

शांति का आधार अस्त्र-बल  
The Force Behind Peace

44वाँ वार्षिक विवरण  
44<sup>th</sup> Annual Report  
2013-14



भारत डायनामिक्स लिमिटेड  
Bharat Dynamics Limited

कंचनबाग Kanchanbagh  
हैदराबाद Hyderabad - 500 058.

## भविष्य-दृष्टि VISION:

रक्षा क्षेत्र के लिए अंतर्राष्ट्रीय स्तर के गुणता उत्पाद बनाने वाला विश्वस्तरीय उद्यम बनना.  
To be a world-class enterprise producing international standard quality products for the defence industry.

## मिशन MISSION:

वांतरिक्ष तथा अंतर्जल अस्त्र-प्रणाली उद्योग क्षेत्र में अग्रणी विनिर्माता के रूप में स्वयं को स्थापित कर देश की सुरक्षा प्रणाली एवं ज़रूरतों को पूरा करने वाला एक विश्वस्तरीय अत्याधुनिक व उत्कृष्ट उद्यम बनकर उभरना.

To establish itself as a leading manufacture in the aerospace & underwater weapons industry and emerge as a world class sophisticated, state-of-the-art, global enterprise, providing solutions to the security system needs of the country.

## उद्देश्य OBJECTIVES:

- (ए) संचलित प्रक्षेपास्त्र तथा अंतर्जल संचलित शस्त्र प्रौद्योगिकी व उत्पादन के क्षेत्र में प्रतिस्पर्धी एवं स्वावलंबी बनना.
- (बी) वर्तमान उत्पादन क्षमताओं का अधिकाधिक प्रयोग करना.
  - a) To become self-reliant and competitive in Guided Missile and Underwater Guided Weapon Technology and Production.
  - b) To maximise utilisation of existing production capacities.





## BDL FORMER CHIEF EXECUTIVES



**Dr. B D NAGCHAUDHURI**  
Chairman  
22-09-1970 To 29-09-1975



**PROF. M G K MENON**  
Chairman  
29-09-1975 To 30-12-1977



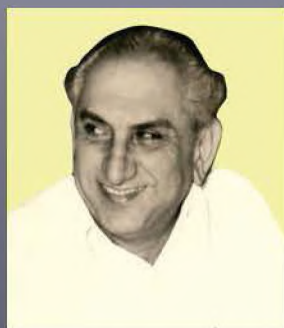
**AVM V S NARAYANAN**  
PVSM, AVSM, VSM (Retd)  
Chairman  
06-10-1978 To 01-04-1980



**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(1986-90)  
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 RAAJESH GOSSAIN (Retd)**  
Chairman & Managing Director  
28-04-2005 To 30-04-2006



**CMDE PK SAMANTA, VSM (Retd)**  
Officiating Chairman & Managing Director  
01-05-2006 To 30-06-2006



**MAJ GEN RAVI KHETARPAL,**  
VSM (Retd)  
Chairman & Managing Director  
01-07-2006 To 31-03-2012



**लेखापरीक्षा समिति**

|    |                                              |   |         |
|----|----------------------------------------------|---|---------|
| 1. | श्री ए के कपूर<br>अंशकालिक गैर-सरकारी निदेशक | - | अध्यक्ष |
| 2. | श्री पी के मिश्र<br>सरकारी निदेशक            | - | सदस्य   |
| 3. | श्री वी उदय भास्कर<br>निदेशक (उत्पादन)       | - | सदस्य   |
| 4. | श्री एम लक्ष्मीनारायण<br>कंपनी सचिव          | - | सदस्य   |

**प्रधान कार्यपालक गण**

**श्री एम ईश्वर, आई टी एस**  
मुख्य सतर्कता अधिकारी

**डॉ. एन के राजू**  
अधिशाली निदेशक (का. एव प्रशा.)

**श्री एल धनंजय**  
अधिशाली निदेशक (डी अण्ड ई) (दि. 31 अक्टूबर 2013 तक)

**श्री पी माधव राव**  
अधिशाली निदेशक (सैम) (दि. 30 नवंबर, 2013 तक)

**श्री पी आर वी प्रसाद**  
अधिशाली निदेशक (भानूर इकाई) (दि. 28 फरवरी, 2014 तक)

**श्री आर बालकृष्णन**  
महाप्रबंधक (सी सी एवं सी पी) (दि. 31 मई, 2013 तक)

**श्री बी शिव राम प्रसाद**  
महाप्रबंधक (तकनीकी सेवाएँ)

**श्री पी के दिवाकरन**  
महाप्रबंधक (अग्नि-बढ़ामाफी)

**श्री वी नरसिंहा रेड्डी**  
महाप्रबंधक (एम एन आर)

**श्री जी जयराम रेड्डी**  
महाप्रबंधक (आकाश - जीएस एवं पी एस जी)

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

**श्री ई एस मोहन रेड्डी**  
महाप्रबंधक (वित्त)

**श्री एन पी दिवाकर**  
महाप्रबंधक (आकाश)

**श्री वी गुरुदत्त प्रसाद**  
महाप्रबंधक (भानूर इकाई)

**लेखापरीक्षक**

**मेसर्स लक्ष्मीनिवास नीठ अण्ड कंपनी**  
चार्टर्ड अकाउण्टेंट्स  
हैदराबाद

**Audit Committee**

|    |                                                          |   |           |
|----|----------------------------------------------------------|---|-----------|
| 1. | <b>Shri AK Kapoor</b><br>Part Time Non Official Director | - | Chairman  |
| 2. | <b>Shri PK Mishra</b><br>Government Director             | - | Member    |
| 3. | <b>Shri V Udaya Bhaskar</b><br>Director (Production)     | - | Member    |
| 4. | <b>Shri M Lakshmi Narayana</b><br>Company Secretary      | - | Secretary |

**Principal Executives**

**Shri M Eshwar, ITS**  
Chief Vigilance Officer

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

**Shri L. Dhananjay**  
Executive Director (D&E) [upto 31 Oct 2013]

**Shri P. Madhava Rao**  
Executive Director (SAM) [upto 30 Nov 2013]

**Shri PRV Prasad**  
Executive Director (Bhanur Unit) [upto 28 Feb 2014]

**Shri R Balakrishnan**  
General Manager (CC & CP) [upto 31 May 2013]

**Shri B Siva Rama Prasad**  
General Manager (Technical Services)

**Shri PK Divakaran**  
General Manager (AGNI – BM)

**Shri V Narsimha Reddy**  
General Manager (MNR)

**Shri G Jai Ram Reddy**  
General Manager (AKASH – GS & PMG)

**Shri G Dattu Kumar**  
General Manager (AKASH – GSD)

**Shri ES Mohan Reddy**  
General Manager (Finance)

**Shri NP Diwaker**  
General Manager (AKASH)

**Shri V Gurudatta Prasad**  
General Manager (Bhanur Unit)

**Auditors**

**M/s. Laxminiwas Neeth & Co.**  
Chartered Accountants,  
Hyderabad





### 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

### कर परामर्शदाता

बन्सल अण्ड दवे  
चार्टर्ड अकाउण्टंट्स

### विधि सलाहकार

श्री के श्रीनिवास मूर्ति  
श्री डी रवि शंकर राव

### बैंकर्स

आंध्र बैंक  
भारतीय स्टेट बैंक  
एक्सिस बैंक

### पंजीकृत कार्यालय

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

### ई-मेल

[bdlitd@ap.nic.in](mailto:bdlitd@ap.nic.in)

### वेबसाइट

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

### 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

### Tax Consultants

Bansal & Dave,  
Chartered Accountants

### Legal Advisers

Shri K Srinivasa Murthy  
Shri D Ravi Shankar Rao

### Bankers

Andhra Bank  
State Bank of India  
Axis Bank

### Registered Office

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

### E-Mail

[bdlitd@ap.nic.in](mailto:bdlitd@ap.nic.in)

### Website

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



## दस वर्षों पर दृष्टिपात TEN YEARS AT A GLANCE

(₹ करोड़ Crore)

| विवरण<br>Particulars                                                          | इकाई<br>Units | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11  | 2011-12 | 2012-13 | 2013-14 |
|-------------------------------------------------------------------------------|---------------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|
| बिक्री<br>Sales                                                               | ₹ करोड़ Cr.   | 450.98  | 531.53  | 433.51  | 454.38  | 464.82  | 627.23  | 939.16   | 959.12  | 1074.71 | 1779.89 |
| निर्माणाधीन कार्य /<br>संयन्त्राधीन भण्डार में परिवर्तन<br>Changes in WIP/SIT | ₹ करोड़ Cr.   | 14.81   | 2.75    | (47.67) | 51.47   | 58.24   | 4.38    | (28.18)  | 33.82   | 100.81  | 24.60   |
| उत्पादन मूल्य<br>Value of Production                                          | ₹ करोड़ Cr.   | 465.79  | 534.28  | 385.84  | 505.85  | 523.06  | 631.61  | 910.98   | 992.94  | 1175.52 | 1804.49 |
| सामग्री की खपत<br>Material Consumption                                        | ₹ करोड़ Cr.   | 313.47  | 329.01  | 239.89  | 351.99  | 364.84  | 438.01  | 580.14   | 633.53  | 779.57  | 1226.01 |
| परिवर्द्धित मूल्य<br>Value Added                                              | ₹ करोड़ Cr.   | 152.32  | 205.27  | 145.95  | 153.86  | 158.22  | 193.60  | 330.84   | 359.41  | 395.95  | 578.48  |
| कर पूर्व लाभ<br>Profit Before Tax                                             | ₹ करोड़ Cr.   | 52.28   | 118.81  | 50.80   | 72.49   | 74.23   | 50.63   | 79.17    | 348.19  | 419.06  | 508.59  |
| करायान के बाद लाभ<br>Profit After Tax                                         | ₹ करोड़ Cr.   | 30.66   | 76.72   | 32.74   | 47.65   | 47.67   | 33.77   | 51.70    | 234.96  | 288.40  | 345.51  |
| इक्विटी<br>Equity                                                             | ₹ करोड़ 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<br>Reserves & Surplus                            | ₹ करोड़ Cr.   | 307.22  | 357.79  | 363.62  | 384.37  | 405.13  | 412.08  | 437.05   | 617.38  | 838.30  | 1102.97 |
| सकल निरुद्ध (पूँजीगत नि. का. छोड़कर)<br>Gross Block (Excl. Cap. WIP)          | ₹ करोड़ Cr.   | 330.28  | 333.51  | 359.09* | 376.49  | 403.42  | 461.20  | 488.08   | 604.24  | 711.55  | 834.56  |
| सामग्री-सूची<br>Inventory                                                     | ₹ करोड़ Cr.   | 384.62  | 454.53  | 338.92  | 434.25  | 623.11  | 570.26  | 502.19   | 602.57  | 1006.53 | 1382.51 |
| ग्राह्य व्यापार<br>Trade Receivables                                          | ₹ करोड़ Cr.   | 24.17   | 13.87   | 19.51   | 21.54   | 8.95    | 33.58   | 45.15    | 88.39   | 281.55  | 398.81  |
| कार्यगत पूँजी<br>Working Capital                                              | ₹ करोड़ Cr.   | 316.21  | 361.94  | 371.79  | 384.96  | 404.86  | 360.44  | 370.66   | 458.97  | 614.58  | 811.68  |
| नियोजित पूँजी<br>Capital Employed                                             | ₹ करोड़ Cr.   | 396.03  | 437.84  | 458.15* | 478.59  | 508.81  | 503.66  | 511.79 # | 670.64  | 892.58  | 1171.28 |
| निवल मालियत<br>Net Worth                                                      | ₹ करोड़ Cr.   | 407.99  | 457.89  | 470.86* | 495.55  | 519.93  | 526.88  | 551.85   | 732.19  | 953.08  | 1217.75 |
| कर्मचारियों की संख्या<br>Number of Employees                                  | संख्या Nos.   | 2909    | 2814    | 2742    | 2715    | 2788    | 2894    | 2897     | 3142 @  | 3300    | 3266    |
| कर्मचारी पर लागत<br>Employee Cost                                             | ₹ करोड़ Cr.   | 81.99   | 84.71   | 94.71   | 149.63  | 151.16  | 178.84  | 234.53   | 240.32  | 258.99  | 307.28  |
| पारिश्रमिक प्रति रु. पर परिवर्द्धित मूल्य<br>Value Added Per ₹ of Wage        | ₹             | 1.86    | 2.42    | 1.54    | 1.03    | 1.05    | 1.08    | 1.41     | 1.50    | 1.53    | 1.88    |
| परिवर्द्धित मूल्य प्रति कर्मचारी<br>Value Added Per Employee                  | ₹ लाख Lakh    | 5.24    | 7.29    | 5.32    | 5.67    | 5.67    | 6.69    | 11.42    | 11.44 @ | 12.00   | 17.71   |
| प्रति शेयर अर्जन (ई पी एस)<br>Earnings Per Share (EPS)                        | ₹             | 267     | 667     | 285     | 414     | 415     | 294     | 450      | 2043    | 2508    | 3004    |

\* 2006-07 की स्थायी परिसंपत्तियों की अनुसूची के पुनर्संयोजन के कारण वर्ष 2007-08 में पुनर्व्यवस्थीकरण किया गया. # वर्ष परिवर्द्धित अनुसूची VI के अनुसार लेखा प्रस्तुत करने के कारण वर्ष 2011-12 से पुनः समायोजित.

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

\* Re-adjusted due to regrouping of Fixed Assets Schedule of 2006-07 in the year 2007-08. # Re-adjusted due to Presentation of Accounts as per Revised Schedule VI from 2011-12 onwards.

@ Re-adjusted to include temporary Employees.





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# Board Of Directors

## CHAIRMAN & MANAGING DIRECTOR



**Shri SN Mantha**

## GOVERNMENT DIRECTORS



**Smt Kusum Singh**  
Joint Secretary, DDP, MoD



**Shri RG Viswanathan**  
Addl FA (RAD), DRDO  
Joint Secretary, Ministry of Defence

## INDEPENDENT DIRECTOR



**Shri AK Kapoor**  
Emeritus Scientist DRDO  
Ministry of Defence

## WHOLE TIME DIRECTORS



**Shri SV Subba Rao**  
Director (Finance)



**Shri V Udaya Bhaskar**  
Director (Production)  
From 01 Aug 2013



**AVM (Retd) N B Singh,**  
AVSM, VSM  
Director (Technical)  
(From 01 Apr 2014)

## PERMANENT SPECIAL INVITEES



**Vice Admiral Sundil Lamba**  
AVSM  
Vice Chief of Naval Staff  
(From 02 Jun 2014)



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



**Air Marshal RK SHARMA,**  
PVSM, AVSM, VM, ADC  
Vice Chief of Air Staff  
(From 01 Jan 14)



**Dr. K. Jayaraman**  
Director DRDL

## COMPANY SECRETARY



**Shri M Lakshmi Narayana**

## FORMER DIRECTORS / PERMANENT SPECIAL INVITEES



**Shri S Som, Sc" H"**  
Director, DRDL, Hyderabad  
(Upto 30 Jun 2014)



**Prof RK Mishra**  
Senior Professor and Director  
Institute of Public Enterprise  
(Upto 07 Mar 2014)



**Shri KL Mehrotra**  
Former CMD, Mangalore Ore (I) Ltd.  
(Upto 07 Mar 2014)



**Shri PK Mishra**  
Joint Secretary, DDP, MoD  
(Upto 31 Jul 2014)



**Vice Admiral RK Phowan**  
PVSM, AVSM, VSM  
Vice Chief of Naval Staff  
(Up to 01 Jun 2014)

## FORMER DIRECTORS / PERMANENT SPECIAL INVITEES



**Lt Gen Narendra Singh**  
SM, VSM  
Dy Chief of Army Staff (SM) (Sec-Office)  
(Up to 30 Apr 2014)



**Air Marshal Arup Raha**  
PVSM, AVSM, VM, ADC  
Vice Chief of Air Staff (Sec-Office)  
(Up to 31 Dec 2013)





## *Directors' Profile*



**Shri SN Mantha**  
Chairman & Managing Director

Shri SN Mantha is an Engineering Graduate from Benaras Hindu University Varanasi. He did his Master of Business Administration (MBA) from IGNOU, New Delhi. He has a brilliant academic record. He passed his Engineering with Distinction and MBA in First Class. He joined BDL in March, 1987. During the Project Stage in Bhanur Group of BDL, he was instrumental in establishing Component Production, Tool Room Departments and later on contributed in indigenisation of Konkurs Missile Components and Unified Launcher successfully. Considering his vast technical knowledge and professional skills he was appointed Director (Tech) on the Board of BDL from 01 Oct 2008. Thereafter in view of his vast experience in Missile Industry, Management Skills and Professional abilities, he was appointed as Chairman and Managing Director on the Board of BDL since 01 Apr 2012.

Smt. Kusum Singh Post Graduated in MA Economics from Delhi College of Economics. She belongs to Indian Railway Personnel Service (IRPS) 1984 Batch. Smt. Kusum Singh Held Various postings with Ministry of Railways CRIS(Centre for Railway Information System); etc. Prior to Joint Secratery (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 29 Aug 2014.



**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 May2011 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.



**Shri AK Kapoor**

Emeritus Scientist DRDO  
Ministry of Defence

Shri Anand Kumar Kapoor is Graduated in Aeronautical Engineering from Punjab Engineering College, Chandigarh. He also did M. Tech in Aeronautical Engineering from IIT, Madras. He started his career as Senior Scientific Officer in DRDL, Hyderabad in 1971 and thereafter elected as Project Director, Trishul. He also worked as Director CFEES, New Delhi from June 2002 to June 2008 and Emeritus Scientist in DRDO, New Delhi from Feb 2008 to Jan 2010. Shri AK Kapoor has published number of papers in several magazines during 1987 to 2002 on topics like Development of Dual Thrust Propulsion Systems', 'Enhancement of Performance of a solid Rocket Motor of Surface to Air Missile etc. During his tenure in DRDL, he was honored as DRDO Scientist of the year in 1998 and DRDO Technology Spin Off award in the year 2006.

Shri AK Kapoor is on the Board of BDL as Part Time Non Official Director since 16 Feb 2012.

Shri SV Subba Rao is a First Class Science Graduate and a Fellow Member of the Institute of Chartered Accountants of India. He joined the company in 1983 and mastered in all areas of Finance. He has contributed in formulating Investment Policy, Accounting Policies of the Company and designed Centralized Cash Management Systems and Centralized Pay Roll Systems which substantially saved manpower requirements in Finance Department.

Shri SV Subba Rao actively participated in Price negotiations with the Customers/Ministry of Defence /Suppliers and contributed substantial saving to the company. He also played a key-role in switching over of the accounts from manual systems to DOS Platform and thereafter to Oracle and the same systems are in operation effectively and successfully for the past several years.

Shri SV Subba Rao is appointed as Director (Fin) on the Board of Bharat Dynamics Limited since 01 Jul 2011.

**Shri SV Subba Rao**  
Director (Finance)**Shri V Udaya Bhaskar**

Director (Production)

Shri V Udaya Bhaskar 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. He led the ISO core team for implementation of ISO 9001:2000 version and also monitored ISO 9001:2008 Quality Management Systems at BDL, Bhanur Unit.

Shri V Udaya Bhaskar is the recipient of prestigious Raksha Mantri Innovation Award in Group/individual category for the year 2010-II for his distinguished contribution in establishing Ballistic evaluation Method using T-72 fixed firing stand for indigenization of explosives charges of Invar Missiles.

Shri V Udaya Bhaskar is appointed as Director (Prod) on the Board of BDL since 01 Aug 2013.





**AVM(Retd) N B Singh**

AVSM, VSM  
Director (Technical)

Air Vice Marshal(Retd) NB Singh, AVSM, VSM 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 his 35 years of service in the Indian Air Force, has held many important appointments.

During his tenure as Senior Technical Officer of a Radar Unit, he successfully carried out a modification to improve the operational efficiency of the equipment. As a result the reliability of the Air Defence System improved and the officer was commended by the Chief of Air Staff on 15 Aug 1988.

In 2003 the Officer was tasked to upgrade the French make High Power Radar. The task was completed in record time and in excellent manner. His outstanding contributions and services beyond call of duty was recognized and the officer was awarded Vishishtha Seva by the President of India on 26 Jan 2006.

He also held the appointment of Assistant Chief of Air Staff (Signals&Information Technology), Commanded ADGES Maintenance Standard Establishment (AMSE) and Master Control Centre and excelled in all the fields. In this tenure at Air Headquarters as Assistant Chief of Air Staff (Signals & Information Technology) the pan India gigabyte communication network projed AFNET' was conceptualized, steered and dedicated to the Nation by Raksha Mantri on 14 Sep 2010. AFNET based WCDMA 3G Mobile for Air Force was also conceived and initiated in this tenure. In his last assignment as Assistant Chief of Air Staff (Communication) phase-I of WCDMA project connecting every Air Warrior on move was completed and AFCEL Communicator was launched. His efforts contributed immensely towards transforming Indian Air Force into a true Net Centric Force.

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



Shri KL Mehrotra is graduated in Chemical Engineering from Banaras Hindu University in 1970. He has over 40 years of experience in various positions in Private, State and Central organizations. He was Managing Director in Praga Tools Limited, Hyderabad during 2001 to 2005 and also Chairman-cum- Managing Director in Manganese Ore(India) Limited, Nagpur from Jul 2005 to Oct 2008, He has presented a number of papers in National and International Seminars/Conferences.

Shri KL Mehrotra is the recipient of Indira Gandhi and Rajiv Gandhi best CEO Award for the years 2007 and 2008. He is author of popular books like " Path to Profitability Business Plan, Turmoil to Triumph etc ".

Shri KL Mehrotra was on the Board of BDL as Part Time Non Official Director from 08 Mar 2011 to 07 Mar 2014. He was the Chairman of Remuneration Committee and Member in other Committees like Audit Committee, Procurement Committee, HR Committee and CSRP & SD Committee during the said period.



**Shri KL Mehrotra**

Former CMD,  
Manganese Ore (I) Ltd.



**Prof RK Mishra**

Senior Professor and Director  
Institute of Public Enterprise

Prof RK Mishra is a graduate of International Management Programme, Italy. He was a Fellow member of British Council and Common Wealth Secretariat. He had research stints at London Business School and Maison Des Sciences DeL Hommes, Paris. He is a member of the UN Task Force on International Task Force on Standards of Excellence in Public Administration and Education. He has been a Management Consultant to several organisations. He held the position of Vice President, international Association of Schools and Institutes in Administrations (IASIA), Brussels. He has handled important assignments for Ministry of Finance, Ministry of Power, Ministry of Trade and Commerce, Ministry of Heavy Industry and Public Enterprises. He has also been a researcher for Planning Commission, Finance Commission, Prime Minister's Economic Advisory Council, DECO, United Nations University etc.

Prof RK Mishra is a Senior Professor and Director in Institute of Public enterprise and was on the Board of BDL as Part Time Non Official Director from 08 Mar 2011 to 07 Mar 2014.

Prof RK Mishra was Chairman of Audit Committee and CSRP and SD committee and Member in other committees like Remuneration Committee and Procurement Committee, during the said period.





## *Chairman's Statement*



Dear Members,

It is indeed my privilege to present 44<sup>th</sup> Annual Report of the Company for the year 2013-14 and also share with you the future plans of your Company.

