



41st

ANNUAL REPORT

2014-2015

MISHRA DHATU NIGAM LIMITED

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

CIN U14292TG1973GOI001660

Chairman's Message

(Chairman & Managing Director till 31.08.2015)



I am very happy to bring out the 41st Annual report for the year 2014-15 of Mishra Dhatu Nigam Limited (MIDHANI) bringing out the significant achievements and future strategies adopted for sustainability in the company's performance. In view of my superannuation on 31st August 2015, this will be my last report as Chairman & Managing Director, MIDHANI.

During the year 2014-15, the company has achieved ₹ 656 Cr of annual sales, an increase of 16.52 % over the last year's sales turnover of ₹ 563 Cr, and made highest ever PBT of ₹ 139 Cr. With this, the Company could achieve 'Excellent' rating in MOU consecutively in last 3 years.

Over the last four years, strategies were adopted to expand production facilities in the Company's core competence areas such as melting, refining and hot working processes. I take immense pleasure in informing you that the latest state of the art and advanced melting technology furnaces for refining / melting by Electron Beam Melting of reactive materials Viz. Niobium, Hafnium, Tantalum etc. have been commissioned. The commissioning of new Melt Shop consisting of 20T Electric Arc Furnace (EAF), Ladle Refining Furnace (LRF) and Vacuum Degassing (VD)/Vacuum Oxygen Decarburization (VOD) units is also on the verge of completion. These primary steel melting furnaces are the last equipments being installed under the current expansion program, and once commissioned; MIDHANI's special steel melting capacity will increase by almost three folds, and open a new chapter for supply of high quantity special steels for the strategic sectors of national importance.

I am also glad to inform you that procurement action from an Indian source only to promote indigenization is in an advanced stage for a wide hot plate mill for the production of ultra-high strength steel plates for space and extra-large steel plates for naval applications. MIDHANI has also studied the requirement of strategic materials and facilities and is contemplating to set up a 17000 T Forge Press with compatible melting facilities in a new location with the active support from customers for the production of ultra-heavy steel forgings for construction of nuclear and thermal power plants under “Make-in-India” initiative of the Government of India. This will also facilitate the Company to achieve Navratna status in near future.

In addition to the ramping up the production capability, non-core process areas like machining, melt preparation and general maintenance etc were outsourced, and skilled manpower, which is decreasing year by year, was employed more effectively and efficiently in critical areas thereby resulting in increase of value addition per employee to ₹ 52.20 lakhs from the previous year’s figure of ₹ 41.61 lakhs.

As a part of an overall strategy of diversifying into the business of advanced materials, MIDHANI has signed a MOU with CSIR-NAL for the development and production of aeronautical grade carbon fiber, aiming to set up a green-field carbon fiber production plant in the long run. Similar critical alloys are Cold Rolled Grain Oriented (CRGO) steels - steels indispensable for the manufacture of highly efficient power transfer, but having production process so complicated that only few in the world have mastery over it, and as a result, the country totally depends on import for its requirements. MIDHANI has also signed a MOU with Steel Authority of India (SAIL) to indigenously develop these steels in the country.

Last but not least, I reiterate MIDHANI’s stand in its commitment towards fulfilling the societal responsibility for green environment and sustainable development. MIDHANI also continues to comply with the guidelines on corporate governance enunciated by the Department of Public Enterprises and has secured excellent grading for the year 2014-15 in terms of compliance with the said guidelines.

I, and on behalf of Board of Directors, thank our esteemed customers & suppliers, Department of Defence Production, all other stakeholders, and above all our employees for their valuable contribution in making MIDHANI what it is today and for their unstinted support and encouragement in achieving the excellent results of the company in the financial year 2014-15.



