

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

AUTHENTICATED



(Dr. Subhash Bhamre)  
RAKSHA RAJYA MANTRI

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

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

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

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

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

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

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

Authenticated



(Dr. Subhash Bhamre)  
Raksha Rajya Mantri

# 43<sup>rd</sup> ANNUAL REPORT 2016-2017



## MISHRA DHATU NIGAM LIMITED

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

CIN U14292TG1973GOI001660

# *Chairman's Message*



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

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

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

## **MIDHANI: TRIPLE BOTTOM LINE PERFORMANCE:**

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



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

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

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

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

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

### **STRATEGIC MATERIALS: INDIA'S STRATEGIC LIFELINE**

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

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

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

### **DOUBLING INCOME BY 2022: MIDHANI STRATEGY**

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

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

### **MULTIDIMENSIONAL APPROACH TO STRATEGIC NEEDS:**

Your company has achieved considerable success in reducing our nation's dependence on imports resulting in significant Foreign exchange savings. Consistently registering higher & higher outsourcing has led to



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

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

### **ENABLING A CONDUCTIVE STRATEGY FRAMEWORK:**

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

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

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

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

### **MIDHANI - A NATIONAL CENTRE OF PRIDE**

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

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

Thank you everyone,

Jai Hind!!!



**Dr. D. K. Likhi**  
Chairman & Managing Director



# *Functional Directors*



Dr. D. K. Likhi  
Chairman & Managing Director



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



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



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



## *Government Nominee Director*



Shri Sanjay Garg  
Joint Secretary (DIP)

## *Independent Directors*



Dr. Jyoti Mukhopadhyay  
Director



Shri I. V. Sarma  
Director



Dr. Usha Ramachandra  
Director

## *Chief Vigilance Officer*



Shri T. V. Reddy, IFS

## *Company Secretary*



Shri Paul Antony

# *General Managers*



Shri Debasish Dutta  
GM (Projects)



Shri A. Rama Krishna Rao  
GM (HR)



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



Shri Sivasubramanian  
GM (R&D)



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



Shri D. Gopi Krishna  
GM (OP & SP)

(As on 31.03.17)