### **PERFORMANCE OVERVIEW:**

Your deep and abiding trust has enabled your Company to continuously improve its performance. In the midst of challenging conditions, your Company has achieved a record turnover of ₹ 1780 Crore during the Year 2013-14 as against ₹ 1075 Crore in the Previous Year, registering an increase of about 66%. The Value of Production for the year 2013-14 stood at ₹ 1804 Crore registering an increase of 54% over previous year's VOP.

On the financial front, 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 ₹ 69 Crore for the Year 2013-14, which includes Interim Dividend of ₹ 58 Crore paid during Feb 2014.



## HIGHLIGHTS OF THE YEAR UNDER REPORT:

- (i) Company observed 2013-14 as Year of Quality as per the advice of Ministry of Defence. BDL has drawn an action plan to further improve the Quality standards so as to match with Global standards. All the production Divisions of the Company observed Year of Quality and organized customer meets, vendor meet, workshops etc.
- (ii) Company has signed a contract for supply of invar ATGMs for a value of ₹ 3,000 Crore (approx) and the order is to be executed over next five years.



BDL has signed a contract with Ministry of Defence on 19 Aug 2013 for supply of Invar Anti Tank Guided Missiles to Indian Army. Seen from left S/Shri SN Mantha, CMD, SV Subba Rao, Director (Finance), Upamanyu Chatterjee, JS & AM (LS) and Col. A Chhibber, Director, WE 15B from MoD.

- (iii) Company has successfully executed Milan 2T contract and efforts are on to get fresh Indent from Customer. Company is expecting that the new Indent is likely to be received during 2014-15.
- (iv) Company has executed Lease Deed with MIDC, Maharashtra during Jan 2014 for 553 Acres of land acquired at Amravati, Maharashtra.
- (v) Two Executives of Bhanur Unit have been conferred with SODET award for technology development in Bronze Category for the year 2011-12.



- (vi) Third manufacturing unit of the Company was inaugurated by Shri GC Pati, IAS, Secretary (Defence Production) on 30 Oct 2013 at Visakhapatnam.



The third manufacturing unit of BDL was inaugurated at Visakapatnam by Shri GC Pati, IAS, Secretary (Defence Production) on 30 Oct 2013. Seen S/Shri SN Mantha, CMD, V Udaya Bhaskar, Director(Production), Dr NK Raju, ED(P&A) representatives of Navy and others.

- (vii) During the year under report Company has framed Policies like Risk Management Policy, R&D Policy and Management System and obtained approval of the Board for implementation. Also IMM Manual has been revised to incorporate new elements like e-Tendering, e-Payment etc.
- (viii) All the three units of BDL i.e Kanchanbagh Complex, Bhanur and Vizag have been Certified with ISO 14001:2004 Environment Management Systems Certification by Indian Register Quality System (IRQS) having three years validity.



- (ix) First off Production Model (FoPM) validation trails of Akash Weapon System against 2 Regiments Army contract has made considerable progress during the month of Feb 2014 it is completed during May/June 2014.



Seen S/Shri SN Mantha, CMD, and other executives of Akash GSD team during FoPM validation trails Balasur, Orissa.

### FUTURE OUTLOOK:

- (i) Your Company has drawn up a Roll on Corporate Plan for the Period 2014 to 2019 and the same is being placed before the Board during the Current Financial Year. Framing of Document is based on the changed requirements of our customers and also keeping their future requirements in view. Your Company has to shoulder higher responsibilities to quickly absorb the changes in technology and deliver the weapon systems on time.
- (ii) Contracts for the projects like MRSAM, LRSAM, SRSAM and VISHORAD are expected to be received from the Armed Forces shortly. Therefore, necessity has arisen to create 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) Order book status of the Company as on 01 Apr 2014 is ₹ 18,864 Crore.





### 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. Systematic management and disposal of hazardous and other forms of wastes and several other endeavors have become part of the well established environmental management system. 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 actions while supplying the items to the Armed Forces.

### VENDOR DEVELOPMENT:

During the year under report the company is in the process of drafting vendor Development policy and the same is being placed before the Board for its approval during 2014-15. Such vendor Development policy will facilitate the company to further improve the supply chain so as to meet the long term target commitments of the company. This will also ensure a transparent and continued improvement mechanism in identifying and developing new vendors.

Vendor meets are being organized on need basis so as to create a strong bond and synergy between BDL and its vendors.



Vendor Meeting organized by Electronics Division, Chaired by Shri. V Udaya Bhaskar Director (Production).



### TECHNOLOGY:

The Company has started its journey with the production of First Generation Anti Tank Guided Missiles (ATGM), SSIB1. 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, 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 Nodel Agency for Life extension and refurbishment of various types of Missiles.

### PLAN FOR OPERATIONS EXCELLANCE:

- (a) In order to achieve operational Excellance, Strategies have been initiated to implement throughout the Company ERP Programme by Mar 2015. Standards like AS 9100C and ISO 14001 have also undertaken to ensure supply of systems effectively.
- (b) Akash Production Control Centre is under planning so that the status of all the vendors can be seen and updated every day. This facilitates monitoring and supply of subsystems, components on a continuous basis.
- (c) Product Lifecycle Management based Design and Documentation cell is also under Planning to serve as a Centralized repository for all design drawings, technical specifications, quality documents, user manuals, all related documents like definition documents, Manufacturing/QC documents etc.

### CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY DEVELOPMENT :

- (a) Corporate Social Responsibility is considered as an embedded Programme of the Company. BDL being a good corporate citizen has been playing an exemplary role by fulfilling social and welfare obligations with clear transparency and commitment. During the year under report, DPE has revised the guidelines and as per the revised guidelines Corporate Social Responsibility and Sustainability Development are covered under one set of guidelines w.e.f 01 Apr 2013 i.e. CSR & SD.
- (b) During the year under report Company has spent an amount of ₹ 2.99 Crore by undertaking activities like (i) Supplying of medicines and providing ophthalmic care under Health Care (ii) arranging midday meal to school children (iii) Providing drinking water to villagers in Nalgonda Dist, Telangana, (iv) construction of Eco – San toilets (v) laying of Road in a remote hill area (vi) Distribution of slates, books etc to school children so as to improve Quality School Education





- (vii) Construction of rain water harvesting pits and (viii) Implementation of Energy Audit recommendations under conservation of energy etc.
- (c) Company has also undertaken study on carbon foot print under Sustainability Development and initiated measures for carbon foot print reduction like use of solar street lights, solar power generation, planting of saplings, implementation of Energy Audit recommendations during the year 2013-14.
- (d) Your Company would continue to provide thrust to CSR & SD Projects during the years to come and would include additional activities in line with the guidelines issued by DPE and as per the provisions contained in the Companies Act, 2013.

### AWARDS:

You will be delighted to note that two Executives of BDL Bhanur unit have been conferred with SODET Award for technology development in Bronze Category for the year 2011-12.



Seen Shri SN Mantha , CMD along with SODET officials on the eve of giving Award to Executives of BDL, Bhanur Unit.

In recognition of outstanding work, Supply of Quality products, your Company and its Members have been consistently winning National awards in a wide variety of areas such as:

|     |                                                                    |                |
|-----|--------------------------------------------------------------------|----------------|
| (a) | <b>DRDO Technology Transfer and Assimilation Award.</b>            | <b>1996</b>    |
| (b) | <b>Raksha Mantri Award for Import Substitution and Innovation.</b> | <b>2002-03</b> |
| (c) | <b>Raksha Mantri's Award for Design Efforts for CMDS</b>           | <b>2004-05</b> |
| (d) | <b>Raksha Mantri's Award for Import Substitution (IRII)</b>        | <b>2005-06</b> |





|     |                                                                              |                |
|-----|------------------------------------------------------------------------------|----------------|
| (e) | <b>SODET Award for CMDS</b>                                                  | <b>2005-06</b> |
| (f) | <b>FAPCCI Award for Excellence in Research and Development</b>               | <b>2005-06</b> |
| (g) | <b>Golden Peacock Award for Electronics Division</b>                         | <b>2007</b>    |
| (h) | <b>Corporate Social Responsibility Award for Corporate Governance</b>        | <b>2010-11</b> |
| (i) | <b>TOLIC Rajbhasha Shield for Official Language Implementation</b>           | <b>2010-11</b> |
| (j) | <b>Raksha Mantri Award for Excellence in Group/Individual Award Category</b> | <b>2010-11</b> |
| (k) | <b>Achivers and Leaders Award (Finance)</b>                                  | <b>2011-12</b> |
| (l) | <b>Innovative HR Practices Award</b>                                         | <b>2011-12</b> |
| (m) | <b>HR Leadership Award</b>                                                   | <b>2011-12</b> |

### IMPLEMENTATION OF INTEGRITY PACT (IP):

Integrity Pact is being implemented in BDL from 01 Nov 2011 onwards for capital, civil and service contracts later on revenue items are also covered under IP. The threshold limit for capital items in ₹ 5 Crore, and above, civil works ₹ 10 Crore and above, service contracts ₹ 2 crore and above and revenue items ₹ 20 Crore and above. Company is organizing meetings with Independent External Monitors (IEMs) and members of management at regular intervals to review the progress of implementation of IP and also organizing vendors meeting with IEMs.

### NEW PRODUCTION FACILITIES:

- (a) It is glad to share that Secretary (Defence Production) has inaugurated third Unit of your Company at Visakhapatnam on 30 Oct 2013. The new Unit is spread over an area of about 13 acres and would manufacture underwater weapons to meet the requirements of Indian Navy. Acquisition of land at Ibrahimpattam in Andhra Pradesh and Amravati in Maharashtra has been completed. Infrastructure and other facilities are to be developed in these two locations for the projects like LR SAM, MR SAM and VISHORAD etc.



Seen Shri SV Subba Rao, Director (Finance) Shri V Uday Bhaskar, Director (Production) With Assistant Registrar and other Executives of BDL on the eve of registration of Lease Deed with MIDC, Maharashtra for 553.85 Acres of land acquired at Amravati for VSHORAD project.





- (b) Keeping the long run business requirements in view, your Company is in the process of acquiring office accommodation at New Delhi the property being developed by National Building Constructions Corporation (NBCC) New Delhi.

### **CORPORATE GOVERNANCE:**

- (a) 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.
- (b) 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 Practicing Company Secretary is Annexed to Directors' Report.
- (c) Quarterly and Yearly compliance reports on Corporate Governance are being forwarded to MoD in the prescribed format as per DPE Guidelines.
- (d) 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 online electronic filing with digital signature, all forms and returns under the Companies Act, 2013 and the Rules made there under. The Company '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.



## CONCLUSION

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. Laxminiwas Neeth & Co., statutory Auditors of the Company and Principal Director of Commercial Audit and Ex-Officio Member, Audit Board for the valuable advice received 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 bright future.

With best wishes,

Place: Hyderabad  
Date: 24 Jul 2014

**SN MANTHA**  
CHAIRMAN AND MANAGING DIRECTOR





## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 44<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31 Mar 2014.

### 2. HIGHLIGHTS OF OPERATIONS:

2.1 Company has successfully executed Milan 2T Contract during the year 2013-14 and submitted proposals to get fresh Indent from Indian Army. It is expected that new Indent is likely to be received during the current Financial Year.

2.2 Company has signed a contract for supply of Invar ATGMs for a value of ₹ 3000 Crore and order is to be executed over the next five years.

2.3 Third manufacturing unit of the Company was inaugurated by Shri GC Pati, IAS, Secretary (Defence Production) on 30 Oct 2013 at Visakhapatnam.

2.4 Company has started First of Production Model (FoPM) Validation trials of Akash Weapon Systems during 21-26 Feb 2014 and were successfully completed during first quarter of 2014-15.

### 3. PERFORMANCE:

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

| Particulars         | ₹ Crore |         | % of Increase/ (Decrease) |
|---------------------|---------|---------|---------------------------|
|                     | 2012-13 | 2013-14 |                           |
| Value of Sales      | 1074.71 | 1779.89 | 66%                       |
| Value of Production | 1175.52 | 1804.49 | 54%                       |
| Profit Before Tax   | 419.06  | 508.59  | 21%                       |
| Profit After Tax    | 288.40  | 345.51  | 20%                       |
| Value Added         | 395.95  | 578.48  | 46%                       |

3.2 Following data reflects the financial position of the company:

| Particulars          | ₹ Crore |         | % of Increase/ (Decrease) |
|----------------------|---------|---------|---------------------------|
|                      | 2012-13 | 2013-14 |                           |
| Gross Block          | 711.55  | 834.56  | 17%                       |
| Depreciation Reserve | 433.55  | 474.95  | 10%                       |
| Net Block            | 278.00  | 359.61  | 29%                       |
| Working Capital      | 614.58  | 811.68  | 32%                       |
| Capital Employed     | 892.59  | 1171.28 | 31%                       |
| Net Worth            | 953.08  | 1217.75 | 28%                       |



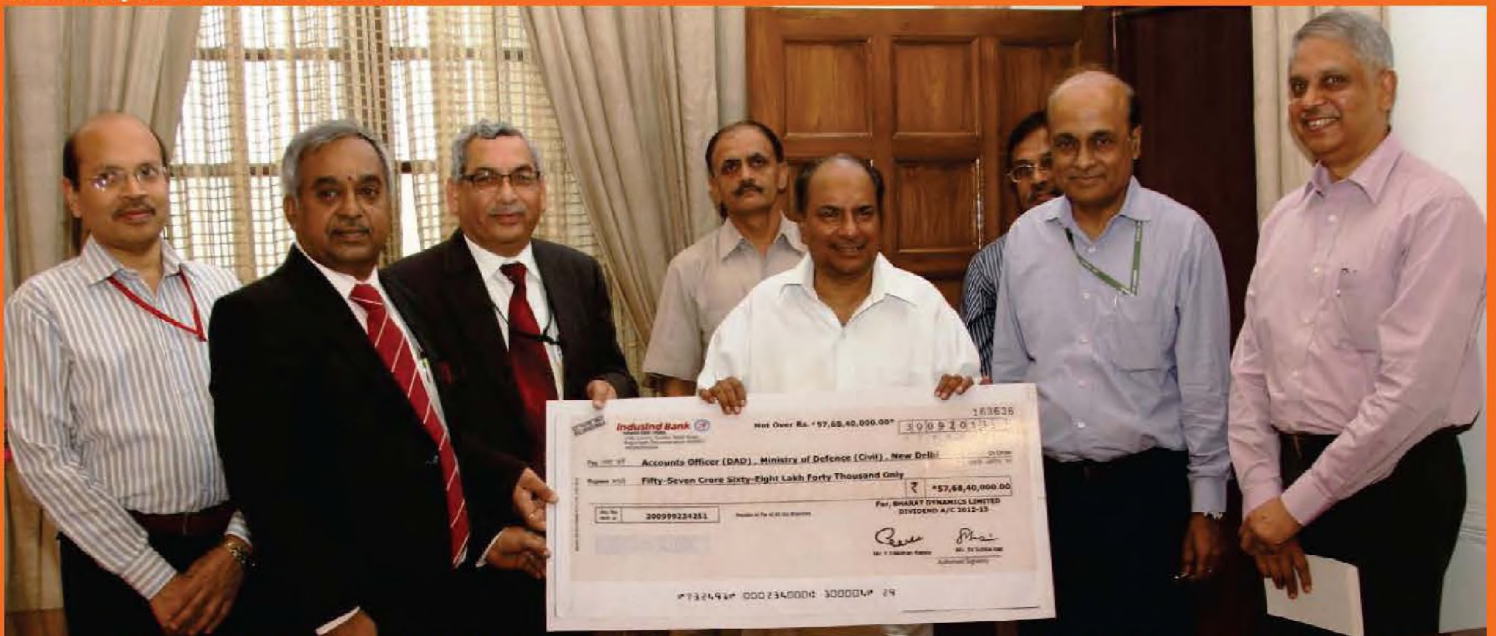


#### 4. DIVIDEND & TRANSFER TO GENERAL RESERVE:

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 ₹ 69.10 Crore for the year 2013-14 which includes Interim Dividend of ₹ 58 Crore paid during Feb 2014. The Directors also recommend a sum of ₹ 265 Crore be transferred to General Reserve.



Shri SN Mantha, CMD, BDL presenting Interim Dividend cheque of ₹ 58 Crore for the financial year 2013 - 14 to Shri AK Antony, Hon'ble Raksha Mantri on 24 Feb 2014 at New Delhi. Shri GC Pati, Secretary (Defence Production), Government of India was present on the occasion.



Shri SN Mantha, CMD and Shri SV Subba Rao, Director (Finance), BDL presenting Dividend Cheque of ₹ 57.684 Crore for the year 2012-2013 to Shri AK Antony, Hon'ble Raksha Mantri at New Delhi on 1 Nov 2013.





## 5. FINANCE:

Total paid up capital remained at ₹ 115.00 Crore. Gross Block of fixed assets of the Company (including special tools and equipment) stood at ₹ 834.56 Crore representing an increase of ₹ 123.01 Crore over 2012-13.

## 6. PERFORMANCE AGAINST MoUs:

During the year 2012-13, the Company achieved a rating of “Very Good”. The MoU performance for the year 2013-14 is likely to be “Excellent”.

## 7. COST REDUCTION:

7.1 e-Reverse auction is implemented wherever possible which resulted in more competitive prices and reduction in material cost.

7.2 Continuous efforts are being made for increase in vendor base for various projects thereby considerable reduction in material cost is expected.

7.3 As a part of energy audit power saving devices are introduced which resulted in less electricity consumption.

7.4 A Committee under the Chairmanship of Director (Prod) continuously review the areas for Cost Reduction and suggestions given by the Committee are being implemented by all the concerned Division/Department(s).

## 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 2013-14.

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



## 9. MODERNIZATION AND UPGRADATION:

Under Modernization Programme technologies like the following are being ushered which result in enhancing the existing capacity to meet the future requirements of our customers:-

- Introduction of Robotic Welding of machines.
- Automatic loading and progression of jobs in electroplating productions line.
- Unification/Automations of cold and hot conditioning of Missiles/Subsystems including thermal shock capability.
- Introduction of Flow Forming in place of deep drawing process.
- Introduction of Hybrid Micro Circuits.
- Automated Tension Controls in winding process of Wire spool.
- Epoxy flooring in place of conventional flooring for shock proofing.
- Automated Pressure Testing in place of manual process.
- Safety Shield for soldering of Ignition.

## 10. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings of foreign exchange for the year was ₹ 2.00 Crore and the outgo was ₹ 411.12 Crore.

## 11. EXHIBITIONS:

Senior Executives and Directors have participated in the National and International Exhibitions during the year 2013-14. Such platforms were used to gain awareness in advance of technologies, interact with experts and share knowledge with others. To visit the pavilions of other countries and understand the systems available with them, which enables BDL to draw up its own future business plans.



BDL has participated in the following exhibitions during the year 2013-14 :

- LAAD-2013 exhibition held at Rio-Jenerio, Brazil during April 2013.
- International Maritime exhibition held at Singapore during May 2013.
- Desi-2013 exhibition held at London, UK during Sep 2013.



**Shri S N Mantha, CMD, BDL briefing Shri GC Pati, IAS, Secretary (Defence Production) about company's products during DSEI-2013 exhibition held at London from 10<sup>th</sup> Sep 2013 to 13 Sep 2013.**

- ADEX-2013 exhibition held at Seoul, South Korea during Nov 2013.
- Eurosatory 2014 exhibition held in Paris, France during Jun 2014
- International Airshow 2014 held at London, UK during Jul 2014





Defexpo-2014 exhibition held at New Delhi during Feb 2014.



Hon'ble Raksha Mantri Shri AK Antony being briefed by Shri SN Mantha, CMD, BDL about BDL products during Defexpo – 2014 held at New Delhi from 06 Feb 2014 to 09 Feb 2014.

Eurosatory 2014 Exhibition held in Paris, France during Jun 2014.

Shri GC Patil, IAS, Secretary (Defence Production) visited BDL stall at Eurosatory 2014 held in Paris, France during 16 Jun 2014 to 20 Jun 2014. Seen Shri SV Subba Rao, Director (Finance), Dr. P. Balaji, DGM(BD) and others.







**International Airshow 2014 held at London, UK during Jul 2014**

**AVM(Retd) NB Singh, Director (Technical) briefing about BDL and a Non Disclosure Agreement entered into with M/s. Chemring during International Airshow 2014 held at London, UK during 14 Jul 2014 to 20 Jul 2014.**

## **12. BOARD OF DIRECTORS:**

**12.1 During the year under report, seven meetings of the Board of Directors were held and the Annual General Meeting of the Company for the year 2012-13 was held on 30 Sep 2013.**

**12.2 Shri V Udaya Bhaskar appointed as Director (Production) on the Board of BDL w.e.f 01 Aug 2013. Shri PK Mishra, Joint Secretary (ES) Department of Defence Production is appointed as Government Director in place of Shri Ravikanth, Joint Secretary (MS) w.e.f 11 Sep 2013.**

**12.3 Shri G.Raghavendra Rao, Director (Technical) resigned and relieved on 26 Jun 2013. AVM (Retd) NB Singh appointed as Director (Technical) on the Board of Bharat Dynamics Limited w.e.f 01 Apr 2014.**

**12.4 Tenure of Prof. RK Mishra, Part Time Non Official Director and Shri KL Mehrotra, Part Time Non Official Director was completed on 07 Mar 2014.**

## **13. HUMAN RESOURCE DEVELOPMENT:**

**13.1 During the year under report the Company has conducted training programmes to impart training on knowledge based; development oriented and need based programmes covering 1522 Executives and 753 Non Executives of the Company. Such training programmes were organized through 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 15 Nos of Senior Executives under Management Development Programmes through Premier Institutions like Indian Institute Management at Ahmadabad, Bangalore, XLRI at Jamshedpur.

**13.3** Chairman & Managing Director has participated in training programme on Leading Change for Organizational Renewal organized by world renowned Harvard Business School, USA during Mar 2014.



**Shri SN Mantha, CMD alongwith other Participants in the training program on Leading Change for Organizational renewal held on 16 - 21 Mar, 2014 at Harvard Business School**

**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 Project to create a pool of 30 Nos. of Project Management Professionals in the Company. As a way forward, Company has identified 30 Nos of Executives and sponsored them to attend Contract Programmes. These Executives are in the process of obtaining membership from PMI, USA and later on to pass the Certification Examination.

**13.6** Assessment Development Center (ADC) has been established in BDL which assess Competency and Behavioral traits of Executives in Grade VI and VII. The assessment went through a series of activities and simulations comprising Case Study Analysis, Role Plays, In Box Simulation, Management Interview, Group Discussion, Group Business Simulation.





All AGMs and DGMs of BDL have undergone the Assessment. The whole Assessment process was carried out by the Experts from M/s. Thomas Assessment Pvt.Ltd., (TAPL), Bangalore.

13.7 In an effort to make BDL a great place to work, 'Employees Satisfaction Survey – 2013' was conducted across all units of BDL with an objective to understand the feedback from employees on how they experience with the organization in its various facets and dimensions. M/s. Randstand India, a HR Consulting firm conducted the survey.

#### **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.

14.3 Process of verification Election under code of discipline has been initiated by Dy. Chief Labour Commissioner (Central) Hyderabad to determine majority union to represent Employees of the Company for the next two years.

