

**भारत डायनामिक्स लिमिटेड**  
**BHARAT DYNAMICS LIMITED**

# 51<sup>st</sup> Annual Report 2020-21



Akash Weapon System



Counter Measures  
Dispensing System



Konkurs-M



Light Weight Torpedo

**DEDICATION. COMMITMENT. PERSEVERANCE.**

# IN SERVICE OF THE SERVICES

Since its establishment, Bharat Dynamics Ltd., has been developing and manufacturing guided missiles and allied defence products through inhouse R&D as well as under ToT. Today BDL is one of the leading manufacturer and a supplier of missile systems with latest technologies to Indian Armed Forces as well as to friendly foreign countries.

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## WHO WE ARE

Established in 1970, Bharat Dynamics Limited (BDL), is a Government of India Enterprise under the Ministry of Defence and a manufacturer of Surface to Air Missile (SAM), Anti - Tank Guided Missile (ATGM), Torpedoes, and Allied Defence Equipments. Head Quarters of the Company is located at Hyderabad and has three manufacturing units, located at Kanchanbagh, Hyderabad in Telangana State, Bhanur, Sangareddy District in Telangana State and Visakhapatnam in Andhra Pradesh. BDL is in the process of setting up facilities at Amaravati, Maharashtra. BDL further established static test facility and solar power plant at Ibrahimpatnam unit, Telangana. During the recent years the Company also commenced export of selected defence equipments and has entered into strategic alliances with public and private sector companies. The Company has 2812 employees as on 31 March 2021 and during the year 2020-21 reported a net sales turnover of ₹1914 Crore.

## OBJECTIVES

- To become self-reliant and competitive in Guided Missile and Underwater Guided Weapon Technology and Production.
- To maximize utilization of existing production capacities

## VISION

To be a world-class enterprise producing international standard quality products for the Defence industry.

## MISSION

To establish itself as a leading manufacturer 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.



## CORPORATE INFORMATION

### Board of Directors

**Cmde.Siddharth Mishra (Retd)**

Chairman & Managing Director

**Shri.Chandraker Bharti, IAS, JS (Aero)**

Government Nominee Director (w.e.f. 02 February 2021)

**Shri.Ashwani Kumar**

Government Nominee Director (upto 02 February 2021)

**Shri.MSR Prasad**

Government Nominee Director

**Shri.S.Piramanayagam**

Director (Finance) & CFO (upto 30 June 2020)

**Shri.N.P.Diwakar**

Director (Technical)

**Shri.P.Radhakrishna**

Director (Production)

**Shri.N.Srinivasulu**

Director (Finance) & CFO (w.e.f. 01 July 2020)

**Shri.K.S.Sampath**

Independent Director (upto 12 September 2020)

**Shri.Ajay Nath**

Independent Director (upto 12 September 2020)

**Smt.Latha Narasimhamurthy**

Independent Director (upto 12 September 2020)

### Chief Vigilance Officer

**Dr.Upender Vennam, IPOS**

### Company Secretary

**Shri.N Nagaraja**

### Principal Executives

(As on 31 March 2021)

**Cmde.Trilok Nath Kaul (Retd)**

Executive Director (Marketing)

**Shri.Shivanand Khanapet**

Executive Director (Head-BU)

**Cmde.A Madhava Rao (Retd)**

Executive Director (Head-KBU & PSG)

**Shri.Arup Kumar Maiti**

General Manager (CS)

**Shri.N.Sampath Kumar**

General Manager (Unit head-IBU)

**Smt.V.Latha**

General Manager (OPG and D&E)

**Shri.K.J.Joseph**

General Manager (Finance)

**Shri.CH.Ramesh Babu**

General Manager (Milan & CP-KBU)

**Shri.S.V.Kameswar**

General Manager (VU)

**Shri.P.V.Raja Ram**

General Manager (SAM)

**Shri.S.Murali Mohan**

General Manager (Refurbishment & TSD)

**Shri.M.Sreedhar Rao**

General Manager (NP)

**Shri.L.Kishan**

General Manager (KM & CP)

**Shri.R.Vijaya Rama Raju**

General Manager (1S & PMG-Akash)

**Shri.Syed Raffe**

General Manager (HR)

**Shri.M.Ravi**

General Manager (BD & Mktg.)

### Auditors

**M/s.G.Natesan & Co.,**

Chartered Accountants, Hyderabad

### Internal Auditors

**M/s.Tej Raj & Pal.,**

Chartered Accountants

**M/s.M.Bhaskara Rao & Co.,**

Chartered Accountants

**M/s.Komandoor & Co LLP.,**

Chartered Accountants

**M/s.Nimit Kalsi & Company,**

Chartered Accountants

### Cost Auditors

**M/s.Narasimha Murthy & Co.,**

Cost Accountants

### Tax Consultants

**Bansal & Dave,**

Chartered Accountants

### Legal Advisors

**Smt.V Uma Devi**

**Shri.D Ravi Shankar Rao**

### Bankers

Union Bank of India (Erstwhile Andhra Bank)

State Bank of India

Axis Bank

ICICI Bank

HDFC Bank

### Registered Office

Kanchanbagh Post

Hyderabad – 500 058

Telangana, India

EPABX: 040-24587466 & 040-24587777

Fax: – 040 24340464

E-Mail: [bdlitd@bdl-india.in](mailto:bdlitd@bdl-india.in)

website: [www.bdl-india.in](http://www.bdl-india.in)

### Corporate Office

Plot No.38-39, TSFC Building

Near ICICI Towers

Gachibowli, Financial District

Hyderabad-500032

Tel:-040-23456145

Fax: 040-23456107

E-Mail: [investors@bdl-india.in](mailto:investors@bdl-india.in)

website: [www.bdl-india.in](http://www.bdl-india.in)



## BOARD OF DIRECTORS



**Cmde Siddharth Mishra (Retd)**

Cmde Siddharth Mishra (Retd) has assumed charge as the Chairman and Managing Director of Bharat Dynamics Limited (BDL) with effect from 01 March 2019. He was commissioned in the Electrical Branch of Indian Navy in the year 1985. Post-retirement from Navy in Sep 2016, Commodore Mishra served ECIL, a Schedule "A" Central Public Sector Enterprise. Prior to joining BDL, he was General Manager (Defence) at ECIL, Hyderabad. Commodore Mishra is a B.Tech in Electrical Engineering, an MSc in Defence Studies and Master of Management Science. He is an alumnus of the prestigious Naval Academy and Naval College of Engineering, Lonavala.

In his 33 years of distinguished career, Commodore Mishra has held varied Operational and Staff appointments, in addition to heading four major groups at ECIL.

At Naval Headquarters, he was instrumental in inducting and managing state-of-the-art technology, including policy framing and was in the core team and represented Indian Navy for induction of the Air Craft Carrier into the Services.

At Naval Dockyard, Visakhapatnam, he planned, coordinated and oversaw execution of refits and modernization of ships and submarines. He also controlled and managed the flawless operation/maintenance/infrastructure development/ asset management and resource planning of the Dockyard.

As a member of the Top Management of ECIL, he has provided excellent leadership to steer various 'Make-in-India' programme in defence and other sectors, that has paid rich dividend to the Nation.



**Shri. MSR Prasad**

Shri. MSR Prasad, Distinguished Scientist has been appointed as Director General (Missiles & Strategic Systems), on 28th September 2018. Born in 1961, he completed his B. Tech Degree from Madras Institute of Technology in 1984 and M. Tech from IIT, Bombay in Aeronautical Engineering. Over the past thirty years, Shri MSR Prasad has made significant contribution in missile technologies for the defence programmes of DRDO. His contribution in the areas of Aerospace Structural Design, Analysis and Structural Dynamics studies for various missile projects is noteworthy. As one of the senior designers for the submarine launched missile programme, he has provided number of innovative design concepts. He successfully contributed towards design, development and production of the country's first submarine launched ballistic missile B05.

He has also been responsible for development of highly reliable aerospace mechanisms for the programme. These activities have made Shri MSR Prasad achieve his career growth in the missile complex by holding positions as Deputy Project Director -B05, Project Director - K4, Programme Director of the Advanced Naval Systems Programme, Director, Defence Research and Development Laboratory(DRDL) and finally as Director General (Missile & Strategic System).

His meritorious and innovative contributions are recognized by DRDO as evidenced through various awards and honours conferred on him such as Laboratory Scientist of the Year Award-2003, DRDO Performance Excellence Team Award-2007, Scientist of the year by DRDO in 2011 and DRDO Best Innovative Technology Development Award in Strategic Missile Programme -2014. He is on the Board of BDL as Government Nominee Director w.e.f. 31 December 2018

### Shri. Chandraker Bharti



Shri Chandraker Bharti, an engineering graduate from Delhi College of Engineering, had joined Indian Administrative Service in September, 1996 (AGMUT). He has also acquired M.Sc degree in Public Management & Policy from London School of Economics & Political Science, U.K.

He has more than 22 years of experience in Civil

Services. He has held various important assignments, which include Additional Commissioner, Department of Sales Tax, Govt. of NCT of Delhi; Director, Ministry of Commerce & Industry, Govt. of India; Development Commissioner in various Government Departments such as Agriculture, Finance & Planning, Industries & Commerce, Information Technology, etc. in the Union Territory of Pondicherry. He had also served for a short period as Secretary, Health & Family Welfare and Environment & Forest Departments of Government of NCT of Delhi.

He had joined as Joint Secretary in the Department of Defence Production, Ministry of Defence in April, 2017 and has been entrusted with the responsibility of Aerospace Division. He is also a Government Nominee Director (Part-Time Official Director) on the Board of Hindustan Aeronautics Limited. He joined the Board of BDL as Govt. Nominee Director w.e.f. 2 February 2021.

### Shri. N. P. Diwakar



Shri. N P Diwakar was appointed as Director (Technical) on the Board of BDL w.e.f 01 September 2018, prior to his appointment as Director, he served as Executive Director (Bhanur Unit) at BDL. Shri N.P. Diwakar is B.E., in Mechanical Engineering from Osmania University, Hyderabad. He has rich experience spanning over 28 years in

various Missile programs such as Prithvi, Akash & ATGMs.

He worked in tandem with DRDO to realise the Prithvi & Akash Missile systems from Development Mode to Series Production Mode. He was instrumental in establishing production lines and man power planning of Akash Missiles and Konkurs Missiles to meet requirement of the Services, establishing production facilities for Astra Missile at Bhanur. Successfully negotiated with MOD, and received orders for Konkurs-M Missiles during March 2017. Prior to joining BDL, he worked for M/s. Oil & Natural Gas Corporation Ltd for Six years.

### Shri. N.Srinivasulu



Shri. N.Srinivasulu assumed charge on 1 July 2020 as Director (Finance) of Bharat Dynamics Limited. A Bachelor in Commerce and an MBA in Finance from Osmania University, Hyderabad, Shri. Srinivasulu has rich experience in various areas of Finance spanning over 30 years, which includes 24 years in BDL. Prior to his new assignment, he has served as General Manager

(Finance) at BDL. During his tenure at BDL, he has played an instrumental role in coordinating with anchor investors for the maiden IPO of the Company, implementation of Indian Accounting Standards, Treasury Management, Taxation, Budgetary Control and Policy formulation.

### Shri. P. Radhakrishna



Shri. P.Radhakrishna has assumed charge on 1 June 2019 as Director (Production) of Bharat Dynamics Limited (BDL). Prior to his new appointment, Shri Radhakrishna served as General Manager in the Bhanur Unit of BDL where he played a key role in establishing the production line for Konkurs, Konkurs – M and Invar Anti-Tank Guided

Missiles, Launcher & Rifles ensuring safe operations with an objective of reaching set targets. An M.Tech. in Industrial Engineering and Management from JNTU, Hyderabad and a B.Tech in Mechanical Engineering from Nagarjuna University in Andhra Pradesh, Shri Radhakrishna holds rich experience, spanning over 32 years, in various fields of Missile Production which includes areas like Component Production, Missile Integration & testing, Project Planning, Quality Control & Indigenization of Missile Systems.

He also established effective supply chain management in Anti- Tank Guided Missile Projects by developing multi-vendor base and import substitution. He played a key role in modernizing and establishing state-of-the-art manufacturing facilities to improve the productivity. He actively involved in the preparation, implementation of ISO9001:2008 Quality Management System throughout BDL, Bhanur Unit, which is now operating as aerospace standard AS9100D.

He has been nominated as Member of Technical Oversight Committee by the Ministry of Defence for procurement of modular combat management systems for the Indian Navy and preparation of Long Term Orders for Draft Indigenization Policy.

## CHAIRMAN'S STATEMENT



Dear Shareholders,

It is my privilege in welcoming you all to the 51<sup>st</sup> Annual General Meeting of your Company. I take pleasure in sharing with you the 51<sup>st</sup> Annual Report of this dynamic Company, built by the dedication, commitment and perseverance of the men and women associated with the Company over five decades.

At the outset, I would like to extend my gratitude to each one of you for your continued support and investment in BDL. I am proud of what we've accomplished together in the past years, and I am even more optimistic about the opportunities ahead.

The Covid -19 pandemic has seriously affected the global economy and with respect to your Company, the supply-chain and operations were badly impacted. The situation has thrown multiple challenges for everyone. The Government of India's initiatives to create an 'Atmanirbhar Bharat' and the policies created by the Government during the last year have generated a congenial ecosystem to fight the pandemic. Your Company is working relentlessly to face these challenges and transform them into opportunities for growth.

I take this opportunity to share the performance highlights during the year and future outlook for the Company.

### **FINANCIAL AND PERFORMANCE HIGHLIGHTS OF THE YEAR:**

During the year under review, your Company has achieved a revenue from operations of ₹1913.76 Crore and profit after tax (PAT) of ₹257.77 Crore. Covid-19 pandemic and consequent lockdown has led to severe disruptions, affecting production, sales and profit during the current reporting period. Therefore, the performance of the Company for this period is not being compared with the corresponding period or any period of previous year

The order book position of your company as on 01 Apr 2021 is about ₹8386 Crore comprising mainly Akash, MRSAM, ATGMs and Varunastra.

I take pride to inform that your Company continues to maintain a consistent track record of dividend payment. Your Board has recommended a final dividend of ₹0.65 per equity share of ₹10/- each amounting to ₹11.91 Cr. It gives me great pleasure in informing that your Company has paid an interim dividend of ₹6.70 per share in March 2021. The total dividend for the FY 2020-21 declared by the Company is ₹7.35 per share (face value of ₹10/-each).

### **PERFORMANCE VIS-À-VIS MoU:**

In terms of the Memorandum of Understanding (MoU) signed with the Department of Defence Production, Ministry of Defence (MoD), Government of India, your Company is likely to be rated as "Very Good" for the year 2019-20 and is under evaluation for the year 2020-21.

### **SIGNIFICANT ACHIEVEMENT:**

#### **1) Highlights:**

- **Atmanirbhar Bharat:** In response to the clarion call given by the Hon'ble Prime Minister for creation of "Atmanirbhar Bharat", BDL observed 'Atmanirbhar Bharat' week from 7<sup>th</sup> Aug to 14<sup>th</sup> Aug 2020. During the week following initiatives were taken by the Company:
  - a. Inauguration of Surface-Mount Technology & 'High Performance Computing facility'.



- b. Laying of foundation stones for setting up Seeker Facility Centre and establishing Warhead Production facility by Hon'ble Raksha Mantri at an event held virtually.
- c. Product Launch of Konkurs Missile Test Equipment (KMTE) & Konkurs Launcher Test Equipment (KLTE) indigenously designed and developed by BDL, by Hon'ble Raksha Mantri at an event held virtually.
- d. Laying of foundation stone by Secretary, Department of Defence R&D and Chairman, DRDO for establishing High Temperature Carbon Composite manufacturing facility at an event held virtually.
- **Azadi ka Amrit Mahotsav:** As a part of year-long celebrations of 75 years of Independence and as per the scheduled dates, BDL has conducted the following events during the week 26 Mar 2021 to 01 April 2021.
  - a) "Freedom March" wherein, War Veterans, serving officers from Armed Forces along with senior executives of BDL participated.
  - b) Conducted Webinar on Indigenization potential for Vendors for ensuring a Atmanirbhar Bharat.
  - c) A webinar with MSME vendors focussing on conceptual understanding of Government Rules, Regulations and benefits to MSMEs
  - d) A special drive for vendor registration for MSME, SC/ST Entrepreneurs
  - e) An E-Book on "BDL-A journey towards Atmanirbharta" released by Secretary (Defence Production), Department of Defence Production, Ministry of Defence.
- Secretary, Department of Defence R&D and Chairman, DRDO Flagged off the first Varunastra, the Heavy Weight Torpedo, being delivered to the Indian Navy, at a ceremony held at BDL, Vishakhapatnam on 21 Nov 2020.
- Hon'ble Raksha Mantri handed over the ASTRA (Mk-I) Missile to Chief of Air Staff at DRDO awards distribution function held on 18 Dec 2020. BDL is involved in integration and testing of missile.
- CCS clearance has been accorded from Government of India for export of Akash Weapon System (AWS) to nine friendly foreign countries.
- To support Covid Vaccination program, BDL has handed over 96 nos of Deep Freezers worth ₹.0.60 Cr to Commissioner Health & Family Welfare, Telangana State Govt on 18 Feb 2021.
- **Products Launch:** BDL launched two new products during Aero India - 2021 - the "Dishani" and "Garudastra" in the presence of Hon'ble Raksha Mantri. This is in addition to the new products viz., KLTE & KMTE launched earlier during 'Atmanirbhar Bharat' Week Celebrations held in Aug 2020.
- 2) **New Orders:** During the year, BDL has bagged new orders worth ₹2803 Cr (including taxes) and has further strengthened the existing order book position. Some of the significant orders received during this year includes Anti - Tank Guided Missiles order worth about ₹1820 Crore and Surface to Air Missiles order worth about ₹793 Crore.

### 3) Projects in Pipe line:

In addition to the new orders received in the financial year, several new orders are also in pipeline which are at various stages of progress. The major orders expected to be received in FY-2021-22 includes Akash Missiles for IAF, Akash 3<sup>rd</sup> & 4<sup>th</sup> regiment for Army, Astra Weapon System & Konkurs-M Missiles. The Company is pursuing for placement of orders expeditiously.

BDL has also received from Indian Navy a project sanction order for development and manufacture of "Mobile Target Emulator 5" under Make-II. The prototype is being developed by your Company and once developed it is expected to fetch a big business for your Company.

### 4) New Partners in pursuit of Technology Upgradation:

Technology Upgradation has always been an area of priority of your Company in order to keep pace with the current trends in the global defence industry. In pursuit of this, your Company has entered into MoU /LAToT/Teaming Agreement with various National/International Development Agencies/Original Equipment Manufacturers (OEMs).

BDL has participated in the Aero-India-2021 exhibition held at Bangalore during 03 Feb to 05 Feb 2021 and displayed its products. MoUs were signed during the exhibition as detailed below:

- MoU with Naval Group France & Naval Group, India and MoU with Rafael Advanced Defence System Ltd (Naval Division), Israel to manufacture Under Water Weapons.

- Teaming Agreement with Thales, UK for indigenous manufacture of STARSTREAK Missiles in India with the Transfer of Technology to BDL.
- MoU with ROXEL, France for establishing propellant manufacturing facility in India.
- MoU with STE "SPETSTECHNOEXPORT", Ukraine for joint development, transfer of technology (TOT) and joint manufacturing of various missile systems including optical sight as well as repair, refurbishment and life extension of existing missiles stocks in India.
- BDL & MBDA France/UK have entered into an offset agreement following an MoU for establishment of Final Assembly Integration and Testing in India of ASRAAM & Mistral Missiles. IAF has a requirement of these missiles. The establishment of the facility in India will result in integration capability of these two missiles within the country which will be utilised by MBDA & BDL to deliver missiles to the IAF as well as the Global supply requirements of MBDA in future.

**5) New Infrastructure:**

Your Company has taken several initiatives in setting up new infrastructure facilities. During the year under review your Company has commenced the operation of "Surface – Mount Technology" facility and "High Performance Computing" facility.'

**6) Technical Breakthroughs:** Your Company has made certain significant breakthroughs during the year. Some of these include:

- As a part of the User Trial Order from DRDL, BDL Team has successfully integrated 1<sup>st</sup> batch of ASTRA missiles at DRDL and handed over to the project in the 2nd week of July 2020.
- The Warhead Confirmatory Trial of NAG missile was successfully conducted on 21 Oct 2020. BDL team was involved in Integration, Checkout and assembling of Seeker and Pre Curser.

**7) Quality Systems:**

The products manufactured by the Company should perform accurately as single shot devices and quality of the product is the most important criteria. As such these products require stringent Quality standards. In pursuit of this objective, your Company has always been producing the products of the highest quality standards. As you are aware, the production Units in Kanchanbagh and Bhanur units are certified with International Aerospace Quality Management Standard AS 9100D.

The Information Technology Division (ITD) is certified with ISO-IEC 27001-2013, Information Security Management Systems (ISMS).

In addition, all the three units have been certified to ISO 14001:2015 Environment Management System (EMS).

**8) Research and Development (R&D):** Your Company is continuously engaged in new product development & up-gradation of existing products to meet customer requirements. As part of it, your Company's Design & Engineering division is focusing on following projects:

- Amogha-III:** BDL has designed and developed Amogha-III, a 3rd Generation, man-portable, fire-and-forget Anti-Tank Guided Missile. A project sanction order has been received from Indian Army and D&E team of your Company is working on the prototypes to be offered to Indian Army for validation trials as per the project sanction order.
- The D&E team is also working on next generation ATGM which is currently at the initial stages of development. It is expected that a significant development of this ATGM will be achieved in FY-2021-22

**9) Corporate Governance:**

A well laid down systems of your Company ensured that relationship between the Board, its shareholders and other stakeholders is seamless. The principles, policies, and defined responsibilities as well as accountabilities enables the Company to have the perfect means of attaining the objectives and systems of monitoring performance.

Your Company's activities are monitored by several external agencies like Statutory Auditors, Comptroller and Auditor General of India, CVC, MoD (Dept. of Defence Production) etc.

I am glad to inform that your Company has been rated consistently as "Excellent" by MoD in the Corporate Governance category, which itself is a testimony for its established mechanisms, relations, regulations and processes by which it is governed.



#### 10) Corporate Social Responsibility and Sustainability Development:

As always, your Company is committed to social responsibility. We have undertaken various programmes and projects towards integrating our social and business goals, and in a sustainable manner. During the year, an amount of ₹1540.70 lakhs has been spent on CSR activities. Your Company has taken up various programmes for fulfilment of its social responsibilities under CSR activities by adopting villages, developmental aspirational districts, Swachh Bharat, skill development etc. Your Company continues to carry out its good work in backward/ underdeveloped areas in Andhra Pradesh and Telangana states as part of CSR activities.

#### FUTURE OUTLOOK:

Your Company will witness a high growth in the coming years. The order book position is picking up and we are further able to consolidate our orders which are in various stages of finalization.

The negative list of imports (now redefined as “positive list “for indigenization) released by the Govt. includes several of the BDL's products and this will create an opportunity to get orders for these products from the Indian Armed Forces in the ensuing years.

The export market has also opened up and BDL's product like Akash Weapon Systems have generated lot of interest from potential buyers abroad. BDL is getting leads for export of the missile from about nine countries. In addition to domestic market, BDL is also looking up to the foreign customers to consolidate the order books of the Company as well as become a global exporter of missiles system, which is a first of its kind. Apart from Akash and Light Weight Torpedo, your Company is also offering the Air to Air Missiles, Air to Surface Weapons, ATGMs, Heavy Weight Torpedoes and Counter Measure Systems for exports.

I am sure that the new policy initiatives of the Govt. will create a strong base for a self-reliant India specially with respect to defence needs of the country.

Further, BDL intends to increase R&D activities in association with DRDO and continue to have joint-development programs. BDL is also exploring various business opportunities with foreign OEMs and towards this, BDL has signed MoUs with the foreign OEMs during the year under review. BDL believes that development of new products will enable the Company to diversify its offerings and mitigate product dependencies. It has established the missile development group with the objective to design and develop missiles and also strive to develop Artificial Intelligence based products.

#### ACKNOWLEDGEMENT:

We will continue to pursue global standards, and I am confident that the Company will achieve many more milestones. We are confident to attain all round success with the continued support and guidance of all our stakeholders.

I take this opportunity to place on record my sincere thanks and gratitude to the Government of India, particularly Ministry of Defence, DIPAM, State Governments, our valued Customers, Inspection Agencies, Auditors, Vendors, other authorities and agencies that provide unstinted support. I convey my appreciation to my colleagues on the Board for their invaluable contribution in strengthening the Company. I express my special thankfulness to the investors and shareholders for their trust, confidence and sustained support to the Company. On behalf of entire BDL family, I assure you that your Company will continue to put tireless efforts and commitment to fulfil your expectations.

**Jai Hind!!!**

Date: 21 June 2021  
Place: Hyderabad

**Cmde Siddharth Mishra(Retd)**  
Chairman & Manging Director  
DIN: 08367035

## OUR PRODUCTS

BDL is the leading DPSU in India in manufacturing guided missile systems. The Company has a product portfolio consisting of Surface to Air missiles (SAMs), Anti- Tank Guided Missiles (ATGMs), Underwater weapons, Launchers, Counter Measures Dispensing System (CMDS) and Test Equipment. The Company also undertakes life-extension and refurbishment of missile systems. Currently, it is the sole supplier of SAMs and ATGMs to the Indian Armed Forces.



### Akash SAM

The Akash Surface to Air Missile (SAM) is an all weather area defence system which can engage multiple targets simultaneously. The Akash SAM can target helicopters, fighter aircraft and unmanned aerial vehicles. In addition to the Akash SAM, we also supply the ground support system and construct infrastructure facilities for the Akash SAM to our customers.



### Medium Range SAM ("MR SAM")

The SAM is a high response quick reaction vertical launch supersonic missile to neutralise enemy aerial threats such as missiles, aircraft, guided bombs and helicopters.



### The Milan 2T ATGM

The Milan 2T ATGM is a man portable second generation ATGM with a tandem warhead to destroy tanks. The Milan 2T ATGM can target both moving and stationary targets.



### The Konkurs – M ATGM

The Konkurs – M ATGM is a second generation, semi-automatic tube launch optically tracked, wire guided and canard controlled missile which has been designed to destroy moving and stationary armoured targets. The Konkurs – M ATGM can be launched from vehicles and ground launchers.



### The INVAR (3 UBK 20) ATGM

The INVAR (3 UBK 20) ATGM is a second generation plus mechanized infantry weapon which can be fired from the gun barrel of a T-90 tank to destroy armored vehicles.



### CMDS

The CMDS is a micro controller chaff and flare based airborne defence system. The CMDS can be activated by the pilot or the radar warning receiver of the aircraft. The CMDS provides protection to the aircraft against radar guided and heat seeking missiles (air and ground) by dispensing chaff and / or flare payloads.



**Anti Torpedo Decoy Launching System (“Anti Torpedo System”)**

The Anti Torpedo System is meant to counter the threat posed to any submarine by any active and / or passive homing torpedo.



**Light Weight Torpedo**

The light weight torpedo can be launched from a ship or a helicopter. The light weight torpedo is used for anti-submarine warfare.

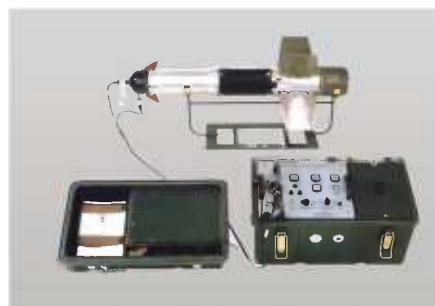


**Heavy Weight Torpedo**

Heavy Weight Torpedo is a ship launched, electrically propelled underwater weapon equipped with one of the most advanced automatic guidance systems. The weapon system uses its own intelligence in tracking the target.



**Launchers for the Konkurs M ATGM and the Milan 2T ATGM**

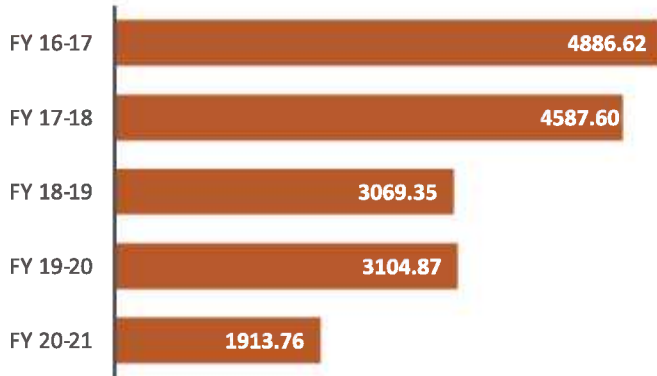


**Missile and Launcher Test Equipments**

## FINANCIAL HIGHLIGHTS

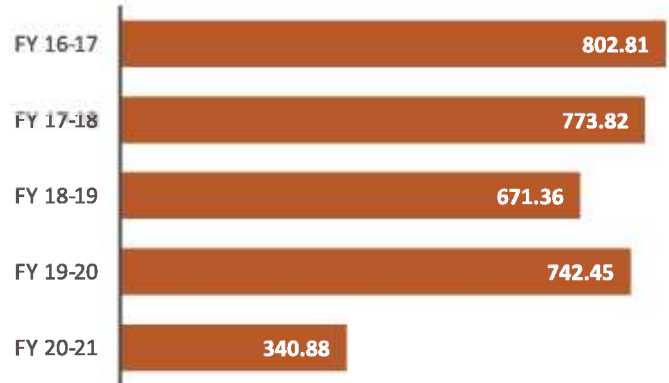
### TURNOVER

(₹ in crore)



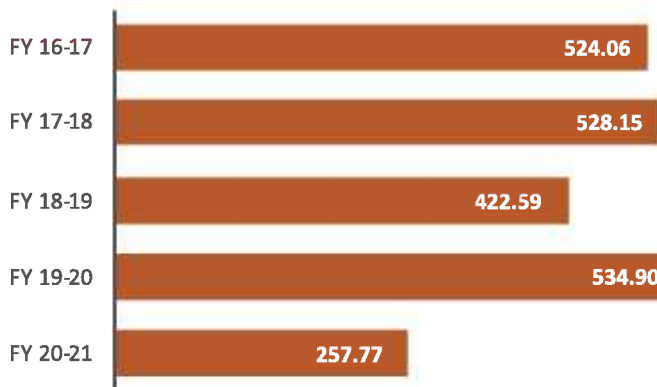
### PROFIT BEFORE TAX

(₹ in crore)



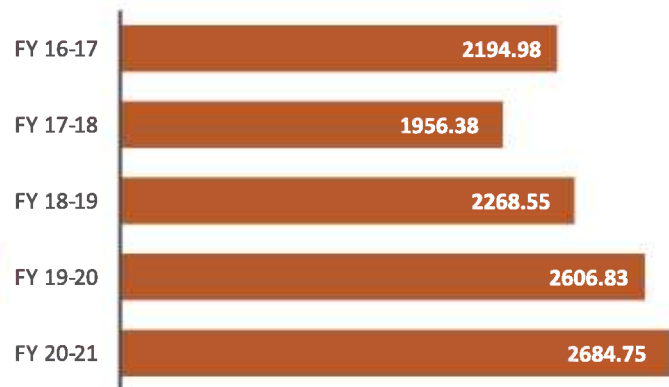
### PROFIT AFTER TAX

(₹ in crore)



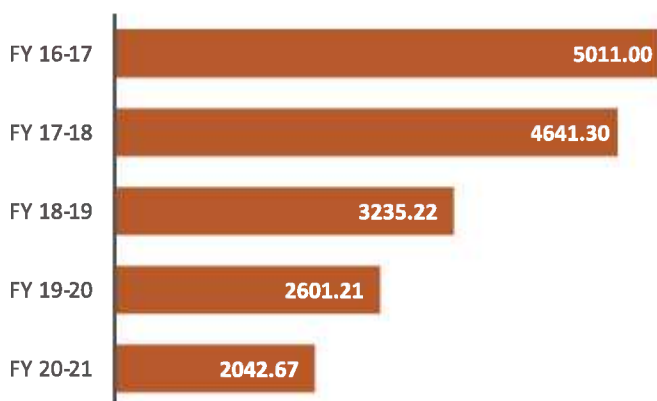
### NET WORTH

(₹ in crore)



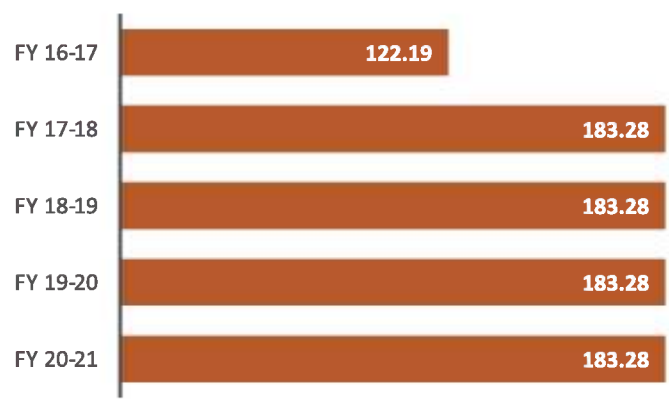
### VALUE OF PRODUCTION

(₹ in crore)



### EQUITY

(₹ in crore)



## TEN YEARS AT A GLANCE

Particulars	Units	2020-21*	2019-20*	2018-19*	2017-18*	2016-17*	2015-16*	2014-15	2013-14	2012-13	2011-12
Sales (Gross)	₹ Cr.	1913.76	3104.87 <sup>#</sup>	3069.35 <sup>Δ</sup>	4587.60	4886.62	4159.97	2799.68	1779.89	1074.71	959.12
Changes in WIP/SIT	₹ Cr.	128.91	(503.66)	165.87	53.70	124.38	137.86	(29.63)	24.60	100.81	33.82
Value of Production	₹ Cr.	2042.67	2601.21 <sup>#</sup>	3235.22	4641.30	5011.00	4297.83	2770.05	1804.49	1175.52	992.94
Material Consumption	₹ Cr.	970.08	1014.09 <sup>#</sup>	1818.97	2907.59	3125.23	2620.30	1855.10	1226.01	779.57	633.53
Value Added	₹ Cr.	1072.59	1587.12 <sup>#</sup>	1416.25	1733.71	1885.77	1677.53	914.95	578.48	395.95	359.41
Profit Before Tax	₹ Cr.	340.88	742.45	671.36	773.82	802.81	847.31	614.19	508.59	419.06	348.19
Profit After Tax	₹ Cr.	257.77	534.90	422.59	528.15	524.06	564.88	418.57	345.51	288.40	234.96
Equity	₹ Cr.	183.28	183.28	183.28	183.28	122.19	97.75	115.00	115.00	115.00	115.00
Reserves & Surplus	₹ Cr.	2501.47	2423.55	2085.26	1773.10	2072.79	1702.27	1418.58	1102.97	838.30	617.38
Gross Block (Excl.Cap.WIP)	₹ Cr.	1368.51	1291.36	1219.61	1048.62	869.66	746.38	940.04	834.56	711.55	604.24
Inventory	₹ Cr.	1397.01	856.52	1664.53	1925.87	2240.42	2057.66	1480.12	1382.51	1006.53	602.57
Trade Receivables	₹ Cr.	1475.20	2676.19 <sup>#</sup>	1844.53	2208.13	1735.36	1478.22	865.72	398.81	281.55	88.39
Working Capital	₹ Cr.	2378.03	2259.40	1390.38	1085.68	1569.75	2052.30	2740.34 <sup>^</sup>	812.68 <sup>§</sup>	614.58 <sup>§</sup>	458.97
Capital Employed	₹ Cr.	3293.01	3191.76	2347.34	1954.05	2326.87	2745.18	3134.20 <sup>^</sup>	1172.29 <sup>§</sup>	892.59 <sup>§</sup>	670.64
Net Worth	₹ Cr.	2684.75	2606.83	2268.55	1956.38	2194.98	1800.02	1533.37	1217.75	953.08	732.19
Number of Employees	Nos.	2812	2950	3034	3095	3182	3132	3183	3266	3300	3142 <sup>@</sup>
Employee Costs	₹ Cr.	501.09	534.03	534.21	529.34	448.39	326.23	313.07	307.28	258.99	240.32
Value Added per ₹ of Wage	₹	2.14	2.97 <sup>#</sup>	2.65	3.28	4.21	5.14	2.92	1.88	1.53	1.50
Value Added per Employee	₹ Lakh	38.14	53.80 <sup>#</sup>	46.68	56.02	59.26	53.56	28.74	17.71	12.00	11.44 <sup>@</sup>
Earnings per Share (EPS)	₹	14.06	29.18	23.06	26.65	24.51 <sup>!</sup>	42.73 <sup>!</sup>	36.40 <sup>!</sup>	30.04 <sup>!</sup>	25.08 <sup>!</sup>	20.43 <sup>!</sup>

# Re-adjusted due to regrouping of certain items of 2019-20 in 2020-21.

& Sales are after deduction of LD as per Ind AS 115 from 2018-19 onwards.

\* Amounts from 2015-16 onwards are shown as per Ind AS.

@ Re-adjusted to include temporary employees.

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

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

! Splitting of shares from ₹1000/- to ₹10/- during the year 2017-18 and accordingly EPS is readjusted in previous years for Face Value of ₹10/-



## DIRECTORS' REPORT

Dear Members,

Your Directors presents the 51<sup>st</sup> Annual Report together with the audited financial statements of the Company for the year ended 31 March 2021.

### 1. HIGHLIGHTS ON OPERATIONS :

- Handed over Astra Weapon system by Hon'ble Raksha Mantri to Chief of Air Staff on 18 December 2020 at New Delhi. Further as a part of the User Trial Order from DRDL, your Company has successfully integrated 1st batch of ASTRA missiles and handed over to the DRDL.



- Secretary, Department of Defence R&D and Chairman, DRDO Flagged off the first Varunastra, the Heavy Weight Torpedo, being delivered to the Indian Navy, at a ceremony held at BDL, Vishakhapatnam on 21 November 2020.



- CMD, BDL Commodore Siddharth Mishra (Retd) presenting a model of 'Dishani', an underwater weapon, to Hon'ble Raksha Mantri during product launch of Dishani at Aero India - 2021.



- CMD, BDL Commodore Siddharth Mishra (Retd) presenting a model of 'Garudasthra', an underwater weapon, to Hon'ble Raksha Mantri during product launch of 'Garudasthra' at Aero India - 2021.



## 2. FINANCIAL RESULTS AND PERFORMANCE HIGHLIGHTS :

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

S.No.	Particulars	₹in Crore		% of Increase/(Decrease)
		2020-21	2019-20	
i)	Sales/Revenue from Operations	1914	3105*	(38.36)
ii)	Value of Production	2043	2601*	(21.45)
iii)	Profit Before Tax	341	742	(54.04)
iv)	Profit After Tax	258	535	(51.78)
v)	Value Added	1073	1587*	(32.39)
vi)	Earnings per share# (in Rupee)	14.06	29.18	(51.82)

# EPS has been calculated based on profits excluding the other comprehensive income.  
\* Figures have been reclassified and regrouped.

2.2 Following data reflect the financial position of the Company:

Particulars	₹in Crore		% of Increase/ (Decrease)
	2020-21	2019-20	
Gross Block (PPE)	1070	1011	5.84
Accumulated Depreciation	327	258	26.74
Net Block	743	753	(1.33)
Working Capital	2378	2260	5.22
Capital Employed	3293	3192	3.16
Net Worth	2685	2607	2.99

- 2.3 **COVID-19:** COVID-19 pandemic and consequent lockdown in the first quarter of the year under review, has adversely impacted your Company's operations, there was no production during this period. All the sub-contractor factories (i.e Local vendors, Ordnance factories & other DPSUs) were closed and overseas supplies also got delayed, as a result the supply-chain got affected and required input materials were not received in time, which had cascading effect on the production and resultant sales during the year. There was also delay in allotment of Field Firing Range for Proof firing of ATGM Missiles due to pandemic.

2.4 During the year under review, your Company has achieved a revenue from operations of ₹1913.76 Crore and profit after tax (PAT) of ₹257.77 Crore. Covid-19 pandemic and consequent lockdown has led to severe disruptions, affecting production, sales and profit during the current reporting period. Therefore, the performance of the Company for this period is not being compared with the corresponding period or any period of previous year.

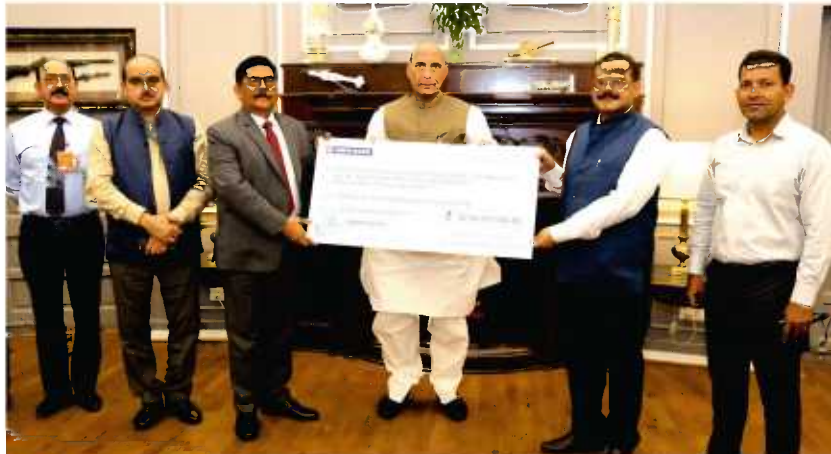
2.5 The order book position of the Company as on 01 April 2021 is about ₹8386 Crore comprising mainly of Akash, MRSAM, ATGMs and Varunastra.

### 3. FIXED DEPOSITS FROM PUBLIC:

The Company did not accept any fixed deposits from Public during the year, and there was no outstanding Fixed Deposits at the beginning/end of the year. Accordingly, there was no default in payment of deposits/interest thereon.

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

Your Company has a consistent track record of dividend Payment. The Board has recommended a final dividend of ₹0.65/- per equity share of ₹10/-each amounting to ₹11.91 Crore for the year 2020-21. Further, your Company has paid interim dividend of ₹6.70 per share amounting to ₹122.80 Crore in March 2021. An amount of ₹250 Crore is being transferred to General Reserve for the year 2020-21.



CMD, BDL Commodore Siddharth Mishra (Retd) presenting cheque for ₹ 92.008 Crore, being the interim dividend pertaining to the Government of India shareholding in BDL, to Hon'ble Raksha Mantri at New Delhi. Secretary (Defence Production) and Joint Secretary (P&C) from Ministry of Defence & senior officials from BDL were present on the occasion.

### 5. CAPITAL STRUCTURE:

The paid up capital of the Company as on 31 March, 2021 stood at ₹183.28 Crore (18,32,81,250 equity shares of ₹10/- each). The Authorized Capital of the Company is ₹200 Crore (20,00,00,000 equity shares of ₹10/- each) as on 31 March 2021.

#### Offer for Sale (OFS) by Govt. of India:

During the year, OFS was announced by the Government of India for sale of its shareholding in the Company to the extent of 27,492,188 Equity Shares of face value of ₹10/- each representing 15 % of the total paid up equity share capital of the Company. The OFS took place on September 8, 2020 and September 9, 2020 and accordingly the Govt. of India has sold a total of 23,503,770 equity shares of the Company to non-retail investors and retail investors on the basis of valid bids received on T day and T + 1 day (i.e., September 8, 2020 and September 9, 2020). On completion of OFS, the Govt. of India shareholding in the Company has come down from 87.75% (representing 160,829,297 equity shares of ₹10/- each) to 74.93% (representing 137,325,527 equity shares of ₹10/- each). As on 31 March 2021, the Govt. of India shareholding in the Company stands at 74.93% (representing 137,325,527 equity shares of ₹10/- each).

### 6. PERFORMANCE AGAINST MoU:

Your Company signs a Memorandum of Understanding (MoU) every year with the Ministry of Defence, Government of India. The performance of the Company is likely to be rated as very good for the year 2019-20 and performance for the year 2020-21 is under evaluation.

## 7. MODERNIZATION, UPGRADATION AND INDIGENIZATION:

- 7.1 During the year, an amount of ₹57.30 Crore has been spent on Capital Expenditure (CAPEX) programme towards modernization of Plant & Machinery and other infrastructure development.
- 7.2 Your Company is putting up determined efforts towards increasing Indigenisation contents in the manufacture of ATGMs, SAMs and Torpedoes with the objective of the increasing self-reliance, reduction of imports. Indigenisation of products like Konkurs-M, Invar, Milan-2T, Akash, TAL-XP and Varunastra has been achieved up to 96.3%, 78.6%, 71%, 96%, 91% and 86% respectively.

## 8. RESEARCH & DEVELOPMENT :

- 8.1 Your Company recognizes that, Research and Development (R&D) is a thrust area for the growth of the organization. During the year, R&D facilities like Real Time Data Acquisition and Processing System, Frequency Response Analyzer, High Speed Cameras, Graphics Processing Unit (GPU) development kits, Microelectronic Boards, and Laser Safety Set-up have been established.
- 8.2 Your Company has identified various products to meet the requirements of Indian Armed Forces and currently its R&D is focusing on the following:

**a) Amogha-III Anti-Tank Guided Missile (ATGM):**

Amogha-III is a 3rd generation man-portable fire-and-forget ATGM based on IIR Seeker guidance. The missile has been tested at different stages of development by conducting field firing tests. A project sanction order has been received from Indian Army and your Company is working on the prototypes to be offered to Indian Army for validation trials as per the project sanction order.

