

भारत डायनामिक्स लिमिटेड, 46वाँ वार्षिक विवरण 2015-16

लोक सभा / राज्य सभा के पटल पर रखे जाने वाले प्रपत्र

अधिप्रमाणित

रक्षा राज्य मंत्री

**Bharat Dynamics Limited, 46th Annual Report 2015-16**

**Papers to be laid on the table of Lok Sabha / Rajya Sabha**

**AUTHENTICATED**

**RAKSHA RAJYA MANTRI**







# BOARD OF DIRECTORS

## Chairman and Managing Director



**Shri V Udaya Bhaskar**

### GOVERNMENT DIRECTOR



**Shri Ashwani Kumar Mahajan**  
Addl FA (AK) & JS  
(From 9 Mar 2016)



**AVM NB Singh**  
AVSM, VSM (Retd.)  
Director (Technical)  
(Upto 30 Jun 2016)



**Shri S. Piramanayagam**  
Director (Finance)



**Shri V. Gurudatta Prasad**  
Director (Production)  
(From 10 Sep 2015)



**Shri K Divakar**  
Director (Technical)  
(From 1 Jul 2016)

### WHOLE TIME DIRECTORS

### FORMER GOVERNMENT DIRECTORS



**Smt Kusum Singh**  
Joint Secretary (P&C)  
(Upto 3 Mar 2016)



**Shri RG Viswanathan**  
Addl FA & JS (DRDO)  
(Upto 3 Mar 2016)



**Smt Sushama V Dabak**  
(From 1 Dec 2015)



**Prof. Ajay Pandey**  
(From 1 Dec 2015)



**Lt Gen (Retd.) Anil Chait**  
PVSM, AVSM, VSM  
(From 7 Jan 2016)

### INDEPENDENT DIRECTORS

### COMPANY SECRETARY



**Shri N Nagaraja**  
(From 11 Aug 2016)

### FORMER COMPANY SECRETARY



**Shri KVLN Murthy**  
(Upto 10 Aug 2016)



# BDL FORMER CHIEF EXECUTIVES

				
<b>DR. B.D. NAGCHAUDHURI</b> Chairman 22-09-1970 To 20-09-1975	<b>PROF. M G K MENON</b> Chairman 29-09-1975 To 30-12-1977	<b>AVM V S NARAYANAN</b> PVSM, AVSM, VSM (Retd) Chairman 06-10-1978 To 01-04-1980	<b>Dr. RAJA RAMANNA</b> Chairman 30-01-1981 To 30-08-1982	<b>Dr. VS ARUNACHALAM</b> Chairman 30-08-1982 To 09-09-1990
				
<b>AVM S J DASTUR (Retd)</b> Managing Director 22-09-1970 To 10-04-1974	<b>BRIG J P ANTHONY (Retd)</b> Managing Director 11-04-1974 To 31-08-1977	<b>WG CDR VM CHITALE (Retd)</b> Managing Director 01-09-1977 To 30-09-1980	<b>Shri ZP MARSHALL</b> Managing Director 01-10-1980 To 07-11-1988	<b>AIR CMDE R GOPALASWAMY</b> AVSM, VSM (Retd) Managing Director (1988-90) Chairman & Managing Director 10-09-1990 To 30-06-1994
				
<b>CMDE S. RAO, VSM (Retd)</b> Chairman & Managing Director 01-07-1994 To 08-01-2000	<b>Shri S GOVINDARAJAN</b> Officiating Chairman & Managing Director 09-01-2000 To 31-08-2000	<b>Shri V V GANGADHARA RAO</b> Chairman & Managing Director 01-09-2000 To 30-06-2002	<b>SHRI GVBB SARMA</b> Officiating Chairman & Managing Director 01-07-2002 To 23-07-2002	<b>MAJ GEN P MOHANDAS</b> VSM (Retd) Chairman & Managing Director 24-07-2002 To 27-04-2005
				
<b>MAJ GEN RAJNISH GOSSAIN</b> (Retd) Chairman & Managing Director 28-04-2005 To 30-04-2008	<b>CMDE PK SAMANTA</b> VSM (Retd) Officiating Chairman & Managing Director 01-05-2008 To 30-06-2008	<b>MAJ GEN RAVI KHETARPAL</b> VSM (Retd) Chairman & Managing Director 01-07-2008 To 31-03-2012	<b>SHRI SN MANTHA</b> Chairman & Managing Director 01-04-2012 To 31-12-2014	





लेखापरीक्षा समिति*		Audit Committee *
<ol style="list-style-type: none"> <li>1. श्रीमती सुष्मा वी दबक स्वतंत्र निदेशक</li> <li>2. प्रो. अजय पाण्डेय स्वतंत्र निदेशक</li> <li>3. लेफ्टिनेंट जनरल (नि.) अनिल चैत स्वतंत्र निदेशक</li> <li>4. एवीएम एन बी सिंह, अविसेमे, विसेमे (नि.) निदेशक (तकनीकी)</li> <li>5. श्री के वी एल एन मूर्ति कंपनी सचिव</li> </ol>	<p>अध्यक्ष</p> <p>सदस्य</p> <p>सदस्य</p> <p>सदस्य</p> <p>सचिव</p>	<ol style="list-style-type: none"> <li>1. <b>Smt.Sushama V Dabak</b> : Chairperson Independent Director</li> <li>2. <b>Prof. Ajay Pandey</b> : Member Independent Director</li> <li>3. <b>Lt Gen. (Retd) Anil Chait</b> : Member Independent Director</li> <li>4. <b>AVM NB Singh</b> : Member AVSM, VSM (Retd.) Director (Technical)</li> <li>5. <b>Shri KVLN Murthy</b> : Secretary Company Secretary</li> </ol>
प्रधान कार्यपालक *		Principal Executives *
<p><b>डॉ. एन के राजू</b> अधिसासी निदेशक (का. एवं प्रशा.)</p> <p><b>श्री बी शिव राम प्रसाद</b> अधिसासी निदेशक (सैम)</p> <p><b>श्री एन पी दिवाकर</b> अधिसासी निदेशक (भा.इ.)</p> <p><b>श्री जी दत्त कुमार</b> अधिसासी निदेशक (जी एस डी)</p> <p><b>श्री के वेंकटेश्वर राव</b> महाप्रबंधक (तकनीकी सेवाएँ)</p> <p><b>श्री के दिवाकर</b> महाप्रबंधक (डी अण्ड ई) (दि. 30 जून, 2016 तक)</p> <p><b>श्री एम नीलकण्ठप्पा</b> महाप्रबंधक (क.सं. एवं विश्रॉड)</p> <p><b>श्री अरूप कुमार माइती</b> महाप्रबंधक (सं.वि.)</p> <p><b>श्री एन संपत कुमार</b> महाप्रबंधक (सैम)</p> <p><b>श्री पी शिवाजी</b> महाप्रबंधक (मिलान, स्पाईक एवं सीपी-आईजीएमपी)</p> <p><b>श्री जी गोपाल</b> महाप्रबंधक (आकाश)</p> <p><b>श्री शिवानंद एस खानापेट</b> महाप्रबंधक (आर, पी एस एवं एन ए)</p> <p><b>श्रीमती वी लता</b> महाप्रबंधक (इनवार)</p> <p><b>श्री टी जगदीश्वर राव</b> महाप्रबंधक (वित्त)</p> <p><b>श्री एम एन सुरेश</b> महाप्रबंधक (जीएसडी)</p>		<p><b>Dr. N K Raju</b> Executive Director (P&amp;A)</p> <p><b>Shri B Siva Rama Prasad</b> Executive Director (SAM)</p> <p><b>Shri NP Diwakar</b> Executive Director (BU)</p> <p><b>Shri G Dattu Kumar</b> Executive Director (GSD)</p> <p><b>Shri K Venkateswar Rao</b> General Manager (TS)</p> <p><b>Shri K Divakar</b> General Manager (D&amp;E) (Upto 30 Jun 2016)</p> <p><b>Shri M Neelakantappa</b> General Manager (ER &amp; VSHORAD)</p> <p><b>Shri Arup Kumar Maiti</b> General Manager (BD)</p> <p><b>Shri N Sampath Kumar</b> General Manager (SAM)</p> <p><b>Shri P Shivaji</b> General Manager (Milan, Spike &amp; CP-IGMP)</p> <p><b>Shri G. Gopal</b> General Manager (Akash)</p> <p><b>Shri Sivanand S Khanapet</b> General Manager (R,PS &amp; NA)</p> <p><b>Smt V Latha</b> General Manger (Invar)</p> <p><b>Shri T Jagadishwar Rao</b> General Manager (Finance)</p> <p><b>Shri MN Suresh</b> General Manager (GSD)</p>

\* 31 मार्च, 2016 तक

\* As on 31 March, 2016



<b>लेखापरीक्षक</b>	<b>Auditors</b>
मेसर्स एस आर मोहन अण्ड कंपनी चार्टर्ड अकाउण्टेंट्स, हैदराबाद	<b>M/s. SR Mohan &amp; Co.</b> Chartered Accountants, Hyderabad
<b>आंतरिक लेखापरीक्षक</b>	<b>Internal Auditors</b>
मेसर्स एम भास्कर राव अण्ड कंपनी, चार्टर्ड अकाउण्टेंट्स मेसर्स डी वी रमण राव अण्ड कंपनी, चार्टर्ड अकाउण्टेंट्स मेसर्स रमणमूर्ति (एन) अण्ड कंपनी, चार्टर्ड अकाउण्टेंट्स मेसर्स नरसिंहा राव अण्ड असोसिएट्स, चार्टर्ड अकाउण्टेंट्स	<b>M/s. M. Bhaskara Rao &amp; Co.,</b> Chartered Accountants <b>M/s. D.V.Ramana Rao &amp; Co.,</b> Chartered Accountants <b>M/s. Ramamoorthy (N) &amp; Co.,</b> Chartered Accountants <b>M/s. Narasimha Rao &amp; Associates,</b> Chartered Accountants
<b>लागत लेखापरीक्षक</b>	<b>Cost Auditors</b>
मेसर्स डी ज़ेड आर अण्ड कंपनी, लागत लेखाकार	<b>M/s DZR &amp; Co.,</b> Cost Accountants
<b>कर परामर्शदाता</b>	<b>Tax Consultants</b>
बंसल अण्ड दवे, चार्टर्ड अकाउण्टेंट्स	<b>Bansal &amp; Dave,</b> Chartered Accountants
<b>विधि सलाहकार</b>	<b>Legal Advisers</b>
श्रीमती वी उमा देवी श्री डी रवि शंकर राव	<b>Smt V Uma Devi</b> <b>Shri D Ravi Shankar Rao</b>
<b>बैंकर्स</b>	<b>Bankers</b>
आंध्रा बैंक भारतीय स्टेट बैंक एक्सिस बैंक आई सी आई सी आई बैंक एच डी एफ सी बैंक	<b>Andhra Bank</b> <b>State Bank of India</b> <b>Axis Bank</b> <b>ICICI Bank</b> <b>HDFC Bank</b>
<b>ई-मेल</b>	<b>E-Mail</b>
<b>bdlitd@bdl-india.com</b>	<b>bdlitd@bdl-india.com</b>
<b>वेबसाइट</b>	<b>Website</b>
<b>http://bdl-india.com</b>	<b>http://bdl-india.com</b>





## दस वर्षों पर दृष्टिपात

## TEN YEARS AT A GLANCE

विवरण Particulars	इकाई Units	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
बिक्री (सकल) Sales (Gross)	₹ Cr.	4163.58	2799.68	1779.89	1074.71	959.12	939.16	627.23	464.82	454.38	433.51
निर्माणाधीन कार्य (संव्यवहाराधीन) Changes in WIP/SIT	₹ Cr.	136.26	(29.63)	24.60	100.81	33.82	(28.18)	4.38	58.24	51.47	(47.67)
उत्पादन मूल्य Value of Production	₹ Cr.	4299.84	2770.05	1804.49	1175.52	992.94	910.98	631.61	523.06	505.85	385.84
सामग्री की खपत Material Consumption	₹ Cr.	2620.30	1855.10	1226.01	779.57	633.53	580.14	438.01	364.84	351.99	239.89
परिवर्द्धित मूल्य Value Added	₹ Cr.	1679.54	914.95	578.48	395.95	359.41	330.84	193.60	158.22	153.86	145.95
कर पूर्व लाभ Profit Before Tax	₹ Cr.	850.26	614.19	508.59	419.06	348.19	79.17	50.63	74.23	72.49	50.80
कराधान के बाद लाभ Profit After Tax	₹ Cr.	563.24	418.57	345.51	288.40	234.96	51.70	33.77	47.67	47.65	32.74
ईक्विटी Equity	₹ Cr.	97.75	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00
प्रारक्षित एवं अधिशिष्ट निधि Reserves & Surplus	₹ Cr.	1554.70	1418.58	1102.97	838.30	617.38	437.05	412.08	405.13	384.37	363.62
सकल निरुद्ध (पूँजीगत नि. का. छोड़कर) Gross Block(Excl.Cap.WIP)	₹ Cr.	1175.55	940.04	834.56	711.55	604.24	488.08	461.20	403.42	376.49	359.09*
सामग्री-सूची Inventory	₹ Cr.	2060.51	1480.12	1382.51	1006.53	602.57	502.19	570.26	623.11	434.25	338.92
ग्राह्य व्यापार Trade Receivables	₹ Cr.	1615.15	865.72	398.81	281.55	88.39	45.15	33.58	8.95	21.54	19.51
कार्यगत पूँजी Working Capital	₹ Cr.	1996.94	2740.34^	812.68\$	614.58	458.97	370.66#	360.44	404.86	384.96	371.79
नियोजित पूँजी Capital Employed	₹ Cr.	2580.24	3134.20^	1172.29\$	892.59	670.64	511.79#	503.66	508.81	478.59	458.15*
निवल मालियत Net Worth	₹ Cr.	1652.23	1533.37	1217.75	953.08	732.19	551.85	526.88	519.93	495.55	470.86*
कर्मचारियों की संख्या Number of Employees	Nos.	3132	3183	3266	3300	3142@	2897	2894	2788	2715	2742
कर्मचारियों पर लागत Employee Costs	₹ Cr.	325.22	313.07	307.28	258.99	240.32	234.53	178.84	151.16	149.63	94.71
पारिश्रमिक प्रति रु. पर परिवर्द्धित मूल्य Value Added per ₹ of Wage	₹	5.16	2.92	1.88	1.53	1.50	1.41	1.08	1.05	1.03	1.54
परिवर्द्धित मूल्य प्रति कर्मचारी Value Added per Employee	₹ Lakh	53.63	28.74	17.71	12.00	11.44@	11.42	6.69	5.67	5.67	5.32
प्रति शेयर अर्जन (ई पी एस) Earnings per Share (EPS)	₹	4898	3640	3004	2508	2043	450	294	415	414	285

\* वर्ष 2006-07 की स्थायी परिसंपत्तियों की अनुसूची के पुनर्समूहन के कारण वर्ष 2007-08 में पुनर्व्यवस्थीकरण किया गया।

\* Re-adjusted due to regrouping of Fixed Assets Schedule of 2006-07 in the year 2007-08.

# परिवर्द्धित अनुसूची-VI के अनुरूप लेखा प्रस्तुत करने के कारण वर्ष 2011-12 से पुनःसमायोजित।

# Re-adjusted due to presentation of accounts as per Revised Schedule VI from 2011-12 onwards.

@ अस्थायी कर्मचारियों को समायोजित करने के लिए पुनर्व्यवस्थीकरण किया गया।

@ Re-adjusted to include temporary employees.

\$ वर्ष 2013-14 की चालू परिसंपत्तियों को चालू देयताओं के पुनर्समूहन के कारण वर्ष 2014-15 में पुनर्व्यवस्थीकरण किया गया।

\$ Re-adjusted due to regrouping of Current Assets and Current Liabilities of 2013-14 in 2014-15.

\* वर्ष 2014-15 की चालू परिसंपत्तियों को चालू देयताओं के पुनर्समूहन के कारण वर्ष 2015-16 में पुनर्व्यवस्थीकरण किया गया।

\* Re-adjusted due to regrouping of Current Assets and Current Liabilities of 2014-15 in 2015-16.



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## Directors' Profile



**Shri V Udaya Bhaskar**  
Chairman and Managing Director

Shri Varanasi Udaya Bhaskar assumed charge as Chairman and Managing Director of Bharat Dynamics Limited (BDL) on 30 Jan 2015. Prior to his new appointment, he was on the Board of BDL as Director (Production). An M.Tech in Polymer Science & Technology from IIT, Delhi, Shri Udaya Bhaskar did B.Tech. in Plastics Technology and Chemical Engineering from Harcourt Buttlar Tech. Institute, Kanpur.

He has a rich experience in various fields of Missile Production spanning over 23 years, which included areas like indigenization, Assembly, Integration and Testing of missiles, Materials Management, Vendor Development and Planning. He played an instrumental role in establishing the production line for ATGMs and made a major contribution in achieving indigenization of over 90% of the weapon systems.

He led the ISO core team for Implementation of ISO 9001:2000 version at BDL, Bhanur. Subsequently, he became the Management Representative for monitoring the ISO 9001:2008 Quality Management System at BDL, Bhanur.

He is a recipient of the prestigious Raksha Mantri's Innovation Award in Group/Individual Category for the year 2010-11 for his distinguished contribution in establishing Ballistic Evaluation Method using T-72 fixed firing stand.

He joined BDL during the year 1990, prior to which, he served in the private sector for about six years.

He is keen on academics and keeps himself abreast of the latest developments in the field of missile technology. He has presented technical papers at various forums and has many value-based articles published to his credit.

Shri. Ashwani Kumar Mahajan belongs to the batch of 1988 IRS. He is also MBBS, LLB, LLM (International Taxation). Since 2008 he worked as Commissioner in Income Tax Department. He was appointed as Addl. FA & JS in the Ministry of Defence (Fin) on 8 Jan 2016. Shri Ashwani Kumar Mahajan is appointed as Government Nominee Director on the Board of BDL w.e.f. 9 March 2016.



**Shri Ashwani Kumar Mahajan**  
Addl FA (AK) & JS





**AVM NB Singh**  
**AVSM, VSM (Retd.)**  
**Director (Technical)**  
**(Upto 30 Jun 2016)**

Air Vice Marshal NB Singh, AVSM, VSM (Retd.) was commissioned in the Aeronautical Engineering (Electronics) stream of the Indian Air Force on 01 Jan 1979, the Officer has a brilliant academic record of distinction in Electrical Engineering. He is Fellow of Electronics and Telecommunication (FIETE). In this 35 years of service in the Indian Air Force, he held many important appointments. As a Senior Maintenance Staff Officer HQ SWAC, he was instrumental in improving the availability and serviceability of Aircraft and Ground Equipment for operational exploitation. He has also been part of planning group to conduct Air Force Level Exercise "Iron Fist 13" and the same was witnessed and appreciated by President, Prime Minister and other dignitaries as well as foreign diplomatic corps. Officers where IAF demonstrated its fire power in net centric environment, for his distinguished services of highest order the officer was awarded Ati Vishishtha Seva Medal by the President of India on 26 Jan 2013. He was appointed as Director (Technical) on the Board of BDL on 1 Apr 2014, his tenure was completed on 30 Jun 2016 on attaining the age of Superannuation.

Shri S Piramanayagam is a Science Graduate and an Associate Member of the Institute of Chartered Accountants of India. Prior to joining BDL as Director (Finance), he worked as General Manager handling finance functions of Rail & Metro Business vertical of M/s. BEML Limited. He worked in the middle Management cadre in BDL during 1996 to 2007 after his stint in Neyveli Lignite Corporation Ltd., for 10 years. He has vast work experience covering Auditing, Accounting, Finance and Taxation areas. He took charge as Director (Finance) of Bharat Dynamics Ltd., on 1 Jan 2015.



**Shri S. Piramanayagam**  
**Director (Finance)**



**Shri V Gurudatta Prasad**  
**Director (Production)**

Shri V Gurudatta Prasad assumed charge as Director (Production) of Bharat Dynamics Limited on 10 Sep 2015. Prior to his appointment as Director(Production), he served as General Manager at BDL, Bhanur in the capacity of Unit Head. An M.Tech in Industrial Engineering & Management from JNTU, Hyderabad, he did his BE in Mechanical Engineering from Bangalore University.

He has rich experience spanning over 30 years in various areas of Missile Production which include areas such as System Engineering, Component Production, Assembly etc. He has established facilities for integration and testing of Anti Tank Guided Missile (ATGM). He has been instrumental in accelerating the indigenization of components, machines and test equipments of ATGM. In recognition of his contribution, Raksha Mantri Award has been awarded to him for the year 2012-13. He joined BDL in the year 1986, before which he served M/s. Hyderabad Allwyn Ltd, a State PSU.





Shri K Divakar, assumed charge as Director (Technical) of Bharat Dynamics Limited on 1 July 2016. Prior to his appointment as Director, he served as General Manager (Design & Engineering) at BDL.

Shri Divakar is a B.Tech. in Mechanical Engineering from JNTU, Hyderabad and a Post-Graduate from Central Institute of Tool Design, Hyderabad. Shri Divakar has a rich experience spanning over 28 years in various areas of Missile Production. He played an instrumental role in establishing the Naval Division of BDL at Visakhapatnam and in the successful productionisation of Torpedoes for the Indian Navy. In his past assignments, he also headed the Milan, Refurbishment and Explosive Divisions. At BDL, Bhanur, he worked for indigenisation of warheads, propellants and other explosives and was awarded for his indigenisation efforts which resulted in the saving of precious foreign exchange. Prior to joining BDL, he worked in Indian Telephone Industries, Rae Bareli for about six years.



**Shri K Divakar**  
**Director (Technical)**  
**(From 1 Jul 2016)**



**Smt Sushama V Dabak**  
**Independent Director**

Smt Sushama V Dabak Joined Indian Audit & Accounts Service (IA&AS) in 1981 held various posts including Principal Accountant General, Haryana, Accountant General, Rajasthan and Maharashtra. In 2013, retired as Director General of Audit in Mumbai. Before joining IA&AS, worked as a Lecturer in Elphinstone College, Mumbai and as an Economist at National Institute of Public Finance & Policy (NIPFP), New Delhi.

She did her MA in Economics, LLB and Diploma in Financial Management from University of Mumbai.

She has Audit experience of all three tiers of Government viz Central, State and Local and different forms of Government organisations viz Government Companies, Autonomous Bodies and Local Bodies covering various sectors of the economy. Deputed as Financial Advisor in Nuclear Power Corporation Ltd and as Finance Member, Maharashtra Krishna Valley Development Corporation. Deputed for conduct of audit of UNHCR and Indian missions abroad. She has experience of certification of Government Accounts, Government Companies and externally aided projects.

She was nominated for various training programs and seminars in India and abroad.

She joined the Board of BDL as Independent Director w.e.f. 1 Dec 2015.



**Prof. Ajay Pandey**  
Independent Director

Prof. Ajay Pandey is currently with Indian Institute of Management, Ahmedabad as Professor of Finance & Accounting. He graduated as an Industrial Engineer from University of Roorkee (now IIT, Roorkee) and worked as project planning and monitoring engineer in Engineers India Limited (EIL) and Oil & Natural Gas Corporation (ONGC). Later, he continued his education at IIM Ahmedabad by joining Fellow Program and obtained his Fellow degree (equivalent to Ph.D.) by specializing in Finance area.

After completing doctorate, he had been associated with several academic institutions in India before moving to IIM Ahmedabad. In between, he also worked in financial sector with a private sector joint venture startup. His professional interests related to research, training and teaching are mainly in corporate finance and capital markets such as corporate governance, risk management, project finance, volatility and asset price dynamics etc. He also has professional interest in infrastructure sectors on issues such as project structuring and risk allocation, public procurement, land acquisition besides interest in the Electricity sector.

He has been a consultant to the Government, Regulators and PSUs on infrastructure related issues. He has also been involved in academic administration as Chair, Post-Graduate Program (PGP), Dean (Faculty), Dean (Programs) and Director-in-charge at IIM Ahmedabad.

He joined the Board of BDL as Independent Director w.e.f. 1 Dec 2015.

Lt Gen Anil Chait retired after rendering forty one years of service with the military. He attained highest rank, that of a Commander-in-Chief of a Field Army and that of Chief of Integrated Defence Staff. Practicing art and science of warfare, he has been a conceptualiser, creator and implementer of military strategy at the Apex level.