#### **15.DIRECTORS' RESPONSIBILITY STATEMENT:**

As per Section 217(2AA) of Companies Act, 1956 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 there from.
- (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 Profit or Loss of the company for the year ended 31 Mar 2014.
- (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) In line with DPE guidelines on Corporate Governance for CPSEs-2010, Certificate on compliance with all Laws applicable to the Company upto the end of a particular period are being placed before every Board Meeting for its review.

## 16. FOREIGN VISITS:

The Company incurred an expenditure of ₹ 36.63 Lakh during the year towards foreign travel for training of personnel and on business trips.

## 17. SECURITY:

17.1 Central Industrial Security Force (CISF) is providing security and Fire services coverage both at Kanchanbagh and Bhanur. Management is planning to induct CISF in Vizag Unit also for Security and Fire services requirement. Plant Security Council is in place to review the security arrangements and implementation of IB guidelines. Regular security reviews are being conducted both by the Management and CISF to beef up security. Periodical security coordination meetings are being held with local police and civil authorities to update on security measures. The Company was crime free during the year 2013-14.

17.2 Security awareness programmes were conducted during Security Week/Fire Week and employees are sensitized on the security threats and actions to be taken in case of fire.

17.3 Biometric Access Control System is installed in addition to swiping of Cards to avert unauthorized entries at the Security Gate. Computerized Photo passes and various other security measures are being followed to strengthen more the security systems in the Company.

## 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 requisite. 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 VN Reddy being Chairman of the Safety Committee addressing the gathering during the 43rd National Safety Week on 04 Mar 2014.





18.2 Annual explosive safety audit is conducted by Centre for Fire, Explosive & Environment Safety (CFEES) New Delhi and the observations made by the audit team have been complied with.

18.3 Regular medical checkups are carried out for employees working in hazardous areas by qualified medical team.

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

18.5 Safety Engineering Department has organized guest lectures with experienced & expert persons in the field on Explosive Safety and Industrial Safety to educate the employees of the Company.

18.6 During the year 2013-14 all the three units of BDL have been certified with ISO 14001-2004. Environment Management System (EMS) certified by Indian Register Quality System (IRQS) having 3 years validity. While obtaining such certificate for BDL-KBC, Safety Engineering Department has also played a key role.

18.7 Safety Day/Week is celebrated during the month of Mar 2014 with enthusiasm. Fire mock drills are conducted at regular intervals to ensure fire fighting preparedness.

#### **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.

19.2 Employees strength as on 31 Mar 2014 is 3081 and No. of persons on temporary rolls as on the same date is 184. Of the total 3081 permanent employees, 79 are Ex-servicemen, 574 are Schedule Caste and 200 are Scheduled Tribes. The existing Percentage of Scheduled Caste and Scheduled Tribes in respect of Non Executives is 19.45% and 5.32% and in respect of Executives, it is 16.45% and 9.70% respectively.

19.3 No. of persons on temporary rolls as on 31 Mar 2014 are 184, out of which 37 belong to Schedule Cast and 14 belong to Schedule Tribe Categories.



The representation of Scheduled Caste and Schedule Tribes in various categories of Posts as on 31 Mar 2014 are as follows:

| Category             | Number of Employees |              |                |            |                 |            |
|----------------------|---------------------|--------------|----------------|------------|-----------------|------------|
|                      | Total Strength      |              | Schedule Caste |            | Schedule Tribes |            |
|                      | 31-03-2013          | 31-03-2014   | 31-03-2013     | 31-03-2014 | 31-03-2013      | 31-03-2014 |
| Group A              | 625                 | 753          | 101            | 125        | 61              | 75         |
| Group B              | 201                 | 93           | 34             | 14         | 18              | 7          |
| Group C              | 1917<br>215*        | 1901<br>184* | 351<br>45*     | 348<br>37* | 100<br>15*      | 98<br>14*  |
| Group D              | 342                 | 335          | 91             | 87         | 21              | 21         |
| <b>Total</b>         | <b>3300</b>         | <b>3266</b>  | <b>622</b>     | <b>611</b> | <b>215</b>      | <b>215</b> |
| *Temporary Employees |                     |              |                |            |                 |            |

19.4 Recruitment of employees in Scheduled Caste and Scheduled Tribes during 2013-14 is as follows:

| Classification of posts         | Total vacancies released | Total Recruitment | Reservation of posts (out of Col.2) | Recruitment made during the year 2013-14 |           |          |
|---------------------------------|--------------------------|-------------------|-------------------------------------|------------------------------------------|-----------|----------|
| (1)                             | (2)                      | (3)               | (4)                                 | (5)                                      |           |          |
|                                 |                          |                   | SCs                                 | STs                                      | SCs       | STs      |
| Group-A                         | 87                       | 51                | 15                                  | 7                                        | 10        | 5        |
| Group-B                         | 2                        | 2                 | 0                                   | 1                                        | 0         | 1        |
| Group-C                         | 6                        | 6                 | 1                                   | 0                                        | 1         | 0        |
|                                 | 28*                      | 28*               | 7*                                  | 1*                                       | 7*        | 1*       |
| Group-D                         | 0                        | 0                 | 0                                   | 0                                        | 0         | 0        |
| <b>Total</b>                    | <b>123</b>               | <b>87</b>         | <b>23</b>                           | <b>9</b>                                 | <b>18</b> | <b>7</b> |
| *Temporary Employees absorption |                          |                   |                                     |                                          |           |          |



**20. EMPLOYMENT OF WOMEN:**

As per the recommendation No.51, para (ii) (a) of the National Commission for Women (NCW) in its Annual Report for the year 1995-96, the employment 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      | No of Women | Percentage    |
|-------------------|------------|-------------|---------------|
| I                 | 93         | 17          | 18.28%        |
| II                | 238        | 39          | 16.39%        |
| III               | 135        | 15          | 11.11%        |
| IV                | 62         | 11          | 17.74%        |
| V                 | 135        | 9           | 6.67%         |
| VI                | 139        | 0           | 0             |
| VII               | 31         | 1           | 3.23%         |
| VIII              | 8          | 0           | 0             |
| IX                | 1          | 0           | 0             |
| CVO on deputation | 1          | 0           | 0             |
| Schedule-C        | 2          | 0           | 0             |
| Schedule-B        | 1          | 0           | 0             |
| <b>Total</b>      | <b>846</b> | <b>92</b>   | <b>10.87%</b> |

**II. NON-EXECUTIVES**

| Grade        | Total       | Women      | Percentage    |
|--------------|-------------|------------|---------------|
| WG-1         | 121         | 15         | 12.40%        |
| WG-2         | 220         | 23         | 10.45%        |
| WG-3         | 295         | 50         | 16.95%        |
| WG-4         | 169         | 33         | 19.53         |
| WG-5         | 176         | 25         | 14.20%        |
| WG-6         | 38          | 5          | 13.16%        |
| WG-7         | 143         | 8          | 5.59%         |
| WG-8         | 14          | 0          | 0             |
| WG-9         | 193         | 6          | 3.11%         |
| WG-10        | 124         | 17         | 13.71%        |
| WG-11        | 259         | 17         | 6.56%         |
| WG-12        | 484         | 40         | 8.26%         |
| Temp         | 184*        | 16*        | 8.70%*        |
| <b>Total</b> | <b>2420</b> | <b>255</b> | <b>10.54%</b> |



International Women's Day celebrated on 08 Mar 2014. Seen from left Shri V Udaya Bhaskar, Director(Production), Dr. Rama Devi, Shri SN Mantha, CMD, Smt Lalitha Kumari, Shri SV Subba Rao, Director (Finance) and others.

## 21. PHYSICALLY CHALLENGED (PC) EMPLOYEES (Executives & Non-Executives) as on 31 Mar 2014:

The total employees of Physically Challenged as on 31 Mar 2014 is 108 which includes 2 persons recruited during the year 2013-14. The percentage of total Physically Challenged employees workout to 3.50% as on 31 Mar 2014.

## 22. PARTICULARS OF EMPLOYEES:

The list of particulars of employees to be furnished as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 is attached to this report (Annexure-I):

## 23. ENVIRONMENT AND POLLUTION CONTROL:

The Company contributes in all aspects of the environment by maintaining a clean and green environment. Effluent water treatment, water conservation, tree plantation, planting of flower bearing trees, and land scaping 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. During the last five years Company incurred approx an amount of ₹ 2.38 Crore towards Pollution Control.





## 24. QUALITY:

### 24.1 Quality and Customer Satisfaction:

24.1.1 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 since 18 years. All the Manufacturing Divisions have been certified to the latest ISO 9001:2008 Quality Management System Standard.

24.1.2 For all the ISO certified Divisions, regular audits by external agencies are being conducted. Customer satisfaction is being measured for all major products manufactured in those Divisions. BDL is continuously striving to improve customer satisfaction through customer meets, interaction with users. Corrective actions are taken wherever necessary for improvement.

### 24.2 AS 9100C (Aerospace Quality Management System):

BDL has crossed important mile stones (Stage-1 Pre-Audit) in getting AS 9100C Quality Management System certification for MILAN Division and likely to go for stage-2 audit in the financial year 2014-15.

### 24.3 ISO 14001:2004 (Environment Management System) Certification for BDL Units:

All the three units of BDL at Kanchanbagh, Bhanur and Vizag have been certified with ISO 14001:2004 Environment Management System (EMS) certification by Indian Register Quality System (IRQS) on 17 Feb 2014 having three years validity.



Shri V Udaya Bhaskar, Director (Production) receiving EMS Certificate from IRQS, Hyderabad for Kanchanbagh Complex.





Shri PRV Prasad, ED (BU) receiving EMS Certificate from IRQS for Bhanur Unit.



Shri D.Ramesh, AGM (VU) receiving EMS Certificate from IRQS for Vizag Unit.





#### 24.4 “YEAR OF QUALITY 2013-14” Activities:

Hon’ble Minister for Defence, Government of India directed all DPSUs & OFB to observe the year 2013-14 as a “Year of Quality 2013-14”, taking necessary measures for realization of the desired quality of performance of the products. Accordingly, BDL has drawn an action plan to realize the objectives like need for Quality improvements, enhancement of quality standards to match with Global standards and to address quality issues comprehensively and steps for improving customer satisfaction. In line with the above objectives, Production Divisions have organized Customer meets, Interaction with Users, Vendor meets, Workshops and Lectures on Quality and various Quality improvement activities. Customer meet organized by Divisions have created Synergy and strong bond between BDL & the Customers to accomplish common objectives with mutual respect and honor.



Electronics Division had organised a Customer Meet on 24 Oct 2013 at KBC, chaired by Shri V Udaya Bhaskar, Director (Production) and attended by reps of MSQAA, SQAE(S), RDAQA(CRI),CINA,MAG-4, R&QA-ASL.





MILAN Division had organised a Customer Meet on 15 Nov 2013 at KBC, chaired by Shri V Udaya Bhaskar, Director (Production) and attended by reps of SQAE(s), SQAE(A), CQA(S), 15 FAD, 16 FAD, Infantry School Mhow, AOC and 3 Inf DOU.

A workshop on 'BEST PRACTICES IN ENHANCEMENT OF QUALITY STANDARDS IN DEFENCE PSUs' was organised on 24 Dec 2013 at D&E Conference Hall chaired by Shri SN Mantha, CMD.





**25. EXPORTS:**

BDL has executed Export orders for ₹ 118.31 Lakh during the year 2013-14.

**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, SR SAM, MR SAM. 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 Competitive Bidder. Hence the Company needs to get ready to face new challenges in future.

26.2 BDL has an healthy order book position of around ₹ 19000 Crore as on 31 Mar 2014. However the Company has challenging times ahead with delivery commitments with respect of major ATGMs and SAMs.

**27. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

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 Government Audit also.

**28. OFFICIAL LANGUAGE (OL) IMPLEMENTATION:**

28.1 The Provisions of OL Act-1963 (as amended 1967) & Rules there under, are implemented properly. Quarterly OLIC Meetings are held regularly under the Chairmanship of CMD & Directors and quarterly Progress Reports on use of OL are being sent on time. SM (OL) and CMD have attended the 12th Meeting of Hindi Salahkar Samithi of Department of Defence Production, MoD held under the Chairmanship of Honorable Raksha Mantri in the month of Jul 2013. During the visit of Parliamentary Consultative Committee for the Ministry of Defence visited on 17 Jan 2014, presentation and other documentary arrangements were made in Hindi and English in compliance to the OL policy of Govt. of India.

28.2 First Sub-committee of Parliamentary Committee on Official Language inspected and reviewed the implementation activities of BDL on 25 Sep 2013. The committee was headed by Shri Pradeep Tamta and appreciated the efforts put in by the Company in this regard.



First Sub-committee of Parliamentary Committee on Official Language Visited BDL on 25 Sep 2013. Seen S/Shri. Pradeep Tampta, Ashok Argal, Dinesh Chandra Yadav, Gajanand Babar With S/Shri. SN Mantha, CMD, SV Subba Rao, Director (Finance), V Udaya Bhaskar, Director (Production) and others.

28.3 On the eve of Vigilance Awareness Week and National Safety week celebrations in the company, various completions were conducted in Hindi, English & Telugu to involve more and more employees of the organization on these subjects.

28.4 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. The Website of the Company prepared in Hindi was updated from time to time in compliance with the directives received from Govt. of India.

## 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 programme to conserve energy thus promoting energy efficiency.





29.2 As a part of this, voltage optimizer was installed to maintain the set value of 220V irrespective of the incoming voltage, which results in energy savings upto 10-15 % while maintaining the same illumination level. The energy efficient lamps which contain little mercury and have long life were installed by replacing the existing 400 Watts high bay MVHP with 250 Watt high bay MVHP. More energy efficient BEE star rated fans of 330 No's, were installed by replacing the existing ceiling and pedestal fans, with the saving of approximately 32687 kwh.

29.3 By installing occupancy sensor systems with group controlling the energy saving of approximately 20340 kwh is expected. The replacement of energy inefficient condenser & pumps with new energy efficient ones, the daily savings accrual is around 72 kwh /per day.

29.4 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.

29.5 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.

29.6 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 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. Keeping this in view, Company has contributed an amount of ₹ 29 Lakhs to Uttarkhand Chief Minister's relief fund to help the flood effected victims in the State.

30.2 Company has continued to spend the amount towards (i) Mid day meals to school children, (ii) health care programmes, (iii) Providing safe drinking water, (iv) laying of Road in the remote hill area and (v) distribution of slates, books etc to school children so to improve quality education under CSR activities during the year 2013-14.



**BDL contributed an amount of ₹ 29 Lakh towards relief and rehabilitation activities in the flood related areas of Uttarakhand. The cheque was presented to Shri Vijay Bahuguna, Hon'ble Chief Minister of Uttarakhand on 29 Nov 2013 by Shri V. Udaya Bhaskar, Director (Production), BDL.**

**30.3** During the year under report, DPE has revised the guidelines and as per the revised guidelines Corporate Social Responsibility and Sustainability Development are covered under one set of guidelines w.e.f 01 Apr 2013. Also Companies Act, 2013 contains new provisions regarding (i) Constitution of CSR Committee of the Board, (ii) Committee to ensure that the Company shall spend in every financial year at least two percent of the 3 years average net profits of the Company etc. (iii) The Board's Report shall disclose the composition of CSR Committee and also if the Company fails to spend such amount, the Board shall specify the reasons for not spending the amount.

**30.4** Company has also taken up activities like (i) installation of voltage optimizer (ii) replacement of energy efficient lamps in place of 250/400 Watt MVHP lamps, (iii) installation of water purifiers systems, (iv) study on carbon foot print, (v) construction of rain water harvesting pits etc under Sustainable Development during the year under report.

**30.5** Company has also conducted in house programmes to all the employees to create awareness and knowing the importance of CSR and SD activities undertaken by the Company.



30.6 The company has incurred an amount of ₹ 2.88 Crore towards CSR & SD activities during the year 2013-14.

### 31. VIGILANCE:

31.1 On 28 Oct 2013, Chairman & Managing Director administered the pledge in Corporate Conference Hall and Shri K. Satyanarayana, Former Senior General Manager of Nizam Sugar factory Limited inaugurated Vigilance Awareness Week as Chief Guest. The theme of the year was “Promoting Good Governance – Positive contribution of Vigilance”. He spoke about importance of Good Governance as a concept of public life.



Vigilance Awareness Week inaugurated by Chief guest Shri K Satyanarayana, Former Senior General Manager, Nizam Sugar Factory. Seen from left Shri SN Mantha, CMD, Shri V Udaya Bhaskar, Director(Production), Shri M Eswar, CVO and Shri SV Subba Rao, Director(Finance).

31.2 During the Vigilance Awareness Week, interactive sessions were held by CVO with all the Divisions and Departments in Kanchanbagh and Bhanur. CVO highlighted the role of Vigilance in BDL, especially Preventive vigilance and pointed out the importance of leveraging technology. He expressed happiness on implementation of e-procurement and amendment of Recruitment Rules.

31.3 Vigilance Awareness Week celebrations at Bhanur Group was inaugurated by Shri KV Natarajan, IAS, Ex-Chief Vigilance Commissioner of AP State on 31 Oct 2013 followed by guest lecture. He spoke about importance of good governance in the society.



31.4 Shri RK Shekhawat, Director (Vigilance/DDP), MoD was the Chief Guest for valedictory function held on 01 Nov 2013. He had delivered a guest lecture on Promoting good governance – Positive contribution of Vigilance by giving examples narrating the importance of good governance in the society.

31.5 During the year a report on unauthorized foreign visits to other countries with recommendations for systems improvement was submitted to CMD, wherein it is suggested that Management may issue a circular emphasizing the need to obtain a No Objection Certificate (NOC) before proceeding abroad for official or personal grounds, failing which will attract disciplinary action against the concerned Executive/ Non Executive as per the Rules of the Company.

31.6 System improvement suggestions were provided to the management in respect of engagement of retired employees on contract basis, merit awards, foreign visit, security aspects, department promotions, transfers, etc., and vigilance clearance procedures in respect of confirmation on first appointment, retirement on superannuation, resignation, etc.

31.7 Steps were initiated to increase transparency for overall benefit of the Organisation by Leveraging of Technology which include, providing details of vendor's payment, details and status of tenders, list of approved vendors list, details of single tenders and high value orders, etc., on website of the Company. IMM Manual and Personnel manual are also made available on the website of the Company. Implementation of online submission of applications for recruitment of executives and vendor registration. Implementation of e-procurement and e-reverse auctions, computerization of Annual Property Returns of employees. For locating the movement of various proposals/files for approval, a new software package 'File Tracking System (FTS)' is developed.

## **32. AUDIT COMMITTEE:**

An Audit Committee had been constituted for better Corporate Governance. Seven 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:**

As per the requirements of DPE Guidelines, the CEO / CFO certificate 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 shareholders' 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 Practicing 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. Laxminiwas Neeth & Co., Chartered Accountants, Hyderabad were appointed as Auditors of the Company for the financial Year 2013-14 by the Comptroller & Auditor General of India.

### **36. DECLARATION GIVEN BY INDEPENDENT DIRECTOR:**

36.1 Department of Public Enterprises has issued guidelines on Corporate Governance-2010 during May 2010 which includes composition of Board of Directors of CPSEs says that the members of the Board of PSEs consist of Functional Directors, Government Directors and Non Official Directors. Board of Bharat Dynamics Limited consists of three Functional Directors, two Government Directors and one Part Time Non Official Director as on 31 Mar 2014. However one more Functional Director has joined on 01 Apr 2014 and vacancies arising on the completion of tenure of two Part Time Non Official Directors on 07 Mar 2014 is to be filled up as on 31 Mar 2014.

36.2 Company has obtained a declaration from Shri AK Kapoor, Part Time Non Official Director as on 31 Mar 2014 that he meets the criteria of independence as provided in Sub Section (6) of Section 149 of the Companies Act, 2013.

### **37. IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY:**

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



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 took place and a report being placed before the Board once in every Six months.

### **38. COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA:**

Comments of Comptroller and Auditor General of India (C&AG) under Section 619 (4) of the Companies Act, 1956 on the accounts of the Company for the period ending 31 Mar 2014 are placed next to the Statutory Auditors' Report.





## ACKNOWLEDGEMENTS

39.1 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, AP State Government, Quality Assurance Agencies of Government of India, other PSUs for the help extended from time to time.

39.2 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 also in sustaining its growth path in years to come.

39.3 The Directors wish to thank Shri Ravikanth, JS (MS) for his valuable guidance during his association with the Company. The Directors place on record their appreciation for the support and invaluable advises given to the Company during the tenure of Prof RK Mishra and Shri KL Mehrotra, Part Time Non Official Directors whose tenure was completed on 07 Mar 2014.

for and on behalf of the Board of Directors

Place: Hyderabad  
Date: 24 Jul 2014

**SN MANTHA**  
Chairman and Managing Director

**PARTICULARS OF THE EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956  
FOR THE YEAR ENDED 31 MAR 2014.**

| Sl.No                                                                                                                                                                       | Name of the Employee   | Design/ Nature of Duty                                            | Age (Years) | Previous Employment/ Position held                                                                                                                                                                           | Qualification             | Date of Joining | Experience (Years) | Gross Remuneration (₹) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------|--------------------|------------------------|
| (A) Statement showing the particulars of employees who were in receipt of remuneration of not less than ₹ 60,00,000 per annum during the financial year 2013-14.            |                        |                                                                   |             |                                                                                                                                                                                                              |                           |                 |                    |                        |
| NIL                                                                                                                                                                         |                        |                                                                   |             |                                                                                                                                                                                                              |                           |                 |                    |                        |
| (B) Statement showing the particulars of employees who were in receipt of remuneration of not less than ₹ 5,00,000 per month during the part of the financial year 2013-14. |                        |                                                                   |             |                                                                                                                                                                                                              |                           |                 |                    |                        |
| 1.                                                                                                                                                                          | Shri. Balakrishanan    | GM (Corp. Comm.)                                                  | 60          | - M/s The Alluminium Industries Ltd Hyderabad (From 02 Feb 1981 to 31 Aug 1985)                                                                                                                              | BE (Hon)                  | 02 Sep 1985     | 28 Yrs             | 13,55,007              |
| 2.                                                                                                                                                                          | Shri. B.B.Naik         | AGM (P&A)                                                         | 60          | - Dock Labour Board, Port Trust, Vizag (From 18 Jul 1973 to 31 Mar 1979)<br>- UDC (From: 01 Apr 1979 to 03 Mar 1981)<br>- Dredging Corp . of India Ltd., Sr. Asst. (Admin) (From:04 Mar 1981 to 12 Apr 1984) | B.Com, DPM, LLB, MBA (PM) | 13 Apr 1984     | 29 Yrs             | 10,77,546              |
| 3.                                                                                                                                                                          | Shri. K.Gopala Krishna | Sr. Manager (P&A)/ In-charge of General Administration Department | 60          | - LDC in the office of Supdt. Of Police CBCID, Hyderabad (From: 17 Mar 1976 to 03 Sep 1976 F/N                                                                                                               | MA (PPM), LLB, DPM.       | 03 Sep 1976     | 36 Yrs & 7 Months  | 7,60,511               |
| 4.                                                                                                                                                                          | Smt. K. Bujjamma       | Asst.Mgr (P&A)                                                    | 60          | Nil                                                                                                                                                                                                          | Intermediate              | 29 May 1974     | 39 Yrs             | 5,09,196               |







## **Annexure-II**

### **Management Discussions 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 Missile. 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 It also develops new products with in-house R&D apart from manufacturing Defence equipment with Transfer of Technology from collaborators and DRDO.