**b) Your company is also working on next generation ATGM which is currently at the initial stages of development. It is expected that a significant development of this ATGM will be achieved in FY-2021-22**

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

(₹in Crore)

Particulars	2020-21	2019-20	2018-19
Sales Turnover (Gross)	1914	3105	3069
R&D expenditure	42.95	73.87	53.45
R&D expenditure as % of Sales Turnover	2.24	2.38	1.74

## 9. PROCUREMENT FROM MSMEs

- 9.1 Your Company has put in place a robust procurement process where in special emphasis is being given for procurement from Micro, Small & Medium Enterprises (MSMEs). In line with the Public Procurement Policy of Government of India (as amended), your Company has achieved more than mandated procurement of 25% from MSMEs. For the year 2020-21, your Company has made 32% of its procurements from MSMEs. Apart from that, your Company provides interest free advances to MSMEs by taking Bank Guarantee of 110% on the amount of Purchase Value. Your Company also extends Test facilities, Free Issue Materials (wherever the cost of the raw material is high). Apart from exemption of EMD/SD your Company also provides jigs, fixtures and gauges free of cost at the time of production.

**9.2 Vendor Development:**

Your Company strives to increase vendor base through conducting special drives and also by providing free registration in certain cases & occasions. A total of 3 vendor meets have been conducted in the year 2020-21. Virtual Vendor Meet was conducted on the occasion of Vigilance Awareness Week on 30 October 2020. The other vendor meets were conducted on 24 March 2021 and 31 March 2021 on the occasion of Azadi Ka Amrit Mahotsav and outsourcing opportunities organized by M/s EEPC India respectively. Your Company has over 900 registered vendors on its rolls as on date.





Special vendor development meets for MSME SC/ST Entrepreneurs organized by BDL as part of INDIA @75 Azadi Ka Amrit Mahotsav

**10. EXHIBITIONS:**

Senior Executives and Directors participated in National and International Exhibitions during the Year 2020-21. Your Company has participated in the Aero-India-2021 exhibition held at Bangalore during 03 Feb to 05 Feb 2021 and displayed its products. MoUs were signed during the exhibition.



Hon'ble Raksha Mantri at BDL pavilion during Aero India – 2021.



Chief of the Defence Staff at BDL pavilion during Aero India – 2021.



Chief of the Army Staff during visit to BDL pavilion at Aero India – 2021.



- Inauguration of Surface-Mount Technology & 'High Performance Computing facility' by Distinguished Scientist & Director, RCI, DRDO on 7 August 2020.



- Hon'ble Raksha Mantri laid the foundation stone for setting up Seeker Facility Centre at an event held virtually on 10 August 2020.



- Hon'ble Raksha Mantri laid the foundation stone for establishing Warhead Building at an event held virtually on 10 August 2020.





Chief of the Naval Staff during visit to BDL pavilion at Aero India – 2021.



Chief of the Air Staff at BDL pavilion during Aero India – 2021.



Secretary (Defence Production), Ministry of Defence,  
Government of India at BDL pavilion during Aero India – 2021.



Delegation from Thales, UK at BDL Stall

## 11. EXPORTS :

Apart from regular supplies to Indian Armed Forces, your Company is also exporting Light Weight Torpedoes to a friendly country through a private channel partner. Ministry has created lot of opportunities for export market and accordingly your Company has bagged four export orders till date. Out of four export orders received, your Company has already supplied first and second contract of LWT-XP in 2019-20 and supplied third and fourth contracts of LWT-XP amounting to ₹145 Cr in FY 2020-21. Your Company has been in regular interaction with overseas customers for achieving its export targets. Offset implementation also offers a major opportunity to achieve export targets. As such your Company is regularly interacting with aero-space and defence majors in Europe and Russia to seize opportunities arising out of offsets. Your Company has given thrust on export of Weapon Systems, recently Cabinet Committee on Security (CCS) also accorded clearance for export of Akash Weapon Systems to nine countries. BDL is also executing programs like Light Weight Torpedo, Heavy Weight Torpedo, CMDs, ATGMs, Air to Air Missiles, Air to Surface weapons under the MAKE IN INDIA category which will cater to the export market in addition to the requirements of Indian Armed Forces.

## 12. ATMA NIRBHAR BHARAT :

12.1 Your Company has been focusing on indigenizing the technology for self-reliance. In the case of Konkurs-M and Invar missiles even though technology transfer was limited your Company took the initiative and achieved an indigenous content of 80 % to 95%. The IGMDP program of DRDO, where your Company is prime production agency, gave further thrust to the indigenization concept and as a result your Company successfully established a wide eco system of vendors which includes MSMEs. In the recent years, your Company has been outsourcing to the extent of 60% across its projects barring critical items and weapon system integration.

12.2 In response to the clarion call given by the Hon'ble Prime Minister for creation of "Atmanirbhar Bharat", BDL observed 'Atmanirbhar Bharat' week from 7th Aug to 14th Aug 2020. During the week, following initiatives were taken by the Company:



- Products Launch of Konkurs Missile Test Equipment (KMTE) & Launch of Konkurs Launcher Test Equipment (KLTE) indigenously designed and developed by BDL, by Hon'ble Raksha Mantri at an event held virtually on 13 August 2020.



Hon'ble Raksha Mantri launching BDL indigenized products from New Delhi in the presence of Chief of Defence Staff, Secretary (Defence), Secretary (Defence Production) and senior officials from the Ministry of Defence and CMD, BDL Commodore Siddharth Mishra (Retd), Directors, CVO and senior officials from BDL.

- Issue of 'Expression of Interest' by Hon'ble Raksha Mantri for components and sub-assemblies proposed to be indigenized by BDL, at an event held virtually on 14 August 2020.
- Secretary, Department of Defence R&D and Chairman, DRDO laid foundation stone for establishing High Temperature Carbon Composite manufacturing facility at an event held virtually on 14 Aug 2020.



- 12.3 The above facilities will help BDL to reduce dependency on the foreign technologies. A frame work for implementation of Make-II procedure at OFB and DPSUs was issued by MoD on 11 February 2019. The objective of the framework is to, inter alia, incorporate features of Make-II in the procurement manuals of OFB and DPSUs so as to empower them to take up project for indigenization of items, particularly the ones being imported regularly. Accordingly, your Company has amended the IMM manual and procedure incorporating the Indigenization of components and spares of BDL products.
- 12.4 As a part of Atma Nirbhar Bharat, your Company has made an Indigenization Plan for the next five years and has set a target of indigenization of 166 items. During the year 2020-21 against the target of 72 items, 79 items were indigenized and the value of imports was reduced to ₹144.71 Crore.
- 12.5 Your Company is designing and developing indigenous 3rd generation ATGM named as Amogha III. The product is being developed as a Make-II project under Indian Indigenously Designed Developed and Manufactured (Indian IDDM) category of Defence Procurement Procedure. The successful completion of this product will make India, Atma Nirbhar in the manufacturing of 3rd generation ATGMs.

- 12.6 SRIJAN portal which is a 'one stop shop online portal that provides access to the vendors to take up items that can be taken up for indigenization'. In this portal, BDL has uploaded 265 items. These 265 items include all the items imported by BDL. These items on completion of its indigenization could save about ₹930 crore of imports for the country.

The above are opportunities offered to domestic defence industry for indigenization of items being imported by BDL. On successful indigenization of above items, procurement will be done by BDL through these domestic defence industries. This will help in the growth of domestic defence industry.



An E – Book on “BDL – A journey towards Atmanirbharta” was released by Secretary (Defence Production), Ministry of Defence from New Delhi. Commodore Siddharth Mishra (Retd), CMD, BDL along with Directors, CVO and senior officials of the Company at BDL, Hyderabad after the release of E-Book.

### 13. BOARD OF DIRECTORS:

- 13.1 The Board of Directors of the Company comprises of Functional Directors, Government Nominee Directors and Independent Directors (i.e Non Official Part Time Directors) who are appointed by the Government of India from time to time. Further, the tenure and remuneration of Functional Directors including Chairman and Managing Director are decided by the Government of India through Public Enterprises Selection Board/Search Committee. The Government communication also indicates the detailed terms and conditions of their appointment including a provision for the applicability of the relevant rules of the Company.
- 13.2 The Government Nominee Directors are not entitled to any remuneration/ sitting fee. The Independent Directors (i.e Non Official Part Time Directors) are entitled to sitting fees for attending the Board/Committee meetings as duly approved by the Board considering the government directives, statutory acts, rules and regulations.
- 13.3 **Independent Directors (i.e Non Official Part Time Directors)**

In order to fulfill the requirement of SEBI (LODR) Regulations, 2015, Government of India vide its letter No. H-62011/2/2016-D(BDL) dated 13 September, 2017 appointed three new Independent Directors viz., Shri Ajay Nath, Shri.K.S.Sampath and Smt.Latha Narasimhamurthy as Part-time Non-Official Directors w.e.f 13 September 2017 for a period of three years or until further orders whichever is the earliest. Accordingly, term of the said Independent Directors was completed on 12 September 2020. The Board places on record its appreciation for their valuable contributions extended to the Company during their tenure.

**Statement on declaration by Independent Directors:**

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

13.4 During the year 2020-21, Shri.N.Srinivasulu was appointed as Director (Finance) & CFO with effect from 01 July 2020 in place of Shri.S.Piramanayagam who retired from the services on 30 June 2020 on attaining the age of superannuation. The Ministry of Defence, Department of Defence Production, Government of India vide its Office Memorandum No. 8 (32)/2019-D (Coord/DDP) dated 02.02.2021 appointed Shri.Chandraker Bharti as Government Nominee Director in place of Shri.Ashwani Kumar. The Board places on record its appreciation for the valuable contributions of Shri.S.Piramanayagam and Shri.Ashwani Kumar extended to the Company during their tenure.

13.5 In terms of provisions of section 152 of the Act, Shri.P. Radhakrishna, Director (Production) and Shri.N.Srinivasulu, Director (Finance) retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

13.6 **Number of Meetings of Board:**

During the year 2020-21, Five (5) Board Meetings were held on 29 June 2020, 31 August 2020, 12 November 2020, 12 February 2021 and 12 March 2021.

13.7 **Performance Evaluation:**

The provisions of Section 134(3)(p) of the Companies Act, 2013 relating to evaluation of Board of Directors do not apply to your Company since necessary exemptions are provided to all government companies. Further, similar exemptions were granted to your Company by Securities Exchange Board of India (SEBI) under the provisions of SEBI (Listing Obligations and Disclosure Requirements {LODR}) Regulations, 2015 vide their letter No. SEBI/HO/CFD/DIL1/OW/P/2018/1679/1 dated January 17, 2018.

**14. DIRECTORS' RESPONSIBILITY STATEMENT:**

As per Section 134(3)(C) and 134(5) of the Companies Act, 2013 as amended, the Directors state that :

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) The directors had selected such accounting policies and applied them consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2021 and of the profit of the Company for the year ended on that date.
- (c) Directors have taken proper and sufficient care 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.
- (d) Directors have prepared the annual accounts on a going concern basis.
- (e) Directors have laid down internal financial controls which are being followed by the Company and that such internal financial controls were adequate and operating effectively and
- (f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**15. SIGNIFICANT AND MATERIAL ORDERS:**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**16. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:**

Material changes and commitments affecting the financial position of the Company which have occurred between 31 March 2021 and date of signing of this Report are - Nil.



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

- 17.1 The Company has been following Presidential Directives of the Government with regard to reservation of posts for SCs/STs/OBC in recruitments.
- 17.2 Total manpower strength as on 31 March 2021 is at 2812 (including four functional directors), out of which, the number of persons on temporary rolls is 36. Of the total strength, 87 are ex-servicemen, 550 are of Schedule Caste, 211 are of Scheduled Tribes and 789 are of OBC category. The percentage of Scheduled Caste and Scheduled Tribes in respect of Employees is at 19.56% and 7.50% respectively.
- 17.3 Number of persons on temporary rolls as on 31 March 2021 is 36, out of which 6 belong to Scheduled Caste category and 2 belong to Scheduled Tribe category.
- 17.4 The No. of Scheduled Caste, Scheduled Tribes and OBC in various categories of posts as on 31 March 2021 is given below:

Category	Number of Employees							
	Total Strength		Scheduled Castes		Scheduled Tribes		OBC	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Group-A	794	833	151	155	82	82	160	164
Group-B	71	72	16	17	4	4	22	22
Group-C	1682	1762	316	324	107	108	514	523
Group-D	225	242	61	64	16	17	84	92
Temporary	36	37	6	6	2	2	9	10
<b>Total</b>	<b>2808*</b>	<b>2946*</b>	<b>550</b>	<b>566</b>	<b>211</b>	<b>213</b>	<b>789</b>	<b>811</b>

\*excluding four functional directors.

- 17.5 Recruitment of employees in Scheduled Caste, Scheduled Tribes and OBC during 2020-21 is given below:

Classification of posts	Total Vacancies Released	Total Recruitment	Reservation of posts (out of Col.2)			Recruitment made during the year 2020-21		
			SCs	STs	OBC	SCs	STs	OBC
(1)	(2)	(3)	(4)			(5)		
Group-A								
Group-B								
Group-C								
Group-D								
<b>Total</b>								

**18. EMPLOYMENT OF WOMEN:**

As per the recommendation No.51, Para (ii)(a) of the National Commission for Women (NCW) in its Annual Report for the year 1995-96, the employment position of Women as on 31 March 2021 is given below as directed by the Ministry of Defence, vide their letter Nos. 39(6)/99/D(B&C), dated 27 August 1999.

**I. EXECUTIVES**

Grade	No. of Employees	Women	Percentage
I	71	12	16.90
II	155	21	13.55
III	155	26	16.77
IV	191	23	12.04
V	83	10	12.05
VI	162	11	6.79
VII	32	-	-
VIII	13	1	7.69
IX	3	-	-
Functional Directors	3	-	-
CMD	1	-	-
<b>Total</b>	<b>869*</b>	<b>104</b>	<b>11.97</b>

\* CVO is not included in this report.

**II. NON-EXECUTIVES**

Grade	No. of Employees	Women	Percentage
WG-0	-	-	-
WG-1	4	-	-
WG-2	102	14	13.73
WG-3	72	14	19.44
WG-4	227	25	11.01
WG-5	292	30	10.27
WG-6	135	27	20.00
WG-7	215	28	13.02
WG-8	28	4	14.29
WG-9	120	6	5.00
WG-10	15	-	-
WG-11	55	2	3.64
WG-12	642	48	7.48
<b>Total</b>	<b>1907*</b>	<b>198</b>	<b>10.38</b>

\* Excluding Temporary Employees

## 19 PERSONS WITH DISABILITIES (PWD) AS ON 31 MARCH 2021:

The total number of Physically Challenged employees as on 31 March 2021 is 103 and its percentage to total employees works out to 3.66%.

	HI	LD	VI	Total
Group-A	6	13	5	24
Group-B	0	0	0	0
Group-C	17	43	8	68
Group-D	4	4	3	11
<b>Total</b>	<b>27</b>	<b>60</b>	<b>16</b>	<b>103</b>

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

## 20. HUMAN RESOURCE DEVELOPMENT:

During the year under review the Company has conducted various training programmes on knowledge based, development oriented and on need based topics. Such training programmes were organized in-house and at premises of external agencies to cover the present and future requirements of the Company. The details of the same are as below:

No. of Employees Trained During FY 2020-21 (Executive VS Non Executives)			
Particulars	No. of Executives participated	No. of Non Executives participated	TOTAL
External Programmes	145	1	146
In House Programmes	840	352	1192
<b>TOTAL</b>	<b>985</b>	<b>353</b>	<b>1338</b>
<b>MANDAYS</b>	<b>1424</b>	<b>362</b>	<b>1786</b>
AVERAGE MANDAYS SPENT-2020-21	0.48	0.12	0.60
AVERAGE MANDAYS SPENT-2019-20	6.63	1.89	3.38

## 21. PARTICULARS OF EMPLOYEES:

There were no employees of the Company who received remuneration in excess of the limits prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Further in accordance with Ministry of Corporate Affairs Notification No. GSR 463(E) dated June 05, 2015, Government Companies are exempt from Section 197 of the Companies Act, 2013 and its rules thereof.

## 22. FOREIGN VISITS:

Your Company incurred an expenditure of around ₹15.93 lakh during the year under report towards foreign travel for business trips and also for on the Job-Training of personnel.

## 23. INDUSTRIAL RELATIONS AND EMPLOYEE WELFARE:

23.1 Your Company continues to enjoy cordial and harmonious Industrial relations with the cooperation and support of all sections of employees viz. Recognized Trade Union, Associations such as SC, ST, OBC, Ex-serviceman and Officers Association. All Statutory and Non-Statutory Committees such as Works Committee, Safety Committee, Canteen Management Committee, Welfare Committee and other participative forums have extended their co-operation to maintain discipline at all levels.

23.2 Compliance on statutory welfare provisions are followed meticulously. The Company has been taking care of medical needs of employees and their family members as per BDL Medical Rules. Further, in line with DPE guidelines, Company has framed Pension Scheme and Post-Superannuation Medical Benefit Scheme for the Executive and Non- Executives of the Company.

23.3 In the ongoing pandemic situation, the recognized union as well as associations are extending full support to Management in maintaining the production activities by scrupulously following all Covid protocols.

## 24. SECURITY:

- 24.1 Central Industrial Security Force (CISF) is providing Security and Fire Services in both Kanchanbagh and Bhanur Units. During the year under report, CISF has played a vital role in the Security and safeguarded Company Property. CISF team adopted robust security measures combining physical measures with technology to keep the highly sensitive installations secure even in the pandemic Covid-19 situations.
- 24.2 The Plant Security Council is in place to review the security arrangements and implementation of IB guidelines. Regular security review meetings are being conducted both by Management and CISF to beef up security.
- 24.3 As a part of security measures and to comply the statutory governing bodies, Company is in process of upgradation of existing Access Biometric Control systems with contactless Face Recognition system suitable to thwart the ongoing pandemic Covid - 19 situation, in addition to the computerized photo identity cards, to prevent any unauthorized entry. CCTV cameras have been installed all over the factory premises to cover more areas under CCTV surveillance. Door frames, metal detectors, X-Ray Baggage machines are in place. Barricades, Boom Barriers and Morchas are provided to strengthen physical security measures.
- 24.4 Company conducts regular programmes on security and safety awareness besides observing Security Week/Fire Week. Employees are sensitized on the security threat and action to be taken in case of emergency and fire accidents.

## 25. SAFETY:

- 25.1 Your Company is strictly following applicable norms to maintain Safety, Health and Environment (SHE) at BDL. The two Safety Committees i.e. Industrial Safety Committee and Explosive Safety Committee are held at regular intervals for monitoring Safety, Health and Environment as per the statutory requisite. The Industrial works are carried out in compliance with the Factories Act 1948, and Explosive Safety is strictly adhering to the Storage & Transport of Explosive Committee (STEC) regulations framed by Center for Fire, Explosive & Environment Safety, (CFEES) MoD, New Delhi.
- 25.2 Explosive Safety audit by Centre for Fire, Explosive & Environment Safety (CFEES) New Delhi and their observations made by the audit team have been complied with. Special medical checkups are carried out for employees working in Electroplating and Canteen. Periodical medical checkups are also carried out for employees working in other areas by qualified medical team.
- 25.3 Safety Day/Week was observed during the month of March-2021. On this occasion Safety Pledge was administered to all the employees on 4<sup>th</sup> March at respective work places by safety team and departmental heads.
- 25.4 Safety Engineering Department has conducted a one-day workshop on Industrial Safety, Explosive Safety and Hazardous Processes to all Graduate, Diploma, ITI and Vocational apprentices. The various topics covered are COVID Safety, Road Safety, Workshop Safety and Hazardous Processes such as Welding, Heat Treatment, Electroplating, Chemical lab, NDT (X-ray & Radiography), Explosive Safety- safe handling, storage and transport, DOs & DON'Ts awareness was imparted to all participants of the program. Safety Department is continuously coordinating with Civil & Welfare departments in sanitization of all buildings & departments in day to day activity in this pandemic situation.
- 25.5 Safety Engineering Department is in continuous interaction with Inspector of Factories, Telangana State Pollution Control Board (TSPCB) and Centre for Fire, Explosive & Environment Safety (CFEES) MoD, New Delhi to update their guidelines for compliance. Fire mock drills are conducted at regular intervals to ensure fire-fighting preparedness.

## 26. ANNUAL RETURN:

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

## 27. ENVIRONMENT AND POLLUTION CONTROL:

- 27.1 All three Units of BDL i.e. Kanchanbagh, Bhanur and Visakhapatnam have been re-certified with ISO 14001:2015 (EMS). For all the units, internal audits are conducted and surveillance audits are conducted by certification



bodies as per frequency. The solid and hazardous waste are being disposed off through certified agencies and testing of environmental parameters of Ambient Air Quality, Stack Quality of DG sets/venturi scrubbers, Sewage Treatment Plants and Effluent Treatment Plants and noise levels are done as per the specified frequency. Waste water quantity is being monitored by installing separate water meters and electricity consumption is also being monitored as per the requirement of consent conditions.

#### 27.2 Celebration of World Environment Day 2020:

The World Environment Day – 2020 was celebrated with great enthusiasm in all the units of BDL. On this occasion, saplings were planted on 05 Jun 2020 in all the units by maintaining social distancing as per MHA Guidelines. Speech was given on the theme i.e. “Biodiversity”.

Cmde.Siddharth Mishra (Retd), Chairman & Managing Director inaugurated tree plantation programme at Bhanur on 05 Jun 2020. Executive Directors, GMs, Senior executives and employees also participated in the plantation programme.



#### 28. QUALITY:

At present, Akash, Electronics, Design & Engineering and CP-IGMP Divisions of Kanchanbagh Unit, Bhanur Unit and Visakhapatnam Units have been certified with AS 9100D Standard for Aerospace Quality Management System. Corporate Office at Financial District, Hyderabad is certified with ISO 9001:2015 (Quality Management System). Electronics Division has been certified with AFQMS (Approval of the Firm and its Quality Management System) by DGAQA.

Electronics Lab of Milan Division and Bhanur units and Material Testing Lab have been accredited for ISO / IEC 17025:2005 (NABL) certification.

For all the ISO/AS certified divisions, internal audits are conducted by our own internal auditors and surveillance audits are conducted by certification bodies as per frequency. 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 and by conducting Quality Review Meetings. Corrective actions are also taken wherever necessary for improvement.

#### 29. OFFICIAL LANGUAGE (OL) IMPLEMENTATION:

29.1 Implementation of OL Act-1963 (as amended 1967) & Rules made there under are ensured. Quarterly OLIC Meetings are held regularly under the Chairmanship of CMD and Directors besides submission of Quarterly progress reports on use of OL are sent in time to authorities concerned.

29.2 Under OL Act, 1963 and the Presidential Orders thereon, the papers laid before the Parliament, Annual Report of the Company, MoU with MoD and brief of the Company along with presentations for various delegations and Parliamentary Committees are prepared in bilingual form and submitted.

29.3 Hindi Fortnight was celebrated from 01 to 14 September, 2020 at Corporate Office and at all the Units of the Company. During the fortnight, various competitions were conducted ONLINE for the Officers and Employees of

Corporate office, Kanchanbagh Unit, Bhanur Unit & Visakhapatnam Unit keeping in view the Covid-19 guidelines issued by Govt. of India. Hindi Day was celebrated on 14th September, 2020 ONLINE in a centralized manner under the chairmanship of CMD. On this occasion, Directors, Unit Heads of all the Units and Head of Liaison office, New Delhi along with Higher Officials were present. Cash Awards were given to the winners of the competitions and Officers and Employees for doing original work in Hindi during the year.

- 29.4 Complying with the assurance given to the Parliamentary Committee on OL and directives issued by CMD as a part of drive to increase the use of Hindi on Internet & Intranet Names & Designations of all the Executives were prepared in bilingual form. Besides this, routine phrases in bilingual form were also provided to all the Executives and oriented them for its usage on Computers. Two orientation programs in form of Hindi Workshops were organized for Higher Officials such as General Managers, Additional General Managers on 19th & 25th February, 2021 respectively.
- 29.5 E-Inspection of Visakhapatnam Unit on OL implementation was held by Dy. Director (Implementation) Southern Region, Bengaluru on 30.06.2020. Appreciations were recorded in the reports received there on. Action taken report on the suggestions mentioned in the report was sent to the authority concerned under the signatures of Unit Head of Visakhapatnam Unit. Similarly, Inspection on OL implementation at Liaison Office, New Delhi was done by Assistant Director, DDP, MoD on 18 January 2021. Appreciations were recorded in the reports received there on.
- 29.6 Town Official Language Implementation Committee (U) functioning carried out by BDL Hindi Department for PSUs of twin cities consisting of 47 Organizations was declared to receive NATIONAL RAJBHASHA KIRTI PURSKAR (first place) by Govt. of India in Region 'C' for the year 2019-20.
- 29.7 The Organization is assigned with functioning of TOLIC (U) consisting 47 PSUs as its Member Offices. Regular half yearly Meetings of the body are organized in May & October respectively. Due to Covid-19 pandemic, this year first Half Yearly Meeting of the Committee was organized on 29 July, 2020. During the Meeting 17th Issue of 'PATHIK' the House Journal of the Committee was released. The second half yearly Meeting was organized on 22 October, 2020. During the Meeting, TOLIC Shield / Trophy/ Cup and Best Magazine awards were announced. Both the Meetings were chaired by CMD, BDL & Chairman, TOLIC (U).
- 29.8 An Online Joint Hindi Workshop for small Member Offices of Town Official Language Implementation Committee was organized on 29 November, 2020.
- 29.9 In compliance to the decision taken in the 52<sup>nd</sup> Half Yearly Meeting of Town Official Language Implementation Committee, a special practice based training program was organized on 23 February, 2021 on 'KANTHASTH', online translation platform facility developed by the Department of Official Language, MHA, Gol. Shri Mohan Chandra Bahuguna, Assistant Director, Dept. of Official Language imparted the training on the usage and features of 'KANTHASTH' through online from Department of Official Language Head Quarters, New Delhi.
- 29.10 Under the auspices of TOLIC (U) an ONLINE "Orientation Program on OL" was organized for newly joined Hindi Officers / Translators / Nodal Officers / Staff of Member Offices of TOLIC (U) on 05 March, 2021.
- 29.11 On the occasions of Republic Day, Independence Day Celebrations, 'Atmanirbhar Bharat Week', CMD of the Organisation addressed in Hindi. Similarly, Vigilance Awareness Week, Swatchata Pakhawada, Constitution Day the pledge was taken in Hindi & English.
- 29.12 The Website of the company prepared in Hindi was updated from time to time in compliance to the directives of Govt. of India. Officers and Employees of the organization took active participation in the Inter PSU Competition conducted by TOLIC (U) and won FIVE prizes.
- 29.13 With an objective to promote and propagate Hindi and inculcate the reading habit among the Officers & Employees of the Company, various Hindi Magazines and News Papers such as (1) Hindi Milap (2) Swatantra Vaartha (3) Anuvad (4) Sahitya Amrit (5) Avishkar (6) Yojna (7) Hindi Rozgar Samachar (8) Pratiyogita Darpan (9) Meri Saheli (10) Dakshin Samachar (11) Golconda Darpan (12) Milind Patrika (13) Hans are subscribed regularly. Besides this, popular Hindi books on all subjects are also purchased annually with the same objective as per the directives of DOL.

### 30. VIGILANCE:

- 30.1 The foremost objective of Vigilance Department of the Company has been preventive/pro-active vigilance. As a part of its proactive vigilance measure the department has issued twenty one Systemic Improvement Suggestions in the areas of like e-reverse auction, Recruitment, Departmental Promotion, Reservation, Sensitive Area Rotation, Civil work and Service Contracts etc. and of which many have been implemented by the Management during the year under report. Brief of all the Systemic Improvements have been hosted on BDL website <https://bdl-india.in>.
- 30.2 In furtherance of its preventive vigilance approach, the department conducted an 'integrity survey' for executives with an objective to gauge the integrity orientation of the organization. A total seventy-three percent of executives participated in the survey and the findings were communicated to management indicating improvement in the areas of communication, commercial decision making and workplace harmony etc.
- 30.3 'Vigilance Module' incorporated as part of in-house training program in the company. Two Days training program on 'preventive vigilance' for 215 mid-career executives (Managers, Sr. Managers, DGMs) was conducted in 3 batches with the help of subject matter experts from industry and academia during 23 December 2020 to 06 January 2021.
- 30.4 Being an extended arm of the Central Vigilance Commission (CVC), New Delhi, the department has submitted Various reports (e.g. Monthly, Quarterly, Annual & CTE Type) to the Commission and also to Ministry of Defence and to the Board of the Company. The Department has also issued vigilance clearances to employees in cases of Recruitment, Promotion, Absorption, Confirmation, Foreign visits, for postings in sensitive areas etc. The department has also accorded priority in handling the complaints as per the complaint handling policy of the CVC.
- 30.5 Observation of Vigilance Awareness Week is an integral part of the Vigilance department. As directed by the Central Vigilance Commission, Vigilance Awareness Week (VAW)-2020 was observed across units of the Company from 27 October 2020 to 02 November 2020. Various activities were conducted to promote the theme of the year "*Vigilant India-Prosperous India*" and to create awareness amongst employees and citizens about the evil impacts of corruption and benefits of transparency, accountability and corruption-free governance. Keeping in view the prevailing pandemic situation, most of the activities were conducted on digital platforms and with strict adherence to COVID – 19 guidelines.
- 30.6 The observance of 'Vigilance Awareness Week-2020' commenced with Chairman & Managing Director, Cmde Siddharth Mishra (Retd.) administering 'integrity pledge for citizens' on 27 October 2020 at Corporate Office. This was followed by reading out messages of Hon'ble President of India, Hon'ble Vice-President of India, Hon'ble Prime Minister of India and Hon'ble CVC by CVO and other Directors. The program was live across units of the Company through video conference. The 'integrity pledge for citizens' was also hosted on company intranet for the benefit of employees. A total of 2942 employees of BDL have taken the Integrity Pledge during observance of vigilance awareness week.
- 30.7 As part of Vigilance Awareness Week – 2020, a sensitization program for 30 employees especially for new joinees was conducted at Visakhapatnam Unit on 29 October, 2020 on matters relating to preventive vigilance, service matters such as CDA Rules, Standing Order, Leave Rules, Procurement Process. Shri. S V Kameswar, General Manager – VU inaugurated the program and shared his experience of working in Vigilance department and Corporate Commercial department. The other sessions were taken by faculties from Vigilance, HR and IMM department.
- 30.8 In order to create awareness on vigilance and the importance of it in day-to-day life, various competitions such as Essay Writing, Elocution, Slogan Writing, Poster/Collage making on issues relating to Anti-corruption were conducted in online mode for employees, spouse and children of employees during the Vigilance Awareness Week-2020. As women play a bigger role in creating prosperous nation, competitions were held for spouse of employees for the first time.
- 30.9 To spread the message of 'Vigilant India-Prosperous India' and sensitize employees and public at large, Banners on the theme were displayed at conspicuous places across units of the company. To promote citizens to take CVC 'e-integrity pledge', a link of CVC website was hosted in the BDL website. Short telephonic messages were sent to all employees with the message, "Vigilance Awareness Week-2020, Join BDL's endeavor to make 'Integrity-A way of life'. Click the link <http://pledge.cvc.nic.in> to take integrity pledge. Vigilance Department, BDL".

- 30.10 A virtual Vendors Meet was organized on 30 October 2020, wherein, 65 vendors from across the country participated. The meeting was inaugurated by Shri P Radha Krishna, Director (Production). Director (Production) highlighted the importance of having vendor meet periodically so as to ensure transparency and accountability. Shri N.P. Diwakar, Director (Technical) was also present during the inauguration. Speaking on the occasion, after administering integrity pledge to vendors, CVO, Dr. Upender Vennam expressed that the business should be done in a transparent manner & with highest integrity. He also stressed on Multiple Vendor Development to reduce dependency and increase competitiveness. An online session was conducted during the meet on 'Integrity Pact' and 'Role of Independent External Monitors (IEMs) by Shri GN Sudharshan Reddy, Additional General Manager (Corporate Commercial).



"CHETANA"- annual vigilance newsletter released during valedictory function of VAW-2020 by Chief Guest Prof.M Sridhar Acharyulu, former CIC, Govt. of India.

- 30.11 The observance of Vigilance Week-2020 was concluded with a valedictory function on 02 November 2020 at Corporate Office of the Company. Prof. Madabhushi Sridhar Acharyulu, Former Central Information Commissioner was invited to grace the occasion as Chief Guest and to deliver a key note address on the broad theme of 'Vigilant India-Prosperous India'. The program was attended by CMD, Directors and CVO and was conducted online for the benefit of all employees of the Company across units of BDL. On this occasion, the 1<sup>st</sup> edition of annual vigilance newsletter, "CHETANA" was released by the Chief Guest. "Chetana" covers various systemic improvement suggestions issued by the vigilance wing, prize winning posters and slogans, gist of latest CVC circulars, article on post-Covid contract management and VAW photographs (2012-2020) etc. The newsletter has been hosted on BDL intranet for employees and also in BDL website for the benefit of citizens.
- 30.12 Keeping the priority of preventive vigilance, various workshops/seminars/training programmes were organized and vigilance awareness initiatives were undertaken by the Vigilance Department during the year under report.

### 31. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY DEVELOPMENT:

- 31.1 Pursuant to the provisions of Section 135 of the Companies Act, 2013 and The Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications/amendments issued by Ministry of Corporate Affairs & DPE guidelines, the Company has undertaken various activities as per the CSR Policy. The programmes/initiatives/projects are taken up in line with the Schedule-VII of the Companies Act-2013, which are duly incorporated in CSR policy and forms the guiding principle for all our programmes. The Board of Directors of your Company has constituted Board Level Committee on Corporate Social Responsibility and Sustainable Development (CSR & SD) (please refer Corporate Governance Report) in line with the provisions of Section 135 of the Companies Act, 2013. The Committee has formulated and recommended CSR Policy to the Board indicating the projects/activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- 31.2 The CSR and SD activities are monitored periodically by the Committee and an annual report on CSR and SD activities undertaken during the year 2020-21 is enclosed at **Annexure-II**.
- 31.3 Your Company has been very conscious about its responsibilities towards society. Your Company has also ventured into backward/ under developed areas in Andhra Pradesh and Telangana to undertake Corporate Social Responsibility (CSR) activities by sponsoring various schemes.



- 31.4 The core areas of focus under CSR are Health Care, Nutrition, Education & Literacy, Skill Development & Sustainable Livelihoods, Sanitation, Safe Drinking Water etc. Your company also adopted villages in Andhra Pradesh and Telangana State under Corporate Social Responsibility initiative and the focus is on the necessities of human life—health, water and other conveniences.
- 31.5 During the year 2020-21, the CSR & SD expenditure target was ₹1533.43 lakh (including carry forward unspent amount of previous years). Against the target, the company has incurred an expenditure of ₹1540.70 lakh and achieved 100% CSR target amount required under the provisions of Companies Act, 2013. CSR activities being undertaken are placed on Company's website <http://www.bdl-india.in>

**32. AUDIT COMMITTEE:**

Three Audit Committee meetings were held during the year 2020-21 to review internal control systems and their adequacy, including coverage of Audit Functions. Details of composition, terms of reference, etc., are covered in Report on Corporate Governance.

**33. RELATED PARTY TRANSACTIONS**

There are no materially significant related party transactions during the year under review which may have a potential conflict with the interest of the Company at large. Thus, disclosure in Form AOC-2 is not required. Members may refer to the notes to the accounts for details of related party transactions. The policy for related party transaction has been uploaded on the Company's website [www.bdl-india.in](http://www.bdl-india.in).

**34. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statement

**35. INTERNAL CONTROL SYSTEMS:**

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

**36. AUDITORS:**

M/s.G.Natesan & Co., Chartered Accountants, Hyderabad were appointed as Statutory Auditors of the Company for the financial Year 2020-21 by the Comptroller & Auditor General of India. The Auditors have audited the Accounts and their Report is placed as a part of the Annual Report.

**37. COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA:**

The Comments of Comptroller and Auditor General of India (C&AG) under Section 143 (5) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 March 2021 are placed next to the Statutory Auditors Report.

**38. COST AUDITORS:**

Your Company appointed M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad as Cost Auditors for the FY 2020-21 in terms of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules 2014.

**39. SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s.Narender & Associates, Practicing Company Secretaries (PCS Registration No.5024) for the financial year 2020-21 to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed to this report as **Annexure III**.

**40. CEO / CFO CERTIFICATION:**

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

**41. REPORTING OF FRAUDS BY AUDITORS:**

During the year, neither the Statutory Auditor nor the Secretarial Auditor have reported to the Audit Committee under Section 143(2) of the Companies Act, 2013, any instance of fraud committed against the Company by its officer or employees, the details of which needs to be mentioned in the Board's Report.

**42. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management Discussion and Analysis Report required under the SEBI (LODR) Regulations, 2015 and also under the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), is attached to this Report as **Annexure IV**.

**43. CORPORATE GOVERNANCE:**

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

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

43.3 As per the guidelines on Corporate Governance for CPSEs issued by DPE vide its OM No. 18 (8)/2005-GM, dated 14 May 2010 and in terms of the SEBI (LODR) Regulations, 2015, Report on Corporate Governance along with Certificate on compliance of conditions on Corporate Governance from a Practicing Company Secretary are attached to this report as **Annexure-V**.

43.4 Quarterly and Yearly compliance reports on Corporate Governance are being forwarded to Stock Exchanges and MoD in the prescribed format. Your Company received "Excellent" rating from MoD for compliance of Corporate Governance under DPE Guidelines for the year 2019-20 and compliance on Corporate Governance for the year 2020-21 is under evaluation.

**44. RISK MANAGEMENT:**

Pursuant to the Reg. 21 of SEBI (LODR) Regulations, 2015, the Company has constituted a Risk Management Committee. The details of Committee and its terms of reference, Risk Management Policy etc. are set out in the Corporate Governance Report

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

In line with the provisions contained under "The Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013 your Company has put in place "Anti Sexual Harassment Policy" in line with the requirements of the above Act. During the year 2020-21, your Company has not received any Sexual harassment complaints.

**46. COMPLIANCE UNDER THE RIGHT TO INFORMATION ACT, 2005:**

The information required to be provided to citizens under Section 4(1)(b) of Right to Information Act, 2005 is placed on Company's Website [www.bdl-india.in](http://www.bdl-india.in). It contains general information of the Company, functions, powers and duties of employees/officers, decisions making process, rules, regulations, manuals and records held by the Company, directory of the Company's Officers, pay scales of officers/ employees and procedure for seeking information and inspection of records. The Company has nominated a Central Public Information Officer of Senior Manager Level to attend to queries and appeals. Further, during the year 2020-21 the Company received 84 applications/queries and the same were disposed-off.

**47. VIGIL MECHANISM:**

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

**48. BUSINESS RESPONSIBILITY REPORT:**

The Securities and Exchange Board of India (SEBI) has mandated inclusion of Business Responsibility Report (“BR report”) as part of the Annual Report based on market capitalization. Your Company has prepared a comprehensive policy framework for BR report, after studying the SEBI (LODR) Regulations, 2015 requirements and keeping in view the business and governance environment in which BDL as a Defence PSU operates. The Company's BR report for the year is attached to this Report as **Annexure VI**.

**49. DIVIDEND DISTRIBUTION POLICY:**

In terms of SEBI (LODR) Regulations, 2015 (as amended), dividend distribution policy has been adopted by your Company to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining the profit into the business. The policy is available on the BDL's website [www.bdl-india.in](http://www.bdl-india.in)

**50. ACKNOWLEDGEMENT:**

- 50.1 Your Directors gratefully acknowledge the valuable support and assistance received from all Government Agencies, particularly Ministry of Defence, Ordnance Factories, Department of Defence Production, DRDO Laboratories, Central Government Departments, State Governments of Telangana and Andhra Pradesh, Quality Assurance Agencies of Government of India and other PSUs for the help extended by them from time to time.
- 50.2 The Company wishes to place on record its appreciation for the cooperation extended and guidance provided by the Comptroller & Auditor General of India, the Principal Director of Commercial Audit & Ex-officio Member, Audit Board, Statutory Auditors, Bankers and Suppliers.
- 50.3 The Directors take this opportunity to place on record their deep appreciation for the valuable contribution made and co-operation extended by the employees at all levels to propel the Company to greater heights and to sustain its growth path in the years to come.

