56th ANNUAL REPORT
2025-26

भारत डायनामिक्स लिमिटेड
BHARAT DYNAMICS LIMITED

REDEFINING INDIA'S DEFENCE CAPABILITY

The Force Behind Peace

The Force Behind Peace

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

Redefining India's Defence Capability

For over five decades, Bharat Dynamics Limited has served as a cornerstone of India's missile defence ecosystem. What began in 1970 as a single-product assembly operation has matured into a multi-product, multi-location weapon system integrator whose platforms equip all three branches of the Indian Armed Forces and reach friendly foreign nations. The theme of this year's Annual Report, Redefining India's Defence Capability, captures a company that has moved decisively beyond licensed manufacturing into the territory of indigenous design, development, and export.

Redefining capability is a cumulative act. It shows up in the choice to invest nearly ₹200 crore in research CAPEX during a year of revenue moderation, in the expansion of manufacturing footprint across three new facilities, and in the operational validation of BDL's systems under live conditions. It is reflected in sharper working capital discipline, a debt-free balance sheet, and an unbroken record of dividend payments. This report presents the record of a year in which Bharat Dynamics Limited strengthened the foundations of India's defence self-reliance, not through ambition alone, but through demonstrated, measurable progress on every front that matters.

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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 Missiles (SAM), Air to Air Missiles (AAM), Anti-Tank Guided Missiles (ATGMs), Torpedoes, and Allied Defence Equipments. Head Quarters of the company is located at Hyderabad and has currently 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 additional facilities at Amaravati, Maharashtra, Ibrahimpatnam, Telangana and Jhansi, Uttar Pradesh. The company also commenced export of selected defence equipment and has entered into strategic alliances with public and private sector companies. The company had 2,101 employees as on 31 March 2026 and during the year 2025-26 reported a net sales turnover of ₹2,442 crore. For details our products please visit our website https://bdl-india.in/products

Objectives

To become self-reliant and competitive in Guided Missile and Underwater Guided Weapon Technology and Production.

To maximise utilisation 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

CORPORATE OFFICE

Plot No.38-39, TSFC Building, Near ICICI Towers
Gachibowli, Financial District,
Hyderabad-500032

Tel:-040-23456173 Fax:040-23456107

E-Mail: investors@bdl-india.in

website: https://bdl-india.in

REGISTERED OFFICE

Kanchanbagh Post, Hyderabad - 500058
Telangana, India

EPABX: 040-24587466 & 040-24587777
Fax:- 040 24340464

bdlitd@bdl-india.in

https://bdl-india.in

BOARD OF DIRECTORS

Cmde. A. Madhavarao (Retd.)
Chairman & Managing Director
(up to 30.04.2026)

Shri D.V. Srinivas Rao
Director (Technical) & Chairman & Managing Director
(Addl. Charge w.e.f. 01.05.2026 & up to 08.07.2026)

Shri G. Gayatri Prasad
Director (Finance) & CFO

Shri P.V. Raja Ram
Director (Production)
(Up to 30.09.2025)

Cmde. Sujay Kapoor (Retd.)
Director (Production)
(Appointed w.e.f. 06.03.2026)

Shri U. Raja Babu, DG (MSS)
Government Nominee Director

Shri Amit Satija, Joint Secretary (DIP)
Government Nominee Director
(Ceased w.e.f. 14.07.2025)

Smt. Meera Mohanty, JS (P&C)
Government Nominee Director
(Appointed w.e.f 14.07.2025)

Shri Jashwant Lal
Independent Director
(Ceased w.e.f. 24.02.2026)

Shri Chetan Bansilal Kankaria
Independent Director
(Ceased w.e.f 22.04.2026)

CHIEF VIGILANCE OFFICER

Smt. Spurthi Reddy, IRS (C&IT:2011)

COMPANY SECRETARY

Shri N. Nagaraja

SENIOR MANAGEMENT

Cmde. Girish Raghunath Pradhan (Retd.)
Executive Director (Head-KBU)

Shri M. Ravi
Executive Director (UH-KBU, IBU & PSG)
(Retired on 30.09.2025)

Shri L. Kishan
Executive Director (UH-BU)

Shri M. Vinod Kumar
General Manager (Mktg, BD & Corporate Services)

Shri N. Satyanarayana
General Manager (HR)
(Retired on 31.03.2026)

Shri G. Cheena
General Manager (NP & OP)

Smt Y. Ushasri
General Manager (SAM)

Shri K. Srihari
General Manager (Finance)

Shri M. Sampath Kumar
General Manager (konkurs-M)

STATUTORY AUDITORS

M/s. Tej Raj & Pal
Chartered Accountants

COST AUDITORS

M/s. Narasimha Murthy & Co.,
Cost Accountants

SECRETARIAL AUDITORS

M/s. C.V. Reddy K & Associates
Company Secretaries

INTERNAL AUDITORS

M/s. Sarath & Associates
Chartered Accountants

M/s. RSM & Associates
Chartered Accountants

M/s. RK Doshi & Co. LLP.,
Chartered Accountants

M/s. Komandoor & Co. LLP.,
Chartered Accountants.

TAX CONSULTANTS

M/s. Bansal & Dave,
Income Tax Consultant

M/s. PricewaterhouseCoopers,
GST Consultant

LEGAL ADVISORS

Smt. V. Uma Devi

Shri D. Ravi Shankar Rao

Smt. D. Radhika

BANKERS

Union Bank of India
State Bank of India
UCO Bank
Punjab National Bank
ICICI Bank

REGISTRAR & SHARE TRANSFER AGENT

Alankit Assignments Limited

SEBI Registration Number: INR000002532

4E/2 Jhandewalan Extension, New Delhi-110055

Telephone: +91 11 42541234 ;
Facsimile : +91 11 41543474

rta@alankit.com

https://alankitassignments.com

Board Members

(As on 17 August 2026)

CHAIRMAN & MANAGING DIRECTOR

Shri. Shailesh Vagerwal
(Appointed w.e.f. 09 July 2026)

GOVERNMENT DIRECTOR

Smt. Meera Mohanty, IAS
Joint Secretary (P&C)
(Appointed w.e.f 14.07.2025)

WHOLE-TIME DIRECTORS

Shri. D V Srinivas Rao
Director (Technical)

Shri. G. Gayatri Prasad
Director
(Finance) & CFO

Cmde. Sujay Kapoor (Retd.)
Director (Production)
(Appointed w.e.f 06.03.2026)

INDEPENDENT DIRECTORS

Shri. Ankush Munjal
(Appointed w.e.f.
17 August, 2026)

Shri. Pankaj Joshi
(Appointed w.e.f.
17 August, 2026)

Smt. Vandana Agarwal
(Appointed w.e.f.
17 August, 2026)

COMPANY SECRETARY

Shri. N. Nagaraja

Financial Highlights

FY17

SCALE & LEGACY

- Revenue crosses ₹4,887 crore *(highest in the decade)*
- Net Worth exceeds ₹2,000 crore
- Workforce reaches 3,182
- Strong execution of legacy missile programmes

FY18

PEAK MANUFACTURING PERFORMANCE

- Production value at ₹4,641 crore
- Demonstrated large-scale delivery capability

FY19

PREPARING FOR THE NEXT GENERATION

- Transition from legacy to advanced systems
- Revenue at ₹3,069 crore
- Formal tracking of R&D investments begins

FY20

EXPANDING GLOBAL HORIZONS

- Export strategy gains momentum
- Capital Employed touches ₹3,192 crore
- Strengthening international market presence
- Leanest inventory position of the decade

FY21

RESILIENCE THROUGH DISRUPTION

- Operations sustained during the pandemic
- Continued profitability & uninterrupted dividends

FY22

RETURN TO GROWTH

- Revenue rebounds to ₹2,817 crore
- Highest EBITDA Margin: 25.8%
- Net Worth crosses ₹3,000 crore
- R&D investments begin accelerating

FY23

BUILDING FUTURE CAPACITY

- Strong order pipeline created
- Dividend payout reaches 48.6%
- Net Worth grows to ₹3,212 crore

FY24

PROFITABILITY MILESTONE

- Highest PAT: ₹613 crore
- RoE peaks at 17.9%
- R&D crosses ₹75 crore
- Order book begins rapid expansion

FY25

BREAKOUT GROWTH

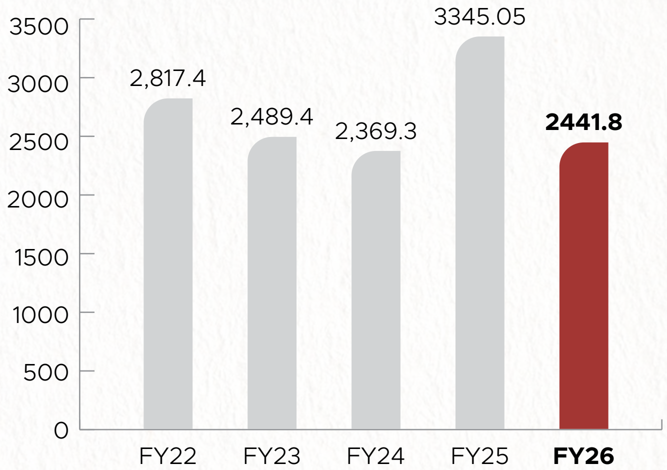
- Revenue up 41%
- Exports surge 689%
- New orders worth ₹6,668 crore
- Order book reaches ₹22,814 crore
- Stock split from face value of ₹10 each to ₹5 each

FY26

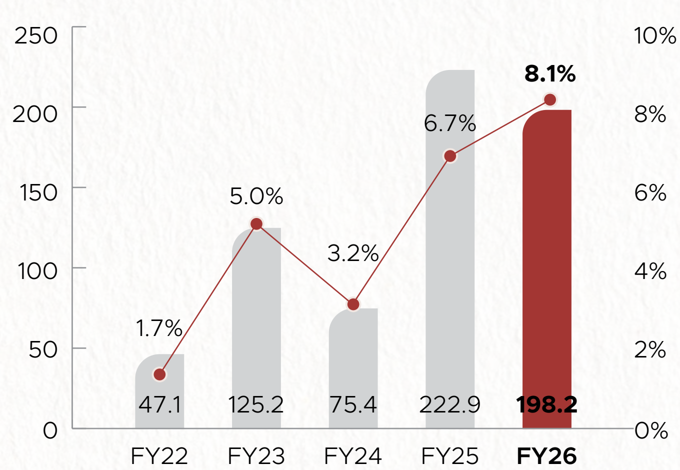
FUTURE READY

- Order book expands to ₹26,176 crore
- R&D intensity reaches 8.1% of turnover
- PAT Margin improves to 17.2%
- Net Worth crosses ₹4,241 crore
- Achieved lowest Trade Receivables

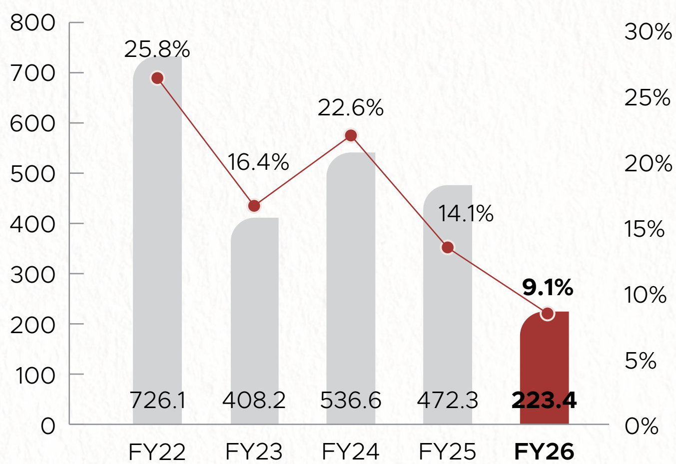
REVENUE FROM OPERATIONS (IN INR CR)



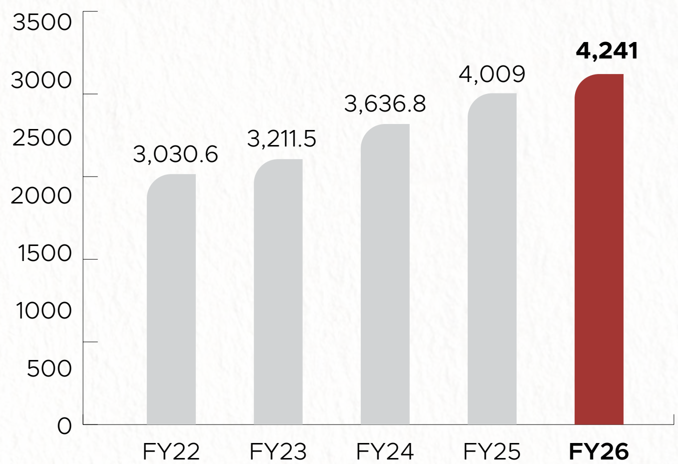
R&D EXPENDITURE (IN INR CR) & R&D AS % OF REVENUE (IN%)



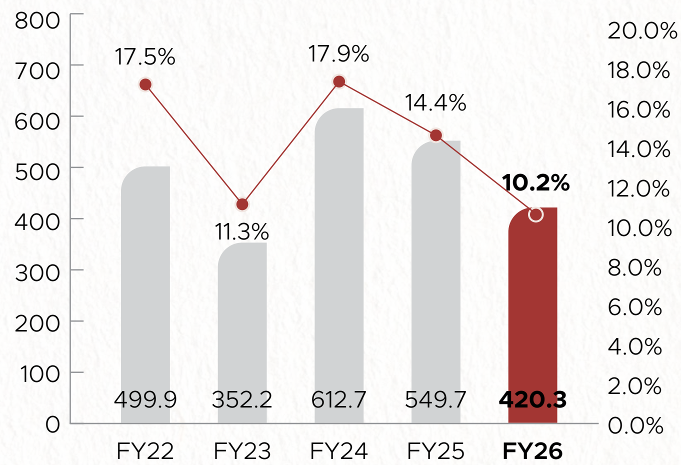
EBITDA (IN INR CR) & EBITDA MARGIN (IN %)



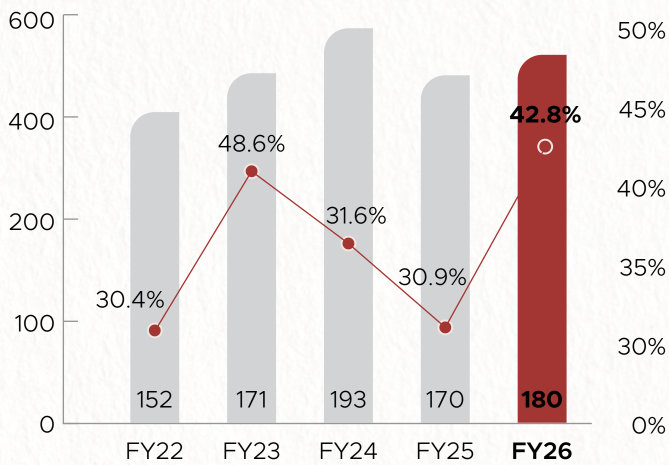
NET WORTH (IN INR CR)



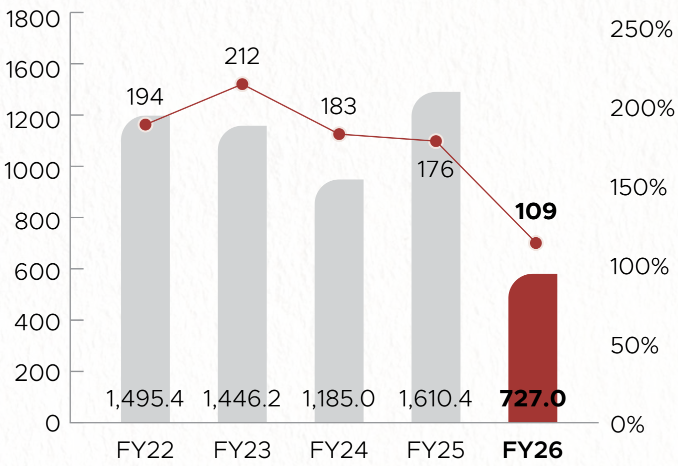
PAT (IN INR CR) & RETURN ON EQUITY (IN %)



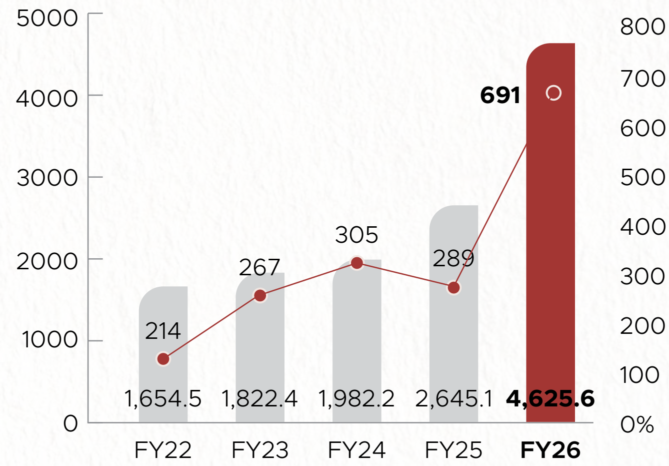
TOTAL DIVIDEND (IN INR CR) & DIVIDEND PAYOUT RATIO



TRADE RECEIVABLES (IN INR CR) & TURNOVER RATIO (DAYS)



INVENTORY (IN INR CR) & TURNOVER RATIO (DAYS)



Ten Years at a Glance

A Decade of Building the Force Behind Peace

A decade in the life of a defence manufacturer is measured not in quarters but in capabilities built, programmes delivered, and trust earned. From FY2016-17 to FY2025-26, BDL has navigated shifts in product cycles, embraced indigenisation, expanded its manufacturing base, and positioned itself at the centre of India's defence modernisation agenda. These ten milestones mark the journey.

FY 2016-17

Revenue at ₹4,887 crore, marking the highest revenue in the decade. A high-volume era driven by legacy programmes. Net Worth crosses ₹2,000 crore. Workforce at 3,182, the largest in the decade. EPS at ₹12.26.

FY 2017-18

Peak revenue of ₹4,588 crore, with net-worth reaching ₹1,956 crore (pre-share split basis). Production value at ₹4,641 crore. The company demonstrates its capacity to execute at scale.

FY 2018-19

Revenue moderates to ₹3,069 crore as legacy programmes wind down and the transition to next-generation systems begins. R&D expenditure data starts being formally tracked. A year of recalibration.

FY 2019-20

Revenue at ₹3,105 crore. BDL begins formalising its export strategy and explores international markets. Capital Employed stands at ₹3,192 crore. Workforce at 2,950. Inventory at ₹1,397 crore, the leanest of the decade.

FY 2020-21

A pandemic year. Revenue dips to ₹1,914 crore as supply chains are disrupted and deliveries delayed. Yet PAT at ₹258 crore and an unbroken dividend record (₹3.67 per share) reflect underlying resilience.

FY 2021-22

Recovery. Revenue rebounds to ₹2,817 crore. EBITDA margin reaches 25.8%, the highest in the decade, signalling operating leverage. Net Worth crosses ₹3,000 crore. R&D expenditure at ₹47 crore (1.7% of revenue) begins its upward trajectory.

FY 2022-23

Revenue at ₹2,489 crore. A year of transition, with order inflows building the pipeline for future execution. Dividend payout ratio reaches 48.6%, the decade's highest, reflecting confidence in future cash flows. Net Worth grows to ₹3,212 crore.

FY 2023-24

A pivotal year. Revenue at ₹2,369 crore, but PAT reaches ₹613 crore, the decade's highest net profit, on the back of a favourable product mix. RoE peaks at 17.9%. R&D spending crosses ₹75 crore. The order book begins its steep ascent.

FY 2024-25

Breakout year. Revenue surges 41% to ₹3,345 crore. Exports soar 689% to over ₹1,270 crore. New orders of ₹6,668 crore build a backlog of ₹22,814 crore. R&D expenditure jumps to ₹223 crore (6.7% of revenue). BDL's products prove their mettle in a live national security operation. Stock split from face value Rs.10 each to ₹5 each.

FY 2025-26

Strategic deepening. Revenue moderates to ₹2,442 crore on delivery phasing, but the order book grows to ₹26,176 crore with ₹15,000 crore in the pipeline. PAT margin improves to 17.2%. R&D intensity reaches 8.1% of turnover, the decade's highest. Trade receivables improve 38% to 109 days. Net Worth crosses ₹4,241 crore. A decade that began with legacy programmes ends with BDL firmly positioned as India's premier guided missile manufacturer. Achieved lowest trade receivables.