1.3 The Company is the Prime Production Agency for 2<sup>nd</sup> and 3<sup>rd</sup> Generation Anti Tank Missiles. It is also the Prime Production Agency for all the classes surface to Air Missiles required by the Indian Armed Forces. The Company is a Lead Integrator for some of the SAM Systems. The Company has taken up refurbishment of vintage missile held by the Armed Forces. The Products developed by In-house R&D are finding wide acceptance and are being inducted by all wings of the Armed Forces.

1.4 Based on the order Book Position of ₹ 19000 Crore (approx) as on 31 Mar 2014 and anticipated orders, the Company is poised for an exponential growth. The Company is planning to increase the existing capacities and also to establish new manufacturing facilities at multi location to meet the growing demands of ATGMs and SAMs. Also civil infrastructure is being created and modernization / up gradation of Plant and Machinery is under progress.

1.5 Keeping the long run business requirements in view, Company is in the process of acquiring office accommodation at New Delhi the property being developed by National Building Construction Corporation.

1.6 Experience of over four decades in manufacturing and integration of Missiles laid a road to undertake refurbishment of missiles as Nodal Agency.

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

1.8 Access to DRDO and other labs.

1.9 Holds modern manufacturing and test facilities.

#### **2. Future Outlook:**

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 a Lead Integrator for the acquisition programme like VSHORAD, SR SAM, MR SAM. BDL is also the Lead Integrator for advanced 3<sup>rd</sup> Generation ATGM. These Projects are at various stages of consideration for approval of Govt. of India. However keeping in view the Govt. Policy to encourage competition in Defence acquisition programme, the Company needs to get ready to face new challenges. Due to this Company is also aware that the status of the Company is being changed from Nominated Production Agency status to Competitive bidder.

**3. Risks and Concern:**

- i) Dependence on single source vendor developed by the designer.
- ii) Continued dependency 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. 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 placed before the Audit Committee for 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 |
|-----------------------------------|---------|---------|---------------|
|                                   | 2012-13 | 2013-14 |               |
| Value of Sales                    | 1074.71 | 1779.89 | 66%           |
| Value of Production               | 1175.52 | 1804.49 | 54%           |
| Value Added                       | 395.95  | 578.48  | 46%           |
| Value Added Per Employee (₹ Lakh) | 12.00   | 17.71   | 48%           |
| Profit Before Tax                 | 419.06  | 508.59  | 21%           |
| Profit After Tax                  | 288.40  | 345.51  | 20%           |

**5.2 Following data reflects the financial position of the Company:**

| Particulars      | ₹ Crore |         | % of Increase |
|------------------|---------|---------|---------------|
|                  | 2012-13 | 2013-14 |               |
| Gross Block      | 711.55  | 834.56  | 17%           |
| Depreciation     | 433.55  | 474.95  | 10%           |
| Net Block        | 278.00  | 359.61  | 29%           |
| Working Capital  | 614.58  | 811.68  | 32%           |
| Capital Employed | 892.59  | 1171.28 | 31%           |
| Net Worth        | 953.08  | 1217.75 | 28%           |

**6. 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 2014 is as under:**

| Particulars   | Non-Executives | Executives | Total       |
|---------------|----------------|------------|-------------|
| Male          | 2165           | 754        | 2919        |
| Female        | 255            | 92         | 347         |
| <b>Total</b>  | <b>2420</b>    | <b>846</b> | <b>3266</b> |
| Previous Year | 2474           | 826        | 3300        |

Note: Non executive strength of 2420 is inclusive of 184 persons on Temporary Rolls.

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 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:

Cordial and harmonious industrial relations were maintained with cooperation from all sections of Employees viz., recognized union, other registered Trade Unions and Associations throughout the year. Statutory Committees such as Works Committee, Safety Committee and Canteen Committee and Shop Level and Plant Level Committees contributed to workplace discipline at all levels.

## 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 nature resources. In this relentless pursuit of implementing sustainable development practices BDL has unleashed various programme to conserve energy thus promoting energy efficiency.

7.2 As a part of this, voltage optimizer was installed to maintain the set value of 220 V irrespective of the incoming voltage, which results in energy saving upto 10-15% while maintaining the same illumination level. The energy efficient lamps which contain little mercury and have long life were installed by replacing the existing ceiling and pedestal fans, with the saving of approximately 32687 Kwh.

7.3 By installing occupancy sensor systems with group controlling the energy saving of approximately 20340Kwh is expected. The replacement of Energy in efficient condenser & pumps with new energy efficient ones, the daily savings accrual is around 72 Kwh/per day.

7.4 The water purification system installed for the cooling and make up of water circuit for A/c systems has enhanced the efficiency of the A/c plant.

7.5 As the environment 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.

7.6 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:

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 clear transparency and commitment. Keeping this in view, Company has contributed an amount of ₹ 29 Lakh to Uttarkhand Chief Minister's relief fund to help the flood effected victims in the State.



9.2 During the year under report, DPE has revised the guidelines and as per the revised guidelines Corporate Social Responsibility and Sustainability Development are covered under one set of guidelines w.e.f 01 Apr 2014. Also Companies Act, 2013 contains new provisions regarding (i) Constitution of CSR Committee of the Board, (ii) Committee to ensure that the Company shall spend in every financial year at least two percent of the average net profits of the Company etc.

9.3 Company has continued to spend the amount towards (i) Mid day meals to school children, (ii) health care programmes, (iii) Providing safe drinking water, (iv) laying of Road in the remote hill area and (v) distribution of Slates, books etc to school children so to improve quality education under CSR activities during the year 2013-14.

9.4 Company has also taken up activities like (i) installation of voltage optimizer (ii) replacement of energy efficient lamps in place of 250/400 Watt MVHP lamps, (iii) installation of water purifiers systems, (iv) study on carbon foot print, (v) construction of rain water harvesting pits etc under Sustainable Development during the year under report.

9.5 Company has also conducted in house programmes to all the employees to create awareness and knowing the importance of CSR and SD activities undertaken by the Company.

9.6 The company has incurred an amount of ₹ 2.88 Crore towards CSR & SD activities during the year 2013-14.





## **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 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 2014 are as follows:

##### **(a) Functional / Whole time Directors:**

**(i) Shri SN Mantha**  
Chairman and Managing Director

**(ii) Shri SV Subba Rao**  
Director (Finance)

**(iii) Shri V Udaya Bhaskar**  
Director (Production)

**(b) Part-time Government Directors****(i) Shri PK Mishra**

Joint Secretary (ES)  
Department of Defence Production  
Ministry of Defence.

**(ii) Shri R G Viswanathan**

Addl FA (R&D), DRDO  
Joint Secretary  
Ministry of Defence.

**© Part-time Non-Official Director****(i) Shri AK Kapoor,**

Emeritus Scientist  
DRDO, Ministry of Defence.

2.1.4 Details of permanent Special Invitees to Board Meetings as on 31 Mar 2014 are as follows:

**(i) Air Marshal RK Sharma**

PVSM, AVSM, VM, VSM, ADC  
Vice Chief of Air Staff

**(ii) Vice Admiral R K Dhowan**

PVSM, AVSM, YSM  
Vice Chief of Naval Staff

**(iii) Lt Gen Narendra Singh**

SM, VSM  
Dy Chief of Army Staff (P&S)

**(iv) Shri S Som, Sc" H",**

Director, DRDL, Hyderabad.

## 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 2013-14, seven (7) Board Meetings were held on 18 Jun 2013, 02 Aug 2013, 27 Sep 2013, 22 Nov 2013, 27 Dec 2013, 03 Feb 2014 and 03 Mar 2014. 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 2013-14 etc., are furnished below:





| Directors                                                                       | Board Meetings                                                                 |                            | Attendance<br>At last AGM<br>held on<br>30 Sep 2013 | No. of other<br>director-<br>ships held | Number of Committee<br>membership across all<br>companies |              |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------|-----------------------------------------|-----------------------------------------------------------|--------------|
|                                                                                 | No.of Board<br>Meetings held<br>during<br>respective<br>tenure of<br>Directors | No.of meetings<br>attended |                                                     |                                         | As<br>Chairman                                            | As<br>Member |
| Functional / Whole Time Directors                                               |                                                                                |                            |                                                     |                                         |                                                           |              |
| Shri S N Mantha, CMD                                                            | 7                                                                              | 7                          | Yes                                                 | -                                       | 2                                                         | -            |
| Air Vice Marshal PK Srivastava, VSM (Retd),<br>Director(Prod)[upto 31 Jul 2013] | 1                                                                              | 1                          | -                                                   | -                                       | -                                                         | -            |
| Shri SV Subba Rao,Director(Fin)                                                 | 7                                                                              | 7                          | Yes                                                 | -                                       | -                                                         | 3            |
| Shri G Raghavendra Rao, Director(Tech)<br>(From 30 Nov 2012 to 26 Jun 2013)     | 1                                                                              | 1                          | -                                                   | -                                       | -                                                         | 2            |
| Shri V Udaya Bhaskar, Director(Prod)<br>[From 01 Aug 2013]                      | 6                                                                              | 6                          | Yes                                                 | -                                       | -                                                         | 5            |
| Part time Government Directors                                                  |                                                                                |                            |                                                     |                                         |                                                           |              |
| Shri Ravikant Srikant, JS (MS)<br>[upto 10 Sep 2013]                            | 2                                                                              | 1                          | -                                                   | -                                       | -                                                         | 1            |
| Shri P K Mishra, JS (ES) (From 11 Sep 2013)                                     | 5                                                                              | 4                          | -                                                   | -                                       | -                                                         | 2            |
| Shri R G Viswanathan,<br>Addl. FA (DRDO) & JS                                   | 7                                                                              | 7                          | -                                                   | 1                                       | -                                                         | 1            |
| Part time Non-Official Directors                                                |                                                                                |                            |                                                     |                                         |                                                           |              |
| Prof R K Mishra [upto 07 Mar 2014]                                              | 7                                                                              | 7                          | Yes                                                 | -                                       | 2                                                         | 4            |
| Shri K L Mehrotra [upto 07 Mar 2014]                                            | 7                                                                              | 6                          | Yes                                                 | -                                       | 3                                                         | 4            |
| Shri A K Kapoor [upto 07 Mar 2014]                                              | 7                                                                              | 7                          | Yes                                                 | -                                       | -                                                         | 4            |
| Shri AK Kapoor [From 08 Mar 2014]                                               | -                                                                              | -                          | -                                                   | -                                       | 3                                                         | -            |

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

**2.2.4** No Director is a member in more than ten Committees or Chairman of more than five Committees across all companies in which he 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 2013-14, three Presidential orders were received conveying the appointment of Shri PK Mishra, Joint Secretary, Department of Defence Production as Government Director in place of Shri Ravikanth, Shri V Udaya Bhaskar as Director (Production) and AVM NB Singh, AVSM, VSM as Director (Technical).

**2.3.2** During the year, Company has also received Presedential Order appointing Shri M Eswar as Chief Vigilance Officer on deputation basis with effect from 30 Dec 2009.

#### **2.3.3 Shri V Udaya Bhaskar:**

Shri V Udaya Bhaskar was appointed and assumed charge as Director (Production) of the Company w.e.f. 01 Aug 2013. He is an Engineering Graduate in Plastics Technology and Chemical Engineer from Harcourt Buttlar Technology Institute, Kanpur. He did M.Tech in Polymer Sciences Technology, from IIT, Delhi.

Shri V Udaya Bhaskar initially worked in Private Sector for about six years. He joined Bharat Dynamics Limited in 1990. He 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. He played an instrumental role in establishing the Production line for Konkurs-M missiles and a major contributor in achieving indigenization of over 90% of Konkurs, Konkurs-M, Launcher etc.

Shri V Udaya Bhaskar is recipient of the prestigious Raksha Mantri Innovation Award for the year 2010-11 for his distinguished contribution in establishing Ballistic Evaluations Method using T-72 fixed stand for indigenization of explosive charges of Invar Missiles.

Shri V Udaya Bhaskar is keen on academics and keeps abreast with the latest developments in the field of Missile Technology. He has presented technical papers at various Forums and has many value based articles published to his credit.

#### **2.3.4 Shri PK Mishra:**

Shri PK Mishra belongs to 1984 batch of IA & AS. He has wide International experience and was a member of several missions to appraise the working of UN Agencies. He has served as Special Secretary to Government of Odisha and was intimately associated with Power Sector reforms in Odisha. He also served as Special Secretary to Government of Odisha in the Finance Department and was associated with the introduction of VAT in the State. He also worked as Accountant General, Odisha and similarly worked as Accountant General, Delhi. He was posted as Principal Director looking after Audit of Public Sector Undertakings in the Office of C&AG prior to his appointment as Joint Secretary & Additional Financial Adviser in MoD.

It is a privilege to the Company that Shri PK Mishra is appointed as Government Director on the Board of BDL in two terms i.e. from 27 Apr 2010 to 09 Dec 2012 and again from 11 Sep 2013 to 31 Jul 2014





### 2.3.5 AVM(Retd) NB Singh, AVSM, VSM:

Air Vice Marshal(Retd) NB Singh, AVSM, VSM 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 his 35 years of service in the Indian Air Force, has held many important appointments. During his tenure as Senior Technical Officer of a Radar Unit, he successfully carried out a modification to improve the operational efficiency of the equipment. As a result the reliability of the Air Defence System improved and the officer was commended by the Chief of Air Staff on 15 Aug 1988. In 2003 the Officer was tasked to upgrade the French make High Power Radar. The task was completed in record time and in excellent manner. His outstanding contributions and services beyond call of duty was recognized and the officer was awarded 'Vishishtha Seva Medal' by the President of India on 26 Jan 2006.

He also held the appointment of Assistant Chief of Air Staff (Signals & Information Technology), Commanded ADGES Maintenance Standard Establishment (AMSE) and Master Control Centre and excelled in all the fields. In this tenure at Air Headquarters as Assistant Chief of Air Staff (Signals & Information Technology) the Pan India gigabyte communication network project 'AFNET' was conceptualized, steered and dedicated to the Nation by Raksha Mantri on 14 Sep 2010. AFNET based WCDMA 3G Mobile for Air Force was also conceived and initiated in this tenure. In his last assignment as Assistant Chief of Air Staff (Communication) phase-I of WCDMA project connecting every Air Warrior on move was completed and AFCEL Communicator was launched. His efforts contributed immensely towards transforming Indian Air Force into a true Net Centric Force.

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 also has 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(Retd) NB Singh, AVSM, VSM was appointed and assumed charge as as Director (Technical) of the Company w.e.f.01 Apr 2014.



### 3. Committees of the Board:

3.1 BDL has five(5) Committees of the Board functioning as on 31 Mar 2014:

- (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 Committee for Monitoring CSR Plan and Committee on Sustainable Development of the Company were earlier formed as two separate Board Committees. Department of Public Enterprises vide OM No. 15(7)/2012-DPE (GM)-GL-104 dated 12 Apr 2013 revised the guidelines and as per the new guidelines there is a necessity to constitute one committee to monitor CSP Plan and Sustainable Development of the Company w.e.f. 01 Apr 2013.

3.3 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 to conduct Internal Audit of specific areas of operation of the Company and their tenure was ended on 31 Mar 2014. These are in addition to the in-house Internal Audit department. Audit Reports given by Chartered Accountant Firms were reviewed by Audit Committee.

4.1.3 Company has appointed four Chartered Accountant Firms w.e.f. 01 Apr 2014 in place of earlier Audit Firms carrying out Internal Audit for the year 2014-15 onwards.

#### 4.2 Composition, Name of Members and Chairman:

4.2.1 Audit Committee consisted of following Directors upto 07 Mar 2014:

Consequent to the tenure of Prof RK Mishra and Shri KL Mehrotra was ended on 07 Mar 2014, Board at its meeting held on 03 Mar 2014 reconstituted the Audit Committee of the Company w.e.f 08 Mar 2014 as follows:

- |                                                               |            |                                                                                        |            |
|---------------------------------------------------------------|------------|----------------------------------------------------------------------------------------|------------|
| 1. <b>Prof RK Mishra</b><br>Part Time Non Official Director   | - Chairman | (i) <b>Shri AK Kapoor</b><br>Part Time Non Official Director                           | - Chairman |
| 2. <b>Shri KL Mehrotra</b><br>Part Time Non Official Director | - Member   | (ii) <b>Shri PK Mishra</b><br>Joint Secretary (ES)<br>Department of Defence Production | - Member   |
| 3. <b>Shri AK Kapoor</b><br>Part Time Non Official Director   | - Member   | (iii) <b>Shri V Udaya Bhaskar</b><br>Director(Production)                              | - Member   |

4.2.2 For Audit Committee Meetings, Functional Directors are invited as Permanent Invitees and representatives of Statutory Auditor and external Chartered Accountant firms doing 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 stating that the Audit Committee constituted by Boards of DPSUs must meet at least once in every two months. In compliance with the said Circular, during the year 2013-14, Seven (7) meetings of the Audit Committee were held on 27 Apr 13, 17 Jun 2013, 31 Jul 2013, 20 Sep 2013, 15 Nov 2013, 31 Jan 2014 and 04 Mar 2014. The details of attendance of members in such Meetings are as follows:



| Sl.No. | Name of the Director S/Shri | No. of Meetings held during the tenure of the respective member | No. of Meetings Attended |
|--------|-----------------------------|-----------------------------------------------------------------|--------------------------|
| 1.     | Prof RK Mishra              | 7                                                               | 7                        |
| 2.     | Shri KL Mehrotra            | 7                                                               | 7                        |
| 3.     | Shri AK Kapoor              | 7                                                               | 7                        |

## 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 on 27 Sep 2013 and the following is the composition of the Committee as on 07 Mar 2014.

5.2.1 Consequent to the tenure of the Prof RK Mishra and Shri KL Mehrotra was ended on 07 Mar 2014, Board at its meeting held on 03 Mar 2014 reconstituted the Remuneration Committee w.e.f. 08 Mar 2014 which are as follows:

- |                                                                           |                                                                                                |
|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| 1. <b>Shri KL Mehrotra,</b> - Chairman<br>Part Time Non Official Director | 1. <b>Shri AK Kapoor</b> - Chairman<br>Part Time Non Official Director                         |
| 2. <b>Prof RK Mishra,</b> - Member<br>Part Time Non Official Director     | 2. <b>Shri PK Mishra,</b> - Member<br>Joint Secretary (ES)<br>Department of Defence Production |
| 3. <b>Shri AK Kapoor</b> - Member<br>Part Time Non Official Director      | 3. <b>Shri R G Viswanathan,</b> - Member<br>Addl.FA (DRDO)& JS                                 |
| 4. <b>Head of P&amp;A of the Company-</b> Secretary                       | 4. <b>Head of P&amp;A of the Company</b> - Secretary                                           |

Director (Finance) is the Permanent invitee of the Meetings Remuneration Committee.

Director (Finance) is the Permanent invitee of the Meetings of Remuneration Committee.





5.3 During the year 2013-14, two (2) meetings of the Remuneration Committee was held on 02 Aug 2013 and 03 Feb 2014. The details of attendance of members in the Meeting are as follows:

| Sl.No. | Name of the Director S/Shri | No. of Meetings held during the tenure of the respective member | No. of Meetings Attended |
|--------|-----------------------------|-----------------------------------------------------------------|--------------------------|
| 1.     | Shri K L Mehrotra           | 2                                                               | 2                        |
| 2.     | Prof R K Mishra             | 2                                                               | 2                        |
| 3.     | Shri AK Kapoor              | 2                                                               | 2                        |

#### 5.4 Remuneration Policy / Details of remuneration to all Directors:

5.4.1 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.

5.4.2 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.

5.4.3 Details of remuneration of Whole-time Directors during the year 2013-14 are given below:

Figure in ₹

| Name of Director S/Shri                                              | Salary including arrears *(a) | Benefits *(b) | Company contribution of PF, pension & Gratuity | Incentive *(c) | Leased Accommodation | Total     |
|----------------------------------------------------------------------|-------------------------------|---------------|------------------------------------------------|----------------|----------------------|-----------|
| SN Mantha, Chairman & Managing Director                              | 16,91,310                     | 4,17,156      | PF - 2,02,956<br>Pension -                     | 0              | 4,58,148             | 27,69,570 |
| AVM PK Srivastava, VSM (Retd) Director Production) Up to 31 Jul 2013 | 5,48,311                      | 3,59,393      | PF - 65,485<br>Pension -                       | 0              | 1,12,500             | 10,85,599 |
| Shri SV Subba Rao Director (Finance)                                 | 15,09,525                     | 3,69,672      | PF - 1,79,913<br>Pension -                     | 0              | 4,50,000             | 25,09,410 |
| Shri G Raghavendra Rao, Director (Technial) [upto 26 Jun 2013]       | 2,67,870                      | 1,15,343      | PF - 27,284<br>Pension -                       | 0              | 0                    | 4,10,497  |
| Shri V Udaya Bhaskar, Director(Production) [w.e.f.01 Aug 2013]       | 11,28,810                     | 2,91,042      | PF - 1,14,149<br>Pension- 4328                 | 0              | 0                    | 15,34,001 |



\*(a) Salary includes Basic pay, DA, HRA, PP and Special Incentive for the year 2013-14.

\*(b) Benefits includes VL Encashment and perks.

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

5.4.4 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 Directors during year 2013-14 are given below:

| Sitting Fee in ₹    |          |
|---------------------|----------|
| Name                | Total    |
| 1. Shri KL Mehrotra | 3,00,000 |
| 2. Prof RK Mishra   | 2,80,000 |
| 3. Shri A K Kapoor  | 2,30,000 |

## 6. Procurement Committee :

6.1 The Committee was constituted by the 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 Following is the composition of the Committee as at 31 Mar 2014:

- |                                                                                               |                                                                                                 |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| 1. <b>Shri SN Mantha,</b> - Chairman<br>Chairman and Managing Director                        | 4. <b>AVM PK Srivastava, VSM (Retd)</b> - Member<br>Director (Production)<br>(Upto 31 Jul 2013) |
| 2. <b>Shri KL Mehrotra,</b> - Member<br>Part-time Non-official Director<br>[upto 07 Mar 2014] | 5. <b>Shri SV Subba Rao,</b> - Member<br>Director (Finance)                                     |
| 3. <b>Prof RK Mishra,</b> - Member<br>Part-time Non-official Director<br>[upto 07 Mar 2014]   | 6. <b>Shri G Raghavendra Rao,</b> - Member<br>Director (Technical)<br>(Upto 26 Jun 2013)        |
|                                                                                               | 7. <b>Shri V Udaya Bhaskar,</b> - Member<br>Director (Production)<br>(From 01 Aug 2013)         |





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

6.4 During the year 2013-14, three (3) meeting were held on 20 Sep 2013, 30 Nov 2014 and 03 Feb 2014. The details of attendance such meetings are as follows:

| Sl.No. | Name of the Director S/Shri   | No. of Meetings held during the tenure of the respective member | No. of Meetings Attended |
|--------|-------------------------------|-----------------------------------------------------------------|--------------------------|
| 1.     | Shri SN Mantha                | 3                                                               | 3                        |
| 2.     | Shri KL Mehrotra              | 3                                                               | 3                        |
| 3.     | Prof R K Mishra               | 3                                                               | 3                        |
| 4.     | AVM PK Srivastava, VSM (Retd) | -                                                               | -                        |
| 5.     | Shri SV Subba Rao             | 3                                                               | 3                        |
| 6.     | Shri G Raghavendra Rao        | -                                                               | -                        |
| 7.     | Shri V Udaya Bhaskar          | 3                                                               | 3                        |

## 7. HR Committee:

7.1 The 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 2014:

- |                                                                                               |                                                                                         |
|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| 1. <b>Shri SN Mantha,</b> - Chairman<br>Chairman and Managing Director                        | 5. <b>Shri SV Subba Rao</b> - Member<br>Director(Finance)                               |
| 2. <b>Shri KL Mehrotra,</b> - Member<br>Part-time Non-official Director<br>[upto 07 Mar 2014] | 6. <b>Shri G Raghavendra Rao</b> - Member<br>Director (Technical)<br>[upto 26 Jun 2013] |
| 3. <b>Prof RK Mishra</b> - Member<br>Part Time Non Official Director<br>[upto 07 Mar 2014]    | 7. <b>Shri V Udaya Bhaskar</b> - Member<br>Director(Production)<br>[From 01 Aug 2013]   |
| 4. <b>AVM PK Srivastava</b> - Member<br>Director (Production)<br>[upto 31 Jul 2013]           |                                                                                         |

7.3 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 Following is the Composition of the reconstituted committee upto 07 Mar 2014.

