes in loss allowance	287.93
<b>Loss allowance on 31<sup>st</sup> March, 2022</b>	<b>1,899.04</b>

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, 2022, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

Particulars	(₹ in Lakhs)	
	Carrying amount (₹ in Lakhs)	
	March 31, 2022	March 31, 2021
India	29,654.41	39,695.84
Outside India	2,875.46	528.82
	<b>32,529.87</b>	<b>40,224.66</b>

At March 31, 2022, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

Particulars	(₹ in Lakhs)	
	Carrying amount (₹ in Lakhs)	
	March 31, 2022	March 31, 2021
Government, Government undertakings and other secured debts	30,824.93	39,983.27
Others	1,704.94	241.39
	<b>32,529.87</b>	<b>40,224.66</b>

#### Impairment

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

#### Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 6,247.72 Lakhs at March 31, 2022 (March 31, 2021: ₹ 9,387.01 Lakhs).

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.



## Notes to Standalone Financial Statements for FY 2021-22

### 37. FINANCIAL RISK MANAGEMENT (Contd..)

#### ii. Liquidity risk

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

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

#### Maturities of financial liabilities

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

	(₹ in 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
<b>31<sup>st</sup> March, 2022</b>						
<b>Non derivatives</b>						
Borrowings (Current and Non-current)	5981.88	18,000.00		555.18	2,220.70	26,757.76
Trade payables	17,364.50	121.49	102.17			17,588.16
Other financial liabilities	10,042.38	903.76				10,946.14
<b>Total non-derivative liabilities</b>	<b>33,388.76</b>	<b>19,025.25</b>	<b>102.17</b>	<b>555.18</b>	<b>2,220.70</b>	<b>55,292.06</b>

#### iii. Market risk

##### (a) Foreign currency risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Since majority of the company's operations are being carried out in India and since all the material balances are denominated in its functional currency, the company does not carry any material exposure to currency fluctuation risk.

##### (b) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company's external borrowings carries a fixed interest rate of 7.15% per annum, hence, no interest rate risk has been determined.

## Notes to Standalone Financial Statements for FY 2021-22

### 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 7.15 percent (2021: 7.15 percent).

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

Particulars	(₹ in Lakhs)	
	<b>As at 31<sup>st</sup> March, 2022</b>	
Total liabilities	1,58,994.20	
Less : Cash and cash equivalent	6,247.72	
<b>Adjusted net debt</b>	<b>1,52,746.48</b>	
Total equity	1,19,071.94	
Less : Hedging reserve	-	
<b>Adjusted equity</b>	<b>1,19,071.94</b>	
Adjusted net debt to adjusted equity ratio	1.28	

### 39. Operating segments

The Company is in the business of manufacturing of super alloys and other special metals. As the Company is engaged in defence production, exemption was granted from applicability of Accounting Standard on Segment reporting under sec 129 of Companies Act, 2013 vide Notification dated 23<sup>rd</sup> February 2018 of Ministry of Corporate Affairs.

### 40. Related party transactions

#### Parent entity

Name	Type	Place of incorporation	Ownership interest	
			31-Mar-22	31-Mar-21
The President of India	Holding Company	India	74%	74%

## Notes to Standalone Financial Statements for FY 2021-22

### 40. Related party transactions (Contd..)

#### Transactions with key management personnel

##### Key management personnel compensation

(₹ in Lakhs)

Name of the party	31 <sup>st</sup> March, 2022					31 <sup>st</sup> March, 2021
	Salaries & wages	PF & EPS	Gratuity	Leave encashment	Total	Total
(a) Dr.D.K.Likhi, C&MD (Upto 30.04.2020)	-	-	-	-	-	28.09
(b) Dr. Sanjay Kumar Jha Director, P&M (Up to 30.4.2020) & C&MD (w.e.f 01.05.2020)	70.83	4.07	-	7.82	82.72	50.48
(b) Shri N Gowri Sankara Rao, Director (F) (W.e.f. 27-Oct-2020)	38.13	3.09	-	-	41.22	16.24
(d) Shri Paul Antony, CS	15.73	1.12	-	-	16.85	13.74
<b>Total</b>	<b>124.69</b>	<b>8.28</b>	<b>-</b>	<b>7.82</b>	<b>140.79</b>	<b>108.55</b>

#### Joint Ventures:

##### During the year the company has made the following transactions with the JVs

(₹ in Lakhs)

Name of Joint Venture	Nature of Transaction	Year ended 31.03.2022	Year ended 31.03.2021
Utkarsha Aluminium Dhatu Nigam Limited	Equity contribution	-	-

Balance at the end of reporting day

(₹ in Lakhs)

Name of Joint Venture	Nature of Transaction	Year ended 31.03.2022	Year ended 31.03.2021
Utkarsha Aluminium Dhatu Nigam Limited	Investment in equity	2000.00	2,000.00

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

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>(i) Contingent liabilities</b>		
Claims against the company not acknowledged as debt	9,761.22	7,585.75
Bank Guarantees	3,045.51	3,123.48
Letter of credit outstanding	8,639.98	1,472.12
	<b>21,446.71</b>	<b>12,181.35</b>

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Capital commitments)	13,450.93	7,161.93
	<b>13,450.93</b>	<b>7,161.93</b>

## Notes to Standalone Financial Statements for FY 2021-22

### 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 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Profit attributable to equity holders of the Company (₹ in Lakhs)	17,630.77	16,629.15
Weighted average number of equity shares outstanding during the period	18,73,40,000	18,73,40,000
Face value of share (₹)	10	10
Earnings per share basic and diluted (₹ per share)	9.41	8.88

### 43. Imported Consumption

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Raw Material	30,471.74	22,898.18
Consumables and Spares	361.75	261.25
<b>Total</b>	<b>30,833.49</b>	<b>23,159.43</b>

**44.** The Company has used the borrowings from banks for the specific purpose for which it was taken as at 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021

## Notes to Standalone Financial Statements for FY 2021-22

### 45. Additional Regulatory Information

- (i) Title deeds of Immovable Properties not held in name of the Company (other than properties where the Company is the lessee and the Lease agreements are duly executed in favour of the lessee)

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value (₹ in Lakh)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company
PPE	Land	128.80	DMRL, Ministry of Defence. However, in some land award proceedings, Midhani's name is mentioned as Super Alloy Plant at DMRL.	No.	Since 1975/1977/1985/1986	Conveyance Deed for 275 Acres and 35 Guntas of land acquired which are through various Allotment/Award Letters/GO's are yet to be executed in the name of the Company. Most of them are allotted/granted by the undivided Govt. of AP earlier. In the said Grant proceedings, MIDHANI is mentioned as Super Alloy Plant of DMRL (Defence Organization). Further, out of this 1.5 Acres land is under dispute on account of unauthorized occupancy by third party.
	Building	-	-	-	-	-
Investment Property	Land					Not Applicable
	Building					
PPE retired from active use and held for disposal	Land					Not Applicable
	Building					
Others						Not Applicable

- (ii) During the year, the Company has not revalued its Property, Plant and Equipment and Intangible Assets.
- (iii) The Company has not granted Loans or Advances in the nature of loans to Promoters, Directors, KMP, and the related parties as defined under Companies Act, 2013, either severally or jointly with any other person.

## Notes to Standalone Financial Statements for FY 2021-22

### 45. Additional Regulatory Information (Contd..)

#### (iv) Capital-Work-in Progress (CWIP) ageing schedule.

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
	Projects in Progress	7,101.59	5,213.99	726.24	
Projects temporarily suspended	-	-	-	-	-

(₹ in Lakhs)

- (v) The quarterly returns or statements of current assets filed by the Company with banks where the Company has borrowings as on 31<sup>st</sup> March 2022 are in agreement with the books of accounts.
- (vi) The Company has not made any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (vii) The Company has created or modified the charges with Registrar of Companies (ROC) within the statutory period as specified in the Companies Act, 2013.
- (viii) The Company has no subsidiary hence Section 2 (87) not applicable.

#### (ix) Analytical Ratios

Ratio	Numerator	Denominator	31 <sup>st</sup> march 2022	31 <sup>st</sup> March 2021	% of variance	Reason for variance (For more than 25 %)
Current Ratio	Current Assets	Current Liabilities	2.09	2.26	-7.52	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.22	0.15	46.67	Increase in Working capital loan and availment of CAPEX Loan
Debt Service Coverage Ratio	EBITDA	Debt service (Interest & Principal repayments)	1.40	1.82	-23.08	
Return on Equity (%)	Net profit after tax	Average Shareholder's Equity	15.58	16.38	-4.88	
Inventory Turnover Ratio	Cost of goods sold	Average Inventory	0.66	0.69	-4.35	
Trade Receivable Turnover Ratio	Net Credit Sales	Average Trade Receivables	2.48	2.38	4.20	
Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payables	4.18	2.68	55.97	Increase in Purchase of Raw material and more procurement in last quarter of F.Y.2021-22.
Net Capital Turnover Ratio	Net Sales	Working capital	0.98	1.01	-2.97	
Net Profit Ratio	Net profit after tax	Net Sales	0.21	0.20	5.00	
Return on Capital Employed (%)	EBIT	Capital Employed	21.00	22.00	-4.55	
Retrun on Investment (%)			Not applicable			

## Notes to Standalone Financial Statements for FY 2021-22

### 46. Impact of COVID-19 - Second wave

#### (i) Impact on Operations and Revenue:

- (a) During the 1<sup>st</sup> quarter, company was not able to operate upto its full capacity due to lockdown, flexible timings and restrictions in night shift operation.
- (b) Disruption in supply chain leading to postponement of delivery schedules.
- (c) Despite, Q1 of FY 2021-22 adversely impacted by lockdown, with cumulative efforts of workforce, Company achieved highest ever Turnover, Value of production and Profit Before Tax.

#### (ii) Liquidity Risk:

- (a) The Customer base of the Company is majorly in the Government Sectors like Defence, Space Atomic Energy, Ordnance Factories and Public Sector Undertakings. Since many of the customers operating with skeleton staff and with their revised budgets, Company faced certain challenges in arranging the adequate liquidity, however, Company has taken all steps and controlled the situation.
- (b) The Company has assessed the possible impact of COVID-19 on its financial statements based on the internal and external information available upto the date of approval of these financial results including but not limited to its assessment of company's liquidity, recoverable values of property, plant and equipment, intangible assets and the net realisable values of other assets. The Company continues to monitor changes in future economic conditions while taking steps to improve operational efficiencies and the financial outcome.

### 47. Disclosure in respect of Commercial Paper

Pursuant to SEBI circular SEBI/HO/DDHS/CIP/P/2019/115 dated October 22, 2019, on "Framework for listing of Commercial Paper", information as required under regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for the year ended March 31, 2022 is as mentioned below:

- a) The Commercial Papers (listed) of the Company as on 31<sup>st</sup> March 2022 is Nil (31<sup>st</sup> Mar 2021 - ₹5000 Lakhs) The Company has retained "CRISIL A1+" rating by CRISIL Ratings.
- b) Key Financial Information

Particulars	(₹ in Lakhs)	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Debt-Equity Ratio	0.22	0.15
Debt Service coverage ratio	1.40	1.82
Interest service coverage ratio	13.66	22.10
Net worth (₹ In Lakhs)	1,19,071.94	1,07,263.11
Net Profit after tax (₹ In Lakhs)	17,630.77	16,629.15
Earning per share (₹)	9.41	8.88
Current Ratio	2.09	2.26
Long-term debt to working capital	0.03	0.00
Bad debts to Accounts Receivable ratio	0.00	0.00
Current Liability Ratio	0.50	0.46
Total debts to total assets	0.10	0.07
Debtors Turnover	2.48	2.38
Inventory Turnover	0.66	0.69
Operating Margin (%)	24.18	25.36
Net Profit Margin (%)	21.00	20.00

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



# Independent Auditor's Report

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

## Report on the Audit of the Consolidated Financial Statements

*We have issued an Independent Audit Report dated 26.05.2022 on the Ind AS Consolidated Financial Statements as adopted by Board of Directors on even date. Pursuant to the observations of Comptroller and Auditor General of India, we are issuing this Revised Report by including additional disclosure under 'Emphasis of Matter' para. This report supersedes our earlier report issued on 26.05.2022.*

### Opinion

We have audited the accompanying consolidated financial statements of **Mishra Dhatu Nigam Limited** (hereinafter referred to as "the Company") and its joint controlled entity, which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view, in conformity with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (Ind AS) and the accounting principles generally accepted in India, of the consolidated state of

affairs of the Company and its joint controlled entity as at March 31, 2022, of consolidated profit, total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter that we have identified in the current year are as follows:

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#### The Key Audit matter

##### Revenue Recognition

Refer Accounting Policy Note No.2.3 and Note No. 28 to the standalone financial statements.

Revenue Recognition was identified as a key audit matter as the Company as well as its external stakeholders focus on Revenue as a key performance indicator. This could create an

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#### How the matter was addressed in our audit

Following audit procedures were applied, considering the significance of the matter, amongst others to obtain sufficient appropriate audit evidence:

1. Assessed the appropriateness of the revenue recognition accounting policies whether they are in line with applicable accounting standards.

### The Key Audit matter

incentive for revenue to be overstated or recognised before control has been transferred.

The standard on Revenue establishes a comprehensive framework for determining when, how much & whether, revenue could be recognized. Accordingly, this involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognition.

