



MIDHANI renews commitment to UN Global Compact

MIDHANI, as a member of UN Global Compact, reiterates its commitment to the ten principles of UN GC Program. Midhani will continue its support to the UN initiative on protection of human rights and environmental standards.

Midhani had made a modest beginning through creation of a Trust in December 2007 for the purpose of making available resources for activities aimed at discharging its corporate social responsibility. Presently Midhani is looking into ways and means of integrating corporate social responsibility philosophy into management processes so as to further strengthen the trust and confidence of its stakeholders.

Midhani recognizes that business strategies and effective HR systems are the key elements for sustained growth of business in the emerging competitive scenario and is therefore fully focused on development of its human resource in order to building strategic capabilities and developing core competencies. Retention of talent also posed a challenge and to meet this challenge, remuneration of employees were hiked. In order to infuse young blood and to meet the succession needs of the Organization, recruiting talent from various University campuses was undertaken.

Efforts are directed to spread Midhani sphere of influence, which at the moment is focused on the most important stake holder, the human resource, progressively moving towards the other stake holders – the customer, the owner, the environment, the surrounding society. Engagement with other relevant business partners like Suppliers, Contractors, Vendors is constantly taking place through face-to-face dialogue.

A Customer Meet was organized on 15 June 2007 aimed towards **customer satisfaction and customer delight**, as a part of sustainable business development. 100 delegates from 46 organizations representing various sectors of Indian Industry participated in this annual event.

The First Vendors' Meet was organized on 4th January 2008 to understand and appreciate the concerns of vendors and to impress upon them the needs of Midhani. Over 75 vendors dealing in various services and products participated in this open meeting that took place in a transparent environment.

Accounting manual, Internal Audit Manual, Costing Manual were updated and published in 2008. These are available to stakeholders on request.

Focus is placed on procuring techno-economically viable and environmentally friendly equipment for modernization program of Midhani, which is in progress.

M. Narayana Rao
Chairman & Managing Director

UNGC – Communication on Progress (2007-08)

MIDHANI posted a brief on Global Compact and its commitment to the principles of GC on its website www.midhani.com. This Communication of progress (COP) also forms part of the 34th Annual Report.

Principle 1&2 Human Rights

No case of human rights violations was reported during the year.

No fatal accidents took place during the year.

MIDHANI, a model employer and a company owned by the Government of India, owing allegiance to the Constitution of India, supports and respects the protection of human rights. The Constitution of India not only supports the Universal Declaration of Human Rights but also guarantees to all its citizens fundamental human rights. The Constitution of India is known throughout the world to be a document based on democratic principles of justice, liberty, equality and fraternity. All the stakeholders of MIDHANI receive support and protection whenever dealing with the Company. Every citizen of India has a right to information under the Right to Information Act and majority of the stakeholders are first citizens and then stakeholders in the form of employees, suppliers, contractors, vendors, customers.

Elaborate manuals on procurement, accounting practices, personnel are available with detailed transparent procedures for vendor evaluation, method of payments, mode of supplies, delegation of powers etc. Relations with Suppliers, Contractors are regulated by conditions of Tender, Enquiries, Purchase Orders and Contracts.

Sale Order and Contracts regulate relations with Customers. Information is shared to interested parties and various stakeholders.

Relations with employees are regulated through various laws of the land such as Factories Act, Industrial Disputes Act, and Minimum Wages Act. Employees' code of conduct is regulated through MIDHANI Conduct, Discipline and Appeal Rules and MIDHANI Certified Standing Orders. These are made available to all the employees of the Company. Personnel Manual of the Company is available on the Intranet of the Company and can be easily accessed by employees. Certain relevant features are reiterated through circulars time and again.

MIDHANI supervisory staff monitors payment of wages, Medicare, provident fund to contract employees whenever engaged on non-core activities in the capacity as Principal Employer.

Fire-fighting Manual and Disaster Management Manual are in place and regular mock drills are carried out to expose employees to familiarize with the fire fighting system.

Principles 3,4,5 & 6: LaborFreedom of association & right to collective bargaining

All the 1260 employees have the freedom of association. 855 employees in the non-executive category have the right to collective bargaining. Elaborate Government machinery and statutory systems exist for implementation of provisions under Industrial Disputes Act, Factories Act and other labor legislation. Majority union for recognition is decided through election by the Government machinery. Collective bargaining on issues of common interest and long term settlements are reached with the recognized Union. Code of Conduct for the Recognized Union exists under the laws of the land.

Employees in the Junior Executive Category numbering 136 have their own Association and employees in the Executive Category numbering 240 have Midhani Officer's Association. Frequent meetings are held with these Associations.

