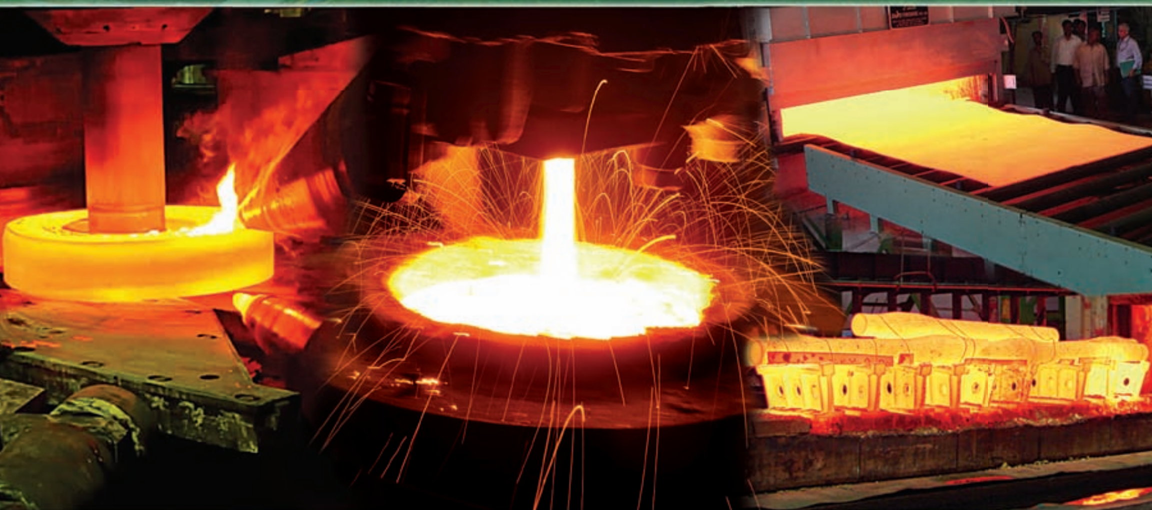
42nd ANNUAL REPORT

2015-2016

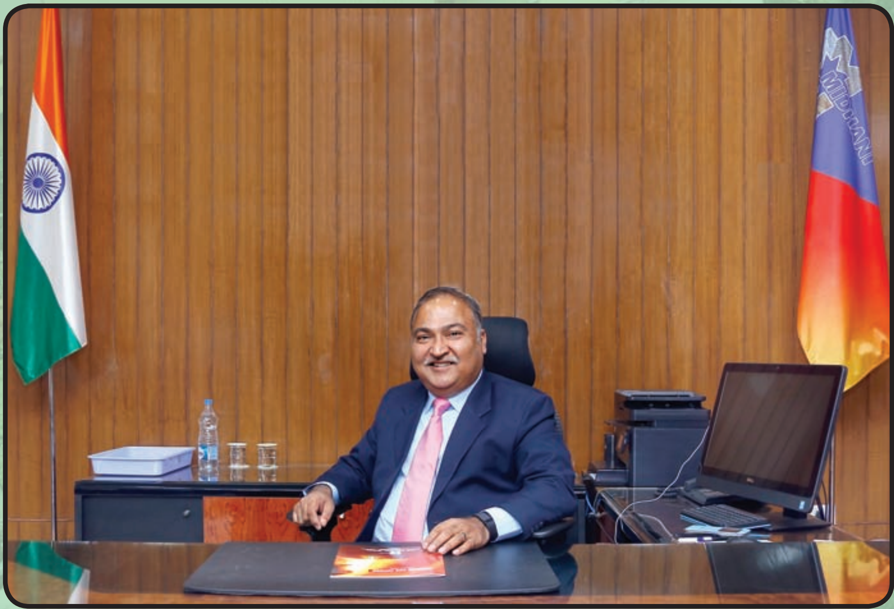


MISHRA DHATU NIGAM LIMITED

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

CIN U14292TG1973GOI001660

Chairman's Message



I am very happy to bring out the 42nd Annual report for the year 2015-16 of Mishra Dhatu Nigam Limited (MIDHANI) highlighting the company's performance, significant achievements and future outlook.

Overall metal sector globally and in India is undergoing very tough time. The slowdown in the Chinese Economic Growth is one of the key reasons attributed for the same. The pressure of excess capacity is also plaguing the sector. Thus in such a challenging external environment, your Company performed well and delivered best ever performance.