### How the matter was addressed in our audit

2. Evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions.
3. Performed substantive testing by sample selection of revenue transactions recorded during the year by testing the underlying documents.
4. Carried out analytical procedures on revenue recognised during the year to identify unusual variances, if any.
5. Tested on sampling basis, whether revenue transactions near to the reporting data have been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes and the terms of sales.
6. Checked the underlying documentation to verify that the control and ownership has been transferred to the customer.

### Emphasis of Matter

We draw attention to the following matters in the Notes to the Consolidated Financial Statements:

- a) Note No. 9 (Other Non-Current Assets), Note No.11 (Current Financial Assets Trade Receivables), Note No. 14 (Current Financial Assets - Others), Note No. 15 (Other Current Assets), Note No. 22 (Other Non-current Liabilities), Note No. 24 (Trade Payables), Note No. 25 (Current Financial Liabilities Others) and Note No. 26 (Other Current Liabilities) to the Consolidated Financial Statements are subject to receipt of confirmation of balances/reconciliation.
- b) We draw attention to Note No. 46 of the consolidated financial statements in which the Company describes the impact arising from the COVID-19 Pandemic.
- c) We draw attention to Note No.30 'Cost of Raw Material consumed' which includes scrap generated as a part of manufacturing process, majority of which will again be reused as Raw Material in the production process. At present there is no Ind AS or Guidance note on disclosures regarding changes in scrap and going by the significant value being re-used, Company is accounting for them as Raw Material consumption. Company had referred the matter regarding appropriate disclosure to the Expert Advisory Committee of Institute of Chartered Accountants of India and the response of the Expert Committee is awaited.

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters.

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information contained in Directors' Report including Annual Report on CSR Activities, Management Discussion & Analysis Report, Business Responsibility Report, Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo, Report on Corporate Governance annexed thereto, Shareholder Information and other information contained in Annual Report, but does not include the consolidated financial statements and our report thereon. These reports are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Company including its jointly controlled entity in accordance with accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. The respective Board of Directors of the Company and its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective companies and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Company and its jointly controlled entity, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Company and its jointly controlled entity are responsible for assessing their ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management of the Company or the jointly controlled entity either intends to be liquidated or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and its jointly controlled entity are responsible for overseeing the financial reporting process of each Company and of the jointly controlled entity.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with respect to the consolidated financial statements in place and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its jointly controlled entity to continue as a going concern.

- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its jointly controlled entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities of the Company and its jointly controlled entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Company and such other jointly controlled entity included in the consolidated financial statements regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Company and such other jointly controlled entity included in the consolidated financial statements with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of the Company and such jointly controlled entity included in the consolidated financial statements, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

1. The accompanying consolidated financial statements include the Company's share of Net Profit of ₹ 30.96 Lakhs for the year ended March 31, 2022, as considered in consolidated financial statements, in respect of **M/s. Utkarsha Aluminium Dhatu Nigam Limited**, a jointly controlled entity, whose financial statements have not been audited by us.

The financial statements has been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entity and our report in terms of sub section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid joint venture, is based solely on the report of other auditor.

Our opinion on the Consolidated Financial Statements, and our "Report on Other Legal and Regulatory Requirements" below, is not modified in respect of the above matters with respect to disclosure on leases and our reliance on the work done and the report of the other auditor and financial statements certified by the Board of Directors.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(5) of the Act, we give in **Annexure "A"** a statement on the matters contained in directions issued by the Comptroller and Auditors General of India, the action taken thereon and its impact on the accounts and consolidated financial statements of the Company and its jointly controlled entity.

2. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
  - (e) As per Section 164(2) of the Act regarding disqualification of directors is not applicable to the Company by virtue of Notification No. G.S.R. No.463 (E) dated 05.06.2015 and on the basis of the reports of the statutory auditor of its jointly controlled entity incorporated in India, none of the director of these jointly controlled entities is disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and its jointly controlled entity and the operating effectiveness of such controls, refer to our separate report in **Annexure "B"** to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) (i) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other person or entities identified in any manner whatsoever by the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
  - (ii) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties) with the understanding, whether writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries" or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) or Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - (h) The dividend declared or paid during the year by the company is in compliance with section 123 of the Act
  - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company and its jointly controlled entity have pending litigations, the liabilities in respect of which is either provided for or disclosed as contingent liabilities - Refer Note 41 of the Notes on accounts to the consolidated financial statements. The company has disclosed the impact of these pending litigations on the consolidated financial position of the Company including its jointly controlled entity is subject to their judicial outcome;
- ii. The Company including its jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company or its jointly controlled entity incorporated in India.

**For Sarath & Associates**  
**Chartered Accountants**  
**Firm Regn. 05120S**

**Sd/-**

**CA S Srinivas**

**Partner**

**M.No. 202471**

**UDIN : 22202471ALOQDG7975**

**Date : 24.06.2022**

**Place : Hyderabad**

## Annexure - “A”

### ANNEXURE TO THE INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022 OF MISHRA DHATU NIGAM LIMITED

(Referred to in paragraph 1 under the heading of “Report on Other Legal and Regulatory Requirements” of our Report of even date)

#### Report on the directions under section 143(5) of the Companies Act, 2013 by the Comptroller & Auditor General of India

Sl No.	Directions u/s. 143(5) of the Companies Act, 2013	Auditor’s Reply on action taken on the directions	Impact
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated;	Company is using Oracle ERP software to record all business and financial transactions including Purchase Accounting, Sales Accounting, Inventory transactions, Production transactions, Accounts Payable, Accounts Receivable, Fixed Assets, Payroll, Oracle Process Manufacturing and General Ledger and all the modules are integrated with one another. The software itself has built in checks and validations between inter related modules, thus the data accuracy and integrity is maintained. All payment approvals are processed using the approval hierarchy defined in Oracle Module. All the accounting transactions are processed and the Trial Balance is generated from Oracle based ERP System. In view of the above, we confirm that no financial transactions are carried out outside IT systems and hence there is no financial implication on the integrity of the accounts during the Financial Year 2021-22.	NIL
2.	Whether there is any restructuring of an existing loan or cases of waiver/write-off of debts/loans/interest etc. made by a lender to the company due to the company’s inability to repay the loan? If yes, the financial impact may be stated	According to the information and explanation furnished to us, and based on our examination of books, there is no restructuring of an existing loan or cases of waiver / write-off of debts / loans/ interest etc made by a lender to the company during the financial year 2021-22.	NIL
3.	Whether funds received / receivable for specific schemes from central/state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation	Based on the examination of the books and records of the company, during the Financial Year 2021-22, no funds were received by the Company for any specific schemes	NIL

Our reports under Section 143(5) of the Act on the consolidated financial statements of Mishra Dhatu Nigam Limited., in so far as it relates to the joint venture of the Company, to which Section 143(5) of the Act is applicable, is based on the corresponding report of the auditor of such joint venture and information furnished by the management of such joint venture.

**For Sarath & Associates**  
**Chartered Accountants**  
**Firm Regn. 05120S**

Sd/-  
**CA S Srinivas**  
**Partner**

**M.No. 202471**

**UDIN : 22202471ALOQDG7975**

**Date : 24.06.2022**

**Place : Hyderabad**



# Annexure - “B”

## ANNEXURE TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022 OF MISHRA DHATU NIGAM LIMITED

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

### Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of **MISHRA DHATU NIGAM LIMITED** (hereinafter referred to as (“the Company”) and considered the auditors’ reports on Internal Financial Controls over financial reporting of its jointly controlled entity, which are companies incorporated in India, as of that date.

The financial statements of the jointly controlled entity have been audited by other auditor whose reports has been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to these jointly controlled entity, is based solely on the reports of the other auditor.

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the jointly controlled entity, which are companies incorporated in India, is based on the corresponding report of the other auditor of such company.

### Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and jointly controlled entity which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and

efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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, both 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.

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 included 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the other matters paragraph below, 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 consolidated 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 consolidated 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 consolidated 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 and its jointly controlled entity, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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 Sarath & Associates  
Chartered Accountants  
Firm Regn. 05120S**

**Sd/-  
CA S Srinivas  
Partner**

**Date : 24.06.2022  
Place : Hyderabad**

**M.No. 202471  
UDIN : 22202471ALOQDG7975**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MISHRA DHATU NIGAM LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of consolidated financial statements of **Mishra Dhatu Nigam Limited, Hyderabad** for the year ended 31 March 2022 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 auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their revised Audit Report dated 24 June 2022 which supersedes their earlier Audit Report dated 26 May 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **Mishra Dhatu Nigam Limited, Hyderabad** for the year ended 31 March 2022 under section 143(6)(a) read with section 129(4) of the Act. **We conducted a supplementary audit of the financial statements of Mishra Dhatu Nigam Limited, Hyderabad and Utkarsha Aluminium Dhatu Nigam Limited, Hyderabad for the year ended on that date.** This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6) (b) read with section 129 (4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

**A. Comments on Consolidated Profitability:**

- 1. Statement of Profit and Loss Account**  
**Revenue from Operations – Rs. 859.49 crore**  
**Sale of Manufacturing Products (Note 28) – Rs. 742.54 crore**

As per accounting policy (2.3) of the Company, Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, liquidated damages, performance bonuses and incentives, if any, as specified in the Contract with customer. An amount of Rs. 6.67 crore pertaining to the provision for liquidated damages due

to delay in supplies of materials by MIDHANI in two Sale Orders (SO Nos 360320119 and 360320219) in a contract (HSDO 2019 0000540101 dated 13.06.2019) to supply G-type rings to Human Space Flight Centre, Bengaluru was however, not adjusted from the revenue. The products were not delivered on scheduled time, despite extension of delivery dates five times. MIDHANI, however, booked the total revenue in these two Sales Orders instead of deducting an amount of Rs. 6.67 crore for provision of liquidated damage from the total value of these sales orders. This is not in line with Ind AS 37 (Paragraph 14) - *Provisions, Contingent Liabilities and Contingent Assets*, which states that -

*A provision shall be recognized when:*

- d) An entity has a present obligation (legal or constructive) as a result of a past event;*
- e) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and*
- f) A reliable estimate can be made of the amount of the obligation.*

This has resulted in overstatement of Revenue of the Company by Rs. 6.67 crore with consequent overstatement of Profit to the same extent.

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

  
(Santosh Kumar)

**Principal Director of Commercial Audit**

**Place: Bengaluru  
Date: 25<sup>th</sup> July 2022**

## C&amp;AG Comments &amp; MIDHANI's Reply

C&AG Comments u/s 143(6)(B) of Companies Act, 2013	MIDHANI's Reply
<p><b>A. Comments on Consolidated Profitability:</b></p>	
<p><b>1. Statement of profit and Loss Account</b></p>	
<p><b>Revenue from Operations – ₹ 859.49 crore</b></p>	
<p><b>Sale of Manufacturing Products (Note 28) – 742.54 crore</b></p>	
<p>As per accounting policy (2.3) of the Company, Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, liquidated damages, performance bonuses and incentives, if any, as specified in the Contract with customer. An amount of ₹ 6.67 crore pertaining to the provision for liquidated damages due to delay in supplies of materials by MIDHANI in two Sale Orders (SO Nos 360320119 and 360320219) in a contract (HSDO 2019 0000540101 dated 13.06.2019) to supply G-type rings to Human Space Flight Centre, Bengaluru was however, not adjusted from the revenue. The products were not delivered on scheduled time, despite extension of delivery dates five times.</p>	<p>MIDHANI had entered into the contract (HSDO 2019 0000540101 dated 13.06.2019) with HSFC to supply G type rings worth ₹ 197.07 crore within 18 months of the contract date in 5 lots. As per Liquidated Damage (LD) clause in the contract, if delivery made beyond scheduled delivery time, LD at the rate of 0.50% per week of the basic cost of the delayed delivery is liveable subject to maximum of 10%.</p>
<p>MIDHANI, however, booked the total revenue in these two Sale Orders instead of deducting an amount of ₹ 6.67 crore for provision of liquidated damage from the total value of these sale orders. This is not in the line with Ind AS 37 (Paragraph 14) - Provisions, Contingent Liabilities and Contingent Assets, which states that –</p>	<p>However, due to COVID-19 pandemic and related disruption/restrictions, there was a severe interruption of manufacturing activities and logistics which lead to delayed supply. After considering the situation, customer accepted the request of MIDHANI to extend the scheduled delivery date without levying any LD upto September 2021.</p>
<p>A provision shall be recognised when:</p>	<p>After September 2021 also, there was disruption in production at customer identified Job Worker Place because of COVID-19, Omicron and unexpected breakdown maintenance work. These incidences were beyond control of MIDHANI and resulted into further delay in supplies.</p>
<p>a) An entity has a present obligation (legal or constructive) as a result of a past event;</p> <p>b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and</p> <p>c) A reliable estimate can be made of the amount of the obligation.</p>	<p>Therefore, M/s VSSC and M/s HSFC was requested to waive off the LD in this regard. M/s VSSC issued a letter of assurance dated 30.03.2022 mentioning that VSSC is reviewing the request of MIDHANI for waiving of LD due to situation arisen due to COVID in following contract(s).</p>
<p>This has resulted in overstatement of Revenue of the Company by ₹ 6.67 crore with consequent overstatement of Profit to the same extent.</p>	<ol style="list-style-type: none"> <li>1. VSSC Contract No. 6022 2018E108580101 Dated 11.01.19</li> <li>2. VSSC Contract no. 6022 2018E113740101 dated 28.02.19</li> <li>3. HSFC Contract no. HSDO20190000540101 dated 13.06.2019</li> <li>4. HSFC PO No. HSDO 2019 000354 0101ILO dated 20.12.2019</li> </ol>
	<p>In HSFC PO No. HSDO 2019 000354 0101ILO dated 20.12.2019 also, HSFC vide purchase order amendment dated 03.01.2022 extended the delivery date and refunded ₹ 2,11,62,891 on 10.01.2022 which was earlier deducted by them on account of LD.</p>
	<p>Considering the long-term association with MIDHANI and taking into account the global pandemic situation, customer had already extended support by way of refund of LD which was levied earlier and assurance was also given to review in the present instance.</p>
	<p>Taking the above into cognizance LD provision was not made in accounts by MIDHANI and accordingly there is no overstatement of Trade Receivables and Profit for the period under consideration.</p>
	<p>In view of the above facts there is no overstatement of Revenue and Profit.</p>