- |                                                                            |            |                                                                               |          |
|----------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------|----------|
| 1. <b>Prof RK Mishra</b><br>Part-time Non-official Director                | - Chairman | 4. <b>Shri SV Subba Rao</b><br>Director (Finance)                             | - Member |
| 2. <b>Shri KL Mehrotra</b><br>Part-time Non-official Director              | - Member   | 5. <b>Shri V Udaya Bhaskar</b><br>Director (Production)<br>(From 01 Aug 2013) | - Member |
| 3. <b>AVM PK Srivastava</b><br>Director (Production)<br>(Upto 31 Jul 2013) | - Member   |                                                                               |          |

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

8.2.2 Consequent to the tenure of Prof RK Mishra and Shri KL Mehrotra was ended on 07 Mar 2014, Board at its meeting held on 03 Mar 2014 reconstituted the Committee for monitoring CSR Plan and Sustainable Development of the Company w.e.f 08 Mar 2014. Following is the reconstituted committee as on 31 Mar 2014.

- |                                                              |            |
|--------------------------------------------------------------|------------|
| 1. <b>Shri AK Kapoor,</b><br>Part time Non official Director | - Chairman |
| 2. <b>Shri SV Subba Rao,</b><br>Director (Finance)           | - Member   |
| 3. <b>Shri V Udaya Bhaskar</b><br>Director (Production)      | - Member   |

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, four (4) meetings of the committee were held on 31 Jul 2013, 15 Nov 2013, 03 Feb 2014 and 03 Mar 2014. The details of attendance of 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 |
|------------------------------------------------------------------|-------------------------------------------------------------|--------------------------|
| Prof. RK Mishra<br>Part Time Non Official Director               | 4                                                           | 4                        |
| Shri KL Mehrotraa<br>Part Time Non Official Director             | 4                                                           | 4                        |
| AVM PK Srivastava<br>Director(Production)[upto 31 Jul 2013]      | 1                                                           | -                        |
| Shri SV Subba Rao, Director(Finance)                             | 4                                                           | 4                        |
| Shri V Udaya Bhaskar, Director(Production)<br>[From 01 Aug 2013] | 3                                                           | 3                        |

## 9. Board Level Committee:

9.1 Board at its meeting held on 27 Sep 2013 constituted a Board Level Committee to review and recommend suitably for approval of the Board (i) Risk Management Policy of the Company (ii) Revised Delegation of Powers and (iii) Works Manual of the Company. Following is the composition of the Committee as on 03 Mar 2014:

- |                                                                 |            |                                                             |          |
|-----------------------------------------------------------------|------------|-------------------------------------------------------------|----------|
| 1. <b>Shri KL Mehrotra</b> ,<br>Part-time Non-official Director | - Chairman | 3. <b>Shri AK Kapoor</b><br>Part-time Non-official Director | - Member |
| 2. <b>Prof. RK Mishra</b> ,<br>Part-time Non-official Director  | - Member   | 4. <b>Shri V Udaya Bhaskar</b><br>Director (Production)     | - Member |

9.2 During the year 2013-14, three (3) meetings of the committee were held on 15 Nov 2013, 30 Nov 2013 and 07 Jan 2014. The details of attendance of 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 KL Mehrotra     | 3                                                           | 3                        |
| Prof RK Mishra       | 3                                                           | 3                        |
| Shri AK Kapoor       | 3                                                           | 3                        |
| Shri V Udaya Bhaskar | 3                                                           | 3                        |

Board at its meeting held on 03 Mar 2014 approved dissolution of the Committee as the task assigned to the Committee was completed.



## 10. Separate Meeting of Part time Non Official Directors:

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. Accordingly, Part Time Non Official Directors under the Chairmanship of Prof RK Mishra hold its meeting on 04 Mar 2014 and all the members have attended the meeting.

## 11. General Body Meetings:

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

| AGM No. | Financial Year | Date of the Meeting | Time of the Meeting | Venue of the Meeting                         |
|---------|----------------|---------------------|---------------------|----------------------------------------------|
| 41      | 2010-11        | 19 Sep 2011         | 17:00 Hrs           | Registered Office,<br>Kanchanbagh, Hyderabad |
| 42      | 2011-12        | 24 Sep 2012         | 15:30 Hrs           |                                              |
| 43      | 2012-13        | 30 Sep 2013         | 10:30 Hrs           |                                              |

### 11.2 List of Special Resolutions:

No special resolutions were placed before the last three AGMs.

## 12. Disclosures:

12.1 During the year 2013-14 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 Seven(7) as against the sanctioned strength of Nine(9). Vacancies arised on the tenure of two Part time Non Official Directors ended on 07 Mar 2014 and resultant vacancies are yet to be filled.

**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                                 | 2013-14 | 2012-13 |
|--------|---------------------------------------------|---------|---------|
| 1      | Total Expenditure<br>(other than Materials) | 600.46  | 499.51  |
| 2      | Administrative &<br>Office Expenses         | 11.64   | 11.62   |
| 3      | Percentage of (2) on (1)                    | 1.94%   | 2.33%   |

### 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 BDL like Company's profile, Milestones, Mission & Vision, Objectives, achievements, etc., BDL Management, Annual Report information, products, details of Tenders, RTI Act 2005 information, Careers, E-procurement, Tenders, 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.

**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 2013-14.

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 Department of Public Enterprises (DPE), it is hereby declared that all Board Members and Senior Management Personnel affirmed compliance with "The Code of Business Conduct & Ethics for Board Members and Senior Management of Bharat Dynamics Limited" for the year ended 31 Mar 2014.

**for Bharat Dynamics Limited**

**Place: Hyderabad.**

**Date: 24 Jul 2014**

**SN MANTHA**

**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, 2014 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.

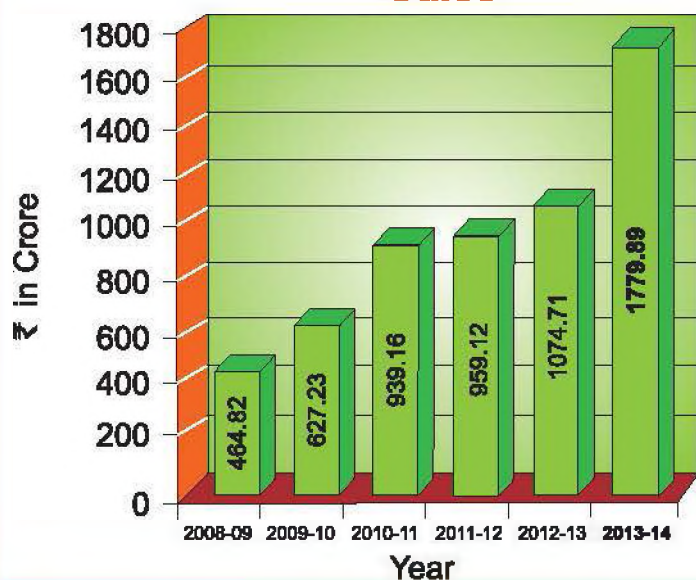
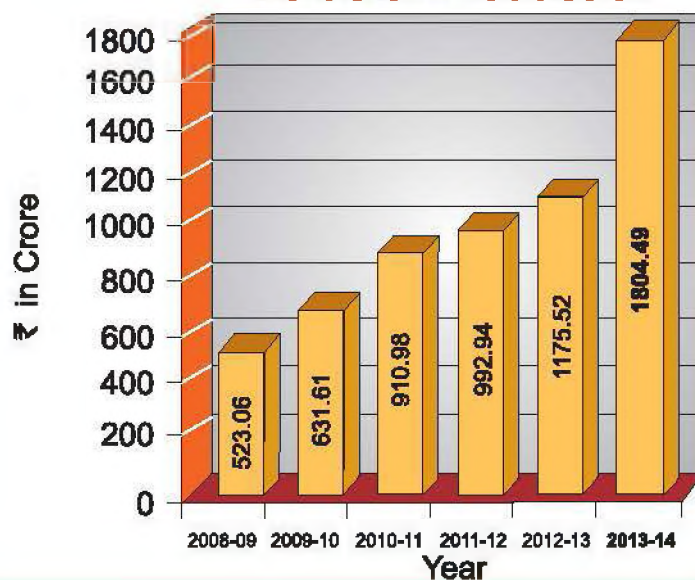
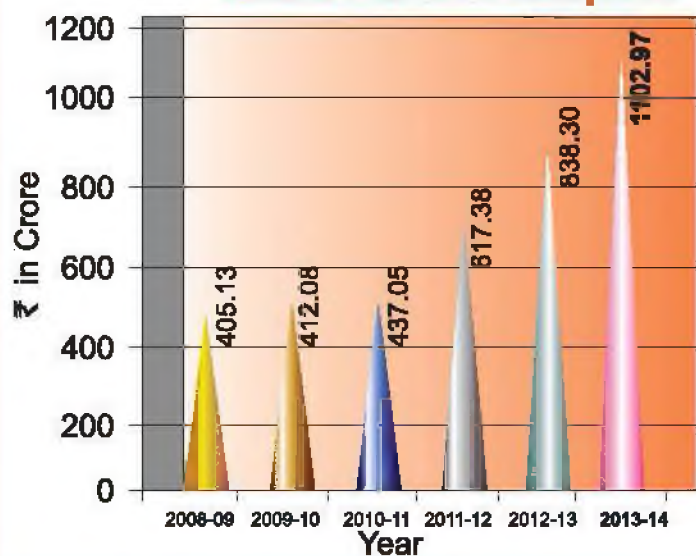
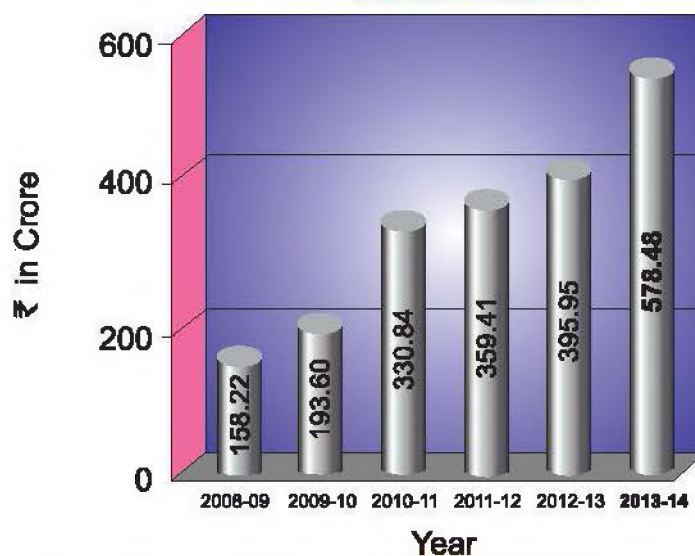
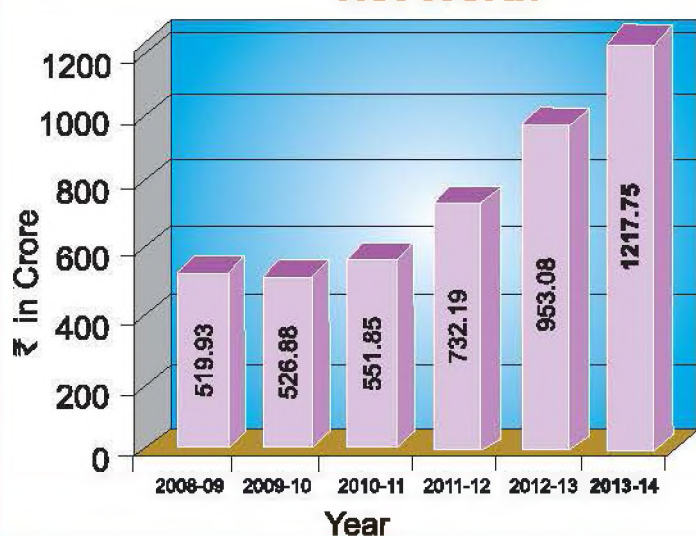
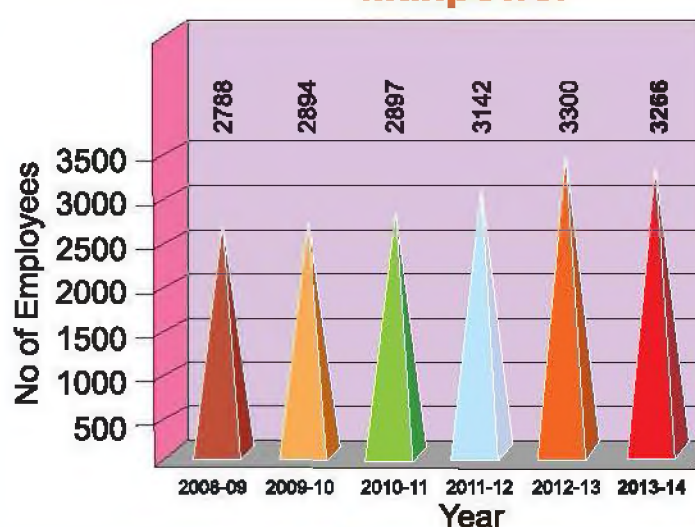
In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has adopted a Code of Business Conduct and Ethics for Board Members and Senior Management Personnel as per the "Guidelines on Corporate Governance for Central Public Sector Enterprises - 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, 2014.

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".

Place: Hyderabad.  
Date: 02<sup>nd</sup> Sep, 2014.

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



**Sales****Value of Production****Reserves and Surplus****Value Added****Net Worth****Manpower**





## *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, 1956.

### **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.
- 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 expected life, except in the case of township buildings, where the rate adopted is as per the guidelines issued by the Department of Public Enterprises. Depreciation is calculated on and from 01 Apr 1991 on all additions made from the date the asset is put to use/brought on charge. Rates of depreciation prescribed in Schedule XIV of the Companies Act, 1956, are not adopted. The rates adopted are not less than those prescribed in the said Schedule.

**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 **LAXMINIWAS NEETH & CO.,**

Chartered Accountants

Registration No.002460S

For and on behalf of the Board

**DAYANIWAS SHARMA**

(M. NO. 216244)

Partner

**SV SUBBA RAO**

Director (Finance)

**S N MANTHA**

Chairman and Managing Director

Place: Hyderabad

Date : 24 Jul 2014

Place: Hyderabad

Date : 24 Jul 2014

**M. LAKSHMINARAYANA**

Company Secretary



**BHARAT DYNAMICS LIMITED : HYDERABAD**  
**BALANCE SHEET AS AT 31 MAR 2014**

(₹ LAKH)

| PARTICULARS                              | NOTE NO. | As at 31 March 2014 |           | As at 31 March 2013 |           |
|------------------------------------------|----------|---------------------|-----------|---------------------|-----------|
| EQUITY AND LIABILITIES                   |          |                     |           |                     |           |
| Shareholders' Funds                      |          |                     |           |                     |           |
| (a) Share Capital                        | 1        | 11500.00            |           | 11500.00            |           |
| (b) Reserves and Surplus                 | 2        | 110296.59           | 121796.59 | 83829.86            | 95329.86  |
| Non-Current Liabilities                  |          |                     |           |                     |           |
| (a) Long Term Liabilities                | 3        | 4498.69             |           | 4694.28             |           |
| (b) Long-Term Provisions                 | 4        | 6389.62             | 10888.31  | 6273.34             | 10967.62  |
| Current Liabilities                      |          |                     |           |                     |           |
| (a) Trade Payables                       | 5        | 39815.45            |           | 31944.23            |           |
| (b) Other Current Liabilities            | 6        | 646164.08           |           | 572405.31           |           |
| (c) Short Term Provisions                | 7        | 14262.77            | 700242.30 | 16468.95            | 620818.49 |
| TOTAL                                    |          |                     | 832927.20 |                     | 727115.97 |
| ASSETS                                   |          |                     |           |                     |           |
| Non-Current Assets                       |          |                     |           |                     |           |
| (a) Fixed Assets                         |          |                     |           |                     |           |
| (i) Tangible Assets                      | 8        | 34187.54            |           | 26733.09            |           |
| (ii) Intangible Assets                   | 8        | 1772.78             |           | 1067.38             |           |
| (iii) Capital Work-in-progress           | 9        | 6382.17             |           | 6326.42             |           |
| (iv) Intangible Assets under development | 9        | 633.16              |           | 626.16              |           |
| (b)Non-Current Investments               | 10       | 53.60               |           | 53.60               |           |
| (c) Deferred Tax Assets (Net)            | 11       | 2936.03             |           | 4129.21             |           |
| (d) Long Term Loans and Advances         | 12       | 1177.14             |           | 1338.76             |           |
| (e) Other Non-current assets             | 13       | 4374.40             | 51516.82  | 4564.59             | 44839.21  |
| Current Assets                           |          |                     |           |                     |           |
| (a) Inventories                          | 14       | 138250.52           |           | 100653.35           |           |
| (b) Trade Receivables                    | 15       | 39880.98            |           | 28154.73            |           |
| (c) Cash and Cash Equivalents            | 16       | 426654.45           |           | 396225.56           |           |
| (d) Short Term Loans and Advances        | 17       | 157694.91           |           | 144684.46           |           |
| (e) Other Current Assets                 | 18       | 18929.52            | 781410.38 | 12558.66            | 682276.76 |
| TOTAL                                    |          |                     | 832927.20 |                     | 727115.97 |

Accounting Policies and Notes attached form part of Financial Statements.

As per our report of even date.

For **LAXMINIWAS NEETH & CO.,**

Chartered Accountants

Registration No.0024605

For and on behalf of the Board

**DAYANIWAS SHARMA**

(M. NO. 216244)

Partner

**SV SUBBA RAO**

Director (Finance)

**S N MANTHA**

Chairman and Managing Director

Place: Hyderabad

Date : 24 Jul 2014

Place: Hyderabad

Date : 24 Jul 2014

**M. LAKSHMINARAYANA**

Company Secretary





**BHARAT DYNAMICS LIMITED : HYDERABAD**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MAR 2014**

(₹ LAKH)

| PARTICULARS                                                                | NOTE NO. | Current Year | Previous Year |
|----------------------------------------------------------------------------|----------|--------------|---------------|
| I Revenue from Operations                                                  | 19       | 177989.18    | 107471.01     |
| Less: Excise Duty                                                          |          | -            | ( 43.65)      |
| Less: Service Tax                                                          |          | 583.87       | 313.39        |
|                                                                            |          | 177405.29    | 107201.27     |
| II Other Income                                                            | 20       | 53057.22     | 52262.19      |
| III Total Revenue (I+II)                                                   |          | 230462.51    | 159463.46     |
| IV Expenses:                                                               |          |              |               |
| Cost of materials consumed                                                 | 21       | 122601.02    | 77957.20      |
| Direct Expenses                                                            |          | 11.28        | 90.69         |
| Changes in inventories of Finished Goods, Work-in-progress, Stock-in-Trade | 22       | ( 2459.57)   | (10080.86)    |
| Employee Benefits Expense                                                  | 23       | 30728.06     | 25898.50      |
| Finance Costs                                                              |          | 44.46        | 36.11         |
| Depreciation and Amortisation expense                                      | 8        | 4140.78      | 4119.79       |
| Other Expenses                                                             | 24       | 18442.00     | 16970.65      |
| Provisions                                                                 | 25       | 7078.62      | 3476.07       |
|                                                                            |          | 180586.65    | 118468.15     |
| Less: Expenses relating to Capital Accounts                                | 26       | 982.96       | 911.03        |
|                                                                            |          | 179603.69    | 117557.12     |
| V Profit Before Tax (III-IV)                                               |          | 50858.82     | 41906.34      |
| VI Tax Expense                                                             |          |              |               |
| Current Tax- Earlier years                                                 |          | (316.75)     | (90.46)       |
| Current year                                                               |          | 15430.98     | 11840.98      |
| Deferred Tax                                                               | 11       | 1193.18      | 1315.52       |
|                                                                            |          | 16307.41     | 13066.04      |
| VII Profit / (Loss) for the period (V-VI)                                  |          | 34551.41     | 28840.30      |
| VIII Earnings Per Equity Share of face value ₹ 1000 each                   |          |              |               |
| Basic and Diluted (in Rupees)                                              | 27       | 3004         | 2508          |

Accounting Policies and Notes attached form part of Financial Statements.

As per our report of even date.

