

भारत डायनामिक्स लिमिटेड, 45वाँ वार्षिक विवरण 2014-15

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

अधिप्रमाणित

हस्ता./-

रक्षा राज्य मंत्री

Bharat Dynamics Limited, 45th Annual Report 2014-15

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

AUTHENTICATED

Sd./-

RAKSHA RAJYA MANTRI



Board of Directors

CHAIRMAN & MANAGING DIRECTOR



Shri V Udaya Bhaskar

GOVERNMENT DIRECTORS



Smt Kusum Singh
Joint Secretary, DDP, MoD
From 23 Sept 2015



Shri RG Viswanathan
Addl FA (R&D), DRDO
Joint Secretary, MoD



AVM NB Singh
AVSM, VSM (Retd.)
Director (Technical)



Shri S. Piramanayagam
Director (Finance)
From 01 Jan 2015



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

WHOLE TIME DIRECTORS

PERMANENT SPECIAL INVITEES



Vice Admiral P Murugesan
AVSM, VSM
Vice Chief of Naval Staff
(From 31 Mar 2015)



Lt Gen CA Krishnan
UYSM, AVSM
Dy Chief of Army Staff
(From 01 May 2014)



Air Marshal BS Dhanoa
AVSM, YSM, VM
Vice Chief of Air Staff
(From 01 Jun 2015)



Dr K. Jayaraman
OS & Director, DRDL
(From 12 Sep 2014)

FORMER DIRECTORS/PERMANENT SPECIAL INVITEES



Shri J Rama Krishna Rao
Joint Secretary (ES)
(Upto 06 Aug 2015)



Shri SN Mantha
Chairman &
Managing Director
(Upto 31 Dec 2014)



Shri SV Subba Rao
Director (Finance)
(Upto 31 Dec 2014)



Shri AK Kapoor
Emeritus Scientist DRDO
(Upto 15 Feb 2015)

FORMER DIRECTORS/PERMANENT SPECIAL INVITEES

Company Secretary

Former Company Secretary



Vice Admiral Sunil Lanba
AVSM, VSM
Vice Chief of Naval Staff
(Upto 30 Mar 2015)



Air Marshal RK Sharma
PVSM, AVSM, VM, ADC
Vice Chief of Air Staff
(Upto 31 May 2015)



Shri KVLN Murthy
(From 01 Aug 2015)



Shri M Lakshmi Narayana
(Upto 31 Jul 2015)



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
01-07-1994 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 RAAQNISH 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 ***

1. **श्री जे रामकृष्ण राव**, आई ए एस - अध्यक्ष
संयुक्त सचिव (ई एस), डीडीपी, रक्षा मंत्रालय
सरकार द्वारा मनोनीत निदेशक
2. **श्री आर जी विश्वनाथन**, आई ए अण्ड ए एस - सदस्य
अपर वित्त सलाहकार, संयुक्त सचिव (डीआरडीओ)
सरकार द्वारा मनोनीत निदेशक
3. **एवीएम एन बी सिंह**, अविसेमे, विसेमे (नि.) - सदस्य
निदेशक (तकनीकी)
4. **श्री एम लक्ष्मीनारायण** - सचिव
कंपनी सचिव

Audit Committee *

1. **Shri J Rama Krishna Rao**, IAS - Chairman
Joint Secretary (ES), DDP, MoD
Government Nominee Director
2. **Shri RG Viswanathan**, IA & AS - Member
Addl. FA & JS (DRDO)
Government Nominee Director
3. **AVM NB Singh**, AVSM, VSM (Retd.) - Member
Director (Technical)
4. **Shri M Lakshmi Narayana** - Secretary
Company Secretary

प्रधान कार्यपालक गण *

डॉ. एन के राजू
अधिशासी निदेशक (का. एवं प्रशा.)

श्री बी शिव राम प्रसाद
अधिशासी निदेशक (सैम)

श्री अरूप कुमार माइती
महाप्रबंधक (सं.वि.)

श्री एन संपत कुमार
महाप्रबंधक (सैम)

श्री पी के दिवाकरन
महाप्रबंधक (अग्नि-बड़ामाफी)

श्री गुरुदत्त प्रसाद
महाप्रबंधक (भानूर इकाई) (9 सितंबर, 2015 तक)

श्री जी दत्तु कुमार
महाप्रबंधक (आकाश - जी एस डी)

श्री एन पी दिवाकर
महाप्रबंधक (आकाश)

श्री वी वेंकटेश्वर राव
महाप्रबंधक (वित्त)

श्री के दिवाकर
महाप्रबंधक (एम अण्ड आर)

श्री सी वी वी कुमार
महाप्रबंधक (सेवाएँ - भानूर इकाई)

श्री एम नीलकण्ठप्पा
महाप्रबंधक (क.सं. एवं विश्रॉड)

श्री रमेश
महाप्रबंधक (विशाखापट्टणम इकाई)

श्री के वेंकटेश्वर राव
महाप्रबंधक (त.से.)

Principal Executives *

Dr. N K Raju
Executive Director (P&A)

Shri B Siva Rama Prasad
Executive Director (SAM)

Shri Arup Kumar Maiti
General Manager (BD)

Shri N Sampath Kumar
General Manager (SAM)

Shri PK Divakaran
General Manager (AGNI – BM)

Shri Gurudatta Prasad
General Manager (BU) (Upto 9 Sept 2015)

Shri G Dattu Kumar
General Manager (AKASH – GSD)

Shri NP Diwakar
General Manager (AKASH)

Shri V Venkateswara Rao
General Manager (Finance)

Shri K Diwakar
General Manager (M&R)

Shri CVV Kumar
General Manager (Services – BU)

Shri M Neelakantappa
General Manager (ER & VSHORAD)

Shri Ramesh
General Manager (Vizag Unit)

Shri K. Venkateswara Rao
General Manager (TS)

लेखापरीक्षक

मेसर्स गर्रे अण्ड कंपनी
चार्टर्ड अकाउण्टंट्स, हैदराबाद

Auditors

M/s. Garre & Co.
Chartered Accountants, Hyderabad

* 31 मार्च, 2015 तक

* As On 31 March, 2015



आंतरिक लेखापरीक्षक

मेसर्स एम भास्कर राव अण्ड कंपनी, चार्टर्ड अकाउण्टंट्स
मेसर्स डी वी रमण राव अण्ड कंपनी, चार्टर्ड अकाउण्टंट्स
मेसर्स राममूर्ति (एन) अण्ड कंपनी, चार्टर्ड अकाउण्टंट्स
मेसर्स नरसिंह राव अण्ड असोसिएट्स, चार्टर्ड अकाउण्टंट्स

Internal Auditors

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

लागत लेखापरीक्षक

मेसर्स डी जेड आर अण्ड कंपनी
लागत लेखाकार

Cost Auditors

M/s DZR & Co.
Cost Accountants

कर परामर्शदाता

बंसल अण्ड दवे
चार्टर्ड अकाउण्टंट्स

Tax Consultant

Bansal & Dave
Chartered Accountants

विधि सलाहकार

श्री के श्रीनिवास मूर्ति
श्री डी रवि शंकर राव

Legal Advisers

Shri K Srinivas Murthy
Shri D Ravi Shankar Rao

बैंकर्स

आंध्रा बैंक
भारतीय स्टेट बैंक
एक्सिस बैंक

Bankers

Andhra Bank
State Bank of India
Axis Bank

पंजीकृत कार्यालय

कंचनबाग पोस्ट
हैदराबाद-500058
तेलंगाना, भारत
ईपीएबीएक्स - 040-24587466 एवं 040-24587777
फैक्स - 040-24340464

Registered Office

Kanchanbagh Post
Hyderabad – 500 058
Telangana, India
Epabx 040-24587466 & 040-24587777
Fax – 040 24340464

ई-मेल

bdlitd@bdlgov.in

E-Mail

bdlitd@bdlgov.in

वेबसाइट

<http://bdl.ap.nic.in>

Website

<http://bdl.ap.nic.in>



दस वर्षों पर दृष्टिपात

TEN YEARS AT A GLANCE

(₹ करोड़ Crore)

विवरण Particulars	इकाई Units	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
बिक्री Sales	₹ Cr.	2799.68	1779.89	1074.71	959.12	939.16	627.23	464.82	454.38	433.51	531.53
निर्माणधीन कार्य / सम्पन्नकार्योप परिवर्तन Changes in WIP/SIT	₹ Cr.	(29.63)	24.60	100.81	33.82	(28.18)	4.38	58.24	51.47	(47.67)	2.75
उत्पादन मूल्य Value of Production	₹ Cr.	2770.05	1804.49	1175.52	992.94	910.98	631.61	523.06	505.85	385.84	534.28
सामग्री की खपत Material Consumption	₹ Cr.	1855.10	1226.01	779.57	633.53	580.14	438.01	364.84	351.99	239.89	329.01
परिवर्द्धित मूल्य Value Added	₹ Cr.	914.95	578.48	395.95	359.41	330.84	193.60	158.22	153.86	145.95	205.27
कर पूर्व लाभ Profit Before Tax	₹ Cr.	614.19	508.59	419.06	348.19	79.17	50.63	74.23	72.49	50.80	118.81
कराधान के बाद लाभ Profit After Tax	₹ Cr.	418.57	345.51	288.40	234.96	51.70	33.77	47.67	47.65	32.74	76.72
ईक्विटी Equity	₹ Cr.	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00
प्रारक्षित एवं अधिशिष्ट निधि Reserves & Surplus	₹ Cr.	1418.58	1102.97	838.30	617.38	437.05	412.08	405.13	384.37	363.62	357.79
सकल निरुद्ध (पूर्वगत नि.ख. छोड़कर) Gross Block(Excl.Cap.WIP)	₹ Cr.	940.04	834.56	711.55	604.24	488.08	461.20	403.42	376.49	359.09 *	333.51
सामग्री-सूची Inventory	₹ Cr.	1480.12	1382.51	1006.53	602.57	502.19	570.26	623.11	434.25	338.92	454.53
ग्राह्य व्यापार Trade Receivables	₹ Cr.	865.72	398.81	281.55	88.39	45.15	33.58	8.95	21.54	19.51	13.87
कार्यगत पूंजी Working Capital	₹ Cr.	908.28	812.68 \$	614.58	458.97	370.66 #	360.44	404.86	384.96	371.79	361.94
नियोजित पूंजी Capital Employed	₹ Cr.	1302.14	1172.29 \$	892.59	670.64	511.79 #	503.66	508.81	478.59	458.15 *	437.84
निवल मालियत Net Worth	₹ Cr.	1533.37	1217.75	953.08	732.18	551.85	526.88	519.93	495.55	470.86 *	457.09
कर्मचारियों की संख्या Number of Employees	Nos.	3183	3266	3300	3142 @	2897	2894	2788	2715	2742	2814
कर्मचारी पर लागत Employee Costs	₹ Cr.	313.07	307.28	258.99	240.32	234.53	178.84	151.16	149.63	94.71	84.71
पारिश्रमिक प्रति रु. पर परिवर्द्धित मूल्य Value Added per ₹ of Wage	₹	2.92	1.88	1.53	1.50	1.41	1.08	1.05	1.03	1.54	2.42
परिवर्द्धित मूल्य प्रति कर्मचारी Value Added per Employee	₹ Lakh	28.74	17.71	12.00	11.44 @	11.42	6.69	5.67	5.67	5.32	7.29
प्रति शेयर अर्जन (ई पी एस) Earnings per Share (EPS)	₹	3640	3004	2508	2043	450	294	415	414	285	667

* वर्ष 2006-07 की स्थायी परिसंपत्तियों की अनुसूची के पुनर्समूहन के कारण वर्ष 2007-08 में पुनर्व्यवस्थीकरण किया गया.
Re-adjusted due to regrouping of Fixed Assets Schedule of 2006-07 in the year 2007-08.

परिवर्द्धित अनुसूची-VI के अनुरूप लेखा प्रस्तुत करने के कारण वर्ष 2011-12 से पुनःसमायोजित.
Re-adjustment due to Presentation of Accounts as per Revised Schedule VI from 2011-12 onwards.

@ अस्थायी कर्मचारियों को समायोजित करने के लिए पुनर्व्यवस्थीकरण किया गया.
Re-adjusted to include temporary Employees.

\$ वर्ष 2013-14 की चालू परिसंपत्तियों तथा चालू देयताओं के पुनर्समूहन के कारण वर्ष 2014-15 में पुनर्व्यवस्थीकरण किया गया.
Re-adjusted due to re-grouping of Current Assets and Current Liabilities of 2013-14 in 2014-15



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Directors' Profile



Shri V Udaya Bhaskar
Chairman & Managing Director

Shri V Udaya Bhaskar was appointed as Director (Production) on the Board of BDL w.e.f. 01 Aug 2013. He is an Engineering Graduate in Plastics Technology and did M.Tech in Polymer Science Technology.

Shri V Udaya Bhakar has rich experience in Missile Production Spanning over 23 years which included areas like indigenization of Invar, Konkurs-M Missiles, Assembly, Integration and Testing of Missiles, Vendor Development etc. Shri V Udaya Bhaskar is the recipient of Prestigious Raksha Mantri Innovation Award in Group/ Individual Category for the Year 2010-11.

In view of his vast experience in Missile Technology, Management Skills and Professional abilities, he was appointed as Chairman and Managing Director on the Board of BDL w.e.f 30 Jan 2015.

Smt Kusum Singh, is a Post Graduate in MA Economics from Delhi College of Economics. She belongs to Indian Railway Personnel Services (IRPS) 1984 batch. Smt Kusum Singh held various postings with Ministry of Railways CRIS (Central for Railway Information System); etc. Prior to Joint Secretary (Personal and Co-Ordination)/ ES, Department of Defence Production, Ministry of Defence.

Smt Kusum Singh is appointed as Government Nominee Director on the Board of BDL since 23 Sep 2015.



Smt. Kusum Singh
Joint Secretary, DDP, MoD



Shri RG Viswanathan
Addl FA (R&D) DRDO
Joint Secretary, Ministry of Defence

Shri RG Viswanathan belongs to 1987 batch of IA & AS. He worked as Financial Advisor in Oriental Insurance Company during 2001 to 2006. He also worked as Principal Director Audit, Scientific Department, New Delhi from Nov 2006 to May 2011 and was responsible for audit of all Scientific Ministries / Departments of Government of India. He also worked as Director in the Office of Principal Director of Audit, India Audit Office, London from Mar 1998 to Dec 2001.

Shri RG Viswanathan is on the Board of BDL as Government Director since 15 Jun 2011.



AVM NB Singh
AVSM, VSM (Retd.)
Director (Technical)

Air Vice Marshal NB Singh, AVSM, VSM (Retd.) was commissioned in the Aeronautical Engineering (Electronics) stream of the Indian Air Force on 01 Jan 1979, the Officer has a brilliant academic record of distinction in Electrical Engineering, He is Fellow of Electronics and Telecommunication (FIETE). In this 35 years of service in the Indian Air Force, he held many important appointments.

As a Senior Maintenance Staff Officer HQ SWAC, he was instrumental in improving the availability and serviceability of Aircraft and Ground Equipment for operational exploitation. He has also been part of planning group to conduct Air Force Level Exercise “Iron Fist 13” and the same was witnessed and appreciated by President, Prime Minister and other dignitaries as well as foreign diplomatic corps. Officers where IAF demonstrated its fire power in net centric environment, for his distinguished services of highest order the officer was awarded Ati Vishishtha Seva Medal by the President of India on 26 Jan 2013.

AVM NB Singh, AVSM, VSM (Retd.) is appointed as Director (Technical) on the Board of BDL since 01 Apr 2014.

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 (Finance) handling finance functions of Rail & Metro Business vertical of BEML and also worked in middle Management cadre in BDL. He had vast experience covering Auditing, Accounting, Finance and Taxation areas.

Shri S Piramanayagam is appointed as Director (Finance) on the Board of BDL since 01 Jan 2015



Shri S Piramanayagam
Director (Finance)



Shri V. Gurudatta Prasad
Director (Prod)

Shri Voleti Gurudatta Prasad assumed charge as Director (Production) on Board of Bharat Dynamics Limited on 10 Sep 2015. Prior to his new appointment, he has served as Head / General Manager at BDL, Bhanur Unit. He did B.Tech. in Mechanical Engineering from Bangalore University and also did M.Tech in Industrial Engineering & Management from JNTU, Hyderabad.

He has a rich experience in various fields of Missile Production spanning over 30 years in various fields of missile production such as System Engineering, Component Production, Assembly and established facilities for integration and testing of Milan - 2T ATGM. He is instrumental for acceleration indigenization of components, Machines and Test Equipment of Milan 2T ATGM.



Annual Report 2014-15

Chairman's Message



Dear Members,

It is indeed my privilege to share with you the achievements and financial highlights of your Company for the financial year 2014-15 and future growth plan of your Company.

PERFORMANCE OVERVIEW:

- (i) Your company achieved highest ever Sales Turnover of ₹ 2799.68 Crore and Value of Production of ₹ 2770.05 Crore registering an increase of 57% and 54% respectively over the previous year.
- (ii) On the financial front your Company has a consistent track record of Dividend payment. The dividend payment for the year is ₹ 83.71 Crore as against the dividend of ₹ 69.10 Crore in the previous year.

HIGHLIGHTS OF THE YEAR UNDER REPORT:

- (i) During the year, the Company has achieved highest sales of ATGMs. The Anti Tank Guided Missile Sales during the year exceeded the previous year sales achieved.



- (ii) The Company obtained ISO 9001-2001 Quality Management Certification for Akash Division.
- (iii) The Company has also done extremely well in its activity of Refurbishment and Life extension of Missiles.
- (iv) The Company handed over Akash Weapon System to the Indian Army, the User, in the presence of Chief of Army Staff in May 2015.



Shri V. Udaya Bhaskar, CMD addressing the audience during AWS induction ceremony at New Delhi

FUTURE OUTLOOK:

- (i) The present order book position of the Company is ₹ 16357 Crore which will keep production line busy in the years ahead. Further, the present Government of India's thrust on "Make in India" policy augurs well for the company.
- (ii) Therefore, it is felt necessary to augment infrastructure at multi locations to set up manufacturing lines, broadening the Vendor base and creating effective Project Management Systems for timely execution of the Projects.
- (iii) Your company has been identified as Production Agency for QRSAM Project during the year. Projects in the pipeline are MRSAM, LRSAM, VSHORADS and SPIKE. Therefore, the necessity to expand our manufacturing and storage facilities at multi locations is the need of the hour.



ENVIRONMENTAL INITIATIVES:

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

REGULAR INTERACTION WITH CUSTOMERS:

Company is organizing periodic meetings with Users for monitoring the progress, supply status of the indents placed on the Company by the 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:

During the year under report, the Vendor Development Policy of the Company has been reviewed by Functional Directors for implementation. Such a policy will facilitate the Company to further improve the 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 on Outsourcing and Vendor Development IMM Manual of the Company is under regular review and updation.

