30

MISHRA DHATU NIGAM LIMITED (MIDHANI)

Modernisation and Upgradation Programme in Mishra Dhatu Nigam Limited (MIDHANI)

[Based on Chapter-IV of C&AG Audit Report No. 18 of 2023]

DEPARTMENT OF DEFENCE PRODUCTION
(MINISTRY OF DEFENCE)

COMMITTEE ON PUBLIC UNDERTAKINGS
(2025-26)

THIRTIETH REPORT
(EIGHTEENTH LOK SABHA)

LOK SABHA SECRETARIAT
NEW DELHI

THIRTIETH REPORT

COMMITTEE ON PUBLIC UNDERTAKINGS

(2025-26)

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DEPARTMENT OF DEFENCE PRODUCTION (MINISTRY OF DEFENCE)

Presented to Lok Sabha on 30 March, 2026

Laid in Rajya Sabha on 30 March, 2026

LOK SABHA SECRETARIAT
NEW DELHI
March, 2026/Chaitra, 1948(Saka)

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CONTENTS

		Page No.
(i)	COMPOSITION OF THE COMMITTEE (2025-26)	**v**
(ii)	INTRODUCTION	**vi**
(iii)	ACRONYMS	**vii**

REPORT
PART I

CHAPTER I	**INTRODUCTORY**		**1**
	A.	BACKGROUND	
	B.	BOARD OF DIRECTORS	
	C.	FINANCIAL PERFORMANCE	
	D.	VISION OF THE COMPANY	
	E	AUDIT OBSERVATION	
CHAPTER II	**INFLATED DEMAND PROJECTION**		**4**
	A.	ORDER BOOK	
	B.	DEPENDENCY ON GOVERNMENT SECTOR	
CHAPTER III	**SUB-OPTIMAL USE OF ENHANCED CAPACITY**		**11**
	A.	NON-UTILIZATION OF ENHANCED CAPACITY (Para 4.2.2)	
	B.	UNDERUTILIZATION OF ENHANCED MELTING AND FORGING CAPACITY (Para 4.2.4)	
	C.	ACTUAL CAPACITY UTILIZATION	
CHAPTER IV	**MARKET DEVELOPMENT EXPENDITURE**		**17**
CHAPTER V	**DELAY IN PROJECTS**		**19**
	A.	DELAY IN ESTABLISHING WIDE PLATE MILL FACILITY	
	B.	DELAY IN COMMISSIONING SPRING MANUFACTURING PLANT	
CHAPTER VI	**OUTSOURCING OF ROLLING ACTIVITY DESPITE PROCURING ROLLING MILL**		**22**
CHAPTER VII	**ISSUES EMERGED DURING THE EXAMINATION**		**24**
	A.	COMPETITOR OF THE COMPANY	
	B.	IMPORTED PRODUCTS AND RAW MATERIAL	
	C.	IMPACT OF NEW INITIATIVES/TECHNOLOGIES AND AGEING OF PLANTS/ EQUIPMENT	

PART II

	OBSERVATIONS AND RECOMMENDATIONS OF THE COMMITTEE	**31**
	APPENDICES	
I.	Minutes of the Sitting of the Committee on Public Undertakings held on 01.09.2025	**39**
II.	Minutes of the Sitting of the Committee on Public Undertakings held on 01.09.2025	**41**
III.	Minutes of the Sitting of the Committee on Public Undertakings held on 13.10.2025	**43**
IV.	Minutes of the Sitting of the Committee on Public Undertakings held on 27.03.2026	**45**

COMPOSITION OF COMMITTEE ON PUBLIC UNDERTAKINGS (2025-26)

Shri Baijayant Panda - Chairperson

Members

LOK SABHA

2. Shri Tariq Anwar
3. Shri Sudip Bandyopadhyay
4. Shri Chandra Prakash Joshi
5. Smt. Kanimozhi Karunanidhi
6. Shri Kaushalendra Kumar
7. Shri Shankar Lalwani
8. Smt. Poonamben Hematbhai Maadam
9. Shri B.Y. Raghavendra
10. Shri Mukesh Rajput
11. Shri Sukhjinder Singh Randhawa
12. Shri Pratap Chandra Sarangi
13. Shri Kodikunnil Suresh
14. Shri Prabhakar Reddy Vemireddy
15. Shri Lalji Verma

RAJYA SABHA

16. Dr. John Brittas
17. Shri Neeraj Dangi
18. Shri Milind Murli Deora
19. Dr. Bhagwat Karad
20. Shri Surendra Singh Nagar
21. Shri Debashish Samantaray
22. Shri Arun Singh

SECRETARIAT

1. Shri Anjani Kumar - Joint Secretary
2. Smt. Mriganka Achal - Director
3. Shri Tenzin Gyaltsen - Deputy Secretary
4. Shri Chandan Kumar - Assistant Executive Officer

INTRODUCTION

I, the Chairperson, Committee on Public Undertakings (2025-26) having been authorized by the Committee to submit the Report on their behalf, present this Thirtieth Report (18th Lok Sabha) on the "Modernisation and Upgradation Programme in Mishra Dhatu Nigam Limited (MIDHANI) [Based on Chapter-IV of C&AG Audit Report No. 18 of 2023]".

2. The Committee on Public Undertakings (2025-26) had selected the said subject for detailed examination.

3. The Committee on Public Undertakings (2025-26) was briefed about the subject by the representatives of the Comptroller and Auditor General of India on 1st September, 2025 and thereafter took evidence from the representatives of Mishra Dhatu Nigam Limited (MIDHANI) on 1st September, 2025. The Committee also took oral evidence of the representatives of the Department of Defence Production, the Ministry of Defence on 13rd October, 2025.

4. The Committee (2025-26) considered and adopted the draft Report at their sitting held on 27 March, 2026.

5. The Committee wish to express their thanks to the representatives of Comptroller and Auditor General of India, Mishra Dhatu Nigam Limited (MIDHANI) and the Department of Defence Production, the Ministry of Defence for tendering evidence before the Committee and furnishing the requisite information to them in connection with examination of the subject.

6. The Committee would also like to place on record their appreciation for the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

7. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold letters in Part-II of the Report.

New Delhi;
27 March, 2026
06 Chaitra, 1948(S)

BAIJAYANT PANDA
Chairperson
Committee on Public Undertakings

ACRONYMS

ASL		Advance System Laboratory
AVNL		Armoured Vehicles Nigam Limited
BDL		Bharat Dynamics Limited
BHEL		Bharat Heavy Electricals Limited
DMDE		Defence Machinery Development Establishment
DoAE		Department of Atomic Energy
DPR		Detailed Project Report
DRDL		Defence Research and Development Laboratory
DRDO		The Defence Research and Development Organisation
HAL		Hindustan Aeronautics Limited
HSCM		Hot Spring Coiling Machine
ISRO		Indian Space Research Organisation
NADCAP		National Aerospace and Defense Contractors Accreditation Program
NPCIL		Nuclear Power Corporation of India Limited
OFB		Ordnance Factory Board
PERT		Program Evaluation and Review Technique
RDSO		Research Designs and Standards Organisation
VSSC		Vikram Sarabhai Space Center
WPM		Wide Plate Mill

REPORT

PART-I

CHAPTER-I

INTRODUCTORY

A. BACKGROUND

1.1 After independence, the strategic sectors of the country required advanced alloys that were not available domestically, leading to total dependence on imports. In this scenario, the Government decided to set up an integrated manufacturing plant for the entire range of special metals and alloys needed. On 20 November 1973, Mishra Dhatu Nigam Limited (MIDHANI) was incorporated at Hyderabad with the objective of achieving self-reliance in the production and supply of various superalloys, special steels, and materials to defence and other strategic sectors for nuclear, aeronautical, and space applications. Based on the type of alloys manufactured, MIDHANI's products are grouped as Ultra High strength steel, Titanium alloys, Super alloys, Special & Low alloy steels and Armour Products etc. MIDHANI formally started production in 1983. The major customers of MIDHANI are Ordnance Factories [Ordnance Factory Board (OFB)], Vikram Sarabhai Space Center (VSSC), Defence Machinery Development Establishment (DMDE), Defence Research and Development Laboratory (DRDL), Department of Atomic Energy (DoAE), Nuclear Power Corporation of India Limited (NPCIL), Bharat Dynamics Limited (BDL) and Bharat Heavy Electricals Limited (BHEL).

B. BOARD OF DIRECTORS (BOD)

1.2 The composition of the Board of Directors of MIDHANI is as follows:

Position(s)	**Sanctioned strength (Nos.)**	**Actual strength as on 31st March, 2025 (Nos.)**
Chairman & Managing Director	1	1
Functional Directors	3	2
Government Nominees	1	1
Independent Directors	2	3
Total	**6**	**6**

C. FINANCIAL PERFORMANCE

1.3 The financial performance of MIDHANI is as follows:

(Rs. in Lakh)

Financial Year	2020-21	2021-22	2022-23	2023-24	2024-25
Net Worth	1,07,263.11	1,19,071.94	1,28,619.42	1,31,944,.30	1,41,447.93
Revenue from operations/ Turnover	81,323.08	85,949.02	87,194.14	1,07,267.45	1,07,410.15
Profit Before Tax	22,609.39	23,911.98	21,654.92	13,095.95	15,603.90
Profit After Tax	16,629.15	17,630.77	15,587.61	9,126.32	11,006.87
RoCE (in %)	21.52	20.79	17.39	11.63	12.32

D. VISION OF THE COMPANY

1.4 The vision of the Company is as follows:

(i) Indigenization of all strategic metallic materials (Superalloys, Titanium alloys and Special steels) supporting defence, aerospace and energy sectors.

(ii) Continuous up-gradation and modernization of existing manufacturing facilities to remain competitive.

(iii) Capacity enhancement to meet increased demand of strategic sectors.

(iv) Focus on value added products.

E. AUDIT OBSERVATION

1.5 The C&AG laid Report No. 18 of 2023 in Parliament on 10 August 2023, relating to the year ended 31 March 2020. The Audit observed in Chapter IV of the report that MIDHANI had prepared a Corporate Plan 2020 in September 2008 (updated in 2014) for modernisation and upgradation at an estimated cost of Rs.998.91 crore, against which Rs.914.94 crore had been incurred as of March 2022. In the report, several issues related to the Company's modernisation and upgradation programme have been highlighted, such as inflated demand projections, dependency on the government sector, under-utilisation of enhanced capacity, low expenditure on market development, delays in project implementation, and outsourcing of rolling activity despite the procurement of a rolling mill. The demand projections for 2013-14 to 2019-20 were assessed while preparing the plan; however, anticipated orders were not received as projected, except during 2015-16 and 2019-20 mainly due to insufficient demand for low alloy steels, super alloys and special steels. Based on the projected demand, additional production capacity was created, but only about 54 per cent of the total capacity was utilised on average during 2015-16 to 2019-20, rendering the investment of Rs.323.15 crore largely not justified. Primary melting and forging capacities were increased to 19,004 MT and 12,600 MT respectively; however, due to inadequate orders, their utilisation remained at 44.84 per cent and 45.64 per cent,

leading to significant idle capacities during 2016-21. Further, the Annual Marketing plans were not prepared and marketing expenditure during 2015-22 remained minimal, indicating limited emphasis on marketing and order acquisition.