**For and on behalf of the Board**

**Cmde Siddharth Mishra (Retd)**  
**Chairman and Managing Director**  
**DIN: 08367035**

**Place : Hyderabad**  
**Date : 21 June 2021**

## ANNEXURE-I

**FORM No. MGT – 9**  
**EXTRACT OF ANNUAL RETURN**  
**AS ON THE FINANCIAL YEAR ENDED ON 31 MARCH 2021**  
[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies  
(Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

i)	Corporate Identity Number (CIN)	:	L24292TG1970GOI001353
ii)	Registration Date	:	16 JULY 1970
iii)	Name of the Company	:	BHARAT DYNAMICS LIMITED
iv)	Category/Sub–Category of the Company	:	MINIRATNA CATEGORY-1
v)	Address of the registered office	:	Kanchanbagh, Hyderabad-500058 Tel: +91 40 24344979
vi)	Corporate Office and Contact details	:	Plot No.38-39, TSFC Building, Near ICICI Towers, Financial District, Gachibowli, Hyderabad – 500032 Tel: +91 40 23456145 Fax: +91 40 23456107
vii)	Whether Listed Company	:	YES
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Alankit Assignments Limited, SEBI Registration No. INR000002532 4E/2 Jhandewalan Extension, New Delhi-110055, India Telephone: +91 11 42541234 Facsimile : +91 11 41543474

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

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

Sl.No.	Name and Description of main products/ services	NIC Code of the product/service	% to total turnover of the Company
1.	Manufacture of Weapons	29271	86.40%

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

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

### IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category – wise Shareholding

Category of Shareholders	No. of Share held at the beginning of the year (@ face value of ₹10/- each)			% of Total Shares	No. of Shares held at the end of the year (@ face value of ₹10/-each)			% of Total Shares	% Change during the year
	Demat	Physical	Total		Demat	Physical	Total		
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF (Nominees of President of India)	-	-	-	-	-	-	-	-	-
b) Central Govt.	160829297	-	160829297	87.75%	137325527	-	137325527	74.93%	12.82%
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total A (1)</b>	<b>160829297</b>	<b>-</b>	<b>160829297</b>	<b>87.75%</b>	<b>137325527</b>	<b>-</b>	<b>137325527</b>	<b>74.93%</b>	<b>12.82%</b>



Category of Shareholders	No. of Share held at the beginning of the year (@ face value of ₹10/- each)				No. of Shares held at the end of the year (@ face value of ₹10/-each)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2) Foreign</b>									
a) NRIs- dividuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>Sub-total A(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)= (A) (1) + (A) (2)</b>	160829297	-	160829297	87.75%	137325527	-	137325527	74.93%	12.82%
<b>B. Public Shareholding</b>									
<b>1.Institutions</b>									
a)Mutual Funds	6601768	-	6601768	3.6%	11229133	-	11229133	6.13%	2.53%
b) Banks/FI	1826099	-	1826099	1%	134965	-	134965	0.07%	0.93%
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Company	5267174	-	5267174	2.87%	20758731	-	20758731	11.33%	8.46%
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
i) Other (Specify)- Foreign Portfolio Investors	64500	-	64500	0.04 %	505205	-	505205	0.28%	0.24%
<b>Sub-total(B)(1)</b>	13759541	-	13759541	7.51%	32628034	-	32628034	17.81%	10.30%
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
(i) Indian	418067	-	418067	0.23%	788300	-	788300	0.43%	0.20%
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individuals Shareholders holding nominal share capital upto Rs 1 Lakh	6894053	88	6894141	3.76%	9894497	2188	9896685	5.39%	1.63%
ii)Individual Shareholders holding nominal share capital in excess of Rs.1 Lakh	624543	-	624543	0.34%	1439916	-	1439916	0.79%	0.45%
c) Other (Specify)									
Trusts	2205	-	2205	0.00%	12940	-	12940	0.00%	0.00%
HUF	408819	-	408819	0.22%	453352	-	453352	0.25%	0.03%
NRIs	262348	-	262348	0.14%	499051	-	499051	0.27%	0.013%
Employees	32854	-	32854	0.02%	24404	-	24404	0.01%	0.01%
Clearing Members	48935	-	48935	0.03%	212041	-	212041	0.12%	0.09%
NBFC registered with RBI	500	-	500	0.00%	-	-	-	-	-
Foreign Nationals	-	-	-	-	1000	-	1000	-	-
<b>Sub-total B (2)</b>	8692324	88	8692412	4.47%	13325501	2188	13327689	7.26%	2.79%
<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	22451865	88	22451953	12.25%	45953535	2188	45955723	25.07%	12.82%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	183281162	88	183281250	100%	183281162	2188	183281250	100%	-

ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year (01 April 2020)			Shareholding at the end of the year (31 March 2021)		
	No. of Shares (@ FV of ₹10/- each)	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares (@ FV of ₹10/- each)	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares
President of India	160829297	87.75%	-	137325527	74.93%	-

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

S.No	Shareholders Name	Shareholding at the beginning of the year		Date	Increase/ (decrease) in share holding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	President of India	160829297	87.75%	01/04/2020	-	-	160829297	87.75%
				08/09/2020 & 09/09/2020	(23503770)	Disinvested 12.82% of its stake through Offer for Sale mechanism	(23503770)	(12.82%)
				31/03/2021	-	-	137325527	74.93%

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

S.No	Name of the Shareholder	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1</b>	<b>LIFE INSURANCE CORPORATION OF INDIA</b>					
	<b>At the beginning of the year</b>	<b>01/04/2020</b>	<b>4089614</b>	<b>2.23%</b>	<b>4089614</b>	<b>2.23%</b>
	Bought during the year	11/09/2020	15151515	8.27%	19241129	10.50%
	Sold during the year	12/03/2021	(20240)	0.01%	19220889	10.49%
	Sold during the year	19/03/2021	(411763)	0.22%	18809126	10.26%
	Sold during the year	26/03/2021	(64287)	0.03%	18744839	10.23%
	<b>At the End of the year</b>	<b>31/03/2021</b>	<b>18744839</b>	<b>10.23%</b>	<b>18744839</b>	<b>10.23%</b>
<b>2</b>	<b>HDFC TRUSTEE COMPANY LIMITED-HDFC FLEXI CAP FUND</b>					
	<b>At the beginning of the year</b>	<b>01/04/2020</b>	<b>4155100</b>	<b>2.27%</b>	<b>4155100</b>	<b>2.27%</b>
	Bought during the year	30/06/2020	35000	0.02%	4190100	2.29%
	Bought during the year	10/07/2020	175000	0.09%	4365100	2.38%
	Bought during the year	31/07/2020	110100	0.06%	4475200	2.44%
	Bought during the year	07/08/2020	150000	0.08%	4625200	2.52%
	Bought during the year	30/10/2020	100000	0.05%	4725200	2.57%
	Bought during the year	20/11/2020	50000	0.03%	4775200	2.60%
	Bought during the year	27/11/2020	104000	0.06%	4879200	2.66%
	Bought during the year	04/12/2020	50000	0.03%	4929200	2.69%
	Bought during the year	11/12/2020	515000	0.28%	5444200	2.97%
	Bought during the year	18/12/2020	134700	0.07%	5578900	3.04%
	Bought during the year	25/12/2020	79400	0.04%	5658300	3.08%
	Bought during the year	31/12/2020	65000	0.04%	5723300	3.12%
	Bought during the year	08/01/2021	654000	0.36%	6377300	3.48%
	Bought during the year	22/01/2021	145218	0.08%	6522518	3.56%
	Bought during the year	29/01/2021	242341	0.13%	6764859	3.69%
	<b>At the End of the year</b>	<b>31/03/2021</b>	<b>6764859</b>	<b>3.69%</b>	<b>6764859</b>	<b>3.69%</b>

S.No	Name of the Shareholder	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>3</b>	<b>HDFC TRUSTEE COMPANY LTD. A/C HDFC BALANCED ADVANTAGE FUND</b>					
	<b>At the beginning of the year</b>	<b>01/04/2020</b>	<b>792100</b>	<b>0.43%</b>	<b>792100</b>	<b>0.43%</b>
	Sold during the year	03/07/2020	(210200)	0.11%	581900	0.32%
	Sold during the year	10/07/2020	(394200)	0.22%	187700	0.10%
	Sold during the year	17/07/2020	(187700)	0.10%	-	-
	Bought during the year	14/08/2020	180000	0.10%	180000	0.10%
	Bought during the year	11/09/2020	1000000	0.55%	1180000	0.65%
	Bought during the year	05/02/2021	73555	0.04%	1253555	0.69%
	Bought during the year	12/02/2021	484065	0.26%	1737620	0.95%
	Bought during the year	19/02/2021	37000	0.02%	1774620	0.97%
	Bought during the year	26/02/2021	306000	0.17%	2080620	1.14%
	Bought during the year	05/03/2021	319054	0.17%	2399674	1.31%
	Bought during the year	12/03/2021	49083	0.03%	2448757	1.34%
	Bought during the year	19/03/2021	257000	0.14%	2705757	1.48%
	Bought during the year	26/03/2021	37200	0.02%	2742957	1.50%
	<b>At the End of the year</b>	<b>31/03/2021</b>	<b>2742957</b>	<b>1.50%</b>	<b>2742957</b>	<b>1.50%</b>
<b>4</b>	<b>SHRIKANTADEVI RADHAKISHAN DAMANI</b>					
	<b>At the beginning of the year</b>	<b>01/04/2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Bought during the year	09/10/2020	738868	0.40%	738868	0.40%
	Bought during the year	16/10/2020	106132	0.06%	845000	0.46%
	Bought during the year	23/10/2020	35000	0.02%	880000	0.48%
	Bought during the year	06/11/2020	11783	0.01%	891783	0.49%
	<b>At the End of the year</b>	<b>31/03/2021</b>	<b>891783</b>	<b>0.49%</b>	<b>891783</b>	<b>0.49%</b>
<b>5</b>	<b>HDFC TRUSTEE COMPANY LTD. A/C HDFC CAPITAL BUILDER VALUE FUND</b>					
	<b>At the beginning of the year</b>	<b>01/04/2020</b>	<b>812241</b>	<b>0.44%</b>	<b>812241</b>	<b>0.44%</b>
	Sold during the year	10/07/2020	(116115)	0.06%	696126	0.38%
	Sold during the year	14/08/2020	(89000)	0.05%	607126	0.33%
	Sold during the year	28/08/2020	(36000)	0.02%	571126	0.31%
	Bought during the year	30/10/2020	97000	0.05%	668126	0.36%
	Bought during the year	20/11/2020	100000	0.05%	768126	0.41%
	<b>At the End of the year</b>	<b>31/03/2021</b>	<b>768126</b>	<b>0.41%</b>	<b>768126</b>	<b>0.41%</b>
<b>6</b>	<b>THE NEW INDIA ASSURANCE COMPANY LIMITED</b>					
	<b>At the beginning of the year</b>	<b>01/04/2020</b>	<b>434426</b>	<b>0.23%</b>	<b>434426</b>	<b>0.23%</b>
	Bought during the year	11/09/2020	300000	0.17%	734426	0.40%
	<b>At the End of the year</b>	<b>31/03/2021</b>	<b>734426</b>	<b>0.40%</b>	<b>734426</b>	<b>0.40%</b>
<b>7</b>	<b>THE ORIENTAL INSURANCE COMPANY LIMITED</b>					
	<b>At the beginning of the year</b>	<b>01/04/2020</b>	<b>173765</b>	<b>0.09%</b>	<b>173765</b>	<b>0.09%</b>
	Bought during the year	11/09/2020	25911	0.02%	199676	0.11%
	Bought during the year	18/09/2020	42206	0.02%	241882	0.13%
	Bought during the year	21/09/2020	34183	0.02%	276065	0.15%
	Bought during the year	25/09/2020	47079	0.03%	323144	0.18%

S.No	Name of the Shareholder	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Bought during the year	30/09/2020	36500	0.02%	359644	0.20%
	Bought during the year	02/10/2020	20000	0.01%	379644	0.21%
	Bought during the year	18/12/2020	45188	0.02%	424832	0.23%
	Bought during the year	25/12/2020	38063	0.02%	462895	0.25%
	Bought during the year	31/12/2020	10962	0.01%	473857	0.26%
	Bought during the year	01/01/2021	18400	0.01%	492257	0.27%
	Bought during the year	08/01/2021	7387	0.00%	499644	0.27%
	Bought during the year	05/02/2021	25002	0.02%	524646	0.29%
	Bought during the year	12/02/2021	36200	0.02%	560846	0.31%
	Bought during the year	19/02/2021	33059	0.01 %	593905	0.32%
	Bought during the year	26/02/2021	64863	0.04%	658768	0.36%
	Bought during the year	05/03/2021	18650	0.01%	677418	0.37%
	<b>At the End of the year</b>	<b>31/03/2021</b>	<b>677418</b>	<b>0.37%</b>	<b>677418</b>	<b>0.37%</b>
<b>8</b>	<b>HDFC TRUSTEE CO LTD A/C HDFC HOUSING OPPORTUNITIES FUND-1140D NOVEMBER 2017 (1)</b>					
	<b>At the beginning of the year</b>	<b>01/04/2020</b>	<b>840233</b>	<b>0.45%</b>	<b>840233</b>	<b>0.45%</b>
	Sold during the year	20/11/2020	(100000)	0.05%	740233	0.40%
	Sold during the year	18/12/2020	(100000)	0.05%	640233	0.35%
	<b>At the End of the year</b>	<b>31/03/2021</b>	<b>640233</b>	<b>0.35%</b>	<b>640233</b>	<b>0.35%</b>
<b>9</b>	<b>GENERAL INSURANCE CORPORATION OF INDIA</b>					
	<b>At the beginning of the year</b>	<b>01/04/2020</b>	<b>521322</b>	<b>0.28%</b>	<b>521322</b>	<b>0.28%</b>
	Bought/sold during the year	-	-	-	-	-
	<b>At the End of the year</b>	<b>31/03/2021</b>	<b>521322</b>	<b>0.28%</b>	<b>521322</b>	<b>0.28%</b>
<b>10</b>	<b>ABU DHABI INVESTMENT AUTHORITY - LGLINV</b>					
	<b>At the beginning of the year</b>	<b>01/04/2020</b>	-	-	-	-
	Bought during the year	19/03/2021	271283	0.15%	271283	0.15%
	Bought during the year	26/03/2021	12890	0.01%	284173	0.16%
	<b>At the End of the year</b>	<b>31/03/2021</b>	<b>284173</b>	<b>0.16%</b>	<b>284173</b>	<b>0.16%</b>

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

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



## V) INDEBTEDNESS

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

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

## VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Particulars of Remuneration	Name of MD/WTD/Manager (Shri/Smt)					Total
	Cmde Siddharth Mishra (Retd) Chairman & Managing Director	S.Piramanayagam, Director (Fin) & CFO (Upto 30/06/2020)	N P Diwakar Director (Technical)	P Radhakrishna, Director (Production)	N Srinivasulu Director (Fin) & CFO (from 01/07/2020)	
Gross Salary						
a) Salary as per provisions contained in section 17(1) of the income-tax Act 1961	3805795	814374	3125975	2875153	2050560	12671857
b) Value of perquisites u/x 17(2) Income Tax Act, 1961	881522	188328	724246	665950	475200	2935246
c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-	-	-
- Stock Option	-	-	-	-	-	-
- Sweat Equity	-	-	-	-	-	-
- Commission	-	-	-	-	-	-
- as % of Profit	-	-	-	-	-	-
- Others, Specify	-	-	-	-	-	-
d) Others, please specify	-	-	-	-	-	-
- Retirement benefits	791692	1938146	1708375	1779703	1932468	8150384
<b>Total (A)</b>	<b>5479009</b>	<b>2940848</b>	<b>5558596</b>	<b>5320806</b>	<b>4458228</b>	<b>23757487</b>

### B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors (Shri/Smt)			Total Amount
		Ajay Nath	K.S Sampath	Latha Narasimhamurthy	
1.	Independent Directors				
	• Fee for attending Board Committee Meetings	100000	100000	100000	300000
	• Commission				
	• Others, please specify				
	<b>Total (1)</b>	<b>100000</b>	<b>100000</b>	<b>100000</b>	<b>300000</b>

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors (Shri/Smt)			Total Amount
		Ajay Nath	K.S Sampath	Latha Narasimhamurthy	
2.	Other Non-Executive Directors • Fee for attending Board Committee Meetings • Commission • Others, please specify			NIL	
3	Total (2)			Nil	
	Total (B) = (1+2)			300000	
	Total Managerial Remuneration (A+B)			300000	
	Overall ceiling as per the Act	Exempted as per the MCA Notification No. 463 (E) dated 05.06.2015			

**C) Remuneration to Key Managerial Personnel Other than the MD/Manager/WTD** (Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Shri. N. Nagaraja, Company Secretary	
1.	Gross Salary a) Salary as per provisions contained 17 (1) of the Income-Tax Act,1961		1947361
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961		-
	c) Profit in lieu of salary under section 17(3) Income Tax		-
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission as % of profit		-
5.	Others, please specify -Retirement Benefits		260426
	<b>Total</b>		<b>2207787</b>

Note: Director (Finance) is also CFO of the Company. Hence no separate disclosure is provided.

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

TYPE	SECTION OF THE COMPANIES ACT	BRIEF DESCRIPTION	DETAILS OF PENALTY/ PUNISHMENT/ COMPOUNDING FEES IMPOSED	AUTHORITY [RD/NCLT/ COURT]	APPEAL MADE IF ANY (GIVE DETAILS)
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

## ANNEXURE-II

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

#### 1. Brief outline on CSR Policy of the Company.

BDL has been very conscious about its responsibilities towards society. The Company has also ventured into Aspirational Districts / under developed areas in Andhra Pradesh and Telangana to undertake Corporate Social Responsibility (CSR) activities by having range of initiatives. As per the provisions of the Companies Act, 2013, BDL is spending 2% of the average net profits of the immediately three preceding financial years. The core areas of focus under CSR are Health Care, Nutrition, Education & Literacy, Skill Development & Sustainable Livelihoods, Sanitation, Safe Drinking Water etc. BDL has also adopted villages in Andhra Pradesh and Telangana State under Corporate Social Responsibility initiative and the focus is on the necessities of human life – health, water and other conveniences.

Some of the major activities of BDL under CSR are:

- Awareness program on Menstrual Health Hygiene Management for girls students Govt. schools of Telangana
- Sanitation and Swachh Bharat
- Promoting Education (Distribution of Dual Desks to Govt. Schools)
- Supported the nation during COVID-19 pandemic situation by supplying Cold Chain Equipment to State Government of Telangana etc.
- Mid-day meal for School Children studying in Government Schools
- Health Care for elderly people through Mobile Medicare Units at Nalgonda district of Telangana and Visakhapatnam District of Andhra Pradesh
- Safe Drinking Water by installation of RO water treatment plants
- Adoption of Govt. ITIs.
- Skill Development of unemployed youth
- CSR activities being undertaken are placed on Company's website <http://www.bdl.india.in>

#### 2. Composition of CSR & SD Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of CSR Committee meetings held during the tenure of the Director	Number of CSR Committee meetings attended during the year
1	Shri.Ajay Nath	Chairman- Independent Director	Two	Two
2	Shri.K.S.Sampath,	Member- Independent Director	Two	Two
3	Ms.Latha Narasimahamurthy	Member-Independent Director	Two	Two
4	Shri.N.P.Diwakar	Member- Director (Technical)	Two	Two
5	Shri.S. Piramanayagam (upto 30 June 2020)	Member- Director (Finance)	One	One
6	Shri.N.Srinivasulu (appointed w.e.f 01 July 2020)	Member- Director (Finance)	One	Two

**Note: CSR & SD Committee was suspended with effect from 13.09.2020 due to no representation of Independent Directors on the Board. The tenure of all Independent Directors on the Board was completed during the year and the GoI is yet to fill up the vacancies.**

#### 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company: website <https://bdl-india.in>

#### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

The Impact Assessment Reports of CSR projects carried out for the FY 2015-16 to 2017-18 are available in website <https://bdl-india.in>

#### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : NIL

#### 6. Average net profit of the company as per section 135(5): ₹72921.42 lakh

#### 7. (a) Two percent of average net profit of the company as per section 135(5): ₹1458.43 lakh

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: ₹75 lakh (Refund received from GHMC due to cancellation of underground garbage bins project)

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹1533.43 lakh

**8. a) CSR amount spent or unspent for the financial year:**

Amount Unspent (in ₹)					
Total Amount Spent for the Financial Year (in ₹.)	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
₹1540.704 lakh	NIL				

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Project duration	Amount allocated for the project (in ₹ lakh)	Amount spent in the current financial Year (in ₹ lakh)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ lakh)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.
1.	Setting up of Drain Treatment Plant (1.5 MLD STP) at Naval Base	Item No. (iv)	Yes	Visakhapatnam,	Andhra Pradesh	2 years	200	180	Nil	No	Indo German Institute of Advanced Technology (IGIAT)	-
2.	Developmental activities at Vizianagaram (Social Welfare Hostel Building)	Item No. (ii)	Yes	Vizianagaram,	Andhra Pradesh	2 years	200	80	Nil	No	District Collector, Vizianagaram	-
3	Construction of Girls Toilets in Govt. Schools of Rajanna Sircilla	Item No. (i) & (ii)	Yes	Rajanna Sircilla,	Telangana	2 years	200	100	Nil	No	District Collector, Rajanna Sircilla	-
4	Construction of Choultry at MNJ Institute of Oncology & Regional Cancer Center (3rd floor + lift)	Item No. (i)	Yes	Hyderabad,	Telangana	2 years	150	100	Nil	No	MNJ Institute of Oncology & Regional Cancer Center, Hyderabad	-
5	Smart Class Rooms in Govt. Schools (digital learning)	Item No. (ii)	Yes	Visakhapatnam,	Andhra Pradesh	2 years	200	100	Nil	No	District Collector, Visakhapatnam	-
6	Smart Class Rooms in Govt. Schools (digital learning)	Item No. (ii)	Yes	Vizianagaram,	Andhra Pradesh	2 years	200	100	Nil	No	District Collector, Vizianagaram	-
7	Construction of School Building	Item No. (ii)	Yes	Bhanur, Medak district,	Telangana	3 years	268	95.34075	Nil	Yes	Direct	-
8	Distribution of Dual Desks to Govt. Schools	Item No. (ii)	Yes	Govt. Schools of	Telangana	2 years	200	100	Nil	No	Central Prisons Dept., Chanchalguda, Telangana	-
9	Contribution for Research at DIAT, Pune	Item No.(ix)	No	Pune,	Maharashtra	3 years	93	33	Nil	No	Contribution for Research at DIAT, Pune	-
10	Developmental Activities GB Thanda (Tribal Hamlet), Warangal Dist, Telangana.	Item No.(x)	Yes	Warangal District,	Telangana	3 years	30	1.82395	Nil	Yes	Direct	-
<b>Total</b>							<b>1741.00</b>	<b>890.1647</b>				



**c) Details of CSR amount spent against other than ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	State	District	Amount spent for the project (in ₹Lakh)	Mode of implementation - Direct (Yes/No)	Name	CSR registration number.
1.	Contribution to COVID 19 specialized Hospital constructed by DRDO and Tata Trust	Item No. (i)	No	Delhi		200	No	DRDO	-
2.	Installation of Tree Guards	Item No. (iv)	Yes	Rajanna Sircilla district, Telangana		7	No	District Collector, Rajanna Sircilla, Telangana	-
3.	Construction of two class rooms at Saraswati Educational Trust	Item No. (ii)	No	Meghalaya		16	No	Saraswati Educational Trust, Meghalaya	-
4	Jan Andolan Campaign - COVID awareness programme in four Aspirational Districts viz, Vizianagaram, Visakhapatnam, Kothagudem and Jayashankar Bhupalpally	Item No. (i)	Yes	Vizianagaram, Visakhapatnam of Andhra Pradesh & , Kothagudem, Jayashankar Bhupalpally of Telangana		25	No	Respective District Collectorates	-
5	Cold Chain Equipment(96 nos. of Deep Freezers-Small) to State Govt. of Telangana	Item No. (i)	Yes	Hyderabad Telangana		60.15168	Yes	Direct	-
6	Distribution of Nutrient supplement powder bottles to Cancer patients at MNJ Institute of Oncology & Regional Cancer Center	Item No. (i)	Yes	Hyderabad, Telangana		2.7	No	MNJ Institute of Oncology & Regional Cancer Center, Hyderabad, Telangana	-
7	Skill Development Training Programme for unemployed youth	Item No. (ii)	Yes	Visakhapatnam, Andhra Pradesh		4.9984	No	Indo German Institute of Advanced Technology	-
8	Skill Development Training Programme for unemployment youth	Item No. (ii)	Yes	Hyderabad, Telangana		70.80	No	CIPET, Hyderabad	-
9	X-ray machine with Digital CR for animals	Item No. (iv)	Yes	Visakhapatnam, Andhra Pradesh		1.5	No	Indira Gandhi Zoological Park	-
10	Health Care by Mobile Medicare Unit(MMU) for elderly people	Item No. (i)	Yes	Choutuppal, Nalgonda		16.28384	No	Helpage India	CSR00000901
11	Armed Forces Flag Day Fund	Item No. (vi)	No	Delhi		50.00	Yes	Direct	-
12	Infrastructure facilities & equipment to Balwadi School	Item No. (ii)	Yes	Visakhapatnam, Andhra Pradesh		13.6583	Yes	Direct	-
13	Mid-day meal to Govt. School Children in Patancheru and Visakhapatnam	Item No. (i)	Yes	Medak, Telangana & Visakhapatnam, Andhra Pradesh		1.8559	No	The Akshyapatra Foundation	CSR00000286
14	Adoption of Military Madhavaram Village	Item No.(x)	Yes	West Godavari, Andhra Pradesh		0.73989	Yes	Direct	-
15	Contribution to Technology Incubator (IDEX-DIO)	Item No. (ix)	Yes	Hyderabad, Telangana		63.6	Yes	Direct	-
16	Adoption of ITIs (Govt. ITI)	Item No. (ii)	Yes	Old City, Hyderabad, Telangana		75.00	No	The Director (Employment & Training)	-
<b>TOTAL</b>						<b>609.288</b>			

- d) Amount spent in Administrative Overheads: ₹39.04494 lakh  
e) Amount spent on Impact Assessment, if applicable: ₹2.2066 lakh  
f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹1540.704 lakh  
g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	1458.43 lakh
(ii)	Total amount spent for the Financial Year	1540.704 lakh
(iii)	Excess amount spent for the financial year [(ii)-(i)]	82.274 lakh
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	75.00 lakh
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	7.274 lakh

9. a) Details of Unspent CSR amount for the preceding three financial years: NIL

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹ lakh)	Amount spent on the project in the reporting Financial Year (in ₹ lakh)	Cumulative amount spent at the end of reporting Financial Year (in ₹ lakh)	Status of the project - Completed / Ongoing
1	CSR/BDL/001	Developmental activities at Vizianagaram (Construction of Social Welfare Hostel Building and others)	2019-20	Three years	200	80	180	In progress
2	CSR/BDL/002	Setting up of Drain Treatment Plant (1.5 MLD STP) at Naval Base, Visakhapatnam	2020-21	Two years	200	180	180	In progress
3	CSR/BDL/003	Construction of School Building at Bhanur village, Medak district, Telangana	2019-20	Three years	268	95.34075	98.36075	In progress
4	CSR/BDL/004	Construction of Girls Toilets in Govt. Schools of Rajanna Sircilla district, Telangana	2020-21	Two years	200	100	100	In progress
5	CSR/BDL/005	Construction of Choultry at MNJ Institute of Oncology & Regional Cancer Center, Hyderabad, Telangana (3rd floor + Lift)	2020-21	Two years	150	100	100	In progress
6	CSR/BDL/006	Smart Class Rooms at Government Schools of Visakhapatnam district	2020-21	Two years	200	100	100	In progress
7	CSR/BDL/007	Smart Class Rooms at Government Schools of Vizianagaram district	2020-21	Two years	200	100	100	In progress
8	CSR/BDL/008	Distribution of Dual Desks to Government Schools in Aspirational District through Central Prisons	2020-21	Two years	200	100	100	In progress
9	CSR/BDL/009	Contribution for Research at DIAT, Pune	2020-21	Three years	93	33	33	In progress
10	CSR/BDL/010	Developmental Activities GB Thanda (Tribal Hamlet), Warangal Dist, Telangana.	2019-20	Three years	30	1.82395	13.11395	Work completed. Payment yet to be released on receipt of bills.
<b>Total</b>					<b>1741</b>	<b>890.1647</b>	<b>1004.475</b>	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

(Amount in ₹ lakh)

Sl. No.	Description	Date of creation or acquisition of the capital asset	Payment released for the FY 2020-21	Amount of CSR spent for creation or acquisition of capital asset	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	details of the capital asset created or acquired	Complete address and location of the capital asset
1	Developmental Activities GB Thanda (Tribal Hamlet), Janagaon Dist, Telangana	27.01.2020	1.82	13.11395	Gram Panchayath, Gummala Banda Thanda, Kodakandla mandal, Janagaon district, Telangana	Provided RO Water Plant	Gummala Banda Thanda, Kodakandla mandal, Janagaon district, Telangana
2	Saraswati Educational Trust, Meghalaya (Construction of two class rooms)	13.02.2021	16	16	Saraswathi Education & Welfare Trust, Meghalaya	Contribution for construction of Two Class rooms	Kongong of Wapung Village, East Jaintia Hills District, Meghalaya State
3	Deep Freezers (96 Nos. handedover to State Govt. of Telangana)	18.02.2021	60.15168	60.15168	Commissioner of Health & Family Welfare, Hyderabad, Telangana State-500095	96 No.s Deep Freezers (Cold Chain Equipment)	Cold Chain Officer, O/o Commissioner of Health & Family Welfare, Hyderabad, Telangana State-500095
4	X ray machine for Indira Gandhi Zoological Park, Visakhapatnam	01.03.2021	1.5	15	India Gandhi Zoological Park, Neary Old Dairy, NH5 Road, Visakhapatnam - 530040	X Ray Machine for Animals	India Gandhi Zoological Park, Neary Old Dairy, NH5 Road, Visakhapatnam - 530040
5	Infrastructure facilities & equipment to Balwadi School, Visakhapatnam	16.03.2021	13.6583	13.6583	Navy Wives Welfare Association Eastern Region (NWWA-ER),NWWA Kendra, Naval Park, Scindia Junction, Visakhpatnam, 530014	Sound system,Screen, Projector, chairs etc.	Balwadi School, NWWA Kendra, Naval Park, Scindia Junction, Visakhpatnam, 530014

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):  
N/A

Place : Hyderabad  
Date : 21 June 2021

**Cmdr Siddhartha Mishra (Retd)**  
Chairman & Managing Director  
DIN: 08367035

**Note:**

CSR & SD Committee was suspended with effect from 13.09.2020 due to no representation of Independent Directors on the Board. The tenure of all Independent Directors on the Board was completed during the year and the GoI is yet to fill up the vacancies.

## ANNEXURE-III



# NARENDER & ASSOCIATES

Company Secretaries

403, Naina Residency, Srinivasa Nagar (East), Ameerpet, Hyderabad - 500 038  
Off: 040-40159831, 23730801, E-mail: narenderg99@gmail.com

**Form No. MR-3**

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members  
Bharat Dynamics Limited  
Hyderabad

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bharat Dynamics Limited** (hereinafter referred as 'the Company'). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;



*C. S. Narender*

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- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; *[The Listed Entity didn't take any action which attracts the provisions of these Regulations during the period under review]*
- (d) The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015;
- (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; *[The Listed Entity didn't take any action which attracts the provisions of these Regulations during the period under review]*
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *[The Listed Entity didn't take any action which attracts the provisions of these Regulations during the period under review]*
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *[The Listed Entity didn't take any action which attracts the provisions of these Regulations during the period under review]*
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; *[The Listed Entity didn't take any action which attracts the provisions of these Regulations during the period under review]*



- (vi) Guidelines on Corporate Governance for Central Public Enterprises, 2010 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to the Board and General Meetings
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) read with the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015
- (iii) We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

- i. The Company has complied with the provisions of above Acts, Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No	Compliance Requirement (Regulations/circulars /guidelines including specific clause)	Deviations	Observations/Remarks of the Practicing Company Secretary, if any
1	Reg.17(1) of SEBI (LODR) Regulations, 2015 and Section 149 of the Act:  Non-compliance with the requirements pertaining to the composition of the	The Company did not comply with the requirement of Independent Directors including having atleast One Independent Woman Director on the Board. Further, the Company did not have	*As on 31 <sup>st</sup> March, 2021 the Company has failed to comply with the requirements under Reg.17(1)(a)&(b) of SEBI (LODR) Regulations, 2015 and section 149 of the Act.



*Grover*

	Board including failure to appoint Woman Director	Independent Directors on Board with effect from 13 <sup>th</sup> September, 2020	
2	Reg.17(2A) of SEBI (LODR) Regulations, 2015  Non-compliance with the requirements pertaining to quorum of Board Meetings	The Company do not have Independent Directors on Board with effect from 13 <sup>th</sup> September, 2020 due to which there was no presence of Independent Directors in the Board meetings conducted thereafter	*As on 31 <sup>st</sup> March, 2021, the Company has failed to comply with the requirement under Reg.17 (2A) of SEBI (LODR) Regulations, 2015 pertaining to quorum of Board meeting wherein participation of atleast one Independent Director is must.
3	Reg.18(1) of SEBI (LODR) Regulations, 2015 and section 177 of the Act:  Non-compliance with the constitution of Audit Committee	The Company do not have Independent Directors on Board with effect from 13 <sup>th</sup> September, 2020 due to which the Audit Committee has been suspended	*As on 31 <sup>st</sup> March 2021, the Company has failed to comply with the requirement under Reg.18 (1) of SEBI (LODR) Regulations, 2015 and section 177 of the Act pertaining to constitution of audit committee wherein majority (i.e atleast two-third) of its members should be Independent Directors.
4	Reg.19(1)/19(2) of SEBI (LODR) Regulations, 2015 and Section 178 (1) of the Act:  Non-compliance with the constitution of nomination and remuneration committee	The Company do not have Independent Directors on Board with effect from 13 <sup>th</sup> September, 2020 due to which the Nomination and Remuneration committee has been suspended	*As on 31 <sup>st</sup> March 2021, the Company has failed to comply with the requirement under Reg.19(1)/19(2) of SEBI (LODR) Regulations, 2015 and Section 178(1) of the Act pertaining to constitution of nomination and remuneration committee wherein atleast



*Opriud*

			fifty percent shall be Independent directors.
5	Reg.20(2)/20(2A) of SEBI (LODR) Regulations, 2015 and Section 178(5) of the Act:  Non-compliance with the constitution of stakeholder relationship committee	The Company do not have Independent Directors on Board with effect from 13 <sup>th</sup> September, 2020 due to which the Stakeholder Relationship committee has been suspended	*As on 31 <sup>st</sup> March 2021, the Company has failed to comply with the requirement under Reg.20(2)/20(2A) of SEBI (LODR) Regulations, 2015 pertaining to constitution of stakeholder relationship committee wherein atleast one Independent Director shall be a member.
6	Section 135 of the Act:  Non-compliance with the constitution of corporate social responsibility Committee	The Company do not have Independent Directors on Board with effect from 13 <sup>th</sup> September, 2020 due to which the Corporate Social Responsibility committee has been suspended	*As on 31 <sup>st</sup> March 2021, the Company has failed to comply with the requirement under Section 135 of the Act pertaining to constitution of Corporate Social Responsibility committee wherein atleast one Independent director shall be a member.
7	Reg.25(6) of SEBI (LODR) Regulations, 2015: An independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director by listed entity at the earliest but not later than the immediate next meeting of the board of directors or three months from the date of such vacancy, whichever is later	The position of all the Independent directors on Board stands vacant from 13 <sup>th</sup> September, 2020. As on 31 <sup>st</sup> March 2021, there was no appointment or replacement of Independent directors	*No Independent Director was removed or resigned however the vacancy caused upon completion of tenure of Independent Directors were not filled as per the timelines prescribed under Reg.25(6) of SEBI (LODR) Regulations, 2015 within a period of three months.



*Corruud*



**\*Note:** It is hereby observed that the Company being a Government of India Enterprise, the power to appoint Directors (including Independent Directors) and the terms and conditions of such appointments including remuneration, evaluation etc., vests with the Government of India (GoI). Further it is submitted that the appointment of Independent Directors on the Board of the Company is in the process at Department of Public Enterprise and the Company is following up the matter rigorously with the Administrative Ministry (i.e. Ministry of Defence) for filling up the vacancies of Independent Directors. The Stock Exchange has also granted waiver for the penalties levied considering the representation of the Company.

- ii. Adequate notice is given to all directors to schedule the Board Meetings, including Committees thereof, along with the agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii. Majority decision is carried through while the dissenting members' views were captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

for Narender & Associates  
Company Secretaries



**G. NARENDER**  
Proprietor  
FCS 4898, CP 5024

Place: Hyderabad

Date: 10.06.2021

UDIN: F004898C000440333

This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.



# NARENDER & ASSOCIATES

## Company Secretaries

403, Naina Residency, Srinivasa Nagar (East), Ameerpet, Hyderabad - 500 038  
Off: 040-40159831, 23730801, E-mail: narenderg99@gmail.com

'Annexure - A'

To,  
The Members,  
Bharat Dynamics Limited  
Hyderabad

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The compliance of the provisions of various Environmental Laws, Labour Laws and other applicable laws, rules, regulations, standards is the responsibility of management and the Management has confirmed the compliance of all the provisions of enactments referred herein above.
7. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

for Narender & Associates  
Company Secretaries



G. NARENDER  
Proprietor  
FCS 4898, CP 5024

Place: Hyderabad  
Date: 10.06.2021

## ANNEXURE-IV

# MANAGEMENT DISCUSSION & ANALYSIS

### Forward looking statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward looking statements on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include government's strategy relating to acquisition of Defence equipment, changes in government regulations, tax laws, economic developments within the country and such other factors globally.

### 1. BHARAT DYNAMICS LTD – AN OVERVIEW

Headquartered in Hyderabad, Bharat Dynamics Limited (BDL), was incorporated on 16 July, 1970 as a Public Sector Undertaking under Ministry of Defence, Government of India.

Over the years, BDL has evolved as one among few industries in world having state-of-the-art facilities for manufacture and supply of Guided Missiles, Underwater Weapons, Air-borne products and allied defence equipment for Indian Armed Forces. BDL also offers Product Life Cycle Support for all equipment supplied and also refurbishment / life extension of vintage Missiles already available in the inventory of the Indian Armed Forces. While fulfilling its basic role as guided weapon system manufacturer, BDL has also built-up in-house R&D capabilities primarily focused on Design & Engineering activities.

In response to the clarion call given by the Hon'ble Prime Minister of India for creation of "Atmanirbhar Bharat", BDL, is relentlessly working to contribute its part towards creation of a self-reliant India in the area of Defence. The Company is endeavouring to forge alliance with foreign companies to take the 'Make in India' mission further. Thrust is being given to explore tie-ups with Original Equipment Manufacturers (OEMs) for new missiles and underwater weapons for potential Transfer of Technology.

BDL has forayed into international market by offering its products to foreign countries. BDL has executed export order of Torpedoes and is geared up to take orders of other exportable products also.

#### 1.1 Indian Defence Industry

The Indian defence market is in a state of transition, as a result of new policies promulgated by the government of India. India is the second largest armed forces in the world. The three services have several modernization plans underway. India plans to spend 130 billion dollars on military modernization in next 7-8 years, as achieving self-reliance in defence production is a key target for the Government of India. The ongoing DRDO projects in India are worth around US\$ 7.3 bn. The Government has opened up the defence industry for private sector participation to provide impetus to indigenous manufacturing. Opening up of the industry also paves the way for foreign Original Equipment Manufacturers to enter into strategic partnerships with Indian companies.

A Defence export strategy has been formulated with a view to facilitate Defence Public Sector Undertakings (DPSUs) and private defence players in exploring business opportunities abroad.

India's defence manufacturing sector has been witnessing a Cumulative Annual Growth Rate (CAGR) of 3.9% between 2016 and 2020. Demand growth is likely to accelerate with rising concerns of national security. The overall production sector decreased in 2019; however, growth was observed in the value of production by Defence PSUs due to numerous key product developments through research and development initiatives, in addition to various products and equipment being manufactured through transfer of technology. India's defence exports during 2015-20 grew at a CAGR of 35 per cent. The defence exports in the country witnessed strong growth in the last two years. Defence exports in India was estimated to be at around US\$ 1.29 bn in 2019-20. India's defence import value is around US\$ 463 million for FY20 and is expected to be at US\$ 469.5 million in FY21.

India's defence budget for 2020-21 was ₹4,71,378 crore (US\$ 67.4 billion), 9.37% higher than the budget estimates (BE) for the year 2019-20. Ministry of Defence (MoD) has provided more defence budget and thereby the resource requirement vis-a-vis the allocation narrowed from a 30% in 2018-19 to 25% in 2019-20.

The overall defence budget for fiscal year 2021-22 is ₹478196 crore, which has a marginal increase from the ₹471378 crore earmarked in the 2020-21 budget. However, the allocation under Capital of ₹1,35,060.72 crore for FY 2021-22 represents an increase of 18.75 per cent over FY 2020-21 bolstering efforts to modernize its military hardware amid border tensions. This is the highest ever increase in capital outlay of Defence in the last 15 years.

In October 2020, India and the UAE have agreed to take their defence cooperation further through joint production and mutual trade. This move is expected to boost domestic defence exports and achieve defence export targets worth US\$ 5 billion in the next five years. Demand for defence equipment in India has been growing due to the ongoing territorial disputes with neighbouring countries. To modernise its armed forces and reduce dependency over external dependence for defence procurement, several initiatives have been taken by the government to encourage 'Make in India' activities via policy support initiatives.

## 1.2 Indigenization

Government has notified a Policy for indigenisation of components and spares used in Defence Platforms in March, 2019 with the objective to create an industry ecosystem which is able to indigenize the imported components (including alloys & special materials) and sub-assemblies for defence equipment and platforms manufactured in India.

To encourage more participation from start-ups and Micro, Small & Medium Enterprises (MSMEs) in Defence Research & Development (R&D) in achieving the 'Atmanirbhar Bharat' goal, the Hon'ble Defence Minister released a new version of 'Defence Research and Development Organisation (DRDO) Procurement Manual 2020' on October 20, 2020. There are plans to establish new infrastructure including a defence park to manufacture defence equipment for forces. The project is aimed at promoting MSMEs and boosting 'Make in India' initiative in defence manufacturing.

The following policies/schemes were undertaken by the Government to encourage indigenous development of defence equipment and to boost the defence manufacturing in India:

- Govt. of India has announced total embargo on 101 defence items progressively beyond the year 2025. 101 Defence Products were declared in Negative list for imports, thus encouraging domestic manufacture and eliminating import of these products. Subsequently, another of 108 items was also announced by MoD for embargo on imports progressively upto 2025. The defence ministry estimates potential contract worth ₹4 lakh crore (US\$ 57.2 billion) for the domestic industry in the next 5–7 years (2025–2027).
- Defence Procurement Procedure was modified to further give priority to IDDM (Indigenously Designed, Developed and Manufactured) to encourage indigenous design and manufacture of defence equipment. This will enable India to reduce/eliminate imports in long run and also to export to friendly countries.
- Wherever imports are necessary, Defence Procurement Procedure was modified to permit as a special case while restricting percentage of import.
- All imported items by DPSUs/OFB units are being uploaded on MoD's 'SRIJAN' Portal. This portal is designed so that vendors can access the requirements of these imported items and can assist in indigenising these items and thereby minimizing its imports.
- Increased FDI limit to 74% in defence sector addresses the primary concern of global OEMs on control to protect IP and technology. Automatic approval route could ensure minimal procedural delays. Foreign investment in the sector is subject to security clearance by the Ministry of Home Affairs and as per guidelines of the Ministry of Defence. Expected to result in enhanced FDI from foreign OEMs especially from key defence manufacturing hubs
- The new Defence Production and Export Promotion Policy 2020 of the MoD aims to achieve a turnover of ₹175000 crores (US\$ 25 billion), including an export of ₹35000 crores (US\$ 5 billion) in the aerospace and defence goods and services by 2025.
- The Government of India has announced a new policy for Public Sector Enterprises (PSEs). Corporatisation of Ordnance Factory Board (OFB), identification of strategic and non-strategic sectors in the PSEs are the key announcements of this policy. In the strategic sectors, minimum one and upto four PSEs will be retained.



- Government of India has further introduced policies to protect domestic industry by disallowing global tenders for contracts up to USD27 million (₹200 crore). Procurements of value of up to ₹200 crores (approximately USD27 million) is being reserved for domestic industry.
- The offset policy in capital purchase contracts with foreign defence OEMs, stipulates a mandatory offset requirement of a minimum of 30% for defence contracts. The minimum contract value for which offsets are mandatory has now been revised from INR 300 crore to INR 2,000 crore. Offset guidelines have been made flexible by allowing change of Indian Offset Partners (IOPs) and offset components, even in signed contracts.

As a part of BDL's contribution towards creation of Atmanirbhar Bharat, several initiatives have been taken up by BDL in this direction, which includes:

- Inauguration of Surface – Mount Technology facility & High Performance Computing facility.
- Laying foundation stone for setting up of Seeker Facility Centre and for establishing Warheads Production Facility and High Temperature Carbon Composite manufacturing facility for 'critical components'.

In addition to the above, BDL has also commenced indigenization of components and subassemblies of various programmes which were being imported by the Company. 267 items are being planned under the indigenization programme which is expected to save around ₹930 crores of imports for the country.

MoD's indigenization portal, SRIJAN is a 'one stop shop' online portal that provides access to the vendors to take up items that can be taken up for indigenization'. The 267 items planned for indigenization have been uploaded in this portal. BDL has received response for 97 items. The Company has already placed sanctioned order for indigenization for 35 items on NCNC basis.

In order to support MSMEs, Start-ups and as well as to create a business opportunity, BDL is also entering into MoUs with the Start-up companies and all necessary technical support is being given to these companies.

*(Source: www.mod.gov.in; Press information bureau; www.idsa.in; BDL's website and other documents;)*

## 2. REVIEW OF BDL'S BUSINESS

The Company operates in an environment characterised by both increasing complexity in factors influencing national security and continuing economic challenges in India and globally. A significant component of BDL's outlook in this environment is to focus on execution, improving standards and quality and predictability of the delivery of our products to the Indian Army. BDL also continues to invest in technologies to fulfil the requirements of the Indian armed forces and also invest in its people so that the Company has necessary technical skills to succeed without limiting its ability.

### 2.1 BDL's Products

SAMs	ATGMs	Torpedoes	Launchers	Counter-measures	Test Equipment
Akash Weapon System	Milan2T, Konkurs-M INVAR	Light Torpedoes	Launchers for Konkurs-M & MILAN 2T ATGMs	Counter Measures Dispensing Systems and Underwater decoys	Functional monitoring equipment for ATGMs & SAMs
Medium Range SAM		Heavy Weight Torpedoes			
Astra Weapon System					

## 2.2 Manufacturing facilities

The Company has three manufacturing facilities located in Hyderabad, Bhanur and Vishakhapatnam. All the manufacturing facilities have ISO 14001:2015 certifications Environmental Management System (EMS). All production Divisions are certified to AS 9100D Standard for Aerospace Quality Management System. The Corporate Office located at Hyderabad is certified with ISO 9001:2015 (Quality Management System). The Electronics Division of the Company has been certified with AFQMS (Approval of the Firm and its Quality Management System) by DGAQA while the Electronics Lab of Milan Division and Bhanur unit and Material Testing Lab have been accredited for ISO / IEC 17025:2005 (NABL) certification.

The Company is also in the process of setting up two additional manufacturing facilities at Ibrahimpatnam (near Hyderabad) and Amravati in Maharashtra which shall be used to manufacture SAMs and Very Short Range Air Defence Missiles (VSHORADM) respectively.

## 2.3 Order Book

Our current order book as on 01 April 2021 is ₹ 8386 Crore.

## 2.4 Financial Performance

i) **Performance of the Company in financial terms is summarized below:**

S.No	Particulars	₹ in Crore		% of Increase/ (Decrease)
		2020-21	2019-20	
i)	Sales/Revenue from Operations	1914	3105*	(38.36)
ii)	Value of Production	2043	2601*	(21.45)
iii)	Profit Before Tax	341	742	(54.04)
iv)	Profit After Tax	258	535	(51.78)
v)	Value Added	1073	1587*	(32.39)
vi)	Earnings per share# (in Rupee)	14.06	29.18	(51.82)

# EPS has been calculated based on profits excluding the other comprehensive income.  
\* Figures has been reclassified and regrouped.

### Notes – Reasons for Increase/decrease in performance

Covid-19 pandemic and lockdown protocols have led to severe disruptions, affecting production, sales and profit during current reporting period. Therefore, the performance of the company for this period is not comparable with corresponding period or any period of previous year.

ii) **Following data reflect the financial position of the Company:**

Particulars	₹ in Crore		% of Increase/ (Decrease)
	2020-21	2019-20	
Gross Block (PPE)	1070	1011	5.84
Accumulated Depreciation	327	258	26.74
Net Block	743	753	(1.33)
Working Capital	2378	2260	5.22
Capital Employed	3293	3192	3.16
Net Worth	2685	2607	2.99

**Notes- Reasons for increase/decrease in financial position**

- Covid-19 pandemic and lockdown protocols have led to severe disruptions, affecting production, sales and profit during current reporting period. Therefore, the performance of the company for this period is not comparable with corresponding period or any period of previous year.
- Though there is an increase in gross block of ₹59 Crore during 2020-21, net block has gone down by ₹10 Crore which is mainly due to depreciation of assets.
- Working Capital is increased by ₹118 Crore which is due to ;
  - Increase in Current Assets by ₹324.93 Crore which is mainly due to increase in inventories by ₹540.49 Crore which could not be converted into sales due to Covid Pandemic and decrease in trade receivables (Billed and Unbilled) by ₹1225.23 Crore. Decrease in trade receivables is mainly account of collection.
  - Increase in Cash & Bank balances by ₹897.46 Crore which is mainly account of realization of trade receivables.
  - Increase in other Current Assets by ₹112.61 Crore which is mainly on account of advance paid to vendors for supply of materials.
  - Increase in Current Liabilities by ₹206.31 Crore which is mainly due to increase in trade payable by ₹397.11 Crore and Decrease in provision by ₹96.26 Crore due to utilisation and reversal of provisions.
  - Decrease in other Current Liabilities by ₹71.12 Crore mainly due to discharge of contractual obligation.

iii) **Key Financial Ratios:**

In accordance with the SEBI (LODR) Regulations, 2015 the Company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in the following key sector specific financial ratios along with the detailed explanations there for:

Particulars	FY 2020-21	FY 2019-20	Change (in %)	Explanation for change of 25% or more
Debtors Turnover Ratio (times)	0.92	1.37	(32.85%)	refer below Note 1
Inventory Turnover Ratio (times)	1.70	2.46	(30.89%)	refer below Note 2
Interest Coverage Ratio (times)	136	228	(40.35%)	refer below Note 3
Current Ratio (times)	1.94	1.98	(2.02%)	Not Applicable
Debt Equity Ratio (times)	Nil	Nil	Nil	Not Applicable
Operating Profit Margin (%)	12.87	21.08	(38.95%)	refer below Note 4
Net Profit Margin (%)	13.47	17.23	(21.82%)	Not Applicable
Return on Net worth (%)	9.74	21.94	(55.61%)	refer below Note 5

**Notes:**

Covid-19 pandemic and lockdown protocols have led to severe disruptions, affecting production, sales and profit during current reporting period. Therefore, the performance of the company for this period is not comparable with corresponding period or any period of previous year.