Particulars	Units	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Sales (Gross)	₹ Cr.	2441.79	3345.05	2369.28	2489.39	2817.40	1913.76	3104.87[~]	3069.35[&]	4587.60	4886.62
Changes in WIP/SIT	₹ Cr.	773.06	421.86	222.63	19.04	84.36	128.91	(503.66)	165.87	53.70	124.38
Value of Production	₹ Cr.	3214.85	3766.91	2591.91	2508.43	2901.76	2042.67	2601.21[~]	3235.22	4641.30	5011.00
Material Consumption	₹ Cr.	1995.55	2099.76	1119.96	1210.33	1263.37	970.08	1014.09[~]	1818.97	2907.59	3125.23
Value Added	₹ Cr.	1219.30	1667.15	1471.95	1298.10	1638.39	1072.59	1587.12[~]	1416.25	1733.71	1885.77
Profit Before Tax	₹ Cr.	567.82	748.76	828.23	481.80	709.91	340.88	742.45	671.36	773.82	802.81
Profit After Tax	₹ Cr.	420.34	549.65	612.72	352.17	499.92	257.77	534.90	422.59	528.15	524.06
Equity	₹ Cr.	183.28	183.28	183.28	183.28	183.28	183.28	183.28	183.28	183.28	122.19
Reserves & Surplus	₹ Cr.	4057.69	3825.67	3453.54	3028.22	2847.28	2501.47	2423.55	2085.26	1773.10	2072.79
Gross Block(Excl.Cap.WIP)	₹ Cr.	1697.39	1600.56	1496.52	1415.67	1451.08	1368.51	1291.36	1219.61	1048.62	869.66
Inventory	₹ Cr.	4625.64	2645.11	1982.47	1822.44	1654.45	1397.01	856.52	1664.53	1925.87	2240.42
Billed Receivables	₹ Cr.	422.88	826.36	310.45	184.57	304.16	322.69	338.37[~]	587.21	770.41	154.55
Trade Receivables (Incl. Unbilled)	₹ Cr.	727.04	1610.40	1185.01	1446.23	1495.36	1475.20	2676.19[~]	1844.53	2208.13	1735.36
Working Capital	₹ Cr.	6411.15	6017.75	6233.25	5394.18	2942.18	2378.03	2259.40	1390.38	1085.68	1569.75
Capital Employed	₹ Cr.	4149.81	3886.22	3566.10	3155.08	2973.45	2637.01[@]	3191.76	2347.34	1954.05	2326.87
Net Worth	₹ Cr.	4240.97	4008.95	3636.82	3211.50	3030.56	2684.75	2606.83	2268.55	1956.38	2194.98
Number of Employees	Nos.	2101	2269	2401	2560	2674	2812	2950	3034	3095	3182
Employee Costs	₹ Cr.	535.57	548.80	600.01	532.46	570.66	501.09	534.03	534.21	529.34	448.39
Value Added per ₹ of Wage	₹	2.28	3.04	2.45	2.44	2.87	2.14	2.97[~]	2.65	3.28	4.21
Value Added per Employee	₹ Lakh	58.03	73.48	61.31	50.71	61.27	38.14	53.80[~]	46.68	56.02	59.26
Earnings per Share (EPS) for Face value of Rs 5 each	₹	11.47	14.99	16.72[!]	9.61[!]	13.64[!]	7.03[!]	14.59[!]	11.53[!]	13.33[!]	12.26[!]

~ 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.

@Capital Employed for FY 2021-22 onwards is worked out as per the Guidance Note issued by ICAI on Schedule III to Companies Act 2013. Accordingly, Capital Employed for FY 2020-21 is also changed from ₹3,239.01 to ₹2,637.01 but this does not represent any fall."

! Splitting of shares from ₹10/- to ₹5/- during May 2024 and accordingly EPS is readjusted in previous years for Face Value of ₹5/-

Splitting of shares from ₹1,000/- to ₹10/- during the year 2017-18 and accordingly EPS is readjusted in previous years for Face Value of ₹10/-

Chairman's Letter

Navigating Strategic Horizons

Dear Shareholders

It is a privilege to assume the responsibility of Bharat Dynamics Limited's Chairman and Managing Director at a defining stage in its journey. As I present my first Annual Report as Chairman and Managing Director, I see this report not merely as a record of the year gone by, but as a reflection of the Company's resilience, performance and continued progress towards building a stronger, more self-reliant defence ecosystem. This Annual Report brings together these achievements while setting the context for the strategic priorities that will shape BDL's next phase of growth.

On behalf of the Board of Directors, I extend my heartfelt gratitude to our valued shareholders, partners, and investors for your unwavering trust and enduring investment in Bharat Dynamics Limited (BDL).

As we step decisively into the FY 2026-27, your confidence remains the absolute bedrock of our strategic achievements, inspiring us to continuously scale new technological milestones and elevate the Company to greater horizons of growth. It gives me immense pleasure to present the Annual Report of your Company—an institution forged over more than five decades of spirited, perseverant efforts by a highly skilled workforce.

The Government of India's visionary policy frameworks aimed at achieving complete self-reliance ("Atmanirbhar Bharat") in state-of-the-art weapon systems, alongside streamlined clearances for exports to Friendly Foreign Countries (FFCs), have unlocked unprecedented structural growth corridors for BDL. By tightly aligning our corporate strategy with India's national defence priorities, BDL is optimally positioned to capitalise on these new market dynamics, consistently unlocking long-term value for our global stakeholders.

PERFORMANCE & FINANCIAL HIGHLIGHTS (FY 2025-26)

Despite lingering global macroeconomic headwinds and supply chain challenges in the international defence market, BDL demonstrated resilient enterprise maturity.

» Profitability: For the fiscal year ended 31 March, 2026, your Company achieved a standalone Profit After Tax (PAT) of ₹420.34 crore, demonstrating robust underlying fiscal management in a complex, fast-changing technical landscape.

» Operational Revenue: Revenue from operations for the financial year stood strong at ₹2,441.79 crore, anchoring a stable baseline for our manufacturing capitalisation.

» Sustainable Shareholder Returns: In line with our commitment to consistent value creation, your Board has recommended a final dividend of ₹0.40 per equity share (of face value ₹5 each) for the financial year

2025-26, subject to shareholders approval at the upcoming Annual General Meeting.

» It also gives me great pleasure to inform you that BDL has already paid an interim dividend of ₹4.50 per equity share (of face value ₹5 each) in the February 2026. The total dividend for the FY 2025-26 declared by the company is ₹4.90 per equity share (at face value of ₹5 each).

» MoU Appraisal Performance: Under the formal Memorandum of Understanding (MoU) frameworks executed with the Department of Defence Production, Ministry of Defence (MoD), BDL has achieved its benchmark and the ratings will be promulgated by MoD in due course.

THE DEFENCE PIPELINE: TRACK RECORD & ORDER BOOK

Your Company continues to secure strong financial inflows and market validation, driven by a deep portfolio of mission-critical systems:

» Orders: BDL stands backed by an exceptionally secure, massive order book position of ₹26,176 crore. This healthy pipeline ensures visible, high-velocity execution timelines over the next 4–5 years.

» Core Weapon Inflows: During the year FY 2025-26 BDL received new orders worth about ₹5,909 crore. The orders acquisitions feature robust gross mandates encompassing Anti-Tank Guided Missiles (ATGMs), Unified Launchers, Very Short-Range Air Defence Systems (Laser Beam Riding) - VSHORAD (LBR), Unmanned Aerial Vehicle Launched Precision Guided Missiles (ULPGM), and upgraded variants of the Akash Missile system.

» Order Pipelines: Multiple capital procurement contracts—including MRSAM, Invar ATGM, Helina, NAG, SAAW, and Grad Rockets, along with system-refurbishment portfolios—are currently under advanced stages of finalisation.

TECH SOVEREIGNTY, R&D AND STRATEGIC ALLIANCES

To stay ahead of the future demands of the global defence arena, BDL has prioritised technology absorption, international co-production, and indigenous research:

Global & Domestic Collaborative Alliances

» Godrej & Boyce Mfg. Co. Ltd.: Synergising capabilities on current and future domestic and export programmes for Weapons, Missiles, Launchers, Ground Systems, and advanced propulsion engines.

» VEM Technologies Pvt. Ltd.: Accelerating deep-tier domestic indigenisation of critical missile components.

» Undersea Sensor Systems Inc. (Ultra), USA: Establishing localised, state-of-the-art manufacturing capabilities for advanced Sonobuoys at BDL's Indian production facilities.

» Tetra Radio Systems Pvt. Ltd.: Designing and developing advanced RF Components aimed at optimising the operational performance of BDL's second-generation ATGM systems.

» Rafael Advanced Defence Systems Ltd., Israel: Executing localised production of the state-of-the-art Spike LR2 Missile, backed by the commissioning of dedicated manufacturing lines.

» BEL & ECIL Partnerships: Fortifying the domestic Atmanirbhar ecosystem by co-sharing R&D, cross-utilising engineering strengths, and building shared export frameworks.

PIONEERING R&D PRODUCT DEVELOPMENTS

Our specialised Design & Engineering ecosystem has accelerated the development cycles of next-generation defensive systems, including:

» Amogha-III: Our 3rd-generation, Man-Portable, Fire-and-Forget ATGM system.

» Advanced Aerial Systems: Counter Measures Dispensing Systems (CMDS) optimised for elite airborne and helicopter platforms, alongside specialised Laser Beam Rider Guided ATGMs and Drone-delivered smart ammunition.

INFRASTRUCTURE MODERNISATION & VALIDATION MILESTONES

As a leading developer of single-shot, mission-critical defence weapons, product quality is absolute—our systems must perform flawlessly the first time, every time. To support this mandate, extensive capital expenditure has been deployed to transition our manufacturing capabilities into autonomous centres of excellence:

» State-of-the-Art Facilities: Key infrastructure expansions are fully operational, highlighted by the Propellant Plant Facility at Jhansi, the ASRAAM Final Assembly Integration & Testing (FAIT) Facility, sophisticated Hardware-in-the-Loop Simulation (HILS) configurations, and augmented surface-to-air missile (SAM) production lines at our Ibrahimpatnam (IBP) Unit.

» Global Benchmark Compliance: Our premium production assets at Kanchanbagh and Bhanur strictly maintain the prestigious Aerospace Quality Management Standard AS 9100D. Simultaneously, our Kanchanbagh, Bhanur, and Visakhapatnam units stand fully re-certified under the ISO 14001:2015 framework for environmental management systems.

» The Seeker Facility Centre (SFC): BDL successfully scaled operational capability by delivering the first indigenously fabricated Radio Frequency (RF) Seeker for the Akash-NG System, produced entirely inside our newly commissioned, state-of-the-art SFC facility.

» Unprecedented Field Success: In collaborative synergy with the DRDO, BDL systems achieved historic milestones, including successful combat trials and destroyed multiple unmanned targets in real-time operational field trials.

SUSTAINABLE IMPACT: CORPORATE SOCIAL RESPONSIBILITY

Deeply conscious of our societal obligations, BDL allocated 2% of its average net profit of the preceding three financial years towards vital CSR projects/initiatives in strict compliance with the Companies Act, 2013. During the year 2025-26, the CSR & SD obligation was ₹13.27 crore. Against the total CSR obligation, the company has incurred an expenditure of ₹13.45 crore and achieved 100% CSR target amount as required under the provisions of Companies Act, 2013.

Our initiatives continue to drive real socioeconomic change across aspirational and economically backward districts:

» Health & Nutrition: BDL spent ₹7.27 crore towards issue of medical equipments to around 65 Government Hospitals/ECHS polyclinics across the country

» Promoting Education & skill development: Allocated ₹3.88 crore i.e. towards providing of infrastructure in Government schools and imparting training to the candidates under skill development.

» Rural Development: Allocated ₹0.81 crore towards installation of solar lights in the hill/rural areas of Nainital District, Uttarakhand state.

WAY FORWARD: FUTURISTIC OUTLOOK FOR FY 2026-27

As we chart the course for Financial Year 2026-27, BDL is transitioning from a defensive posture to an aggressive, expansionist operational strategy. The global landscape demands technological agility, and our strategic roadmap is engineered around three pillars:

1. **Supply Chain Insulation & Aggressive Import Substitution**

   Ongoing geopolitical crisis has impacted supply chain delays from Foreign Original Equipment Manufacturers (FOEMs), BDL is aggressively transforming this bottleneck into an opportunity. For FY 2026-27, we are scaling up our import-substitution initiatives, absorbing complex electronics and RF sub-assemblies locally. By deep-tiering our supply networks with Indian MSMEs and leveraging domestic industrial ecosystems, we are insulating our production schedules from external systemic shocks.

2. **Global Export Dominance**

   Our focus is shifting towards diversifying our consumer footprint well beyond the Indian Armed Forces. There is immense, interest from potential buyers across Friendly Foreign Countries (FFCs) for our flagship products, particularly the combat-proven Akash Weapon System. BDL is aggressively utilising international state diplomatic channels and expanding global marketing frameworks to convert these active leads into firm international procurement contracts during FY 2026-27.

3. **Business Diversification Matrix**

   To unlock non-traditional revenue lines, BDL is accelerating its Corporate Diversification Blueprint. We are establishing state-of-the-art production infrastructures at our newly set up facilities to handle high-growth, high-margin defence verticals, including:

   » Guided Bombs & Drone-Delivered Payloads.

   » Specialised Warhead Manufacturing & Space Application Components.

   » Cruise Missile Engines & Advanced Propellants.

   By matching increased capital expenditure toward R&D with rigid project monitoring timelines, BDL will ensure immediate commercialisation from innovation. We will sustain our competitive edge by guaranteeing strict delivery schedules, premium product quality, and competitive global pricing models.

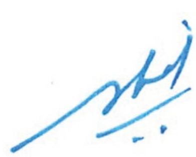
ACKNOWLEDGEMENT

On behalf of the Board of Directors and the entire BDL fraternity, I express my profound gratitude to our shareholders, institutional investors, and partners for your enduring allegiance.

I extend my sincere appreciation to the Ministry of Defence (MoD), the Department of Investment and Public Asset Management (DIPAM), state administrative partners, our trusted vendor ecosystem, and our highly driven, exceptionally skilled employees whose hard work propels this organisation forward.

Backed by strong corporate governance, absolute anti-corruption mandates, and transparent management frameworks, BDL enters FY 2026-27 fully poised to achieve greater heights of operational excellence, secure our financial targets, and exceed the expectations of our stakeholders.

Jai Hind!



Shailesh Vagerwal
Chairman and Managing Director
Bharat Dynamics Limited
DIN: 11362136
Date: 14 August, 2026
Place: Hyderabad

Statutory Reports & Financial Statements

Boards' Report

DEAR MEMBERS,

Your directors present the 56th Annual Report together with the audited financial statements of the company for the year ended 31 March 2026.

1. SIGNIFICANT ACHIEVEMENTS

1.1 Despite challenging conditions, your company achieved a production value of ₹3,215 crore against ₹3,767 crore in the previous financial year. Further, it recorded a sales turnover of ₹2,442 crore against ₹3,345 crore in the previous financial year.

1.2 BDL has successfully completed First Off Production Model (FOPM) of Improved Akash Weapon System (AWS) with upgraded sub systems, thereby enhancing performance and bolstering the combat capability of the Indian Armed Forces. The system demonstrated high precision against diverse aerial threats. Bulk Production Clearance of upgraded version of Akash Weapon System has been received on 27 March 2026.

1.3 First off Production Material (FoPM) trials of Astra Mk-I Missile were successfully carried out using a BDL manufactured launcher on 03 November 2025.

1.4 The Stage-1 transfer of Authority Holding Sealed Particulars (AHSP) for the indigenous Heavy Weight Torpedo was successfully concluded with a formal handover from DRDO-NSTL to Director General of Naval Armament Inspection (DGNAI) on 10 June 25. This transfer marks a significant milestone in the Indigenisation, Successful Production, Delivery and Operational readiness of the Heavy weight Torpedo Weapon System by BDL.

1.5 BDL was awarded first place in the "Excellence in Process Innovation" category at the Governance Now PSU Awards, held in New Delhi on 11 March 2026.

1.6 As part of its technology upgradation, BDL successfully test-fired an Anti-Tank Guided Missile (ATGM) featuring an in-house developed RF guidance system on 11 January 2026.

1.7 BDL has achieved 100% Renewal Energy share across all three of its units.

1.8 Proof firing of Konkurs-M ATGM was successfully conducted using an in-house manufactured warhead.

1.9 BDL has been awarded "Greentech Energy Management Excellence Gold Award 2026" in excellent Energy Management category. The award was presented to BDL during the Greentech Energy Management Excellence Summit held on 13 May 2026 at New Delhi.

1.10 As a Development-cum-Production Partner (DcPP) with NSTL (DRDO), BDL successfully delivered the first indigenous production-grade Wire-Guided Heavyweight Torpedo (WGHWT) to NSTL (DRDO), Visakhapatnam, on 23 April 2026.

1.11 An in-house developed 3rd-generation Anti-Tank Guided Missile (ATGM) was successfully test-fired in direct mode against a target placed at minimum range on 15 April 2026.

1.12 User Trials of Extended Range Anti-Submarine Rocket (ER-ASR) were successfully carried out during the period under review. All the specified objectives of the trials were successfully demonstrated.

1.13 As part of user evaluation trials, the Akash-NG Missile was successfully test fired and met all Provisional Staff Qualitative Requirements (PSQR). During the trials, Akash-NG Missile intercepted aerial targets at different range and altitudes.

1.14 On 15 May 2026, the Hon'ble Raksha Mantri, Shri Rajnath Singh, laid the foundation stone for Bharat Dynamics Limited's (BDL) new state-of-the-art Naval Systems Manufacturing Facility at T. Sirasapalli village in the Anakapalli district of Andhra Pradesh. The new manufacturing complex is being established to meet the growing requirements of the Indian Navy. Spread across nearly 160 acres, the facility will include advanced manufacturing and assembly infrastructure, integration buildings, explosive handling and storage facilities, testing infrastructure (including acoustic tank facilities), administrative buildings, and a dedicated green belt.

1.15 Flight trials of the Unmanned Aerial Vehicle Launched Precision Guided Missile (ULPGM-V3) were successfully conducted from 18 to 20 May 2026 in the Kurnool district of Andhra Pradesh. BDL team was actively involved in the integration and testing activities of the ULPGM at RCI (DRDO), Hyderabad.

1.16 The U.S. Green Building Council (USGBC) has awarded a Platinum-rated Green Building Certificate to BDL's Design & Engineering building.

2. FINANCIAL RESULTS AND PERFORMANCE HIGHLIGHTS:

2.1 Performance of the company in financial terms is summarised below:

Particulars	₹ in crore		% of Increase/ (Decrease)
	2025-26	2024-25	
Sales/Revenue from Operations	2,442	3,345	(27)
Value of Production	3,215	3,767	(15)
i) Import Material Consumed	290	110	164
ii) Indigenous Material Consumed	1,706	1,990	(14)
Total Material Consumed	1,996	2,100	(5)
Value Added	1,219	1,667	(27)
Profit Before Tax	568	749	(24)
Profit After Tax	420	550	(24)
Earnings per share# (in Rupee)	11.47	14.99	(23)

EPS has been calculated based on profits excluding the other comprehensive income and number of shares outstanding at the end of the year is adjusted for the impact of sub division of 1 fully paid up equity share having a face value of ₹10 each into 2 fully paid up equity shares having a face value of ₹5 each

2.2 Following data reflect the financial position of the company:

Particulars	₹ in crore		% of Increase/ (Decrease)
	2025-26	2024-25	
Gross Block (Excl. CWIP)	1,697	1,601	6
Accumulated Depreciation	819	743	10
Net Block	878	858	2
Working Capital (Net)	6,411	6,018	7
Capital Employed	4,150	3,886	7
Net Worth	4,241	4,009	6

*Figures have been reclassified and regrouped, wherever necessary.

2.3 Revenue from operations for the fiscal year experienced a temporary decrease compared to the previous year. This was primarily due to shift in the delivery timeline for Surface-to-Air Missiles (SAM) and associated Ground Support Equipment (GSE), to meet the extended requirements of customer. Consequent to reduction in turnover and higher R&D spent, the Profit Before Tax (PBT) and Profit After Tax (PAT) also affected during the year as compared to previous financial year.

2.4 During the year, the company achieved a Profit Before Tax (PBT) of ₹568 crore and a Profit After Tax (PAT) of ₹420 crore, as against ₹749 crore and ₹550 crore respectively in the previous financial year. This reduction was mainly due to lower sales volumes and higher development expenditure during the year compared to the previous year. Despite these challenges, your company has managed to maintain liquidity, reduce operational costs and focus on core areas to ensure stability.

2.5 The major products delivered during the year included Anti-Tank Guided Missiles (ATGMs), Surface-to-Air Missiles (SAMs), and Air-launched Weapons. The order book position of the company as of 31 March 2026 stands at approximately ₹26,176 crore.

2.6 Future Outlook: Your company is transitioning from a manufacturing-led setup to a technology-driven powerhouse aligned with India's Atmanirbharta vision. By accelerating internal R&D and deep tech collaborations, we are indigenising critical components. This protects our supply chains and secures long-term intellectual property for the Indian Armed Forces.

Our growth roadmap is secured by an outstanding order book of approximately ₹26,176 crore as on 31 March, 2026. This provides high multi-year revenue visibility. To execute these defence orders efficiently, your company is implementing automated manufacturing and digital-twin technologies across our units to optimise production cycles and maintain high quality.

Your company maintain a sharp focus on operational efficiency to safeguard and expand our operating margins. Strategic cost optimisation, increased localised sourcing, and economies of scale from large defence contracts will continue to drive healthy profitability and maximise long-term shareholder value.

Your company is expanding its global footprint across South-East Asia, the Middle East, and Africa under the "Make in India, For the World" mandate. Concurrently, your company is investing in next-generation platforms like drone ammunition, directed energy weapons, and AI-driven countermeasures to address the shifting dynamics of modern warfare.

3 FIXED DEPOSITS FROM PUBLIC:

The company did not accept any fixed deposits from the public during the year, and there were no outstanding fixed deposits at the beginning or 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 ₹0.40/- per equity share of face value of ₹5/-each amounting to ₹14.66 crore for the year 2025-26. Further, your company has paid interim dividend of ₹4.50 per share (at face value of ₹5/- each) amounting to ₹164.95 crore for the year 2025-26. An amount of ₹250 crore is being transferred to General Reserve for the year 2025-26.

