

भारत डायनामिक्स लिमिटेड, 47वाँ वार्षिक विवरण 2016-17

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

अधिप्रमाणित

रक्षा राज्य मंत्री

Bharat Dynamics Limited, 47th Annual Report 2016-17

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 (AQ) & JS

WHOLE TIME DIRECTORS



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



Shri S. Piramanayagam
Director (Finance)



Shri V. Gurudatta Prasad
Director (Production)



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

INDEPENDENT DIRECTORS



Smt Sushama V Dabak



Prof. Ajay Pandey

COMPANY SECRETARY



Shri N Nagaraja
(From 11 Aug 2016)



BDL FORMER CHIEF EXECUTIVES

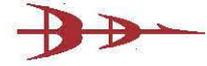
				
DR. B.D. NAGCHAUDHURI Chairman 22-09-1970 To 20-09-1975	PROF. M G K MENON Chairman 29-09-1975 To 30-12-1977	AVM V S NARAYANAN PVSM, AVSM, VSM (Retd) Chairman 06-10-1978 To 01-04-1980	Dr. RAJA RAMANNA Chairman 30-01-1981 To 30-08-1982	Dr. VS ARUNACHALAM Chairman 30-08-1982 To 09-09-1990
				
AVM S J DASTUR (Retd) Managing Director 22-09-1970 To 10-04-1974	BRIG J P ANTHONY (Retd) Managing Director 11-04-1974 To 31-08-1977	WG CDR VM CHITALE (Retd) Managing Director 01-09-1977 To 30-09-1980	Shri ZP MARSHALL Managing Director 01-10-1980 To 07-11-1988	AIR CMDE R GOPALASWAMY AVSM, VSM (Retd) Managing Director (1988-90) Chairman & Managing Director 10-09-1990 To 30-06-1994
				
CMDE S. RAO, VSM (Retd) Chairman & Managing Director 01-07-1984 To 08-01-2000	Shri S GOVINDARAJAN Officiating Chairman & Managing Director 09-01-2000 To 31-08-2000	Shri V V GANGADHARA RAO Chairman & Managing Director 01-09-2000 To 30-06-2002	SHRI GVBB SARMA Officiating Chairman & Managing Director 01-07-2002 To 23-07-2002	MAJ GEN P MOHANDAS VSM (Retd) Chairman & Managing Director 24-07-2002 To 27-04-2005
				
MAJ GEN RAA, NISH GOSSAIN (Retd) Chairman & Managing Director 28-04-2005 To 30-04-2008	CMDE PK SAMANTA VSM (Retd) Officiating Chairman & Managing Director 01-05-2008 To 30-06-2008	MAJ GEN RAVI KHETARPAL VSM (Retd) Chairman & Managing Director 01-07-2008 To 31-03-2012	SHRI SN MANTHA Chairman & Managing Director 01-04-2012 To 31-12-2014	



लेखापरीक्षा समिति*	Audit Committee *
<p>1. श्रीमती सुष्मा वी दबक स्वतंत्र निदेशक</p> <p>2. प्रो. अजय पाण्डेय स्वतंत्र निदेशक</p> <p>3. श्री वी गुरुदत्त प्रसाद निदेशक (उत्पादन)</p> <p>4. श्री एन नागराजा कंपनी सचिव</p>	<p>1. Smt. Sushama V Dabak : Chairperson Independent Director</p> <p>2. Prof. Ajay Pandey : Member Independent Director</p> <p>3. Shri V. Gurudatta Prasad : Member Director (Production)</p> <p>4. Shri N Nagaraja : Secretary Company Secretary</p>
प्रधान कार्यपालक *	Principal Executives *
<p>डॉ. एन के राजू अधिसासी निदेशक (का. एवं प्रशा.)</p> <p>श्री एन पी दिवाकर अधिसासी निदेशक (भा.इ.)</p> <p>श्री एम नीलकण्ठप्पा महाप्रबंधक (क.सं. एवं विश्रॉड)</p> <p>श्री अरूप कुमार माइती महाप्रबंधक (नि.से.)</p> <p>श्री एन संपत कुमार महाप्रबंधक (सं.वि., सैम एवं बड़ामाफ़ी)</p> <p>श्री पी शिवाजी महाप्रबंधक (मिलान, स्पाईक एवं सीपी-आईजीएमपी)</p> <p>श्री जी गोपाल महाप्रबंधक (आकाश)</p> <p>श्री शिवानंद एस खानापेट महाप्रबंधक (एन पी अण्ड आर)</p> <p>श्रीमती वी लता महाप्रबंधक (इनवार)</p> <p>श्री टी जगदीश्वर राव महाप्रबंधक (वित्त)</p> <p>श्री एम एन सुरेश महाप्रबंधक (जीएसडी)</p> <p>श्री मुरलीधर रेड्डी महाप्रबंधक (ओ.पी., क्यू आर सैम एवं डी अण्ड ई)</p> <p>श्री के जे जोसफ़ महाप्रबंधक (वित्त)</p> <p>श्री पी राधाकृष्ण महाप्रबंधक (कांकूरस-एम)</p> <p>श्री आशुतोष कुमार महाप्रबंधक (विशाखापट्टणम इकाई)</p>	<p>Dr. N K Raju Executive Director (P&A)</p> <p>Shri NP Diwakar Executive Director (Bhanur Unit)</p> <p>Shri M Neelakantappa General Manager (ER & VSHORAD)</p> <p>Shri Arup Kumar Maiti General Manager (CS)</p> <p>Shri N Sampath Kumar General Manager (BD, SAM & Badamafij)</p> <p>Shri P Shivaji General Manager (Milan, Spike & CP-IGMP)</p> <p>Shri G.Gopal General Manager (Akash)</p> <p>Shri Sivanand S Khanapet General Manager (NP&R)</p> <p>Shri V Latha General Manager (Invar)</p> <p>Shri T Jagadishwara Rao General Manager (Finance)</p> <p>Shri MN Suresh General Manager (GSD)</p> <p>Shri Muralidhara Reddy General Manager (OP, QR-SAM and D&E)</p> <p>Shri KJ Joseph General Manager (Finance)</p> <p>Shri P Radha Krishna General Manager (Konkurs-M)</p> <p>Shri Ashutosh Kumar General Manager (Vizag Unit)</p>

* 31 मार्च, 2017 तक

* As on 31 March, 2017



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



दस वर्षों पर दृष्टिपात TEN YEARS AT A GLANCE

विवरण Particulars	इकाई Units	2016-17*	2015-16*	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
बिक्री (सकल) Sales (Gross)	₹ Cr.	4886.62	4159.97	2799.68	1779.89	1074.71	959.12	939.16	627.23	464.82	454.38
निर्माणाधीन कार्य (संव्यवहाराधीन) Changes in WIP/SIT	₹ Cr.	124.38	137.86	(29.63)	24.60	100.81	33.82	(28.18)	4.38	58.24	51.47
उत्पादन मूल्य Value of Production	₹ Cr.	5011.00	4297.83	2770.05	1804.49	1175.52	992.94	910.98	631.61	523.06	505.85
सामग्री की खपत Material Consumption	₹ Cr.	3125.23	2620.30	1855.10	1226.01	779.57	633.53	580.14	438.01	364.84	351.99
परिवर्द्धित मूल्य Value Added	₹ Cr.	1885.77	1677.53	914.95	578.48	395.95	359.41	330.84	193.60	158.22	153.86
कर पूर्व लाभ Profit Before Tax	₹ Cr.	802.81	847.31	614.19	508.59	419.06	348.19	79.17	50.63	74.23	72.49
कराधान के बाद लाभ Profit After Tax	₹ Cr.	524.06	564.88	418.57	345.51	288.40	234.96	51.70	33.77	47.67	47.65
ईक्विटी Equity	₹ Cr.	122.19	97.75	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00
प्रारक्षित एवं अधिशेष निधि Reserves & Surplus	₹ Cr.	2072.79	1702.27	1418.58	1102.97	838.30	617.38	437.05	412.08	405.13	384.37
सकल निरुद्ध (पूँजीगत नि.का.छोड़ कर) Gross Block(Excl.Cap.WIP)	₹ Cr.	869.66	746.38	940.04	834.56	711.55	604.24	488.08	461.20	403.42	376.49
सामग्री-सूची Inventory	₹ Cr.	2240.01	2057.66	1480.12	1382.51	1006.53	602.57	502.19	570.26	623.11	434.25
ग्राह्य व्यापार Trade Receivables	₹ Cr.	1735.36	1478.22	865.72	398.81	281.55	88.39	45.15	33.58	8.95	21.54
कार्यगत पूँजी Working Capital	₹ Cr.	1569.75	2052.30	2740.34^	812.68§	614.58	458.97	370.66#	360.44	404.86	384.96
नियोजित पूँजी Capital Employed	₹ Cr.	2326.87	2745.18	3134.20^	1172.29§	892.59	670.64	511.79#	503.66	508.81	478.59
निवल मालियत Net Worth	₹ Cr.	2194.98	1800.02	1533.37	1217.75	953.08	732.19	551.85	526.88	519.93	495.55
कर्मचारियों की संख्या Number of Employees	Nos.	3182	3132	3183	3266	3300	3142@	2897	2894	2788	2715
कर्मचारियों पर लागत Employee Costs	₹ Cr.	448.39	326.23	313.07	307.28	258.99	240.32	234.53	178.84	151.16	149.63
पारिभ्रमिक प्रति रु. पर परिवर्द्धित मूल्य Value Added per ₹ of Wage		4.21	5.14	2.92	1.88	1.53	1.50	1.41	1.08	1.05	1.03
परवर्द्धित मूल्य प्रति कर्मचारी Value Added per Employee	Lakh	59.26	53.56	28.74	17.71	12.00	11.44@	11.42	6.69	5.67	5.67
प्रति शेयर अर्जन (ई पी एस) Earnings per Share (EPS)		4289	4273	3640	3004	2508	2043	450	294	415	414

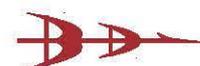
* वर्ष 2016-17 तथा 2015-16 की राशियाँ भारतीय लेखा-मानक के अनुरूप दर्शायी गईं।
Amounts for 2016-17 & 2015-16 are shown as per Ind AS.

परिवर्द्धित अनुसूची-VI के अनुरूप लेखा प्रस्तुति करने के कारण वर्ष 2011-12 से पुनः समायोजित।
Re-adjusted due to presentation of accounts as per Revised Schedule VI from 2011-12 onwards.

@ अस्थायी कर्मचारियों को समायोजित करने के लिए पुनर्व्यवस्था की गई।
Re-adjusted to include temporary employees.

§ वर्ष 2013-14 की चालू आस्तियों को चालू देयताओं के पुनर्समूहन के कारण वर्ष 2014-15 में पुनर्व्यवस्थासंकरण किया गया।
Re-adjusted due to regrouping of Current Assets and Current Liabilities of 2013-14 in 2014-15.

^ वर्ष 2014-15 की चालू आस्तियों को चालू देयताओं के पुनर्समूहन के कारण वर्ष 2015-16 में पुनर्व्यवस्थासंकरण 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). 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

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 and held various posts including Principal Accountant General , Haryana, Accountant General, Rajasthan and Maharashtra. In 2013, she retired as Director General of Audit in Mumbai. Before joining IA&AS, she 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 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.



Prof. Ajay Pandey
Independent Director

After obtaining 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.



Annual Report 2016-17

CHAIRMAN'S STATEMENT



Dear Members,

It is my privilege to share the achievements and financial highlights of your Company for the financial year 2016-17 along with future growth plans of your Company.

PERFORMANCE OVERVIEW:

The financial year 2016-17 turned out to be another eventful year, ending with very impressive numbers, surpassing the MoU targets. Your Company achieved the highest ever Sales Turnover of Rs.4886.62 Crore (which includes deferred revenue of Rs.7.05 Crore) and Value of Production of Rs.5011 Crore in FY 2016-17 with a Compound Annual Growth Rate (CAGR) of 39.89% during the last three years. This has been possible with your unstinted support and continued faith in the capabilities of your Company. Your Company is now all set to reach its new milestone of becoming a Rs.5000 Crore Company by the end of this current financial year.

On the financial front, your Company continues to earn Profit with a consistent track record of paying Dividend. Your Board has recommended a Final Dividend of Rs.157.22 Crore for the year 2016-17. (i.e. 128.67 % on the Paid-up Share Capital of Rs.122.19 Crore).

HIGHLIGHTS OF THE YEAR

During the year, your Company was able to achieve the installed capacity in the production of Akash SAMs, which showcases our consistency in achieving the same. Your Company has received a fresh indent worth Rs.1650 Crore for an additional quantity of one of the ATGMs from the Indian Armed forces.

I am very happy to share that your Company has bagged an Export Order worth USD 21.5 Million for export of Light Weight Torpedoes (LWT). This is the first major export order for your Company after opening up



of exports for the defence products by the Government of India. I am confident that your Company would definitely capitalize on this opportunity, expand its arms and start focusing on increasing its customer base in the years to come. In this regard your Company had already identified certain potential products which are acceptable for exports.

Your Company is actively participating in various co-development programs of Defence Research and Development Organisation (DRDO).

During the year under report, your Company issued 244375 Bonus Shares in the ratio of 1:4 (one fully paid up equity share of Rs.1000 each for every four equity shares held) to the shareholder. As a consequence the paid up capital of the Company has increased from Rs.97.75 Crore to Rs.122.19 Crore.

FUTURE OUTLOOK

Your Company has been given a target of Rs.5300 Crore of turnover in its MoU with the Ministry of Defence (MoD) for the year 2017-18. Your Company has a healthy order book position of Rs.11170 Crore as on 31 March 2017 with the inclusion of fresh order for one of the ATGMs. With the proposed Exports, we are expecting an outstanding performance during the year 2017-18.

Further, with the above handful of orders, we believe our production lines would be busy in the years ahead. Your Company will be having challenging times ahead with delivery commitments with respect to major Surface to Air Missile (SAM) & ATGM projects.

In addition to the above, your Company is also constantly participating in various co-development programmes with DRDO. There are a number of new projects in the pipeline, which are expected to be firmed up in the near future.

As stated above, with the encouragement from MoD for exports, your Company has worked on the export potential of our products to friendly nations. I am confident that efforts in this area of export would bear fruits in the coming years.

Moreover, lands acquired at Ibrahimpatnam in Telangana State and Amravati in Maharashtra State will be put into use for new projects. Your Company has been able to augment necessary infrastructure at multi locations, set up manufacturing lines, improve its Vendor base and also create effective Project Management Systems for timely execution of Projects.

During the current financial year, your Company also inaugurated its new Marketing Office in New Delhi, to focus and coordinate export/business development activities.

It is not out of place to mention here that, your Company is very much aware that its Nominated Production Agency status is being slowly transformed into that of a

Shri AK Gupta, IAS, Secretary
(Defence Production),
inaugurated the Marketing Office of BDL
at New Delhi on 16 June 2017.





competitive grid mode. In the last two years, private sector participation in India's defence sector has been on the rise and large Indian private sector conglomerates have increased their exposure to Indian defence market. This is facilitated by several policy interventions by Government support and specifically the 'Make in India' Programme. The impact of these initiatives has created more opportunities for domestic industry to tie-up with global defence companies for products and technologies. Increased focus on the Indian defence market by Indian private sector and global players is likely to further increase the competition for your Company in the coming years.

At this juncture, I feel it is my duty to inform that during the current financial year 2017-18, our Administrative Ministry has conveyed approval of the Cabinet Committee on Economic Affairs for listing of Shares of the Company in stock exchanges by way of an offer for sale of a part of the Government holding through Initial Public Offer. In this regard, the Department of Investment and Public Asset Management (DIPAM), Government of India has already initiated the process and have appointed Book Runner Lead Managers to handle the issue. I am privileged to say that your Company would soon become a listed entity and there would be a public participation in your Company.

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 process. The generated solar power will be connected to Telangana state electrical power grid at Nandigama sub-station. Further, your Board also approved for installation of 5 MW grid connected Solar power project at the Ibrahimpatnam unit of your Company. The installation process would commence in the current financial year.

REGULAR INTERACTION WITH CUSTOMERS:

Modernization of Defence is the key growth driver for your Company. Your Company is organizing periodical meetings with Users to know their requirements and also for monitoring the 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 has been able to increase its Vendor base year by year. We consider our vendors as partners in our growth. Our vendors play a critical role in our success story. As a result, there is a lot of impetus to increase their capacities in order to meet our delivery timelines.

As per our New Vendor Development Policy, your Company is able 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 an 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.

Your Company, has adopted the strategy to conclude long term business agreements to ensure timely delivery of materials at fixed prices. Your Company is constantly exploring opportunities for transfer/absorption of technologies by entering into strategic alliances/agreements to increase indigenous content.

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 way of fulfilling Social and Welfare obligations with transparency and commitment.

During the year under report, your Company has spent an amount of Rs. 13.18 Crore on various CSR activities, namely, Mid-day Meal, construction of toilets, Swachh Bharat Abhiyan Skill Development, Safe drinking water, Health care, Renewable energy etc.. Your Company also identified villages in both Telangana and Andhra Pradesh States under the village adoption programme to carry out CSR activities of the Company.

As a Corporate Social Responsibility initiative, BDL has adopted Kyasaram village of Patancheru Mandal, Telangana State. BDL has constructed a Primary Health Centre, Community Hall, Toilets in individual houses and in Government schools and installed a RO Water Treatment Plant for providing safe drinking water. These were inaugurated on 10 June 2017.



Shri V. Udaya Bhaskar, CMD
unveiling plaque at Kyasaram Village



Distribution of Drinking Water to Kyasaram Villagers by
Shri V. Udaya Bhaskar, CMD



Inauguration of Primary Health Center by
Shri S. Piramanayagam, Director (Finance)



Dr. N.K. Raju, ED (P&A) addressing Kyasaram Villagers
during Inauguration Ceremony



AWARDS AND RECOGNITIONS:

Shri V.Udaya Bhaskar, CMD, BDL and Shri V.Gurudatta Prasad, Director (Production), BDL receiving the Raksha Mantri's Institutional Award for Excellence in Performance for the year 2014 – 15 from Hon'ble Union Minister for Defence, Finance and Corporate Affairs, Shri Arun Jaitley at Manekshaw Centre, New Delhi on 30 May 2017.



Shri.K.Divakar, Director (Technical), BDL and Shri M.Sreedhar Rao, AGM (D&E) receiving Group /Individual Award in Innovation category for the year 2014-15 from the Hon'ble Union Minister at Manekshaw Centre, New Delhi on 30 May 2017.

Hon'ble Union Minister for Defence, Finance and Corporate Affairs, Shri Arun Jaitley being briefed about BDL products by CMD, BDL Shri V.Udaya Bhaskar on the side lines of Raksha Mantri's Awards presentation ceremony held at Manekshaw Centre, New Delhi on 30 May 2017.



Award for 'Business Excellence'

BDL has been awarded the SKOCH BSE Award for 'Business Excellence' by SKOCH Group. The award was received by Shri Shivanand S. Khanapet, GM (NP & R) and Shri S. Muralimohan, AGM (BD) on behalf of BDL on 20 June 2017 at Mumbai.

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 a Practicing 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.

ACKNOWLEDGEMENT

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 and the Three Services and their Inspectorates.

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 Executives 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 the years to come. We shall look forward to a brighter future ahead.

With best wishes,

Place : New Delhi
Date : 03/08/2017

V UDAYA BHASKAR
Chairman and Managing Director
DIN : 06669311



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 47th Annual Report together with the audited financial statements of the Company for the year ended 31 March 2017.

2. HIGHLIGHTS OF OPERATIONS:

- 2.1 Your Company has achieved highest Sales Turnover of Rs.4,886.62 Crore (which includes deferred revenue of Rs.7.05 Crore) during the fiscal year under report surpassing the MoU target and registering an increase of 17.47% over that of Previous Year.
- 2.2 Your Company had successfully implemented IND-AS during the financial year and transformed into IND-AS compliant Company.
- 2.3 Implementation of ERP/SAP in all the Units has been completed and your Company is reaping the full benefits of the same.

3. FINANCIAL RESULTS AND PERFORMANCE HIGHLIGHTS

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

Particulars	Rupees in Crore		% of Increase/ (Decrease)
	2015-16*	2016-17	
Value of Sales	4,159.97	4,886.62	17.47
Value of Production	4,297.83	5,011.00	16.59
Profit Before Tax	847.31	802.81	(5.25)
Profit After Tax	564.88	524.06	(7.23)
Value Added	1,677.53	1,885.77	12.41

- 3.2 Following data reflect the financial position of the Company:

Particulars	Rupees in Crore		% of Increase/ (Decrease)
	2015-16*	2016-17	
Net Block	553.76	596.99	7.81
Working Capital	2,052.30	1,569.75	(23.52)
Capital Employed	2,746.15	2,327.85	(15.23)
Net Worth	1,800.02	2,194.98	21.94

*Regrouped figures as per IND-AS



- 3.3 During the year under report, Akash weapon and its support systems form part of the major chunk of orders that have been executed by the Company. Your Company has achieved a profit before tax of Rs.802.81 Crore as compared to Rs.847.31 Crore achieved in the previous year. Profit after tax is at Rs.524.06 Crore as against Rs.564.88 Crore in the previous year, the reduction is due to reduction in interest income.
- 3.4 Your Company has bagged its first major Export Order contract worth USD 21.5 Million for supply of Light Weight Torpedoes. Further a fresh order worth Rs.1650 Crore for the supply of Anti-Tank Guided Missile(ATGM) has been received. Your Company has geared up for execution and timely delivery of goods against the said orders.

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

Your Company has a consistent track record of Dividend Payment. Your Board has recommended a sum of Rs.157.22 Crore as final Dividend for the financial year 2016-17. Further, an amount of Rs 353 Crore is being transferred to General Reserve.

5. **CAPITAL STRUCTURE:**

During the year 2016-17, your Company had issued bonus shares in the ratio of 1:4 (one fully paid up equity share of Rs.1000 each for every four equity shares held) to the Shareholder. As a consequence the paid up capital of the Company was increased from Rs.97.75 Crore to Rs.122.19 Crore. The Authorized Capital of the Company stands at Rs.125 Crore.

During the current financial year 2017-18, the Cabinet Committee on Economic Affairs in its meeting held on 12 April 2017, has conveyed its approval for listing of Shares of your Company in the stock exchanges by way of an offer for sale of a part of the Government holding through Initial Public Offer (IPO).

In this process, the Ministry of Defence (MoD) had approved sub-division of the face value of shares from Rs.1000/- per share to Rs.10/- per share and also for conversion of the Company from Private Limited to Public Limited and consequent amendments to the Articles of Association of the Company. Accordingly, your Company in the 6th Extraordinary General Meeting held on 8 May, 2017 subdivided the face value of equity shares of the Company from Rs.1000 per share to Rs.10 per share and further the Board in its 238th Meeting held on 3 August 2017 approved the conversion of Company from Private Limited to Public Limited.



Shri V Udaya Bhaskar, CMD, Shri S.Piramanayagam, Director (Finance) presenting final dividend cheque of Rs.101.35 Cr. for the financial year 2015-16 to Shri Manohar Parrikar, Hon'ble Raksha Mantri at New Delhi. Also seen are from right Smt. Kusum Singh, JS (P&C), Shri A.K. Gupta, Secretary (DP), Shri M. Radhakrishnan, AGM (Finance), Shri Ravi Prakash, DGM (LO) present on the occasion.



Apart from the above, your Board in its 238th Meeting also approved the buyback of 30546875 equity shares (representing 25% of paid up capital) of face value Rs. 10/- each in compliance with Clause 6 of the Guidelines on Capital Restructuring of CPSEs issued vide Office Memorandum No.F.No.5/2/2016 of Ministry of Finance, Govt of India dated 27 May, 2016.

6. PERFORMANCE AGAINST MoUs:

Your Company signs a Memorandum of Understanding (MoU) every year with the Ministry of Defence, Government of India.

The performance of the Company for the year 2015-16 has been rated "Excellent". The MoU rating for the year 2016-17 is under evaluation.

The MoU for the financial year 2017-18 was finalized with the Ministry, with a Net Sales target fixed at Rs.5300 Crore. Your Company is well poised to achieve the targets fixed in the MoU.

7. MODERNIZATION AND UPGRADATION:

Capacities of ATGMs and other products are being ramped up. Civil infrastructure is being created and modernization/upgradation of plant and machinery is under process. During the year an amount of Rs.49.45 Crore was spent towards the modernization/upgradation programme.

The following Key Technology Upgradation projects were taken up for implementation during the financial year 2016-17:

- i. Automation of material handling of Surface to Air Missile (SAM) subsystem
- ii. Establishment of automatic grain loading for Akash SAM
- iii. Missile Simulation mode in R&D
- iv. Spectro- Radiometer for R&D

8. RESEARCH & DEVELOPMENT

Your Company recognizes that Research & Development is a thrust area for design and development of various products for Indian Armed Forces. Your Company has developed Anti-Tank Guided Missile Launcher, Test Equipment, Outdoor Simulator, Infrared Interference Indicator (IRII), Counter Measures Dispensing System (CMDS) etc. as import substitutes.

Your Company has identified various products for the requirement of Indian Armed Forces and currently its research and development is in process. The Company is also working on the design and development of avionics systems such as Counter Measures Dispensing System (CMDS) for Indian Air Force. CMDS and its Test Equipment for various platforms are being developed as import substitutions. There is a substantial export market for CMDS.



The following table shows the recent trend in in-house R&D expenditure:

(Rs.in Crore)

	2013-14	2014-15	2015-16	2016-17
Sales Turnover (Gross)	1779.89	2799.68	4159.97	4886.62
R&D expenditure	19.89	22.72	29.43	34.71

In addition to the in-house R&D activities, your Company has entered into MoUs with DRDO labs for co-development of various missiles with a substantial financial commitment and manpower support from the Company. This will further enhance the R&D expenditure to be incurred in the coming years.

9. PROCUREMENT FROM MSMEs

Your Company has been providing increased thrust on enhancing procurement from Micro, Small & Medium Enterprises (MSMEs) as per the guidelines/notifications issued by the Ministry of MSMEs.

Your Company being a weapons manufacturing Company has been granted certain exemptions under the policy. However, your Company would endeavour to procure general items from SMEs. A list of 358 items was reserved in the Company's IMM manual for procurement from SMEs.

