

ANNUAL REPORT 2018-19



MISHRA DHATU NIGAM LIMITED

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Board of Directors



Dr. D. K. Likhi

Chairman &
Managing Director



Dr. S. K. Jha

Director
(Production & Marketing)



Shri. Sanjeev Singhal

Director (Finance)



Shri. Sanjay Jaju

Government Nominee Director
Joint Secretary (DIP),
Ministry of Defence



Dr. Usha Ramachandra

Independent Director



Dr. Jyoti Mukhopadhyay

Independent Director



Shri. I. V. Sarma

Independent Director



Shri. Surendra Sinh

Independent Director

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Chairman's Message

Dear Shareholders,

It gives me immense pleasure to welcome you all to the 45th Annual General Meeting of Mishra Dhatu Nigam Limited. It has been my privilege to lead the Company as Chairman and Managing Director for over 4 years and I am happy to present before you the Annual Report highlighting performance of the Company and plans ahead.

FY 2018-19 is a very memorable year in the history of MIDHANI as the shares of the company were listed on 4th April 2018 at both BSE and NSE and received a very positive response from the market. I am aware that positive response places an even greater responsibility and I would like to thank valued stakeholders, for the trust and faith reposed in the company.

New Aspirations:

The nation witnessed a smooth election in 2019 and a continuity of the Government at the centre. This definitely brings stability in governance and economy. With various regulatory changes in place, our country continues to be one of the most preferred economies in the world in terms of investment and growth. Government's vision of growth provides opportunities to special materials company like ours.

In tune with Government's vision, MIDHANI has also embarked upon a growth trajectory by taking steps for setting up a Spring plant at Hyderabad, an Armouring Unit at Rohtak, Haryana and an Aluminium Alloy Plant in Joint Venture with NALCO at Nellore, Andhra Pradesh. MIDHANI is all set to become a multi-unit organization by the end of current financial year.

The Government's Vision of 'Sabka Saath, Sabka Vikas' resonates deeply with your Company's commitment to sustainable and inclusive growth and a testament to this is the fact that MIDHANI incurred its highest CSR expenditure of ₹ 39.35 Million in the FY 2018-19 thereby taking the cumulative CSR spend by MIDHANI till FY 2018-19 to about ₹ 209 Million. Our CSR activities are primarily focused on Skill Development & Education, Health and Sanitation, Environment & Sustainability and Women Empowerment.

Performance Highlights:

FY 2018-19 helped us get back on our growth path, it has been an eventful year laced with achievements as MIDHANI has achieved its best ever Value of Production of ₹ 8,148.32 Million, highest ever Capital Expenditure of ₹ 1935.70 Million for modernisation and growth, highest ever expenditure towards R&D of ₹ 299.71 Million and highest ever CSR expenditure of ₹ 39.35 Million. Sales Turnover of ₹ 7108.46 Million was higher than last year and with a healthy Profit after Tax of ₹ 1305.56 Million.

Your Company's determined efforts to enter into international market have started yielding results and in the FY 2018-19 your company attained an Export Turnover of ₹ 80.53 Million. With this achievement in the background, your Company has set a higher export target of about ₹ 40 Cr. for FY 2019-20

This year also witnessed MIDHANI securing highest ever orders to the tune of ₹ 18440.60 million.

In the MoU performance front for the FY 2018-19, we expect to achieve 'Excellent' MoU Rating; however the same is subject to evaluation by Department of Public Enterprises.

Broadening horizons: Powering the MIDHANI of tomorrow

Your Company is a strategic material supplier/ partner to Indian Defence, Space and Energy sectors and this year MIDHANI's growth has been primarily driven by Space and Energy sector due to increased number of launches by ISRO and 'Make in India' program respectively. With the aspiration to be a leader in every business segment that we operate in, your company is set to grow from a single unit to multi-unit organization.

Commercial production of Vehicle and Personnel Armouring products at the Rohtak Plant is likely to come into operation by the end of FY 2019-20. We have also identified new areas of revenue in the areas of Armouring and have successfully completed first commercial Bullet Proof Vehicles order and handed over 15 Bullet Proof Vehicles to Central Armed Police Forces (CAPF) in the month of March 2019.

The Joint Venture with NALCO for establishment of an Aluminum Alloy Manufacturing plant at Andhra Pradesh under "Make in India" approach of Government of India for manufacturing of high end Aluminum Alloy products such as Sheets, Plates, Extrusions, Forgings, etc. is moving in positive direction with incorporation of Joint Venture Company with the name "Utkarsha Aluminium Dhatu Nigam Limited".

Our investments in different areas during the last two years will power our future growth. The endeavour now is not only to fortify the existing categories for delivering industry leading performance but also to foray into newer categories and sub-segments that are synergistic with your Company's institutional capabilities. A dedicated facility for the manufacture of Helical Compression Springs is being set up at the existing plant in Hyderabad. This facility would cater to various requirements in Indian Railways, Metro Coaches and Earth-Moving Equipment etc. We also seek to strengthen our existing product categories and to also enter new sectors such as Oil and Gas, Mining, Power, Railways, Chemical and Fertilizers to create new levers of growth having potential to catapult us to higher orbits of growth.