During the year 2015-16, MIDHANI has achieved its highest ever Sales Turnover of ₹ 761.70 Cr., and highest ever PBT of ₹ 159.93 Cr. thereby registering an increase of over 16% and 15% respectively over the previous year. MIDHANI has now also achieved 'Excellent' rating in MoU consecutively in last 4 years and MIDHANI was also the best amongst its sector in terms of MoU performance for the year 2014-15 by securing a score of 1.01 on a rating scale of 1-5.

In operational front, we have made significant progress in the last year; MIDHANI is now equipped with a new Ring Rolling Mill, 6000 T Forge Press and new Melt Shop consisting of 20T Electric Arc Furnace (EAF), Ladle Refining Furnace (LRF) and Vacuum Degassing (VD)/Vacuum Oxygen Decarburization (VOD). This has boosted our confidence to serve our stake holders in a better way in terms of cost and delivery. Now company is poised for greater growth across all fronts in the coming years. To accelerate growth, emphasis was also placed on outsourcing non-core areas like machining etc. which has helped in the growth of your company.

I also take immense pleasure in informing you that during the year, under 'Make in India' initiative, Country's first Hafnium Metal for applications in Space Sector was made at MIDHANI. Developing state-of-art technology is not possible without strong support of R & D facility. Accordingly, greater emphasis is placed on R&D at MIDHANI to bring about the hybridization of home grown and external know-how technologies that can help MIDHANI to go much beyond scope of original product mix and develop large number of new and modified grades, to meet ever changing needs of strategic and commercial sector of the country. The testament to the R&D prowess of MIDHANI is that 20T ESR and 10 T VAR Furnaces were indigenously designed and commissioned. R&D expenditure incurred in the current financial year is also the highest ever incurred at MIDHANI for R&D which is 15% of Profit Before Tax (PBT).

Growth, Technology and Talent are adopted as MIDHANI's "Core Mantras" towards forging a brighter future. Over the years greater emphasis was given to cater to the needs of Defence, Space & Atomic sectors. However, MIDHANI is now making concrete efforts to enter into the new markets of Oil & Gas, Power, Railways and Chemical & Fertilizers and is also poised to diversify into new products and new markets such as Carbon Fibers, Aluminum Alloys and Armour products. MIDHANI's pioneering these new products will give us first mover's advantage and thereby help MIDHANI establish a firm foothold in the market for these products and help leapfrog to greater heights in strategic material sector.

The year ahead may be filled with greater challenges and I am confident that MIDHANI with its high-caliber workforce is geared to respond to the challenges in a proactive and dynamic manner. One of the major challenges for your Company will be to maintain relentless focus on timely delivery and cost efficiencies. MIDHANI will have to keep pace with competitors both locally and globally. We have to be ready to be free from government support in terms of resources/order. In nutshell MIDHANI is to efficiently strategize and work with relentless efficiency in order to survive/ grow and we are confident that "together we can do it"

Every employee of MIDHANI has played a strong role in delivering these robust results. The industrial relations continued to remain peaceful in the company and with the workforce being MIDHANI's greatest asset and I can assure that no efforts would be spared to keep the employees motivated and happy. It's the contribution of all our employees in particular that has helped MIDHANI achieve its best ever performance across all fronts. I sincerely appreciate the contributions of all our employees and request them to carry on the good work for a great future as we are now on the right track towards achieving ₹ 1000 Cr. turnover.

Lastly, I reiterate MIDHANI's firm commitment towards fulfilling all its societal responsibility to help build a stronger and sustainable future. To Society, we always are and will remain responsive.

MIDHANI also continues to maintain excellent grading in terms of compliance with the Corporate Governance enunciated by the Department of Public Enterprises. Our strategy and core values of integrity, insight and innovation coupled with good governance will help MIDHANI maintain a stronger footing in the coming years.

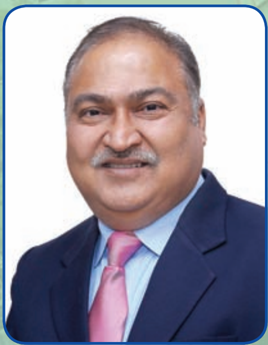
I, and on behalf of Board of Directors, would like to thank all stakeholders for the faith reposed in us and would like to place on record my appreciation to all employees, esteemed customers, suppliers, unions, lenders, Department of Defence Production and other stakeholders, for their dedication and support in helping MIDHANI carry forth its outstanding legacy and enduring commitment to serving the Country in a effective, efficient and better way.