As per Government of India guidelines issued from time to time your Company extends various facilities/concessions to vendors registered with NSIC under its Single Point Registration Scheme such as

- a) Issue of Tender documents free of cost.
- b) Exemption from payment of EMD.
- c) Price Preference of 15% over the price quoted by large-scale units. In case the SME happens to be within 15% range above the L1 price who is not an SME, SME unit shall be provided with a counter price to reduce to L1 price. A quantity of up to 20% shall be ordered on SME on acceptance of L1 price.
- d) The condition of turnover and experience is relaxed for Startups (whether MSMEs or otherwise), as per guidelines of Govt. of India subject to the meeting of quality and technical specifications as per clarification given by Ministry of Finance, Department of Expenditure (DoE).
- e) Interest free advance is also being paid to MSMEs and startups against Bank Guarantee for 110% of order value.

10. EXHIBITIONS:

Senior Executives and Directors participated in National and International Exhibitions during the year 2016-17. Such platforms are used to gain awareness in advanced technologies, interact with experts and share knowledge. Visiting the pavilions of other countries and understanding 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 2016-17 :

AERO-INDIA EXHIBITION-2017



Hon' ble Raksha Mantri Shri.Manohar Parrikar at BDL Stall-Aero India-2017



Signing of MoU with THALES



Secretary (DP) at BDL Stall.



Chief of Army Staff at BDL Stall



Chief of Naval Staff at BDL Stall



Scientific Advisor to Raksha Mantri at BDL Stall



UAE Delegation at BDL Stall



Vietnam Delegation at Outdoor display of Akash Ground Support System.



11. EXPORTS

With the recent changes in the Export policy of the Department of Defence Production, Ministry of Defence, Government of India, your Company is now focused more on tapping the export markets. Your Company is exploring the markets for potential exports. In this process your Company has bagged its first export order worth USD 21.5 Million for the supply of Torpedoes.

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 aerospace majors in Europe and Russia to exploit opportunities arising out of offsets.



Shri Y. Udaya Bhaskar, CMD, BDL and Shri Jayanth Patil, Head of Defence, L&T exchanged the MoU documents in the presence of Shri Arun Jaitley, Hon'ble Union Minister of Defence and Finance and Dr Subhash Bhamre, Hon'ble Raksha Rajya Mantri, Govt. of India at New Delhi.

12. BOARD OF DIRECTORS:

Appointment of Independent Directors

Smt. Sushama.V.Dabak and Prof.Ajay Pandey were appointed as Independent Directors w.e.f 01 December 2015 for a period of three years. At present there is a requirement of three more independent directors (including filling up one vacant position), as the Company is in the process of listing of its shares on the stock exchanges. The appointments are in the process at our Administrative Ministry.

(i) 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.

(ii) Change of Directors:

In terms of the 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 the terms of office of such Directors.

During the year, Shri.K.Divakar assumed the charge as Director (Technical) in place of AVM N B Singh, w.e.f 01 July 2016.

AVM NB Singh ceased as Director (Technical) on 30 June 2016 upon his superannuation. Pursuant to MoD Lr.No.H-62011/7/2014-D(BDL) Dt.09 August, 2016, Lt.Gen.(Retd) Anil Chait, independent director of the Company ceased to be Director on the Board w.e.f 01 June 2016 on account of his resignation.



The Directors would like to place on record their appreciation for the services rendered by them during their tenure.

(iii) Number of Meetings of Board:

During the year 2016-17, Seven (7) Board Meetings were held on 16 May 2016, 30 June 2016, 10 August 2016, 27 September 2016, 25 November 2016, 24 January 2017 and 07 March 2017. Requirement on number and frequency of meetings, in terms of the provisions of the Companies Act and DPE Guidelines were complied with in full.

13. DIRECTORS' RESPONSIBILITY STATEMENT:

As per Section 134(5) of the 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 judgements and estimates made are reasonable and prudent 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 profit and loss of the Company for the year ended 31 March 2017.
- (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.
- (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. MANPOWER AND RESERVATION OF POSTS FOR SCs/STs:

The Company has been following Presidential Directives of the Government with regard to reservation of posts for SCs/STs in recruitments.

Total manpower strength as on 31 March 2017 is at 3182 (including four functional directors) out of which the number of persons on temporary rolls is 72. Of the total strength, 96 are ex-servicemen, 592 are of Schedule Caste and 219 are of Scheduled Tribes. The percentage of Scheduled Caste and Scheduled Tribes in respect of Employees is at 18.60% and 6.88% respectively.

Number of persons on temporary rolls as on 31 March 2017 is 72, out of which 18 belong to Scheduled Caste and 02 belong to the Scheduled Tribes category.



The No. of Scheduled Caste and Scheduled Tribes in various categories of posts as on 31 March 2017 is given below:

Category	Number of Employees					
	Total Strength		Scheduled Castes		Scheduled Tribes	
	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016	31-03-2017
Group-A	770	829	126	138	76	84
Group-B	89	60	20	14	07	04
Group-C	1972	1940	356	348	110	110
Group-D	280	277	74	74	18	19
Temporary	17	72	2	18	1	2
Total	3128*	3178*	578	592	212	219

*excluding four functional directors.

Recruitment of employees in Scheduled Caste and Scheduled Tribes during 2016-17 is given below:

Classification of posts	Total Vacancies Released	Total Recruitment	Reservation of posts (out of Col.3)		Recruitment made during the year 2016-17	
			SCs	STs	SCs	STs
(1)	(2)	(3)	(4)		(5)	
			SCs	STs	SCs	STs
Group-A	69	69	11	6	11	6
Group-B	-	-	-	-	-	-
Group-C	56	56	16	1	16	1
Group-D	1	1	-	1	-	1
Total	126	126	27	8	27	8

15. 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 as on 31 March 2017 is given below as directed by the Ministry of Defence, vide their letter Nos.39(6)/99/D(B&C), dated 27 August 1999.



I. EXECUTIVES

Grade	No. of Employees	Women	Percentage
I	60	07	11.67%
II	208	35	16.83%
III	221	33	14.93%
IV	87	09	10.34%
V	98	11	11.22%
VI	163	6	3.68%
VII	37	0	0%
VIII	13	1	7.69%
IX	2	0	0%
Functional Directors	3	0	0%
CMD	1	0	0%
Total	893	102	11.42%

II. NON-EXECUTIVES

Grade	No. of Employees	Women	Percentage
WG-0	2	0	0%
WG-1	71	13	18.30%
WG-2	250	30	12%
WG-3	245	28	11.42%
WG-4	316	54	17.09%
WG-5	146	22	15.07%
WG-6	168	22	13.10%
WG-7	35	3	8.57%
WG-8	130	7	5.38%
WG-9	15	0	0%
WG-10	169	6	3.55%
WG-11	113	15	13.27%
WG-12	629	47	7.47%
Total	2289	247	10.79%



16 PERSONS WITH DISABILITIES (PWD) AS ON 31 MARCH 2017:

The total number of Physically Challenged employees as on 31 March 2017 was 114 and its percentage to total employees works out to 3.21%.

	HI	LD	VI	Total
Group-A	06	13	04	23
Group-B	0	02	01	03
Group-C	19	48	08	75
Group-D	04	05	04	13
Total	29	68	17	114

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

17. HUMAN RESOURCE DEVELOPMENT:

During the year under report the Company has conducted training programmes for 1302 Executives and 1011 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.

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 (MDPs) conducted by premier Institutes in India like IIM-Bangalore, IIM-Kozhikode, IIM-Lucknow, XLRI Jamshedpur and MDI Gurgaon during the financial year 2016-17.

(b) Advanced Management Programmes (AMP):

Three Principal Executives were sponsored for the Advance Management Programme conducted by ASCI, and one Board Member was sponsored for the AMP programme conducted by SCOPE.

(c) Project Management Professional (PMP) Programme:

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 31 Executives to undergo PMP Certification program conducted by PMI USA. Accordingly 35 Hrs mandatory Contact Programme for all the 31 Executives was conducted at the Institute of Systems, Technology and Management in 2 Batches.

59 Executives have registered themselves with PMI USA and 19 Executives have successfully cleared the PMP certification exam. 10 PMP Certified Executives were sent for a conference on Project Management in Hyderabad (PMIC).



18. 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.

19. FOREIGN VISITS:

Your Company incurred an expenditure of Rs.30.99 lakh during the year under report towards foreign travel for business trips and also for On the Job-Training of personnel.

20. INDUSTRIAL RELATIONS AND EMPLOYEE WELFARE:

Your Company continues to enjoy a cordial and harmonious Industrial relation with the cooperation and support of all sections of employees viz., registered Trade Unions and Associations such as SC,ST,OBC and officers Association. Statutory and non-statutory committees such as works, safety and welfare committees are contributing to work place discipline at all levels.

Statutory provisions on welfare are followed meticulously by Management and continues to extend non-statutory facilities such as school fee subsidy, uniform and shoes.

During the year, Union elections were held peacefully. In this regard election verification was conducted on 24 Dec 2016 by the Deputy Chief Labour Commissioner (C), Hyderabad to determine majority Union to represent the employees. Bharat Dynamics Employees Union emerged as majority union.

21. SECURITY:

Central Industrial Security Force (CISF) is providing Security and Fire Services in both Kanchanbagh and Bhanur Units. 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.

The 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.

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.

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.

On 9 September 2016 a joint mock drill exercise of Anti Terrorist Operation was conducted. A team of fifty members of OCTOPUS and fifty four members of CISF and eight officials of the Company have participated in the said programme.



On 22 October 2016 and 23 October 2016, counter terrorist exercise was conducted inside BDL, Kanchanbagh Campus by NSG Regional Hub, Hyderabad. In the exercise, One hundred and eighteen NSG personnel, including one Deputy Commandant, fifty two CISF personnel and eight officials of the Company have participated in the said programme.

In addition to the above, internal mock drill exercise was conducted twice in a month for effective security.

22. SAFETY:

Safety, Health and Environment (SHE) is strictly followed in your Company. The two Corporate Committees i.e. Industrial Safety Committee, which is statutory and Explosive Safety Committee are functioning to meet the needs of the Company. 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 Explosive safety strictly adhering to the Storage & Transport of Explosive Committee (STEC) regulations.

Annual explosive safety audit is conducted by Centre for Fire, Explosive & Environment safety (CFEES), New Delhi and the observations made by the audit team have been complied with. Regular medical check-ups are carried out for employees working in hazardous areas.

Training programmes are arranged by HRD through National Safety Council (NSC), Central Labour Institute (CLI), Regional Labour Institute (RLI) and Centre for Fire, Explosive & Environment Safety (CFEES), New Delhi to inculcate safety consciousness and to establish a safe working environment among the employees.

During the year, Safety officers of the BDL Safety Engineering Department conducted classes on both Industrial Safety and Explosive Safety as a part of an induction programme for new entrants in coordination with ISTM-HRD. Safety Engineering Department has organized guest lecture by persons with experience and expertise in the field of Explosive safety and Industrial Safety to educate the employees of the Company.

Fire mock drills were conducted at regular intervals to ensure firefighting Preparedness. 40 employees have undergone a certificate course on industrial safety through HRD and examination conducted by the State Board of Technical Education & Training (T.S). Successful candidates were awarded certificates.

Safety Day/Week was celebrated during the month of March, 2017. On this occasion Safety pledge was administered to all the employees and various competitions and programmes were conducted by Safety Engineering Department and employees were awarded to boost their interest towards safety.

23. ANNUAL RETURN:

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

24. ENVIRONMENT AND POLLUTION CONTROL:

The Company contributes in all respects for the environment by maintaining a clean and green environment. Effluent Treatment Plant, Sewage Treatment Plant, Water Conservation, Tree Plantation,



Disposal of hazardous waste and scrap, planting of flower bearing trees and landscaping, utilizing treated effluent water have been carried out. Your Company is regularly reviewing the status of various types of pollutions. All the three Units are having valid consent for operation, which is obtained from the Pollution Control Boards.

The following steps have been taken for controlling and preventing of pollution in all respects:

i) WASTE MANAGEMENT:

All food waste generated from the canteen is being given for animal feeding and composting. The hazardous waste, e-waste and biomedical waste is being given to the agency registered with the pollution control board. The lead acid batteries are being given to the authorized recyclers/dealers with buy back option. Metal scrap is being disposed through M/s MSTC (A Govt. of India Undertaking).

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 all the three units through certified agency and results are within the prescribed limits of Pollution Control Board.

iii) CELEBRATION OF WORLD ENVIRONMENT DAY 2016

World Environment Day 2016 was celebrated at all the three units of the Company. On this occasion, with the theme "Fight against Illegal Trade in Wildlife" banners were put up in prominent locations complying with the United Nations Environment Programme (UNEP) recommendations.

Competitions like multi-lingual essay, slogan writing, quiz etc. were conducted and the winners have been awarded. Guest lectures were arranged on ecological, environmental issues being faced by the population. Plantation of Tree saplings has been organized in all the units.



Sapling plantation was inaugurated by CMD, BDL Sri. V. Udaya Bhaskar. Sri. S. Piramanayagam, Director (Finance), Sri. K. Divakar, Director (Technical), GMs and senior executives participated in sapling plantation programme.

25. QUALITY:

Your Company manufactures products which are single shot in nature. These products require stringent Quality standards and a high degree of reliability. In pursuit of this objective, your Company has been adopting International Quality Management practices by way of obtaining ISO certification for the past 21 years.



At present CP-IGMP, ITD, Electronics Division and D & E divisions have been certified with ISO 9001:2008 Quality Management System standard. Akash Division has been certified with AS 9001C; with this, all major divisions such as Milan, Bhanur Unit and Akash are certified with AS 9100C Aerospace Standards. Your Company is taking initiative to upgrade to AS 9100D (revised) standard and planning to complete upgradation by March 2018 for MILAN Division, AKASH Division and Bhanur unit. Remaining ISO certificated divisions are also planning to upgrade to AS 9100D during financial year 2018-19.



The AS 9100C Certificate was presented by Shri.S.Raghunathan of M/s NVT Quality Certification Pvt. Ltd., Bengaluru to Shri.G.Gopal, GM (Akash Msl) in the presence of Shri. A.K. Maili, GM (CS) and Senior Executives of Corp. QC and Akash.

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

All the three units of BDL at Kanchanbagh, Bhanur and Vizag have been certified with ISO 14001:2004 Environmental Management System (EMS). For all the Units periodical internal audits by internal auditors, surveillance audits by external agencies and Management Review meetings are being held.

Customer satisfaction is being measured for all major products manufactured in all the divisions. Your Company is continuously striving to improve customer satisfaction through customer meets and interaction with users. Corrective actions are being taken wherever necessary for improvement.

26. OFFICIAL LANGUAGE (OL) IMPLEMENTATION:

The provisions of OL Act-1963 (as amended in 1967) & Rules thereunder are implemented properly. Quarterly OLIC Meetings are held regularly under the Chairmanship of CMD and Directors. Similarly, the Quarterly progress reports on the use of OL are sent in time to the authorities concerned.

Under OL Act, 1963 and the Presidential Orders thereon, Annual Report of the Company, MoU with MoD and brief of the Company along with presentation for various delegations and Parliamentary Committees were prepared in bilingual form and submitted.



CMD and Functional Directors present on the occasion of Hindi Diwas Samaroh held on 16 September 2016



Hindi fortnight was celebrated from 01 to 16 September, 2016. On this occasion various competitions were organized at Kanchanbagh, Bhanur Unit and Vishakhapatnam Unit. Cash Awards were given to the winners of the competitions. On the occasion of Hindi Diwas, a Hasya Kavi Sammelan was also organized wherein the eminent poets from the twin cities were invited.

Town Official Language Implementation Committee (U) functioning is carried out by your Company Hindi Department for PSUs of twin cities consisting of 45 Organizations and was awarded NATIONAL RAJBHASHA KIRTI PURSKAR (first place) by Govt. of India in region 'C' for the year 2015-16. The award consists of a Shield and a Certificate for outstanding contribution.

The award was presented by Hon'ble President of India Sri Pranab Mukherjee at a function held at Rashtrapati Bhavan on 14 September, 2016 on the occasion of HINDI DIWAS. CMD and Chairman of the Committee received the "RAJBHASHA KIRTI PURASKAR" in the form of a Shield and Senior Manager (OL) and Member Secretary of the Committee was awarded with the Commendation Certificate for outstanding contribution.

TOLIC (U) was also awarded "Dakshin Kshetriya Rajbhasha Puraskar" (First Place) on 21 December, 2016 in a glittering function of southern level OL conference held in IICT, Hyderabad. The award consists of a Shield and a certificate for outstanding contribution. The award was presented by the Hon'ble Governor of Telangana & Andhra Pradesh Shri G.S.L.Narsimhan. Shri V Udaya Bhaskar, CMD and Chairman of the Committee received the RAJBHASHA PURASKAR in the form of a Shield and Senior Manager (OL) & Member Secretary of the Committee was awarded with commendation certificate for outstanding contribution.

"Rajbhasha Sangoshti evam Samman Samaroh" was organized on 03 March, 2017 by TOLIC (U). In this Seminar, Prof. Arun Tiwari, Chairman of Care Foundation and Co-Author of 'Wings of Fire' was felicitated by TOLIC (U) for delivering a lecture on Dr. A.P.J. Abdul Kalam's Life & Karma in Hindi and Dr. Shrinarayan Singh, Director, Central Translation Bureau has delivered a Guest lecture on Technical Translation.

On the occasion 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.

The Website of the company prepared in Hindi was updated from time to time in compliance of the directives from Govt. of India in this regard.

As headquarters of TOLIC, the regular half yearly meetings consisting of 45 PSUs of twin cities were organized under the Chairmanship of CMD, BDL and the decisions taken therein are implemented at the twin cities level.

Employees and Officers of the organization took active participation in the Inter PSUs Competition conducted by TOLIC (U) and six participants won prizes.

With an objective to promote, propagate Hindi and inculcate Hindi reading habit among the officers and employees of the Company, various Hindi Magazines and News Papers such as (1) Hindi Milap (2) Anuvad (3) Sahitya Amruth (4) Avishkar (5) Yojna (6) Hindi Rozgar Samachar (7) Pratiyogita



Darpan (8) Meri Saheli (9) Dakshin Samachar (10) Golconda Darpan (11) Vaak (12) Milind Patrika (13) Naya Gyanoday (14) Swatantra Vaartha 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.

27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Your Company being a Defence PSU, the disclosure of information with respect to conservation of energy, technology absorption, foreign exchange earning and outgo under the provisions of Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is not required as the Ministry of Corporate Affairs vide Notification GSR No.680 (E) dated 4th September, 2015 has granted exemption to Defence Public Sector Undertakings.

Technology Conservation

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, Filters, etc.,

The indigenization programme covers uncommon components which are not part of Technology transfer from Original Equipment Manufacturer (OEM). The equivalent indigenous materials were identified and processed indigenously. The evaluation process was concluded successfully validating all the sub-systems. One of the ATGMs is made from these Indigenous parts. This has helped the Company to reduce the dependence on OEM and also bringing down production costs of missiles.

Renewable Energy Development

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 good for the environment, as it does not produce pollutants or byproducts harmful to the Nature.

Your Company under Green Energy commitment to the Hon'ble Prime Minister of India committed to set up 25 MW Grid connected Solar PV power plants in the units. Currently installation of 5 MW Grid connected Solar Power plant at Bhanur unit is in progress and which would be operational during financial year 2017-18. The generated solar power would be connected to Telangana state electrical power grid at Nandigama sub-station.

During the current year, your Board has also approved installation of 5 MW grid connected plant at Ibrahimpatnam Unit and its installation process would commence shortly.



28 VIGILANCE:

CMD of BDL inaugurated the Vigilance Awareness Week on 31 October 2016 at 14.30 hrs, at ISTM Auditorium, BDL-Kanchanbagh by lighting lamp along with the Chief Guest Shri K. Padmanabhaiah, IAS (Retd.), Chairman of ASCI, Hyderabad. & Ex-Home Secretary, Govt. of India and other Senior Executives. Chief Guest delivered a guest lecture on the theme of "Public participation in promoting integrity and eradicating Corruption"



Shri K. Padmanabhaiah, IAS (Retd), Chairman, Administrative Staff College of India addressing the employees on the eve of inauguration of Vigilance Awareness Week at BDL on 31 Oct 2016

Shri A.V.Y. Krishna, IPS, Joint Director, CBI-Hyderabad delivered a Guest Lecture and participated in an interactive session with Senior Executives of BDL on 01 November 2016 at "Godavari" Conference Hall, D&E Building, BDL-Kanchanbagh, Hyderabad.

Shri Krishna Sastry Pendyala, Head-Fraud Mgt. & Digital Forensics of TCS delivered a guest lecture on 02 November 2016 at 10.00 hrs. at Auditorium, BDL- Bhanur, Telangana as part of Vigilance Awareness Week Celebrations of 2016. Vigilance Department conducted Interactive Session with Vendors and General Public on 02 November 2016 at 14.00 hrs. at Auditorium, BDL-Bhanur, wherein Vendors and General public participated and interacted with the CVO, BDL and Senior officials of BDL.

On 04 November 2016, Valedictory Function was organized wherein Justice L. Narasimha Reddy, Former Chief Justice of Patna High Court delivered a guest lecture on the theme of "Public participation in promoting integrity and eradicating Corruption". Further, Chief Guest released the Vigilance Newsletter "AWAKE", which is compiled by BDL-Vigilance Department. The News letter consists of "Ethics code as Tools of Vigilance, Seven Principles of Public Life, Checklists for Procurement cases along with Quotations, messages of the CMD and CVO".

"Integrity Pledge for Citizens" was administered on 04 November 2016 to all the employees of BDL-Kanchanbagh, Bhanur, Badamafi and Visakhapatnam and also to college students. "Pamphlets" were distributed in Visakhapatnam town on "Citizens Integrity Pledge" as per the directions of the CVC, as part of the sensitization programme during Vigilance Awareness Week-2016.

The main focus of the Vigilance department has been preventive/pro-active vigilance. System improvement suggestions were given to the Management on areas like e-tendering, recruitment and absorption of Management Trainees, Resignation, e-payment, e-procurement, departmental promotions, foreign visits, merit awards to employees, civil works, etc during the year under report. Online submission of Annual Property Returns was also implemented during the year.



29. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY DEVELOPMENT:

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and The Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications / amendments issued by Ministry of Corporate Affairs & DPE guidelines, the Company has undertaken various activities as per the CSR Policy. The programmes/initiatives/projects are taken up in line with the Schedule-VII of the Companies Act, 2013, which are duly incorporated in CSR policy and forms the guiding principle for all our programmes.

The Board of Directors of your Company has constituted Committee on Corporate Social Responsibility and Sustainable Development (CSR & SD) (please refer Corporate Governance Report) in line with the provisions of Section 135 of the Companies Act, 2013. The Committee has formulated and recommended CSR Policy to the Board indicating the projects /activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.

The CSR and SD activities are monitored periodically by the Committee and the annual report on CSR and SD activities undertaken during the year 2016-17 is enclosed at **Annexure-II**.

During the year 2016-17, your Company spent an amount of Rs.13.18 Crore on CSR activities and achieved 100% CSR target amount required under the provisions of Companies Act, 2013.

CSR activities being undertaken are placed on Company's Web-link <http://www.bdl-india.com>.

30. AUDIT COMMITTEE:

An Audit Committee is in place as a part of good Corporate Governance. Six meetings have been held during the year 2016-17 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.

31. INTERNAL CONTROL SYSTEMS

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. The necessary disclosures have been made in Notes to Accounts. Your Company being a Government Company is subject to C&AG Audit also.

32. AUDITORS:

M/s.S.R.Mohan & Co., Chartered Accountants, Hyderabad were appointed as Statutory Auditors of the Company for the financial Year 2016-17 by the Comptroller & Auditor General of India. The Auditors have audited the Accounts and their Report is placed as a part of the Annual Report.

33. 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 March 2017 are placed next to the Statutory Auditors Report.



34. COST AUDITORS

Your Company appointed M/s DZR & Co., Cost Accounts, Hyderabad as Cost Auditors for the FY 2016-17 in terms of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules 2014.

35. 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.

36. CORPORATE GOVERNANCE:

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.

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

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 Practicing Company Secretary (**Annexure-V**) as required under the said guidelines are attached to this report.

Quarterly and Yearly compliance reports on Corporate Governance are being forwarded to MoD in the prescribed format. During the year 2016-17 your Company received "Excellent" rating from MoD for compliance of Corporate Governance under DPE Guidelines.

37. RISK MANAGEMENT:

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.

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.

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 Six months.

38. 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 2016-17, your Company has not received any Sexual harassment complaints.

39. 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. 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 of Senior Manager level to attend to queries and appeals. Further, during the year 2016-17 the Company received 122 applications/queries and the same were disposed off.

40. VIGIL MECHANISM

Pursuant to the provisions of the Section 177(9) of the Companies Act, 2013 read with Rule (7) of the Companies (Meeting of the Board & its Power) Rules, 2014 and DPE Guidelines for CPSEs, the Board of Directors had approved the policy on Whistle Blower/Vigil Mechanism and the same was hosted on website of the Company. The policy inter-alia provides a direct access to the Chairman of the Audit Committee.

41. ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the valuable support and assistance received from all Government Agencies, particularly Ministry of Defence, Ordnance Factories, 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.