TECHNOLOGY:

The Company has started its journey with the production of First Generation Anti Tank Guided Missiles (ATGM), SSII B1. Having understood the Transfer of Technology from OEM, Aerospatiale, France, BDL gained the strength to march towards grasping the Second Generation ATGM Technology. ATGMs like Milan-2 from Euro Missile, France and Konkurs from Russia were inducted into BDL's fold. These Missiles have been upgraded to Second plus Generation technology in the form of Milan-2T and Konkurs-M and high velocity laser beam rider Missile i.e., Invar 3UBK20. All of them have the capability to defeat Tanks fitted with ERA. DRDO Projects like Prithvi, Trishul, NAG and Akash have further enhanced the Technology absorption capabilities of the Company. With the delivery of ATGMs and other Missiles to customer along with Ground Support Systems, BDL has well marked foot print in the Indian Defence market. BDL presently is at the threshold of leaping into third and further Generation Technologies. The Company is also identified as a Nodal Agency for Life extension and refurbishment of various types of Missiles.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT:

- (a) Corporate Social Responsibility is considered as an embedded programme of the Company. The Company being a good Corporate Citizen has been playing an exemplary role by fulfilling Social and Welfare obligations with clear transparency and commitment.
- (b) During the year under report, Company has spent an amount of ₹ 416.65 Lakh on activities like Health Care for the elderly population, Mid day Meal to School Children, Safe drinking water and new activities like E-sagu, construction of Toilets, contribution to Clean Ganga Fund and Swachh Bharat Kosh are undertaken.



Shri Manohar Parrikar, Hon'ble Rakshaya Mantri Flagging of Midday Meal Distribution Van donated to The Akshaya Patra Foundation. Others Seen are Shri V. Udaya Bhaskar CMD and others present on the occasion.

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

AWARDS:

During the year under report your Company and its members have been conferred with the following awards in recognition of outstanding performance in the respective areas:

- (i) Greentech Environmental Award for the year 2014.



AVM NB Singh, AVSM, VSM (Retd.) Director (Tech) received 15th Annual Greentech Environment Award-2014 from President, Greentech Foundation.

(ii) Golden Peacock Environment Management Award -2015



Shri Prakash Javadekar, Hon'ble Union Minister of State for Environment Forest and Climate Change presenting the Golden Peacock Environment Management Award -2015 to Shri V. Udaya Bhaskar, CMD.



- (iii) Greentech HR Award-2015 for the best HR Strategy.
- (iv) Indira Gandhi Rajyabhasha Puraskar – 2013-14 for best performance of TOLIC (PSUs)
- (v) National Quality Circle Excellence Award – 2014
(Team selected for International Convention on Quality Circle Concept – 2015 to be held in October 2015 at South Korea).

NEW PRODUCTION FACILITIES:

- (a) Lands have been acquired at Ibrahimpatnam in Telangana State and Amravati in Maharashtra State to cater to the future projects and construction of Compound wall is in progress at Amravati. Infrastructure and other facilities are to be augmented in these locations to meet the requirements of the Projects which are at various stages of consideration by Govt. of India.
- (b) Your Company has acquired office accommodation at New Delhi to meet the future business requirements of the Company.

CORPORATE GOVERNANCE:

- (i) The 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.
- (ii) 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 Practising Company Secretary are annexed to Directors' Report.
- (iii) Quarterly and Yearly compliance reports on Corporate Governance are being forwarded to MoD in the prescribed format as per DPE Guidelines.
- (iv) 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.



ON LINE ELECTRONIC FILING WITH REGISTRAR OF COMPANIES (RoC) / MINISTRY OF CORPORATE AFFAIRS (MCA):

The Company is compliant with the MCA-21 regime. The Company has been filing all forms and returns online under the Companies Act, 2013 and the Rules made thereunder online with digital signature. The Company's 'CIN' number is U24292TG1970GOI001353.

IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005

The Company is complying with the provisions of the Right to Information Act, 2005. All the information sought by the applicants under the Act have been furnished as per the provisions of the RTI Act, 2005.



ACKNOWLEDGEMENTS

I highly appreciate the support extended by our customers, business associates and various Ministries of Government of India, particularly Ministry of Defence, Department of Defence Production and the three Services. I wish to thank M/s. Garre & Co., Statutory Auditors of the Company and Principal Director of Commercial Audit and Ex-Officio Member, Audit Board for their valuable guidance and cooperation extended by them. The dedication and commitment of our employees and officers at all levels continues to be the major strength of the Company. My sincere thanks are due to my colleagues on the Board for their support and valuable advice in all areas of the Management. We shall make continuous efforts to build on these strengths to face future challenges and sustain the momentum in growth. In conclusion, I would like to state that your Company is gearing up to meet the challenges and we can look forward to a brighter future.

With best wishes,

V UDAYA BHASKAR
CHAIRMAN AND MANAGING DIRECTOR

Place: Hyderabad
Date: 27 Jul 2015



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 45th Annual Report together with the Audited Accounts of the Company for the year ended 31 Mar 2015.

2. HIGHLIGHTS OF OPERATIONS:

2.1 Your Company has achieved highest Sales Turnover of ₹ 2799.68 Crore during the year under report by registering an increase of 57% over that of Previous year.

2.2 Sale of Konkurs-M ATGM has surpassed all the earlier years by utilizing the enhanced capacity fully.

3. PERFORMANCE:

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

Particulars	₹ Crore		% of Increase/ (Decrease)
	2013-14	2014-15	
Value of Sales	1779.89	2799.68	57.29%
Value of Production	1804.49	2770.05	53.51%
Profit Before Tax	508.59	614.19	20.76%
Profit After Tax	345.51	418.57	21.15%
Value Added	578.48	914.95	58.16%

3.2 Following data reflects the financial position of the Company:

Particulars	₹ Crore		% of Increase/ (Decrease)
	2013-14	2014-15	
Gross Block	834.56	940.04	12.64%
Depreciation Reserve	474.95	546.18	15.00%
Net Block	359.61	393.86	9.52%
Working Capital	812.68*	908.28	11.76%
Capital Employed	1172.29*	1302.14	11.08%
Net Worth	1217.75	1533.37	25.92%

* Readjusted due to regrouping of Current Assets and Current Liabilities in the year 2013-14.



4. DIVIDEND & TRANSFER TO GENERAL RESERVE:

4.1 Your Company has a consistent track record of Dividend Payment. The Company has surpassed its previous record of highest payment of Dividend by paying a Dividend of ₹ 83.71 Crore for the year 2014-15 which includes Interim Dividend of ₹ 48.90 Crore paid during Feb 2015. The Directors also recommended a sum of ₹ 318.00 Crore for transfer to General Reserve.



Shri V. Udaya Bhaskar CMD presenting Interim Dividend Cheque for the year 2014-15 to Shri Manohar Parrikar Hon'ble Raksha Mantri on 11 Feb 2015. Others seen are Shri Mohan Kumar, Secretary (DP), Shri J. Rama Krishna Rao JS (ES), AVM NB Singh, AVSM VSM (Retd), Director (Tech), Shri S.Piramanayagam Director (Fin) and Shri Radhakrishnan, DGM (Fin) LO Present on the occasion.

5. FINANCE:

5.1 Total Paid up Capital remained at ₹ 115.00 Crore. Gross Block of fixed assets of the Company (including special tools and equipment) stood at ₹ 940.04 Crore representing an increase of ₹ 105.48 Crore over 2013-14.

6. PERFORMANCE AGAINST MoUs:

6.1 During the year 2013-14, the Company achieved a rating of "Excellent". The MoU rating for the year 2014-15 is also likely to be "Excellent".

7. COST REDUCTION:

7.1 In line with MoD guidelines, cost reduction has been identified as a thrust area and initiated cost reduction measures. Apex Committee on Cost reduction has been constituted



under the Chairmanship of a Functional Director. Review meetings are being held at regular intervals to monitor the progress in achieving the yearly targets. During the year under report an amount of ₹ 64.12 Crore has been achieved under the cost reduction programme as against the target of ₹ 62.29 Crore.

7.2 E-reverse auction is being implemented under E-Procurement wherever possible which resulted in more competitive price and reduction in material cost. Also energy saving devices are being installed as a part of Energy Audit. Continuous efforts are being made for increase in Vendor base for various Projects which resulted in considerable savings in material cost.

8. ECONOMY MEASURES:

8.1 In line with Ministry of Finance Office Memorandum on Expenditure Management, Economy Measures and Rationalization of expenditure, Company has observed fiscal 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 2014-15.

8.2 Energy consumption, fixed and variable overheads are being constantly reviewed and pruned to bare minimum.

9. MODERNIZATION AND UPGRADATION:

9.1 Under Modernization and Upgradation, production capacities of ATGMs and other products are being ramped up. Technologies like introduction of Robotic Welding Machines, Automatic Loading and Progress of Jobs in electroplating production line, unification Automation of cold and hot conditioning of Missiles/Subsystem, introduction of Flow Forming in place of deep drawing process are being ushered in which result in enhancing the existing capacity to meet the future demands of the Armed Forces.

10. FOREIGN EXCHANGE EARNINGS AND OUTGO:

10.1 Earnings of foreign exchange for the year was ₹ 1.55 Crore and the outgo was ₹ 616.93 Crore.

11. EXHIBITIONS:

11.1 Senior Executives and Directors have participated in the National and International Exhibitions during the year 2014-15. Such platforms were used to gain awareness in advanced technologies, interact with experts and share knowledge with others. Visiting the pavilions of other countries and understand the systems available with them, enables BDL to draw up

effectively its own future business plans. BDL has participated in the following exhibitions during the year 2014-15:

- Vibrant Gujarat Global Trade Show – 2015 at Ahmedabad during 07-13 Jan 2015.
- Aero India – 2015 held during 18-22 Feb 2015 at Bengalure,



Lt. Gen. Philip Campose PVSM, AVSM, VSM, ADC, Vice Chief of Army Staff being briefed by Shri V. Udaya Bhaskar, CMD and AVM NB Singh, AVSM, VSM (Retd) Director (Tech) during Aero India-2015 Exhibition at Bengalure.

- LAAD-2015 Exhibition held in Brazil during 14-17 Apr 2015.

12. BOARD OF DIRECTORS:

12.1 During the year under report, seven (7) meetings of the Board of Directors were held and the Annual General Meeting of the Company for the year 2013 - 14 was held on 26 Sep 2014.

12.2 Shri J Rama Krishna Rao, IAS, Joint Secretary (ES) is appointed as Government Nominee Director in place of Smt Kusum Singh, Joint Secretary, Department of Defence Production w.e.f 19 Nov 2014.



12.3 Shri S Piramanayagam is appointed as Director (Finance) w.e.f. 01 Jan 2015.

12.4 Shri V Udaya Bhaskar is appointed as Chairman and Managing Director on the Board of BDL w.e.f. 30 Jan 2015. Prior to this appointment, Shri V Udaya Bhaskar was Director (Production) on the Board of BDL since 01 Aug 2013.

12.5 The Tenure of Shri AK Kapoor, Part Time Non Official Director ended on 15 Feb 2015 and prior to this, the tenure of Prof RK Mishra, Part Time Non Official Director and Shri KL Mehrotra, Part Time Non Official Director ended on 07 Mar 2014. Resultant vacancies of the three Part Time Non Official Directors as on 31 Mar 2015 are vacant.

13. HUMAN RESOURCE DEVELOPMENT:

13.1 During the year under report, the Company has conducted various training programmes to impart training on knowledge based, development oriented and need based programmes covering 1048 Executives and 625 Non Executives of the Company. Such training programmes were organized in-house and at external agencies premises to cover the present and future requirements of the Company.

13.2 Your Company has also organized training programmes to 41 Nos. of Senior Executives under Management Development Programmes through Premier Institutions.

13.3 Recognizing the necessity to have Joint Venture with foreign OEMs and Indian Parties as a business strategy of the Company, Director (Fin) along with Sr. Executives have attended a training programme during 16-18 Feb 2015 on Joint Ventures at IIM, Bangalore.

13.4 Your Company is continuously sponsoring Executives to DIAT, Pune to undergo training on Missile Technology and also organized Revalidation and Skill upgradation training programmes to Non Executives.

13.5 Your Company has initiated an ambitious Programme to create a pool of trained Project Management Professionals in the Company. BDL has successfully organized Paper Based Test (PBT) of PMP in India by establishing itself a Test Centre during Oct 2014. Out of 30 Nos. of Executives 12 Nos. of Executives have successfully passed PMP examination during 2014-15.

14. INDUSTRIAL RELATIONS AND EMPLOYEE WELFARE:

14.1 Your Company has continued to maintain cordial and harmonious relation with recognized and other registered trade unions and associations during the year under report. All



the Statutory Committees such as Works Committee, Safety Committee, Canteen Committee and Plant Level Committee have extended their cooperation to maintain discipline at all levels.

14.2 Compliance on Statutory Welfare Provisions is followed meticulously. Company has also continued to extend non statutory facilities such as school, canteen allowance, uniforms, shoes etc. The Company has been taking care of medical needs of employees and their family members as per BDL Medical Rules. In line with DPE guidelines, Company has framed Pension Scheme for the Executives and Post Retirement Medical Benefit Scheme for the Executives and Non-Executives of the Company and obtained approval of the Board.

15. DIRECTORS' RESPONSIBILITY STATEMENT:

15.1 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 judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Financial Statement of the Company for the year ended 31 Mar 2015.
- (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 as amended 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.

16. FOREIGN VISITS:

16.1 The Company incurred an expenditure of ₹ 116.59 Lakh during the year under report towards foreign travel for business trips and for on Job Training of personnel.



17. SECURITY:

17.1 Central Industrial Security Force (CISF) is providing Security and Fire Services both at places Kanchanbagh and Bhanur Units. Efforts are being made to induct CISF, in Vizag Unit also. During the year under report, CISF has played a vital role in the Security and to safeguard the property of BDL. CISF team adopted robust security measures combining physical measures with technology to keep the highly sensitive installation secure.

17.2 Plant Security council is in place to review the security arrangements and implementation of IB guidelines. Regular Security review meetings are being conducted both by Management and CISF to beef up security.

17.3 During the year under report, officers from IB, Ministry of Home Affairs, NSG team along with octopus team visited BDL and conducted Reconnaissance in Kanchanbagh, BDL in connection with threat perception assessment.

17.4 Biometric Access Control System is installed in addition to Swiping of Cards to prevent unauthorized entries at the Security Gate.

18. SAFETY:

18.1 Company is strictly following applicable norms to maintain good health and safety of the employees. The two Committees i.e. Industrial Safety Committee which is statutory and Explosive Safety Committee are functioning to meet the needs of BDL. 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.



Shri B.S. Prasad, ED (SAM) and Factory Manager lighting up the lamp on the occasion of National Safety Day Celebrations. Others seen are Shri N. Sampath Kumar, GM (SAM) Shri Srinivas, Safety Officer and others present on the occasion.

18.2 During the year under report, Safety Engineering Department under the Chairmanship of a General Manager reviewed the Safety Manual to meet the requirements of new projects. Also Safety Policy and Safety Objectives boards are displayed in all Divisions/Departments.

18.3 Annual explosive safety Audit is conducted by CFEES, New Delhi and suggestions made by the Audit team have been complied with. Also regular medical checkups are being carried out to employees working in Hazardous areas by qualified medical team.

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

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

19.2 Total manpower strength (including Functional Directors) as on 31 Mar 2015 is 3180 and number of persons on temporary rolls as on the same date is 3. Of the total strength 79 are



ex-servicemen, 591 are Scheduled Caste and 212 are Scheduled Tribes. The existing percentage of Scheduled Caste and Scheduled Tribes in respect of Non Executive is 19.23% and 5.60% and in respect of Executives, it is 16.82% and 9.43% respectively.

19.3 Number of persons on temporary rolls as on 31 Mar 2015 is three, out of which two belong to Scheduled Caste and one belong to Scheduled Tribes category. The strength of Scheduled Caste and Scheduled Tribes in various categories of posts as on 31 Mar 2015 is as given below:

			Number of Employees			
Category	Total strength		Scheduled Castes		Scheduled Tribes	
	31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015
Group-A	753	748	125	120	75	74
Group-B	93	132	14	28	7	9
Group-C	1901 184*	1975 3*	348 37*	357 2*	98 14*	107 1*
Group-D	335	325	87	84	21	21
Total	3266	3183	611	591	215	212
*Temporary Employees						

19.4 Recruitment of employees in Scheduled Caste and Scheduled Tribes during 2014-15 is as follows:

Classification of posts	Total vacancies released	Total Recruitment	Reservation of posts (out of Col.2)		Recruitment made during the year 2014-15	
(1)	(2)	(3)	(4)		(5)	
			SCs	STs	SCs	STs
Group-A	2	22	-	-	02	-
Group-B	-	-	-	-	-	-
Group-C	13	183	03	02	36	13
Group-D	-	01	-	-	-	01
Total	15	206	3	2	38	14

20. EMPLOYMENT OF WOMEN:



Shri V. Udaya Bhaskar CMD lighting up lamp on the International Women's Day. Shri S. Piramanayagam, Director (Fin), Smt. Latha, AGM (Invar) and others present at the occasion.

20.1 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 situation



of Women (percentage) is given below as directed by Ministry of Defence vide their letter No. 39(6)/99/D(B&C), dated 27 Aug 1999.

I. EXECUTIVES

Grade	Total	Women	Percentage
I	132	21	15.90%
II	226	38	16.81%
III	147	18	12.24%
IV	57	8	14.03%
V	127	13	10.23%
VI	142	1	0.70%
VII	32	1	3.12%
VIII	12	0	0
IX	2	0	0
CVO on deputation	-	-	0
Directors	2	-	0
CMD	1	-	0
Total	880	100	11.36%

II. NON-EXECUTIVES

Grade	Total	Women	Percentage
WG-1	111	13	11.71%
WG-2	309	26	8.41%
WG-3	266	43	16.16%
WG-4	278	52	18.70%
WG-5	168	21	12.50%
WG-6	38	6	15.78%
WG-7	139	8	5.75%
WG-8	19	1	5.26%
WG-9	62	3	4.83%
WG-10	189	10	5.29%
WG-11	139	21	15.10%
WG-12	582	38	6.52%
Temp	3	-	0
Total	2303	242	10.50%



21. PERSONS WITH DISABILITIES (PWD) EMPLOYEES (Executives & Non-Executives) as on 31 Mar 2015:

21.1 The total employees of Persons with Disabilities as on 31 Mar 2015 is 107 and its percentage to total employees works out to 3.36%.