1.6 The Audit also stated that the Wide Plate Mill (WPM) project, planned through MOUs signed in 2011 with ASL (DRDO) and OFB at an estimated cost of Rs.507 crore, faced delays due to lack of clarity in execution and was commissioned only in December 2021, resulting in a cost escalation of Rs.90.22 crore borne by MIDHANI. The plant's capacity was significantly higher than MIDHANI's production levels, but major orders for wide plates were not secured due to inadequate marketing efforts. Similarly, the Spring Manufacturing Plant approved in March 2017 at a cost of Rs.25 crore was commissioned in March 2022 after a delay of 3.5 years due to inadequate planning and coordination, resulting in missed market opportunities with Indian Railways. Further, the Ring Rolling Mill procured for Rs.38.39 crore remained under-utilised due to absence of ancillary facilities; against an annual capacity of 2,400 rings, only 2,075 rings were produced during 2014-20, while rolling activities were outsourced at a cost of Rs.126.91 crore, leading to non-realisation of the intended benefits.

1.7 However, during the examination of the subject, the issues highlighted in Audit were acknowledged by the representatives of the Department of Defence Production, Ministry of Defence and MIDHANI and their justifications were provided. MIDHANI admitted the need for certain improvements such as preparation of Detailed Project Reports (DPRs), development of Program Evaluation and Review Technique (PERT) charts, diversification and export of its products, reduction in dependence on Government orders and enhancement of annual marketing expenditure. Further, the Company attributed the shortfall in demand and delays to factors such as delayed placement of orders, import of products falling within the Company's manufacturing domain, delayed award of contracts, issues in civil construction works and disruptions caused by the COVID-19 pandemic. The Department of Defence Production, Ministry of Defence supported MIDHANI's position but advised the Company to improve planning and execution for better progress.

1.8 The C&AG looked into the matter thoroughly in their Chapter IV of Audit Report No. 18 of 2023 regarding Modernisation and Upgradation Programme of Mishra Dhatu Nigam Limited (MIDHANI). The Committee on Public Undertakings selected the aforesaid subject for examination and report to the Parliament during 2025-26. The Committee during examination of the subject heard the views of the officers of C&AG, representatives of the Department of Defence Production, Ministry of Defence and MIDHANI. Based on the evidence of the representatives and written replies/ information obtained on the subject, the Committee have made their observation and recommendations as given in Part-II of this report.

CHAPTER II

INFLATED DEMAND PROJECTION

2.1 The C&AG observed in Para 4.2.1 of Chapter IV of Report No. 18 of 2023 that Mishra Dhatu Nigam Limited (MIDHANI) prepared (September 2008) a Corporate Plan 2020 for its modernisation and upgradation with an estimated expenditure of Rs.998.91 crore. As of March 2022, an expenditure of Rs.914.94 crore had been incurred by MIDHANI. While preparing the Corporate Plan, the requirement of different sectors for the period from 2013-14 to 2019-20 was assessed and consolidated by MIDHANI. The existing capacities were reviewed and procurement/refurbishment of machinery was planned in order to increase capacity. However, the anticipated orders as projected in the Corporate Plan were not received by MIDHANI, except during the years 2015-16 and 2018-19. The major reason for the huge gaps between anticipated demand, anticipated orders and actual orders was the insufficiency of orders for Low Alloy Steels, Super Alloys and Special Steels.

2.2 When asked by the Committee about the purpose of MIDHANI's Corporate Plan 2020 and its commissioning status, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> The Corporate Plan 2020 (approved by Board of MIDHANI in its 175th meeting in August 2008 which was not required to be approved by Ministry) envisaged 17 new facilities, out of which 15 have been successfully commissioned. Subsequently, the plan was updated in 2014, taking into account the changes taking place in the product and client demand. This updated plan envisaged further 10 new facilities, out of which 9 have been successfully commissioned.

(i) <u>Corporate Plan 2020 (as per 2008)</u>

Sl. No.	Equipment	Commissioning Status	Remarks
1	6000T Forge Press	17/11/2014	Nil
2	10T ESR Unit	26/03/2016	Nil
3	30T Overhead EOT Crane	17/08/2015	Nil
4	Electrically heated bogie hearth furnaces 30T+capacity -2 Nos.	15/02/2014 & 12/02/2021	Nil
5	LPG fired bogie hearth furnaces 30T capacity -2 Nos.	02/04/2018 & 04/11/2021	Nil
6	Eco-mix cutting machines	22/01/2013	Nil
7	Band saw cutting machines – 2Nos.	17/06/2016 & 07/09/2018	Nil
8	Electrically heated bogie hearth furnace for low temperature heat treatment	07/03/2018	Nil
9	Bar peeling machine	Not Completed	PO placed, will be commissioned by Mar-2026
10	Vertical lathe	12/09/2019	Nil

11	Automatic spooling machine	04/01/2020	Nil
12	Phase array ultrasonic testing system	16/07/2019	Nil
13	CNC Lathe	03/11/2018	Nil
14	High Precision Lathe, Cutting & Milling Machines for sample preparation -2 Nos.	03/11/2018	Nil
15	Heavy duty lathes	03/11/2021	Nil
16	Heavy duty milling machine	01/07/2017	Nil
17	Equipment for Fasteners	Not Completed*	Under commissioning*

*Commissioned in Oct-25

(ii) <u>Corporate Plan 2020 (updated in 2014)</u>

Sl. No.	Equipment	Commissioning Status	Remarks
1	Wide plate rolling mill	31/12/2021	Nil
2	20T ESR furnace	01/12/2015	Nil
3	10T VAR furnace	26/03/2016	Nil
4	LPG fired fixed hearth re-heating furnace 60T	12/05/2018	Nil
5	LPG fired bogie hearth furnace	07/03/2018 & 15/06/2018	Nil
6	Ring expand up to 3500 mm diameter & 600 mm height	Not Completed	Planned to establish during FY 2026-27
7	EDS cutting machines	27/04/2012 & 22/01/2013	Nil
8	Auto Grinders	09/11/2019	Nil
9	Various QC Equipments	Commissioned between 2014 to 2023	Nil
10	Modernization of DC Motor drives & controls of HRM & CRM Shops	09/08/2018	Nil

2.3 On being asked about the key findings used to anticipate orders, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> The anticipated orders were estimated based on the discussion between MIDHANI marketing team and customers and also on industrial trends / future projects of strategic programs of national importance. Board took note of the fact that MIDHANI, at that time, was catering to the requirements of 25% of the total estimated market demand and the plan envisages to increase it by 50%. The Board decided to recommend for investment in the equipment. The details are given below:
>
> (i) Future commercialization of satellite program

(ii) Various DRDO missile programs entering into commercial phase.

(iii) HAL program to manufacture SU-30, AJT, ALH etc.

(iv) Manufacture of Kaveri engine & LCA program

(v) Production of MBT tank, Arjun & T-90 tanks.

(vi) ATVP programs

(vii) Ambitious programs for nuclear power generation

A. ORDER BOOK

2.4 The anticipated demand, anticipated orders vis-à-vis actual order book of MIDHANI during FY 2014-15 to FY 2019-20 is presented below:

(Qty. in MT)

Year	Anticipated Demand as per Corporate Plan	Annual Capacity	Anticipated orders likely to be received as per Corporate Plan	Actual Order Booked	Percentage (%)
2014-15	11,537	7980	5,004	3,248	65%
2015-16	12,937	7980	8,515	7,543	89%
2016-17	14,263	8700	8,581	3,195	37%
2017-18	14,651	8700	8,608	6,433	75%
2018-19	15,445	8500	6,993	5,191	74%
2019-20	15,734	8300	5,331	4,582	86%

The actual orders booked against anticipated orders likely to be received was ranging from 65% to 89% except in the year 2016-17 (37%).

The order book of MIDHANI during FY 2020-21 to FY 2024-25 is presented below:

Year	Anticipated Demand as per Corporate Plan	Annual Capacity (MT)	Anticipated Orders likely to be received as per Corporate Plan	Actual Order Booked (Rs. Cr.)	Percentage (%)
2020-21	Corporate plan was prepared up to 2020	8300	Corporate plan was prepared up to 2020	505	-
2021-22		8300		817	-
2022-23		8300		917	-
2023-24		8300		1363	-
2024-25		8300		1396	-

Since corporate plan was prepared up to the year 2020, anticipated order details for the period FY 2020-21 to FY 2024-25 are not available. Therefore, % of actual orders booked against anticipated orders is not applicable.

2.5 During the evidence, the representative of Department of Defence Production, Ministry of Defence regarding the gaps between anticipated demand and anticipated orders, submitted the following to the Committee:

> *"Order achievements range from 65 per cent to 89 per cent except in the year 2016-17, that is, 37 per cent, which was due to inadequate budget allocation for key projects by customers. One of the important customers, ISRO, could not place the order of around 1,200 metric ton of maraging steel. That also affected its order book. Subsequently, order came, but however, there was a delay in that."*

2.6 When asked about the reasons regarding for the gap between anticipated demand, anticipated orders, and actual orders, the Department of Defence Production, Ministry of Defence submitted the following to the Committee:

> The major reasons for the gap between anticipated demand, anticipated orders and actual orders are given below:
>
> (i) The orders for low-alloy steels, slugs etc. were not materialized from ordnance factory board as anticipated. The expected orders did not materialize as envisaged in the corporate plan, as the ordinance factory set up its own facility for producing low-alloy steels, slugs etc.
>
> (ii) Anticipated order for Maraging Steel from ISRO (approx. 1200 MT) was delayed and realized in FY 2018-19 instead of FY 2016-17.
>
> (iii) Stainless steel and titanium alloy products for naval projects were also delayed.

2.7 In the above context during the evidence, the representative of MIDHANI, submitted to the Committee as under:

> *"There are multiple issues. For example, if the original technology transfer was based on some Russian platform, for instance, some aircraft or fighter aircraft, then they prefer to go for those sources even though we are making them. Because under the technology transfer, it would have been signed that we will buy material from them for manufacturing. So, under multiple such agreements, imports continue. Therefore, currently Rs.8,000 crore worth of materials is being imported. Also, even basic materials, including sometimes pure iron, we have to import because we do not have the required infrastructure. For example, nickel, cobalt, molybdenum, and tungsten, which go into making super alloys. We do not have any of these minerals in the country. No company produces them here because we lack these mineral resources. This is the basic problem."*

2.8 When asked whether the company has contingency plans in case the demand did not meet the projections, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> Yes, MIDHANI prepared the contingency plan although the anticipated orders of low alloys steel (slugs etc.) did not materialize as per the plan, this shortfall was offset by the production of other alloys. Actual orders were booked during the financial year based on the customer's demand and the value of order will change based on the alloy-mix.