1. Trade Receivables as on 31 Mar 2021 stood at ₹323 Crore showing decrease of ₹15 Crore over previous year.
2. Due to decrease in Turnover.
3. Interest comprise of interest on Overdraft, MSME Interest.

4. OPM decreased due to increase in operating profit which is result of change in the product mix i.e., More manufacturing than Trading activity (Ground support).
  5. Due to decrease in profitability.
- iv) All the applicable accounting standards are followed except IND-AS-108 relating to segment reporting keeping in view of the nature of business and the sensitive nature of the disclosure, where necessary exemption is being provided by MCA. However, such non-disclosure does not have any financial effect on the accounts of the Company.

## 2.5 Company Objectives

- To become self-reliant and competitive in Guided Missiles and Underwater Guided Weapon Technology and Production.
- To maximize utilization of existing production capacities.
- To become a prime competitor in the world market and export products to friendly countries.

## 2.6 Opportunities & Threats

### Opportunities

- BDL's multiple years of expertise in manufacturing various defence equipment coupled with its advanced facilities enable the company to expand its market in India and abroad.
- BDL has an experienced senior management and staff having vast experience in defence equipment manufacturing.
- Increased thrust on defence indigenisation under the "Make in India" policy has thrown up more opportunities for BDL.
- BDL has a strong supply chain comprising of technically qualified vendors and suppliers to ensure timely delivery of materials.
- BDL's primary customer is Ministry of Defence, Government of India (GoI). The GoI has been allocating increased budget for acquiring defence equipment.
- The opening up of export market and 'ease of doing business' have facilitated the Company to execute export orders successfully in the recent times and receive more enquiries from other countries.

### Threats

- Slowdown in the economic activities and lower defence budget by GoI could adversely impact BDL's business.
- Higher dependency on single customer i.e. Ministry of Defence (MoD)
- Cancellation of orders can weaken the order book and future revenue.

## 2.7 Key Strategies

Key strategies of BDL are aimed at enhancing the company's market position by expanding capabilities, capitalising on opportunities in domestic and international markets, and enhance the company's competitive advantage focusing more on indigenisation.

To achieve our strategic goals, the Company would focus on the following:

**2.7.1 Expanding Infrastructure:** The Company would continue to invest in infrastructure. The upcoming manufacturing facilities at Ibrahimpatnam and Amravati will enable the company to cater to the growing demand of its customers. These two manufacturing facilities shall be utilised to manufacture SAMs (including a new generation of SAMs) and VSHORAD missiles respectively. BDL is also setting up Seeker Facility Centre and Warheads Production Facility.

**2.7.2 Automation:** BDL has been constantly upgrading its manufacturing technologies and processes to state-of-the-art including industry 4.0, Robotics operated workshops, latest Surface Mounted Devices assembly lines and maintains highest quality standards in its products by adopting to best QA practices like AS 9100, Zero defect, etc. The pursuit results into reduction in production cost, benchmarking of productivity norms and modernization of management system and less dependence on imported technology. The Company intends to automate its production systems where feasible to increase the productivity.



- 2.7.3 Focus on Research & Development:** The Company believes that the recent changes to the government policies allowing private sector companies to participate in defence contracts will provide significant competition. In order to address these challenges, BDL intend to increase its R&D activities to develop innovative products to its customers. BDL's R&D expenses have also grown up significantly over the past few years. The Company believe that development of new products will enable it to diversify its offerings and mitigate product dependencies. In this direction, BDL, as a part of Atmanirbhar Bharat Week observed during August 2020, has introduced two new products viz., Konkurs Missile Test Equipment and Konkurs Launcher Test Equipment. These two products were launched by Hon'ble Raksha Mantri on 13 Aug 2020 during a virtual ceremony. The Company has also established the missile development group with the objective to design and develop missiles. BDL is striving to develop Artificial Intelligence based products. Thrust is also being given to efforts towards Innovation of in-house developed products. Synergy is being maintained between the industry and academia to sustain balance between experience and knowledge industry.
- 2.7.4 Improving Processes:** The Company also intends to carry out process improvements, with the aim of improve our productivity and efficiency of its operations and thereby lower costs.
- 2.7.5 New Generation Weapons:** BDL intends to leverage its experience to develop weapons such as new generation SAMs, ATGMs, Air to Air Missile System and heavyweight torpedoes which will enable the Company to further increase its revenues. BDL is also the joint development partner-cum production agency with the DRDO for the next generation of ATGMs, Air to Air Missile and SAMs. BDL has also entered into several MoUs and non-disclosure agreements with various companies for developing new products and transfer of technologies.
- 2.7.6 Exports:** BDL primarily caters to the requirements of the Indian armed forces. With encouragement from Government of India, BDL is actively exploring export markets. Further, with the Cabinet Committee on Security (CCS) clearing regarding clearance of Akash Weapon System for Export to nine countries, BDL is geared up to take up the export orders. BDL has already received export leads for Akash from few countries. BDL is therefore set to expand its customer base in the international market. BDL has adequate production facilities to cater to the domestic as well as export demand for its products. To meet the objective of expanding its footprints in the international market, BDL is consistently pursuing with potential overseas customers for export of its products.

### 3. RISKS AND CONCERNS:

Various risks identified with mitigation plans includes risks related to industry, increased market competition, time to market, decline or recession in market segments and product and product inputs prices, cost control and change demand risks. Also risks related to environment, health and safety, IT, R&D, intellectual property and new technical demands such as digitalization/smart industry are high on the agenda and proactively mitigated, managed with identified improvement activities and followed up on regularly.

- 3.1 Business Risk:** The company primarily dependent on a single customer, the Indian armed forces through the Ministry of Defence, Government of India (MoD). A decline or reprioritization of the Indian defence budget, the reduction in their orders, termination of contracts or failure to succeed in tendering projects and deviations in the short term and long term policies of the MoD or the Indian armed forces in the future will have a material adverse impact on our business, financial condition, and results of operations, growth prospects and cash flows. BDL also operates in evolving markets where a level playing opportunity is given to private sector which makes it difficult to evaluate its business and future prospects.

**Mitigation:** Having rich expertise in this business and a well-established infrastructure, Company has ability to handle adverse situations and also geared up to face competition from private sector. Further in order to expand the customer base, BDL is actively exploring export markets with the encouragement from the Government of India.

- 3.2 Policy Risk:** The company is subject to a number of procurement rules and regulations of the MoD, Government regulations and other rules and regulations. The Company's business could be adversely affected in case of any sudden and unforeseen changes in the applicable rules. Restrictions on current and future export of the products and other regulations could adversely affect BDL's business, results of operations and financial conditions

Mitigation: Company is complying with all rules and regulations as per the policies of Government of India and is also taking necessary precautions in advance where possible in anticipation of any changes in the rules.

- 3.3 Operational & Labour Risk:** The Company's operations are based out of three units in Telangana and Andhra Pradesh. The loss of, or shutdown of, BDL's operations at any of its units in Telangana and Andhra Pradesh will have a material adverse effect on Company's business, financial condition and results of operations. Some of BDL's workforce is represented by labour unions so the Company's business could be harmed in the event of a prolonged stoppage of work

Mitigation: The Company always continues to maintain cordial relations with all the employees and as such does not foresee material adverse effects in this regard.

- 3.4 Supplier/Service Provider Risk:** Company is dependent on multiple key Original Equipment Manufacturers ("OEM") for subassemblies / components, single source suppliers and sub-contractors. Any failure on the performance of any of them could have a material impact on Company's operations

Mitigation: BDL is continuously striving to expand its vendor base and sufficiently safeguarded with liquated damage clause in case of any failure on the performance. BDL is also developing multiple vendors where single source suppliers are currently existing across its programmes to reduce its dependence and continuity in the programme.

- 3.5 Technology Risk:** BDL manufactures products that incorporate advanced technologies. The introduction of new products and technologies involves risks and the Company may not realize the degree or timings of benefits initially anticipated.

Mitigation: The Company has activated its own Research & Development department and started increasing its investment in R&D to encounter technology risks. In addition to this, the Company also concurrently works with DRDO in development of several projects.

#### 4. FUTURE OUTLOOK

BDL intends to increase R&D activities in association with DRDO and continue to have joint-development programs. BDL is also exploring various business opportunities with foreign OEMs and towards this, BDL has signed MoUs with the foreign OEMs during the year under review. BDL believes that development of new products will enable the Company to diversify its offerings and mitigate product dependencies. It has established the missile development group with the objective to design and develop missiles and also strive to develop Artificial Intelligence based products.

With the announcement from the Union Cabinet regarding clearance of Akash Weapon System for Export, BDL has geared up to take up the export order. Given the export potential and demand of Akash in the international market, BDL has been promoting the product at various forums including national and international exhibitions and received export leads for the Akash Weapon System. BDL has already supplied Torpedoes to a friendly foreign country. Now, with the export clearance accorded by the Government of India, BDL is set to expand its customer base in the international market. Your company is confident of meeting the export demand in addition to meeting requirements of the Indian Armed Forces, as your company has adequate established production facilities.

BDL, as a part of its Global Outreach, is endeavouring to forge alliance with foreign companies to take the 'Make in India' mission further. The Government of India's 'Make in India' programme, the 'ease of doing business' and recent 'Atmanirbhar Bharat' initiatives have created a congenial ecosystem for the foreign OEMs to tie up with Indian Companies like BDL to establish the production facility in India. In this context, BDL has recently signed a 'Teaming Agreement' with Thales, UK to set up manufacturing facility in India to manufacture STAR Streak Missile System under Transfer of Technology. The Agreement will also provide opportunity for BDL to offer STAR Streak Missile System to the Indian Armed Forces as well as Design and Development of the system, qualifying it under the 'Make in India' programme. Through this agreement, BDL will become a part of the STAR Streak global supply chain, providing opportunity for export of the system to existing and future STAR Streak Air Defence customers, including the UK Armed Forces. The agreement also represents opportunity for industrial cooperation between UK and India and will facilitate for closer collaboration and co-development between industries of the two nations.

As an endeavour to give a push to 'Atmanirbharta' in Defence, the Government of India has created a negative list of imports. The creation of the negative lists of imports will open up a large number of opportunities to the Indian Industry. With this, a sizeable increase in order inflows can be expected.

BDL has been identified as the production agency for Akash and Astra Air-to-Air Missiles. These missiles are indigenously designed and developed by DRDO and are being manufactured by BDL. Moreover, Project sanction order has also been issued by Ministry of Defence to BDL for development of 3rd Generation ATGMs in India, which is another step towards creation of 'Atma Nirbhar Bharat' in Defence sector.

As a part of 'Atma Nirbhar Bharat', BDL has made an Indigenization Plan for the next five years and set a target of indigenization of 166 items. Against the target of 72 items to be indigenized during the year 2020-21, 79 items indigenization was completed and the value of imports was negated to ₹144.71 Crores.

Under 'Buy & Make' Category of Capital Acquisition, the foreign vendor is required to transfer the Technology to Indian Production agency for indigenous production of the items. Foreign OEM can select Indian Production agency of its choice for transfer of technology. BDL is exploring various business opportunities with Foreign OEMs and in this regard during the year, BDL has entered into few MoUs with Foreign OEMs as below:

- MoU with Naval Group France, Naval Group, India and MoU with Rafael Advanced Defence System Ltd (Naval Division) to manufacture Under Water Weapons.
- MoU with L&T MBDA Missile Systems Ltd, a Joint Venture between L&T and MBDA as per which, the companies have decided to collaborate for Fifth Generation Anti-Tank Guided Missiles as well as the future SRSAM missile program.
- Teaming Agreement with Thales, UK for indigenous manufacture of STARSTREAK Missiles in India.
- MoU with ROXEL, France for establishing propellant manufacture facility in India.
- MoU with STE "SPETSTECHNOEXPORT", Ukraine for joint development, transfer of technology (TOT) and joint manufacturing of various missile systems including optical sight as well as repair, refurbishment and life extension of existing missiles stocks in India.

Currently, BDL has a healthy order book position of ₹8386 Crore as on 01 April 2021, which will keep the production lines engaged in the year ahead.

## 5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

- a) Cost reduction initiatives: During the year under report, an amount of around ₹66 Crore has been achieved under cost review/reduction programme by way Indigenisation efforts, Change in process, Development of alternative tools, Scrap Disposal, Power & fuel, Transport, Testing of material, Proof firing expenditure, Material handling, hiring of vehicles, Publicity etc.
- b) Economy Measures:-In line with Ministry of Finance Office Memorandum on Expenditure Management, Economy Measures and Rationalization of expenditure and keeping in view of COVID-19 pandemic, Company has observed financial prudence and economy on areas like travelling expenses, advertisement and publicity expenses, purchase of new vehicles, conducting seminars and conferences, courtesy and entertainment, etc during the year 2020-21. Inventory of raw-material, work-in progress and spare parts is maintained at optimal levels. Energy consumption, fixed and variable overheads and Contingency expenditures are being constantly reviewed and pruned to bare minimum.

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

### 6.1 The manpower strength of the Company as on 31 March 2021 is as under:

	Non- Executives	Executives	Total
Male	1709	765	2474
Female	198	104	302
<b>Total</b>	<b>1907*</b>	<b>869*</b>	<b>2776*</b>
Previous Year	2004*	909*	3001*

\* Excluding temporary employees.

BDL has a very well defined training and development programmes for the Executives and Non-Executives. The Company is certified with PCMM (People Capability Maturity Model) Level 2 rating. It is a maturity frame work for implementing the workforce practices that continually improve workforce capabilities and major source of gaining competitive advantage and strategic advantage. Implementation of PCMM will give scope to the company for attracting and retaining the talent. BDL is first Defence PSU to implement the PCMM Level certification for HR Process.

The Company has institutionalized the Succession Planning Process through Gap Analysis, identifying critical roles and identifying key bench strength for each critical role position, Readiness index of the successors based on Performance Management Systems and other criteria as per the succession planning policy of the Company. Inputs from Assessment Development Centres were also taken while grooming the successors. The vacancies of all critical posts as per succession plan are filled meticulously through regular incumbent with the internal talent pool and if required with outsiders in case internal talent pool is not available.

### 6.2 Industrial Relations

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

## 7. ENVIRONMENTAL MEASURES:

BDL contributes in all aspects for clean and green environment by systematically integrating best practices to bring in cleaner technologies and greening the environment through recycle, reuse and reduce approach. Effluent treatment plant, Sewage treatment plant are being operated. Various environmental protection activities such as water conservation, tree plantation, disposal of hazardous waste and metal scrap, planting of saplings and landscaping, utilizing treated effluent water and domestic water have been carried out. The Company has been reviewing status of various types of pollutions through ISO 14001 core team meetings, internal audits and management review meeting at regular intervals. Annual surveillance audits are being carried out at all the three units to assess the effectiveness of Environmental Management System.

## 8. FOREIGN EXCHANGE CONSERVATION

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



## ANNEXURE-V

### REPORT ON CORPORATE GOVERNANCE

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Philosophy of the Company in respect of Corporate Governance is based on the principles of honesty, integrity, accountability, Corporate Social Responsibility and to ensure transparency in all its operations, make appropriate disclosures, comply with the laws, and regulations, maintain ethical standards and take care of the interest of all the stakeholders. The Corporate Governance at the Company is a value based framework to manage the Company Affairs in a fair and transparent manner.

In keeping with its professional approach, the Company is implementing the precepts of Corporate Governance in letter and spirit. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our performance, financials, business transactions, leadership and governance of the Company.

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. The Board of Directors ("The Board") is at the core of our Corporate Governance practice and oversees how the management serves and protects the long term interest of all our stakeholders.

Your Company is in compliance with the requirements of the Corporate Governance standards as stipulated under SEBI (Listing obligations and disclosure requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and the Department of Public Enterprises Guidelines on Corporate Governance for Central Public Sector Enterprises-2010 (hereinafter referred to as 'DPE Guidelines').

#### 2. BOARD OF DIRECTORS:

##### a) Composition and Category of Directors:

In terms of the Companies Act, 2013, your Company is a 'Government Company' as 74.93% of the total paid up capital is being held by President of India as on 31 March 2021.

The Board of Directors headed by the Executive Chairman and Managing Director (CMD) is the apex body which oversees the functioning of the Company. The Board provides long-term vision and strategic thinking in order to improve the quality of governance.

As on 31 March 2021, the Board of Directors of the Company consists of four Whole Time Directors including Chairman and Managing Director and two Part-time Official Directors (Government Nominee Director).

Your Company being a Government Company, the appointment/tenure of all Directors is done by the President of India, through the Ministry of Defence. Directors are not inter se related to each other.

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

A) Functional/Whole-Time Directors (Executive)	Designation
1) Cmde.Siddharth Mishra (Retd)	Chairman & Managing Director
2) Shri.S.Piramanayagam <sup>^</sup>	Director (Finance)& CFO
3) Shri.N.P.Diwakar	Director (Technical)
4) Shri.P.Radhakrishna	Director (Production)
5) Shri.N.Srinivasulu <sup>^</sup>	Director (Finance) & CFO
B) Part-Time Official Directors (Non-Executive-Non independent)	
1) Shri.Ashwani Kumar Mahajan, Addl. FA & JS <sup>#</sup>	Government Nominee Director
2) Shri.Chandraker Bharti <sup>#</sup> IAS, JS ( Aero)	Government Nominee Director
3) Shri.M S R Prasad, DG (MSS) & DS	Government Nominee Director
C) Part-time Non-Official Director (Non-Executive-Independent)	
1) Shri.Ajay Nath <sup>*</sup>	Independent Director
2) Shri.KS Sampath <sup>*</sup>	Independent Director
3) Smt.Latha Narasimhamurthy <sup>*</sup>	Independent Director

<sup>^</sup> Vide Ministry of Defence, Government of India Letter No.DDP-M0001(11)/03/2019-D(BDL) dated 20 March 2020, Shri.N.Srinivasulu was appointed on the Board as Director (Finance) w.e.f. 01 July,2020 consequent to superannuation of Shri.S.Piramanayagam on 30 June 2020.

<sup>#</sup> Vide Ministry of Defence, Government of India Letter No. 8 (32)/ 2019- D (Coord/ DDP) dated 02 February 2021, Shri. Chandraker Bharti was appointed on the Board w.e.f. 02 February, 2021 in place of Shri.Ashwani Kumar Mahajan as Government Nominee Director.

<sup>\*</sup> Vide Ministry of Defence letter No. H-62011/2/2016-D(BDL) - dated 13 September 2017 ceased to hold their office w.e.f 13 September 2020 on completion of their tenure on 12 September 2020.

**Note:** There are six vacancies of Independent Directors including one Woman Director as on 31 March 2021. All the vacancies were timely notified to Govt. for filling up and the matter of filling up of these vacancies is under consideration at Administrative Ministry/ Department of Public Enterprises, Ministry of Heavy Industries, Govt of India.

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

During the year 2020-21, Five (5) Board Meetings were held and the maximum interval between any two meetings was complied with in terms of SEBI Regulations and Companies Act. The Board Meetings were held on 29 June, 2020, 31 August 2020, 12 November 2020, 12 February 2021 and 12 March 2021. The Board meets at least once in every three months and at least four such meetings are held every year. Required information is made available to the Board for its information/decision making. Details of attendance of the Directors at the Board Meetings, Annual General Meeting and the number of other Directorship/Committee Membership held by them during 2020-21 etc., are furnished as follows:

Name of Directors	Board Meetings		Attendance At last AGM held on 28 Sep 2020	No. of other directorships held	Name of the Listed entities where Directors are on Board		No. of Committee membership across all companies	
	No. of Board Meetings held during respective tenure of Directors	No. of meetings attended			Name of the Listed Company	Category of Directorship	As Chairman	As Member
<b>Functional/Whole-Time Directors (Executive)</b>								
Cmd.Siddharth Mishra (Retd), CMD	5	5	Yes	Nil	Bharat Dynamics Ltd	Executive Director & Chairman	-	-
Shri.S.Piramanayagam Director (Finance)& CFO (Ceased w.e.f 1 July 2020)	1	1	Not Applicable	Nil	Bharat Dynamics Ltd	Executive Director & CFO	-	1
Shri.N.P.Diwarar Director (Technical)	5	5	Yes	Nil	Bharat Dynamics Ltd	Executive Director	-	2
Shri.P.Radhakrishna Director (Production)	5	5	Yes	Nil	Bharat Dynamics Ltd	Executive Director	-	-
Shri.N.Srinivasulu Director (Finance) & CFO (Appointed w.e.f. 01 July 2020)	4	4	No	Nil	Bharat Dynamics Ltd	Executive Director & CFO	-	1
<b>Part-Time Official (Government) Directors (Non-Executive-Non independent)</b>								
Shri.Ashwani Kumar Mahajan (Ceased w.e.f. 02 Feb 2021)	3	3	No	1	Bharat Dynamics Ltd	Non-Executive Non Independent Director	-	-
					Garden Reach Ship Builders & Engineers Ltd	Non-Executive Non Independent Director	-	-
Shri.M S R Prasad	5	5	No	1	Bharat Dynamics Ltd	Non-Executive Non Independent Director	-	-
Shri.Chandraker Bharti (Appointed w.e.f 02 Feb 2021)	2	2	Not Applicable	1	Bharat Dynamics Ltd	Non-Executive Non Independent Director	-	-
					Hindustan Aeronautics Ltd	Non-Executive Non Independent Director	-	-
<b>Part-Time Non-Official Directors (Non-Executive-Independent)</b>								
Shri.Ajay Nath (Ceased w.e.f 13 Sep 2020)	2	2	Not Applicable	-	Bharat Dynamics Ltd	Non-Executive Independent Director	-	1
Shri.K S Sampath (Ceased w.e.f 13 Sep 2020)	2	2	Not Applicable	-	Bharat Dynamics Ltd	Non-Executive Independent Director	2	-
Smt.Latha Narasimhamurthy (Ceased w.e.f 13 Sep 2020)	2	2	Not Applicable	-	Bharat Dynamics Ltd	Non-Executive Independent Director	-	1
<b>Note:</b>								
(1) None of the Directors of the Company/Key Managerial Personnel had any pecuniary relationship with the Company during the year. None of the Directors are related to each other and there are no inter-se relationships between the directors.								
(2) Directorship in Companies registered under the Companies Act, 2013, excluding directorships in private companies, foreign companies and companies under Section 8 of the Companies Act, 2013.								
(3) Pursuant to Regulation 26 of SEBI (LODR) Regulations 2015, the Chairmanship/Membership of Audit Committee and Stakeholders relationship Committee are considered for the purpose of number of other Committees memberships across all Companies. No Director is a member in more than ten Committees or Chairman of more than five Committees across all companies in which he/she is a Director. None of the Directors of the Company serves as Director in more than seven listed Companies and none of the Independent Directors of the Company serves as an Independent Director in more than seven listed Companies. None of the Whole Time Director/Managing Director of the Company serves as Independent Director in more than three listed Companies.								
(4) None of the Directors of the Company holds any shares and/or convertible instruments in the Company.								
(5) The Company has received declarations on criteria of independence as prescribed in Section 149 (6) of the Companies Act 2013 and Regulation 16(1)(b) of the Listing Regulations from the Independent Directors of the Company as on March 31 2020 and based on the declarations received from the Independent Directors, the Board of Directors confirms that the Independent Directors fulfill the criteria of Independence specified in SEBI (LODR) regulations and are independent of the management and no Independent Director resigned before expiry of his/her tenure.								

**d) Board Skills/Expertise/Competence:**

Being a Central Government Public Sector Enterprise, the appointment/re-appointment, competence, tenure and remuneration of Directors are decided by the Government of India through the Administrative Ministry. The skills/expertise/competencies of the Board of Directors as required in the context of business(es) & sector(s) pertaining to the Company are identified by the Government of India and accordingly selection of Directors on the Board of the Company is made by the Government as per its own process. The desirable qualification and experience of the incumbents are as per the requirement of functional areas i.e. Finance, Operations, Technical, Human Resource and Marketing. At the time of recruitment of the Functional Directors, job description, desirable qualification & experience of candidates are sent to the Public Enterprise Selection Board through the administrative Ministry for announcement of vacancy and recruitment of candidates.

The following are the list of core skills/expertise/competencies of Directors as required under Listing Regulations in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board as on 31 March 2021:

<b>Core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s)</b>	<b>Names of Directors who have such skills/expertise/competence</b>
Knowledge – understand the Company's business, policies, and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities) and knowledge of the industry in which the Company operates	Cmde.Siddharth Mishra (Retd) Shri.Chandraker Bharti Shri.MSR Prasad Shri.N.Srinivasulu Shri.N.P.Diwakar Shri.P.Radhakrishna
Behavioral Skills - attributes and competencies to use their knowledge and skills to function well as team members and to interact with key stakeholders	Cmde.Siddharth Mishra (Retd) Shri.Chandraker Bharti Shri.MSR Prasad Shri.N.P.Diwakar Shri.P.Radhakrishna Shri.N.Srinivasulu
Strategic thinking and decision making	Cmde.Siddharth Mishra (Retd) Shri.Chandraker Bharti Shri.MSR Prasad Shri.N. Srinivasulu Shri.N.P.Diwakar Shri.P.Radhakrishna
Financial expertise	Shri.N.Srinivasulu
Technical/Professional skills and specialized knowledge to assist the ongoing aspects of the business such as Technical operations and knowledge on production, processing, quality etc.,	Cmde.Siddharth Mishra (Retd) Shri.MSR Prasad Shri.N.P.Diwakar Shri.P.Radhakrishna

**e) Review of Compliance of Laws:**

The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances. The Board reviewed the compliance reports relating to various laws applicable to the Company for the year 2020-21. There was no significant or material order passed during the year by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

**f) Familiarization/Training of Board Members:**

In terms of Regulation 25(7) of the Listing Regulations, Para 3.7 of the DPE Guidelines and applicable provisions of the Companies Act, 2013, a 'Policy on Familiarization / Training Programmes to Board Members' was formulated and approved by the Board of Directors. As per the terms of the said policy, the Board members including Independent Directors are provided with the familiarization programmes on their roles, rights, responsibilities, nature of industry, Company's business model, procedures and practices and also provided with necessary documents and reports to keep the Directors abreast of the necessary information relating to the Company. Further, the Board members participate in various training programmes on corporate governance and other Board related topics from time to time. The details of Familiarization programmes imparted to the Independent Directors during the year 2020-21 are placed in the website of the Company and can be accessed at [www.bdl-india.in/investors](http://www.bdl-india.in/investors).

**g) Certificate from Company Secretary in Practice**

M/s. Puttaparthi Jagannatham & Co., Practicing Company Secretaries, have issued a certificate as required under the Listing Regulations confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Company by the SEBI/Ministry of Corporate Affairs or any such Statutory Authority as on 31 March 2021.

**3. MANDATORY COMMITTEES OF THE BOARD:**

**A. AUDIT COMMITTEE:**

The composition of the Audit Committee was in line with Section 177 of Companies Act 2013 (the Act), Regulation 18 of the Listing Regulations, and DPE Guidelines till 12 September 2020 and then the Committee was suspended with effect from 13 September 2020 due to no representation of Independent Directors on the Board. The Company's Audit Committee had three (3) Independent Directors till 12 September 2020.

During the year, three (3) meetings of the Audit Committee were held on 29 June 2020, 06 August 2020, and 31 August 2020. The composition and the details of attendance of Members for the said meetings are as follows:

S.No	Name of the Member	Category of Directors	No. of Meetings held during their tenure	No. of Meetings Attended
1	Shri.K S Sampath, Chairman*	Non-Executive Independent Director	3	3
2	Shri.N.P Diwakar, Member	Executive Director	3	3
3	Shri.Ajay Nath, Member*	Non-Executive Independent Director	3	3
4	Smt.Latha Narasimhamurthy, Member *	Non-Executive Independent Director	3	3

\*Ceased to be Director w.e.f 13 Sep 2020

Functional Directors (other than CMD) are invited as Permanent Special Invitees and representatives of Statutory Auditor and external Chartered Accountant Firms doing Internal Audit Work may attend by invitation. The Company Secretary acts as the Secretary of the Audit Committee. All the recommendations of the Audit Committee have been accepted by the Board of Directors. The tenure of Chairperson of Audit Committee was completed on 12 September 2020 and hence the Chairperson has not attended the 50th AGM of the company held on 28 Sep 2020.

**Terms of Reference:**

The Audit Committee complies with the terms of reference as enumerated under the applicable provisions under the Companies Act, 2013, (except to the extent of exemptions granted to the Government Companies), Listing Regulations, (except to the extent of exemptions provided by SEBI to the Company), DPE Guidelines as amended from time to time. Some of the important functions performed by the Audit Committee are as follows:

- 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;
- recommendation to the Board for fixation of remuneration to the auditors;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to with particular reference as stated in Schedule II Part C of SEBI (LODR) Regulations 2015:
- reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequently modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company wherever it is necessary;
- reviewing with the management, the performance of the Statutory Auditors and Internal Auditors, adequacy of the internal control systems
- evaluation of internal financial controls and risk management systems



- appointment and removal of Internal Auditors and determining the scope of Internal Audit in consultation with the internal auditors
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors and/or auditors of any significant findings and follow up thereon;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- review observations of statutory, internal and government auditors and provide recommendations based on the same;
- to review the follow up action on the audit observations of the C&AG audit
- 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;
- to look into the reasons for substantial defaults in the payment of the depositors, debenture holders, shareholders (in case of non-payment of declared dividend and creditors).
- to review the functioning of the whistle blower mechanism.
- to review the follow up action taken on the recommendations of the Committee on Public Undertakings (COPU) of the Parliament.
- to review cases of procurement from a single source.
- to review the utilization of loans and/or advances from/investment by the holding Company in the subsidiary exceeding rupees 100 Crore or 10% of the asset size of the Subsidiary, whichever is lower including existing loans/advances/investments.

**B. NOMINATION AND REMUNERATION COMMITTEE:**

The composition of the Nomination and Remuneration Committee was in line with Section 178(1) of the Companies Act, 2013 (except to the extent of exemptions granted to the Government Companies), and Reg.19 of the Listing Regulations (except to the extent of exemptions provided by SEBI to the Company) and DPE Guidelines till 12 September 2020 and then the Committee was suspended with effect from 13 September 2020 due to no representation of Independent Directors on the Board. The Company's Nomination and Remuneration Committee had three (3) Independent Directors till 12 September 2020.

During the year, one (1) meeting of the Nomination and Remuneration Committee was held on 29 June 2020. The Composition of the Committee during the year 2020-21 and details of the Members participation at the Meeting of said committee are as follows:

S.No	Name of the Member	Category of Directors	No. of Meetings held during their tenure	No. of Meetings Attended
1	Smt.Lata Narasimhamurthy Chairperson*	Non-Executive Independent Director	1	1
2	Shri.Ashwani Kumar Mahajan Member#	Non-Executive Non-Independent Director	1	-
3	Shri.Ajay Nath Member *	Non-Executive Independent Director	1	1
4	Shri.K S Sampath Member*	Non-Executive Independent Director	1	1

\* Ceased to be Director w.e.f 13 Sep 2020; # Ceased to be Director w.e.f 02 Feb 2021

**Terms of Reference:**

The terms of reference of the Committee is as follows:

- To identify persons who may be appointed in senior management (i.e., Executive Director) in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- To recommend to the Board a policy, relating to the remuneration for the key managerial personnel and other employees.

- To recommend all remuneration payable to Senior Management (i.e. Members of Management one level below CEO/MD/WTD/Manager Incl. CEO/Manager, if not part of Board of Directors)
- Decide on the annual bonus/ performance pay/variable pay pool and policy for its distribution across the executives.
- Formulation and modification of schemes for providing perks and allowances for Executives.
- Any new scheme of compensation to Executives and Non-Executives as the case may be
- Exercising such other roles as may be assigned to it by the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other law and their amendments from time to time.

**Remuneration Policy /Details of Remuneration to all Directors:**

- Being a Central Government Public Sector Enterprise, the appointment/re-appointment, tenure and remuneration of Directors are decided by the Government of India. The Government letter appointing the Chairman & Managing Director and other functional directors indicates the detailed terms and conditions of their appointment, including the period of appointment, basic pay, scale of pay, dearness allowance etc., and it also indicates that in respect of other terms and conditions not covered in the letter, the relevant rules of the Company shall apply.
- 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 Official Directors (i.e., Government Nominee Directors) are generally from the Administrative Ministry and their term is co-terminus with the term of the respective position held by them in Government at the time of appointment on the Company's Board or until further orders. The Part-time Non-Official Directors (i.e., Independent Directors) are appointed for a period of 3 years or until further orders whichever is earlier.
- The details of remuneration paid to Functional Directors during the year 2020-21 is as follows :- (in ₹)

Name of Director	Designation	Salary	Perquisites	VL Encashment	Company Contribution To PF & Incremental Gratuity /Leave/Pension-Exe Scheme & PSMB II	Incentive	Total
Cmde.Siddharth Mishra (Retd)	CMD	3805795	881522	-	684609	107083	5479009
Shri.S.Piramanayagam (Ceased w.e.f 1 July 2020)	Director (Finance)	814374	188328	1309658	159029	469459	2940848
Shri.N.Srinivasulu (Appointed w.e.f 1 July 2020)	Director (Finance)	2050560	475200	568320	909890	454258	4458228
Shri.N.P.Diwakar	Director (Technical)	3125975	724246	223092	761400	723883	5558596
Shri.P.Radhakrishna	Director (Production)	2875153	665950	401182	893640	484881	5320806

- Part-Time Official Directors (i.e. Government Nominee Directors) are not paid any remuneration/ sitting fee for attending Board/Committee meetings in accordance with the DPE Guidelines.
- The Board at its meeting held on 22 November 2013 enhanced the paid sitting fees payable to the Independent Directors to ₹20,000/- per sitting for attending the Board Meetings and retained the sitting fee of ₹10,000/- per sitting payable in respect of Board Level Committee Meetings. The company has reviewed the sitting fee to be paid to the independent directors and the same is in compliance with the DPE OM No.F.No.9(23)/2014-MGMT dated 16 December 2019. For the details of sitting fee paid to the Independent Directors, please refer to extract of annual return.
- Stock Options: - The Company has no Stock Option plans/schemes approved by the Board/Shareholders.
- The provisions of Section 134(3)(p) of the Companies Act, 2013 and Reg.17 & 19 of listing regulations relating to evaluation of Board of Directors do not apply to your Company since necessary exemptions are provided to all government companies. Further, similar exemptions were granted to your Company by Securities Exchange Board of India (SEBI) under the provisions of SEBI (Listing Obligations and Disclosure Requirements {LODR}) Regulations, 2015 vide their letter No. SEBI/HO/CFD/DIL1/OW/P/2018/1679/1 dated 17 January 2018.
- MCA has also exempted Government Companies from formulating policy relating to remuneration of Directors required under Section 178 of the Companies Act.

### C. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Stakeholders Relationship Committee was in line with Section 178 of the Companies Act, 2013 (except to the extent of exemptions granted to the Government Companies) and Reg. 20 of the Listing Regulations (except to the extent of exemptions provided by SEBI to the Company) and DPE Guidelines till 12 September 2020 and then the Committee was suspended w.e.f 13 September 2020 due to no representation of Independent Directors on the Board. During the year no meeting was held due to absence of Independent Directors.

#### Terms of reference:

- To consider and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- To review measures for effective exercise of voting rights by shareholders.
- To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- To review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

The Company has appointed Shri.N.Nagaraja, Company Secretary as Compliance Officer of the Company. His contact details are as follows

Shri.N.Nagaraja  
Company Secretary & Compliance Officer  
Bharat Dynamics Limited  
Plot No.38-39, TSFC Building, Near ICICI Towers, Financial District, Gachibowli, Hyderabad-500032  
Telephone No.: 040-23456145, E-mail ID: investors@bdl-india.in

The Company endeavor to reply to the complaints within a period of 3 working days. In terms of Regulation 46(2) (j&k) of the Listing Regulations, the name and designation of Compliance Officer and other relevant details are placed on the Company's web-site www.bdl-india.in. Further, M/s.Alankit Assignments Ltd., the Share Transfer Agent of the Company (STA), is authorized to monitor the on-line complaints placed on SEBI Complaints Redress System (SCORES).

In terms of Regulation 13(4) of the Listing Regulations, the quarterly statements on investor complaints received and redressal thereof, as submitted with BSE and NSE, are placed before the Board for information. Accordingly, the status of total investor complaints and redressal thereon during the year are as follows:

No. of complaints pending beginning of the year:	0
No. of complaints received during the year:	33
No. of complaints resolved during the year:	33
No. of complaints pending resolved at the end of the year:	0

### D. CSR & SD COMMITTEE:

The composition of the CSR & SD Committee was in line with Section 135 of the Companies Act, 2013 and DPE Guidelines till 12 September 2020 and then the Committee was suspended with effect from 13 September 2020 due to no representation of Independent Directors on the Board.

During the year two (2) meetings were held on 29 June 2020 and 31 August 2020. The composition of the Committee during the year 2020-21 and details of the Members participation at the meeting of said committee are as follows:

S.No	Name of the Member	Category	No. of Meetings held during their tenure	No. of Meetings Attended
1	Shri.Ajaynath* Chairman	Non-Executive Independent Director	2	2
2	Shri.K S Sampath* Member	Non-Executive Independent Director	2	2
3	Smt.Latha Narasimhamurthy* Member	Non-Executive Independent Director	2	2
4	Shri.S.Piramanayagam^ Member	Executive Director	1	1
5	Shri.N.P.Diwakar Member	Executive Director	2	2
6	Shri.N.Srinivasulu# Member	Executive Director	1	1

\*Ceased to be Director on Board w.e.f 13 Sep 2020; ^Ceased to be Director on Board w.e.f 01 July 2020; # Appointed on the Board w.e.f 01 July 2020

The Company Secretary is the Secretary of the Committee

**Terms of reference:**

- To recommend CSR and Sustainability Development policy to the Board.
- To recommend plan of action and projects to be initiated in the short, medium and long term for CSR and Sustainability development.
- To recommend the Annual CSR and Sustainability Development Plan and Budget.
- Periodic review of CSR & Sustainability Development policy, plan and budgets

**E. RISK MANAGEMENT COMMITTEE:**

By virtue of amendments in SEBI (LODR) Regulations, the Board has constituted Risk Management Committee in line with provisions of section 178(1) of the Companies Act, 2013 and Regulation 21 of the Listing Regulations.

During the year, two (2) meetings of the Committee was held on 28 December 2020 and 26 March 2021. The composition of the Committee during the year 2020-21 and details of the Members participation at the Meeting of said committee are as follows:

S.No	Name of the Member	Category	No. of Meetings held during their tenure	No. of Meetings Attended
1	Shri.N.P.Diwakar Chairman*	Executive Director	2	2
2	Shri.P.Radhakrishna Member	Executive Director	2	2
3	Shri.N.Srinivasulu Member*	Executive Director	2	2

\* Appointed w.e.f01 July 2020.

The Chairman of Corporate Risk Management Committee and Chief Risk Manager are also Members of the Committee and attend the meetings accordingly

The Company Secretary is the Secretary of the Committee

**Terms of reference:**

- To review and assess the quality, integrity and effectiveness of the Risk Management Systems, especially Cyber Security measures taken up by the Company and ensure that the risk policies and strategies are effectively managed.
- To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- To assist the Board in setting Risk strategies, policies, frameworks, models and procedures.
- To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the Scope of risk management work.
- To ensure that the Company has implemented an effective ongoing process to identify risk, to measure the potential impact against a board set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk.
- To identify additional risks, if any and decide risk mitigation plans including risk acceptance.

**4. NON-MANDATORY COMMITTEES OF THE BOARD:**

The following are the non-mandatory Committees of the Board

**A. PROCUREMENT COMMITTEE:**

The Committee was constituted by the Board to review and sanction new Projects (including R&D Projects) beyond the powers of CMD and upto a maximum limit of ₹25 Crore in each case and shall also approve procurement proposals which are beyond the powers of CMD but within the powers of the Board.

Procurement Committee is empowered to review and sanction for placement of Purchase Orders/Award of Contracts as per the limits given below:

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

The Company has reconstituted the Committee with Ex-Officio members viz Chairman & Managing Director as Chairman of the Committee and other Functional Directors as Members of the Committee. The Committee met seven times during the year on 27 May 2020, 06 July 2020, 28 August 2020, 07 October 2020, 05 November 2020, 15 January 2021 and 12 March 2021.

**B) SHARE CERTIFICATE COMMITTEE**

Share Certificate Committee comprising of Ex-Officio members viz Chairman & Managing Director, Director (Finance), Director (Technical) and Director (Production) has been constituted to consider and approve issue of duplicate certificate, issue of share certificates on Rematerialisation and Dematerialization requests etc.

**C) INDEPENDENT DIRECTORS MEETING:**

The tenure of all the 3 Independent Directors was completed on 12th September 2020. Hence due to non-availability of Independent Directors, the Independent Directors meeting was not held during the year.

The Company Secretary is the Secretary to all the Committees of the Board referred to above.

**5. GENERAL BODY MEETINGS:**

All the Annual General Meetings of the Company were held where the Registered Office of the Company is situated. The details of such meetings for the last three years are as follows:

AGM No.	Financial Year	Date of the Meeting	Time of the Meeting	Venue of the Meeting	No. of Special Resolutions
50	2019-20	28 Sep 2020	15:00 Hrs	Corporate Office through VC	Nil
49	2018-19	27 Sep 2019	15:30 Hrs	Hotel Sheraton, Hyderabad	2
48	2017-18	27 Sep 2018	15:00 Hrs	Hotel Sheraton, Hyderabad	Nil

- No special resolution was put through postal ballot during the year under review.
- Person who conducted the postal ballot exercise: Not Applicable.
- Special resolution is proposed to be conducted through postal ballot: At present, there is no proposal to pass any special resolution through Postal Ballot.
- Procedure for Postal Ballot: Not Applicable

**6. MEANS OF COMMUNICATION:**

The Company's communication system with its Shareholders, Directors and other stakeholders is through all means of communication channels including correspondence and the official website ([www.bdl-india.in](http://www.bdl-india.in)) of the Company. The Company website provides comprehensive information including the details of business, Company's Products, Management, vision, mission, human resources, corporate social responsibility and sustainability, details of Tenders, E-procurement, vigilance, RTI, and other updates and news. The section on 'Investors' informs the shareholders/ investors, details about the investor grievance redressal system, presentations made to investors/analysts, Company's code and policies, financial results and annual reports, corporate governance, shareholding pattern including contact details of Share Transfer Agent and other material events or information relating to the Company.

The Company discloses to the Stock Exchange, all information required to be disclosed under Regulation 30 read with Part A of Schedule III of the Listing Regulations including material information having a bearing on the performance/ operations of the Company or other price sensitive information. The official media releases and presentations made to Institutional Investors/Analysts are posted on the Company's website.

In terms of Listing Regulations, the Quarterly, Half-yearly and Annual financial results of the Company are submitted to NSE and BSE through online platform immediately after the same are approved by the Board. Further, the said results are simultaneously posted on the Company's website [www.bdl-india.in](http://www.bdl-india.in). Further, the financial results of the Company are published in English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in Telugu, being the regional language and in Hindi, being the National language. The performance of the Company is communicated to Administrative Ministry every month.

**7. GENERAL SHAREHOLDER INFORMATION**

- The 51<sup>st</sup> Annual General Meeting for the year 2020-21 is scheduled on Monday the 27th september 2021 at 15.00 hours through Video Conference.



- b. Financial year of the Company begins on April 1 and ends on March 31. The tentative calendar for declaration of results for the year 2021-22 is given as below:

For the quarter ending 30.06.2021	On or before 14.08.2021
For the quarter ending 30.09.2021	On or before 14.11.2021
For the quarter ending 31.12.2021	On or before 14.02.2022
For the year ending 31.03.2022	On or before 30.05.2022
52nd Annual General Meeting	On or before 30.09.2022

- c. The Register of Members and Share Transfer Books shall remain closed from 21st September 2021 to 27th September 2021 (both days inclusive).

- d. Dividend will be paid within 30 days from the date of declaration.