# Consolidated Balance Sheet

 as at 31<sup>st</sup> March 2022

Particulars	Note No.	(₹ in Lakhs)	
		As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>ASSETS:</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	93,748.33	42,785.85
Capital work-in-progress	5	13,186.56	54,874.46
Intangible assets	4	100.42	105.72
<b>Financial Assets</b>			
(i) Investments	6	2,091.45	2,060.49
(ii) Loans	7	1.59	35.60
Non current tax assets (Net)	8	555.93	553.82
Other non-current assets	9	434.03	396.93
<b>Total Non-Current Assets</b>		<b>1,10,118.31</b>	<b>1,00,812.87</b>
<b>Current assets:</b>			
Inventories	10	1,09,149.16	80,083.79
<b>Financial Assets</b>			
(i) Trade receivables	11	30,630.83	38,613.55
(ii) Cash and cash equivalents	12	6,247.72	9,387.01
(iii) Bank balances [other than (ii) above]	13	10.43	7.66
(iv) Others	14	1,171.02	855.22
Other current assets	15	20,620.01	16,161.97
<b>Total Current Assets</b>		<b>1,67,829.17</b>	<b>1,45,109.20</b>
<b>Total Assets</b>		<b>2,77,947.48</b>	<b>2,45,922.07</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	16	18,734.00	18,734.00
Other Equity	17	1,00,219.28	88,379.49
<b>Total Equity</b>		<b>1,18,953.28</b>	<b>1,07,113.49</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	18	2,775.88	-
(ia) Lease Liabilities	18-A	-	-
(ii) Others	19	8,093.72	39,461.20
Provisions	20	162.81	136.67
Deferred tax liabilities (net)	21	3,517.17	3,377.37
Other non-current liabilities	22	64,264.72	31,572.08
<b>Total Non-current liabilities</b>		<b>78,814.30</b>	<b>74,547.32</b>
<b>Current Liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	23	23,981.88	16,043.55
(ia) Lease Liabilities	23-A	-	-
(ii) Trade payables	24		
(A) Micro enterprises and Small Enterprises		379.03	546.48
(B) Other than Micro enterprises and Small enterprises		17,209.13	8,010.23
(iii) Others	25	10,947.17	7,398.01
Other current liabilities	26	24,400.15	27,822.94
Provisions	27	3,262.54	4,440.05
<b>Total Current Liabilities</b>		<b>80,179.90</b>	<b>64,261.26</b>
<b>Total Equity and Liabilities</b>		<b>2,77,947.48</b>	<b>2,45,922.07</b>

The accompanying notes 1 to 50 form an integral part of the consolidated financial statements.

As per our report of even date

 for **SARATH & ASSOCIATES**  
 Chartered Accountants  
 Firm's registration no. 005120 S

 Sd/-  
**Shri S. Srinivas**  
 Partner  
 Membership No. 202471

 Place: Hyderabad  
 Date: 26.05.2022

for and on behalf of the Board of Directors

 Sd/-  
**Dr. Sanjay Kumar Jha**  
 Chairman & Managing Director  
 DIN: 07533036

 Sd/-  
**Shri. Gowri Sankara Rao Naramsetti**  
 Director (Finance)  
 08925899

 Sd/-  
**Shri Paul Antony**  
 Company Secretary  
 Membership No. A29037

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2022

(₹ in Lakhs)

Particulars	Note No.	For the Year ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
<b>Income</b>			
Revenue From Operations	28	85,949.02	81,323.08
Other Income	29	3,130.62	1,983.12
<b>Total Income</b>		<b>89,079.64</b>	<b>83,306.20</b>
<b>Expenses</b>			
Cost of material consumed	30	32,004.48	17,007.05
Change in inventories of finished goods, work-in-progress and stock-in-trade	31	(12,923.73)	4,158.86
Employee benefits expense	32	12,254.30	12,101.04
Finance Costs	33	2,149.97	1,199.53
Depreciation and amortization expense	3, 4	3,299.53	2,699.53
Other expenses	34	28,383.11	23,530.80
<b>Total Expenses</b>		<b>65,167.66</b>	<b>60,696.81</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>23,911.98</b>	<b>22,609.39</b>
Exceptional Items - Income / (Expense)		-	-
Share of Profit / (Loss) of Joint Venture		30.96	13.13
<b>Profit / (Loss) before tax</b>		<b>23,942.94</b>	<b>22,622.52</b>
<b>Tax expense</b>			
Current Tax	35	6,141.41	5,748.40
Earlier Year Tax		-	(22.13)
MAT Credit Entitlement		-	-
Deferred Tax		139.80	253.97
<b>Profit / (Loss) for the period</b>		<b>17,661.73</b>	<b>16,642.28</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss		81.01	(45.55)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(20.39)	11.46
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		-	-
C Share of other comprehensive income of joint venture		-	-
Other comprehensive income for the year net of tax		<b>60.62</b>	<b>(34.09)</b>
<b>Total Comprehensive Income for the period</b>		<b>17,722.35</b>	<b>16,608.19</b>
(Comprising Profit / (Loss) and Other Comprehensive Income for the period)			
<b>Earning per equity share (Amount in ₹)</b>			
Basic (₹)		9.43	8.88
Diluted (₹)		9.43	8.88
Weighted average number of shares (Nos.) (Basic & Diluted)		18,73,40,000	18,73,40,000

The accompanying notes 1 to 50 form an integral part of the consolidated financial statements.

As per our report of even date

for **SARATH & ASSOCIATES**  
Chartered Accountants  
Firm's registration no. 005120 S

Sd/-  
**Shri S. Srinivas**  
Partner  
Membership No. 202471

Place: Hyderabad  
Date: 26.05.2022

for and on behalf of the Board of Directors

Sd/-  
**Dr. Sanjay Kumar Jha**  
Chairman & Managing Director  
DIN: 07533036

Sd/-  
**Shri. Gowri Sankara Rao Naramsetti**  
Director (Finance)  
08925899

Sd/-  
**Shri Paul Antony**  
Company Secretary  
Membership No. A29037



# Consolidated Statement of Cash Flow

 for the period ended 31<sup>st</sup> march 2022

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
<b>Cash flows from operating activities</b>		
Profit/(loss) for the year (before tax)	24,023.95	22,401.09
Adjustments for:		
Share of Profit / Loss of Joint Venture	(30.96)	162.75
Depreciation expense	3,299.53	2,699.53
Finance costs	2,149.97	1,199.53
Interest income	(1,548.40)	(429.87)
Profit / Loss on sale of Fixed Assets	10.80	16.26
	<b>27,904.89</b>	<b>26,049.29</b>
Working capital adjustments:		
(Increase) decrease in inventories	(29,065.37)	10,966.58
(Increase) decrease in trade receivables and loans	8,016.73	(8,844.79)
(Increase) decrease in other financial assets	(315.80)	480.14
(Increase) decrease in other non-current assets	(371.0)	602.76
(Increase) decrease in other current assets	(4,458.04)	2,046.57
Increase (decrease) in trade payables	9,031.45	(4,234.65)
Increase (decrease) in other financial liabilities	(27,818.32)	8,190.26
Increase (decrease) in provisions	(331.53)	462.83
Increase (decrease) in non-current liabilities	32,692.64	(6,837.84)
Increase (decrease) in other current liabilities	(3,422.79)	(6,516.02)
<b>Cash generated from operating activities</b>	<b>12,196.76</b>	<b>22,365.13</b>
Income tax paid (net)	(6,983.75)	(4,777.11)
<b>Net cash from/(used in) operating activities (A)</b>	<b>5,213.01</b>	<b>17,588.02</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(12,568.81)	(15,908.92)
Profit / Loss on sale of Fixed Assets	(10.80)	(16.26)
Investment in other projects	0.00	-
Interest received	1,548.40	429.87
Investment in fixed deposits	740.00	4,000.00
<b>Net cash from/(used in) investing activities (B)</b>	<b>(10,291.21)</b>	<b>(11,495.31)</b>
<b>Cash flows from financing activities</b>		
(Repayment)/Availment of borrowings	10,714.21	2,680.91
Dividend on shares	(5,885.50)	(5,173.80)
Interest paid	(2,149.97)	(1,199.53)
<b>Net cash flow from (used in) financing activities (C)</b>	<b>2,678.74</b>	<b>(3,692.42)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(2,399.46)</b>	<b>2,400.29</b>
Cash and cash equivalents at 1 April	3,387.18	986.89
<b>Cash and cash equivalents at the reporting date</b>	<b>987.72</b>	<b>3,387.18</b>
<b>Reconciliation of cash and cash equivalents as per the balance sheet</b>		
Cash and cash equivalents as per the cash flow statement	987.72	3,387.18
<b>Other bank balances not considered above</b>		
- Term Deposit	5,260.00	5,999.83
<b>Cash and cash equivalents (including Term Deposits) at the reporting date</b>	<b>6,247.72</b>	<b>9,387.01</b>

The accompanying notes 1 to 50 form an integral part of the consolidated financial statements.

As per our report of even date

 for **SARATH & ASSOCIATES**  
 Chartered Accountants  
 Firm's registration no. 005120 S

 Sd/-  
**Shri S. Srinivas**  
 Partner  
 Membership No. 202471

 Place: Hyderabad  
 Date: 26.05.2022

for and on behalf of the Board of Directors

 Sd/-  
**Dr. Sanjay Kumar Jha**  
 Chairman & Managing Director  
 DIN: 07533036

 Sd/-  
**Shri. Gowri Sankara Rao Naramsetti**  
 Director (Finance)  
 DIN: 08925899

 Sd/-  
**Shri Paul Antony**  
 Company Secretary  
 Membership No. A29037

# Consolidated Statement of Changes in Equity

as at 31<sup>st</sup> March 2022

## A. Equity Share Capital

### (1) As at 31<sup>st</sup> March 2022

(₹ in Lakhs)				
Balance as at 01 <sup>st</sup> April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01 <sup>st</sup> April 2021	Changes in share capital during the F.Y. 2021-22	Balance as at 31 <sup>st</sup> March 2022
18,734.00	-	18,734.00	-	18,734.00

### (2) As at 31<sup>st</sup> March 2021

(₹ in Lakhs)				
Balance as at 01 <sup>st</sup> April 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01 <sup>st</sup> April 2020	Changes in share capital during the F.Y. 2020-21	Balance as at 31 <sup>st</sup> March 2021
18,734.00	-	18,734.00	-	18,734.00

## B. Other Equity

### (1) As at 31<sup>st</sup> March 2022

Particulars	Reserves and Surplus		Other Comprehensive Income	Total Other Equity
	Retained Earnings	General Reserve	Other items of Other Comprehensive Income	
<b>Opening Balance as at 01<sup>st</sup> April 2021</b>	<b>8,770.75</b>	<b>79,575.87</b>	<b>32.87</b>	<b>88,379.49</b>
Changes in accounting policy or prior period errors				-
<b>Restated balance as at 01<sup>st</sup> April 2021</b>	<b>8,770.75</b>	<b>79,575.87</b>	<b>32.87</b>	<b>88,379.49</b>
Profit for the Period	17,661.73			17,661.73
Remeasurement of the net defined benefit liability / asset, net of tax effect			60.62	60.62
Dividends	(5,882.56)			(5,882.56)
Dividend Distribution Tax				-
Transfer to General Reserve	(10,300.00)	10,300.00		-
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>10,249.92</b>	<b>89,875.87</b>	<b>93.49</b>	<b>1,00,219.28</b>

# Consolidated Statement of Changes in Equity

 as at 31<sup>st</sup> March 2022

## B. Other Equity (Contd..)

### (2) As at 31<sup>st</sup> March 2021

Particulars				(₹ in Lakhs)
	Reserves and Surplus		Other Comprehensive Income	Total Other Equity
	Retained Earnings	General Reserve	Other items of Other Comprehensive Income	
<b>Opening Balance as at 01<sup>st</sup> April 2020</b>	<b>6,299.08</b>	<b>70,575.87</b>	<b>66.96</b>	<b>76,941.91</b>
Changes in accounting policy or prior period errors	-	-	-	-
<b>Restated balance as at 01<sup>st</sup> April 2020</b>	<b>6,299.08</b>	<b>70,575.87</b>	<b>66.96</b>	<b>76,941.91</b>
Profit for the Period	16,642.28			16,642.28
Remeasurement of the net defined benefit liability / asset, net of tax effect			(34.09)	(34.09)
Dividends	(5,170.61)			(5,170.61)
Dividend Distribution Tax				-
Transfer to General Reserve	(9,000.00)	9,000.00		-
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>8,770.75</b>	<b>79,575.87</b>	<b>32.87</b>	<b>88,379.49</b>

The accompanying notes 1 to 50 form an integral part of the consolidated financial statements.