22. ANNUAL RETURN:

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

23. ENVIRONMENT AND POLLUTION CONTROL:

23.1 The Company contributes in all aspects to the environment by maintaining a clean and green environment. Effluent water treatment, water conservation, tree plantation, planting of flower bearing trees, and landscaping utilizing treated effluent water, was carried out. Company has formed Committees like Working Level Committee and Steering Committee for handling various types of pollutions in BDL and are periodically reviewing the status on Pollutions. Steps are being taken to replace old DG sets with new Acoustic DG sets to control noise pollution within the prescribed limits.

24. QUALITY:

24.1 BDL manufactures products which are single shot in nature. These products require stringent quality standards and high degree of reliability. In pursuit of this objective, BDL has adopted International Quality Management System practices by way of obtaining ISO Certification for the past 19 years. During the year under report, Bhanur Unit, CP-IGMP, ITD, Electronics Division and D& E Division have been certified to ISO 9001:2008 Quality Management System Standard. Akash Division has also obtained ISO 9001:2008 Quality Management System Certificate which has enhanced the confidence of its customers. Further, Company has introduced IAQG requirements in Milan Division by implementing AS 9100C Aerospace Quality Management System. Electronic Lab of Bhanur Unit got accredited to ISO/IEC 17025:2005 (NABL) Standard.



Shri V. Gurudatta Prasad, GM (BU) received NABL accreditation Certificate for Bhanur Unit on 03 Feb 2015.

25. EXPORTS:

25.1 BDL has not executed any Export order during the year 2014 - 15.

26. FUTURE OUTLOOK:

26.1 Consequent to the modernization Programme launched by the Indian Armed Forces, the future outlook of the Company is encouraging. BDL has already been identified as Lead Integrator for the acquisition programme like VISHORAD, SRSAM. BDL is also the Lead Integrator for Advanced 3rd Generation ATGM. These Projects are at various stages of consideration for approval of Government of India. Considering the above, future outlook for the Company's growth is satisfactory. However, keeping in view the Government Policy to encourage competition from all sectors in Defence acquisition Programmes, BDL is aware that its Nominated Production Agency Status is being slowly transformed to that of a Competitive Bidder. Hence the Company needs to get ready to face new challenges in future.

27. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

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

28. OFFICIAL LANGUAGE (OL) IMPLEMENTATION:

28.1 The Provisions of the OL Act, 1963 (as amended in 1967) & Rules thereunder are implemented properly. Quarterly OLIC Meetings are held under the Chairmanship of CMD and quarterly Progress Reports on use of OL are sent in time. On the eve of Vigilance Awareness Week, National Safety Week, Fire Safety Week, Environment Day & observance of Swachh Bharat Mission, various competitions were conducted in Hindi, English & Telugu to involve more and more employees of the Organization and bring awareness on these subjects.

28.2 The Website of the Company prepared in Hindi is updated from time to time in compliance to the directives from Govt. of India. Shri S N Mantha, Ex-CMD & Chairman, TOLIC (U) received Smt Indira Gandhi Rajyabhasha Shield for third place for implementation of OL during the year under report. Shri Homnidhi Sharma, Sr. Manager (OL) and Secretary, TOLIC (U) has been presented with a Commendation letter as Member Secretary for excellent implementation of OL during the year 2014-15.



Shri Pranab Mukherjee Hon'ble President of India Presenting Indira Gandhi Rajbhasha Shield for best performance of TOLIC (PSUs) to Shri S.N. Mantha, the then CMD, BDL.

28.3 Under OL Act, 1963 and the Presidential Orders thereon, the papers laid before the Parliament, Annual Report of the Company, MoU with MoD were prepared in bilingual form and submitted.



29. TECHNOLOGICAL CONSERVATION & RENEWABLE ENERGY DEVELOPMENT:

29.1 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, BDL has unleashed various programmes to conserve energy thus promoting energy efficiency.

29.2 Solar energy is one of the most important renewable energy sources that has been gaining increased attention in the recent past. Solar energy is clean and free of emissions which is great for the environment, as it does not produce pollutants or byproducts harmful to the Nature. Keeping its importance in view, Company proposed to install 200 KW grid tie Solar PV Power Plant at Kanchanbagh Complex during the years 2014-15 to 2015-16.

29.3 The water purification system installed for the cooling and make up water circuit for A/C systems has enhanced the efficiency of the A/C plants.

29.4 As the environmental sustainability is one of the millennium development goals, for which our Nation is committed to, in compliance to the national commitment, BDL is taking the measures like tree plantations and rain water harvesting on continuous basis with perceptible improvement in the ground water table, and striving for reduction in the carbon emission levels by adopting energy systems in terms of solar street lights. As the implementation of Sustainable Development program is a continuous activity to attain the environmental sustainability, BDL will adopt sustainability as a way of life.

30. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT:

30.1 During the year under report, Company has spent an amount of ₹ 416.65 Lakh for undertaking regular activities like Health Care, Mid day Meal, Safe drinking water, and new activities like Bio Toilets, e-sagu, construction of Toilets under Swachh Bharat Kosh, Clean Ganga Fund etc. In line with Prime Minister's programme, Company has contributed to Swachh Bharat Kosh and Clean Ganga Fund under CSR activities of the Company.

30.2 During the year under report, Company has incurred expenditure under Sustainable Development and on solar lighting, implementation of activities based on Energy Audit recommendations.

30.3 Company has also identified villages in both Telangana and Andhra Pradesh States for taking up village adoption. Similarly, construction of 175 Nos. of toilets in the Govt. Schools of Telangana and Andhra Pradesh States under Swachh Bharat Kosh, has also been taken up.

30.4 In accordance with the provisions of the Companies Act, 2013 the Company needs to spend in every financial year at least 2% of the average net profits of the Company made during the three immediately preceding financial years towards CSR activities. The below Board Level Committee at Company level under the Chairmanship of Executive Director (P&A) closely monitors the progress of the activities taken up by the Company and review meetings were conducted periodically. However as against the earmarked amount of ₹ 8.51 Crore, Company could spend an amount of ₹ 4.17 Crore during the year under report. The Company has planned to spend the total allocated CSR budget amount of ₹ 8.51 Crore by undertaking major projects like (i) Installation of RO Plant, (ii) 100 KW Solar Power Plant, (iii) Bio Toilets, and (iv) Construction of Toilets in Govt. Schools etc. Since the identified projects are not matured within the financial year 2014-15, the Company could not spend the amount fully.



Shri V. Udaya Bhaskar, CMD, BDL inaugurating RO Plant at Kanchanbagh Complex. Others seen are Shri S. Piramanayagam, Director (Fin), Dr. NK Raju, ED (P&A) and others present on the occasion.

31. VIGILANCE:

31.1 On 27 Oct 2014, Chairman & Managing Director administered the Pledge in Corporate Office and the same was telecast live to other Units of the Company. Hon'ble Justice KC Bhanu, High Court of Andhra Pradesh and Telangana inaugurated vigilance awareness week as Chief Guest. The theme of the year was "Combating Corruption - Technology as an enabler". Vigilance Awareness Week Celebration at Bhanur Unit was inaugurated by Shri CSR Prabhu, DG (Retd.) of National Informatic Centre on 29 Oct 2014 and delivered guest lecture on the theme of the year.



Vigilance Compendium-2014 was released by Justice K.C. Bhanu, High Court of Hyderabad of AP and Telangana. Others seen are Shri S.N. Mantha, Ex. CMD, Shri S.V. Subba Rao, Ex. Director (Fin), Shri V. Udaya Bhaskar, Director (Prodn), AVM N B Singh, AVSM, VSM (Retd.) Director (Tech) and Shri M. Eshwar, CVO Present on the occasion.

31.2 Dr.Jayaprakash Narayana, IAS (Retd.) was the Chief Guest for Valedictory function held on 31 Oct 2014. He had delivered guest lecture on the theme of the year.

31.3 The main focus of the Vigilance Department has been preventive/ proactive vigilance. Keeping this in view the activities of the Department clearly indicated progressive change in the focus of activities taken up/report submitted to the Management.

31.4 System improvement suggestions were given to the Management on the areas like Attendance System, absorption of Temporary Employees, Foreign Visits, Merit Awards to Employees, Departmental Promotions during the year under report. Systemic improvement suggestions were given while according vigilance clearance to Executives who are being deputed on official visit abroad. Accordingly Management issued guidelines for strict compliance on deputing employees for foreign visits.



32. AUDIT COMMITTEE:

32.1 An Audit Committee had been constituted for better Corporate Governance. Six meetings have been held during the year to review the internal control systems and their adequacy, including coverage of Audit Functions. Details of composition, terms of reference etc., are covered in Report on Corporate Governance attached to this report (Annexure-III).

33. CEO / CFO CERTIFICATION:

33.1 As per the requirements of DPE Guidelines, the CEO / CFO certificate for the year 2014-15 has been obtained and placed before the Audit Committee and the Board.

34. CORPORATE GOVERNANCE:

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

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

34.3 As per the guidelines on Corporate Governance for CPSEs issued by DPE vide its OM No. 18 (8)/2005-GM, dated 14 May 2010, the Management Discussion and Analysis Report (Annexure-II), Report on Corporate Governance (Annexure-III) along with Certificate on compliance of conditions on Corporate Governance from a Practising Company Secretary (Annexure-IV) as required under the said guidelines are attached to this report.

34.4 Quarterly and Yearly compliance reports on Corporate Governance are being forwarded to MoD in the prescribed format.

35. AUDITORS:

35.1 M/s.Laxminivas Neeth & Co., Chartered Accountants, Hyderabad were appointed as Auditors of the Company for the financial Year 2014-15 by the Comptroller & Auditor General of India. Thereafter the name of the firm has been changed to M/s Garre & Co.

36. DECLARATION GIVEN BY INDEPENDENT DIRECTOR:

36.1 Department of Public Enterprise has issued guidelines on Corporate Governance – 2010 which includes Composition of Board of Directors of the CPSEs as per which the Board of Directors of the company shall have an optimum combination of Functional, Nominee and Independent Directors. Board of Bharat Dynamics Limited consists of three Functional Directors,



two Government Directors and no Part Time Non Official Director (Independent Director) as on 31 Mar 2015. The tenure of two Part Time Non Official Directors ended on 07 Mar 2014 and the tenure of one more Part Time Non Official Director ended on 15 Feb 2015. Company is yet to receive intimation regarding the appointment of new Part Time Non Official Directors, though the matter has been taken up by the Company well in advance. Hence Company is unable to obtain Declaration given by Independent Director in accordance with the provisions of the Companies Act, 2013 for the year under report.

37. IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY:

37.1 As per the DPE guidelines on Corporate Governance for CPSEs – 2010 the Board of the Company should ensure the integration and alignment of the Risk Management Systems with the Corporate and operational objectives and risk management is undertaken as a part of normal business practice and not as a separate task set at times.

37.2 In line with the above guidelines, your company has framed Risk Management Policy of the Company which is applicable to all levels and all the units of the Company. One of the objectives of the Risk Management Policy is to ensure that all the current and future risk exposures of the Company are identified, assessed, quantified, appropriately mitigated and managed.

37.3 During the year under report on obtaining approval of the Board, Company has given wide publicity about the Risk Management Policy. Divisional Level Committees have been formed by all the Divisions to assess the current status of Risk and identify measures to mitigate the risks and also to evaluate the mitigation measures so identified. Periodical Review meetings are being held and a report being placed before the Board once in every Six months.

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

38.1 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 above Act. During the year under report the Company has not received any Sexual harassment complaints.

39. COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA :

39.1 Comments of Comptroller and Auditor General of India (C&AG) under Section 143 (6) (b) of the Companies Act, 2013 on the accounts of the Company for the period ending 31 Mar 2015 are placed next to Statutory Auditors’ Report.



ACKNOWLEDGEMENTS

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

The 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 in sustaining its growth path in years to come.

The Directors wish to thank Smt Kusum Singh, JS, DDP, MoD for her valuable guidance during her association with the Company. The Directors place on record their appreciation for the support and invaluable advice given to the Company during the tenure of Shir AK Kapoor, Part Time Non Official Director whose tenure was completed on 15 Feb 2015.

for and on behalf of the Board of Directors

Place: Hyderabad
Date: 27 Jul 2015

V UDAYA BHASKAR
CHAIRMAN AND MANAGING DIRECTOR

**Annexure-I****FORM No. MGT – 9****EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31 MAR 2015**

[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) CIN : U24292TG1970GOI001353
- ii) Registration Date : 16 JUL 1970
- iii) Name of the Company : BHARAT DYNAMICS LIMITED
- iv) Category / Sub – Category of the Company : Miniratna Category - 1
- v) Address of the Registered office and Contact details : KANCHANBAGH, HYDERABAD.
- vi) Whether Listed Company : 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 Jun 2015.		

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category – wise Share Holding

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



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 Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
i) Other (Specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)- (1) :	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individuals Shareholders holding nominal share capital upto ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
(ii) Individual Share holders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-



c) Other (Specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):									
Total Public Shareholding (B) = (B) (1) + (B) (2)	-	-	-	-	-	-	-	-	-
C. Share held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)				100% Shares held by GOI				100% Shares held by GOI	

(ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		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	
Total	100% Shares held by GOI	-	-	-	-	-	-	-

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

Sl. No.		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) :	- Not Applicable -			
	At the End of the year	- Not Applicable -			



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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each the Top 10 Shareholders	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) :	- Not Applicable -			
	At the End of the year (or on the date of separation, if separated during the year)	- Not Applicable -			

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each the Top 10 Shareholders	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) :	- Not Applicable -			
	At the End of the year	- Not Applicable -			

**(vi) INDEBTEDNESS :**

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 ii) Interest due but not paid iii) Interest accrued but not due	- Not Applicable -			
Total (i + ii + iii)				
Change in Indebtedness during the financial year • Addition • Reduction	- Not Applicable -			
Net Change				
Indebtedness at the end of the financial year iv) Principal Amount v) Interest due but not paid vi) Interest accrued but not due	- Not Applicable -			
Total (i + ii + iii)				

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

(Fig. In ₹)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager					Total Amount
		SN Mantha	SV Subba Rao	V Udaya Bhaskar	AVM NB Singh	S Piramanayagam	
1.	Gross Salary						
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961.	28,67,152	23,12,751	33,39,139	35,91,408	7,45,608	1,28,56,058
	(b) Value of perquisites u/s 17 (2) of the Income Tax Act, 1961	7,91,608	7,06,129	9,56,907	5,36,965	95,986	30,87,595
	(c) Profits in lieu of salary u/s 17 (3) of the Income Tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission - as % of Profit - others, specify	-	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-	-
	Total (A)	36,58,760	30,18,880	42,96,046	41,28,373	8,41,594	1,59,43,653

Note: (1) Shri V Udaya Bhaskar drawn Salary & Perks as Dir (Prod) upto 29/01/15 and drawn Salary & Perks as CMD from 30/01/2015 to 31/03/2015.

(2) Shri S.Piramanayagam, Dir (Fin) drawn Salary & Perks for the period 01/01/2015 to 31/03/2015.

**B. Remuneration to other Directors:**

(Fig. in ₹)			
Sl.No.	Particulars of Remuneration	Name of the Director	Total Amount
		Shri AK Kapoor	
1.	Independent Directors <ul style="list-style-type: none"> • Fee for attending Board Committee Meetings • Commission • Others, Please specify 	3,80,000 - -	3,80,000 - -
	Total (1)	3,80,000	3,80,000
2.	Other Non –Executive Directors <ul style="list-style-type: none"> • Fee for attending Board Committee Meetings • Commission • Others, please specify 	- - -	- - -
	Total (2)	-	-
	Total (B) = (1+2)	3,80,000	3,80,000
	Total Managerial Remuneration :		
	Overall ceiling as per the Act		



ION TO KEY MANAGERIAL PERSONNEL OTHER THAN
MD/MANAGER/WTD :

Sl No.	Particulars of Remuneration	Key Personnel	
		M Lakshmi	Other
1.	(a) Salary as per provision of Income Tax Act -		
2.	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	2,46,948	2,46,948
3.	(c) Profit sharing salary u/s 17 (3) of the Income Tax	-	-
4.	House rent	-	-
5.	Medical	-	-
6.	Interest on loan	-	-
7.	Special allowance	-	-
8.	Total (C)	18,16,007	18,16,007

**(viii) 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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1 INDUSTRY STRUCTURE AND DEVELOPMENT:

1.1 Bharat Dynamics Limited, a Miniratna Category – I Company was incorporated in the year 1970 under Ministry of Defence, Government of India. The Company is a pioneer in the manufacture of Anti Tank Guided Missiles. Today the Company has evolved as a Conglomerate manufacturing ATGMs of newest generations, Surface to Air Weapon Systems, Strategic Weapons, Launchers, Underwater Weapons, Decoys and test equipment. The Company is on the threshold of producing a broad spectrum of sophisticated weapons.

1.2 The Products of the Company being single shot devices, call for highest reliability. In pursuit of this objective, Quality Policies of the Company have been laid down. The quest for technological excellence has been the guiding principle of the Organization to be recognised as “The Force Behind Peace”. Company develops new products with in-house R&D apart from manufacturing Defence Equipment with Transfer of Technology from collaborators and DRDO.

1.3 Technical collaborations with world leaders in Weapon System Technologies and DRDO have enabled the Company to offer effective and competitive solutions to the Armed Forces. The Company is the Prime Production Agency for 2nd and 3rd Generation Anti Tank Missiles. It is also the Prime Production Agency for all the classes of Surface to Air Missiles needed by the Customer. The Company has taken up Refurbishment of Vintage Missiles held by Armed Forces.

1.4 The Company is having a healthy order book position of ₹ 16357 Crore as on 31 Mar 2015. Based on the anticipated orders, the Company is poised for exponential growth. The Company is expected to complete the supply of Konkurs-M against existing Indent by Mar 2016 and confident of getting fresh Indent for a bulk quantity of Konkurs-M ATGM. The Company is planning to increase the existing capacity and also to establish new manufacturing facilities at multi locations to meet the growing demands of ATGMs and SAMs. Also Civil infrastructure is being created and modernization/ upgradation of Plant and Machinery is under process.

1.5 Experience over four decades in manufacturing and integration of Missiles laid a road to undertake Refurbishment of Missiles as Nodal Agency.

1.6 Possesses adequate land banks and ready to establish new production lines with necessary infrastructure.



- 1.7 Access to DRDO and other Labs.
- 1.8 Holds modern manufacturing and test facilities.

2. FUTURE OUTLOOK:

2.1 Consequent to the modernization programme launched by the Indian Armed Forces, the future outlook of the Company is encouraging. New Indents for existing Projects like Milan 2T and Konkurs-M ATGM are under consideration by the customer and the same is helpful to utilize the existing capacity to the fullest extent. Also new Projects like VSHORAD, Spike Missile, MToT Projects are at various stages of consideration by the Customer.

3. RISKS AND CONCERNS:

- i) Dependence on single source vendor developed by the designer.
- ii) Continued dependence on OEMs in respect of certain projects.
- iii) Long gestation time in concluding contracts and getting orders.
- iv) Lengthy acquisition periods for the Weapon Systems by Armed Forces are throwing challenges to the Company's cost control measures.'