The Company wishes to place on record its appreciation for the cooperation 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 : 03/08/2017

V UDAYA BHASKAR
Chairman and Managing Director
DIN : 06669311

**ANNEXURE-I****FORM No. MGT – 9**

**EXTRACT OF ANNUAL RETURN
FOR THE FINANCIAL YEAR ENDED ON 31 MARCH 2017**

[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 Identity Number (CIN)	:	U24292TG1970GOI001353
ii) Registration Date	:	16 JULY 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-500058 040-24344979
vi) Whether Listed Company	:	YES/ 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
1.	Disclosure of the information exempted as per MCA notification No. Nil Dated 05 June 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 Shareholding

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	
A. Promoters									
1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	977500	977500	100%	-	1221875	1221875	100%	25% *
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total A (1)		977500	977500	100%	-	1221875	1221875	100%	25% *
2) Foreign									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
Sub-total A (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A) (1) + (A) (2)	-	977500	977500	100%	-	1221875	1221875	100%	25%*



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. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Company	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
i) Other (Specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corporate	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individuals Shareholders holding nominal share capital upto Rs 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
c) Other (Specify)	-	-	-	-	-	-	-	-	-
Sub-total B (2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B) (1) + (B) (2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	977500	977500	100%	-	1221875	1221875	100%	25%*

*Due to Bonus shares issued @ 1:4

**ii) Shareholding of Promoters**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (01 April 2016)			Share holding at the end of the year (31 March 2017)		
		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	977500	100%	-	1221875	100%	-

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

	Date	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
President of India					
At the beginning of the year	01/04/2016	977500	100%	977500	100%
Increase on account of Allotment of Bonus Shares	25/11/2016	244375	25%	244375	25%
At the end of the year	31/03/2017	1221875	100%	1221875	100%

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

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				
Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment/transfer/bonus/ sweat equity etc):	-Nil -			
At the End of the year (or on the date of separation, if separated during the year)	-Nil -			



v) Shareholding of Directors and Key Managerial Personnel:

**1) Shri.V.Udaya Bhaskar, Chairman & Managing Director
(Nominee of President of India)**

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	1	0.0001%	1	0.0001%
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).	1	0.0001%	1	0.0001%

**2) Shri.S.Piramanayagam, Director (Finance)
(Nominee of President of India)**

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	1	0.0001%	1	0.0001%
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).	1	0.0001%	1	0.0001%

(V) INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount			-NIL-	
ii) Interest due but not paid			-NIL-	
iii) Interest accrued but not due			-NIL-	
Total (i + ii + iii)			-NIL-	
Change in Indebtedness during the financial year				
• Addition			-NIL-	
• Reduction			-NIL-	
Net Change			-NIL-	
Indebtedness at the end of the financial year				
i) Principal Amount			-NIL-	
ii) Interest due but not paid			-NIL-	
iii) Interest accrued but not due			-NIL-	
Total (i + ii + iii)			-NIL-	

**(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole Time Directors and/or Manager:**

Sl. No	Particulars of Remuneration	Name of MD/ WTD/ Manager					Total Amount (in Rs)
		V Udaya Bhaskar CMD	AVM NB Singh* Director (Technical)	S Piramanayagam Director (Finance)	V Gurudatta Prasad Director (Production)	K.Divakar** Director (Technical)	
1.	Gross Salary						
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	54,11,614	23,94,814	37,65,986	39,86,143	31,17,387	1,86,75,944
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	7,43,223	3,000	8,400	8,400	8,400	7,71,423
	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)	61,54,837	23,97,814	37,74,386	39,94,543	31,25,787	1,94,47,367
* AVM NB Singh superannuated w.e.f. 30 June 2016							
** Shri.K.Divakar was appointed as Director (Technical) w.e.f 01 July 2016. Prior to that he was General Manager (D&E) of the Company							

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of the Directors			Total Amount (in Rs)
		Smt.Sushama V Dabak	Prof. Ajay Pandey	Lt.Gen. Anil Chait (Upto 01 Jun 2016)	
1.	Independent Directors • Fee for attending Board Committee Meetings • Commission • Others, Please specify	2,20,000	2,50,000	60,000	5,30,000
	Total (1)	2,20,000	2,50,000	60,000	5,30,000
2.	Other Non-Executive Directors • Fee for attending Board Committee Meetings • Commission • Others, please specify	NIL	NIL	NIL	
	Total (2)	Nil	Nil	Nil	-
	Total (B) = (1+2)			5,30,000	
	Total Managerial Remuneration (A+B)			1,99,77,367	
	Overall ceiling as per the Act	Exempted as per the MCA Notification No. 463 (E) dated 05.06.2015			



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

Amount in Rs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel Company Secretary	
		KVLN Murthy (Upto 10 Aug 2016)	N Nagaraja* (w.e.f.11 Aug 2016)
1.	Gross Salary		
	a) Salary as per provisions contained 17 (1) of the Income-Tax Act, 1961	7,80,589	8,97,076
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	—	16,402
	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	—	--
	Total	7,80,589	9,13,478

*Joined the Company w.e.f. 02 May, 2016 and taken charge as Company Secretary w.e.f. 11 August 2016

(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)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
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 the 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 following objectives :

- Identify and focus on 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 a 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 the art technology and using treated water for Non potable purposes.
- 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 and SD Policy may be accessed on the website 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 March, 2017

- | | | |
|--|---|----------|
| i) Prof.Ajay Pandey, Independent Director | - | Chairman |
| ii) Smt.Sushama V Dabak, Independent Director | - | Member |
| iii) Shri.S.Piramanayagam, Director (Finance) | - | Member |
| iv) Shri.V.Gurudatta Prasad, Director (Production) | - | 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 Rs.65,768 lakh

d) Prescribed CSR Expenditure:

The prescribed CSR Expenditure i.e. 2% of the amount in the item No.(c) above is Rs. 1,315.36 lakh

e) Details of CSR spent during 2016-17

i) Total amount to be spent as per Companies Act, 2013 for the financial year: Rs. 1,315.36 lakh

ii) Amount unspent, if any : Nil

iii) The manner in which the amount spent during the financial year is given hereunder:

**CSR ACTIVITIES UNDERTAKEN DURING THE FY 2016-17
(FORMAT PRESCRIBED UNDER RULE 8 OF THE COMPANIES (CSR POLICY) RULE 2014)**

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 programmes was undertaken		Direct expenditure on the project or programs	Over-heads		
1	Mid-Day Meal at Patancheru & Vizag	Education	Local	Sangareddy Telangana State & Visakhapatnam, Andhra Pradesh	160.5	151.89	NIL	151.89	Akshaya Patra Foundation
2	Health Care at Nalgonda	Health	Otherarea	Nalgonda Dist.in TG State	26.95	16.21	NIL	16.21	HelpAge India
3	Health Care at Vizag	Health	Local	Narsipatnam, Vizag, AP	33.84	16.85	NIL	16.85	HelpAge India
4	Safe Drinking Water	Drinking water supply	Otherarea	Nalgonda Dist.in TG State	5.4	6.3	NIL	6.3	Naandi Foundation
5	Village adoption Kyasaram	Rural Development	Local	Sangareddy, Telangana State	80.00	51.34	NIL	51.34	Direct
6	Village adoption Gondupalem	Rural Development	Otherarea	Visakhapatnam, Andhra Pradesh	80.00	58.42	NIL	58.42	Direct
7	School Furniture for Govt. Schools in Nalgonda District	Education	Other area	Nalgonda, Telangana State	20	9.75	NIL	9.75	Central Prisons, Chanchalguda Hyderabad.
8	Adoption of ITIs in Hyderabad & Amravati	Skill Development	Local	Hyderabad, Telangana State	350	185.23	NIL	185.23	Direct
9	Skill Development Programme	Skill Development	Other area	Chithradurga, Karnataka	100	90	NIL	90	I.I.Sc. Bengaluru



10	Provision of running water facility for toilets in Govt. Schools of Telangana State	Sanitation	Local	Sangareddy, Nalgonda, Ranga Reddy, Telangana State	16.43	16.43	NIL	16.43	Telangana Sarva Siksha Abhiyaan
11	Provision of running water facility for toilets in Govt. Schools of AP.	Sanitation	Local	Visakhapatnam, Andhra Pradesh	4.2	4.2	NIL	4.2	Andhra Pradesh, Sarva Siksha Abhiyan
12	Maintenance of Schools Toilets in Govt. Schools of Andhra Pradesh	Sanitation	Local	Sangareddy, Nalgonda, Ranga Reddy, Telangana State	38.52	27.81	NIL	27.81	Telangana Sarva Siksha Abhiyan
13	Maintenance of School Toilets in Govt. Schools of Andhra Pradesh	Sanitation	Local	Visakhapatnam, Andhra Pradesh	9	2.25	NIL	2.25	Visakhapatnam, Andhra Pradesh
14	Eesagu	Rural Development	Local	Sangareddy, Telangana State	-	6.44	NIL	6.44	IIT, Hyderabad
15	ITI Qualified Candidates Skill Development of Ambajari	Skill Development	Other	Nagpur, Maharastra	-	1.89	NIL	1.89	Ordinance Factory, Ambajari
16	CCTVs Installation at Kanchanbagh PS Limits	Others	Local	Hyderabad, Telangana State	20	15	NIL	15	Hyderabad Policy Department
17	GHMC She "e-Toilets"	Sanitation	Local	Hyderabad Telangana State	200	180	NIL	180	Great Hyderabad Municipal Corporation
18	National sports development fund	Sports	Local	Hyderabad Telangana State	225	225	Nil	225	Ministry of Youth Affaris and Sports
19	Swachh Bharat Kosh	Others	Other	Hyderabad, Telangana State	205	205	Nil	205	Direct
20	Skill Development Spare Equipment Transportation to ITI	Skill Development	Local	Hyderabad, Telangana State	3.75	3.75	NIL	3.75	Direct
21	CSR Administrative Overheads	Others	Local	Hyderabad, Telangana State	44.51	44.51	NIL	44.51	Direct
GRAND TOTAL					1623.10*	1318.27			

* Note: This is an Estimated Project Cost for which approval was taken from the Board. It may be noted that under the provisions of the Act, the Company has to spend Rs. 1315.36 lakh for CSR activities (i.e. 2% of the average net profits for the last three years) for the year 2016-17. However the Company has spent Rs. 1318.27 lakh 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

Place: New Delhi
Date : 03/08/2017

V. UDAYA BHASKAR
Chairman and Managing Director
DIN: 06669311

PROF.AJAY PANDEY
Chairman of CSR &SD
DIN: 01292877

**ANNEXURE-III****MANAGEMENT DISCUSSION 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 has established itself in the manufacture of 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 manufacturing divisions of the company have ISO 9001: 2008 certification. Milan 2T, Akash and Bhanur Units have been certified with AS 9110C Aerospace 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.

2. FUTURE OUTLOOK:

The Defence Industry in India is experiencing significant and progressive change with huge opportunities for growth. In the new Defence Procurement Procedure (DPP) 2016, the Government has introduced a new procurement category called Buy-IDD (Indian Designed, Developed and Manufactured) to encourage the indigenously designed and developed products/solutions. Your Company has always been promoting indigenous design, development and manufacture of products/solutions. This category of acquisition is likely to benefit the company in the long run and enable to channelize the resources to develop and deploy more indigenous products with the help of MSME's and private sector industry in India.

Your Company is aware that its Nominated Production Agency Status is being slowly transformed into that of a Competitive Bidder. In the last two years, private sector participation in India's defence sector has been rising and large Indian private sector conglomerates have increased their exposure to Indian defence market. This is facilitated by several policy interventions by Government support and



specifically the 'Make in India' Program. The impact of these initiatives has created more opportunities for domestic industry to tie-up with global defence companies for products and technologies. Increased focus on the Indian defence market by Indian private sector and global players is likely to further increase the competition for your Company in the coming years.

Your Company has a healthy order book position of Rs.11170 Crore as on 31 March 2017 with the inclusion of fresh order of one of the ATGMs. Further, your Company received Export Order worth Rs.146 Crore for Torpedoes, which will keep the production lines busy in the years ahead. Your Company is having challenging times ahead with delivery commitments with respect to major ATGMs and SAM Projects.

Based on the Order book position and anticipated orders, your Company is well poised for a rapid 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. 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) Dependency on single source vendor developed by the designer.
- ii) Capacity constraints of Vendors
- iii) Continued dependence on OEMs in respect of certain projects.
- iv) Long gestation time in concluding contracts and getting orders.
- v) Lengthy acquisition periods for the weapon systems by Armed forces.

4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has put in place all required internal controls and systems commensurate with its size and nature of the business to meet the canons of financial propriety. The effectiveness of the internal controls is continuously monitored by an in house Internal Audit Department comprising of professionally qualified personnel. Internal Audit's main objective is to provide to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organisation's risk management, control and governance processes. The scope of the Internal Auditor is approved by the Audit Committee of the Board. Appointment of External audit firms has been continued to ensure adequacy and report thereon. These audit firms are in addition to Internal Audit Department supporting the department. 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.

- a) **Cost reduction initiatives:** A cost reduction committee has been constituted with senior executives from divisions for the year 2016-17. Various areas of cost reduction have been



identified such as reduction in material cost, Indigenization, outsourcing, energy saving by replacing existing units with energy efficient units, change of production process in specific areas and use of alternative material. During the year under report, an amount of Rs. 11.78 Crore has been achieved under cost review/reduction programme.

- b) Economy Measures:-** In line with Ministry of Finance Office Memorandum on Expenditure Management, Economy Measures and Rationalization of expenditure, Company has observed financial prudence and economy on areas like travelling expenses, advertisement and publicity expenses, purchase of new vehicles, conducting seminars and conferences, courtesy and entertainment, etc during the year 2016-17.

Inventory of raw-material, work-in progress and spare parts is maintained at optimal levels. Energy consumption, fixed and variable overheads and Contingency expenditures are being constantly reviewed and pruned to bare minimum.

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

- a) Performance of the Company in financial terms is summarized below:

Particulars	Rs. in Crore		% of Increase/ (Decrease)
	2015-16*	2016-17	
Value of Sales	4,159.97	4,886.62	17.47
Value of Production	4,297.83	5,011.00	16.59
Profit Before Tax	847.31	802.81	(5.25)
Profit After Tax	564.88	524.06	(7.23)
Value Added	1,677.53	1,885.77	12.41

- b) Following data reflect the financial position of the Company:

Particulars	Rs. in Crore		% of Increase/ (Decrease)
	2015-16*	2016-17	
Net Block	553.76	596.99	7.81
Working Capital	2,052.30	1,569.75	(23.52)
Capital Employed	2,746.15	2,327.85	(15.23)
Net Worth	1,800.02	2,194.98	21.94

*Regrouped figures as per IND-AS



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

a) The manpower strength of the Company as on 31 March 2017 is as under:

	Non- Executives	Executives	Total
Male	2,042	791	2,833
Female	247	102	349
Total	2,289	893	3,182
Previous Year	2,269	863	3,132

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

b) Industrial Relations

Your 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 workplace 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 are 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 a zero liquid discharge system, hazardous waste disposal system and further various initiatives were undertaken 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 good 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.

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. 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 during FY 2017-18. The generated solar power would be connected to Telangana state electrical power grid at Nandigama sub-station.

During the current year, your Board also approved installation of another 5MW grid connected Solar Power project at Ibrahimpatnam Unit and its installation works will commence soon in the current financial year.

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:

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.

In keeping with its professional approach, the Company is implementing the precepts of Corporate Governance both in letter and spirit.

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:

a) Composition and Category of Directors:-

The strength of the Board of BDL shall not be less than 2 and not more than 15 under the provisions of the Articles of Association of the Company as amended from time to time. The Directors shall not be required to hold any qualification shares.

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).

b) Details of the Members of the Board during the year are as follows:

A)	Functional/Whole Time Directors	Designation
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)
5)	Shri K Divakar**	Director (Technical)
B)	Part-Time Government Director	
	Shri.Ashwani Kumar Mahajan, Addl.FA & JS	Government Director
C)	Part-time Non-Official Directors/Independent Directors	
1)	Smt.Sushama V Dabak	Independent Director
2)	Prof Ajay Pandey	Independent Director
3)	Lt. Genl. Anil Chait***	Independent Director
	* Superannuated on 30 June 2016	
	** Appointed w.e.f 01 July 2016	
	*** Vide MoD letter No.H-62011/7/2014-D(BDL) Dt.09 August 2016, Lt.Gen.Anil Chait, ceased to be on the Board on resignation w.e.f.01 June 2016	



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

i) During the year 2016-17, Seven (7) Board Meetings were held on 16 May 2016, 30 June 2016, 10 August 2016, 27 September 2016, 25 November 2016, 24 January 2017 and 07 March 2017. 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. 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 2016-17 etc., are furnished below:

Directors	Board Meetings		Attendance At last AGM held on 28 Sep 2016	No. of other directorships held	No. of committee membership across all companies	
	No. of Board Meetings held during respective tenure of Directors	No. of meetings attended			As Chairman	As Member
Functional Directors						
Shri V Udaya Bhaskar Chairman & Managing Director	7	7	Yes	-	2	-
AVM NB Singh,* Director (Technical)	2	2	No.	-	-	3
Shri S Piramanayagam Director (Finance)	7	7	Yes	-	-	3
Shri V Gurudatta Prasad Director (Production)	7	7	Yes	-	-	4
Shri K Divakar** Director (Technical)	5	4	Yes	-	-	1
Government Directors						
Shri Ashwani Kumar Mahajan, Addl. FA & JS.	7	5	-	-	-	2
Independent Directors						
Smt.Sushama V Dabak	7	7	Yes	-	1	2
Prof Ajay Pandey	7	6	-	-	4	4
Lt Gen (Retd.) Anil Chait.***	1	1	-	-	1	3
<p>* Superannuated on 30 June 2016</p> <p>** Appointed w.e.f 01 July 2016</p> <p>*** Vide MoD letter No.H-62011/7/2014-D(BDI) Dt.09 August, 2016, Lt.Gen.Anil Chait, ceased to be on the Board on resignation w.e.f.01 June 2016</p>						



- ii) Leave of absence was granted to Directors in case of their inability to attend the meeting due to unavoidable reasons.
- iii) 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:

The Company has the following five (5) Committees of the Board functioning as on 31 March 2017:

- a) Audit Committee
- b) Remuneration Committee
- c) Procurement Committee
- d) CSR & SD Committee
- e) HR Committee

Minutes of the Meeting of the Committees are being placed in the Board Meeting held immediately after the committee meetings for noting by the Board. Decisions are being taken by the Committees by majority/unanimous.

4. AUDIT COMMITTEE:

a) Brief Description of Terms of Reference

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 the 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.

Four Chartered Accountant firms have been assigned the task to conduct the Internal Audit of the Company from the year 2015-16 onwards. These are in addition to the Internal Audit Department of the



Company. Audit Reports submitted by Chartered Accountant Firms during the year were placed before the Audit Committee for its review.

b) Composition, Name of Members and Chairman:

i) During the year the Company reconstituted the Committee. The composition of the Committee during the year 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
Shri V Gurudatta Prasad, Director (Production)***	Member
* Resigned w.e.f.01June 2016	
** Superannuated w.e.f. 30 June 2016	
*** Appointed as member of the Committee w.e.f 10 Aug 2016.	

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

c) During the year, Six (6) meetings of the Audit Committee were held on 16 May 2016, 10 August 2016, 27 September 2016, 25 November 2016, 24 January 2017 and 06 March 2017. 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
Chairperson :			
1.	Smt Sushama V Dabak, Independent Director	6	6
Members :			
1.	AVM NB Singh, Director (Technical)*	1	1
2.	Shri V Gurudatta Prasad, Director (Production)**	4	4
3.	Prof. Ajay Panday, Independent Director	6	5
4.	Lt Gen (Retd) Anil Chait, Independent Director***	1	1
* Superannuated w.e.f. 30 June 2016.			
** Appointed as member of the Committee w.e.f 10 Aug 2016.			
*** Resigned w.e.f.01June 2016.			



5. REMUNERATION COMMITTEE:

- a) During the year the Company reconstituted the Committee and the composition of the Committee during the year is as under

Prof Ajay Pandey, Independent Director	Chairman
Smt. Sushama V Dabak, Independent Director	Member
Lt Gen (Retd.) Anil Chait, Independent Director*	Member
Shri.Ashwani Kumar, Addl.FA & JS, Government Director**	Member
* Resigned w.e.f01 June 2016;	
** Appointed as Member of the Committee w.e.f.10 August, 2016	

- b) During the year, two (2) meetings of the Remuneration Committee were held on 25 April 2016 and 07 March 2017. 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
Chairman:			
1.	Prof Ajay Pandey, Independent Director	2	2
Members :			
1.	Lt Gen (Retd.) Anil Chait, Independent Director*	1	1
2.	Shri Ashwani Kumar,Addl. FA & JA, Government Director**	1	1
3.	Smt Susham V Dabak, Independent Director	1	1
* Resigned w.e.f01 June 2016;			
** Appointed as Member of the Committee w.e.f.10 August, 2016			

C) Remuneration Policy/Details of Remuneration to All Directors:

- i) 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 indicates 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.
- ii) 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 up to 5 years or up to 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 the 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

- iii) For details of the remuneration of Whole-time Directors paid during the year 2016-17 please refer to Extract of Annual Return
- iv) Part-time Government Directors (Non-executive Directors) will not be paid any remuneration. They are also not paid sitting fee for attending Board/Committee meetings.
- v) The Board at its meeting held on 22 November 2013 enhanced the sitting fees payable to the Independent Directors to Rs.20000 per sitting for attending the Board Meetings and retained the sitting fee of Rs.10000 per sitting payable in respect of Board Level Committee Meetings. For details of sitting fee paid to the Independent Directors during the year 2016-17 please refer to Extract of Annual Return.

6. PROCUREMENT COMMITTEE:

- a) The Committee was constituted by the Board on 29 July 2011 to review and sanction new Projects (including R&D Projects) beyond the powers of CMD and upto a maximum limit of Rs. 25 Crore in each case and shall also approve procurement proposals which are beyond the powers of CMD but within the powers of the Board.
- b) 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 Rs.30 Crore	Upto Rs. 30 Crore
Other than Single Tender Cases	Upto Rs. 60 Crore	Upto Rs. 60 Crore
Other than Single Tender (works)	Upto Rs.100 Crore	Upto Rs.100 Crore

- c) During the year the Company reconstituted the Committee and the composition of the Committee during the year is as under

a)	Shri V Udaya Bhaskar, Chairman and Managing Director	Chairman
b)	Lt Gen (Retd.) Anil Chait, Independent Director*	Member
c)	Prof. Ajay Pandey, Independent Director	Member



d)	AVM NB Singh, Director (Technical)**	Member
e)	Shri S Piramanayagam, Director (Finance)	Member
f)	Shri V Gurudatta Prasad, Director (Production)	Member
g)	Shri.K.Divakar, Director (Technical)***	Member
<ul style="list-style-type: none"> * Resigned w.e.f.01 June 2016 ** Superannuated w.e.f. 30 June 2016 *** Appointed as Member of the Committee w.e.f 01 July 2016 		

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

- d) During the year 2016-17, Four (4) meetings of the Procurement Committee were held on 16 May 2016, 27 September 2016, 16 November 2016 and 24 January 2017. 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
Chairman:			
1.	Shri V Udaya Bhaskar, Chairman & Managing Director	4	3
Members :			
1.	AVM NB Singh, Director (Technical)*	1	1
2.	Shri S Piramanayagam, Director (Finance)	4	4
3.	Shri V Gurudatta Prasad, Director (Production)	4	4
4.	Prof Ajay Pandey, Independent Director	4	4
5.	Lt Gen (Retd.) Anil Chait, Independent Director**	1	1
6.	Shri K Divakar, Director (Technical)***	3	2
<ul style="list-style-type: none"> * Superannuated w.e.f. 30 June 2016 ** Resigned w.e.f.01 June 2016 *** Appointed as Member of the Committee w.e.f.01 July 2016 			



7. CSR & SD COMMITTEE:

- a) The Company reconstituted the CSR & SD Committee during the year and the composition of the Committee during the year is as under

a)	Prof. Ajay Pandey, Independent Director*	Chairman
b)	Lt Gen (Retd.) Anil Chait, Independent Director**	Chairman
c)	Smt Sushama V Dabak, Independent Director***	Member
d)	AVM NB Singh, Director (Technical)****	Member
e)	Shri S Piramanayagam, Director (Finance)	Member
f)	Shri V Gurudatta Prasad, Director (Production)	Member
<p>* Appointed as Chairman of the Committee w.e.f 30 June 2016 ** Resigned from the Board w.e.f 01 June 2016 *** Appointed as Member of Committee w.e.f 10 August 2016 **** Superannuated w.e.f. 30 June 2016</p>		

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.

- b) During the year under report, three (3) meetings of the Committee was held on 16 May 2016, 27 July 2016 and 06 March 2017. 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 respective member	No. of meetings attended
Chairman:			
1.	Lt Gen. (Retd.) Anil Chait, Independent Director*	1	1
2.	Prof. Ajay Pandey, Independent Director**	2	2
Members :			
1.	AVM NB Singh, Director (Technical)*	1	1
2.	Shri S Piramanayagam, Director (Finance)	3	3
3.	Shri V Gurudatta Prasad, Director (Production)	2	2
4.	Smt Sushama V Dabak, Independent Director****	1	1
<p>* Resigned from the Board w.e.f 01 June 2016 ** Appointed as Chairman of the Committee w.e.f 30 June 2016 *** Superannuated w.e.f. 30 June 2016 **** Appointed as Member of Committee w.e.f 10 August 2016</p>			



8. 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 was reconstituted on 10 August 2016 with the following members

a)	Shri V Udaya Bhaskar, Chairman and Managing Director	Chairman
b)	Shri.Ashwani Kumar, Addl.FA&JS Government Director	Member
c)	Shri S Piramanayagam, Director (Finance)	Member
d)	Shri V Gurudatta Prasad, Director (Production)	Member

No meetings were held during the year

9. SEPARATE MEETING OF INDEPENDENT DIRECTORS:

- 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 Independent Directors 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.
- As per the aforesaid DPE guidelines a separate meeting of Independent Directors was held on 06 March 2017 for the year 2016-17.

10. GENERAL BODY MEETINGS:

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
44	2013-14	26 Sep 2014	14:00 Hrs	Registered Office, Kanchanbagh, Hyderabad	NIL
45	2014-15	28 Sep 2015	15:00 hrs		NIL
46	2015-16	28 Sep 2016	15:00 hrs		NIL



11. DISCLOSURES:

- a) During the year 2016-17 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.
- b) 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.
- c) Whistle Blower Mechanism:- The guidelines on 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.
- d) 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 IND-AS 108 (Erstwhile AS-17) relating to Segment reporting keeping in view the nature of business and the sensitive nature of the 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.
- e) There were no items of expenditure debited in the books of account, which are not for the purpose of the business.
- f) The Company has not incurred any expenditure which is personal in nature for the Board of Directors and Top management.
- g) Details of Administrative and Office Expenses as a percentage of total expenses vis-a-vis financial expenses are furnished below:

(Rs. in Crore)

Sl. No.	Particulars	2015-16	2016-17
1	Total Expenditure (other than Materials)	1234.79	1382.90
2	Administrative & Office Expenses	13.35	11.60
3	Percentage of (2) on (1)	0.99	0.84

- h) 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) 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.

- i) The Company is striving to ensure unqualified financial statements.
- ii) 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 future requirements on the technology front. As Part of training programme, (i) Management Development Programme for Senior Executives through Premier Institutions like IIM, MDI, (ii) Revalidation and skill upgradation for employees working in workshops in various trades etc are being conducted in addition to regular training programmes.

12. CODE OF CONDUCT FOR DIRECTORS AND SENIOR EXECUTIVES:

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.

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 2016-17.

A declaration to this effect by the Chairman & Managing Director is given below:

13. 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 March 2017.

