

40th

ANNUAL REPORT

2013-2014

MISSION:

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



MISHRA DHATU NIGAM LIMITED

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

Chairman's Message



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

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

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

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

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

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

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



M. NARAYANA RAO

CHAIRMAN & MANAGING DIRECTOR



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

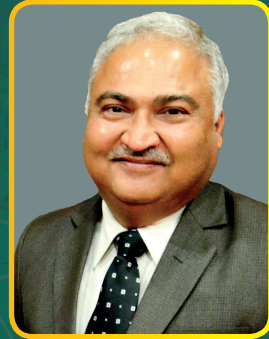
Functional Directors



Shri M. Narayana Rao
Chairman & Managing Director



Shri V.S. Krishnamurthy
Director (Finance)



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

Government Nominee Directors



Smt. Kusum Singh
Joint Secretary



Dr. G. Malakondaiah
CC (R&D)

Independent Directors



Smt. Indu Liberhan
Director
(Till 08.12.2013)



Dr. Dipankar Banerjee
Director
(Till 08.12.2013)



Dr. Kota Bhanu Sankara Rao
Director
(Till 26.04.2014)

Permanent Special Invitee



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

Chief Vigilance Officer



Shri T.V. Reddy, IFS

Company Secretary



Shri Paul Antony
From 13.08.2013

General Managers



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



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



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



Dr. H.V. Kiran
G.M. (Marketing)
(Untill 31-1-2014)



Shri Debasish Dutta
G.M. (Projects)



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



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



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



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

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Mishra Dhatu Nigam Limited, Hyderabad

10 Years at Glance

Figures in ₹ Lakh (S. No. 1 - 16)

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