4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

4.1 The Company has put in place all required internal controls and systems to meet the canons of Financial Propriety. During the year under report, Company has revised 'Delegation of Powers' of the Company with the approval of Board with an effective system of Reporting mechanism to Corp. office/ FD/ Board periodically. Appointment of External Audit Firms have been continued to ensure adequacy of Internal Control System and report thereon. A detailed analysis of the reports of Internal Audit Firms as well as reports of Company's Internal Audit Department are being placed before the Audit Committee for its review and advice.



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

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

Particulars	₹ Crore		% of Increase/ Decrease
	2013-14	2014-15	
Value of Sales	1779.89	2799.68	57.29%
Value of Production	1804.49	2770.05	53.51%
Value Added	578.48	914.95	58.16%
Value Added Per Employee (₹ Lakh)	17.71	28.74	62.28%
Profit Before Tax	508.59	614.19	20.76%
Profit After Tax	345.51	418.57	21.15%

5.2 Following data reflects the financial position of the Company:

Particulars	₹ Crore		% of Increase/ Decrease
	2013-14	2014-15	
Gross Block	834.56	940.04	12.64%
Depreciation Reserve	474.95	546.18	15.00%
Net Block	359.61	393.86	9.52%
Working Capital	812.68*	908.28	11.76%
Capital Employed	1172.29*	1302.14	11.08%
Net Worth	1217.75	1533.37	25.92

* Readjusted due to regrouping of Current Assets and Current Liabilities in the year 2013-14.



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

6.1.1 Total manpower strength of BDL as on 31 Mar 2015 is as under:

	Non- Executives	Executives	Total
Male	2061	780	2841
Female	242	100	342
Total	2303	880	3183
Previous Year	2420	846	3266

Note: Non Executive strength of Previous year and the year under report is inclusive of Temporary Employees of 184 (2013-14) and 03 (2014-15).

6.1.2 HRD has initiated an ambitious project to create a pool of Project Management Professionals (PMP) in BDL. As a way forward, it is planned to train and certify 30 Nos. of Executives as PMP certified from PMI USA, with the help of BEQI Bangalore. These 30 PMP certified professionals will in turn train all the executives internally on Project Management.

6.2. INDUSTRIAL RELATIONS:

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

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

7.1 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 this relentless pursuit of implementing sustainable development practices, BDL has unleashed various programmes to conserve energy thus promoting energy efficiency.



7.2 Solar energy is one of the most important renewable energy sources that has been gaining increased attention in the recent past. Solar energy is clean and free of emissions which is great for the environment, as it does not produce pollutants or by-products harmful to the Nature. Keeping its importance in view, Company proposed to install 200 KW grid tie Solar PV Power Plant at Kanchanbagh Complex during the years 2014-15 to 2015-16.

7.3 The water purification system installed for the cooling and make up water circuit for A/C systems has enhanced the efficiency of the A/C plants.

7.4 As the environmental sustainability is one of the millennium development goals, for which our Nation is committed to, in compliance to the National commitment, BDL is taking the measures like tree plantations and rain water harvesting on continuous basis with perceptible improvement in the ground water table, and striving for reduction in the carbon emission levels by adopting energy systems in terms of solar street lights. As the implementation of sustainable development program is a continuous activity to attain the environmental sustainability, BDL will adopt sustainability as a way of life.

8. FOREIGN EXCHANGE CONSERVATION:

8.1 The Company is striving constantly to conserve foreign exchange by reducing import of components and sub- systems from OEMs by increasing indigenous contents in the assembly of final products.

9. CORPORATE SOCIAL RESPONSIBILITY:

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

9.2 During the year under report Company has spent an amount of ₹ 416.65 Lakh undertaking regular activities like Health Care, Mid day Meal, Safe drinking water, and new activities like Bio Toilets, e-sagu, construction of Toilets under Swachh Bharat Kosh, Clean Ganga Fund etc. In line with Prime Ministers programme Company has contributed to Swachh Bharat Kosh and Clean Ganga Fund (CGF) under CSR activities of the Company.

9.3 During the year under report, Company has incurred expenditure on solar lighting under Sustainable Development and implementation of activities based on Energy Audit recommendations.

9.4 Company has also identified villages in both Telangana and Andhra Pradesh States for taking up village adoption. Similarly construction of 175 Nos. of toilets in the Govt. Schools of Telangana and Andhra Pradesh States under Swachh Bharat Kosh has also been taken up.



9.5 In accordance with the provisions of the Companies Act, 2013 the Company has earmarked during the year an amount of ₹ 8.51 Crore which represents 2% of the average net profits of the Company made during the three immediately preceding financial years for the activities taken up during the year under report. The below Board Level Committee at Company level under the Chairmanship of Executive Director (P&A) closely monitor the progress of the activities taken up by the Company and review meetings were conducted periodically. However as against the earmarked amount of ₹ 8.51 Crore, Company could spend an amount of ₹4.17 Crore. The reasons for not spending fully during the year under report are mainly projects like construction of Toilets Blocks under Swachh Bharat, Adoption of Villages were taken up only in the Second half of the year and also Projects like RO Water Treatment Plant and 100 KW grid tie solar PV Power Plant were almost completed, however installation and testing of the activities are to be completed and the same are to be completed during 2015-16.



Annexure – III

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

1.1 Philosophy of the Company in respect of Corporate Governance is to ensure transparency in all its operations, make appropriate disclosures, comply with the laws, maintain ethical standards and take care of the interest of all the stakeholders.

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

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

2. BOARD OF DIRECTORS:

2.1 Composition and Category of Directors:-

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

2.1.2 The composition of the Board of Directors of the Company had been restructured by the Government of India with nine members viz. four Whole time Directors, including Chairman and Managing Director, two Part-time Government Directors and three Part-time Non-official Directors (Independent Directors). Further, as per directives of MoD, there are four Permanent Special Invitees to the Board viz., Vice Chief of Air Staff, Vice Chief of Naval Staff, Dy. Chief of Army Staff and Nominee of DRDO.

2.1.3 Details of the members of the Board as on 31 Mar 2015 are as follows:

(a) Functional / Whole time Directors

- (i) **Shri V Udaya Bhaskar**
Chairman and Managing Director



- (ii) **AVM NB Singh, AVSM, VSM (Retd.)**
Director (Technical)
- (iii) **Shri S Piramanayagam**
Director (Finance)

(b) Part-time Government Directors

- (i) **Shri J. Rama Krishna Rao, IAS**
Joint Secretary (ES)
Department of Defence Production
Ministry of Defence.
- (ii) **Shri R G Viswanathan, IA & AS**
Addl. FA & JS (DRDO)
Department of Defence Production
Ministry of Defence.

(c) Part-time Non-Official Directors

- Nil -

2.1.4 Details of permanent Special Invitees to Board Meetings as on 31 Mar 2015 are as follows:

- (i) **Vice Admiral Sunil Lanba**
AVSM
Vice Chief of Naval Staff
- (ii) **Lt Gen CA Krishnan**
UYSM, AVSM
Dy Chief of Army Staff (P&S)
- (iii) **Air Marshal RK Sharma**
PVSM, AVSM, VM, VSM, ADC
Vice Chief of Air Staff
- (iv) **Dr K. Jayaraman**
Director, DRDL.

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



2.2.1 During the year 2014-15, Seven (7) Board Meetings were held on 17 Apr 2014, 13 Jun 2014, 24 Jul 2014, 25 Sep 2014, 29 Nov 2014, 06 Feb 2015 and 27 Mar 2015. 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.

2.2.2 Details of attendance of the Directors at the Board Meetings, Annual General Meeting and the number of other Directorship / Committee Membership held by them during 2014-15 etc., are furnished below:

Directors	Board Meetings		Attendance At last AGM held on 26 Sep 2014	No.of other director- ships held	Number of committee membership across all companies	
	No. of Board Meetings during respective tenure of Directors	No. of meetings attended			As Chairman	As Member
Functional Directors						
Shri S N Mantha, CMD (Upto 31 Dec 2014)	5	5	Yes	-	2	2
Shri V Udaya Bhaskar - CMD w.e.f 30 Jan 2015	2	2	-	-	2	-
- Director (Production)	5	5	Yes	-	4	-
Shri SV Subba Rao, Director (Finance) (Upto 31 Dec 2014)	5	5	Yes	-	-	3
AVM NB Singh, AVSM, VSM (Retd) Director (Technical)	7	7	Yes	-	-	4



Directors	Board Meetings		Attendance At last AGM held on 26 Sep 2014	No. of other director- ships held	Number of committee membership across all companies	
	No. of Board Meetings during respective tenure of Directors	No. of meetings attended			As Chairman	As Member
Shri S Piramanayagam Director (Finance) (w.e.f 01 Jan 2015)	2	2	-	-	-	4
Part time Government Directors						
Shri P K Mishra JS (Upto 31 Jul 2014)	3	3	-	-	-	1
Smt Kusum Singh JS (Upto 18 Nov 2014)	1	1	-	-	-	-
Shri J Rama Krishna Rao, JS (ES) (w.e.f 19 Nov 2014)	3	3	-	1	2	1
Shri RG Viswanthan Addl. FA & JS (DRDO)	7	5	-	1	-	2
Part time Non- Official Directors						
Shri A K Kapoor [Upto 15 Feb 2015]	6	6	Yes	-	3	1

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

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



2.3 APPOINTMENT OF NEW DIRECTORS:

2.3.1 The Articles of Association of the Company provides for appointment of all Directors by the President of India. During the year 2014 - 15, four Presidential orders were received conveying the appointment of Smt Kusum Singh, Joint Secretary, Department of Defence Production as Government Director in place of Shri PK Mishra, Joint Secretary, Shri J Rama Krishna Rao, Joint Secretary (ES), Department of Defence Production as Government Director in place of Smt Kusum Singh, JS, Shri S Piramanayagam as Director (Finance) and Shri V Udaya Bhaskar as Chairman and Managing Director on the Board of BDL.

2.3.2 Smt Kusum Singh:

Smt. Kusum Singh was appointed as Government Nominee Director on the Board of BDL w.e.f 29 Aug 2014. She is a Post Graduate in M.A. Economics from Delhi College of Economics. Smt Kusum Singh belongs to Indian Railway Personnel Service (IRPS) 1984 batch. She held various postings with Ministry of Railways CRIS (Centre for Railway Information System) etc. prior to Joint Secretary, Department of Defence Production, Ministry of Defence. She was on the Board upto 18 Nov 2014.

2.3.3 Shri J Rama Krishna Rao:

Shri J Rama Krishna Rao, is appointed as Government Nominee Director on the Board of BDL w.e.f 19 Nov 2014. Shri Rama Krishna Rao is a First class Engineering Graduate in Electronics, Communication Engineering. He belongs to 1985 batch of Indian Administrative Service of Bihar Cadre. During the initial years of service Shri J Rama Krishna Rao held various important positions in various States. He also served as Managing Director in a Financial Institution during Oct 2003 to Aug 2004 and also as Chief Vigilance Officer of BDL during Aug 2004 to Nov 2009. Prior to his appointment as Joint Secretary, Department of Defence Production, Ministry of Defence Shri J Rama Krishna Rao served as Chairman of Bihar Public Service Commission.

2.3.4 Shri S Piramanayagam:

Shri S Piramanayagam is appointed as Director (Finance) on the Board of BDL w.e.f. 01 Jan 2015. He 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 BEML and also worked in middle Management cadre in BDL. He had vast experience covering Auditing, Accounting, Finance and Taxation areas.



2.3.5 Shri V Udaya Bhaskar:

Shri V Udaya Bhaskar is appointed as Chairman and Managing Director on the Board of BDL w.e.f 30 Jan 2015. He is an Engineering Graduate in Plastics Technology and Chemical Engineering from Harcourt Butler Technology Institute, Kanpur and did M.Tech in Polymer Science Technology from Indian Institute of Technology, New Delhi. Shri V Udaya Bhaskar has rich experience in various fields of Missile Production spanning over 23 years in the areas like indigenization of Invar, Konkurs and Konkurs-M Missiles, Assembly Integration and testing of Missiles, Materials Management, Vendor Development and planning. Shri V Udaya Bhaskar is the recipient of Prestigious Raksha Mantri Innovation award for the year 2010-11. Prior to his appointment as Chairman and Managing Director, Shri Udaya Bhaskar was Director (Production) on the Board of BDL since 01 Aug 2013.

3. COMMITTEES OF THE BOARD:

3.1 BDL has five(5) Committees of the Board functioning as on 31 Mar 2015:

- (i) Audit Committee
- (ii) Remuneration Committee
- (iii) Procurement Committee
- (iv) HR Committee
- (v) Committee for Monitoring CSR Plan and Sustainable Development of the Company

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

4. AUDIT COMMITTEE:

4.1 Brief Description of Terms of Reference

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

- i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii) Recommending to the Board, the fixation of audit fees.



- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv) Reviewing the annual financial statements before submission to the Board for approval.
- v) Reviewing performance of internal auditors, and adequacy of the internal control systems.
- vi) Discussion with internal auditors and/or auditors any significant findings and follow up thereon.
- vii) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- viii) To Review the follow up action on the Audit observations of the C&AG Audit.

4.1.2 Four Chartered Accountant firms have been assigned the task of conducting Internal Audit of specific divisions of the company for the year 2014-15. These are in addition to the in-house Internal Audit Department. Audit Reports submitted by Chartered Accountant Firms were placed before the Audit Committee for its review.

4.2 COMPOSITION, NAME OF MEMBERS AND CHAIRMAN:

4.2.1 Audit Committee consists of the following Directors upto 15 Feb 2015
(Reconstituted by Circular Resolution 04/2014 dated 19 Nov 2014)

- | | | | |
|----|--|---|-----------|
| 1. | Shri AK Kapoor
Emeritus Scientist, DRDO
Part Time Non Official Director
(Independent Director) | - | Chairman |
| 2. | Shri J Rama Krishna Rao, IAS
Joint Secretary (ES)
Department of Defence Production
Government Director
(Nominee Director) | - | Member |
| 3. | Shri V Udaya Bhaskar
Director (Production)
(Functional Director) | - | Member |
| 4. | Company Secretary | - | Secretary |



4.2.2. Consequent to the tenure of Shri AK Kapoor, Part Time Non Official Director ended on 15 Feb 2015 and MoD vide Lr.No.H-62011/5/2013-D (BDL) dated 30 Jan 2015 communicated the appointment of Shri V Udaya Bhaskar as Chairman and Managing Director on the Board of BDL, Board in its 221st Meeting held on 06 Feb 2015 reconstituted the Audit Committee. Hence Audit Committee consists of the following as on 31 Mar 2015.

- | | | | |
|----|--|---|-----------|
| 1. | Shri J Rama Krishna Rao, IAS | - | Chairman |
| | Joint Secretary (ES)
Department of Defence Production
Ministry of Defence
Government Director
(Nominee Director) | | |
| 2. | Shri RG Viswanathan, IA & AS | - | Member |
| | Addl. FA & JS (DRDO)
Government Director
(Nominee Director) | | |
| 3. | AVM NB Singh, AVSM, VSM (Retd.) | - | Member |
| | Director (Technical)
(Functional Director) | | |
| 4. | Company Secretary | - | Secretary |

4.2.3 For Audit Committee Meetings, Functional Directors are invited as Permanent Invitees and representatives of Statutory Auditor and external Chartered Accountant firms assigned with Internal Audit work may attend by invitation. Company Secretary acts as Secretary of the Audit Committee.

4.3 Meetings and Attendance of Audit Committee during the year:

4.3.1. A Circular No.8(94)/2012-D dated 29 Oct 2012 was issued by Ministry of Defence stated that the Audit Committee constituted by Boards of DPSUs must meet at least once in every two months. In compliance with the above Circular, during the year 2014-15, Six (6) meetings of the Audit Committee were held on 30 May 2014, 24 Jul 2014, 25 Sep 2014, 29 Nov 2014, 24 Jan 2015 and 06 Feb 2015. The details of attendance of members in such 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
1.	Shri AK Kapoor	6	6
2.	Shri PK Mishra	2	1
3.	Shri J Rama Krishna Rao	3	3
4.	Shri V Udaya Bhaskar	5	5

5. REMUNERATION COMMITTEE:

5.1 A Remuneration Committee was constituted by the Board in its meeting held on 30 Jan 2009 with an Independent Director being the Chairman, in line with the Guidelines issued by DPE vide OM No. 2(70)/08/DPE(WC), dated 26 Nov 2008. The terms of reference of the Committee, include, deciding the annual bonus/variable pay pool and policy for its distribution to the Executives, recommending yearly Performance Related Pay and recommending suitable Performance Management System, etc.

5.2 Remuneration Committee is reconstituted from time to time in line with Guidelines on Corporate Governance issued by DPE in this regard and the Committee reconstituted by Board in its meeting held on 29 Nov 2014 and the reconstituted Committee consists of the following members as on 15 Feb 2015.

- | | | | |
|----|--|---|----------|
| 1. | Shri AK Kapoor,
Emeritus Scientist, DRDO
Part Time Non Official Director
(Independent Director) | - | Chairman |
| 2. | Shri J Rama Krishna Rao, IAS
Joint Secretary (ES)
Department of Defence Production
Government Director
(Nominee Director) | - | Member |



- | | | | |
|----|---|---|-----------|
| 3. | Shri RG Viswanathan, IA & AS
Addl. FA & JS (DRDO)
Ministry of Defence
Government Director
(Nominee Director) | - | Member |
| 4 | Head of P&A of the Company | - | Secretary |

5.3 Consequent to the tenure of Shri AK Kapoor, Part Time Non Official Director ended on 15 Feb 2015, Board in its 221st Meeting held on 06 Feb 2015 reconstituted the Remuneration Committee. Hence Remuneration Committee consists of the following as on 31 Mar 2015.

- | | | | |
|----|---|---|-----------|
| 1. | Shri J Rama Krishna Rao, IAS
Joint Secretary (ES)
Department of Defence Production
Ministry of Defence
Government Director
(Nominee Director) | - | Chairman |
| 2. | Shri RG Viswanathan, IA & AS
Addl. FA & JS (DRDO)
Government Director
(Nominee Director) | - | Member |
| 3. | Shri S Piramanayagam
Director (Finance)
(Functional Director) | - | Member |
| 4. | Head P&A of the Company | - | Secretary |

5.4 During the year 2014-15, two (2) meetings of the Remuneration Committee were held on 13 Jun 2014 and 25 Sep 2014. The details of attendance of members in the Meeting are as follows:



Sl.No.	Name of the Director	No. of Meetings held during the tenure of the respective member	No. of Meetings Attended
1.	Shri AK Kapoor	2	2
2.	Shri PK Mishra	1	1
3.	Smt. Kusum Singh (Upto 18 Nov 2014)	1	1
4.	Shri RG Viswanathan, IA & AS	2	2

5.5 REMUNERATION POLICY / DETAILS OF REMUNERATION TO ALL DIRECTORS:

5.5.1 Being a Central Government Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Government of India. The Government letter appointing the Chairman & Managing Director and other Functional Directors indicate the detailed terms and conditions of their appointment including the period of appointment, basic pay, scale of pay, dearness allowance, city compensatory allowance, etc., and it also indicates that in respect of other terms and conditions not covered in the letter, the relevant rules of the Company shall apply.