For and on behalf of the Board

Place: New Delhi
Date : 03/08/2017

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 March, 31, 2017 as per the Guidelines on Corporate Governance for Central Public Section Enterprises – 2010 issued by the Government.

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, 2017.

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 with regard to the Independent Directors.

I state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Hyderabad.
Date: 17 July 2017



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

947, Balaji Nagar, Vidya Nagar, Hyderabad - 500 044.
Email : racs_y@yahoo.co.in



Addendum to the Directors' Report

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) , OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF BHARAT DYNAMICS LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2017 AND COMPANY'S REPLY.

C&AG COMMENT	COMPANY'S REPLY
<p>Statement of Profit and Loss - Note 27 -Revenue from operations Rs.4886.61 crore</p> <p>Sale of Spares also included Spares valued Rs. 40.82 crore which was accounted based on undated Inspection Certificates. Further, these certificates had reference to Company's letter of 11 April 2017 issued to the customer and thus, it was apparent that these Inspection Certificates were not issued before 31 March 2017. As date of issue of Inspection certificate was the basis for accounting of Sale of Finished goods and Spares as per the contract, inclusion of sale value of these spares in sale of Spares was not in order and resulted in an overstatement of sale of Spares by Rs.40.82 crore. This also resulted in an overstatement of profit and an understatement of inventory, the impact of which could not be quantified for want of details.</p>	<p>Sale of spares of Rs.40.82 crore was accounted based on I-Note which was signed and dated 30 March 2017 though the date was not mentioned on the top of the document. A subsequent clarification was also issued by the Inspection Agency (i.e., MSQAA, Ministry of Defence) reconfirming that the spares were inspected and cleared prior to 30 March 2017 and I-Note was prepared but was not issued to BDL, pending clarification. After the receipt of written clarifications from BDL on 11 April 2017, the I-note was issued to BDL, referring the letter of clarifications given by BDL and they again confirmed that the spares were inspected and cleared before 30 March 2017.</p> <p>Hence, according to Article 10.1 of the Contract which stipulates that the date of issue of Inspection Certificate (I-Note) Ex-BDL shall be reckoned as date of delivery, accounting of sales amounting to Rs.40.82 crore is in order.</p>

For and on behalf of the Board

V Udaya Bhaskar

Chairman and Managing Director

DIN : 06669311

(S.PIRAMANAYAGAM)

Director (Finance)

DIN : 07117827

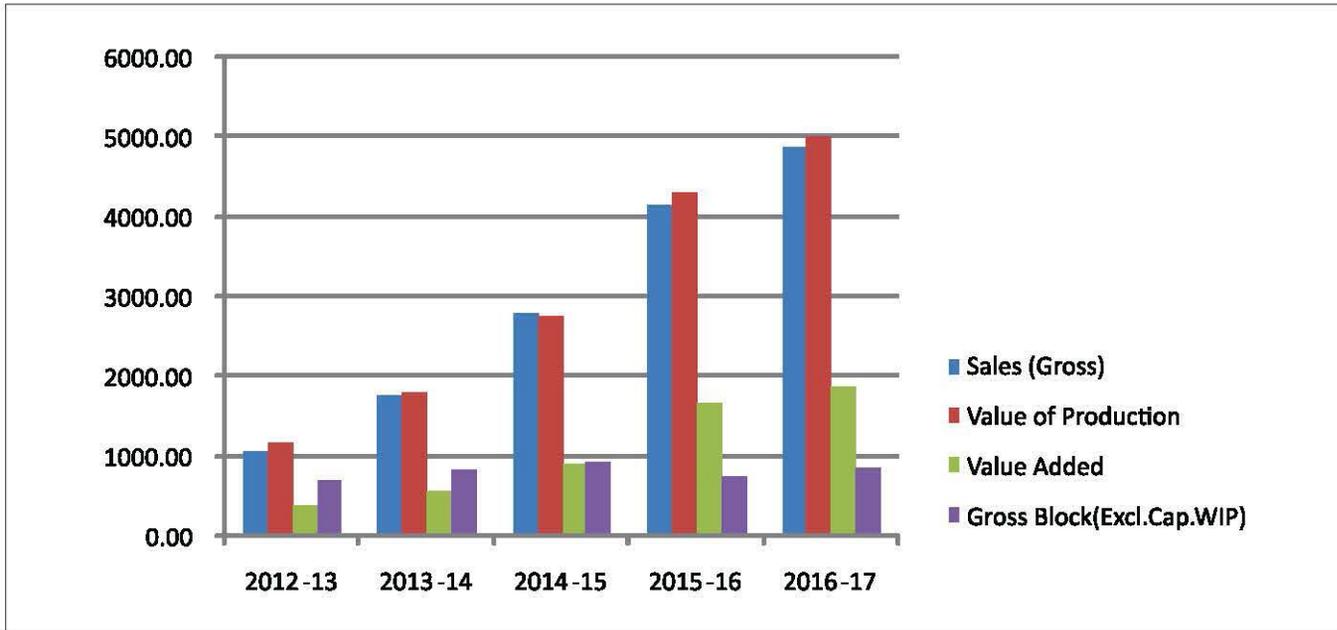
Place: New Delhi

Date: 18/09/2017



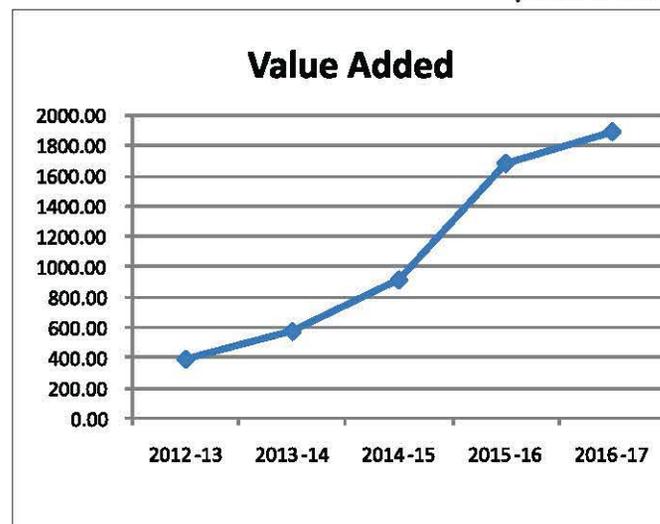
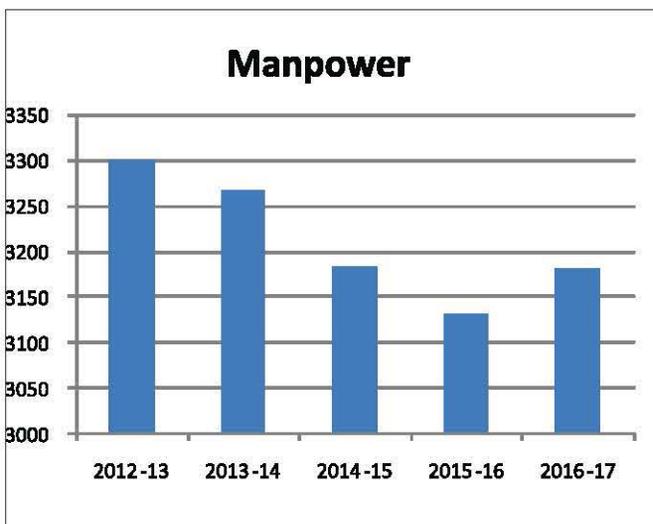
Growth and Progress

(Rs in Crore)



Manpower and Value Added

(Rs in Crore)





BHARAT DYNAMICS LIMITED :: HYDERABAD

IND AS FINANCIAL STATEMENTS - 31 MARCH 2017

Corporate information

Bharat Dynamics Limited (BDL), a Government of India Enterprise under the Ministry of Defence was established in Kanchanbagh, Hyderabad in the year 1970. It is engaged in the manufacturing missiles and allied defence equipment. The company provides majority of its goods and services to the Indian Army and Government of India.

Contents:

Ind AS Financial Statements comprises:

- (a) Balance sheet
- (b) Statement of profit and loss
- (c) Statement of changes in equity
- (d) Statement of cash flows
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information; and
- (f) Comparative information in respect of the preceding period;
- (g) Balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

Reporting Entity:

Bharat Dynamics Limited (Government of India Enterprise) is a company limited by shares, incorporated and domiciled in India.

The registered office of the company is :

Bharat Dynamics Limited
Registered and Corporate Office
Kanchanbagh, Hyderabad - 500058



BHARAT DYNAMICS LIMITED :: HYDERABAD
Balance Sheet as at 31st March 2017

(₹ in Lakh)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
(1) Non-current Assets				
(a) Property, Plant and Equipment	1	59,698.53	55,375.88	38,393.13
(b) Capital Work-in-Progress	2	13,475.45	12,506.48	13,510.95
(c) Investment Property	3	0.97	0.97	0.97
(d) Intangible Assets	4	16,013.71	13,911.66	13,003.54
(e) Intangible Assets under development	5	112.94	112.94	715.92
(f) Financial Assets				
(i) Investments	6	294.68	294.68	292.59
(ii) Loans	7	322.73	382.46	379.84
(iii) Other Financial Assets	8	5,020.42	5,480.04	5,152.90
(g) Deferred Tax Assets (net)	26	14,144.71	10,445.88	6,876.35
(h) Other Non-current Assets	9	3,301.62	3,440.63	3,579.65
Total Non - current Assets		1,12,385.76	1,01,951.62	81,905.84
(2) Current Assets				
(a) Inventories	10	2,24,000.63	2,05,766.18	1,47,566.79
(b) Financial Assets				
(i) Trade Receivables	11	15,455.05	14,017.72	25,615.07
(ii) Cash and Cash Equivalents	12	9,310.67	67,648.54	56,292.30
(iii) Bank balances other than (ii) above	13	1,64,490.00	2,56,600.00	3,10,600.00
(iv) Loans	14	289.26	256.25	245.27
(v) Other Financial Assets	15	1,72,873.28	1,48,759.28	74,136.35
(c) Current Tax Assets (Net)	26	940.39	-	2,687.33
(d) Other Current Assets	16	1,38,224.33	1,70,969.11	1,37,484.09
Total Current Assets		7,25,583.61	8,64,017.08	7,54,627.20
Total Assets		8,37,969.37	9,65,968.70	8,36,533.04
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	17	12,218.75	9,775.00	11,500.00
(b) Other Equity	18	2,07,278.84	1,70,226.60	1,48,363.76
Total Equity		2,19,497.59	1,80,001.60	1,59,863.76
(1) Non-current Liabilities				
(a) Financial Liabilities				
(i) Other Financial Liabilities	19	5,163.01	5,635.76	5,299.34
(b) Provisions	20	1,787.21	114.26	218.97
(c) Other Non-current Liabilities	21	42,912.46	1,21,429.99	1,86,229.50
Total Non-current Liabilities		49,862.68	1,27,180.01	1,91,747.81
(2) Current Liabilities				
(a) Financial Liabilities				
(i) Trade Payables	22	1,51,029.71	1,38,363.45	55,682.08
(ii) Other Financial Liabilities	23	11,712.72	10,316.22	15,353.10
(b) Other Current Liabilities	24	3,55,053.36	4,74,015.22	3,94,007.45
(c) Provisions	25	50,813.31	34,740.40	19,878.84
(d) Current Tax Liabilities (Net)	26	-	1,351.80	-
Total Current Liabilities		5,68,609.10	6,58,787.09	4,84,921.47
Total Liabilities		6,18,471.78	7,85,967.10	6,76,669.28
Total Equity and Liabilities		8,37,969.37	9,65,968.70	8,36,533.04

Significant Accounting Policies and accompanying Notes form an integral part of the Financial Statements

As per our report of even date.

For S. R. MOHAN & CO.,

Chartered Accountants

Firm's Registration No.0021115

G. JAGADESWARA RAO

Partner
(M.No.021361)

Place: New Delhi

Date: 03/08/2017

S. PIRAMANAYAGAM

Director (Finance)
DIN: 07117827

Place: New Delhi

Date: 03/08/2017

For and on behalf of the Board

V. UDAYA BHASKAR

Chairman and Managing Director
DIN: 06669311

N. NAGARAJA

Company Secretary
(M.No.A19015)



BHARAT DYNAMICS LIMITED :: HYDERABAD
Statement of Profit and Loss for the Year ended 31st March 2017

(₹ in Lakh)

Particulars		Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME				
I	Revenue from Operations	27	4,88,661.64	4,15,997.33
II	Other Income	28	29,994.26	40,456.99
III	Total Income (I + II)		5,18,655.90	4,56,454.32
EXPENSES				
IV	Cost of materials consumed	29	3,12,522.69	2,62,029.76
	Changes in inventories of finished goods and work-in-progress	30	(12,438.01)	(13,786.17)
	Employee benefits expense	31	44,838.65	32,623.49
	Finance costs	32	367.75	351.38
	Depreciation and amortisation expense	33	6,201.58	5,338.53
	Other expenses	34	86,881.98	85,166.04
	Total expenses (IV)		4,38,374.64	3,71,723.03
V	Profit/ (Loss) before exceptional items and tax (III-IV)		80,281.26	84,731.29
VI	Exceptional Items		-	-
VII	Profit before tax (V - VI)		80,281.26	84,731.29
VIII	Tax expense			
	(1) Current tax	26	31,198.21	31,847.89
	(2) Deferred tax	26	(3,322.51)	(3,604.61)
	Total Tax expense		27,875.70	28,243.28
IX	Profit/ (Loss) for the year (VII - VIII)		52,405.56	56,488.01
X	Other comprehensive income			
	A Items that will not be reclassified subsequently to profit or loss			
	(a) Remeasurement of the defined benefit plans		(1,087.41)	101.36
	(b) Income tax relating to items that will not be reclassified to profit or loss		376.33	(35.08)
	Total other comprehensive income		(711.08)	66.28
XI	Total comprehensive income for the year (IX + X)		51,694.48	56,554.29
XII	Earnings per equity share			
	Basic and diluted EPS (in Rupees)	35 (2)	4,288.95	4,272.83

Significant Accounting Policies and accompanying Notes form an integral part of the Financial Statements

As per our report of even date.

For S. R. MOHAN & CO.,

Chartered Accountants

Firm's Registration No.0021115

For and on behalf of the Board

G. JAGADESWARA RAO

Partner
(M.No.021361)

Place: New Delhi
Date: 03/08/2017

S. PIRAMANAYAGAM

Director (Finance)
DIN: 07117827

Place: New Delhi
Date: 03/08/2017

V. UDAYA BHASKAR

Chairman and Managing Director
DIN: 06669311

N. NAGARAJA

Company Secretary
(M.No.A19015)



BHARAT DYNAMICS LIMITED :: HYDERABAD

Statement of changes in equity for the year ended March 31, 2017

A. Equity

(₹ in Lakh)

Particulars	Amount
Issued and Paid up Capital at April 1, 2015	11,500.00
Less: Treasury Shares	-
Balance at April 1, 2015	11,500.00
Changes in equity share capital during the year	(1,725.00)
Balance at March 31, 2016	9,775.00
Changes in equity share capital during the year	2,443.75
Balance at March 31, 2017	12,218.75

B. Other Equity

(₹ in Lakh)

Particulars	Reserves and Surplus			
	General Reserve	Capital Redemption Reserve	Retained Earnings	Total
Balance at April 1, 2015	1,41,814.95	-	6,548.81	1,48,363.76
Profit for the year	-	-	56,488.01	56,488.01
Other comprehensive income for the year (net of tax)	-	-	66.28	66.28
Final dividend and tax thereof	-	-	(4,190.12)	(4,190.12)
Transfer to Capital Redemption Reserve	(1,725.00)	-	-	(1,725.00)
Transfer from Statement of Profit and Loss	31,800.00	-	-	31,800.00
Transfer to General Reserve	-	-	(31,800.00)	(31,800.00)
Buyback Premium Written off	(18,160.80)	-	-	(18,160.80)
Depreciation Adjustment	(11.89)	-	-	(11.89)
Addition towards buy back during the year	-	1,725.00	-	1,725.00
Tax on Buyback of shares	-	-	(4,190.06)	(4,190.06)
Interim Dividend	-	-	(6,762.00)	(6,762.00)
Tax on Interim Dividend	-	-	(1,376.58)	(1,376.58)
Tax on Proposed Final Dividend (P.Y.)	-	-	-	-
Balance at March 31, 2016	1,53,717.26	1,725.00	14,784.34	1,70,226.60

Particulars	Reserves and Surplus			
	General Reserve	Capital Redemption Reserve	Retained Earnings	Total
Balance at April 1, 2016	1,53,717.26	1,725.00	14,784.34	1,70,226.60
Profit for the year	-	-	52,405.56	52,405.56
Other comprehensive income for the year (net of tax)	-	-	(711.08)	(711.08)
Final dividend and tax thereof	-	-	(12,198.49)	(12,198.49)
Transfer to Capital Redemption Reserve	-	-	-	-
Transfer from Statement of Profit and Loss	35,300.00	-	-	35,300.00
Transfer to General Reserve	-	-	(35,300.00)	(35,300.00)
Issue of Bonus shares	(718.75)	(1,725.00)	-	(2,443.75)
Buyback Premium Written off	-	-	-	-
Depreciation Adjustment	-	-	-	-
Addition towards buy back during the year	-	-	-	-
Tax on Buyback of shares	-	-	-	-
Interim Dividend	-	-	-	-
Tax on Interim Dividend	-	-	-	-
Tax on Proposed Final Dividend (P.Y.)	-	-	-	-
Balance at March 31, 2017	1,88,298.51	-	18,980.33	2,07,278.84

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)

Place: New Delhi
Date: 03/08/2017

S. PIRAMANAYAGAM
Director (Finance)
DIN: 07117827

Place: New Delhi
Date: 03/08/2017

For and on behalf of the Board

V. UDAYA BHASKAR
Chairman and Managing Director
DIN: 06669311

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



BHARAT DYNAMICS LIMITED :: HYDERABAD
Cash flow statement for the year ended March 31, 2017 (₹ in Lakh)

Particulars	March 31, 2017		March 31, 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before exceptional items and tax		80,281.26		84,731.29
Adjustments for:				
Depreciation and amortisation expense	6,201.59		5,338.53	
Finance costs	367.74		351.38	
Interest income	(20,166.77)		(31,016.44)	
Profit on Sale of Fixed Assets	20.31		-	
Deferred revenue on customer provided Assets	(704.79)		(713.68)	
Provisions for expenses	12,571.41		6,247.57	
Liabilities / provisions no longer required written back	(4,522.08)		(1,759.99)	
Fair value adjustment to investment carried at fair value through profit and loss	(152.41)		(157.30)	
Operating profit before working capital changes		73,896.26		63,021.36
Changes in working capital:				
Adjustments for (increase) / decrease in operating Assets:				
Trade receivables	(1,437.34)		11,597.36	
Other Bank balances	92,110.00		54,000.00	
Loans	26.73		(13.59)	
Other Financial Assets	(17,076.14)		(80,413.69)	
Inventories	(18,653.03)		(58,199.40)	
Other Assets	32,744.78		(33,485.02)	
Adjustments for increase / (decrease) in operating Liabilities:				
Trade payables	12,666.27		82,681.37	
Other Financial Liabilities	9,521.02		(4,557.49)	
Other Liabilities	(1,96,917.56)		11,731.89	
Provisions	4,620.49		10,370.62	
Cash generated from operations		(8,498.52)		56,733.41
Net income tax paid		(33,490.40)		(27,808.76)
Net cash flow before exceptional items		(41,988.92)		28,924.65
Exceptional items		-		-
Net cash from/ used in operating activities (A)		(41,988.92)		28,924.65
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed Assets, including capital advances	(13,635.92)		(21,633.84)	
Proceeds from sale of fixed Assets	20.34		-	
Interest received	13,883.91		36,492.31	
Net cash from/ used in investing activities (B)		268.33		14,858.47
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares	-		-	
Share application money received	-		-	
Finance costs	(228.73)		(212.37)	
Buyback of shares	-		(19,885.80)	
Tax on buy back of shares	(4,190.06)		-	
Dividends paid	(12,198.49)		(12,328.70)	
Tax on dividend	-		-	
Net cash from/ used in financing activities (C)		(16,617.28)		(32,426.87)
Net (decrease) in Cash and Cash Equivalents (A+B+C)		(58,337.87)		11,356.25
Cash and Cash equivalents at the beginning of the year		7,648.54		56,292.29
Cash and Cash equivalents at the end of the year (Refer Note (i) below)		9,310.67		67,648.54
Note (i) :				
Cash and Cash equivalents Comprises:				
in current accounts		4,614.29		2,033.57
in deposit accounts		4,690.79		65,596.83
Cash on hand		5.59		18.14
		9,310.67		67,648.54

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)

Place: New Delhi
Date: 03/08/2017

S. PIRAMANAYAGAM
Director (Finance)
DIN: 07117827

Place: New Delhi
Date: 03/08/2017

For and on behalf of the Board

V. UDAYA BHASKAR
Chairman and Managing Director
DIN: 06669311

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



ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1.1 Compliance with Ind AS:

The financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) rules, 2015], as amended from time to time and other relevant provisions of the Act.

1.2 Historical cost convention:

The financial statements are prepared under historical cost basis, except for the following:

certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;

defined benefit plans – plan assets measured at fair value

1.3 Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in India requires management, where necessary, to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

2. FOREIGN CURRENCY TRANSLATION

2.1 Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Bharat Dynamics Limited's functional and presentation currency.

2.2 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Liability for deferred payments (and receivable from Indian army and ordnance factory) 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. The differences due to fluctuations in the rate of exchange are charged to revenue.

3. REVENUE RECOGNITION

Sale of goods:

Timing of recognition:

The Company recognizes revenue from sale of goods when titles to the goods have been passed on to the customer as per the terms of contract, at which time all the following conditions are satisfied:

- i. the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii. the amount of revenue can be measured reliably;
- iv. it is probable that the economic benefits associated with the transaction will flow to the Company; and
- v. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales on bill and hold basis:

Revenue is recognised when specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required and once the following conditions are met:

- a. The title is transferred as per the contractual terms
- b. It is probable that delivery will take place;
- c. The item is on hand, identified and ready for delivery to the buyer at the time when the sale is recognized;
- d. The delivery is deferred based on contractual terms; and

- e. The usual payment terms apply

Ex-works Contract:

In case of ex-works contracts revenue is recognised when specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.

FOR Contract:

In the case of FOR contracts sale is recognised when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated by the contract.

In the case of FOR destination contracts revenue is recognised once the goods reach the destination.

Multiple elements:

In cases where the installation and commissioning or any other separately identifiable component is stipulated and price for the same agreed separately, the company applies the recognition criteria to separately identifiable components of the transaction and allocates the revenue to those separate components.

In case of a bundled contract, where separate fee for installation and commissioning or any other separately identifiable component is not stipulated, the company applies the recognition criteria to separately identifiable components of the transaction and allocates the revenue to those separate components based their relative fair values.

Customer financed assets:

The assets received from customers free of cost are recognized initially at fair value. The corresponding revenue will be recognised as follows:

If only one service is identified, the entity shall recognize revenue when the service is performed if



more than one separately identifiable service is identified, the fair value of the total consideration received or receivable for the agreement is allocated to each service and the recognition criteria are then applied to each service

If an ongoing service is identified as part of the agreement, the period over which revenue shall be recognised for that service is generally determined by the terms of the agreement with the customer

Measurement of revenue:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty, but net of returns, trade allowance, rebates, value added taxes, service tax and amounts collected on behalf of third parties.

Construction contract:

Contract revenue includes initial amount agreed in the contract and any variation in contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably. Contract revenue is recognized in proportion to the stage of completion of the contract. Stage of completion is assessed based on ratio of actuals costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract.

If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognized to the extent costs incurred. An expected loss on construction contract is recognized as an expense immediately when it is probable that the total contract costs will exceed the total contract revenue.

Sale of services:

Timing of recognition:

Revenue from services is recognised in the accounting period in which the end of the reporting

period as a proportion of the total services to be provided (percentage of completion method).

Measurement of revenue:

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Price escalation:

In case of contracts where additional considerations is to be determined and approved by the customers, such additional revenue is recognized on receipt of confirmation from customer(s). Where break up prices of sub units are not provided for, the same are estimated.

Interest income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend:

Dividend income is recognized when the Company's right to receive the payment is established.

4. GOVERNMENT GRANTS

Grants from the government are recognized at their fair value where there is reasonable assurance that grant will be received and the company will comply with all attached conditions.



Government grants relating to income are deferred and recognized in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Grants related to non-depreciable assets may also require the fulfilment of certain obligations and would then be recognised in profit or loss over the periods that bear the cost of meeting the obligations.

5. INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax:

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax:

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting profit nor the

taxable profit (tax loss). Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax asset is also recognised for the indexation benefit on land available for taxation purpose since it results in a temporary difference.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to the items recognized in other comprehensive income or directly equity. In this case, the tax is also recognized in other comprehensive income or directly equity, respectively.

6. LEASES

A lease is classified at the inception date as a finance lease or operating lease.

As a lessee

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of minimum lease payments. The corresponding rental obligations,



net of finance charges, are included in the borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

Leases in which a significant portion of risks and rewards of ownership are not transferred to the company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary costs increases.

As a lessor

Lease income from operating leases where the company is a lessor is recognized in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary costs increases. The respective leased assets are included in the balance sheet based on their nature.

7. INVENTORIES

- 7.1 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.
- 7.2 Stationery, uniforms, welfare consumables, medical and canteen stores are charged off to revenue at the time of receipt.

- 7.3 Raw-materials, Components, Construction Materials, Loose Tools and Stores and Spare Parts declared surplus/ unserviceable / redundant are charged to revenue.
- 7.4 Provision for redundancy is made in respect of closing inventory of Raw materials and Components, and Construction Materials 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.

8. FINANCIAL INSTRUMENTS

Financial Assets:

All financial assets are recognised on trade date when the purchase of a financial asset is under a contract whose term requires delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets which are classified as at fair value through profit or loss (FVTPL) at inception. All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value.

i) Classification of financial assets:

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss) and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.



For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The company reclassifies debt investments when and only when its business model for managing those assets changes.

ii) Measurement:

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

a) Debt instruments -

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. The company classifies its debt instruments as:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt

investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

b) Equity instruments -

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets:

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires



expected lifetime losses to be recognised from initial recognition of the receivables.

Time barred dues from the government/government departments/government companies are generally not considered as increase in credit risk of such financial asset.

