

DIRECTORS' REPORT

TO,
THE MEMBERS OF **BHARATI DEFENCE AND INFRASTRUCTURE LIMITED**

On behalf of the Board of Directors, it gives me immense pleasure in presenting to you the 39th Annual Report on the working of the Company, together with the Audited Financial Statements of the Company for the year ended March 31, 2016.

1. FINANCIAL RESULTS:-

The working of your Company for the year under review resulted in (Rs. in Lakhs)

PARTICULARS	FINANCIAL YEAR	
	<u>2015-16</u>	<u>2014-15</u>
Total Income	6,797.59	4,372.78
Profit before Interest, Depreciation & Tax (inclusive extraordinary items)	(2,22,901.64)	(64,961.21)
Less : Finance Cost	31,941.01	29,480.50
Less : Depreciation	6,094.	6,227.02
Profit before Tax	(48,790.89)	(1,00,668.83)
Less : Tax	(71,137.63)	(14,210.50)
Profit / (Loss) after Tax	(1,89,799.01)	(86,458.24)
Surplus brought forward	(1,67,971.25)	(81,312.12)
Amount available for appropriation	(3,57,770.24)	(1,67,770.36)
APPROPRIATIONS (Section 134(3)(j))	-	--
Transfer to General Reserve	-	(200.89)
Surplus carried forward	(3,57,770.24)	(1,67,971.25)
Total Appropriations	(3,57,770.24)	(1,67,971.25)

2. CAPITAL:

During the year under review Authorized Share Capital of the Company is Rs. 9900.00 Lakhs consisting of 99,000,000 Equity Shares of face value of Rs. 10/- each. We have also issued 26, 47,313 Convertible Warrants to Edelweiss Finance and Investments Limited (EFIL).

3. DIVIDEND:

In view of inadequate profits the directors do not recommend Dividend for the year under review. {Section 134(3) (k)}

4. OPERATING RESULTS AND PROFITS:

During the year under review your Company has successfully delivered 2 vessels. During the year, turnover has increased to Rs. 4, 705.17 Lakhs in comparison to the previous year of Rs. 2,912.28 lakhs. The Company has incurred Net loss of Rs. 1,89,799.01 Lakhs as compared to Rs. 86, 458.24 Lakhs in the previous year.

5. FINANCE:

As at the end of financial year, your Company has total Secured Long-term facilities of Rs. 6, 96, 181.85 Lakhs (Including Debentures and Term Loans). The Company has total Short term facilities of Rs. 18, 650.86 Lakhs (including Secured Loans Short term borrowing of Rs. 11, 693.55 lakhs and unsecured loans of Rs. 6, 957.31Lakhs).

6. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE :

During the year under report, the following companies are:

➤ **SUBSIDIARIES**

- a) Advitiya Urja Private Ltd.
- b) Dhanshree Properties Private Ltd.
- c) Natural Power Ventures Private Ltd.
- d) Nirupam Energy Projects Private Ltd.
- e) Nishita Mercantile Private Ltd.
- f) Pinky Shipyard Private Ltd.
- g) Premila Mercantile Private Ltd.
- h) Vishudh Urja Private Ltd.
- i) Tebma Shipyard Limited

➤ **ASSOCIATE**

Company holds 49.73% in GOL offshore limited resulting to which it is classified as an Associate to the Company.

The financials of the subsidiary and associate Company have been considered in the consolidated Financial Statements of the Company and forms a part of this Annual Report as required by the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and Rule 8(1) of the Companies (Accounts) Rules 2014.

However, the Company has availed general exemption, given by Central Government vide circular no 2/2011 dated February 08, 2011 from attaching the Annual Audited Accounts of the Subsidiary companies with its Annual Report. Accordingly the said documents have not been attached with the Balance sheet of the Company.

However, the Annual Accounts of the subsidiary and companies and related detailed information will be made available to the members of the Company and its subsidiary companies seeking such information at any point of time. The Annual Accounts of the subsidiary companies will be kept open for inspection by any investor at the Registered Office of the Company.

7. DIRECTORS:

- a) The Company, as on the date of the report, has five directors. Out of these 3 are independent directors (including a woman director), and two are Promoter Directors.
- b) During the year under report, Mr. R. Jayaseelan , Director(Occupier) and Mr. V. Chandrasekaran resigned from the Board and the Board has kept on record, its appreciation of their guidance to the Company.