5.5.2 Chairman and Managing Director and other Functional Directors are appointed by the Government initially for a period of 5 years from the date of appointment or upto the date of superannuation of the individual or until further orders of the Government, whichever is the earliest. Depending on the age and performance and on meeting other stipulated conditions the initial period is extendable for a further period upto 5 years or upto the date of superannuation, whichever is earlier. The part-time Government Directors are generally from the Administrative Ministry and their term is co-terminus with the term of respective position held by them in Government at the time of appointment on the Company's Board. The Part-time Non-executive Directors (Independent Directors) are appointed for a period of 3 years.



5.5.3 Details of remuneration of Whole-time Directors during the year 2014-15 are given below:

(fig in ₹)

Name of Director S/Shri	Salary including arrears *(a)	Benefits *(b)	Company contribution of PF, pension & Gratuity	Incentive *(c)	Leased Accommodation	Total
S N Mantha, Chairman & Managing Director (Upto 31 Dec 2014)	1379265	599442	165510	1052711	343611	3540539
S V Subba Rao Director (Finance) (Upto 31 Dec 2014)	1227453	504099	146346	697949	337500	2913347
V Udaya Bhaskar, Director(Production) (Upto 29 Jan 2015) CMD (w.e.f 30 Jan 2015)	1631515	744513	189760	1205033	375000	4145821
AVM NB Singh AVSM, VSM (Retd.) Director (Technical)	2202345	541082	228969	992250	0	3964646
Shri S Piramanayagam Director (Finance) (w.e.f. 01 Jan 2015)	449085	98103	46869	214988	0	809045

*(a) Salary includes Basic pay, DA, HRA, PP and Special Increment for the year 2014-15.

*(b) Benefits includes VL Encashment and perks.

*(c) Incentive is towards PRP provisions.

5.5.4. Part-time Government Directors (Non-executive Directors) are not paid any remuneration. They are also not paid sitting fee for attending Board/Committee meetings.



5.5.5. Board at its meeting held on 22 Nov 2013 enhanced the sitting fees payable to Part-time Non-official Directors (Independent Directors) to ₹ 20,000 per sitting for attending meeting of Board of Directors of the Company w.e.f 22 Nov 2013 and retain the sitting fee of ₹ 10,000 per sitting payable in respect of Board Level Committees. Details of sitting fee paid to the Independent Director during year 2014 -15 are given below:

(in ₹)

Name	Board Meeting	Board Level Committee Meeting	Total
Shri AK Kapoor Part Time Non Official Director	1,20,000	2,60,000	3,80,000

6. PROCUREMENT COMMITTEE:

6.1 The Procurement Committee was constituted by Board on 29 Jul 2011 to review and sanction new Projects (including R&D Projects) beyond the powers of CMD and upto a maximum limit of ₹ 25.00 Crore in each case and shall also approve procurement proposals which are beyond the powers of CMD but within the powers of Board.

6.2 Company has obtained approval of Board for revised Delegation of Powers which is in operation w.e.f 01 Jul 2014. Procurement Committee is empowered to review and sanction for placement of Purchase Orders/ Award of Contracts as per the limits given below:

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

6.3 Board in its 216th Meeting held on 17 Apr 2014 re-constituted the Procurement Committee and following is the composition of the Committee as at 31 Mar 2015:



1. **Shri SN Mantha,** - Chairman
Chairman and Managing Director
(Upto 31 Dec 2014)
2. **Shri V Udaya Bhaskar,** - Chariman
Chairman and Managing Director
[w.e.f. 30 Jan 2015]
3. **Shri SV Subba Rao,** - Member
Director (Finance)
(Upto 31 Dec 2014)
4. **Shri AK Kapoor,** - Member
Part Time Non Official Director
(Upto 15 Feb 2015)
5. **AVM NB Singh, AVSM, VSM (Retd.)** - Member
Director (Tech)
6. **Shri S Piramanayagam** - Member
Director (Finance)
w.e.f 01 Jan 2015

6.4 Company Secretary acts as Secretary to the Committee and Head Corporate Commercial Department is invited to assist the Committee.

6.5 During the year 2014-15, Seven (7) meeting of the Procurement Committee were held on 13 Jun 2014, 24 Jul 2014, 11 Aug 2014, 25 Sep 2014, 28 Nov 2014, 24 Jan 2015 and 14 Feb 2015. The details of attendance such 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
1.	Shri SN Mantha , CMD (Upto 31 Dec. 2014)	5	5
2.	Shri SV Subba Rao , Dir (Fin) (Upto 31 Dec. 2014)	5	5
3.	Shri V Udaya Bhaskar Director (Prod) upto 29 Jan 2015	6	6
	CMD (w.e.f 30 Jan 2015)	1	-
4.	AVM NB Singh , AVSM,VSM (Retd.) Director (Tech)	7	7
5.	Shri S Piramanayagam , Director (Fin) (w.e.f. 01 Jan 2015)	2	2
6.	Shri AK Kapoor Part Time Non Official Director) (upto 15 Feb. 2015)	7	7

6.6 Shri SN Mantha, Ex-CMD, Shri SV Subba Rao, Ex-Dir (Fin) were relieved from their services on 31 Dec 2014 on retirement upon attaining the age of superannuation. Hence Board in its 224th Meeting held on 05 Jun 2015 reconstituted the Procurement Committee and the reconstituted Committee consists of the following members w.e.f. 05 Jun 2015:

1. **Shri V Udaya Bhaskar**, - Chairman
Chairman and Managing Director
2. **Shri RG Viswanathan, IAS** - Member
Addl. FA & JS (DRDO)
Government Director



3. **Whole Time Directors of the Company** - Member
4. **Company Secretary** - Secretary

Head-Corporate Commercial - Department is invited to assist the Committee.

7. HR COMMITTEE:

7.1 The HR Committee was constituted by the Board on 29 Jul 2011 to review and approve all proposals relating to HR matters.

7.2 The Committee was re-constituted by the Board on 27 Sep 2013. Following is the composition of the Committee as on 31 Mar 2015:

1. **Shri SN Mantha,** - Chairman
Chairman and Managing Director
[upto 31 Dec 2014]
2. **Shri SV Subba Rao,** - Member
Director (Fin)
[upto 31 Dec 2014]
3. **Shri V Udaya Bhaskar** - Member
Director (Production)
[upto 29 Jan 2015]

CMD (w.e.f. 30 Jan 2015) - Chairman
4. **AVM NB Singh, AVSM, VSM (Retd.)** - Member
Director (Tech)
5. **Shri S Piramanayagam** - Member
Director (Finance)
(w.e.f 01 Jan 2015)

7.3 Shri SN Mantha, Ex-CMD, Shri SV Subba Rao, Ex-Dir (Fin) were relieved from their services on 31 Dec 2014 on retirement upon attaining the age of superannuation. Hence Board in its 224th Meeting held on 05 Jun 2015 reconstituted the HR Committee and the reconstituted Committee consists of the following members w.e.f. 05 Jun 2015:



1. **Shri V Udaya Bhaskar,** - Chairman
Chairman and Managing Director
2. **Shri RG Viswanathan, IAS** - Member
Addl. FA & JS (DRDO)
Government Director
3. **AVM NB Singh, AVSM, VSM (Retd.)** - Member
Director (Tech)
4. **Shri S Piramanayagam** - Member
Director (Finance)

7.4 Company Secretary acts as Secretary to the Committee and Head Personnel and Administration Department will be invited to assist the Committee.

8. COMMITTEE FOR MONITORING CSR PLAN AND SUSTAINABLE DEVELOPMENT OF THE COMPANY:

8.1 Department of Public Enterprise vide OM No.15(7)/2012-DPE (GM)-GL-104 dated 12 Apr 2013 issued new guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises. The said guidelines necessitated the Company to reconstitute Committee on Sustainable Development and Committee for monitoring CSR Plan of the Company as one Committee i.e. Committee for monitoring CSRP and Sustainable Development of the Company w.e.f 01 Apr 2013.

8.2.1 Following is the Composition of the Committee for monitoring CSRP & SD of the Company upto 15 Feb 2015.

1. **Shri AK Kapoor** - Chairman
Part-time Non-official Director
2. **Shri SV Subba Rao** - Member
Director (Finance)
(upto 31 Dec 2014)
3. **Shri V Udaya Bhaskar** - Member
Director (Production)

8.2.2 Consequent to the tenure of Shri AK Kapoor, Part Time Non Official Director ended on 15 Feb 2015. Board in its 221st Meeting held on 06 Feb 2015 reconstituted the Committee for monitoring CSR Plan and Sustainable Development of the Company w.e.f 16 Feb 2015. Following in the composition of the Committee as on 31 Mar 2015.



1. **Shri J Rama Krishna Rao, IAS** - Chairman
Joint Secretary (ES)
Department of Defence Production
Ministry of Defence
Government Director.
2. **AVM NB Singh, AVSM, VSM (Retd.)** - Member
Director (Technical)
3. **Shri S Piramanayagam** - Member
Director (Finance)

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

8.3 During the year under report, three (3) meetings of the Committee were held on 01 Jul 2014, 25 Sep 2014 and 24 Jan 2015. The details of attendance of members in such 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
1.	Shri AK Kapoor Part Time Non Official Director	3	3
2.	Shri SV Subba Rao Director (Finance) Upto 31 Dec 2014	2	2
3.	Shri Udaya Bhaskar Director (Production) Upto 30 Jan 2015	3	3

9. BOARD LEVEL COMMITTEE:

9.1 Board in its 216th meeting held on 17 Apr 2014 constituted a Board Level Committee to resolve all the technical issues pertaining to Pressurized Container for Akash Missile System.



1. **Shri AK Kapoor,** - Chairman
Part-time Non-official Director
2. **AVM NB Singh, AVSM, VSM (Retd.)** - Member
Director (Technical)

9.1.1 During the year under report Six meetings of the Committee were held on 15 May 2014, 29 May 2014, 30 Jun 2014, 12 Aug 2014, 28 Nov 2014 and 14 Feb 2015. The details of the attendance of the members in such meetings are as follows:

Name of the Director	No. of meetings held during the tenure of respective member	No. of meetings attended
Shri AK Kapoor Part Time Non Official Director	6	6
AVM NB Singh, AVSM, VSM (Retd.) Director (Tech.)	6	6

Board in its meeting held on 06 Feb 2015 approved dissolution of the Committee as the task assigned to the Committee was completed.

9.2 Board in its 216th meeting held on 17 Apr 2014 constituted a Board Level Committee to study and offer suitable suggestions for improving the Supply Chain Management and Committee consists of the following:

1. **Shri AK Kapoor** - Chairman
Part-time Non-official Director
2. **Shri SV Subba Rao** - Member
Director (Finance)
(upto 31 Dec 2014)
3. **Shri V Udaya Bhaskar** - Member
Director (Production)
(Upto 29 Jan 2015)

9.2.1 During the year 2014-15 two meetings of the Committee were held on 30 May 2014 & 01 Jul 2014. The details of the attendance of the members in such meetings are as follows:



Name of the Director	No. of meetings held during the tenure of respective member	No. of meetings attended
Shri AK Kapoor Part Time Non Official Director	2	2
Shri SV Subba Rao Director (Fin) (Upto 31 Dec 2014)	2	2
AVM NB Singh, AVSM, VSM (Retd) Director (Tech.)	2	2

10. SEPARATE MEETING OF PART TIME NON OFFICIAL DIRECTORS:

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

10.2 During the previous year i.e. 2013-14 separate meeting of Part Time Non official Directors were held on 04 Mar 2014. The tenure of two Part Time Non Official Directors ended on 07 Mar 2014 and the resultant vacancies are not filled as of 31 Mar 2015. Due to this, during the year under report Board of Bharat Dynamics Limited had only one Part Time Non Official Director whose tenure ended on 15 Feb 2015. In view of this, separate meeting of Part Time Non Official Directors was not held during the year 2014-15.

11. GENERAL BODY MEETINGS:

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



AGM No.	Financial Year	Date of the Meeting	Time of the Meeting	Venue of the Meeting
42	2011-12	24 Sep 2012	15:30 Hrs	Registered Office, Kanchanbagh, Hyderabad
43	2012-13	30 Sep 2013	10:30 Hrs	
44	2013-14	26 Sep 2014	14:00 Hrs	

11.2 List of Special Resolutions :

11.2.1 No special resolutions were placed before the last three AGMs.

12. DISCLOSURES:

12.1 During the year 2014-15 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.

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

12.3 Whistle Blower Mechanism:

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

12.4 The Company is complying with all the Guidelines on Corporate Governance for CPSEs - 2010 issued by DPE except guidelines on Segment Wise Reporting. The Company has obtained approval of the Board for Risk Management Policy of the Company during the year 2013-14. All the applicable Accounting Standards are followed except AS-17 relating to Segment reporting keeping in view the nature of business and the sensitive nature of disclosure. However, such non disclosure does not have any financial effect on the Accounts of the Company. Necessary disclosure is being made in Notes forming part of Accounts. Present strength of the Board is Five (5) as against the sanctioned strength of Nine(9). Vacancies arised on the tenure of three Part time Non Official Directors ended on 07 March 2014 and 15



Feb 2015 and vacant position of one Functional Director and resultant vacancies are to be filled as on 31 March 2015.

12.5 Presidential Directives received and their implementation: Presidential Directives, OMs from DPE/Ministry received are being implemented. The Company received a Presidential Directive No.H-62030/1/0227-D(BDL), dated 27 Apr 09 according sanction for implementation of revised pay scales to the Board level and below Board level executives as per DPE guidelines issued thereon. Accordingly, the Company has implemented the pay revision in compliance with the Presidential Directive.

12.6 There were no items of expenditure debited in books of account, which are not for the purpose of the business.

12.7 The Company has not incurred any expenditure which is personal in nature for the Board of Directors and Top Management.

12.8 Details of Administrative and Office Expenses as a percentage of total expenses vis-a-vis financial expenses are furnished below:

(₹ in Crore)

Sl.No.	Particulars	2014-15	2013-14
1	Total Expenditure (other than Materials)	799.46	600.46
2	Administrative & Office Expenses	13.18	11.64
3	Percentage of (2) on (1)	1.65	1.94

13. 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 (<http://bdl.ap.nic.in>) 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 the Administrative Ministry every month.



14. The Company is striving to ensure unqualified financial statements.

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

16. CODE OF CONDUCT FOR DIRECTORS AND SENIOR EXECUTIVES:

16.1 A Code of Conduct and Business Ethics as suggested by DPE in its Guidelines on Corporate Governance for CPSEs - 2010 has been adopted by the Company in respect of its Directors and Senior Level Executives.

16.2 The Code has also been posted on the Company's website. The Directors and the Senior Executives have given declarations affirming the compliance with the code of conduct during the year 2014-15.

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

17. 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 the Department of Public Enterprises (DPE), it is hereby declared that all the Board Members and Senior Management Personnel affirmed compliance with "The Code of Business Conduct & Ethics for Board Members and Senior Management of Bharat Dynamics Limited" for the year ended 31 Mar 2015.

for Bharat Dynamics Limited

Place: Hyderabad.
Date: 27 Jul 2015

V UDAYA BHASKAR
CHAIRMAN & MANAGING DIRECTOR



Annexure – IV

Y. Ramesh M.Com., LLB, CAIIB, ACS.
Company Secretary in Practice
Mobile : 9849045347



Certificate on compliance of conditions on CORPORATE GOVERNANCE

To
The Members of
Bharat Dynamics Limited
Hyderabad.


I have examined the compliance of conditions of Corporate Governance by Bharat Dynamics Limited, for the year ended on March 31, 2015 as per the Guidelines on Corporate Governance for Central Public Sector Enterprises – 2010.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has adopted a Code of Business Conduct and Ethics for Board Members and Senior Management Personnel as per the "Guidelines on Corporate Governance for Central Public Sector Enterprises - 2010", issued by Dept. of Public Enterprises, as per which it is the responsibility of the Directors and Senior Management Personnel to familiarize themselves with the Code and comply with its standards; and affirmed compliance with the Code of Conduct for the financial year ended March 31, 2015.

I further certify that the Company has complied with the Guidelines on Corporate Governance issued by Department of Public Enterprises under "Guidelines on Corporate Governance for Central Public Sector Enterprises - 2010", excepting the Composition of Board of Directors and Committees thereof with regard to the Independent Directors.

Place: Hyderabad.
Date: 07 Sep, 2015.


(Y.RAMESH)
Company Secretary in Practice
CP No.: 7929

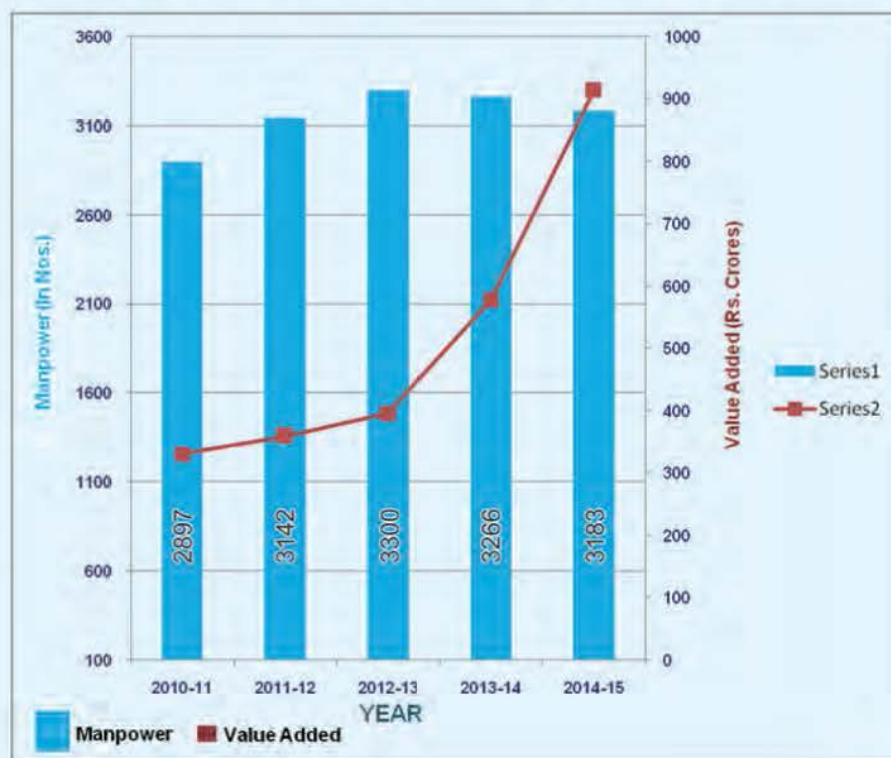




GROWTH AND PROGRESS



MANPOWER AND VALUE ADDED





ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

2. FIXED ASSETS

- 2.1 Land is capitalized at cost to the Company. Development of land such as levelling, clearing and grading is capitalized along with the cost of Building in proportion to the land utilized for construction of Buildings and rest of the development expenditure is capitalized along with cost of land. Development expenditure incurred for the purpose of landscaping or for any other purpose not connected with construction of any building is treated as the cost of land.
- 2.2 Fixed Assets acquired with financial assistance/subsidy from outside agencies either wholly or partly are taken in the books at net cost to the Company. Assets transferred free of cost by Government are taken at nominal value.
- 2.3 Plant, Machinery & Equipment, Fixtures & Office Furniture and Equipment costing individually ₹ 5,000/- and below are

depreciated fully in the year of purchase. Minor civil works including additions, alterations, etc., costing individually ₹ 50,000/- and below, not resulting in additional floor space and internal partitions costing individually ₹ 50,000/- and below are charged to Revenue. Where the cost of such partitions exceeds ₹ 50,000/-, they are depreciated within a period of 5 years or the lease period of the premises, whichever is less.