The General Officer has had extensive exposures in coping & dealing with internal as well as external security threats for securing India, both at tactical and operational levels in conventional, sub conventional as well as non-conventional domains.

Retired General Anil Chait, significantly shaped the transformation process of the Indian Military by not only developing operational and organisational precepts of the future force(s) but he has been significantly involved in creating the blue print of future tri-service organisations in the domain of cyber and aerospace. The General Officer has been actively associated with the capability building process of the Services through its Force Modernisation programmes and reforms in capital acquisition process in the Defence Procurement Policy of Indian Defence.

The General provided the ground leadership and coordinated the rescue & relief operation in Uttarakhand under 'OP SURYA HOPE' where the army evacuated more than one lakh stranded pilgrims from inaccessible areas, in a planned & organized manner.

He joined the Board of BDL as Independent Director w.e.f. 7 Jan 2016.



**Lt Gen.(Retd.) Anil Chait**  
**PVSM, AVSM, VSM**  
Independent Director





# Annual Report 2015-16

## Chairman's Statement



Dear Members,

It is my privilege to share the achievements and financial highlights of your Company for the financial year 2015-16 along with the future growth plans of your Company.

### **PERFORMANCE OVERVIEW:**

You will be glad to note that last year your Company recorded highest ever Sales Turnover of ₹ 4163.58 Crore and Value of Production of ₹ 4299.84 Crore registering an increase of 48.72% and 55.23% respectively over the previous year. These achievements would not have been possible without your unstinted support and continued faith in the capabilities of your Company.

On the financial front, your Company continues to be a Profit Making Company with a consistent track record of Dividend payment. During the year, your Company paid an Interim Dividend of ₹ 67.62 Crore in Feb 2016 and further your Board recommended a sum of ₹101.35 Crore as Final Dividend for the financial year 2015-16. The total Dividend put together is ₹168.97 Crore for the financial year 2015-16 (i.e. 172.86% on the Paid-up Share Capital of ₹ 97.75 Crore) as against ₹ 83.71 Crore for the financial year 2014-15. This is the highest dividend payout ever in the history of your Company.



## HIGHLIGHTS OF THE YEAR UNDER REPORT

During the year, your Company completed supply of one of the Anti Tank guided Missiles (ATGMs) and a fresh Indent is expected for a bulk quantity in the financial year 2016-17.

I am very happy to share that during the year your Company had successfully test fired its first indigenously developed Anti Tank Guided Missile and an advanced Wireless Anti-Tank Missile with RF Guidance. With the successful completion of developmental trials of these new systems, your Company entered into the era of development of new generation ATGMs both for moving and stationary land targets.

During the year under report, the Company bought back 172500 equity shares from Govt. of India for a total consideration of ₹198.86 crore. Further your Company also successfully completed implementation of ERP/SAP in all its units and the benefits of its implementation will be reaped in the coming years.

Your Board approved signing of an MoU with Advanced Centre for Energetic Materials (ACEM), Nashik on Government owned Contractor operated (GOCO) basis for taking up proposed manufacturing of composite propellants in a phased manner utilizing the facilities of ACEM at Nashik.

## FUTURE OUTLOOK

The order book position of your Company is at ₹13721 Crore as on 31 March, 2016, which will keep production line busy in the years ahead. The Company has challenging times ahead with delivery commitments with respect to major Surface to Air Missile (SAM) and ATGM projects.

Further, Government of India's thrust on "Make in India" policy augurs well for the Company. There are a number of new projects in pipeline at various stages of consideration by the Customer.

Therefore, it is felt necessary to augment infrastructure at multi locations, to set up manufacturing lines, broadening Vendor base and to create effective Project Management Systems for timely execution of Projects.

Lands have been acquired at Ibrahimpatnam in Telangana State and Amravati in Maharashtra State to cater to the future projects. Currently, construction work is in progress in these locations. Infrastructure and other facilities are to be augmented in these locations to meet the requirements of the Projects which are at various stages of consideration by Govt. of India.

In view of encouragement from MoD for exports, your Company started giving additional thrust in the area of export of our products to friendly nations. Business Development team has been reactivated and a new office is being established in New Delhi to focus and co-ordinate export/business development requirements. This office is expected to be operational in the financial year 2016-17.





## **ENVIRONMENTAL INITIATIVES:**

As always, your Company continues to be environment friendly and has been maintaining a clean and green environment in all its manufacturing units. Energy conservation measures are being adopted at all the possible areas. The Company is committed to meet all the stipulated standards for maintaining and protecting the environment.

Your Company under Green Energy commitment to Hon'ble Prime Minister of India committed to set up 25 MW Grid connected Solar PV power plants in the units. Initially installation of 5 MW Grid connected Solar Power plant at Bhanur unit is in progress which will be operational from March 2017. The generated solar power will be connected to Telangana state electrical power grid at Nandigama sub-station.

## **REGULAR INTERACTION WITH CUSTOMERS:**

Your Company is organizing periodical meetings with Users for monitoring progress and supply status of the indents placed on the Company by the Armed Forces. At times, the meetings are held under the aegis of MoD also. The Company is maintaining total transparency in all its activities while supplying the items to the Armed Forces.

## **VENDOR DEVELOPMENT:**

Your Company is in the process of increasing Vendor base year by year. We consider our vendors as partners in our progress path. During the previous year, the Vendor Development Policy was implemented. This will facilitate the Company to further improve Supply Chain Management to meet the long term commitments of the Company and also to ensure a transparent mechanism in identifying and developing new vendors. In line with the guidelines issued by Administrative Ministry, outsourcing and Vendor Development Manual of the Company is under regular review and updation.

Under "MAKE in INDIA" initiative, we have published a list of items under import substitutions category which needs to be supplied by indigenous vendors. We depend on our vendors both of domestic and international origin, small, medium and large in size to ensure prompt, quality and cost effective supply of input materials to support our value chain.

The Company has adopted the strategy to conclude long term business agreements to ensure timely delivery of materials at fixed prices. The Company is constantly exploring opportunities for transfer/absorption of technologies by entering into strategic alliances/agreements to increase indigenous content and in this connection your Company had Non Disclosure Agreements with M/s.Safran, France, M/s SGD Engineering Ltd, Israel, M/s ELOP, Israel, M/s Chemring, UK etc.,



## RESEARCH & DEVELOPMENT

Your Company established Missile Development Group with an aim to design and develop in-house Missiles. Various technological Labs like RF lab, Laser Lab, Aerodynamic Lab and Seeker Head Lab have been established for this purpose.

Your Company is regularly interacting with DRDO and signed MoUs for associating with various missile development programmes.



*Shri V. Udaya Bhaskar, CMD, BDL and Shri S. Radhakrishnan, Scientist 'H' & Director, Industry Interface & Technology Management, DRDO HQ, Ministry of Defence exchanging MoU documents after signing the MoU for Quick Reaction Surface to Air Missile at DRDL on 29 April, 2016. AVM NB Singh, Director (Technical) and Shri V Gurudatta Prasad, Director (Production) are present on the occasion.*

## RELOCATION OF CORPORATE OFFICE

Keeping in view of the Company's long term strategy, vision, mission and objectives, it has been decided to relocate the Corporate Office from the existing factory premises at Kanchanbagh.

Accordingly, the Company approved the proposal for relocation of its Corporate Office from Kanchanbagh to Financial District, Nanakramguda at Hyderabad. Shifting of Corporate Office is expected to be completed during the financial year 2016-17.



## CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY DEVELOPMENT :

Corporate Social Responsibility is considered as an embedded programme of the Company. Your Company being a good Corporate Citizen has been playing an exemplary role by fulfilling Social and Welfare obligations with transparency and commitment.

During the year under report, your Company has spent an amount of ₹ 11.27 Crore on various CSR activities namely Mid-day Meal, construction of Toilets, Swachh Bharat campaign, Skill Development, Safe drinking water, Health care, Renewable energy etc..

Company also identified villages in both Telangana and Andhra Pradesh States under village adoption programme to carry out CSR activities of the Company.



*A playlet on "Swachh Bharat" being performed by BDL employees*



*A rally being taken out by BDL employees and officers to spread awareness of Swachh Bharat in Visakhapatnam.*





## AWARDS AND RECOGNITIONS :



*Hon'ble President of India presents Rajbhasha Kirti Puraskar award to Shri V Udaya Bhaskar, CMD, BDL & Chairman TOLIC (U)*



*BDL has been awarded the Governance NoW PSU Award – 2015 in recognition of its Consistent Growth & Adaptation. Shri S Piramanayagam, Director (Finance) and Shri B S Prasad, ED (SAM) received the award from Shri Manoj Sinha, Minister of State for Railways*





BDL has been conferred with PSE Excellence Award-2016 by Indian Chamber of Commerce in the Miniratna Category for Operational Performance Excellence. Shri V Gurudatta Prasad, Director (Production) (Second from Right) and Shri M Radha Krishnan, DGM(Finance) - LO (Extreme Left) received the award.



Shri V Udaya Bhaskar, CMD, BDL, has been conferred with 'Manager of the Year 2015' award by The Hyderabad Management Association for outstanding leadership and managerial skills. The award was presented by Shri K T Rama Rao, Hon'ble Minister for Panchayat Raj, IT & Municipal Administration, Govt. of Telangana at Hyderabad.



## CORPORATE GOVERNANCE

Your Company has a well established, transparent and fair administrative set-up to provide for professionalism and accountability. The Philosophy of the Company in respect of Corporate Governance is to ensure transparency in all its operations, make appropriate disclosures, comply with laws, maintain ethical standards and take care of the interest of all the stakeholders.

Management Discussion and Analysis Report and a Report on Corporate Governance based on guidelines issued by DPE, Govt. of India to Public Sector Enterprises along with compliance certificate from Practising Company Secretary are annexed to Directors' Report.

Quarterly and Yearly Compliance reports on Corporate Governance are being forwarded to MoD in the prescribed format as per DPE Guidelines.

The Company's activities are monitored by several external agencies like Statutory Auditors, Comptroller and Auditor General of India, Central Vigilance Commission, Ministry of Defence (Department of Defence Production), etc.

## ACKNOWLEDGEMENTS:

I highly appreciate the support extended by our customers, business associates and various Ministries of Government of India, particularly Ministry of Defence, Department of Defence Production, DRDO & their Inspectorates and the three Services.

I wish to thank the Statutory Auditors of the Company and Principal Director of Commercial Audit and Ex-Officio Member, Audit Committee of the Board for the valuable advice and cooperation extended by them. The dedication and commitment of our employees and officers at all levels continues to be the major strength of the Company.

My sincere thanks are due to my colleagues on the Board for their support and valuable advice in all areas of the Management. We shall make continuous efforts to build on these strengths to face future challenges and sustain the growth momentum.

I am confident that with continuous dedicated efforts, commitment and hard work, your Company shall march forward to achieve greater heights in 2016-17 and in the years to come. We shall look forward to a bright future ahead.

With best wishes,

Place : New Delhi

Date : 10 Aug 2016

**V UDAYA BHASKAR**

Chairman and Managing Director  
DIN : 06669311





## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 46<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31 March 2016.

### 2. HIGHLIGHTS OF OPERATIONS:

- 2.1 Your Company has achieved highest Sales Turnover of ₹ 4163.58 Crore during the fiscal year under report surpassing the MoU target and registering an increase of 48.72% over that of Previous Year.
- 2.2 Supply of one of the ATGMs against the Indent of Indian Army was completed successfully and a fresh Indent is expected for a bulk quantity during the financial year 2016-17.
- 2.3 Implementation of ERP/SAP in all the Units was completed.

#### ***SAP ERP goes "live" at BDL***

BDL has joined the elite group of companies who have implemented Enterprise Level SAP ERP software. The software was launched for implementation throughout the organization by CMD, Shri V. Udaya Bhaskar on 14 March 2016.



The SAP ERP GO-LIVE launch at Kanchanbagh by Shri V Udaya Bhaskar, CMD on 14 Mar 2016. Shri S Piramanayagam, Director (Finance), Shri TV Reddy, CVO, Dr. N.K.Raju, ED(P&A), Shri STGS Ramunujam, AGM (ERP & ITD) and others present on the occasion.



### 3. PERFORMANCE:

#### 3.1 Performance of the Company in financial terms is summarized below:

Particulars	₹ in Crore		% of Increase/ (Decrease)
	2014-15	2015-16	
Value of Sales	2799.68	4163.58	48.72%
Value of Production	2770.05	4299.84	55.23%
Profit Before Tax	614.19	850.26	38.44%
Profit After Tax	418.57	563.24	34.56%
Value Added	914.95	1679.54	83.57%

#### 3.2 Following data reflects the financial position of the Company:

Particulars	₹ in Crore		% of Increase/ (Decrease)
	2014-15	2015-16	
Gross Block	940.04	1175.55	25.05%
Depreciation Reserve	546.18	592.25	8.43%
Net Block	393.86	583.30	48.09%
Working Capital	2740.34*	1996.94	(27.13)%
Capital Employed	3134.20*	2580.24	(17.67)%
Net Worth	1533.37	1652.23	7.76%

\*Regrouped figures



#### 4. DIVIDEND & TRANSFER TO GENERAL RESERVE:

Your Company has a consistent track record of Dividend Payment. During the year, your Company paid an Interim Dividend of ₹ 67.62 Crore in Feb 2016 and further your Board recommended a sum of ₹101.35 Crore as Final Dividend for the financial year 2015-16. Further an amount of ₹ 318 Crore is being transferred to General Reserve.

#### BDL PAYS INTERIM DIVIDEND TO GOVERNMENT OF INDIA



AVM NB Singh, AVSM, VSM, (Retd), Director (Technical), BDL presenting the interim dividend cheque of ₹ 67.62 Crore for the financial year 2015-16 to Shri Manohar Parrikar, Hon'ble Raksha Mantri at New Delhi. Also seen are from left Smt Kusum Singh, JS (P&C), Smt Surina, Additional Secretary (DP), Shri AK Gupta, Secretary (DP), Shri S Piramanayagam, Director (Finance), Shri V Gurudatta Prasad, Director (Production), Shri T Jagadishwar Rao, GM (Finance) and Shri M Radhakrishnan, DGM (Finance) - LO present on the occasion.

#### 5. CAPITAL STRUCTURE:

- 5.1 During the year, your Company in Compliance with the letter No.H-62012/2/2016-D (BDL), Dated 28 Jan 2016 received from the Ministry of Defence, successfully completed the buyback of 172500 fully paid equity shares of ₹1000/- each at a price of ₹11528 per share.
- 5.2 The buyback of shares was completed before the scheduled date and an amount of ₹198.86 Crore was remitted to the Govt. of India on 29 Mar 2016. All the provisions have been complied with in this regard as per the provisions of Companies Act.



- 5.3 Total Paid Up Capital after buyback stands at ₹ 97.75 Crore comprising of 977500 Equity shares of ₹1000 each and the Authorized Capital stands at ₹125 Crore comprising of 1250000 Equity Shares of ₹1000/- each. Gross Block of fixed assets of the Company (including special tools and equipment) stands at ₹1175.55 Crore representing an increase of ₹235.51 Crore over 2014-15.

## 6. PERFORMANCE AGAINST MoUs:

- 6.1 During the previous year 2014-15, the Company achieved a rating of "Excellent". The MoU rating for the year 2015-16 is also likely to be "Excellent".
- 6.2 MoU for the financial year 2016-17 was finalized at Ministry, with sales target fixed at ₹ 4400 Crore (excluding duties and taxes). Your Company is well poised to achieve the targets fixed in the MoU.

## 7. COST REDUCTION:

- 7.1 In line with MoD guidelines, cost reduction has been identified as a thrust area and various cost reduction measures have been initiated. Apex Committee on Cost reduction has been constituted under the Chairmanship of a Functional Director. Review meetings are being held at regular intervals to monitor progress in achieving yearly targets. During the year under report, an amount of ₹ 76 Crore has been achieved under Cost review /reduction programme.
- 7.2 e-reverse auction is being implemented under e-Procurement wherever possible which resulted in more competitive prices and reduction in material cost. Further, continuous efforts are being made for increasing Vendor base for various projects resulting in considerable savings in material cost. Further, energy saving devices are being installed as part of energy Audit.
- 7.3 Salary slips and e-meal card (food coupons) are generated in electronic form at Kanchanbagh, Bhanur and Vizag Units. By this your Company has reduced paper consumption.

## 8. ECONOMY MEASURES:

- 8.1 Company has observed fiscal prudence and economy in areas like travelling expenses, advertisement and publicity expenses, purchase of new vehicles, conducting seminars and conferences, courtesy and entertainment, etc during the year 2015-16.
- 8.2 Inventory of raw-materials, work-in progress and spare parts is maintained at optimal levels. Energy consumption and fixed and variable overheads and Contingency expenditure are being reviewed and pruned to bare minimum.



## 9. MODERNIZATION AND UPGRADATION:

Automation of production systems at Kanchanbagh complex has been planned to increase the production of Surface to Air Missiles. Storage facilities are being augmented to meet increased production targets

## 10. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings of foreign exchange for the year was ₹ 1.65 Crore and the outgo was ₹ 604.08 Crore.

## 11. EXHIBITIONS:

11.1 Senior Executives and Directors participated in National and International Exhibitions during the year 2015-16. Such platforms are used to gain awareness in advanced technologies, interact with experts and share knowledge. Visiting the pavilions of other countries and understand the systems available with them enables your Company to draw up its own future business plans effectively.

Your Company participated in the following exhibitions during the year 2015-16:

### "MAKE IN INDIA" EXHIBITION



Hon'ble Raksha Mantri Shri Manohar Parrikar at BDL stall during 'Make in India' Exhibition.



## DEFEXPO -2016:



Hon'ble Union Minister of State Skill Development and Entrepreneurship (Independent Charge) & Parliamentary Affairs, Shri Rajiv Pratap Rudy at BDL stall.

Hon'ble Union Minister for Railways, Shri Suresh Prabhu at BDL stall.



Secretary (Defence Production), Government of India, Shri AK Gupta being apprised of an ATGM by CMD at BDL stall.

## EUROSATORY - 2016

MGO, Lt Gen Ravi Thodge, AVSM, SM, VSM at BDL stall







## 12. BOARD OF DIRECTORS:

### (i) Appointment of Independent Directors:

Smt.Sushama V Dabak and Prof. Ajay Pandey were appointed as Independent Directors on the Board of BDL w.e.f 1 Dec 2015 and Lt Gen (Retd.) Anil Chait was appointed as Independent Director on the Board of BDL w.e.f. 7 Jan 2016. With that the vacancies of Independent Directors have been filled up.

### (ii) Statement on declaration by Independent Directors:

Independent Directors have given declarations u/s 149(7) of the Companies Act, 2013 that they meet the criteria of independence as laid down u/s 149 (6) of the said Act.

### (iii) Change of Directors:

In terms of Articles of Association of the Company, the President of India is vested with powers to appoint the Directors of the Company from time to time and also shall determine terms of office of such Directors.

Accordingly Shri J.Rama Krishna Rao, IAS, Joint Secretary (ES), Government Nominee Director was on the Board of BDL till 6 Aug 2015 and after that Smt.Kusum Singh, Joint Secretary (P&C) was on the Board of BDL till 3 March 2016.

Shri.R.G.Vishwanathan, Addl. FA & JS (DRDO) was on the Board of BDL till 3 March 2016.

Shri Ashwani Kumar Mahajan, Addl. FA & JS was appointed on the Board of BDL w.e.f.9 March 2016 in place of Smt. Kusum Singh, JS (P&C) and Shri R.G.Vishwanathan, Addl FA & JS (DRDO) .

The Board places on record its deep appreciation for the valuable services rendered by Shri J Rama Krishna Rao,IAS, Joint Secretary (ES), Smt.Kusum Singh, Joint Secretary (P&C) and Shri R.G.Vishwanathan, Addl (FA) & JS (DRDO) during their tenure on the Board.

Shri V Gurudatta Prasad was appointed as Director (Production) by President of India w.e.f 10 Sep 2015. Further the tenure of AVM NB Singh, AVSM, VSM (Retd.), Director (Technical) was completed on 30 Jun 2016 on attaining age of Superannuation. Shri K Divakar was appointed as Director (Technical) w.e.f. 1 Jul 2016 by the President of India.

The Board places on record its deep appreciation for the valuable services rendered by AVM NB Singh, AVSM, VSM (Retd.) during his tenure as Director (Technical).

### (iv) Number of Meetings of Board:

During the year 2015-16, Eight (8) Board Meetings were held on 9 May 2015, 5 Jun 2015, 27 Jul 2015, 28 Sep 2015, 30 Nov 2015, 29 Jan 2016, 5 Feb 2016 and 11 Mar 2016. Requirements on number and frequency of meetings, in terms of provisions of Companies Act and DPE Guidelines were complied with in.



### 13. DIRECTORS' RESPONSIBILITY STATEMENT :

As per Section 134(5) of Companies Act, 2013 as amended, the Directors state:

- (i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures therefrom
- (ii) that the selected accounting policies have been applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the financial statement of the Company for the year ended 31 March 2016
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (iv) that the annual accounts have been prepared on a going concern basis and
- (v) that the Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

### 14. HUMAN RESOURCE DEVELOPMENT:

14.1 During the year under report the Company has conducted training programmes for 1383 Executives and 927 Non Executives to impart training on knowledge based, development oriented and need based topics. Such training programmes were organized in-house and at premises of external agencies to cover the present and future requirements of the Company.

14.2 Apart from regular training programmes, your Company organized the following activities/programmes during the year:

#### (a) Management Development Programmes (MDPs):

26 Senior Executives (DGM & above grade) were sponsored for the Management Development Programmes conducted by premier institutes in India like IIM-A, IIM-B, IIM-C, IIM-K, and XLRI Jamshedpur during FY 2015-16.

#### (b) Executive Development Programmes (EDP) :

Executive Development Programmes were conducted, exclusively designed for Executives who have got promoted from Non Executive Cadre since 2007 onwards.

The programmes were conducted in 5 batches and a total 170 Executives were trained in these programmes.

#### (c) Advanced Management Programmes (AMP) :

An Advanced Management Programme was conducted and two Principal Executives were sponsored for the programme.



**(d) IPMA Level 'D' Certification Programmes:**

HRD successfully organized IPMA Level 'D' Certification Programme for the Executives of the Company. In this certification course, a total 60 Executives appeared, out of which 54 Executives have successfully cleared the certification programme and became Certified Project Management Associate (IPMA 'D' Certified).

**(e) Project Management Professional (PMP) Programmes:**

To create awareness about Project Management concepts and transform your Company into a Project driven organization by institutionalizing the Project Management principle in the Company, Management has identified 66 Executives to undergo PMP Certification programme conducted by PMI USA. Accordingly 35 Hrs. mandatory Contact Programme for all the 66 Executives was conducted at Institute of Systems, Technology and Management in 2 Batches.

30 Executives have registered themselves with PMI USA and 3 Executives have successfully cleared the PMP certification exam.

**15. PARTICULARS OF EMPLOYEES**

There were no employees of the Company who received remuneration in excess of the limits prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**16. INDUSTRIAL RELATIONS AND EMPLOYEE WELFARE:**

- 16.1 Your Company has continued to maintain cordial and harmonious relations with recognized and other registered trade unions and Associations during the year under report. All the Statutory Committees such as Welfare Committee, Works Committee, Safety Committee, Canteen Committee and Plant Level Committee have extended their cooperation to maintain discipline at all levels. Management is also receiving maximum support and cooperation from the employees as in the past in achieving the set targets.
- 16.2 Compliance of Statutory Welfare Provisions is followed meticulously. Your Company also continued to extend non statutory facilities such as school, canteen allowance, uniforms, shoes etc. Company has been taking care of medical needs of employees and their family members as per Company's Medical Rules. In line with DPE guidelines, Company has framed a Pension Scheme for Executives and Post Retirement Medical Benefit Scheme for Executives and Non-Executives of the Company and obtained approval of the Board.
- 16.3 The Management also took initiatives to provide proactive and compassionate human relations by creating an atmosphere of mutual trust.

**17. FOREIGN VISITS:**

Your Company incurred an expenditure of ₹ 79.18 Lakh during the year under report towards foreign travel for business trips and for on the Job Training of personnel.