B. DEPENDENCY ON GOVERNMENT SECTOR

2.9 When enquired by the Committee about the dependency of MIDHANI on the Government sector for orders, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> The orders received from the Government vis-à-vis Private sector during 2014-15 to 2024-25:

Year	Orders received from Private Sector		Orders received from Government Sector		Total Rs. in crore
	Rs. in crore	Percent	Rs. in crore	Percent	
2014-15	13.97	3.80	353.94	96.20	367.91
2015-16	157.32	13.15	1039.43	86.85	1196.75
2016-17	64.97	20.65	249.73	79.35	314.70
2017-18	55.84	8.38	610.23	91.62	666.07
2018-19	98.13	5.46	1700.58	94.54	1798.71
2019-20	44.30	5.62	743.55	94.38	787.85
2020-21	45	9	460	91	505
2021-22	117	14	700	86	817
2022-23	77	8	840	92	917
2023-24	247	18	1116	82	1363
2024-25	169	12	1227	88	1396

> Even though MIDHANI is diversifying its products for exports and order from private sectors, its major customer is Government Sector as MIDHANI's products are used in making strategic products like nuclear thermal, Space, Aeronautical, Chemicals and Defence.

2.10 In the above context during the evidence, the representative of MIDHANI, submitted to the Committee as under:

> *"Our orders and rates are secured on a competitive basis. It is not on a nomination basis. We participate in tenders, and we are getting orders through competition. Currently, we have about Rs.1,800 crore worth of orders. It is only by suitable mixing of products that we manage. Some products are easier to make, while others involve multiple steps. Depending on delivery timelines, we plan the product mix so that we can meet all customer requirements. Some orders come with very short delivery dates,*

and we adjust accordingly. This is done purely based on end-user requirements."

2.11 On being asked about the efforts being made to diversify the business alongwith the roadmap to enter new areas and international markets, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

DPSUs make plans or roadmaps for their business expansion and the same is reviewed by the management periodically. The plan is also presented before the Board of Directors which approves or take note of various initiatives. However, Ministry supports the DPSUs by way of export promotion activities such as providing avenues for B2B and G2B interactions by way of meetings, exhibitions etc. Ministry also disseminates various export leads received through embassies across the world. Further, DPSUs are also part of government and industry lead delegations. Ministry also supports DPSUs through export promotion cell within the Department of Defence Production which co-ordinates all exports related activities.

Further, the Department of Defence Production, Ministry of Defence as stated that MIDHANI diversified its product mix into new areas like Oil and Gas (superalloy forged bars and blocks), Railways (low alloy steel axles) etc. to reduce dependency on Government customers. Following efforts have been made to diversify to reach into new areas and international market –

(i) Participated in foreign exhibitions in Vietnam, Dubai, Australia, Indonesia, Netherland, USA & Germany for generation of leads.

(ii) Availed services of Defence Attaches of Germany, UK, to reach to customers.

(iii) Periodically visited to overseas customers by Techno commercial team to access the demand and requirements.

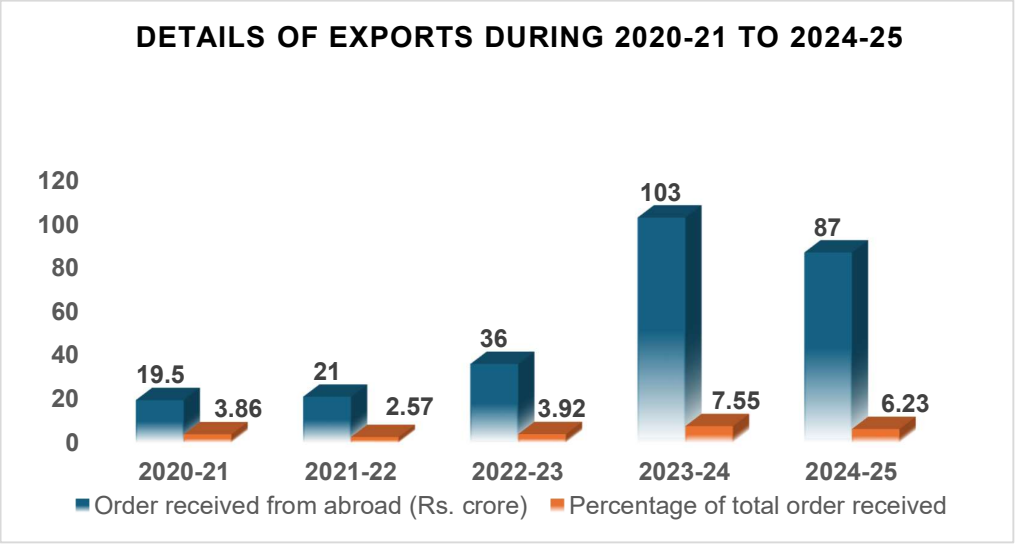
(iv) Approached Rolls Royce, Pratt & Whitney, Boeing, GE, SAFRAN, Airbus, Weatherford & Halliburton for capability assessment.

(v) NADCAP approval is under process for supply to foreign aerospace OEM's.

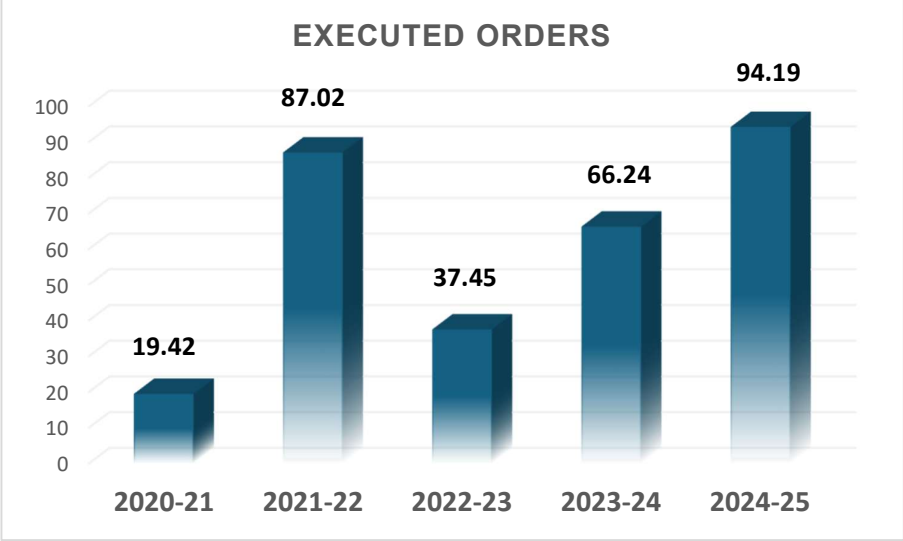
(vi) Developed new grade like Alloy 909, Cobalt-free special steel, Special component for Titanium alloys for export market.

MIDHANI executed orders worth Rs. 66 crore in FY 2023-24 and Rs. 94 crore in 2024-25 respectively. Customers from various countries like Germany, Sweden, Turkey, US, Israel, Poland, Japan, Switzerland, France, Finland etc. were added to the export customer base of MIDHANI.

Exports: Order Received (Rs. in Crore)



Exports: Executed Orders (Rs. in Crore)



2.12 In the above context during the evidence the representative of Department of Defence Production, Ministry of Defence, submitted to the Committee as under:

> *"It is informed that Ministry has suggested that the company should diversify its reach and capacity into new areas and into international markets to reduce its dependency on Government sector. A lot of products which were being imported are getting indigenized and MIDHANI would be the supplier for those products. Some steps have already been taken and some are under process. MIDHANI is also diversifying its product mix for several sectors like railways, defence, oil and gas. Some extra sectors are being added. Also, MIDHANI has started focusing on exports, which has grown from Rs.37 crore in 2022-23 to Rs.94 crore in 2024-25"*

CHAPTER III

SUB-OPTIMAL USE OF ENHANCED CAPACITY

A. NON-UTILISATION OF ENHANCED CAPACITY (Para No. 4.2.2)

3.1 The Audit observed in Para No. 4.2.2 of the Report that non-utilisation of enhanced capacity considering the anticipated demand and capacity, MIDHANI increased the production capacity. But, during the period 2015-16 to 2019-20, only 54 per cent (average) of the total capacity was utilised. Thus, there was a mismatch in the creation of a huge production capacity incurring an investment of Rs.323.15 crore, which was not justified.

3.2 When asked by the Committee regarding the factors considered to enhance the production capacity and overall production capacity (in MT) change from 2013-14, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> Major factors considered to enhance the production capacity are given below:
>
> (i) To meet the anticipated demand
>
> (ii) Reduction in cost of production
>
> (iii) Improvement in yields
>
> (iv) Reduction in cycle time
>
> (v) Energy conservation
>
> Overall production capacity increased with installation of following facilities:

Year	Production Capacity (MT)	Remarks
2013-14	3660	-
2014-15	4262	Ring Rolling Mill was commissioned
2015-16	7980	6000T Forge Press, 20T ESR, 10T VAR were commissioned
2016-17	8700	20T EAF, LRF, VD/VOD was commissioned
2017-18	8700	-

3.3 When enquired regarding the main reasons for low-capacity utilization (only 54%) and its financial impact on the Company, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> Low-capacity utilization was due to decreased requirement of slugs / bigger forgings / breach rings. During the period from 2015-16 to 2019-20, average capacity utilization is 54%. Generally, machine/ equipment utilization depends on product mix (grade and dimension of product). For example, in case of superalloys and titanium, takes more process time as compared to steels. Thus, the quantity of production will be less, even though the value may be same. In such cases, even if the machine

utilization is at the same level, the tonnage would be lesser. Thus, the percentage of capacity in terms of tonnage would be lower. Moreover, the percentage of actual production against the capacity of MIDHANI has increased to 81% during 2020-21, 86% during 2021-22 & 94% during 2022-23. There was no financial impact due to production of the value-added product mix.

B. UNDER-UTILISATION OF ENHANCED MELTING AND FORGING CAPACITY (Para No. 4.2.4)

3.4 The Audit stated in Para No.4.2.4 of the Report that the primary melting capacity and forging capacity of MIDHANI were increased to 19,004 MT and 12,600 MT respectively. However, the annual planned capacity for production was much lower than the available production capacity due to the lack of sufficient orders, leading to an average actual utilisation of only 44.84 per cent of melting capacity and 45.64 per cent of forging capacity. Consequently, under-utilisation led to annual idle capacity of more than 9,000 MT of primary melting and more than 5,000 MT of forging capacity during the period 2016–21.

3.5 When asked by the Committee about the total expenditure incurred on the augmentation of melting and forging capacity (combined), the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

Primary melting capacity was increased from 9616 MT in 2014-15 to 19004 MT in 2016-17 and that of the forging capacity from 7000 MT in 2014-15 to 12600 MT in 2015-16.

(i) Cost of augmentation of melting capacity: Rs.122.23 crore.

(ii) Cost of augmentation of forging capacity: Rs.186.32 crore.

(iii) Total cost of augmentation of melting and forging capacity: Rs. 308.55 crore.

(iv) Major facilities like 20T Arc Furnace and 6000T Forge Press.

