

## Chairman's Message

Dear Shareholders,

It gives me immense pleasure to welcome you all to the 45<sup>th</sup> 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 4<sup>th</sup> 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**