## 18. SECURITY:

- 18.1 Central Industrial Security Force (CISF) is providing Security and Fire Services in both Kanchanbagh and Bhanur Units. Efforts are being made to induct CISF in Vizag Unit also. During the year under report, CISF has played a vital role in the Security and safeguarding the property of the Company. CISF team adopted robust security measures combining physical measures with technology to keep the highly sensitive installations secure.
- 18.2 Plant Security Council is in place to review the security arrangements and implementation of IB guidelines. Regular Security review meetings are being conducted both by Management and CISF to beef up security.
- 18.3 Biometric Access Control System has been installed in addition to Computerized Photo Identity Cards to prevent unauthorized entry and CCTV Cameras have been installed all over the factory premises to cover more area under CCTV surveillance. Door Frames Metal Detectors, X-ray baggage machines are also in use. Barricades, Boom Barriers and Morchas are provided to strengthen physical security measures.
- 18.4 Regular programmes on Security awareness were conducted besides observing Security Week/Fire Week. Employees are sensitized on the security threat and action to be taken in case of emergency and fire accidents.

## 19. SAFETY:

- 19.1 Safety, Health and Environment norms (SHE) are stringently followed in the Company. Industrial Safety Committee and Explosive Safety Committee at corporate level are functioning to meet the requirements. Safety committee meetings are held at regular intervals for monitoring Safety, Health and Environment as per the statutory requirement. The works are carried out in compliance with the Factories Act 1948, and strictly adhering to the Storage & Transport of Explosive Committee (STEC) regulations.
- 19.2 Annual explosive safety audit cycle-2015 was conducted by Centre for Fire, Explosive & Environment Safety (CFEES) MoD, New Delhi and the record of discussions made by the audit team was brought to the notice of concerned for compliance. Regular medical checkups are carried out for employees working in hazardous areas by qualified medical team.
- 19.3 Safety training programmes were arranged through HRD conducted by National Safety Council (NSC), Central Labour Institute (CLI), Regional Labour Institute (RLI) and Centre for Fire, Explosive & Environment Safety (CFEES) MoD, New Delhi to inculcate Safety consciousness and to establish safe working environment.
- 19.4 The revised safety manual in printed form was distributed to all Divisional Heads and Directors and is made available on intranet.
- 19.5 BDL-Safety Policy and Objectives boards are displayed at all divisions/departments of Kanchanbagh, Bhanur and Vizag Units.





19.6 As core team member of Environment Management System (EMS) and ISO 14001-2004, Safety Engineering Department is playing a key role for continual improvement by conducting internal audits. Safety Engineering Department is in continuous interaction with Inspector of Factories, Pollution Control Board and Centre for Fire, Explosive & Environment Safety (CFEES), Ministry of Defence and ensuring compliance of various guidelines issued from time to time. Mock drills are also conducted at regular intervals to ensure fire fighting preparedness.

## 20. RESERVATION OF POSTS FOR SCs/STs AND TOTAL MANPOWER:

- 20.1 The Company has been following Presidential Directives of the Government with regard to reservation of posts for SCs/STs in recruitments.
- 20.2 Total manpower strength (including Functional Directors) as on 31 March 2016 was at 3132 out of which number of persons on temporary rolls was 17. Of the total strength, 72 are ex-servicemen, 578 are of Schedule Castes and 212 are of Scheduled Tribes. The percentage of Schedule Castes and Scheduled Tribes in respect of Employees was at 18.39% and 6.77% respectively.
- 20.3 Number of persons on temporary rolls as on 31 March 2016 was 17, out of which two belong to Schedule Castes and one belongs to Schedule Tribes category. The No. of Schedule Castes and Scheduled Tribes in various categories of posts as on 31 March 2016 is given below:

Category	Number of Employees					
	Total Strength		Scheduled Castes		Scheduled Tribes	
	31-03-2015	31-03-2016	31-03-2015	31-03-2016	31-03-2015	31-03-2016
Group-A	745	770	120	126	74	76
Group-B	132	89	28	20	9	7
Group-C	1975	1972	357	356	107	110
Group-D	325	280	84	74	21	18
Temporary	3	17	2	2	1	1
<b>Total</b>	<b>3180*</b>	<b>3128*</b>	<b>591</b>	<b>578</b>	<b>212</b>	<b>212</b>

\* excluding Functional Directors



20.4 Recruitment of employees in Schedule Castes and Schedule Tribes during 2015-16 is given below:

Classification of posts	Total Vacancies released	Total Recruitment	Reservation of posts (Out of Col.2)		Recruitment made during the year 2015-16	
1	2	3	4		5	
			SCs	STs	SCs	STs
Group-A	6	6	2	-	2	-
Group-B	-	-	-	-	-	-
Group-C	15	15	-	1	-	1
Group-D	1	1	-	-	-	-
<b>Total</b>	<b>22</b>	<b>22</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>

## 21. EMPLOYMENT OF WOMEN:

As per the recommendation No.51, Para (ii)(a) of the National Commission for Women (NCW) in its Annual Report for the year 1995-96, the employment position of Women is given below as directed by Ministry of Defence vide their letter No. 39(6)/99/D(B&C), dated 27 Aug 1999.

### I. EXECUTIVES

Grade	No. of Employees	Women	Percentage
I	89	11	12.36%
II	218	38	17.43%
III	169	22	13.01%
IV	65	9	13.85%
V	111	12	10.81%
VI	152	4	2.63%
VII	40	0	0%
VIII	11	1	9.09%
IX	4	0	0%
CVO on deputation	-	-	-
Functional Directors	3	0	0%
CMD	1	0	0%
<b>Total</b>	<b>863</b>	<b>97</b>	<b>11.24%</b>

## II. NON-EXECUTIVES

Grade	No. of Employees	Women	Percentage
WG-1	71	13	18.30%
WG-2	348	27	7.75%
WG-3	207	29	14.01%
WG-4	322	63	19.56%
WG-5	130	17	13.07%
WG-6	66	8	12.12%
WG-7	50	5	10.00%
WG-8	111	5	4.50%
WG-9	21	0	0%
WG-10	212	7	3.30%
WG-11	83	19	22.89%
WG-12	631	45	7.13%
Temporary Employees	17	-	0%
<b>Total</b>	<b>2269</b>	<b>238</b>	<b>10.49%</b>

### INTERNATIONAL WOMEN'S DAY CELEBRATED AT BDL



Smt. Jaya Lakshmi Copiseti (Corporate Trainer, Rama Krishna Matt) was the Chief Guest, and Smt Kiranmayi Pendyala (Corporate Vice President- AMD) was the Guest of Honour at BDL, Kanchanbagh. Shri S. Piramanayagam, Director (Finance), Shri V Gurudatta Prasad, Director (Production), Dr NK Raju, ED(P&A) and Smt. Latha, GM (Invar) and others were present. The programme was coordinated by Smt D. Nirmala Kumari, DGM & Coordinator, WIPS.





## 22. PERSONS WITH DISABILITIES (PWD) as on 31 Mar 2016 :

The total number of Physically Challenged Employees as on 31 Mar 2016 was 102 and its percentage to total employees works out to 3.26%.

	HI	LD	VI	Total
Group-A	3	9	2	14
Group-B	1	4	3	8
Group-C	17	46	6	69
Group-D	3	5	3	11
<b>Total</b>	<b>24</b>	<b>64</b>	<b>14</b>	<b>102</b>

HI- Hearing Impaired, LD-Locomotive Disability, VI-Visually Impaired.

## 23. ANNUAL RETURN:

In accordance with the provisions of Companies Act, 2013, Company is required to attach extract of Annual Return for the year under report and the same is placed as **Annexure-I**.

## 24. ENVIRONMENT AND POLLUTION CONTROL:

Your Company contributes in all respects to the environment by maintaining a clean and green environment. Effluent treatment plant, Sewage treatment plant, water conservation, tree plantation, planting of flower bearing trees and landscaping, utilizing treated effluent water etc; have been carried out. The Internal Committees periodically review status on various types of pollutions and take appropriate steps to reduce the pollution. All Units are having valid consent for operation obtained from Pollution Control Boards.

Your Company has implemented green initiatives such as zero liquid discharge system, hazardous waste disposal system and further following initiatives were taken during the year for environmental protection.



## WORLD ENVIRONMENT DAY - 2015



*Tree Plantation by ED(P & A) and senior officers for rehabilitation of peacocks at Kanchanbagh.*

### i) **Tree Plantation:**

20 nos. of teak wood trees have been planted by Kanchanbagh unit and 1075 nos. of other different types of saplings were planted by Bhanur unit on the occasion of World Environment Day-2015.

### ii) **Testing Of Environmental Parameters:**

The environment parameters like ambient air quality, wastewater from sewage treatment plant and effluent treatment plant, air quality of diesel generator set and Venturi scrubber are tested at Kanchanbagh, Bhanur and Vizag Units through certified agency and results are within the prescribed limits of laid down by Pollution Control Board.

## 25. **QUALITY:**

Your Company manufactures products which are single shot in nature. These products require stringent Quality standards and high degree of reliability. In pursuit of this objective, your Company has been adopting International Quality Management system practices by way of obtaining ISO certification for the last 20 years. Currently CP-IGMP, ITD, Electronics Division and D & E divisions have been certified to ISO 9001:2008 Quality Management System standard. MILAN Division has been certified to Aerospace standard i.e. AS 9100 C, released by International Aerospace Quality Group (IAQG).

Electrical measured values have traceability to National or International standards which were achieved through calibrating the Electronics equipment in ISO/IEC 17025:2005 (NABL) accredited Labs of Milan Division and Bhanur Unit (BU).



Your Company is planning to upgrade to AS 9100C standard for AKASH division in the next financial year.

During the year under report, your Company has introduced IAQG requirements in Bhanur Unit by implementing AS 9100 C Aerospace Quality Management system and got certified in the month of Dec 2015 by NVT Quality Certification, Bengaluru. The Certificate is valid from 10 Dec 2015 to 9 Dec 2018.

In case of all ISO/AS certified divisions, regular audits by external agencies are conducted. Customer satisfaction is being measured for all major products manufactured in the respective divisions.

Your Company is continuously striving to improve customer satisfaction through customer meets and interaction with users. Corrective actions are taken wherever necessary for improvement.

### **AS 9100C (AQMS) CERTIFICATION FOR BHANUR UNIT (BU)**



*AS 9100C Certificate has been handed over by Shri. S.Raghunathan of M/s NVT Quality Certification Pvt. Ltd., Bengaluru to Shri.N.P.Diwakar, ED (BU) in the presence of Senior Executives of Bhanur Unit at a function organized in Feb 2016.*

## **26 EXPORTS:**

Your Company has not executed any appreciable Export Orders during the year 2015-16. For achieving exports, your Company is having regular interaction with the overseas customers. Offset implementation also offers a major opportunity to achieve our export targets. Your Company is interacting with aero-space majors in Europe and Russia to exploit opportunities arising out of offsets.





## 27. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company had put in place all required internal controls and systems to meet the canons of financial propriety. External audit firms are appointed to ensure their adequacy and report thereon. A detailed analysis of reports of Internal Audit Firms as well as reports of Internal Audit Department of your Company are placed before the Audit Committee for its review and advice. The adequacy of internal control procedures are reviewed and reported by Statutory Auditors in their Audit Report. Your Company being a Government Company is subject to Government Audit also.

## 28. OFFICIAL LANGUAGE (OL) IMPLEMENTATION:

- 28.1 The provision of OL Act-1963 (as amended in 1967) & Rules thereunder are implemented properly. OLIC Meetings are held quarterly under the Chairmanship of CMD and similarly the Quarterly progress reports on use of OL are sent in time to authorities concerned.
- 28.2 Under the OL Act, 1963 and the Presidential Orders thereon, the papers laid before the Parliament, Annual Report of the Company, MoU with MoD and brief of the Company along with presentations for various delegations and Parliamentary Committees were prepared in bilingual form and submitted accordingly.
- 28.3 Department of Official Language organized Southern Region Rajbhasha Conference of twin cities at Kochi on 19 February, 2016. On this occasion the TOLIC (U) was awarded Rajbhasha Kirthi Puraskar for best Implementation of OL in 'C' region (Third Place).
- 28.4 On the eve of Vigilance Awareness Week, National Safety Week, Fire Safety Week, Environment Day and observance of Quami Ekata Diwas in the Company, various competitions were conducted in Hindi, English and Telugu to involve more and more employees of the organization and bring awareness on these subjects among them.
- 28.5 The Website of the Company prepared in Hindi was updated from time to time in compliance with the directives from Govt. of India.
- 28.6 Hyderabad being the headquarters of TOLIC, the regular half yearly meetings consisting 49 PSUs of twin cities were organized under the Chairmanship of CMD, BDL and the decision taken therein were implemented at twin cities level.
- 28.7 With an objective to promote and propagate Hindi and inculcate the habit of reading Hindi among the Officers and Employees of the Company, various Hindi Magazines and News Papers are subscribed regularly. Besides this, popular Hindi books on all subjects are also purchased annually with the same objective as per the directives of DOL.





## OL IMPLEMENTAION



*Hindi Diwas and Hasya Kavisammelan organized on 14 Sep 2015.*

## 29. TECHNOLOGICAL CONSERVATION & RENEWABLE ENERGY DEVELOPMENT:

### Technology Conservation

- 29.1 Your Company has taken up indigenization which encompasses various nascent technologies like Thin Film Hybrid Technologies, manufacturing of HMX-based explosive compositions and optical devices like Photo Diodes, Lens and Filters etc.,
- 29.2 The indigenization programme covered uncommon components which are not part of Technology transfer from OEM. The equivalent indigenous materials were identified and processed indigenously. The evaluation process was concluded successfully validating all the sub-systems of one of the ATGMs made from these Indigenous parts. This reduces the dependence on OEM and also brings down production cost of missiles.

### Renewable Energy Development

- 29.3 Sustainable development has become the national priority to channelize the development process in an environment friendly way with the optimum utilization of available natural resources. In its relentless pursuit of implementing sustainable development practices, your Company has unleashed various programmes to conserve energy thus promoting energy efficiency.
- 29.4 Solar energy is one of the most important renewable energy sources, which has been gaining increased attention in the recent past. Solar energy is clean and free of emissions, which is great for environment, as it does not produce pollutants or byproducts harmful to the Nature.



29.5 In view of its importance, during the year 2015-16, your Company established Grid connected Solar Photo Voltaic (PV) Roof Top Power Plants with an estimated Payback period of around 6-7 years at the following locations:

- 100KWp Grid connected Solar PV Power Plant commissioned on the Roof Top of Main Canteen building at Kanchanbagh unit and it is in operation from December 2015.
- Another 100KWp Grid connected Solar PV Power Plant commissioned on the Roof Top of D&E building at Kanchanbagh Unit and it is in operation from Feb 2016.

Over a period of 25 years, each 100KWp Solar system will offset the carbon footprint by 80 tons of CO<sub>2</sub> which is effectively equivalent to planting 105 acres of forest.

29.6 Further, your Company under Green Energy commitment to Hon'ble Prime Minister of India committed to set up 25 MW Grid connected Solar PV power plants in the units. Initially installation of 5 MW Grid connected Solar Power plant at Bhanur unit is in progress which will be operational from March 2017. The generated solar power will be connected to Telangana state electrical power grid at Nandigama sub-station.

### 30. VIGILANCE:

- 30.1 On 26 Oct 2015, AVM NB Singh, AVSM, VSM (Retd.), Director (Technical) of BDL administrated Vigilance Pledge in Corporate Office and the same was telecast live to other Units of the Company. Shri K.R.Nandan, IPS (Retd.), Vigilance Commissioner, Telangana State inaugurated Vigilance Awareness Week Celebrations 2015 as Chief Guest. The theme of the year was "Preventive Vigilance as a tool of Good Governance".
- 30.2 On 31 Oct 2015, Chairman and Managing Director released a booklet of 'Dos' and 'Don'ts' prepared by Vigilance Department. The booklet consists of various important points viewed from Vigilance angle.
- 30.3 The main focus of the Vigilance Department has been preventive/ proactive vigilance. Keeping this in view, the activities of this Department clearly indicate progressive change in focus of activities taken up/reported upon to the Management.
- 30.4 System improvement suggestions were given by Vigilance Department to the Management on areas like Recruitment and Absorption of Management Trainees, Resignation, Constitution of Technical Audit Committee, Departmental Promotions, Absorption of Foreign visits, Merit Awards to Employees, during the year under report. Systemic improvement suggestions were given while according vigilance clearance to Executives who are deputed abroad on official visits. Accordingly Management issued guidelines on deputing employees for foreign visits for strict compliance.





## Vigilance Awareness Week was observed at BDL from 26 - 31 October, 2015.



*Shri K R Nandan, IPS (Retd), Vigilance Commissioner, Government of Telangana addressing the employees on the eve of inauguration of Vigilance Awareness Week at BDL.*

## 31. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY DEVELOPMENT:

31.1 In terms of DPE Guidelines on MoU and Section 135 of Companies Act, 2013, the Corporate Social Responsibility & Sustainability Committee (CSR & SD) has been constituted to examine proposals for approval of CSR & SD plan and review implementation/execution of plan and steering CSR & SD agenda of the Company.

As on 31 Mar, 2016 the CSR & SD Committee consists of the following Members:

- |    |  |   |          |
|----|--|---|----------|
| a) | Lt Gen. (Retd.) Anil Chait<br>Independent Director | : | Chairman |
| b) | AVM NB Singh<br>Director (Technical)               | : | Member   |
| c) | Shri S Piramanayagam<br>Director (Finance)         | : | Member   |

31.2 Board of Directors of your Company has approved a "Policy on Corporate Social Responsibility and Sustainability" to ensure commitment at all levels in the organization to operate Company's business in an economically, socially and environmentally responsible and sustainable manner, while recognizing interests of all stakeholders. The CSR and SD activities are monitored periodically by the Committee and an annual report on CSR and SD activities undertaken during the year 2015-16 is enclosed at **Annexure-II**.

31.3 In accordance with provisions of the Companies Act, 2013 the Company needs to spend in every financial year, at least 2% of average net profits of the Company made during the three



immediate preceding financial years towards CSR activities. The below Board Level Committee at Company level under the Chairmanship of Executive Director (P&A) closely monitors the progress of these activities taken up by the Company and review meetings were conducted periodically. During the year 2015-16, your Company spent an amount of ₹11.27 Crore on CSR activities as against the requirement of ₹10.28 Crore as per the Companies Act, 2013.

31.4 CSR activities being undertaken are placed on Company's Web-link [http:// www.bdl-india.com](http://www.bdl-india.com)

## **32. AUDIT COMMITTEE:**

An Audit Committee is in place as a part of good Corporate Governance. Six meetings have been held during the year 2015-16 to review internal control systems and their adequacy, including coverage of Audit Functions. Details of composition, terms of reference etc., are covered in Report on Corporate Governance attached to this report (**Annexure-IV**).

## **33. AUDITORS:**

M/s.S.R.Mohan & Co., Chartered Accountants, Hyderabad were appointed as Statutory Auditors of the Company for the financial Year 2015-16 by the Comptroller & Auditor General of India. The Auditors have audited the Accounts and their Report is placed as a part of Annual Report.

## **34. COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA**

The Comments of Comptroller and Auditor General of India (C&AG) under Section 143 (5) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 Mar 2016 are placed next to Statutory Auditors' Report.

## **35. COST AUDITORS**

Your Company appointed M/s DZR & Co., Cost Accounts, Hyderabad as Cost Auditors for the financial year 2015-16 in terms of Section 148 of Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules 2014.

## **36. CEO / CFO CERTIFICATION:**

As per the requirements of DPE Guidelines, the CEO/CFO certificate has been obtained and placed before the Audit Committee and the Board.

## **37. CORPORATE GOVERNANCE:**

37.1 Corporate Governance is about application of best management practices, compliance of laws and adherence to ethical standards to achieve Company's objective of enhancing stakeholders' value and discharge of social responsibility.

37.2 The Company has a well established, transparent and fair administrative set up to provide for professionalism and accountability.





- 37.3 As per the guidelines on Corporate Governance for CPSEs issued by DPE vide its OM No. 18 (8)/2005-GM, dated 14 May 2010, the Management Discussion and Analysis Report (**Annexure-III**), Report on Corporate Governance (**Annexure-IV**) along with Certificate on compliance of conditions on Corporate Governance from a Practising Company Secretary (**Annexure-V**) as required under the said guidelines are attached to this report.
- 37.4 Quarterly and Yearly compliance reports on Corporate Governance are being forwarded to MoD in the prescribed format.

### **38. RISK MANAGEMENT:**

- 38.1 DPE guidelines on Corporate Governance for CPSEs – 2010 require that the Board of the Company should ensure integration and alignment of Risk Management Systems with Corporate and operational objectives and also that risk management is undertaken as a part of normal business practice and not as a separate task set at times.
- 38.2 In line with the above guidelines, your Company has framed Risk Management Policy of the Company which is applicable to all levels and all Units of the Company. One of the objectives of Risk Management Policy is to ensure that all current and future risk exposures of the Company are identified, assessed, quantified, appropriately mitigated and managed.
- 38.3 Divisional Level Committees have been formed to assess current status of Risk and identify measures to mitigate risks and also to evaluate mitigation measures so identified. Periodical Review meetings are taking place and a report being placed before the Board once in every Six months.

### **39. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:**

In line with the provisions contained under "The Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013 your Company has put in place "Anti Sexual Harassment Policy" in line with the requirements of the above Act. During the year 2015-16, your Company has not received any Sexual harassment complaints.

### **40. COMPLIANCE UNDER THE RIGHT TO INFORMATION ACT, 2005**

The information required to be provided to citizens under Section 4(1)(b) of Right to Information Act, 2005 is placed on Company's Website [www.bdl-india.com](http://www.bdl-india.com). It contains general information of the Company, functions, powers and duties of employees/officers, decision making process, rules, regulations, manuals and records held by the Company, directory of the Company's Officers, pay scales of officers/ employees and procedure for seeking information and inspection of records. The Company has nominated a Central Public Information Officer at DGM level to attend to queries and appeals. Further, during the year 2015-16 the Company received 102 applications/queries and the same were disposed off.



## ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge the valuable support and assistance received from all Government Agencies particularly Ministry of Defence, Department of Defence Production, DRDO Laboratories, Central Government Departments, State Governments of Telangana and Andhra Pradesh, Quality Assurance Agencies of Government of India and other PSUs for the help extended from time to time.

The Company wishes to place on record its appreciation for the co-operation extended and guidance provided by the Comptroller & Auditor General of India, the Principal Director of Commercial Audit & Ex-officio Member, Audit Board, Statutory Auditors, Bankers and Suppliers.

The Directors take this opportunity to place on record their deep appreciation for the valuable contribution made and co-operation extended by the employees at all levels to propel the Company to greater heights and to sustain its growth path in the years to come.

**For and on behalf of the Board**

Place: New Delhi

Date: 10 Aug 2016

**V UDAYA BHASKAR**

Chairman and Managing Director  
DIN : 06669311



**Annexure-I****FORM No. MGT - 9**

**EXTRACT OF ANNUAL RETURN  
AS ON THE FINANCIAL YEAR ENDED ON 31 MAR 2016**

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	Corporate Identification Number (CIN)	:	U24292TG1970GOI001353
ii)	Registration Date	:	16 JUL 1970
iii)	Name of the Company	:	BHARAT DYNAMICS LIMITED
iv)	Category / Sub-Category of the Company	:	Miniratna Category-1
v)	Address of the registered office and Contact details	:	Kanchanbagh, Hyderabad.
vi)	Whether Listed Company	:	NO
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Not Applicable.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products/ services	NIC Code of the product/service	% to total turnover of the Company
Disclosure of the information exempted as per MCA notification No. Nil Dated 05 Jun 2015.			