C. ACTUAL CAPACITY UTILIZATION

3.6 **Capacity Utilization Details from FY 2015-16 to 2024-25 are presented below:**

Year	Production Capacity (In MT)	Actual Production (In MT)	Percentage of actual production against capacity
2015-16	7980	5206	65%
2016-17	8700	6150	71%
2017-18	8700	4428	51%
2018-19	8500	3686	43%
2019-20	8300	3461	42%
2020-21	8300	6760	81%
2021-22	8300	7116	86%
2022-23	8300	7761	94%
2023-24	8300	6091	73%
2024-25	8300	6008	72%

3.7 When asked by the Committee about the low-capacity utilization during the evidence the representative of MIDHANI, submitted to the Committee as under:

> *"MIDHANI increased its projections, and these things were given. But if you look at it, machine and equipment utilization generally depend on product mix. So, we cannot really anticipate what kind of order we will get. That is the first problem for us. Then, uncertain demand for graded dimensions of the product is again an issue indirectly. For example, super alloys and titanium, which are our premier products, take more process time as compared to steels because the number of steps involved are many more. Thus, the quantity of production will be less, even though the value may be same. As these things are having higher value for the same amount of time, the quantity will be low. In such cases, even if the machine utilization is at the same level, the tonnage-wise will have differences. So, these are the basic problems which is why our projections and actual outcome have not met. For this particular thing, action taken is regarding enhancing melting and forging capacities with the good investment of 308 crore, which is including the 6000 press. It is a state-of-the-art press that we have installed in MIDHANI. We have installed 20 tonne arc furnace also. These two are being currently used to the maximum utilisation and whenever we want a bigger forging, we cannot make it suddenly. We are anticipating some orders that we have put and probably we did not get orders as many as we expected, but they are coming now. Efforts are being made to book orders for railway bogie axles and wide plates of low alloy steel. This is a unique*

facility that we have created in the country. Nowhere we can roll something like a 3-metre-wide of maraging steel, which is required for our space programme. More orders are to come for this particular thing. That is another thing."

3.8 The Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee regarding low-capacity utilization:

> Performance of the company is monitored by the Ministry through periodical meetings at various levels. Board of the company also monitored the progress of company. In the meetings held by the Ministry, company is directed to improve its performance to meet the profitability and also look for orders to ensure better utilization of capacity. MIDHANI working in the niche area is requested and directed to contact prospective customers and take steps to develop required super alloys, specialized steels, etc. The company is also directed to modernize its capacities time to time so to improve the efficiency in production. For the period 2017-18 to 2019-20, the percentage of capacity utilization was low due to reduction in orders for low alloy steel. It is also important to highlight that machine / equipment utilization also depends on product mix (Grade and dimension of the product). For example, Super Alloys and Titanium alloys, take more processing time as compared to Steels. Thus, the quantity of production will be less even though the value may be same. In such cases, even if the machine utilization is at the same level, tonnage will be lesser; thus, the percentage of capacity in terms of tonnage will be lower.

3.9 In the above context during the evidence the representative of Department of Defence Production, Ministry of Defence, further, submitted to the Committee as under:

> *"MIDHANI is working in strategic sector with a few customers. So, it should not be difficult to anticipate demand correctly, and this has been impressed upon with the company. Sometimes, the change in the customers' plan may affects that particular year's demand, as we saw in 2016-17. In spite of having capacity, they could not utilize it. But if we see, just a year before, 71 per cent utilization was there. So, it means that capacity was utilized last year but because of some reasons, it could not get utilized that year. Since they work in strategic sector, keeping an adequate capacity is also necessary. We will keep on impressing upon MIDHANI alongwith their customer that they should plan it to the correct level. Around 70 to 80 per cent capacity utilization should be acceptable to us. A 100 per cent or 80 to 90 per cent capacity utilisation may not be possible in all areas, in all years. A good capacity utilisation should be considered if they are able to use 60 to 70 per cent. And they have to proactively develop new alloy, new steel and they have to make efforts for that."*

3.10 On being asked about the corrective measures being taken for optimal capacity utilization, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> MIDHANI production process involves, primary melting, secondary melting, forging, hot rolling, machining, heat treatment and cold rolling etc. All the products routed through forging and subsequent processes with full capacity. However, the low capacity utilized only in the area of primary melting i.e., 20T EAF furnace, due to non-receipt of low steel slugs as anticipated. Other than 20T EAF furnace, equipments are utilized by manufacturing other products (ex: Maraging steel, superalloys and Titanium alloys). The percentage of actual production against capacity of MIDHANI has increased to 81% during 2020-21, 86% during 2021-22 and 94% during 2022-23. Thus, there is continuous improvement in the actual production of MIDHANI. Further, MIDHANI identified excess/unused capacity in Spring Plant, 20T Arc Furnace and Wide Plate Mill and these facilities shall be outsourced through private party.

3.11 In the above context during the evidence the representative of Department of Defence Production, Ministry of Defence, submitted to the Committee as under:

> *"MIDHANI's capacity utilizations have declined from 65 per cent in 2015-16 to 42 per cent in 2019-20. It happened mainly due to reduced low alloy steel orders, as one of the examples I have already cited. One of the important facts which have been highlighted in the reply is that the change in product mix also affects utilization. High-value alloys like super alloy and titanium require long processing and reduced tonnage despite steady machine usages. Ministry has regularly reviewed performance, urging modernization and improving profitability. It also directed the company to develop new customers for its products. So, its utilization has improved since 2020-21, reaching a highest level of 94 per cent in the year 2022-23."*

3.12 When asked whether any efforts have been made towards obtaining new contracts/capture new markets, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee

> MIDHANI is diversifying its product mix also to cater to Railways, Oil & Gas, Energy and Commercial sectors besides strategic sectors. MIDHANI has also developed some new grades which are widely used in these sectors and started supplying. These new grades/products are likely to help in improving the capacity utilization of its melting, forging and Wide plate Mill. MIDHANI has already put efforts and got approval to supply material to Europe, US and middle-east countries. Also, client approval and process approval for aerospace sectors is under progress. Customers from various

countries like Germany, Sweden, Turkey, US, Israel, Poland, Japan, Switzerland, France, Finland etc. were added to the export customer base. Based on above efforts, MIDHANI reached the export of more than 10% of total sales in FY 24-25 (Rs. 94 Cr.).

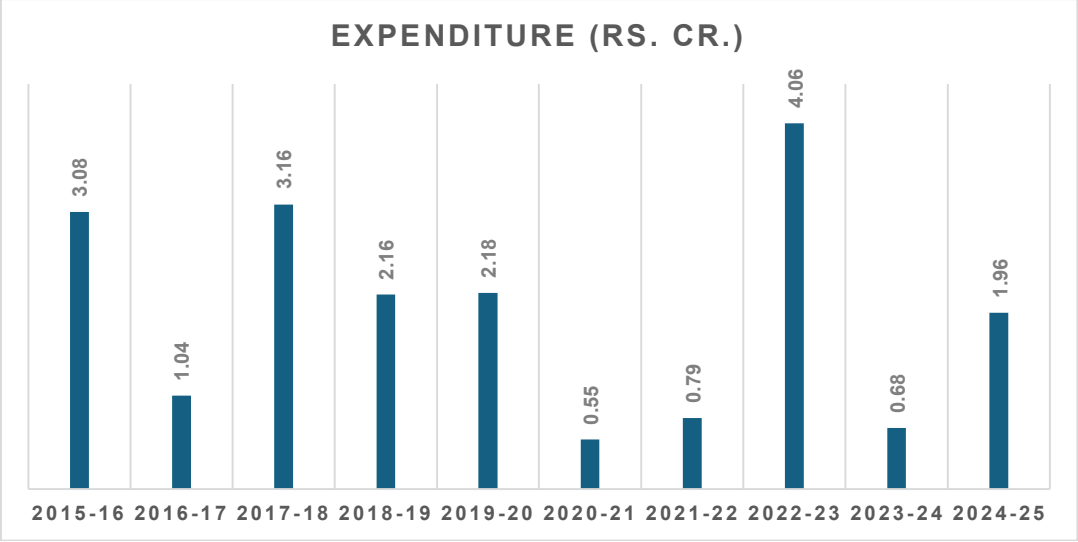
CHAPTER IV

MARKET DEVELOPMENT EXPENDITURE

4.1 The Audit observed in Para No.4.2.3 of the Report that MIDHANI did not prepare annual marketing plans. During the years 2015-22, the annual marketing expenditure (Rs.12.96 crore) ranged between Rs.0.55 crore and Rs.3.17 crore. This was only four per cent of Rs.323.15 crore, the amount spent on creation of facilities, indicating inadequate importance given to marketing activities and bagging new orders. Further, market development expenditure was observed a decline of 74.44 per cent from 2015-16 (Rs.3.08 crore) to 2021-22 (Rs.78.70 lakh).

4.2 When asked about MIDHANI's primary marketing activities, annual expenditure on marketing development and reasons for low expenditure, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> MIDHANI's primary marketing activity was- to estimate the demand, to forecast & explore new markets and products; and to increase its existing customer base. The year-wise marketing expenditure are:



> **Expenditure Details:** Business promotion expenses, publicity, souvenirs, brochures, product seminars, exhibitions and other selling expenses. The Market Development expenditure declined mainly in FY 2020-21 and FY 2021-22 due to Covid-19 pandemic, during which MIDHANI was not in a position to participate/ conduct exhibitions.

4.3 In the above context during the evidence the representative of MIDHANI, submitted to the Committee as under:

> *"Our expenditure on marketing has been low, but now we are scaling it up. We will definitely go for higher marketing expenditure. With the Ministry's support, we are going to increase the visibility of MIDHANI in non-strategic sectors as well."*

4.4 When enquired regarding MIDHANI's annual marketing plan, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> Every year Marketing plan is prepared based on the orders in hand, orders in Pipeline, anticipated orders, plant production capacity and annual sales target set by Ministry. Annual marketing plan is being reviewed every month during the Production Review Meeting and updated considering the customer priority, raw materials and equipment availability.

4.5 Further, during the evidence the representative of Department of Defence Production, Ministry of Defence, submitted to the Committee as under:

> *"As annual marketing plan is concerned, being a DPSU, the board reviews and submits it to the board and it is discussed there finally. MIDHANI's performance is regularly reviewed by the Ministry, and appropriate directions and suggestions are also given for modernization, indigenization, cost competitiveness and development of new material for aerospace and defence. MoU parameters are also signed with the Ministry, which are regularly monitored by DPE."*

4.6 On being asked regarding the steps initiated to attract potential customers (other than Government sector), the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> To attract potential customers other than Govt sector, MIDHANI has taken the following steps:
>
> (i) Focusing on new alloy development (e.g., Alloy C276, Alloy 909 for customized product)
>
> (ii) Participating in exhibitions in India and abroad on regular basis.
>
> (iii) Conducting B2B business meetings for potential customers.
>
> (iv) Seeking client as well as process approval (NADCAP)

CHAPTER V

DELAY IN PROJECTS

A. DELAY IN ESTABLISHING WIDE PLATE MILL FACILITY (Para No. 4.2.5)

5.1 The Audit observed in Para No.4.2.5 of the Report that MIDHANI signed (2011) MOUs with Advance Systems Laboratory (ASL), under the Defence Research and Development Organisation (DRDO) and Ordnance Factory Board (OFB), for establishment of a Wide Plate Mill (WPM). The total project cost was estimated at Rs.507 crores of which Rs.200 crores was to be funded by ASL and Rs.307 crores by OFB. However, the Contracts were awarded only in 2017 due to lack of clarity on the mode of execution. Further delays occurred in the completion of civil works and due to the COVID-19 pandemic, and the WPM complex was finally commissioned in December 2021. Consequently, an expenditure of Rs.90.22 crore had to be incurred by MIDHANI from its own funds due to cost escalation resulting from the delay. The production capacity of WPM was huge, which was five to sixteen times more than the annual production volume of MIDHANI. However, inadequate marketing efforts were made to utilise this capacity, and no major orders for the supply of wide plates were received.