For **LAXMINIWAS NEETH & CO.,**

Chartered Accountants

Registration No.0024605

For and on behalf of the Board

**DAYANIWAS SHARMA**

(M. NO. 216244)

Partner

**SV SUBBA RAO**

Director (Finance)

**S N MANTHA**

Chairman and Managing Director

Place: Hyderabad

Date : 24 Jul 2014

Place: Hyderabad

Date : 24 Jul 2014

**M. LAKSHMINARAYANA**

Company Secretary



## BHARAT DYNAMICS LIMITED : HYDERABAD NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2014

(₹ LAKH)

| NOTE NO. | PARTICULARS                                                                                                                  | As at 31 March 2014                            | As at 31 March 2013                            |
|----------|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>1</b> | <b>SHARE CAPITAL</b>                                                                                                         |                                                |                                                |
|          | <b>Authorised</b>                                                                                                            |                                                |                                                |
|          | 12,50,000 Equity Shares of ₹ 1,000/- each                                                                                    | <u>12500.00</u>                                | <u>12500.00</u>                                |
|          | <b>Issued, Subscribed and paid up</b>                                                                                        |                                                |                                                |
|          | 11,50,000 Equity Shares of ₹ 1,000/- each fully paid                                                                         | <u>11500.00</u>                                | <u>11500.00</u>                                |
|          |                                                                                                                              | <u>11500.00</u>                                | <u>11500.00</u>                                |
|          | <b>Details of Shareholders holding more than 5 % shares</b>                                                                  | 100% of shares are held by Government of India | 100% of shares are held by Government of India |
| <b>2</b> | <b>RESERVES AND SURPLUS</b>                                                                                                  |                                                |                                                |
|          | <b>Capital Reserve</b>                                                                                                       |                                                |                                                |
|          | As per last Balance Sheet                                                                                                    | 21.60                                          | 19.56                                          |
|          | Add: Additions during the year                                                                                               | -                                              | 2.04                                           |
|          | Closing Balance as on the date of Balance Sheet                                                                              | 21.60                                          | 21.60                                          |
|          | <b>General Reserve</b>                                                                                                       |                                                |                                                |
|          | As per last Balance Sheet                                                                                                    | 83741.66                                       | 61641.66                                       |
|          | Add: Transfer from Statement of Profit and Loss                                                                              | <u>26500.00</u>                                | <u>22100.00</u>                                |
|          | Closing Balance as on the date of Balance Sheet                                                                              | 110241.66                                      | 83741.66                                       |
|          | <b>Surplus</b>                                                                                                               |                                                |                                                |
|          | As per last Balance Sheet                                                                                                    | 66.60                                          | 77.08                                          |
|          | Add: Transfer from Statement of Profit and Loss                                                                              | <u>34551.42</u>                                | <u>28840.30</u>                                |
|          |                                                                                                                              | <u>34618.02</u>                                | <u>28917.38</u>                                |
|          | Less: Appropriations                                                                                                         |                                                |                                                |
|          | Interim Dividend                                                                                                             | 5800.00                                        |                                                |
|          | Tax on Interim Dividend                                                                                                      | 985.71                                         |                                                |
|          | Proposed Final Dividend                                                                                                      | 1110.29                                        | 5768.40                                        |
|          | Tax on Proposed Final Dividend                                                                                               | 188.69                                         | 980.34                                         |
|          | Transfer to Capital Reserve                                                                                                  | -                                              | 2.04                                           |
|          | Transfer to General Reserve                                                                                                  | <u>26500.00</u>                                | <u>22100.00</u>                                |
|          | Closing Balance as on the date of Balance Sheet                                                                              | 33.33                                          | 66.60                                          |
|          |                                                                                                                              | <u>110296.59</u>                               | <u>83829.86</u>                                |
| 2.1      | Capital Reserve includes value of Assets transferred free of cost by customers during the year taken at nominal value (In ₹) | -                                              | 71                                             |
| <b>3</b> | <b>LONG-TERM LIABILITIES</b>                                                                                                 |                                                |                                                |
|          | Trade Payables - Deferred Credit towards 45 years Component                                                                  | 4498.69                                        | 4694.28                                        |
|          |                                                                                                                              | <u>4498.69</u>                                 | <u>4694.28</u>                                 |
| <b>4</b> | <b>LONG-TERM PROVISIONS</b>                                                                                                  |                                                |                                                |
|          | Provision for Employees' Benefits                                                                                            | -                                              | 937.05                                         |
|          | Post Superannuation Medical Benefits                                                                                         | 6389.62                                        | 5336.29                                        |
|          | Accrued Leave                                                                                                                |                                                |                                                |
|          |                                                                                                                              | <u>6389.62</u>                                 | <u>6273.34</u>                                 |



**BHARAT DYNAMICS LIMITED : HYDERABAD****NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2014**

(₹ LAKH)

| NOTE NO.  | PARTICULARS                                                                                                                                                                                                                                                             | As at 31 March 2014     | As at 31 March 2013     |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>5</b>  | <b>TRADE PAYABLES</b>                                                                                                                                                                                                                                                   |                         |                         |
|           | Micro, Small and Medium Enterprises                                                                                                                                                                                                                                     | <b>1318.27</b>          | 669.40                  |
|           | Current maturity of Deferred Liabilities                                                                                                                                                                                                                                | <b>195.60</b>           | 262.78                  |
|           | Other Trade Payables                                                                                                                                                                                                                                                    | <b>38301.58</b>         | 31012.05                |
|           |                                                                                                                                                                                                                                                                         | <b><u>39815.45</u></b>  | <b><u>31944.23</u></b>  |
| 5.1       | Information under Micro, Small & Medium Enterprises Development Act:                                                                                                                                                                                                    |                         |                         |
| (i)       | Principal Amount and Interest due thereon remaining unpaid to suppliers at the end of the year.                                                                                                                                                                         | <b>1318.27</b>          | 669.40                  |
| (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.)                                                                               | <b>4.79</b>             | 2.41                    |
| (iv)      | The amount of interest accrued and remaining unpaid at the end of accounting year                                                                                                                                                                                       | <b>71.30</b>            | 36.24                   |
| (v)       | The amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise for the purpose of disallowance as deductible expenditure under Section 23 of MSME Act | -                       | -                       |
| <b>6.</b> | <b>OTHER CURRENT LIABILITIES</b>                                                                                                                                                                                                                                        |                         |                         |
|           | Advances from Government of India                                                                                                                                                                                                                                       | <b>576577.86</b>        | 489906.08               |
|           | Other Advances                                                                                                                                                                                                                                                          | <b>46692.07</b>         | 63399.82                |
|           | Deposits                                                                                                                                                                                                                                                                | <b>1344.86</b>          | 1051.25                 |
|           | Other Liabilities                                                                                                                                                                                                                                                       | <b>21549.29</b>         | 18048.16                |
|           |                                                                                                                                                                                                                                                                         | <b><u>648164.08</u></b> | <b><u>572405.31</u></b> |
| <b>7</b>  | <b>SHORT TERM PROVISIONS</b>                                                                                                                                                                                                                                            |                         |                         |
|           | Provision for Employee Benefits                                                                                                                                                                                                                                         |                         |                         |
|           | Provision for Accrued Leave                                                                                                                                                                                                                                             | <b>347.17</b>           | 316.41                  |
|           | Provision for Gratuity                                                                                                                                                                                                                                                  | -                       | -                       |
|           | Other Provisions                                                                                                                                                                                                                                                        |                         |                         |
|           | Warranty                                                                                                                                                                                                                                                                | <b>1984.09</b>          | 2494.89                 |
|           | Liquidated Damages                                                                                                                                                                                                                                                      | <b>9602.46</b>          | 6430.94                 |
|           | Contingencies - Construction Contracts                                                                                                                                                                                                                                  | -                       | -                       |
|           | Proposed Dividend                                                                                                                                                                                                                                                       | <b>1110.29</b>          | 5768.40                 |
|           | Tax on proposed dividend                                                                                                                                                                                                                                                | <b>188.69</b>           | 980.34                  |
|           | CSR, Sus. Devpt. & Others                                                                                                                                                                                                                                               | <b>1030.07</b>          | 477.97                  |
|           |                                                                                                                                                                                                                                                                         | <b><u>14262.77</u></b>  | <b><u>16468.95</u></b>  |

# BHARAT DYNAMICS LIMITED : HYDERABAD

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2014

### 8. FIXED ASSETS

(₹ LAKH)

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Cost as at the beginning of the year | Gross Block                           |                                        | Total Cost as at the end of the year | Accumulated Depreciation/Amortisation as at the beginning of the year | Depreciation/Amortisation              |                                        | Accumulated Depreciation/Amortisation as at the end of the year | Net Block           |                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------|----------------------------------------|--------------------------------------|-----------------------------------------------------------------------|----------------------------------------|----------------------------------------|-----------------------------------------------------------------|---------------------|---------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                      | Additions/adjustments during the year | Deductions/adjustments during the year |                                      |                                                                       | Depreciation/Amortisation for the year | Deductions/Adjustments during the year |                                                                 | As at 31 March 2014 | As at 31 March 2013 |
| <b>Tangible Assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                      |                                       |                                        |                                      |                                                                       |                                        |                                        |                                                                 |                     |                     |
| Land - Free Hold@                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 4303.14                              | 1836.51                               | 0.00                                   | 6139.65                              | 0.00                                                                  | 0.00                                   | 0.00                                   | 0.00                                                            | 6139.65             | 4303.14             |
| - Lease Hold                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3922.47                              | 4.40                                  | 0.00                                   | 3926.87                              | 0.00                                                                  | 57.02                                  | 0.00                                   | 57.02                                                           | 3869.85             | 3922.47             |
| Buildings*                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 8853.69                              | 2302.74                               | 176.66                                 | 11333.09                             | 4465.08                                                               | 327.73                                 | -1.19                                  | 4791.62                                                         | 6541.47             | 4388.61             |
| Fencing and Compound Walls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 922.19                               | 81.70                                 | 0.00                                   | 1003.89                              | 364.55                                                                | 39.40                                  | 0.00                                   | 403.95                                                          | 599.94              | 557.64              |
| Roads and Drains                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 953.93                               | 43.22                                 | 0.00                                   | 997.15                               | 488.14                                                                | 36.30                                  | 0.00                                   | 524.44                                                          | 472.71              | 465.79              |
| Water Supply Installations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 644.11                               | 22.80                                 | 0.00                                   | 666.91                               | 572.42                                                                | 14.49                                  | 0.00                                   | 586.91                                                          | 80.00               | 71.69               |
| Plant, Machinery and Equipment#                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 23323.67                             | 3164.49                               | 2.84                                   | 26491.00                             | 16042.11                                                              | 1691.86                                | 1.19                                   | 17735.16                                                        | 8755.84             | 7281.56             |
| Furniture and Equipment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 4181.43                              | 543.22                                | -4.36                                  | 4720.29                              | 3034.33                                                               | 298.22                                 | -0.22                                  | 3332.33                                                         | 1387.96             | 1147.10             |
| Transport Vehicles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 504.56                               | 18.91                                 | 0.00                                   | 523.47                               | 298.66                                                                | 49.41                                  | 0.00                                   | 346.07                                                          | 177.40              | 207.90              |
| Special Tools & Equipment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 15098.22                             | 2423.57                               | 0.00                                   | 17521.79                             | 10711.03                                                              | 648.05                                 | 0.00                                   | 11359.08                                                        | 6162.71             | 4387.19             |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>62707.41</b>                      | <b>10441.56</b>                       | <b>175.14</b>                          | <b>73324.11</b>                      | <b>35974.32</b>                                                       | <b>3162.48</b>                         | <b>-0.22</b>                           | <b>39136.58</b>                                                 | <b>34187.53</b>     | <b>26733.09</b>     |
| Previous Year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 52587.07                             | 10426.89                              | -316.55                                | 62707.41                             | 33101.92                                                              | 2326.30                                | 546.10                                 | 35974.32                                                        | 26733.09            | 19495.15            |
| <b>Intangible Assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                       |                                        |                                      |                                                                       |                                        |                                        |                                                                 |                     |                     |
| Development Expenditure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 8191.18                              | 1606.23                               | 0.00                                   | 9797.41                              | 7208.17                                                               | 901.20                                 | 0.00                                   | 8109.37                                                         | 1688.04             | 983.01              |
| Computer Software                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 256.59                               | 77.47                                 | 0.00                                   | 334.06                               | 172.22                                                                | 77.10                                  | 0.00                                   | 249.32                                                          | 84.74               | 84.37               |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>8447.77</b>                       | <b>1683.70</b>                        | <b>0.00</b>                            | <b>10131.47</b>                      | <b>7380.39</b>                                                        | <b>978.30</b>                          | <b>0.00</b>                            | <b>8358.69</b>                                                  | <b>1772.78</b>      | <b>1067.38</b>      |
| Previous Year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 7827.12                              | 620.65                                | 0.00                                   | 8447.77                              | 6155.02                                                               | 1793.49                                | -568.12                                | 7380.39                                                         | 1067.38             | 1672.10             |
| <b>Grand Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>71155.18</b>                      | <b>12125.26</b>                       | <b>175.14</b>                          | <b>83455.58</b>                      | <b>43354.71</b>                                                       | <b>4140.78</b>                         | <b>-0.22</b>                           | <b>47495.27</b>                                                 | <b>35960.31</b>     | <b>27800.47</b>     |
| Previous Year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 60424.19                             | 11047.54                              | -316.55                                | 71155.18                             | 39256.94                                                              | 4119.79                                | -22.02                                 | 43354.71                                                        | 27800.47            | 21167.25            |
| <p>@ (i) Includes 5 Acres and 01 Gunta of land given on lease to a Government of India Organisation and is in their possession and also Includes 2 Acres and 08 Guntas of land given on permissive possession to a Government of India Organisation and is in their possession.</p> <p>(ii) Pending receipt of instruments of transfer in respect of 244 Acres and 37 Guntas of land (previous year 244 Acres and 37 Guntas), including 151 Acres 33 Guntas received free of cost from State Government, land has been capitalised for an amount of ₹ 397.79 Lakh (previous year ₹ 397.79 Lakh) as the amount has already been paid/provided by the Company.</p> <p>(iii) Pending receipt of instruments of transfer in respect of Acres 590-22.50 Guntas of land at Ibrahimpatnam, for which possession is taken, the amount paid thereof, based on tentative price, is capitalised.</p> |                                      |                                       |                                        |                                      |                                                                       |                                        |                                        |                                                                 |                     |                     |
| * 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 ₹ 58.43 Lakh (Previous Year ₹ 93.93 Lakh) retired from active use.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                      |                                       |                                        |                                      |                                                                       |                                        |                                        |                                                                 |                     |                     |
| Assets transferred free of cost by Government taken at nominal value Current Year ₹ Nil (Previous Year ₹ 71)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                      |                                       |                                        |                                      |                                                                       |                                        |                                        |                                                                 |                     |                     |
| 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 2014

(₹ LAKH)

| NOTE NO. | PARTICULARS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | As at 31 March 2014                                                                                               | As at 31 March 2013                                                                                            |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| 8.1      | Rates of depreciation specified in Schedule XIV of the Companies Act, 1956 have not been followed as the rates followed by the Company are higher. However the effect on profit due to this is not ascertainable. The percentage of depreciation adopted other than Schedule XIV rates are as under:<br>(a) Buildings: 3.50/8.00/2.00/4.00/13.00<br>(b) Plant & Machinery: 13.00/15.00/17.00<br>(c) Furniture, Fixtures and other equipment: 6.50/13.00/15.00                                                                  |                                                                                                                   |                                                                                                                |
| 9        | <b>CAPITAL WIP AND INTANGIBLE ASSETS UNDER DEVELOPMENT</b><br>Capital WIP<br>Intangible Assets under development                                                                                                                                                                                                                                                                                                                                                                                                               | 6382.17<br>633.16<br><u>7015.33</u>                                                                               | 6326.42<br>626.16<br><u>6952.58</u>                                                                            |
| 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 Tahsildar, 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       | <b>NON-CURRENT INVESTMENTS AT COST (NON-TRADE/UN-QUOTED)</b><br>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<br><u>53.80</u>                                                                                             | 53.60<br><u>53.60</u>                                                                                          |
| 11       | <b>DEFERRED TAX ASSETS (NET)</b><br><br>Break-up of Deferred Tax Assets and Deferred Tax Liabilities (As per Accounting Standard 22) is as given below:<br><b>Deferred Tax Assets</b><br>a) Provisions<br>b) Sec.43B Disallowances<br>c) Depreciation & related items<br><br><b>Deferred Tax Liabilities</b><br>a) Depreciation & related items<br>b) Development Expenditure<br><br><b>Net Deferred Tax Asset/(Liability)</b>                                                                                                 | <br><br><br>4656.12<br>227.89<br>0.00<br><u>4884.01</u><br><br>333.52<br>1614.46<br><u>1947.98</u><br><br>2936.03 | <br><br><br>3887.19<br>1493.91<br>22.55<br><u>5403.65</u><br><br>-<br>1274.44<br><u>1274.44</u><br><br>4129.21 |
| 12       | <b>LONG TERM LOANS AND ADVANCES</b><br>a) Secured, Considered Good Loans and advances-Employees<br><br>b) Unsecured, Considered Good Capital Advances<br>Loans and advances-Employees                                                                                                                                                                                                                                                                                                                                          | 405.70<br><br>660.30<br>111.14<br><u>1177.14</u>                                                                  | 304.44<br><br>915.81<br>118.51<br><u>1338.76</u>                                                               |



## BHARAT DYNAMICS LIMITED : HYDERABAD

### NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2014

(₹ LAKH)

| NOTE NO.  | PARTICULARS                                         | As at 31 March 2014 | As at 31 March 2013 |
|-----------|-----------------------------------------------------|---------------------|---------------------|
| <b>13</b> | <b>OTHER NON-CURRENT ASSETS</b>                     |                     |                     |
|           | Unsecured, considered Good                          |                     |                     |
|           | Deferred Debts                                      | 4374.40             | 4564.59             |
|           |                                                     | <u>4374.40</u>      | <u>4564.59</u>      |
| <b>14</b> | <b>INVENTORIES *</b>                                |                     |                     |
|           | (As Certified by Management)                        |                     |                     |
|           | Raw Materials and Components                        | 90979.64            | 54151.81            |
|           | Less: Provision for Redundancy                      | 637.48              | 655.26              |
|           | GIT of Raw Materials and Components                 | 12747.27            | 14550.58            |
|           |                                                     | <b>103089.43</b>    | <b>68047.13</b>     |
|           | Construction Contracts - Customers                  |                     |                     |
|           | Work-In-progress #                                  | 30695.83            | 31275.72            |
|           | Less: Provision for Redundancy                      | 178.42              | 84.21               |
|           |                                                     | <b>30517.41</b>     | <b>31191.51</b>     |
|           | Finished Goods                                      | 3241.89             | 202.43              |
|           | Less: Provision for Redundancy                      | 15.09               | 16.23               |
|           | GIT of Finished Goods                               | -                   | -                   |
|           |                                                     | <b>3226.80</b>      | <b>186.20</b>       |
|           | Stores and Spare Parts                              | 750.01              | 686.93              |
|           | Less: Provision for Redundancy                      | 192.25              | 162.03              |
|           | GIT of Stores and Spare Parts                       | 6.81                | 13.27               |
|           |                                                     | <b>564.57</b>       | <b>538.17</b>       |
|           | Loose Tools                                         | 904.47              | 751.42              |
|           | Less: Provision for Redundancy                      | 150.48              | 137.26              |
|           | GIT of Loose Tools                                  | 22.28               | 30.62               |
|           |                                                     | <b>776.27</b>       | <b>644.78</b>       |
|           | Others                                              |                     |                     |
|           | Construction Materials                              | 20.69               | 20.69               |
|           | Less: Provision for Redundancy                      | -                   | 1.26                |
|           | GIT of Construction Materials                       | -                   | 3.26                |
|           |                                                     | <b>20.69</b>        | <b>22.69</b>        |
|           | Stores & Equipment - Welfare                        | 264.42              | 226.93              |
|           | Less: Amortisation                                  | 254.81              | 223.90              |
|           |                                                     | <b>9.61</b>         | <b>3.03</b>         |
|           | Miscellaneous Stores                                | 45.74               | 19.84               |
|           |                                                     | <u>138250.52</u>    | <u>100653.35</u>    |
|           | * Include Material Issued to Sub-contractors/Others | 10503.35            | 9183.85             |
|           | # Includes Inventory with Customers                 | 1525.47             | -                   |
| <b>15</b> | <b>TRADE RECEIVABLES</b>                            |                     |                     |
|           | Unsecured - Considered good                         |                     |                     |
|           | Debts outstanding for a period exceeding six months | 4370.88             | 5140.87             |
|           | Other Debts                                         |                     |                     |
|           | Customers                                           | 35320.11            | 22958.21            |
|           | Current maturities of Deferred Debts                | 190.19              | 55.65               |
|           |                                                     | <b>39880.98</b>     | <b>28154.73</b>     |





## BHARAT DYNAMICS LIMITED : HYDERABAD

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MAR 2014

(₹ LAKH)

| NOTE NO.  | PARTICULARS                            | As at 31 March 2014 |                  | As at 31 March 2013 |                  |
|-----------|----------------------------------------|---------------------|------------------|---------------------|------------------|
| <b>16</b> | <b>CASH AND CASH EQUIVALENTS</b>       |                     |                  |                     |                  |
|           | Balances with Banks In:                |                     |                  |                     |                  |
|           | Current Accounts                       | 11544.13            |                  | 4025.52             |                  |
|           | Short Term Deposits                    | 415100.00           | 426644.13        | 392198.40           | 396223.92        |
|           | Cash on hand                           |                     | 9.11             |                     | 0.84             |
|           | Cash with Imprest Holders              |                     | 1.21             |                     | 0.80             |
|           |                                        |                     | <b>426654.45</b> |                     | <b>396225.56</b> |
| <b>17</b> | <b>SHORT-TERM LOANS AND ADVANCES</b>   |                     |                  |                     |                  |
|           | a) Secured, considered good            |                     |                  |                     |                  |
|           | Loans and advances to related parties  |                     | -                |                     | -                |
|           | Goods and Services                     |                     | 28112.80         |                     | 18947.83         |
|           | b) Unsecured, considered good          |                     |                  |                     |                  |
|           | Loans and Advances to related parties  | -                   |                  | -                   |                  |
|           | Goods and Services                     | 113916.24           |                  | 120409.74           |                  |
|           | Less: Provision for doubtful advances  | 0.41                | 113915.83        | 0.41                | 120409.33        |
|           |                                        |                     |                  |                     |                  |
|           | Employees                              |                     | 253.00           |                     | 53.59            |
|           | Claims/Refunds receivable              | 2585.20             |                  | 1891.41             |                  |
|           | Less: Provision for doubtful claims    | 21.47               |                  | 21.47               |                  |
|           |                                        |                     | 2563.73          |                     | 1869.94          |
|           | Prepaid expenses                       |                     | 73.23            |                     | 55.86            |
|           | Deposits                               |                     | 7170.89          |                     | 338.46           |
|           | Advance Income Tax (Net)               |                     | 3918.63          |                     | 1445.77          |
|           | Advance Service Tax                    |                     | 1673.23          |                     | 1563.35          |
|           | Cenvat Credit (ED) Receivable          |                     | -                |                     | -                |
|           | Cenvat Credit (Service Tax) Receivable |                     | 13.57            |                     | 0.33             |
|           |                                        |                     | <b>157694.91</b> |                     | <b>144884.46</b> |
| <b>18</b> | <b>OTHER CURRENT ASSETS</b>            |                     |                  |                     |                  |
|           | Interest Accrued but not due           |                     |                  |                     |                  |
|           | - Short term deposits                  |                     | 18911.15         |                     | 12529.30         |
|           | - Others                               |                     | 18.37            |                     | 29.36            |
|           |                                        |                     | <b>18929.52</b>  |                     | <b>12558.66</b>  |