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of share held	Applicable Section
- NIL -					

**IV. SHARE HOLDING PATTERN****(Equity Share Capital Breakup as percentage of Total Equity)****i) Category - wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	1150000	1150000	100%	-	977500	977500	100%	15%*
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total A (1):</b>	-	1150000	1150000	100%	-	977500	977500	100%	15%*
<b>2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>Sub-total A (2):</b>	-	-	-	-	-	-	-	-	-
<b>Total Share holding of Promoter (A)= (A) (1) + (A) (2)</b>	-	1150000	1150000	100%	-	977500	977500	100%	15%*





Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B.Public Shareholding</b>									
<b>1.Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
i) Other (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)- (1) :</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individuals	-	-	-	-	-	-	-	-	-
Shareholders holding nominal share capital upto Rs 1 Lakh									
ii) Individual Share holders holding nominal share capital in excess of Rs.1 Lakh	-	-	-	-	-	-	-	-	-
c) Other (Specify)	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Sub-total B (2):</b>									
<b>Total Public Shareholding</b> (B) = (B) (1) + (B) (2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	1150000	1150000	100%	-	977500	977500	100%	15%*

\* Due to Buyback

## (ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (01 Apr 2015)			Shareholding at the end of the year (31 Mar 2016)		
		No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares
1	President of India	1150000	100%	-	977500	100%	-

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Date	Increase/(Decrease) in share holding	Reasons	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
	<b>President of India</b>							
	At the beginning of the year	1150000	100%	01/04/2015	-	-	1150000	100%
				29/03/2016	(172500)	Buyback*	977500	100%
	At the end of the year			31/03/2016	-	-	977500	100%

**\*Note:** During the year the Company bought back 172500 fully paid Equity Share of ₹ 1000 each at a price of ₹ 11528 per share in compliance with the letter No.H-62012/2/2016-D (BDL), dated 28 Jan, 2016 received from the Ministry of Defence.





**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	Nil			
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) :				
	At the end of the year (or on the date of separation, if separated during the year)				

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	Not Applicable			
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) :				
	At the end of the year (or on the date of separation, if separated during the year)				

**(V) INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Amt. in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>  i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil			
<b>Total ( i + ii + iii)</b>				
<b>Change in Indebtedness during the financial year</b>  ● Addition ● Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>  i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due				
<b>Total ( i + ii + iii)</b>				





## (VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole Time Directors and/or Manager:

Amt. in ₹

Sl. No.	Particulars Remuneration	Name of MD/WTD/Manager				Total Amount
		V Udaya Bhaskar CMD	AVM NB Singh Director (Tech)	S Piramanayagam Director (Fin)	V Gurudatta Prasad Director (Prod) (w.e.f.10/09/2015)	
1	Gross Salary					
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	27,49,629	27,02,208	21,47,928	14,17,156	90,16,921
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	3,31,639	8,400	8,400	29,378	3,77,817
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of Profit - others, specify	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total (A)	30,81,268	27,10,608	21,56,328	14,46,534	93,94,738

**B. Remuneration to other Directors:**

(Amt. in ₹)

Sl. No.	Particulars Remuneration	Name of the Directors			Total Amount
		Smt.Sushama V Dabak (w.e.f 01/12/2015)	Prof. Ajay Pandey (w.e.f 01/12/2015)	Lt.Gen.Anil Chait (w.e.f 07/01/2016)	
1.	Independent Directors				
	· Fee for attending Board Committee Meetings	80000	40000	90000	210000
	· Commission				
	· Others, Please specify				
	Total (1)	80000	40000	90000	210000
2.	Other Non-Executive Directors	NIL	NIL	NIL	
	· Fee for attending Board Committee Meetings				
	· Commission				
	· Others, please specify				
	Total (2)	Nil	Nil	Nil	-
	Total (B) = (1+2)	210000			
	Total Managerial Remuneration (A+B)	9604738			
	Overall ceiling as per the Act	Not Applicable			





### C. Remuneration To Key Managerial Personnel Other than MD/Manager/WTD

(Amt. in ₹)

Sl. No.	Particulars Remuneration	Key Managerial Personnel
		Company Secretary (w.e.f 01/08/2015)
1.	Gross Salary	
	a) Salary as per provisions contained 17 (1) of the Income-Tax Act, 1961	988401
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-
	c) Profit in lieu of salary under section 17(3) Income Tax	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission as % of profit	-
5.	Others, please specify	-
	<b>Total</b>	<b>988401</b>

**(VII). PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies ACT	Brief Description	Details Of Penalty/ Punishment Compounding Fees Imposed	Authority [RD/NCLT/ COURT]	Appeal Made If Any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-





## Annexure-II

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY ACTIVITIES

**{Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014}**

#### a) Brief outline of the Company CSR &SD Policy

The Company formulated CSR & SD Policy in alignment with Mission of the Company to continue to enhance the quality of life of less privileged in our society by providing infrastructure and to be a credible and transparent organization striving for the eradication of poverty and maintain ecological balance.

In order to pursue this mission, the Company has set the objectives as under:

- Identify & focus education as a priority and take up suitable interventions for betterment of educational facilities at village level.
- Concentrate on health, hygiene and environmental up-gradation to make village life clean and hygienic.
- Educate and encourage village youth to take up self employment for livelihood.
- To provide support and participate in Government efforts in social, economic and environmental development of the less privileged.
- Adopting eco-friendly technology in conserving energy
- Recycling of waste water by using state of art technology and using treated water for Non potable uses.
- Construction of rain water harvesting pits for improving the water table.
- Adopting innovative methods in utilizing renewable energy sources.
- Increasing green cover in and around BDL Campus to reduce the ambient temperature and improving the soil quality.

Further, CSR & SD Policy may be accessed on the website [www.bdl-india.com](http://www.bdl-india.com) The details of the projects/programmes are also listed in the said website.

#### b) Composition of CSR Committee as on 31 Mar, 2016

- |      |                                 |   |          |
|------|---------------------------------|---|----------|
| i)   | Lt.Gen.(Retd) Anil Chait        | - | Chairman |
| ii)  | AVM NB Singh, AVSM, VSM (Retd.) | - | Member   |
| iii) | Shri.S.Piramanayagam            | - | Member   |

#### c) Average Net Profit of the Company for last three financial years:

The Average net profits of the Company for the last three financial years is ₹ 51395 Lakh

**d) Prescribed CSR Expenditure:**

The prescribed CSR Expenditure i.e. 2% of the amount in the item No.(c) above is ₹ 1027.89 Lakh

**e) Details of CSR spent during 2015-16**

- a) Total Amount to be spent for the financial year : ₹ 1027.89 Lakh
- b) Amount unspent, if any : Nil
- c) Manner in which the amount spent during the financial year is detailed below:

**CSR ACTIVITIES UNDERTAKEN DURING THE FY 2015-16**  
**(Format prescribed under Rule 8 of the Companies (CSR Policy) Rule 2014)**

(₹ Lakh)

Sl. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes		Amount outlay (Budget) project or programmes	Amount Spent on Projects / programmes		Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
			Local area or other area	Specify the State and District where projects or programs was undertaken		Direct expenditure on the project or programs	Overheads		
1	Mid-Day Meal at Patancheru & Vizag	Education	Local	Patancheru, Medak Dist, TG State & Vizag in AP State	112.50	105.52	NIL	105.52	Akshaya Patra Foundation
2	Health Care at Nalgonda	Health	Others	Nalgonda Dist.in TG State	24.02	16.39	NIL	16.39	HelpAge India
3	Health Care at Vizag	Health	Local	Narsipatnam, Vizag, AP	33.84	9.71	NIL	9.71	HelpAge India
4	Safe Drinking Water	Rural Development	Others	Nalgonda Dist.in TG State	5.40	4.50	NIL	4.50	Naandi Foundation
5	e-SAGU	-do-	Local	Medak Dist., TG State	36.44	30.00	NIL	30.00	IIIT (Hyderabad)
6	2 Cluster of Bio-Toilets	Sustainability	Others	Bhubaneswar Dist. Odissa	50.00	7.10	NIL	7.10	FICCI





7	Construction of toilets in Govt. Schools in Telangana State & Andhra Pradesh State	Education	Local	Medak, Nalgonda, Ranga Reddy Dist. in TG State and Vizag Dist. in AP	438.87	371.61	NIL	371.61	Hindustan Pre-fab Ltd., and SSA, Education Deptt. Govt. of TG & AP
8	All weather Theoraphy Machines to ASHA Schools	Armed forces	Other	ASHA Schools run by Indian Army, New Delhi	350.00	350.00	NIL	350.00	Indian Army
9	Skill Development Programme	Education	Other	Amravati District in Maharashtra	200.00	2.19	NIL	2.19	Ordnance Factory, Ambajari, Nagpur
10	200 KW Grid Tied Solar Power Plant	Sustainability	Local	Kanchanbagh Complex, Hyderabad	190.00	122.95	NIL	122.95	Direct
11	Industrial RO Plant	Sustainability	Local	Kanchanbagh Complex, Hyderabad	130.00	101.89	NIL	101.89	Direct
12	Sustainability activities on Energy Savings	Sustainability	Local	Kanchanbagh Complex, Hyderabad	20.00	1.67	NIL	1.67	Direct
GRAND TOTAL					1591.07*	1123.53	NIL	1123.53	

\*Note: - This is an Estimated Project Cost for which approval was taken from the Board. It may be noted that under the provisions of Act the Company has to spend ₹1027.89 lakh for CSR activities (i.e. 2% of the Avg. Net profits for the last three years) for the year 2015-16, however the Company has spent ₹1123.53 lakh (plus ₹3.22 lakh towards impact assessment) and hence there is no shortfall and non compliance in this regard.



- f) In case the Company has failed to spend the two percent of the Average Net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

NIL

- g) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company

It is hereby stated that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company

**V. UDAYA BHASKAR**

Chairman and Managing Director

DIN : 06669311

**PROF. AJAY PANDEY**

Chairman of CSR &SD Committee

DIN : 01292877

Place: New Delhi

Date : 10 Aug 2016

## MANAGEMENT TEAM



*Management Conference Meeting is being held monthly and attended by Functional Directors and Senior Executives of the Company under the chairmanship of Shri V Udaya Bhaskar, CMD.*



**Annexure-III****MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT****1. INDUSTRY STRUCTURE AND DEVELOPMENT:**

Bharat Dynamics Limited (BDL), a Government of India Enterprise under the Ministry of Defence was established in Hyderabad in the year 1970 to be a manufacturing base for guided missiles and allied defence equipment.

BDL, a Miniratna Category- I Public Sector Enterprise, is amongst a few industries in the world having capabilities to produce state-of-the-art guided weapon systems. The Company is poised to enter new avenues of manufacturing, covering a wide range of weapon systems such as Surface-to-Air Missiles, Air Defence Systems, Heavy Weight Torpedoes, Air-to-Air Missiles etc., making it a world-class defence equipment manufacturer. With the experience of over four decades in manufacturing and integration of missiles, BDL has also entered into the area of refurbishment and life extension of missiles. The major manufacturing divisions of the Company have ISO 9001 : 2008 certification.

Currently, BDL has three manufacturing units. The first unit is co-located with its Corporate Office at Hyderabad, the second one in Medak District of Telangana and the third unit, which is dedicated exclusively to the manufacture of underwater weapons, is at Visakhapatnam in Andhra Pradesh.

As a part of the expansion plan, BDL is setting up two more units - one at Amravati District in Maharashtra and another one at Ibrahimpatnam in Telangana.

BDL has indigenously developed and test fired recently, an advanced Wireless Anti-Tank Missile with RF Guidance. BDL had earlier in Jan 2016, successfully test fired its first indigenously developed ATGM. With the successful completion of the developmental trials of these two new systems, BDL entered into the era of development of new generation short range missile systems both for moving and stationary land targets.

The Company is having a healthy order book position of ₹13721 Crore as on 31 Mar 2016. Based on the anticipated orders, the Company is well poised for an exponential growth.

The Products of the Company being single shot devices, call for highest reliability. In pursuit of this objective, quality policies of the Company have been laid down. The quest for technological excellence has been the guiding principle of the organization and living up to the sobriquet, 'THE FORCE BEHIND PEACE'.

**2. FUTURE OUTLOOK:**

The Defence Industry in India is experiencing significant and progressive change with huge opportunities for growth. Company has a healthy order book position of around ₹13721 Crore as on 31 Mar 2016



which will keep production line busy in the years ahead. Your Company has challenging times ahead with delivery commitments with respect to major ATGMs & SAM Projects.

Based on the Order book position and anticipated orders, your Company is well poised for an exponential growth. Your Company is enhancing its existing capacities and also establishing new manufacturing facilities at multi-locations to meet the commitments in respect of orders on hand and those that are in pipeline.

Consequent to the modernization programme launched by the Indian Armed Forces, the future outlook of the Company is looking bright.

However, keeping in view of the Government Policies such as opening of FDI in Defence Sector etc., to encourage competition from all sectors in Defence Acquisition Programmes, your Company is aware that its Nominated Production Agency Status is being slowly transformed into that of a Competitive Bidder. With decades of experience under its belt, your Company is well positioned and geared up to face challenges in future.

### **3. RISKS AND CONCERNS:**

- i) Dependence on single source vendor developed by the designer.
- ii) Continued dependence on OEMs in respect of certain projects.
- iii) Long gestation time in concluding contracts and getting orders.
- iv) Lengthy acquisition periods for the weapon systems by Armed forces.

### **4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has put in place all required internal controls and systems to meet the canons of financial propriety. Appointment of External Audit Firms has been continued to ensure adequacy of Internal Control System and report thereon. Detailed analysis of the reports of Internal Audit Firm(s) as well as reports of Internal Audit Department of the Company are being placed before the Audit Committee for its review and advice.





## 5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

5.1 Performance of the Company in financial terms is summarized below:

Particulars	₹ in Crore		% of Increase/ (Decrease)
	2014-15	2015-16	
Value of Sales	2799.68	4163.58	48.72%
Value of Production	2770.05	4299.84	55.23%
Profit Before Tax	614.19	850.26	38.44%
Profit After Tax	418.57	563.24	34.56%
Value Added	914.95	1679.54	83.57%

5.2 Following data reflects the financial position of the Company:

Particulars	₹ in Crore		% of Increase/ (Decrease)
	2014-15	2015-16	
Gross Block	940.04	1175.55	25.05%
Depreciation Reserve	546.18	592.25	8.43%
Net Block	393.86	583.30	48.09%
Working Capital	2740.34*	1996.94	(27.13)%
Capital Employed	3134.20*	2580.24	(17.67)%
Net Worth	1533.37	1652.23	7.76%

\*regrouped figures



## **6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES, INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PERSONS EMPLOYED:**

6.1.1 Total manpower strength of the Company as on 31st Mar 2016 is as under:

Particulars	Non-Executives	Executives	Total
Male	2031	766	2797
Female	238	97	335
<b>Total</b>	<b>2269</b>	<b>863</b>	<b>3132</b>
Previous Year	2303	880	3183

6.1.2 The Company intensified focus on training and development of manpower. Training and development at middle management levels were in focus during the year. Apart from regular Training Programmes, your Company organized Management Development programmes, Executive Development Programmes, Advanced Management Programme, IPMA Level 'D' Certification Programme, Project Management Professional (PMP) Programme for the development of various skills of the Executives during the year.

### **6.2 Industrial Relations**

The Company continues to enjoy cordial and harmonious Industrial Relations with the cooperation and support of all sections of employees viz. Recognized Trade Union, Associations such as SC, ST, OBC and Officers Association. Statutory and Non Statutory Committees such as Works Committee, Safety Committee and Welfare Committee are contributing to work place discipline.

## **7. ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION AND RENEWABLE ENERGY DEVELOPMENTS:**

Your Company contributes in all respects to the environment by maintaining a clean and green environment. Effluent treatment plant, Sewage treatment plant, water conservation, tree plantation, planting of flower bearing trees and landscaping, utilizing treated effluent water etc; have been carried out. The Internal Committees periodically reviewing the status on various types of pollutions and take appropriate steps to reduce the pollution. All the Units are having valid consent for operation obtained from Pollution Control Boards.

Your Company has implemented green initiatives such as zero liquid discharge system, hazardous waste disposal system and further various initiatives were being taken during the year for environmental protection.





Sustainable development has become the national priority to channelize the development process in an environment friendly way with the optimum utilization of available natural resources. In its relentless pursuit of implementing sustainable development practices, your Company has unleashed various programmes to conserve energy thus promoting energy efficiency.

Solar energy is one of the most important renewable energy sources, which has been gaining increased attention in the recent past. Solar energy is clean and free of emissions, which is great for the environment, as it does not produce pollutants or byproducts harmful to the Nature.

In view of its importance, during the year 2015-16, your Company established Grid connected Solar Photo Voltaic (PV) Roof Top Power Plants with an estimated Payback period of around 6-7 years at its factory units.

Further your Company under Green Energy commitment to Hon'ble Prime Minister of India committed to set up 25 MW Grid connected Solar PV power plants in the units. Initially installation of 5 MW Grid connected Solar Power plant at Bhanur unit through M/s. Solar Energy Corporation of India is in progress, which will be operational from March 2017. The generated solar power will be connected to Telangana state electrical power grid at Nandigama sub-station.

## **8. FOREIGN EXCHANGE CONSERVATION**

The Company is striving constantly to conserve foreign exchange by reducing import of components and subsystems from OEMs by increasing indigenous content in the assembly of final products.

**Annexure – IV****REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

- 1.1 Philosophy of the Company in respect of Corporate Governance is to ensure transparency in all its operations, make appropriate disclosures, comply with the laws, maintain ethical standards and take care of the interest of all the stakeholders.
- 1.2 In keeping with its professional approach, the Company is implementing the precepts of Corporate Governance in letter and spirit.
- 1.3 The Company's activities are monitored by several external agencies like Statutory Auditors, Comptroller and Auditor General of India, Central Vigilance Commission, Ministry of Defence (Department of Defence Production), etc.

**2. BOARD OF DIRECTORS:**

- 2.1 Composition and Category of Directors:-
- 2.1.1 The strength of the Board of BDL shall not be less than 2 and not more than 15 under the provisions of Articles of Association of the Company as amended from time to time. The Directors shall not be required to hold any qualification shares.
- 2.1.2 The composition of the Board of Directors of the Company had been restructured by the Government of India with Eight members viz. Four Whole Time Directors, including Chairman and Managing Director, one Government Director and three Part-time Non-official Directors (Independent Directors)
- 2.1.3 Details of the Members of the Board as on 31 Mar, 2016 are as follows:

<b>A)</b>	<b>Functional/Whole Time Directors</b>	<b>Designation</b>
1)	Shri.V.Udaya Bhaskar	Chairman & Managing Director
2)	AVM NB Singh, AVSM,VSM (Retd)	Director (Technical)
3)	Shri.S.Piramanayagam	Director (Finance)
4)	Shri. V.Gurudatta Prasad	Director (Production)





<b>B)</b>	<b>Part-Time Government Director</b>	
	Shri.Ashwani Kumar Mahajan Addl.FA & JS	Government Director
<b>C)</b>	<b>Part-time Non-Official Directors</b>	
	1) Smt.Sushama V Dabak	Independent Director
	2) Prof Ajay Pandey	Independent Director
	3) Lt Gen (Retd.) Anil Chait.	Independent Director

2.1.4 The Company earlier had Permanent Special Invitees on the Board of BDL and subsequently withdrawn the same in view of directions received from the Ministry of Defence vide its Notification No. 8(80)/2015-D(Coord/DDP), Dt. 3 Mar 2016. Hence as on 31 Mar 2016 there were no Permanent Special Invitees on the Board of BDL.

## 2.2 **Meetings of the Board and Attendance thereof; Number of other Boards or Board Committees in which Director is a Member or Chairperson**

2.2.1 During the year 2015-16, Eight (8) Board Meetings were held on 09 May 2015, 05 Jun 2015, 27 Jul 2015, 28 Sep 2015, 30 Nov 2015, 29 Jan 2016, 05 Feb 2016 and 11 Mar 2016. The Board meets at least once in every three months and at least four such meetings shall be held every year. Required information is made available to the Board for its information/decision making.



2.2.2 Details of attendance of the Directors at the Board Meetings, Annual General Meeting and the number of other Directorship/Committee Membership held by them during 2015-16 are furnished below:

Directors	Board Meetings		Attendance at last AGM held on 28 Sep 2015	No. of other directorships held	Number of committee membership across all companies	
	No. of Board meetings during respective tenure of Directors	No. of Meetings attended			As Chairman	As Member
Functional Directors						
Shri V Udaya Bhaskar Chairman & Managing Director	8	7	Yes	-	2	-
AVM NB Singh Director (Technical)	8	8	Yes	-	-	2
Shri S Piramanayagam Director (Finance)	8	8	Yes	-	-	2
Shri V Gurudatta Prasad Director (Production) w.e.f 10 Sep 2015	5	5	Yes	-	-	1
<b>Note:</b> On absence of CMD for the 229 <sup>th</sup> Board Meeting held on 11 Mar 2016, AVM NB Singh, Director (Technical)) acted as Chairman for the said Meeting						
Government Directors						
Shri J Rama Krishna Rao, Joint Secretary (ES) (from 19 Nov 2014 to 6 Aug 2015)	3	3	-	-	-	-
Smt. Kusum Singh Joint Secretary (P&C) (from 23 Sep 2015 to 3 Mar 2016)	4	4	-	-	-	-
Shri RG Viswanthan Addl. FA & JS (DRDO) (from 15 Jun 2011 to 3 Mar 2016)	7	6	-	-	-	-





Directors	Board Meetings		Attendance at last AGM held on 28 Sep 2015	No. of other directorships held	Number of committee membership across all companies	
	No. of Board meetings during respective tenure of Directors	No. of Meetings attended			As Chairman	As Member
Government Directors						
Shri Ashwani Kumar Mahajan Addl. FA & JS. w.e.f. 3 Mar 2016.	1	1	-	1	-	-
Independent Directors						
Smt.Sushama V Dabak w.e.f 1 Dec 2015	3	3	-	-	1	1
Prof Ajay Pandey w.e.f 1 Dec 2015	3	1	-	3	1	2
Lt Gen (Retd.) Anil Chait. w.e.f 7 Jan 2016	3	3	-	-	1	2

2.2.3 Leave of absence was granted to Directors in case of their inability to attend the meeting due to unavoidable reasons.

2.2.4 No Director is a member in more than ten Committees or Chairman of more than five Committees across all companies in which he /she is a Director as per the guidelines of DPE in this regard.

### 3. COMMITTEES OF THE BOARD:

3.1 The Company has the following five (5) Committees of the Board functioning as on 31<sup>st</sup> Mar 2016:

- a) Audit Committee
- b) Remuneration Committee
- c) Procurement Committee



- d) HR Committee
- e) CSR & SD Committee.

3.2 Minutes of the Meeting of the Committees are being placed before the Board meeting held immediately after the Committee meetings for noting by the Board. Decisions are being taken by the Committees by majority / unanimity.

## **4. AUDIT COMMITTEE:**

### **4.1 Brief Description of Terms of Reference**

4.1.1 The Role, Powers, areas of review of information etc., of the Audit Committee were revised as per the Guidelines on Corporate Governance for CPSEs issued by DPE vide OM No.18(8)/2005-GM, dated 14 May 2010. The terms of reference to the Audit Committee, interalia, include the following:-

- i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii) Recommending to the Board, the fixation of audit fees.
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv) Reviewing with the Management, the annual financial statements before submission to the Board for approval.
- v) Reviewing with the Management, performance of internal auditors, and adequacy of the internal control systems.
- vi) Discussion with internal auditors and/or auditors any significant findings and follow up thereon.
- vii) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- viii) To review the follow up action on the Audit observations of the C&AG Audit.

4.1.2 Four Chartered Accountant firms have been assigned the task to conduct Internal Audit of specific areas of operation of the Company to carry out Internal Audit for the year 2015-16 onwards. These are in addition to the Internal Audit Department of the Company. Audit Reports submitted by Chartered Accountant Firms were placed before the Audit Committee for its review.





## 4.2 Composition, Name of Members and Chairman:

4.2.1 During the year the Company reconstituted the Committee. The composition of the Committee as on 31 Mar 2016 is as under

Smt.Sushama V Dabak Independent Director	:	Chairperson
Prof Ajay Pandey Independent Director	:	Member
Lt Gen (Retd.) Anil Chait Independent Director	:	Member
AVM NB Singh Director (Technical)	:	Member

4.2.2 For Audit Committee Meetings, Functional Directors are invited as Permanent Special Invitees and representatives of Statutory Auditor and external Chartered Accountant Firms doing Internal Audit Work may attend by invitation. Company Secretary acts as the Secretary of the Audit Committee.