- e. Company's equity shares are listed on the following stock exchanges:

<b>The BSE Ltd ('BSE')</b> P.J.Towers, 26th Floor, Dalal Street, Mumbai - 400001	<b>National Stock Exchange of India Ltd ('NSE')</b> Exchange Plaza, Bandra-Kurla Complex Bandra (East), Mumbai - 400051
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The Company has paid listing fees for the financial years 2020-21 and 2021-22 to both the stock exchanges.

- f. The Stock Code assigned to the Company's equity shares by the respective Stock Exchanges and the ISIN number assigned by the Depositories for demat trade of the Company's equity shares are given below:

<b>Stock Exchange</b>	<b>Stock Code</b>
BSE	541143
NSE	BDL
ISIN	INE171Z01018
MCA CIN	L24292TG1970GOI001353

- g. **Reconciliation of share capital audit**

The Company obtains a Reconciliation of Share Capital Audit Report from a Practising Company Secretary every quarter to reconcile the total admitted capital with the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total issued and listed capital. This Audit Report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. This Audit Report is forwarded to BSE and NSE where shares are listed.

The Company also obtains a Certificate of Compliance from a practicing Company Secretary at half-yearly intervals certifying that transfer requests complete in all respects have been processed and share certificates with transfer endorsements have been issued by the Company within 15 days from the date of lodgment thereof. This Certificate of Compliance is forwarded to BSE and NSE where shares are listed.

The Company has paid annual custody fees for the financial year 2021-22 to both the Depositories, viz, NSDL and CDSL.

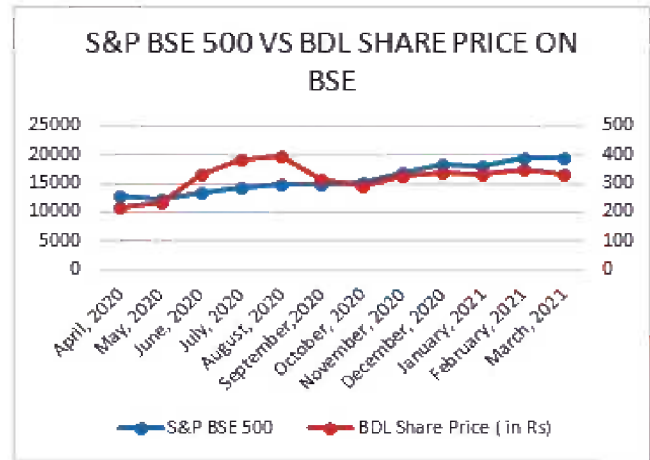
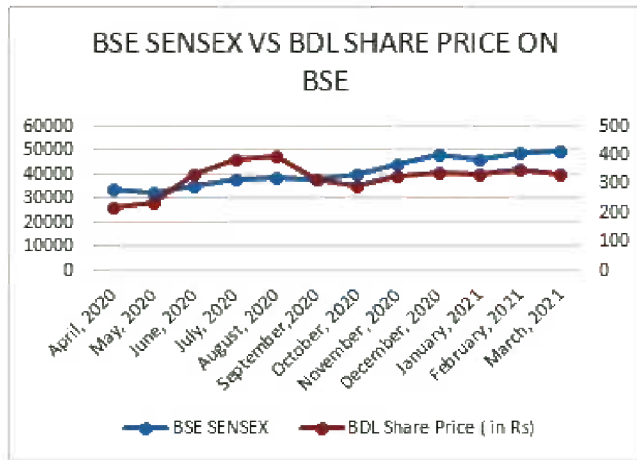
- h. **Market Price Data**

The details of high/low market prices of the shares of the Company at BSE Ltd and National Stock Exchange of India Ltd (NSE) are as under:

- i) BDL Share Price on BSE vis-a-vis BSE Sensex & S&P BSE 500 Index during 2020-2021 is as follows:

Month	BSE Sensex Close	S&P BSE 500 Close (Sectoral Index)	BDL Share Price			No. of Shares traded	Turnover (₹ in lakh)
			High ₹	Low ₹	Close ₹		
April, 2020	33717.62	12721.00	248.00	180.05	216.85	108253	241.39
May, 2020	32424.10	12414.85	250.90	207.00	234.90	305354	709.91
June, 2020	34915.80	13438.14	355.70	227.10	333.45	735961	2231.02
July, 2020	37606.89	14346.18	454.25	310.55	384.15	4108458	16341.27
August, 2020	38628.29	14890.06	481.25	380.00	396.60	1642692	7195.12
September, 2020	38067.93	14851.00	408.85	280.70	314.65	1673355	5485.78
October, 2020	39614.07	15215.01	334.70	288.00	289.30	301565	931.09
November, 2020	44149.72	16995.01	331.90	285.00	327.65	427386	1324.10
December, 2020	47751.33	18300.10	356.25	297.50	339.10	752902	2523.81
January, 2021	46285.77	17975.30	365.00	324.15	330.95	672724	2331.91
February, 2021	49099.99	19371.25	379.80	330.60	350.80	1002520	3536.25
March, 2021	49509.15	19601.95	391.00	330.35	332.60	740599	2677.75

A comparison of closing quotation of the Company's share price on BSE with the closing position of BSE SENSEX & S&P BSE-500 during the year 2020-21 is presented in the following graph:

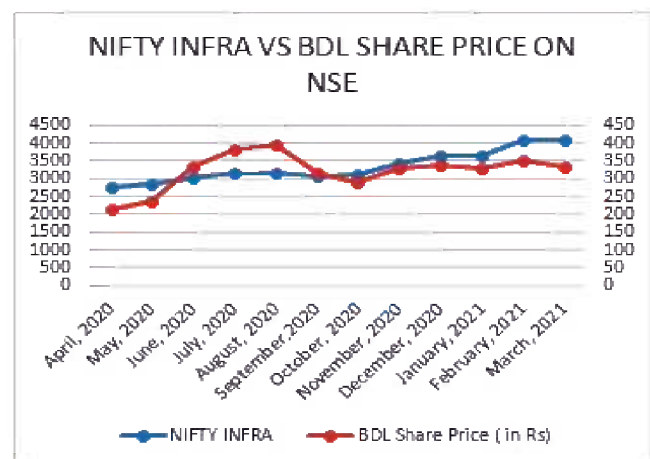
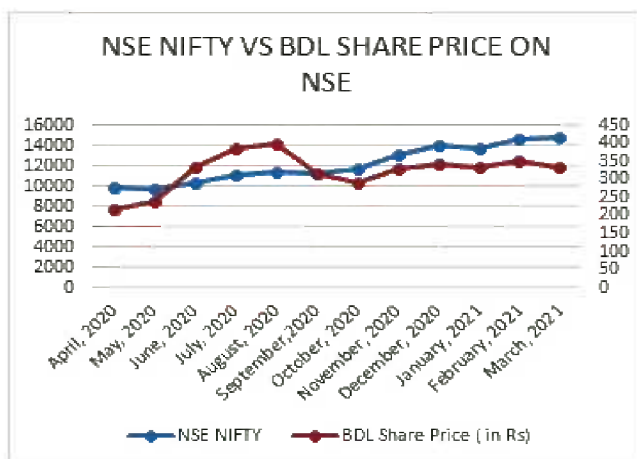


ii) BDL Share Price on NSE vis-a-vis NSE Nifty & Nifty Infra during 2020-2021 is as follows:

**NSE**

Month	NSE Nifty Close	Nifty Infra Close (Sectoral Index)	BDL Share Price			No. of Shares traded	Turnover (₹ in lakh)
			High ₹	Low ₹	Close ₹		
April, 2020	9859.90	2753.15	248.40	180.15	216.30	1396607	3116.36
May, 2020	9580.30	2845.15	252.00	207.10	235.00	4985191	11609.26
June, 2020	10302.10	3032.35	357.00	224.00	333.25	12143800	37303.76
July, 2020	11073.45	3153.40	455.00	311.00	384.85	58429463	233222.52
August, 2020	11387.50	3163.50	481.70	380.60	396.00	27659025	120980.60
September, 2020	11247.55	3080.95	408.50	280.40	314.75	21595236	69954.76
October, 2020	11642.40	3129.65	333.40	288.00	289.40	5592645	17280.76
November, 2020	12968.95	3424.75	331.65	285.50	327.70	6610946	20662.07
December, 2020	13981.75	3650.95	356.00	297.10	340.35	7971758	26906.39
January, 2021	13634.60	3671.85	365.90	323.95	331.00	10076931	35063.68
February, 2021	14529.15	4110.35	380.00	330.50	350.30	12236690	43268.94
March, 2021	14690.70	4087.80	391.05	330.01	332.55	9979740	36305.14

A comparison of closing quotation of the Company's share price on NSE with the closing position of NSE NIFTY & NIFTY INFRA during the year 2020-21 is presented in the following graph:



**i. Registrar & Share Transfer Agent**

Alankit Assignments Ltd, Delhi, a SEBI registered Category I Registrar and Share Transfer Agent is the Company's Registrar and Share Transfer Agent. The RTA's address is given below to forward all share transfer/transmission/split/consolidation/issue of duplicate certificates/change of address requests as well as all Dematerialisation/Rematerialisation requests and related matters as well as all dividend related queries and complaints:

Alankit Assignments Limited  
SEBI Registration Number: INR000002532  
4E/2 Jhandewalan Extension, New Delhi-110055  
Telephone: +91 11 42541234 ; Facsimile : +91 11 41543474  
Email: rta@alankit.com; Website: www.alankit.com

**j. Share Transfer System**

With respect to shares transferred in electronic form, after confirmation of sale/purchase transaction from the broker, shareholders should approach their respective depository participant (DP) with a request to debit or credit the account for the transaction. The DP will immediately arrange to complete the transaction by updating the account. There is no need for separate communication either to the Company or STA.

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. 01 April 2019, except in case of request received for transmission or transposition of securities. However, shareholders are not barred from holding shares in physical form. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

**k. Distribution of shareholding as on 31 March 2021**

Category	No. of shareholders	%	Shares	%	Physical		Demat	
					No. of shareholders	Shares	No. of shareholders	Shares
1 - 500	128829	98.19	7860405	4.29	2	88	128828	7860317
501-1000	1492	1.14	1160757	0.63	0	0	1492	1160757
1001-2000	495	0.38	742910	0.41	0	0	495	742910
2001-3000	156	0.12	401872	0.22	1	2100	155	399772
3001-4000	44	0.03	158520	0.09	0	0	44	158520
4001-5000	47	0.04	224280	0.12	0	0	47	224280
5001-10000	82	0.06	592442	0.32	0	0	82	592442
10001 & above	64	0.05	172140064	93.92	0	0	64	172140064
<b>Total</b>	<b>131209</b>	<b>100.00</b>	<b>183281250</b>	<b>100.00</b>	<b>3</b>	<b>2188</b>	<b>131207</b>	<b>183279062</b>

**l. Dematerialisation of Shares and liquidity**

The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on 31 March 2021, the number of equity shares in electronic form and physical form is as follows:

S.No	Particulars	No. of Shares	%
1	NSDL	177602928	96.9
2	CDSL	5676134	3.1
3	Physical	2188	0
	<b>Total</b>	<b>183281250</b>	<b>100</b>

The Company's shares are very liquid and are actively traded in BSE Ltd. and National Stock exchange of India Ltd. Relevant data of turnover for the financial year 2020-21 is as follows:

Particulars	BSE	NSE	Total
No. of Shares traded	12471769	178678032	191149801
Value (Rs.in lakh)	45529.40	655674.24	701203.64

**m. Outstanding GDRs/ADRs/Warrants**

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments.

**n. Commodity price/Foreign exchange risk and hedging activities**

Relevant information in this regard is disclosed in the Notes to Financial Statements

**o. Plant Locations**

Bharat Dynamics Limited Kanchanbagh Hyderabad-500058 Phone: (040)-24587002 ; Fax : (040)-24347513	
Bharat Dynamics Limited, Bhanur, Patancheruvu Mandal, Sanga Reddy District Hyderabad-502305 Phone: (040)-23469551; Fax : (040)-23469552	Bharat Dynamics Limited, Vizag "G"- Block, APIIC-IALA VSEZ post, Vishakapatnam-530049 Phone : (0891)- 2821500 Fax : (0891)- 2821502

**p. Address for Correspondence/Corporate Office**

Bharat Dynamics Limited  
 CIN: L24292TG1970GOI001353  
 Corporate Office, Plot No.38-39, TSFC Building,  
 Financial District, Gachibowli, Hyderabad-500 032  
 Telephone: (040) 23456145 ; Fax: (040) 23456107  
 E-mail : investors@bdl-india.in  
 Website : www.bdl-india.in

**q. Credit Rating**

The Company has obtained 'A1+' (Reaffirmed) rating from M/s. CRISIL for short-term Bank facilities for an amount of ₹410 Crores.

**8. OTHER DISCLOSURES:**

- a. The Company has no subsidiaries, Joint Ventures and Associate Companies as on 31 March 2021. Materiality policy is placed on the web-site of the Company at <https://bdl-india.in/policies-codes>
- b. During the year 2020-21 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.
- c. The Company has not entered into any materially significant related party transactions that may have potential conflict with the interests of the Company at large. Nonetheless, transactions with related parties have been disclosed in Note No.39(9) of Notes to Accounts in the Annual Report. The Company has formulated a "Policy on Related Party Transactions" to regulate transactions entered into between the Company and its related parties. In terms of Regulation 46(2)(g) of the Listing Regulations, the said policy is placed on the web-site of the Company at [www.bdl-india.in](http://www.bdl-india.in).
- d. During the year, the Company did not appoint adequate Independent Directors on the Board (including One Independent Woman Director) and not complied with the provisions pertaining to Board Composition (Reg.17), Quorum of Board Meetings (Reg.17A), provisions pertaining to Audit Committee (Reg.18), provisions pertaining to Nomination and Remuneration Committee (Reg.19), provisions pertaining to Stakeholders Relationship Committee (Reg.20). Accordingly, as per SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020, the stock exchanges (i.e. BSE & NSE) have levied fine on the Company for the quarter ended 30 June 2020, 30 September 2020, 31 December 2020 and 31 March 2021. Apart from this, there were no cases of non-compliance by the Company and no Penalties/Strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital market and any guidelines issued by Government during the last three years.
- e. **Whistle Blower Mechanism/Vigil Mechanism:**  
 The guidelines of Corporate Governance for CPSEs 2010 issued by DPE and provisions of section 177 of the Companies Act, 2013 have been complied with. The Whistle Blower Policy of the Company, inter alia, contains a provision enabling any person to approach the Chairman of the Audit Committee. However, during the year under report, no personnel was denied access to the members of the Audit Committee or its Chairman.
- f. All the applicable Accounting Standards are followed except IND-AS-108 relating to Segment reporting keeping in view the nature of business and the sensitive nature of the disclosure. However, such non-disclosure does not have any financial effect on the accounts of the Company. Necessary disclosure is being made in Notes forming part of Accounts in this regard.

- g. During the year 2020-21, the Board of Directors has accepted all the recommendations of its committees which were mandatorily required.
- h. There were no items of expenditure debited in the books of account, which are not for the purpose of the business.
- i. The Company has not incurred any expenditure which is personal in nature for the Board of Directors and Top management.
- j. Details of Administrative and Office Expenses as a percentage of total expenses vis-a-vis financial expenses are furnished below:

Sl. No.	Particulars	2020-21	2019-20
1	Total Expenditure (other than Materials)	826.32	932.72*
2	Administrative & Office Expenses	9.93	15.78
3	Percentage of (2) on (1)	1.20%	1.69%

\* Figures have been reclassified and regrouped

- k. **Presidential Directives and Guidelines:**

The Company has been following the Presidential Directives and guidelines issued by the Govt. of India from time to time regarding reservation for SCs, STs and OBCs in letter and spirit. Officials dealing with the subject were provided necessary training to enable them to update their knowledge on the subject and perform the job effectively.

BDL has implemented the Presidential Directives issued by the Government of India regarding implementation of Executives Pay revision from 01 January 2017.

- l. Details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm network entity of which the statutory auditor is a part during the year are given below:

Particulars	Amount (₹ in Lakh)	
	2020-21	2019-20
Audit Fees	10.00	10.00
Tax Audit Fees	1.25	0.70
Other Services	4.50	2.70
<b>Total</b>	<b>15.75</b>	<b>13.40</b>

- m. No items of expenditure other than directly related to those directly related to its business or incidental thereto, those spent towards welfare of employees/ex-employees towards fulfilling its corporate social responsibility were debited into books of account.
- n. Unpaid & Unclaimed Dividend details: Pursuant to the applicable provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund ('IEPF') Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the statement furnishing information of unpaid and unclaimed dividend (interim & final) for previous seven years is available on the website of the Company viz. <https://bdl-india.in/>. Further, no unclaimed dividend from previous years is due to be transferred to the IEPF as on March 31, 2021. The details of the Unclaimed Dividends as on 31 March 2021 is as below:

Particulars	No. of shareholders	Amount (in ₹)
Final Dividend 2017-18	1052	378372.87
Interim Dividend 2018-19	965	253848.00
Final Dividend 2018-19	938	86482.62
Interim Dividend 2019-20	1512	498193.75
Final Dividend 2019-20	1041	148689.30
<b>Total</b>	<b>5508</b>	<b>1365586.54</b>

- o. Details with respect to demat suspense account/unclaimed suspense account -There are no outstanding shares lying in the demat suspense account/unclaimed suspense account as on March 31, 2021.
- p. The Company has not raised any funds through preferential allotment or qualified institutions placement as specified in the Regulations 32(7A) of the Listing Regulations.



**9. DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

No. of complaints at the beginning of the year	Nil
No. of Complaints filed during the financial Year	Nil
No. of Complaints disposed of the during the year	Nil
No. of Complaints pending as on end of the financial year	Nil

**10. DETAILS OF NON-COMPLIANCES**

During the year, the Company did not appoint adequate Independent Directors on the Board (including One Independent Woman Director) and not complied with the provisions pertaining to Board Composition (Reg.17), Quorum of Board Meetings (Reg.17A) provisions pertaining to Audit Committee (Reg.18), provisions pertaining to Nomination and Remuneration Committee (Reg.19), provisions pertaining to Stakeholders Relationship Committee (Reg.20). Accordingly, as per SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020, the stock exchanges (i.e. BSE & NSE) had levied fine on the Company for the quarter ended 30 June 2020, 30 September 2020, 31 December 2020 and 31 March 2021. However, the Company has informed that being a Government Company under the Administrative control of Ministry of Defence, the power to appoint Directors (including Independent Directors) and the terms and conditions of their appointments including remuneration, evaluation etc., vests with the Government of India and as such they should not be held liable to pay the fine. Accordingly, reply was sent to BSE & NSE and no fine was paid.

**11. COMPLIANCE WITH NON-MANDATORY PROVISIONS**

The status on the compliance with the non-mandatory recommendation in the SEBI (LODR) Regulations, 2015 is as under:

- The Company has the position of Chairman & Managing Director (Executive) and there is no Non-Executive Chairman.
- The financial statements of the Company are disclosed with unmodified audit opinion.
- Process of communicating with shareholders is effective and the procedure has been explained under "Means of Communication".
- The Additional General Manager (Internal Audit) administratively reports to Director (Finance) & CFO and is an invitee to the meetings of audit committee.

**12. CODE FOR PREVENTION OF INSIDER TRADING AND FAIR DISCLOSURE**

In accordance with the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company has put in place a Code of Conduct and Disclosure Procedure to prevent insider trading in the Company's securities and for transparent/streamlined disclosure/dissemination of information to the investors/ public. The connected persons as defined under the Code should obtain permission from the Competent Authority to deal in securities during the trading window beyond the specified limits. Periodical disclosures are also required to be made as provided under the Code to prevent the instance of insider trading. The Code of Conduct and Fair Disclosure Procedure has been posted in the Company's website [www.bdl-india.in](http://www.bdl-india.in). The said Code has been revised with the recent amendments in the SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018 which was effective from 01 April 2019.

The Policy is framed to ensure that the insiders do not derive any benefit or assist others to derive any benefit from access to and possession of price sensitive information about the Company which is not in the public domain.

**13. COMPLIANCE**

The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations and DPE Guidelines except Composition of Board of Directors including quorum for Board Meetings and constitution of various Committees. The Company has also been submitting to the Stock Exchanges and to the Government, quarterly compliance report on Corporate Governance. As required under the Listing Regulations with the Stock Exchanges, the Auditors' Certificate on compliance of conditions of Corporate Governance by the Company is attached to this report.

**14. CEO/CFO CERTIFICATION**

In terms of Regulation 17(8) of SEBI (LODR) Regulations the Compliance Certificate issued by the CEO and CFO on the financial statements and internal controls relating to financial reporting for the year 2020-2021 was submitted to the Board at the meeting held on 21 June 2021.

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

A Code of Conduct and Business Ethics as suggested by DPE in its Guidelines on Corporate Governance for CPSEs 2010 and under regulation 17(5) of SEBI (LODR) Regulations 2015 has been adopted by the Company in respect of its Directors and Senior Level Executives. The Code has also been posted on the Company's website. The Directors and the Senior Executives have given declarations affirming the compliance with the code of conduct during the year 2020-21. A declaration to this effect by the Chairman & Managing Director is given below:

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

The Company is committed to conduct its business in accordance with the highest standards of business ethics and complying with applicable Laws, Rules and Regulations. All members of the Board and Senior Management have confirmed their compliance with the Code of Conduct for the year under review.

**For and on behalf of the Board**

**Cmde. Siddharth Mishra (Retd)  
Chairman and Managing Director  
DIN: 08367035**

**Place : Hyderabad  
Date : 21 June 2021**



**PUTTAPARTHI JAGANNATHAM & CO.**  
C O M P A N Y   S E C R E T A R I E S

**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
Bharat Dynamics Limited  
Hyderabad.

We have examined the relevant records relating to compliance of conditions of Corporate Governance by Bharat Dynamics Limited ("the Company"), for the financial year ended 31<sup>st</sup> March, 2021, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations and Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Public Sector Undertakings for the year ended 31<sup>st</sup> March, 2021.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Regulations, as applicable except in respect of compliance of Regulation 17 with regard to requirement of Fifty percent of Independent Directors on the Board including one Women Independent Director, during the year. Consequently, the requisite quorum of Board & Committee meetings under Regulation 17(2A), and the constitution of Audit Committee under Regulation 18, Nomination & Remuneration Committee under Regulation 19, and Stakeholders Relationship Committee under Regulation 20 of the SEBI (LODR) Regulations were not complied as the vacancy of the office of Independent Director under Regulation 25(6) has not been filled. It is informed that the Company being a Government Company under the Administrative Control of Ministry of Defence, the power to appoint Directors (including Independent Directors) and the terms and conditions of such appointments vests with the Government of India (GOI) and the Company is following up the matter rigorously with the Administrative Ministry i.e., Ministry of Defence for filling up the vacancy of Independent Directors.



We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date: 04/06/2021



FOR PUTTAPARTHI JAGANNATHAM & CO.,  
COMPANY SECRETARIES

A handwritten signature in blue ink, consisting of several horizontal and vertical strokes.

CS NAVAJYOTH PUTTAPARTHI  
PARTNER

M. No: F9896, CP No. 16041  
UDIN: F009896C000422979



**PUTTAPARTHI JAGANNATHAM & CO.**  
C O M P A N Y S E C R E T A R I E S

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To  
The Members of  
Bharat Dynamics Limited  
Hyderabad

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Bharat Dynamics Limited having CIN L24292TG1970GOI001353 and having registered office at Kanchanbagh, Hyderabad-500058, Telangana, India and corporate office at Plot No.38-39, TSFC Building, Near ICICI Towers, Financial District, Nanakramguda Hyderabad-500032, Telangana India(hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.


In our opinion and to the best of our information and according to the verifications of the Company Records, (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date: 04/06/2021

FOR PUTTAPARTHI JAGANNATHAM & CO.,  
COMPANY SECRETARIES



  
CS NAVAJYOTH PUTTAPARTHI  
PARTNER  
M. No: F9896, CP No. 16041  
UDIN: F009896C000422968



## ANNEXURE-VI

### BUSINESS RESPONSIBILITY REPORT

#### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L24292TG1970GOI001353
2	Name of the Company	Bharat Dynamics Limited
3	Registered address	Kanchanbagh, Hyderabad-500058
4	Corporate Office and contact details	Plot No. 38-39, TSFC Building, Near ICICI Towers, Financial District, Gachibowli, Hyderabad - 500032 Tel: 040 - 23456145 Fax: 040 - 23456107
5	Website	www.bdl-india.in
6	e-mail id	investors@bdl-india.in
7	Financial Year reported	2020-21
8	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of Weapon system 25200
9	List three key products/services that the Company manufactures / provides (as in balance sheet)	Manufacture of Missiles and allied Defence equipments
10	Total number of locations where business activity is undertaken by the Company	4
	a. Number of International Locations (Provide details of major 5)	Nil
	b. Number of National Locations	4
11	Markets served by the Company – Local/State/ National/ International/	National/International

#### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	1832812500
2	Total Turnover (INR)	1914 Crore
3	Total profit after taxes (INR)	258 Crore
4	Total Spending on Corporate Social Responsibility (CSR) (INR)	15.40 Crore
5	List of activities in which expenditure in 4 above has been incurred.	BDL's CSR activities are carried out in the following focus areas: <ul style="list-style-type: none"> <li>• Education &amp; Skill Development</li> <li>• Rural Development</li> <li>• Sports &amp; Swachh Bharat Projects</li> <li>• Drinking water supply &amp; Sanitation and Healthcare initiatives</li> </ul>

#### SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	No
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	NA
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

#### SECTION D: BR INFORMATION

1	Details of Director/ Directors responsible for BR	BR function relating to Corporate Social Responsibility and Sustainability is monitored by the Corporate Social Responsibility & Sustainable Development (CSR& SD) Committee of the Board of Directors. The details of the Composition of the CSR & SD Committee are provided in the Corporate Governance Report. The overall Business Responsibility of the company lies with the Chairman & Managing Director who gets them implemented through the respective group heads  The details of the CMD of BDL is as follows: DIN: 08367935 Name: Cmde.Siddharth Mishra (Retd) Designation: Chairman & Managing Director Telephone No.: 040-23456123 Email ID: cmdbdl@bdl-india.in  The Board has not assigned responsibilities specifically to any Director to function as the BR head.
	(a) Details of the Director/ Directors responsible for implementation of the BR policy/policies	
	DIN Number	
	Name	
	Designation	
	(b) Details of the BR head	
	DIN Number (if applicable)	
	Name	
	Designation	
	Telephone number	
e-mail id		

## 2. Principle-wise (as per NVGs) BR Policy/policies

The 9 principles outlined in the National Voluntary Guidelines (NVGs) are as follows

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

### (a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for BR	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes, policy formulated after extensive internal consultation, covering all functional areas of the Company. The Company follows all work practices, procedures pertaining to its area of activities/operations as mandated by Industry, Government and relevant statutory bodies								
3	Does the policy conform to any national / international standards?	Yes. Various policies at BDL confirm to different applicable statutes/ guidelines/ rules etc. issued by GOI, and updated from time to time. Industry practices, national/ international standards are generally kept in view while formulating policies.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Various policies conforming to the directives of the Government under various applicable laws/statutes/rules/guidelines etc., are approved by the Board or authority delegated for the same by the Board								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Board oversees the compliance and implementation of the policies through its various Committees as detailed in the Corporate Governance Report forming part of the Annual Report.								
6	Indicate the link for the policy to be viewed online?	The policies are available on Company's website: <a href="http://www.bdl-india.in/investors">www.bdl-india.in/investors</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. The Company policies and operational framework are available on the Company's website as well as its intranet. Quality, Health, Safety and Environmental Policy displayed at all major location of the Company.								
8	Does the company have in-house structure to implement the policy/policies?	Yes. The Company has well-established in-house infrastructure, manpower pool, documented standard operating procedure and other executive & administrative machineries to implement the given policies in the area of safe and sustainable production of goods and services of the Company.								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes.								
10	Has the company carried out independent evaluation of the working of this policy by an internal or external agency?	The Company is subject to various audits such as Statutory Audit by firm of Chartered Accountants appointed by the Comptroller & Auditor General, Internal Audit, C&AG Audit, Cost Audit, Secretarial Audit, Quality Audit, Safety Audit, Integrated Management Systems Audit etc. These audits ensure compliance to various internal and external policies.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

## 3. Governance related to BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.	The senior management of the Company reviews BR performance on an on-going basis. The Board/Committees constituted by it review the same annually.
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes. The Company publishes BR Report annually as part of its annual report. The hyperlink for viewing the report: <a href="http://www.bdl-india.in/investors">http://www.bdl-india.in/investors</a>

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

<b>Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability</b>		
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs / Others?	Yes, the Company has well placed Integrity Pact which is signed with bidders to enable them to raise any issues with regard to high value tenders of more than ₹2 Crore floated from time to time. People of high repute and integrity are appointed as Independent External Monitors to oversee implementation of the said Integrity Pact. The pact essentially envisages an agreement between the prospective vendors/bidders and BDL committing the Persons/officials of both sides, not to resort to any corrupt practices in any aspect/ stage of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?	In the Company, there is constant effort to enhance customer satisfaction level. Accordingly, many initiatives have been taken to address product support issues effectively. Product Support Monitoring Groups have been established across the company to address all supportability issues. BDL had 11 customer complaints pending from the last financial year 2019-20. Further, 18 fresh complaints were received during the year 2020-21. Out of 29 Complaints, 24 Complaints (82.76%) were satisfactorily resolved and 5 Complaints (17.24%) were pending at the end of financial year 2020-21. During the financial year 2020-21, 33 investor complaints / grievances have been received by the Company and through SEBI SCORES Platform, NSE and BSE and Registrar & Transfer Agent. All these complaints were attended to and resolved on priority basis.
<b>Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle</b>		
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The Company is engaged in the business of manufacture and supply of various Missiles and allied Defence equipments to Indian Armed Forces. The product information is sensitive and classified.
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.)	The Company recognizes its commitment to achieve economic development through sustainable methods. This is proposed to be achieved through employment of appropriate technology, transparency in procurement and outsourcing and participation in sustainable development programmes. The Company has implemented various energy conservation measures namely installation of grid connected Solar Power Plant, Electrification with LED lights instead of conventional discharge lamps etc. The Company installed 5 MW Grid connected Solar Power plant at BDL-Bhanur unit through M/s. Solar Energy Corporation of India which has become operational since September 2017. Further the Company also installed another 5MW Grid connected Solar Power plant at Ibrahimpattanam unit through M/s. Solar Energy Corporation of India which has become operational from April 2019. During the year, BDL has undertaken the following initiative under energy conservation: Energy saved due to solar power plant is 1.82 Crore Units. a) 0.98 power factory is being maintained. b) Energy meters are installed at Venturi Scrubber.
3	Does the company have procedures in place for sustainable sourcing (including transportation)?	The Company has been following approved criteria for the selection of vendors to ensure sustainable sourcing which inter alia includes vendors having ISO 9000 certification, vendors approved by regulatory bodies; various authorized dealers of the manufacturer, ability to provide materials as per laid down specification and other requirements. Ability to supply materials as per stipulated delivery period, annual evaluation of the orders placed on a vendor is completed to decide the average performance.

4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	<p>Being the Company is into Defence sector, the policy of procurement from Micro, small and Medium enterprises is not applicable. However, the Company is striving to promote procurement/avail services, through local and small producers and service providers. In line with the Public Procurement Policy, the Government of India (as amended), your Company has achieved more than mandated procurement of 25% from MSMEs. For the year 2020-21, your Company has made 32% of its procurements from MSMEs.</p> <p>Your Company, continually strives to increase vendor base through conducting special drives and also by providing free registration in certain cases &amp; occasions. During the year 2020-21, a total of three vendor meets were conducted. Virtual Vendor Meet was conducted on the Occasion of Vigilance Awareness Week on 30.10.2020. The other vendor meets were conducted on 24.03.2021 &amp; 31.03.2021 on the occasion of Azadi Ka Amrit Mahotsav and Outsourcing opportunities organized by M/s EEPC India respectively. Your Company has over 900 registered vendors on its rolls as on date.</p>
5	Does the company have a mechanism to recycle products and waste?	<p>BDL has mechanism in place to send waste for recycling through certified agencies:</p> <ul style="list-style-type: none"> <li>a) Solid waste such as metal scrap, wooden scrap, damaged barrels, diesel generator set, UPS, Air Compressor, Split ACs sold out and returned to process market through recycling</li> <li>b) Hazardous waste such as waste oil, RO reject, life expired chemicals and ingredients, have been disposed through the agency registered pollution control board.</li> <li>c) E-Waste has been sold out and returned to process/market through recycling.</li> <li>d) The lead acid batteries are given to the authorised recyclers/dealers on buyback basis as and when required</li> <li>e) Mercury tube lights has been sold out and returned to process market through recycling.</li> </ul>

**Principle 3 : Businesses should promote the well-being of all employees**

1	Total number of permanent employees as on 31.03.2021.	2776																								
2	Total number of employees hired on temporary/ contractual/ casual basis.	120																								
3	Number of permanent women employees.	302																								
4	Number of permanent employees with disabilities	103																								
5	Employee association	BDL has nine employee associations recognized by Management																								
6	What percentage of your permanent employees is members of this recognized employee association?	97%																								
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	Nil																								
8	Brief details of training Programme held for employees with respect to safety & skill up-gradation training in the last year	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="6">No. of employees trained during 2020-21 (Category-Wise details)</th> </tr> <tr> <th>Particulars</th> <th>SC</th> <th>ST</th> <th>OBC</th> <th>GEN</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>JOTNA</td> <td colspan="5">Not conducted due to Pandemic</td> </tr> <tr> <td>Non-JOTNA</td> <td>264</td> <td>113</td> <td>396</td> <td>565</td> <td>1338</td> </tr> </tbody> </table>	No. of employees trained during 2020-21 (Category-Wise details)						Particulars	SC	ST	OBC	GEN	Total	JOTNA	Not conducted due to Pandemic					Non-JOTNA	264	113	396	565	1338
No. of employees trained during 2020-21 (Category-Wise details)																										
Particulars	SC	ST	OBC	GEN	Total																					
JOTNA	Not conducted due to Pandemic																									
Non-JOTNA	264	113	396	565	1338																					

<b>Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized</b>		
1	Has the company mapped its internal and external stakeholders? Yes/No	YES
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	BDL's CSR projects aims at benefiting the disadvantaged, vulnerable and marginalized community who are present across Telangana and Andhra Pradesh. Further BDL ensures that the reservation policy as advised by Govt of India is implemented. BDL is also involved in improving the quality of life of persons for whom projects are specially designed. The company has identified (i) SC/ ST (ii) Differently Abled as disadvantaged, vulnerable and marginalized for employment purpose.
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?	BDL has made commitments for various projects across Telangana and Andhra Pradesh in its CSR thrust areas, largely catering to disadvantaged, vulnerable and marginalized stakeholder's viz. education, sanitation & skill development, healthcare initiatives, drinking water provision etc.,. The company follows all the GOI regulations regarding reservations for SC/ ST/OBC and Differently abled.

<b>Principle 5: Businesses should respect and promote human rights.</b>		
1	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	The Company has no subsidiaries/Joint Ventures/Group etc., The Human resource policies of the Company cover all aspects of human rights of its employees and others associated with it for operation of its business. No complaints have been received in the past financial year on human rights.  The Company is committed to uphold and maintain the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year under review, no such complaint was received.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	During the year under review, no complaints on human rights were received

<b>Principle 6: Businesses should respect, protect and make efforts to restore the environment.</b>		
1	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.	Covers the Company as a whole. BDL has no subsidiaries/Joint Ventures/Group etc.,
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	All the three units of BDL at Kanchanbagh, Bhanur and Vizag have been certified with ISO 14001:2015 Environmental Management System and BDL is addressing the environmental issues through various stages such as internal audits, external audits and core team meeting and Management review meetings.
3	Does the company identify and assess potential environmental risks? Y/N	Yes
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	BDL has not taken any project related to Clean Development Mechanism but under these criteria, BDL is reducing emissions through installation of Venturi Scrubbers in electroplating process. BDL has installed diesel generator complying with the requirements of CPCB norms. BDL has also installed Sewage Treatment Plant (STPs) on Effluent Treatment Plants (ETPs) and treated water is being utilized inside the premises.
5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Cleaner technology is implemented by inducting CNC Machines, Flow Forming, Robotic welding, Electro Discharge Machining, Electro Chemical Machining and Wave Soldering machines. BDL has undertaken the following initiative under energy conservations: - 0.98 power factor is being maintained - Energy meters are installed at Venturi Scrubber.
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes
7	Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil



<b>Principle 7: Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.</b>	
1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
	a) Confederation of Indian Industry (CII) b) Society of Defence Technologists c) Hyderabad Management Association d) Standing Conference of Public Enterprises
2	Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas
	No
<b>Principle 8: Businesses should support inclusive growth and equitable development</b>	
1	Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8?
	As stated in the above sections, BDL's various CSR projects are in pursuit of the socio and economic development across the States where the units are situated. Further the BDL's Vendor development programs pave the way for achieving the inclusive growth and equitable development.
2	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?
	BDL largely collaborates with various NGOs, foundations, government agencies, and other professional agencies for execution of the project on the ground.
3	What is your company's direct contribution to community development projects?
	During the financial year 2020-21, the contribution to community development projects was ₹ 15.40 Crore. Please refer to the Annexure-II of Annual Report forming part of this Annual Report on various CSR Activities being undertaken by the company.
4	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?
	Yes. BDL conducts Impact assessment for majority of the projects
<b>Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.</b>	
1	What percentage of customer complaints/consumer cases are pending as on the end of financial year
	BDL had 11 customer complaints pending from the last financial year 2019-20. Further, 18 fresh complaints were received during the year 2020-21. Out of 29 Complaints, 24 Complaints (82.76%) were satisfactorily resolved and 5 Complaints (17.24%) were pending at the end of financial year 2020-21. During the financial year 2020-21, 33 investor complaints/grievances have been received by the Company and through SEBI SCORES Platform, NSE and BSE and Registrar & Transfer Agent. All these complaints were attended to and resolved on priority basis.
2	Does the company display product information on the product label, over and above what is mandated as per local laws?
	Not applicable as the Company is into business of Weapon systems. The product information is sensitive and classified. Hence, there is no display of product information.
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year
	No
4	Did your company carry out any consumer survey/ consumer satisfaction trends?
	No, however BDL always obtains customer satisfaction survey and feedback from the customers at regular intervals

**G. NATESAN & Co.,**  
Chartered Accountants



**Head Office :**  
7/1, Fourth Street,  
Abiramapuram,  
Chennai - 600 018.

#### INDEPENDENT AUDITOR'S REPORT

To the members of BHARAT DYNAMICS LIMITED

#### Report on the Audit of the Standalone Financial Statements

*We are issuing this revised Audit Report and Annexure A & B to Independent Auditor's Report by including details of amounts paid/pre-deposited against disputed tax demands in Annexure A and by replacing the phrase "Internal Financial Control" with the phrase "internal financial controls with reference to financial statements" in Annexure B at appropriate places. This revision is in compliance to the guidance of Comptroller & Auditor General of India. This report supersedes our earlier report dated 21.6.2021.*

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of BHARAT DYNAMICS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and other explanatory information and a summary of the significant accounting policies (hereinafter referred to as "Standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2021, and Profit and Other Comprehensive Income, changes in Equity and its Cash Flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of this report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other Ethical Responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



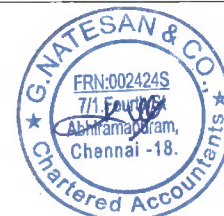
Ph : 2499 5430, 2499 1385, 94430 70401, 94431 28378  
email : jkmuralica@gmail.com

Branches : Kumbakonam, Tanjore, Trichy, Kochi, Bangalore, Hyderabad, Chennai.

### Key Audit Matters

Key Audit Matters (“KAM”) are those matters that, in our professional judgment, were of the most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matter
<p><b>Revenue Recognition: Sale and Service Contracts:</b></p> <p>The principal products of the Company comprise defense equipment where the sale are concluded after inspection by or on behalf of the customer. Revenue is thus recognised after such inspection and when customer obtains control of the goods. We identified revenue recognition as a key audit matter because</p> <ol style="list-style-type: none"> <li>the Company and its external stakeholders focus on revenue as a key performance indicator.</li> <li>This could create an incentive for revenue to be overstated or recognised before control has been transferred.</li> <li>In a few cases revenue has been recognized but goods are in the possession of the company without amendment of sale contract</li> </ol> <p>Thus revenue recognition is a Key Audit Matter</p> <p>Refer: Note Nos. 30, 38(20) and Item No.3 of Accounting Policy.</p>	<p>Principal Audit procedures performed include:</p> <ol style="list-style-type: none"> <li>We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.</li> <li>We evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions.</li> <li>We performed substantive testing by selecting samples of revenue transactions, recorded during the year by testing the underlying documents.</li> <li>We tested the revenue transactions recorded nearer to the financial year end date by verifying the underlying documents to determine whether the revenue had been recognised in the appropriate financial period.</li> <li>We tested the assumptions made by the management in determining full or proportionate revenue recognition in respect of service contracts( job works and repairs &amp; overhauls) by verifying appropriate evidences.</li> <li>Recognition of unbilled revenue were validated with milestone achievements with reference to contract terms.</li> <li>The levy of Liquidated damages were validated with reference to the contracts and effective delivery dates.</li> </ol>
<p><b>Inventories:</b></p> <p>Audit of Inventories comprise</p> <ol style="list-style-type: none"> <li>Physical verification</li> <li>Confirmation of third party holdings</li> <li>Valuation</li> </ol>	<p>Principal Audit procedures performed include:</p> <ol style="list-style-type: none"> <li>System and internal controls are evaluated to ensure that there are no recording delinquencies with respect</li> </ol>



<p>d. Redundancies-Recognition and reversal</p> <p>Inventories held by the company are custom made, sensitive and of high value. The holding period is also high in tune with the long time windows taken for order execution. The focus on inventories is thus significant in the audit process and a Key Audit Matter. Please refer Note No.10 and Accounting Policy No.7</p>	<p>to time of recording, quantity recorded and item recorded.</p> <ol style="list-style-type: none"> <li>2. Applied audit procedures to validate the physical availability of the inventories as supported by physical verification reports of the management teams.</li> <li>3. Applied principles of roll back and roll over for few inventories to validate the year end holding.</li> <li>4. Perused third party confirmations and matched with the company's records. Variances are reduced from inventory values.</li> <li>5. Sample checking of valuation methodology by the system was done through manual validation for the material portion of the inventory.</li> <li>6. Methodology of loading actual overheads to the inventory values were validated and confirmed to be in tune with costing principles.</li> <li>7. The policy of recognizing redundancy of materials (Accounting policy no 7.4. ) and Management's override of such policy was tested with appropriate evidences to conform that such policies as well as the override are reasonable and in tune with industry conditions.</li> </ol>
<p><b>Customer Balances: Trade Receivables, Claims Receivable, and Advances Received</b></p> <p>The company's major customer is Government. Receivables and Advances form a major portion of both sides of Balance Sheet. The sale contracts have long gestation periods. This time lapse could create varied interpretations of contract terms on either side, affect appropriate recognition of revenue and presentation of receivable/payables. The company cannot obtain third party confirmation to validate its balance.</p>	<p>Principal Audit procedures performed include:</p> <ol style="list-style-type: none"> <li>a. We validated the sale, service contracts and other claims recognized during the year with appropriate underlying documents.</li> <li>b. The adjustment of advances to the revenues recognized and claims made were validated with records.</li> <li>c. The company does not recognize impairment of any receivable based on its past experience. The long pending receivables and claims were confirmed with reference to related</li> </ol>



<p>The process of validating the balances, identifying different categories of claims and appropriate adjustment and retention of advances therefore is considered a key audit matter.</p>	<p>communications and management’s reasonable assessment of no impairment.</p> <p>d. The classification of receivables and advances received into Short Term and Long Term were validated with reference to reasonable management assumptions and past performance.</p>
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### Emphasis of Matter

We draw attention to Note Nos. to the standalone financial statements specified below:

Note No. 38(7) on the impact and management’s status assessment of short closed projects.

Note No 38(22) on the impact of Covid-19 pandemic.

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

### Information other than the Standalone Financial Statements and Auditor’s Report thereon

The Company’s Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company’s Annual Report but does not include the standalone Ind AS financial statements and our auditor’s report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

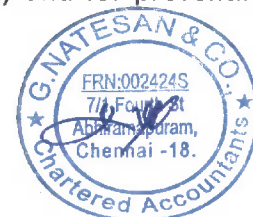
In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management’s responsibility for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and





detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and the estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, Individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management’s use of the going concern basis of accounting in preparation of Standalone Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors (i) in planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding Independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our Independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

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



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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Changes in Equity and Cash Flow Statement dealt with this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act and the Rules made thereunder.
- e) In terms of Notification no. G.S.R.463(E)dt. 05.06.2015 issued by Ministry of Corporate Affairs, the provision of Section 164(2) of the Companies Act, 2013 in respect of disqualification of Director are not applicable to the Company.
- f) With respect to adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure B**;
- g) With respect to Directions issued by the Comptroller and Auditor General of India under Section 143 (5) we give our report in **Annexure C**: and
- h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements vide Note No.38(6) of Notes to the Ind AS Financial Statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. No amounts are required to be transferred, to the Investor Education and Protection Fund by the company.

Place: Hyderabad  
Date: 11.08.2021

For G.Natesan and Co  
Chartered Accountants  
FRN 002424S



CA K Murali  
Partner

M.No : 024842

UDIN : 21024842AAAADG7192



**G. NATESAN & Co.,**  
Chartered Accountants



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Chennai - 600 018.

**ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT**

*Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Bharat Dynamics Limited*

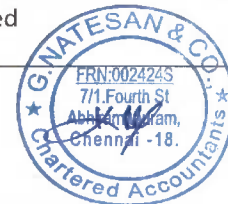
*We are issuing this revised Annexure A to Independent Auditor's Report by including details of amounts paid/pre-deposited against disputed tax demands. This revision is in compliance to the guidance of Comptroller & Auditor General of India. This report supersedes our earlier report dated 21.6.2021.*

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

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

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties and lease deeds of right of use assets are held in the name of the Company, except the following properties for which the title/lease deed is yet to be received by the Company.

Nature of Asset	Amount (Rs. In Lakh)	Reasons
Freehold land at Kanchanbagh (including Investment Property valued at 0.97 Lakh)	29.39	Land allotted free of cost by the State Government. No Title Deed is issued.
Freehold Land at Ibrahimpattanam	6,136.90	Land is acquired through TSIC and evidenced by Agreement of Sale. The company has requested TSIC to execute the sale deed.
Freehold Land at Visakhapatnam	376.13	APIIC is yet to execute the Title Deeds.
Leasehold Land at Visakhapatnam-Right of Use Asset		Lease deed yet to be executed



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- 2) The inventory has been physically verified by the management during the year except inventories that are in the possession of sub-contractors and other third parties. In our opinion the frequency of such verification is reasonable. The company has maintained proper records of inventory. The discrepancies noticed on such physical verification between physical stock and book records are not material.
- 3) According to the information and explanations given to us, the Company has not given loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the paragraphs 3(iii) (a), (b) and (c) of the order are not applicable to the company.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities. Accordingly, paragraph 3(iv) of the order is not applicable to the company.
- 5) According to the information and explanations given to us, the Company has not accepted any deposits during the year and hence compliance with the provisions of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended with regard to acceptance of deposits are not applicable to the Company.
- 6) According to the information and explanations given to us, the Central Government has specified maintenance of Cost Records by the Company under Section 148 (1) of the Companies Act, 2013. We have broadly reviewed these records and are of the opinion that prima facie, the prescribed accounts and records made and maintained.
- 7) According to the information and explanations given to us, in respect of Statutory dues:
  - a) The Company is regular in depositing undisputed Statutory dues, including Provident Fund, Employees State Insurance, Income-tax, Good and Services tax, Sales Tax, Service tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it to the appropriate authorities.





- b) According to the records of the Company and information and explanations given to us no undisputed Provident Fund, Employees State Insurance, Income-tax, Good and Services tax, Sales Tax, Service tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues were in arrears as at March 31, 2021 for a period exceeding six months from the date they become payable except for the following:

(Rs. In Lakhs)

Name of the Statute	Nature of Dues	Amount	Period to which the amount relate	Due date	Date of Payment
Finance Act, 1994	Service Tax	2.81	2008-09 and 2009-10	Several Dates	Not paid
Income Tax Act, 1961	TDS defaults-Tax, Interest on delayed remittances,	1.26	Financial Years 2009 -10 to 2020 -21	Several Dates	Not paid

- c) According to the records of the Company and information and explanations given to us the following are the particulars of disputed taxes payable:

(Rs. In Lakhs)

S.No	Name of the Statute	Nature of Dues	Disputed amounts	Period to which the amounts relate	Forum where dispute is pending
1	Central Sales Tax Act	Central Sales Tax	5,550.83	2011-12	Writ Pending with High Court at Hyderabad
2	Central Sales Tax Act	Central Sales Tax	5,024.27	2012-13	Writ Pending with High Court at Hyderabad
3	Central Sales Tax Act	Central Sales Tax	4,266.81	2013-14	Writ Pending with High Court at Hyderabad
4	Central Sales Tax Act	Central Sales Tax	6,468.12	2014-15	Writ Pending with High Court at Hyderabad
5	Finance Act, 1994	Service Tax	2,355.50	2012-13 to 2014-15	Appeal pending with CETSTAT, Hyderabad
6	Finance Act, 1994	Service Tax	1,883.80	2015-16 to 2017-18	Appeal pending with CETSTAT, Hyderabad
7	Income Tax Act, 1961	Income Tax	94.36	2018 -2019	Appeal filed on 29.04.2021 with National Faceless Assessment Centre
<b>TOTAL</b>			<b>25,643.69</b>		



Note: Against the Disputed amounts in item 1, 5 & 6 the company has pre-deposited tax amounting to Rs 693.85 lakhs, Rs 88.33 lakhs and Rs 128.43 lakhs respectively. Against Item 5 the company has paid under protest an amount of Rs 1,089.42 lakhs.

- 8) According to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of loans to banks. The company did not have any outstanding loans or borrowings from government and financial institutions. The Company has not issued any debentures.
- 9) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- 10) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers has been noticed or reported during the year.
- 11) Provisions of Section 197 of the Companies Act, 2013 is not applicable to the Company.
- 12) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- 13) According to the information and explanations furnished to us, and based on our examination of books and records, we are of the opinion that all transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and details have been disclosed in the standalone financial statements as per applicable Accounting Standards.
- 14) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- 15) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.



16) The Company is not required to be registered under Section 45-1 A of the Reserve Bank of India Act.

Place: Hyderabad  
Date: 11.08.2021

For G.Natesan and Co  
Chartered Accountants  
FRN 002424S



CA K Murali  
Partner

M.No : 024842

UDIN : 21024842AAAAADG7192



**G. NATESAN & Co.,**  
Chartered Accountants



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Chennai - 600 018.

#### **ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT**

*Referred to in Paragraph 2 (f) under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Bharat Dynamics Limited*

#### **Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

*We are issuing this revised Annexure B to Independent Auditor's Report by replacing the phrase "Internal Financial Control" with the phrase "internal financial controls with reference to financial statements". This revision is in compliance to the guidance of Comptroller & Auditor General of India. This report supersedes our earlier report dated 21.6.2021.*

We have audited the Internal Financial Controls with reference to Financial Statements of Bharat Dynamics Limited (the Company) as at March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility:**

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

#### **Auditor's Responsibility:**

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



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Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls with reference to Financial Statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to Financial Statements included obtaining an understanding of Internal Financial Controls with reference to Financial Statements, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls with reference to Financial Statements.

**Meaning of Internal Financial Controls with reference to Financial Statements:**

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

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

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





**Emphasis of Matter:**

- a. The company's entire transactions are processed through the IT system. The company has not conducted an Information System Audit of its systems and processes.
- b. The company does not have an Audit Committee of the Board since September 2020.

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


**Opinion**

In our opinion and to the best of our information and explanations given to us, the Company has, in all material respects, an adequate Internal Financial Controls with reference to Financial Statements and such Internal Financial Controls with reference to Financial Statements were operating effectively as at March 31, 2021, based on "Internal Financial Controls with reference to Financial Statements criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls with reference to Financial Statements issued by the Institute of Chartered Accountants of India".

**Place: Hyderabad**

**Date: 11.08.2021**

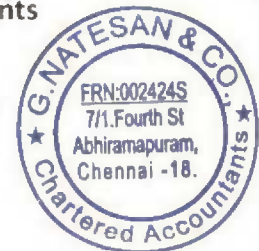
**For G.Natesan and Co  
Chartered Accountants  
FRN 002424S**



**CA K Murali  
Partner**

**M.No : 024842**

**UDIN : 21024842AAAADG7192**



**G. NATESAN & Co.,**  
Chartered Accountants



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**ANNEXURE-C TO THE INDEPENDENT AUDITOR'S REPORT**

*Referred to in Paragraph 2 (g) under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Bharat Dynamics Limited*

**Report on the directions under sub-section 5 of Section 143 of the Companies Act, 2013**

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

Direction	Report	Impact
Whether the company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any may be stated	According to the information and explanations furnished to us and based on our examination of books of accounts, we are of the opinion that the company has necessary system in place to process all the accounting transactions through IT System. There are no accounting transactions that are processed outside the IT System during the year	Nil
Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	Based on our examination of books of accounts, we are of the opinion that there are no such cases of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan during the year.	Nil



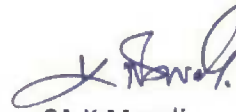
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Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation.	Based on the examination of the books of accounts and records of the Company, we are of the opinion that the fund received from Government Agencies for specific schemes have been utilized as per its terms and conditions.	Nil
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Place: Hyderabad  
Date: 11.08.2021

For G.Natesan and Co  
Chartered Accountants  
FRN 002424S



CA K Murali  
Partner

M.No : 024842

UDIN : 21024842AAAADG7192





लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest

सेवा मे,  
श्री सिद्धार्थ मिश्रा (सेवानिवृत्त),  
अध्यक्ष & प्रबंध निदेशक,  
मेसर्स भारत डायनामिक्स लिमिटेड,  
कॉर्पोरेट ऑफिस, प्लॉट सं. 38-39,  
टीएसएफसी बिल्डिंग, फ़िनान्सियल डिस्ट्रिक्ट,  
नानक्रमगुडा, हैदराबाद - 500032.  
महोदय,

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

मैं 31 मार्च 2021 को समाप्त वर्ष के मेसर्स - भारत डायनामिक्स लिमिटेड, हैदराबाद के लेखाओं पर  
कंपनी अधिनियम 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक का  
"शून्य टिप्पणी प्रमाण पत्र" अद्योषित करता हूँ।

कृपया सुनिश्चित करें कि टिप्पणियां

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

कृपया पत्र की पावती भेजें।

सं./No. Insp/BDL Accs 20-21/2021-22/117

प्रथम सिद्धार्थ मिश्रा (सेवानिवृत्त) एवं पद सं. सदस्य  
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001.  
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT and ex-Officio MEMBER, AUDIT BOARD,  
BENGALURU - 560 001.

दिनांक/ DATE. 17 अगस्त 2021

भवदीय,

(अरुण कुमार वी.एम.)  
उप निदेशक (प्रशासन)

संलग्न: यथोपरि

भारतीय लेखापरीक्षा तथा लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT

प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001.  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 560 001.

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

फैक्स /Fax : 080-2226 2491



लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest

To  
Cmde Siddharth Mishra (Retd),  
Chairman and Managing Director,  
M/s. Bharat Dynamics Limited,  
Corporate Office, Plot No.38-39,  
TSFC Building, Financial District,  
Nanakramguda, Hyderabad – 500 032.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 143 (6) (b) of the Companies Act, 2013 on the Financial Statements of **M/s. Bharat Dynamics Limited, Hyderabad** for the year ended 31 March 2021.

I forward here with **Nil Comments Certificate** of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the Financial Statements of **M/s. Bharat Dynamics Limited, Hyderabad** for the year ended 31 March 2021.

It may please be ensured that the comments are:

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

The receipt of this letter may please be acknowledged.

Encl: As above.

Yours faithfully,

(Arun Kumar V.M.)  
Deputy Director (Admin)

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

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

फैक्स /Fax : 080-2226 2491



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF BHARAT DYNAMICS LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2021.**

The preparation of Financial Statements of **Bharat Dynamics Limited, Hyderabad** for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 11 August 2021 which supersedes their earlier Audit Report dated 21 June 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Bharat Dynamics Limited, Hyderabad** for the year ended 31 March 2021 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revision made in the Statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to statutory auditors' report under section 143(6) (b) of the Act.

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



(Santosh Kumar)

**Principal Director of Commercial Audit**

Place: Bengaluru

Date: 17 August 2021

## Ind AS Financial Statements - 31 March 2021

### Corporate information

Bharat Dynamics Limited (BDL), a Government of India Enterprise under the Ministry of Defence was established at Hyderabad in the year 1970. It is engaged in the manufacturing of Missiles and allied Defence Equipments. The Company provides majority of its goods and services to the Indian Armed forces and Government of India.

### Contents:

Ind AS Financial Statements comprises:

- (a) Balance Sheet
- (b) Statement of Profit and Loss
- (c) Statement of Changes in Equity
- (d) Statement of Cash flows
- (e) Notes, comprising a summary of significant Accounting policies and other explanatory information; and
- (f) Comparative information in respect of the preceding period;

### Reporting Entity:

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

### Registered Office :

Kanchanbagh, Hyderabad - 500058

### Corporate Office :

Plot No. 38-39, TSFC Building,  
Financial District, Nanakramguda  
Hyderabad - -500032

## BALANCE SHEET AS AT 31 MARCH 2021

(₹ in Lakh)

PARTICULARS	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	1	74,273.11	75,305.16
(b) Capital Work-in-Progress	2	2,149.86	4,205.85
(c) Investment Property	3	0.97	0.97
(d) Right of use assets	4	3,975.04	4,151.45
(e) Intangible Assets	5	13,249.79	13,779.20
(f) Financial Assets			
(i) Investments	6	452.26	390.43
(ii) Loans	7	251.96	300.35
(iii) Other Financial Assets	8	4,404.11	4,676.89
(g) Deferred Tax Assets (net)	29A	4,773.25	5,424.97
(h) Other Non-current Assets	9	2,745.55	2,884.57
<b>Total Non - Current Assets</b>		<b>106,275.90</b>	<b>111,119.84</b>
<b>(2) Current Assets</b>			
(a) Inventories	10	139,701.00	85,651.77
(b) Financial Assets			
(i) Trade Receivables	11	32,269.27	33,836.80
(ii) Cash and Cash Equivalents	12	45,691.67	29,749.47
(iii) Bank balances other than (ii) above	13	110,403.80	36,600.00
(iv) Loans	14	196.87	236.96
(v) Other Financial Assets	15	121,594.31	242,550.43
(c) Current tax Assets	29B	4,223.26	3,645.39
(d) Other Current Assets	16	35,819.53	25,135.45
<b>Total Current Assets</b>		<b>489,899.71</b>	<b>457,406.27</b>
<b>Total Assets</b>		<b>596,175.61</b>	<b>568,526.11</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	17	18,328.12	18,328.12
(b) Other Equity	18	250,146.60	242,354.85
<b>Total Equity</b>		<b>268,474.72</b>	<b>260,682.97</b>
<b>(1) Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Lease Liabilities	19	652.71	771.19
(ii) Other Financial Liabilities	20	4,325.39	4,540.38
(b) Provisions	21	2,906.82	29.13
(c) Other Non-current Liabilities	22	67,718.87	71,036.09
<b>Total Non-current Liabilities</b>		<b>75,603.79</b>	<b>76,376.79</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	23	-	216.63
(ii) Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises;	24	2,937.69	1,380.62
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	24	71,322.42	33,167.91
(iii) Lease Liabilities	25	118.48	106.10
(iv) Other Financial Liabilities	26	14,417.85	16,554.62
(b) Other Current Liabilities	27	140,302.58	147,415.56
(c) Provisions	28	22,998.08	32,624.91
(d) Current tax Liabilities, net	29B	-	-
<b>Total Current Liabilities</b>		<b>252,097.10</b>	<b>231,466.35</b>
<b>Total Liabilities</b>		<b>327,700.89</b>	<b>307,843.14</b>
<b>Total Equity and Liabilities</b>		<b>596,175.61</b>	<b>568,526.11</b>

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

As per our report of even date.

**For G Natesan & Co.,**  
Chartered Accountants  
Firm's Registration No. 002424S

**For and on behalf of the Board**

**K Murali**  
Partner  
(M.No. 024842)

**N SRINIVASULU**  
Director (Finance)  
DIN: 08744682

**Omde SIDDHARTH MISHRA (Retd)**  
Chairman and Managing Director  
DIN: 08367035

Place: Hyderabad  
Date: 21 June 2021

Place: Hyderabad  
Date: 21 June 2021

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

## Statement of Profit and Loss for the Year ended 31 March 2021

(₹ in Lakh)

	PARTICULARS	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
	<b>INCOME</b>			
I	Revenue from Operations	30	191,375.95	310,487.20
II	Other Income	31	9,461.36	8,805.03
III	<b>Total Income (I + II)</b>		<b>200,837.31</b>	<b>319,292.23</b>
	<b>IV EXPENSES</b>			
	Cost of materials consumed	32	97,008.31	101,408.85
	Changes in inventories of finished goods and work-in-progress	33	(12,890.75)	50,366.33
	Employee benefits expense	34	50,108.86	53,403.07
	Finance costs	35	391.28	465.57
	Depreciation and amortisation expense	36	9,453.84	9,643.84
	Other expenses	37	22,677.66	29,759.17
	<b>Total expenses (IV)</b>		<b>166,749.20</b>	<b>245,046.83</b>
V	Profit/ (Loss) before exceptional items and tax (III-IV)		34,088.11	74,245.40
VI	Exceptional Items		-	-
VII	<b>Profit before tax (V - VI)</b>		<b>34,088.11</b>	<b>74,245.40</b>
VIII	<b>Tax expense</b>			
	(1) Current tax	29C	7,204.37	19,002.93
	(2) Deferred tax	29C	1,107.22	1,752.39
	<b>Total Tax expense</b>		<b>8,311.59</b>	<b>20,755.32</b>
IX	<b>Profit/ (Loss) for the year (VII - VIII)</b>		<b>25,776.52</b>	<b>53,490.08</b>
X	<b>Other comprehensive income</b>			
	<small>A items that will not be reclassified subsequently to profit or loss</small>			
	(a) Remeasurement of the defined benefit plans	38(3)	(1,809.83)	(2,889.22)
	(b) Income tax relating to items that will not be reclassified to profit or loss	29C	455.50	727.16
	<b>Total other comprehensive income</b>		<b>(1,354.33)</b>	<b>(2,162.06)</b>
XI	<b>Total comprehensive income for the year (IX + X)</b>		<b>24,422.19</b>	<b>51,328.02</b>
XII	<b>Earnings per equity share</b>			
	Basic and diluted EPS (in Rupees)	38(2)	14.06	29.18

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

As per our report of even date.  
For G Natesan & Co.,  
Chartered Accountants  
Firm's Registration No. 002424S

For and on behalf of the Board

K Murali  
Partner  
(M.No. 024842)

N SRINIVASULU  
Director (Finance)  
DIN: 08744682

Omde SIDDHARTH MISHRA (Retd)  
Chairman and Managing Director  
DIN: 08367035

Place: Hyderabad  
Date: 21 June 2021

Place: Hyderabad  
Date: 21 June 2021

N NAGARAJA  
Company Secretary  
(M.No.A19015)

## Statement of changes in equity for the year ended 31 March 2021

### A. Equity

(₹ in Lakh)

Particulars	Amount
Issued and paidup capital as at April 01, 2019	18,328.12
Changes in equity share capital during the year	
Balance as at March 31, 2020	18,328.12
Changes in equity share capital during the year	
Balance as at March 31, 2021	<b>18,328.12</b>

### B. Other Equity

(₹ in Lakh)

Particulars	Reserves and Surplus			Total
	General Reserve	Capital Redemption Reserve	Retained Earnings	
<b>Balance as at April 1, 2019</b>	183,135.54	-	25,390.94	<b>208,526.48</b>
Profit for the year	-	-	53,490.08	53,490.08
Adjustment on account of adoption of Ind AS 115	-	-	-	-
Other comprehensive income for the year (net of tax)	-	-	(2,162.06)	(2,162.06)
Final dividend and tax thereof	-	-	(3,689.95)	(3,689.95)
Transfer to Capital Redemption Reserve	-	-	-	-
Transfer from Statement of Profit and Loss	40,000.00	-	-	40,000.00
Transfer to General Reserve	-	-	(40,000.00)	(40,000.00)
Addition towards buy back during the period	-	-	-	-
Buyback Premium Written off	-	-	-	-
Depreciation Adjustment	-	-	-	-
Issue of Bonus shares	-	-	-	-
Tax on Buyback of shares	-	-	-	-
Interim Dividend	-	-	(11,455.08)	(11,455.08)
Tax on Interim Dividend	-	-	(2,354.62)	(2,354.62)
<b>Balance as at March 31, 2020</b>	<b>223,135.54</b>	-	<b>19,219.31</b>	<b>242,354.85</b>

Particulars	Reserves and Surplus			Total
	General Reserve	Capital Redemption Reserve	Retained Earnings	
<b>Balance as at April 1, 2020</b>	223,135.54	-	19,219.31	<b>242,354.85</b>
Profit for the year	-	-	25,776.52	25,776.52
Other comprehensive income for the year (net of tax)	-	-	(1,354.33)	(1,354.33)
Final dividend and tax thereof	-	-	(4,673.67)	(4,673.67)
Transfer to Capital Redemption Reserve	-	-	-	-
Transfer from Statement of Profit and Loss	25,000.00	-	-	25,000.00
Transfer to General Reserve	-	-	(25,000.00)	(25,000.00)
Addition towards buy back during the period	-	-	-	-
Buyback Premium Written off	-	-	-	-
Depreciation Adjustment	-	-	-	-
CSR Provision Adjustment	-	-	323.07	323.07
Issue of Bonus shares	-	-	-	-
Interim Dividend	-	-	(12,279.84)	(12,279.84)
Tax on Interim Dividend	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>248,135.54</b>	-	<b>2,011.06</b>	<b>250,146.60</b>

As per our report of even date.  
For G Natesan & Co.,  
Chartered Accountants  
Firm's Registration No. 002424S

For and on behalf of the Board

K Murali  
Partner  
(M.No. 024842)

N SRINIVASULU  
Director (Finance)  
DIN: 08744682

Cmde SIDDHARTH MISHRA (Retd)  
Chairman and Managing Director  
DIN: 08367035

Place: Hyderabad  
Date: 21 June 2021

Place: Hyderabad  
Date: 21 June 2021

N NAGARAJA  
Company Secretary  
(M.No.A19015)



## Cash flow statement for the year ended 31 March 2021

(₹ in Lakh)

Particulars	March 31, 2021	March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before exceptional items and tax	34,088.11	74,245.40
Adjustments for :		
Depreciation and amortisation expense	9,453.84	9,643.84
Finance costs	391.28	465.57
Interest income	(5,628.86)	(5,393.40)
Profit on Sale of Property Plant and Equipment	(10.29)	0.62
Deferred revenue on customer provided Assets	(1,344.62)	(1,306.84)
Provisions for expenses	1,095.00	2,101.92
Liabilities / provisions no longer required written back	(821.25)	(844.91)
Fair value adjustment to investment carried at fair value through profit and loss	(200.62)	(161.28)
Gain on sale of Financial Assets Measured at Fair value through profit and loss	-	-
<b>Operating profit before working capital changes</b>	<b>37,022.59</b>	<b>78,750.92</b>
Changes in working capital:		
Adjustments for (increase) / decrease in operating Assets:		
Trade receivables	1,567.53	18,755.71
Loans	88.48	6.54
Other Financial Assets	120,639.70	(97,834.77)
Inventories	(54,408.86)	79,770.06
Other Assets	(10,684.08)	1,875.43
Adjustments for increase / (decrease) in operating Liabilities:		
Trade payables	39,711.58	(17,397.19)
Other Financial Liabilities	(2,253.13)	4,160.10
Other Liabilities	(8,803.83)	5,144.26
Provisions	(8,296.44)	(5,444.51)
<b>Cash generated from operations</b>	<b>114,583.54</b>	<b>67,786.55</b>
Net income tax paid	(7,782.24)	(17,364.41)
Net cash flow before exceptional items	106,801.30	50,422.14
Exceptional items	-	-
<b>Net cash from/ used in operating activities (A)</b>	<b>106,801.30</b>	<b>50,422.14</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property Plant & Equipment and Intangible Assets	(5,660.91)	(5,688.84)
Bank Deposits	(73,803.80)	(1,165.40)
Proceeds from sale of Property Plant & Equipment and Intangible Assets	11.21	0.36
Redemption / (Investments) in Mutual funds during the year	-	-
Gain on sale of Financial Assets Measured at Fair value through profit and loss	-	-
Interest received	6,075.10	3,536.25
<b>Net cash from/ used in investing activities (B)</b>	<b>(73,378.39)</b>	<b>(3,317.63)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares	-	-
Finance costs	(252.26)	(326.55)
Repayment of lease liabilities	(106.10)	(94.72)
Buyback of shares	-	-
Dividends paid and tax thereon	(16,905.72)	(18,665.92)
<b>Net cash from/ used in financing activities (C)</b>	<b>(17,264.08)</b>	<b>(19,087.19)</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>16,158.83</b>	<b>28,017.32</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>29,532.84</b>	<b>1,515.52</b>
<b>Cash and Cash equivalents at the end of the year (Refer Note (i) below)</b>	<b>45,691.67</b>	<b>29,532.84</b>
<b>Note (i):</b>		
Cash and Cash equivalents Comprises:		
in current accounts	398.66	248.69
in deposit accounts	45,290.93	29,500.00
Cash on hand	2.08	0.78
Bank overdraft	-	(216.63)
	<b>45,691.67</b>	<b>29,532.84</b>

As per our report of even date.

For G Natesan & Co.,  
Chartered Accountants  
Firm's Registration No. 002424S  
K Murali  
Partner  
(M.No. 024842)

N SRINIVASULU  
Director (Finance)  
DIN: 08744682

For and on behalf of the Board  
Cmde SIDDHARTH MISHRA (Retd)  
Chairman and Managing Director  
DIN: 08367035

Place: Hyderabad  
Date: 21 June 2021

Place: Hyderabad  
Date: 21 June 2021

N NAGARAJA  
Company Secretary  
(M.No.A19015)

## ACCOUNTING POLICIES

### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### 1.1 Compliance with Ind AS:

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

#### 1.2 Historical cost convention:

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

certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value; defined benefit plans – plan assets measured at fair value.

#### 1.3 Use of estimates:

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

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

### 2. FOREIGN CURRENCY TRANSLATION

#### 2.1 Functional and presentation currency

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

#### 2.2 Transactions and Balances

- i) Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in profit and loss.
- ii) Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.
- iii) Liability for deferred payments (and receivable from Indian army and ordnance factory) including interest thereon, on supplies/ services from the USSR (erstwhile) is set up at the rate of exchange notified by the Reserve Bank of India for deferred payments including interest thereon under the protocol arrangements between the Government of India and Government of Russia. The differences due to fluctuations in the rate of exchange are charged to revenue.

### 3. REVENUE RECOGNITION:

#### A. Revenue from Contract with Customers

- (i) Revenue is recognized when (or as) the company satisfies a performance obligation.
- (ii) Satisfaction of performance obligation over time
  - a. Revenue is recognised overtime where the transfer of control of goods or services take places over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:
    - the company's performance entitles the customer to receive and consume the benefits simultaneously as the company performs

- the company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
  - the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment including a reasonable profit margin for performance completed to date.
- b. Progress made towards satisfying a performance obligation is assessed based on Input Method on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract. If the outcome of the performance obligation cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.
- c. In case of AMC contracts, where passage of time is the criteria for satisfaction of performance obligation, revenue is recognised using the output method.

**(iii) Satisfaction of performance obligation at a point in time**

- a. In respect of cases where the transfer of control does not take place over time, the company recognises the revenue at a point in time when it satisfies the performance obligations.
- b. The performance obligation is satisfied when the customer obtains control of the asset. The indicators for transfer of control include the following:
- the company has transferred physical possession of the asset
  - the customer has legal title to the asset
  - the customer has accepted the asset
  - when the company has a present right to payment for the asset
  - The customer has the significant risks and rewards of ownership of the asset. The transfer of significant risks and rewards ownership is assessed based on the Incoterms of the contracts.

**Ex-Works contract** – In case of Ex-works contract, revenue is recognised when the specified goods are unconditionally appropriated to the contract after prior Inspection and acceptance, if required.

**FOR Contracts** – In the case of FOR contracts, revenue is recognised when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period.

**Bill and hold Sales:**

Bill and hold sales is recognised when all the following criteria are met:

- the reason for the bill and hold sales is substantive
- the product is identified separately as belonging to the customer
- the product is currently ready for physical transfer to the customer
- the company does not have the ability to use the product or to direct it to another customer

**(iv) Measurement**

- a. Revenue is recognized at the amount of the transaction price that is allocated to the performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties and net of estimated liquidated damages.

Exchange rate variation and any other additional consideration is recognised based on contractual terms of the contract.

- b. The company's obligation to replace or repair faulty goods under the standard warranty terms is recognized as a provision and is not adjusted against transaction price as the customer does not have option to purchase warranty separately.

- c. In case where the contracts involve multiple performance obligations, the company allocates the transaction price to each performance obligation on the relative stand-alone selling price basis.

**Bundled Contracts** - In case of a Bundled contract, where separate fee for installation and commissioning or any other separately identifiable component is not stipulated, the Company applies the recognition criteria to separately identifiable components (sale of goods and installation and commissioning, etc.) of the transaction and allocates the revenue to those separate components based on stand-alone selling price.

**Multiple Elements** - In cases where the installation and commissioning or any other separately identifiable component is stipulated and price for the same agreed separately, the Company applies the recognition criteria to separately identified components (sale of goods and installation and commissioning, etc.) of the transaction and allocates the revenue to those separate components based on their stand-alone selling price.

- d. If the stand-alone selling price is not available the company estimates the stand alone selling price.

**(v) Significant financing component**

Advances received towards execution of Defence related projects are not considered for determining significant financing component since the objective is to protect the interest of the contracting parties.

In respect of other contracts, the existence of significant financing component is reviewed on a case to case basis.

**(vi) Customer financed assets:**

The assets financed by customers are recognized initially at fair value. The corresponding revenue is recognized in proportion to depreciation over the life of the asset.

**B. Other Income:**

Recognition of other income is as follows

**i) Interest income:**

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

**ii) Dividend:**

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

**4. GOVERNMENT GRANTS**

- 4.1 Grants from the government are recognized at their fair value where there is reasonable assurance that grant will be received and the Company will comply with all attached conditions.
- 4.2 Government grants relating to income are deferred and recognized in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.
- 4.3 Grants related to non-depreciable assets may also require the fulfilment of certain obligations and would then be recognised in profit or loss over the periods that bear the cost of meeting the obligations.
- 4.4 Government Grants received either as subsidy or otherwise for acquisition of depreciable assets are accounted as deferred income. If the grant/subsidy is absolute, amount corresponding to the depreciation is treated as income over the life of the asset. If the grant/subsidy is attached with any conditions, such as repayment, income is accounted as per the terms of the grant/subsidy.

**5. INCOME TAX**

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

## 5.2 Current tax:

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

## 5.3 Deferred tax:

- i) Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting profit nor the taxable profit (tax loss). Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.
- ii) Deferred tax assets are recognized for all deductible temporary differences and unused losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax asset is also recognised for the indexation benefit on land available for taxation purpose since it results in a temporary difference.
- iii) Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the liability simultaneously.
- iv) Current and deferred tax is recognized in profit or loss, except to the extent that it relates to the items recognized in other comprehensive income or directly equity. In this case, the tax is also recognized in other comprehensive income or directly equity, respectively.

## 6. LEASES

### 6.1 Company as a lessee:

Contracts with third party, which give the company the right of use in respect of an Asset, are accounted in line with the provisions of Ind AS 116-“Leases” if the recognition criteria as specified in the Accounting standard are met.

Lease payments associated with short term lease (term of twelve months or less) and lease in respect of low value assets are charged off as expenses on straight line basis over lease term or other systematic basis, as applicable.

At commencement date, the value of “right of use” is capitalised at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset.

Liability for lease is created for an amount equivalent to the present value of outstanding lease payments. Subsequent measurement, if any, is made using cost model.

Each lease payment is allocated between the liability created and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.



## 6.2 Company as a Lessor:

Lease are classified as finance or operating lease based on the recognition criteria specified in Ind AS 116 – Leases.

### a) Finance Lease:

At commencement date, amount equivalent to the “net investment in the lease” is presented as a receivable. The implicit interest rate is used to measure the value of the “net investment in Lease”

Each lease payment is allocated between the Receivable created and finance income. The finance income is recognised in the statement of profit and loss over the lease period so as to reflect a constant periodic rate of return on the net investment in lease.

The asset is tested for de-recognition and impairment requirements as per Ind AS 109- Financial Instruments.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

### b) Operating lease:

The company recognises lease payments from operating leases as income on either a straight line basis or another systematic basis, if required.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

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

## 7. INVENTORIES

- 7.1 Inventories are valued at lower of cost and net realizable value. The cost of raw material, components and stores are assigned by using the actual weighted average cost formula and those in transit at cost to date. In the case of stock-in-trade and work-in-progress, cost includes material, labour and related production overheads.
- 7.2 Stationery, uniforms, welfare consumables, medical and canteen stores are charged off to revenue at the time of receipt.
- 7.3 Raw-materials, Components, Construction Materials, Loose Tools and Stores and Spare Parts declared surplus/ unserviceable/ redundant are charged to revenue.
- 7.4 Provision for redundancy is made in respect of closing inventory of Raw materials and Components, and Construction Materials non-moving for more than 5 years. Besides, where necessary, adequate provision is made for redundancy of such inventory in respect of completed/ specific projects and other surplus/ redundant materials pending transfer to salvage stores.

## 8. FINANCIAL INSTRUMENTS

### 8.1 Financial Assets:

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

#### i) Classification of financial assets:

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive

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

ii) **Measurement:**

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

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

a) **Debt instruments**

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

(a) (i) **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(a) (ii) **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(a) (iii) **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

b) **Equity instruments**

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

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

(iii) **Impairment of financial assets:**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology

applied depends on whether there has been a significant increase in credit risk.

For trade receivables the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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

(iv) Derecognition of financial assets

A financial asset is derecognized only when

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

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

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

v) Trade receivables:

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

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

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

## 8.2 Financial liabilities and equity instruments issued by the Company

### Classification

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

i) Equity instruments

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

ii) Financial liabilities

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

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

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

iii) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company. Trade and other

payables are presented as current liabilities if payment is due within 12 months after the reporting period otherwise as non-current. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

iv) Derivatives

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

a) Embedded derivatives

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

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

b) Embedded foreign currency derivatives

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

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

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

### 8.3 Offsetting financial instruments

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

## 9. CASH AND CASH EQUIVALENTS:

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

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

## 10. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

## 11. PROPERTY, PLANT AND EQUIPMENT

### 11.1 Measurement

- i. Land is capitalised at cost to the Company. Development of land such as levelling, clearing and grading is capitalised along with the cost of building in proportion to the land utilized for construction of buildings and rest of the development expenditure is capitalised along with cost of land. Development expenditure incurred for the purpose of landscaping or for any other purpose not connected with construction of any building is treated as cost of land.
- ii. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical costs includes expenditure that is directly attributable to the acquisition of items.
- iii. Subsequent costs are included in the asset's carrying amount and recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.
- iv. Where the cost of a part of the asset is significant to the total cost of the asset and useful life of that significant part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and the significant part is depreciated on straight line method over its estimated useful life.

### 11.2 Depreciation method, estimated useful life and residual value:

- i. Depreciation is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life.
- ii. The useful lives have been determined to be equal to those prescribed in Schedule II to the Companies Act; 2013.
- iii. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

### 11.3 Disposal

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

## 12. INTANGIBLE ASSETS:

### 12.1 Licences

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

### 12.2 Computer software

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



- o There is an ability to use or sell the software
  - o It can be demonstrated how the software will generate probable future economic benefits
  - o Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
  - o The expenditure attributable to the software during its development can be reliably measured.
- d) Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.
- e) Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use.

### 12.3 Research and development

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

In the event of the Company financed project(s) being foreclosed/ abandoned, the expenditure incurred up to the stage of foreclosure/ abandonment is charged off to revenue in the year of foreclosure/ abandonment.

### 12.4 Amortization methods and periods

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

Licences	UsefulLife/Production
Computer software	3 years

## 13. INVESTMENT PROPERTY:

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

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

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

14.2 An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

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

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

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

## 15. IMPAIRMENT OF ASSETS:

- 15.1 Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.
- 15.2 The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 16. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

- 16.1 Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.
- 16.2 Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
- 16.3 Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognized as interest expense.
- 16.4 Warranty: Warranty on goods sold, wherever applicable, commences once the sale is complete and accordingly provision for such warranty is made. The period, terms and conditions of warranty as per the relevant contract are taken into consideration while determining the provision for such sales.
- 16.5 Provision for Onerous Contract: A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

## 17. EMPLOYEE BENEFITS

### 17.1 Short-term obligations

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

### 17.2 Other long term employee benefit obligations

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

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

### 17.3 Post-employment obligations

The Company operates the following post-employment schemes:

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

- a) Defined benefit plans

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

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

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

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

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

- b) Defined contribution plans

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

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

### 17.4 Termination Benefits

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

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

## 18. CONTRIBUTED EQUITY

Equity shares are classified as equity.

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

## 19. DIVIDENDS

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

## 20. EARNINGS PER SHARE

### 20.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

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

### 20.2 Diluted earnings per share

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

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Note 1 to 38 and Accounting Policies attached form part of accounts.

As per our report of even date.  
For **G Natesan & Co.,**  
Chartered Accountants  
Firm's Registration No. 002424S

**K Murali**  
Partner  
(M.No. 024842)

Place: Hyderabad  
Date: 21 June 2021

**N SRINIVASULU**  
Director (Finance)  
DIN: 08744682

Place: Hyderabad  
Date: 21 June 2021

For and on behalf of the Board

**Cmde SIDDHARTH MISHRA (Retd)**  
Chairman and Managing Director  
DIN: 08367035

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

## NOTES NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1: Property, Plant and Equipment

(₹ in Lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2019	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2020	Accumulated depreciation/ amortisation as at April 1, 2019	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2020	As at March 31, 2020
Freehold Land	8,770.87	1.60	-	8,772.47	-	-	-	-	8,772.47
Buildings	30,786.51	609.34	-	31,395.85	3,009.91	1,353.12	-	4,363.03	27,032.82
Fencing and Compound Walls	1,129.00	166.81	-	1,295.81	947.02	167.15	-	1,114.17	181.64
Roads and Drains	1,226.12	440.07	-	1,666.19	455.46	143.04	-	598.50	1,067.69
Water Supply Installations	173.56	10.64	-	184.20	20.33	7.23	-	27.56	156.64
Plant, Machinery and Equipment	45,990.43	1,958.16	(19.75)	47,928.84	10,429.88	3,391.10	(5.60)	13,815.38	34,113.46
Furniture and Equipment	3,328.33	490.19	(4.38)	3,814.14	1,768.12	489.49	(3.36)	2,254.25	1,559.89
Transport Vehicles	585.45	76.56	-	662.01	289.74	72.06	-	361.80	300.21
Special Tools & Equipment	5,357.95	4.45	(0.10)	5,362.30	2,510.16	731.90	(0.10)	3,241.96	2,120.34
<b>Total</b>	<b>97,348.22</b>	<b>3,757.82</b>	<b>(24.23)</b>	<b>101,081.81</b>	<b>19,430.62</b>	<b>6,355.09</b>	<b>(9.06)</b>	<b>25,776.65</b>	<b>75,305.16</b>

(₹ in Lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2020	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2021	Accumulated depreciation/ amortisation as at April 1, 2020	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2021	As at March 31, 2021
Freehold Land	8,772.47	28.19	-	8,800.66	-	-	-	-	8,800.66
Buildings	31,395.85	684.82	-	32,080.67	4,363.03	1,384.62	-	5,747.65	26,333.02
Fencing and Compound Walls	1,295.81	15.73	-	1,311.54	1,114.17	43.97	-	1,158.14	153.40
Roads and Drains	1,666.19	12.64	-	1,678.83	598.50	168.20	-	766.70	912.13
Water Supply Installations	184.20	3.64	-	187.84	27.56	7.99	-	35.55	152.29
Plant, Machinery and Equipment	47,928.84	4,399.79	(70.09)	52,258.54	13,815.38	3,830.23	(1.34)	17,644.27	34,614.27
Furniture and Equipment	3,814.14	763.71	(0.72)	4,577.13	2,254.25	615.21	(0.71)	2,868.75	1,708.38
Transport Vehicles	662.01	23.00	-	685.01	361.80	73.81	-	435.61	249.40
Special Tools & Equipment	5,362.30	11.17	-	5,373.47	3,241.96	781.95	-	4,023.91	1,349.56
<b>Total</b>	<b>101,081.81</b>	<b>5,942.69</b>	<b>(70.81)</b>	<b>106,953.69</b>	<b>25,776.65</b>	<b>6,905.98</b>	<b>(2.05)</b>	<b>32,680.58</b>	<b>74,273.11</b>

#### Notes:

##### Freehold Land:

- (a) Freehold Land includes
- 2 Acres and 08 Guntas as at March 31, 2021 (March 31, 2020: 2 Acres and 08 Guntas) of land at Kanchanbagh, Hyderabad given on permissive possession to a Government of India Organisation and is in their possession.
  - 146 Acres 32 Guntas (March 31, 2020: 146 Acres 32 Guntas) of land at Kanchanbagh, Hyderabad received free of cost from State Government, is valued at ₹ 28.42 Lakh (as at March 31, 2020 ₹ 28.42 Lakh), title to this land is yet to be received.
- (b) In respect of land admeasuring 82 Acres 31 Guntas (as at March 31, 2020: 82 Acres 31 Guntas) at Karmanghat, Hyderabad acquired by state government for the company for which an amount of ₹ 21.66 Lakh (as at March 31 2020 : ₹ 21.66 Lakh) paid by the company is capitalised.
- (c) Title is yet to be received for 10 Acres 13 Guntas (as at March 31, 2020 : 10 Acres 13 Guntas) of land at Visakhapatnam for which an amount of ₹ 376.13 lakh (as at March 31, 2020: ₹ 376.13 lakh) paid/provided is capitalised.
- (d) Free hold land of 632 Acres 16.50 Guntas (as at March 31, 2020: 632 Acres 16.50 Guntas) at Ibrahimpatnam, Rangareddy District is taken possession on agreement of sale by paying ₹ 6136.90 Lakh (as at March 31, 2020: ₹ 6136.90 lakh) based on tentative fixation of price is capitalised.



**Buildings :**

(a) Buildings include ₹ 111.01 Lakh as at March 31, 2021 (March 31, 2020 : ₹ 111.01 Lakh) being the value of buildings constructed on land not belonging to the Company.

(i) The Estimated useful life of various categories of assets (As per schedule II to the companies Act, 2013) is described as follows:

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

(ii) For method and accounting of depreciation, refer the accounting policy 11: Property, Plant and Equipment.

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

**Note 2: Capital Work-in-Progress**

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Civil	1,390.48	961.45
Plant & Machinery	740.70	3,216.86
Others	18.68	27.54
<b>Total</b>	<b>2,149.86</b>	<b>4,205.85</b>

**Notes:**

(i) Refer note 38(6) for capital commitments and Note 38(7) for details relating to short closed projects.

**Note 3: Investment Property**

(₹ in Lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2019	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2020	Accumulated depreciation/ amortisation as at April 1, 2019	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2020	As at March 31, 2020
Land (held for rentals)	0.97	-	-	0.97	-	-	-	-	0.97

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2020	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2021	Accumulated depreciation/ amortisation as at April 1, 2020	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2021	As at March 31, 2021
Land (held for rentals)	0.97	-	-	0.97	-	-	-	-	0.97

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

Particulars	March 31, 2021	March 31, 2020
Rental income	-	-
Profit from Investment Properties before depreciation	-	-
Depreciation	-	-
Profit from Investment Properties	-	-

**(ii) Contractual obligations**

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

**(iii) Leasing arrangements**

Land admeasuring 5 acres and 1 gunta at Kanchanbagh is leased to Indian Navy under long-term operating leases with rentals payable yearly. The lease rentals for such property is ₹ 1 per annum per acre. Leasing arrangements are the same for year ended March 31, 2021 and March 31, 2020.

(iv) Fair value

Particulars	March 31, 2021	March 31, 2020
Investment properties	1459.26	1459.26

**Significant judgement:**

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

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

**Note 4: Right of use assets**

(₹ in Lakh)

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT	
	As at April 1, 2019	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2020	Accumulated depreciation/ amortisation as at April 1, 2019	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2020	As at March 31, 2020
Leasehold Land	3,477.17	-	-	3,477.17	148.20	37.05	-	185.25	3,291.92
Leasehold Building	998.91	-	-	998.91	-	139.37	-	139.37	859.53
<b>Total</b>	<b>4,476.07</b>	<b>-</b>	<b>-</b>	<b>4,476.07</b>	<b>148.20</b>	<b>176.42</b>	<b>-</b>	<b>324.62</b>	<b>4,151.45</b>

(₹ in Lakh)

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT	
	As at April 1, 2020	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2021	Accumulated depreciation/ amortisation as at April 1, 2020	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2021	As at March 31, 2021
Leasehold Land	3,477.17	-	-	3,477.17	185.25	37.05	-	222.30	3,254.87
Leasehold Building	998.91	-	-	998.91	139.37	139.37	-	278.74	720.17
<b>Total</b>	<b>4,476.08</b>	<b>-</b>	<b>-</b>	<b>4,476.08</b>	<b>324.62</b>	<b>176.42</b>	<b>-</b>	<b>501.04</b>	<b>3,975.04</b>

**Leasehold Land :**

- (a) Land measuring 3 acres 25 guntas (March 31, 2020: 3 acres 25 guntas) at Visakhapatnam was taken on lease from Government of India at a rental of ₹1.00 per acre per annum.
- (b) Leasehold land measuring 553 Acres 34 Guntas (as at March 31, 2020: 553 Acres 34 Guntas) at Amravati for which a premium of ₹3922.37 lakh was paid is taken on lease on 07/02/2014 with certain conditions attached to it. One of the main condition is, if the factory building and works are not completed within 60 months from the date of allotment, unless the time is extended, the lease agreement may be cancelled and the lessor may take possession of the leasehold land together with all the erections, if any, on the said land, without paying any compensation to the company. At present the period of investment has been extended upto 05.04.2019. The project for which the land has been taken on lease is under finalisation with Ministry of Defence (MoD), the Company is pursuing for further extension of period of investment.