Cultivating an Innovative mind-set and value creation: Make in India Vision

In line with Government initiative, prime focus is placed on Indigenization, New Product Development, and Technology Development. We have successfully indigenized various grades of steels and also indigenously developed Automatic Billet Grinder, Mobile Grinder and LPG fired Furnaces. These initiatives have helped prevent outflow of foreign exchange. Substantive investments have been made in R&D to enhance the productivity and to be at par with the global technological progress.

Innovation in any business is of prime importance and in a very significant achievement, and under Mission Raksha Gyan Shakti (MRGS), 50 Trademarks/Copy Rights and 9 patents were filed during the FY 2018-19 and an Innovation cell under "Center of Excellence- Special Materials"

has been to promote Innovation and creativity and to promote applied and high end research for the development of Special Materials of National importance. Your company was also awarded two patents for the first time, one for manufacturing "Fine grained Cobalt based alloy" and another for an invention entitled "Newly designed Air Hardening Alloy Steel". Your company achieved its targets under Mission Raksha Gyan Shakti (MRGS) by implementing training in IPR to 320 employees with the help of National Research Development Corporation (NRDC). This will help ensure value capture and retention in the country and also help create value streams for brand ownership in perpetuity.

For promotion of Innovation for Defence Excellence (iDEX) an initiative of the Government of India launched by the Hon'ble PM, your company contributed a sum of ₹ 1 Million to Centre for Innovation Incubation & Entrepreneurship (CIIE).

Harnessing the technological breakthroughs:

World over increased focus has been placed on Artificial Intelligence (AI). AI has the potential to redefine the contours of business. Recognising the importance of the same and to drive transformational change, a dedicated team has been constituted to develop roadmap for Artificial Intelligence (AI) for alloy development and process optimization in your company. An in-house Research and Development team is working towards improvement of product quality and process innovation for meeting the expected demands at competitive prices.

Your company is aware of the threats that cyber-attacks, data breaches and identity theft can pose and has hence has strengthened the cyber security framework to prevent and mitigate such threats.

Systems for Social Sustainability:

We take pride in the fact that we, through our CSR and Sustainability initiatives, conduct business in a manner that is beneficial to both, business and society. Your company views CSR as a way of conducting business that enables the creation and distribution of wealth for the betterment of its stakeholders through the implementation and integration of ethical systems and sustainable management practices.

Your company is also setting up a state-of-the-art Skill Development Center called 'Center of Excellence – Special Materials' under its CSR initiative for Imparting skill & knowledge to women, youth and people from weaker sections of the society i.e. SCs, STs, OBCs etc. to enhance their employability.

Talent management:

MIDHANI's transformational journey over the years stands testimony to the capabilities of its world class Human Resource. Your Company today has a diverse talent pool with an average age of employees at 42 years, the value added per employee is ₹ 6.60 Million for FY 2018-19. This talent pool of professionals and a committed team will help your company uphold industry-leading quality standards while catering to customer requirements in a timely manner and pursue competitive growth.

Corporate Governance Practises:

MIDHANI also continues to maintain excellent grading in terms of compliance with the Corporate Governance enunciated by the Department of Public Enterprises. We have always attached great importance to sound, responsible management and supervision geared towards the creation of sustainable value addition. Our success has always been based on close and efficient co-operation between Board members, consideration of shareholders' interests, an open style of corporate communication and proper accounting and auditing procedures, as well as a responsible approach to risk and to statutory and in-house rules and regulations. We uphold high ethical standards and reaffirm our obligation to ensure the continued existence of the enterprise and sustainable value creation in conformity with good governance principles.

Conclusion:

I can confidently state that the achievements made by MIDHANI's can only be attributed to the unrelenting support that we have received from all our Stakeholders. I on behalf of the Board, thank all our valued Shareholders for your continued support and goodwill and for your unwavering faith as we thrive to build a valuable national institution.

I also express my sincere appreciation and gratitude to the successive generations of committed employees, who have diligently contributed to the success of your company.

I also acknowledge the enormous amount of goodwill and support that we have received from our customers, the Department of Defence Production and all Government agencies and particularly the Government at the Centre, State and local bodies who have provided valuable guidance and support in company management.

To conclude, I reaffirm our commitment to our core mantra i.e. "Together we can" (Samashti Krishi, Vummadi Vridhi)

Thanking You,

Jai Hind!!