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



3. INTANGIBLE ASSETS

- 3.1 The expenditure incurred on General Research and Development is charged to revenue in the year of incurrence. Development Expenditure financed by the Company and expenses incurred thereon on specific projects where the technical feasibility of the products has been demonstrated and the Company intends to produce and market the products are capitalised for amortisation over production in future years. In the event of the Company financed project(s) being foreclosed/ abandoned, the expenditure incurred up to the stage of foreclosure/ abandonment is charged off to revenue in the year of foreclosure/ abandonment.
- 3.2 Expenditure on training personnel/ foreign technicians' fees and expenses and other pre-production expenses, etc., specific to projects/products in the nature of Development Expenditure is amortised over production/ sales and to the extent not amortised, is carried forward.
- 3.3 Software internally developed/ acquired from an outside source for internal use, costing individually ₹ 1.00 Lakh and above and which is not an integral part of the related hardware, is recognized as an intangible asset in the Books of Account and is amortised over a period of three years, on straight line method. Amortisation commences when the asset is available for use.

4. TOOLS AND EQUIPMENT

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

5. IMPAIRMENT OF ASSETS

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

6. INVESTMENTS

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

7. DEFERRED DEBTS

Unpaid installment payments together



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

8. INVENTORIES

8.1 Inventories are valued at lower of cost and net realizable value. The cost of raw material, components and stores are assigned by using the actual weighted average cost formula and those in transit at cost to date. In the case of stock-in-trade and work-in-progress, cost includes material, labour and related production overheads.

8.2 Miscellaneous Stores is valued at estimated realizable value.

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

8.4 Raw-materials, Components, Construction Materials, Loose Tools and Stores and Spare Parts declared surplus/ unserviceable/ redundant are charged to revenue.

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

8.6 Provision for redundancy is made in respect of closing inventory of Raw-

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

9. TRADE RECEIVABLES

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

10. CLAIMS ON SUPPLIERS/ UNDERWRITERS/CARRIERS/ OTHERS

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

11. CONVERSION OF FOREIGN CURRENCY

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



ruling rate of exchange as on the date of Balance Sheet. The differences due to fluctuations in the rate of exchange are charged to revenue. In case of capital items, adjustments are made to the cost of the asset.

12. PROVISION FOR CURRENT AND DEFERRED TAX

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

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when the Company has a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. Contingent Liabilities are

not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the Financial Statements.

14. WARRANTY

Warranty on goods sold, wherever applicable, commences on setting up of sales and accordingly provision for such warranty is made. The period and terms conditions of warranty shall be as per the relevant contract.

15. SALES

- 15.1 In the case of products requiring proof tests, sale is accounted for, on the basis of quantity accepted after Proof Tests.
- 15.2 In the case of all other products, sale is accounted for, on the basis of acceptance/ actual despatch.
- 15.3 Where Sale Prices are not established, sales are set up on provisional basis at prices likely to be realized.
- 15.4 Sale value excludes Sales Tax/ VAT but includes Excise Duty and Service Tax.
- 15.5
 - a) Contract Revenue in respect of Construction Contracts undertaken for Customers is recognised by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method.



- b) The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.
- c) Since the outcome of such a contract can be estimated reliably only on achieving certain progress, revenue is recognised only after a minimum of 25% work is completed.
- d) An expected loss on construction contract is recognised as an expense immediately when it is probable that the total contract costs will exceed the total contract revenue.
- e) As the Revenue is recognised on proportionate basis a provision for contingencies equal to 30% of the surplus of revenue over costs is made during the execution of contract, which is to be reversed on the completion of the contract.

15.6

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

16. EMPLOYEE BENEFITS

Short term Employee Benefits:

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

Defined Contribution Plans:

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

Defined Benefit Plans

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



recognized in Statement of Profit and Loss.

as given in Part C of Schedule II to the Companies Act, 2013.

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

17. DEPRECIATION

Depreciation on Fixed Assets is charged on 'Straight Line' method. The rate of depreciation is derived by spreading the cost of the asset over its useful life

18. UNDER/OVER ABSORPTION OF COSTS

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

Note 1 to 28 and Accounting Policies attached form part of accounts.

As per our report of even date.

For GARRE & CO.,

Chartered Accountants

Registration No.002460S

For and on behalf of the Board

GARRE SUBBA RAO

(M. NO. 019579)

Partner

S. PIRAMANAYAGAM

Director (Finance)

V. UDAYA BHASKAR

Chairman and Managing Director

Place: Hyderabad

Date : 27 Jul 2015

Place: Hyderabad

Date : 27 Jul 2015

M. LAKSHMI NARAYANA

Company Secretary



**BHARAT DYNAMICS LIMITED :: HYDERABAD
BALANCE SHEET AS AT 31 MAR 2015**

(₹ Lakh)

PARTICULARS				As at 31 March 2014	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	1	11500.00		11500.00	
(b) Reserves and Surplus	2	141858.13	153358.13	110296.59	121796.59
Non-Current Liabilities					
(a) Long Term Liabilities	3	7607.21		6111.10	
(b) Long-Term Provisions	4	7100.58	14707.79	6389.62	12500.72
Current Liabilities					
(a) Trade Payables	5	56027.86		39815.45	
(b) Other Current Liabilities	6	593927.04		644551.67	
(c) Short Term Provisions	7	26080.31	676035.21	14262.77	698629.89
TOTAL		844101.13		832927.20	
ASSETS					
Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	8	37630.52		34187.54	
(ii) Intangible Assets	8	1755.61		1772.78	
(iii) Capital Work-in-progress	9	13510.95		6382.17	
(iv) Intangible Assets under development	9	715.92		633.16	
(b) Non-Current Investments	10	53.60		53.60	
(c) Deferred Tax Assets (Net)	11	6571.33		2936.03	
(d) Long Term Loans and Advances	12	1231.42		1177.14	
(e) Other Non-current Assets	13	15768.46	77237.81	5886.61	53029.03
Current Assets					
(a) Inventories	14	148012.24		138250.52	
(b) Trade Receivables	15	86572.04		39880.98	
(c) Cash and Cash Equivalents	16	366892.30		426654.45	
(d) Short Term Loans and Advances	17	148968.76		156182.70	
(e) Other Current Assets	18	16417.98	766863.32	18929.52	779898.17
TOTAL		844101.13		832927.20	

Accounting Policies and Notes attached form part of Financial Statements.

As per our report of even date.

For GARRE & CO.,
Chartered Accountants
Registration No.002460S

For and on behalf of the Board

GARRE SUBBA RAO
(M. NO. 019579)
Partner

S. PIRAMANAYAGAM
Director (Finance)

V. UDAYA BHASKAR
Chairman and Managing Director

Place: Hyderabad
Date : 27 Jul 2015

Place: Hyderabad
Date : 27 Jul 2015

M. LAKSHMI NARAYANA
Company Secretary



BHARAT DYNAMICS LIMITED :: HYDERABAD
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MAR 2015

(₹ Lakh)

PARTICULARS	NOTE NO.	CURRENT YEAR	PREVIOUS YEAR
I Revenue from Operations	19	279967.69	177989.16
Less: Excise Duty		-	-
Less: Service Tax		1766.33	583.87
		278201.36	177405.29
II Other Income	20	49870.01	53057.22
III Total Revenue (I+II)		328071.37	230462.51
IV Expenses:			
Cost of Materials Consumed	21	185509.89	122601.02
Direct Expenses		2661.00	11.28
Changes in Inventories of Finished Goods, Work-in-progress, Stock-in-Trade	22	2962.94	(2459.57)
Employee Benefits Expense	23	31307.20	30728.06
Finance Costs		31.08	44.46
Depreciation and Amortisation Expense	8	6928.87	4140.78
Other Expenses	24	23527.00	18442.00
Provisions	25	14859.29	7078.62
		267787.27	180586.65
Less: Expenses relating to Capital and Other Accounts	26	1134.76	982.96
		266652.51	179603.69
V Profit Before Tax (III-IV)		61418.86	50858.82
VI Tax Expense			
Current Tax- Earlier years		(21.03)	(316.75)
Current year		23218.27	15430.98
Deferred Tax	11	(3635.30)	1193.18
		19561.94	16307.41
VII Profit (Loss) for the period (V-VI)		41856.92	34551.41
VIII Earnings Per Share :			
Basic and Diluted (in Rupees)	27	₹ 3640	₹ 3004

Accounting Policies and Notes attached form part of Financial Statements.

As per our report of even date.

For GARRE & CO.,
Chartered Accountants
Registration No.002460S

For and on behalf of the Board

GARRE SUBBA RAO
(M. NO. 019579)
Partner

S. PIRAMANAYAGAM
Director (Finance)

V. UDAYA BHASKAR
Chairman and Managing Director

Place: Hyderabad
Date : 27 Jul 2015

Place: Hyderabad
Date : 27 Jul 2015

M. LAKSHMI NARAYANA
Company Secretary



BHARAT DYNAMICS LIMITED :: HYDERABAD NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2015

(₹ Lakh)

NOTE NO.	PARTICULARS		As at 31 March 2014
1	SHARE CAPITAL		
	Authorised		
	12,50,000 Equity Shares of ₹. 1,000/- each	12500.00	12500.00
	Issued, Subscribed and Paid up		
	11,50,000 Equity Shares of ₹. 1,000/- each fully paid	11500.00	11500.00
		11500.00	11500.00
	Details of Shareholders holding more than 5 % shares	100% shares are held by Government of India	100% shares are held by Government of India
2	RESERVES AND SURPLUS		
	Capital Reserve		
	As per last Balance Sheet	21.60	21.60
	Add: Additions during the year	-	-
	Closing Balance as on the date of Balance Sheet	21.60	21.60
	General Reserve		
	As per last Balance Sheet	110241.66	83741.66
	Less: Depreciation Adjustment	226.71	-
		110014.95	83741.66
	Add: Transfer from Statement of Profit and Loss	31800.00	26500.00
	Closing Balance as on the date of Balance Sheet	141814.95	110241.66
	Surplus		
	As per last Balance Sheet	33.33	66.60
	Add: Transfer from Statement of Profit and Loss	41856.92	34551.42
		41890.25	34618.02
	Less: Appropriations		
	Interim Dividend	4890.00	5800.00
	Tax on Interim Dividend	1001.21	985.71
	Proposed Final Dividend	3481.39	1110.29
	Tax on Proposed Final Dividend	696.07	188.69
	Transfer to Capital Reserve	-	-
	Transfer to General Reserve	31800.00	26500.00
	Closing Balance as on the date of Balance Sheet	21.58	33.33
		141858.13	110296.59
3	LONG-TERM LIABILITIES		
	Trade Payables - Deferred Credit towards 45 years Component	7607.21	6111.10
		7607.21	6111.10
4	LONG-TERM PROVISIONS		
	Provision for Employees' Benefits		
	Accrued Leave	7100.58	6389.62
		7100.58	6389.62



BHARAT DYNAMICS LIMITED :: HYDERABAD

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2015

(₹ Lakh)

NOTE NO.	PARTICULARS		As at 31 March 2014
5	TRADE PAYABLES		
	Micro, Small and Medium Enterprises	911.88	1,318.27
	Current maturity of Deferred Liabilities	345.78	195.60
	Other Trade Payables	54770.20	38301.58
		56027.86	39815.45
5.1	Information under Micro, Small & Medium Enterprises Development Act:		
(i)	Principal Amount and Interest due thereon remaining unpaid to suppliers at the end of the year.	911.88	1318.27
(ii)	Amount of Interest paid during the year along with the amount of payment made to the suppliers beyond the appointed date during the accounting year.	-	-
(iii)	Amount of Interest due and payable for the period of delay in making payment. (Payments which have been made beyond the appointed date without adding the interest specified in the Act.)	5.28	4.79
(iv)	The amount of Interest accrued and remaining unpaid at the end of accounting year	97.77	71.30
(v)	The amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise for the purpose of disallowance as deductible expenditure under Section of 23 of MSME Act	-	-
6	OTHER CURRENT LIABILITIES		
	Advances from Government of India	548738.64	576577.86
	Other Advances	19804.26	46692.07
	Deposits	1141.52	1344.86
	Other Liabilities	24242.62	19936.88
		593927.04	644551.67
7	SHORT TERM PROVISIONS		
	Provision for Employee Benefits		
	Provision for Accrued Leave	385.51	347.17
	Other Provisions		
	Warranty	4046.48	1984.09
	Liquidated Damages	11373.20	9602.46
	Contingencies - Construction Contracts	1638.50	-
	Proposed Final Dividend	3,481.39	1110.29
	Tax on Proposed Final Dividend	696.07	188.69
	CSR, Sus. Devpt. & Others	4459.16	1030.07
		26080.31	14262.77

BHARAT DYNAMICS LIMITED :: HYDERABAD

Notes Forming Part of Financial Statements as at 31 Mar 2015

(₹ lakh)

8. FIXED ASSETS

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	Cost as at the beginning of the year	Additions/ adjustments during the year	Deductions/ adjustments during the year	Total Cost as at the end of the year	Accumulated Depreciation/ Amortisation as at the beginning of the year	Depreciation/ Amortisation for the year	Deductions/ Adjustments during the year	Accumulated Depreciation/ Amortisation as at the end of the year	As at 31 Mar 2015	As at 31 Mar 2014
Tangible Assets										
Land - Free Hold@	6139.65	5.39	0.00	6145.04	0.00	0.00	0.00	-	6145.04	6139.65
- Lease Hold	3926.87	0.00	0.00	3926.87	57.02	392.69	0.00	449.71	3477.16	3869.85
Buildings *	11333.09	499.18	0.00	11832.27	4791.62	287.12	0.00	5078.74	6753.53	6541.47
Fencing and Compound Walls	1003.89	69.80	0.00	1073.69	403.95	219.52	74.19	697.66	376.03	599.94
Roads and Drains	997.15	131.16	0.00	1128.31	524.44	70.54	56.83	651.81	476.50	472.71
Water Supply Installations	666.91	21.99	0.00	688.90	586.91	3.29	0.00	590.20	98.70	80.00
Plant, Machinery and Equipment #	26491.00	6229.33	-28.99	32691.34	17735.16	818.85	-33.27	18520.74	14170.60	8755.84
Furniture and Equipment	4720.29	488.50	-6.81	5201.98	3332.33	744.66	96.09	4173.08	1028.90	1387.96
Transport Vehicles										
Vehicles	523.47	23.57	0.00	547.04	346.07	34.66	0.00	380.73	166.31	177.40
Special Tools & Equipment	17521.79	2126.15	0.00	19647.94	11359.08	3351.11	0.00	14710.19	4937.75	6162.71
Total	73324.11	9595.07	-35.80	82883.38	39136.58	5922.44	193.84	45252.86	37630.52	34187.53
Previous Year	62707.41	10441.56	175.14	73324.11	35974.32	3162.48	-0.22	39136.58	34187.53	26733.09
Intangible Assets										
Development Expenditure	9797.41	894.45	0.00	10691.86	8109.37	910.17	0.00	9019.54	1672.32	1688.04
Computer Software	334.06	94.81	0.00	428.87	249.32	96.26	0.00	345.58	83.29	84.74
Total	10131.47	989.26	0.00	11120.73	8358.69	1006.43	0.00	9365.12	1755.61	1772.78
Previous Year	8447.77	1683.70	0.00	10131.47	7380.39	978.30	0.00	8358.69	1772.78	1067.38
Grand Total	83455.58	10584.33	-35.80	94004.11	47495.27	6928.87	193.84	54617.98	39386.13	35960.31
Previous Year	71155.18	12125.26	175.14	83455.58	43354.71	4140.78	-0.22	47495.27	35960.31	27800.47

@ (i) Includes 5 Acres and 01 Gunta of land given on lease to a Government of India Organisation and is in their possession and also Includes 2 Acres and 08 Guntas of land given on permissive possession to a Government of India Organisation and is in their possession.

(ii) Pending receipt of instruments of transfer in respect of 244 Acres and 37 Guntas of land (previous year 244 Acres and 37 Guntas), including 151 Acres 33 Guntas received free of cost from State Government, land has been capitalised for an amount of ₹ 397.79 Lakh (previous year ₹ 397.79 Lakh) as the amount has already been paid/provided by the Company.

(iii) Pending receipt of instruments of transfer in respect of Acres 590-22.50 Guntas of land at Ibrahimpatnam, for which possession is taken, the amount paid thereof, based on tentative price, is capitalised.

* Includes ₹ 111.01 Lakh (Previous Year ₹ 111.01 Lakh) being the value of buildings constructed on land not belonging to the Company.

Includes material items of Gross Value ₹ 209.16 Lakh (Previous Year ₹ 58.43 Lakh) retired from active use.

Assets transferred free of cost by Government taken at nominal value Current Year ₹ Nil (Previous Year ₹ Nil)

Does not include 3.63 Acres of land at Vizag taken on lease from Navy (INS-Dega).