5.2 When asked about the initial estimated cost and actual cost of the Wide Plate Mill (WPM) project alongwith the reason for cost escalation, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> Total Estimated Project cost (including ARC furnace Rs.75 crore) Rs.507 crores of which Rs. 200 crores from ASL and Rs. 307 crores from OFB. WPM approved project cost was 431.89 Cr. Actual project cost was Rs. 468.43 Cr. During inception of the project, certain facilities were not envisaged which resulted in cost escalation.

5.3 When asked whether MIDHANI has received any order from DPSUs (former Ordnance Factories), Indian Army and non-government sector after the completion of this project, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> OFB funded for Wide Plate Mill and 20T Electric Arc Furnace (EAF), not for Vacuum Melting Furnace. The orders received for both Wide Plate Mill and 20T EAF from OFB are given below:

Sl. No.	Year	Order received for Wide Plate Mill (MT)	Order Received for 20T EAF (MT)
1	2020-21	Not commissioned	358
2	2021-22	Nil	55
3	2022-23	Nil	208
4	2023-24	58	Nil
5	2024-25	Nil	9
6	2025-26 (Till Oct' 25)	18	38

Further, MIDHANI has received order worth of approx. Rs. 5 crore from DRDO (ASL) for Wide Plate Mill. Also, MIDHANI has already executed orders of Power (BHEL), Space (ISRO), Commercial (both domestic & export), Defence (HAL). MIDHANI is supplying plates to domestic customers like VRV Asia Ltd., Jindal Saw Ltd., TEMA Engineers, HLE Glass Coat etc. and international customers like HWI Titan, Scope Metals for commercial applications."

B. DELAY IN COMMISSIONING SPRING MANUFACTURING PLANT (Para No. 4.2.7)

5.4 The Audit observed in Para No.4.2.7 in the Report that a decision was taken by MIDHANI in March 2017 to set up a Spring Manufacturing Plant for the manufacture and supply of compression springs, considering the huge requirement for alloy steel springs used in wagons and coaches of Indian Railways. However, a Detailed Project Report (DPR) and PERT chart were not prepared for the project. Further, lack of planning in procurements and coordination among different activities was observed. Consequently, the Spring Project was commissioned only in March 2022 after a delay of 3.5 years. Due to this delay, the already existing market with huge demand from Railways, coupled with a shortage of suppliers, could not be exploited by MIDHANI.

5.5 When asked regarding the reasons for delay in the commissioning of the Spring Manufacturing Plant Project alongwith and the key planning related failure points identified, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

The project included commissioning of the Hot Spring Coiling Machine (HSCM), three furnaces and other critical equipment. The main machine HSCM was ordered in Aug-2017 and received in May-2018. However, the furnaces were received only in June-2019. Further, there were delays in placement of civil work orders and handing over of site. By the time site was handed over to the civil contractor, the work could not be started immediately as the site was fully occupied for manufacture of Armour Plates due to space constraint. In addition to the above, COVID pandemic was also impacted the delay in supply and commissioning of the above equipments. MIDHANI's core expertise is in manufacture and supply of special metal alloys in the basic forms of bars, sheets, wires etc. In order to expand to new value-added product, spring manufacturing was taken up. Initially the sequence of operations and equipments need to be established could not be visualized. Also, the key planning failures were, delay in commissioning of the Hot Spring Coiling Machine (HSCM), three furnaces and other critical equipments."

5.6 When asked about the current status of approval from RDSO (Research Designs and Standards Organisation), the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> RDSO approval for spring manufacturing facilities was already obtained in May 2024. However, pending product stabilisation, MIDHANI could not submit the sample of the springs for field trial in Railways. The validity of the approval got expired by March 25. Presently the MIDHANI spring plant is fully stabilised & operational. MIDHANI re-applied for the spring's vendor registration in the RDSO. It is likely to get the vendor approval from the RDSO within 6 to 8 months.

5.7 On being asked whether the Company has secured any orders from organizations/companies other than Railway, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> MIDHANI is in discussion with BEML to supply spring for Earth Moving Vehicles. Also, MIDHANI has floated an EoI for identifying suitable partner for production of the springs.

5.8 When asked by the Committee about the Detailed Project Report (DPR)/PERT chart not prepared before initiating the Spring Manufacturing Plant project, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> Even though a Detailed Project Report (DPR) or PERT chart was not prepared, the project was initiated based on internal assessment. However, the mistake has been realised and for all future projects, DPR and PERT chart shall be prepared by MIDHANI.

CHAPTER VI

OUTSOURCING OF ROLLING ACTIVITY DESPITE PROCURING ROLLING MILL

6.1 The Audit observed in Para No. 4.2.6 that One Ring Rolling Mill was procured by MIDHANI in July 2012 and commissioned in March 2014 at a cost of Rs.38.39 crore. However, due to the lack of ancillary facilities, the Mill remained underutilised. Against the annual capacity of 2,400 rings, only 2,075 rings were actually rolled during the entire period from 2014 to 2020. Instead of procuring the required ancillary facilities at a cost of Rs.19.50 crore, an expenditure of Rs.126.91 crore was incurred by MIDHANI on outsourcing activities during 2014-20. Thus, despite an expenditure of Rs.38.39 crore having been incurred on the Ring Rolling Mill, the envisaged benefits could not be realised due to its under-utilisation.

6.2 When asked as to whether the Company is aware of the requirement of ancillary facilities for forging capacity beyond 2000 mm and up to 3500 mm, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> The ancillary facilities were envisaged initially to manufacture rings up to 3500mm. However, most of the orders executed and in pipeline are for rings less than 2000mm.

6.3 On being asked about the expenditure on outsourcing compared to the estimated cost of the ancillary facilities needed to achieve the full capacity of the mill, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> Due to dependency on outsourcing and delays happening during execution, it was planned to set-up facility in-house. Accordingly, Ring Rolling Mill facility was set-up to cater to the requirement of Missile, Energy and Space Sectors. Prior to set-up of ring rolling facilities, these jobs were being offloaded. For larger rings, VSSC is insisting on utilizing the facilities at Bay Forge which was funded by VSSC. From the beginning MIDHANI has been approaching VSSC for approval for in-house ring-rolling facility for larger rings, but, the same is not received till date. The data of the rings produced and their value is as follows: -

Year	Qty (Nos)	Value Rs. in crore
2013-14	24	2.00
2014-15	170	23.80
2015-16	306	22.40
2016-17	472	36.30
2017-18	467	48.18
2018-19	263	45.50
2019-20	397	18.80
2020-21	215	36.32

Year	Qty (Nos)	Value Rs. in crore
2021-22	425	30.28
2022-23	156	22.44
2023-24	163	17.60
2024-25	657	89.12

6.4 When asked about the efforts being made to get orders from Vikram Sarabhai Space Centre and Indian Space Research Organization, alongwith the issue of customer clearance (VSSC) to be an 'afterthought', the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> MIDHANI has been approaching VSSC for approval for in-house ring-rolling facility for larger rings, but, the same is not received till date. However, MIDHANI is able to utilize the ring rolling facility for superalloys, titanium alloys & stainless steel. Since there was no prior agreement with VSSC, audit observed that it was an 'afterthought'. The facility was established to serve all sectors, including VSSC. In addition to the completed orders valued at Rs.393 crore (executed between 2013 and 2025), an additional Rs.200 crore worth of orders are currently under execution.

6.5 When asked as to whether the Company has secured any orders to use Ring Rolling from Government, Non-Government sectors and international market, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> Orders received from both govt. and non-govt. sectors such as HAL, BDL, DRDL, foreign Aero OEMs. MIDHANI has executed approx. Rs 275 Cr orders from 2020-2025 from Ring rolling mills, as per details given below:

Sl No	Customer Name	Sector	Grade	Value (Rs in Cr)
1	DRDL/ RCI/ ASL/ PGAD	Govt.	Maraging Steel/ Special Steel	65
2	Aakanksha	Govt.	Special Steel	45
3	Brahmos	Govt.	Special Steel	38
4	BDL	Govt.	Maraging Steel	36
5	HAL (Sukhoi Project)	Govt.	Super Alloy	35
6	BHEL	Govt.	Super Alloy	31
7	VSSC/ LPSC	Govt.	Maraging Steel/ Special Steel	18
8	Private/Export	Non-Govt.	Super Alloy	7

CHAPTER VII

ISSUES EMERGED DURING THE EXAMINATION

7.1 During the examination of the subject several issues emerged, such as, competitors of the company; imported products and raw material; and ageing of plants and equipment. There are many private companies are also working in the same field of MIDHANI. These companies are also profitable. Currently, Rs.8,000 crore worth of materials is getting imported from abroad, which are very much within the portfolio of MIDHANI and all raw materials are imported that goes into MIDHANI's production. All the major equipments of the MIDHANI were procured during 1974-83. These equirpments are more than 40 years old and require phase out. Recently, MIDHANI has prepared its modernisation plan of Rs. 855 Crore.

A. COMPETITORS OF THE COMPANY

7.2 When the Committee enquired about the private competitors of the Company, the representative of MIDHANI, submitted as under:

> *"There is a company called Starwire in Faridabad, which makes steels, and there is Saarloha Advanced Materials Private Limited, a Bharat Forge company. They are also making steels, but mostly for their internal consumption, because they have other businesses as well. They are waiting for their own requirements. They will not be competing much with MIDHANI orders. The margins are high. So, everybody is attracted. It is not like a general steel. So, people will be looking for very attractive market. There is Sunflag Iron and Steel. They also established vacuum induction melting. So, they are also into the field. Of course, PTC industries have come recently. So, they are established in the industry. But, here, the important to notice which is not having the facility. The facility can be established with money but what is required is the kind of knowledge base that is required for processing alloys. That is huge. It is because each melt is costing in crores or something. If you lose one melt because of composition, because of defects, because of non-acceptance, it will be lost. It is a very tricky thing and having the fundamental knowledge about metal processing particularly the metal casting is the primary thing. So, that is where we are masters in that."*

7.3 During the evidence, the representative of Department of Defence Production, Ministry of Defence, submitted to the Committee as under regarding the private competitors of MIDHANI.