**Leasehold Building :**

Corporate office building measuring 53,284 sq ft is taken on lease from APSFC from 01.06.2016 for a period of 10 years. Company recognised the building under right of use assets (RoU) asset at a value of ₹998.91 lakhs, a corresponding lease liability of ₹972.01 lakhs and a provision for an amount of ₹26.90 lakhs towards asset retirement obligation on 01.04.2019 as per Ind AS 116. Lease liability is recognised at the present value of lease payment discounted at the incremental borrowing rate of 8%.

**Note 5: Intangible Assets**

(₹ in Lakh)

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT	
	As at April 1, 2019	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2020	Accumulated depreciation/ amortisation as at April 1, 2019	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2020	As at March 31, 2020
Development Expenditure	3,324.1	-	-	3,324.10	3,146.12	86.61	-	3,232.73	91.37
Computer Software	2,104.19	52.45	-	2,156.64	1,563.60	311.09	-	1,874.69	281.95
License Fee	15,707.46	2390.00	-	18,097.46	1,976.95	2,714.63	-	4,691.58	13,405.88
<b>Total</b>	<b>21,135.75</b>	<b>2,442.45</b>	<b>-</b>	<b>23,578.20</b>	<b>6,686.67</b>	<b>3,112.33</b>	<b>-</b>	<b>9,799.00</b>	<b>13,779.20</b>

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT	
	As at April 1, 2020	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2021	Accumulated depreciation/ amortisation as at April 1, 2020	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2021	As at March 31, 2021
Development Expenditure	3,324.1	-	-	3,324.10	3,232.73	-	-	3,232.73	91.37
Computer Software	2,156.64	26.14	-	2,182.78	1,874.69	211.13	-	2,085.82	96.96
License Fee	18,097.46	1,817.23	-	19,914.69	4,691.58	2,161.65	-	6,853.23	13,061.46
<b>Total</b>	<b>23,578.20</b>	<b>1,843.37</b>	<b>-</b>	<b>25,421.57</b>	<b>9,799.00</b>	<b>2,372.78</b>	<b>-</b>	<b>12,171.78</b>	<b>13,249.79</b>

**Significant judgement**

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

(₹ in Lakh)

PARTICULARS		As at March 31, 2021	As at March 31, 2020
6	<b>Non-current Investments</b>		
	Investment carried at fair value through profit and loss (Unquoted)	452.26	390.43
	(i) 9,21,920 (as at March 31, 2020 9,21,920) (including 3,85,920 Bonus Shares) fully paid-up Equity shares (Unquoted) of ₹ 10/- each of A.P. Gas Power Corporation Limited		
		<b>452.26</b>	<b>390.43</b>

- Impairment is tested as per the accounting policy 15. The company has assessed that there are no indicators of impairment.  
- Refer note 38(15): Fair value measurement.

**Significant Judgement:**

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

7	<b>Non current Loans</b>		
	- Secured, considered good	-	-
	- Unsecured, considered good	251.96	300.35
		<b>251.96</b>	<b>300.35</b>
	Refer note 38(15): Fair value measurement.		
8	<b>Other Non-current Financial Assets</b>		
	Claims/Refunds receivable	198.18	261.91
	Deferred Debts	4,205.93	4,414.98
		<b>4,404.11</b>	<b>4,676.89</b>
	Refer note 38(15): Fair value measurement.		

**Significant Judgement:**

**Deferred Debts:**

Deferred debts are receivables from the Indian Army and Ordnance factory. The receivable is denominated in Indian Rupees (INR) and receivable in equal instalments over 45 years commencing from 01.04.1992. As per the agreement, the receivable is adjusted on the basis of rates of Special Drawing Rights (SDR), issued by the International Monetary Fund (IMF). As such the receivable does not satisfy the Solely Payment of Principal and Interest (SPPI) criteria as set out in Ind AS 109. Hence, the receivable is measured at fair value through profit and loss. Deferred debt is discounted at 8% to arrive at the fair value on initial recognition and the difference between the fair value and the total deferred debt is considered as deferred expense. Subsequently this is carried at fair value through profit and loss.

(₹ in Lakh)

PARTICULARS		As at March 31, 2021	As at March 31, 2020
<b>9</b>	<b>Other Non-current Assets</b>		
	Capital advances	660.30	660.30
	Deferred expense*	2,085.25	2,224.27
		<b>2,745.55</b>	<b>2,884.57</b>
	* Refer the significant judgement on Deferred Debts in Note No. 8		
<b>10</b>	<b>INVENTORIES *</b>		
	Raw Materials and Components	101,909.27	60895.14
	Less: Provision	(5,237.05)	(4,524.99)
	GIT of Raw Materials and Components	160.84	257.36
		<b>96,833.06</b>	<b>56,627.51</b>
	Work-in-progress#	40,589.45	27829.16
	Less: Provision	(353.13)	(867.01)
		<b>40,236.32</b>	<b>26,962.15</b>
	Finished Goods	645.87	515.41
	Less: Provision	(127.66)	(88.03)
	GIT of Finished Goods	-	0.31
		<b>518.21</b>	<b>427.69</b>
	Stores and Spare Parts	1,829.58	1242.59
	Less: Provision	(233.98)	(169.95)
	GIT of Stores and Spare Parts	-	-
		<b>1,595.60</b>	<b>1,072.64</b>
	Loose Tools	1,053.63	1057.28
	Less: Provision	(536.02)	(496.18)
	GIT of Loose Tools	-	-
		<b>517.61</b>	<b>561.10</b>
	Construction Materials	-	-
	Stores & Equipment - Welfare	308.56	307.89
	Less: Amortisation	(308.56)	(307.41)
		-	<b>0.48</b>
	Miscellaneous Stores	<b>0.20</b>	<b>0.20</b>
		<b>1,39,701.00</b>	<b>85,651.77</b>
	# Includes Inventory with Customers	9.20	9.20
	* Include Material issued to Sub-contractors/Others	14,460.90	4,768.43
	- Out of ₹ 14460.90 lakh (as at March 31, 2020 ₹ 4768.43 lakh), material lying with sub contractors ₹ 5633.25 Lakh (as at March 31, 2020 ₹ 2787.33 Lakh) were confirmed / physically verified by the vendors. Differences on confirmation / physical verification of material lying with subcontractors of ₹ 137.13 Lakh (₹ 470.76 as at March 31, 2020) is shown as claims receivable and reduced from inventories.		
	- Valuation of Inventories has been made as per Company's Accounting Policy No. 7.		
	- Refer note 38(7): Details of short closed projects.		
<b>11</b>	<b>Trade Receivables</b>		
	Secured	-	-
	Unsecured, considered good	32,269.27	33,836.80
	Doubtful	-	-
	Less: Allowance for doubtful debts (expected credit loss allowance)	-	-
		<b>32,269.27</b>	<b>33,836.80</b>
	Refer Note: 38(15): Fair value measurement; 38(12) Charges registered.		
	Refer Note: 38(20)(F): Movement of Trade Receivables		
<b>12</b>	<b>Cash and Cash Equivalents</b>		
	Balances with Banks		
	- in current accounts	398.66	248.69
	- in deposit accounts (Up to 3 months)	45,290.93	29,500.00
	Cash on hand*	2.08	0.78
	Remittances in transit	-	-
		<b>45,691.67</b>	<b>29,749.47</b>
	There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.		
	* Cash on hand includes cash held with imprest holders		
	Refer note 38(15): Fair value measurement.		
	Refer note 38(1): Offsetting of Financial Assets and Financial Liabilities - Bank Flexi and Current Accounts adjusted against Bank Overdraft		

(₹ in Lakh)

PARTICULARS		As at March 31, 2021	As at March 31, 2020
<b>13</b>	<b>Other Bank balances</b>		
	Bank deposits other than margin money	1,10,403.80	36,600.00
	(Maturity period more than 3 months but less than 12 months)		
		<b>1,10,403.80</b>	<b>36,600.00</b>
	- The company has been sanctioned an overdraft facility of ₹ 1,500.00 lakhs against which the company had pledged deposits worth ₹ 1,800.00 lakhs as security.		
	- There are no bank deposits with maturity beyond 12 months.		
	<b>Reconciliation of Cash and Bank balances:</b>		
	Cash and Cash Equivalents (as per the above)	45,691.67	29,749.47
	Bank Balance (as per the above)	1,10,403.80	36,600.00
	<b>Total Cash and Bank balances</b>	<b>1,56,095.47</b>	<b>66,349.47</b>
<b>14</b>	<b>Current Loans</b>		
	<b>Loans to Employees</b>		
	- Secured, considered good	-	-
	- Unsecured, considered good	196.87	236.96
	<b>Total Current Loans</b>	<b>196.87</b>	<b>236.96</b>
	Also refer note 38(15): Fair value measurement.		
<b>15</b>	<b>Other Current Financial Assets</b>		
	Claims/Refunds receivable	3,969.40	5,804.12
	Less: Provision for doubtful claims (Refer Note - A below)	(21.47)	(21.47)
	Deferred Debts*	347.85	347.85
	Unbilled Revenue#	1,15,251.21	2,33,782.49
	Interest accrued on Deposits	2,022.42	2,618.47
	Interest accrued - Others	24.62	17.77
	Other Assets held for sale (Refer Note - B below)	0.28	1.20
	<b>Total Other Current Financial Assets</b>	<b>1,21,594.31</b>	<b>2,42,550.43</b>
	Refer note 38(15): Fair value measurement.		
	#Refer note 38(20)(C): Movement of Contract Assets and Contract Liabilities		
	* Refer the significant judgement on Deferred Debts in Note No. 8		
	<b>Note - A</b>		
	(i) In the case of a supplier, the company initiated legal action for recovery of advance amount of ₹ 17.14 Lakh together 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.		
	(ii) In the case of another supplier, the Company has initiated legal action for recovery of advance amount of ₹ 4.33 Lakhs with interest, being amount paid towards material purchases, which were subsequently rejected and taken back by the supplier but failed to supply the correct material. The case was decreed in favour of M/S BDL (ex-parte) and has to be executed.		
	<b>Note - B</b>		
	Gross Block of assets retired and held for sale during the year 2020-21 is Nil (₹ 213.98 Lakh during 2019-20) and Accumulated Depreciation is Nil (₹ 212.78 Lakh during 2019-20).		
<b>16</b>	<b>Other Current Assets</b>		
	Advances other than capital advances:		
	Advances to vendors		
	- Secured, considered good	1,361.76	264.72
	- Unsecured, considered good	28,381.59	20,701.27
	- Unsecured, considered doubtful	1.71	2.55
	Less: Provision for doubtful advances	(1.71)	(2.55)
	Prepaid expenses	255.28	113.55
	Deposits	5,621.63	3,904.43
	Deferred Expense*	139.02	139.02
	Earmarked balances with banks for unpaid dividend	60.25	12.46
	<b>Total Current Assets</b>	<b>35,819.53</b>	<b>25,135.45</b>
	Refer note 38(7): Details of short closed projects.		
	* Refer the significant judgement on Deferred Debts in Note No. 8		



**Note 17: Equity Share Capital:**

(₹ in Lakh)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>Authorised</b>		
20,00,00,000 Equity Shares of ₹ 10/- each	20,000.00	20,000.00
<b>Issued, Subscribed and paid up</b>		
18,32,81,250 Equity Shares of ₹ 10/- each fully paid	18,328.12	18,328.12
	<b>18,328.12</b>	<b>18,328.12</b>
<b>Notes:</b>		
Equity shares have a par value of ₹ 10 (2016-17 and before: ₹ 1000). They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.		

**(A) Reconciliation of the number of Shares outstanding:**

(₹ in Lakh)

PARTICULARS	Number of Shares	Amount
<b>Balance as at March 31, 2019</b>	183,281,250	18,328.12
Buy back during the year	-	-
Bonus issue during the year	-	-
<b>Balance as at March 31, 2020</b>	183,281,250	18,328.12
Buy back during the year	-	-
Bonus issue during the year	-	-
<b>Balance as at March 31, 2021</b>	<b>183,281,250</b>	<b>18,328.12</b>

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Fully paid equity shares				
Government of India	137,325,527	74.93%	160,829,297	87.75%
Life Insurance Corporation of India	18,744,839	10.23%	-	-
HDFC Trustee Company Limited	10,916,175	5.96%	-	-

**(C) Details of the buyback for the last 5 years immediately preceding the Current year**

Particulars	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Number of shares bought back (nos.)	-	-	-	30,546,875	-	172,500
Face value of each share bought back (in Rupees)	-	-	-	10.00	-	1,000.00
Total Face value of shares bought back	-	-	-	3,054.69	-	1,725.00
Total Premium paid on shares bought back	-	-	-	41,998.90	-	18,160.80
Consideration paid towards buy back	-	-	-	45,053.59	-	19,885.80
Share capital reduction	-	-	-	3,054.69	-	1,725.00
Share premium utilised	-	-	-	-	-	-
General reserve utilised	-	-	-	45,053.59	-	19,885.80
Amount transferred to Capital redemption reserve	-	-	-	3,054.69	-	1,725.00

The face value of equity shares of ₹ 1000/- each was split into face value of ₹ 10/- each and accordingly no. of equity shares increased by 100 times with effect from 8th May 2017.

In accordance with Sec 68,69 and 70 of the Companies Act, 2013, the company initiated and completed buy back of shares from Government of India during the year 2017-18 and during the year 2015-16.

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

Particulars	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
No. of Bonus Shares issued (nos.)	-	-	-	91,640,625	2,44,375	-
Value of Bonus Shares issued (₹ in lakh)	-	-	-	9,164.06	2,443.75	-

(₹ in Lakh)

	PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>18</b>	<b>Other Equity</b>		
	General Reserve	248,135.54	223,135.54
	Capital redemption Reserve	-	-
	Retained Earnings	2,011.06	19,219.31
	<b>Balance at end of year</b>	<b>250,146.60</b>	<b>242,354.85</b>
	<b>A. General Reserve</b>		
	Balance at beginning of year	223,135.54	183,135.54
	Transfer to Capital Redemption Reserve	-	-
	Buyback Premium Written off	-	-
	Depreciation Adjustment	-	-
	Transfer from Statement of Profit and Loss	25,000.00	40,000.00
	Bonus shares issued	-	-
	<b>Balance at end of year</b>	<b>248,135.54</b>	<b>223,135.54</b>
	The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.		
	<b>B. Capital Redemption Reserve</b>		
	Balance at beginning of year	-	-
	Transfer from General reserve	-	-
	Utilised against issue of bonus shares	-	-
	<b>Balance at end of year</b>	<b>-</b>	<b>-</b>
	Reduction in nominal value of share capital on account of buy-back of shares is recorded as capital redemption reserve.		
	<b>C. Retained Earnings</b>		
	Balance at beginning of year	19,219.31	25,390.94
	Profit for the year	25,776.52	53,490.08
	Final dividend and tax thereof	(4,673.67)	(3,689.95)
	Interim Dividend	(12,279.84)	(11,455.08)
	Tax on Interim Dividend	-	(2,354.62)
	Transfer to General Reserve	(25,000.00)	(40,000.00)
	Other comprehensive income (net of tax)	(1,354.33)	(2,162.06)
	CSR Provision Adjustment*	323.07	-
	<b>Balance at end of year</b>	<b>2,011.06</b>	<b>19,219.31</b>
	*Refer Note 28: Current Provisions		
<b>19</b>	<b>Non- Current Lease Liabilities</b>		
	Lease Liabilities	652.71	771.19
		<b>652.71</b>	<b>771.19</b>
<b>20</b>	<b>Other Non - Current Financial Liabilities</b>		
	Deferred Credit	1,731.28	1,784.14
	Embedded derivative liability (Deferred liability)	2,594.11	2,756.24
		<b>4,325.39</b>	<b>4,540.38</b>
	Also refer note 38(15): Fair value measurement.		
	<b>Significant judgements:</b>		
	1) Deferred credit: Deferred credit represents the principal credit portion (at the base rate) of the 45 years (commencing from 01.04.1992) deferred credit provided by the Russian government. The deferred credit is a financial liability, therefore shall be recognised at fair value. The fair value is ascertained by discounting the future cash outflows at the rate of 8%. The company considers 8% to be the cost of capital.		
	2) Embedded derivative: The increase in liability due to movement in SDR rates is assessed to be an embedded derivative. The embedded derivative is accounted at the fair value on each reporting date through Profit and loss. The fair value is considered to be the adjusted rupee value of the SDR unit as on the reporting date according to the agreement.		
<b>21</b>	<b>Non-current Provisions</b>		
	Asset Retirement Obligation	31.54	29.13
	Employee benefits		
	Accrued Leave	-	-
	Gratuity	-	-
	Provident Fund	2,875.28	-
		<b>2,906.82</b>	<b>29.13</b>
	Refer note 38(3) : Employee Benefit Obligations		

(₹ in Lakh)

PARTICULARS		As at March 31, 2021	As at March 31, 2020
<b>22</b>	<b>Other Non - Current Liabilities</b>		
	Advances from Customers-§		
	Ministry of Defence (MoD)	12,276.37	18,647.55
	Others	43,892.72	40,052.71
	Deferred Income*	2,144.48	2,287.44
	Deferred Revenue #	9,405.30	10,048.39
		<b>67,718.87</b>	<b>71,036.09</b>
	* Refer the significant judgement on Deferred Credit in note No.20		
	# Refer note 38 (19) : Grant for solar plant		
	§ Refer note 38(20)(C) : Movement of Contract Assets and Liabilities		
	Also Refer Accounting Policy no.3 A (vi) and 4.4		
<b>23</b>	<b>Borrowings</b>		
	(a) Loans repayable on demand		
	(i) From Banks		
	-Secured bank overdraft	-	216.63
	- Unsecured	-	-
		-	<b>216.63</b>
	The company has been sanctioned an overdraft facility of ₹ 1,500.00 lakhs against which the company had pledged deposits worth ₹ 1,800.00 lakhs as security.		
	Refer note 38(1): Offsetting of Financial Assets and Financial Liabilities - Bank Flexi and Current Accounts adjusted against Bank Overdraft		
<b>24</b>	<b>Trade Payables</b>		
	Trade Payables - Current:		
	Dues to micro enterprises and small enterprises	2,937.69	1,380.62
	Dues to creditors other than micro, small and medium enterprises	71,322.42	33,167.91
		<b>74,260.11</b>	<b>34,548.53</b>
	<b>Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>		
	(i) Principal amount and interest due thereon remaining unpaid to any supplier as at the end of the accounting year		
	- Principal	2,895.16	1,339.65
	- Interest	42.53	40.98
	(ii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day		
	(iii) The amount of interest due and payable for the year	-	-
	(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	42.53	40.98
	(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
	- Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the Auditors.		
<b>25</b>	<b>Current Lease Liabilities</b>		
	Current maturities of Lease Liabilities	118.48	106.10
		<b>118.48</b>	<b>106.10</b>
<b>26</b>	<b>Other Current Financial Liabilities</b>		
	Current maturities of Deferred credit*	357.73	357.73
	Deposits	1,810.04	1,170.27
	Creditors for expenses	4,245.51	6,398.85
	Employee benefits payable	6,603.49	6,966.47
	Others	454.51	320.21
	Capital works	946.57	1,341.09
		<b>14,417.85</b>	<b>16,554.62</b>
	Also refer note 38(15): Fair value measurement.		
	* Refer the significant judgement on Deferred Credit in note No.20		

(₹ in Lakh)

PARTICULARS		As at March 31, 2021	As at March 31, 2020
<b>27</b>	<b>Other Current Liabilities</b>		
	Advances from Customers:#		
	- Ministry of Defence (MoD)	95,671.28	124,531.52
	- Others	37,575.06	7,785.71
	Deferred Income*	142.97	142.97
	Deferred Revenue	1,993.93	2,384.69
	Statutory remittances	4,919.34	12,570.67
		<b>140,302.58</b>	<b>147,415.56</b>
	Refer note 38(7): Details of short closed projects.		
	# Refer note 38(20)(C): Movement of Contract Assets and Liabilities		
	* Refer the significant judgement on deferred credit in note No. 20		
<b>28</b>	<b>Current Provisions</b>		
	Employee benefits		
	- Gratuity	-	3,625.08
	- Accrued leave	-	1,418.57
	- Provident Fund	122.86	-
	Warranty	7,322.28	6,609.23
	Onerous contract	789.64	926.47
	CSR & Sustainable development	637.06	967.41
	Future charges	4,270.63	9,200.02
	Others	9,855.61	9,878.13
		<b>22,998.08</b>	<b>32,624.91</b>

#### Movement in provisions

Provisions	Warranty	Onerous Contract	CSR & Sustainable Development	Future Charges	Others
<b>Balance as at March 31, 2020</b>	<b>6,609.23</b>	<b>926.47</b>	<b>967.41</b>	<b>9,200.02</b>	<b>9,878.13</b>
Additional provisions recognised	2,040.37	-	1,458.43	-	47.80
Utilisation during the year	(22.33)	-	(1,788.78)	(4,929.39)	-
Reversals during the year	(1,304.99)	(136.83)	-	-	(70.32)
<b>Balance as at March 31, 2021</b>	<b>7,322.28</b>	<b>789.64</b>	<b>637.06</b>	<b>4,270.63</b>	<b>9,855.61</b>

#### Warranties:

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

#### Onerous contract:

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

#### CSR & Sustainable development:

CSR & Sustainable development expenses are recognised based on the expenditure to be incurred as per the provisions of Companies Act, 2013. Closing Provision indicated above pertains to the provision created during 2011-12 to 2013-14 as per DPE guidelines. Utilisation during the year includes an amount of ₹ 323.07 lakh relating to Administrative overheads and sustainable development expenditure incurred in previous years but not adjusted against provision during earlier years.

#### Future charges:

Provision for future charges represents the estimated liability on account of revised ancillary/ packing material accepted to be delivered in lieu of ancillary/ packing material originally stipulated in the contract terms for the sales effected earlier and value of spares sent to forward location on user request for serviceability to avoid breakdown in emergency situations.

(₹ in Lakh)

PARTICULARS		As at March 31, 2021	As at March 31, 2020
<b>29</b>	<b>Income Taxes</b>		
<b>29A</b>	<b>Deferred Tax Balance</b>		
	Deferred Tax Assets	10,387.11	10,727.22
	Deferred Tax Liabilities	5,613.86	5,302.25
	<b>Total</b>	<b>4,773.25</b>	<b>5,424.97</b>
	<b>Breakup of Deferred Tax balances</b>		
	<b>Deferred Tax Assets</b>		
	Freehold Land	1,914.72	1,757.18
	Lease Liability	194.09	220.80
	Provisions	7,964.48	8,435.35
	Fair value adjustment to Deferred credit	313.82	313.89
	<b>Sub-Total</b>	<b>10,387.11</b>	<b>10,727.22</b>
	<b>Deferred Tax Liabilities</b>		
	Property plant and Equipment	3,537.56	3,279.70
	Right of use assets	181.25	56.52
	Intangible Assets	1,522.12	1,582.34
	Fair value of investments		
	- Equity Shares in unlisted Company	67.77	78.47
	- Mutual Funds	-	-
	Fair value adjustment to Deferred debts	305.16	305.22
	Others	-	-
	<b>Sub-Total</b>	<b>5,613.86</b>	<b>5,302.25</b>
	<b>Net Deferred Tax Asset/(Liability)</b>	<b>4,773.25</b>	<b>5,424.97</b>

**Reconciliation of Deferred Tax Balances:  
For 2019-20**

(₹ in Lakh)

PARTICULARS	Opening Balance	Recognised in statement of Profit and loss	Recognised in Other Comprehensive Income	Closing Balance
<b>Deferred Tax Assets pertaining to :</b>				
Freehold Land	1,632.41	124.77		1,757.18
Lease Liability	-	220.80		220.80
Provisions	12,445.66	(4,010.31)		8,435.35
Fair value adjustment to Deferred credit	434.51	(120.62)		313.89
<b>Sub total</b>	<b>14,512.58</b>	<b>(3,785.36)</b>	-	<b>10,727.22</b>
<b>Deferred Tax Liabilities pertaining to :</b>				
Property plant and Equipment	4279.41	(999.71)	-	3,279.70
Right of use asset		56.52	-	56.52
Intangible Assets	2,532.72	(950.38)	-	1,582.34
Fair value of investments			-	-
- Equity Shares in unlisted Company	74.12	4.35		78.47
- Mutual Funds	-	-		-
Fair value adjustment to Deferred debts	448.97	(143.75)	-	305.22
Others	-		-	-
<b>Sub total</b>	<b>7,335.22</b>	<b>(2,032.97)</b>	-	<b>5,302.25</b>
<b>Total</b>	<b>7,177.36</b>	<b>(1,752.39)</b>	-	<b>5,424.97</b>



**Reconciliation of Deferred Tax Balances:  
For 2020-21**

(₹ in Lakh)

PARTICULARS	Opening Balance	Recognised in statement of Profit and loss	Recognised in Other Comprehensive Income	Closing Balance
<b>Deferred Tax Assets pertaining to :</b>				
Freehold Land	1,757.18	157.54		1,914.72
Lease Liability	220.80	(26.71)		194.09
Provisions	8,435.35	(926.37)	455.50	7,964.48
Fair value adjustment to Deferred credit	313.89	(0.07)		313.82
<b>Sub total</b>	<b>10,727.22</b>	<b>(795.61)</b>	<b>455.50</b>	<b>10,387.11</b>
<b>Deferred Tax Liabilities pertaining to :</b>				
Property plant and Equipment	3,279.70	257.86	-	3,537.56
Right of use asset	56.52	124.73	-	181.25
Intangible Assets	1,582.34	(60.22)	-	1,522.12
Fair value of investments			-	-
- Equity Shares in unlisted Company	78.47	(10.70)		67.77
- Mutual Funds	-	-		-
Fair value of Deferred Debt	305.22	(0.06)	-	305.16
Others	-	-	-	-
<b>Sub total</b>	<b>5,302.25</b>	<b>311.61</b>	<b>-</b>	<b>5,613.86</b>
<b>Total</b>	<b>5,424.97</b>	<b>(1,107.22)</b>	<b>-</b>	<b>4,773.25</b>

(₹ in Lakh)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>29B Current Tax Assets and Liabilities</b>		
Current Tax Assets	4,223.26	3,645.39
<b>Total Current Tax Assets</b>	<b>4,223.26</b>	<b>3,645.39</b>
Current Tax Liabilities	-	-
<b>Total Current Tax Liabilities</b>	<b>-</b>	<b>-</b>
<b>29C Tax Expense</b>		
<b>i) Recognised in the Statement of Profit and Loss</b>		
<b>Current Tax</b>		
In respect of the current year	7,788.37	19,002.93
In respect of prior years	(584.00)	-
<b>Total</b>	<b>7,204.37</b>	<b>19,002.93</b>
<b>Deferred Tax</b>		
In respect of the current year	1,107.22	1,752.39
<b>Total</b>	<b>1,107.22</b>	<b>1,752.39</b>
<b>ii) Recognised in Other comprehensive income</b>		
<b>Tax Expense</b>		
In respect of the current year	455.50	727.16
<b>Total</b>	<b>455.50</b>	<b>727.16</b>

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

(₹ in Lakh)

PARTICULARS		For the year ended March 31, 2021	For the year ended March 31, 2020
	Profit before tax from continuing operations	34,088.11	74,245.40
	<b>Tax expense of amounts which are not deductible (taxable) in calculating taxable income</b>		
	Income tax expense calculated at 25.168% (FY 2019-20 : 25.168%)	8,579.29	18,686.08
	Donations made during the year	0.13	0.13
	Amount towards CSR activities	367.06	377.18
	Interest due to MSME's	1.37	3.02
	Others	(1,159.48)	(871.00)
	Interest payable u/s 234A, 234B, 234C	-	25.76
	<b>Tax expense of amounts on which deduction is available in calculating taxable income</b>		
	Weighted deduction on research and development expenditure	-	-
	Donations u/s 80G made during the year	-	(209.40)
	Impact of deferred tax	651.72	1,752.39
	<b>Adjustment for current tax of previous years</b>		
	Adjustments recognised in the current year in relation to the earlier year AY 2017-18	-	264.00
	Adjustments recognised in the current year in relation to the earlier year AY 2018-19	(98.58)	-
	Adjustments recognised in the current year in relation to the earlier year AY 2019-20	(437.31)	-
	Adjustments recognised in the current year in relation to the earlier year AY 2020-21	(48.11)	-
	Adjustments recognised in the current year in relation to the deferred tax of prior years (change in tax rates)	-	-
	Income tax relating to items that will not be reclassified to profit/loss	455.50	727.16
	<b>Income tax expense recognised in profit or loss</b>	<b>8,311.59</b>	<b>20,755.32</b>
	Income tax recognised in Other comprehensive income	455.50	727.16
	<b>Income tax recognised in Other comprehensive income</b>	<b>455.50</b>	<b>727.16</b>
PARTICULARS		For the year ended March 31, 2021	For the year ended March 31, 2020
<b>30</b>	<b>Revenue from Operations</b>		
	<b>Sale of products</b>		
	Finished Goods	156,188.18	280,485.00
	Spares	11,511.42	13,895.54
	Miscellaneous	1,237.55	1,454.55
	LD levied by Customers	(3,585.74)	(16,461.63)
		<b>165,351.41</b>	<b>279,373.46</b>
	<b>Sale of services*</b>		
	Repairs and Overhauls	7,154.92	2,390.43
	Training	-	-
	Job Works	8,075.59	5,243.09
	Miscellaneous	293.56	12,233.34
	LD levied by Customers	(128.69)	(711.50)
		<b>15,395.38</b>	<b>19,155.36</b>
	<b>Other operating revenue</b>		
	Construction Contracts	-	-
	Sale of Scrap	29.11	58.02
	Deferred revenue on customer provided assets	1,344.62	1,306.84
	Solar Power	1,327.51	372.53
	Provisions no longer required, written back	722.62	594.88
	Other Claims	7,205.30	9,626.11
		<b>10,629.16</b>	<b>11,958.38</b>
	<b>Total</b>	<b>191,375.95</b>	<b>310,487.20</b>
<p>Sales amounting to ₹ 8,313.67 Lakhs (₹ 23,351.89 lakhs during the year 2019-20) has been recognised on the principle of Bill and hold even though the original contracts are on FOR-Destination basis. Without amending the original contract, the customer has allowed the company to recognise a sale and hold the material.</p> <ul style="list-style-type: none"> <li>- Refer note 38(4): Construction Contracts</li> <li>- Refer note 38(20): Disclosures under Ind AS 115.</li> <li>- Refer note 38(21): Changes in Presentation</li> <li>- LD means Liquidated Damages</li> </ul> <p><b>*Significant judgement:</b></p> <p>Revenue:</p> <ul style="list-style-type: none"> <li>- The company recognizes revenue on the basis of percentage of completion method where the customer simultaneously receives the benefit.</li> <li>- The percentage of completion is determined as proportion of cost incurred for the work performed up to the reporting date to the total estimated cost.</li> <li>- An expected loss is recognized immediately when it is probable that the total cost will exceed the total revenue.</li> </ul>			

(₹ in Lakh)

PARTICULARS		For the year ended March 31, 2021	For the year ended March 31, 2020
<b>31</b>	<b>Other Income</b>		
	<b>Interest income on financial assets carried at amortised cost</b>		
	Bank deposits	4,091.84	4,312.57
	Others	1,537.02	1,080.83
		<b>5,628.86</b>	<b>5,393.40</b>
	<b>Other non-operating income</b>		
	Liabilities no longer required, written back	98.63	250.03
	Liquidated Damages recovered from suppliers	2,669.06	2,016.67
	Miscellaneous income (net)	586.14	352.24
		<b>3,353.83</b>	<b>2,618.94</b>
	<b>Other gains and losses</b>		
	Net foreign exchange gain / (Loss)	267.76	632.03
	Fair value gain/(loss) on financial assets measured at Fair value through profit and loss	200.62	161.28
	Gain on disposal of property, plant and equipment	10.29	(0.62)
	Gain on sale of Financial Assets Measured at Fair value through profit and loss	-	-
		<b>478.67</b>	<b>792.69</b>
	<b>Total</b>	<b>9,461.36</b>	<b>8,805.03</b>
	-Refer note 38(21): Changes in Presentation		
<b>32</b>	<b>Cost of Materials consumed</b>		
	Cost of materials consumed	96,319.42	98,310.38
	Direct expenses	688.89	3,098.47
		<b>97,008.31</b>	<b>101,408.85</b>
	-Refer note 38(21): Changes in Presentation		
<b>33</b>	<b>Changes in Inventories of Finished Goods and Work-in-progress</b>		
	<b>Opening Stock:</b>		
	Finished goods	515.41	40,606.29
	Work-in-progress	27,829.16	38,104.61
		<b>28,344.57</b>	<b>78,710.90</b>
	<b>Closing Stock:</b>		
	Finished goods	645.87	515.41
	Work-in-progress	40,589.45	27,829.16
		<b>41,235.32</b>	<b>28,344.57</b>
	<b>Net (Increase) / Decrease</b>	<b>(12,890.75)</b>	<b>50,366.33</b>
<b>34</b>	<b>Employee Benefits Expense</b>		
	Salaries and wages, including bonus	41,303.20	44,006.59
	Contribution to provident and other funds	6,398.56	7,258.69
	Staff welfare expenses	2,407.10	2,137.79
	<b>Total</b>	<b>50,108.86</b>	<b>53,403.07</b>
	Refer note 38(3): Employee Benefit obligations and 38(8): Related party transactions		
<b>35</b>	<b>Finance Costs</b>		
	Interest expense	252.26	326.55
	Other finance costs	139.02	139.02
	<b>Total</b>	<b>391.28</b>	<b>465.57</b>
<b>36</b>	<b>Depreciation and Amortisation expense</b>		
	Depreciation of property, plant and equipment	6,904.64	6,355.09
	Depreciation of right of use asset	176.42	176.42
	Amortisation of intangible assets	2,372.78	3,112.33
	<b>Total</b>	<b>9,453.84</b>	<b>9,643.84</b>

(₹ in Lakh)

	PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>37</b>	<b>Other Expenses</b>		
	Shop Supplies	401.59	415.67
	Power and Fuel	1,858.84	2,261.58
	Water Charges	468.67	458.94
	Travelling #	754.01	1,350.10
	Repairs:		
	Buildings	1,126.67	1,320.08
	Plant, Machinery and Equipment	1,036.60	993.52
	Furniture and Equipment	163.38	189.81
	Vehicles	18.63	14.53
	Others	22.98	64.23
	Vehicle Expenses - Petrol and Diesel	26.36	60.02
	Loose Tools and Equipment	305.71	262.87
	Insurance	647.32	416.29
	Rates and Taxes	220.84	419.48
	Postage, Telegrams, Telex and Telephones	126.26	234.43
	Printing and Stationery	45.45	90.99
	Publicity	447.65	599.53
	Advertisement	132.62	211.84
	Bank Charges	79.92	80.19
	Legal Expenses	3.71	7.43
	Donations	0.50	0.50
	Write off - Others	0.24	170.60
	Auditors' Remuneration: (refer note (i) below)	15.75	13.40
	Security Arrangements	4,355.83	4,224.77
	Computer Software and Development	-	-
	Entertainment	1.07	1.33
	Courtesy	-	-
	Sitting Fee paid to Directors	3.00	9.80
	Sitting Fee paid to Independent External Monitors	0.80	1.20
	CSR & Sustainable Development Expenditure	1,458.43	1,498.67
	Provision for Replacement, Warranty and Batch Rejections	735.37	1,070.55
	Provision for Redundancy	359.63	1,031.37
	Provision for Future Charges	-	-
	Provision for Onerous Contract	-	-
	Provision Others	-	-
	Miscellaneous Operating Expenses:		
	Testing of Materials	3,123.95	4,898.21
	Proof Firing Expenses	18.66	757.10
	Manpower Hiring Charges	1,065.40	1,085.64
	Material Handling Charges	815.56	848.89
	Hiring of Vehicles	510.55	674.71
	Others	2,325.71	4,020.90
	<b>Total</b>	<b>22,677.66</b>	<b>29,759.17</b>
	# Includes Directors' Travelling Expenses	29.80	73.31
	<b>Notes:</b>		
	<b>i) Auditors' Remuneration comprises Fee:</b>		
	<b>Particulars</b>		
	For Statutory Audit	10.00	10.00
	For Tax Audit	1.25	0.70
	For other services	4.50	2.70
	<b>Total Auditors' remuneration</b>	<b>15.75</b>	<b>13.40</b>
	ii) Refer note 28: Current Provisions		
	iii) Refer note 38(5): Expenditure relating to Research and Development.		
	iv) Refer note 38(8): Related party transactions		
	v) Refer note 38(21): Changes in Presentation		

**Note 38 : General Notes:**

**Statement of Compliances:**

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

**38(1) Offsetting Financial Assets and Financial Liabilities - Bank Flexi and Current Accounts adjusted against Bank Overdraft**

The following table presents the recognised financial instruments that are offset as at March 31 2021 and March 31 2020. The column "net amount" shown the impact on the Company's Balance Sheet if all offset rights are exercised.

(₹ in Lakh)

Particulars	Effects of offsetting on the Balance Sheet		
	Gross Amounts	Gross Amounts offset in the Balance Sheet	Net amount presented in the Balance Sheet
<b>As on March 31, 2021</b>			
Bank overdraft	63.30	-	63.30
Flexi and current accounts with banks	8,790.93	-	8,790.93
<b>As on March 31, 2020</b>			
Bank overdraft	(219.73)	3.10	(216.63)
Flexi and current accounts with banks	3.10	(3.10)	-

**38(2) Earnings per share**

**(i) For continuing operations:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after tax	25,776.52	53,490.08
<b>Basic:</b>		
Number of shares outstanding at the end of the year	183,281,250	183,281,250
Weighted average number of equity shares	183,281,250	183,281,250
Earnings per share (INR)	14.06	29.18
<b>Diluted:</b>		
Effect of potential equity shares on employee stock options outstanding	-	-
Weighted average number of equity shares outstanding	183,281,250	183,281,250
Earnings per share (INR)	14.06	29.18

Note: EPS is calculated based on profits excluding the other comprehensive income.

**(ii) For discontinuing operations:**

There are no discontinuing operations.

**(iii) For continuing and discontinuing operations:**

Refer to the table (i)

**38(3) Employment Benefit obligations**

**(i) Post-employment obligations- Gratuity**

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



## Gratuity

### Changes in the Present value of Obligation

(₹ in Lakh)

Particulars	March 31, 2021	March 31, 2020
Present value of Obligation at the beginning of the year	22,865.09	20,513.13
Current service cost	604.72	637.75
Interest expense or cost	1,444.19	1,529.52
<b>Remeasurements</b>		
(Gain)/loss from change in demographic assumptions	111.04	19.40
(Gain)/loss from change in financial assumptions	(109.66)	1,299.56
Experience (gains)/loss	(22.05)	420.63
Benefit paid	(2,033.03)	(1,554.90)
<b>Present value of Obligation at the end of the year</b>	<b>22,860.30</b>	<b>22,865.09</b>

### Changes in the Fair value of Plan Assets

(₹ in Lakh)

Particulars	March 31, 2021	March 31, 2020
Fair value of Plan Assets at the beginning of the year	19,240.01	17,981.32
Interest income	1,324.38	1,431.41
Employer contributions	3,625.08	2,531.82
Benefit payments	(2,033.03)	(1,554.90)
Remeasurements - Return on Assets (Excluding Interest Income)	1,167.65	(1,149.64)
<b>Fair value of Plan Assets at the end of the year</b>	<b>23,324.09</b>	<b>19,240.01</b>

### Expenses recognised during the period

Particulars	March 31, 2021	March 31, 2020
In the Statement of Profit and Loss	724.53	735.86
In Other Comprehensive Income	(1,188.32)	2,889.22
<b>Total</b>	<b>(463.79)</b>	<b>3,625.08</b>

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	March 31, 2021	March 31, 2020
Present value of funded obligations	22,860.30	22,865.09
Fair value of plan assets	23,324.09	19,240.01
<b>Deficit of funded plans</b>	<b>(463.79)</b>	<b>3,625.08</b>

The significant actuarial assumptions were as follows:

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.71%	6.61%
Salary escalation	6.00%	6.00%
Attrition rate	3.62%	2.77%

### Sensitivity analysis

Particulars	March 31, 2021	March 31, 2020
Defined Benefit Obligation	22,860.31	22,865.09
Discount rate:(% change compared to base due to sensitivity)		
Increase : +1%	21,820.74	21,717.26
Decrease: -1%	24,008.38	24,138.19
Salary Growth rate:(% change compared to base due to sensitivity)		
Increase : +1%	23,429.70	23,536.40
Decrease: -1%	22,280.13	22,170.27
Attrition rate: (% change compared to base due to sensitivity)		
Increase : +1%	22,982.94	22,998.43
Decrease: -1%	22,728.97	22,722.32

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

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

The major categories of plans assets are as follows:

(₹ in Lakh)

Particulars	March 31, 2021	March 31, 2020
Central government security	5,731.49	4,727.89
State government security	9,905.41	8,170.96
NCD/ Bonds	5,191.56	4,282.51
Equity	1,501.92	1,238.93
Fixed deposit	78.91	65.09
CBLO	668.05	551.07
Loans	3.30	2.72
Other approved security	243.45	200.82
	<b>23,324.09</b>	<b>19,240.01</b>

#### Defined benefit liability and employer contributions

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

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

(₹ in Lakh)

Particulars	Less than a year	Between 2-3 years	Between 4-5 years	Total
<b>31-Mar-21</b>				
Defined benefit obligation-gratuity	3,075.32	6,679.16	6,515.33	16,269.81

#### Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:  
Interest Rate Risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

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

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

#### (ii) Provident Fund

Provident Fund Trust of the Company has to declare interest on Provident Fund at a rate not less than that declared by the Employees' Provident Fund Organisation. In case the Trust is not able to meet the interest liability, Company has to make good the shortfall. This is a defined benefit plan and the Company has got the same actuarially valued.

Company has provided an amount of ₹122.86 lakhs towards interest shortfall of the provident fund trust for the current year which has been recognised in other comprehensive income.

In view of the uncertainties regarding recoverability of certain instruments made by the PF Trust, during the current year the company has provided ₹2875.28 lakhs being change due to remeasurement of defined benefit plans which has been recognised in other comprehensive income.

Actuarial Assumptions	March 31, 2021	March 31, 2020
	(Funded)	(Funded)
Discount rate	6.71%	6.61%
Rate of escalation in salary	6.00%	6.00%
Interest Rate Guarantee on Provident Fund	8.50%	8.50%
Interest Rate declared by BDL PF Trust	8.50%	8.50%

### (iii) Compensated absences

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

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

Particulars	March 31, 2021	March 31, 2020
The Actuarial Liability of Accumulated absences of the employees of the Company	12677.66	13896.43
Less: Plan assets	12985.91	12477.86
Net obligation / (Asset)	(308.25)	1418.57
<b>Significant assumptions:</b>		
Discounting Rate	6.71% P.A.	6.61% P.A.
Salary escalation Rate	6.00%	6.00%
Retirement Age	60 YEARS	60 YEARS

### (iv) Post Retirement Medical Scheme

(₹ in Lakh)

Particulars	March 31, 2021	March 31, 2020
a) Contributions made to Post Superannuation Medical Benefits for the Executives retired after 01 Jan 2007- PSMB-II	322.47	316.30
b) Contributions made to Post Superannuation Medical Benefits for the Non-Executives retired after 01 Jan 2007-PSMB-III	443.15	426.29
c) Contributions made towards old scheme of Retired Employees Medical Insurance (REMI)	-	-

### 38(4) Construction contracts:

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

#### Methods of recognising contract revenue:

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

#### Method used to determine stage of completion of contract:

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

(₹ in Lakh)

Particulars	March 31, 2021	March 31, 2020
Contract Revenue recognised during the year	-	-
Aggregate amount of cost incurred	41,554.10	41,436.11
Profit Recognised	4,058.40	4,176.39
Amount of retention money due	-	-
Amount of advance received and outstanding	3,335.21	3,335.21

### 38(5) Expenditure relating to Research and Development:

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

(₹ in Lakh)

Particulars	March 31, 2021	March 31, 2020
Being in the nature of Revenue expenditure	4,087.18	7004.65
Being in the nature of Capital expenditure (Assets Capitalised)	207.57	382.01

### 38(6) Contingent Liabilities & Contractual Commitments:

(₹ in Lakh)

Contingent Liabilities Not Provided for:	March 31, 2021	March 31, 2020
Outstanding Letters of Credit and Guarantees:		
(i) Letters of Credit	568.50	844.45
(ii) Guarantees and Counter Guarantees	2,111.40	2,343.16
<b>Total</b>	<b>2,679.90</b>	<b>3,187.61</b>
Claims / Demands against the Company not acknowledged as Debt:		
(i) PSUs	-	-
(ii) Sales Tax	21,310.03	21,439.30
(iii) Service Tax	4,239.31	4,239.31
(iv) Income Tax	95.63	1,140.26
(v) Others	290.90	193.35
<b>Total</b>	<b>25,935.87</b>	<b>27,012.22</b>
<b>Contractual Commitments:</b>		
(A) Estimated amount of contracts remaining to be executed on Capital Account and not provided for, is		
(i) Property, Plant & Equipment	7,112.70	5,904.04
(ii) Investment Property	-	-
(iii) Intangible Assets	50.00	71.98
(B) Contractual Commitment towards LD for the deliverables due at the end of the year will be accounted as and when corresponding revenue is recognised.	6,057.01	6,092.38
<b>Total</b>	<b>13,219.71</b>	<b>12,068.40</b>

### 38(7) Details of short closed projects:

Out of the advances of ₹36234.42 Lakh (as at March 31,2020 ₹36243.36 Lakh) received from the customers, in respect of five contracts/ indents and one LOI which are short closed, the Company has made payments to suppliers for procurement of Special Tools and Equipment and Inventory. Against these payments, Special Tools and Equipment (Note 1) include an amount of ₹114.05 Lakh (as at March 31,2020 ₹114.05 Lakh), Current Assets (Note 10-16) comprises an amount of ₹13084.80 Lakh (as at March 31,2020 ₹13314.42 Lakh) which includes an amount of Nil (₹620.02 Lakh in 2019-20) paid to vendors during the year in Advances to vendors and ₹7452.96 Lakh (as at March 31,2020 ₹7855.89 Lakh) in Inventories, total amounting to ₹20651.81 Lakh (as at March 31,2020 ₹21284.36 Lakh). As these assets had been acquired/expenditure had been incurred by the company based on firm orders/ LOI and out of the funds provided by the customer, no loss devolves on the company on account of long outstanding advances and non-moving Special Tools and Inventory. Hence, no provision is considered necessary. Further, in respect of these short closed Indents/contracts/LOI, the company approached the customers for compensation of ₹2314.70 lakh (as at March 31,2020 ₹5866.37 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.