Derecognition of financial assets

A financial asset is derecognized only when

- The company has transferred the rights to receive cash flow from the financial asset or
- retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay cash flows to one or more recipients

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Trade receivables:

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the amount is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business if longer), they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component in accordance with Ind AS 18 (or when the entity applies the practical expedient) or pricing adjustments embedded in the contract.

Loss allowance for expected life time credit loss is recognised on initial recognition.

Financial liabilities and equity instruments issued by the Company

Classification

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

b) Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.



Trade and other payables

These amounts represent liabilities for goods and services provided to the Company. Trade and other payables are presented as current liabilities if payment is due within 12 months after the reporting period otherwise as non-current. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Derivatives

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The derivatives that are not designated as hedges are accounted for at fair value through profit and loss and are included in other gains/ (losses).

a) Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial Assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract and are measured at fair value through profit and loss. Embedded derivatives closely related to the host contract are not separated.

b) Embedded foreign currency derivatives

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host

contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

- The functional currency of any substantial party to that contract,
- The currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world,
- A currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency)

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

9. CASH AND CASH EQUIVALENTS:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.



Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

10. FAIR VALUE MEASUREMENT

The company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. Derived from prices).

Level 3 – Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Measurement

Land is capitalised at cost to the Company. Development of land such as levelling, clearing and grading is capitalised along with the cost of building in proportion to the land utilized for construction of buildings and rest of the development expenditure is capitalised 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 cost of land.

All other items of property, plant and equipment are stated at historical cost less depreciation. Historical costs includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount and recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Where the cost of a part of the asset is significant to the total cost of the asset and useful life of the part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and the significant part is depreciated on straight line method over its estimated useful life.

11.2 Depreciation method, estimated useful life and residual value:

Depreciation is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life.

The useful lives have been determined to be equal to those prescribed in Schedule II to the Companies Act, 2013.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.



11.3 Disposal

Gains and losses on disposal are determined by comparing net sale proceeds with carrying amount. These are included in statement of profit and loss.

12. INTANGIBLE ASSETS:

12.1 Licences

Separately acquired licences are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

12.2 Computer software

- a) The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognised as an Intangible Asset in the books of accounts when the same is ready for use. Intangible Assets that are not yet ready for their intended use as at the Balance Sheet date are classified as "Intangible Assets under Development.
- b) Cost associated with maintaining of software programs are recognized as an expense as incurred.
- c) Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognized as intangible assets when the following criteria are met:
 - It is technically feasible to complete the software so that it will be available for use
 - Management intends to complete the software and use or sell it
 - There is an ability to use or sell the software

- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use.

12.3 Research and development

Research expenditure and development expenditure that do not meet the criteria in 12.2 (c) above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

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.

12.4 Amortization methods and periods

The Company amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Licences	Useful Life/Production
Computer software	3 years



13 INVESTMENT PROPERTY:

Property that is held for long-term rental yields or for capital appreciation or both and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

14. NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS:

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group) but not in excess of any cumulative impairment loss previously recognised. A gain or

loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations is part of a single co-ordinated plan to dispose of such a line of business or area of operations or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

15. IMPAIRMENT OF ASSETS:

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.



The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

16. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognized as interest expense.

Warranty:

Warranty on goods sold, wherever applicable, commences once the sale is complete and accordingly provision for such warranty is made. The period, terms and conditions of warranty as per the relevant contract are taken into consideration while determining the provision for such sales.

Liquidated damages:

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.

In case of slippage of delivery schedule, provision in respect of LD is recognized 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.

Contingent Liabilities and Contingent Assets are not recognized but are disclosed in the notes.

17. EMPLOYEE BENEFITS

17.1 Short-term obligations

Liabilities for wages and salaries, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.



17.2 Other long term employee benefit obligations

The liability for vacation leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

17.3 Post-employment obligations

The Company operates the following post-employment schemes:

- (a) Defined benefit plans such as Gratuity and contribution towards Provident Fund under the PF Act; and
- (b) Defined contribution plans namely Retired Employee Medical Scheme (REMI)/Post Superannuation Medical Benefit (PSMB), Death Relief Fund (DRF), Employee State Insurance Scheme (ESI) and Pension Scheme(s).

Defined benefit plans

The liability or assets recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and change in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Defined contribution plans

The Company pays contributions to trusts established as per local regulations and also



to publicly administered funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company's contribution paid/ payable to company approved Retired Employee Medical Scheme (REMI)/ Post Superannuation Medical Benefit (PSMB), Death Relief Fund (DRF), Employee State Insurance Scheme (ESI) and Pension Scheme are charged to revenue.

17.4 Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognizes termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefit are measured based on the number of employees expected to accept the offer. Termination Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Compensation paid to Employees under Voluntary Retirement Scheme (VRS) is charged to Statement of Profit and Loss in the year of retirement.

18. CONTRIBUTED EQUITY

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

19. DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period

20. EARNINGS PER SHARE

20.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

The profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

20.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares and



- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Note 1 to 35 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: New Delhi
Date: 03/08/2017

Place: New Delhi
Date: 03/08/2017

N. NAGARAJA
Company Secretary
{M.No.A19015}

BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements as at 31 March 2017

Note 1: Property, Plant and Equipment

(₹ in Lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2015 (Deemed Cost)	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2016	Accumulated depreciation/ amortisation as at April 1, 2015	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2016	As at March 31, 2016
Freehold Land	6,173.46	-	-	6,173.46	-	-	-	-	6,173.46
Leasehold Land	3,477.17	-	-	3,477.17	-	37.05	-	37.05	3,440.12
Buildings	6,936.67	3,429.81	(188.32)	10,178.16	-	392.08	-	392.08	9,786.08
Fencing and Compound Walls	384.65	669.20	(20.83)	1,033.02	-	286.18	-	286.18	746.84
Roads and Drains	476.51	370.75	-	847.26	-	111.20	-	111.20	736.06
Water Supply Installations	110.21	1.33	(12.23)	99.31	-	1.76	-	1.76	97.55
Plant, Machinery and Equipment	14,663.82	15,783.87	321.46	30,769.15	-	1,951.61	11.72	1,963.33	28,805.82
Furniture and Equipment	1,062.05	707.79	(57.11)	1,712.73	-	409.10	-	409.10	1,303.63
Transport Vehicles	170.86	251.38	(1.70)	420.54	-	55.50	-	55.50	365.04
Special Tools & Equipment	4,937.73	232.33	-	5,170.06	-	1,248.78	-	1,248.78	3,921.28
Total	38,393.13	21,446.46	41.27	59,880.86	-	4,493.26	11.72	4,504.98	55,375.88
PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2016	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2017	Accumulated depreciation/ amortisation as at April 1, 2016	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2017	As at March 31, 2017
Freehold Land	6,173.46	386.94	-	6,560.40	-	-	-	-	6,560.40
Leasehold Land	3,477.17	-	-	3,477.17	37.05	37.05	-	74.10	3,403.07
Buildings	10,178.16	4,659.16	(167.00)	14,670.32	392.08	577.52	(0.16)	969.44	13,700.88
Fencing and Compound Walls	1,033.02	79.11	-	1,112.13	286.18	264.43	-	550.61	561.52
Roads and Drains	847.26	6.17	-	853.43	111.20	111.19	-	222.39	631.04
Water Supply Installations	99.31	43.69	-	143.00	1.76	4.48	-	6.24	136.76
Plant, Machinery and Equipment	30,769.15	2,537.91	(263.71)	33,043.35	1,963.33	2,411.89	(242.63)	4,132.59	28,910.76
Furniture and Equipment	1,712.73	922.68	(59.87)	2,575.54	409.10	502.98	(53.45)	858.63	1,716.91
Transport Vehicles	420.54	119.76	(1.18)	539.12	55.50	78.71	-	134.21	404.91
Special Tools & Equipment	5,170.06	3.20	-	5,173.26	1,248.78	253.74	(1.54)	1,500.98	3,672.28
Total	59,880.86	8,758.62	(491.76)	68,147.72	4,504.98	4,241.99	(297.78)	8,449.19	59,698.53



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements as at 31 March 2017



Notes:

- (i) Freehold land includes 2 Acres and 08 Guntas as at March 31, 2017 (March 31, 2016: 2 Acres and 08 Guntas; April 1, 2015: 2 Acres and 08 Guntas) of land given on permissive possession to a Government of India Organisation for NIL rent and is in their possession.
- (ii) Pending receipt of instruments of transfer in respect of 244 Acres and 37 Guntas of land (March 31, 2016: 244 Acres and 37 Guntas; April 01, 2015: 244 Acres and 37 Guntas), including 151 Acres 33 Guntas (March 31, 2016: 151 Acres 33 Guntas; April 1, 2015: 151 Acres 33 Guntas) received free of cost from State Government, land has been capitalised for an amount of Rs.397.79 Lakh as at March 31, 2017 (March 31, 2016: Rs.397.79 Lakh; April 1, 2015 Rs.397.79 Lakh) as the amount has already been paid/ provided by the Company.
- (iii) Pending receipt of instruments of transfer in respect of Acres 597-22.50 Guntas of land at Ibrahimpatnam for which possession is taken the amount paid thereof based on tentative price is capitalised.
- (iv) Buildings include Rs.111.01 Lakh as at March 31, 2017 (March 31, 2016:Rs.111.01 Lakh; April 1, 2015: Rs.111.01 Lakh) being the value of buildings constructed on land not belonging to the Company.
- (v) Land admeasuring 3 acres and 25 guntas (March 31, 2016: 3 acres and 25 guntas, April 1, 2015: 3 acres and 25 guntas) is taken on lease from Government of India at lease rental of Re. 1 per acre per annum. As no premium is paid for the lease, the capital cost is NIL.
- (vi) Deductions include Special Tools that are fully amortised transferred to Other Current Assets at nominal value, Nil assets as at March 31, 2017 (as at March 31, 2016 :Net Book Value of assets transferred is "0"; as at April 01, 2015: "0").
- (vii) Leasehold land at Amravati for which a premium of Rs.3922.37 lakh was paid is taken on lease on 07/02/2014 with certain conditions attached to it. One of the main condition is, if the factory building and works are not completed within 60 months from the date of allotment, unless the time is extended, the lease agreement may be cancelled and the lessor may take possession of the leasehold land together with all the erections, if any, on the said land, without paying any compensation to the company.
- (viii) Freehold land taken possession on Agreement of Sale and on payment of Rs.5831.28 lakh is with certain conditions. One of the condition is if the unit does not commence commercial production with in two years from the date of agreement, extension of time, if allowed shall be at a penalty based on the cost of the land at that time.
- (ix) The Estimated useful life of various categories of assets (As per schedule II to the companies Act, 2013) is described as follows:
- (x) For method and accounting of depreciation, refer the accounting policy 11: Property, Plant and Equipment.
- (xi) Impairment is tested as per the accounting policy 15. The company has assessed that there are no indicators of impairment.

Asset	Useful life
Buildings	30/ 60
Fencing and Compound walls	5
Roads and Drains	10
Water supply installations	30
Plant, Machinery and Equipment	10/ 12/ 15
Furniture and Equipment	3/ 5/ 10
Transport vehicles	8/ 10

BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements as at 31 March 2017

Note 2: Capital Work-in-Progress

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Civil	10,609.39	11,346.68	10,042.94
Plant & Machinery	2,855.65	1,157.04	3,468.01
Others	10.41	2.76	-
Total	13,475.45	12,506.48	13,510.95

Notes:

- (i) Capital Work-in-Progress includes Rs. 40.09 Lakh as at March 31, 2017 (March 31, 2016: Rs. 40.09 Lakh; April 1, 2015: Rs. 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.
- (ii) Refer note 35(6) for capital commitments and Note 35 (7) for details relating to short closed projects.

Note 3: Investment Property

(₹ in Lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2015 (Deemed Cost)	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2016	Accumulated depreciation/ amortisation as at April 1, 2015	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2016	As at March 31, 2016
Land (held for rentals)	0.97	-	-	0.97	-	-	-	-	0.97

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2016 (Deemed Cost)	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2017	Accumulated depreciation/ amortisation as at April 1, 2016	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2017	As at March 31, 2017
Land (held for rentals)	0.97	-	-	0.97	-	-	-	-	0.97



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements as at 31 March 2017



(i) Amounts recognised in Profit or Loss for Investment Properties

(₹ in Lakh)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Rental income	-	-	-
Profit from Investment Properties before depreciation	-	-	-
Depreciation	-	-	-
Profit from Investment Properties	-	-	-

(ii) Contractual obligations

The Company has no contractual obligations to sell, construct or develop investment property or for its repairs, maintenance or enhancements.

(iii) Leasing arrangements

Land admeasuring 5 acres and 1 guntas at Kanchanbagh is leased to Government of India under long-term operating leases with rentals payable yearly. The lease rentals for such property is INR 1 per annum per acre. Leasing arrangements are the same for year ended March 31, 2015, March 31, 2016 and March 31, 2017.

(iv) Fair value

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Investment properties	1459.26	1459.26	1459.26

Significant judgement:

As the land given to Indian Navy, Government of India Organisation is within the premises of the company and it would not be possible for the company to give the land to a third party, the Registration department value of the land is considered to be the fair value of the land. The fair value arrived at is R 0.06 lakh per square yard as per the Registration department.

(v) Impairment is tested as per the accounting policy 15. The company has assessed that there are no indicators of impairment.

BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements as at 31 March 2017

Note 4: Intangible Assets

(₹ in Lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2015 (Deemed Cost)	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2016	Accumulated depreciation/ amortisation as at April 1, 2015	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2016	As at March 31, 2016
Development Expenditure	1,672.33	302.79	616.70	2,591.82	-	644.34	-	644.34	1,947.48
Computer Software	84.21	835.62	(1.72)	918.11	-	200.93	-	200.93	717.18
License Fee	11,247.00	-	-	11,247.00	-	-	-	-	11,247.00
Total	13,003.54	1,138.41	614.98	14,756.93	-	845.27	-	845.27	13,911.66

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2016 (Deemed Cost)	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2017	Accumulated depreciation/ amortisation as at April 1, 2016	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2017	As at March 31, 2017
Development Expenditure	2,591.82	1,444.36	-	4,036.18	644.34	1,658.77	-	2,303.11	1,733.07
Computer Software	918.11	168.11	-	1,086.22	200.93	300.83	-	501.76	584.46
License Fee	11,247.00	2,449.18	-	13,696.18	-	-	-	-	13,696.18
Total	14,756.93	4,061.65	-	18,818.58	845.27	1,959.60	-	2,804.87	16,013.71

Notes:

(i) Deductions include Development that are fully amortised transferred to Other Current Assets at nominal value 2016-17: Nil assets (2015-16: Net Book Value of assets transferred is "0").

Note 5: Intangible Assets under development

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Intangible assets under development	112.94	112.94	715.92
Total	112.94	112.94	715.92

Significant judgement

The company estimates the useful life of the software to be 3 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 3 years, depending on technical innovations.





BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements as at 31 March 2017

Note 6: Investments

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. Non-current Investments			
Investment carried at fair value through profit and loss (Unquoted)			
(i) 9,21,920 (as at March 31, 2016 - 9,21,920; as at April 01, 2015 -9,21,920) including 3,85,920 Bonus Shares fully paid-up Equity shares (Unquoted) of Rs. 10/- each of A.P.Gas Power Corporation Limited	294.68	294.68	292.59
	294.68	294.68	292.59

No impairment has been assessed by the Company on the Investments in Equity Instruments.

Refer note 35(16): Fair value measurement.

Significant Judgement:

Investments in AP Gas Power Corporation Limited have been designated as fair value through profit and loss. Fair value is considered based on Net worth of investee as the shares are unquoted and the company does not have a significant influence in the investee.

Note 7: Non-current Loans

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans to Employees			
- Secured, considered good	297.13	347.29	335.27
- Unsecured, considered good	25.60	35.17	44.57
Total	322.73	382.46	379.84

Refer note 35(16): Fair value measurement.

Note 8: Other Non-current Financial Assets

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred Debts	5,020.42	5,480.04	5,152.90
Total	5,020.42	5,480.04	5,152.90

Refer note 35(16): Fair value measurement.



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements as at 31 March 2017

Significant Judgement:

Deferred Debts:

Deferred debts are receivables from the Indian Army and Ordnance factory. The receivable is denominated in Indian Rupees (INR) and receivable in equal instalments over 45 years. As per the agreement, the receivable is adjusted on the basis of rates of Special Drawing Rights (SDR), issued by the International Monetary Fund (IMF). As such the receivable does not satisfy the Solely Payment of Principal and Interest (SPPI) criteria as set out in the standard. Hence, the receivable is measured at fair value through profit and loss. Deferred debt is discounted at 8% to arrive at the fair value on initial recognition and the difference between the fair value and the total deferred debt is considered as deferred expense. Subsequently this is carried at fair value through profit and loss.

Note 9: Other Non-current Assets

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	660.30	660.30	660.30
Deferred Expense*	2,641.32	2,780.33	2,919.35
Total	3,301.62	3,440.63	3,579.65

* Refer the significant judgement on Deferred Debts in Note No. 8



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Note 10: Inventories

(₹ in Lakh)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Inventories *						
Raw Materials	141,213.13		159,343.25		108,384.98	
Less: Provision for redundancy	(1,772.47)		(1,323.99)		(1,030.47)	
Add: Goods-in-transit	25,815.38	165,256.04	2,145.88	160,165.14	8,585.63	115,940.14
Work-in-progress #	56,128.62		42,770.10		30,024.38	
Less: Provision for redundancy	(121.16)	56,007.46	(162.30)	42,607.80	(253.11)	29,771.27
Finished Goods	624.88		1,545.39		504.95	
Less: Provision for redundancy	(147.24)		(147.24)		(15.09)	
Add: Goods-in-transit	-	477.64	-	1,398.15	-	489.86
Stores and Spare Parts	1,522.14		818.95		761.11	
Less: Provision for redundancy	(170.43)		(157.61)		(208.62)	
Add: Goods-in-transit	7.09	1,358.80	-	661.34	23.87	576.36
Loose Tools	1,060.23		1,104.82		915.75	
Less: Provision for redundancy	(189.31)		(193.74)		(189.31)	
Add: Goods-in-transit	1.40	872.32	-	911.08	19.16	745.60
Construction Materials	-	-	-	-	-	20.69
Stores & Equipment - Welfare	288.49		281.11		278.14	
Less: Amortisation	(287.76)	0.73	(280.18)	0.93	(277.36)	0.78
Miscellaneous Stores	-	27.64	-	21.74	-	22.09
Total		224,000.63		205,766.18		147,566.79
# Includes Inventory with Customers		82.94		-		403.39
* Include Material issued to Sub-contractors/Others		22,799.18		5,036.01		14,838.22
<p>Out of Rs.22799.18 lakh, material lying with sub-contractors of Rs.12419.41 lakh were physically verified and the balance is confirmed by the vendors.</p> <p>- Valuation of Inventories has been made as per Company's Accounting Policy No. 7.</p> <p>- Refer note 35(7): Details of short closed projects.</p>						



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

Note 11: Trade Receivables

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Secured	-	-	-
Unsecured, considered good	15,455.05	14,017.72	25,615.07
Doubtful	-	-	-
Less: Allowance for doubtful debts (expected credit loss allowance)	-	-	-
Total	15,455.05	14,017.72	25,615.07

Refer note 35 (1): Offsetting Financial Assets and Financial Liabilities; 35(16): Fair value measurement; 35(13) Charges registered.

Note 12: Cash and Cash Equivalents

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balances with Banks			
- in current accounts	4,614.29	2,033.57	3,691.30
- in deposit accounts (less than 3 months)	4,690.79	65,596.83	52,600.00
Cash on hand*	5.59	18.14	1.00
Remittances in transit	-	-	-
Total Cash and Cash Equivalents	9,310.67	67,648.54	56,292.30
Cash and Cash Equivalents as per Statement of Cash flows	9,310.67	67,648.54	56,292.30

- * There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.
- * Cash in hand includes cash held with imprest holders
Refer note 35 (9): Relating to specified bank notes and 35(16): Fair value measurement.



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

Note 13: Other Bank balances

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Bank deposits other than margin money (Maturity period more than 3 months but less than 12 months)	1,64,490.00	2,56,600.00	3,10,600.00
Total	1,64,490.00	2,56,600.00	3,10,600.00
<ul style="list-style-type: none">- The company has been sanctioned an overdraft facility of Rs.1,500.00 lakh against which the company had provided deposits worth Rs. 1,700.00 lakh as security.- There are no bank deposits with maturity beyond 12 months.			

Reconciliation of Cash and Bank balances

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash and Cash Equivalents (as per the above)	9,310.67	67,648.54	56,292.30
Bank Balance (as per the above)	1,64,490.00	2,56,600.00	3,10,600.00
Total Cash and Bank balances	1,73,800.67	3,24,248.54	3,66,892.30

Note 14: Current Loans

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Loans to Employees			
- Secured, considered good	124.89	130.68	119.13
- Unsecured, considered good	164.37	125.57	126.14
Total Current Loans	289.26	256.25	245.27

Also refer note 35(16): Fair value measurement.



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Note 15: Other Current Financial Assets

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Claims/Refunds receivable	10,092.65	3,816.89	1,417.75
Less: Provision for doubtful claims	(21.47)	(21.47)	(21.47)
Deferred Debts*	347.85	360.43	336.23
Unbilled Revenue	1,58,080.94	1,33,804.29	55,985.86
Interest accrued on Deposits	4,355.90	10,782.17	16,401.04
Interest accrued - Others	17.41	16.97	16.94
Total Other Current Financial Assets	1,72,873.28	1,48,759.28	74,136.35

Also refer note 35(16): Fair value measurement.

* Refer the significant judgement on Deferred Debts in Note No. 8

Note 16: Other Current Assets

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advances other than capital advances:			
Advances to vendors			
- Secured, considered good	22,650.46	23,973.69	39,749.66
- Unsecured, considered good	1,12,431.83	1,44,530.99	95,480.57
- Unsecured, considered doubtful	3.19	0.41	0.41
Less: Provision for doubtful advances	(3.19)	(0.41)	(0.41)
Prepaid expenses	130.03	118.13	147.63
Deposits	1,459.11	878.44	525.10
Advance Service Tax	1,413.88	1,328.84	1,442.11
Cenvat Credit (ED) Receivable	-	-	-
Deferred Expense*	139.02	139.02	139.02
Cenvat Output clearing	-	-	-
Cenvat Credit (Service Tax) Receivable	-	-	-
Total Current Assets	1,38,224.33	1,70,969.11	1,37,484.09

Refer note 35(7): Details of short closed projects.

* Refer the significant judgement on Deferred Debts in Note No. 8



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Note 17: Equity Share Capital

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Authorised Share Capital:			
12,50,000 Equity Shares of R1,000/- each	12,500.00	12,500.00	12,500.00
Issued and Subscribed Capital:			
12,21,875 Equity Shares (March 31, 2016: 9,77,500; April 01, 2015 : 11,50,000) of Rs.1,000/- each fully paid	12,218.75	9,775.00	11,500.00
Total	12,218.75	9,775.00	11,500.00
Notes: Equity shares have a par value of Rs.1000. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.			

(A) Reconciliation of the number of Shares outstanding:

(₹ in Lakh)

Particulars	Number of Shares (Nos.)	Amount
Balance at April 01, 2015	11,50,000	11,500.00
Issue/ (buy back) during the year	(1,72,500)	(1,725.00)
Balance at March 31, 2016	9,77,500	9,775.00
Issue/ (buy back) during the year	2,44,375	2,443.75
Balance at March 31, 2017	12,21,875	12,218.75

(B) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Fully paid equity shares						
Government of India	12,21,875	100%	9,77,500	100%	11,50,000	100%



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

C) Details of the buyback for the last 5 years immediately preceding the current year

(₹ in Lakh)

Particulars	March 31, 2017	March 31, 2016
Number of shares bought back (nos.)	-	172,500
Face value of each share bought back (in Rupees)	-	1,000.00
Total Face value of shares bought back	-	1,725.00
Total Premium paid on shares bought back	-	18,160.80
Consideration paid towards buy back	-	19,885.80
Share capital reduction	-	1,725.00
Share premium utilised	-	-
General reserve utilised	-	19885.80
Amount transferred to Capital redemption reserve	-	1,725.00
<ul style="list-style-type: none"> - There was no buyback of shares during the Financial year 2011-12 to 2014-15 - In accordance with Section 68,69 and 70 of the Companies Act, 2013, the company initiated and completed buy back of shares from Government of India during the year 2015-16. - Buy back was completed in March 2016 and the impact on the buy back of shares is detailed above. 		

D) Details of the Bonus shares issued for the last 5 years immediately preceding the current year

(₹ in Lakh)

Particulars	March 31, 2017	March 31, 2016
No. of Shares (nos.)	2,44,375	-
Amount of Bonus Shares issued	2,443.75	-

There was no allotment of bonus shares during Financial year 2011-12 to 2014-15

Note 18: Other Equity

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
General Reserve	1,88,298.51	1,53,717.26	1,41,814.95
Capital redemption Reserve	-	1,725.00	-
Retained Earnings	18,980.33	14,784.34	6,548.81
Balance at end of year	2,07,278.84	1,70,226.60	1,48,363.76



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

A. General Reserve

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at beginning of year	1,53,717.26	1,41,814.95
Transfer to Capital Redemption Reserve	-	(1,725.00)
Buyback Premium Written off	-	(18,160.80)
Depreciation Adjustment	-	(11.89)
Transfer from Statement of Profit and Loss	35,300.00	31,800.00
Bonus shares issued	(718.75)	-
Balance at end of year	1,88,298.51	1,53,717.26

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

B. Capital Redemption Reserve

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at beginning of year	1,725.00	-
Transfer from General reserve	-	1,725.00
Utilised against issue of bonus shares	(1,725.00)	-
Balance at end of year	-	1,725.00

Reduction in nominal value of share capital on account of buy-back of shares is recorded as capital redemption reserve.

C. Retained Earnings

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at beginning of year	14,784.34	6,548.81
Profit for the year	52,405.56	56,488.01
Final dividend and tax thereof	(12,198.49)	(4,190.12)
Tax on Buyback of shares	-	(4,190.06)
Interim Dividend	-	(6,762.00)
Tax on Interim Dividend	-	(1,376.58)
Transfer to General Reserve	(35,300.00)	(31,800.00)
Other comprehensive income (net of tax)	(711.08)	66.28
Balance at end of year	18,980.33	14,784.34



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

Note 19: Other Non - Current Financial Liabilities

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deferred Credit	1,920.38	1,959.24	1,995.22
Embedded derivative liability (Deferred liability)	3,242.63	3,676.52	3,304.12
Total	5,163.01	5,635.76	5,299.34

Also refer note 35(16): Fair value measurement.