M. NARAYANA RAO

CHAIRMAN & MANAGING DIRECTOR

Chairman's Message

(Chairman & Managing Director from 01.09.2015)



It gives me immense pleasure to pen my vision for MIDHANI after having taken over as Chairman & Managing Director on the 1st day of September 2015. After having dedicated my four years in my role as Director (Production & Marketing) to the growth of MIDHANI from a sales value of ₹ 418 Crores in 2010-11 to ₹ 656 Crores in 2014-15, I now look forward to take MIDHANI to even greater heights during my tenure as Chairman & Managing Director. On Performance front, 2014-15 has been a glorious year and the results your company has achieved is something that we all can be proud of. I am also confident of your continued support and commitment towards growth of the company going forward.

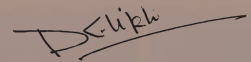
I would now like to throw some light on the several initiatives undertaken during the last few years forming part of your company's expansion and modernization plans which will help us serve our stakeholders in a better way. Your company is now equipped with a new Ring Rolling Mill, 6000 T Forge Press, New Melt shop with 20 T EAF, LF, VD/VOD, ESR facilities, apart from creation of eco-system of making value added products like tubes, filters, valves, fasteners etc. With the completion of the Modernization and Augmentation program I can assure all our stakeholders that in the coming years MIDHANI will use its

strong platform of metallurgical knowledge, design & engineering capability and manufacturing prowess to create a strong position for itself to cater to the strategic sectors of India's defense industry. These modern assets will now provide MIDHANI with the foresight and the ability to seize the opportunity to help deliver the one thing that all our stakeholders expect most – "RESULTS".

In addition to strengthening the core business area, MIDHANI is now also poised to diversify into new products and new markets such as Carbon Fibers, Aluminum Alloys and Armour business. Considering the pioneering entrepreneurial spirit that MIDHANI is known for, I am confident that our foray into these new products and markets will be a confident step into a tomorrow filled with opportunities and brimming with possibilities. I would also like to reiterate and assure all our stakeholders of MIDHANI's continued focus on quality, performance, competitiveness and customer-orientation.

The Government initiated reforms in terms of Governance and labour laws would also impact MIDHANI and your company will look forward to play a positive role in implementing the same. 'Make in India', 'Skill India' and "Digital India" are Government initiated concepts which will positively influence Defence sector procurement and production which would also help MIDHANI in its stated aim of achieving self-sufficiency in meeting the strategic industries requirements.

It would now be my sincere endeavor to sustain and increase the growth trajectory of the Company. This sustained and continuous growth will act as a catalyst to help us achieve our aim to soon be a Schedule A Company and subsequently achieve the coveted Navaratna Status. I call for your support in this journey as we have a simple mantra in our corporate philosophy that "Together We Can" which will help the Company in achieving excellent results in the coming years.



Dr. D. K. Likhi
Chairman & Managing Director

Functional Directors



Shri M. Narayana Rao
Chairman & Managing Director
Till: 31-08-2015



Dr. D.K. Likhi
Chairman & Managing Director
From: 01-09-2015
Director (Production & Marketing)
Till: 31-08-2015



Shri V.S. Krishnamurthy
Director (Finance)
Till: 31-08-2014



Shri B. G Raj
Director (Finance)
From: 01-09-2014

(As on 01.09.2015)

Government Nominee Directors



Smt. Kusum Singh
Joint Secretary



Dr. G. Malakondaiah
CC (R&D)
Till: 15-04-2015



Dr. Amol A Gokhale
(Director DMRL)
From: 16-04-2015
Till: 31-07-2015

Independent Directors



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

(As on 01.09.2015)

General Managers



Shri Debasish Dutta
G.M. (Projects)



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



Shri S. K. Agarwal
G.M. (Finance)



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



Shri P. Mukhopadhyay
G.M. (QA, R&D)
Till 31-03-2015



Shri Pallab Sarkar
G.M. (Production & Planning)
Till 31-05-2015



Shri K. Shankara Rao
G.M. (ES)
Till 31-07-2015

(As on 01.09.2015)



Shri. Manohar-Parrikar Hon'ble Defence Minister, receiving the guard of honour during his visit to MIDHANI on 07.02.2015.