As per our report of even date

for **SARATH & ASSOCIATES**  
Chartered Accountants  
Firm's registration no. 005120 S

Sd/-  
**Shri S. Srinivas**  
Partner  
Membership No. 202471

Place: Hyderabad  
Date: 26.05.2022

for and on behalf of the Board of Directors

Sd/-  
**Dr. Sanjay Kumar Jha**  
Chairman & Managing Director  
DIN: 07533036

Sd/-  
**Shri. Gowri Sankara Rao Naramsetti**  
Director (Finance)  
DIN: 08925899

Sd/-  
**Shri Paul Antony**  
Company Secretary  
Membership No. A29037

# Significant Accounting Policies

## 1. GENERAL INFORMATION

Mishra Dhatu Nigam Limited (“the Company”) a Government of India enterprise was set up in 1973 and is engaged in the business of manufacturing of superalloys, titanium, special purpose steel and other special metals. The Company has its registered office at ‘P.O. Kanchanbagh, Hyderabad, 500058’.

The company has made strategic investment in a joint venture company M/s. Utkarsha Aluminium Dhatu Nigam Limited for furtherance of its business in the area of Aluminium based alloys.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

#### i. Statement of compliance

The consolidated financial statements of the company and its joint venture are prepared and presented in accordance with Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015], to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

#### ii. Functional and presentation currency

The consolidated financial statements are presented in Indian rupees, which is the functional currency of the Company and its Joint venture and the currency of the primary economic environment in which the entities operate. 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 consolidated financial statements are 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 consolidated financial statements, unless otherwise stated.

### 2.3 Revenue recognition

Revenue is recognized when significant risks and rewards of ownership and effective control on goods have been transferred to the buyer. Revenue from the sale of manufactured goods is recognized upfront at the point in time when the goods are delivered to the customer. The supply of alloys may include supply of third-party equipment or material. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the company and its joint venture is acting as the principal or as an agent of the customer. The company and its joint venture recognize revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

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

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

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

In case of sales on FOR/FOB destination contracts, revenue is recognized considering the expected time in respect of dispatches to reach the destination within

the accounting period, subject to adjustments based on actual receipt of material at destination.

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

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

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

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

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

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

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

Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction

price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. Variable considerations are allocated to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company and its joint venture use judgment to determine an appropriate standalone selling price for a performance obligation. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, expected cost plus margin approach used to allocate the transaction price to each distinct performance obligation.

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

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

## **2.4 Foreign currencies**

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

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

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through consolidated 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 consolidated statement of profit and loss in the periods during which services are rendered by employees. Post Retirement Medical Benefit Scheme (PRMBS) and Pension Scheme are classified under this category.

### ii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The 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 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. An economic benefit is available 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 consolidated 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 consolidated statement of profit and loss. All actuarial gains and losses arising from defined benefit plans recognized in other comprehensive income.

The Gratuity and contribution towards Provident Fund classified under this category.

### iii. Compensated Absence

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

### iv. Other Employee Benefits

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

## 2.6 Property, plant and equipment

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

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

The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, when there is 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 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 consolidated 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 consolidated statement of profit and loss as incurred.

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

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

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

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

As per para 8 of Ind AS 16, items such as spare parts, stand-by equipment and servicing equipment are recognized 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 consolidated 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 consolidated statement of profit and loss when the asset is de-recognized.

### iii. Useful lives of intangible assets

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

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

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

## 2.8 Inventories

Inventories are valued on the following basis:

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

At weighted average cost

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

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

### iii. Consumables in Shop floor/Sub-stores

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

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

At estimated realizable value for scrap.

### v. Tools and Gauges

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

### vi. Work-in-process

At cost or estimated realizable value appropriate to the stage of production based on technical

evaluation, whichever is less. However, the WIP of 5 years old and above is valued at the realizable scrap rate.

### vii. Finished Goods

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

viii. Goods in transit are valued at cost.

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

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

Raw materials: 85% of the book value

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

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

## 2.9 Investments in Associates and Joint Ventures

An associate is an entity over which the Company has significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates or joint ventures are incorporated on these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or joint venture is initially recognized in the consolidated balance sheet at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate or joint venture.

Distributions received from an associate or a joint venture reduces the carrying amount of the investment. When the company's share of losses of an associate or a joint venture exceeds the company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the company's net investment in the associate or joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Company determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If, there exists such an objective evidence of impairment, then it is necessary to recognize impairment loss with respect to the Company's investment in an associate or joint venture.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

For the purpose of consolidation the use of the equity method is discontinued from the date when the investment ceases to be an associate or a joint venture,

or when the investment is classified as held for sale. When the company retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

The equity method is continued when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the ownership interest in an associate or a joint venture is reduced but the use of equity method is continued, the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

## 2.10 Income tax

Tax expense represents the sum of current tax and deferred tax

### 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 current tax assets and current tax liabilities are off-set, where there is 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.

## 2.11 Provisions

Provisions are recognized when there is 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 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, impairment loss if any is recognized 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.

## 2.12 Financial instruments

### i. Financial assets

The Company and its joint venture initially recognizes its 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 and its joint venture becomes a party to the contractual provisions of the instrument.

The Company and its joint venture 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 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, there is 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.

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 and its joint venture'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 and its joint venture initially recognize debt securities issued and subordinated liabilities on the date that they are originated and all other financial liabilities are recognized initially on the trade date at which it becomes a party to the contractual provisions of the instrument.

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

Financial liabilities include 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.

## 2.13 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 and its joint venture on terms that 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 and its joint venture 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 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.

## 2.14 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.

## 2.15 Finance income and costs

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

## 2.16 Earnings per share

The Company and its joint venture 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 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.

## 2.17 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.

### 2.18 Claims by / against the Company:

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

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

Liquidated Damages on suppliers are accounted on recovery.

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

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

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

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

### 2.19 Research and development expenses:

Research expenditure is charged to the consolidated Statement of Profit and Loss. Development costs of products are also charged to the consolidated 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 recognized 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, and 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.

### 2.20 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.

### 2.21 Cash Flow Statement:

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

### 2.22 New standards and interpretations not yet effective:

A number of new standards, amendments to standards and interpretations are not yet effective as on the reporting date, and have not been applied in preparing these consolidated financial statements. The effect of the same is being evaluated by the Company and its joint venture.

### 2.23 Government Grants:

- i. Grants from the Government are recognized at their fair value where there is reasonable assurance that grant will be received and the Company and its joint venture will comply with all attached conditions.
- ii. Government grants relating to income are deferred and recognized in the consolidated profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Alternatively, they are deducted in reporting the related expense.
- iii. Grants related to non-depreciable assets may also require the fulfilment of certain obligations and would then be recognized in consolidated profit or loss over the periods that bear the cost of meeting the obligations.

- iv. Government Grants received either as subsidy or otherwise for acquisition of depreciable assets are accounted as deferred income. If the grant/subsidy is absolute, amount corresponding to the depreciation is treated as income over the life of the asset. If the grant/subsidy is attached with any conditions, such as repayment, income is accounted as per the terms of the grant/subsidy.

## 2.24 LEASES

### Company as a lessee:

Contracts with third party, which give the company the right of use in respect of an Asset, are accounted in line with the provisions of Ind AS 116 – “Leases” if the recognition criteria as specified in the Accounting standard are met.

Lease payments associated with short term lease (term of twelve months or less) and lease in respect of low value assets are charged off as expenses on straight line basis over lease term or other systematic basis, as applicable.

At commencement date, the value of “right of use” is capitalised at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset.

Liability for lease is created for an amount equivalent to the present value of outstanding lease payments. Subsequent measurement, if any, is made using cost model.

Each lease payment is allocated between the liability created and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right of use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight line basis.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company’s incremental borrowing rate.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

### Company as a Lessor:

Lease are classified as finance or operating lease based on the recognition criteria specified in Ind AS 116 – Leases.

#### a) Finance Lease:

At commencement date, amount equivalent to the “net investment in the lease” is presented as a receivable. The implicit interest rate is used to measure the value of the “net investment in Lease”.

Each lease payment is allocated between the Receivable created and finance income. The finance income is recognised in the statement of profit and loss over the lease period so as to reflect a constant periodic rate of return on the net investment in lease.

The asset is tested for de-recognition and impairment requirements as per Ind AS 109- Financial Instruments.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

#### b) Operating lease:

The company recognises lease payments from operating leases as income on either a straight line basis or another systematic basis, if required. Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

A lease is classified at the inception date as a finance lease or operating lease.



## Notes to Consolidated Financial Statements for FY 2021-22

### 3. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings/ Drainage/ water systems	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Other (Electrical installations)	Others (Roads and bridges)	Total Tangible Assets
(₹ in Lakhs)									
<b>As at 31<sup>st</sup> March 2021</b>									
<b>Gross Carrying amount</b>									
Opening gross carrying amount	2,211.99	4,852.50	41,432.33	462.65	478.14	1,101.29	3,212.74	3.52	53,755.16
Additions	-	328.80	1,517.32	23.33	2.00	48.05	78.32	7.78	2,005.60
Disposals	(493.60)	(13.19)	(14.77)	(0.25)	-	(19.09)	(0.47)	-	(541.37)
<b>Closing gross carrying amount</b>	<b>1,718.39</b>	<b>5,168.11</b>	<b>42,934.88</b>	<b>485.73</b>	<b>480.14</b>	<b>1,130.25</b>	<b>3,290.59</b>	<b>11.30</b>	<b>55,219.39</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation	-	773.97	7,013.45	189.05	187.75	498.43	1,121.99	-	9,784.64
Depreciation charge during the year	-	175.20	1,901.45	47.06	54.95	177.36	313.78	0.84	2,670.64
Disposals	-	(3.04)	(4.69)	(0.21)	-	(13.56)	(0.24)	-	(21.74)
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>946.13</b>	<b>8,910.21</b>	<b>235.90</b>	<b>242.70</b>	<b>662.23</b>	<b>1,435.53</b>	<b>0.84</b>	<b>12,433.54</b>
<b>Net Carrying amount</b>	<b>1,718.39</b>	<b>4,221.98</b>	<b>34,024.67</b>	<b>249.83</b>	<b>237.44</b>	<b>468.02</b>	<b>1,855.06</b>	<b>10.46</b>	<b>42,785.85</b>
<b>As at 31<sup>st</sup> Mar 2022</b>									
<b>Gross Carrying amount</b>									
Opening gross carrying amount	1,718.39	5,168.11	42,934.88	485.73	480.14	1,130.25	3,290.59	11.30	55,219.39
Additions	0.00	4,174.46	47,678.91	23.40	19.82	146.55	2,211.15	-	54,254.29
Disposals	-	(0.81)	(29.67)	(2.20)	-	(9.07)	(0.15)	-	(41.90)
<b>Closing gross carrying amount</b>	<b>1,718.39</b>	<b>9,341.76</b>	<b>90,584.12</b>	<b>506.93</b>	<b>499.96</b>	<b>1,267.73</b>	<b>5,501.59</b>	<b>11.30</b>	<b>1,09,431.78</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation	-	946.13	8,910.21	235.90	242.70	662.23	1,435.53	0.84	12,433.54
Depreciation charge during the period	-	221.50	2,392.87	44.99	52.41	171.75	383.46	1.48	3,268.46
Disposals	-	-	(10.64)	(1.78)	(6.01)	-	(0.12)	-	(18.55)
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>1,167.63</b>	<b>11,292.44</b>	<b>279.11</b>	<b>289.10</b>	<b>833.98</b>	<b>1,818.87</b>	<b>2.32</b>	<b>15,683.45</b>
<b>Net Carrying amount</b>	<b>1,718.39</b>	<b>8,174.13</b>	<b>79,291.68</b>	<b>227.82</b>	<b>210.86</b>	<b>433.75</b>	<b>3,682.72</b>	<b>8.98</b>	<b>93,748.33</b>
<b>Net Carrying amount 31.03.2021</b>	<b>1718.39</b>	<b>4221.98</b>	<b>34024.67</b>	<b>249.83</b>	<b>237.44</b>	<b>468.02</b>	<b>1855.06</b>	<b>10.46</b>	<b>42785.85</b>

- 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. Lease to DRDO is in the nature of Operating Lease.
- 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.
- 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)



## Notes to Consolidated Financial Statements for FY 2021-22

### 3. PROPERTY, PLANT AND EQUIPMENT (Contd..)

- 4 Company considered the salvage value as 5% of the Cost of Assets
- 5 Principal Asset costing ₹ 100 lakhs and above only are identified for the purpose of componentization of assets.
- 6 During the year, the Company has not revalued Property, Plant and Equipment.
- 7 Customer funded assets have been included under the relevant category of Property, Plant and Equipment i.e Building, Plant and Machinery and Electrical Installations.
- 8 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
Furniture	4.62	10.00	0.19	5.00	0.43	0.24
<b>TOTAL</b>	<b>4.62</b>		<b>0.19</b>		<b>0.43</b>	<b>0.24</b>
Previous Year	3.52		0.18		0.52	0.40

- 9 Refer Note 41(ii) for outstanding contractual commitments.