Significant judgements:

- 1) Deferred credit: Deferred credit represents the principal credit portion (at the base rate) of the 45 years deferred credit provided by the Russian government. The deferred credit is a financial liability, therefore shall be recognised at fair value. The fair value is ascertained by discounting the future cash outflows at the rate of 8%. The company considers 8% to be the cost of capital.
- 2) Embedded derivative: The increase in liability due to movement in SDR rates is assessed to be an embedded derivative. The embedded derivative is accounted at the fair value on each reporting date through Profit and loss. The fair value is considered to be the adjusted rupee value of the SDR unit as on the reporting date according to the agreement.

Note 20: Non-current Provisions

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Employee benefits			
Accrued Leave	711.05	7.84	0.34
Gratuity	1,076.16	106.42	218.63
Total	1,787.21	114.26	218.97

Note 21: Other Non - Current Liabilities

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advances from Customers-			
MoD	29,943.30	1,05,866.20	1,80,389.60
Others	1,061.22	2,808.10	2,816.21
Deferred Income*	2,716.34	2,859.30	3,002.27
Deferred Revenue	9,191.60	9,896.39	21.42
Total	42,912.46	1,21,429.99	1,86,229.50

* Refer the significant judgement on Deferred Credit in note No. 19



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Note 22: Trade Payables

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade Payables - Current			
Dues to micro enterprises and small enterprises (Refer Note 29)	1,601.71	2,038.36	911.88
Dues to creditors other than micro enterprises and small enterprises	1,49,428.00	1,36,325.09	54,770.20
Total	1,51,029.71	1,38,363.45	55,682.08

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(i) Principal amount and interest due thereon remaining unpaid to any supplier as at the end of the accounting year			
- Principal	1,400.39	1,903.58	814.11
- Interest	201.32	134.78	97.77
(ii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
(iii) The amount of interest due and payable for the year	9.99	5.04	5.28
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	201.32	134.78	97.77
(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	-
- Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the Auditors			



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

Note 23: Other Current Financial Liabilities

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current maturities of Deferred credit*	357.73	370.67	345.78
Others			
(i) Deposits	1,530.09	1,772.09	1,141.52
(ii) Creditors for expenses	2,479.76	2,837.60	7,368.21
(iii) Employee benefits payable	7,345.14	5,335.86	6,497.59
Total	11,712.72	10,316.22	15,353.10
Refer note 35 (1): Offsetting Financial Assets and Financial Liabilities Also refer note 35(16): Fair value measurement. * Refer the significant judgement on Deferred Credit in note No. 19			

Note 24: Other Current Liabilities

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advances from Customers:			
- MoD	3,13,058.89	4,41,595.29	3,71,224.63
- Others	7,421.19	465.66	16,988.05
Deferred Income*	142.97	142.97	142.97
Deferred Revenue	704.79	704.79	713.68
Statutory remittances	33,725.52	31,106.51	4,938.12
Total	3,55,053.36	4,74,015.22	3,94,007.45
Refer note 35(7): Details of short closed projects. * Refer the significant judgement on deferred credit in note No. 19			



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Note 25: Current Provisions

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Employee benefits - Gratuity	249.45	-	-
Warranty	4,589.84	4,316.00	4,046.48
Liquidated Damages	24,000.45	20,371.40	11,373.20
Onerous contract	39.00	-	-
Tax on Buy-back of shares	-	-	-
CSR & Sustainable development	1,225.74	1,184.15	1,283.00
Future charges	10,843.16	8,416.96	2,756.64
Others	9,865.67	451.89	419.52
Total	50,813.31	34,740.40	19,878.84

Movement in provisions

(₹ in Lakh)

Other Provisions	Gratuity	Warranty	Liquidated Damages	Onerous Contract	CSR & Sustainable Development	Future Charges	Others
Balance at April 1, 2015	-	4,046.48	11,373.20	-	1,283.00	2,756.64	419.52
Additional provisions recognised	-	269.52	20,271.19	-	-	5,660.32	32.37
Reductions arising from payments/ other sacrifices of future economic benefits	-	-	(11,273.00)	-	(98.85)	-	-
Balance as at March 31, 2016	-	4,316.00	20,371.39	-	1,184.15	8,416.96	451.89
Additional provisions recognised	249.45	273.84	18,172.61	39.00	1,315.36	5,698.20	9,769.74
Reductions arising from payments/ other sacrifices of future economic benefits	-	-	(14,543.56)	-	(1,273.77)	(3,272.00)	(355.96)
Balance as at March 31, 2017	249.45	4,589.84	24,000.44	39.00	1,225.74	10,843.16	9,865.67

Warranties:

Warranty estimates are established using historical information on the nature, frequency and average cost of warranty claims and also management estimates regarding possible future outflow on servicing the customers for any corrective action in respect of product failure which is generally expected to be settled within a period of 1 to 2 years from the date of supply.

Liquidated damages:

Liquidated damages are established using historical information on the scheduled delivery period and the trend of delays and also management estimates regarding possible future outflow on delay of delivery of goods or services to the customers.

Onerous contract:

Provision for onerous contract represents the loss assessed by the company on its executory sale contracts. Such loss will be provided as and when the assessment is made, by the company during the course of execution of such contracts.

CSR & Sustainable development:

CSR & Sustainable development expenses are recognised based on the expenditure to be incurred as per the provisions of Companies Act, 2013.

Future charges:

Provision for future charges represents the estimated liability on account of revised ancillary/ packing material accepted to be delivered in line of ancillary/ packing material originally stipulated in the contract terms for the sales effected earlier.



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Note 26: Income Taxes

A. Deferred Tax balance

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deferred Tax Assets	19,587.12	14,707.56	9,570.87
Deferred Tax Liabilities	5,442.41	4,261.68	2,694.52
Total	14,144.71	10,445.88	6,876.35

Breakup of Deferred Tax balances	March 31, 2017	March 31, 2016	April 01, 2015
Deferred Tax Assets			
Provisions	16,759.20	12,419.27	7,920.29
Sec.43B Disallowances	592.61	445.30	217.85
Depreciation & related items	-	-	104.09
Indexation on land	1,364.26	1,220.61	965.62
Fair value adjustment to Deferred credit	300.32	295.56	284.62
Depreciation on Customer provided assets	570.73	326.82	78.40
Sub-Total	19,587.12	14,707.56	9,570.87
Deferred Tax Liabilities			
Depreciation & related items	2,561.41	1,473.28	-
Development Expenditure	1,785.19	1,674.39	1,670.91
Fair value adjustment to Deferred debts	292.03	287.39	276.76
Reversal of Provision for contingencies	-	387.82	556.93
Government grant - Land	10.17	10.17	9.99
Deferred income on Customer provided assets	570.73	326.82	78.40
Revenue on services recognised under Percentage of completion method	167.26	46.19	47.38
Fair value of investments	55.62	55.62	54.15
Sub-Total	5,442.41	4,261.68	2,694.52
Net Deferred Tax Asset/(Liability)	14,144.71	10,445.88	6,876.35



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Reconciliation of Deferred Tax balances

For 2015-16:

(₹ in Lakh)

Particulars	Opening Balance	Recognised in statement of Profit and loss	Recognised in Other comprehensive income	Closing Balance
Deferred Tax Assets pertaining to:				
Provisions	7,920.29	4,534.06	(35.08)	12,419.27
Sec.43B Disallowances	217.85	227.45	-	445.30
Depreciation & related items	104.09	(104.09)	-	-
Indexation on land	965.62	254.99	-	1,220.61
Fair value adjustment to Deferred credit	284.62	10.94	-	295.56
Depreciation on Customer provided assets	78.40	248.42	-	326.82
Sub total	9,570.87	5,171.77	(35.08)	14,707.56
Deferred Tax Liabilities pertaining to :				
Depreciation & related items	-	1,473.28	-	1,473.28
Development Expenditure	1,670.91	3.48	-	1,674.39
Fair value adjustment to Deferred debts	276.76	10.63	-	287.39
Reversal of Provision for contingencies	556.93	(169.11)	-	387.82
Government grant - Land	9.99	0.18	-	10.17
Deferred income on Customer provided assets	78.40	248.42	-	326.82
Revenue on services recognised under Percentage of completion method	47.38	(1.19)	-	46.19
Fair value of investments (20.6%)	54.15	1.47	-	55.62
Sub total	2,694.52	1,567.16	-	4,261.68
Total	6,876.35	3,604.61	(35.08)	10,445.88



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Reconciliation of Deferred Tax balances

For 2016-17:

(₹ in Lakh)

Particulars	Opening Balance	Recognised in statement of Profit and loss	Recognised in Other comprehensive income	Closing Balance
Deferred Tax Assets pertaining to:				
Provisions	12,419.27	3,963.59	376.33	16,759.19
Sec.43B Disallowances	445.30	147.31	-	592.61
Depreciation & related items	-	-	-	-
Indexation on land	1,220.61	143.65	-	1,364.26
Fair value adjustment to Deferred credit	295.56	4.77	-	300.32
Depreciation on Customer provided assets	326.82	243.91	-	570.73
Sub total	14,707.56	4,503.23	376.33	19,587.11
Deferred Tax Liabilities pertaining to :				
Depreciation & related items	1,473.28	1,088.13	-	2,561.41
Development Expenditure	1,674.39	110.80	-	1,785.19
Fair value adjustment to Deferred debts	287.39	4.64	-	292.03
Reversal of Provision for contingencies	387.82	(387.82)	-	-
Deferred income on Customer provided assets	326.82	243.91	-	570.73
Government grant - Land	10.17	-	-	10.17
Revenue on services recognised under Percentage of completion method	46.19	121.06	-	167.25
Fair value of investments (20.6%)	55.62	-	-	55.62
Sub total	4,261.68	1,180.72	-	5,442.40
Total	10,445.88	3,322.51	376.33	14,144.71



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

B. Current Tax Assets and Liabilities

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current Tax Assets			
Current tax assets	940.39	-	2,687.33
Total Current Tax Assets	940.39	-	2,687.33
Current Tax Liabilities			
Income tax payable	-	1,351.80	-
Total Current Tax Liabilities	-	1,351.80	-

C. Tax Expense

i) Recognised in the Statement of Profit and Loss

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current Tax		
In respect of the current year	30,711.73	31,660.00
In respect of prior years	486.48	187.89
Total	31,198.21	31,847.89
Deferred Tax		
In respect of the current year	(3,322.51)	(3,604.61)
Total	(3,322.51)	(3,604.61)

ii) Recognised in Other comprehensive income

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Deferred Tax		
In respect of the current year	(376.33)	35.08
Total	(376.33)	35.08



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Notes forming part of the Financial Statements

The Income Tax expense for the year can be reconciled to the accounting profit as follows

(₹ in Lakh)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit before tax from continuing operations	80,281.26	84,731.29
Tax expense of amounts which are not deductible (taxable) in calculating taxable income		
Income tax expense calculated at 34.608% (2015-16 : 33.99%)	27,783.74	29,323.81
Donations made during the year	0.17	-
Amount towards CSR activities	455.22	389.94
Interest due to MSME's	23.61	17.94
Foreign exchange capitalised	-	9.39
Interest payable u/s 234A, 234B, 234C	114.68	151.87
Tax expense of amounts on which weighted deduction is available in calculating taxable income		
Weighted deduction on research and development expenditure	(1,198.50)	(1,018.62)
Investment Allowance u/s 32(AC)	-	(430.68)
Depreciation	-	(172.18)
VL Encashment	-	(0.10)
Impact of deferred tax on indexation of land	(143.65)	(254.99)
Adjustment for current tax of previous years	(253.14)	187.89
Excess provision created in FY 2015-16	-	61.49
Tax impact of items taxed at a higher rate	-	(0.24)
Adjustments recognised in the current year in relation to the current tax of prior years	486.48	-
Adjustments recognised in the current year in relation to the deferred tax of prior years (change in tax rates)	35.45	-
Adjustments recognised in the current year in relation to earlier year deferred tax AY 2014-15	195.31	12.84
Income tax relating to items that will not be reclassified to profit/loss	376.33	(35.08)
Income tax expense recognised in profit or loss	27,875.70	28,243.28



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Note 27: Revenue from Operations

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of products		
Finished Goods	3,93,007.87	3,54,283.33
Spares	36,092.58	6,296.85
Excise Duty	35,083.84	36,900.61
Miscellaneous	3,432.40	3,478.36
Sale of services		
Service Tax	-	-
Repairs and Overhauls	150.43	318.65
Training	-	-
Job Works	6,858.27	6,383.66
Other operating revenue		
Construction Contracts	12,945.16	5,413.63
Sale of Scrap	40.16	14.00
Deferred revenue on customer provided assets	704.78	713.68
Others	346.15	2,194.56
Total	4,88,661.64	4,15,997.33

- Refer note 35(4): Construction Contracts
- Sale of Finished goods includes Rs.8544.88 lakh and sale of Spares includes Rs.24773.86 lakh accounted based on Customer acceptance and Prices accepted by representative of the customer for which contract amendment is under consideration by the customer. The Company is confident of its realisation of these amounts.

Significant judgement:

Revenue:

- The company recognizes service revenue on the basis of percentage of completion method.
- The percentage of completion is determined as proportion of cost incurred for the work performed up to the reporting date to the total estimated cost.
- An expected loss is recognized immediately when it is probable that the total cost will exceed the total revenue.



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Notes forming part of the Financial Statements

Note 28: Other Income

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income on financial assets carried at amortised cost		
Bank deposits	18,918.12	30,115.55
Interest income from related parties	-	-
Others	1,248.65	900.89
	20,166.77	31,016.44
Other non-operating income		
Liabilities no longer required, written back	4,407.22	1,661.14
Provisions no longer required, written back	73.28	98.85
Liquidated Damages recovered from suppliers	5,220.92	5,048.63
Miscellaneous income (net)	727.12	1,797.35
	10,428.54	8,605.97
Other gains and losses		
Net foreign exchange gain	(773.77)	677.27
Fair value gain/(loss) on financial assets measured at Fair value through profit and loss	152.41	157.31
Gain on disposal of property, plant and equipment	20.31	-
	(601.05)	834.58
Total	29,994.26	40,456.99

Note 29: Cost of Materials consumed

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Cost of materials consumed	3,11,923.75	2,62,029.76
Direct expenses	598.94	-
Total	3,12,522.69	2,62,029.76

**BHARAT DYNAMICS LIMITED :: HYDERABAD**
Notes forming part of the Financial Statements**Note 30: Changes in Inventories of Finished Goods and Work-in-progress**

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening Stock:		
Finished goods	1,545.39	504.95
Work-in-progress	42,770.10	30,024.37
	44,315.49	30,529.32
Closing Stock:		
Finished goods	624.88	1,545.39
Work-in-progress	56,128.62	42,770.10
	56,753.50	44,315.49
Net (Increase) / Decrease	(12,438.01)	(13,786.17)

Note 31: Employee Benefits Expense

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries and wages, including bonus	33,585.65	27,923.55
Contribution to provident and other funds	9,416.05	3,048.01
Staff welfare expenses	1,836.95	1,651.93
Total	44,838.65	32,623.49

Refer note 35 (3): Employment benefit obligations; 35(8) Related Party Transactions

Note 32: Finance Costs

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense	228.73	212.36
Other finance costs	139.02	139.02
Total	367.75	351.38

Note 33: Depreciation and Amortisation expense

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of property, plant and equipment	4,241.98	4,493.26
Amortisation of intangible assets	1,959.60	845.27
Total	6,201.58	5,338.53



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

Note 34: Other Expenses

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Shop Supplies	267.06	763.92
Excise duty on sale of goods	35,129.11	37,375.63
Power and Fuel	1,947.55	2,280.82
Water Charges	486.46	737.01
Travelling #	1,583.28	1,017.20
Repairs:		
Buildings	1,250.94	1,540.55
Plant, Machinery and Equipment	855.78	1,054.29
Furniture and Equipment	97.08	51.87
Vehicles	9.09	15.88
Others	108.79	65.53
Vehicle Expenses - Petrol and Diesel	54.85	41.66
Loose Tools and Equipment	129.88	160.41
Insurance	553.47	273.33
Rates and Taxes	719.31	219.98
Postage, Telegrams, Telex and Telephones	168.72	153.48
Printing and Stationery	51.98	96.63
Publicity	274.23	339.56
Advertisement	129.70	154.99
Bank Charges	81.71	187.05
Legal Expenses	9.60	6.78
Donations	15.50	5.00
Write off :		-
Bad and Doubtful Debts	0.09	-
Others	1.03	-
Auditors' Remuneration: (refer note (i) below)	13.42	6.19
Loss on Sale of Assets (Net)	-	-
Security Arrangements	3,593.63	2,972.58
Liquidated Damages	33,473.07	35,924.97
Less: Provision for Liquidated damages created earlier written back	(14,470.29)	(11,273.00)
Computer Software and Development	12.42	3.33
Entertainment	1.13	1.53
Courtesy	154.98	89.00
Sitting Fee paid to Directors	6.40	2.10
Sitting Fee paid to Independent External Monitors	0.48	6.57
CSR & Sustainable Development Expenditure	1,315.36	1,126.75
Replacement and other charges, Warranty and Batch Rejections	273.84	269.52
Redundancy Provision	418.58	285.36
Provision for Future Charges	2,426.20	5,660.32
Provision for Onerous Contract	39.00	-
Provision Others	9,413.78	32.37
Miscellaneous Operating Expenses	6,515.64	4,135.93
Less: Expenses capitalised		
Intangible Assets (DRE)	(231.45)	(287.70)
Tools and Jigs	-	(143.76)
Others	0.58	(187.59)
Total	86,881.98	85,166.04
# Includes Directors' Travelling Expenses	101.75	102.90



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Notes:

i) Auditors' Remuneration comprises of:

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Company		
For Statutory Audit	12.08	4.01
For Tax Audit	1.21	0.40
For other services	0.13	1.78
Total Auditors' remuneration	13.42	6.19

ii) Refer note 35(5): Expenditure relating to Research and Development.

iii) Refer note 35(8): Related party transactions

Note 35: General Notes:

Statement of Compliances:

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) [as notified under the section 133 of Companies Act, 2013 (the "Act") read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Company's Financial Statements upto and for the year ended March 31 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Sec 133 of the Act and other relevant provisions of the Act.

As these are the Company's first Financial Statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has effected the previously reported financial position and financial performance is provided in Note No. 35(18)

35 (1) Offsetting Financial Assets and Financial Liabilities

The following table presents the recognised financial instruments that are offset as at March 31 2017, March 31 2016 and April 01 2015. The column 'net amount' shows the impact on the company's balance sheet if all offset rights were exercised.

(₹ in Lakh)

Particulars	Effects of offsetting on the Balance Sheet		
	Gross amounts	Gross amounts offset in the balance sheet	Net amount presented in the balance sheet
As on March 31, 2017			
Trade receivables	29,744.23	(14,289.18)	15,455.05
ID levied by customers	14,289.18	(14,289.18)	-
As on March 31, 2016			
Trade receivables	27,768.89	(13,751.17)	14,017.72
ID levied by customers	13,751.17	(13,751.17)	-
As on April 1, 2015			
Trade receivables	30,834.81	(5,219.74)	25,615.07
ID levied by customers	5,219.74	(5,219.74)	-



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

35 (2) Earnings per share

(i) For continuing operations:

(₹ in Lakh)

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Profit after tax	52,405.56	56,488.01
Basic:		
Number of shares outstanding at the year end	1,221,875	977,500
Weighted average number of equity shares*	1,221,875	1,322,029
Earnings per share (INR)	4,288.95	4,272.83
Diluted:		
Effect of potential equity shares on employee stock options outstanding	-	-
Weighted average number of equity shares outstanding	1,221,875	1,322,029
Earnings per share (INR)	4,288.95	4,272.83
Note: EPS is calculated based on profits excluding the other comprehensive income		
* Since there is a bonus issue in the current year, EPS for the previous year has been computed as if such issue has happened at the start of previous year.		

(ii) For discontinuing operations:

There are no discontinuing operations.

(iii) For continuing and discontinuing operations:

Refer to the table (i)

35 (3) Employment Benefit obligations

(i) Post-employment obligations- Gratuity

The company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 day's salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognized funds in India. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Gratuity

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ in Lakh)

Particulars	Gratuity			Provident Fund		
	Present Value of obligation	Fair Value of Plan Assets	Net amount	Present Value of obligation	Fair Value of Plan Assets	Net amount
01-Apr-15	10,328.87	10,110.23	218.64	26,962.19	26,962.19	-
Current service cost	234.93	-	234.93	3,017.51	-	3,017.51
Interest expense/(income)	826.31	853.46	(27.15)	2,445.33	2,445.33	-
Total amount recognized in profit or loss	1,061.24	853.46	207.78	5,462.84	2,445.33	3,017.51
Remeasurements	-	-	-	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-	-	24.69	(24.69)
Experience (gains)/loss	(101.36)	-	(101.36)	24.69	-	24.69
Total amount recognized in other comprehensive income	(101.36)	-	(101.36)	24.69	24.69	-
Employer contributions	-	218.64	(218.64)	-	3,017.51	(3,017.51)
Benefit payments	(496.64)	(496.64)	-	(1,202.84)	(1,202.84)	-
31-Mar-16	10,792.11	10,685.69	106.42	31,246.88	31,246.88	-

Particulars	Gratuity			Provident fund		
	Present Value of obligation	Fair Value of Plan Assets	Net amount	Present Value of obligation	Fair Value of Plan Assets	Net amount
01-Apr-16	10,792.11	10,685.69	106.42	31,246.88	31,246.88	-
Current service cost	487.64	-	487.64	3,766.47	-	3,766.47
Interest expense/(income)	631.78	881.23	(249.45)	2,716.45	2,716.45	-
Total amount recognized in profit or loss	1,119.42	881.23	238.19	6,482.92	2,716.45	3,766.47
Remeasurements	-	-	-	-	(39.44)	39.44
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-	-	-	-
Experience (gains)/loss	1,087.41	-	1,087.41	(39.44)	-	(39.44)
Total amount recognized in other comprehensive income	1,087.41	-	1,087.41	(39.44)	(39.44)	-
Employer contributions	-	106.42	(106.42)	-	3,766.47	(3,766.47)
Benefit payments	(489.19)	(489.19)	-	(1,936.58)	(1,936.58)	-
31-Mar-17	12,509.75	11,184.15	1,325.60	35,753.78	35,753.78	-



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

The net liability disclosed above relates to funded and unfunded plans are as follows: (₹ in Lakh)

Particulars	Gratuity			Provident fund		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Present value of funded obligations	12,509.75	10,792.11	10,328.87	35,753.78	31,246.88	26,962.20
Fair value of plan assets	11,184.15	10,685.69	10,110.23	35,753.78	31,246.88	26,962.20
Deficit of funded plans	1,325.60	106.42	218.64	-	-	-

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

(₹ in Lakh)

Particulars	Gratuity			Provident fund		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Discount rate	8.00%	8.00%	8.00%	8.65%	8.80%	8.75%
Salary escalation	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Attrition rate	3.40%	3.40%	3.40%	0.51%	0.38%	0.19%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is: (₹ in Lakh)

Particulars	Gratuity		Provident fund	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Defined Benefit Obligation	12,509.75	10,792.11	35,753.78	31,246.88
Discount rate: (% change compared to base due to sensitivity)				
Increase : +1%	11,750.98	10,055.61	30,221.65	26,412.10
Decrease: -1%	13,364.04	11,614.70	38,922.51	34,016.18
Salary Growth rate: (% change compared to base due to sensitivity)				
Increase : +1%	12,893.38	11,091.42	40,132.12	35,073.31
Decrease: -1%	12,143.70	10,475.17	33,216.42	29,029.36
Attrition rate: (% change compared to base due to sensitivity)				
Increase : +1%	11,750.98	10,055.61	30,221.65	26,412.10
Decrease: -1%	13,364.04	11,614.70	38,922.51	34,016.18



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Notes forming part of the Financial Statements

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The major categories of plans assets are as follows:

(₹ in Lakh)

Particulars	Gratuity		Provident fund	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Central government security	2,364.33	2,258.95	6,642.40	7,239.66
State government security	4,589.97	4,385.41	4,600.00	4,625.00
NCD/ Bonds	3,503.99	3,347.83	20,846.73	16,888.52
Equity	232.63	222.26	1,644.77	950.00
Fixed deposit	484.27	462.69	-	-
CBLO	8.95	8.55	2,019.88	1,543.70
	11,184.14	10,685.69	35,753.78	31,246.88

Defined benefit liability and employer contributions

The Company has purchased insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. The company considers that the contribution rate set at the last valuation date is sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs will not increase significantly.

The expected cash flows over the next years is as follows:

(₹ in Lakh)

Particulars	Less than a year	Between 2-3 years	Between 4-5 years	Total
31-Mar-17				
Defined benefit obligation-gratuity	1,050.77	2,301.83	2,512.52	5,865.12
Defined benefit obligation- Provident fund	1,994.63	4,758.73	6,999.40	13,752.76



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Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Interest Rate Risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation.

Demographic Risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

(ii) Defined Contribution plans

Employer's Contribution to State Insurance Scheme: Contributions are made to State Insurance Scheme for employees at the rate of 4.75%. The Contributions are made to Employee State Insurance Corporation (ESI) to the respective State Governments of the Company's location. this Corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

(iii) Compensated absences

The leave obligations cover the company's liability for earned leave.

The company maintains a funded plan for the purpose of compensated absences. The company recognises the obligations net of planned assets as per the actuarial valuation. A summary of employee benefit obligation and planned assets is presented below:

(₹ in Lakh)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
The Actuarial Liability of Accumulated absences of the employees of the Company	8952.49	7887.93	7486.09
Less: Plan assets	(8241.44)	(7880.09)	(7485.75)
Net obligation	711.05	7.84	0.34
Significant assumptions:			
Discounting Rate	8.00%	8.00%	8.00%
Salary escalation Rate	6.00%	6.00%	6.00%
Retirement Age	60 Years	60 Years	60 Years



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Notes forming part of the Financial Statements

(iv) Post Retirement Medical Scheme

(₹ in Lakh)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
a) Contributions made to Post Superannuation Medical Benefits for the Executives retired after 01 Jan 2007- PSMB-II	238.26	209.27	170.72
b) Contributions made to Post Superannuation Medical Benefits for the Non-Executives retired after 01 Jan 2007-PSMB-III	2342.00	-	-
c) Contributions made towards old scheme of Retired Employees Medical Insurance (REMI)	7.23	82.30	80.19

35 (4) Construction contracts:

Following disclosures are made relating to Revenue Recognition of Construction Contracts.