4.2.3 During the year, Six (6) meetings of the Audit Committee were held on 24 Apr 2015, 27 Jul 2015, 28 Sep 2015, 30 Nov 2015, 29 Jan 2016 and 26 Mar 2016. The details of attendance of Members for the said Meetings are as follows:

Sl. No.	Name of the Director	No. of Meetings held during the tenure of the respective member	No. of Meetings Attended
<b>Chairman :</b>			
1.	Shri J Rama Krishna Rao Joint Secretary (ES) Government Director (from 6 Feb 2015 to 21 Sep 2015)	2	1
2.	Shri RG Vishwanathan Addl. FA & JS (DRDO) Government Director (From 21 Sep 2015 to 22 Jan 2016)	4	4
3.	Smt Sushama V Dabak Independent Director (w.e.f 11 Jan 2016)	2	2



Sl. No.	Name of the Director	No. of Meetings held during the tenure of the respective member	No. of Meetings Attended
<b>Members</b>			
1.	AVM NB Singh, Director (Technical)	6	5
2.	Shri V Gurudatta Prasad Director (Production) (From 21 Sep 2015 to 22 Jan 2016).	2	2
3.	Prof. Ajay Panday Independent Director	2	2
4.	Lt Gen (Retd) Anil Chait Independent Director.	2	2

## 5. REMUNERATION COMMITTEE:

5.1 During the year the Company reconstituted the Committee and the composition of the Committee as on 31 Mar 2016 is as under:

- |    |   |   |           |
|----|---|---|-----------|
| a) | Prof. Ajay Pandey<br>Independent Director         | : | Chairman  |
| b) | Lt Gen (Retd.) Anil Chait<br>Independent Director | : | Member    |
| c) | Smt. Sushama V Dabak<br>Independent Director      | : | Member    |
| d) | Head P&A  | : | Secretary |





5.2 During the year, two (2) meetings of the Remuneration Committee were held on 27 Jul 2015 and 30 Nov 2015. The details of attendance of members for the said Meetings are as follows:

Sl. No.	Name of the Director	No. of Meetings held during the tenure of the respective member	No. of Meetings Attended
<b>Chairman :</b>			
1.	Shri J Rama Krishna Rao, Joint Secretary (ES) Government Director (from 6 Feb 2015 to 31 Jul 2015)	1	1
2.	Shri RG Viswanthan, IA & AS Addl. FA & JS (DRDO) Government Director (From 6 Aug 2015 to 22 Jan 2016)	2	2
3.	Prof Ajay Pandey Independent Director (w.e.f 11 Mar 2016)	0	0
<b>Members :</b>			
1.	Shri S Piramanayagam Director (Finance) (from 6 Feb 2015 to 21 Sep 2015)	1	1
2.	AVM NB Singh, Director (Technical) (from 21 Sep 2015 to 22 Jan 2016)	1	1
3.	Shri V Gurudatta Prasad Director (Production) (w.e.f. 21 Sep 2015)	1	1
4.	Lt Gen (Retd.) Anil Chait Independent Director (w.e.f 11 Mar 2016)	0	0
5.	Smt. Sushama V Dabak Independent Director (w.e.f 11 Mar 2016)	0	0



### 5.3 Remuneration Policy /Details of Remuneration to All Directors:

- 5.3.1 Being a Central Government Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Government of India. The Government letter appointing the Chairman & Managing Director and other functional directors indicate the detailed terms and conditions of their appointment including the period of appointment, basic pay, scale of pay, dearness allowance etc., and it also indicates that in respect of other terms and conditions not covered in the letter, the relevant rules of the Company shall apply.
- 5.3.2 Chairman and Managing Director and other Functional Directors are appointed by the Government initially for a period of 5 years from the date of appointment or upto the date of superannuation of the individual or until further orders of the Government, whichever is the earliest. Depending on the age and performance and on meeting other stipulated conditions the initial period is extendable for a further period upto 5 years or upto the date of superannuation, whichever is earlier. The part-time Government Directors are generally from the Administrative Ministry and their term is co-terminus with the term of respective position held by them in Government at the time of appointment on the Company's Board. The Part-time Non-executive Directors (Independent Directors) are appointed for a period of 3 years.
- 5.3.3 Details of remuneration of Whole Time Directors paid during the year 2015-16 are given below:

(Amt. in ₹)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amt
		V Udaya Bhaskar CMD	AVM NB Singh Director (Tech)	S Piramanayagam Director (Fin)	V Gurudatta Prasad Director (Prod) (w.e.f.10/09/2015)	
1	Gross Salary					
	a) Salary as per provisions contained section 17(1) of the Income - tax Act, 1961.	27,49,629	27,02,208	21,47,928	14,17,156	90,16,921
	b) Value of perquisites u/s 17 (2) Income Tax Act, 1961	3,31,639	8,400	8,400	29,378	3,77,817
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of Profit - others, specify	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	<b>Total (A)</b>	<b>30,81,268</b>	<b>27,10,608</b>	<b>21,56,328</b>	<b>14,46,534</b>	<b>93,94,738</b>





- 5.5.4 Part-time Government Directors (Non-executive Directors) are not paid any remuneration. They are also not paid sitting fee for attending Board/Committee meetings.
- 5.5.5 The Board at its meeting held on 22 Nov 2013 enhanced the sitting fees payable to the Independent Directors to ₹ 20000 per sitting for attending the Board Meetings and retained the sitting fee of ₹10000 per sitting payable in respect of Board Level Committee Meetings. Details of sitting fee paid to the Independent Directors during year 2015-16 is given below:

(Amt in ₹)

Name	Board Meeting	Board Level Committee Meeting	Total
Smt. Sushama V Dabak (w.e.f 1 Dec 2015)	60,000	20,000	80,000
Prof Ajay Pandey (w.e.f 1 Dec 2015)	20,000	20,000	40,000
Lt Gen (Retd.) Anil Chait, (w.e.f 7 Jan 2016)	60,000	30,000	90,000

## 6. PROCUREMENT COMMITTEE:

- 6.1 The Committee was constituted by Board on 29 Jul 2011 to review and sanction new Projects (including R&D Projects) beyond the powers of CMD and upto a maximum limit of ₹ 25 Crore in each case and shall also approve procurement proposals which are beyond the powers of CMD but within the powers of Board.
- 6.2 Procurement Committee is empowered to review and sanction for placement of Purchase Orders/Award of Contracts as per the limits given below:

Basis	Capital Nature	Revenue Nature
Single Tender/Nomination & Proprietary Cases	Upto ₹ 30 Crore	Upto ₹ 30 Crore
Other than single Tender Cases	Upto ₹ 60 Crore	Upto ₹ 60 Crore
Other than Single Tender(works)	Upto ₹ 100 Crore	Upto ₹ 100 Crore

- 6.3 The Board in its 229th Meeting held on 11 Mar 2016 reconstituted Procurement Committee. It consists of following Directors as on 31 Mar 2016:

- |   |   |          |
|---|---|----------|
| a) Shri V Udaya Bhaskar<br>Chairman and Managing Director | : | Chairman |
| b) Lt Gen (Retd.) Anil Chait<br>Independent Director      | : | Member   |
| c) Prof. Ajay Pandey<br>Independent Director              | : | Member   |



- d) AVM NB Singh : Member  
Director (Technical)
- e) Shri S Piramanayagam : Member  
Director (Finance)
- f) Shri V Gurudatta Prasad : Member  
Director (Production)

Company Secretary acts as a Secretary to the Committee and head Corporate Commercial Department is invited to assist the Committee.

- 6.4 During the year 2015-16, three (3) meetings of the Procurement Committee were held on 28 Sep 2015, 29 Jan 2016, and 11 Mar 2016. The details of attendance of the Members for the said meetings are as follows:

Sl. No.	Name of the Director	No. of Meetings held during the tenure of the respective member	No. of Meetings Attended
	<b>Chairman:</b>		
	Shri V Udaya Bhaskar Chairman & Managing Director	3	2
	<b>Member:</b>		
1.	Shri RG Viswanthan Addl. FA & JS (DRDO) Government Director (Upto 11 Mar 2016)	2	2
2.	AVM NB Singh, Director (Technical)	3	3
3.	Shri S Piramanayagam, Director (Finance)	3	3
4.	Shri V Gurudatta Prasad Director (Production)	3	3
5.	Prof Ajay Pandey Independent Director (w.e.f 11 Mar 2016)	1	0
6.	Lt Gen (Retd.) Anil Chait Independent Director (w.e.f 11 Mar 2016)	1	1





## 7. HR COMMITTEE

The HR Committee was constituted by the Board on 29 July 2011 to review and approve all proposals relating to HR matters. The Committee consists of following members as on 31 Mar 2016.

- |    |  |   |          |
|----|--|---|----------|
| a) | Shri V Udaya Bhaskar<br>Chairman and Managing Director | : | Chairman |
| b) | AVM NB Singh<br>Director (Technical)                   | : | Member   |
| c) | Shri S Piramanayagam<br>Director (Finance)             | : | Member   |

Company Secretary acts as Secretary to the Committee and Head (P&A) Department will be invited to assist the Committee.

During the year, no meetings were held.

## 8. CSR & SD COMMITTEE:

- 8.1 The Company reconstituted the CSR & SD Committee during the year and it consists of following Members as on 31 Mar 2016

- |    |  |   |          |
|----|--|---|----------|
| a) | Lt Gen. (Retd.) Anil Chait<br>Independent Director | : | Chairman |
| b) | AVM NB Singh<br>Director (Technical)               | : | Member   |
| c) | Shri S Piramanayagam<br>Director (Finance)         | : | Member   |

Chairman of below Board Level Committee formed by the Company is the Secretary of the Committee for monitoring CSR Plan and Sustainable Development of the Company.



- 8.2 During the year under report, two (2) meetings of the Committee was held on 4 Jun 2015 and 27 Jul 2015. The details of attendance of Members for the said meetings are as follows:-

Name of the Director	No of meetings held during the tenure of respective member	No. of meetings attended
<b>Chairman:</b>		
Shri J Rama Krishna Rao Joint Secretary (ES) Government Director (6 Feb 2015 to 27 Jul 2015)	2	1
Shri RG Viswanthan Addl. FA & JS (DRDO) Government Director (From 21 Sep 2015 to 22 Jan 2016)	0	0
Lt Gen. (Retd.) Anil Chait Independent Director (w.e.f: 22 Jan 2016)	0	0
<b>Member:</b>		
AVM NB Singh, Director (Technical) (w.e.f 6 Feb 2015)	2	2
Shri S Piramanayagam Director (Finance) (w.e.f. 6 Feb 2015)	2	2

## 9. SEPARATE MEETING OF INDEPENDENT DIRECTORS:

- 9.1 Department of Public Enterprises vide OM No. F.No.16(4)/2012-GM dated 28 Dec 2012 circulated model Role and Responsibilities of Independent Directors, which includes that Part time Non Official Director shall hold at least one meeting in a year without the attendance of Functional and Government Directors and members of the Management of the Company. In line with this Companies Act, 2013 under Schedule IV of the Act discusses the Role and Functions of Independent Directors and also states that Independent Directors of the Company shall hold at least one meeting in a year, led by the Independent Director of the Company, without the attendance of Non-Independent Directors and members of Management.





- 9.2 During the year after a long correspondence MoD appointed three (3) Independent Directors viz. Smt.Sushama V Dabak (w.e.f 1 Dec 2015), Prof.Ajay Pandey (w.e.f 1 Dec 2015) and Lt Gen (Retd.) Anil Chait (w.e.f 7 Jan 2016) on the Board. As per the provisions of the Act a separate meeting of Independent Directors was held on 26 Mar 2016 for the year 2015-16.

## 10. GENERAL BODY MEETINGS:

- 10.1 All the Annual General Meetings of the Company were held at the Registered Office of the Company. The details of such meetings for the last three years are as under:

AGM No.	Financial Year	Date of the Meeting	Time of the Meeting	Venue of the Meeting	No. of Special Resolutions
43	2012 - 13	30 Sep 2013	10:30 Hrs	Registered Office, Kanchanbagh, Hyderabad	NIL
44	2013 - 14	26 Sep 2014	14:00 Hrs		NIL
45	2014 - 15	28 Sep 2015	15:00 hrs		NIL

- 10.2 During the year an Extra Ordinary General Meeting was held on 11 Mar, 2016 at 14:00 Hrs at New Delhi and passed a Special Resolution for approval of Buyback of Shares including Amendment of Articles in this respect.

## 11. DISCLOSURES:

- 11.1 During the year 2015-16 the Company has not entered into any transaction with the Directors that may have potential conflict with the interest of the Company at large. The members of the Board, apart from receiving Remuneration (wherever applicable), do not have any material pecuniary relationship or transaction with the Company which, in the Judgment of the Board, may affect independence of judgment of the Directors.

- 11.2 No Penalties and Strictures were imposed on the Company by any statutory authority on any matter related to any guidelines issued by Government during the last three years.

### 11.3 Whistle Blower Mechanism:

The guidelines of Corporate Governance for CPSEs 2010 issued by DPE have been complied with. The Whistle Blower Policy of the Company, inter alia, contains a provision enabling any person to approach the Chairman of the Audit Committee. However, during the year under report, no personnel was denied access to the members of the Audit Committee or its Chairman.

- 11.4 The Company is complying with all the Guidelines on Corporate Governance for CPSEs 2010 issued by DPE except guidelines on Segment Wise Reporting. All the applicable Accounting

Standards are followed except AS-17 relating to Segment reporting keeping in view the nature of business and the sensitive nature of disclosure. However, such non disclosure does not have any financial effect on the accounts of the Company. Necessary disclosure is being made in Notes forming part of Accounts in this regard. .

- 11.5 There were no items of expenditure debited in books of account, which are not for the purpose of the business.
- 11.6 The Company has not incurred any expenditure which is personal in nature for the Board of Directors and Top management.
- 11.7 Details of Administrative and Office Expenses as a percentage of total expenses vis-a-vis financial expenses are furnished below:

(₹ Lakh)

Sl. No.	Particulars	2014-15	2015-16
1	Total Expenditure (other than Materials)	799.46	1388.19
2	Administrative & Office Expenses	13.18	13.35
3	Percentage of (2) on (1)	1.65	0.96
Increase in the expenditure during 2015-16 as compared to 2014-15 is due to imposition of Excise Duty w.e.f 1 Jun 2015 on the products manufactured by the Company.			

## 12. MEANS OF COMMUNICATION:

The Company's communication system with its Shareholders, Directors and other stakeholders is through all means of communication channels including correspondence and the official website ([www.bdl-india.com](http://www.bdl-india.com)) of the Company. The Company website provides information about (i) Payment of Interim Dividend (ii) Measurement of Company's Performance through MoU rating (iii) establishment of video conferencing system for virtual communication across all the units of BDL (iv) Company's Profile, Milestones, Mission, Vision, objectives, achievements etc (v) Annual Report information (vi) Company's Products (vii) details of Tenders (viii) e-procurement (ix) Careers (x) information under RTI Act 2005 etc. The performance of the Company is communicated to Administrative Ministry every month.

13. The Company is striving to ensure unqualified financial statements.
14. Need-based Training Programmes are formulated from time to time to meet the requirements of the Company keeping in view the Projects on hand and also to foresee the customers further requirements in the technology front. As Part of training programme, (i) Management Development Programme for Senior Executives through Premier Institutions like IIM, MDI, (ii) Revalidation & skill upgradation for employees working in workshops in various trades etc are being conducted in addition to regular training programmes.



**15. CODE OF CONDUCT FOR DIRECTORS AND SENIOR EXECUTIVES:**

- 15.1 A Code of Conduct and Business Ethics as suggested by DPE in its Guidelines on Corporate Governance for CPSEs 2010 has been adopted by the Company in respect of its Directors and Senior Level Executives.
- 15.2 The Code has also been posted on the Company's website. The Directors and the Senior Executives have given declarations affirming the compliance with the code of conduct during the year 2015-16.
- 15.3 A declaration to this effect by the Chairman & Managing Director is given below:

**16. DECLARATION BY CHAIRMAN & MANAGING DIRECTOR:**

As provided under the Guidelines on Corporate Governance for CPSEs as contained in the DPE OM No. 18(8)/2005-GM, dated 14 May 2010, issued by Department of Public Enterprises (DPE), it is hereby declared that all Board Members and Senior Management Personnel affirmed compliance with "The Code of Business Conduct & Ethics for Board Members and Senior Management of Bharat Dynamics Limited" for the year ended 31 Mar 2016.

**For and on behalf of the Board**

Place: New Delhi  
Date: 10 Aug 2016

**V UDAYA BHASKAR**  
Chairman and Managing Director  
DIN : 06669311

**Annexure – V**

*Y. Ramesh* M.Com., LLB, CAIIB, ACS.

Company Secretary in Practice  
Mobile : 9849045347



**Certificate on Compliance of conditions on  
CORPORATE GOVERNANCE**

To  
The Members of  
Bharat Dynamics Limited  
Hyderabad.

I have examined the compliance of conditions of Corporate Governance by Bharat Dynamics Limited, for the year ended on March, 31, 2016 as per the Guidelines on Corporate Governance for Central Public Section Enterprises – 2010.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Certificate of Corporate Governance as stipulated in the said Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has adopted a Code of Business Conduct and Ethics for Board Members and Senior Management Personnel as per the "Guidelines on Corporate Governance for Central Public Sector Enterprises – 2010", issued by Dept. of Public Enterprises, as per which it is the responsibility of the Directors and Senior Management Personnel to familiarize themselves with the Code and comply with its standards; and affirmed compliance with the Code of Conduct for the financial year ended March 31, 2016.

I further certify that the Company has complied with the Guidelines on Corporate Governance issued by the Department of Public Enterprises under "Guidelines on Corporate Governance for Central Public Sector Enterprises – 2010", excepting the Composition of Board of Directors and Committees thereof with regard to the Independent Directors. However, Two Independent Directors have been appointed w.e.f 01 December 2015 and One Independent Director has been appointed w.e.f 07 January 2016, on the Board by the appointing authority namely Government of India.

Place: Hyderabad.  
Date: 03 Aug 2016

  
(Y. RAMESH)  
COMPANY SECRETARY IN PRACTICE  
CP.No.7929

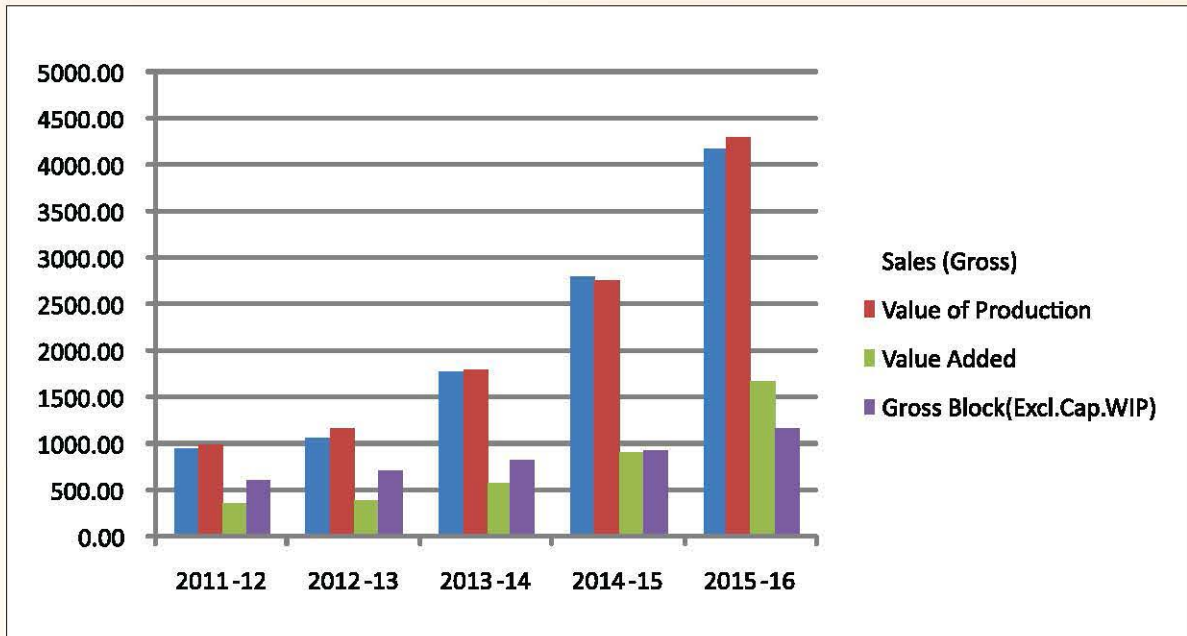




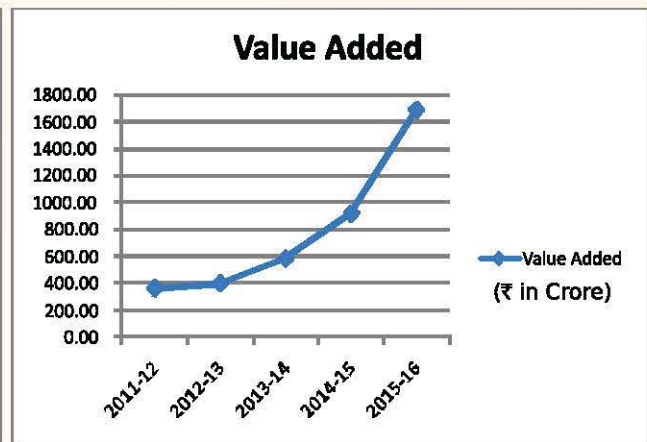
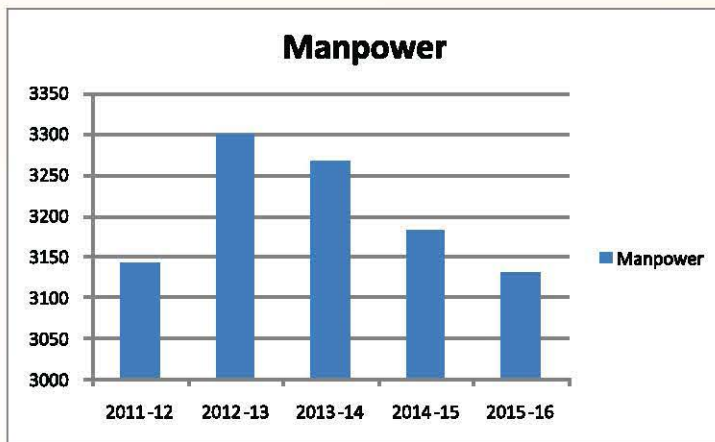


## Growth and Progress

(₹ in Crore)



## Manpower and Value Added





# ACCOUNTING POLICIES

## 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared under the accrual basis and at historical cost unless otherwise stated and in accordance with the Generally Accepted Accounting Principles (GAAP) in India and the provisions of the Companies Act, 2013.

## 2. FIXED ASSETS

- 2.1 Land is capitalized at cost to the Company. Development of land such as levelling, clearing and grading is capitalized along with the cost of Building in proportion to the land utilized for construction of Buildings and rest of the development expenditure is capitalized along with cost of land. Development expenditure incurred for the purpose of landscaping or for any other purpose not connected with construction of any building is treated as the cost of land.
- 2.2 Fixed Assets acquired with financial assistance /subsidy from outside agencies either wholly or partly are taken in the books at net cost to the Company. Assets transferred free of cost by Government are taken at nominal value.
- 2.3 Plant, Machinery & Equipment, Fixtures & Office Furniture and Equipment costing individually ₹ 5,000/- and below are depreciated fully in the year of purchase. Minor civil works including additions, alterations, etc., costing individually ₹ 50,000/- and below, not resulting in additional floor space and internal partitions costing individually ₹ 50,000/- and below are charged to Revenue. Where the cost of such partitions exceeds ₹ 50,000/-, they are

depreciated within a period of 5 years or the lease period of the premises, whichever is less.

- 2.4 Material items retired from active use are retained in the books at the lower of their net book value and net realizable value till they are disposed off. They are eliminated from the books on disposal. The entire excess of sale proceeds over the net book value of Fixed Assets is credited to the Statement of Profit and Loss.
- 2.5 Expenditure on re-conditioning, re-siting and re-layout of Machinery and Equipment is not capitalised.
- 2.6 Cost of the initial pack of spares obtained along with the procurement of Plant, Machinery and Equipment is capitalised and depreciated in the same manner as Plant & Machinery.
- 2.7 Premium paid on Leasehold Land is initially Capitalised and amortised over 10 years or the lease period whichever is less.