## BHARAT DYNAMICS LIMITED : HYDERABAD

### NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAR 2014

(₹ LAKH)

| NOTE NO.  | PARTICULARS                                 | Current Year     | Previous Year    |
|-----------|---------------------------------------------|------------------|------------------|
| <b>19</b> | <b>REVENUE FROM OPERATIONS</b>              |                  |                  |
|           | <b>Sale of Products</b>                     |                  |                  |
|           | Finished Goods                              | 166383.17        | 100033.20        |
|           | Spares                                      | 3556.06          | 2781.98          |
|           | Miscellaneous                               | 2284.71          | 1902.61          |
|           |                                             | <b>172223.94</b> | <b>104717.79</b> |
|           | <b>Sale of Services</b>                     |                  |                  |
|           | Repairs and Overhauls                       | 1255.36          | 451.15           |
|           | Training                                    | 18.34            | -                |
|           | Job Works                                   | 4176.46          | 1926.65          |
|           |                                             | <b>5450.16</b>   | <b>2377.80</b>   |
|           | <b>Other Operating Revenues</b>             |                  |                  |
|           | Construction Contracts                      | -                | -                |
|           | Sale of Scrap                               | 33.14            | 16.98            |
|           | Others                                      | 892.02           | 499.20           |
|           | Prior Period Items                          | (610.10)         | (140.76)         |
|           | <b>Gross Revenue from operations</b>        | <b>177999.16</b> | <b>107471.01</b> |
| <b>20</b> | <b>OTHER INCOME</b>                         |                  |                  |
|           | Interest on :                               |                  |                  |
|           | Short Term Deposits                         | 41184.79         | 41654.35         |
|           | Sundry Advances - Employees and Others      | 55.04            | 48.16            |
|           | Other Deposits                              | 345.16           | 55.54            |
|           | Transportation - Employees                  | 16.85            | 15.95            |
|           | Disposal of Surplus / unserviceable stores  | -                | 0.07             |
|           | Township                                    | 150.92           | 141.93           |
|           | Profit on sale of Assets (Net)              | -                | 10.17            |
|           | Provision no longer required written back   |                  |                  |
|           | Liquidated Damages                          | 1654.41          | 6246.59          |
|           | Warranty                                    | 1585.14          | 821.57           |
|           | Redundancy                                  | 287.95           | 531.22           |
|           | CSR Expenses                                | 220.84           | 131.99           |
|           | Post Superannuation Medical Benefit(PSMB)   | 937.05           | -                |
|           | Others                                      | -                | 40.30            |
|           |                                             | <b>4685.39</b>   | <b>7771.67</b>   |
|           | Liability written back                      | 14.76            | 139.16           |
|           | Liquidated Damages recovered from suppliers | 4801.52          | 1908.79          |
|           | Net gain on foreign currency transactions   | 1189.48          | 293.97           |
|           | Miscellaneous                               | 613.31           | 222.43           |
|           |                                             | <b>53057.22</b>  | <b>52262.19</b>  |





## BHARAT DYNAMICS LIMITED : HYDERABAD

NOTES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAR 2014

(₹ LAKH)

| NOTE NO.    | PARTICULARS                                                          | Current Year     | Previous Year     |
|-------------|----------------------------------------------------------------------|------------------|-------------------|
| <b>21</b>   | <b>COST OF MATERIALS CONSUMED</b>                                    |                  |                   |
|             | Opening Stock                                                        | 55610.85         | 36822.21          |
|             | Add: Purchases                                                       | 182178.18        | 115069.78         |
|             |                                                                      | 237789.03        | 151891.99         |
|             | Less: Closing Stock                                                  | 92654.81         | 55610.85          |
|             |                                                                      | 145134.22        | 96281.14          |
|             | Less: Stores consumed on                                             |                  |                   |
|             | Deferred Revenue Expenditure                                         | 314.67           | 24.68             |
|             | Tools and Jigs                                                       | 0.32             | 3.58              |
|             | Expenses Accounts and Other Assets                                   | 22218.21         | 18295.68          |
|             |                                                                      | 22533.20         | 18323.94          |
|             | Prior period Consumption                                             | -                | -                 |
|             |                                                                      | <b>122601.02</b> | <b>77957.20</b>   |
| <b>22</b>   | <b>Changes in inventories of finished goods and Work-In-progress</b> |                  |                   |
|             | <b>(Increase)/Decrease</b>                                           |                  |                   |
|             | Opening Balance                                                      |                  |                   |
|             | (i) Work-in-progress                                                 | 31275.72         | 21244.00          |
|             | (ii) Finished goods                                                  | 202.43           | 153.29            |
|             |                                                                      | <b>31478.15</b>  | <b>21397.29</b>   |
|             | Closing Balance                                                      |                  |                   |
|             | (I) Work-in-progress                                                 | 30695.83         | 31275.72          |
|             | (II) Finished goods                                                  | 3241.89          | 202.43            |
|             |                                                                      | <b>33937.72</b>  | <b>31478.15</b>   |
|             |                                                                      | <b>(2459.57)</b> | <b>(10080.86)</b> |
| <b>23</b>   | <b>EMPLOYEE BENEFIT EXPENSES</b>                                     |                  |                   |
|             | Salaries and Wages                                                   | 24703.13         | 22656.77          |
|             | Contribution to Provident and Other Funds                            | 4997.48          | 2162.64           |
|             | Staff welfare expenses                                               | 1027.45          | 1079.09           |
|             | Prior Period                                                         | -                | -                 |
|             |                                                                      | <b>30728.06</b>  | <b>25898.50</b>   |
| <b>23.1</b> | <b>Remuneration to whole time Directors</b>                          | <b>146.41</b>    | <b>135.02</b>     |



**BHARAT DYNAMICS LIMITED : HYDERABAD**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAR 2014**

(₹ 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 |
|----------|-----------------------------------------------------------------------------------------------------------------------|--------------|---------------|
| <b>1</b> | <b>Assumptions</b>                                                                                                    |              |               |
| a)       | Discount Rate (per annum)                                                                                             | 8.00%        | 8.00%         |
| b)       | Salary Escalation (per annum)                                                                                         | 6.00%        | 6.00%         |
| <b>2</b> | <b>Table Showing the Changes in the present value of the Obligation</b>                                               |              |               |
| a)       | Present value of Obligation at the beginning of the year                                                              | 9507.50      | 8807.24       |
| b)       | Interest Cost                                                                                                         | 760.60       | 704.58        |
| c)       | Current Service Cost                                                                                                  | 251.40       | 267.72        |
| d)       | Benefits Paid - Actuals                                                                                               | 788.67       | 621.73        |
| e)       | Expected Liability at the year end                                                                                    | 9730.83      | 9157.81       |
| f)       | Present value of Obligation at the end of the year                                                                    | 9925.52      | 9507.50       |
| g)       | Actuarial gain / (loss)                                                                                               | (194.69)     | (349.69)      |
| <b>3</b> | <b>Changes in fair value of the Plan Assets</b>                                                                       |              |               |
| a)       | Fair value of plan assets at the beginning of the year                                                                | 9507.49      | 8714.34       |
| b)       | Expected return on plan assets                                                                                        | 825.68       | 789.88        |
| c)       | Contributions                                                                                                         | 381.02       | 625.00        |
| d)       | Benefits Paid                                                                                                         | 788.67       | 621.73        |
| e)       | Actuarial gain / (loss) on plan assets                                                                                | -            | -             |
| f)       | Fair value of plan assets at the end of the year                                                                      | 9925.52      | 9507.49       |
| <b>4</b> | <b>Table showing fair value of Plan Assets</b>                                                                        |              |               |
| a)       | Fair value of plan assets at the beginning of the year                                                                | 9507.49      | 8714.34       |
| b)       | Actual return on plan assets                                                                                          | 825.68       | 789.88        |
| c)       | Contributions                                                                                                         | 381.02       | 625.00        |
| d)       | Benefits Paid                                                                                                         | 788.67       | 621.73        |
| e)       | Fair value of plan assets at the end of the year                                                                      | 9925.52      | 9507.49       |
| f)       | Funded Status                                                                                                         | -            | (0.01)        |
| g)       | Excess of Actual over estimated return on plan assets                                                                 | -            | -             |
| <b>5</b> | <b>Actuarial Loss or Gain recognised</b>                                                                              |              |               |
| a)       | Actuarial Loss for the year - Obligation                                                                              | (194.69)     | (349.69)      |
| b)       | Actuarial Loss for the year - Plan Assets                                                                             | -            | -             |
| c)       | Total Loss for the year                                                                                               | (194.69)     | (349.69)      |
| d)       | Actuarial Loss recognised                                                                                             | (194.69)     | (349.69)      |
| <b>6</b> | <b>Amount to be recognised in the Balance Sheet</b>                                                                   |              |               |
| a)       | Present value of the Obligations at the end of the year                                                               | 9925.52      | 9507.50       |
| b)       | Fair value of plan assets at the end of the year                                                                      | 9925.52      | 9507.49       |
| c)       | Funded Status                                                                                                         | -            | (0.01)        |
| d)       | Net Liability / Asset recognised in the Balance Sheet                                                                 | -            | (0.01)        |
| <b>7</b> | <b>Expenses recognised in the statement of P&amp;L</b>                                                                |              |               |
| a)       | Current Service Cost                                                                                                  | 251.40       | 267.72        |
| b)       | Interest Cost                                                                                                         | 760.60       | 704.58        |
| c)       | Expected return on Plan Assets                                                                                        | 825.68       | 789.88        |
| d)       | Net actuarial gain / (loss) recognised in the year                                                                    | (194.69)     | (349.69)      |
| e)       | Expenses recognised in P&L a/c                                                                                        | 381.01       | 532.11        |





## BHARAT DYNAMICS LIMITED : HYDERABAD NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAR 2014

(₹ LAKH)

| NOTE NO. | PARTICULARS                                                                                                                                                                                   | Current Year    | Previous Year   |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| 23.3     | <b>Compensated Absences</b>                                                                                                                                                                   |                 |                 |
|          | The Actuarial Liability of Accumulated absences of the employees of the Company                                                                                                               | 6736.79         | 5652.70         |
|          | Discounting Rate                                                                                                                                                                              | 8.00%           | 8.00%           |
|          | Salary escalation Rate                                                                                                                                                                        | 6.00%           | 6.00%           |
|          | Retirement Age                                                                                                                                                                                | 60 Years        | 60 years        |
| 23.4     | <b>Post Retirement Medical Scheme</b>                                                                                                                                                         |                 |                 |
|          | Contributions made during the year                                                                                                                                                            | 135.83          | 10.13           |
|          | Contributions made to Post Superannuation Medical Benefits pending finalisation of the improvements to the existing Scheme Included In Long Term Provisions (Note 4) and Provisions (Note 25) | -               | 522.29          |
| 24       | <b>OTHER EXPENSES</b>                                                                                                                                                                         |                 |                 |
|          | Shop Supplies                                                                                                                                                                                 | 502.87          | 499.53          |
|          | Power and Fuel                                                                                                                                                                                | 1506.12         | 1273.31         |
|          | Water Charges                                                                                                                                                                                 | 285.27          | 362.19          |
|          | Travelling #                                                                                                                                                                                  | 958.41          | 800.73          |
|          | Repairs:                                                                                                                                                                                      |                 |                 |
|          | Buildings                                                                                                                                                                                     | 1339.19         | 958.18          |
|          | Plant, Machinery and Equipment                                                                                                                                                                | 740.78          | 766.46          |
|          | Furniture and Equipment                                                                                                                                                                       | 3.59            | 5.26            |
|          | Vehicles                                                                                                                                                                                      | 71.87           | 15.81           |
|          | Others                                                                                                                                                                                        | 156.76          | 159.40          |
|          | Vehicle Expenses - Petrol and Diesel                                                                                                                                                          | 43.04           | 57.44           |
|          | Loose Tools and Equipment                                                                                                                                                                     | 267.93          | 323.99          |
|          | Insurance                                                                                                                                                                                     | 173.44          | 111.75          |
|          | Rates and Taxes                                                                                                                                                                               | 128.65          | 86.24           |
|          | Postage, Telegrams, Telex and Telephones                                                                                                                                                      | 128.55          | 132.81          |
|          | Printing and Stationery                                                                                                                                                                       | 85.47           | 92.76           |
|          | Publicity                                                                                                                                                                                     | 210.25          | 256.13          |
|          | Advertisement                                                                                                                                                                                 | 234.83          | 256.55          |
|          | Bank Charges                                                                                                                                                                                  | 126.55          | 93.51           |
|          | Legal Expenses                                                                                                                                                                                | 2.90            | 2.46            |
|          | Write offs:                                                                                                                                                                                   |                 |                 |
|          | Stores                                                                                                                                                                                        | 194.63          | 38.31           |
|          | Bad and Doubtful Debts                                                                                                                                                                        | -               | 4.12            |
|          | Others                                                                                                                                                                                        | 11.91           | 45.82           |
|          | Auditors' Remuneration:                                                                                                                                                                       |                 |                 |
|          | Statutory Audit fees                                                                                                                                                                          | 3.50            | 3.50            |
|          | Tax Audit fees                                                                                                                                                                                | 0.35            | 0.20            |
|          | Service Tax                                                                                                                                                                                   | 0.48            | 0.46            |
|          | Documentation fees and expenses                                                                                                                                                               | 0.17            | -               |
|          | Loss on Sale of Assets (Net)                                                                                                                                                                  | 0.47            | -               |
|          | Security Arrangements                                                                                                                                                                         | 2414.96         | 2086.27         |
|          | Liquidated Damages                                                                                                                                                                            | 5682.57         | 6358.06         |
|          | Computer Software and Development                                                                                                                                                             | 7.95            | 1.04            |
|          | Entertainment                                                                                                                                                                                 | 1.45            | 1.05            |
|          | Courtesy                                                                                                                                                                                      | 84.62           | 79.00           |
|          | Sitting Fee paid to Directors                                                                                                                                                                 | 9.20            | 4.80            |
|          | Sitting Fee paid to Independent External Monitors                                                                                                                                             | 0.70            | 2.36            |
|          | Exchange Differential(Net)                                                                                                                                                                    | -               | -               |
|          | CSR Expenditure                                                                                                                                                                               | 220.84          | 131.99          |
|          | Miscellaneous Operating Expenses                                                                                                                                                              | 2843.73         | 1912.23         |
|          | Prior Period Items                                                                                                                                                                            | -               | 47.13           |
|          |                                                                                                                                                                                               | <b>18442.00</b> | <b>16970.65</b> |
| # 24.1   | Includes Directors' Travelling Expenses                                                                                                                                                       | 57.53           | 74.18           |



**BHARAT DYNAMICS LIMITED : HYDERABAD**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAR 2014**

(₹ LAKH)

| FOR THE YEAR ENDED 31 MAR 2014 |                                                                                                                                                                                                                                                                                                                                   |                                                        |                                                            |                 |                |                 |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------|-----------------|----------------|-----------------|
| NOTE NO.                       | PARTICULARS                                                                                                                                                                                                                                                                                                                       | CURRENT YEAR                                           |                                                            | PREVIOUS YEAR   |                |                 |
| 25                             | <b>PROVISIONS</b><br>Replacement and other charges, Warranty and Batch Rejections<br>Redundancy Provision<br>Liquidated Damages<br>Post-Superannuation Medical Benefits<br>Corporate Social Responsibility & Sustainable Devpt., etc.                                                                                             | 1074.34<br>405.41<br>4825.93<br>-<br>772.94<br>7078.62 | 1700.30<br>625.45<br>158.11<br>522.29<br>468.92<br>3476.07 |                 |                |                 |
| 26                             | <b>EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS</b><br><br>Intangible Assets (Devpt. Exp.)<br>Tools and Jigs<br>Others                                                                                                                                                                                                         | 589.31<br>385.27<br>8.38<br>982.96                     | 370.93<br>440.23<br>99.87<br>911.03                        |                 |                |                 |
| 27                             | <b>Earnings Per Share :</b><br>Earnings per Share (Basic) calculated as per AS-20<br>Net Profit After Tax<br>Number of Equity Shares of Face Value of ₹ 1000/- each fully paid up<br>Basic and Diluted Earnings Per Share (₹ )<br><br>There are no dilutive potential Equity Shares.                                              | 34551.41<br>1150000.00<br>3004.47                      | 28840.30<br>1150000.00<br>2507.85                          |                 |                |                 |
| 28                             | <b>Mandatory Disclosures</b><br><b>Contingent Liabilities Not Provided for:</b>                                                                                                                                                                                                                                                   |                                                        |                                                            |                 |                |                 |
| 28.01                          | Outstanding Letters of Credit and Guarantees:<br>(i) Letters of Credit<br>(ii) Guarantees and Counter Guarantees<br><b>Total</b>                                                                                                                                                                                                  | 14339.01<br>11.89<br>14350.90                          | 11235.39<br>11.89<br>11247.28                              |                 |                |                 |
| 28.02                          | Claims / Demands against the Company not acknowledged as Debt:<br>(i) Sales Tax<br>(ii) Service Tax<br>(iii) Others<br><b>Total</b>                                                                                                                                                                                               | 14793.84<br>43.11<br>1534.28<br>16371.23               | 14449.88<br>89.89<br>3389.04<br>17928.81                   |                 |                |                 |
| 28.03                          | Estimated amount of contracts remaining to be executed on Capital Account and not provided for, is                                                                                                                                                                                                                                | 15130.74                                               | 5382.04                                                    |                 |                |                 |
| 28.04                          | General Exemption has been granted by the Government vide Notification No S.O.301 (E) dated 08 Feb 2011 from compliance with the provisions contained in para 3(I)(a), 3(II)(a), 3(II)(d), 4-C, 4-D(a) to (e) except (d) of Part-II of Schedule VI to the Companies Act, 1956.<br><b>Disclosures as per Accounting Standards:</b> |                                                        |                                                            |                 |                |                 |
| 28.05                          | 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 ₹ 738.26 Lakh Decrease (Previous Year ₹ 99.82 Lakh decrease) as detailed below:                                                      |                                                        |                                                            |                 |                |                 |
| SI No.                         | PARTICULARS                                                                                                                                                                                                                                                                                                                       | NOTE NO.                                               | CURRENT YEAR                                               |                 | PREVIOUS YEAR  |                 |
|                                |                                                                                                                                                                                                                                                                                                                                   |                                                        | Debit                                                      | Credit          | Debit          | Credit          |
| 1                              | Sales                                                                                                                                                                                                                                                                                                                             | 19                                                     | 610.10                                                     | -               |                | (140.76)        |
| 2                              | Depreciation/Amortisation                                                                                                                                                                                                                                                                                                         | 9                                                      | 144.36                                                     | -               | (49.46)        |                 |
| 3                              | Direct Expenses                                                                                                                                                                                                                                                                                                                   |                                                        |                                                            | 16.20           | (38.61)        |                 |
| 4                              | Other Expense                                                                                                                                                                                                                                                                                                                     | 24                                                     |                                                            | -               | 47.13          |                 |
|                                | <b>Total</b>                                                                                                                                                                                                                                                                                                                      |                                                        | <b>754.46</b>                                              | <b>16.20</b>    | <b>(40.94)</b> | <b>(140.76)</b> |
|                                | <b>Net effect on Profit--&gt; Increase/(decrease)</b>                                                                                                                                                                                                                                                                             |                                                        |                                                            | <b>(738.26)</b> |                | <b>(99.82)</b>  |





## BHARAT DYNAMICS LIMITED : HYDERABAD NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAR 2014

(₹ LAKH)

| NOTE NO.                                         | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Current Year                             | Previous Year |             |            |            |                                                  |                                                                |                             |      |      |          |       |      |                                          |      |      |       |  |  |       |       |  |  |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------|-------------|------------|------------|--------------------------------------------------|----------------------------------------------------------------|-----------------------------|------|------|----------|-------|------|------------------------------------------|------|------|-------|--|--|-------|-------|--|--|
| 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 83.69                                    | 29.28         |             |            |            |                                                  |                                                                |                             |      |      |          |       |      |                                          |      |      |       |  |  |       |       |  |  |
| b)                                               | Exchange rate variation recognised in Profit & Loss Account 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                                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |               |             |            |            |                                                  |                                                                |                             |      |      |          |       |      |                                          |      |      |       |  |  |       |       |  |  |
| i)                                               | Increase in liability in respect of Company's portion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 117.53                                   | 44.55         |             |            |            |                                                  |                                                                |                             |      |      |          |       |      |                                          |      |      |       |  |  |       |       |  |  |
| 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                                                                                                                                                                                                                                                                                                                                                                                         | 4136.79                                  | 1567.87       |             |            |            |                                                  |                                                                |                             |      |      |          |       |      |                                          |      |      |       |  |  |       |       |  |  |
| 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">Prof. R.K.Mishra, Independent Director is also Director of IPE</td><td>(i) Other Publicity Expense</td><td>1.30</td><td>3.87</td></tr><tr><td>(ii) CSR</td><td>10.54</td><td>7.45</td></tr><tr><td>(iii) Training, Seminar, Course Fee, etc</td><td>7.90</td><td>4.84</td></tr><tr><td colspan="3">Total</td><td>19.74</td><td>16.16</td></tr></table> | Name of the Party                        | Relation      | Transaction | Curr. Year | Prev. Year | Institute of Public Enterprises (IPE), Hyderabad | Prof. R.K.Mishra, Independent Director is also Director of IPE | (i) Other Publicity Expense | 1.30 | 3.87 | (ii) CSR | 10.54 | 7.45 | (iii) Training, Seminar, Course Fee, etc | 7.90 | 4.84 | Total |  |  | 19.74 | 16.16 |  |  |
| Name of the Party                                | Relation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Transaction                              | Curr. Year    | Prev. Year  |            |            |                                                  |                                                                |                             |      |      |          |       |      |                                          |      |      |       |  |  |       |       |  |  |
| Institute of Public Enterprises (IPE), Hyderabad | Prof. R.K.Mishra, Independent Director is also Director of IPE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (i) Other Publicity Expense              | 1.30          | 3.87        |            |            |                                                  |                                                                |                             |      |      |          |       |      |                                          |      |      |       |  |  |       |       |  |  |
|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | (ii) CSR                                 | 10.54         | 7.45        |            |            |                                                  |                                                                |                             |      |      |          |       |      |                                          |      |      |       |  |  |       |       |  |  |
|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | (iii) Training, Seminar, Course Fee, etc | 7.90          | 4.84        |            |            |                                                  |                                                                |                             |      |      |          |       |      |                                          |      |      |       |  |  |       |       |  |  |
| Total                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                          | 19.74         | 16.16       |            |            |                                                  |                                                                |                             |      |      |          |       |      |                                          |      |      |       |  |  |       |       |  |  |
|                                                  | There are no other transactions with related parties except remuneration paid to / expenses incurred in respect of whole time directors which is disclosed under the relevant Note Nos. 23 and 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1674.91                                  | 1823.20       |             |            |            |                                                  |                                                                |                             |      |      |          |       |      |                                          |      |      |       |  |  |       |       |  |  |
|                                                  | Being in the nature of Capital expenditure (Assets Capitalised)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 313.97                                   | 104.93        |             |            |            |                                                  |                                                                |                             |      |      |          |       |      |                                          |      |      |       |  |  |       |       |  |  |
| 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 2014**

(₹ 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 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        |
| 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1616.16         | 1700.30                        | -                           | 821.57                   | 2494.89         |
| 2                                                                                                                                                                                                                                                        | Liquidated Damages                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 12519.43        | 158.11                         | 3822.04                     | 2424.55                  | 6430.94         |
| 3                                                                                                                                                                                                                                                        | Post-Superannuation Medical Benefits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 414.76          | 522.29                         | -                           | -                        | 937.05          |
| 4                                                                                                                                                                                                                                                        | Redundancy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 962.02          | 625.45                         | 38.31                       | 492.91                   | 1056.25         |
| 5                                                                                                                                                                                                                                                        | Doubtful Advances/Claims                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 62.18           | -                              | 40.30                       | -                        | 21.88           |
| 6                                                                                                                                                                                                                                                        | Corporate Social Responsibility                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 140.04          | 469.92                         | 131.99                      | -                        | 477.97          |
|                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 15714.58        | 3476.07                        | 4032.64                     | 3739.03                  | 11418.98        |
| 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. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                 |                                |                             |                          |                 |
| <b>Other Disclosures:</b>                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                 |                                |                             |                          |                 |
| 28.12                                                                                                                                                                                                                                                    | <p>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.</p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                 |                                |                             |                          |                 |
| 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 ₹ 8048.28 Lakh (previous year ₹ 8269.07 Lakh) in inventory account, total amounting to ₹ 19176.49 Lakh (previous year ₹ 19397.28 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 2014**