Methods of recognising contract revenue:

Percentage of completion method is used to determine the contract revenue recognised in the period.

Method used to determine stage of completion of contract:

Proportion of contract costs incurred for work performed to the estimated total cost of contracts is used to determine the stage of completion.

(₹ in Lakh)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Contract Revenue recognised during the year	12,945.16	5,413.62	18,540.76
Aggregate amount of cost incurred	31,176.34	18,664.25	14,724.70
Profit Recognised	5,723.18	5,290.13	3,816.06
Amount of retention money due	-	-	-
Amount of advance received and outstanding	1,807.09	14,299.33	16,815.67

35 (5) Expenditure relating to Research and Development:

Expenditure relating to Research and Development including product improvement financed by the Company during the year charged to natural heads of account :

(₹ in Lakh)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Being in the nature of Revenue expenditure	3,115.99	2,295.06	2,066.04
Being in the nature of Capital expenditure (Assets Capitalised)	355.03	648.20	206.11



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Notes forming part of the Financial Statements

35 (6) Contingent Liabilities & Contractual Commitments:

(₹ in Lakh)

Contingent Liabilities Not Provided for:	March 31, 2017	March 31, 2016	April 01, 2015
Outstanding Letters of Credit and Guarantees:			
(i) Letters of Credit	1,977.77	18,268.91	51,988.21
(ii) Guarantees and Counter Guarantees	42.92	11.89	11.89
Total	2,020.69	18,280.80	52,000.10
Claims / Demands against the Company not acknowledged as Debt:			
(i) PSUs	-	122.60	-
(ii) Sales Tax	15,468.71	25,789.13	20,343.15
(iii) Service Tax	-	43.57	43.57
(iv) Others	331.87	393.76	375.18
Total	15,800.58	26,349.06	20,761.90
Contractual Commitments:			
Estimated amount of contracts remaining to be executed (A) on Capital Account and not provided for, is			
(i) Property, Plant & Equipment	9,143.29	15,790.04	8,782.06
(ii) Investment Property	-	-	-
(iii) Intangible Assets	-	-	-
(B) Contractual commitment for Repair and Maintenance or enhancement of Investment Property	-	-	-
Total	9,143.29	15,790.04	8,782.06

Notes:

In case of a supplier, the Company initiated legal action for recovery of advance amount of Rs.17.19 lakh with interest etc., as the Contract was not executed. Though District Court issued a decree for an amount of Rs.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.

In case of another supplier, the Company has initiated legal action for recovery of advance amount of Rs.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 was decreed in favour of M/S BDL(ex-parte) and has to be executed.



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35 (7) Details of short closed projects:

Out of the advances of Rs.39272.87 Lakh (as at March 31, 2016 Rs.42296.58 Lakh; as at April 01, 2015 Rs.42454.91 lakh) received from the customers, in respect of four contracts/ indents and one LOI which are short closed, the Company has made payments to suppliers for procurement of Special Tools and Equipment and Inventory. Against these payments, Special Tools and Equipment (Note 1) include an amount of Rs.114.05 Lakh (as at March 31, 2016 Rs.114.05 Lakh; as at April 01, 2015 Rs.114.05 lakh), Current Assets (Note 10-16) include an amount of Rs.11271.64 Lakh (as at March 31, 2016 Rs.11271.64 Lakh; as at April 01, 2015 Rs.11014.16 lakh) in Advances to vendors and Rs.8025.31 Lakh (as at March 31, 2016 Rs.8076.88 Lakh; as at April 01, 2015 Rs.7897.46 lakh) in Inventories, total amounting to Rs.19411.00 Lakh (as at March 31, 2016 Rs.19462.57 Lakh; as at April 01, 2015 Rs.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 short closed Indents/contracts/LOI, the company approached the customers for compensation of Rs.5525.00 Lakh (as at March 31, 2016 Rs.2530.00 lakh; as at April 01, 2015 Rs.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.

35 (8) Related party transactions

Name of Key managerial personnel	
Shri V Udaya Bhaskar, CMD	Shri V Gurudatta Prasad, Director (Production)
Air Vice Marshal N B Singh, Director (Technical) (up to 30 June 2016)	Shri K Divakar, Director (Technical) (w.e.f. 01 July 2016)
Shri S Piramanayagam, Director (Finance)	Shri N Nagaraja, Company Secretary

(₹ in Lakh)

Key management personnel compensation	March 31, 2017	March 31, 2016
Short - term employee benefits	208.44	109.46
Post - employment benefits	11.45	12.33
Long - term employee benefits	-	-
Total compensation	219.89	121.79



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Notes forming part of the Financial Statements

35 (9) Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016

(₹ in Lakh)

Particulars	SBN	Other Denomination notes	Total
Closing cash in hand as on 8 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	(190.40)	(190.40)
(-) Amount deposited in Banks	-	(38.40)	(38.40)
Cash withdrawn	-	228.80	228.80
Closing cash in hand as on 30 December 2016	-	-	-

* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

The cash and cash equivalents of the company include cash held with imprest holders (refer note 12). However, for the purpose of above disclosure, cash held by imprest holders has not been taken into consideration.

35 (10) Capital Management

a) Risk management:

The Company has equity capital and other reserves attributable to shareholders as only source of capital and the company doesn't have borrowings or debts.

b) Dividends

Particulars	March 31, 2017	March 31, 2016
(i) Interim dividend for the year ended March 31, 2017 of NIL (March 31, 2016 of Rs. 692 per fully paid equity share)	NIL	6,762.00
(ii) Dividends not recognised at the end of reporting period: As at the year end the directors have recommended the payment of a final dividend of Rs. 1269 per fully paid equity share (March 31, 2016, Rs. 1,037). The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	15,721.67	10,135.20

Events occurring after the reporting period:

Refer above note for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.



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Notes forming part of the Financial Statements

35 (11) Confirmation of Balances:

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.

35 (12) Retention Sales:

The value of the retention sales (i.e, goods retained with the company at the customers' request and at their risk) included in gross turnover during the year is Rs. 2,62,524.61 lakh (2015-16 Rs. 2,59,820.62 lakh)

35 (13) Charges registered:

Company has registered floating charge with State Bank of India and Andhra Bank to the extent of Rs.31,010.00lakh on book debts.

35 (14) Operating Cycle:

As per the requirement of Schedule III to the Companies Act, 2013, the operating cycle has been determined at the product level as applicable.

35 (15) Contingent Assets:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	-	-	-

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Notes forming part of the Financial Statements

35 (16) Fair Value Measurement

(₹ in Lakh)

Particulars	Fair value hierarchy Level	Notes	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015		
			Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	
A. Financial Assets									
a) Measured at amortised cost									
i)	Cash and cash equivalents	3	12	9,310.67	-	67,648.54	-	56,292.30	-
ii)	Other bank balances	3	13	164,490.00	-	256,600.00	-	310,600.00	-
iii)	Loans	3	7, 14	611.99	-	638.71	-	625.12	-
iv)	Other financial assets	3	8, 15	172,525.43	-	148,398.85	-	73,800.12	-
iv)	Trade receivables	3	11	15,455.05	-	14,017.72	-	25,615.07	-
	Sub - total			362,393.14	-	487,303.82	-	466,932.61	-
b) Mandatorily measured at fair value through profit or loss									
i)	Investment in equity instruments in other companies	3	6	-	294.68	-	294.68	-	292.59
ii)	Deferred receivable	3	8	-	5,368.27	-	5,840.47	-	5,489.14
	Sub - total			-	5,662.95	-	6,135.15	-	5,781.73
Total Financial Assets				362,393.14	5,662.95	487,302.82	6,135.15	466,932.61	5,781.73
B. Financial Liabilities									
a) Measured at amortised cost									
i)	Trade payables	3	22	151,029.71	-	138,363.45	-	55,682.08	-
ii)	Other financial liabilities	3	19, 23	13,275.37	-	11,904.79	-	17,002.54	-
	Sub - total			164,305.08	-	150,268.24	-	72,684.62	-
b) Mandatorily measured at fair value through profit or loss									
i)	Embedded Derivative financial liability	3	19	-	3,600.36	-	4,047.19	-	3,649.90
	Sub - total			-	3,600.36	-	4,047.19	-	3,649.90
Total Financial Liabilities				164,305.08	3,600.36	150,268.24	4,047.19	72,684.62	3,649.90





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Notes forming part of the Financial Statements

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets and liabilities:

(₹ in Lakh)

Particulars	Level	March 31, 2017	March 31, 2016	April 01, 2015
Financial Assets:				
a) Measured at fair value through profit or loss				
i) Investment in equity instruments in other companies	3	294.68	294.68	292.59
ii) Deferred receivable	3	5,368.27	5,840.47	5,489.14
Financial liabilities:				
a) Measured at fair value through profit or loss				
i) Embedded Derivative financial liability	3	3,600.36	4,047.19	3,649.90

Fair value hierarchy:

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price including within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

Valuation technique used to determine fair value Specific valuation techniques used to value financial instruments include:

- The fair value of unquoted equity instrument are determined with respect to the net worth of the company.
- The fair value of 45 years deferred credit and receivables is determined using foreign exchange rates as per the contract.

The resulting fair value estimates are included in level 3.



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Notes forming part of the Financial Statements

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 March 2017 and 31 March 2016:

(₹ in Lakh)

Particulars	Unlisted equity shares	Deferred receivable	Embedded derivative liability
As at 1 April 2015	292.59	5,489.14	3,649.90
Gain/loss recognised in profit and loss	2.09	351.33	397.29
As at 31 March 2016	294.68	5,840.47	4,047.19
Gain/loss recognised in profit and loss	-	(472.20)	(446.83)
As at 31 March 2017	294.68	5,368.27	3,600.36

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

(₹ in Lakh)

Particulars	Fair value as at			Significant unobservable inputs	Sensitivity
	March 31, 2017	March 31, 2016	April 01, 2015		
Unquoted equity shares	294.68	294.68	292.59	Fair value of the company	A 1% increase in the fair value of the company would increase the non current investment by Rs.2.95 lakh with a corresponding impact on profit and loss; a decrease in the fair value of the company would decrease the non current investment by Rs.2.95 lakh with a corresponding impact on profit and loss.
Deferred receivable	5,368.27	5,840.47	5,489.14	Rupee rate per Special Drawings Right (SDR Unit)	A Rs. 1 increase in the SDR rate would increase the fair value by Rs.82.47 lakh with a corresponding impact on profit and loss; a Rs. 1 decrease in SDR rate would decrease the fair value by Rs.82.47 lakh with a corresponding impact on profit and loss.
Embedded derivative liability	3,600.36	4,047.19	3,649.90	Rupee rate per Special Drawings Right (SDR Unit)	A Rs. 1 increase in the SDR rate would increase the fair value by Rs.80.11 lakh with a corresponding impact on profit and loss; a Rs. 1 decrease in SDR rate would decrease the fair value by Rs.80.11 lakh with a corresponding impact on profit and loss.



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Notes forming part of the Financial Statements

35 (17) Financial Risk Management:

The Company's activities expose it to market risk, liquidity risk and credit risk. The analysis of each risk is as follows:

A) Credit risk

Credit risk arises from cash and cash equivalents, instruments carried at amortised cost and deposits with banks, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

A. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings assigned by external agencies.

B. Credit risk on claims/refunds receivables, trade receivables and unbilled revenues are evaluated as follows:

(i) Year ended March 31, 2017:

(a) Expected credit loss for financial assets where general model is applied

(₹ in Lakh)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of provision
Financial assets for which credit risk has not increased significantly since initial recognition	Claims/ refunds receivable	10,092.65	0.21%	(21.47)	10,071.18
- Loss allowance measured at 12 month expected credit losses	Loans	611.99	-	-	611.99

(b) Expected credit loss for trade receivables and unbilled revenue under simplified approach

(₹ in Lakh)

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	1,65,710.57	7,825.42	1,73,535.99
Expected credit loss rate	0%	0%	0%
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables	1,65,710.57	7,825.42	1,73,535.99



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Notes forming part of the Financial Statements

(ii) Year ended March 31, 2016:

(a) Expected credit loss for financial assets where general model is applied

(₹ in Lakh)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of provision
Financial assets for which credit risk has not increased significantly since initial recognition	Claims/ refunds receivable	3,816.89	0.56%	(21.47)	3,795.42
- Loss allowance measured at 12 month expected credit losses	Loans	638.71	-	-	638.71

(b) Expected credit loss for trade receivables and unbilled revenue under simplified approach

(₹ in Lakh)

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	1,42,373.23	5,448.78	1,47,822.01
Expected credit loss rate	0%	0%	0%
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables	1,42,373.23	5,448.78	1,47,822.01

(iii) As at April 1, 2015:

(a) Expected credit loss for financial assets where general model is applied

(₹ in Lakh)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of provision
Financial assets for which credit risk has not increased significantly since initial recognition	Claims/ refunds receivable	1,417.75	1.51%	(21.47)	1,396.28
- Loss allowance measured at 12 month expected credit losses	Loans	625.11	-	-	625.11

(b) Expected credit loss for trade receivables and unbilled revenue under simplified approach

(₹ in Lakh)

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	69,617.36	11,983.57	81,600.93
Expected credit loss rate	0%	0%	0%
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables	69,617.36	11,983.57	81,600.93



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

(iv) Reconciliation of loss allowance:

(₹ in Lakh)

Particulars	Trade receivables and unbilled revenue	Claims/refunds receivable
Loss allowance as at April 1, 2015	-	(21.47)
Add/Less	-	-
Loss allowance as at March 31, 2016	-	(21.47)
Add/less	-	-
Loss allowance as at March 31, 2017	-	(21.47)

(v) Significant estimates and judgements:

Impairment of financial assets:

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due and to close out market positions. Company's treasury maintains flexibility in funding by maintaining availability under deposits in banks.

Management monitors cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The company has access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Lakh)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Expiring within one year (bank overdraft and other facilities)	1,500.00	1,500.00	1,500.00



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Notes forming part of the Financial Statements

(ii) Maturities of financial liabilities

(₹ in Lakh)

Contractual maturities of financial liabilities as at April 01, 2015	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
Non-derivative					
Deferred Credit towards 45 years Component	195.60	181.11	466.73	1,151.78	1,995.22
Deposits	1,141.52	-	-	-	1,141.52
Creditors for expenses	7,368.21	-	-	-	7,368.21
Employee benefits payable	6,497.59	-	-	-	6,497.59
Derivative					
Embedded derivative liability (Deferred liability)	345.78	150.19	450.56	2,703.37	3,649.90

Contractual maturities of financial liabilities as at March 31, 2016	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
Non-derivative					
Deferred Credit towards 45 years Component	195.60	181.11	466.73	1,115.81	1,959.24
Deposits	1,772.09	-	-	-	1,772.09
Creditors for expenses	2,837.60	-	-	-	2,837.60
Employee benefits payable	5,335.86	-	-	-	5,335.86
Derivative					
Embedded derivative liability (Deferred liability)	370.67	175.07	525.21	2,976.23	4,047.18

Contractual maturities of financial liabilities as at March 31, 2017	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
Non-derivative					
Deferred Credit towards 45 years Component	195.60	181.11	466.73	1,076.95	1,920.38
Deposits	1,530.09	-	-	-	1,530.09
Creditors for expenses	2,479.76	-	-	-	2,479.76
Employee benefits payable	7,345.14	-	-	-	7,345.14
Derivative					
Embedded derivative liability (Deferred liability)	357.73	162.13	486.39	2,594.10	3,600.35

**BHARAT DYNAMICS LIMITED :: HYDERABAD**
Notes forming part of the Financial Statements**C) Market risk****(i) Foreign currency risk**

The company operates in a business that exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, Euro, GBP, CHF and SEK. Foreign exchange risk arises from future commercial transactions and recognised liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. As per the sales contract, the company is eligible for exchange rate variation upon settlement of foreign exchange liabilities. Hence, the company is protected against the foreign currency risk.

Particulars	March 31, 2017				
	USD	EURO	GBP	CHF	SEK
Foreign currency liabilities					
- Payables	175.14	5.14	0.02	0.82	8.89

Particulars	March 31, 2016				
	USD	EURO	GBP	CHF	SEK
Foreign currency liabilities					
- Payables	300.70	61.88	0.27	0.08	4.63

Particulars	April 01, 2015		
	USD	EURO	GBP
Foreign currency liabilities			
- Payables	322.13	13.38	0.69



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Notes forming part of the Financial Statements

(ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and from foreign forward exchange contracts:

(₹ in Lakh)

Particulars	Impact on Profit		
	March 31, 2017	March 31, 2016	April 01, 2015
USD Sensitivity			
INR/USD – Increase by 1%	115.54	200.36	200.15
INR/USD – Decrease by 1%	(115.54)	(200.36)	(200.15)
Euro Sensitivity			
EURO/USD – Increase by 1%	3.72	51.56	9.17
EURO/USD – Decrease by 1%	(3.72)	(51.56)	(9.17)
GBP Sensitivity			
GBP /USD – Increase by 1%	0.02	0.27	0.64
GBP /USD – Decrease by 1%	(0.02)	(0.27)	(0.64)
CHF Sensitivity			
CHF /USD – Increase by 1%	0.54	0.05	-
CHF /USD – Decrease by 1%	(0.54)	(0.05)	-
SEK Sensitivity			
SEK /USD – Increase by 1%	0.66	0.38	-
SEK /USD – Decrease by 1%	(0.66)	(0.38)	-



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

35 (18) First-time Ind AS adoption reconciliations:

Exemptions and exceptions availed

Transition to Ind AS

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position and financial performance is set out in the following tables and notes.

Optional exemptions

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Effect of Ind AS adoption on the Balance Sheet as at March 31, 2016 and April 1, 2015

(₹ in Lakh)

Particulars	Notes	As at March 31, 2016 (End of last period presented under previous GAAP)			As at April 01, 2015 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Non-current assets							
Property, plant and equipment	4, 7, 13, 8(b), 17	44,418.14	10,957.74	55,375.88	37,630.52	762.61	38,393.13
Capital work-in-progress		12,506.48		12,506.48	13,510.95	-	13,510.95
Investment property	17	-	0.97	0.97	-	0.97	0.97
Intangible assets	7, 8(a)	13,911.31	0.35	13,911.66	1,755.62	11,247.92	13,003.54
Intangible assets under development		112.94	-	112.94	715.92	-	715.92
Financial Assets	-	-	-	-	-	-	-
(a) Investments	1	53.60	241.08	294.68	53.60	238.99	292.59
(b) Loans		382.46	-	382.46	379.84	-	379.84
(c) Other Financial Assets	8(a), 12	7,568.97	(2,088.93)	5,480.04	15,768.46	(10,615.56)	5,152.90
Deferred tax assets (net)	3	9,716.91	728.97	10,445.88	6,571.33	305.02	6,876.35
Other non-current assets	12	521.28	2,919.35	3,440.64	521.28	3,058.37	3,579.65
Total non-current assets		89,192.09	1,27,59.53	1,01,951.63	76,907.52	4,998.32	81,905.84



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(₹ in Lakh)

Particulars	Notes	As at March 31, 2016 (End of last period presented under previous GAAP)			As at April 01, 2015 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Current Assets							
Inventories	14	2,06,051.29	(285.11)	2,05,766.18	1,48,012.24	(445.45)	1,47,566.79
Financial Assets		-	-	-	-	-	-
(a) Investments		-	-	-	-	-	-
(a) Trade receivables	16	27,768.89	(13,751.17)	14,017.72	30,834.81	(5,219.74)	25,615.07
(b) Cash and cash equivalents		67,648.54	-	67,648.54	56,292.30	-	56,292.30
(c) Bank balances other than (iii) above		2,56,600.00	-	2,56,600.00	3,10,600.00	-	3,10,600.00
(d) Loans		256.25	-	256.25	245.27	-	245.27
(e) Other Financial Assets	14	1,48,340.71	418.57	1,48,759.28	73,551.49	584.86	74,136.35
Current tax assets		-	-	-	2,687.33	-	2,687.33
Other current assets	9, 12	1,78,849.20	(7,880.09)	1,70,969.10	1,44,969.83	(7,485.75)	1,37,484.08
Total current assets		8,85,514.88	(21,497.80)	8,64,017.07	7,67,193.27	(12,566.08)	7,54,627.19
Total assets		9,74,706.97	(8,738.27)	9,65,968.70	8,44,100.79	(7,567.76)	8,36,533.03
Equity share capital		9,775.00	-	9,775.00	11,500.00	-	11,500.00
Other equity		1,55,469.68	14,756.92	1,70,226.60	1,41,858.12	6,505.64	1,48,363.76
Total equity		1,65,244.68	14,756.92	1,80,001.60	1,53,358.12	6,505.64	1,59,863.76
Non Controlling Interests		-	-	-	-	-	-
Non-current liabilities		-	-	-	-	-	-
Financial Liabilities		-	-	-	-	-	-
Other financial liabilities	11	7,784.02	(2,148.26)	5,635.76	7,607.21	(2,307.88)	5,299.34
Provisions	9	7,588.49	(7,474.23)	114.26	7,319.21	(7,100.24)	218.97
Other non-current liabilities	7, 11	1,07,826.55	13,603.44	1,21,429.99	1,82,349.16	3,880.34	1,86,229.50
Total non-current liabilities		1,23,199.06	3,980.95	1,27,180.01	1,97,275.58	(5,527.78)	1,91,747.81
Current liabilities							
Financial Liabilities							
(a) Trade payables	8(a), 16	1,38,363.45	-	1,38,363.45	55,682.08	-	55,682.08
(b) Other financial liabilities		22,392.51	(12,076.29)	10,316.22	20,572.84	(5,219.74)	15,353.10
(d) Other financial liabilities measured at fair value		-	-	-	-	-	-
Other current liabilities	7, 8(a), 11	4,71,500.05	2,515.17	4,74,015.22	3,91,131.87	2,875.59	3,94,007.46
Provisions	2, 9, 10	52,655.42	(17,915.02)	34,740.40	26,080.32	(6,201.47)	19,878.84
Current Tax Liabilities (Net)		1,351.80	-	1,351.80	-	-	-
Total current liabilities		6,86,263.23	(27,476.14)	6,58,787.09	4,93,467.11	(8,545.62)	4,84,921.48
Total Equity and Liabilities		9,74,706.97	(8,738.27)	9,65,968.70	8,44,100.81	(7,567.76)	8,36,533.05

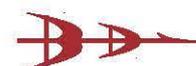


BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Effect of Ind AS adoption on the Statement of profit and loss for the year ended March 31, 2016

(₹ in Lakh)

Particulars	Note	Year ended March 31, 2016 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
INCOME				
Revenue from operations	5, 7, 14	378,549.33	37,448.00	415,997.33
Other income (net)	1, 11, 12, 15	55,890.62	(15,433.63)	40,456.99
Total income		4,34,439.95	22,014.37	4,56,454.32
EXPENSES				
Cost of Materials Consumed		262,029.76	-	262,029.76
Changes in inventories of finished goods and work-in-progress	14	(13,625.82)	(160.35)	(13,786.17)
Employee benefit expense	6	32,522.13	101.36	32,623.49
Finance costs	11, 12	52.75	298.63	351.38
Depreciation and amortisation expense	7, 13	4,980.49	358.04	5,338.53
Provisions	10, 15	-	-	-
Other expenses	10, 15	63,454.32	21,711.72	85,166.04
Total expenses		349,413.63	22,309.40	371,723.03
Profit before tax		85,026.32	(295.03)	84,731.29
Tax Expense:				
Current tax		31,847.89	-	31,847.89
Deferred tax	3, 6	(3,145.58)	(459.03)	(3,604.61)
Sub total		28,702.31	(459.03)	28,243.28
Profit for the year		56,324.01	164.00	56,488.01



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

(₹ in Lakh)

Particulars	Note	Year ended March 31, 2016 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Other comprehensive income				
A. Items that will not be reclassified subsequently to profit or loss				
(a) Remeasurements of the defined benefit plans	6	-	101.36	101.36
(b) Income tax relating to items that will not be reclassified to profit or loss	6	-	(35.08)	(35.08)
B. Items that may be reclassified to profit or loss				
(a) Exchange differences in translating the financial statements of foreign operations		-	-	-
(b) Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge		-	-	-
(c) Income tax relating to items that may be reclassified to profit or loss		-	-	-
Total other comprehensive income		-	66.28	66.28
Total comprehensive income for the year		56,324.01	230.28	56,554.29
Profit for the year attributable to:				
- Owners of the Company		-	-	-
- Non controlling interests		-	-	-
Other comprehensive income for the year attributable to:				
- Owners of the Company		-	-	-
- Non controlling interests		-	-	-
Total comprehensive income for the year attributable to:-				
- Owners of the Company		-	-	-
- Non controlling interests		-	-	-



BHARAT DYNAMICS LIMITED :: HYDERABAD
Notes forming part of the Financial Statements

Effect of Ind AS adoption on the equity as at March 31, 2016 and April 01, 2015 (₹ in Lakh)

Particulars	Notes	As at March 31, 2016	As at April 01, 2015
Total Equity as per previous GAAP		1,65,244.68	1,53,358.13
Add:		-	-
Amortization of deferred income for deferred credit – 45 years	11	3,431.17	3,288.20
Interest accrual for deferred debts	12	4,166.83	4,011.62
Recognition of Government grant on freehold land	4	29.39	29.39
Reversal of proposed dividend and tax thereon	2	1,2,198.49	4,177.45
Fair value adjustment to the Investments	1	241.08	238.99
Deferred tax on indexation of land	3	1,220.61	965.62
Amortization of deferred revenue	7	944.35	230.67
Revenue recognition under Percentage completion method	14	133.46	139.40
Reversal of Provision for Contingencies – Construction contract	10	1,120.61	1,638.50
Excess amortisation charged on leasehold land	13	355.64	-
Less:	-	-	-
Interest accrual for deferred credit – 45 years	11	(4,285.18)	(4,125.56)
Amortization of deferred expense for deferred debts	12	(3,336.40)	(3,197.39)
Charging the accumulated depreciation on customer provided assets	7	(944.35)	(230.67)
Deferred tax on adjustments to the opening balance sheet	3	(491.64)	(660.59)
Foreign exchanged capitalised under previous GAAP		(27.14)	-
		1,80,001.60	1,59,863.76

Effect of Ind AS adoption on the profit/loss as at March 31, 2016 and April 01, 2015

Particulars	Notes	As at March 31, 2016
Profit after tax as per IGAAP		56,324.01
IndAS adjustments:		
Impact of service revenue recognised in percentage of completion method	14	(5.94)
Revenue recognised in respect of customer provided assets	7	713.68
Adjustment to deferred receivables	12	16.20
Capitalized Foreign currency loss		(27.14)
Fair value gain on investments	1	2.09
Adjustment to deferred liability	11	(16.65)
Depreciation impact of leasehold land amortized over 95 years	13	355.64
Depreciation on customer provided assets	7	(713.68)
Adjustment for provision on construction contracts	10	(517.89)
Deferred tax on Ind AS adjustments	3	168.95
Deferred tax on indexation of land	3	254.99
Profit as per Ind-AS		56,554.26



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

Notes to the reconciliations

1. Fair Valuation of Investments

Under the previous GAAP, investments in equity instruments were classified as long-term investments which were carried at cost less provision for other than temporary decline in the value of such instruments. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2016. Consequently, the fair value movement in the investment is Rs. 2.09 lakh (as at April 01, 2015: Rs. 238.99 lakh)

2. Proposed dividend and dividend distribution tax

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered to as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Consequently, reserves have been impacted to the tune of Rs. 12198.49 lakh (as at April 01, 2015: Rs. 4177.45 lakh).