## 3. INTANGIBLE ASSETS

- 3.1 The expenditure incurred on General Research and Development is charged to revenue in the year of incurrence. Development Expenditure financed by the Company and expenses incurred thereon on specific projects where the technical feasibility of the products has been demonstrated and the Company intends to produce and market the products are capitalised for amortisation over production in future years. In the event of the Company financed project(s) being foreclosed/ abandoned, the expenditure incurred up to the stage of foreclosure/ abandonment is charged off to revenue in the year of foreclosure/abandonment.





- 3.2 Expenditure on training personnel/foreign technicians' fees and expenses and other pre-production expenses, etc., specific to projects/products in the nature of Development Expenditure is amortised over production/sales and to the extent not amortised, is carried forward.
- 3.3 Software internally developed/acquired from an outside source for internal use, costing individually ₹ 1.00 Lakh and above and which is not an integral part of the related hardware, is recognized as an intangible asset in the Books of Account and is amortised over a period of three years, on straight line method. Amortisation commences when the asset is available for use.
- 3.4 Licence fee paid is Capitalised and amortised over Production/Sales.

#### **4. TOOLS AND EQUIPMENT**

Expenditure on special purpose tools, jigs and fixtures including specific to projects/products is initially capitalised for amortisation over production/ sales and to the extent not amortised is carried forward as an Asset. In-house Manufactured tools are capitalized at cost or realizable value whichever is less. Expenditure on maintenance, re-work, re-conditioning, periodical inspection, referencing of tooling, replenishing of cutting tools and work of similar nature is charged to revenue.

#### **5. IMPAIRMENT OF ASSETS**

The carrying amount of assets on the date of Balance Sheet is assessed and if the estimated recoverable amount is found less than the carrying amount, the impairment loss is recognized and provided.

#### **6. INVESTMENTS**

- 6.1 Current investments are carried in the financial statements at the lower of cost and fair value determined on an individual investment basis.
- 6.2 Long-term investments are carried in the financial statements at cost. However, provision is made for diminution of permanent nature in the value of investment.

#### **7. DEFERRED DEBTS**

Unpaid installment payments together with interest thereon under deferred payment terms for the cost of imported material and tooling content/DRE of the equipment /products sold are accounted as Deferred Debts from the customer and are recovered as and when the installments and interest thereon are paid.

#### **8. INVENTORIES**

- 8.1 Inventories are valued at lower of cost and net realizable value. The cost of raw material, components and stores are assigned by using the actual weighted average cost formula and those in transit at cost to date. In the case of stock-in-trade and work-in-progress, cost includes material, labour and related production overheads.
- 8.2 Miscellaneous Stores is valued at estimated realizable value.
- 8.3 Stationery, uniforms, welfare consumables, medical and canteen stores are charged off to revenue at the time of receipt.
- 8.4 Raw-materials, Components, Construction Materials, Loose Tools and Stores and Spare Parts declared surplus/unserviceable/ redundant are charged to revenue.





8.5 Materials issued from main stores and lying unused at the end of the year are not brought back to stores.

8.6 Provision for redundancy is made in respect of closing inventory of Raw- materials and Components, Stores and Spare parts, Construction Materials and Loose Tools non-moving for more than 5 years. Besides, where necessary, adequate provision is made for redundancy of such inventory in respect of completed/ specific projects and other surplus/ redundant materials pending transfer to salvage stores.

## **9. TRADE RECEIVABLES**

Disputed/time-barred debts from the Government departments are generally not treated as Doubtful Debts.

## **10. CLAIMS ON SUPPLIERS / UNDERWRITERS/CARRIERS/OTHERS**

Claims on Suppliers/Customers/ Underwriters/Carriers/others towards loss/ damages are accounted when claims are preferred. Disputed/time barred claims due from the Government Departments are not treated as doubtful claims.

## **11. CONVERSION OF FOREIGN CURRENCY**

Liability for deferred payments including interest thereon, on supplies/services from the USSR (erstwhile) is set up at the rate of exchange notified by the Reserve Bank of India, for deferred payments including interest thereon under the protocol arrangements between the Government of India and Government of Russia. In the case of other currencies, liability is set up at the ruling rate of exchange as on the date of Balance Sheet. The differences due to

fluctuations in the rate of exchange are charged to revenue. In case of capital items, adjustments are made to the cost of the asset.

## **12. PROVISION FOR CURRENT AND DEFERRED TAX**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

## **13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognized when the Company has a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the Financial Statements.

## **14. WARRANTY**

Warranty on goods sold, wherever applicable, commences on setting up of sales





and accordingly provision for such warranty is made. The period and terms conditions of warranty shall be as per the relevant contract.

## 15. SALES

15.1 In the case of products requiring proof tests, sale is accounted for, on the basis of quantity accepted after Proof Tests.

15.2 In the case of all other products, sale is accounted for, on the basis of acceptance/ actual despatch.

15.3 Where Sale Prices are not established, sales are set up on provisional basis at prices likely to be realized.

15.4 Sale value excludes Sales Tax/VAT but includes Excise Duty and Service Tax.

15.5

- a) Contract Revenue in respect of Construction Contracts undertaken for Customers is recognised by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method.
- b) The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.
- c) Since the outcome of such a contract can be estimated reliably only on achieving certain progress, revenue is recognised only after a minimum of 25% work is completed.
- d) An expected loss on construction contract is recognised as an expense immediately when it is probable that the total contract costs will

exceed the total contract revenue.

- e) As the Revenue is recognised on proportionate basis a provision for contingencies equal to 30% of the surplus of revenue over costs is made during the execution of contract, which is to be reversed on the completion of the contract.

15.6

- a) In case due date and actual date of supply of goods/ services fall in the same accounting period, Liquidated Damages (LD) is accounted for the period of delay, if any, as per the contractual terms.
- b) In case of slippage of delivery schedule, provision in respect of LD is recognised on such slippage for the period of delay between the due date of supply of goods/ services as per the contractual terms and the expected date of supply of the said goods/ services.

## 16. EMPLOYEE BENEFITS

### Short term Employee Benefits:

- 16.1 Short-term employee benefits such as salaries, wages and short-term compensated absences are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

### Defined Contribution Plans:

- 16.2 The Company's contribution paid/ payable to Company approved Retired Employee Medical Scheme (REMI), Death Relief Fund (DRF), Employee State Insurance Scheme (ESI), contribution towards Provident Fund under the PF Act and Pension Scheme are charged to revenue.

**Defined Benefit Plans**

- 16.3 The Company's Gratuity, Leave Salary Schemes are Defined Benefit Plans. The present value of the obligation towards Gratuity is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each estimated future cash flows. Actuarial gains and losses are recognized in Statement of Profit and Loss.
- 16.4 The present value of obligation towards Leave Salary is provided on Actuarial basis. Actuarial gains and losses are recognized in Statement of Profit and Loss.
- 16.5 Compensation paid to Employees under Voluntary Retirement Scheme (VRS) is charged to Statement of Profit and Loss in the year of retirement.

**17. DEPRECIATION**

- 17.1 Depreciation on Fixed Assets is charged on 'Straight Line' method. The rate of

depreciation is derived by spreading the cost of the asset over its useful life as given in Part C of Schedule II to the Companies Act, 2013.

- 17.2 In respect of Assets whose original cost is above ₹12.50 lakh and where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and the significant part depreciated on straight-line method over its estimated useful life.

**18. UNDER/OVER ABSORPTION OF COSTS**

Adjustment is not made for under/over absorption of labour and overhead costs on jobs, if the extent of under/over recovery in a year does not exceed 0.5% of such costs.

Note 1 to 29 and Accounting Policies attached form part of accounts.

As per our report of even date.

**For S. R. MOHAN & CO.,**

Chartered Accountants

Firm's Registration No.002111S

**For and on behalf of the Board**

**G. JAGADESWARA RAO**

Partner  
(M.No.021361)

**S. PIRAMANAYAGAM**

Director (Finance)  
DIN : 07117827

**V. UDAYA BHASKAR**

Chairman and Managing Director  
DIN : 06669311

Place : Hyderabad  
Date : 11 Aug 2016

Place : Hyderabad  
Date : 11 Aug 2016

**N.NAGARAJA**

Company Secretary  
(M.No. A19015)





## BHARAT DYNAMICS LIMITED :: HYDERABAD

### BALANCE SHEET AS AT 31 MAR 2016

(₹ Lakh)

PARTICULARS	Note No.	Current Reporting Period		Previous Reporting Period	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
(a) Share Capital	1	9775.00		11500.00	
(b) Reserves and Surplus	2	155469.68	165244.68	141858.13	153358.13
<b>Non-Current Liabilities</b>					
(a) Long Term Liabilities	3	116458.32		190813.02	
(b) Long-Term Provisions	4	7482.07	123940.39	7100.58	197913.60
<b>Current Liabilities</b>					
(a) Trade Payables	5	138734.11		56027.86	
(b) Other Current Liabilities	6	495296.06		410721.23	
(c) Short Term Provisions	7	54007.22	688037.39	26080.31	492829.40
<b>TOTAL</b>			<b>977222.46</b>		<b>844101.13</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	8	44418.14		37630.52	
(ii) Intangible Assets	8	13911.31		1755.61	
(iii) Capital Work-in-progress	9	12506.48		13510.95	
(iv) Intangible Assets under development	9	112.94		715.92	
(b) Non-Current Investments	10	53.60		53.60	
(c) Deferred Tax Assets (Net)	11	9716.91		6571.33	
(d) Long Term Loans and Advances	12	1202.43		1231.42	
(e) Other Non-current Assets	13	7568.96	89490.77	15768.46	77237.81
<b>Current Assets</b>					
(a) Inventories	14	206051.28		148012.24	
(b) Trade Receivables	15	28129.32		31171.04	
(c) Cash and Cash Equivalents	16	326763.72		366892.30	
(d) Short Term Loans and Advances	17	182602.51		148968.76	
(e) Other Current Assets	18	144184.86	887731.69	71818.98	766863.32
<b>TOTAL</b>			<b>977222.46</b>		<b>844101.13</b>

Accounting Policies and Notes attached form part of Financial Statements.

As per our report of even date.

**For S. R. MOHAN & CO.,**

Chartered Accountants

Firm's Registration No.002111S

**G. JAGADESWARA RAO**Partner  
(M.No.021361)**S. PIRAMANAYAGAM**Director (Finance)  
DIN : 07117827**For and on behalf of the Board****V. UDAYA BHASKAR**Chairman and Managing Director  
DIN : 06669311**N.NAGARAJA**Company Secretary  
(M.No. A19015)Place : Hyderabad  
Date : 11 Aug 2016Place : Hyderabad  
Date : 11 Aug 2016



**BHARAT DYNAMICS LIMITED :: HYDERABAD**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MAR 2016**

(₹ Lakh)

PARTICULARS	Note No.	Current Reporting Period	Previous Reporting Period
<b>I Revenue from Operations</b>	19	416357.64	279967.69
Less: Excise Duty		36,900.61	-
Less: Service Tax		907.70	1766.33
		378549.33	278201.36
<b>II Other Income</b>	20	55890.63	49870.01
<b>III Total Revenue (I+II)</b>		<b>434439.96</b>	<b>328071.37</b>
<b>IV Expenses:</b>			
Cost of Materials Consumed	21.1	262029.76	185509.89
Direct Expenses	21.2	475.02	2661.00
Changes in Inventories of Finished goods, Work-in-progress, Stock-in-Trade	22	(13625.81)	2962.94
Employee Benefits Expense	23	32522.13	31307.20
Finance Costs	24	52.74	31.08
Depreciation and Amortisation Expense	8	4980.49	6928.87
Other Expenses	25	33163.70	23527.00
Provisions	26	30434.66	14859.29
		<b>350032.69</b>	<b>267787.27</b>
Less: Expenses relating to Capital and Other Accounts	27	619.06	1134.76
		<b>349413.63</b>	<b>266652.51</b>
<b>V Profit Before Tax (III-IV)</b>		<b>85026.33</b>	<b>61418.86</b>
<b>VI Tax Expense</b>			
Current Tax- Earlier years		187.89	(21.03)
Current year		31660.00	23218.27
Deferred Tax	11	(3145.57)	(3635.30)
		28702.32	19561.94
<b>VII Profit (Loss) for the period (V-VI)</b>		<b>56324.01</b>	<b>41856.92</b>
<b>VIII Earnings Per Share :</b>			
Basic and Diluted (in Rupees)	28	<b>₹ 4,898</b>	<b>₹ 3,640</b>

Accounting Policies and Notes attached form part of Financial Statements.

As per our report of even date.

**For S. R. MOHAN & CO.,**

Chartered Accountants

Firm's Registration No.002111S

**For and on behalf of the Board**

**G. JAGADESWARA RAO**

Partner  
(M.No.021361)

**S. PIRAMANAYAGAM**

Director (Finance)  
DIN : 07117827

**V. UDAYA BHASKAR**

Chairman and Managing Director  
DIN : 06669311

Place : Hyderabad  
Date : 11 Aug 2016

Place : Hyderabad  
Date : 11 Aug 2016

**N.NAGARAJA**

Company Secretary  
(M.No. A19015)





**BHARAT DYNAMICS LIMITED :: HYDERABAD**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016**

(₹ Lakh)

Note No.	PARTICULARS	Current Reporting Period		Previous Reporting Period	
1	SHARE CAPITAL				
	Authorised				
	1250000 Equity Shares of ₹ 1000/- each	12500.00		12500.00	
	Issued, Subscribed and Paid up				
	977500 Equity Shares of ₹ 1000/- each fully paid ; {1150000 Equity Shares of ₹ 1000/- each fully paid (PY)}	9775.00 9775.00		11500.00 11500.00	
Reconciliation of shares outstanding at the beginning and end of the period: (₹ Lakh)					
Partiiculars		CURRENT REPORTING PERIOD		PREVIOUS REPORTING PERIOD	
		No of Shares	Amount	No of Shares	Amount
Outstanding as at Opening Date		1150000	11500.00	1150000	11500.00
Add: Issued during the period (if any)		-	-	-	-
Less: Buyback during the period		172500	1725.00	-	-
Outstanding as at Closing date		977500	9775.00	1150000	11500.00
In accordance with Sec 68,69 and 70 of the Companies Act, 2013, the Company initiated and completed Buyback of shares from Government of India during Current Year 2015-16.					
Details of the buyback are as under:				(₹ Lakh)	
Partiiculars		CURRENT REPORTING PERIOD		PREVIOUS REPORTING PERIOD	
Number of shares bought back		172500		-	
Face value of each share bought back (in Rupees)		1000.00		-	
Total Face value of shares bought back		1725.00		-	
Total Premium paid on shares bought back		18160.80		-	
Consideration paid towards buy back		19885.80		-	
Share capital reduction		1725.00		-	
Share premium utilised		-		-	
General reserve utilised		19885.80		-	
Amount transferred to Capital redemption reserve		1725.00		-	
In the current year, the Buyback of shares was completed in March 2016. The Company had given the impact of Buyback of shares in the current year 's financial statement. Total amount was paid out in the current year.					
Details of Shareholders holding more than 5 % shares		100% shares are held by Government of India		100% shares are held by Government of India	



# BHARAT DYNAMICS LIMITED :: HYDERABAD

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016

(₹ Lakh)

Note No.	PARTICULARS	Current Reporting Period	Previous Reporting Period
<b>2</b>	<b>RESERVES AND SURPLUS</b>		
	<b>Capital Reserve</b>		
	As per last Balance Sheet	21.60	21.60
	Add: Additions during the year	0.03	-
	Closing Balance as on the date of Balance Sheet	21.63	21.60
	<b>Capital Redemption Reserve</b>		
	As per last Balance Sheet	-	-
	Add: Additions during the year	1725.00	-
	Closing Balance as on the date of Balance Sheet	1,725.00	-
	<b>General Reserve</b>		
	As per last Balance Sheet	141814.95	110241.66
	Less: Transfer to Capital Redemption Reserve	1725.00	-
	Less: Buyback Premium Writtenoff	18160.80	-
	Less: Depreciation Adjustment	11.89	226.71
		121917.26	110014.95
	Add: Transfer from Statement of Profit and Loss	31800.00	31800.00
	Closing Balance as on the date of Balance Sheet	153717.26	141814.95
	<b>Surplus</b>		
	As per last Balance Sheet	21.58	33.33
	Add: Transfer from Statement of Profit and Loss	56324.01	41856.92
		56345.59	41890.25
	Less: Appropriations		
	Tax on Buyback of shares	4190.06	-
	Interim Dividend	6762.00	4890.00
	Tax on Interim Dividend	1376.59	1001.21
	Proposed Final Dividend	10135.20	3481.39
	Tax on Proposed Final Dividend (C.Y.)	2063.29	696.07
	Tax on Proposed Final Dividend (P.Y.)	12.66	-
	Transfer to Capital Reserve	-	-
	Transfer to General Reserve	31800.00	31800.00
	Closing Balance as on the date of Balance Sheet	5.79	21.58
		<b>155469.68</b>	<b>141858.13</b>
<b>3</b>	<b>LONG-TERM LIABILITIES</b>		
	Advances from Customers- MoD	105866.20	180389.60
	Advacnes from Customers- Others	2808.10	2816.21
	Trade Payables - Deferred Credit towards 45 years Component	7784.02	7607.21
		<b>116458.32</b>	<b>190813.02</b>
<b>4</b>	<b>LONG-TERM PROVISIONS</b>		
	Provision for Employees' Benefits		
	Accrued Leave	7482.07	7100.58
		<b>7482.07</b>	<b>7100.58</b>





**BHARAT DYNAMICS LIMITED :: HYDERABAD**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016**

(₹ Lakh)

Note No.	PARTICULARS	Current Reporting Period	Previous Reporting Period
<b>5</b>	<b>TRADE PAYABLES</b>		
	Micro, Small and Medium Enterprises	2038.36	911.88
	Current maturity of Deferred Liabilities	370.67	345.78
	Other Trade Payables	136325.08	54770.20
		<b>138734.11</b>	<b>56027.86</b>
5.1	Information under Micro, Small & Medium Enterprises Development Act:		
(i)	Principal Amount and Interest due thereon remaining unpaid to suppliers at the end of the year.	2038.36	911.88
(ii)	Amount of Interest paid during the year along with the amount of payment made to the suppliers beyond the appointed date during the accounting year.	-	-
(iii)	Amount of Interest due and payable for the period of delay in making payment. (Payments which have been made beyond the appointed date without adding the interest specified in the Act.)	5.04	5.28
(iv)	The amount of Interest accrued and remaining unpaid at the end of accounting year	134.78	97.77
(v)	The amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise for the purpose of disallowance as deductible expenditure under Section 23 of MSME Act	-	-
<b>6</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Advances from Customers- MoD	441595.29	368349.04
	Advacnes from Customers- Others	465.67	16988.05
	Deposits	1772.09	1141.52
	Other Liabilities	51463.01	24242.62
		<b>495296.06</b>	<b>410721.23</b>
<b>7</b>	<b>SHORT TERM PROVISIONS</b>		
	Provision for Employee Benefits		
	Provision for Accrued Leave	405.86	385.51
	Provision for Income Tax (Net)	1351.80	-
	Other Provisions		
	Warranty	4316.00	4046.48
	Liquidated Damages	20371.40	11373.20
	Contingencies - Construction Contracts	1120.61	1638.50
	Proposed Final Dividend	10135.20	3481.39
	Tax on Proposed Final Dividend	2063.29	696.07
	Tax on Buyback of shares	4190.06	-
	CSR, Sus. Devpt. & Others	10053.00	4459.16
		<b>54007.22</b>	<b>26080.31</b>

## BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes Forming Part of Financial Statements as at 31 Mar 2016

### 8. FIXED ASSETS

(₹ Lakh)

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	Cost as at the beginning of the year	Additions/ adjustments during the year	Deductions/ adjustments during the year	Total Cost as at the end of the year	Accumulated Depreciation/ Amortisation as at the beginning of the year	Depreciation/ Amortisation for the year	Deductions/ Adjustments during the year	Accumulated Depreciation/ Amortisation as at the end of the year	As at 31 Mar 2016	As at 31 Mar 2015
<b>Tangible Assets</b>										
Land - Free Hold@	6145.04	-	-	6145.04	-	-	-	-	6145.04	6145.04
- Lease Hold	3926.87	-	-	3926.87	449.71	392.69	-	842.40	3084.47	3477.16
Buildings *	11832.27	1337.47	(201.16)	12968.58	5078.74	315.06	-	5393.80	7574.78	6753.53
Fencing and Compound Walls	1073.69	669.20	(20.83)	1722.06	697.66	282.01	-	979.67	742.39	376.03
Roads and Drains	1128.31	370.75	-	1499.06	651.81	111.20	-	763.01	736.05	476.50
Water Supply Installations	688.90	1.34	(12.23)	678.01	590.20	1.35	-	591.55	86.46	98.70
Plant, Machinery and Equipment	32691.34	8174.80	(394.09)	40472.05	18520.74	1352.03	11.72	19884.49	20587.56	14170.60
Furniture and Equipment	5201.98	675.93	(62.97)	5814.94	4173.08	388.70	0.09	4561.87	1253.07	1028.90
Transport Vehicles	547.04	171.68	(7.00)	711.72	380.73	43.97	-	424.70	287.02	166.31
Special Tools & Equipment	19647.94	234.85	(373.06)	19509.73	14710.19	1248.78	(370.54)	15588.43	3921.30	4937.75
<b>Total</b>	<b>82883.38</b>	<b>11636.02</b>	<b>(1071.34)</b>	<b>93448.06</b>	<b>45252.86</b>	<b>4135.79</b>	<b>(358.73)</b>	<b>49029.92</b>	<b>44418.14</b>	<b>37630.52</b>
Previous Year	73324.11	9595.07	(35.80)	82883.38	39136.58	5922.44	193.84	45252.86	37630.52	34187.53
<b>Intangible Assets</b>										
Development Expenditure	10691.86	919.49	(14.32)	11597.03	9019.54	644.34	(14.32)	9649.56	1947.47	1672.32
Computer Software	428.87	835.62	(1.72)	1262.77	345.58	200.36	-	545.94	716.83	83.29
License Fee	-	11247.01	-	11247.01	-	-	-	-	11247.01	-
<b>Total</b>	<b>11120.73</b>	<b>13002.12</b>	<b>(16.04)</b>	<b>24106.81</b>	<b>9365.12</b>	<b>844.70</b>	<b>(14.32)</b>	<b>10195.50</b>	<b>13911.31</b>	<b>1755.61</b>
Previous Year	10131.47	989.26	-	11120.73	8358.69	1006.43	-	9365.12	1755.61	1772.78
<b>Grand Total</b>	<b>94004.11</b>	<b>24638.14</b>	<b>(1087.38)</b>	<b>117554.87</b>	<b>54617.98</b>	<b>4980.49</b>	<b>(373.05)</b>	<b>59225.42</b>	<b>58329.45</b>	<b>39386.13</b>
Previous Year	83455.58	10584.33	(35.80)	94004.11	47495.27	6928.87	193.84	54617.98	39386.13	35960.31
<p>@ (i) Includes 5 Acres and 01 Gunta of land given on lease to a Government of India Organisation and is in their possession and also Includes 2 Acres and 08 Guntas of land given on permissive possession to a Government of India Organisation and is in their possession.</p> <p>(ii) Pending receipt of instruments of transfer in respect of 244 Acres and 37 Guntas of land (previous year 244 Acres and 37 Guntas), including 151 Acres 33 Guntas received free of cost from State Government, land has been capitalised for an amount of ₹ 397.79 Lakh (previous year ₹ 397.79 Lakh) as the amount has already been paid/ provided by the Company.</p> <p>(iii) Pending receipt of instruments of transfer in respect of Acres 590-22.50 Guntas of land at Ibrahimpatnam, for which possession is taken, the amount paid thereof, based on tentative price, is capitalised.</p> <p>* Includes ₹ 111.01 Lakh (Previous Year ₹ 111.01 Lakh) being the value of buildings constructed on land not belonging to the Company.</p> <p>Assets transferred free of cost by Government taken at nominal value Current Year ₹ Nil (Previous Year ₹ Nil)</p> <p>Does not include 3.63 Acres of land at Vizag taken on lease from Navy (INS-Dega).</p> <p>Deductions include Special Tools ₹373.06 lakhs and Intangible Assets ₹14.32 lakhs transferred to Other Current Assets at nominal value (Net Book Value is "0")</p>										







**BHARAT DYNAMICS LIMITED :: HYDERABAD**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016**

(₹ Lakh)