### 4. INTANGIBLE ASSETS

(₹ in Lakhs)

	Computer software	Copyrights & Patents and other intellectual property rights, services and operating rights	Total Intangible Assets
<b>As at 31<sup>st</sup> March 2021</b>			
<b>Gross Carrying amount</b>			
Opening gross carrying amount	318.19	24.20	342.39
Additions	30.50	-	30.50
Disposals	-	-	-
<b>Closing gross carrying amount</b>	<b>348.69</b>	<b>24.20</b>	<b>372.89</b>
<b>Accumulated depreciation</b>			
Opening accumulated depreciation	220.57	17.71	238.28
Depreciation charge during the year	26.63	2.26	28.89
Disposals	-	-	-
<b>Closing accumulated depreciation</b>	<b>247.20</b>	<b>19.97</b>	<b>267.17</b>
<b>Net Carrying amount</b>	<b>101.49</b>	<b>4.23</b>	<b>105.72</b>

## Notes to Consolidated Financial Statements for FY 2021-22

### 4. INTANGIBLE ASSETS (Contd..)

(₹ in Lakhs)

	Computer software	Copyrights & Patents and other intellectual property rights, services and operating rights	Total Intangible Assets
<b>As at 31<sup>st</sup> March 2022</b>			
Gross Carrying amount			
Opening gross carrying amount	348.69	24.20	372.89
Additions	25.77	-	25.77
Disposals	-	-	-
<b>Closing gross carrying amount</b>	<b>374.46</b>	<b>24.20</b>	<b>398.66</b>
<b>Accumulated depreciation</b>			
Opening accumulated depreciation	247.20	19.97	267.17
Depreciation charge during the period	29.76	1.31	31.07
Disposals	-	-	-
<b>Closing accumulated depreciation</b>	<b>276.96</b>	<b>21.28</b>	<b>298.24</b>
<b>Net Carrying amount</b>	<b>97.50</b>	<b>2.92</b>	<b>100.42</b>
<b>Net Carrying amount 31.03.2021</b>	<b>101.49</b>	<b>4.23</b>	<b>105.72</b>

### 5. CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Capital Work-in-Progress-Civil	2,231.82	4,191.99
Capital Work-in-Progress- Plant & Machinery Under Erection	8,326.88	49,500.62
Plant, Machinery & Equipment under Inspection & in Transit	2,627.86	1,181.85
<b>Total</b>	<b>13,186.56</b>	<b>54,874.46</b>

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

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Trade Investments Non-Trade, Unquoted AT COST		
<b>Investment in Equity instruments</b>		
<b>Investment in other entities</b>		
AP Gas Power Corporation Limited (*)		
18,43,857 fully paid up Equity share of ₹ 10/- each including 7,71,847 fully paid up bonus share of face value ₹ 10/- each	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
<b>Investments in Joint Venture (**)</b>		
Utkarsha Aluminium Dhatu Nigam Limited	1,881.34	1,850.38
2,00,00,000 fully paid up Equity share of ₹ 10/- each		
<b>Total</b>	<b>2,091.45</b>	<b>2,060.49</b>

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

(\*\*) Details of Joint venture

## Notes to Consolidated Financial Statements for FY 2021-22

### 6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (Contd..)

Particulars	Principal Activity and place of business	Proportion of ownership Interest/voting rights held by the Company	
		As at 31-03-2022	As at 31-03-2021
Utkarsha Aluminium Dhatu Nigam Limited	For setting up High End Aluminium Alloy Production plant at Nellore, Andhra Pradesh.	50%	50%

#### Financial Information in respect of Joint Venture

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Non-current assets	950.04	758.11
Current assets	2,818.57	2,962.84
Non-current liabilities	-	-
Current liabilities	5.94	20.20
<b>The above amounts of assets and liabilities includes the following:</b>		
Cash and cash equivalents	2,732.06	2,874.16
Current financial liabilities (excluding trade payables and provisions)	-	-
Non-current financial liabilities (excluding trade payables and provisions)	-	-
Current liabilities	5.94	20.20

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Revenue	-	-
Profit or loss from continuing operations	61.92	26.25
Other comprehensive income for the year	-	-
Total comprehensive income for the year	61.92	26.25
<b>The above profit / (Loss) for the year include the following:</b>		
Depreciation and amortisation	8.04	6.67
Interest Income	-	-
Interest expenses	-	-
Income tax expense / (income)	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in JV recognised in the consolidated financial statements:

## Notes to Consolidated Financial Statements for FY 2021-22

### 6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS (Contd..)

Reconciliation of the above summarised financial information to the carrying amount of the interest in JV recognised in the consolidated financial statements:

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Net asset of the Joint Venture	3,762.67	3,700.75
Proportion of the Group's ownership interest in JV (%)	50%	50%
Proportion of the Group's ownership interest in JV	1,881.34	1,850.38
Add: additional subscription of share warrant / advance against equity	-	-
Add: good will on acquisition	-	-
Less: unrealised profit	-	-
Group's share in the net asset of JV	1,881.34	1,850.38
Carrying amount of the Group's interest in JV	1,881.34	1,850.38

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

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>Unsecured, considered good</b>		
Loans to Vendors	1.59	35.60
<b>Total</b>	<b>1.59</b>	<b>35.60</b>

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

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Advance Income Tax	555.93	553.82
<b>Total</b>	<b>555.93</b>	<b>553.82</b>

### 9. OTHER NON-CURRENT ASSETS

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>Capital Advances</b>		
Unsecured, considered good	434.03	396.93
Doubtful	35.46	35.46
Less: Provision	35.46	-
<b>Sub-Total</b>	<b>434.03</b>	<b>396.93</b>
<b>Others</b>		
Doubtful Advances to supplier	22.52	22.52
Less: Provision	22.52	-
Obsolete and slow moving -Raw material	256.06	77.28
Less: Provision	256.06	-
Obsolete and slow moving -consumables	48.06	31.61
Less: Provision	48.06	-
Obsolete and slow moving -spares	189.03	172.39
Less: Provision	189.03	-
<b>Total</b>	<b>434.03</b>	<b>396.93</b>

## Notes to Consolidated Financial Statements for FY 2021-22

### 10. INVENTORIES

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Raw Materials and components	18,065.96	8,441.59
Raw Materials and components -in transit	3,964.72	575.74
<b>Total</b>	<b>22,030.68</b>	<b>9,017.33</b>
Work-in-progress <sup>#</sup>	59,680.82	46,233.18
<b>Total</b>	<b>59,680.82</b>	<b>46,233.18</b>
Finished goods	-	-
Finished goods in transit	124.99	648.90
<b>Total</b>	<b>124.99</b>	<b>648.90</b>
Stores and spares	652.02	609.07
Stores and spares -in transit	5.43	-
<b>Total</b>	<b>657.45</b>	<b>609.07</b>
Loose Tools	18.82	-
<b>Total</b>	<b>18.82</b>	-
Consumables	2,390.92	1,815.67
Consumables-in transit	-	-
<b>Total</b>	<b>2,390.92</b>	<b>1,815.67</b>
Internally generated Scrap/rejected material	24,245.48	21,759.64
<b>Total</b>	<b>24,245.48</b>	<b>21,759.64</b>
<b>Grand Total</b>	<b>1,09,149.16</b>	<b>80,083.79</b>

The Inventory does not include material held in trust on behalf of Customers and material issued by the Customers to Midhani for job works

<sup>#</sup>Work in progress Include materials lying with sub-contractors ₹ 2044.79 Lakhs (31.03.2021 ₹ 2622.14Lakhs) and is subject to confirmation of balance by sub-contractors.

### 11. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>Trade Receivables</b>		
Considered Good - Unsecured	30,651.75	38,619.56
Which have significant increase in Credit Risk	-	-
Credit Impaired	1,878.12	1,605.10
<b>Total (A)</b>	<b>32,529.87</b>	<b>40,224.66</b>
<b>Less : Allowance for bad and doubtful debts</b>		
Considered good - Unsecured (ECL)	(20.92)	(6.01)
Which have significant increase in Credit Risk	-	-
Credit Impaired	(1,878.12)	(1,605.10)
<b>Total (B)</b>	<b>(1,899.04)</b>	<b>(1,611.11)</b>
<b>Grand Total (A-B)</b>	<b>30,630.83</b>	<b>38,613.55</b>

## Notes to Consolidated Financial Statements for FY 2021-22

### 11. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES (Contd..)

#### Trade Receivables ageing schedule

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	23,361.76	2,621.91	3,193.17	1,061.75	413.17	30,651.76
(ii) Undisputed Trade Receivables - which have significant increase in Credit Risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	946.97	183.72	381.34	158.76	207.33	1,878.12
(iv) Disputed Trade Receivables - Considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in Credit Risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit impaired	-	-	-	-	-	-

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

Age of receivables	Expected credit loss	
	As at 31 March 2022	As at 31 March 2021
Within Credit the Period	1.13%	2.40%
Upto 3 months	1.33%	3.31%
3-6 months	6.02%	16.40%
6-9 months	18.07%	30.16%
9-12 months	69.74%	71.16%
>12 months	100.00%	100.00%
Specific Provision (₹ In Lakhs) relating to Defence, Govt and PSU customer dues	335.58	212.90
Specific Provision (₹ In Lakhs) relating to Defence, Govt, PSU, Private customer dues (LD)	1,542.54	1,392.20

## Notes to Consolidated Financial Statements for FY 2021-22

### 11. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES (Contd..)

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Private Customers -Unsecured		
Within Credit the Period	1,101.45	56.86
Upto 3 months	585.00	51.72
3-6 months	-	5.13
6-9 months	0.32	-
9-12 months	0.03	1.00
>12 months	0.64	1.38
Private Customers -secured	17.50	125.30
Defence, Govt and PSU customer dues	30,824.93	39,983.27

### Movement in Provision made against Trade Receivables

Particulars	(₹ in Lakhs)	
	Total	
Loss allowance as on 31 <sup>st</sup> March 2021		1,611.11
Changes in loss allowance		287.93
Loss allowance as on 31 <sup>st</sup> March 2022		1,899.04

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

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Balances with Banks		
In Current Accounts	985.61	3,385.57
In Deposit Accounts #	5,260.00	5,999.83
Cash on hand	2.11	1.61
<b>Total</b>	<b>6,247.72</b>	<b>9,387.01</b>

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

### 13. CURRENT FINANCIAL ASSETS - BANK BALANCES [OTHER THAN (NOTE 12) ABOVE]

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Unpaid Dividend	10.43	7.49
Term Deposits*	-	0.17
<b>Total</b>	<b>10.43</b>	<b>7.66</b>

\*Balances in Term Deposit Accounts includes ₹ Nil (31.03.2021 ₹ 0.17 lakhs) pledged for secured over drafts availed against the deposits with various banks.



## Notes to Consolidated Financial Statements for FY 2021-22

### 14. CURRENT FINANCIAL ASSETS - OTHERS

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Loans and advances to employees	25.76	23.90
Interest accrued on loans to employees	-	-
Claims receivable	143.75	67.28
Deposits with others	752.87	729.51
Interest accrued on bank deposits	214.63	3.92
Loans to Vendors	34.01	30.61
<b>Total</b>	<b>1,171.02</b>	<b>855.22</b>

### 15. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Assets held for disposal	20.73	8.52
Prepaid expenses	241.83	201.96
GST/Customs duty receivable	20,238.67	15,806.31
Others		
Unsecured, considered good		
Advance to suppliers	118.78	145.18
<b>Total</b>	<b>20,620.01</b>	<b>16,161.97</b>

### 16. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Authorised</b>		
Equity shares		
20,00,00,000 shares @ ₹ 10/- per share	20,000.00	20,000.00
(Previous Year 20,00,00,000 shares @ ₹ 10/- per share)		
	<b>20,000.00</b>	<b>20,000.00</b>
<b>Issued</b>		
Equity shares		
18,73,40,000 shares @ ₹ 10/- per share	18,734.00	18,734.00
(Previous Year 18,73,40,000 shares @ ₹ 10/- per share)		
	<b>18,734.00</b>	<b>18,734.00</b>
<b>Subscribed and fully Paid up</b>		
Equity shares		
18,73,40,000 shares @ ₹ 10/- per share	18,734.00	18,734.00
(Previous Year 18,73,40,000 shares @ ₹ 10/- per share)		
	<b>18,734.00</b>	<b>18,734.00</b>
<b>Total</b>	<b>18,734.00</b>	<b>18,734.00</b>

## Notes to Consolidated Financial Statements for FY 2021-22

### 16. EQUITY SHARE CAPITAL (Contd..)

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

Particulars	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Outstanding as at Opening Date	18,73,40,000	18,734.00	18,73,40,000	18,734.00
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
<b>Outstanding as at Closing Date</b>	<b>18,73,40,000</b>	<b>18,734.00</b>	<b>18,73,40,000</b>	<b>18,734.00</b>

#### Terms/right attached to equity shares

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

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

Particulars	31 <sup>st</sup> March 2022		31 <sup>st</sup> March 2021	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹ 10/- each fully paid-up (Previous Year ₹ 10/- each)				
President of India	13,86,31,600	74.00%	13,86,31,600	74.00%
HDFC Trustee Company Ltd. A/c HDFC Balanced Advantage Fund	1,46,79,407	7.84%	1,50,45,195	8.03%

#### Details of Shareholding of Promoters

Shares held by promoters as on 31 <sup>st</sup> March 2022				
S. No.	Promoter Name	No. of Shares	% of Total shares	% Change during the year
1	President of India	13,86,31,600	74%	-