> *"The major ones are Sunflag industry, which is in Nagpur; PTC industry, which is working in titanium product in Lucknow; and Star Wire industry, which is in Faridabad. "*

7.4 Details related to Revenue, Expenses, PBT and PAT of Private Companies (Starwire, Sunflag and PTC), which are supplying some of the products in MIDHANI's portfolios are as follows:

(Rs. In Crores)

S.No	Particulars	Sunflag 31-03-2025	PTC 31-03-2025	Starwire 31-03-2024	MIDHANI 31-03-2025
1	Revenue from operations	**3,535.59**	**241.19**	**1201.52**	**1074.10**
	Other Income	16.46	35.90	16.18	30.92
	Total Income	**3,552.05**	**277.09**	**1217.70**	**1105.02**
2	Expenses	3340.62	229.66	1084.76	948.98
3	Profit Before Tax (PBT)	**211.43**	**47.43**	**132.94**	**156.04**
4	Profit After Tax (PAT)	**161.75**	**35.04**	**97.84**	**110.07**

7.5 On being asked as to whether the Company is facing any competition with private companies, the representative of MIDHANI, submitted as under:

> *"Even though there are private companies that have come, as you mentioned, there is no real equivalent to this because we have about 500 grades of alloys in our portfolio, out of which 100 are aeronautical grades. It is because of special metals and alloys in different sector; we conceived that we should have some corporate modernization plan. Our main business, as I told, augmenting the existing production facilities with higher capacity melting, forging, and rolling equipment. Basically, the metal is started from melting stage onwards, and then we deliver products. So, we take pure elements of the raw materials and process them to the customer's requirement. We wanted to have a full utilization of facilities. Of course, we have end-to-end facilities, and rationalization of product mix. This is important because each customer wants his own products like sheets, plates, and other forms depending on his requirements."*

B. IMPORTED PRODUCTS AND RAW MATERIALS

7.6 On a pertinent query regarding the competitiveness of MIDHANI's product portfolios in comparison to the imported products, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> When compared to imported products, by and large MIDHANI products are cost competitive. To achieve self-reliance, in certain cases, it is necessary to manufacture even at a higher cost. Some of the MIDHANI products are cost competitive and about 10% of the sales is exported as well. This shows that the products are cost effective and competitive in the international market as well. Example for few products which are not cost competitive, are as follows:
>
> (i) MIDHANI has developed a Hastalloy grade (Superni C276, C22) to supply the materials for FGD (Fuel Gas Desulfurization) project of M/s BHEL. It is difficult to compete globally as indigenised cost is higher than the imported material cost. Despite our indigenisation effort by MIDHANI, material is getting imported due to cost benefits / cheaper imports.
> (ii) MIDHANI has developed another special grade "C103 - columbium alloy" for Department of Space and Defence applications. MIDHANI has lost the order of the Department of Space due to cheaper imported price.

7.7 In above context during the evidence, the representative of MIDHANI, submitted to the Committee as under:

> *"Based on existing data, even today Rs.8,000 crore worth of materials is getting imported from abroad, which are very much within the portfolio of MIDHANI. These include special steel, super alloys, and titanium alloys. You asked how these requirements are being covered when we are not getting orders. The answer is, they are being met through imports. So, even though we are producing, still imports are taking place. There are multiple issues. For example, if the original technology transfer was based on some Russian platform, for instance, some aircraft or fighter aircraft, then they prefer to go for those sources even though we are making them. Because under the technology transfer, it would have been signed that we will buy material from them for manufacturing. So, under multiple such agreements, imports continue. Therefore, currently Rs.8,000 crore worth of materials is being imported."*
>
> *In import substitution, yes, if we are not producing these materials in MIDHANI, they will not be available. We are making materials for both missiles and other arsenals. It is a dual-purpose material, both for missiles and rockets. Once upon a time, it was denied. So, it is a very critical*

material. There are many materials like that which we are making and many times, we get TOT.

"The percentage of actual production against capacity of MIDHANI has increased to 81% during 2020-21, जहां इकोनॉमिक क्वांटिटी ही नहीं है, हम उसमें कोशिश करेंगे या तो हमारे पास स्टेबिल सप्लायर हों, एज ए सेल्फ रिलायंस मैकेनिज्म के कारण, नहीं तो हम उसमें मिधानी को आगे बढ़ाएंगे, in spite of uneconomical quantity and then, MDL and HAL, of course, has to pay more. But substantial efforts have been done in the last six months, and have come to a good conclusion, and we are doing so."

7.8 During the evidence, regarding the competitiveness of MIDHANI's product portfolios in comparison to the imported products, the representative of Department of Defence Production, Ministry of Defence, submitted to the Committee as under:

"We have prepared indigenisation plan. Cost reduction is not our priority there. Our priority is to reduce dependence on outside countries, so that our strategic programme does not get hurt. …Now, we are working with HAL to develop a carbon fibre plant. We went to the Government also asking for some viability gap funding. Unfortunately, that still has not materialized. We will again go to the Department of Expenditure for some viability gap funding. We will like HAL to do that, not MIDHANI, because HAL would be the main consumer of carbon fibre."

7.9 On being asked about imported raw material, the representative of MIDHANI, submitted as under:

"*All raw materials are imported. There is no indigenous raw material that goes into our production."*

C. IMPACT OF NEW INITIATIVES/TECHNOLOGIES AND AGEING OF PLANTS/ EQUIPMENT

7.10 When the Committee asked about the impact of new initiatives and technologies on the Company and the efforts made by the Company in this regard, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

Some of the new initiatives and technologies impacted the demand and business. It can be classified as follows:

(i) Due to emerging technologies, demand has reduced for some of the product mix of MIDHANI such as:

Major sectors: Missile, Aero and Space

(a) Use of composite materials in the place of Maraging Steel
(b) Use of Additive manufactured components

(ii) Competitors from private sector using latest Technology in plant and machinery such as:

(a) Radial forging Machine
(b) Automated Bar and Wire Rod Mill

Use of these equipments is advantageous in terms of productivity and better yield with lesser cost. Following efforts are being taken by MIDHANI in this regard -

(i) Ministry of Steel has issued Quality Control Order for Pure Iron and Nickel. MIDHANI is working on indigenization of Pure Iron (Vacuum Grade) and on recovery of Nickel and Cobalt from Metal Scrap.

(ii) Additive manufacturing is one of the emerging technologies in which components are directly built from metal powder against conventional manufacturing process, involving casting and down-stream processing such as forging and rolling. This process significantly reduces the time for realization of products and is attractive to strategic sectors. MIDHANI has also placed Purchase Order to set-up a metal powder manufacturing unit to cater the requirements of defence and aero applications (BAFA clearance is awaited).

(iii) MIDHANI in collaboration with NAL has attempted indigenization of carbon fiber, however the required quality of fiber could not be achieved.

(iv) The current method of manufacturing of bar products in MIDHANI is through open-die forging. In this process, yield is low due to large allowances required for machining to the final dimension. Radial forging is a process through which bar stock can be realized with minimum machining, improving yield and there by productivity. MIDHANI is also in the process of establishing Radial Forging Facility.

(v) Bar and Wire Rod Mill in MIDHANI is manually operated and has limited capacity to process the increasing demands of defence, aero and space sectors. MIDHANI is in the process of establishing an Integrated Automatic Bar and Wire Rod Mill facility."

7.11 On being asked about the phasing out of the old plants and equipments of the Company, the Department of Defence Production, Ministry of Defence submitted the following written reply to the Committee:

> MIDHANI was established in 1973 and major equipments were procured during 1974-83. Therefore, company has been directed to modernize and upgrade its equipments time to time and many such projects have already been taken by MIDHANI; some of them have been executed and under execution. Recently, also as per the direction of Ministry, MIDHANI has prepared its modernization plan projecting a demand of Rs. 855 Crore and is exploring methods to raise the required resources to fund these projects. Some of the Proposed projects for future modernization as follows**:**

Project Details	**Benefit**	**Approx. Cost (Rs. Cr.)**
Metal Powder Plant	To indigenously manufacture Titanium alloy, Superalloy powder in the country. Status: Purchase Order placed, awaiting BAFA clearance.	35
Bar & Wire rod mill	Continuous rolling of bar stock from 120 mm/ RCS to 5.5 dia. Status: Viability analysis is under progress.	250
Compacting Press with Plasma Welding Machine	To increase annual production of Titanium alloys from 500T to 2000T. tatus: Technical specifications under finalization.	50
Radial Forging Machine	Hot forging from Ingot to 80 mm dia in single stage with close tolerance and surface finish. Improves yield. Status: Viability analysis is under progress	520

7.12 Regarding phasing out of the old plants and equipments of the Company, the representative of MIDHANI, submitted to the Committee as under:

> "*MIDHANI's overall profit, for example, last year was Rs. 110 crore. If you want to establish a backward integration plant for example, Nickel or Cobalt, it involves bigger investments. Nickel is the most important thing whether it is for stainless steels or for super alloys. We would really like to have but that kind of money we are not having for backward integration. Here, we are*

trying to improve our yield. One of the things to become competitive is improving the yield and reducing the rejections. So, that is where, we are trying to see because this plant is about 40 years old and equipment which was purchased was in 1980. Now, the other competitors are having far superior equipment with better yield. So, ours is open forging for example where the allowances would be very high. That is where some of the forging equipment like radial forging machine, we are trying to modernize so that our yields will be better and our rejections also will come down. So, we want to introduce such a latest technology which can have higher yields so that our cost will come down, our cost per product and we will be competitive. So, we have thought in that direction and it is very important if not us, anybody should put up plants for raw-materials. That is the need of the hour."

7.13 In above context during the evidence the representative of Department of Defence Production, Ministry of Defence, submitted to the Committee as under:

"Right now, we have identified four projects which would be costing around Rs. 800 or Rs. 830 crore. One is metal powder plant. Here, we need some BAFA clearance for the machine which would come from Germany. BAFA is some internal mechanism of Government of Germany for exporting the machines which are used for this. For the last one-and-a-half year, we have been trying with the Government of Germany. They are the only supplier. If we get that, then they would have the ability to make powder and then do additive manufacturing. Another plant is a bar and wire rod mill. This would cost around Rs. 250 crore. Right now, they are doing the financial viability analysis. So, the need is there. In three to six months, we will be able to finalize how much it will be financially viable or not. And then we will finalize how to do it and whether some support from our own industry, our DPSU, or from Government, or on its own is needed. Another project service they are right now examining or rather they are already going for the tender is compacting press with plasma welding machines. The technical specifications are under finalization. They will order it. The last project, which is the costliest, is radial forging machine. Again, viability analysis is being done. In the next three to six months, they will complete. Beyond that, the essence of your question was some medium to long-term planning. We will work on that. Right now, we have not done that with MIDHANI. MIDHANI must be having some more ideas. We will work on that and finalize for medium to long-term planning."

PART II

OBSERVATIONS AND RECOMMENDATIONS

Overview

Mishra Dhatu Nigam Limited (MIDHANI) was established by the Government of India on 20 November 1973 to achieve self-reliance in the production of special metals and alloys required for strategic sectors such as defence, aerospace, electronics, rockets, and missiles. The company started commercial production in 1983 and plays a key role in supplying materials for defence, aerospace, and energy industries. The Committee note that all Board of Directors positions, including the Chairman and Managing Director, are currently filled. MIDHANI's net worth increased from Rs.1,072.63 crore to Rs.1,414.48 crore, while revenue rose from Rs.813.23 crore to Rs.871.94 crore during FY 2021-2023. However, Profit Before Tax (PBT) and Profit After Tax (PAT) peaked in FY 2021-22 and subsequently underwent a period of consolidation, reaching a turning point in FY 2023-24 before demonstrating a positive recovery in FY 2024–25. Also, MIDHANI is undergoing a strong growth turnaround, commissioning 24 new facilities 15 from the 2008 plan and 9 from the 2014 update. Exports have risen sharply from Rs.37 crore in FY 2022-23 to Rs.94 crore in FY 2024-25. With new customers across Europe, the US, and Asia, MIDHANI is steadily repositioning itself as a global player in specialty alloys. Similarly, period of adjustment for Return on Capital Employed (ROCE) from 21.52% in FY 2020-21 to 11.63% in FY 2023-24 is observed, which is now showing a healthy reversal toward 12.32% in FY 2024-25. The Company's vision is to indigenize strategic metallic materials such as superalloys, titanium alloys, and special steels for defence, aerospace, and energy sectors through modernization, capacity expansion, and increased focus on value-added products.