5 CAPITAL STRUCTURE:

The paid-up capital of the company as on 31st March, 2026 stood at ₹183.28 crore (36,65,62,500 equity shares of ₹5/- each). The Authorised Capital of the company is ₹200 crore (40,00,00,000 equity shares of ₹5/- each) as on 31st March 2026.

As on 31 March 2026, the Govt. of India shareholding in the company stands at 74.93% (representing 27,46,51,054 equity shares of ₹5/- each).

6 SUBSIDARIES/JOINT VENTURES/ASSOCIATE COMPANIES:

As on 31 March 2026, your company has two section 8 companies viz., M/s. Electronic Warfare (Defence) Testing Foundation and Advanced Materials (Defence) Testing Foundation formed under Defence Testing Infrastructure Scheme (DTIS) promulgated by Department of Defence Production, Ministry of Defence. Your company holds 10% shareholding in M/s. Electronic Warfare (Defence) Testing Foundation and 20% shareholding in Advanced Materials (Defence) Testing Foundation. Though these entities are associates, these entities are not considered for preparation of consolidated financial statements as the company does not gave rights to variable returns from its involvement, other than equity investment.

7 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 for the year 2024-25 was rated as “Very Good” and the performance for the year 2025-26 is under evaluation.

8 MODERNISATION & UPGRADATION:

During the year, an amount of ₹228.75 crore has been spent towards Capital Expenditure (CAPEX) programmes for the modernisation of plant & machinery and other infrastructure development. The majority of this amount spent towards infrastructure, plant & machinery of Jhansi Unit, which is under establishment for manufacturing of propellants, infrastructure work at Phase II of Ibrahimpatnam Unit and towards acquisition of land in AP, for Vizag Unit expansion. Additionally, your company has planned to spend approximately ₹200 crore, during the current financial year 2026-27 on various CAPEX programmes including infrastructure, modernisation of plant & machinery programmes etc.

Your company is making determined efforts to enhance the indigenisation content in the manufacturing of ATGMS, SAMS, Air launched weapons and under water weapons. This objective aims to enhance self-reliance and reduce dependence on imports.

9 RESEARCH & DEVELOPMENT:

Your company acknowledges that Research and Development (R&D) plays a pivotal role in the growth of the organisation. To cater to the requirements of the Indian Armed Forces, your company has identified several products for R&D.

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

Particulars	2025-26	2024-25	2023-24
Sales Turnover (Gross) (₹ in crore)	2,441.79	3,345.05	2,369.28
R&D expenditure (₹ in crore)	198.23	222.92	75.37
R&D expenditure as % of Sales Turnover	8.12%	6.66%	3.18%
PBT	567.82	748.76	828.24
R&D expenditure as % of PBT	34.91%	29.77%	9.10%

10 PROCUREMENT FROM MSMES:

Bharat Dynamics Limited (BDL) committed to maintaining the standards of transparency, equity, and competitiveness in its procurement processes. The Integrity Pact (IP) serves as an instrument in ensuring ethical conduct between the organisation and its vendors. In alignment with vigilance guidelines, the Integrity Pact was mandatorily implemented for all high-value procurement files with a minimum estimated value of ₹2 crore.

Independent External Monitors (IEMs) were engaged to ensure transparency in tendering and compliance in contract execution. BDL has provided an online provision to raise concerns by vendors to ensure procurement process remains unbiased. In this financial year no compliant observed in procurement process.

During the financial year 2025-26, Bharat Dynamics Limited (BDL) continued its commitment to prioritising procurement from Micro and Small Enterprises (MSEs). Our procurement strategy aligns with the Public Procurement Policy, ensuring that Micro & small-scale industries remain integral to our supply chain.

In the financial year 2025-26, BDL has procured goods & services to the tune of 36.64% (amounting to ₹1,234.94 crore) from MSEs, out of its total annual procurement value of ₹3,370.23 crore, which has surpassed the mandatory 25% procurement target set by the Government of India. Out of total annual procurement value, the procurement from women MSE enterprises is 4.40% (which is amounting to ₹149.88 crore) against given target of 3%.

The procurement from SC/ST owned MSMEs stood at 1.03% (amounting to ₹34.84 crore) of total annual procurement value against the mandated procurement of 4%. BDL planned to conduct special outreach programmes & vendor development meets to bridge this gap in the coming fiscal year.

As on 31 March 2026, BDL has onboarded on all five RBI approved TReDS platforms to facilitate MSEs. The total 927 MSEs were engaged in the FY 2025-26.

Government e Market Place (GeM):

Your company registered as both a Buyer and Seller with the Government e-Marketplace (GeM). GeM is utilised for procuring common items and services. Throughout the year, your company has successfully procured common goods and services worth ₹2,972.79 crore through GeM out of total procurement of ₹3,370.23 crore (Gross Merchandise Value) with staggered deliveries. This demonstrates your company's active engagement and utilisation of GeM for streamlined procurement processes.

11 EXHIBITIONS:

During the year, the Senior Executives and Directors have participated in National and International Exhibitions. The details along with the photographs of such exhibitions are as follows:

1. Egypt Defence Exhibition (EDEX-2025) was held from 01 - 04 Dec 2025 at Egypt International Defence Exhibition, Cairo, Egypt. BDL participated as an Exhibitor.

   A Military delegation led by Air Marshal Amr Abdelrahman Saqr, Egyptian Air Force commander visited BDL stall:

   Discussions were held with BDL team led by Director (Technical) Shri D.V. Srinivas Rao on the potential requirements of the Egyptian Naval Force, providing insight into their operational needs and areas of interest:

2. LAAD 2025 International Military-Technical Exhibition was held at RIOCENTRO, Rio de Janeiro, Brazil from 01 to 04 April 2025, where BDL participated as an Exhibitor.

   The then Director (Production) Shri P V Raja Ram briefed Shri Suresh K Reddy, Ambassador of Embassy in Republic of Brazil, Vice Admiral Adriano Marcelino Batista (Naval Industrial Director, Brazilian Navy) and Lieutenant General Carla Lyrio Martins (Commandant Superior Defence School, Brasilia, Brazil) about the BDL portfolio providing a comprehensive overview of BDL products and capabilities:

Mr Gilberto Buffara, CEO of Stella, a Brazilian company visited BDL stall

Algerian delegation led by Maj. Gen. Seddiki Smail, Director of the Central Directorate of Material (CDM) visited BDL stall

3. Defence and Security Equipment International (DSEI) is a biennial defence and security trade exhibition held from 09 - 12 Sep, 2025 at London, UK, where BDL participated as a Delegation.

   The then CMD BDL Cmde A Madhavarao (Retd.) had meeting with Mr. Florent; Management Committee Member and Executive Group Director Export Sales, Mr. George Kyriakides; International Industrial Co-operation Director and Mr. Shimon; Director of Strategic Programmes at the UK Ministry of Defence (MoD)

12 EXPORTS

Bharat Dynamics Limited continued to strengthen its position as a trusted global supplier of defence systems during FY 2025-26. Building upon the strong momentum achieved in the previous year, the company intensified its export outreach initiatives, strengthened engagement with friendly foreign nations, and expanded the international visibility of its indigenously developed defence platforms and weapon systems.

BDL's export strategy remains aligned with the Government of India's vision of Atmanirbhar Bharat and the national objective of establishing India as a leading global hub for defence manufacturing and exports. The company's diverse portfolio — comprising Anti-Tank Guided Missiles (ATGMs), Surface-to-Air Missile systems, torpedoes, Counter Measure Dispensing Systems (CMDS), and other advanced defence equipment continued to receive encouraging responses from overseas customers owing to proven reliability, competitive pricing, and indigenous technological strengths.

During FY 2025-26, BDL achieved export turnover of ₹702.23 crore. To accelerate export growth, BDL continued to strengthen collaborations with Indian Embassies, Defence Attachés, and channel partners across multiple geographies to enhance market access and customer engagement. The company also pursued opportunities to establish representative office overseas to improve customer interface, after-sales support, and long-term strategic engagements. Accordingly, during the year, your company has opened a representative office in Armenia to improve customer interface, after-sales support, and long-term strategic engagements in Western Asia.

India's defence exports reached a new record level during FY 2025-26, underscoring the growing global confidence in Indian defence manufacturing capabilities and creating new opportunities for BDL across both emerging and established international markets.

Going forward, BDL remains committed on leveraging its strong manufacturing capabilities, robust product portfolio, and technological expertise to expand its global presence and further reinforce its role as a key contributor to India's growing defence export ambitions.

13 ATMANIRBHAR BHARAT & INDIGENISATION:

Bharat Dynamics Limited (BDL) is actively accelerating India's vision of an Atmanirbhar Bharat (Self-Reliant India) by aggressively indigenising defence technologies right from contract inception. BDL manufactures advanced missile systems under Technology Transfer (ToT) agreements with both the Defence Research and Development Organisation (DRDO) and foreign Original Equipment Manufacturers (OEMs).

While foreign OEM agreements initially provided just a 60% baseline for technology transfer, BDL's targeted internal initiatives have successfully driven domestic content to over 80%–90% across multiple product lines. For indigenous DRDO-designed platforms, BDL has achieved an exceptional indigenisation rate exceeding 90%, and continues to push towards total self-reliance.

Digital Ecosystem & MSME Empowerment:
To systematically curb import dependencies, BDL leverages the Ministry of Defence's Srijan Portal to actively collaborate with India's private sector.

- **Targeted Indigenisation:** BDL has listed 3,143 imported components and Tier-1 vendor items on the portal to crowdsource domestic engineering solutions.
- **Proven Track Record:** Cumulatively, 228 critical components have already been successfully indigenised through this ecosystem.
- **Grassroots Support:** BDL provides extensive technical consultancy, regulatory guidance, and procedural clarity to Micro, Small, and Medium Enterprises (MSMEs) through dedicated Vendor Development Seminars and hardware exhibitions.

Strategic Alignments & Policy Milestones:
BDL strictly aligns its production timelines with the Ministry of Defence's Positive Indigenisation Lists (PILs), which mandate strict import embargoes on critical defence hardware. Out of 59 BDL-linked items featured across the five issued PILs, 51 have already been fully indigenised, with the remaining items in advanced stages of domestic development.

Fostering Next-Gen Defence Innovation:
Through a strategic partnership with the Innovations for Defence Excellence (iDEX) programme, BDL is cultivating a robust R&D ecosystem alongside tech startups and entrepreneurs. By formalising agreements and defining clear problem statements, BDL provides startups with vital growth and commercialisation pathways.

This collaborative innovation pipeline has already yielded breakthrough defence technologies, including:

» Miniaturised Visual Imaging Guidance System (MVIGS)

» Scalable Wireless Communication Networks for Autonomous Mobile Platforms

» Night Vision Goggle (NVG) compatible Display Panels

» Military-Grade Connectors

» The Sanja 1 Mini Turbojet Engine—propelling the future of indigenous aerospace propulsion.

14 MANPOWER AND RESERVATION OF POSTS FOR SCS/STS:

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

14.2 Total manpower strength as on 31 March 2026 is at 2101 (including four functional directors). Out of the total strength, 67 are ex-servicemen, 434 are of Schedule Caste, 196 are of Scheduled Tribes, 772 are of OBC category and 12 are of EWS category. The percentage of Scheduled Caste and Scheduled Tribes in respect of employees is at 20.66% and 9.33% respectively.

14.3 The No. of Scheduled Caste, Scheduled Tribes, OBC and EWS in various categories of posts as on 31 March 2026 is given below:

Category	Number of Employees (excluding CVO)									
	Total Strength		Scheduled Castes		Scheduled Tribes		OBC		EWS	
	31-03-2026	31-03-2025	31-03-2026	31-03-2025	31-03-2026	31-03-2025	31-03-2026	31-03-2025	31-03-2026	31-03-2025
Group-A	741	757	138	142	80	80	220	211	12	10
Group-B	2	2	0	0	0	0	2	2	0	0
Group-C	1245	1375	262	284	106	110	507	526	0	0
Group-D	113	135	34	39	10	10	43	53	0	0
Temporary	0	0	0	0	0	0	0	0	0	0
Total	**2101**	**2269**	**434**	**465**	**196**	**200**	**772**	**792**	**12**	**10**

14.4 Recruitment of employees in Scheduled Caste, Scheduled Tribes, OBC, EWS during 2025-26 is given below:

Classification of posts	Total Vacancies Released	Total Recruitment made	Reservation of posts				Recruitment made during the year 2025-26			
(1)	(2)	(3)	(4)				(5)			
			SCs	STs	OBC-NCL	EWS	SCs	STs	OBC	EWS
Group-A	87	42	16	04	20	08	07	04	09	04
Group-B	-	-	-	-	-	-	-	-	-	-
Group-C	-	-	-	-	-	-	-	-	-	-
Group-D	-	-	-	-	-	-	-	-	-	-
Total	**87**	**42**	**16**	**04**	**20**	**08**	**07**	**04**	**09**	**04**

14.5 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 2026 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	2	2	100
II	158	26	16.46
III	67	12	17.91
IV	191	30	15.71
V	150	22	14.67
VI	114	13	11.40

Grade	No. of Employees	Women	Percentage
VII	49	6	12.24
VIII	6	1	16.67
IX	2	0	-
Functional Directors	3	0	-
CMD	1	0	-
Total	**743**	**112**	**15.07**

II. NON-EXECUTIVES

Grade	No. of Employees	Women	Percentage
WG-0	-	-	-
WG-1	-	-	-
WG-2	17	4	23.53
WG-3	61	10	16.39
WG-4	49	6	12.24
WG-5	90	17	18.89
WG-6	267	12	4.49
WG-7	148	29	19.59
WG-8	194	29	14.95
WG-9	118	16	13.56
WG-10	23	3	13.04
WG-11	80	3	3.75
WG-12	311	31	9.97
Total	**1358**	**160**	**11.78**

14.6 Persons with Disabilities (PWD) as on 31 March 2026:

The total number of Physically Challenged employees as on 31 March 2026 is 86 and its percentage to total employees works out to 4.09%.

	VI	HI	LD	MD	Total
Group-A	06	06	10	02	24
Group-B	00	00	00	00	00
Group-C	08	15	31	00	54
Group-D	03	02	03	00	08
Total	**17**	**23**	**44**	**2**	**86**

HI- Hearing Impaired, LD-Locomotive Disability, VI-Visually Impaired, MD-Multi Disability

15 HUMAN RESOURCE DEVELOPMENT:

During the year 2025-26, your company reinforced its commitment to building a future-ready workforce. It conducted 117 offline training programmes for Executives and Non-Executives through in-house and external agencies. These programmes focussed on skill enhancement, technological adaptation, leadership development, and statutory compliance, training a total of 2,519 employees.

i) Training Footprint by Competency

Competency Category	No. of Programmes	No. of Employees Trained
Skill Based	90	1,388
Leadership	22	282
Emerging Tech & AI	12	249
Behavioural	10	455
Cybersecurity	7	444
Health and Safety	4	217
POSH	3	380
Board Level	1	1
Total	**117**	**2,519**

ii) **Key Training Initiatives and Highlights**

- **Vigilance Awareness (17.09.2025 – 03.11.2025):** Conducted CVC-mandated training covering GeM procurement, Conduct Rules, cyber security, POSH, and disciplinary procedures.
- **Skill & Digital Transformation:** Delivered advanced modules on Industry 4.0, GeM procurement, SAP (HR), and AI tools for contract drafting and productivity.
- **iGOT Karmayogi Adoption:** Promoted the digital learning platform with an **87% employee registration rate**. A pilot phase saw 33% of employees complete core modules in ethics, governance, and cyber vigilance.
- **Mandatory Campaign Learning:**
  - **Sadhana Saptah:** Mandatory completion of 16 AI/GenAI courses and 13 leadership/tech marketplace courses via iGOT.
  - **International Yoga Day:** Promoted workplace wellness through 8 dedicated yoga and stress-management modules.
- **Specialised & Outbound Programmes:**
  - Management Trainees: Technical orientation on Missile Technology at DIAT, Pune.
  - Management Development: "Inner Engineering" leadership retreats at Isha Leadership Academy, Coimbatore.
- **Diversity, Inclusion & Equity:** Organised targeted workshops on reservations and rosters for SC/ST/OBC/PwBD associations, alongside special sessions on International Day of Disabled Persons.
- **Prime Minister's Internship Scheme (PMIS):** Commenced Phase 2 on 03 June 2025. The company rolled out 300 internship positions across all units, providing interns with comprehensive mentorship alongside full lodging, boarding, transport, and medical support.

16 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 05 June, 2015, Government Companies are exempt from Section 197 of the Companies Act, 2013 and its rules thereof.

17 FOREIGN VISITS:

Your company incurred an expenditure of around ₹3.07 crore during the year under report towards foreign travel for business trips.

18 INDUSTRIAL RELATIONS AND EMPLOYEE WELFARE:

Your company maintains cordial and harmonious industrial relations through the cooperation of all employee sections, including the Recognised Trade Union and associations for SC, ST, OBC, Ex-Servicemen, and Officers. Statutory and non-statutory committees like the Works Committee, Safety Committee, Canteen Managing Committee, and Welfare Committee play a key role in maintaining workplace discipline.

Compliance with statutory welfare provisions is strictly followed. The Post Superannuation Medical Benefit Scheme addresses the medical needs of retired employees and their families. The Recognised Trade Union and all associations fully support the management, ensuring the smooth functioning of the organisation.

19 SECURITY:

The Central Industrial Security Force (CISF) provides critical security and fire protection services across BDL's Kanchanbagh and Bhanur units. During the reporting year, the CISF successfully safeguarded organisational property by integrating physical guarding with advanced security technology. To maintain highest safety standards, the Plant Security Council regularly implements Intelligence Bureau (IB) and Ministry of Defence (MoD) recommendations, supported by monthly review meetings between the BDL Security Department and CISF officials.

Awareness & Infrastructure Upgrades

BDL actively fosters a safety-first culture through regular security and fire awareness programmes, including the annual Security and Fire Safety Weeks. To comply with statutory guidelines and modernise operations, the company significantly upgraded its security infrastructure this year through the following initiatives:

» **Surveillance & Command:** Installed 227 new CCTV cameras with intrusion detection systems across the BDL-KBU perimeter and plant areas, connected to a newly constructed, modernised Security Control Room.

» **Access & Vehicle Control:** Deployed an Under-Vehicle Scanning System (UVSS), launched an online vehicle pass mechanism, and introduced biometric-enabled photo ID cards for all CISF staff and contractual workers.

» **Screening & Alerts:** Procured 10 Hand-Held Metal Detectors (HHMD) for foolproof gate screening and installed electric sirens across all watchtowers, fire stations, and guard posts for instant emergency alertness.

» **System Maintenance:** Ensured seamless operational maintenance of all core security hardware, including existing UVSS, X-Ray baggage scanners, and Door Frame Metal Detectors (DFMD).

20 SAFETY:

Your company strictly follows statutory norms to maintain a safe and healthy workplace. At the Kanchanbagh Unit (KBU), the Industrial Safety Committee and Explosive Safety Committee monitor operations. Production activities comply with the Factories Act, 1948. Explosive handling strictly adheres to the STEC-2025 regulations framed by the Centre for Fire, Explosive & Environment Safety (CFEES), Ministry of Defence (MoD). The Executive Director and Unit Head regularly review safety parameters to ensure total compliance.

During the year, the company validated its safety standards through external audits. BDL fully complied with all observations from the Annual Explosive Safety Audit conducted by CFEES, New Delhi. Furthermore, the Environmental Management System (EMS) successfully secured ISO 14001:2015 external re-certification in January 2026 with zero major non-conformances.

To promote a proactive safety culture, BDL installed outdoor safety display boards and organised extensive campaigns. The 55th National Safety Day on 04 March 2026 was celebrated through a month-long campaign that concluded on 29 March 2026. Activities included administering safety pledges, distributing badges, and displaying banners. The company also organised safety quizzes, firefighting demonstrations, and multilingual slogan, essay, and drawing competitions in Hindi, Telugu, and English.

Workforce training and health surveillance remain top priorities. BDL delivered structured safety induction training to new joiners and management trainees. The company conducted 10 internal safety training batches for 550 permanent and contract employees, and sponsored three external safety programmes. Regular fire mock drills were also executed to maintain emergency readiness. Additionally, specialised medical checkups were conducted for Electroplating and Canteen staff, alongside periodic health checkups for all other employees.

The Safety Engineering Department maintains continuous liaison with the Telangana State Factories Department, the Telangana State Pollution Control Board (TSPCB), and CFEES (MoD) to seamlessly update and implement statutory safety guidelines.

During the year 2025-26, the company has taken up the following health & safety initiatives as a part of compliance requirements under MoU-2025-26:

1) **Organising Special Health Check-Ups for employees of age 40 years & above across all units in Second/ Third quarter:** Comprehensive Medical camps and special check-ups were organised for employees aged 40 & above. These initiatives delivered preventive healthcare to a total of 630 personnel, including employees, CISF staff, Township residents and Canteen workers.

2) **Organising Quarterly Medical Examination for all Employees working in Hazardous Areas:** Periodical Medical Check-ups were organised for around 100 employees engaged in Hazardous areas & Electroplating section. Additionally, Special Eye Checkup was conducted for around 51 employees working in Wire spool and Gyro Sections.

3) **Organising Cancer screening camps for all Women Employees along with Health awareness sessions in Third/ Fourth quarters:** Health awareness campaign covering Hepatitis & Liver Health and dedicated Cancer screening camps were organised, engaging 292 Employees.

4) **Conducting of Safety Refreshments (Internal) training for atleast 120 employees in each unit:** Safety refresher Trainings and Specialised Explosive area trainings were delivered to around 800 Employees by both Internal & External Experts.