### 17. OTHER EQUITY

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
General Reserve		
Opening Balance	79,575.87	70,575.87
Less: Depreciation adjustment	-	-
	79,575.87	70,575.87
Add: Additions during the year	10,300.00	9,000.00
<b>Sub-total</b>	<b>89,875.87</b>	<b>79,575.87</b>

## Notes to Consolidated Financial Statements for FY 2021-22

### 17. OTHER EQUITY (Contd..)

(₹ in Lakhs)

Particulars	As at	
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Retained Earnings		
Opening Balance	8,770.75	6,299.08
Add: Amount transferred from statement of profit and loss	17,661.73	16,642.28
Amount available for appropriation	<b>26,432.48</b>	<b>22,941.36</b>
Less: Appropriations		
Interim Dividend	2,922.53	2,248.08
Final Dividend	2,960.03	2,922.53
Transferred to General Reserve	10,300.00	14,170.61
<b>Sub-total</b>	<b>10,249.92</b>	<b>8,770.75</b>
Components of other comprehensive income		
Opening Balance	32.87	66.96
Add: Remeasurement of the net defined benefit liability / asset, net of tax effect	60.62	(34.09)
<b>Sub-total</b>	<b>93.49</b>	<b>32.87</b>
<b>Total</b>	<b>1,00,219.28</b>	<b>88,379.49</b>

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

(₹ in Lakhs)

Particulars	As at	
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Secured		
Term Loans from Banks	2,775.88	-
(Secured by way of Hypothecation of Machinery Purchased out of Term Loan) (Excluding ₹ Nil (31.03.2021 - ₹ Nil) which is due for payment within 12 months treated as Other Current Financial Liability and included under Note 23) Repayable in 20 quarterly equal installments		
Advances - Augmentation Facilities - VSSC	-	-
(This represents balance amount payable (net of ₹ Nil (31.03.2021 ₹ 25.66 lakhs) repayable within 12 months and treated as Other Current Liability and included under Note No.26) against refundable loan of ₹ 478.38 lakhs received from VSSC for upgradation of forge press.)		
<b>Total</b>	<b>2,775.88</b>	<b>-</b>

### 18-A. NON-CURRENT FINANCIAL LIABILITIES - LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at	
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Lease Liabilities	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Notes to Consolidated Financial Statements for FY 2021-22

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

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Grants - Customer Financed Projects	8,009.18	39,461.20
Deposit under MEFBS-2021	84.54	-
<b>Total</b>	<b>8,093.72</b>	<b>39,461.20</b>

### 20. NON-CURRENT LIABILITIES - PROVISIONS

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Provision for employee benefits		
Provision for gratuity	119.04	105.23
Provision for compensated absences	43.77	31.44
<b>Total</b>	<b>162.81</b>	<b>136.67</b>

### 21. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Deferred Tax Liabilities		
On Depreciation	4,070.37	3,715.84
<b>Sub Total</b>	<b>4,070.37</b>	<b>3,715.84</b>
Deferred Tax Assets		
On Provision	542.18	330.56
On Disallowance as per IT Act	11.02	7.91
<b>Sub Total</b>	<b>553.20</b>	<b>338.47</b>
<b>Net Total</b>	<b>3,517.17</b>	<b>3,377.37</b>

### Movement in deferred tax

(₹ in Lakhs)

Particulars	Closing Balance	Charge/Credit	Closing Balance
	31-Mar-2021	during the year 2021-22	31-March-2022
<b>Deferred Tax Assets</b>			
Provision for Non Moving Stores	70.79	53.33	124.12
Provisions for Doubtful Debts	55.10	34.62	89.72
Provisions for Doubtful Adv / Claims	5.67	-	5.67
Provision for Contingencies & Warranty	140.84	49.37	190.21
AMTL Leave Provision	7.91	3.11	11.02
Provison for Others	-	27.69	27.69
OFB-Melt-IV Interest Differences (Net)	53.93	8.86	62.79
VSSC Interest Differences (Net)	4.23	(4.23)	-
OFB-WPM Interest Differences (Net)	-	41.98	41.98
<b>Total Assets</b>	<b>338.47</b>	<b>214.73</b>	<b>553.20</b>

## Notes to Consolidated Financial Statements for FY 2021-22

### 21. DEFERRED TAX LIABILITIES (NET) (Contd..)

(₹ in Lakhs)

Particulars	Closing Balance 31-Mar-2021	Charge/Credit during the year 2021-22	Closing Balance 31-March-2022
<b>Deferred Tax Liability</b>			
Depreciation	3,715.84	354.53	4,070.37
<b>Total Liability</b>	<b>3,715.84</b>	<b>354.53</b>	<b>4,070.37</b>
<b>Net Liability</b>	<b>3,377.37</b>	<b>139.80</b>	<b>3,517.17</b>

### 22. OTHER NON-CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Advances		
Advances from Customers	24,220.29	25,182.89
Others		
Material Received on Loan - Kaveri Project	29.46	26.33
Other Liabilities - VSSC	54.72	54.72
Other Liabilities - OFB	43.00	130.93
Advances Others	64.57	64.57
Deferred Income	39,852.68	6,112.64
<b>Total</b>	<b>64,264.72</b>	<b>31,572.08</b>

### 23. CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Secured		
Loans repayable on demand		
From Banks		
Cash Credit	(0.09)	7.68
(By hypothecation of Raw materials, stock in process, finished good and book debts.)		
From various banks-short term overdraft secured by pledge of fixed deposits	(18.03)	0.15
Secured by Fixed Deposits of ₹ Nil (31.03.2021 ₹ 0.17 lakhs)		
Unsecured		
From Banks		
Short Term Loans	24,000.00	11,035.72
Commercial Paper	-	5,000.00
Current Maturities of Long Term Debt	-	-
<b>Total</b>	<b>23,981.88</b>	<b>16,043.55</b>

## Notes to Consolidated Financial Statements for FY 2021-22

### 23-A. CURRENT FINANCIAL LIABILITIES - LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Current portion of Lease Liabilities	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 24. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Micro & Small Enterprises	379.03	546.48
Others @	17,209.13	8,010.23
<b>Total</b>	<b>17,588.16</b>	<b>8,556.71</b>

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

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

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Amount due and Payable at the year end		
Principal	-	546.48
Interest on above Principal	-	51.65
Payments made during the year after the due date		
Principal	-	2,188.14
Interest on above Principal	-	-
Interest due and payable for principals already paid	-	56.92
Total Interest accrued and remained unpaid at year end	-	108.57

### Trade Payables ageing schedule

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	379.03	-	-	-	379.03
(ii) Others	15,865.04	510.28	140.81	693.00	17,209.13
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

## Notes to Consolidated Financial Statements for FY 2021-22

### 25. CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Earnest money deposit	10.68	10.68
Security Deposit	204.98	299.51
Liabilities to customers	1,086.49	1,535.45
Capital creditors	7,813.03	4,243.56
Employee payables	1,821.56	1,301.32
Unpaid Dividend	10.43	7.49
<b>Total</b>	<b>10,947.17</b>	<b>7,398.01</b>

### 26. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Advances received from customers	16,145.88	16,802.83
Liabilities for Customer Financed projects	4,249.57	6,616.01
Material Received on Loan - Others	3,790.65	4,221.98
Statutory liabilities	214.05	182.12
<b>Total</b>	<b>24,400.15</b>	<b>27,822.94</b>

### 27. CURRENT - PROVISIONS

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Provision for employee benefits		
Provision for compensated absences	172.88	213.27
Provision for gratuity	115.62	241.85
Provision for post retirement medical scheme	163.03	155.40
Provision for pension scheme	-	371.00
Provision for other employee benefits	1,817.16	1,940.00
Other Provisions		
Provision for contingencies and warranty	755.76	559.60
Provision for Income Tax	128.05	947.89
Other provisions	110.04	11.04
<b>Total</b>	<b>3,262.54</b>	<b>4,440.05</b>

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

(₹ in Lakhs)

Particulars	As at	Additions	Utilization	Reversal	As at
	01.04.2021				31.03.2022
Compensated absences	244.71	346.68	374.74	-	216.65
Gratuity	347.08	124.96	237.38	-	234.66
Post retirement medical scheme	155.40	163.03	155.40	-	163.03
Pension Scheme	371.00	378.05	749.05	-	-
Contingencies and Warranty	559.60	196.16	-	-	755.76
Others	1,951.04	800.00	823.84	-	1,927.20
<b>Total</b>	<b>3,628.83</b>	<b>2,008.88</b>	<b>2,340.41</b>	<b>-</b>	<b>3,297.30</b>



## Notes to Consolidated Financial Statements for FY 2021-22

### 28. REVENUE FROM OPERATIONS

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Sale of Manufacturing Products	74,254.30	77,877.12
Less : Sale of trial run production (Transferred to CWIP)	109.56	-
	<b>74,144.74</b>	<b>77,877.12</b>
Export Sales	8,702.16	1,942.47
Sale of Services	850.84	615.36
Other Operating Revenues	2,251.28	888.13
<b>Total</b>	<b>85,949.02</b>	<b>81,323.08</b>

### 29. OTHER INCOME

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Interest Income		
From Banks	420.36	266.55
From Others	1,128.04	163.32
Liquidated Damages	571.16	394.62
Exchange rate variance	40.10	-
Net gain on sale of Fixed Assets	0.16	1.20
Income from Sale of Unserviceable Scrap	127.65	238.49
Excess Liabilities written back	428.39	825.35
Grant Income	204.63	24.00
Other miscellaneous income	210.13	69.59
<b>Total</b>	<b>3,130.62</b>	<b>1,983.12</b>

#### Details of other miscellaneous income

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Sale of Application Forms (Personnel)	15.97	0.50
Others	194.16	69.09
<b>Total</b>	<b>210.13</b>	<b>69.59</b>

### 30. COST OF MATERIAL CONSUMED

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Cost of Material for manufactured products	32,004.48	17,007.05
<b>Total</b>	<b>32,004.48</b>	<b>17,007.05</b>

## Notes to Consolidated Financial Statements for FY 2021-22

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

(₹ in Lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Opening Stock		
Work-in-progress	46,233.18	49,444.86
Finished Stock	648.90	1,596.08
	<b>46,882.08</b>	<b>51,040.94</b>
Closing Stock		
Work-in-progress	59,680.82	46,233.18
Finished Stock	124.99	648.90
	<b>59,805.81</b>	<b>46,882.08</b>
(Increase) / Decrease		
Work-in-progress	(13,447.64)	3,211.68
Finished Stock	523.91	947.18
<b>Total</b>	<b>(12,923.73)</b>	<b>4,158.86</b>

### 32. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Salaries & Wages		
Salaries & Wages	8,375.76	8,301.40
Leave Encashment	346.68	366.86
Directors remuneration	123.94	94.81
Contribution to Provident and other Funds		
Contribution to provident fund	687.73	650.70
Employees Gratuity	205.97	151.72
Leave salary and pension contribution	378.05	371.00
Staff Welfare & Training		
Workmen and staff welfare expense	2,136.17	2,164.55
<b>Total</b>	<b>12,254.30</b>	<b>12,101.04</b>

#### (i) Gratuity

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

#### Expenses Recognised during the period

(₹ in Lakhs)

Particulars	2021-22	2020-21
In Income Statement	200.56	200.85
In Other Comprehensive Income	(81.01)	45.55
<b>Net Liability</b>	<b>119.55</b>	<b>246.40</b>

## Notes to Consolidated Financial Statements for FY 2021-22

### 32. EMPLOYEE BENEFITS EXPENSE (Contd..)

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

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
Present Value of Obligation	3,329.05	3,595.65
Fair Value of Plan Assets	3,213.43	3,353.80
Surplus / (Deficit)	(115.62)	(241.85)
Effects of Asset Ceiling, if any	-	-
<b>Net Assets / (Liability)</b>	<b>(115.62)</b>	<b>(241.85)</b>

#### Changes in the Present Value of Obligation

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
<b>Present Value of Obligation as at beginning</b>	<b>3,595.65</b>	<b>4,120.91</b>
Current Service Cost	184.24	172.50
Interest Expense or Cost	242.53	273.85
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-
- change in demographic assumptions	-	-
- change in financial assumptions	(110.51)	(24.32)
- experience variance (Actual Vs assumptions)	31.95	61.23
Past Service Cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits Paid	(614.82)	(1,008.52)
Acquisition Adjustment	-	-
Effect of business combinations or disposals	-	-
<b>Present Value of Obligation as at the end</b>	<b>3,329.04</b>	<b>3,595.65</b>

#### Bifurcation of net liability

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
Current Liability (Short term)	-	-
Non-Current Liability (Long term)	115.62	241.85
<b>Net Liability</b>	<b>115.62</b>	<b>241.85</b>

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

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
<b>Fair Value of Plan Assets as at the beginning</b>	<b>3,353.80</b>	<b>3,694.28</b>
Investment Income	226.22	245.50
Employer's Contribution	245.78	431.18
Expenses	-	-
Employee's Contribution	-	-
Benefits Paid	(614.81)	(1,008.52)
Return on plan assets , excluding amount recognised in net interest expense	2.44	(8.64)
Acquisition Adjustment	-	-
<b>Fair Value of Plan Assets as at the end</b>	<b>3,213.43</b>	<b>3,353.80</b>