The Committee examined Compliance Audit Report No. 18 of 2023 relating to "Modernisation and Upgradation of Mishra Dhatu Nigam Limited (MIDHANI)". The Committee observe that, anticipating an increase in demand for special metals and alloys across strategic sectors, MIDHANI formulated Corporate Plan-2020 in September 2008 with the objective of modernising and upgrading its facilities. The Plan envisaged capacity augmentation through installation of

advanced melting, forging and rolling equipment, optimal utilisation of existing facilities and rationalisation of the product mix with emphasis on select alloys for bulk production. The modernization programme was estimated to cost Rs.998.91 crore, to be financed through Rs.464.97 crore from internal resources and Rs.533.94 crore from customer funds. The Committee note that, MIDHANI has spent Rs.914.94 crore toward modernization as of March 2022. Major equipment installed under the programme included a 6000-tonne forge press, a ring rolling mill, furnaces, a wide plate mill and a vacuum induction melting furnace. Before finalising their observations and recommendations, the Committee considered the inputs received from the Comptroller and Auditor General of India (C&AG), MIDHANI and the Department of Defence Production, Ministry of Defence. The Committee carefully examined the evidence furnished by the concerned stakeholders, including the information and clarifications submitted. Following detailed deliberations, the Committee reached their conclusions and formulated the recommendations presented in the succeeding paragraphs.

Inflated Demand Projection

2. The Committee note that MIDHANI prepared the *Corporate Plan–2020* in September, 2008 with the objective of modernization, technological upgradation and augmentation of production capacity at an estimated cost of Rs.998.91 crore, against which expenditure amounting to Rs.914.94 crore had been incurred up to March, 2022. The Committee further note that at the time of formulation of the Corporate Plan, MIDHANI catered to nearly 25 per cent of the estimated domestic demand for specialised alloys and advanced materials, and the Plan envisaged positive enhancement of the Company's market share to about 50 per cent through establishment of additional facilities and modernization of existing infrastructure. The Committee observe that the modernization programme involved commissioning of new production facilities and upgrading of existing machinery in order to meet the anticipated sector-wise demand from defence, space, energy and industrial sectors. However, Audit examination revealed that the projected demand levels moved toward a phase of recalibration during the assessment period, resulting in a period of adjustment between envisaged capacity expansion and actual order realisation.

The shortfall in demand was attributable, inter alia, to reduced procurement by major user agencies, delays in placement of orders by key strategic customers, budgetary constraints faced by client organisations and dependence on timely availability of imported raw materials. Despite challenges, the Company successfully realised anticipated orders in the range of 89% in 2015-16 and 86% in 2019-20. These efforts are appreciated as they demonstrate resilience in securing high order achievement during the assessment period. While modernisation efforts continue to mature, there is a sustained focus on the Government sector, which accounted for 82% and 88% of total orders during 2023-24 and 2024-25, respectively. Although the Company has initiated measures towards diversification of products and expansion into new sectors as well as export markets, the existing order book remains limited to approximately Rs.1,800 crore, whereas products valued at nearly Rs.8,000 crore, falling within MIDHANI's manufacturing capability, continue to be imported. The Committee are of the considered view that the demand projections within the Corporate Plan were developed based on anticipated strategic requirements that transitioned during the assessment period. To build on this experience, the Committee further recommend, institutionalising a more dynamic market assessment framework prior to initiating significant modernization or capacity expansion projects to ensure continued alignment with long-term procurement visibility. The Committee further recommend that any future corporate planning should incorporate phased investment strategies, structured customer consultation and appropriate risk mitigation mechanisms so as to prevent creation of excess capacity. The Committee also emphasise the need for sustained diversification of the Company's customers by engaging with private industries, alongwith attractive business strategies which may be initially cost-effective to engage them to build their broad customer base. The Committee hope that the Company will also strengthen its export orientation with a view to reduce excessive dependence on Government orders. The Committee would like to see the efforts taken in this regard at Action Taken Stage.

Sub-optimal use of Enhanced Capacity

3. The Committee note that MIDHANI invested Rs.323.15 crore towards enhancement of production capacity in anticipation of higher demand; however, the capacity utilisation during the period 2015-16 to 2019-20 averaged about 54 per cent, indicating that there is room to enhance utilisation of the infrastructure. Also, the Company enhanced its melting and forging capacities to 19,004 MT and 12,600 MT respectively; nevertheless, utilisation levels averaged only 44.84 per cent and 45.64 per cent, resulting in substantial idle capacity. The Committee further note that while production of high-value alloys such as superalloys and titanium involve longer processing cycles and consequently lower tonnage output, prolonged limited use of installed capacity reflects limited alignment between capacity creation and actual demand. The Committee are of the considered view that optimal synchronisation between installed capacity and order realization is essential for driving operational excellence and safeguarding robust returns on public investment. The Committee are of the opinion that such/any capacity expansion should be undertaken only after careful assessment of commercial viability and demand sustainability, and therefore, recommend that MIDHANI strengthen demand forecasting mechanisms and adopt a dynamic production planning framework that balances product mix, value realisation and optimal utilisation of installed facilities. The Committee further recommend that the Ministry may also closely monitor utilisation levels to ensure efficient deployment of capital assets and prevent recurrence of idle capacity. Also, all future expansion proposals should be supported, to the extent feasible, by confirmed long-term demand commitments.

Market Development Expenditure

4. The Committee observe that during the audit period, formalizing a structured marketing framework is a key priority and that market development expenditure incurred between 2015-16 and 2021-22 amounted to Rs.12.96 crore, representing a relatively small proportion of investment made towards capacity creation. Further, the marketing expenditure also witnessed a decline during subsequent years, partly owing to disruptions caused by the COVID-19 pandemic. The Committee note that the Company has initiated measures such

as development of new alloy grades, participation in domestic and international exhibitions, business-to-business engagements and acquisition of internationally recognised certifications including NADCAP approval with a view to expanding its customer base. The Committee, while noting these initiatives, are of the opinion that sustained improvement in order inflow requires a structured and outcome-oriented marketing approach. The Committee, therefore, recommend that MIDHANI formulate a comprehensive annual marketing strategy with clearly defined targets, timelines and measurable performance indicators. Also, greater emphasis should be placed on outreach to private sector industries and export markets through strategic partnerships, brand-building initiatives and digital marketing platforms. The Committee would also like the Ministry to institute periodic review mechanisms to assess as to whether the marketing expenditure results in tangible improvement in order booking, customer diversification and capacity utilisation.

Delay in Projects

5. The Committee note that MIDHANI entered into agreements in 2011 with ASL (DRDO) and OFB for establishment of the Wide Plate Mill (WPM) project at an estimated cost of Rs.507 crore. The project experienced extended execution timeline due to evolving implementation arrangements, procurement complexities, and civil construction challenges, compounded by the global disruptions of the COVID-19 pandemic, leading to its final commissioning in December 2021. As a consequence, MIDHANI incurred an additional expenditure amounting to Rs.90.22 crore towards cost escalation. The Committee further note that the Spring Manufacturing Plant approved in 2017 experienced an extended implementation phase, during which project management frameworks including the adoption of DPR and PERT/CPM scheduling were being progressively institutionalised. The Committee are of the view, that aligning implementation timelines for capital-intensive projects is essential to optimise project outlays and ensure the timely realisation of intended operational benefits. The Committee, therefore, recommend that MIDHANI ensure comprehensive pre-project planning prior to undertaking major investments, including preparation of Detailed Project Reports, clearly defined

implementation frameworks and realistic timelines. To this extent, the Ministry should also strengthen oversight mechanisms and ensure accountability for delays and cost overruns so as to safeguard public investment.

Outsourcing of Rolling Activity Despite Procuring Rolling Mill

6. The Committee note that MIDHANI procured and commissioned a Ring Rolling Mill at a cost of Rs.38.39 crore with the objective of meeting requirements of strategic sectors such as Missile, Energy and Space. However, the absence of requisite ancillary facilities resulted in underutilisation of the installed capacity. Further, while the annual capacity is established at 2,400 rings, production levels during 2014-20 were positioned to grow toward this potential. The Committee observe that the Rs.126.91 crore utilised for external rolling activities underscores a strategic opportunity to prioritise the completion of internal support infrastructure, which would further optimise the long-term benefits derived from the Company's capital investments. The Committee therefore recommend that MIDHANI, in coordination with the concerned Ministries and agencies, pursue expeditious approval for in-house production of larger rings and prepare a time-bound roadmap for optimal utilisation of the Ring Rolling Mill facility. Furthermore, the diversification of order sources, including non-Government and export markets, should also be strengthened to ensure sustained utilisation of installed infrastructure.

Issues Emerged During the Examination

7. The Committee note that the major private sector competitors of the Company include Sunflag Industries, Nagpur; PTC Industries, Lucknow; and Star Wire Industries, Faridabad. These companies are profitable; however, they are not directly comparable to MIDHANI, as MIDHANI occupies a unique market position due to its extensive and highly specialised portfolio, which sets it apart in terms of technical breadth and strategic capability. The Committee also observe that MIDHANI possesses specialised technological capabilities and a diversified alloy portfolio; however, products valued at nearly Rs.8,000 crore are currently sourced internationally, they fall within the Company's core manufacturing expertise, highlighting a promising avenue for MIDHANI to

further expand its market share and enhance domestic self-reliance. Moreover, the Company also remains dependent on imports of critical raw materials such as nickel, cobalt, molybdenum and tungsten due to limited domestic availability. The Committee further observe that a significant proportion of MIDHANI's plants and equipment, commissioned during the period 1974-83, require modernization and technological upgradation. The Company has proposed investments amounting to Rs.855 crore towards replacement of ageing infrastructure. The Committee therefore recommend that MIDHANI formulate a comprehensive and time-bound roadmap for import substitution in coordination with defence and strategic sector stakeholders. To this extent, long-term procurement arrangements with DPSUs may be institutionalised to support domestic manufacturing capability along with enhanced focus on research and development, adoption of advanced technologies and improvement in production efficiency. The Committee encourage the Company to finalise an appropriate financing strategy for modernization through internal accruals, Government support alongside other suitable financing mechanisms.

Conclusion

8. The Committee are of the considered view that rapid technological advancements necessitate continuous modernization of strategic Public Sector Undertakings, such as MIDHANI in order to maintain competitiveness and meet evolving national and global requirements. The Committee therefor urge that modernization initiatives should prioritise indigenous technological capability, in-house innovation and strengthened research and development rather than reliance on imported technologies and one-dimensional initiatives. The Committee also desire that such modernization programmes should be undertaken only after comprehensive assessment of future demand, cost-effectiveness and market viability. Also, wherever financial constraints impede implementation, the Ministry may extend necessary support along with facilitating access to appropriate funding mechanisms. The Committee further note that strategic PSUs often operate with less profit margins while fulfilling national priorities. The Committee, therefore, recommend that suitable policy support measures, strategic business nominations and inclusion in Government-to-Government arrangements and offset programmes be

considered to strengthen financial sustainability and enhance export potential of such enterprises.