5) **Conducting of Statutory Safety Regulations (External/ Internal) training for atleast 40 Employees:** Training on Statutory Safety Regulations, safety culture and Hazard identification were conducted for around 50 employees by State and National safety bodies through internal & external programmes.

6) **Organising Safety awareness & Health Camps for Contract employees engaged through outsourcing agencies:** Safety mandates & Cleanliness awareness sessions were extended to 36 outsourced/ GOCO personnel. Additionally, advanced tactical emergency mock-drills were conducted with the National and State Security forces for 600 participants.

21 ENVIRONMENTAL, SOCIAL AND GOVERNANCE:

As per the company's environmental policy, your company is committed to manufacturing and supplying defence products to the Indian armed forces in an environmentally friendly manner. The key environmental commitments include:

» Protecting the environment and preventing all types of pollution.

» Fulfilling compliance obligations.

» Conserving natural resources.

» Continually improving to enhance environmental performance.

Your company demonstrates a strong commitment to environmental sustainability and compliance with regulations through various initiatives and certifications. Here are the key environmental management practices and measures in place across all three units—Kanchanbagh, Bhanur, and Visakhapatnam:

Environmental Management Practices:

1. ISO 14001:2015 Certification:

» All units are recertified with ISO 14001:2015 (EMS) to assess pollution levels and ensure compliance with legal requirements.

2. Waste Management:

» **Plastic Use Reduction:** Issued a circular to discourage the use of plastics.

» **E-waste and Hazardous Waste:** Disposed of through agencies registered with the Pollution Control Board.

» **Solid Waste:** Disposed of through M/s MSTC, a government undertaking, specifically ferrous and non-ferrous metals.

» **Biomedical Waste:** Disposed of through an agency registered with the Pollution Control Board.

» **Housekeeping:** Proper practices are maintained to ensure a clean and safe environment.

3. Zero Liquid Discharge System:

» **Effluent Treatment:** Treated water from the effluent treatment plant undergoes further treatment through reverse osmosis (RO).

» **Usage of Treated Water:**

  » RO treated water is utilised in the Demineralised Water (DM) plant for producing DM Water.

  » RO treated water is converted to Demineralised Water (DM).

» **Gardening:** Treated water from the sewage treatment plant is used for gardening within the premises.

4. Audits and Monitoring:

» **Internal and Surveillance Audits:** Conducted at regular intervals by certification bodies for all units.

» **Environmental Parameters Monitoring:**

  » Ambient air quality, stack quality of DG sets/venturi scrubbers, sewage treatment plants, and effluent treatment plants.

  » Noise levels tested as per specified frequencies.

» **Resource Monitoring:** Water quantity monitored using separate water meters and electricity consumption is tracked to comply with consent conditions.

5. WORLD ENVIRONMENT DAY – 2025

The World Environment Day – 2025 was celebrated with high spirit in all the units of BDL. On this occasion, banners were displayed at prominent locations and saplings were planted on 5 June 2025. Slogan, Essay writing and Quiz competitions were also organised based on the theme "**Ending Plastic Pollution**". Prizes were distributed to the winners on valedictory function.

Shri G. Gayatri Prasad, Director (Finance) inaugurated tree plantation at Kanchanbagh. GMs, AGMs and Senior Executives, Union Representatives and employees also participated in the plantation programme.

The speaker Dr. Siddappa Shetty, Ethnobotanist, Senior Fellow, Atree and Prof. Dr. Chetan Srivastava, Central University, Hyderabad has delivered speech on the theme which includes usage of plastics and how this can be avoided or minimised in day-to-day life. Various competitions were also organised based on the theme.

Shri L Kishan, ED (Unit Head-BU) inaugurated tree plantation at Bhanur Unit. AGMs, DGMs, Core Team Members, Trade Union Representatives, employees and colony residents have participated in tree plantation programme on this day.

A pledge was also administered on this occasion. Cloth bags were distributed to the employees. Prizes were also distributed to the winners on valedictory function.

Shri R. Sridhar Singh, Additional General Manager and Unit Head (VU), has planted the saplings along with AGMS, DGMs and Core Team Members at Visakhapatnam Unit around vibration building.

Additional General Manager and Unit Head (VU) addressed the gathering on the above theme i.e. "**Ending Plastic Pollution**". The guest speaker Prof. Dr. Solomon Raju, Department of Environmental Science, Andhra University, Visakhapatnam, has delivered speech on the theme which includes type of plastics, and its detrimental effect on planet life. Various competitions were also organised based on the theme. Prizes were also distributed to the winners on valedictory function.

22 QUALITY:

All production divisions/units of Kanchanbagh Unit, Bhanur, and Visakhapatnam Units are certified with AS 9100D, an aerospace quality management system standard. Kanchanbagh, Bhanur, and Visakhapatnam Units are also certified with ISO 14001:2015 (EMS), which is an environmental management system standard. The Corporate Office is recertified with ISO 9001:2015 (QMS), which focuses on quality management systems. The MRSAM Division is also certified with AS 9100D and certificate is valid up for three years. The Material Testing Lab, Electronics Lab, and Standard Labs are certified with ISO/IEC 17025:2017, which pertains to the competence of testing and calibration laboratories. The Electronics Division is certified with AFQMS (Approval of a Firm and its Quality Management System). Furthermore, BDL holds the ISO/IEC 27001:2022 certification for information security management systems (ISMS). Internal audits for all ISO/AS certified divisions are conducted by the company's own internal auditors, while surveillance audits are carried out by certification bodies as per the prescribed frequency.

In addition to these certifications, your company is committed to continuously improving customer satisfaction through customer meets and interactions with users. Corrective actions are implemented wherever necessary to drive improvement in processes and meet customer expectations.

23 OFFICIAL LANGUAGE

23.1 Your company strictly ensures the implementation of the Official Language Act, 1963 (as amended 1967) and its underlying rules. Quarterly Official Language Implementation Committee (OLIC) meetings are regularly held under the chairmanship of the CMD and Directors, with progress reports submitted timely to authorities. In compliance with statutory mandates and Presidential Orders, all key documents—including papers laid before Parliament, the Annual Report, the MoD MoU, corporate briefs, and parliamentary presentations—are prepared and submitted in bilingual format. The company’s official website is also regularly updated in Hindi in accordance with Government of India directives.

23.2 The company's outstanding performance in promoting Hindi was recognised with major national and regional accolades during the year. BDL was honoured with the prestigious national-level ‘Rajbhasha Kirti Puraskar’ for the best implementation of Official Language in Region ‘C’ (2024–25). The award was presented to the General Manager (HR) by the Hon’ble Minister for Law and Justice on 14 September 2025 during the Hindi Diwas programme in Indore. Additionally, the Town Official Language Implementation Committee (Undertakings) awarded BDL the “TOLIC Rajbhasha Shield” for excellence across the twin cities, and bestowed the TOLIC Best Magazine Award on BDL’s house journal, ‘BDL BHARATI’. Furthermore, BDL employees actively participated in Inter-PSU competitions conducted by TOLIC (U) and won six prizes.

23.3 To actively celebrate and promote Hindi, BDL organised a series of institutional, literary, and technical events. Hindi Month was celebrated in two phases from 1 to 29 September 2025, featuring various competitions and an awards ceremony for winners and beneficiaries of the Hindi original work Incentive Scheme. On 17 March 2026, the company hosted a one-day seminar on indigenisation and official language dimensions in the defence sector, followed by a ‘Kavi Goshthi’ poetry session featuring eminent poets. The next day, a technical lecture series was organised where executives delivered presentations in Hindi on various technical subjects. Major corporate events, including Republic Day, Independence Day, Vigilance Awareness Week, Swachhata Pakhwada, and Constitution Day, were also seamlessly conducted in both Hindi and English.

23.4 BDL remains committed to workforce capability building and cultivating regular reading habits among its employees. In compliance with the directives of the Parliamentary Committee on OL, the company conducted 10 specialised workshops covering 335 officials to integrate Hindi into day-to-day functioning. These sessions included hands-on training for ‘Kanthasth 2.0’, the memory-based translation software developed by the Department of Official Language (GoI). An orientation programme was also organised on 8 November 2025 to educate newly joined executives on the Government of India’s OL policy. To encourage original technical and non-technical writing, the company released the 5th and 6th issues of its dedicated e-magazine, ‘BDL BHARATI’. Additionally, BDL regularly subscribes to 10 prominent Hindi newspapers and magazines, and purchases popular Hindi books annually to propagate the language across the organisation.

24 VIGILANCE:

24.1 The Vigilance Department of your company focuses primarily on preventive and proactive vigilance to enhance institutional transparency. During the reporting year, the department issued eight systemic improvement suggestions addressing crucial operational areas, including immovable property rules, SAP HR module management, contract manpower attendance, single-source tendering, and travel allowance bills. Many of these recommendations have already been successfully implemented by the management. Acting as an extended arm of the Central Vigilance Commission (CVC), the department regularly submitted monthly, quarterly, annual, and Chief Technical Examiner (CTE) type reports to the CVC, the Ministry of Defence, and the BDL Board. Additionally, the department processed vital vigilance clearances for recruitments, promotions, confirmations, foreign visits, and sensitive area postings, while prioritising complaints in line with CVC policies.

24.2 In compliance with CVC directives, BDL executed a comprehensive three-month preventive vigilance campaign from 18 August to 17 November 2025 across all units. This specialised campaign focussed on the timely disposal of pending complaints and cases, capacity-building programmes, asset management, and digital initiatives. A core highlight of this period was the observance of Vigilance Awareness Week (VAW) from 27 October to 02 November 2025 under the theme "सतर्कता: हमारी साझा जिम्मेदारी" (Vigilance: Our Shared Responsibility). The week commenced with an institutional Integrity Pledge administered across the Kanchanbagh, Bhanur, Visakhapatnam, and Ibrahimpatnam units via video conferencing, recording participation from 2,310 employees. The ceremony included reading official messages from the President, Vice-President, Prime Minister of India, and the Central Vigilance Commissioner.

24.3 To institutionalise safety and compliance values, the company organised numerous sensitisation and promotional programmes. BDL conducted internal training sessions for employees covering public procurement, cyber hygiene, disciplinary procedures, CVC complaint policies, and the roles of inquiry and presenting officers. Public awareness was extended through theme banners at conspicuous locations, mobile message alerts, and an e-integrity pledge link hosted on the corporate website. Furthermore, the Bhanur Unit organised an anti-corruption walkathon at Singapuram village involving 350 employees, led by the Chief Vigilance Officer (CVO) and Director (Finance). The Corporate Commercial Department also hosted an online Vendor Meet to promote vendor diversification, enhance competitiveness, and administer the integrity pledge to partners.

24.4 The campaign concluded with a high-level valedictory function marked by key leadership reviews and official publications. Shri V. V. Lakshmi Narayana, IPS (Retd.), visited the Kanchanbagh Unit as the Chief Guest, where he was briefed on company operations by the then Chairman & Managing Director (CMD), followed by a performance presentation on preventive vigilance from the CVO. In his keynote address to senior executives, the Chief Guest commended BDL's transparency initiatives and highlighted the ongoing need for institutional alertness. To mark the conclusion of the event, the 6th edition of BDL's annual vigilance newsletter, “CHETANA”, was officially released to summarise the year's achievements and promote ongoing anti-corruption awareness.

24.5 An Online Vendor Meet was organised by Corporate Commercial Department of BDL on 28.10.2025. Smt. Spurthi Reddy, IRS, CVO, BDL has delivered the inaugural speech of the vendor meet. Shri D.V. Srinivas Rao, Director (Technical) and Director (Production) Addl. Charge has administered the ‘integrity pledge for citizens to vendors and emphasised on Multiple Vendor Development to reduce dependency, increase competitiveness.

Shri V. V. Lakshmi Narayana, IPS (Retd.), visited BDL, Kanchanbagh Unit as the Chief Guest for the valedictory function.

Release of the 6th edition of BDL's annual vigilance newsletter, 'CHETANA'.

25 ANTI-BRIBERY AND ANTI-CORRUPTION POLICY:

Your company has zero tolerance approach to bribery and corruption. Your company prohibits all forms of bribery and corruption whether involving, but not limited to Government Officials or a Private Sector persons or company and whether directly or indirectly. The Board of Directors had approved a policy on Anti-Bribery and Anti-Corruption and the same was hosted on website of the company https://bdl-india.in/sites/default/files/BDLACABPolicy_0.pdf.

26 BOARD OF DIRECTORS & KMPS

26.1 The Board of Directors of the company comprises 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.

26.2 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 approved by the Board, considering the government directives, statutory acts, rules and regulations.

26.3 Independent Directors (i.e. Non-Official Part-Time Directors)

During the year, out of two (2) Independent Directors, the term of office of one (1) Independent Director namely Shri Jashwant Lal was completed with effect from 24 February 2026. The Board expressed its gratitude for the valuable contributions made during his tenure.

The Ministry of Defence, Government of India vide its letter No. -M0001(11)/3/2018-D(BDL) dated 22.04.2025 appointed Shri Chetan Bansilal Kankaria as Part-Time Non-Official Independent Director for a period of one year or until further orders whichever is the earliest and his term was also completed with effect from 22 April 2026. The Board expressed its gratitude for the valuable contributions made during his 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.

26.4 During the year, the Ministry of Defence, Department of Defence Production, Government of India, through its Office Memorandum No.8 (32)/2019-D (Coord/DDP) dated 14.07.2025, appointed Ms. Meera Mohanty, Joint Secretary (P&C) as the Part-Time Official Director (Government Director) on the Board of the company, replacing Shri Amit Satija. The Board acknowledges and appreciates the valuable contributions made by Shri Amit Satija during his tenure.

26.5 During the year, Shri P.V. Raja Ram, Director (Production), superannuated on 30 September 2025, and his term as Director on the Board of BDL concluded upon his superannuation. The Board expressed its gratitude for the valuable contributions made by him during his tenure. The Ministry of Defence, Department of Defence Production, Government of India, through its Office Memorandum DDP-M0001(11)/1/2025-D(BDL) Pt.1 dated 04 February 2026 appointed Cmde. Sujay Kapoor (Retd.) as Director (Production). He assumed charge as Director (Production) on the Board of BDL with effect from 06 March 2026.

26.6 In accordance with the provisions of Section 152 of the Companies Act, Shri D.V. Srinivas Rao, Director (Technical), retires by rotation at the upcoming Annual General Meeting and, being eligible, offers himself for reappointment.

26.7 Apart from above, there is no change in Key Managerial Personnel (KMPs) in the company.

26.8 Number of Meetings of Board:

During the year 2025-26, Six (6) Board Meetings were held on 27 May, 2025; 12 August, 2025; 26 September, 2025; 13 November, 2025; 29 December, 2025 and 31 January, 2026.

26.9 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 17 January, 2018.

26.10 Committees of the Board

The following are the statutory committees constituted by the Board and they function according to their respective roles and defined scope:

» Audit Committee

» Nomination and Remuneration Committee

» Corporate Social Responsibility Committee

» Stakeholders Relationship Committee

» Risk Management Committee

The Audit Committee and Nomination & Remuneration Committee were suspended w.e.f. 24 February, 2026 due to non-availability of required Independent Directors on the Board. BDL being the CPSU, the power to appoint all directors vest with Government of India. The details of composition, terms of reference and number of meetings held for respective Committees are given in the Report on Corporate Governance, which forms a part of this Annual Report.

27 AUDIT COMMITTEE:

During the year 2025-26, Four (4) Audit Committee meetings were held 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.

28 CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY:

28.1 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 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.

28.2 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.

28.3 The core areas of focus under CSR are Health Care, Nutrition, Education & Literacy, Skill Development & Sustainable Livelihoods, Sanitation etc.

28.4 The CSR and SD activities are monitored periodically by the Committee and a detailed annual report on CSR and SD activities undertaken during the year 2025-26 is enclosed at **Annexure-I**.

28.5 During the year 2025-26, the CSR & SD obligation was ₹1,326.63 lakh. Against the total CSR obligation, the company has incurred an expenditure of ₹1,344.71 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 https://bdl-india.in/csr-projects

29 RISK MANAGEMENT:

The company has a Board approved Risk Management Policy. The policy aims at elimination or reduction of risk exposures through identification and analysis of various types of risks and facilitating timely action for taking risk mitigation measures. The policy envisages that all programmes, project reviews will highlight the progress of risk mitigation plans till the closure and signing off the mitigation plans.

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.

30 DIRECTORS' RESPONSIBILITY STATEMENT:

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

(i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

(ii) the Directors have selected such accounting policies and applied them consistently and judgements 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 2026 and of the profit of the company for the year ended on that date.

(iii) the 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.

(iv) the Directors have prepared the annual accounts on a going concern basis.

(v) the 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

(vi) 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.

31 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.

32 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 2026 and date of signing of this Report are - Nil.

33 ANNUAL RETURN:

In accordance with the provisions of the Companies Act, 2013, Annual Return of the company for the year under report is available on the company's website https://bdl-india.in/sites/default/files/Draft_AnnualReturn_2025-26_0.pdf.

34 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 https://bdl-india.in/sites/default/files/PolicyonRelatedPartyTransactions_1_1.pdf.

35 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

36 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As a Defence Public Sector Undertaking (DPSU), your company is exempted from disclosing specific information regarding the conservation of energy, technology absorption, and foreign exchange earnings and outgo. This exemption is granted under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended by the Ministry of Corporate Affairs vide Notification G.S.R. 680 (E) dated 04 September 2015.

However, as a responsible corporate citizen committed to sustainable development, the company has proactively implemented several key energy conservation measures across its operations as under:

» **100% Renewable Energy:** Achieved complete reliance on renewable energy across all manufacturing units by adopting green energy tariffs and securing 100% green power supply.

» **Green Infrastructure:** Converted the Design & Engineering building into an eco-friendly facility, earning the prestigious "Platinum Rating" certification from the U.S. Green Building Council (USGBC).

» **Eco-Friendly Mobility:** Enhanced internal campus transit by introducing battery-operated vehicles, including four electric bicycles and one electric truck.

» **Energy-Efficient Equipments:** Upgraded facility infrastructure with the installation of 320 Brushless Direct Current (BLDC) fans, 11 Variable Frequency Drives (VFDs), 35 occupancy sensors, 2 Automatic Power Factor Correction (APFC) controllers, and 3 high-efficiency IE4 motors.

37 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 is being 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.

38 AUDITORS:

Statutory Auditor:

M/s. Tej Raj & Pal, Chartered Accountants, Hyderabad were appointed as Statutory Auditors of the company for the financial Year 2025-26 by the Comptroller & Auditor General of India. The Auditors have audited the Accounts and does not contain any qualification, reservation or adverse remarks

The Auditors' Report on the financial statements for the financial year 2025-26 and the Comments of Comptroller and Auditor General of India (C&AG) under Section 143 (6) of the Companies Act, 2013 are appended to the Annual Report.

Cost Auditor:

Your company appointed M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad as Cost Auditors for the FY 2025-26 for the audit of the cost records of the company. The company maintains cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of its manufacturing activities.

Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), the company had appointed M/s. C. V. Reddy K & Associates, Practicing Company Secretaries (PCS Registration No.7976) from the financial year 2024-25 to 2028-29 to undertake the Secretarial Audit of the company. The Secretarial Audit Report is appended to the Annual Report.

39 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.

40 REPORTING OF FRAUDS BY AUDITORS:

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

41 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 II**.

42 CORPORATE GOVERNANCE:

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

42.2 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-III**.

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

42.4 The company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

42.5 No proceedings are made or pending under the Insolvency and Bankruptcy Code, 2016 and there is no instance of onetime settlement with any Bank or Financial Institution.

42.6 There has been no change in the nature of business of the company.

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

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified in the company. In line with the Guidelines received from time to time, necessary actions have been taken to prevent Sexual Harassment of Women at Workplace. The BDL CDA Rules applicable to Officers and the Certified Standing Orders applicable to Workmen have the required provisions in this regard. The Internal Complaints Committees as per Section 4 of the Act have been put in place. The details of sexual harassment complaints received, disposed off and pending as on 31 March 2026 is as follows:

a)	Number of complaints received	:	1
b)	Number of complaints disposed off	:	0
c)	Number of complaints pending	:	1
d)	Number of cases pending for more than 90 days	:	1

44 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. 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.

During the year 2025-26, the CPIO has received 215 applications/queries, out of which 199 applications have been disposed-off and 02 (Two) application are transferred to other Public Authority. 14 RTI queries are under process. Further, out of 31 appeals received, 31 are disposed-off by Final Appellate Authority as on 31 March 2026.

45 VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

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 (as amended) 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 https://bdl-india.in/sites/default/files/WBP.pdf. The policy inter-alia provides a direct access to the Chairman of the Audit Committee.

Employees are encouraged to raise any of their concerns by way of whistle blowing and none of the employees have been denied access to the Audit Committee.

46 BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:

The Securities and Exchange Board of India (SEBI) has mandated inclusion of Business Responsibility and Sustainability Report ("BRSR report") as part of the Annual Report based on market capitalisation. Your company has prepared a comprehensive policy framework for BRSR report, after studying the SEBI (LODR) Regulations, 2015 (as amended) requirements and keeping in view the business and governance environment in which BDL as a Defence PSU operates. The company's BRSR report for the year is available on the BDL's website at https://bdl-india.in/sites/default/files/BRSR-2025-26.pdf.

47 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 https://bdl-india.in/sites/default/files/DividendDistributionPolicy_1.pdf.