Note No.	PARTICULARS	Current Reporting Period	Previous Reporting Period
8.1	The Accounting Policy on Depreciation on Fixed Assets has been amended with insertion of Accounting Policy No.17.2 during the year to comply with Schedule - II of the Companies Act, 2013. The effect of such change on the profit for the year is ₹103.45 lakh (Decrease).		
<b>9</b>	<b>CAPITAL WIP AND INTANGIBLE ASSETS UNDER DEVELOPMENT</b>		
	Capital WIP	12506.48	13510.95
	Intangible Assets under development	112.94	715.92
		<b>12619.42</b>	<b>14226.87</b>
9.1	Capital Work-in-Progress includes ₹ 40.09 Lakh (previous year ₹ 40.09 Lakh) of Buildings kept in abeyance. Subsequent to the report of the Dy. Collector and Tahasildar, the Company obtained Survey report from Asst. Director, Survey Settlement and Land Records, R.R District. In order to proceed further, the company is in the process of obtaining clearances from environmental authorities. Necessary adjustments would be carried out in the books on receipt of clearance from environmental and other authorities.		
<b>10</b>	<b>NON-CURRENT INVESTMENTS AT COST (NON-TRADE/UN-QUOTED)</b>		
	9,21,920 (Including 3,85,920 Bonus Shares) fully paid-up Equity Shares of ₹ 10/- each of A.P. Gas Power Corporation Limited	53.60	53.60
		<b>53.60</b>	<b>53.60</b>
11	DEFERRED TAX ASSETS (NET) Break-up of Deferred Tax Assets and Deferred Tax Liabilities (As per Accounting Standard 22) is as given below:		
	<b>Particulars</b>	<b>CURRENT REPORTING PERIOD</b>	<b>PREVIOUS REPORTING PERIOD</b>
	<b>Deferred Tax Assets</b>		
a)	Provisions	12419.27	7920.29
b)	Sec.43B Disallowances	445.31	217.85
c)	Depreciation & related items	-	104.09
		<b>12864.58</b>	<b>8242.23</b>
	<b>Deferred Tax Liabilities</b>		
a)	Depreciation & related items	1473.28	-
b)	Development Expenditure	1674.39	1670.90
c)	Sec.43B Disallowances	-	-
		<b>3147.67</b>	<b>1670.90</b>
	<b>Net Deferred Tax Asset/(Liability)</b>	<b>9716.91</b>	<b>6571.33</b>
<b>12</b>	<b>LONG TERM LOANS AND ADVANCES</b>		
a)	Secured, Considered Good Loans and Advances-Employees	536.25	454.40
b)	Unsecured, Considered Good Capital Advances	660.30	660.30
	Loans and Advances-Employees	5.88	116.72
		<b>1202.43</b>	<b>1231.42</b>



**BHARAT DYNAMICS LIMITED :: HYDERABAD**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016**

(₹ Lakh)

Note No.	PARTICULARS	Current Reporting Period	Previous Reporting Period
<b>13</b>	<b>OTHER NON-CURRENT ASSETS</b>		
	<b>Unsecured, considered Good</b>		
	Deferred Debts	7568.96	7397.04
	Amounts Receivable - Others	-	8371.42
		<b>7568.96</b>	<b>15768.46</b>
<b>14</b>	<b>INVENTORIES *</b>		
	(As Certified by Management)		
	Raw Materials and Components	159343.25	108384.98
	Less: Provision for Redundancy	1323.99	1030.47
	Goods in Transit and Under Inspection	2145.88	8585.63
		160165.14	115940.14
	Work-in-progress #	43055.20	30469.83
	Less: Provision for Redundancy	162.30	253.11
		42892.90	30216.72
	Finished Goods	1545.39	504.95
	Less: Provision for Redundancy	147.24	15.09
	Goods-in-transit	-	-
		1398.15	489.86
	Stores and Spare Parts	818.95	761.11
	Less: Provision for Redundancy	157.61	208.62
	Goods in Transit and Under Inspection	-	23.87
		661.34	576.36
	Loose Tools	1104.82	915.75
	Less: Provision for Redundancy	193.74	189.31
	Goods in Transit and Under Inspection	-	19.16
		911.08	745.60
	Others		
	Construction Materials	-	20.69
	Less: Provision for Redundancy	-	-
	Goods in Transit and Under Inspection	-	-
			20.69
	Stores & Equipment - Welfare	281.11	278.14
	Less: Amortisation	280.18	277.36
		0.93	0.78
	Miscellaneous Stores	21.74	22.09
		<b>206051.28</b>	<b>148012.24</b>
	* Include Material issued to Sub-Contractors/Others	5036.01	14838.22
	# Includes Inventory with Customers	-	403.39
<b>15</b>	<b>TRADE RECEIVABLES</b>		
	<b>Unsecured - Considered good</b>		
	Debts outstanding for a period exceeding six months	5448.78	11983.57
	Other Debts		
	Customers	22320.11	18851.24
	Current maturities of Deferred Debts	360.43	336.23
		<b>28129.32</b>	<b>31171.04</b>





**BHARAT DYNAMICS LIMITED :: HYDERABAD**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016**

(₹ Lakh)

Note No.	PARTICULARS	Current Reporting Period	Previous Reporting Period
<b>16</b>	<b>CASH AND CASH EQUIVALENTS :</b>		
	Cash on hand	0.43	0.43
	Cash with Imprest Holders	17.71	0.57
	Current Accounts	2033.58	3691.30
	Short Term Deposits	68112.00	52600.00
	(Flexi and Term Deposits maturing within 3 Months)		
		70163.72	56292.30
	Other Bank Balances:		
	Short Term Deposits	256600.00	310600.00
	(Term Deposits maturing between 3 to 12 Months)	256600.00	310600.00
		<b>326763.72</b>	<b>366892.30</b>
<b>17</b>	<b>SHORT-TERM LOANS AND ADVANCES</b>		
	a) Secured, considered good		
	Loans and advances to related parties		
	Goods and Services	23973.69	39749.66
	b) Unsecured, considered good		
	Loans and Advances to related parties		
	Goods and Services	144531.40	95480.98
	Less: Provision for doubtful advances	0.41	0.41
		144530.99	95480.57
	Employees	96.58	54.00
	Claims/Refunds receivable	3816.89	1417.75
	Less: Provision for doubtful claims	21.47	21.47
		3795.42	1396.28
	Prepaid expenses	118.13	147.63
	Deposits	8758.53	8010.85
	Advance Income Tax	-	2687.33
	Advance Service Tax	1328.84	1442.11
	Cenvat Credit (Service Tax) Receivable	0.33	0.33
		<b>182602.51</b>	<b>148968.76</b>
<b>18</b>	<b>OTHER CURRENT ASSETS</b>		
	Interest Accrued but not due		
	- Short term deposits	10782.17	16401.04
	- Others	16.97	16.94
	Trade Receivables - not due	133385.72	55401.00
		<b>144184.86</b>	<b>71818.98</b>



# BHARAT DYNAMICS LIMITED :: HYDERABAD

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016

(₹ Lakh)

Note No.	PARTICULARS	Current Reporting Period	Previous Reporting Period
<b>19</b>	<b>REVENUE FROM OPERATIONS</b>		
	<b>Sale of Products</b>		
	Finished Goods	358581.90	240130.50
	Spares	6401.14	1689.51
	Excise Duty	32273.39	-
	Miscellaneous	3702.72	2903.85
		400959.15	244723.86
	<b>Sale of Services</b>		
	Repairs and Overhauls	318.65	1656.56
	Training	-	14.67
	Job Works	7457.65	14211.98
		7776.30	15883.21
	<b>Other Operating Revenues</b>		
	Construction Contracts	5413.63	18540.76
	Sale of Scrap	14.00	35.18
	Others	2194.56	784.68
	Prior Period Items	-	-
	<b>Gross Revenue from operations</b>	<b>416357.64</b>	<b>279967.69</b>
<b>20</b>	<b>OTHER INCOME</b>		
	Interest on :		
	Short Term Deposits	30115.55	38497.52
	Sundry Advances - Employees and Others	98.73	73.18
	Other Deposits	659.20	637.55
	Transportation - Employees	16.12	18.13
	Disposal of surplus / unservicable stores	-	-
	Township	159.04	165.90
	Profit on sale of Assets (Net)	-	1.76
	Provision no longer required written back		
	Liquidated Damages Provision	11408.29	3853.70
	Warranty Provision	1721.42	741.95
	Redundancy Provision	398.87	97.84
	CSR Provision	1126.75	401.50
	Construction Contracts	928.84	-
	Others	1850.66	160.98
		17434.83	5255.97
	Liability written back	31.95	20.56
	Liquidated Damages recovered from suppliers	5048.63	4065.81
	Net gain on foreign currency transactions	704.42	-
	Miscellaneous	1622.16	1133.63
		<b>55890.63</b>	<b>49870.01</b>





**BHARAT DYNAMICS LIMITED :: HYDERABAD**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016**

(₹ Lakh)

Note No.	PARTICULARS	Current Reporting Period	Previous Reporting Period
<b>21.1</b>	<b>COST OF MATERIALS CONSUMED</b>	262029.76 <b>262029.76</b>	185509.89 <b>185509.89</b>
<b>21.2</b>	<b>Direct Expenses</b>		
	Excise Duty	475.02	-
	Service Cost	-	2659.92
	Training to Customers	-	1.08
		<b>475.02</b>	<b>2661.00</b>
<b>22</b>	<b>Changes in inventories of finished goods and Work-in-progress</b>		
	<b>(Increase)/Decrease</b>		
	Opening Balance		
	(i) Work-in-progress	30469.83	30695.83
	(ii) Finished goods	504.95	3241.89
		<b>30974.78</b>	<b>33937.72</b>
	Closing Balance		
	(i) Work-in-progress	43055.20	30469.83
	(ii) Finished goods	1545.39	504.95
		<b>44600.59</b>	<b>30974.78</b>
	(Increase)/Decrease	<b>(13625.81)</b>	<b>2962.94</b>
<b>23</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	Salaries and Wages	27923.55	26841.30
	Contribution to Provident and Other Funds	2946.65	2822.17
	Staff welfare expenses	1651.93	1643.73
	Prior Period	-	-
		<b>32522.13</b>	<b>31307.20</b>
<b>23.1</b>	<b>Remuneration to Whole Time Directors</b>	<b>186.86</b>	<b>159.44</b>



## BHARAT DYNAMICS LIMITED :: HYDERABAD

### NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016

(₹ Lakh)

23.2	As per the provisions of Revised Accounting Standard 15 the following information is disclosed in respect of Gratuity	Current Reporting Period	Previous Reporting Period
<b>1</b>	<b>Assumptions</b> a) Discount Rate (per annum) b) Salary Escalation (per annum)	<b>8.00%</b> <b>6.00%</b>	<b>8.00%</b> <b>6.00%</b>
<b>2</b>	<b>Table Showing the Changes in the present value of the Obligation</b> a) Present value of Obligation at the beginning of the year b) Interest Cost c) Current Service Cost d) Benefits Paid - Actuals e) Expected Liability at the year end f) Present value of Obligation at the end of the year g) Actuarial gain / (loss)	<b>10328.87</b> <b>826.31</b> <b>234.93</b> <b>496.64</b> <b>10893.47</b> <b>10792.11</b> <b>101.36</b>	<b>9925.52</b> <b>794.00</b> <b>240.25</b> <b>690.43</b> <b>10269.34</b> <b>10328.87</b> <b>(59.53)</b>
<b>3</b>	<b>Changes in fair value of the Plan Assets</b> a) Fair value of plan assets at the beginning of the year b) Expected return on plan assets c) Contributions d) Benefits Paid e) Fair value of plan assets at the end of the year	<b>10110.23</b> <b>853.46</b> <b>218.64</b> <b>496.64</b> <b>10685.69</b>	<b>9925.52</b> <b>875.14</b> <b>-</b> <b>690.43</b> <b>10110.23</b>
<b>4</b>	<b>Table showing fair value of Plan Assets</b> a) Fair value of plan assets at the beginning of the year b) Actual return on plan assets c) Contributions d) Benefits Paid e) Fair value of plan assets at the end of the year f) Funded Status g) Excess of Actual over estimated return on plan assets	<b>10110.23</b> <b>853.46</b> <b>218.64</b> <b>496.64</b> <b>10685.69</b> <b>(106.42)</b> <b>-</b>	<b>9925.52</b> <b>875.14</b> <b>-</b> <b>690.43</b> <b>10110.23</b> <b>(218.64)</b> <b>-</b>
<b>5</b>	<b>Actuarial Loss or Gain recognised</b> a) Actuarial Loss for the year - Obligation b) Actuarial Loss for the year - Plan Assets c) Total Loss for the year d) Actuarial Loss recognised	<b>101.36</b> <b>-</b> <b>101.36</b> <b>101.36</b>	<b>(59.53)</b> <b>-</b> <b>(59.53)</b> <b>(59.53)</b>
<b>6</b>	<b>Amount to be recognised in the Balance Sheet</b> a) Present value of the Obligations at the end of the year b) Fair value of plan assets at the end of the year c) Funded Status d) Net Liability / Asset recognised in the Balance Sheet	<b>10792.11</b> <b>10685.69</b> <b>(106.42)</b> <b>(106.42)</b>	<b>10328.87</b> <b>10110.23</b> <b>(218.64)</b> <b>(218.64)</b>
<b>7</b>	<b>Expenses recognised in the statement of P&amp;L</b> a) Current Service Cost b) Interest Cost c) Expected return on Plan Assets d) Net actuarial gain/(loss) recognised in the year e) Expenses recognised in the statement of P&L	<b>234.93</b> <b>826.31</b> <b>853.46</b> <b>101.36</b> <b>106.42</b>	<b>240.25</b> <b>794.00</b> <b>875.14</b> <b>(59.53)</b> <b>218.64</b>





**BHARAT DYNAMICS LIMITED :: HYDERABAD**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016**

(₹ Lakh)

Note No.	PARTICULARS	Current Reporting Period	Previous Reporting Period
23.3	<b>Compensated Absences</b> The Actuarial Liability of Accumulated absences of the employees of the Company	7887.93	7486.09
	Discounting Rate	8.00%	8.00%
	Salary escalation Rate	6.00%	6.00%
	Retirement Age	60 Years	60 years
23.4	<b>Post Retirement Medical Scheme</b> a) Contributions made to Post Superannuation Medical Benefits for the Executives retired after 01 Jan 2007	209.27	170.72
	b) Contributions made towards old scheme of Retired Employees Medical Insurance (REMI)	82.30	80.19
24	<b>Finance Costs</b> Interest Expense	52.74	31.08
		<b>52.74</b>	<b>31.08</b>
25	<b>OTHER EXPENSES</b> Shop Supplies	763.92	628.63
	Power and Fuel	2280.81	1914.22
	Water Charges	737.01	703.16
	Travelling #	1017.20	905.51
	Repairs:		
	Buildings	1540.55	2061.09
	Plant, Machinery and Equipment	1054.28	922.03
	Furniture and Equipment	51.87	5.04
	Vehicles	15.87	43.27
	Others	65.53	156.10
	Vehicle Expenses - Petrol and Diesel	41.66	73.99
	Loose Tools and Equipment	160.41	195.21
	Insurance	273.33	190.79
	Rates and Taxes	219.99	153.86
	Postage, Telegrams, Telex and Telephones	153.48	151.13
	Printing and Stationery	96.63	131.74
	Publicity	339.56	323.46
	Advertisement	154.99	146.48
	Bank Charges	187.06	190.60
	Legal Expenses	6.78	4.02
	Donations	5.00	-
	Write offs:		
	Stores	-	-
	Others	-	-
	Auditor's Remuneration:		
	Statutory Audit fees	3.50	3.50
	Tax Audit fees	0.35	0.35
	Fee for Company Law Matters	1.50	-
	Service Tax	0.84	0.48
	Documentation fees and expenses	-	-
	Loss on Sale of Assets (Net)	-	-
	Security Arrangements	2972.58	2654.94
	Liquidated Damages	15653.78	6228.05
	Computer Software and Development	3.33	1.43
	Entertainment	1.53	0.88
	Courtesy	89.00	84.32
	Sitting Fee paid to Directors	2.10	4.27
	Sitting Fee paid to Independent External Monitors	6.58	1.70
	Exchange Differential(Net)	-	1763.13
	CSR Expenditure	1126.75	416.65
	Miscellaneous Operating Expenses	4135.93	3465.67
	Prior Period Items	-	1.30
		<b>33163.70</b>	<b>23527.00</b>
#	Includes Directors' Travelling Expenses	102.90	67.97



# BHARAT DYNAMICS LIMITED :: HYDERABAD

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016

(₹ Lakh)

Note No.	PARTICULARS	Current Reporting Period	Previous Reporting Period			
26	<b>PROVISIONS</b> Replacement and other charges, Warranty and Batch Rejections Redundancy Provision Liquidated Damages Corporate Social Responsibility & Sustainable Devpt. Construction Contracts Future Charges & Others	  1990.95 684.23 20406.48 1,027.89 410.94 5914.17 <b>30434.66</b>	  2953.08 620.73 5624.44 850.56 1,638.50 3,171.98 <b>14859.29</b>			
27	<b>EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS</b> Intangible Assets (Devpt. Exp.) Tools and Jigs Others	 287.70 143.77 187.59 <b>619.06</b>	 686.85 332.39 115.52 <b>1134.76</b>			
28	<b>Earnings Per Share :</b> Earnings per Share (Basic) calculated as per AS-20 Net Profit After Tax Weighted Average Number of Equity Shares @ ₹1000 Each Fully Paid Up Basic & Diluted Earnings Per Share in Rupees  There are no dilutive potential Equity Shares. 172500 Shares of Face Value of ₹1000/- each fully paidup were bought back during March 2016 Weighted Average Number of shares is arrived as per Accounting Standard-20	  56324.01 1150000 4897.74	  41856.92 1150000 3639.73			
29	<b>Mandatory Disclosures</b> Contingent Liabilities Not Provided for:					
29.01	Outstanding Letters of Credit and Guarantees: (i) Letters of Credit (ii) Guarantees and Counter Guarantees <b>Total</b>	  18268.91 11.89 <b>18280.80</b>	  51988.21 11.89 <b>52000.10</b>			
29.02	Claims / Demands against the Company not acknowledged as Debt: (i) Sales Tax (ii) Service Tax (iii) Others <b>Total</b>	  25789.13 43.57 516.36 <b>26349.06</b>	  20343.15 43.57 375.18 <b>20761.90</b>			
29.03	Estimated amount of contracts remaining to be executed on Capital Account and not provided for, is	15790.04	8782.06			
29.04	<b>Disclosures as per Accounting Standards:</b>  Prior Period Transactions (AS-5) which are over ₹ 1.00 Lakh in each case are considered as such and disclosed in the Accounts. The effect of such transactions on the profit for the year is ₹ 20.51 Lakh Decrease (Previous Year ₹ 1.30 Lakh decrease) as detailed below:					
Sl No	Particulars	Note No.	Current Year Debit	Credit	Previous Year Debit	Credit
1	Other Expense	25	-	-	1.30	-
2	Depreciation	8	20.51	-	-	-
	Total		20.51	-	1.30	-
	Net effect on Profit--> Increase/(decrease)			(20.51)		(1.30)





**BHARAT DYNAMICS LIMITED :: HYDERABAD**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016**

(₹ Lakh)

Note No.	Particulars	Current Reporting Period	Previous Reporting Period										
29.05	Following disclosures are made as per AS 7 (Accounting for Construction Contracts) in respect of Accounting Policy No. 15.5 relating to Revenue Recognition of Construction Contracts.												
a)	Contract Revenue recognised during the year	5413.62	18540.76										
b)	Percentage of completion method is used to determine the contract revenue recognised in the period	-	-										
c)	Proportion of contract costs incurred for work performed upto 31 Mar 2016 to the estimated total cost of contracts is used to determine the stage of completion	-	-										
d)	Aggregate amount of cost incurred	18664.25	14724.70										
e)	Recognised Profit upto 31 Mar 2016	5290.13	3816.06										
f)	Amount of advance received and outstanding as at 31 Mar 2016	14299.33	16815.67										
g)	Contingency Provision as on 31 Mar 2016	1120.61	1638.50										
29.06	Effect of changes in the Foreign Exchange rates as per AS-11												
a)	Exchange rate differences adjusted to fixed assets during the year amounting to	25.12	8.96										
b)	Exchange rate variation recognised in Profit & Loss Statement towards Capital Assets	-	-										
c)	Rescheduled portion of deferred credit is valued at the Exchange Rate applicable as per the Protocol. Effect of exchange rate variation over this is:												
i)	Increase in liability in respect of Company's portion	101.58	91.28										
ii)	Increase in liability in respect of Customer's portion which is taken to accounts payable with equal amount to claims receivable as the same does not devolve on the Company.	3574.95	3212.84										
d)	Deferred Liabilities include interest not accrued but brought into books as per Government of India instructions.	-	-										
29.07	Keeping in view the nature of business and the sensitive nature of disclosure, it is considered prudent not to disclose information required as per AS 17 regarding Segment Reporting. Such non-disclosure does not have any financial effect on the Accounts of the Company.												
29.08	Details of Related Party Transactions (AS 18) are as given below:												
	<table><tr><th>Name of the Party</th><th>Relation</th><th>Transaction</th><th>Current Year</th><th>Previous Year</th></tr><tr><td colspan="5">NIL</td></tr></table>	Name of the Party	Relation	Transaction	Current Year	Previous Year	NIL						
Name of the Party	Relation	Transaction	Current Year	Previous Year									
NIL													
	There are no transactions with related parties except remuneration paid to / expenses incurred in respect of whole time directors which is disclosed under the relevant Note Nos. 23 and 25.												
29.09	Expenditure relating to Research and Development including product improvement financed by the Company during the year charged to natural heads of account : Being in the nature of Revenue expenditure Being in the nature of Capital expenditure (Assets Capitalised)	2295.06 648.20	2066.04 206.11										
29.10	Impairment loss recognised during the year as per AS - 28	Nil	Nil										



**BHARAT DYNAMICS LIMITED :: HYDERABAD**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016**

(₹ Lakh)

29.11	Provisions and Contingent Liabilities - disclosure as required by AS 29 is furnished below:					
	<b>Current Year</b>					
Sl. No.	Name of Provision	Opening Balance	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance
1	Warranty	4046.48	1990.95	-	1721.42	4316.00
2	Liquidated Damages	11373.21	20406.48	11077.77	330.52	20371.40
3	Post-Superannuation Medical Benefits II	996.04	209.27	995.20	-	210.11
4	Redundancy	1696.59	684.23	71.37	324.56	1984.88
5	Doubtful Advances/Claims	21.88	-	-	-	21.88
6	Corporate Social Responsibility	1283.00	1027.89	1126.75	-	1184.14
7	Construction Contracts	1638.50	410.94	-	928.84	1120.60
8	Future Charges & Others	3176.16	5914.17	221.47	-	8868.86
		<b>24231.86</b>	<b>30643.93</b>	<b>13492.56</b>	<b>3305.34</b>	<b>38077.87</b>
	<b>Previous Year</b>					
Sl. No.	Name of Provision	Opening Balance	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance
1	Warranty	1984.09	2953.08	-	890.69	4046.48
2	Liquidated Damages	9602.46	5624.44	3581.66	272.03	11373.21
3	Post-Superannuation Medical Benefits II	825.32	170.72	-	-	996.04
4	Redundancy	1173.72	620.73	0.02	97.84	1696.59
5	Doubtful Advances/Claims	21.88	-	-	-	21.88
6	Corporate Social Responsibility	833.93	850.56	401.49	-	1283.00
7	Construction Contracts	-	1638.50	-	-	1638.50
8	Future Charges & Others	196.14	3171.98	30.98	160.98	3176.16
		<b>14637.54</b>	<b>15030.01</b>	<b>4014.15</b>	<b>1421.54</b>	<b>24231.86</b>
	Contingent Liabilities referred to in Note 29.01 and 29.02 are dependent upon terms of contractual obligations, devolvment, raising of demand by concerned parties and the outcome of court/arbitration/ out of court settlement / disposal of appeals.					
29.12	<b>Other Disclosures</b>					
a)	In case of a supplier, the Company initiated legal action for recovery of advance amount of ₹ 17.19 lakh with interest etc., as the Contract was not executed. Though District Court issued a decree for an amount of ₹ 48.10 Lakh together with interest etc., in favour of the Company, the decretal amount has not been recognised as claims receivable / income since the supplier was granted stay of operation of the decree by Hon'ble High Court and the matter is sub-judice as on date.					
b)	In case of another supplier, the Company has initiated legal action for recovery of advance amount of ₹ 4.45 lakh with interest, being amount paid towards material purchases, which were subsequently rejected and taken back by the supplier but failed to supply the correct material. The case is pending in City Civil Court, Hyderabad and the matter is sub-judice as on date.					
29.13	Letters requesting Confirmation of Balances have been sent in respect of Debtors, Creditors, Claims Receivable, Materials with Contractors / Sub-Contractors, Advances, Deposits and others. Based on the replies wherever received, reconciliations / provisions / adjustments are made as considered necessary.					