### 38(8) Related party transactions

#### Name of Key managerial personnel

Shri.Cmde.Siddharth Mishra (Retd), CMD	Shri.N.P.Diwarakar , Dir (Technical)
Shri.S.Piramanayagam, Dir (Finance) (upto 30 Jun 2020)	Shri.V.Gurudatta Prasad, Dir (Production) (upto 31 May 2019)
Shri.N.Srinivasulu, Dir (Finance) (wef 01 Jul 2020)	Shri.P.Radhakrishna, Dir (Production) (wef 01 June 2019)
Shri.K.S.Sampath, Independent Director (upto 12 Sep 2020)	Shri.Ajay Nath, Independent Director (upto 12 Sep 2020)
Smt.Latha Narasimhamurthy, Independent Director (upto 12 Sep 2020)	Smt.Sushama V Dabak, Independent Director (upto 30 Nov 2019)
Prof. Ajay Pandey, Independent Director (upto 30 Nov 2019)	Shri.N.Nagaraja, Company Secretary

(₹ in Lakh)

Key management personnel compensation	March 31, 2021	March 31, 2020
Short - term employee benefits	222.96	201.53
Post - employment benefits	36.69	30.62
Long - term employee benefits	-	-
Sitting fee to Independent Directors	3.00	9.80
<b>Total compensation</b>	<b>262.65</b>	<b>241.95</b>

### 38(9) Capital Management

#### a) Risk management:

The Company has equity capital and other reserves attributable to shareholders as only source of capital and the company doesn't have borrowings or debts other than overdraft amount of Nil (₹216.63 Lakh as on 31.03.2020)

#### b) Dividends

(₹ in Lakh)

Particulars	March 31, 2021	March 31, 2020
(i) Interim dividend for the year ended March 31, 2021 of ₹6.70 (March 31,2020 of ₹6.25) per fully paid equity share	12,279.84	11,455.08
(ii) Dividends not recognised at the end of reporting period: As at the year end March 31, 2021 the directors have recommended the payment of a final dividend of ₹0.65 per fully paid equity share (March 31, 2020: ₹2.55). The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	1,191.33	4,673.67

#### Events occurring after the reporting period:

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

#### 38(10) Confirmation of Balances:

Letters requesting Confirmation of Balances have been sent in respect of Debtors, Creditors, Claims Receivable, Materials with Contractors / Sub-Contractors, Advances, Deposits and others. Based on the replies wherever received, reconciliations / provisions / adjustments are made as considered necessary.

#### 38(11) Retention Sales:

The value of the retention sales (i.e., goods retained with the company at the customers' request and at their risk) included in gross turnover during the year is ₹30,613.32 lakh (₹1,61,566.40 lakh during the year 2019-20)

#### 38(12) Charges registered:

Company has registered floating charge with State Bank of India and Andhra Bank to the extent of ₹41,000.00 lakh (as at March 31, 2020 ₹41,010.00 lakh) on book debts.

#### 38(13) Operating Cycle:

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

#### 38(14) Contingent Assets:

Particulars	March 31, 2021	March 31, 2020
Contingent Assets	-	-



### 38(15) Fair Value Measurement

(₹ in Lakh)

Particulars	Fair value hierarchy Level	Notes	As at March 31, 2021			As at March 31, 2020		
			Cost	Amortised Cost	FVTPL	Cost	Amortised Cost	FVTPL
<b>A. Financial Assets</b>								
<b>a) Measured at amortised cost</b>								
i) Cash and cash equivalents	3	12	45,691.67	45,691.67	-	29,749.47	29,749.47	
ii) Other bank balances	3	13	110,403.80	110,403.80	-	36,600.00	36,600.00	
iii) Loans	3	7, 14	448.83	448.83	-	537.31	537.31	
iv) Other financial assets	3	8, 15	121,444.64	121,444.64	-	242,464.49	242,464.49	
v) Trade receivables	3	11	32,269.27	32,269.27	-	33,836.80	33,836.80	
<b>Sub - total</b>			<b>310,258.21</b>	<b>310,258.21</b>	<b>-</b>	<b>343,188.07</b>	<b>343,188.07</b>	<b>-</b>
<b>b) Mandatorily measured at fair value through profit or loss</b>								
i) Investment in equity instruments in other companies	3	6	53.60	-	452.26	53.60		390.43
ii) Deferred receivable	3	8, 15	3043.09	-	4,553.78	3,233.28		4,762.83
<b>Sub - total</b>			<b>3,096.69</b>	<b>-</b>	<b>5,006.04</b>	<b>3,286.88</b>	<b>-</b>	<b>5,153.26</b>
<b>Total Financial Assets</b>			<b>313,354.90</b>	<b>310,258.21</b>	<b>5,006.04</b>	<b>346,474.95</b>	<b>343,188.07</b>	<b>5,153.26</b>
<b>B. Financial Liabilities</b>								
<b>a) Measured at amortised cost</b>								
i) Trade payables	3	24	74,260.11	74,260.11	-	34,548.53	34,548.53	
ii) Lease liabilities	3	19, 25	771.19	771.19		877.29	877.29	
iii) Other financial liabilities	3	20, 26	15,791.40	15,791.40	-	17,981.03	17,981.03	
<b>Sub - total</b>			<b>90,822.70</b>	<b>90,822.70</b>	<b>-</b>	<b>53,406.85</b>	<b>53,406.85</b>	<b>-</b>
<b>b) Mandatorily measured at fair value through profit or loss</b>								
i) Embedded Derivative financial liability	3	20,26	-	-	2,951.84	-		3,113.97
<b>Sub - total</b>			<b>-</b>	<b>-</b>	<b>2,951.84</b>	<b>-</b>	<b>-</b>	<b>3,113.97</b>
<b>Total Financial Liabilities</b>			<b>90,822.70</b>	<b>90,822.70</b>	<b>2,951.84</b>	<b>53,406.85</b>	<b>53,406.85</b>	<b>3,113.97</b>

#### Fair Value Hierarchy

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

(₹ in Lakh)

Particulars	Level	March 31, 2021	March 31, 2020
<b>Financial Assets:</b>			
a) Measured at fair value through profit or loss			
i) Investment in equity instruments in other companies	3	452.26	390.43
ii) Deferred receivable	3	4,553.78	4,762.83
<b>Financial liabilities:</b>			
a) Measured at fair value through profit or loss			
i) Embedded Derivative financial liability	3	2,951.84	3,113.97

#### Fair value hierarchy:

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

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

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

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

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

The fair value of unquoted equity instrument are determined with respect to the net worth of the company.

The fair value of 45 years deferred credit and receivables is determined using foreign exchange rates as per the contract.

The resulting fair value estimates are included in level 3.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 31 March 2021:

(₹ in Lakh)

Particulars	Unlisted equity shares	Deferred receivable	Embedded derivative liability
As at 31 March 2020	390.43	4,762.83	3,113.97
Gain/loss recognised in profit and loss	61.83	(209.05)	(162.13)
As at 31 March 2021	452.26	4,553.78	2,951.84

Valuation inputs and relationships to fair value

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

Particulars	Fair value as at		Significant unobservable inputs	Sensitivity
	March 31, 2021	March 31, 2020		
Unquoted equity shares	452.26	390.43	Fair value of the company	A 1% increase in the fair value of the company would increase the non current investment by ₹ 4.52 lakh with a corresponding impact on profit and loss; a decrease in the fair value of the company would decrease the non current investment by ₹ 4.52 lakh with a corresponding impact on profit and loss.
Deferred receivable	4,553.78	4,762.83	Rupee rate per Special Drawings Right (SDR Unit)	A ₹ 1 increase in the SDR rate would increase the fair value by ₹ 61.10 lakh with a corresponding impact on profit and loss; a ₹ 1 decrease in SDR rate would decrease the fair value by ₹ 61.10 lakh with a corresponding impact on profit and loss.
Embedded derivative liability	2,951.84	3,113.97	Rupee rate per Special Drawings Right (SDR Unit)	A ₹ 1 increase in the SDR rate would increase the fair value by ₹ 62.83 lakh with a corresponding impact on profit and loss; a ₹ 1 decrease in SDR rate would decrease the fair value by ₹ 62.83 lakh with a corresponding impact on profit and loss.

### 38(16) Financial Risk Management:

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

#### A) Credit risk

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

##### (i) Credit risk management

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

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

##### (i) Year ended March 31, 2021:

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

(₹ in Lakh)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of provision
Financial assets for which credit risk has not increased significantly since initial recognition	Claims/ refunds receivable	4167.58	0.52%	(21.47)	4,146.11
- Loss allowance measured at 12 month expected credit losses	Loans	448.83	-	-	448.83

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

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	140466.64	7053.84	147520.48
Expected credit loss rate	0%	0%	0%
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables	140466.64	7053.84	147520.48

(ii) Year ended March 31, 2020:

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

(₹ in Lakh)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of provision
Financial assets for which credit risk has not increased significantly since initial recognition	Claims/ refunds receivable	6066.03	0.35%	(21.47)	6,044.56
- Loss allowance measured at 12 month expected credit losses	Loans	537.31	-	-	537.31

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

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	260178.21	7441.08	267619.29
Expected credit loss rate	0%	0%	0%
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables	260178.21	7441.08	267619.29

(iii) Reconciliation of loss allowance:

(₹ in Lakh)

Particulars	Trade receivables and unbilled revenue	Claims/refunds receivable
Loss allowance as at March 31, 2020	-	(21.47)
Add/less	-	-
Loss allowance as at March 31, 2021	-	(21.47)

(iv) Significant estimates and judgements:

Impairment of financial assets:

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

**B) Liquidity Risk**

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

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

(i) Financing arrangements

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

Particulars	March 31, 2021	March 31, 2020
Expiring within one year (bank overdraft and other facilities)	1500.00	1283.37

**(ii) Maturities of financial liabilities**

(₹ in Lakh)

Contractual maturities of financial liabilities as at March 31, 2021	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
<b>Non-derivative</b>					
Lease liabilities	118.48	131.97	489.22	31.52	771.19
Deferred Credit towards 45 years Component	195.60	181.10	466.73	887.85	1731.28
Deposits	1,810.04	-	-	-	1810.04
Creditors for expenses	4,245.51	-	-	-	4245.51
Employee benefits payable	6,603.49	-	-	-	6603.49
Others	454.51	-	-	-	454.51
Capital works	946.57	-	-	-	946.57
<b>Derivative</b>					
Embedded derivative liability (Deferred liability)	357.73	162.14	486.42	1945.68	2951.97

(₹ in Lakh)

Contractual maturities of financial liabilities as at March 31, 2020	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
<b>Non-derivative</b>					
Lease liabilities	106.10	118.48	441.21	211.50	877.29
Deferred Credit towards 45 years Component	195.60	181.11	466.73	940.72	1,784.15
Deposits	1,170.27	-	-	-	1,170.27
Creditors for expenses	6,398.85	-	-	-	6,398.85
Employee benefits payable	6,966.47	-	-	-	6,966.47
Others	320.21	-	-	-	320.21
Capital works	1,341.09	-	-	-	1,341.09
<b>Derivative</b>					
Embedded derivative liability (Deferred liability)	357.73	162.14	486.42	2,107.82	3,114.11

**C) Market risk**

**(i) Foreign currency risk**

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

Particulars	March 31, 2021				
	USD	EURO	GBP	CHF	SEK
Foreign currency liabilities					
- Payables	246.08	8.68	-	0.10	-
Foreign currency assets					
- Receivables	120.13	-	-	-	-
Net Exposure	125.95	8.68	-	0.10	-

Particulars	March 31, 2020				
	USD	EURO	GBP	CHF	SEK
Foreign currency liabilities					
- Payables	4.43	0.27	-	0.04	-
Foreign currency assets					
- Receivables	42.74	-	-	-	-
Net Exposure	(38.31)	0.27	-	0.04	-

## (ii) Sensitivity

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

Particulars	Impact on Profit	
	March 31, 2021	March 31, 2020
Sensitivity		
INR/USD – Increase by 1%	93.87	(27.88)
INR/USD – Decrease by 1%	(93.87)	27.88
INR/EURO – Increase by 1%	7.53	0.23
INR/EURO – Decrease by 1%	(7.53)	(0.23)
INR/GBP – Increase by 1%	-	-
INR/GBP – Decrease by 1%	-	-
INR/CHF – Increase by 1%	0.08	0.03
INR/CHF – Decrease by 1%	(0.08)	(0.03)
INR/SEK – Increase by 1%	-	-
INR/SEK – Decrease by 1%	-	-

### 38(17) Segment information:

As the Company is engaged in defence production, exemption was granted from applicability of Accounting standard on Segment reporting under Sec 129 of Companies Act 2013 vide Notification dated 23rd February 2018 of Ministry of Corporate Affairs.

### 38(18) Foreign Exchange Exposure:

Pursuant to the announcement of ICAI requiring the disclosure of "Foreign Exchange Exposure", the major currency-wise exposure as on 31 March 2021 (As at 31 March, 2020 are shown in brackets) given below.

(₹ in Lakh)

Currency	Payables		Receivables		Contingent Liability	
	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent
USD	246.08	18182.44	120.13	8,795.73	34.51	2347.26
	(4.43)	(336.78)	(42.74)	(3,124.48)	(0.25)	(18.70)
EURO	8.68	753.39	-	-	3.30	286.14
	(0.27)	(22.95)	-	-	(9.52)	(801.39)
GBP	-	-	-	-	-	-
	-	-	-	-	-	-
CHF	0.10	7.79	-	-	-	-
	(0.04)	(3.40)	-	-	-	-
SEK	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Total (₹)</b>		<b>18943.62</b>		<b>8795.73</b>		<b>2633.40</b>
		<b>(363.13)</b>		<b>(3,124.48)</b>		<b>(820.09)</b>

### 38(19) Grant for Solar Plant:

- BDL has implemented 5 MW solar plant at Bhanur as per the MNRE's notified guidelines vide No. 30/69/2013-14/nsm (Pt.) dated 7th Jan 2015 including its amendments and clarifications for implementing of scheme for setting up over 300MW grid-connected & off grid solar PV projects by defence establishments under Ministry of defence & Para military forces (under MHA) with Viability Gap Funding (VGF) under Phase II/III of Jawahar Lal Nehru National Solar Mission (JNNSM). VGF under JNNSM is accounted based on receipt and on due basis upon achieving milestones. The VGF fund accounted based on project cost as per the contract. It is being maintained under Deferred Revenue in compliance with the laid down conditions of the scheme. So far VGF in the books of the company, is ₹. 995.89 lakhs. Deferred revenue @4%PA of VGF value is accounted under Deferred Revenue-Solar Plant, with effect from Sep'2017 and for the current year ₹. 39.83 Lakhs is accounted proportionately.



- b) Another 5 MW Solar plant is implemented at Ibrahimpatnam Unit, Hyderabad initiated under Jawahar Lal Nehru National Solar Mission (JNNSM) scheme. As per JNNSM scheme, company is eligible for Viability Gap Fund (VGF) for commissioning of solar plant. The VGF fund is accounted based on project cost as per the contract. It is being maintained under Deferred Revenue in compliance with the laid down conditions of the scheme. So far VGF amount of ₹550.00 lakhs is accounted in the books of the company. Deferred Revenue @4%PA of VGF value is accounted under Deferred Revenue-Solar Plant, with effect from April 2019 and during the year an amount of ₹44.00 lakhs is accounted.

### 38(20) Disclosures under Ind AS 115: Revenue from contracts with customers

#### A Satisfaction of performance obligation

- i. In majority of the contract performance obligation is satisfied "at a point in time" which is primarily determined on customer obtaining control of the asset. Performance obligation in respect of contract involving supply, installation and commissioning of complex system is recognised "over a period of time"
- ii. Under "Bill and hold" arrangement performance obligation is satisfied on unconditional appropriation of the goods to the contract on acceptance by the customer.
- iii. Company's Contract normally do not contain significant financial component and any advance payment received and/or amount retained by customer is with intention of protecting either parties to the contract.
- iv. Variable consideration primarily consist of amount receivable/reimbursable against foreign exchange variation clause and liquidated damages. The amount of revenue recognised in respect of the same is determined based on the methodology specified in the contract. The amount is recognised as revenue based on contractual terms.
- v. The company's turnover mainly includes supply of missiles and allied defence equipments.
- vi. Warranties provided are primarily in the nature of performance warranty.
- vii. The company normally uses the input method to recognise revenue in respect of contracts in which performance obligation are satisfied over a period of time. For arriving at the quantum of revenue to be recognised the percentage of completion method is adopted where in the percentage of actual cost incurred to total estimated cost is applied to the contract price for arriving at the quantum of revenue to be recognised. The company's contract (other than AMC) in respect of which revenue is recognised over a period of time typically involves multiple activities of different nature like construction of building, supply and installation of equipments etc. Due to this it is not possible to quantify in physical terms the quantum of work done (i.e., output) reliably. Where as, under input method, the cost incurred in respect of these varied activities can be captured and compared to the total estimated cost to be incurred (which can be estimated reliably), for arriving at the percentage of completion. In case of AMC contracts, output method is used to recognise revenue where passage of time is the criteria for satisfaction of performance obligation.
- viii. For revenue recognition in respect of performance obligation satisfied at a "point in time" the following criteria is used for determining whether customer has obtained "Control on asset"
  - Terms of delivery as per the contract
  - Customer has legal title to the asset
  - The entity has transferred physical possession of the asset
  - Customer has accepted the asset
  - Entity has the present right to payment for the asset
- ix. Transaction price is typically determined based on contract entered into with customer. Allocation of transaction price in respect to multiple obligations is based on relative standalone selling price which is arrived at based on the latest contract available for similar item sold.

**B Break up of revenue recognised against contracts with customers**

(₹ in Lakh)

Particulars	Govt of India	Channel Partner	Others	Total
		(For Exports)		
<b>For the year ended March 31, 2021</b>				
Sale of Products	129,442.18	14,171.29	21,737.95	<b>165,351.41</b>
Sale of Services	9,061.20	293.56	6,040.62	<b>15,395.38</b>
<b>Total</b>	<b>138,503.38</b>	<b>14,464.85</b>	<b>27,778.57</b>	<b>180,746.79</b>
<b>For the year ended March 31, 2020</b>				
Sale of Products	259,759.83	16,132.59	3,481.04	<b>279,373.46</b>
Sale of Services	18,215.71	938.84	0.97	<b>19,155.52</b>
<b>Total</b>	<b>277,975.54</b>	<b>17,071.43</b>	<b>3,482.01</b>	<b>298,528.98</b>

**C Movement of Contract Assets and Contract Liabilities**

(₹ in Lakh)

Particulars	Contract Assets		Contract Liabilities	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Opening Balance (A)</b>	<b>233,782.49</b>	<b>131,860.15</b>	<b>189,719.73</b>	<b>196,046.39</b>
<b>Additions</b>				
Against Sales recognised during the year	35,972.61	134,589.14		
Receipt of advance from Customer during the year			186,165.05	168,270.44
Change in transaction price recognised during/previous year				
Others ( if any )	147.47	24,368.68	1,165.35	74.74
<b>Total - (B)</b>	<b>36,120.08</b>	<b>158,957.82</b>	<b>187,330.41</b>	<b>168,345.18</b>
<b>Deductions</b>				
Contract liability adjusted against- Revenue recognised during the year out of Opening balance			77811.62	114,008.92
Contract liability adjusted against- Revenue recognised during the year out of Current year balance			111041.73	57,412.16
Conversion of Contract Asset to Trade receivable	148226.06	54,894.83		
Impairment of Contract Asset if any*				
Write back of Contract Liability if any			89.19	
Change in transaction price recognised during/previous year				
Others (if any)	6425.30	2,140.65	-	3,250.76
<b>Total - (C)</b>	<b>154,651.36</b>	<b>57,035.48</b>	<b>188,942.54</b>	<b>174,671.84</b>
<b>Grand Total ( Closing Balance ) D = ( A+B-C)</b>	<b>115,251.21</b>	<b>233,782.49</b>	<b>188,107.60</b>	<b>189,719.73</b>

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

Advance received from customer are classified as contract liability and Progressively adjusted on completion of performance obligation .Balance amount receivable after adjusting advance is classified as Trade Receivable.

Amount withheld by customer in respect to completed Performance obligation due to linking of payment with completion of other Performance obligations in the contract is classified as Contract Asset .

**D Value of remaining Performance Obligations**

**Unrecognised revenue from contracts with customer which are partially satisfied or unsatisfied**

(₹ in Lakh)

Particulars	Total Amount	Within a Year	1 - 2 Years	2 - 3 Years	More than 3 Years
Unexecuted order value as on 31.03.2021*	838,631.81	322,426.20	289,282.13	167,035.48	59,888.00

\* The amount is subject to LD of ₹ 6057.01 lakh

**E Reconciliation of revenue recognised in Statement of Profit and Loss with contract Price**

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Revenue as per Statement of P&amp;L Account</b>		
Sale of Products	165,351.41	279,373.46
Sale of Services	15,395.38	19,155.52
<b>Total (a)</b>	<b>180,746.79</b>	<b>298,528.98</b>
<b>Add/ Less adjustment to contract price</b>		
FE variation claim	(1,824.85)	(3,607.35)
Incentives, performance bonus received	-	-
Discount, rebate offered	-	-
Price concession offered	-	-
LD levied by customers	3,714.43	17,173.13
Others if any	7,304.86	9,586.27
<b>Total adjustment (b)</b>	<b>9,194.43</b>	<b>23,152.05</b>
<b>Contract price (a + b)</b>	<b>189,941.23</b>	<b>321,681.03</b>

**F Movement of Trade Receivable for 2020-21**

(₹ in Lakh)

Particulars	Sale of Products	Sale of Services	Total
<b>Opening Balance Net Debtors (A)</b>	<b>27,730.13</b>	<b>6,106.67</b>	<b>33,836.80</b>
<b>Additions</b>			
Against Sales recognised during the year	173,256.47	9,799.98	183,056.45
Conversion of Contract Asset to Trade receivable	142,896.72	5,329.34	148,226.06
Change in transaction price recognised during/previous year	-	-	-
Others ( if any )	-	-	-
<b>Total - (B)</b>	<b>316,153.19</b>	<b>15,129.32</b>	<b>331,282.51</b>
<b>Deductions</b>			
Collection made during the years	132,112.13	11,797.41	143,909.54
Advance adjusted during the year out of revenue recognised	186,884.09	1,969.26	188,853.35
Impairment of Debtors ( Provisions)*	-	-	-
Change in transaction price recognised during/previous year	-	34.95	34.95
Others (if any)	52.20	-	52.20
<b>Total -(C)</b>	<b>319,048.42</b>	<b>13,801.62</b>	<b>332,850.04</b>
<b>Grand Total ( Closing Balance ) D = ( A+B-C)</b>	<b>24,834.90</b>	<b>7,434.37</b>	<b>32,269.27</b>

**Movement of Trade Receivable for 2019-20**

(₹ in Lakh)

Particulars	Sale of Products	Sale of Services	Total
<b>Opening Balance Net Debtors (A)</b>	<b>48,954.60</b>	<b>3,637.91</b>	<b>52,592.51</b>
<b>Additions</b>			
Against Sales recognised during the year	199,793.92	18,407.75	218,201.67
Conversion of Contract Asset to Trade receivable	52,117.82	2,777.01	54,894.83
Change in transaction price recognised during/previous year	-	-	-
Others ( if any )	924.80	93.16	1,017.96
<b>Total - (B)</b>	<b>252,836.54</b>	<b>21,277.92</b>	<b>274,114.47</b>
<b>Deductions</b>			
Collection made during the years	109,444.99	7,157.07	116,602.06
Advance adjusted during the year out of revenue recognised	159,992.00	11,429.08	171,421.08
Impairment of Debtors ( Provisions)*	-	-	-
Change in transaction price recognised during/previous year	-	-	-
<b>Others (if any)</b>	<b>4,624.02</b>	<b>223.02</b>	<b>4,847.04</b>
<b>Total -(C)</b>	<b>274,061.01</b>	<b>18,809.17</b>	<b>292,870.17</b>
<b>Grand Total ( Closing Balance ) D = ( A+B-C)</b>	<b>27,730.13</b>	<b>6,106.67</b>	<b>33,836.80</b>

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

**G Payment Terms from the customer comprises of advances and stage payments which differs from contract to contract.**

**38(21) Changes in Presentation:**

With a view to meet the internal power requirements and to sell the surplus, if any, the company has established solar plants. As the power generated in these units is incidental and ancillary to the main activities of the business, such income along with amount receivable on account of banked units is reclassified as other operating revenue from other expenses (Power & Fuel).

Provisions no longer required written back i.e., excess of provisions written back over provision made towards warranty, Onerous, Redundancy, and others are reclassified as "Other Operating Revenue" under Revenue from Operations from "Other Income". In respect of Future charges same is reclassified to consumption. This will provide better presentation which is in-line with the Schedule III of the Companies Act, 2013.

**38(22) COVID-19:**

COVID-19 pandemic and consequent lockdown has led to severe disruptions, affecting Production, Sales and Profit during the current reporting period. Therefore the performance of the Company for this period is not comparable with corresponding period or any period of previous year. The company has assessed the potential impact of COVID- 19 based on the current circumstances and expects no significant impact on continuity of operations of the business on long term basis and no material impact is estimated in the carrying values of the assets and their recoverability.

**38(23) Code on Social Security, 2020:**

The Code on Social Security, 2020 (Code) relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Official Gazette of Government of India. However, the date on which the Code will come into effect has not been notified. The Company will evaluate the impact and will give appropriate impact in the financial statements in the period in which, the Code becomes effective.

**38(24)** Previous year figures have been regrouped or rearranged wherever necessary. Negative figures are indicated in parenthesis.

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

As per our report of even date.  
**For G Natesan & Co.,**  
**Chartered Accountants**  
**Firm's Registration No. 002424S**

**For and on behalf of the Board**

**K Murali**  
Partner  
(M.No. 024842)

**N SRINIVASULU**  
Director (Finance)  
DIN: 08744682

**Cmdr SIDDHARTH MISHRA (Retd)**  
Chairman and Managing Director  
DIN: 08367035

Place: Hyderabad  
Date: 21 June 2021

Place: Hyderabad  
Date: 21 June 2021

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



**BHARAT DYNAMICS LIMITED**

(A Govt. of India enterprise, Ministry of Defence)

CIN : L24292TG1970GOI001353

Corporate Office : Plot No.38 & 39, TSFC Building, Near ICICI Towers, Financial District, Gachibowli, Hyderabad - 500 032.

Registered Office : Kanchanbagh, Hyderabad - 500 058.

Tel. No. 040-23456145, Fax No. 040-23456107, E-mail : investors@bdl-india.in; Website : www.bdl-india.in

## NOTICE

Notice is hereby given that the 51<sup>st</sup> Annual General Meeting (“AGM”) of the Members of BHARAT DYNAMICS LIMITED (CIN: L24292TG1970GOI001353) will be held at 15:00 hrs on Monday, 27 September 2021 through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”) for which purpose the Corporate office of the Company situated at Plot No. 38-39, TSFC Building, Near ICICI Towers, Financial District, Gachibowli, Hyderabad, Telangana – 500032 shall be deemed as the venue for the Meeting and the proceedings of the Annual General Meeting shall be deemed to be made thereat, to transact the following businesses.

### Ordinary Business

- 1) To receive, consider and adopt audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2021, together with the Reports of the Board of Directors' and Auditors' thereon and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:  
“**RESOLVED THAT** the Audited Financial Statements of the Company for the year ended 31st March, 2021 together with the Reports of the Board of Directors' and Auditors' thereon as presented to the meeting, be and are hereby, approved and adopted”.
- 2) To confirm payment of interim dividend and declare final dividend for the financial year ended 31<sup>st</sup> March 2021.
- 3) To appoint a Director in place of Shri Potluri Radhakrishna (DIN: 08437975), who retires by rotation and being eligible, offers himself for re-appointment and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:  
“**RESOLVED THAT** Shri Potluri Radhakrishna (DIN: 08437975), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby reappointed as a Director of the Company.”
- 4) To appoint a Director in place of Shri Nuka Srinivasulu (DIN: 08744682), who retires by rotation and being eligible, offers himself for re-appointment and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:  
“**RESOLVED THAT** Shri Nuka Srinivasulu (DIN: 08744682), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby reappointed as a Director of the Company.”

### Special Business

- 5) To ratify the remuneration of the Cost Auditor and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Section 148(3) and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and such other permissions as may be necessary, the payment of the remuneration of ₹150000/- plus reimbursement of out of pocket expenses at actuals plus applicable Goods and Service Tax payable to M/s. Narasimha Murthy & Co., Cost Accountants, who were appointed as “Cost Auditors” to conduct the audit of Cost Records maintained by the Company for Financial Year 2021-22 be and is hereby ratified and approved;  
“**RESOLVED FURTHER THAT** the Board of Directors and/or the Company Secretary be and are hereby severally authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

By the Order of the Board of Directors

N. Nagaraja

Company Secretary  
Membership No.A19015

Place : Hyderabad  
Date: 12 August 2021



**Notes :**

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has vide General Circular Nos. 14/2020 dated April 8, 2020, General Circular No.17/2020 dated April 13, 2020 followed by General Circular No.20/2020 dated 05 May 2020 and General Circular No 02/2021 dated 13 January 2021 and Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and followed by Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021, has allowed companies to conduct the Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Attendance Slip and Proxy Form are not annexed to this Notice.
3. Facility of joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first-come first-served basis.
4. The facility of participation in the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Auditors etc., who are allowed to attend the AGM without restriction on account of first come first served basis.
5. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.
6. The statement pursuant to Sec. 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
7. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the members are provided with the facility to exercise their to vote electronically, through the e-voting services provided by National Securities Depository Limited (NSDL). For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as e-Voting on the date of the AGM will be provided by NSDL on all the resolution set forth in the notice.
8. In compliance with the aforementioned MCA and SEBI Circulars, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those members whose email addresses are registered with the Company/ Depository Participant. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website [www.bdl-india.in](http://www.bdl-india.in), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of National Securities Depository Limited (NSDL) <https://www.evoting.nsdl.com>.
9. As the AGM is being conducted through VC/ OAVM, for the smooth conduct of proceedings of the AGM, Members who would like to express their views/ask questions during the AGM may register themselves as a speaker by sending their request from their e-mail address and send their queries in advance, mentioning their name, demat account number / folio number, email id, mobile number to [investors@bdl-india.in](mailto:investors@bdl-india.in). Questions / queries/ registration requests received by the Company from **Monday, 20 September 2021 (9.00 a.m. IST) to Wednesday, 22 September 2021 (5.00 p.m. IST)**, shall only be considered and responded during the AGM and those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING ANNUAL GENERAL MEETING ARE AS UNDER:-**

The remote e-Voting period begins on **Thursday, 23 September 2021 at 9.00 A.M. and ends on Sunday, 26 September 2021 at 5.00 P.M.** The remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose

names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. **Monday, 20 September 2021**, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being **Monday, 20 September 2021**.

#### E-VOTING INSTRUCTIONS:

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

##### Step 1: Access to NSDL e-Voting system

#### A) Login Method for e-Voting and joining virtual meeting Individual shareholders holding securities in demat mode.

In terms of SEBI circular dated 09 December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>i. If you are already registered for NSDL IDeAS facility, please visit the e- Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>ii. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a>.</li> <li>iii. Select “Register Online for IDeAS” Portal or click at <a href="https://eservices.nsd.com/SecureWeb/ Ideas DirectReg.jsp">https://eservices.nsd.com/SecureWeb/ Ideas DirectReg.jsp</a></li> <li>iv. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under 'Shareholder' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>i. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System - Myeasi.</li> <li>ii. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</li> <li>iii. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>iv. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above-mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding Securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43

**B) Login Method for e-Voting and joining virtual meeting shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your User ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your User ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if folio number is 001 *** and EVEN is 113082 then User ID is 113082001 ***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the

email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “**Forgot User Details/ Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?**” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

#### **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

##### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1 (Access to NSDL e-Voting system), you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting are in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

##### **INSTRUCTIONS TO MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
2. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day off the AGM shall be the same person mentioned for Remote e-Voting.

##### **GENERAL INSTRUCTIONS / INFORMATION FOR MEMBERS FOR VOTING ON THE RESOLUTIONS:**

1. Corporate/Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly

authorised signatory(ies) who are authorised to vote, to to the company at [investors@bdl-india.in](mailto:investors@bdl-india.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and [rta@alankit.com](mailto:rta@alankit.com).

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, pertaining to e-voting, Members may refer to the Frequently Asked Questions (FAQs) for shareholders and e-Voting user manual for shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on Toll Free No.: 1800 1020 990 /1800 224 430 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Any query or grievance connected with the remote e-voting may be addressed to Ms.Soni singh , NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), 1800 1020 990 /1800 224 430.
4. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. . **Monday, 20 September 2021**, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA. However, if you are already registered with NSDL for remote e-Voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. 1800 1020 990 and 1800 22 44 30 .In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. . **Monday, 20 September 2021** may follow steps mentioned in the Notice of the AGM under “Access to NSDL e-Voting system.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE DEPOSITORIES FOR PROCURING USER ID AND PASSWORD AND REGISTRATION OF E-MAIL IDS FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [rta@alankit.com](mailto:rta@alankit.com) and [investors@bdl-india.in](mailto:investors@bdl-india.in)
2. In case shares are held in Demat mode, please contact your Depository Participant (DP) and register your email address in your demat account, as per the process advised by your DP.
3. If you are an Individual shareholder holding securities in Demat mode, you are requested to refer to the login method explained at Step 1(A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in Demat mode (E-Voting Instructions).
4. Alternatively, shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user ID and password for e-voting by providing above mentioned documents.
5. Members who have not registered their e-mail addresses so far or who want to update their e-mail address, are requested to approach their respective DP (for electronic holding) or with R&TA/ Company (for physical holding), for receiving all communication including Annual Report, Notices, Circulars, NECS intimation etc. for the Company electronically. Members are requested to send all communications relating to shares to our Registrar & Share Transfer Agent at the following address:

Alankit Assignments Limited  
SEBI Registration Number: INR000002532  
Address: - 4E/2 Jhandewalan Extension, New Delhi-110055  
Telephone: +91 11 42541234; Facsimile: +91 11 41543474  
Email: [rta@alankit.com](mailto:rta@alankit.com); Website: [www.alankit.com](http://www.alankit.com)

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login,



you can see link of “VC/OAVM link” placed under “Join General meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed.

2. Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
3. Members are encouraged to join the Meeting through Laptops for better experience.
4. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
7. Members who need assistance before or during the AGM, can contact NSDL on 1800 1020990/ 1800 224 430 or contact Ms.Soni singh at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

#### **Book Closure and Dividend related information**

1. The Register of Members and the Share Transfer Books of the Company will be closed from **Tuesday, 21 September 2021 to Monday, 27 September 2021 (both days inclusive)**.
2. The Board has recommended a final dividend of ₹0.65 per equity share of ₹10/- each. The dividend, if declared by the Members at the AGM, will be paid within 30 days from the date of declaration to those persons
  - whose names appear as beneficial owners at the end of the business hours on **Monday, 20 September 2021** in the list of beneficial owners to be furnished by the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in electronic form; and
  - whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/ Registrar and Share Transfer Agents on or before **Monday, 20 September 2021**
3. Company will be making the dividend payment by electronic mode wherever possible and by dividend warrant/ Bank demand drafts in other cases. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership details furnished by the Depositories (NSDL & CDSL) as at the close of business hours on **Monday, 20 September 2021** for this purpose. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participant of the Members. Members who have changed their bank account after opening the Depository Account and want to receive dividend in an account other than the one specified while opening the Depository Account, are requested to change/correct their bank account details (including the nine-digit Bank code) with their Depository Participant, before **Monday, 20 September 2021**.
4. Members are hereby informed that under the Companies Act, 2013, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of the Investor Education and Protection Fund ('the Fund') established by the Central Government. Further, pursuant to the provisions of section 124 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all the shares on which dividend remain unpaid/unclaimed for a period of seven consecutive years or more shall be transferred to the Demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs. Hence, the Company urges all the shareholders to encash/claim their respective dividend during the prescribed period.

5. Process for updating of bank account mandate for receipt of dividend electronically:

Physical Holding	<p>Send a duly signed request letter to the Registrar and Transfer Agents of the Company by providing Folio No., Name of shareholder along with following documents:</p> <p>a) original cancelled cheque leaf bearing the name of the first shareholder; or</p> <p>b) Bank attested copy of first page of the Bank Passbook/Statement of Account in original and an original cancelled Cheque (In case of absence of name on the original cancelled cheque or initials on the Cheque).</p>
Demat Holding	<p>Please contact your Depository Participant (DP) and register your bank account details in your demat account, as per the process advised by your DP.</p>

6. In case the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account the Company shall dispatch the dividend warrants/Demand Drafts to such shareholder by post.
7. Members may note that as per the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividends paid or distributed by the Company after 1 April 2020, shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to shareholders, subject to approval of shareholders in the ensuing AGM. For the prescribed rates for various categories the Shareholders are requested to refer to the Finance Act-2020 and amendments thereof.
8. All Shareholders are requested to update their PAN with the Company/RTA (in case of shares held in Physical mode) and with Depository Participant (in case of shares held in Demat mode)
9. A resident individual shareholder with PAN and whose is not liable to pay income tax can submit a yearly declaration in form No.15G/15H to avail the benefit of non-deduction of tax at source by sending an email to [investors@bdl-india.in](mailto:investors@bdl-india.in), [bdltaxation@bdl-india.in](mailto:bdltaxation@bdl-india.in) and [rta@alankit.com](mailto:rta@alankit.com) latest by **Monday, 20 September 2021**.
10. Shareholders are requested to note in case of their PAN is not registered the tax will be deducted at the higher rate of 20%.
11. TDS is deductible at the rate mentioned in the valid lower/Nil rate deduction certificate issued by the Income Tax Department under section 197 of the Income Tax Act, 1961, if such a valid certificate is provided.
12. Non-resident shareholders can avail beneficial rate under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership declaration, Tax residency certificate, Form-10F, any other document which may be required to avail the tax treaty benefits by sending an email to [investors@bdl-india.in](mailto:investors@bdl-india.in), [bdltaxation@bdl-india.in](mailto:bdltaxation@bdl-india.in) and [rta@alankit.com](mailto:rta@alankit.com). The aforesaid declaration and documents need to be submitted by the shareholder latest by **Monday, 20 September 2021**.
13. It may be further noted that in case the tax on dividend is deducted at a higher rate in absence of receipt of the aforementioned details/ documents, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.
14. Application of TDS rate is subject to due diligence and verification by the Company, of the shareholders' details as available in the register of Members on the Book Closure date, documents, information available in the public domain, etc. In case of ambiguous, incomplete or conflicting information, or if valid documents are not provided, the Company will arrange to deduct tax at the maximum applicable rate.
15. In the event of any income tax demand, (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Member(s), such Member(s) will be responsible to indemnify the Company, besides providing all requisite information/documents and to co-operate in any assessment/appellate Proceedings.

16. The information communicated above with regard to TDS is only meant for providing information to the Members and does not purport to be complete or comprehensive guidance on compliance of tax laws. Shareholders are responsible to consult with their tax consultants/advisors with regard to tax provisions applicable to their individual facts and circumstances and compliance of tax laws.

#### **OTHER INSTRUCTIONS**

1. The Company has appointed M/s Puttaparthi Jagannatham & Co., Practising Company Secretary to act as Scrutinizer to conduct and scrutinize the electronic voting process in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-Voting (votes cast during the AGM and votes cast through remote e-Voting) and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
2. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Accordingly, members holding shares in electronic form are requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company. Members may please note that SEBI has also made it mandatory for submission of PAN in the following cases, viz. (i) Deletion of name of the deceased shareholder(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.
3. As per Regulation 40 of Listing Regulations, securities of listed companies can only be transferred in dematerialized form, with effect from 1 April, 2019, except in case of request of transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are urged for converting their holding to demat form. Members may contact the Company or RTA for any assistance in this regard.
4. Brief profile of the Directors seeking appointment/re-appointment as mandated under regulation 36(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 with the Stock Exchanges forms part of the Notice.
5. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of electronic voting for all those members who are present at the AGM but have not cast their votes by availing the remote e-Voting facility

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

##### **Item No.5**

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records of the applicable products of the Company. The Board at its 265<sup>th</sup> Meeting held on 21 June 2021 has considered and approved the appointment of M/s. Narasimha Murthy & Co., Cost Accountants as the cost auditor for the financial year 2021-22 and recommended remuneration of ₹150000/- per annum plus applicable tax.

As per section 148(3) of the Companies Act, 2013, the remuneration of Cost Auditor is required to be approved by the shareholders. The Board recommends the resolution set out in item No.5 of the accompanying Notice for the approval of the members of the Company by way of an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution at item No.5 of the accompanying Notice.

**By the Order of the Board of Directors**

**N.Nagaraja**  
**Company Secretary**  
**Membership No. A19015**

**Place : Hyderabad**  
**Date: 12 August 2021**

**DETAILS OF DIRECTOR SEEKING APPOINTMENT/ REAPPOINTMENT AT THE AGM PURSUANT TO REGULATION 36(3) OF LISTING REGULATIONS AND SECRETARIAL STANDARD – 2 ON GENERAL MEETINGS:**

Name of the Director	Shri Potluri Radhakrishna	Shri Nuka Srinivasulu
DIN	08207722	08744682
Date of Birth	30/06/1963	26/01/1964
Date of first appointment on the Board	01/06/2019	01/07/2020
Qualifications	M.Tech. in Industrial Engineering and Management from JNTU, Hyderabad. B.Tech in Mechanical Engineering from Nagarjuna University in Andhra Pradesh	Bachelor in Commerce and an MBA in Finance from Osmania University, Hyderabad
Expertise in specific functional areas	He has rich experience spanning over 32 years, in various fields of Missile Production which includes areas like Component Production, Missile Integration & testing, Project Planning, Quality Control & Indigenization of Missile Systems.	He has rich experience in various areas of Finance spanning over 30 years, which includes 25 years in BDL.
Terms and conditions of appointment or reappointment	He was appointed w.e.f June 01, 2019 pursuant to Ministry of Defence, Government of India vide their letter No.DDP-M0001(11)/02/2018-D (BDL) dated 27 May 2019. The current terms and conditions of his employment were prescribed by Ministry of Defence.	He was appointed w.e.f July 1, 2020 pursuant to Ministry of Defence, Government of India vide their letter No. DDP-M 0001(11)/03/2019 – D (BDL) dated 20/03/2020. The current terms and conditions of his employment were prescribed by Ministry of Defence.
Details of remuneration last drawn (FY 2020-21)	₹53,20,806	₹44,58,228
Directorships in other Public Limited Companies (excluding foreign companies, private companies & section 8 companies)	Nil	Nil
Membership / Chairmanship of Committees across all Public Companies*	-	-
No. of Board Meetings attended during the Financial Year 2020-21	5 out of 5	5 out of 5
No. of shares held in the Company:		
(a) Own	Nil	Nil
(b) For other persons on a beneficial basis	Nil	Nil
Inter-se relationship with other Directors and Key Managerial personnel	Nil	Nil
* In line with Regulation 26 of SEBI (LODR) Regulations, 2015, as amended, membership of the Audit Committee and Stakeholders' Relationship Committee has only been taken into consideration		

By the Order of the Board of Directors

**N.Nagaraja**  
Company Secretary  
Membership No. A19015

Place : Hyderabad  
Date: 12 August 2021









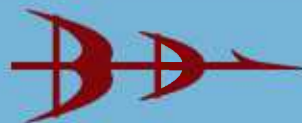
**Kanchanbagh Unit**



**Bhanur Unit**



**Visakhapatnam Unit**



**भारत डायनामिक्स लिमिटेड**  
**BHARAT DYNAMICS LIMITED**

(भारत सरकार का उपक्रम, रक्षा मंत्रालय)  
(A Govt. of India Enterprise, Ministry of Defence)

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E-mail: [investors@bdl-india.in](mailto:investors@bdl-india.in) Website: [www.bdl-india.in](http://www.bdl-india.in)