- |       |                                                                                                                                                                                                                                                    |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 28.15 | During the current financial year the practice of accounting of Liquidated Damages was changed and accordingly a new Accounting Policy has been introduced. The net effect of such change on the profit for the year is ₹ 2702.76 lakh (decrease). |
| 28.16 | 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**

**For LAXMINIWAS NEETH & CO.,**  
Chartered Accountants  
Registration No.002460S

**For and on behalf of the Board**

**DAYANIWAS SHARMA**  
(M. NO. 216244)  
Partner

**SV SUBBA RAO**  
Director (Finance)

**S N MANTHA**  
Chairman and Managing Director

Place: Hyderabad  
Date : 24 Jul 2014

Place: Hyderabad  
Date : 24 Jul 2014

**M. LAKSHMINARAYANA**  
Company Secretary

**BHARAT DYNAMICS LIMITED : HYDERABAD****CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAR 2014**

(₹ LAKH)

| PARTICULARS                                                                            | 31 MAR 2014       | 31 MAR 2013       |
|----------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                                         |                   |                   |
| Net Profit Before Tax and Extraordinary Items                                          | 50858.82          | 41906.34          |
| Adjustments for :                                                                      |                   |                   |
| Depreciation and amortisation                                                          | 4140.56           | 4097.77           |
| Interest income                                                                        | (41584.99)        | (41758.05)        |
| Interest expense                                                                       | 44.46             | 36.11             |
| Operating Profit Before Working Capital Changes                                        | 13458.85          | 4282.17           |
| (Increase)/Decrease in trade receivables                                               | (11726.26)        | (19315.54)        |
| (Increase)/Decrease in Inventories                                                     | (37597.17)        | (40396.23)        |
| (Increase)/Decrease in loans and advances (excluding advance tax and interest accrued) | (10185.78)        | (48300.57)        |
| Increase/(Decrease) in sundry creditors, liabilities & provisions                      | 84794.26          | 62021.15          |
| Cash generated from operations                                                         | 38743.90          | (41709.02)        |
| Income taxes paid                                                                      | (18567.43)        | (13801.95)        |
| Cash flow before extraordinary item                                                    | 20176.47          | (55510.97)        |
| Proceeds from extra-ordinary items                                                     | -                 | -                 |
| <b>Net cash from operating activities (A)</b>                                          | <b>20176.47</b>   | <b>(55510.97)</b> |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                        |                   |                   |
| Purchase of fixed assets                                                               | (12187.76)        | (13485.17)        |
| Proceeds from sale of assets                                                           | (175.39)          | 348.74            |
| Interest received                                                                      | 35214.13          | 40101.14          |
| <b>Net cash from Investing activities (B)</b>                                          | <b>22850.98</b>   | <b>26964.71</b>   |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                                         |                   |                   |
| Repayment of deferred liabilities                                                      | -                 | -                 |
| Decrease in deferred debts                                                             | -                 | -                 |
| Interest paid                                                                          | (44.46)           | (36.11)           |
| Dividends paid                                                                         | (12554.11)        | (4700.05)         |
| <b>Net cash used in financing activities (C)</b>                                       | <b>(12598.57)</b> | <b>(4736.16)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                            | <b>30428.88</b>   | <b>(33282.42)</b> |
| <b>Cash and cash equivalents as at the beginning of the year</b>                       | <b>396225.56</b>  | <b>429507.98</b>  |
| <b>Cash and cash equivalents as at end of the year</b>                                 | <b>426654.44</b>  | <b>396225.56</b>  |

As per our report of even date.

For **LAXMINIWAS NEETH & CO.,**

Chartered Accountants

Registration No.0024605

For and on behalf of the Board

**DAYANIWAS SHARMA**

(M. NO. 216244)

Partner

**SV SUBBA RAO**

Director (Finance)

**S N MANTHA**

Chairman and Managing Director

Place: Hyderabad

Date : 24 Jul 2014

Place: Hyderabad

Date : 24 Jul 2014

**M. LAKSHMINARAYANA**

Company Secretary





Laxminiwas  
Neeth & Co  
chartered accountants

## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
Bharat Dynamics Limited.

### Report on Financial Statements

1. We have audited the accompanying financial statements of **Bharat Dynamics Limited** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### Management's Responsibility for the Financial Statements

2. The Company's management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control 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.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the



402, 4th Floor, Moghul's Court, Basheerbagh, Hyderabad - 500 001  
Ph: +91 40 2324 0700, +91 40 2324 0900, Fax: +91 40 4010 0860  
Email: mail2Lnco@Lncofirm.com, Website: www.Lncofirm.com



entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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, 2014;
  - (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

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (herein after referred as "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Companies Act, 1956 we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;







- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in subsection (3c) of section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956.

Place: Hyderabad  
Date: 24/7/14

For LAXMINIWAS NEETH & CO  
Chartered Accountants  
Firm Registration No: 002460S

Dayanivwas Sharma  
Partner  
Membership No. 216244



**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT:****Bharat Dynamics Limited**

[Referred to in paragraph 7 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report on even date to the Members of Bharat Dynamics Limited on the Financial Statements as of and for the year ended 31<sup>st</sup> March, 2014]

- (i). a. The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
b. According to the information and explanation given to us, all the assets have been physically verified by the Management during the year, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.  
c. No major part of fixed assets was disposed off during the year hence do not affect the going concern assumption.
- (ii). a. As explained to us, inventory has been physically verified by the management during the year except material lying with the third parties (which have substantially been confirmed). In our opinion, the frequency of verification is reasonable.  
b. In our opinion, and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c. According to the information and explanation given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book/records were not material.
- (iii). a. According to the information and explanations given to us, the Company has not taken/granted any loan from/to companies, Firms or other parties listed in the register maintained under section 301 of the companies act, 1956.  
b. As explained to us no advances in the nature of loans were given by the company hence this clause is not applicable.







- (iv). 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 with regard to the purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v). In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements that are needed to be entered in the register maintained under section 301 of the companies Act, 1956.
- (vi). In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii). In our opinion The Company has an internal audit system commensurate with its size and nature of its business.
- (viii). We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we 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.
- (ix). a. According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
- b. Statutory dues aggregating to Rs 9076.23 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.<br>(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 (CT)<br>Panjagutta Division | 290.62            |
| 4      | Finance Act         | Service Tax    | Commissioner Hyderabad-II Service tax                     | 43.11             |
| 5      | AP VAT Act          | VAT            | Appellate Deputy Commissioner (CT)<br>Panjagutta Division | 8.13              |





|   |            |     |                                 |      |
|---|------------|-----|---------------------------------|------|
| 6 | AP VAT Act | VAT | Assistant commissioner (CT) LTU | 2.53 |
|---|------------|-----|---------------------------------|------|

- c. According to the information and explanations given to us, there are no dues of Sales tax, Income Tax, Service tax, Municipal tax, Customs duty, Excise duty and Wealth tax which have not been deposited with the appropriate authorities on account of any dispute.
- (x). In our opinion, the company has no accumulated losses as at 31.03.2014 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi). According to the information and explanation given to us, the Company has not borrowed any amount from financial institutions, bank and debenture holders during the financial year.
- (xii). In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of clause 4(xii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiii). In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiv). In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xv). 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.
- (xvi). The company has not availed any term loan facility.
- (xvii). According to the information and explanations given to us and on the overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.
- (xviii). According to the information and explanation given to us, the Company not made preferential allotment to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix). According to the information and explanation given to us, during the year the Company has not issued any debentures. Therefore, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.







- (xx). According to the information and explanation given to us, the Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xxi). Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the year.

For LAXMINIWAS NEETH & CO  
Chartered Accountants  
Firm Registration No: 002460S

Dayaniwas Sharma  
Partner  
Membership No. 216244



Place: Hyderabad  
Date: 24/7/14



सं. / No.

Insp/BDL Accnts(2013-14)/2014-15/94

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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 : 27.08.2014

To  
Shri. S.N. Mantha,  
Chairman & Managing Director,  
Bharat Dynamics Limited,  
P.O. Kanchanbagh  
Hyderabad - 500 058

Sir,

Sub: Comments of the Comptroller and Auditor General of India  
under section 619 (4) of the Companies Act, 1956 in respect of  
M/s. Bharat Dynamics Limited, Hyderabad for the year ended  
31.3.2014.

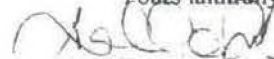
I forward herewith **Nil Comments Certificate** of the Comptroller and Auditor  
General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of M/s.  
**Bharat Dynamics Limited, Hyderabad**, for the year ended 31st March, 2014.

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 619(5) of the  
Companies Act, 1956; 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, बसवा भवन, श्री बसवेश्वर राड, बंगलूर - 560 001  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001

दूर. भा. / Phone : 2226 7646 / 2226 1158  
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फैक्स / Fax : 080-2226 2491





**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE  
ACCOUNTS OF M/s. BHARAT DYNAMICS LIMITED, HYDERABAD FOR  
THE YEAR ENDED 31<sup>ST</sup> MARCH 2014.**

The preparation of financial statements of M/s. Bharat Dynamics Limited, Hyderabad for the year ended 31<sup>st</sup> March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 24 July 2014.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of M/s. Bharat Dynamics Limited, Hyderabad for the year ended 31 March 2014. 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. On the basis of my audit nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

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

(V. K. GIRIJAVALLABHAN, IA&AS)

Pr. Director of Commercial Audit  
& Ex-officio Member, Audit Board, Bangalore.

Bangalore

Dated: 26 August 2014.



## अतिथि आगमन VIP VISITS



दि. 06 सितंबर, 2013 को मेजर जनरल पी एम हरीज़, सेमे, वैसेमे, एडीजी मैक फोर्स, भारतीय मुख्यालय, रक्षा मंत्रालय के बी डी एल दौरे के अवसर पर जानकारी देते हुए श्री एल धनंजय, अधिशासी निदेशक (डी अण्ड ई) एवं श्री पी एन ग्यानेश्वर, अपर महाप्रबंधक (डी अण्ड ई). Shri L Dhanjaya, ED (D&E) and Shri Gyaneshwar, AGM (D&E) briefing Maj Gen PM Hariz, SM, VSM ADG Mech Forces. IHQ of MoD on his visit to BDL on 06 Sep 2013.



दि. 19 अक्टूबर 2013 को श्री जी सी पति, आई ए एस, सचिव (रक्षा उत्पादन) बी डी एल दौरे के दौरान बी डी एल उत्पादों की जानकारी देते हुए श्री एस एन मंथा, सी एम डी. Shri SN Mantha, CMD briefing Shri GC Pati, IAS Secretary (Defence Production) about BDL products on his visit to BDL on 19 Oct 2013.



## अतिथि आगमन VIP VISITS



दि. 26 दिसंबर, 2013 को एअर वाइस मार्शल बी सुरेश, अविसेमे, विमे, ए सी ए एस ओ पी एस (ए डी) को बी डी एल दौरे के दौरान जानकारी देते हुए श्री एन पी दिवाकर, महाप्रबंधक (आकाश) एवं श्री जी जयराम रेड्डी, महाप्रबंधक (पी एम जी).  
Shri NP Diwakar, GM, Akash and Shri G Jai Ram Reddy, GM (PMG) - Akash briefing Air Vice Marshal B Suresh, AVSM, VM, ACAS Ops (AD), Air Hqs on his visit to the company on 26 Dec 2013.



दि. 12 मार्च, 2014 को कमांडर दीपक बंसल, निदेशक, नेवल इंस्टीट्यूट ऑफ एअरोनॉटिकल टेक्नोलॉजी, कोच्ची, बी डी एल दौरे के दौरान जानकारी देते हुए.  
Cmde Deepak Bansal, Director, Naval Institute of Aeronautical Technology, Kochi being briefed on his visit to BDL on 12 Mar 2014.



## अतिथि आगमन VIP VISITS



श्री राकेश रंजन, आई डी ए एस, पी सी डी ए ने दि. 13 मार्च, 2014 को बी डी एल का दौरा किया। चित्र में देखे जा सकते हैं श्री एस एन मंथा, सी एम डी, श्री एस वी सुब्बा राव, निदेशक (वित्त), श्री वी उदय भास्कर, निदेशक (उत्पादन), श्री एम ईश्वर, मुख्य सतर्कता अधिकारी व अन्य अधिकारी।

Shri Rakesh Ranjan, IDAS, PCDA visited BDL on 13 Mar 2014. Seen S/Shri SN Mantha, CMD, SV Subba Rao, Director (Finance), V Udaya Bhaskar, Director (Production), M. Eshwar, CVO and others.



दि. 20 जून, 2014 को श्री ए के कपूर, सलाहकार (कास्ट) एवं श्री जे के टयोटिया, निदेशक (कास्ट), रक्षा मंत्रालय, भारत सरकार के बी डी एल दौरे के दौरान उन्हें जानकारी देते हुए श्री वी उदय भास्कर, निदेशक (उत्पादन) एवं श्री पी एन ज्ञानेश्वर, अपर महाप्रबंधक (डी अण्ड ई)।

Shri V Udaya Bhaskar, Director (Production) and Shri PN Gyaneswar, AGM (D&E) briefing Shri AK Kapoor, Advisor (Cost) and Shri JK Teotia, Director (Cost), MoD, Govt. of India, New Delhi visited BDL on 20 Jun 2014.





## विभिन्न कार्यक्रम EVENTS



दि. 09 सितंबर, 2014 को अपने बी डी एल दौरे के दौरान सी एम डी तथा निदेशकगण से चर्चा करते हुए ले. जनरल वी के सक्सेना, अविसेमे, थलसेना एअर डिफेंस के महानिदेशक.

Lt Gen V K Saxena, AVSM, Director General of Army Air Defence Interacting with Shri SN. Mantha CMD, Shri. SV Subbarao, Director (Finance), AVM (Retd) N B Singh, Director (Technical) on his visit to the company on 09th Sep 2014.



दि. 13 अगस्त, 2014 को श्रीमती नीता चौधरी, आई ए एस, सचिव, राजभाषा विभाग, भारत सरकार ने बी डी एल का दौरा किया. चित्र में श्री एस एन मंथा, सी एम डी, श्री होमनिधि शर्मा, वरिष्ठ प्रबंधक (राजभाषा) व अन्य अधिकारी.

Smt. Neeta Chowdary, IAS Secy (DOL) address the gathering on Special Meeting of TOLIC (U) on 13 Aug 2014. Seen Shri. SN Mantha, CMD, Homenidhi Sarma, SM (OL) and others.



## विभिन्न कार्यक्रम EVENTS



दि. 31 जुलाई, 2014 को बी डी एल के निदेशक मंडल में मनोनीत सरकारी निदेशक के रूप में अपना कार्य-काल पूरा करने पर श्री पी के मिश्र, संयुक्त सचिव (ई एस) का सम्मान.

Felicitation to Shri. PK Mishra, JS(ES) on completion of his tenure on 31 Jul 2014 as Government Nominee Director on the Board of BDL.



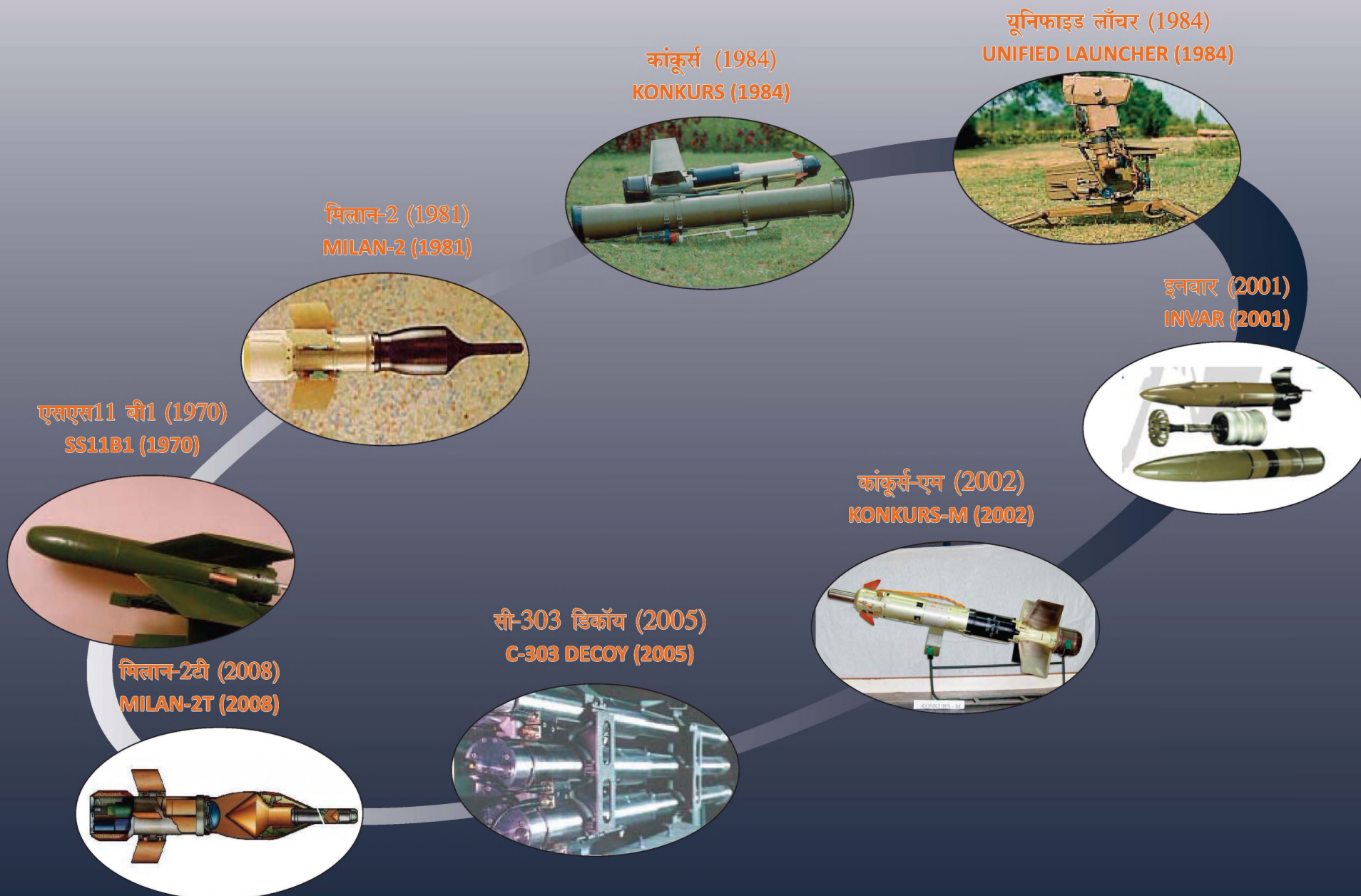
श्री पी के मिश्र, संयुक्त सचिव (ई एस) के सम्मान का दृश्य. चित्र में बायीं ओर से श्री आर जी विश्वनाथन, अपर वित्त सलाहकार, श्री ए के कपूर, निदेशक, श्री पी के मिश्र, संयुक्त सचिव (ई एस), श्री एस एन मंथा, सी एम डी, श्री एस बी सुब्बा राव, निदेशक (वित्त), श्री वी उदय भास्कर, निदेशक (उत्पादन) और ए वी एम एन बी सिंह, निदेशक (तकनीकी).

Felicitation to Shri. PK Mishra, JS (ES). Seen From Left S/Shri. RG Viswanathan, Addl. FA, AK Kapoor, Director, PK Mishra, JS(ES), SN Mantha, CMD, SV Subba Rao, Director (Finance), V Uday Bhaskar, Director (Production) and AVM (Retd) NB Singh, Director (Technical).



# अनुज्ञप्ति प्राप्त उत्पाद - टेक्नॉलॉजी अंतरण

## LICENCED PRODUCTS - TOT





# देशीकृत उत्पाद - डी आर डी ओ

## INDIGENOUS PRODUCTS - DRDO

आकाश (सैम)  
AKASH (SAM)



नाग (एटीजीएम)  
NAG (ATGM)



पृथ्वी (पी-1, पी-11,  
धनुष)  
PRITHVI (P-I, P-II,  
DHANUSH)



हल्के भार वाला  
टॉरपिडो  
LIGHT WEIGHT  
TORPEDO



पनडुब्बी से छोड़े  
जाने वाला डिकॉय  
SUBMARINE  
FIRED DECOY





## आंतरिक रूप से तैयार उत्पाद - बी डी एल IN-HOUSE DEVELOPED PRODUCTS - BDL

लॉन्चर - परीक्षण उपकरण  
LAUNCHER  
TEST EQUIPEMNT



मिसाइल परीक्षण उपकरण  
MISSILE  
TEST EQUIPMENT



सिमुलेटर  
SIMULATOR



जुड़वाँ मिसाइल लॉन्चर  
TWIN MISSILE LAUNCHER



फ्लेम  
FLAME





दि. 25 सितंबर, 2013 को संसदीय राजभाषा समिति की पहली उप समिति ने बी डी एल का दौरा किया। चित्र में हैं - श्री प्रदीप टम्पा, श्री अशोक अर्गल, श्री दिनेश चंद्र यादव, श्री गजानंद बाबर, बी डी एल के सी एम डी श्री एस एन मंथा, निदेशक (वित्त) श्री एस वी सुब्बा राव, निदेशक (उत्पादन) श्री वी उदय भास्कर व अन्य अधिकारी।

First Sub-committee of Parliamentary Committee on Official Language visited BDL on 25 Sep 2013. Seen in photo are S/Shri Pradeep Tampta, Ashok Argal, Dinesh Chandra Yadav, Gajanand Babar with S/Shri SN Mantha, CMD, SV Subba Rao, Director (Finance), V Udaya Bhaskar, Director (Production) and others.



विशाखापट्टणम स्थित बी डी एल की तीसरी विनिर्माण इकाई का उद्घाटन दि. 30 अक्टूबर, 2013 को श्री जी सी पति, आई ए एस, सचिव (रक्षा उत्पादन) द्वारा किया गया। चित्र में श्री एस एन मंथा, सी एम डी, श्री वी उदय भास्कर, निदेशक (उत्पादन), डॉ. एन के राजू, अधिशासी निदेशक (का. एवं प्रशा.), भारतीय नौ सेना के प्रतिनिधि व अन्य अधिकारीगण।

The third manufacturing unit of BDL was inaugurated at Visakhapatnam by Shri GC Pati, IAS, Secretary (Defence Production) on 30 Oct 2013. Seen S/Shri SN Mantha, CMD, V Udaya Bhaskar, Director(Production), Dr NK Raju, ED(P&A) representatives of Navy and others.



**भारत डायनामिक्स लिमिटेड**

(भारत सरकार का उद्यम)

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