BHARAT DYNAMICS LIMITED :: HYDERABAD NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2015

(₹ Lakh)

NOTE NO.	PARTICULARS	As at 31 March 2015	As at 31 March 2014
8.1	The Accounting Policy on Depreciation on Fixed Assets has been changed during the year to comply with the provisions of the Companies Act, 2013. The effect of such change on the profit for the year is ₹ 692.63 lakh (Increase).		
9	CAPITAL WIP AND INTANGIBLE ASSETS UNDER DEVELOPMENT		
	Capital WIP	13510.95	6382.17
	Intangible Assets under development	715.92	633.16
		14226.87	7015.33
9.1	Capital Work-in-Progress includes ₹ 40.09 Lakh (previous year ₹ 40.09 Lakh) of Buildings kept in abeyance. Subsequent to the report of the Dy. Collector and Tahasildar, the Company obtained Survey report from Asst. Director, Survey Settlement and Land Records, R.R District. In order to proceed further, the company is in the process of obtaining clearances from environmental authorities. Necessary adjustments would be carried out in the books on receipt of clearance from environmental and other authorities.		
10	NON-CURRENT INVESTMENTS AT COST (NON-TRADE/UN-QUOTED)		
	9,21,920 (Including 3,85,920 Bonus Shares) fully paid-up Equity Shares of ₹ 10/- each of A.P. Gas Power Corporation Limited	53.60	53.60
		53.60	53.60
11	DEFERRED TAX ASSETS (NET)		
	Break-up of Deferred Tax Assets and Deferred Tax Liabilities (As per Accounting Standard 22) is as given below:		
	Particulars	Current Year	Previous Year
	Deferred Tax Assets		
a)	Provisions	7920.29	4656.12
b)	Sec.43B Disallowances	217.85	227.89
c)	Depreciation & related items	104.09	-
		8242.23	4884.01
	Deferred Tax Liabilities		
a)	Depreciation & related items	-	333.52
b)	Development Expenditure	1,670.90	1614.46
c)	Sec.43B Disallowances	-	-
		1670.90	1947.98
	Net Deferred Tax Asset/(Liability)	6571.33	2936.03
12	LONG TERM LOANS AND ADVANCES		
a)	Secured, Considered Good Loans and Advances-Employees	454.40	405.70
b)	Unsecured, Considered Good Capital Advances	660.30	660.30
	Loans and Advances-Employees	116.72	111.14
		1231.42	1177.14



BHARAT DYNAMICS LIMITED :: HYDERABAD NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2015

(₹ Lakh)

NOTE NO.	PARTICULARS	As at 31 March 2015	As at 31 March 2014
13	OTHER NON-CURRENT ASSETS		
	Unsecured,considered Good		
	Deferred Debts	7397.04	5886.61
	Amounts Receivable - Others	8371.42	-
		15768.46	5886.61
14	INVENTORIES *		
	(As Certified by Management)		
	Raw Materials and Components	108384.98	90979.64
	Less: Provision for Redundancy	1030.47	637.48
	Goods in Transit and Under Inspection	8585.63	12747.27
		115940.14	103089.43
	Work-in-progress #	30469.83	30695.83
	Less: Provision for Redundancy	253.11	178.42
		30216.72	30517.41
	Finished Goods	504.95	3241.89
	Less: Provision for Redundancy	15.09	15.09
		489.86	3226.80
	Stores and Spare Parts	761.11	750.01
	Less:Provision for Redundancy	208.62	192.25
	Goods in Transit and Under Inspection	23.87	6.81
		576.36	564.57
	Loose Tools	915.75	904.47
	Less:Provision for Redundancy	189.31	150.48
	Goods in Transit and Under Inspection	19.16	22.28
		745.60	776.27
	Others		
	Construction Materials	20.69	20.69
	Less:Provision for Redundancy	-	-
	Goods in Transit and Under Inspection	-	-
		20.69	20.69
	Stores & Equipment - Welfare	278.14	264.42
	Less: Amortisation	277.36	254.81
		0.78	9.61
	Miscellaneous Stores	22.09	45.74
		148012.24	138250.52
	* Include Material issued to Sub-Contractors/Others	14838.22	10503.35
	# Includes Inventory with Customers	403.39	1525.47
15	TRADE RECEIVABLES		
	Unsecured - Considered good		
	Debts outstanding for a period exceeding six months	11983.57	4370.68
	Other Debts		
	Customers	74252.24	35320.11
	Current maturities of Deferred Debts	336.23	190.19
		86572.04	39880.98



BHARAT DYNAMICS LIMITED :: HYDERABAD

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2015

(₹ Lakh)

NOTE NO.	PARTICULARS	As at 31 March 2015		As at 31 March 2014	
16	CASH AND CASH EQUIVALENTS				
	Balances with Banks in:				
	Current Accounts	3691.30		11544.13	
	Short Term Deposits	363200.00	366891.30	415100.00	426644.13
	Cash on hand		0.43		9.11
	Cash with Imprest Holders		0.57		1.21
			366892.30		426654.45
17	SHORT-TERM LOANS AND ADVANCES				
	a) Secured, considered good				
	Goods and Services		39749.66		28112.80
	b) Unsecured, considered good				
	Goods and Services	95480.98		113916.24	
	Less: Provision for doubtful advances	0.41		0.41	
			95480.57		113915.83
	Employees		54.00		253.00
	Claims/Refunds receivable	1417.75		1072.99	
	Less: Provision for doubtful claims	21.47		21.47	
			1396.28		1051.52
	Prepaid expenses		147.63		73.23
	Deposits		8010.85		7170.89
	Advance Income Tax		2687.33		3918.63
	Advance Service Tax		1442.11		1673.23
	Cenvat Credit (ED) Receivable		-		-
	Cenvat Credit (Service Tax) Receivable		0.33		13.57
			148968.76		156182.70
18	OTHER CURRENT ASSETS				
	Interest Accrued but not due				
	- Short term deposits		16401.04		18911.15
	- Others		16.94		18.37
			16417.98		18929.52



BHARAT DYNAMICS LIMITED :: HYDERABAD

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAR 2015

(₹ Lakh)

NOTE NO.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
19	REVENUE FROM OPERATIONS				
	Sale of Products				
	Finished Goods	240130.50		166383.17	
	Spares	1689.51		3556.06	
	Miscellaneous	2903.85		2284.71	
			244723.86		172223.94
	Sale of Services				
	Repairs and Overhauls	1656.56		1255.36	
	Training	14.67		18.34	
	Job Works	14211.98		4176.46	
			15883.21		5450.16
	Other Operating Revenues				
	Construction Contracts		18540.76		-
	Sale of Scrap		35.18		33.14
	Others		784.68		892.02
	Prior Period Items		-		(610.10)
	Gross Revenue from operations		279967.69		177989.16
20	OTHER INCOME				
	Interest on :				
	Short Term Deposits		38497.52		41184.79
	Sundry Advances - Employees and Others		73.18		55.04
	Other Deposits		637.55		345.16
	Transportation - Employees		18.13		16.85
	Township		165.90		150.92
	Profit on sale of Assets (Net)		1.76		-
	Provision no longer required written back				
	Liquidated Damages Provision	3853.70		1654.41	
	Warranty Provision	741.95		1585.14	
	Redundancy Provision	97.84		287.95	
	CSR Provision	401.50		220.84	
	Post Superannuation Medical Benefit(PSMB)	-		937.05	
	Others	160.98		-	
			5255.97		4685.39
	Liability written back		20.56		14.76
	Liquidated Damages recovered from suppliers		4065.81		4801.52
	Net gain on foreign currency transactions		-		1189.48
	Miscellaneous		1133.63		613.31
			49870.01		53057.22



BHARAT DYNAMICS LIMITED :: HYDERABAD
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAR 2015

(₹ Lakh)

NOTE NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
21	COST OF MATERIALS CONSUMED		
	Opening Stock	92654.81	55610.85
	Add: Purchases	231421.67	182178.18
		<u>324076.48</u>	<u>237789.03</u>
	Less: Closing Stock	110082.53	92654.81
		<u>213993.95</u>	<u>145134.22</u>
	Less: Stores consumed on		
	Deferred Revenue Expenditure	41.53	314.67
	Tools and Jigs	27.12	0.32
	Expenses Accounts and Other Assets	28415.41	22218.21
		<u>28484.06</u>	<u>22533.20</u>
	Prior period Consumption	-	-
		<u>185509.89</u>	<u>122601.02</u>
22	Changes in inventories of finished goods and Work-in-progress		
	(Increase)/Decrease		
	Opening Balance		
	(i) Work-in-progress	30695.83	31275.72
	(ii) Finished goods	3241.89	202.43
		<u>33937.72</u>	<u>31478.15</u>
	Closing Balance		
	(i) Work-in-progress	30469.83	30695.83
	(ii) Finished goods	504.95	3241.89
		<u>30974.78</u>	<u>33937.72</u>
		2962.94	(2459.57)
23	EMPLOYEE BENEFIT EXPENSES		
	Salaries and Wages		
	Salaries and Wages	26841.30	24703.13
	Contribution to Provident and Other Funds	2822.17	4997.48
	Staff welfare expenses	1643.73	1027.45
	Prior Period	-	-
		<u>31307.20</u>	<u>30728.06</u>
23.1	Remuneration to whole time Directors	159.44	146.41



BHARAT DYNAMICS LIMITED :: HYDERABAD
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAR 2015

(₹ Lakh)

23.2	As per the provisions of Revised Accounting Standard 15 the following information is disclosed in respect of Gratuity	CURRENT YEAR	PREVIOUS YEAR
1	Assumptions		
a)	Discount Rate (per annum)	8.00%	8.00%
b)	Salary Escalation (per annum)	6.00%	6.00%
2	Table Showing the Changes in the present value of the Obligation		
a)	Present value of Obligation at the beginning of the year	9925.52	9507.50
b)	Interest Cost	794.00	760.60
c)	Current Service Cost	240.25	251.40
d)	Benefits Paid - Actuals	690.43	788.67
e)	Expected Liability at the year end	10269.34	9730.83
f)	Present value of Obligation at the end of the year	10328.87	9925.52
g)	Actuarial gain / (loss)	(59.53)	(194.69)
3	Changes in fair value of the Plan Assets		
a)	Fair value of plan assets at the beginning of the year	9925.52	9507.49
b)	Expected return on plan assets	875.14	825.68
c)	Contributions	-	381.02
d)	Benefits Paid	690.43	788.67
e)	Fair value of plan assets at the end of the year	10110.23	9925.52
4	Table showing fair value of Plan Assets		
a)	Fair value of plan assets at the beginning of the year	9925.52	9507.49
b)	Actual return on plan assets	875.14	825.68
c)	Contributions	-	381.02
d)	Benefits Paid	690.43	788.67
e)	Fair value of plan assets at the end of the year	10110.23	9925.52
f)	Funded Status	(218.64)	-
5	Actuarial Loss or Gain recognised		
a)	Actuarial Loss for the year - Obligation	(59.53)	(194.69)
b)	Total Loss for the year	(59.53)	(194.69)
c)	Actuarial Loss recognised	(59.53)	(194.69)
6	Amount to be recognised in the Balance Sheet		
a)	Present value of the Obligations at the end of the year	10328.87	9925.52
b)	Fair value of plan assets at the end of the year	10110.23	9925.52
c)	Funded Status	(218.64)	-
d)	Net Liability / Asset recognised in the Balance Sheet	(218.64)	-
7	Expenses recognised in the statement of P&L		
a)	Current Service Cost	240.25	251.40
b)	Interest Cost	794.00	760.60
c)	Expected return on Plan Assets	875.14	825.68
d)	Net actuarial gain / (loss) recognised in the year	(59.53)	(194.69)
e)	Expenses recognised in P&L a/c	218.64	381.01



BHARAT DYNAMICS LIMITED :: HYDERABAD
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAR 2015

(₹ Lakh)

NOTE NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
23.3	Compensated Absences The Actuarial Liability of Accumulated absences of the employees of the Company	7486.09	6736.79
	Discounting Rate	8.00%	8.00%
	Salary escalation Rate	6.00%	6.00%
	Retirement Age	60 Years	60 years
23.4	Post Retirement Medical Scheme a) Contributions made to Post Superannuation Medical Benefits for the Executives retired after 01 Jan 2007	170.72	135.83
	b) Contributions made towards old scheme of Retired Employees Medical Insurance (REMI)	80.19	41.55
24	OTHER EXPENSES		
	Shop Supplies	628.63	502.87
	Power and Fuel	1914.22	1506.12
	Water Charges	703.16	285.27
	Travelling #	905.51	958.41
	Repairs:		
	Buildings	2061.09	1339.19
	Plant, Machinery and Equipment	922.03	740.78
	Furniture and Equipment	5.04	3.59
	Vehicles	43.27	71.87
	Others	156.10	156.76
	Vehicle Expenses - Petrol and Diesel	73.99	43.04
	Loose Tools and Equipment	195.21	267.93
	Insurance	190.79	173.44
	Rates and Taxes	153.86	126.65
	Postage, Telegrams, Telex and Telephones	151.13	128.55
	Printing and Stationery	131.74	85.47
	Publicity	323.46	210.25
	Advertisement	146.48	234.83
	Bank Charges	190.60	126.55
	Legal Expenses	4.02	2.90
	Write offs:		
	Stores	-	194.63
	Others	-	11.91
	Auditors' Remuneration:		
	Statutory Audit fees	3.50	3.50
	Tax Audit fees	0.35	0.35
	Service Tax	0.48	0.48
	Documentation fees and expenses	-	0.17
	Loss on Sale of Assets (Net)	-	0.47
	Security Arrangements	2654.94	2414.96
	Liquidated Damages	6228.05	5682.57
	Computer Software and Development	1.43	7.95
	Entertainment	0.88	1.45
	Courtesy	84.32	84.62
	Sitting Fee paid to Directors	4.27	9.20
	Sitting Fee paid to Independent External Monitors	1.70	0.70
	Exchange Differential(Net)	1763.13	-
	CSR Expenditure	416.65	220.84
	Miscellaneous Operating Expenses	3465.67	2843.73
	Prior Period Items	1.30	-
		23527.00	18442.00
# 24.1	Includes Directors' Travelling Expenses	67.97	57.53



BHARAT DYNAMICS LIMITED :: HYDERABAD

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAR 2015

(₹ Lakh)

NOTE NO.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR		
25	PROVISIONS Replacement and other charges, Warranty and Batch Rejections Redundancy Provision Liquidated Damages Corporate Social Responsibility & Sustainable Devpt. Construction Contracts Future Charges & Others	2953.08 620.73 5624.44 850.56 1638.50 3171.98		1074.34 405.41 4825.93 772.94 - -		
		14859.29		7078.62		
26	EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS Intangible Assets (Devpt. Exp.) Tools and Jigs Others	686.85 332.39 115.52		589.31 385.27 8.38		
		1134.76		982.96		
27	Earnings Per Share : Earnings per Share (Basic) calculated as per AS-20 Net Profit After Tax Number of Equity Shares of Face Value of 1000/- each fully paid up Basic & Diluted Earnings Per Share in Rupees There are no dilutive potential Equity Shares.	41856.92 1150000 3639.73		34551.41 1150000 3004.47		
28	Mandatory Disclosures Contingent Liabilities Not Provided for:					
28.01	Outstanding Letters of Credit and Guarantees: (i) Letters of Credit (ii) Guarantees and Counter Guarantees Total	51988.21 11.89		14339.01 11.89		
		52000.10		14350.90		
28.02	Claims / Demands against the Company not acknowledged as Debt: (i) Sales Tax (ii) Service Tax (iii) Others Total	20343.15 43.57 375.18		14793.84 43.11 1534.28		
		20761.90		16371.23		
28.03	Estimated amount of contracts remaining to be executed on Capital Account and not provided for, is	8782.06		15130.74		
	Disclosures as per Accounting Standards:					
28.04	Prior Period Transactions (AS-5) which are over ₹ 1.00 Lakh in each case are considered as such and disclosed in the Accounts. The effect of such transactions on the profit for the year is ₹ 1.30 Lakh Decrease (Previous Year ₹ 738.26 Lakh decrease) as detailed below:					
SI No	Particulars	Note No.	Current Year		Previous Year	
			Debit	Credit	Debit	Credit
1	Sales	19			610.10	
2	Depreciation/Amortisation	8			144.36	
3	Direct Expenses					16.20
4	Other Expense	24	1.30			
	Total		1.30	0.00	754.46	16.20
	Net effect on Profit--> Increase/(decrease)			(1.30)		(738.26)



BHARAT DYNAMICS LIMITED :: HYDERABAD
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAR 2015

(₹ Lakh)

Note No.	Particulars	Current Year	Previous Year																					
28.05	Following disclosures are made as per AS 7 (Accounting for Construction Contracts) in respect of Accounting Policy No. 15.5 relating to Revenue Recognition of Construction																							
a)	Contract Revenue recognised during the year	18540.76	-																					
b)	Percentage of completion method is used to determine the contract revenue recognised in the period																							
c)	Proportion of contract costs incurred for work performed upto 31 Mar 2015 to the estimated total cost of contracts is used to determine the stage of completion																							
d)	Aggregate amount of cost incurred	14724.70	2082.78																					
e)	Recognised Profit upto 31 Mar 2015	3816.06	-																					
f)	Amount of advance received and outstanding as at 31 Mar 2015	16815.67	7796.06																					
28.06	Effect of changes in the Foreign Exchange rates as per AS-11																							
a)	Exchange rate differences adjusted to fixed assets during the year amounting to	8.96	83.69																					
b)	Exchange rate variation recognised in Profit & Loss Statement towards Capital Assets	-	-																					
c)	Rescheduled portion of deferred credit is valued at the Exchange Rate applicable as per the Protocol. Effect of exchange rate variation over this is:																							
i)	Increase in liability in respect of Company's portion	91.28	117.53																					
ii)	Increase in liability in respect of Customer's portion which is taken to accounts payable with equal amount to claims receivable as the same does not devolve on the company.	3212.84	4136.79																					
d)	Deferred Liabilities include interest not accrued but brought into books as per Government of India instructions.	-	-																					
28.07	Keeping in view the nature of business and the sensitive nature of disclosure, it is considered prudent not to disclose information required as per AS 17 regarding Segment Reporting. Such non-disclosure does not have any financial effect on the Accounts of the Company.																							
28.08	Details of Related Party Transactions (AS 18) are as given below:																							
	<table><tr><th>Name of the Party</th><th>Relation</th><th>Transaction</th><th>Curr. Year</th><th>Prev. Year</th></tr><tr><td rowspan="3">Institute of Public Enterprises (IPE), Hyderabad</td><td rowspan="3">Shri R.K.Mishra, Independent Director is also Director of IPE</td><td>(i) Other Publicity Expense</td><td>-</td><td>1.30</td></tr><tr><td>(ii) CSR</td><td>-</td><td>10.54</td></tr><tr><td>(iii) Training, Seminar, Course Fee, etc</td><td>-</td><td>7.90</td></tr><tr><td colspan="3">Total</td><td>-</td><td>19.74</td></tr></table>	Name of the Party	Relation	Transaction	Curr. Year	Prev. Year	Institute of Public Enterprises (IPE), Hyderabad	Shri R.K.Mishra, Independent Director is also Director of IPE	(i) Other Publicity Expense	-	1.30	(ii) CSR	-	10.54	(iii) Training, Seminar, Course Fee, etc	-	7.90	Total			-	19.74		
Name of the Party	Relation	Transaction	Curr. Year	Prev. Year																				
Institute of Public Enterprises (IPE), Hyderabad	Shri R.K.Mishra, Independent Director is also Director of IPE	(i) Other Publicity Expense	-	1.30																				
		(ii) CSR	-	10.54																				
		(iii) Training, Seminar, Course Fee, etc	-	7.90																				
Total			-	19.74																				
	There are no other transactions with related parties except remuneration paid to / expenses incurred in respect of WholeTime Directors which is disclosed under the relevant Note Nos. 23 and 24.																							
28.09	Expenditure relating to Research and Development including product improvement financed by the Company during the year charged to natural heads of account :																							
	Being in the nature of Revenue expenditure	2066.04	1674.91																					
	Being in the nature of Capital expenditure (Assets Capitalised)	206.11	313.97																					
28.10	Impairment loss recognised during the year as per AS - 28	Nil	Nil																					