3. Deferred tax

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

In addition, the various transitional adjustments lead to temporary differences, for example indexation benefit on land. According to the accounting policies, the company has to account for tax impact on such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. Consequently, deferred tax assets have been increased by Rs. 728.97 lakh as at March 31, 2016 (as at April 01, 2015: Rs. 305.02 lakh).

4. Government grant

Under previous GAAP, land received under government grant were recorded at nominal value, i.e. INR 1. Whereas under Ind AS, assets received under Government grant shall be recorded at fair value, the corresponding credit shall be given to revenue over the period over which performance obligations are met. There are no outstanding performance obligations relating to the land, therefore the total credit is taken to Opening reserves. Consequently the opening reserves were impacted by Rs. 29.39 lakh

5. Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented as



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

part of other expenses under Note 34. There is no impact on the total equity and profit. Consequently the Revenue and Cost of sales have increased by Rs. 36900.61 lakh in the year 2015-16.

6. Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e., actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these measurements were forming part of the profit or loss for the year. Consequently in the year, Rs.101.36 lakh have been reduced from employee benefit expenses and presented under Other comprehensive income. Deferred Tax of Rs. 35.08 lakh relating to the remeasurements have also been reclassified to other comprehensive income.

7. Customer provided assets

Under previous GAAP, assets received free of cost from a customer for the performance of a contract were recorded at nominal value, i.e. INR 1. Whereas under Ind AS, such assets are recorded at fair value and the corresponding credit is recognised in deferred revenue. Consequently, the value of assets have increased by Rs. 10579.75 lakh as at March 31, 2016 (as at April 01, 2015: Rs. 735.10 lakh). As a result of increase in the value of assets, the depreciation charge for the year ended March 31, 2016 has increase by Rs. 713.68 lakh.

The corresponding credit is treated as deferred revenue.

- 1) Deferred revenue March 31, 2016: Rs.10579.75 lakh (April 01, 2015:Rs. 735.10 lakh)
- 2) Revenue recognised - March 31, 2016: Rs. 713.68 lakh (April 01, 2015:Rs. 230.67 lakh)

8. Errors

- a. Under previous GAAP, Intangible asset towards license fee to produce Invar missiles were carried as part of other non financial assets and other current liabilities. This error was rectified in the year 2015-16 in the previous GAAP. Whereas under Ind AS, errors having material impact shall be rectified by restating the previous year figures in the year in which such error took place. As the error took place before the opening balance sheet date, the rectification is made as on the transition date. As a result the intangible assets has increased by Rs. 11247.00 lakh, the other financial assets have reduced by Rs. 8371.41 lakh and the other current liabilities have increased by Rs. 2875.58 lakh.
- b. Under previous GAAP, foreign currency exchange fluctuation as at March 31, 2016 amounting to Rs. 27.14 lakh is erroneously capitalised . This error is now rectified in the year 2015-16 in Ind AS.

9. Defined benefit plan assets and obligations

Under previous GAAP, the company was carrying the defined benefit obligation and deposit with LIC (Plan assets) at gross value. Under Ind AS, the defined benefit obligation shall be presented net of fair value of plan assets. Consequently the following was the impact:



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

- The deposits have decreased as at March 31, 2016, by Rs. 7880.09 lakh (as at April 01, 2015: Rs. 7485.75 lakh)
- The short term provisions have reduced as at March 31, 2016 by Rs. 405.86 lakh (as at April 01, 2015: Rs. 385.51 lakh)
- The long term provisions have reduced as at March 31, 2016 by Rs. 7474.23 lakh (as at April 01, 2015: Rs. 7100.24 lakh)

10. Provision for contingencies - Construction contracts

Under previous GAAP, the company was maintaining a provision for contingencies for construction contracts. Under Ind AS, a loss is recorded under a construction contract when, the management is not able to reliably estimate the outcome, the irrecoverable costs are charged off; or when it is probable that the contract costs will exceed total contract revenue, the expected loss should be recognised immediately as an expense. Since, the provision for contingencies does not fall in either of the two cases above, it has been reversed. Consequently the short term provisions have increased by Rs. 517.90 lakh as at March 31, 2016 (as at April 01, 2015: decreased by Rs. 1638.50 lakh) and reserves have decreased as at March 31, 2016 by Rs. 517.90 lakh (as at April 01, 2015: increase by Rs. 1638.50 lakh)

11. Deferred credit

Under previous GAAP, the deferred credit liability was restated at the adjusted Special Drawings Right (SDR) rate at each reporting date. However under Ind AS, the financial liability is classified as debt instrument carried at amortised cost and an embedded derivative has been identified which is carried at fair value through P&L. Consequently, the difference between the transaction value and fair value of the financial liability is treated as Deferred income. Deferred income Rs. 6433.43 lakh is recognised and the impact of amortisation of such deferred income in the year 2015-16: Rs. 3431.17 lakh (as at April 01, 2015: Rs.3288.20 lakh). On account of carrying the financial liability at amortised cost, interest has been unwound to the tune of Rs.159.62 lakh in the year 2015-16 (as at April 01, 2015: Rs. 4125.56 lakh)

12. Deferred Debts

Under previous GAAP, the Deferred debt was restated at the adjusted Special Drawings Right (SDR) rate at each reporting date. However under Ind AS, the deferred debt is carried at fair value on day one and subsequently carried at fair value through P&L. Consequently, the difference between the transaction value and fair value of the financial liability is treated as Deferred expense. Deferred expense of Rs.6255.75 lakh is recognised and impact of amortisation of such deferred expense is Rs. 3336.40 lakh (as at April 01, 2015: Rs. 3197.39 lakh). On account of carrying the financial asset at fair value through P&L, the fair value movement in the financial asset as at March 31, 2016 is Rs. 155.21 lakh (as at April 01, 2015:Rs. 4011.62 lakh)



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

13. Amortisation of leasehold land

Under previous GAAP, leasehold land was amortised over a period of 10 years or lease term which ever is lower. However, under IndAS, the leasehold land is amortised over the period of lease. Increase in the value of leasehold land with a corresponding decrease in depreciation is for year ended March 31, 2016 is Rs. 355.64 lakh.

14. Service Income recognised on proportionate completion basis

Under previous GAAP, service income was recognised on completion method. Till the time service is completed the expenses incurred till such time are accumulated as work in progress. However, under Ind AS service income is recognised on proportionate completion basis due to which there is an increase in service revenue and unbilled revenue for year ended March 31, 2016 is Rs.418.57 lakh (as at April 01, 2015: Rs.584.86lakh) and decrease in inventories & increase in cost of goods sold for year ended March 31, 2016 is Rs.285.10 lakh (as at April 01, 2015: Rs.445.46 lakh)

15. Provisions no longer required written back

Under previous GAAP, provisions/liabilities no longer required written back were disclosed under Other income. However, under Ind AS such items will be offset against respective expenses due to which there is a decrease in other income and other expenses by Rs. 14810.31 lakh in the year 2015-16.

16. Liquidated damages

Under previous GAAP, liquidated damages claimed by the customer were disclosed under Other current liabilities. However, under Ind AS such items will be offset against trade receivables due to which there is a decrease in other current liabilities and trade receivables as at March 31, 2016 by Rs.13751.17 lakh (as at April 01, 2015: Rs.5219.74 lakh)

17. Under previous GAAP, own land given on lease is classified under Property plant and equipment. However, under Ind AS such items will be classified under Investment property. Due to this as at March 31, 2016 and April 1, 2015 amount of Rs.0.97 lakh has been reclassified from Property plant and equipment to Investment property.

35 (19) Segment information:

As the Company is engaged in defence production, exemption was granted from applicability of AS 17 (Segment reporting) under Section 129 of Companies Act 2013. Company had applied to Ministry of Corporate Affairs seeking similar exemption from applicability of Ind AS 108 (Operating Segments).

35 (20) Foreign Exchange Exposure:

Pursuant to the announcement of ICAI requiring the disclosure of "Foreign Exchange Exposure", the major currency-wise exposure as on 31 March 2017 is given below. (Previous year figures are shown in brackets)



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

(₹ in Lakh)

Currency	Payables		Receivables		Contingent Liability	
	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent
USD	175.14 (300.70)	11553.68 (20,036.19)	-	-	1.40 (90.01)	90.76 (6,007.90)
EURO	5.14 (61.88)	371.73 (5,155.91)	-	-	25.58 (156.40)	1803.10 (11,832.44)
GBP	0.02 (0.27)	2.07 (26.79)	-	-	- (1.01)	- (96.92)
CHF	0.82 (0.08)	53.94 (5.10)	-	-	0.76 -	50.04 -
SEK	8.89 (4.63)	65.50 (38.07)	-	-	4.66 (40.30)	33.87 (331.65)
Total		12046.92				1977.77
Total (Previous Year)		(25,262.06)				(18,268.91)

35 (21) Accounting Standards issued but not yet effective

The accounting standards issued but not yet effective up to the date of issuance of the Company's financial statements is disclosed below. The company intends to adopt these accounting standards when effective.

- i) Amendments to Ind AS 102 - Share based payments: The same would not be applicable to the company.
- ii) Amendments to Ind AS 7 - Cash flow statement: The amendment requires an entity to provide disclosures that enables users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes. The amendment requires an entity to disclose the following changes in liabilities arising from financing activities:
 - Changes from financing cash flows
 - Changes arising from obtaining or losing control of subsidiaries or other businesses;
 - The effect of changes in foreign exchange rates;
 - Changes in fair values; and
 - Other changes.

In addition to above, the amendment requires to disclose changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flow from financing activities.

The amendment requires to provide a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities



BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes forming part of the Financial Statements

The amendment requires to disclose the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities, if an entity provides above disclosure in combination with disclosures of changes in other assets and liabilities.

The amendment is effective for annual periods beginning on or after April 01, 2017

35 (22) Previous year figures have been regrouped or rearranged wherever necessary. Negative figures are indicated in parenthesis.

Significant Accounting Policies and accompanying Notes form an integral part of the Financial Statements

As per our report of even date.
For S. R. MOHAN & CO.,
Chartered Accountants
Firm's Registration No.0021115

For and on behalf of the Board

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

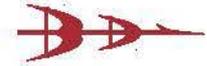
S. PIRAMANAYAGAM
Director (Finance)
DIN: 07117827

V. UDAYA BHASKAR
Chairman and Managing Director
DIN: 06669311

Place: New Delhi
Date: 03/08/2017

Place: New Delhi
Date: 03/08/2017

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

We are issuing this revised report to comply with the observations made by the Comptroller and Auditor General of India with regard to Paragraph 1 (c) and Paragraph 7 (b) of Annexure A to the Independent Auditors' Report i.e., Report under CARO, 2016. This Independent Auditors' Report supersedes our report issued on 03/08/2017.

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Bharat Dynamics Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and other explanatory information and a summary of the significant accounting policies (herein after referred to as "Standalone Ind AS financial statements").

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 of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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; the selection and application of appropriate accounting policies; making judgments and the estimates that are reasonable and prudent; and the 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



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3. Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS 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 of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified 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 Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS 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 used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS 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 Ind AS financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

5. Emphasis of Matters:

We draw the attention to:

- (i) Note number 27 of the standalone Ind AS financial statements which accounting of certain sales, based on acceptance of quality by the Customer and prices by the representative of the customer, awaiting the amendments to the contract.
- (ii) Note number 35(19) of the standalone Ind AS financial statements regarding disclosure of segment information as required under Ind AS 108.

Our opinion is not modified in respect of the above matters.





6. Other Matter

The comparative financial information of the Company for the transition date opening Balance Sheet as at April 1, 2015 included in these Standalone Ind AS financial statements, are based on the previously issued statutory Standalone financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by Garre & Co., Chartered Accountants for the year ended March 31, 2015, whose reports dated July 25, 2015, expressed an unmodified opinion on those Standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

7. 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, the Statement of Changes in Equity 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
 - (e) On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 Ind AS financial statements vide Note No. 35(6) of Notes to the Ind AS Financial Statements

(ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

(iii) No amounts are required to be transferred, to the Investor Education and Protection Fund by the Company.

(iv) The Company has provided requisite disclosures in the Standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management- Refer Note 35(9) to the Standalone Ind AS financial statements.

Place: Hyderabad

Date: 24/08/2017



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-A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Paragraph 7 (1) of Independent Auditors' Report to the Members of Bharat Dynamics Limited On the standalone Ind AS financial statements for the year ended on March 31, 2017

1. (a) Subject to sub-clause (c) herein below 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 our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(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 shown to us in respect of the following properties:

Nature of the Asset	Amount lakhs	Rs. In	Nature of document shown to us
Freehold Land At Karmanghat and Chintalakunta		46.55	Photo Copy of Pahani
Freehold Land at Bhanur		194.66	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 made available.

Nature of Asset	Amount (Rs.In Lakhs)	Reasons
Freehold Land at Ibrahim Patnam	5831.28	Land is acquired through TSIC. As per their rules Land will be registered only after setting up of the Factory.
Freehold Land at Kanchanbagh including Investment Property	29.39	Land allotted free of cost by the State Government. No Title Deed is issued. Value is fair value as per Ind AS 16

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

E-mail : srm_co@yahoo.com





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.
Lease hold land at Visakhapatnam	-	Lease Deed is not executed by the Lessor.

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 are 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, 2017 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 Central Sales Tax Act and Value Added Tax:

Name of the Statute	Nature of Dues	Disputed Amount (Rs.in Lakhs)	Paid under Protest/ Adjusted as required under law	Balance	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act	Central Sales Tax	284.36	71.09	213.27	2007-08	TS VAT AT
Central Sales Tax Act	Central Sales Tax	332.14	166.07	166.07	2010-11	TS VAT AT
Central Sales Tax Act	Central Sales Tax	5550.83	693.85	4856.98	2011-12	Writ pending with High Court at Hyderabad
Central Sales Tax Act	Central Sales Tax	5024.27	0	5024.27	2012-13	Writ pending with High Court at Hyderabad
Central Sales Tax Act	Central Sales Tax	4266.81	0	4266.81	2013-14	Writ pending with High Court at Hyderabad
AP Vat Act	VAT	10.30	1.16	9.14	2010-11	AC VAT
TOTAL		15468.71	932.17	14536.54		





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 other matter contained in 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.
12. The Company is not NIDHI company hence matter relating to NIDHI company in 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 Act.

Place: Hyderabad
Date: 24/08/2017



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



S.R. MOHAN & CO.

CHARTERED ACCOUNTANTS

☎ : 23201123
 : 23201223
 Fax : 23205535

ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Paragraph 7 (2) (f) of Independent Auditors' Report to the Members of Bharat Dynamics Limited On the standalone Ind AS financial statements for the year ended on March 31, 2017

Report on the Internal Financial Controls over Financial Reporting under clause (i) of sub section 3 of Section 143 of the Companies Act, 2013

1. We have audited the internal financial controls over financial reporting of Bharat Dynamics Limited (the Company) as at March 31, 2017 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.

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

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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.

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, 2017, 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: 24/08/2017



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



S .R. MOHAN & CO
CHARTERED ACCOUNTANTS

23201123

23201223

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Email: srm_co@yahoo.com

ANNEXURE-C TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Paragraph 7 (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, 2017

Report on the directions under sub-section 1 of Section 143 of the Companies Act, 2013

According to the information and explanations furnished to us and based on audit of the accounts of the Company, Bharat Dynamics Limited, we report hereunder on the directions given by the Comptroller and Auditor General of India.

Direction	Report	Impact												
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.	The availability of clear title / lease deeds could not be ascertained as title deeds are not made available for our perusal in respect of following properties	Nil												
	<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 (Sale agreement is available)</td> <td>597 Acres 22.50 Guntas</td> </tr> <tr> <td>5. Lease Hold Land at Visakhapatnam</td> <td>3 Acres 25 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 (Sale agreement is available)	597 Acres 22.50 Guntas	5. Lease Hold Land at Visakhapatnam	3 Acres 25 Guntas
	Nature of Land		Extent of Land											
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5. Lease Hold Land at Visakhapatnam	3 Acres 25 Guntas													
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.														
<table border="1"> <thead> <tr> <th>Freehold Land at</th> <th>Extent of Land</th> </tr> </thead> <tbody> <tr> <td>Karmanghat</td> <td>73Ac 26 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>3 Ac 78 Yards</td> </tr> </tbody> </table>	Freehold Land at	Extent of Land	Karmanghat	73Ac 26 Guntas	Chintalakunta	37Ac 22 Guntas	Banur	995Ac 2 Guntas	Shamirpet	3 Ac 78 Yards				
Freehold Land at	Extent of Land													
Karmanghat	73Ac 26 Guntas													
Chintalakunta	37Ac 22 Guntas													
Banur	995Ac 2 Guntas													
Shamirpet	3 Ac 78 Yards													





2. Whether there are any cases 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 debt / advances were written off for amount of Rs.1.12 lakh.	Profit is adversely effected by Rs. 1.12 Lakh
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.	Nil

Place: Hyderabad

Date: 24/08/2017



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

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



स्पीड पोस्ट द्वारा
गोपनीय

पं.सं.डी.एल. लेखा(2016-17)/2017-18/250

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.

सेवा मे,
श्री वी.उदय भास्कर,
अध्यक्ष & प्रबंध निदेशक
मेसर्स भारत डायनामिक्स लिमिटेड,
कंचन बाग,
हैदराबाद - 500 058

13 सितम्बर 2017

महोदय ,

विषय: कम्पनी अधिनियम 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक
एवं महालेखापरीक्षक की टिप्पणियाँ।

मैं 31 मार्च 2017 को समाप्त वर्ष के लिए मेसर्स भारत डायनामिक्स लिमिटेड, हैदराबाद के
लेखाओं पर कंपनी अधिनियम 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक एवं
महालेखापरिष्कक का " टिपण्णी" अंग्रेषित करता हूँ।

कृपया सुनिश्चित करे कि टिप्पणिया

1. बिना कोई संशोधन किये पूर्ण रूप से छापी जाये।
2. सूचि में उचित संकेत के साथ कंपनी की वार्षिक रिपोर्ट में सांविधिक लेखापरीक्षकों की
रिपोर्ट के आगे रखा जाये।
3. कंपनी अधिनियम 2013 की धारा 143(6)(b) के तहत आवश्यकतानुसार वार्षिक आम
बैठक में रखा जाये ।

कृपया पत्र की पावती भेजें।

संलग्न: यथोपरि

H. भवदीय,
13/9/2017
(एन. सुब्रमण्यन)
निदेशक (प्रशासन)

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

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

फैक्स / Fax : 080-2226 2491



By Speed Post

Insp./BDL Accs(2016-17)/2017-18/250
सं./No.

Confidential

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: 13 September 2017

To

Shri V Udaya Bhaskar
Chairman and Managing Director,
M/s. Bharat Dynamics Limited,
Kanchanbagh,
Hyderabad - 500 058

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 2017

I forward "Comments" of the Comptroller and Auditor General of India under section 143(6)(b) read with section 129(4) of the Companies Act, 2013 on the Financial Statements of **M/s. Bharat Dynamics Limited, Hyderabad** for the year ended 31 March 2017.

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 to the index.

The receipt of this letter may please be acknowledged.

Yours faithfully,


(N. Subramanian)
Director (Admin)

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

दूर. 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 ACCOUNTS OF M/s BHARAT DYNAMICS LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2017.

The preparation of financial statements of **M/s. Bharat Dynamics Limited, Hyderabad** for the year ended 31 March 2017 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 auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are 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 3 August 2017 and revised report dated 24 August 2017.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Companies Act, 2013 of the financial statements of **Bharat Dynamics Limited, Hyderabad** for the year ended 31 March 2017. 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. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Companies Act, 2013 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

A. COMMENT ON PROFITABILITY

Statement of Profit and Loss –Note 27–Revenue from operations ₹ 4886.61 crore.

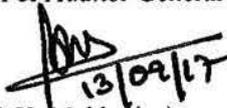
A reference is invited to disclosure made in Note 27 wherein it is stated that Sale of Finished Goods and Sale of Spares included ₹ 85.45 crore and ₹ 247.74 crore respectively accounted based on customer acceptance and prices accepted by the representative of the customer for which contract amendment is under consideration by the customer and that Company is confident of realisation of these amounts. The delivery schedule expired on 31 December 2016 and Finished Goods and Spares valued ₹ 85.45 crore and ₹ 206.92 crore were accounted as sales based on Inspection Certificates issued by the customer during the period from 01 January 2017 to 30 March 2017. The accounting was based on



Article 10.1 of the Contract which stipulated that the date of issue of Inspection Certificate (I-Note) ex BDL would be reckoned as date of delivery.

Sale of Spares also included Spares valued ₹ 40.82 crore which was accounted based on undated Inspection Certificates. Further, these certificates had reference to Company's letter of 11 April 2017 issued to the customer and thus, it was apparent that these Inspection Certificates were not issued before 31 March 2017. As date of issue of Inspection Certificate was the basis for accounting of Sale of Finished goods and Spares as per the contract, inclusion of sale value of these spares in sale of Spares was not in order and resulted in an overstatement of sale of Spares by ₹ 40.82 crore. This also resulted in an overstatement of profit and an understatement of inventory, the impact of which could not be quantified for want of details.

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


13/09/17

(B.K. Mukherjee)
Pr. Director of Commercial Audit

Place: Bengaluru
Date: 13 September 2017



अतिथि आगमन* VIP VISITS*



बी डी एल की इब्राहीमपट्टणम इकाई में स्थैतिक परीक्षण सुविधा का उद्घाटन करते हुए माननीय रक्षा मंत्री
Dedication of Static Test Facility to the Nation by Raksha Mantri at BDL, Ibrahimpatnam Unit.



बी डी एल की इब्राहीमपट्टणम इकाई में स्तर-II
सुविधाएँ सृजित की गई भूमि-पूजा
Ground Breaking Ceremony at BDL,
Ibrahimpatnam Unit for Phase II Facilities Creation.



बी डी एल की भावी परियोजनाओं की जानकारी लेते हुए माननीय रक्षा मंत्री
RM being apprised about upcoming projects
at BDL by CMD.



वृक्षारोपण Plantation of Sapling

* प्रकाशन की तिथि तक

* As on date of printing



बी डी एल, भानूर इकाई में 'अस्त्र' प्रणाली उत्पादन सुविधा का उद्घाटन करते हुए
Inauguration of Astra Weapon System Production at BDL, Bhanur Unit.



बी डी एल, भानूर इकाई की विनिर्माण सुविधाओं का दौरा करते हुए
Visit to manufacturing facilities at BDL, Bhanur Unit.



बी डी एल, भानूर इकाई में 5 मेगावाट फोटो वोल्टिक पॉवर परियोजना का उद्घाटन करते हुए
Inauguration of 5 MW Solar Photo Voltaic Power Project at BDL, Bhanur Unit.



बी डी एल, भानूर इकाई स्थित विनिर्माण सुविधाओं का दौरा करते हुए
Visit to manufacturing facilities at BDL, Bhanur Unit.



बी डी एल, मिधानि, डी आर डी ओ प्रयोगशालाएँ, मीडिया तथा अन्य उपस्थित अधिकारियों को संबोधित करते हुए
Addressing the employees of BDL, MIDHANI, DRDO Labs, Media and others at BDL



प्रेक्षकों का एक दृश्य
A glimpse of the audience



भारतीय नौसेना को लंबी दूरी की ज़मीन से हवा में मार करनेवाली मिसाइल सौंपते हुए
Handing Over of Long Range Surface to Air Missile to Indian Navy.



स्मृति-चिह्न भेंट करते हुए सी एम डी, बी डी एल।
Presentation of Memento by CMD, BDL.



हस्तांतरण कार्यक्रम के उपरांत माननीय रक्षा मंत्री सहित सचिव (रक्षा उत्पादन), अध्यक्ष, डी आर डी ओ तथा सचिव, रक्षा अनुसंधान एवं विकास, महानिदेशक (एम एस एस) एवं रक्षा मंत्री के वैज्ञानिक सलाहकार तथा आई ए आई, इज्राइल, डी आर डी ओ तथा बी डी एल के वरिष्ठ अधिकारी
RM with Secretary (DP), Chairman, DRDO & Secretary, Dept. of Defence R&D, DG (MSS) & SA to RM and senior officials from IAI, Israel, DRDO and BDL after the handing over ceremony.



बी डी एल, मिधानि के सी एम डी, निदेशक, मुख्य सतर्कता अधिकारी, अधिशासी निदेशकगण, महाप्रबंधकगण व अन्यो के साथ
With CMD, Directors, CVO, EDs & GMs from BDL, CMD, MIDHANI and others.



रक्षा राज्य मंत्री का बीडीएल दौरा
Visit of Raksha Raja Mantri to BDL



उत्कृष्ट एस ए एम भण्डारण सुविधा का उद्घाटन करते हुए माननीय रक्षा राज्य मंत्री
State-of-the-art SAM Storage Cubicles facility being inaugurated by Hon'ble RRM.



सचिव (डी आर डी ओ) का विशाखापट्टणम इकाई का दौरा
Secretary (DRDO) visit to Visakhapatnam unit





बी डी एल के उत्पाद

BDL Products





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BDL Products





बी डी एल के उत्पाद

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