Dr. D.K Likhi

Chairman & Managing Director

NOTICE

Notice is hereby given that the 45th Annual General Meeting of the Members of MISHRA DHATU NIGAM LIMITED will be held on Wednesday, the 25th day of September 2019 at 1030 hrs at DRDO Auditorium, DRDO Township P. O. Kanchanbagh, Hyderabad - 500058 to transact the following business:

Ordinary Business

1. To receive, consider and adopt audited financial statements of the Company for the financial year ended 31st March 2019, together with the Reports of the Board of Directors' and Auditors' thereon;
2. To confirm payment of interim dividend and declare final dividend for the financial year ended 31st March 2019.
3. To appoint a Director in place of Dr. S. K. Jha (DIN: 07533036), who retires by rotation and being eligible, offers himself for re-appointment.
4. To authorize the Board of Directors to fix and pay the remuneration of the Auditors appointed by the Comptroller and Auditor General of India (C&AG) for the Financial Year 2019-20 in terms of the provisions of section 139(5) read with section 142 of the Companies Act, 2013.

Special Business

5. **Re-appointment of Shri Indraganty Venkateswara Sarma (DIN: 02144740) as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the approval of the Board of Directors of the Company, Shri Indraganty Venkateswara Sarma (DIN: 02144740), Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a period of one year or until further orders from the President of India with effect from December 1, 2018 and shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto."

6. **Re-appointment of Dr. Jyoti Mukhopadhyay (DIN: 02224647) as an Independent Director:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the approval of the Board of Directors of the Company, Dr. Jyoti Mukhopadhyay (DIN: 02224647), Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a period of one year or until further orders from the President of India with effect from December 1, 2018 and shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto."

7. **Re-appointment of Dr. Usha Ramachandra (DIN: 02831588) as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof for the time being in force) and pursuant

to the approval of the Board of Directors of the Company, Dr. Usha Ramachandra (DIN: 02831588), Independent Director of the Company, who has submitted a declaration that she meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a period of one year or until further orders from the President of India with effect from December 1, 2018 and shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto."

8. **Ratification of Remuneration to Cost Auditors:**

To consider and if thought fit, to pass with or without modification(s), 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 Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby ratifies the remuneration of ₹1,30,000 per annum plus applicable tax payable to M/s S. S. Zanwar & Associates, Cost Accountants, who are appointed by the Board of Directors as Cost Auditors of the Company to conduct cost audits relating to cost records of the Company under the Companies (Cost Records and Audit) Rules, 2014 for the financial year ending March 31, 2020."

By the Order of the Board of Directors

Hyderabad
26th August, 2019

**Sd/-
Paul Antony
Company Secretary**

Notes:

1. The statement pursuant to Sec. 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed hereto.
2. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy, duly completed, stamped and signed, should however, be deposited at the Corporate Office of the Company not less than forty-eight hours before the commencement of the Meeting (on or before September 23, 2019 10:00 hrs IST). Proxies submitted on behalf of limited companies, societies etc. must be supported by an appropriate resolution/authority, as applicable.**
3. **Pursuant to the provisions of section 105 of the Act, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than ten percent of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.**
4. Brief profile of the Directors seeking appointment/re-appointment as mandated under Regulation 36(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 with the Stock Exchanges forms part of the Notice. The directors have furnished consent/declaration for their appointment/re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from **Thursday, 19th September, 2019 to Wednesday, 25th September, 2019(both days inclusive).**
6. The Board has recommended a final dividend of Rs. 0.51 per equity share of Rs. 10/- each. The dividend, if declared by the Members at the said AGM, will be paid within 30 days from the date of declaration to those persons whose names appear as beneficial owners at the end of business hours on **Wednesday, 18th September, 2019** in the list of beneficial owners to be furnished by National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in electronic form; and whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/ Registrar and Share Transfer Agents on or before **Wednesday, 18th September, 2019.**
7. Members are hereby informed that under the Companies Act, 2013, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of the Investor Education and Protection Fund ('the Fund') established by the Central Government. Further, pursuant to the provisions of section 124 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all the shares on which dividend remain unpaid/unclaimed for a period of seven consecutive years or more shall be transferred to the demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs. Hence, the Company urges all the shareholders to encash/claim their respective dividend during the prescribed period.
8. Members are requested to:-
 - i. note that copies of Annual Report will not be distributed at the Annual General Meeting.
 - ii. bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
 - iii. note that the attendance slip/ proxy form should be signed as per the specimen signature registered with the Alankit Assignments Limited, Registrar & Transfer Agent (RTA)/ Depository Participant (DP).
 - iv. deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the Entry Slip available at the counters at the venue to be exchanged with the Attendance slip.
 - v. note that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 - vi. Intimate to their DP in respect of shares held in dematerialized form, and to the Company/Company's Registrar & Share Transfer Agent in respect of physical shares, changes if any, in their respective addresses along with the pin code number at an early date.
 - vii. quote their Folio / Client ID & DP ID Nos. in all correspondence.
 - viii. In case of multiple folio consolidate holdings into one folio in case of multiple folios with names in identical orders.
 - ix. note that no gifts/coupons will be distributed at the Annual General Meeting.
9. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Company Secretary of the Company at the Corporate Office of the company at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.