BHARAT DYNAMICS LIMITED :: HYDERABAD
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAR 2015

(₹ Lakh)

28.11	Provisions and Contingent Liabilities - disclosure as required by AS 29 is furnished below:					
Current Year						
Sl. No.	Nature of Provision	Opening Balance	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance
1	Warranty	1984.09	2953.08	-	890.69	4046.48
2	Liquidated Damages	9602.46	5624.44	3581.66	272.03	11373.21
3	Post-Superannuation Medical Benefits II	825.32	170.72	-	-	996.04
4	Redundancy	1173.72	620.73	0.02	97.84	1696.59
5	Doubtful Advances/Claims	21.88	-	-	-	21.88
6	Corporate Social Responsibility	833.93	850.56	401.49	-	1283.00
7	Construction Contracts	-	1638.50	-	-	1638.50
8	Future Charges & Others	196.14	3171.98	30.98	160.98	3176.16
		14637.54	15030.01	4014.15	1421.54	24231.86
Previous Year						
Sl. No.	Nature of Provision	Opening Balance	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance
1	Warranty	2494.89	1074.34	-	1585.14	1984.09
2	Liquidated Damages	6430.94	4825.93	1654.41	-	9602.46
3	Post-Superannuation Medical Benefits	937.05	-	-	937.05	-
4	Redundancy	1056.25	405.41	191.52	96.42	1173.72
5	Doubtful Advances/Claims	21.88	-	-	-	21.88
6	Corporate Social Responsibility	477.97	576.80	220.84	-	833.93
7	Future Charges	-	196.14	-	-	196.14
		11418.98	7078.62	2066.77	2618.61	13812.22
28.12	Contingent Liabilities referred to in Note 28.01 and 28.02 are dependent upon terms of contractual obligations, devolvement, raising of demand by concerned parties and the outcome of court/arbitration/ out of court settlement / disposal of appeals.					
	Other Disclosures					
a)	In case of a supplier, the Company initiated legal action for recovery of advance amount of ₹17.19 lakh with interest etc., as the Contract was not executed. Though District Court issued a decree for an amount of ₹ 48.10 Lakh together with interest etc., in favour of the Company, the decretal amount has not been recognised as claims receivable / income since the supplier was granted stay of operation of the decree by Hon'ble High Court and the matter is sub-judice as on date.					
b)	In case of another supplier, the Company has initiated legal action for recovery of advance amount of ₹ 4.45 lakh with interest, being amount paid towards material purchases, which were subsequently rejected and taken back by the supplier but failed to supply the correct material. The case is pending in City Civil Court, Hyderabad and the matter is sub-judice as on date.					
28.13	Letters requesting Confirmation of Balances have been sent in respect of Debtors, Creditors, Claims Receivable, Materials with Contractors / Sub-Contractors, Advances, Deposits and others. Based on the replies wherever received, reconciliations / provisions / adjustments are made as considered necessary.					
28.14	Out of the advances of ₹ 42454.91 Lakh (previous year ₹ 42454.91 Lakh) received from the customers, in respect of three contracts which are shortclosed, the Company has made payments to suppliers for procurement of Special Tools and Equipment and inventory. Against these payments, Special Tools and Equipment (Note 8) include an amount of ₹ 114.05 Lakh (previous year ₹ 114.05 Lakh), Current Assets, Loans and Advances (Notes 14 to 18) include an amount of ₹11014.16 Lakh (previous year ₹ 11014.16 Lakh) in suppliers' account and ₹ 7897.46 Lakh (previous year ₹ 8048.28 Lakh) in inventory account, total amounting to ₹ 19025.67 Lakh (previous year ₹ 19176.49 Lakh). As these assets had been acquired/expenditure had been incurred by the company based on firm orders and out of the funds provided by the customer, no loss devolves on the company on account of long outstanding advances and non-moving Special Tools and Inventory. Hence, no provision is considered necessary. Further, in respect of these shortclosed contracts, the company approached the customers for compensation of ₹ 2,787.00 Lakh (Prev. Year ₹ 2787.00 lakh) being the net amount of expenditure after adjustment of the available advance. Hence, for want of finalisation of the amount from the Government/ Customers, no claim/ impact on profit has been accounted in the books.					



BHARAT DYNAMICS LIMITED :: HYDERABAD
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAR 2015

28.15	Previous year figures have been regrouped or rearranged wherever necessary. Negative figures are indicated in parenthesis.
-------	--

Note Nos. 1 to 28 and Accounting Policies attached form part of Financial Statements

As per our report of even date.

For GARRE & CO.,
Chartered Accountants
Registration No.002460S

For and on behalf of the Board

GARRE SUBBA RAO
(M. NO. 019579)
Partner

S. PIRAMANAYAGAM
Director (Finance)

V. UDAYA BHASKAR
Chairman and Managing Director

Place: Hyderabad
Date : 27 Jul 2015

Place: Hyderabad
Date : 27 Jul 2015

M. LAKSHMI NARAYANA
Company Secretary



BHARAT DYNAMICS LIMITED :: HYDERABAD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

(₹ Lakh)

PARTICULARS	31 MAR 2015	31 MAR 2014
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax and Extraordinary items	61418.86	50858.82
Adjustments for :		
Depreciation and Amortisation	6928.87	4140.78
Interest Income	(39208.25)	(41584.99)
Interest Expense	31.08	44.46
Profit on Sale of Fixed assets	(1.76)	0.47
Operating Profit Before Working Capital Changes	29168.80	13459.54
(Increase)/Decrease in Trade Receivables	(46691.06)	(11726.26)
(Increase)/Decrease in Inventories	(9761.72)	(37597.17)
(Increase)/Decrease in Loans and Advances (excluding advance tax and interest accrued)	(3953.49)	(10185.78)
Increase/(Decrease) in Sundry Creditors, Liabilities & Provisions	(23266.09)	84794.26
Cash generated from operations	(54503.56)	38744.59
Income tax paid	(21965.94)	(18567.43)
Cash flow before extraordinary items	(76469.50)	20177.16
Proceeds from extra-ordinary items	-	-
Net cash from operating activities (A)	(76469.50)	20177.16
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(17794.52)	(12367.50)
Proceeds from sale of assets	3.35	3.67
Interest received	41719.79	35214.13
Net cash from investing activities (B)	23928.62	22850.30
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of deferred liabilities		
Decrease in deferred debts		
Interest paid	(31.08)	(44.46)
Dividends paid	(7190.19)	(12554.11)
Net cash used in financing activities (C)	(7221.27)	(12598.57)
Net increase/(decrease) in cash and cash equivalents	(59762.15)	30428.89
Cash and cash equivalents as at the beginning of the year	426654.45	396225.56
Cash and cash equivalents as at end of the year	366892.30	426654.45

As per our report of even date.

For GARRE & CO.,
Chartered Accountants
Registration No.002460S

For and on behalf of the Board

GARRE SUBBA RAO (M. NO. 019579)
Partner

S. PIRAMANAYAGAM
Director (Finance)

V. UDAYA BHASKAR
Chairman and Managing Director

Place: Hyderabad
Date : 27 Jul 2015

Place: Hyderabad
Date : 27 Jul 2015

M. LAKSHMI NARAYANA
Company Secretary



GARRE & CO
Chartered Accountants

Head Office : 5-9-29/40
Basheerbagh Palace Colony
14 Gopal Bhavan, Hyderabad.

email : garre1998@gmail.com garreandco@gmail.com web : garreco.ica.org.in

Ph:23228838, Dir 23228310 M:9848049666

Independent Auditors' Report

TO,
THE MEMBERS OF BHARAT DYNAMICS LIMITED

The Report is revised to comply with the observations made by the Comptroller & Auditor General of India with regard to Annexure-I to the Auditor's Report i.e., Report under CARO 2015. This Report supersedes our earlier Report issued on 29 Jul 2015.

Report on the Financial Statements

We have audited the accompanying financial statements of BHARAT DYNAMICS LIMITED, which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Page 1 of 4





Auditor's Responsibility

Our responsibility is to express an opinion on these 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

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

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





Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in term of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure-I** a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

As required by 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 purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from the branches not visited by us)





c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

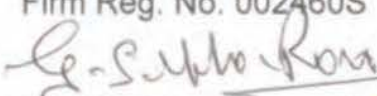
e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us :

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 28.02 of the financial statements.
- ii. The Company did not have any long-term contracts including derivatives contracts.

Report on directions issued under section 143 (5) of the Companies Act, 2013 is given at **Annexure-II**.

For GARRE & CO.,
Chartered Accountants
Firm Reg. No. 002460S


(G SUBBA RAO)
M No: 019579



Place: Hyderabad

Date: 26.8.2015



Annexure-I to the Auditors' Report

Reports under the Companies (Auditor's Report) Order, 2015 (CARO 2015)

The Annexure referred to in our report to the members of Bharat Dynamics Limited (the Company') for the year Ended on 31st March, 2015. We report that:

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

b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification
2. a) The inventory including stocks with third parties has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. The Company has not accepted any deposits from the public within the meaning of sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.





6. a) The company has maintained cost records under sub-section (1) of section 148 of the Act.
b) We have broadly reviewed the books of accounts and records maintained by the Company in respect of manufacture of products covered under the Rules made by the Central Government for maintenance of cost records, under section 148 (i) of the Companies Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.
b) The company has got disputes with regard to payment of Central Sales Tax, Service Tax, Value Added Tax as at 31-03-15 and the cases are pending at various stages of appeals and payment has not been made upto 31-03-15 and the details of which are given in Appendix 'A'.
c) No amount is required to be transferred to Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the Rules made there under.
8. The Company has been registered for a period more than five years hence the clause 3(viii) is not applicable.
9. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the Balance Sheet date, the provisions of clause 3(ix) of the order are not applicable to the Company.
10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3 (X) of the order are not applicable to the Company.
11. The Company has not raised any term loans. Accordingly, the provisions of clause 3 (xi) of the order are not applicable to the Company.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given





to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For GARRE & CO.,
Chartered Accountants
Firm's registration number: 002460S

G. Subba Rao

(G Subba Rao)
Partner
M No: 019579



Place: Hyderabad

Date: *24.8.2015*

Appendix No. A

Statutory dues aggregating to Rs. 14626.01 Lakh that have not been deposited on account of dispute and pending before the appropriate authorities are as follows:

Sl No.	Name of the Statute	Nature of dues	Forum where the dispute is pending	(Rs in Lakhs)
1	CST Act	CST	AP High Court	1462.67
2	CST Act	CST	AP Sales Tax Appellate Tribunal	7269.19
3	CST Act	CST	Appellate Deputy Commissioner (CIT) Panjagutta Division	5841.45
4	Finance Act	Service Tax	Commissioner Hyderabad- II Service Tax	43.56
5	APVAT Act	VAT	Appellate Deputy Commissioner (CT) Panjagutta Division	9.14
Total				14626.01

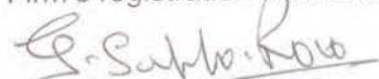


**Annexure-II to the Auditors' Report****Directions issued to statutory auditors under Section 143(5) of the Companies Act, 2013.**

The Annexure referred to in our report to the members of Bharat Dynamics Limited (the Company) for the year ended on 31 Mar 2015. We report that:

Sr.No	Query	Reply
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process."	The Company has not been selected for disinvestment.
2	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	There are no cases of waiver/write-off of debts/loans/interest etc.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	Yes, Proper records are maintained for inventories lying with third parties. There are no assets received as gift from government or other authorities during the year under Audit.
4	A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases(foreign and local) may be given.	List of pending cases as provided by the Legal department of the Company as on 31 Mar 2015 is reviewed and age-wise analysis of the same is enclosed. There is an effective mechanism in the organization to monitor the expenditure on legal cases.

For GARRE & CO.,
Chartered Accountants
Firm's registration number: 002460S


(G Subba Rao)
Partner
M No: 019579



Place: Hyderabad
Date: 26.8.2015



Enclosure to Annexure-II to the Auditors' Report of M/s Bharat Dynamics Limited, Hyderabad, for the year 2014-15.

Age-wise analysis of pending legal/arbitration cases as on 31 March 2015

There are 88 cases out of which 74 cases are in the High Court of Andhra Pradesh and Telangana and 14 cases are in lower courts and Labour Tribunals.

Age-wise break-up and financial impact is as follows :

Sl. No.	Forum	Less than 1 year		1-3 Years		More than 3 Years	
		No of Cases	Amount Rs. in Lakh	No of Cases	Amount Rs. in Lakh	No of Cases	Amount Rs. in Lakh
1	High Court of AP and Telangana	1	Not Quantifiable	17	Not Quantifiable	56	Not Quantifiable
2	Other High Courts		N/A	--	N/A	---	N/A
3	Lower Courts and Labour Tribunals	---	---	4	Not Quantifiable	10	Not Quantifiable
	TOTAL	1		21		66	

Status : Above Cases are pending at various stages and proceedings are going on.

Sl.No.	Details of Cases	No. of Cases
1	Recruitment cases	25
2	Promotion cases	10
3	Disciplinary Cases	8
4	Land matters	3
5	Compassionate appointment	1
6	Income Tax matters	3
7	Medical cases	2
8	Labour cases	11
9	Pay anomaly/service matters	11
10	Union matters	1
11	Miscellaneous	13
	TOTAL	88





स / No Inspection/BDL (2014-15)/2015-16/203

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 25.08.2015

To

Shri V. Udaya Bhaskar,
Chairman and Managing Director,
M/s. Bharat Dynamics Limited,
PO 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 31.3.2015.

I forward herewith **Nil Comments Certificate** of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of **M/s. Bharat Dynamics Limited, Hyderabad** for the year ended 31 March, 2015.

It may please be ensured that the Comments are:

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

The receipt of this letter may please be acknowledged.

Yours faithfully,

(V.K. GIRIJAVALLABHAN)
Pr. Director of Commercial Audit

Encl: As above.

भारतीय लेखा तथा लेखापरीक्षा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT

पहला तल, बसव भवन, श्री बसवेश्वर रोड, बंगलूर - 560 001
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001

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

फैक्स / Fax : 080-2226 2491



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF M/s. BHARAT DYNAMICS LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2015.

The preparation of financial statements of M/s. Bharat Dynamic Limited, Hyderabad for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 July 2015 and revised report dated 24 August 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of M/s. Bharat Dynamics Limited, Hyderabad for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. **In view of the revisions made in the Annexure I to the Independent Auditors' report i.e., CARO report 2015, as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report, under section 143(6)(b) of the Act.**

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

**(V.K. Girijavallabhan)
Principal Director of Commercial Audit.**

**Place: Bengaluru
Date: 25 August 2015**

अतिथि आगमन VIP Visits



दि. 14 अक्टूबर, 2014 को बी डी एल दौरे के दौरान श्री मोहन कुमार, सचिव (रक्षा उत्पादन) को जानकारी देते हुए श्री वी उदय भास्कर. चित्र में हैं - श्री एस वी सुब्बाराव, निदेशक (वित्त), एवीएम एन बी सिंह, अविसेमे, विसेमे (नि.), निदेशक (तकनीकी) तथा अन्य अधिकारी.

Shri Mohan Kumar, Secretary (Defence Production), being briefed by Shri V Udaya Bhaskar during his visit to BDL on 14 Oct 2014. Seen Shri SV Subba Rao, Director (Fin), AVM NB Singh, AVSM, VSM (Retd) Director (Tech) and others present on the occasion.



दि. 07 फरवरी, 2015 को श्री मनोहर पर्रिकर, माननीय रक्षा मंत्री को बी डी एल दौरे के दौरान विभिन्न परियोजनाओं की जानकारी देते हुए. चित्र में हैं - श्री वी उदय भास्कर, सी एम डी, एवीएम एन बी सिंह, अविसेमे, विसेमे (नि.), निदेशक (तकनीकी), श्री एस पिरमनायगम, निदेशक (वित्त) व अन्य अधिकारी.

Shri Manohar Parrikar, Hon'ble Raksha Mantri being briefed about various Projects on his visit to BDL on 07 Feb 2015. Seen Shri V Udaya Bhaskar, CMD, AVM NB Singh, AVSM, VSM (Retd) Director (Tech), Shri S. Piramanayagam, Director (Fin) and others present on the occasion.

आतिथे आगमन **VIP Visits**



दि. 25 जुलाई, 2015 को एअर मार्शल पी पी रेड्डी, विमे, एडीसी, सी आई एस सी, रक्षा मंत्रालय के एकीकृत मुख्यालय के बी डी एल दौरे के दौरान जानकारी देते हुए श्री वी उदय भास्कर, सी एम डी एवं एवीएम एन बी सिंह, अविसेमे, विसेमे (नि.).

Air Marshal PP Reddy, VM, ADC, CISC, IHQ of MoD. being briefed by Shri V Udaya Bhaskar, CMD, AVM NB Singh, AVSM, VSM (Retd) Director (Tech) on his visit to BDL on 25 July 2015.



दि. 29 जुलाई, 2015 को रियर एडमिरल ओ पी एस राणा, विसेमे, डीजीएनएआई के बी डी एल दौरे के दौरान परिचय देते हुए श्री वी उदय भास्कर, सी एम डी.

Rear Admiral OPS Rana, VSM, DGNAI being briefed by Shri V Udaya Bhaskar, CMD on his visit to BDL on 29 July 2015.

अतिथि आगमन VIP Visits



दि. 04 अगस्त, 2015 को सुश्री वंदना श्रीवास्तव, वित्त लेखापरीक्षक (रक्षा सेवाएँ), रक्षा मंत्रालय के बी डी एल दौरे के दौरान चर्चा करते हुए श्री वी उदय भास्कर, सी एम डी, एवीएम एन बी सिंह, अविसेमे, विसेमे (नि.), निदेशक (तकनीकी), श्री एस पिरमनायगम, निदेशक (वित्त).

Ms Vandana Srivastava, Financial Advisor (Defence Services), MoD. interacting with Shri V Uday Bhaskar, CMD, AVM NB Singh AVSM, VSM (Retd) Director (Tech), Shri S. Piramanayagam, Director (Fin) on her visit to BDL on 04 Aug 2015.

बी डी एल के उत्पाद BDL Products





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