## Notes to Consolidated Financial Statements for FY 2021-22

### 32. EMPLOYEE BENEFITS EXPENSE (Contd..)

#### Expenses Recognised in the Income Statement

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
Current Service Cost	184.24	172.50
Past Service Cost	-	-
Loss / (Gain) on settlement	-	-
Expected return on Asset	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	16.31	28.35
Actuarial Gain/Loss	-	-
<b>Expenses Recognised in the Income Statement</b>	<b>200.55</b>	<b>200.85</b>

#### Other Comprehensive Income

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
<b>Actuarial (gains) / losses</b>		
- change in demographic assumptions	-	-
- change in financial assumptions	(110.51)	(24.32)
- experience variance (i.e. Actual experience vs assumptions)	31.95	61.23
- others	-	-
Return on plan assets, excluding amount recognized in net interest expense	(2.44)	8.64
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(81.00)</b>	<b>45.55</b>

#### Actuarial assumptions

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
Discount rate (per annum)	7.20%	6.75%
Salary growth rate (per annum)	8.00%	8.00%

#### Demographic assumptions

Particulars	(₹ in Lakhs)	
	2021-22	2020-21
Mortality rate	100.00%	100.00%
Withdrawal rate (per annum)	Upto 3% based on age	Upto 3% based on age

#### Table of sample mortality rates from Indian Assured Lives Mortality 2012-14

##### Mortality (per annum)

Age	Male	Female
20 years	0.092%	0.092%
25 years	0.093%	0.093%
30 years	0.098%	0.098%
35 years	0.120%	0.120%

## Notes to Consolidated Financial Statements for FY 2021-22

### 32. EMPLOYEE BENEFITS EXPENSE (Contd..)

Age	Male	Female
40 years	0.168%	0.168%
45 years	0.258%	0.258%
50 years	0.444%	0.444%
55 years	0.751%	0.751%
60 years	1.116%	1.116%
65 years	1.593%	1.593%
70 years	2.406%	2.406%

#### Sensitivity analysis

(₹ in Lakhs)

Particulars	31-Mar-22		31-Mar-21	
	Decrease	Increase	Decrease	Increase
Defined Benefit Obligation (Base)	3,329.05		3,595.65	
Discount Rate (- / + 1%)	3,587.44	3,108.84	3,858.66	3,370.76
(% change compared to base due to sensitivity)	7.8%	-6.6%	7.3%	-6.3%
Salary Growth Rate (- / + 1%)	3,196.85	3,471.25	3,469.46	3,733.97
(% change compared to base due to sensitivity)	-4.0%	4.3%	-3.5%	3.8%
Attrition Rate (- / + 1%)	3,283.08	3,364.86	3,572.36	3,612.54
(% change compared to base due to sensitivity)	-1.4%	1.1%	-0.6%	0.5%
Mortality Rate (- / + 10%)	3,327.81	3,330.29	3,594.75	3,596.56
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%

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

(₹ in Lakhs)

1 year	838.46
2 to 5 years	1,441.06
6 to 10 years	831.76
More than 10 years	3,726.45

#### (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-22	31-Mar-21
Current Liability (Short term)	434.80	283.12
Non-Current Liability (Long term)	2,271.29	2,309.98
<b>Net Liability</b>	<b>2,706.09</b>	<b>2,593.10</b>

#### (iii) Pension

As per the Department of Defence Production, Ministry of Defence, GOI, Guidelines No.8(112)/2012/D(Coord/DDP) dt. 11.11.2013, the contribution to Pension Scheme has to be restricted to a maximum of 10% (7% with the approval of Board and 3% with the prior approval of the Ministry of Defence) of Basic+DA in a financial year.

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

## Notes to Consolidated Financial Statements for FY 2021-22

### 33. FINANCE COST

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Interest expense		
Cash Credit	47.02	10.67
Short Term Overdrafts	94.86	86.94
Interest - Others	1,329.65	292.08
Interest - Term Loan	463.38	796.46
Discount on issue of Commercial Paper	215.06	13.38
<b>Total</b>	<b>2,149.97</b>	<b>1,199.53</b>

### 34. OTHER EXPENSES

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Travelling Expenses		
Travelling and conveyance	136.08	46.41
Hire of cars	20.78	11.99
Communication Expenses		
Postage & telephone	45.71	59.65
Repairs & maintenance expenses		
Buildings	528.56	534.12
Plant and machinery	476.16	306.72
Others	151.97	130.82
Rent, rates & taxes		
Rates and taxes	19.85	8.69
Rent	42.03	43.22
Printing and stationery		
Printing and stationery	8.50	11.79
Office maintenance expenses		
Security guard charges	922.58	648.99
Administration expenses-Others	318.11	322.33
Power & fuel		
Power and fuel	6,126.31	4,087.25
Sub-contractor expenses		
Sub-contractor expenses	12,247.62	10,550.31
General expenses		
CSR Expenses	481.46	350.92
Bad debts written off	51.57	136.55
Fixed Assets written off	10.96	17.46
Sales schemes	1,906.29	1,633.09
Library books	0.49	0.27
News paper and journals	0.59	10.24
Membership fees	12.71	8.43

## Notes to Consolidated Financial Statements for FY 2021-22

### 34. OTHER EXPENSES (Contd..)

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Training expenses	18.37	10.38
Entertainment/courtesy expenses	2.04	1.67
Hostel/guest house expenses net of income	31.28	21.64
Business promotion expenses	78.70	55.14
Directors sitting fees	0.85	-
Factory expenses	127.65	140.12
Advertisement	75.63	67.55
Water charges	174.98	144.92
Consumption of stores, loose tools and spare parts		
Consumption of stores, loose tools and spare parts	3,223.80	3,589.53
Insurance expenses		
Insurance	224.97	215.59
Professional charges		
Legal and professional fees	16.32	9.29
Internal Audit Fee	5.78	8.20
Consultancy charges	115.11	146.90
Contract professionals expenses	16.22	16.59
R& D Expenses		
R & D Contribution	1.02	2.87
Exchange fluctuation		
Exchange rate variance charged off	-	16.01
Auditors remuneration		
Auditor's remuneration	10.65	11.75
Finance & bank charges		
Bank charges	106.80	69.42
Provision for non moving inventories	211.87	76.06
Provision for Bad debts		
Provision for Doubtful Debts	137.59	-
Provision for Contingencies & Warranty		
Provision for Contingencies & Warranty	196.15	7.92
Provision - Others	99.00	0.00
<b>Total</b>	<b>28,383.11</b>	<b>23,530.80</b>

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

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Consumption of materials	206.26	640.26
Conversion costs	133.19	521.75
Other Expenditure	292.82	107.27
R & D Contribution	49.52	2.68
<b>Total</b>	<b>681.79</b>	<b>1,271.96</b>



## Notes to Consolidated Financial Statements for FY 2021-22

### 34. OTHER EXPENSES (Contd..)

#### Remuneration and other payments to the auditor

(₹ in Lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Auditor		
(a) Statutory Audit & Limited Review	9.25	10.25
(b) Tax Audit	1.40	1.40
(c) Other Services	-	0.10
<b>Total</b>	<b>10.65</b>	<b>11.75</b>

#### Details of Corporate Social Responsibility

(₹ in Lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Promoting Education	164.58	135.72
Protection of Environmental & Ecology balancing Projects	-	-
Promotion of Health	267.03	143.51
Women Empowerment	-	-
Other Projects	49.85	71.69
<b>TOTAL</b>	<b>481.46</b>	<b>350.92</b>

#### Additional details of Corporate Social Responsibility (CSR)

Sl. No.	Particulars	For the Year Ended 31 <sup>st</sup> March 2022
(i)	Amount required to be spent by the company	411.27
(ii)	Amount of expenditure incurred	481.46
(iii)	Shortfall at the end of the year	No Shortfall
(iv)	Total of previous years shortfall (For F.Y. 2020-21)	41.11
(v)	Reason for shortfall	Not applicable
(vi)	Nature of CSR activities	Promote Education, Skill development. Promote culture, social and sport activities., Promote health activities
(vii)	Details of related party transactions	MIDHANI under CSR has envisaged to build a Primary Health Care Centre to provide medical services to the poor families residing in and around MIDHANI. The centre shall cater to the basic needs of the patients by providing consultation, checkup, basic diagnostic test & medicines at nominal charges. During the F.Y. 2021-22, MIDHANI under CSR has spent an amount of ₹116.81 lakhs towards Civil works, Infrastructure, manpower, etc.
(viii)	Movement in provision with respect to liability incurred by entering into a contractual liability	Nil

## Notes to Consolidated Financial Statements for FY 2021-22

### 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 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
Current tax		
Current tax on profits for the year	6,161.80	5,736.94
Earlier year tax	-	(22.13)
	<b>6,161.80</b>	<b>5,714.81</b>
Deferred tax		
Decrease (increase) in deferred tax liabilities	(139.80)	(253.97)
<b>Total income tax expense</b>	<b>6,301.60</b>	<b>5,968.78</b>

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

(₹ in Lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2022	For the Year Ended 31 <sup>st</sup> March 2021
<b>Profit before tax</b>	<b>23,992.99</b>	<b>22,563.84</b>
Tax at Indian tax rate of 25.168%	6,038.56	5,678.87
Add:		
Depreciation under Companies Act	3,299.53	2,699.53
Disallowances under Sec 43B	-	-
Provision for Doubtful Debts	137.59	(241.58)
Provision for non moving stores and spares	211.87	76.06
R&D expenditure	-	-
Provision for contingency & warranty	196.15	7.92
Provision for obsolete items	-	-
Provision for doubtful claims	-	-
CSR Expenses	481.46	350.92
OFB Deferred Exp (Net-off)	35.19	35.70
VSSC Deferred Exp (Net-off)	(16.79)	(12.26)
OFB-WPM Deferred Exp (Net off)	166.80	-
AMTL Leave Provision	12.33	(0.73)
Provision for Others	99.00	-
Provision for advance to suppliers	-	-
Others	(409.09)	108.58
	<b>4,214.04</b>	<b>3,024.14</b>

## Notes to Consolidated Financial Statements for FY 2021-22

### 35. INCOME TAX EXPENSE (Contd..)

(₹ in Lakhs)

Particulars	For the Year Ended 31 <sup>st</sup> March 2022		For the Year Ended 31 <sup>st</sup> March 2021	
Less:				
Earlier years liability discharged in the current year	-		-	
Donations 80G - Akshaya Patra Foundation	-		-	
Depreciation as per IT Act	3,729.40		3,020.23	
R & D weighted deductions	-		-	
	<b>3,729.40</b>		<b>3,020.23</b>	
Net Adjustments (Additions - Deductions)	<b>484.64</b>	121.97	<b>3.91</b>	0.98
Tax Liability		6,160.53		5,679.85
Interest		1.27		57.09
Earlier Year Tax		-		(22.13)
MAT Credit Entitlement		-		-
Deferred Tax		139.80		253.97
<b>Total</b>		<b>6,301.60</b>		<b>5,968.78</b>

### 36. Fair value measurements

#### A. Financial instruments by category

(₹ in Lakhs)

	31 <sup>st</sup> March 2022				31 <sup>st</sup> March 2021			
	FVPL	FVOCI	Amortized Cost	Total	FVPL	FVOCI	Amortized Cost	Total
<b>Financial assets</b>								
Trade receivables	-	-	30,630.83	30,630.83	-	-	38,613.55	38,613.55
Cash and cash equivalents	-	-	6,258.15	6,258.15	-	-	9,394.67	9,394.67
Loans	-	-	1.59	1.59	-	-	35.60	35.60
Other financial assets	-	-	1,171.02	1,171.02	-	-	855.22	855.22
<b>Total</b>	-	-	<b>38,061.59</b>	<b>38,061.59</b>	-	-	<b>48,899.04</b>	<b>48,899.04</b>
<b>Financial liabilities</b>								
Borrowings	-	-	26,757.76	26,757.76	-	-	16,043.55	16,043.55
Trade payables	-	-	17,588.16	17,588.16	-	-	8,556.71	8,556.71
Other financial liabilities	-	-	19,040.89	19,040.89	-	-	46,859.21	46,859.21
<b>Total</b>	-	-	<b>63,386.81</b>	<b>63,386.81</b>	-	-	<b>71,459.47</b>	<b>71,459.47</b>

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

- (1) Assets that are not financial assets (such as receivables from statutory authorities, export benefit receivables, prepaid expenses, advances paid and certain other receivables) as of March 31, 2022, March 31, 2021 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, 2022, March 31, 2021 are not included.

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

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

# Notes to Consolidated Financial Statements for FY 2021-22

## 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 consolidated 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.

## Notes to Consolidated Financial Statements for FY 2021-22

### 37. Financial risk management (Contd..)

#### 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 been computed

##### Expected credit loss for trade receivables

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

	(₹ in Lakhs)
<b>Loss allowance on 31 March 2021</b>	<b>1,611.11</b>
Changes in loss allowance	287.93
<b>Loss allowance on 31 March 2022</b>	<b>1,899.04</b>

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, 2022, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

Particulars	Carrying amount (₹ in Lakhs)	
	March 31, 2022	March 31, 2021
India	29,654.41	39,695.84
Outside India	2,875.46	528.82
	<b>32,529.87</b>	<b>40,224.66</b>

At March 31, 2022, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

Particulars	Carrying amount (₹ in Lakhs)	
	March 31, 2022	March 31, 2021
Government, Government undertakings and other secured debts	30,824.93	39,983.27
Others	1,704.94	241.39
	<b>32,529.87</b>	<b>40,224.66</b>

#### Impairment

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

#### Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 6,247.72 Lakhs at March 31, 2022 (March 31, 2021: ₹ 9,387.01 Lakhs).