8. CORPORATE GOVERNANCE REPORT & MANAGEMENT DISCUSSION AND ANALYSIS:

Corporate Governance Report and Management Discussion and Analysis Report forms an integral part of this Report and are set out as separate Annexures to this Report. Pursuant to the provisions of Section 204(1) of the Companies Act, 2013 read with Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a Secretarial Audit Report in Form MR 3, for the year under report, from the Independent Practicing Company Secretary, for carrying out the Secretarial Audit of the Company's Compliance of Corporate Governance Conditions as stipulated under the provisions of the Companies Act, 2013, Rules framed there under and Regulation 27, SEBI (LODR) Regulations 2015, is annexed to this Board Report.

9. DISCLOSURES ABOUT CSR POLICY:

Pursuant to provisions of Section 134(3) (o) the Company has developed a CSR Policy and has taken necessary initiatives, but due to losses in the previous years we have not implemented/spent any money on CSR Activities.

10. AUDITORS:

M/s. M.V. Damania & Co., Chartered Accountants, the existing auditors hold office as Statutory Auditor till the ensuing Annual General Meeting as per the provisions of Companies Act, 2013. M V Damania & Co, Chartered Accountants has given consent for the appointment and also issued certificate to the effect that their appointment, if made, will be in accordance with the conditions prescribed under rule 4 of the Companies (Audit and Auditors) Rules, 2014. The Directors have recommended to the Members, their appointment at the ensuing 39th Annual General Meeting.

11. CORPORATE DEBT RESTRUCTURING SCHEME

The Bharati Defence and Infrastructure Limited ("company") has approached Corporate Debt Restructuring (CDR) cell through State Bank of India (SBI) Lead Banker of the consortium for the restructuring of its debts under CDR scheme in December 2011.

- As per approved Scheme under CDR, Many Banks have not released the facilities, though Promoters have infused funds towards promoter's contribution as required in the CDR package Due to various technical and operational reasons the scheme could not go through and package could not be implemented., because of which the Company Account has become Non Performing Account (NPA) in some of the Banks by June 2014, out of 23 Banks ,18 Banks have sold and assign their 83% of total debts / loans to Edelweiss Assets Reconstruction Company Limited (EARC) Mumbai. Currently we have 5 Banks / Financials Institutes Including EARC in our Debt.
- Presently we have exited on 20th August, 2014 from CDR System on account of failure of approved package. Day to day the financials management of the Company is being managed under the guidance of EARC.

12. FIXED DEPOSITS:

Pursuant to provisions of sub-rule 5(v) of Rule (8) the Companies (Accounts) Rules 2014, during the year under report, the Company, has neither accepted nor renewed any deposits from public.

13. LISTING FEES TO STOCK EXCHANGES:

The Company has paid the Listing Fees for the year 2015-16 to Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd.

14. EXTRACTS OF ANNUAL RETURN:

Pursuant to provisions of Section 134(3)(a) read with provisions of Section 92(3) of the Companies Act,2013, and in compliance of the requirements of Rule 12(1) of the Companies (management and Administration) Rules 2014, Extracts of Annual Return in FORM MGT 9 are attached with this Report of the Board of Directors of the Company.

15. PERSONNEL:

The relations with all Employees of the Company, both Shore and Floating Staff have been cordial. Your Directors wish to express their appreciation of the services rendered by the devoted Employees.

16. DEMATERIALIZATION OF SHARES:

The Company's shares continue to be traded in Electronic Form. As per Securities and Exchange Board of India (SEBI) requirement, 100% of the shares held by the Promoter / Persons Acting in Concert category are in the Electronic Form.

17. DETAILS OF BOARD MEETINGS :

Pursuant to provisions of Section 134(3)(b) of the Companies Act,2013, the relevant details are given in the Report on Corporate Governance forming part of this Board Report.

18. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) of the Companies Act, 2013, in relation to financial statements for the year 2015-16, the Board of Directors reports that:

- In the preparation of the annual accounts, the applicable accounting standards read with requirements as set out under Schedule III to the Companies Act, 2013, have been followed along with proper explanation relating to material departures;
- Accounting policies have been selected and applied consistently and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of the loss of the Company for the year ended March 31, 2016;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.
- That the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

19. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS:

Pursuant to provisions of Section 134(3)(d) read with Section 149(7) of the Companies Act, 2013, the Independent Directors have given declarations that they meet the criterion as set out under the provisions of Section 149(6) of the Companies Act, 2013.

20. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The information required to be given under the provisions of Section 134(3)(e) read with provisions of Section 178 (1) of the Companies Act, 2013.

21. AUDIT REPORT:

The Auditors have qualified their report (Standalone and Consolidated) on the annual accounts of the Company for the year ended March 31, 2016.

That these qualifications are self explanatory and do not need any further comments from the Board of Directors of the Company, under the provisions of Section 134(3) (f) of the Companies Act, 2013.

22. CONSOLIDATED ACCOUNTS:

The Consolidated Financial Statements are prepared in accordance with the relevant Accounting Standards prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

23. CHANGE IN SHARE CAPITAL:

The Company has not made any issue of shares during the year and its Share Capital for the year ended 31st March 2016 remains unchanged.

24. LOANS AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

That pursuant to the provisions of Section 134(3) (g) read with Section 186 of the Companies Act, 2013, no Loans, Guarantees or Investments have been made by the Company during the year under report.

25. RELATED PARTY TRANSACTIONS:

Pursuant to provisions of Section 134(3) (h) of the Companies Act, 2013, details as required to be given as per Section 188(1) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014 have been given in Notes to the Accounts.

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

Particulars regarding conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. as required to be given under the provisions of Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) (A), 3(B) and 3(C) of the Companies (Accounts) Rules 2014 have been given in Annexure - A. Foreign Exchange Earnings & Outgo: The Information on foreign exchange earnings and outgo is also disclosed in Annexure - A.

27. RISK MANAGEMENT POLICY:

Pursuant to provisions of Section 134(3)(n) of the Companies Act, 2013 and provisions Regulation 27, SEBI (LODR) Regulations 2015, the Board has developed and implemented a Risk Management Policy for the Company.

28. ANNUAL EVALUATION OF THE BOARD, COMMITTEES OF THE BOARD AND INDIVIDUAL DIRECTORS:

The Board is formally evaluating performance of Directors and Board, Committees and individual directors, pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013.

29. ISSUE OF EMPLOYEE STOCK OPTIONS:

During the year under report, the Company has not issued any options to the employees and hence there is no disclosure required to be made pursuant to Rule No. 12 (9) of the Companies (Share Capital & Debentures) Rules 2014.

30. REGISTRATION WITH BIFR:

The Company's Reference No 3(B-4)/BC/2015, was made to BIFR.

31. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, there were no cases filed pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

32. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of section 125 of Companies Act 2013, the necessary amount has been transferred to the credit of fund.

33. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 the Company has Appointed Mrs. Rekha Ambawat, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit is annexed herewith as MR-3, which forms a part of the Annual Report.

34. ESTABLISHMENT OF VIGIL MECHANISM

The Company has a Vigil Mechanism in place. Any employee having any complaint is free to approach the Chairman of Audit Committee with his/her grievances. During the year under report, no such complaints have been received.

35. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate Internal control System and procedures in place and they are effectively working. However with a view to have more better controls, the Company continuously reviews and updates these controls and procedures.

36. ACKNOWLEDGEMENT:

Your Directors place on record their sincere appreciation for the continued support from shareholders, customers, suppliers, banks & financial institutions and other business associates. A particular note of thanks to all employees of your Company, without whose contribution, your Company could not have achieved the year's performance.

Your Directors are thankful to the shareholders for their faith and continued support in the endeavors of the Company.

For and on behalf of the Board

**P..C.Kapoor
Managing Director
Place: Mumbai**

**Vijay Kumar
Managing Director
Date: 30th May, 2016**

Addendum to the Directors' Report:

The Board of Directors, at its meeting held on 13th August 2016 appointed Mr. Madhav Srinivas and Mrs Chitra Chandrasekhar as Additional Directors, on the Board of Directors of the Company. Pursuant to the provisions of section 134 of the Companies Act 2013, the members are hereby informed about these appointments, pursuant to the provisions of section 152 of the Companies Act 2013, read with Schedule IV and Directors (Appointment and Qualification) Rules, 2014, this disclosure in the form of addendum is annexed to this report.

For and on behalf of the Board

**P..C.Kapoor
Managing Director
Place: Mumbai**

**Vijay Kumar
Managing Director
Date: 13th August 2016**