48 ACKNOWLEDGEMENT:

48.1 Your directors gratefully acknowledge and express their appreciation for the cooperation extended and guidance provided by various Government Agencies, including the Ministry of Defence, DPSUs, Department of Defence Production, DRDO Laboratories, Central Government Departments, State Governments of Telangana and Andhra Pradesh, Quality Assurance Agencies of the Government of India, and other PSUs. Their support has been invaluable to the company, and your directors are grateful for the assistance received from them on various occasions.

48.2 The company would like to extend its sincere appreciation to the Comptroller & Auditor General of India, the Principal Director of Commercial Audit & Ex-officio Member, Audit Board, Statutory Auditors, Bankers, and Suppliers for their cooperation, support, and guidance. Their contributions have been instrumental in ensuring the smooth functioning and financial integrity of the company.

48.3 The directors take this opportunity to express their deep appreciation for the valuable contributions and cooperation of the employees at all levels. Their dedication, hard work, and commitment have played a crucial role in propelling the company to greater heights and sustaining its growth trajectory. The directors recognise and acknowledge the employees' efforts and extend their gratitude for their continued support in the future.

For and on behalf of the Board

D.V. Srinivas Rao
Director (Technical) and
Chairman & Managing Director (Addl. Charge)
DIN : 10652125

Place : Hyderabad
Date : 28 May 2026

ANNEXURE -I

Annual Report on CSR Activities

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

Bharat Dynamics Limited (BDL) remains steadfast in its commitment to sustainable social development and corporate citizenship. Fully compliant with Section 135 of the Companies Act, 2013, the Company allocates 2% of its average net profits from the immediate three preceding financial years toward structured Corporate Social Responsibility (CSR) initiatives. To ensure optimal resource utilisation and rigorous governance, BDL strategically selects projects that align with its core competencies, allowing the Company to mobilise internal resources and deploy in-house expertise for robust project monitoring and execution. Adopting an integrated, project-driven approach, BDL systematically addresses community, societal, and environmental challenges to deliver measurable, long-term value. The company's core strategic pillars primarily focus on enhancing public health infrastructure and nutritional security, strengthening academic frameworks to promote inclusive literacy, and driving livelihood creation through vocational skill development. Furthermore, BDL remains dedicated to honouring and supporting Armed Forces veterans and implementing sustainable infrastructure projects to uplift rural economies. In accordance with the Department of Public Enterprises (DPE) guidelines, BDL continues to prioritise socio-economic development in designated Aspirational Districts and underdeveloped regions, with key interventions currently concentrated across Telangana, Andhra Pradesh, and other states. Through these unwavering commitments, the company continues to fulfill its mandate of driving equitable, inclusive, and sustainable societal growth.

Some of the major projects are:

» Provided Advanced Ultrasound Unit for Radiology Machine to Basavatarakam Indo-American Cancer Hospital & Research Institute, Hyderabad

» Provided Mobile Medical Van for Cervical Cancer Screening & Breast Cancer Screening to the Rural People in the Medak Dist., Telangana

» Provided Medical Equipments i.e. Ventilators to Government General Hospital, Vijayawada, NTR District., Andhra Pradesh

» Provided Medical Equipments, infrastructure to i) Government Niloufer Hospital, Hyderabad ii) Upper Primary Health Centers (UPHCs) in Secunderabad Constituency iii) Gandhi Hospital, Secunderabad

» Constructed 'Bharosa Centre' (Integrated One-Stop Crisis Centre), provided Medical Equipments at Bhongiri, Yadadri Bongiri Dist., Telangana, etc.

» Installed Solar Lights in Rural Villages of Nanital District, Uttarakhand State through Uttarakhand Renewal Development Authority (UREDA)

» Provided Medical Equipments, Infrastructure at Healthcare Centres at Kumuram Bheem Asifabad, Bhadradri Kothagudem Districts of Telangana State, Parvathipuram & ASR Districts of Andhra Pradesh

2. COMPOSITION OF CSR COMMITTEE:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings held during their tenure	Number of meetings attended
1	Shri Jashwant Lal*	Chairperson of the Committee / Independent Director	4	4
2	Shri Chetan Kankaria#	Chairperson / Member of the Committee / Independent Director	4	4
3	Shri P.V. Raja Ram@	Member of the Committee / Director (Production)	2	2
4	Shri D.V. Srinivas Rao	Member of the Committee / Director (Technical)	4	4
5	Shri G. Gayatri Prasad	Member of the Committee / Director (Finance)	4	4

The Company Secretary acts as the Secretary of the CSR Committee

* Ceased to be Chairperson w.e.f. 24 February 2026

Appointed as Chairperson w.e.f. 24 February 2026

@ Ceased to be Member w.e.f. 01 October 2025

3. Provide the web-link(s) 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/csr-projects

4. Provide the executive summary along with web-link (s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable (attach the report).

CSR Provision for the FY 2025-26 is ₹1,372.53 lakh, set-off Previous Year is ₹45.90 lakh and net provision is ₹1,326.63 lakh. The details of the projects executed during 2025-26 are as follows:

(₹ In lakh)

Sl. No.	Description	Total Sanctioned Budget (₹)	Expenditure for FY 2025-26 (₹)	Project Status
1	Installed Solar Lights in Rural Villages of Nainital District, Uttarakhand State through Uttarakhand Renewable Energy Development Agency (UREDA)	90.00	81.00	Completed
2	Provided Medical Equipments, infrastructure to i) Government Niloufer Hospital, Hyderabad ii) Upper Primary Health Centers (UPHCs) in Secunderabad Constituency iii) Gandhi Hospital, Secunderabad	116.48	69.93	Ongoing
3	Provided procurement of essential Medical equipments for Primary Health Centers (PHCs) in Asifabad District i.e. X-Ray Machines, Blood Cell Counters, Infant Radiant Warmers, Stretchers for Primary / Community Health Centre(s) in Kumaram Bheem Asifabad Dist. through Bharat Seva Sahakar Forum (BSSF)	60.90	60.90	Completed
4	Provided Advanced Ultrasound Unit for Radiology Machine for N. Basavatarakam Ramarao Memorial Cancer Centre, Hyderabad	60.00	60.00	Completed
5	Provided "Mobile Medical Van" for Cervical Cancer Screening & Breast Cancer Screening to the Rural People in the Medak District, Telangana	69.55	58.87	Completed
6	Provided Medical, Lab, Dental Equipment(s) and essential infrastructure to ECHS Polyclinic, Secunderabad-I, Sainikpuri & Secunderabad-II	59.99	58.84	Completed
7	Financial Assistance to procure Medical Equipments for a comprehensive health screening for Addressing Malnutrition, Stunning amongst children, Screening of Anaemia, Sickle Cell Anaemia in Parvathipuram Manyam (Aspirational District), Andhra Pradesh	50.00	50.00	Completed
8	Financial Assistance to procure Medical Equipments for comprehensive health screening and treatment programme i.e. anaemia, tuberculosis, malnutrition and cancer in Jayashankar Bhupalpally, (Aspirational District), Telangana	50.00	50.00	Completed
9	Provided Medical Equipments i.e. Ventilators to Government General Hospital, Vijayawada, NTR District., Andhra Pradesh	50.50	47.50	Completed
10	Constructed 'Bharosa Centre (Integrated One-Stop Crisis Centre)', provided Medical Equipment, etc. at Bhongiri, Yadadri Bhuvanagiri District, Telangana	45.00	45.00	Completed
11	Constructed "Cattle Shed" at Sri Lakshmi Narsimha Swamy Vari Devastanam, Goshala at Mallapuram, Yadagirigutta, Telangana and Construction of "PPG Sheet Shed" for Goshala at Dwaraka Tirumala, Eluru District., Andhra Pradesh.	50.00	34.92	Ongoing
12	Financial Assistance to procure Medical Equipments, Health related furniture, etc. to Government Hospital, Bhadrachalam, Bhadradri Kothagudem District (Aspirational District), Telangana	25.00	25.00	Completed
13	Financial Assistance to procure Medical Equipments, Health related furniture, etc. to strengthen the Sub-Centre at GGH, Paderu by providing assistive devices, mobility aids and therapy services, etc. under Healthcare in Alluri Sitarama Raju Dist., (Aspirational District) Andhra Pradesh	25.00	25.00	Completed
14	Provided X-Ray Machines & Beds to Primary / Community Health Centre(s) of Kumuram Beem Asifabad District (Aspirational District) under control of DCHS Asifabad, TVVP	24.15	24.15	Completed
15	Provided Medical Equipments i.e. Ventilators to Govt. General Hospital / Health Centers in Lok Sabha Constituency, Rajahmundry, AP	25.00	23.75	Completed

(₹ In lakh)

Sl. No.	Description	Total Sanctioned Budget (₹)	Expenditure for FY 2025-26 (₹)	Project Status
16	Constructed Water Tanks to provide Drinking Water for Animals at Simhachalam & Constructed Animal Shed at Annavaram, Andhra Pradesh State	47.92	22.91	Ongoing
17	Provided Medical and Dental Equipment for ECHS Polyclinic, Visakhapatnam-II and ECHS Polyclinic, Vizianagaram, Andhra Pradesh	21.64	21.64	Completed
18	Provided infrastructure items to Govt. Degree College, Maheshwaram, Rangareddy Dist., Telangana	20.00	19.93	Completed
19	Renovation of Bharat Scouts and Guides Training Campus in Jeedimetla, Hyderabad	50.00	18.88	Ongoing
20	Constructed First Floor Social Welfare Building at Vizianagaram, Andhra Pradesh	14.50	14.45	Completed
21	Provided Essential Medical Equipment to Community Health Centre, Achanta, West Godavari Dist., Andhra Pradesh	25.00	13.59	Ongoing
22	Provided Medical Equipment & Infrastructure at ECHS Polyclinic, Secunderabad	25.00	11.28	Ongoing
23	Provided infrastructure to VRZPSS, Bheemavaram, Khammam, Telangana State	17.00	10.80	Ongoing
24	Distributed Dual Desks to Government Schools, Komram Bheem Asifabad Dist, Telangana State	50.00	10.00	Completed
25	Contribution to Armed Forces Flag Day	10.00	10.00	Completed
26	Provided Smart Vision Glasses to empower the Visually Impaired (PwBD) students in Kumuram Bheem Asifabad Dist., (Aspirational District), Telangana through Blind Vision Foundation	10.00	10.00	Completed
27	Supported for 53rd edition of Pandit Jasraj's Hyderabad Sangeet Samaroh – 7 days Festival scheduled for the 24-30th of November 2025 at Hyderabad, Telangana	10.00	10.00	Completed
28	Constructed of Sanitation facilities / infrastructure, Health & Nutrition and Awareness Campaigns by Utkarsh Foundation at Balrampur, UP	10.00	10.00	Completed
29	Distributed High Protein Health Mix Powder Bottles to Cancer Patients at MNJ Institute of Oncology and Regional Cancer Centre, Hyderabad through Ashwin Maharaj Foundation	10.00	10.00	Completed
30	Provided Inverters to Smart Class Rooms at Govt. Schools, Vizianagaram, Andhra Pradesh	10.00	10.00	Completed
31	Provided infrastructure items to ZPP High School, Pandithavilluru, West Godavari Dist. Andhra Pradesh	11.87	9.38	Ongoing
32	Provided Medical Equipment, Infrastructure, etc. to Government RCD Hospital, Visakhapatnam	8.20	8.20	Completed
33	Provided Machinery to NIEPID, Manovikas Nagar, Secunderabad	40.00	8.00	Completed
34	Provided Medical Equipment & Infrastructure item at PCH, Marteru, West Godavari Dist., Andhra Pradesh	7.45	7.39	Completed
35	Provided Medical and Miscellaneous Equipment for ECHS Polyclinic under, HQ Telangana and Andhra Sub-Area	20.00	7.29	Ongoing
36	Provided Motorised Cleaning Machines(s) to Women and Child Hospital, Malegaon, Dist. Nashik, Maharashtra	10.00	5.87	Completed
37	Supported Navya Nataka Samiti to celebrated of 50th All India Competition in Music & Dance, 2025 at Hyderabad	5.00	5.00	Completed
38	Provided Financial Assistance to construct Home and Livelihood Centre (for HIV Positive Orphan Girls & Widows) at Ashraya Foundation, Belgavi, Karnataka	5.00	5.00	Completed
39	Provided infrastructure items to Zilla Parishad High School, Atkuru, Krishna Dist., Andhra Pradesh State	5.90	4.67	Ongoing
40	Provided infrastructure to MPP School, Kannajiguda,Telangana State	5.00	3.77	Completed

(₹ In lakh)

Sl. No.	Description	Total Sanctioned Budget (₹)	Expenditure for FY 2025-26 (₹)	Project Status
41	Provided Portable Medical equipment's i.e. 1 - Laser Cutting Machine for Gum, 1 Portable X-ray Machine and 1- Crown Remover to ECHS Poly Clinic, Secunderabad	4.39	3.13	Completed
42	Stipend paid to Interns of Prime Minister Internship	2.08	2.08	Completed
43	Stipend paid to the Apprentices (i.e over and above of 2.5% minimum mandate under Apprentice Act, 1961)	292.41	292.41	Completed
44	Administrative Overheads (Including Impact Assessment Expenses)	64.18	64.18	Completed
	Total	**-**	**1344.71**	

Impact Assessment of the CSR Projects for the FY 2021-22 and 2022-23 completed and available on website https://bdl-india.in/reports. Further Impact Assessment of the CSR Projects for the FY 2023-24 and 2024-25 is under progress.

5. Details of CSR provision of the Company for the year 2025-26:

(a)	Average net profit of the company as per section 135(5)	₹68,626.71 lakh
(b)	Two percent of average net profit of the company as per section 135(5)	₹1,372.53 lakh
(c)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
(d)	Amount required to be set off for the financial year, if any,	₹45.90 lakh
(e)	Total CSR obligation for the financial year ([b+c-d]	₹1,326.63 lakh

6. Details of CSR amount Spent for the year 2025-26:

(a)	Amount spent on CSR Projects (both Ongoing Project and other than ongoing project)	₹1,280.53 lakh
(b)	Amount spent in Administrative Overheads	₹64.18 lakh
(c)	Amount spent on Impact Assessment, if applicable	Nil
(d)	Total amount spent for the Financial Year [(a+b+c)]	₹1,344.71 lakh

(e) CSR amount spent or unspent for the financial year:

Amount unspent (in ₹) Nil					
Total amount spent for the FY (In ₹)	**Total amount transferred to unspent CSR account as per sub-section(6) of section 135**		**Amount transferred to any fund specified under Schedule VII as per second provision to Sub-section (5) of Section 135**		
	Amount (in ₹)	**Date of Transfer**	**Name of the fund**	**Amount (in ₹)**	**Date of Transfer**
₹1,344.71 lakh	Nil	N/A	Nil	Nil	N/A

(f) Excess amount for set-off, if any,

Sl. no.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135 (after set-off expenditure made in the previous FY)	1326.63 lakh
(ii)	Total Amount spent for the financial year	1344.71 lakh
(iii)	Excess Amount spent for the financial year (ii)-(i)	18.08 lakh
(iv)	Surplus arising out of the CSR Projects or programmes or activities of the previous Financial years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	18.08 lakh

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under Sub-section (6) of Section 135 (in ₹)	Balance Amount to Unspent CSR Account under Sub-section (6) of Section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount Transferred to a fund as specified under Schedule VII as per second provision to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount in (₹)	Date of Transfer		
1	2024-25	Nil	N/A	Nil	Nil	N/A	Nil	N/A
2	2023-24	NIL	N/A	Nil	Nil	N/A	Nil	N/A
3	2022-23	Nil	N/A	Nil	Nil	N/A	Nil	N/A

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Yes

If Yes, enter the number of Capital assets created / acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year

Sl. No.	Short particulars of the property or asset(s) (including complete address and location of the property)	Pincode of the property or asset (s)	Date of creation	Amount of CSR amount spent (₹ in lakh)	Details of Entity / Authority / Beneficiary of the Registered Owner
1	Installed Solar Lights in Rural Villages of Nainital District, Uttarakhand State through Uttarakhand Renewable Energy Development Agency (UREDA)	248001	30 April 2025	81.00	UREDA, Nainital State Level Energy Park Industrial Area, Patel Nagar, Dehradun, Uttarakhand
2	Provided Medical Equipment(s) to i) Government Niloufer Hospital, Hyderabad ii) Upper Primary Health Centers (UPHCs) in Secunderabad Constituency iii) Gandhi Hospital, Secunderabad.	500003	13 Nov 2025	69.93	i) Superintendent, Niloufer Hospital, Red Hills, Lakdikapul, Hyderabad ii) DMHO-Hyderabad, Upper Primary Health Centres, Secunderabad iii) Superintendent, Gandhi Hospital, Museerabad, Padmarao Nagar Secunderabad, Telangana
3	Provided procurement of essential Medical equipments for Primary Health Centers (PHCs) in Asifabad District i.e. X-Ray Machines, Blood Cell Counters, Infant Radiant Warmers, Stretchers for Primary / Community Health Centre(s) in Kumaram Bheem Asifabad Dist., through Bharat Seva Sahakar Forum (BSSF)	504293	13 Nov 2025	60.90	DMHO, Govt. Hospital Road, Kumaram Bheem Asifabad, Telangana
4	Provided Advanced Ultrasound Unit for Radiology Machine for N. Basava Taraka Ramarao Memorial Cancer Centre, Hyderabad, Telangana State	500034	13 Nov 2025	60.00	Nandamuri BasavaTaraka Ramarao Memorial Cancer Centre, Road No.10, IAS Officer Quarters, Nandi Nagar, Banjara Hills, Hyderabad, Telangana
5	Provided "Mobile Medical Van" for Cervical Cancer Screening & Breast Cancer Screening to the Rural People in the Medak District, Telangana State	502110	26 Sep 2025	58.87	DMHO, Government Dist. Hospital, Main Road, Medak District, Telangana

Sl. No.	Short particulars of the property or asset(s) (including complete address and location of the property)	Pincode of the property or asset (s)	Date of creation	Amount of CSR amount spent (₹ in lakh)	Details of Entity / Authority / Beneficiary of the Registered Owner
6	Provided Medical, Lab, Dental Equipment(s) and essential infrastructure to ECHS Polyclinic, Secunderabad-I, Sainikpuri & Secunderabad-II, Telangana State	500003	29 Dec 2025	58.84	ECHS Polyclinic, Sec-I, Bowenpally, Market Yard Rd, Tirumalagiri, Secunderabad, & ECHS Polyclinic, Sec- II, Golden Palm Sainik Bhawan, Monda Market, Secunderabad and ECHS Polyclinic, Sainikpuri, Secunderabad
7	Financial Assistance to procure Medical Equipments for a comprehensive health screening for Addressing Malnutrition, Stunning amongst children, Screening of Anemia, Sickle Cell Anemia in Parvathipuram Manyam Dist. (Aspirational District), Andhra Pradesh	535501	13 Nov 2025	50.00	DMHO, Judge Bungalow on Main Road in Parvathipuram Manyam, Andhra Pradesh
8	Financial Assistance to procure Medical Equipments for comprehensive health screening and treatment programme i.e. anemia, tuberculosis, malnutrition and cancer in Jayashankar Bhupalpally, (Aspirational District), Telangana	506169	13 Nov 2025	50.00	DMHO, Integrated District Offices Complex (IDOC), Manjoor Nagar, Jayashankar Bhupalpally, Telangana
9	Provided Medical Equipments i.e. Ventilators to Government General Hospital, Vijayawada, NTR District., Andhra Pradesh	520008	29 Dec 2025	47.50	Superintendent, Govt. General Hospital, NH16 Services Rd, Beside NTR Health University, Gunadala, Kanuru, Andhra Pradesh
10	Constructed 'Bharosa Centre (Integrated One-Stop Crisis Centre)', provided Medical Equipment, etc. at Bhongiri, Yadadri Bhuvanagiri District, Telangana State	508116	26 Feb 2026	45.00	Bharosa Society for Protection of Women And Children, Bhongiri, Yadadri Bhuvangiri District, Telangana
11	Constructed "Cattle Shed" at Sri Lakshmi Narsimha SwamyVari Devastanam, Goshala at Mallapuram, Yadagirigutta, Telangana and Construction of "PPG Sheet Shed" for Goshala at Dwaraka Tirumala, Eluru District., Andhra Pradesh.	508115	26 Sep 2025	34.92	EO, Sri Lakshmi Narsimha Swamy Vari Devastanam, Yadadri Temple, 1stGhat Rd, Gandhi Nagar, Yadagirigutta & EO,Sri Venkateswara Swamy Vari Devashanam, Dwaraka Tirumala, Andhra Pradesh
12	Financial Assistance to procure Medical Equipments, Health related furniture, etc. to Government Hospital, Bhadrachalam, Bhadradri Kothagudem District (Aspirational District), Telangana	507101	26 Sep 2025	25.00	DMHO, Opposite Kothagudem Club, N.K. Nagar, Writer Basti, Kothagudem, Telangana
13	Financial Assistance to procure Medical Equipments, Health related furniture, etc. to strengthen the Sub-Centre at GGH, Paderu by providing assistive devices, mobility aids and therapy services, etc. under Healthcare in Alluri Sitarama Raju Dist., (Aspirational District) Andhra Pradesh	530020	26 Sep 2025	25.00	Superintendent, Government General Hospital, Paderu, ASR Dist., Andhra Pradesh
14	Provided X-Ray Machines & Beds to Primary / Community Health Centre(s) of Kumuram Beem Asifabad District (Aspirational District) under control of DCHS Asifabad, TVVP	504293	26 Sep 2025	24.15	DMHO, Govt. Hospital Road, Kumaram Bheem Asifabad Dist. Telangana
15	Provided Medical Equipments i.e. Ventilators to Government General Hospital / Health Centers in Lok Sabha Constituency, Rajahmundry, AP	533105	29 Dec 2025	23.75	Superintendent, Govt. General Hospital, Rajamahendravaram, East Godavari District, Andhra Pradesh