## Notes to Consolidated Financial Statements for FY 2021-22

### 37. Financial risk management (Contd..)

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

#### ii. Liquidity risk

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

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

#### Maturities of financial liabilities

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

	(₹ in Lakhs)					
<b>Contractual maturities of financial liabilities</b>	<b>Less than 3 months</b>	<b>3 months to 6 months</b>	<b>6 months to 1 year</b>	<b>Between 1 year to 2 years</b>	<b>Between 2 years to 5 years</b>	<b>Total</b>
<b>31 March 2022</b>						
<b>Non derivatives</b>						
Borrowings (Current and Non-current)	5,981.88	18,000.00	-	555.18	2,220.70	26,757.76
Trade payables	17,364.50	121.49	102.17	-	-	17,588.16
Other financial liabilities	10,042.38	903.76	-	-	-	10,946.14
<b>Total non-derivative liabilities</b>	<b>33,388.76</b>	<b>19,025.25</b>	<b>102.17</b>	<b>555.18</b>	<b>2,220.70</b>	<b>55,292.06</b>

#### iii. Market risk

##### (a) Foreign currency risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Since majority of the company's operations are being carried out in India and since all the material balances are denominated in its functional currency, the company does not carry any material exposure to currency fluctuation risk.

##### (b) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company's external borrowings carries a fixed interest rate of 7.15% per annum, hence, no interest rate risk has been determined.

# Notes to Consolidated Financial Statements for FY 2021-22

## 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 7.15 percent (2021: 7.15 percent).

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

Particulars	As at	
	31 March 2022	
Total liabilities	1,58,994.20	
Less : Cash and cash equivalent	6,247.72	
<b>Adjusted net debt</b>	<b>1,52,746.48</b>	
Total equity	1,18,953.28	
Less : Hedging reserve	-	
<b>Adjusted equity</b>	<b>1,18,953.28</b>	
Adjusted net debt to adjusted equity ratio	1.28	

(₹ in Lakhs)

## 39. Operating segments

The Company is in the business of manufacturing of super alloys and other special metals. As the Company is engaged in defence production, exemption was granted from applicability of Accounting Standard on Segment reporting under sec 129 of Companies Act, 2013 vide Notification dated 23<sup>rd</sup> February 2018 of Ministry of Corporate Affairs.

## 40. Related party transactions

### Parent entity

Name	Type	Place of incorporation	Ownership interest	
			31-Mar-22	31-Mar-21
The President of India	Holding Company	India	74%	74%



## Notes to Consolidated Financial Statements for FY 2021-22

### Transactions with key management personnel

#### Key management personnel compensation

Name of the party	31 March 2022				(₹ in Lakhs)	
	Salaries & wages	PF & EPS	Gratuity	Leave encashment	Total	31 March 2021
(a) Dr.D.K.Likhi, C&MD (Upto 30.04.2020)	-	-	-	-	-	28.09
(b) Dr. Sanjay Kumar Jha Director, P&M (Up to 30.4.2020) & C&MD (w.e.f 01.05.2020)	70.83	4.07	-	7.82	82.72	50.48
(b) Shri N Gowri Sankara Rao, Director (F) (W.e.f. 27-Oct-2020)	38.13	3.09	-	-	41.22	16.24
(d) Shri Paul Antony, CS	15.73	1.12	-	-	16.85	13.74
<b>Total</b>	<b>124.69</b>	<b>8.28</b>	<b>-</b>	<b>7.82</b>	<b>140.79</b>	<b>108.55</b>

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

Particulars	(₹ in Lakhs)	
	31 March 2022	31 March 2021
<b>(i) Contingent liabilities</b>		
Claims against the company not acknowledged as debt	9,761.22	7,585.75
Bank Guarantees	3,045.51	3,123.48
Letter of credit outstanding	8,639.98	1,472.12
	<b>21,446.71</b>	<b>12,181.35</b>

Particulars	(₹ in Lakhs)	
	31 March 2022	31 March 2021
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Capital commitments)	13,450.93	7,161.93
	<b>13,450.93</b>	<b>7,161.93</b>

#### 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 2022	31 March 2021
Profit attributable to equity holders of the Company (₹ in Lakhs)	17,661.73	16,642.28
Weighted average number of equity shares outstanding during the period	18,73,40,000	18,73,40,000
Face value of share (₹)	10	10
Earnings per share basic and diluted (₹ per share)	9.43	8.88

## Notes to Consolidated Financial Statements for FY 2021-22

### 43. Imported Consumption

(₹ in Lakhs)

Particulars	31 March 2022	31 March 2021
Raw Material	30,471.74	22,898.18
Consumables and Spares	361.75	261.25
<b>Total</b>	<b>30,833.49</b>	<b>23,159.43</b>

44. The Company has used the borrowings from banks for the specific purpose for which it was taken as at 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021

### 45. Additional Regulatory Information

(i) Title deeds of Immovable Properties not held in name of the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee)

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value (₹ in Lakh)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company
PPE	Land	128.80	DMRL, Ministry of Defence. However, in some land award proceedings, Midhani's name is mentioned as Super Alloy Plant at DMRL.	No.	Since 1975/1977/1985/1986	Conveyance Deed for 275 Acres and 35 Guntas of land acquired which are through various Allotment/Award Letters/GO's are yet to be executed in the name of the Company. Most of them are allotted/granted by the undivided Govt. of AP earlier. In the said Grant proceedings, Midhani is mentioned as Super Alloy Plant of DMRL (Defence Organization). Further, out of this 1.5 Acres land is under dispute on account of unauthorized occupancy by third party.
	Building	-	-	-	-	-
Investment Property	Land				Not Applicable	
PPE retired from active use and held for disposal	Building				Not Applicable	
Others					Not Applicable	

## Notes to Consolidated Financial Statements for FY 2021-22

### 45. Additional Regulatory Information (Contd..)

- (ii) During the year, the Company has not revalued its Property, Plant and Equipment and Intangible Assets.
- (iii) The Company has not granted Loans or Advances in the nature of loans to Promoters, Directors, KMP, and the related parties as defined under Companies Act, 2013, either severally or jointly with any other person.

#### (iv) Capital-Work-in Progress (CWIP) ageing schedule.

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	7101.59	5213.99	726.24	144.74	<b>13186.56</b>
Projects temporarily suspended	-	-	-	-	-

- (v) The quarterly returns or statements of current assets filed by the Company with banks where the Company has borrowings as on 31<sup>st</sup> March 2022 are in agreement with the books of accounts.
- (vi) The Company has not made any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (vii) The Company has created or modified the charges with Registrar of Companies (ROC) within the statutory period as specified in the Companies Act, 2013.
- (viii) The Company has no subsidiary hence Section 2 (87) not applicable.

#### (ix) Analytical Ratios

Ratio	Numerator	Denominator	31 <sup>st</sup> march 2022	31 <sup>st</sup> March 2021	% of variance	Reason for variance (For more than 25 %)
Current Ratio	Current Assets	Current Liabilities	2.09	2.26	-7.52	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.22	0.15	46.67	Increase in Working capital loan and availment of CAPEX Loan
Debt Service Coverage Ratio	EBITDA	Debt service(Interest & Principal repayments)	1.40	1.82	-23.08	
Return on Equity (%)	Net profit after tax	Average Shareholder's Equity	15.63	16.41	-4.75	
Inventory Turnover Ratio	Cost of goods sold	Average Inventory	0.66	0.69	-4.35	
Trade Receivable Turnover Ratio	Net Credit Sales	Average Trade Receivables	2.48	2.38	4.20	
Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payables	4.18	2.68	55.97	Increase in Purchase of Raw material and more procurment in last quarter of F.Y.2021-22.
Net Capital Turnover Ratio	Net Sales	Working capital	0.98	1.01	-2.97	
Net Profit Ratio	Net profit after tax	Net Sales	0.21	0.2	5.00	
Return on Capital Employed (%)	EBIT	Capital Employed	21.00	22.00	-4.55	
Retrun on Investment (%)			Not applicable			

## Notes to Consolidated Financial Statements for FY 2021-22

### 46. Impact of COVID-19 - Second wave

(i) Impact on Operations and Revenue:

- (a) During the 1<sup>st</sup> quarter, company was not able to operate upto its full capacity due to lockdown, flexible timings and restrictions in night shift operation.
- (b) Disruption in supply chain leading to postponement of delivery schedules.
- (c) Despite, Q1 of FY 2021-22 adversely impacted by lockdown, with cumulative efforts of workforce, Company achieved highest ever Turnover, Value of production and Profit Before Tax.

(ii) Liquidity Risk:

- (a) The Customer base of the Company is majorly in the Government Sectors like Defence, Space Atomic Energy, Ordnance Factories and Public Sector Undertakings. Since many of the customers operating with skeleton staff and with their revised budgets, Company faced certain challenges in arranging the adequate liquidity, however, Company has taken all steps and controlled the situation.
- (b) The Company has assessed the possible impact of COVID-19 on its financial statements based on the internal and external information available upto the date of approval of these financial results including but not limited to its assessment of company's liquidity, recoverable values of property, plant and equipment, intangible assets and the net realisable values of other assets. The Company continues to monitor changes in future economic conditions while taking steps to improve operational efficiencies and the financial outcome.

### 47. Disclosure in respect of Commercial Paper

Pursuant to SEBI circular SEBI/HO/DDHS/CIP/P/2019/115 dated October 22, 2019, on "Framework for listing of Commercial Paper", information as required under regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for the year ended March 31, 2022 is as mentioned below:

- a) The Commercial Papers (listed) of the Company as on 31<sup>st</sup> March 2022 is Nil (31<sup>st</sup> Mar 2021 - ₹5000 Lakhs) The Company has retained "CRISIL A1+" rating by CRISIL Ratings.

**b) Key Financial Information**

Particulars	31 March 2022	31 March 2021
Debt-Equity Ratio	0.22	0.15
Debt Service coverage ratio	1.40	1.82
Interest service coverage ratio	13.67	22.11
Net worth (₹ In Lakhs)	1,18,953.28	1,07,113.49
Net Profit after tax (₹ In Lakhs)	17,661.73	16,642.28
Earning per share (₹)	9.43	8.88
Current Ratio	2.09	2.26
Long-term debt to working capital	0.032	0.000
Bad debts to Accounts Receivable ratio	0.00	0.00
Current Liability Ratio	0.50	0.46
Total debts to total assets	0.10	0.07
Debtors Turnover	2.48	2.38
Inventory Turnover	0.66	0.69
Operating Margin (%)	24.21	25.38
Net Profit Margin (%)	21.00	20.00

## Notes to Consolidated Financial Statements for FY 2021-22

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

### 49. Disclosure of additional information

#### (a) As at and for the year ended 31<sup>st</sup> March 2022

Name of the entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	AS % of consolidated net assets	Amount in Lakh	AS % of consolidated profit or loss	Amount in Lakh	AS % of consolidated other comprehensive income	Amount in Lakh	AS % of consolidated total comprehensive income	Amount in Lakh
<b>Joint Ventures (Accounting as per equity method)</b>								
Utkarsha Aluminium Dhatu Nigam Limited	3.16%	3762.67	0.18%	30.96	0.00%	-	0.17%	30.96

#### (b) As at and for the year ended 31<sup>st</sup> March 2021

Name of the entity in the Group	Net Assets i.e. total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	AS % of consolidated net assets	Amount in Lakh	AS % of consolidated profit or loss	Amount in Lakh	AS % of consolidated other comprehensive income	Amount in Lakh	AS % of consolidated total comprehensive income	Amount in Lakh
<b>Joint Ventures (Investment as per equity method)</b>								
Utkarsha Aluminium Dhatu Nigam Limited	3.45%	3700.75	0.08%	13.13	0.00%	-	0.08%	13.13

# Notes to Consolidated Financial Statements for FY 2021-22

## 50. Salient features of joint venture

### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF ASSOCIATE COMPANIES / JOINT VENTURES (FORM AOC-1)

#### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates / Joint Ventures	'Joint Venture' Utkarsha Aluminium Dhatu Nigam Limited
1. Latest audited Balance Sheet Date	31.03.2022
2. Shares of Associate / Joint Ventures held by the company on the year end No.	2,00,00,000
Amount of Investment in Associates / Joint Ventures (₹)	20,00,00,000
Extent of Holding %	50.00%
3. Description of how there is significant influence	[refer note 50.2]
4. Reason why the associate / joint venture is not consolidated	-
5. Networth attributable to share holding as per latest audited Balance Sheet (₹)	18,81,34,000
6. Profit / (Loss) for the year (₹)	
i. Considered in Consolidation	30,96,000.00
ii. Not Considered in Consolidation	-

#### Note:

**50.1** The JV Company has not commenced its operations.

**50.2** Voting power as per the percentage of equity held.

As per our report of even date

for **SARATH & ASSOCIATES**

Chartered Accountants

Firm's registration no. 005120 S

Sd/-

**Shri S. Srinivas**

Partner

Membership No. 202471

Place: Hyderabad

Date: 26.05.2022













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**Registered Office**

P.O. Kanchanbagh,  
Hyderabad -500058

**Tel. No:** 040-2418 4515,

**Fax No:** 040-2956 8502

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