Jai Hind!!!

D.K. Likhi

Dr. D. K. Likhi
Chairman & Managing Director

Functional Directors



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

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

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

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

Government Nominee Directors

Shri Sanjay Garg
Joint Secretary
From: 03-03-2016

Smt. Kusum Singh
Joint Secretary
Till: 03-03-2016

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

Independent Directors

Dr. Jyoti Mukhopadhyay
Director

Shri I. V. Sarma
Director

Dr. Usha Ramachandra
Director

Permanent Special Invitee

Shri P. K. Kataria
Addl. F.A. (K) & (JS)
Till: 15-10-2015

Chief Vigilance Officer

Shri T. V. Reddy, IFS

Company Secretary

Shri Paul Antony

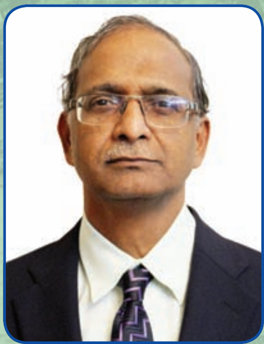
General Managers

Shri Debasish Dutta
G.M. (Projects)

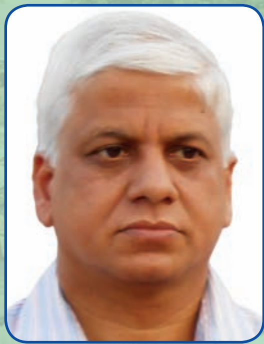
Shri A. Rama Krishna Rao
G.M. (HR)

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

Shri Sivasubramanian
G.M. (R&D)



Shri G. V. R. Murthy
G.M. (BD & Exports)



Shri D. Gopi Krishna
G.M. (OP & SP)

Shri M. S. Chalapahti
G.M. (Production)
Till 31-07-2016

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

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

Content

Mishra Dhatu Nigam Limited
10 Years at Glance

Figures in ₹ Lakh (S. No. 1 - 16)

S.No.	ITEM	2006-07	2007-08	2008-09	2009-10	2010-11
1	Sales(tonnage)	1262	1919	1908	2429	3014
	Sales (Value)					
	..To customers	17,256.58	23,111.71	27,142.74	31,482.89	33,062.14
	..Dispatches to sub-contractors	1,993.18	2,389.30	3,768.49	5,638.10	8,724.63
	Total	19,249.76	25,501.01	30,911.23	37,120.99	41,786.77
2	Value of Production(inclg.ED)	22,388.49	29,640.17	36,402.83	37,323.63	48,545.58
3	Cash Profit/Loss(-)	3,768.16	5,737.67	6,605.56	7,085.33	7,955.19
4	PBT	3,559.04	5,494.68	6,289.65	6,766.78	7,518.14
5	Net Profit/Loss (-)	2,318.01	3,548.93	4,114.63	4,455.52	5,090.02
6	Value Added	13,016.50	17,652.62	21,486.34	23,757.48	28,877.73
7	Value added per employee	10.16	13.97	17.48	19.95	25.76
8	Paid up Capital	13,734.00	13,734.00	14,634.00	14,634.00	18,334.00
9	Gross Block	13,340.11	13,810.98	14,228.28	15,454.37	17,693.55
10	Net Fixed asset	2438.47	2667.90	2779.32	3676.82	5,526.39
11	Net current asset	14602.87	16767.00	18485.64	22757.42	30,310.00
12	Capital employed (10+11)	17,041.34	19,434.90	21,264.96	26,434.24	35,836.39
13	Equity	13734.00	13734.00	14634.00	14634.00	18,334.00
14	Reserves	3474.21	6196.54	9341.50	12759.18	15,461.46
15	Net Worth (13+14)	17,208.21	19,930.54	23,975.50	27,393.18	33,795.46
16	Contribution to Exchequer	4,405.00	5,483.00	6,651.00	6,295.00	7,956.10
17	No.of employees	(Figures in Nos.)				
	..Executives	250	249	249	255	258
	..Non executives	905	862	837	775	685
	..Non unionised supervisors	126	153	143	161	178
	TOTAL	1281	1264	1229	1191	1121
	Productivity per employee (₹ Lakh)	17.48	23.45	29.62	31.34	43.31