Sl. No.	Short particulars of the property or asset(s) (including complete address and location of the property)	Pincode of the property or asset (s)	Date of creation	Amount of CSR amount spent (₹ in lakh)	Details of Entity / Authority / Beneficiary of the Registered Owner
16	Constructed Water Tanks to provide Drinking Water for Animals at Simhachalam& Constructed Animal Shed at Annavaram, Andhra Pradesh State	530028	30 June 2025	22.91	Executive Officer of Sri Varaha Lakshmi Narasimha Swamy Devashanam, Simanchalam, Vizag & Executive Officer of Sri Veera Venkata Satyanarayana Swamy, Devasthanam, Annavaram
17	Provided Medical and Dental Equipment for ECHS Polyclinic, Visakhapatnam-II and ECHS Polyclinic, Vizianagaram	530014	29 Dec 2025	21.64	ECHS Polyclinic, Visakhapatnam-II, INHS Kalyani, Gandhi Gram Post, Vishakhapatnam, AP & ECHS Polyclinic, Vizianagaram, Santiniketan, Police Barrack Road, Cantonment, Vizianagaram, AP
18	Provided infrastructure items to Govt. Degree College, Maheshwaram, Rangareddy Dist., Telangana	501359	12 Aug 2025	19.93	Principal, Govt. Degree College, Maheshwaram, Mansanpally Road, Rangareddy Dist. Telangana
19	Renovation of Bharat Scouts and Guides Training Campus in Jeedimetla, Hyderabad	500067	12 Aug 2025	18.88	Bharat Scouts and Guides Training Campus in Jeedimetla, Hyderabad
20	Constructed First Floor Social Welfare Building at Vizianagaram, Andhra Pradesh	535003	30 April 2025	14.45	Social Welfare Girls Hostel-3 in Sunkari Veedhi at Vizianagaram, Andhra Pradesh
21	Provided Essential Medical Equipment to Community Health Centre, Achanta, West Godavari Dist., Andhra Pradesh	534123	13 Nov 2025	13.59	Medical Officer, Community Health Centre, Achanta, West Godavari Dist., Andhra Pradesh
22	Provided Medical Equipment & Infrastructure at ECHS Polyclinic, Secunderabad	500015	26 Feb 2026	11.28	ECHS Polyclinic-1, Bowenpally Market Yard Road, Trimulgherry, Secunderabad
23	Provided infrastructure to VRZPSS, Bheemavaram, Khammam Dist.	534201	30 April 2025	10.80	Principal, VRZPSS, Bheemavaram, Khammam Dist. Telangana
24	Distributed Dual Desks to Government Schools, Komaram Bheem Asifabad	504293	30 April 2025	10.00	District Educational Officer, Komaram Bheem Asifabad, Telangana State
25	Provided Smart Vision Glasses to empower the Visually Impaired (PwBD) students in Komaram Bheem Asifabad Dist.,(Aspirational District), Telangana through Blind Vision Foundation	504293	26 Sep 2025	10.00	DMHO, Government Hospital Road, Komaram Bheem Asifabad, Telangana
26	Constructed of Sanitation facilities / infrastructure, Health & Nutrition and Awareness Campaigns by Utkarsh Foundation at Balrampur, Uttar Pradesh State	271201	12 Aug 2025	10.00	Utkarsh Foundation, Balarampur, Uttar Pradesh
27	Provided Inverters to Smart Class Rooms at Government Schools, Vizianagaram, Andhra Pradesh	535001	30 April 2025	10.00	District Educational Officer, Vizianagaram, Andhra Pradesh
28	Provided infrastructure items to ZPP High School, Pandithavilluru, West Godavari Dist. Andhra Pradesh	522646	30 April 2025	9.38	Head Master, ZPP High School, Pandithavilluru, West Godavari Dist. Andhra Pradesh
29	Provided Medical Equipment, Infrastructure, etc. to Government RCD Hospital, Visakhapatnam	530017	26 Feb 2026	8.20	Superintendent, Rani Chandramani Devi Govt Hospital, PeddaWaltaur Junction, Lawsons Bay Colony, , Visakhapatnam, Andhra Pradesh

Sl. No.	Short particulars of the property or asset(s) (including complete address and location of the property)	Pincode of the property or asset (s)	Date of creation	Amount of CSR amount spent (₹ in lakh)	Details of Entity / Authority / Beneficiary of the Registered Owner
30	Provided Machinery to National Institute for the Empowerment of Persons with Intellectual Disabilities (NIEPID), Manovikas Nagar, Secunderabad	500009	30 April 2025	8.00	NIEPID, Manovikas Nagar, Bowenpally, Secunderabad, Telangana
31	Provided Medical Equipment & Infrastructure item at Primary Health Centre, Marteru, WG Dist., AP	523301	26 Feb 2026	7.39	DMHO, Marteru, West Godavari Dist. Andhra Pradesh
32	Provided Medical and Miscellaneous Equipment for ECHS Polyclinic under, HQ Telangana and Andhra Sub-Area	500010	12 Aug 2025	7.29	ECHS Polyclinic, HQ Telangana and Andhra Sub Area, Secunderabad, Telangana
33	Provided Motorised Cleaning Machines to Women and Child Hospital, Malegaon, Dist. Nashik, Maharashtra	423203	29 Dec 2025	5.87	Superintendent, Women and Child Hospital, Malegaon, Nashik Dist., Maharashtra
34	Provided Financial Assistance of Home and Livelihood Centre (for HIV Positive Orphan Girls & Widows) at Ashraya Foundation, Belgavi, Karnataka	590017	13 Nov 2025	5.00	Ashraya Foundation, Belgavi, Karnataka
35	Provided infrastructure items to ZP School, Atkuru, Krishna Dist., Andhra Pradesh	521286	30 April 2025	4.67	Head Master, ZP School, Atkuru, Krishna District, Andhra Pradesh
36	Provided infrastructure to MPP School, Kannajiguda,Telangana State	500015	30 April 2025	3.77	Head Master, MPPS, Kannajiguda, Medchal – Malkajigiri Dist. Telangana
37	Provided Portable Medical equipment(s) i.e. 1 - Laser Cutting Machine for Gum, 1 Portable X-ray Machine and 1- Crown Remover to ECHS Poly Clinic, Secunderabad	500015	13 Nov 2025	3.13	ECHS Polyclinic-1, Bowenpally Market Yard Road, Trimulgherry, Secunderabad

9. Specify the reasons(s) if the company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135: N/A

For and on behalf of the Board

D.V. Srinivas Rao
Director (Technical) and
Chairman & Managing Director (Addl. Charge)
DIN : 10652125

Place : Hyderabad
Date : 28 May 2026

Handover of Advanced Ultrasound Unit for Radiology Machine for Smt. Nandamuri Basavatarakam Ramarao Memorial Cancer Centre, Hyderabad by the then CMD, BDL Cmde. A. Madhavarao (Retd.).

Flag Off of "Mobile Medical Van" Screening for Cervical Cancer & Breast Cancer to the Rural People in the Medak District, Telangana by the Hon'ble Governor of Telangana State in the presence of Member of Parliament Medak Constituency & Director (Finance), BDL

Handover of Medical Equipments to Community Health Centre(s) of Kumuram Beem Asifabad District (Aspirational District) to the DMHO by BDL in the presence of District Collector & Hon'ble MLA-Sirpur Kagaznagar

Foundation Stone laid for Renovation of Bharat Scouts and Guides Training Campus at Jeedimetla, Hyderabad by Hon'ble Governor of Telangana State & Director (Finance),BDL

Inauguration of 'Bharosa Centre (Integrated One-Stop Crisis Centre)' at Bhongiri, Yadadri Bhuvanagiri District, Telangana by Hon'ble Director General of Police-Telangana State, Director (Technical), BDL & Director (Finance),BDL

ANNEXURE -II

Management Discussion and Analysis

FORWARD-LOOKING STATEMENTS

Certain statements in this Management Discussion and Analysis describing the Company's objectives, outlook, expectations and projections may constitute forward-looking statements within the meaning of applicable securities laws and regulations. These statements are based on assumptions, estimates, and expectations of future events that, while considered reasonable at the time of preparation, are inherently subject to uncertainties and risks.

Actual outcomes may differ materially from those expressed or implied in these statements because of a range of factors, including changes in Government policies and procurement strategies relating to defence equipment, regulatory and tax developments, macroeconomic conditions in India and globally, and other external influences beyond the Company's control.

The Company undertakes no obligation to publicly update, revise or modify any forward-looking statements to reflect subsequent events or circumstances, except as required under applicable laws.

1. BHARAT DYNAMICS LIMITED – AN OVERVIEW

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

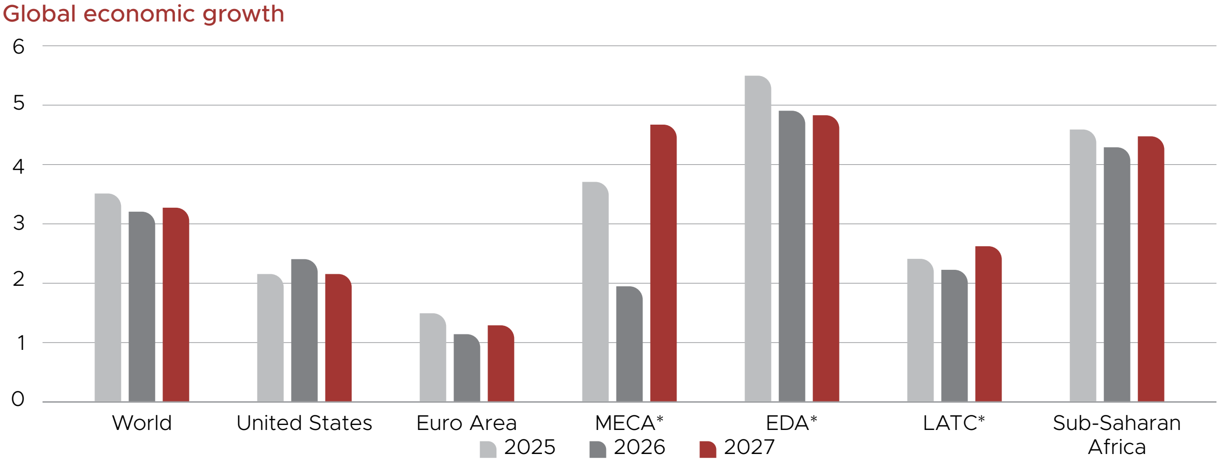
Over the decades, BDL has emerged as one of the select defence manufacturers globally with advanced capabilities in the production and supply of guided missile systems, underwater weapons, airborne products and allied defence equipment for the Indian Armed Forces. The Company has steadily expanded its technological and manufacturing capabilities to support the nation's evolving defence preparedness requirements. Beyond manufacturing, BDL provides comprehensive product lifecycle support for its equipment, including refurbishment and life-extension solutions for legacy missile systems already deployed by the Armed Forces. In parallel, the Company has strengthened it's in-house research and development capabilities, with a focused emphasis on design and engineering excellence.

Aligned with India's vision of building a self-reliant and developed nation under "*Viksit Bharat*", BDL continues to play a strategic role in strengthening indigenous defence capabilities. The Company is actively pursuing collaborations with global defence players to further advance the "Make in India" initiative, while also engaging with leading Original Equipment Manufacturers (OEMs) for new-generation missile and underwater weapon systems involving potential transfer of technology. BDL has also expanded its presence in international markets, offering its indigenous defence solutions to friendly foreign countries and reinforcing India's growing stature in the global defence ecosystem.

1.1 Global economy overview

After navigating a period of elevated trade barriers and persistent uncertainty, the global economy now faces renewed pressure from the ongoing conflict in the Middle East. Assuming the situation remains contained, global growth is projected to moderate to 3.1% in 2026 before improving marginally to 3.2% in 2027. Inflation is expected to rise modestly in the near term before easing again, with emerging and developing economies likely to experience sharper growth slowdowns and more persistent inflationary pressures.

Global economic growth



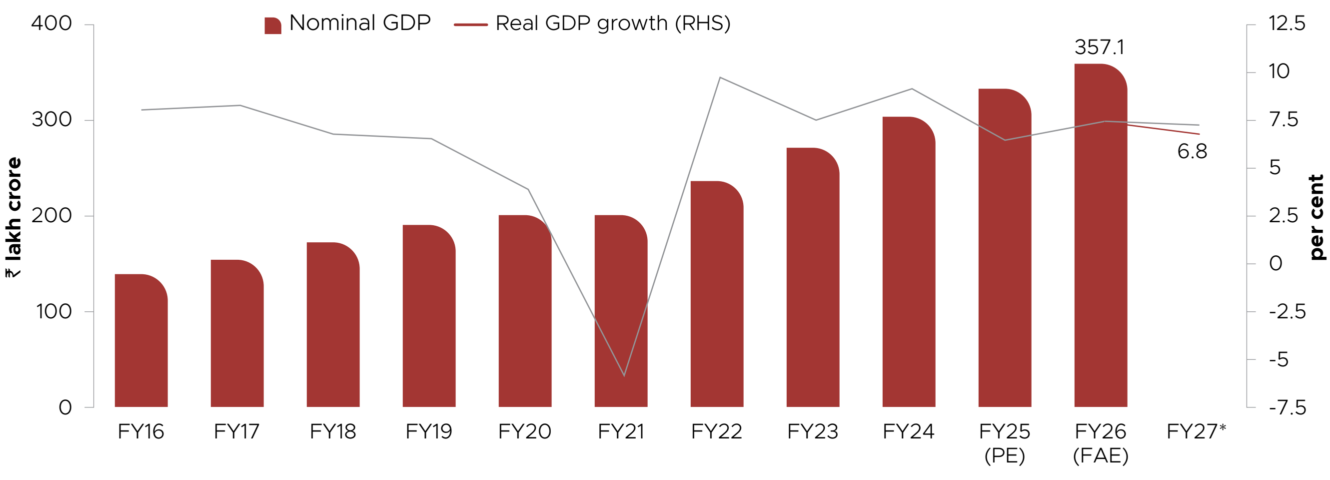
(Source: https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026) [* MECA – Middle East & Central Asia | EDA – Emerging & Developing Asia | LATC – Latin America & The Caribbean]

The global outlook remains fragile, with risks stemming from prolonged geopolitical conflicts, renewed trade tensions, financial market volatility, and weakening institutional confidence. While accelerated AI-driven productivity gains and easing trade tensions could support growth, rising defence spending and geopolitical fragmentation may intensify inflationary and fiscal pressures. In such an environment, policy agility, credible governance, and stronger international cooperation will be critical to sustaining stability and building long-term economic resilience.

1.2 Indian economy overview

India reaffirmed its position as the world's fastest-growing major economy in FY26, with GDP growth estimated at 7.4%, driven by strong domestic consumption and sustained investment activity. According to the Economic Survey 2025-26, India's GDP is expected to grow at 6.8 – 7.2% in FY27, with long-term growth potential estimated at around 7%. Domestic demand remained the cornerstone of economic expansion, supported by low inflation, stable employment conditions, and improving purchasing power. Rural consumption benefitted from favourable agricultural performance, while urban demand strengthened gradually following the rationalisation of direct and indirect taxes. Investment activity also remained resilient, with Gross Fixed Capital Formation estimated at 30% of GDP and growth in the first half of FY26 exceeding both last year's levels and the pre-pandemic average.

India's economic growth



(Source: https://www.indiabudget.gov.in/economicsurvey/doc/Infographics%20English.pdf) [PE: Provisional Estimates | FAE: First Advanced Estimates]

The agriculture and allied sectors remained resilient during FY26, supported by a favourable monsoon and stable growth in livestock and fisheries. Meanwhile, the industrial sector witnessed strong momentum, led by robust manufacturing growth and sustained infrastructure activity. Higher steel consumption, cement production, and improving industrial indicators reflected continued strength in economic activity, supported by public capital expenditure, favourable demand conditions, and ongoing policy reforms.

1.3 Indian defence industry

India's defence sector underwent a structural inflection point in FY26, transitioning from a decade of incremental policy reform into a phase of visible, measurable industrial output. Record defence production, all-time-high exports, a deepened procurement pipeline, and rising private sector participation collectively signal that India's ambition to become a top-five global defence manufacturing power is no longer aspirational; it is in execution. The launch of '*Atmanirbhar Bharat*' in 2020 marked a turning point, accelerating self-reliance through higher modernisation spending, import restrictions on over 400 items, streamlined approvals and the development of dedicated defence corridors.

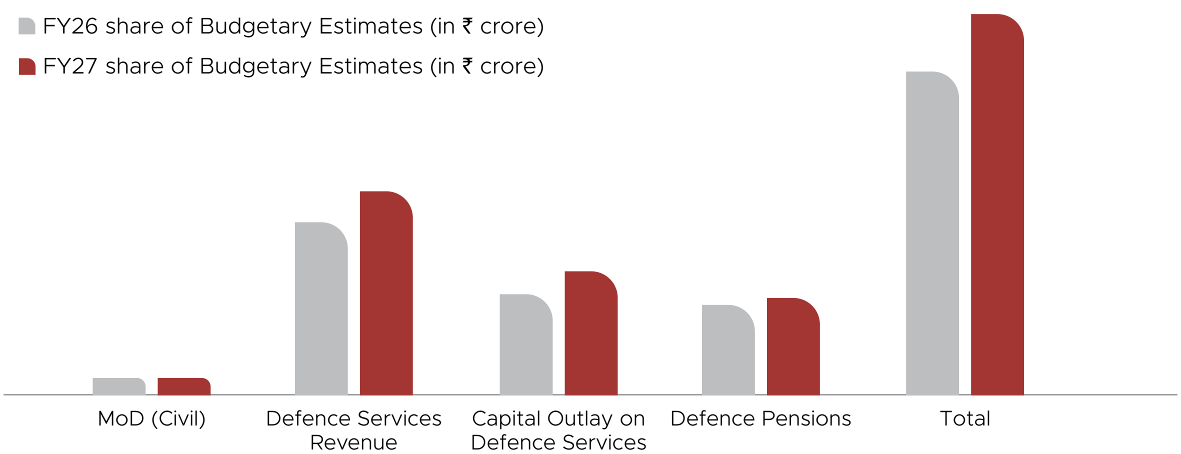
Over the years, India has transitioned from one of the world's largest defence importers to an emerging exporter and self-reliant producer, with 2025 marking a significant milestone in establishing its position as a credible global defence manufacturing hub.

The Union Budget for FY26 earmarked ₹6,81,210 crore (~US$ 78.7 billion) for the Ministry of Defence, reflecting a 9.5% increase over the previous year's allocation. Defence spending remained steady at 1.9% of GDP, while accounting for nearly 13.5% of the Central Government's total expenditure, underlining the continued strategic priority accorded to national security and capability enhancement.

Further, the Union Budget for FY27 reaffirmed the Government's strong commitment to strengthening India's defence capabilities, with the Ministry of Defence receiving an allocation of ₹7.85 lakh crore, the highest among all Ministries. Representing a 15.19% increase over the FY26 Budget Estimates, the allocation accounts for 14.67% of the Central Government's total expenditure, underlining the strategic importance of the sector.

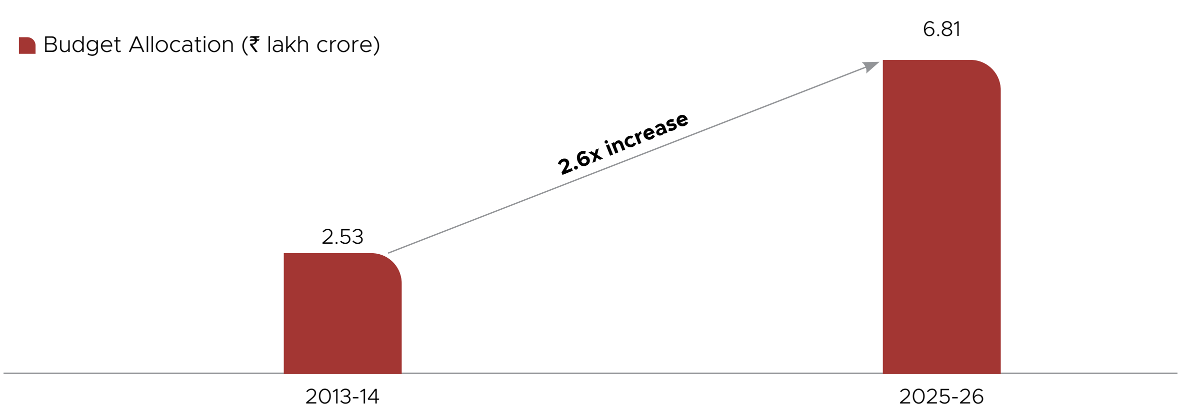
A significant thrust has also been placed on indigenous manufacturing, with ₹1.39 lakh crore earmarked for procurement from domestic defence industries, reinforcing the Government's continued focus on self-reliance and local capability development. In parallel, allocations towards personnel welfare witnessed a notable rise, with ₹12,100 crore provided for the Ex-Servicemen Contributory Health Scheme, marking a 45.49% increase over the previous year's Budget Estimates. Further, the allocation to the Defence Research and Development Organisation (DRDO) increased to ₹29,100.25 crore in FY27 from ₹26,816.82 crore in FY26, reflecting a sustained emphasis on research, innovation, and technological advancement in defence.