Apart from the above, there are other participatory forums such as Joint Council, Shop Council, Welfare Committee, and Safety Committee, Canteen Managing Committee etc. where issues concerning the employees are discussed and decided upon in a transparent manner.

Forced and Compulsory Labor

MIDHANI stands committed to voluntary labor. During more than three decades of existence of MIDHANI, no incidence of forced or compulsory labor was reported.

Child Labor

MIDHANI had prescribed the minimum age limit of 18 years for employment. Even Contractors are forbidden to engage child labor. At the time of employment, age verification is done.

Discrimination in respect of employment:

Article 15 of Constitution of India prohibits discrimination on grounds of religion, race, caste, creed, sex or place of birth. As already stated earlier, MIDHANI being Government of India Enterprise, respects the law of the land.

MIDHANI is an equal opportunity employer.

Government instructions on Scheduled Caste, Scheduled Tribe, other Backward Classes and Physically Challenged persons are followed scrupulously.



Equal opportunity is provided in matters of career advancement, training and development to all employees irrespective of caste, color, gender, religion or region.

Well document Recruitment and Promotion Rules exists in the Personnel Manual and is circulated widely amongst all sections of employees. Information is shared with others on request.

Well-documented grievance redressal mechanism exists.

Principles 7,8 & 9: Environment

Precautionary approach to environmental challenges:

MIDHANI stands committed to prevention and control of environmental pollution due to its activities in a sustained manner. Midhani endeavor had been and will continue to be:

- To ensure upkeep of equipment and machinery at all times in fit condition so as not to affect environment.
- Promote environmental awareness amongst employees and interested parties through proactive communication.
- Remain prepared and alert to respond effectively to all foreseeable emergency situations.
- Meet all the norms stipulated by the State and Central Pollution Control Boards.
- Constantly monitor parameters like ambient air quality, water quality and ambient noise levels.

MIDHANI operations are environmentally friendly and do not release any pollutants in the atmosphere. A thick canopy of greenery with thousands of trees of over 50 different species constituting the green belt has been developed to promote and maintain ecological balance in and around the Company and within factory premises.

Promote Greater environmental responsibility

- Company does not generate or store hazardous solid waste.
- Oxygen Pond was built for handling domestic sewage.
- Pickling effluents are treated for dilution and neutralizing before sending them to drain, which go into a lake, owned by the Company.
- Spent acids are separately pumped into lagoons where lining is provided for avoiding percolation into ground.
- Fume extraction systems have been installed at Pickling Shop and Chimney at Electric Arc Furnace, Hot Rolling Mill furnace and Forge Shop Furnace.
- Open drains service MIDHANI plant.

Development and diffusion of environmentally friendly technologies

MIDHANI endeavor has been to adapt safe, scientific and environmentally friendly methods of melting, rolling, forging operations, complying with all applicable environmental laws. Maintain the furnaces, rolling, machinery and equipment in excellent conditions to ensure minimum impact of their operation on environment.

Back filters are attached to Arc Furnace to trap and filter dust particles.

Oxidation pond provided for disposal of sanitary and domestic waste.

Acid proof, RCC, brick lined neutralizing tanks provided to dilute and neutralize the acid rinse water.

Presently modernization and up-gradation of certain facilities is in progress and state-of-the-art equipments are being installed.

Principle 10: Work against corruption

- Required checks and balances are in-built in the organizational systems that help in preventing corruption.
- Surprise and regular checks are carried out at all sensitive function of the work.
- Regular and surprise monitoring of sensitive areas, sensitive payments, delays in payments to vendors/ contractors etc. is done.
- Vendors, Suppliers, Contractors can make complaints on cases of bribery and corruption.
- An Integrity Pact forms part of the Conduct, Discipline and Appeal Rules meant for Junior Executive cadre and Executive cadre employees. These rules bar acceptance of bribes and describe it as misconduct.
- Also these employees are required to file movable and immovable property returns annually. These are scrutinized with reference to disproportionate assets, if any.
- Employees violating code of conduct and ethics are subjected to investigation and appropriate disciplinary action taken, if required.
- Tenders are opened in the presence of all the tenderers present.
- Once the proposed ERP system is implemented throughout MIDHANI, e-payments would be considered.
- Disposal of unserviceable items, scrap is done through a transparent auction method electronically.

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Actions taken in the direction of Corporate Social Responsibility:

Midhani as a corporate citizen has been discharging its social responsibilities by undertaking various welfare measures like community development, pollution control and eco-friendly measures etc.

MIDHANI has been making use of Defence technologies for the sake of common man, MIDHANI manufactured and supplied bio medical implants valued at approx Rs 50 lakhs to the needy patients.

As welfare measures to employees, monetary awards were given to meritorious students and children of weaker sections of society. .The Company run Brahm Prakash DAV school continued to excel in its performance . Midhani provides housing facilities to its employees.