New Delhi;
27 March, 2026
06 Chaitra, 1948(S)

BAIJAYANT PANDA
Chairperson
Committee on Public Undertakings

APPENDIX-I

COMMITTEE ON PUBLIC UNDERTAKINGS (2025-26)

MINUTES OF THE EIGHTH SITTING OF THE COMMITTEE

The Committee sat on Monday, 01 September, 2025 from 1130 hrs. to 1210 hrs. in Committee Room No. '1', Ground Floor, Extension to Parliament House Annexe, New Delhi.

PRESENT

Shri Baijayant Panda - Chairperson

MEMBERS

Lok Sabha

2. Shri Kaushalendra Kumar
3. Shri Mukesh Rajput
4. Shri Pratap Chandra Sarangi
5. Shri Lalji Verma

Rajya Sabha

6. Dr. Bhagwat Karad
7. Shri Arun Singh

SECRETARIAT

1. Shri Anjani Kumar - Joint Secretary
2. Smt. Mriganka Achal - Director
3. Shri Tenzin Gyaltsen - Deputy Secretary
4. Shri Dhruv - Under Secretary

REPRESENTATIVES FROM C&AG OF INDIA

1. Shri Subir Mallick - Dy. Comptroller and Auditor General (Report Central)
2. Shri Rajesh Ranjan - Principal Director of Audit (Defence-Commercial)

2. At the outset, the Chairperson welcomed the Members and the representatives of O/o C&AG and drew their attention to Direction 55(1) of the 'Directions by the Speaker' regarding confidentiality of briefing before the Parliamentary Committees. Thereafter, Representatives of O/o C&AG made a Power Point Presentation and briefed the Committee on 'Compliance Audit Report No. 18 of 2023 on Modernisaton and Upgradation Programme in Mishra Dhatu Nigam Limited (MIDHANI)'. The representatives of O/o of C&AG also informed the Committee about the Action Taken

Notes (ATNs) received from the Department of Defence Production, Ministry of Defence and the Memorandum of Important Points (MIPs) submitted by them.

3. Thereafter, the Chairperson and Members engaged with the representatives and sought inputs on various aspects of the Audit Report which, inter-alia, covered matters concerning MIDHANI's reliance on Government projects and contracts, limited participation from the private sector, returns achieved on the Company's investments, and relatively modest expenditure on marketing, among other areas.

4. The representatives of the O/o C&AG responded to some of the queries and the Committee decided that the representatives of MIDHANI would explain in next sitting and the Department of Defence Production, Ministry of Defence be called for further detailed deliberations at a later date.

The Committee, then, adjourned to take-up next agenda item.

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APPENDIX-II

COMMITTEE ON PUBLIC UNDERTAKINGS (2025-26)

MINUTES OF THE NINTH SITTING OF THE COMMITTEE

The Committee sat on Monday, 01 September, 2025 from 1210 hrs. to 1300 hrs. in Committee Room No. '1', Ground Floor, Extension to Parliament House Annexe, New Delhi.

PRESENT

Shri Baijayant Panda - Chairperson

MEMBERS

Lok Sabha

2. Shri Kaushalendra Kumar
3. Shri Mukesh Rajput
4. Shri Pratap Chandra Sarangi
5. Shri Lalji Verma

Rajya Sabha

6. Dr. Bhagwat Karad
7. Shri Arun Singh

SECRETARIAT

1. Shri Anjani Kumar - Joint Secretary
2. Smt. Mriganka Achal - Director
3. Shri Tenzin Gyaltsen - Deputy Secretary
4. Shri Dhruv - Under Secretary

REPRESENTATIVES FROM C&AG OF INDIA

1. Shri Subir Mallick - Dy. Comptroller and Auditor General (Report Central)
2. Shri Rajesh Ranjan - Principal Director of Audit (Defence-Commercial)

REPRESENTATIVES FROM MISHRA DHATU NIGAM LIMITED

1. Dr. S.V.S. Narayana Murty - Chairman & Managing Director
2. Smt. K. Madhubala - Director (Finance)

[The witnesses were, then, called in]

2. The Chairperson welcomed the representatives of Mishra Dhatu Nigam Limited (MIDHANI) and drew their attention to Direction 55(1) of the 'Directions by the Speaker' regarding confidentiality of briefing before the Parliamentary Committees. The Chairperson, then, put forth the major points the Committee desired to discuss relating to the subject.

3. Thereafter, Representatives of MIDHANI made a Power Point Presentation and briefed the Committee on 'Compliance Audit Report No. 18 of 2023 on Modernisaton and Upgradation Programme in Mishra Dhatu Nigam Limited (MIDHANI)' alongwith establishment of MIDHANI, its achievements in strategic sectors, including future plans to get new orders from strategic and non-strategic sectors, etc.

4. Thereafter, the Chairperson and Members engaged with the representatives of MIDHANI to discuss various aspects of the Audit Report which, inter-alia, covered matters relating to MIDHANI's reliance on Government projects and contracts, limited expansion of its customer base in the private sector, performance of certain projects and plants, challenges such as cost escalation and underutilization of facilities, marketing efforts and allocation towards market development, initiatives to strengthen presence in international markets, competitiveness and order levels of products, financial indicators including return on investment and return on capital employed, import of materials and possibilities for substitution, as well as the Company's long-term roadmap extending to 2047, among other areas.

5. Thereafter, the representatives of the MIDHANI responded on majority of the issues raised by the Members. In the end, the Chairperson thanked the representatives of MIDHANI and directed that in respect of points for which information was not readily available or if more information were required to be furnished, written replies thereon may be furnished to the Committee Secretariat within 10 days.

The Committee, then, adjourned.
A copy of the verbatim proceedings has been kept.
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APPENDIX-III

COMMITTEE ON PUBLIC UNDERTAKINGS (2025-26)

MINUTES OF THE TWELFTH SITTING OF THE COMMITTEE

The Committee sat on Monday, 13 October, 2025 from 1230 hrs. to 1320 hrs. in Committee Room No. '1', Ground Floor, Extension to Parliament House Annexe, New Delhi.

PRESENT

Shri Baijayant Panda - Chairperson

MEMBERS

LOK SABHA

2. Shri Chandra Prakash Joshi
3. Smt. Kanimozhi Karunanidhi
4. Shri Kaushalendra Kumar
5. Shri Shankar Lalwani
6. Shri Mukesh Rajput
7. Shri Sukhjinder Singh Randhawa
8. Shri Pratap Chandra Sarangi
9. Shri Prabhakar Reddy Vemireddy
10. Shri Lalji Verma

RAJYA SABHA

11. Dr. Bhagwat Karad
12. Shri Arun Singh

SECRETARIAT

1. Shri Anjani Kumar - Joint Secretary
2. Smt. Mriganka Achal - Director
3. Shri Tenzin Gyaltsen - Deputy Secretary

REPRESENTATIVES FROM C&AG OF INDIA

1. Shri Subir Mallick - Dy. Comptroller and Auditor General (Report Central)
2. Shri Rajesh Ranjan - Principal Director of Audit (Defence-Commercial)

REPRESENTATIVES FROM DEPARTMENT OF DEFENCE PRODUCTION, MINISTRY OF DEFENCE

1. Shri Sanjeev Kumar - Secretary
2. Dr. S.V.S. Narayana Murty - Chairman & Managing Director
3. Shri Amit Satija - Joint Secretary
4. Smt. K. Madhubala - Director (Finance)

[The witnesses were, then, called in]

2. The Chairperson welcomed the officers of C&AG at the sitting convened to take evidence of the representatives of Department of Defence Production, Ministry of Defence in connection with examination of 'Compliance Audit Report No. 18 of 2023 on Modernisaton and Upgradation Programme in Mishra Dhatu Nigam Limited (MIDHANI)'. Thereafter, Dy. C&AG briefed the Committee on the subject under examination.

(The representatives of Department of Defence Production, Ministry of Defence were, then, called in)

3. The Chairperson welcomed the representatives of Department of Defence Production, Ministry of Defence and drew their attention to Direction 55(1) of the 'Directions by the Speaker' regarding confidentiality of briefing before the Parliamentary Committees. The Chairperson, then, put forth the major points the Committee desired to discuss relating to the subject.

4. Thereafter, Representatives of Department of Defence Production, Ministry of Defence made a Power Point Presentation and briefed the Committee on 'Compliance Audit Report No. 18 of 2023 on Modernisaton and Upgradation Programme in Mishra Dhatu Nigam Limited (MIDHANI)' alongwith efforts have been made to reduce import, status of observations and recommendation of Audit, reasons for low-capacity utilization etc.

5. The Chairperson and Members, then, sought clarifications from the representatives of Department of Defence Production, Ministry of Defence on various aspects of the Audit Report which inter-alia included, matters related to dramatic growth in capacity utilization, meeting of demand domestically, outcomes of collaboration initiatives with HAL and MDL, efforts towards cost reduction, research and development initiatives, competitors of the Company, reasons for delay in Nellore project, plans for phasing out 40 years-old plants, cost-effectiveness of MIDHANI's products in compared to imported alternatives, and the Company's roadmap for future growth, etc.

6. Thereafter, the representatives of the Department of Defence Production, Ministry of Defence responded on majority of the issues raised by the Members. In the end, the Chairperson thanked the representatives of Department of Defence Production, Ministry of Defence and directed that in respect of points for which information was not readily available or if more information were required to be furnished, written replies thereon may be furnished to the Committee Secretariat within 10 days.

The Committee, then, adjourned.
A copy of the verbatim proceedings has been kept.
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APPENDIX-IV

COMMITTEE ON PUBLIC UNDERTAKINGS
(2025-26)

MINUTES OF THE EIGHTEENTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 27th March, 2026 from 1000 hrs. to 1030 hrs. in Committee Room No. 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Baijayant Panda - Chairperson

MEMBERS

LOK SABHA

2. Shri Tariq Anwar
3. Shri Kaushalendra Kumar
4. Shri Shankar Lalwani
5. Shri Mukesh Rajput
6. Shri Pratap Chandra Sarangi
7. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

8. Dr. John Brittas
9. Shri Neeraj Dangi
10. Shri Surendra Singh Nagar
11. Shri Debashish Samantaray

SECRETARIAT

1. Shri Anjani Kumar - Joint Secretary
2. Smt. Mriganka Achal - Director
3. Shri Tenzin Gyaltsen - Deputy Secretary

2. The Hon'ble Chairperson briefly apprised the Members on the two draft Reports. The Committee then considered and adopted the following draft reports, without any changes/modifications: -

i. Performance Audit Report No. 20 of 2023 on Storage Management and Movement of Foodgrains by Food Corporation of India; and

ii. Modernisation and Upgradation Programme in Mishra Dhatu Nigam Limited (MIDHANI) based on Chapter-IV of C&AG Audit Report No. 18 of 2023;

3. The Committee authorized the Chairperson to finalize the draft Reports on the basis of factual verification as suggested by the concerned CPSUs/Ministry/Department/C&AG and presentation of the Reports to Parliament soon.

The Committee, then, adjourned.

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