Budget allocations FY26 vs FY27



(Source: https://idsa.in/publisher/issuebrief/ministry-of-defence-2026-27-budget-estimates-an-analysis)

India's Defence Budget Growth



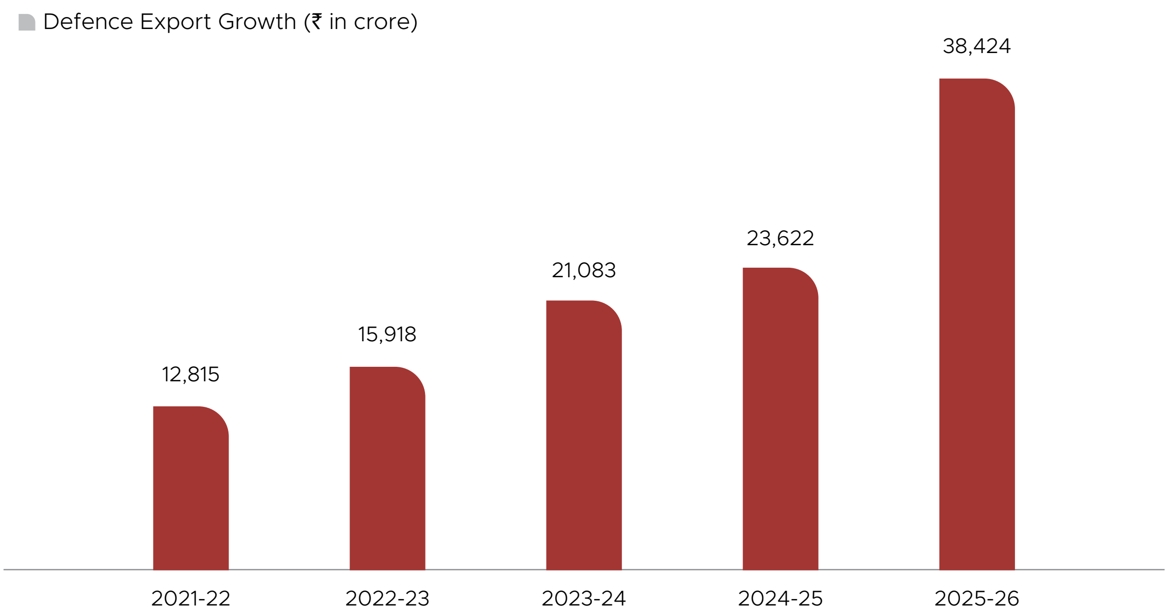
(Source: https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=154617&ModuleId=3&reg=3&lang=2)

Of the total capital expenditure allocation of ₹1,80,000 crore, ₹1,48,723 crore has been set aside for capital acquisition under the modernisation budget. Notably, the Government set aside approximately ₹1,11,545 crore, which is 75% of this allocation, for domestic procurement, reinforcing its continued focus on strengthening indigenous defence capabilities. Within this, 25% has been specifically earmarked for procurement from domestic private sector players, underscoring a clear policy intent to deepen private sector participation and accelerate the development of a self-reliant defence manufacturing ecosystem.

The Union Budget FY26 reinforces the Government's continued focus on strengthening India's defence and strategic infrastructure capabilities. The Defence Research and Development Organisation (DRDO) received an allocation of ₹26,816.82 crore, up 12.41% over FY25, with a significant portion directed towards capital expenditure, including key R&D initiatives and the flagship Development-cum-Production Partner (DcPP) programme. Simultaneously, the Border Roads Organisation (BRO) was allocated ₹7,146.50 crore, reflecting a 9.74% increase over the previous year, to accelerate the development of critical border infrastructure along the Line of Actual Control and in the northeastern region.

India's defence exports continued their remarkable upward trajectory in FY2025–26, reaching a record ₹38,424 crore, a sharp 62.7% increase over the previous year. The surge reflects the growing global acceptance of India's indigenous defence capabilities, supported by sustained policy reforms, higher domestic manufacturing, and stronger participation from both public and private sector players. From advanced missile systems and naval platforms to avionics, radars and armoured solutions, Indian-made defence products are steadily finding markets across Asia, Africa and the Middle East. More importantly, the momentum signals India's transition from being one of the world's largest defence importers to an emerging global defence manufacturing and export hub aligned with the vision of '*Aatmanirbhar Bharat*'.

India's Defence Export Trajectory



(Source: https://mod.gov.in/sites/default/files/Defence-exports-skyrocket-to-record-in-Financial-Year-2025-26_0.pdf)

India's defence sector has entered a defining phase of transformation. Supported by sustained government spending, strong long-term order pipelines, faster indigenisation, rising innovation-led demand and a growing export footprint, the sector is steadily maturing into a robust and self-reliant industrial ecosystem. While execution-related challenges remain, the broader direction is clear, the building blocks for enduring growth are firmly in place. Today, defence is no longer viewed solely through the lens of strategic preparedness; it is increasingly emerging as a key driver of India's manufacturing strength, technological advancement and industrial self-sufficiency.

1.4 Indigenisation of the Indian Defence Industry

India's push towards defence indigenisation is no longer just an economic or industrial objective, it has become a strategic imperative. For decades, the country remained heavily reliant on imports, with nearly 65 – 70% of defence requirements sourced from overseas suppliers. Over the past decade, however, this dependence has steadily reversed, with close to 65% of defence equipment now being manufactured within the country. The transformation marks a significant structural shift in India's defence ecosystem. Yet, the journey is still unfolding. In this context, 2026 stands out as a defining year, one where policy intent is being translated into execution with far greater clarity, precision, and accountability than ever before in India's defence procurement landscape.

The Government's *Aatmanirbhar Bharat* initiative has steadily evolved from a policy vision into a tangible industrial transformation for India's defence sector. This shift is evident in the rollout of five Positive Indigenisation Lists (PILs), covering more than 500 defence systems, with phased import restrictions extending up to 2028 to encourage domestic manufacturing capabilities. In parallel, over 5,500 individual components and equipment categories have been placed under the indigenisation embargo, of which more than 3,000 had already been indigenised by February 2025.

The momentum gathered further pace in FY25, when the Ministry of Defence signed 193 contracts valued at ₹2,09,050 crore, the highest annual procurement value recorded so far, with 177 contracts awarded to Indian companies. The government's SRIJAN Portal has also emerged as a key enabler of this transition, listing over 34,000 items identified for domestic production, with more than 10,000 already indigenised. Reinforcing this direction, the Ministry has set an ambitious target of achieving 70% self-reliance in defence equipment by 2027, while envisaging a significantly larger role for private industry, with its share in total production value expected to rise from 23% to 50%.

2. REVIEW OF BDL'S BUSINESS

Bharat Dynamics Limited is one of the growing companies in the Indian defence sector and operates in an increasingly complex industry environment shaped by evolving national security priorities and persistent economic challenges, both in India and across global markets. In this backdrop, BDL remains firmly focused on disciplined execution, strengthening quality standards, and ensuring greater reliability and predictability in product deliveries to the Indian Army. At the same time, the Company continues to invest in advanced technologies to address the evolving requirements of the Indian Armed Forces, while also nurturing its talent base to build the technical capabilities needed to support long-term growth and operational excellence.

2.1 BDL's product offerings

SAMs/AAMs	ATGMs	Torpedoes	Launchers	Counter Measures	Test Equipment
Akash Weapon System, Medium Range SAM, ULPGM, & Astra Weapon System	Milan2T, Konkurs-M, INVAR, & NAG	Light weight Torpedoes, Heavy-weight Torpedoes	Launchers for Konkurs-M & MILAN 2T ATGMs	Counter Measures Dispensing Systems & Underwater Decoys	Functional monitoring equipment for ATGMs & SAMs

2.2 BDL's manufacturing prowess

BDL currently operates three manufacturing facilities located at Hyderabad, Bhanur, and Visakhapatnam, each certified with the ISO 14001:2015 Environmental Management System standard, reflecting the Company's commitment to responsible and sustainable operations. All production divisions hold the AS 9100D certification for Aerospace Quality Management, the most rigorous quality benchmark in the aerospace and defence sector. The Corporate Office at Hyderabad is certified to ISO 9001:2015, while the Material Testing, Electronics, and Standards Laboratories carry ISO/IEC 17025:2017 accreditation, affirming their technical competence in testing and calibration. The Electronics Division holds the approval for Quality Management System (AFQMS) certification, and the Company is also certified to ISO/IEC 27001:2022 for Information Security Management, an increasingly critical credential in today's competitive environment. Compliance across all certified divisions is maintained through a structured two-tier audit mechanism: internal audits conducted by the Company's own qualified auditors, and periodic surveillance audits carried out by accredited certification bodies.

With a growth-focused mindset, the Company is actively engaged in expanding its manufacturing footprint with three new greenfield upcoming facilities at Ibrahimpatnam near Hyderabad, Amravati in Maharashtra, and Jhansi in Uttar Pradesh. These facilities are being purpose-built to foster BDL's manufacturing capability in Surface-to-Air Missiles (SAMs), including next-generation missile systems, Very Short-Range Air Defence Systems (VSHORADs), rockets, and propellants for various Anti-Tank Guided Missile (ATGM) programmes. These capacity additions are in line with the nation's indigenisation priorities and help strengthen BDL's role as a cornerstone of India's defence production ecosystem.

2.3 Order Book

As of 31 March 2026, the Company's order book stood at approximately ₹26,176 crore, reflecting sustained business momentum and providing healthy revenue visibility for the periods ahead.

2.4 Financial Performance

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

Particulars	₹ in crore		% of Increase / (Decrease)
	2025-26	2024-25	
Sales/Revenue from Operations	2,442	3,345	(27)
Value of Production	3,215	3,767	(15)
I. Import Material Consumed	290	110	164
II. Indigenous Material Consumed	1,706	1,990	(14)
Total Material Consumed	1,996	2,100	(5)
Value Added	1,219	1,667	(27)
Profit Before Tax (PBT)	568	749	(24)
Profit After Tax (PAT)	420	550	(24)
Earnings per share (in ₹)	11.47	14.99	(23)

EPS has been calculated based on profits excluding the other comprehensive income and number of shares outstanding at the end of the year is adjusted for the impact of sub division of 1 fully paid up equity share having a face value of ₹10 each into 2 fully paid up equity shares having a face value of ₹5 each

ii) Following data reflect the financial position of the company:

Particulars	₹ in crore		% of Increase / (Decrease)
	2025-26	2024-25	
Gross Block (Excl. CWIP)	1,697	1,601	6
Accumulated Depreciation	819	743	10
Net Block	878	858	2
Working Capital (Net)	6,411	6,018	7
Capital Employed	4,150	3,886	7
Net Worth	4,241	4,009	6

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 than compared to the immediately previous financial year) in the following key sector-specific financial ratios along with the detailed explanations there for:

Particulars	FY26	FY25	Change (in %)	Explanation for change of 25% or more
Debtors Turnover Ratio (times)	3.91	5.89	(34)	Reduction is due to lower Turnover and Higher Average Trade Receivables. However, due to higher realisations Trade Receivables as on 31 March 2026 have been significantly reduced.
Inventory Turnover Ratio (times)	0.67	1.45	(54)	Reduction is due to lower Turnover and Higher Inventory. Higher Inventory is maintained to meet the higher sales targets in succeeding years.
Interest Coverage Ratio (times)	Nil	Nil	-	-
Current Ratio (times)	2.01	2.38	(16)	-

Particulars	FY26	FY25	Change (in %)	Explanation for change of 25% or more
Debt-Equity Ratio (times)	Nil	Nil	-	-
Operating Profit Margin (%)	6%	12%	(50)	Reduction in operating profit margin is due lower turnover achieved during the year
Net Profit Margin (%)	17%	16%	5	-
Return on Net worth (%)	10%	14%	(29)	Reduction is due to lower Net Profit which is mainly due to lower turnover achieved during the year.

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. As the company is engaged in defence production, exemption was granted from the applicability of the Accounting Standard on segment reporting under section 129 of Companies Act, 2013 vide Notification dated 23 February 2018 of the Ministry of Corporate Affairs and also under SEBI disclosures vide their letter no. SEBI/HO/CFD/DIL1/OW/P/2017/18400/1 dated 03 August, 2017.

2.5 Company Objectives

I) Achieve complete self-reliance in the development, production and lifecycle support of missile systems across all categories, including advanced strategic weapons.

II) Strengthen competitiveness in guided missile and underwater guided weapon technologies by building world-class technological and manufacturing capabilities.

III) Maximise utilisation of existing production capacities to drive higher operational efficiency, scalability and value creation.

IV) Expand presence in global markets and emerge as a preferred defence partner for friendly nations seeking reliable and advanced weapon systems.

V) Build BDL into a globally respected brand in weapon systems through continuous innovation, uncompromising quality standards, and strategic partnerships.

VI) Establish BDL as a trusted supplier of export-quality defence solutions, setting benchmarks in reliability, performance and technological excellence.

2.6 Opportunities & Threats

Opportunities

I) **Strong domestic defence pipeline:** BDL is well positioned to benefit from India's expanding defence procurement pipeline, supported by higher domestic allocation, indigenisation mandates, and sustained modernisation spending. A robust order book provides long-term revenue visibility.

II) **Expanding advanced missile portfolio:** Rising defence preparedness is driving demand for advanced missile systems. BDL's growing portfolio of SAMs, VSHORADs, ATGMs, and torpedoes, supported by upcoming facilities, strengthens its future growth potential.

III) **Growing export opportunity:** India's rising defence exports are creating new opportunities for BDL in global markets. Strong indigenous capabilities, competitive pricing, and increasing international interest in missile systems support export growth.

IV) **Aatmanirbhar Bharat tailwinds:** The evolving defence procurement framework increasingly favours companies with strong indigenous design and manufacturing capabilities. BDL's long-standing collaboration with DRDO strengthens its strategic positioning.

V) **Capacity expansion for future growth:** Investments in new manufacturing facilities are expected to enhance production capabilities, improve execution capacity, and support larger and more complex programmes.

VI) **Emerging technology opportunities:** The growing focus on unmanned systems, precision weapons, and directed-energy technologies presents new growth avenues aligned with BDL's core capabilities.

VII) **Expanding MRO business:** The increasing installed base of missile systems is expected to create a steady stream of lifecycle support and MRO opportunities for the Company.

Threats

I) **Execution risks:** Timely execution of large and complex programmes remains critical, as delays in delivery or integration could impact revenue and profitability.

II) **Supply chain dependencies:** Dependence on imported critical components exposes BDL to geopolitical, regulatory, and logistics-related disruptions.

III) **Rising competition:** Increasing private sector participation in defence manufacturing could intensify competition in guided weapon systems.

IV) **Geopolitical and export risks:** Export opportunities remain vulnerable to geopolitical developments, regulatory changes, and international defence trade restrictions.

V) **Rapid technological change:** Accelerating advancements in defence technologies require continuous investment in R&D to maintain operational relevance.

VI) **Talent availability:** Limited availability of specialised talent in missile and defence technologies could impact future scaling and innovation.

VII) **Customer concentration risk:** High dependence on the Ministry of Defence exposes the Company to changes in defence budgets and procurement priorities.

VIII) **Impact of Order Cancellations on Order Book Strength and Operational Continuity-** Cancellation of orders can weaken the order book and future revenue. Short closure of orders adversely impacts BDL's ability to maintain a strong order book position and Idle production lines due to the non-availability of firm orders lead to workforce shifts and operational inefficiencies.

2.7 Key Strategies

2.7.1 Product Portfolio Strategy

In collaboration with DRDO and original equipment manufacturers (OEMs), Bharat Dynamics Limited (BDL) is advancing more than 40 defence projects and these developments encompass a diverse portfolio. These developments encompass a diverse portfolio, including tactical and cruise missiles, short- and long-range air defence systems, anti-tank guided munitions, advanced heavy and lightweight torpedoes, underwater autonomous vehicles, sonobuoys, and specialised propulsion systems.

2.7.2 Export Strategy

Enhanced the global visibility of BDL through focused marketing and business development efforts. Strategic MoUs and partnerships with foreign OEMs and domestic manufacturers positioned BDL at the forefront of global defence technology trends.

Executed more than 80 MoUs with Indian and foreign partners to strengthen defence exports and establish BDL as a reliable global supply chain partner.

Established strong synergy with Defence Attachés, Ambassadors, and Channel Partners of Friendly Foreign Countries, for supply of BDL weapon systems to Friendly Foreign Countries.

2.7.3 R&D and Technology Strategy

By expanding internal R&D funding and implementing a structured long-term technology plan, the organisation has accelerated its development of critical defence technologies. Key focus areas include next-generation tactical strike systems, counter-unmanned aerial vehicle (UAV) networks, advanced multi-spectral targeting sensors, and specialised propulsion and payload solutions.

2.7.4 Management & Human Resources Strategy

To sustain long-term growth and agility, BDL is actively transforming its human capital framework through strategic structural updates and modern organisational philosophies. The company has initiated a comprehensive organisation gap analysis to evaluate current capabilities, skills, and leadership strengths against future competency requirements. To align BDL's structural framework with evolving strategic goals and technological demands, targeted Organisational Development (OD) interventions are being deployed through a continuous, iterative process that balances short- and long-term agility. Furthermore, BDL is restructuring its legacy systems to adopt modern management philosophies and streamline decision-making processes.

To maximise workforce efficiency, the company is establishing a centralised pool of non-executive personnel for dynamic distribution across divisions based on real-time manpower utilisation. Recognising that operational excellence depends on modern infrastructure, BDL is integrating advanced digital tools to optimise workforce management, enhance supply chain resilience, and strengthen project execution. Finally, securing BDL's future leadership pipeline remains a core priority through the formalisation of a robust Succession Plan and Leadership Development Plan (SPLDP). This ongoing, systematic process identifies, assesses, and develops high-potential Executives to fill business-critical positions over the short and long term, with the framework undergoing structured reviews at regular intervals.

3. RISK & CONCERNS

Various risks have been identified, along with appropriate mitigation plans, including those relating to industry dynamics, increasing market competition, time-to-market pressures, slowdowns or recessions in market segments, fluctuations in product and input prices, cost control and changing demand patterns. Risks relating to the environment, health and safety, information technology, research and development, intellectual property, and emerging technological requirements, such as digitalisation and smart manufacturing, are also continuously monitored and proactively managed through identified improvement initiatives and periodic review mechanisms.

3.1 Business Risk

The Company operates in a competitive environment, competing with both domestic and international players. Our ability to compete effectively, innovate, and uphold high-quality standards is vital for its long-term success. The company mainly relies on the Indian Armed Forces via the Ministry of Defence (MoD), Government of India, as its key customer. Any significant cutback or shift in defence spending by the Indian government, order reductions, contract cancellations, failure to win contracts through competitive bidding, or changes in the MoD or Armed Forces' policies—whether short-term or long-term—could negatively affect the Company's business, financial health, operational results, growth potential, and cash flows. Additionally, increased private-sector involvement in defence could heighten competition and alter market dynamics.

With extensive defence sector experience and a solid manufacturing infrastructure, the Company is well-positioned to face competitive pressures and evolving market conditions. To broaden its customer base, it is actively pursuing export opportunities with support from the Government of India.

3.2 Policy Risk

Compliance with regulatory requirements and adherence to quality standards are paramount in the defence industry. The company is required to comply with various procurement policies and regulations of the Ministry of Defence, Government regulations, and other applicable laws and standards. Sudden or unforeseen changes in applicable regulations, procurement policies, or export restrictions may adversely affect the company's business, results of operations, and financial condition.

The company continues to comply with all applicable rules and regulations in line with the policies of the Government of India and takes proactive measures, wherever feasible, in anticipation of regulatory changes.

3.3 Operational & Labour Risk

The company's operations are carried out through its manufacturing units in Telangana and Andhra Pradesh. Any disruption, shutdown or loss of operations at any of these units may have a material adverse effect on the company's business, financial condition and results of operations. Further, a section of the workforce is represented by labour unions, and any prolonged work stoppage may affect operations.

The company continues to maintain cordial industrial relations with its employees and recognised unions and does not foresee any material adverse impact on its operations in this regard.

3.4 Supply Chain Management Risk

Efficient supply chain management is critical for timely execution of orders and cost optimisation. The company is dependent on certain key Original Equipment Manufacturers (OEMs), suppliers, subcontractors and, in some cases, single-source vendors for critical sub-assemblies and components. Any disruption or failure in performance by such entities may materially impact the company's operations and project execution.

The company is continuously expanding and strengthening its vendor base and is adequately safeguarded through appropriate contractual provisions, including liquidated damages clauses, wherever applicable. The company is also focusing on development of alternate and multiple vendors across various programmes to reduce dependence on single-source suppliers and ensure continuity of operations.

3.5 Technology Risk

The defence sector is marked by rapid technological progress and changing customer demands. The company remains committed to innovation, upgrading technology, and maintaining agility and adaptability to stay competitive and secure long-term sustainability. Its products feature advanced technologies, but developing and launching new technologies and products carries inherent risks, such as potential delays in realising expected benefits.

To mitigate technology-related risks, the company has enhanced its Research & Development efforts and increased investment in R&D. Additionally, it continues to collaborate closely with the Defence Research and Development Organisation (DRDO) on various projects and the development of advanced defence systems.

4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has put in place a robust internal control framework that is aligned with the scale, complexity and nature of its operations, ensuring strong financial discipline and operational integrity. Well-defined policies and procedures govern key functional areas such as procurement, sub-contracting, works contracts, finance and accounting, human resources, information technology, security, and delegation of authority. These frameworks are periodically reviewed and refined to remain aligned with evolving business requirements and regulatory expectations.