**BHARAT DYNAMICS LIMITED :: HYDERABAD**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2016**

29.14	Out of the advances of ₹ 42296.58 Lakh (previous year ₹ 42454.91 Lakh) received from the customers, in respect of four contracts/ indents and one LOI which are shortclosed, the Company has made payments to suppliers for procurement of Special Tools and Equipment and inventory. Against these payments, Special Tools and Equipment (Note 8) include an amount of ₹114.05 Lakh (previous year ₹ 114.05 Lakh), Current Assets, Loans and Advances (Note 14 to 18) include an amount of ₹11271.64 Lakh (previous year ₹ 11014.16 Lakh) in suppliers account and ₹ 8076.88 Lakh (previous year ₹ 7897.46 Lakh) in inventory account, total amounting to ₹ 19462.57 Lakh (previous year ₹19025.67 Lakh). As these assets had been acquired/expenditure had been incurred by the Company based on firm orders/ LOI and out of the funds provided by the customer, no loss devolves on the Company on account of long outstanding advances and non-moving Special Tools and Inventory. Hence, no provision is considered necessary. Further, in respect of these shortclosed Indents/contracts/LOI, the Company approached the customers for compensation of ₹2530.00 Lakh (Prev. Year ₹2787.00 lakh) being the net amount of expenditure after adjustment of the available advance. Hence, for want of finalisation of the amount from the Government/ Customers, no claim/ impact on profit has been accounted in the books.
29.15	Previous year figures have been regrouped or rearranged wherever necessary. Negative figures are indicated in parenthesis.

Note Nos. 1 to 29 and Accounting Policies attached form part of Financial Statements

As per our report of even date.

**For S. R. MOHAN & CO.,**

Chartered Accountants

Firm's Registration No.002111S

**For and on behalf of the Board**

**G. JAGADESWARA RAO**

Partner  
(M.No.021361)

**S. PIRAMANAYAGAM**

Director (Finance)  
DIN : 07117827

**V. UDAYA BHASKAR**

Chairman and Managing Director  
DIN : 06669311

Place : Hyderabad  
Date : 11 Aug 2016

Place : Hyderabad  
Date : 11 Aug 2016

**N.NAGARAJA**

Company Secretary  
(M.No. A19015)



# BHARAT DYNAMICS LIMITED :: HYDERABAD

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(₹ Lakh)

PARTICULARS	Current Reporting Period	Previous Reporting Period
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit Before Tax and Extraordinary items</b>	<b>85026.33</b>	<b>61418.86</b>
<b>Adjustments for :</b>		
Depreciation and Amortisation	4980.49	6928.87
Interest Income	(30873.48)	(39208.25)
Interest Expense	52.74	31.08
Profit on Sale of Fixed assets	-	(1.76)
Operating Profit Before Working Capital Changes	59186.08	29168.80
(Increase)/Decrease in Trade Receivables	(74943.00)	(46691.06)
(Increase)/Decrease in Inventories	(58039.04)	(9761.72)
(Increase)/Decrease in Loans and Advances (excluding advance tax and interest accrued)	(28092.59)	(3953.49)
Increase/(Decrease) in Sundry Creditors, Liabilities & Provisions	109023.69	(23266.09)
Cash generated from operations	<b>7135.14</b>	(54503.56)
Income tax paid	<b>(29160.56)</b>	(21965.94)
Cash flow before extraordinary items	<b>(22025.42)</b>	(76469.50)
Proceeds from extra-ordinary items	-	-
<b>Net cash from operating activities (A)</b>	<b>(22025.42)</b>	<b>(76469.50)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(22328.23)	(17794.52)
Proceeds from sale of assets	-	3.35
Interest received	36492.32	41719.79
<b>Net cash from investing activities (B)</b>	<b>14164.09</b>	<b>23928.62</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of deferred liabilities		
Decrease in deferred debts		
Interest paid	(52.74)	(31.08)
Dividends paid	(12328.71)	(7190.19)
Buyback of shares	(19885.80)	-
<b>Net cash used in financing activities (C)</b>	<b>(32267.25)</b>	<b>(7221.27)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(40128.58)</b>	<b>(59762.15)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>366892.30</b>	<b>426654.45</b>
<b>Cash and cash equivalents as at end of the year</b>	<b>326763.72</b>	<b>366892.30</b>

As per our report of even date.

**For S. R. MOHAN & CO.,**

Chartered Accountants

Firm's Registration No.002111S

**For and on behalf of the Board**
**G. JAGADESWARA RAO**

Partner  
(M.No.021361)

Place : Hyderabad  
Date : 11 Aug 2016

**S. PIRAMANAYAGAM**

Director (Finance)  
DIN : 07117827

Place : Hyderabad  
Date : 11 Aug 2016

**V. UDAYA BHASKAR**

Chairman and Managing Director  
DIN : 06669311

**N.NAGARAJA**  
Company Secretary  
(M.No. A19015)




**S .R. MOHAN & CO**
**CHARTERED ACCOUNTANTS**

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## INDEPENDENT AUDITORS' REPORT

To the Members of Bharat Dynamics Limited

### 1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Bharat Dynamics Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### 2. Management's responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounting) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3. Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the standards on auditing under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



III FLOOR, NORTH BLOCK, RAGHAVA RATNA TOWERS, CHIRAG ALI LANE, HYDERABAD - 500 001.



An audit involves performing procedures to obtain evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in accordance with the accounting principles generally accepted in India:

- (i) In the case of Balance Sheet, of the state of affairs as at March 31, 2016;
- (ii) In the case of Statement of Profit and Loss, of PROFIT for the year ended on that date; and
- (iii) In the case of Cash Flow Statement of its cash flow for the year ended on that date.

#### 5. Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 (the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the Paragraph 3 and 4 of the Order.

- (2) As required under Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with Accounting Standards specified under Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014
- (e) On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act







- (f) With respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B;
- (g) With respect to Directions issued by the Comptroller and Auditor General of India under Section 143 (5) we give our report in Annexure C; and
- (h) With respect to other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

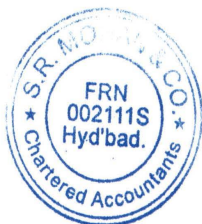
(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements vide Note No. 29.02 of Notes to the Financial Statements

(ii) The Company has made provision, as required under the applicable law or accounting standards for material losses, if any, on long term contracts. (AS 7 provision (refer Note No. 29.05 of Notes to the Financial Statements). There are no derivative Contracts.

(iii) There were no amounts to transfer amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Hyderabad

Date: 11/08/2016



**For S.R. MOHAN & Co.**  
**Chartered Accountants**  
**FR No: 002111S**

*G. Jagadeeswara Rao*

**(G. JAGADESWARA RAO)**  
**M.No. 021361**  
**PARTNER**

**S .R. MOHAN & CO**

CHARTERED ACCOUNTANTS

23201123

23201223

Fax: 23205535

Email: srm\_co@yahoo.com

## ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

*The Annexure referred to in Paragraph 5 (1) of Independent Auditors' Report to the Members of Bharat Dynamics Limited On the standalone financial statements for the year ended on March 31, 2016*

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

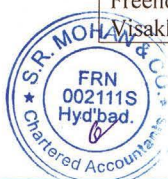
(b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in phased manner over a period of five years. In accordance with this program certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its business

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company, in respect of Lease hold land at Amaravati. Only Photo copies of the title deeds like Pahani, entry in the revenue records are available in respect of the following properties:

Nature of the Asset	Amount Rs. In lakhs	Nature of document shown to us
Freehold Land At Karmanghat and Chintalakunta	46.55	Photo Copy of Pahani
Freehold Land at Bhanur	194.65	Photo Copy of Mutation in revenue records
Freehold Land at Shamirpet	0.87	Photo copy of Mutation in revenue records

Title Deeds in respect of the following immoveable properties are not available.

Nature of Asset	Amount (Rs. Lakhs)	Reasons
Freehold Land at Ibrahim Patnam	5444.33	Land is acquired through TSIIC. As per their rules Land will be registered only after setting up of the Factory.
Freehold Land at Kanchanbagh	-	Land allotted free of cost by the State Government. No Title Deed is issued.
Freehold Land at Karmanghat	21.66	Private land acquired by the State Govt and allotted to the Company. Proper Title deeds are yet to be conveyed.
Freehold Land at Visakhapatnam	376.13	State Government yet to execute to the title deeds.



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Lease hold land at Visakhapatnam	-	Lease Deed is not executed by the Lessor.
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2. The Inventory of finished goods,, raw materials, stores, spare parts, except those in transit and with third parties have been physically verified by the management during the year. We consider that the frequency of the verification is reasonable, having regard to the nature of business and size of the Company discrepancies noticed on physical verification are appropriately dealt with in the accounts.
3. According to the information and explanations given to us, the Company has not given unsecured loans to companies/firms/parties covered in the register maintained under section 189 of the Companies Act, 2013, Hence other matters relating to the loans and advances to parties listed under Section 189 are not applicable.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees, as applicable.
5. According to the information and explanations given to us, the Company has not accepted any deposits during the year and hence compliance with the provisions of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2014, as amended with regard to acceptance of deposits are not applicable to the Company.
6. According to the information and explanations given to us, the Company is required to maintain cost records under Section 148 (1) of the Companies Act, 2013. We have broadly reviewed these records and are of the opinion that prima facie, the prescribed accounts and records have made and maintained. We have not, however, made a detailed examination of these records with a view to determine whether they are accurate and complete.
7. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance Income-tax, and Sales Tax, Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it to the appropriate authorities. According to the records of the Company and information and explanations given to us none of these undisputed taxes are in arrears as at March 31, 2016 for a period exceeding six month from the date they become payable.

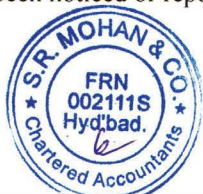




(b) According to the records of the Company and information and explanations given to us the following are the particulars of disputed amounts payable in respect of Income Tax and Value Added Tax:

Name Statute	Nature of Dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act	Central Sales Tax	2135.94	1994-95	AP Sales Tax Tribunal (APSTT)
Central Sales Tax Act	Central Sales Tax	2469.22	1995-96	APSTT
Central Sales Tax Act	Central Sales Tax	2450.74	1996-97	APSTT
Central Sales Tax Act	Central Sales Tax	19.49	2004-05	APSTT
Central Sales Tax Act	Central Sales Tax	3.51	2007-08	APSTT
Central Sales Tax Act	Central Sales Tax	284.35	2007-08	APSTT
Central Sales Tax Act	Central Sales Tax	332.13	2010-11	APSTT
Central Sales Tax Act	Central Sales Tax	5550.82	2011-12	Appellate DY Commissioner
Central Sales Tax Act	Central Sales Tax	5024.27	2012-13	High Court, Hyd
Finance Act	Service Tax	90.35	2007-08 to 2009-10	Commissioner, Service Tax, Hyd
AP Vat Act	VAT	10.29	2010-11	Appellate DY Commissioner

8. According to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks, government and the Company has not issued any debentures.
9. The Company has not raised any money by way of initial public offer or further public offer or by way of term loans during the year, hence clause (ix) of Companies (Auditor's Report) Order, 2016 (CARO) is not applicable.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers has been noticed or reported during the year.







11. Provision of Section 197 of the Companies Act, 2013 is not applicable to the Company and hence clause (xi) of CARO is not applicable.
12. The Company is not NIDHI company hence clause (xii) of CARO is not applicable to the Company
13. According to the information and explanations furnished to us, and based on our examination of books and records, we are of the opinion that all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and all the details have been disclosed in the financial statements as per applicable Accounting Standards.
14. The Company has not made any preferential offer of equity shares during the year and accordingly other matters relating to preferential offer are not applicable..
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
16. The Company is not required to be registered under Section 45-1A of the Reserve Bank of India.

Place: Hyderabad

Date: 11/08/2016



For S.R. MOHAN & Co.  
Chartered Accountants  
FR No: 002111S

*G. Jagadeeswara Rao*

(G. JAGADESWARA RAO)  
M.No. 021361  
PARTNER

**S .R. MOHAN & CO**

CHARTERED ACCOUNTANTS

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**ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT**

*The Annexure referred to in Paragraph 5 (2) (f) of Independent Auditors' Report to the Members of Bharat Dynamics Limited On the standalone financial statements for the year ended on March 31, 2016*

**Report on the Internal Financial Controls over Financial Reporting under clause (i) of sub section 3 of Section 143 of the Companies Act,**

1. We have audited the internal financial controls over financial reporting of Bharat Dynamics Limited (the Company) as at March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**2. Management's Responsibility:**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial control over financial reporting criteria established by the Company considering the essential components of control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**3. Auditor's Responsibility:**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" (Guidance Note) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial control based on assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.



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#### 4. Meaning of Internal Financial Controls Over Financial Reporting:

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorisations of management and directions of the company.; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have material effect on the financial statements.

#### 5. Inherent Limitations of Internal Financial Controls Over Financial Reporting:

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### 6. Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Place: Hyderabad

Date: 11/08/2016



**For S.R. MOHAN & Co.**  
Chartered Accountants  
FR No: 002111S

*G. Jagadeeswara Rao*

**(G. JAGADESWARA RAO)**  
M. No. 021361  
PARTNER



**S .R. MOHAN & CO**  
CHARTERED ACCOUNTANTS

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ANNEXURE-C TO THE INDEPENDENT AUDITORS' REPORT

*The Annexure referred to in Paragraph 5 (2) (g) of Independent Auditors' Report to the Members of Bharat Dynamics Limited On the standalone financial statements for the year ended on March 31, 2016*

**Report on the directions under sub-section 1 of Section 143 of the Companies Act,**

1. Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and lease hold land for which title/lease deeds are not available.	<p>Title deeds are not made available for our perusal in respect of the following properties</p> <table border="1"> <thead> <tr> <th>Nature of Land</th><th>Extent of Land</th></tr> </thead> <tbody> <tr> <td>1. Freehold land at Kanchanbagh</td><td>151 Acres 33 Guntas</td></tr> <tr> <td>2. Freehold land at Karmanghat</td><td>82 Acres 31 Guntas</td></tr> <tr> <td>3. Free hold Land at Visakhapatnam</td><td>10 Acres 13 Guntas</td></tr> <tr> <td>4. Freehold land at Ibrahimpatnam</td><td>590 Acres 22.50 Guntas</td></tr> <tr> <td>5. Lease Hold Land at Visakhapatnam</td><td>3 Acres 25 Guntas</td></tr> </tbody> </table> <p>In respect of the following free hold properties only photo copies of title deeds like Pahani, Mutation in Revenue records of Government are made available for our verification.</p> <table border="1"> <thead> <tr> <th>Freehold Land at</th><th>Extent of Land</th></tr> </thead> <tbody> <tr> <td>Karmanghat</td><td>73Ac. 25 Guntas</td></tr> <tr> <td>Chintalakunta</td><td>37Ac 22 Guntas</td></tr> <tr> <td>Banur</td><td>995Ac 2 Guntas</td></tr> <tr> <td>Shamirpet</td><td>10Ac 13 Guntas</td></tr> </tbody> </table>	Nature of Land	Extent of Land	1. Freehold land at Kanchanbagh	151 Acres 33 Guntas	2. Freehold land at Karmanghat	82 Acres 31 Guntas	3. Free hold Land at Visakhapatnam	10 Acres 13 Guntas	4. Freehold land at Ibrahimpatnam	590 Acres 22.50 Guntas	5. Lease Hold Land at Visakhapatnam	3 Acres 25 Guntas	Freehold Land at	Extent of Land	Karmanghat	73Ac. 25 Guntas	Chintalakunta	37Ac 22 Guntas	Banur	995Ac 2 Guntas	Shamirpet	10Ac 13 Guntas
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Chintalakunta	37Ac 22 Guntas																						
Banur	995Ac 2 Guntas																						
Shamirpet	10Ac 13 Guntas																						
2. Whether there are any case of waiver / write off of debts / loans / interest etc. If yes, the reasons for and amount involved.	According to the information and explanations furnished to us and based on our examinations books, we are of the opinion that no debt or loan or interest was waived or written off during the year.																						
3. Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from the Govt. or other authorities.	Based on the examination of the books and records of the Company, we are of the opinion that proper records were maintained for the inventories lying with third parties. The company did not receive any gift or grant from the Govt. or other authorities during the year.																						



Place: Hyderabad  
Date: 11/08/2016

For S.R. MOHAN & Co.  
Chartered Accountants  
FR No: 002111S  
*G. Jagadeswara Rao*  
(G. JAGADESWARA RAO)  
M. No. 021361  
PARTNER





सं./No. Insp/BDL A/cs(2015-16)/2016-17/131

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य  
लेखापरीक्षा बोर्ड का कार्यालय, बंगलूर - 560 001.

OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT and Ex-Officio MEMBER, AUDIT BOARD,  
BANGALORE - 560 001.

दिनांक / DATE: 1st September 2016

To

Shri V. Udaya Bhaskar,  
Chairman and Managing Director,  
M/s. Bharat Dynamics Limited,  
PO Kanchanbagh,  
Hyderabad 500 078.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013 on the Financial Statements of M/s. Bharat Dynamics Limited, Hyderabad for the year ended 31 March 2016.

I forward herewith **Nil Comment Certificate** of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of **M/s. Bharat Dynamics Limited, Hyderabad** for the year ended 31 March 2016.

It may please be ensured that the comments are:

- (i) Printed in toto without any editing;
- (ii) Placed before the AGM as required under Section 143(6)(b) of the Companies Act, 2013; and
- (iii) Placed next to the Statutory Auditors' Report in the Annual Report of the Company with proper indication in the index.

The receipt of this letter may please be acknowledged.

Yours faithfully,

(E. P. Nivedita)

Pr. Director of Commercial Audit

Encl: As above.

भारतीय लेखा तथा लेखापरीक्षा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बंगलूर - 560 001  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001

द. भा / Phone : 2226 7646 / 2226 1168  
Email : mabbangalore@cag.gov.in

फैक्स / Fax : 080-2226 2491



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE  
FINANCIAL STATEMENTS OF M/S. BHARAT DYNAMICS LIMITED, HYDERABAD  
FOR THE YEAR ENDED 31 MARCH 2016.**

The preparation of financial statements of M/s. Bharat Dynamics Limited, Hyderabad for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 11 August 2016 and **revised report dated 31 August 2016.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of M/s. Bharat Dynamics Limited, Hyderabad for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. **In view of the revisions made in paras 1(a), 1(c), 4 and 7(b) of Annexure A and Annexure C to the Independent Auditor's Report as a result of my audit observations highlighted during supplementary audit,** I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6) (b) of the Act.

**For and on the behalf of the  
Comptroller & Auditor General of India**

**(E.P. Nivedita)  
Pr. Director of Commercial Audit**

Place: Bengaluru

Date: 1<sup>st</sup> September 2016





## अतिथि आगमन

## VIP VISITS



दि. 11 दिसंबर 2015 को विशाखापट्टणम इकाई के दौर के दौरान उत्पादन सुविधाएँ देखते हुए डॉ. एस सी सती, उत्कृष्ट वैज्ञानिक एवं महानिदेशक (एन एस अण्ड एम), डी आर डी ओ.

Dr. S C Sati, Outstanding Scientist & DG (NS &M), DRDO during his visit to production facilities at BDL-Vizag Unit on 11 Dec 2015.

दि. 22 दिसंबर 2015 को बी डी एल दौर के दौरान निदेशक (वित्त), अधिशासी निदेशक (भा.इ.) तथा अन्य वरिष्ठ अधिकारियों से चर्चा करते हुए लेफ्टिनेंट जनरल ए बी शिवाने, डी जी एम एफ.

Shri Lt. Gen. A.B. Shivane DGMF interacting with Director Finance, Executive Director (BU) and other senior officials of BDL, BU on his visit to the company on 22 Dec 2015.



दि. 04 नवंबर 2015 को बी डी एल दौर के दौरान सी एम डी तथा निदेशकों से चर्चा करते हुए रक्षा मंत्री के वैज्ञानिक सलाहकार एवं निदेशक, आर सी आई डॉ. जी सतीश रेड्डी.

Dr G. Satheesh Reddy, SA to RM and Director, RCI interacting with CMD and Directors during his visit to BDL on 4 Nov 2015



दि. 31 अक्टूबर 2015 को बी डी एल दौरे के दौरान डॉ. एस क्रिस्टोफर, सचिव, रक्षा अनुसंधान एवं विकास विभाग तथा महानिदेशक, डीआरडीओ, रक्षा मंत्रालय.

Dr S.Christopher, Secretary, Dept of Defence R & D and DG DRDO, MoD during his visit to BDL on 31 Oct 2015.

दि. 19 अक्टूबर 2015 को अपने बी डी एल दौरे के दौरान सी एम डी, निदेशक और मुख्य सतर्कता अधिकारी से चर्चा करते हुए श्रीमती नीलम साहनी, सचिव, केंद्रीय सतर्कता आयोग, भारत सरकार.

Smt Nilam Sawhney, Secretary, Central Vigilance Commission, Govt of India interacting with CMD, Directors and CVO, BDL on her visit to BDL on 19 Oct 2015.



दि. 6 अक्टूबर 2015 को अपने बी डी एल दौरे के दौरान थल-सेना वायुरक्षा के महानिदेशक लेफ्टिनेंट जनरल राजीव भाटिया, अविसेमे.

Lt Gen Rajiv Bhatia, AVSM, Director General of Army Air Defence during his visit to BDL on 6 Oct 2015.

दि. 28 सितंबर 2015 को अपने बी डी एल दौरे के दौरान एयर मार्शल बी एस धनोय, अविसेमे, युसेमे, विमे, वायुसेना उपाध्यक्ष.

Air Marshal BS Dhanoa, AVSM, YSM, VM, Vice Chief of Air Staff during his visit to BDL on 28 Sep 2015.







दि. 04 अगस्त 2015 को अपने बी डी एल दौर के दौरान सी एम डी, निदेशक (तकनीकी) और निदेशक (वित्त) से चर्चा करते हुए श्रीमती वंदना श्रीवास्तव, वित्त सलाहकार (रक्षा सेवाएँ), रक्षा मंत्रालय (वित्त).

Ms Vandana Srivastava, Financial Advisor (Defence Services), MoD (Finance) interacting with CMD and Director (Technical) and Director (Finance) on her visit to BDL on 4 Aug 2015.

दि. 29 जुलाई 2015 को अपने बी डी एल दौर के दौरान सी एम डी एवं निदेशकों से चर्चा करते हुए रियर एडमिरल ओ पी एस राना, विसेमे, डी जी एन ए आई.

Rear Admiral OPS Rana, VSM, DGNAI interacting with CMD and Directors during his visit to BDL on 29 Jul 2015.



दि. 25 जुलाई 2015 को अपने बी डी एल दौर के दौरान सी आई एस सी, रक्षा मंत्रालय एकीकृत मुख्यालय, सी आई एस सी विभाग के ए डी सी एयर मार्शल पी पी रेड्डी, विमे.

Air Marshal P P Reddy, VM, ADC, CISC, IHQ of MoD during his visit to BDL on 25 Jul 2015.

दि. 23 जून 2016 को अपने बी डी एल दौर के दौरान पी डी सी ए एवं लेखापरीक्षा बोर्ड, बेंगलूरु की पदेन सदस्य सुश्री ई पी निवेदिता.

Ms E.P. Nivedita PDCA & Ex-officio Member, Audit Board, Bangalore during her visit to BDL on 23 Jun 2016.







## बी डी एल के उत्पाद

## BDL Products







# बी डी एल के उत्पाद

# BDL Products