To strengthen oversight and ensure the effectiveness of its control environment, the company has established an in-house Internal Audit Department staffed with qualified professionals. The department independently evaluates the adequacy and effectiveness of risk management systems, internal controls, and governance processes across the organisation. The scope and coverage of internal audits are reviewed and approved by the Audit Committee of the Board. In addition, independent external audit firms are engaged to provide assurance on the Company's financial statements and reporting practices. Observations and recommendations from both internal and external audits are thoroughly reviewed by the Audit Committee, enabling timely corrective actions and continuous improvement.

The company remains committed to strengthening its governance framework by adopting globally recognised best practices across processes and controls. Continuous efforts are directed towards enhancing transparency, accountability, and risk management standards, while aligning internal systems with evolving international benchmarks in corporate governance.

5. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES, INDUSTRIAL RELATIONS FRONT, INCLUDING THE NUMBER OF PEOPLE EMPLOYED

5.1 The manpower strength of the Company as on 31 March 2026 is as under:

Particulars	Non-Executives	Executives	Total
Male	1,198	631	1,829
Female	160	112	272
Total	1,358	743	2,101
Previous Year	1,510	759	2,269

5.2 Industrial Relations

The company continues to place strong emphasis on fostering constructive and transparent relationships between the management and trade unions, with the objective of maintaining a harmonious and collaborative workplace environment. Reinforcing this commitment, the Central Labour Department conducted the verification of trade union membership through secret ballot elections during the year.

In partnership with the recognised trade union, the management has established robust mechanisms for dialogue, consultation, and negotiation on matters relating to employment terms and working conditions. These processes are designed to facilitate timely resolution of concerns, encourage open communication, and strengthen industrial harmony across the organisation.

The recognised trade union continues to play an important role in representing employees in discussions with the management on industrial relations and employment-related matters. Through sustained engagement and mutual cooperation, the Company remains committed to nurturing a culture of trust, fairness, and transparency, while creating a positive and productive work environment for its employees.

6. ENVIRONMENTAL MEASURES

Environmental responsibility at BDL extends well beyond compliance and remains integral to the way the company operates. Sustainability considerations are embedded into operational decision-making through the adoption of cleaner production technologies and the consistent application of reduce, reuse and recycle practices across manufacturing units. Effluent Treatment Plants and Sewage Treatment Plants at all facilities ensure responsible treatment and disposal of industrial wastewater and sewage.

The company continues to strengthen its conservation efforts through water-saving initiatives, tree plantation drives, scientific disposal of hazardous waste and metal scrap, and systematic landscaping programmes. Recycled domestic water and treated effluents are reused within operations wherever feasible, helping reduce dependence on freshwater resources. Environmental performance is reviewed through ISO 14001 core team meetings, internal audits and periodic management reviews, ensuring continuous improvement of the Environmental Management System. Independent annual surveillance audits across all manufacturing units further reinforce compliance with applicable environmental standards.

Collectively, these initiatives reflect BDL's belief that industrial growth and environmental stewardship must progress together, with a continued focus on minimising environmental impact and advancing sustainable operations.

As a responsible corporate citizen committed to sustainable development, the company has proactively implemented several key energy conservation measures across its operations:

» 1**00% Renewable Energy:** Achieved complete reliance on renewable energy across all manufacturing units by adopting green energy tariffs and securing 100% green power supply.

» **Green Infrastructure:** Converted the Design & Engineering building into an eco-friendly facility, earning the prestigious "Platinum Rating" certification from the U.S. Green Building Council (USGBC).

» **Eco-Friendly Mobility:** Enhanced internal campus transit by introducing battery-operated vehicles, including four electric bicycles and one electric truck.

» **Energy-Efficient Equipments:** Upgraded facility infrastructure with the installation of 320 Brushless Direct Current (BLDC) fans, 11 Variable Frequency Drives (VFDs), 35 occupancy sensors, 2 Automatic Power Factor Correction (APFC) controllers, and 3 high-efficiency IE4 motors.

7. FOREIGN EXCHANGE CONSERVATION

The company continues to focus on conserving foreign exchange through a dedicated effort of adopting an indigenous approach for its various day-to-day operational requirements. By progressively increasing indigenous content in the assembly of final products, it is reducing dependence on imported components and subsystems sourced from OEMs.

8. FUTURE OUTLOOK

In FY 2025–26, Bharat Dynamics Limited recorded a turnover of ₹2,442 crore. Export revenues for the year stood at ₹702.23 crore, reflecting the Company's growing international presence and the increasing global acceptance of indigenously developed Indian defence systems.

Order inflows during the year aggregated ₹5,909 crore, consolidating a healthy order book of ₹26,176 crore as on 31 March, 2026. Looking ahead, BDL anticipates fresh order additions of approximately ₹25,000 crore over the next two to three years, as several significant programmes are in advanced stages of finalisation, providing a high degree of revenue visibility and reinforcing the Company's long-term growth trajectory.

9. BUSINESS OUTLOOK

Near-Term (FY 2026–27)

BDL is well positioned to sustain its growth momentum in FY 2026–27. Demand from India's Armed Forces continues to strengthen, underpinned by the government's sustained policy focus on "*Aatmanirbhar*" Bharat and the progressive indigenisation of defence procurement. Multiple major programmes, spanning missile systems, precision-guided munitions, air defence platforms, anti-tank weapons, underwater weapons, loitering munitions, autonomous systems, and electronic warfare solutions, are at various stages of finalisation and are expected to translate into confirmed orders in the near term.

The company's robust order pipeline, combined with expanding export opportunities and strategic technology partnerships, provides a firm foundation for another phase of strong, sustainable growth.

Long-Term Vision, Vision 2047

BDL is entering a transformative phase guided by Vision 2047, aligned closely with the national aspirations of Viksit Bharat and "*Aatmanirbhar*" Bharat. India's evolving security environment and the accelerating demand for advanced strategic platforms create significant long-term opportunities, in modern missile systems, next-generation air defence and anti-submarine warfare technologies, precision munitions, and autonomous and electronic warfare capabilities.

The company's long-term ambition is to evolve from its established role as a missile systems manufacturer into a fully integrated defence solutions provider, with deep competencies in design, development, production, system integration, lifecycle support, and emerging defence technologies. This transformation is anchored in three strategic priorities: technological leadership, operational excellence, and global competitiveness.

10. STRATEGIC PRIORITIES

Indigenous Design, Development & Manufacturing

Self-reliance in critical and emerging defence technologies remains the cornerstone of BDL's strategy. The company is intensifying its in-house development of next-generation missile and defence systems, with the objective of progressively reducing dependence on foreign sources across all major programmes. Across every platform under development, increasing indigenous content is a non-negotiable programme parameter.

Research & Development

BDL has substantially increased its R&D expenditure in recent years and is committed to sustaining this investment trajectory. The company recognises innovation as the bedrock of long-term competitiveness and is working to embed a culture of experimentation, technical risk-taking, and continuous advancement throughout the organisation. R&D priorities span advanced seeker technologies, propulsion systems, guidance and control, artificial intelligence applications, robotics, and next-generation warhead and fuse systems.

To accelerate technology development, BDL has deepened its collaboration with premier academic and research institutions, IITs, NITs, IISc, and DRDO laboratories. These partnerships are directed at cutting-edge research, incubation of disruptive technologies, AI applications, and the development of defence solutions tailored to future warfare requirements.

Strategic Partnerships

Strategic collaboration remains a defining pillar of BDL's growth roadmap. The company is expanding partnerships with leading global Original Equipment Manufacturers (OEMs) for joint development, co-production, technology transfer, and in-country manufacturing of advanced defence systems. Simultaneously, BDL is deepening its engagement with DRDO, government laboratories, and industry partners to create a robust, end-to-end defence industrial ecosystem.

At the domestic level, BDL is actively working with Indian private industries, MSMEs, startups, and supply chain partners to build a resilient and integrated manufacturing base. These collaborations are designed to deliver efficient, scalable, and locally embedded solutions to emerging defence requirements.

Manufacturing Modernisation & Capacity Expansion

BDL is executing a significant modernisation and capacity enhancement programme to meet growing domestic demand and unlock export potential. The company has already made substantial investments in advanced manufacturing infrastructure and is continuing to invest in smart manufacturing technologies, automation, Industry 4.0 practices, advanced quality systems, and enhanced supply chain integration.

Planned investments over the next several years are aimed at establishing modern production facilities with improved scalability, efficiency, and reliability. These initiatives will not only support timely execution of the current order book but will also strengthen BDL's competitive positioning in the global defence export market.

Export Growth

On the international front, BDL continues to expand its global footprint by offering reliable, cost-effective, and customised defence solutions to friendly foreign nations. Several indigenous products have received export clearances, and there is growing international interest in Indian defence systems. Exports are expected to become a progressively larger contributor to overall revenues in the years ahead.

Human Capital & Organisational Development

BDL's leadership recognises that technological leadership can only be sustained through a highly skilled, future-ready workforce. The company is focused on attracting strong technical talent, building deep domain competencies, and providing structured pathways for continuous learning, reskilling, upskilling, and leadership development across the organisation.

Beyond talent development, BDL is committed to organisational transformation, integrating digital tools, strengthening governance, fostering an innovation-led culture, and embedding operational excellence at every level. These efforts are aimed at ensuring that the company is as prepared for the demands of tomorrow as it is for those of today.

Conclusion

Bharat Dynamics Limited enters FY 2026–27 with a strong order book, a well-defined strategic roadmap, and the institutional capability to deliver on its commitments. The convergence of rising domestic defence requirements, accelerating indigenisation policy, expanding export opportunities, and BDL's own deepening technology capabilities positions the company for a period of sustained, high-quality growth.

Guided by Vision 2047 and anchored in the principles of "*Aatmanirbhar*" Bharat, BDL is committed to advancing India's self-reliance in critical defence technologies, building advanced systems, strengthening national security, and contributing meaningfully to India's emergence as a globally competitive defence manufacturing nation. The company remains resolute in its purpose: to deliver technologies and capabilities that India can rely on for decades to come.

For and on behalf of the Board

D.V. Srinivas Rao
Director (Technical) and
Chairman & Managing Director (Addl. Charge)
DIN : 10652125

Place : Hyderabad
Date : 28 May 2026

ANNEXURE -III

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Philosophy of the company in respect of Corporate Governance is to ensure transparency in all its operations, make appropriate disclosures, comply with the laws, maintain ethical standards and take care of the interest of all the stakeholders. In keeping with its professional approach, the company is implementing the precepts of Corporate Governance in letter and spirit.

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

Your company is in compliance with the requirements of the Corporate Governance standards as stipulated under SEBI (Listing obligations and disclosure requirements) Regulations, 2015 (as amended) (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 2026.

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 2026, the Board of Directors of the company consists of four Whole-time Directors including Chairman and Managing Director, two Part-time Official Directors (Government Nominee Directors) and One Part-time Non-Official Director (Independent 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, Govt of India. 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**
	Cmde. A. Madhavarao (Retd.)	Chairman & Managing Director
	Shri P. V. Raja Ram@	Director (Production)
	Shri D.V Srinivas Rao	Director (Technical)
	Shri G. Gayatri Prasad	Director (Finance) & CFO
	Cmde. Sujay Kapoor (Retd.)+	Director (Production)
B)	**Part-Time Official Directors (Non-Executive Non-Independent)**	
	Shri Amit Satija$	Government Nominee Director
	Smt. Meera Mohanty$	Government Nominee Director
	Shri U. Raja Babu	Government Nominee Director
C)	**Part-Time Non-Official Directors (Non-Executive Independent)**	
	Shri Jashwant Lal^	Independent Director
	Shri Chetan Bansilal Kankaria%	Independent Director

@ Vide Ministry of Defence letter No. DDP-M0001(11)/2/2022-D(BDL) dated 30 August 2023 ceased to hold his office w.e.f 01 October 2025 on completion of tenure.

+ Vide Ministry of Defence letter No. DDP-M0001(11)/1/2025-D(BDL) Pt.1 dated 04 February 2026 Cmde. Sujay Kapoor (Retd.) assumed the charge as Director (Production) w.e.f 06 March 2026

$ Smt. Meera Mohanty was appointed as Government Nominee Director in place of Shri Amit Satija vide Ministry of Defence letter No. 8(32)/2019-D(Coord/DDP) dated 14/07/2025 with effect from 14 July 2025.

^ Vide Ministry of Defence letter No. DDP-M0001(11)/1/2018/D(BDL) dated 24 February 2023 ceased to hold his office w.e.f 24 February 2026 on completion of tenure.

% Vide Ministry of Defence letter No. DDP-M0001(11)/3/2018-D(BDL)-dated 22 April 2025 Shri Chetan Bansilal Kankaria appointed as Independent Director w.e.f 22 April 2025.

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 2025-26, Six (6) 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 27 May 2025, 12 August 2025, 26 September 2025, 13 November 2025, 29 December 2025 and 31 January 2026. 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 2025-26 etc., are furnished as follows:

Name of Directors	Board Meetings		Attendance At last AGM held on 26 Sep 2025	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
Functional/Whole-Time Directors (Executive)								
Cmde. A. Madhavarao (Retd.) Chairman & Managing Director	6	6	Yes	Nil	Bharat Dynamics Ltd	Executive Director & Chairman	-	-
Shri P.V. Raja Ram Director (Production) (Ceased w.e.f 01 October 2025)	3	3	Yes	Nil	Bharat Dynamics Ltd	Executive Director	-	-
Shri D.V. Srinivas Rao Director (Technical)	6	6	Yes	Nil	Bharat Dynamics Ltd	Executive Director	-	2
Shri G. Gayatri Prasad Director (Finance) & CFO	6	6	Yes	Nil	Bharat Dynamics Ltd	Executive Director	-	1
Cmde. Sujay Kapoor (Retd.) Director (Production) (Assumed charge w.e.f 06 March 2026)	0	0	NA	Nil	Bharat Dynamics Ltd	Executive Director	-	-
Part-Time Official (Government) Directors (Non-Executive Non-Independent)								
Shri Amit Satija (Ceased w.e.f 14 July 2025)	1	1	No	3	Mishra Dhatu Nigam Limited Bharat Dynamics Limited	Non-Executive Non-Independent Director	-	-
Smt. Meera Mohanty (Appointed w.e.f 14 July 2025)	5	3	NA	2	Bharat Electronics Limited BEML Limited Bharat Dynamics Limited	Non-Executive Non-Independent Director	-	-
Shri U. Raja Babu	6	4	No	Nil	Bharat Dynamics Ltd	Non-Executive Non-Independent Director	-	-
Part-time Non-Official Director (Non-Executive Independent)								
Shri Jashwant Lal (Ceased w.e.f 24 February 2026)	6	6	Yes	Nil	Bharat Dynamics Ltd	Non-Executive Independent Director	1	2
Shri Chetan Bansilal Kankaria (Appointed w.e.f 22 April 2025)	6	6	Yes	Nil	Bharat Dynamics Ltd	Non-Executive Independent Director	1	2

Note:

(1) None of the Directors or 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) Directorships 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 of 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 Directors/Managing Director of the company serves as Independent Director in more than three listed companies.

(4) Shri P.V. Raja Ram holds 210 shares, Shri G. Gayatri Prasad holds 1304 shares (including on beneficial basis) and Shri D.V. Srinivas Rao holds 60 shares (including on beneficial basis) of face value of ₹5 each in the company. No other Director 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 31 March, 2026 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:

BDL being a Central Government Public Sector Enterprise, the appointment, competence, tenure and remuneration of Directors are decided by the Government of India. The skills/expertise/competencies 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.

As such all the Directors have adequate skills/expertise/competencies as per the context of its business(es) and sector(s) for it to function effectively.

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 prepared by 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 2025-26. 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) Familiarisation/Training of Board Members:

At the time of induction of an Independent Director(s), a welcome letter is addressed to Director(s) along with details of duties and responsibilities required to be performed as a Director in addition to the compliances required from him under the Companies Act, 2013, the Listing Regulations and other applicable Regulations. The Management of the company familiarises the newly appointed Director(s) about the company, its operations, various policies and processes of the company, various divisions of the company and their role and responsibilities, the governance and internal control processes and other relevant important information concerning the company. Directors are also regularly encouraged and sponsored for attending important training programmes relating to Board related practices and orientation programmes etc. conducted by various institutes of repute. The details of Familiarisation programmes imparted to the Independent Directors during the year 2025-26 are placed in the website of the company and can be accessed at https://bdl-india.in/sites/default/files/Familiarisation%20Programme%20for%20Independent%20Directors_0.pdf

g) Certificate from Company Secretary in Practice

M/s. Mehta & Mehta., Practicing Company Secretaries, has 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 Companies by the SEBI/Ministry of Corporate Affairs or any such Statutory Authority as on 31 March 2026.

h) Directors and Officers Insurance

In line with the requirements of Regulation 25(10) of the Listing Regulations, the company has in place a Directors and Officers Liability Insurance policy.

3. MANDATORY COMMITTEES OF THE BOARD:

A) AUDIT COMMITTEE:

The composition of the Audit Committee is in line with Section 177 of Companies Act 2013 (the Act), Regulation 18 of the Listing Regulations, and DPE Guidelines.

During the year, four (4) meetings of the Audit Committee were held on 27 May 2025, 12 August 2025, 13 November 2025 and 31 January 2026. The Audit committee was suspended w.e.f 24 February 2026 due to lack of representation of Independent directors on the Board of BDL. The composition of the Committee during the year 2025-26 and the details of attendance of Members for the said meeting(s) 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 Chetan Bansilal Kankaria Chairperson*	Non-Executive Independent Director	4	4
2	Shri Jashwant Lal Member#	Non-Executive Independent Director	4	4
3	Shri D V Srinivas Rao Member	Executive Director	4	4

The Company Secretary acts as the Secretary of the Committee.

*Appointed as Chairperson w.e.f 22 April 2025

#Ceased to be member w.e.f 24 February 2026

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 will attend the meeting on 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 Chairperson of the Audit Committee attended the 55th Annual General Meeting of the Company.

Terms of Reference:

The Audit Committee complies with the terms of reference as enumerated under the applicable provisions under the Companies Act, 2013, Listing Regulations, DPE Guidelines as amended from time to time. Some of the important functions performed by the Audit Committee are as follows:

(i) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(ii) recommendation to the Board for fixation of remuneration to the auditors;

(iii) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(iv) reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference as stated in Schedule II Part C of Listing Regulations;

(v) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(vi) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(vii) approval or any subsequently modification of transactions of the Company with related parties;

(viii) scrutiny of inter-corporate loans and investments;

(ix) valuation of undertakings or assets of the Company wherever it is necessary;

(x) reviewing with the management, the performance of the Statutory Auditors and Internal Auditors, adequacy of the internal control systems;

(xi) evaluation of internal financial controls and risk management systems;

(xii) recommendation to the Board for appointment and removal of Internal Auditors and determining the scope of Internal Audit in consultation with the internal auditors;

(xiii) 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;

(xiv) discussion with internal auditors and/or auditors of any significant findings and follow up thereon;

(xv) 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;

(xvi) review observations of statutory, internal and government auditors and provide recommendations based on the same;

(xvii) to review the follow up action on the audit observations of the C&AG audit;

(xviii) 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;

(xix) 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);

(xx) to review the functioning of the whistle blower mechanism;

(xxi) to review the follow up action taken on the recommendations of the Committee on Public Undertakings (COPU) of the Parliament;

(xxii) to review cases of procurement from a single source;

(xxiii) to review the utilisation 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 is in line with Section 178(1) of the Companies Act, 2013 and Regulation 19 of the Listing Regulations and DPE Guidelines.

During the year, four (4) meetings of the Nomination and Remuneration Committee was held on 26 September 2025, 13 November 2025, 29 December 2025 and 31 January 2026. The Nomination and Remuneration Committee was suspended w.e.f 24 February 2026 due to lack of representation of Independent directors on the Board of BDL. The composition of the Committee during the year 2025-26 and the details of attendance of Members for the said meeting(s) 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 Chetan Bansilal Kankaria Chairperson*	Non-Executive Independent Director	4	4
2	Smt. Meera Mohanty Member#	Non-Executive Non-Independent Director	4	0
3	Shri Amit Satija Member+	Non-Executive Non-Independent Director	Nil	NA
4	Shri Jashwant Lal Member@	Non-Executive Independent Director	4	4

The Company Secretary acts as the Secretary of the Committee.

* Appointed as Chairperson w.e.f 22 April 2025

\# Appointed as Member w.e.f 14 July 2025

\+ Ceased to be member w.e.f 14 July 2025

@ Ceased to be member w.e.f 24 February 2026

Terms of reference:

The terms of reference of the Committee is as follows:

(i) 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;

(ii) To recommend to the Board a policy, relating to the remuneration for the key managerial personnel and other employees;

(iii) 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)

(iv) Decide on the annual bonus/ performance pay/variable pay pool and policy for its distribution across the executives;

(v) Formulation and modification of schemes for providing perks and allowances for Executives;

(vi) Any new scheme of compensation to Executives and Non-Executives as the case may be;

(vii) Exercising such other roles as may be assigned to it by the provisions of the Listing Regulations and any other law and their amendments from time to time.

Remuneration Policy /Details of Remuneration to all Directors:

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

b. 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.

c. 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. They are not entitled for any remuneration/sitting fees.

d. The Part-time Non-Official Directors (i.e. Independent Directors) are appointed by Government of India for a period of 3 years or until further orders whichever is earlier. They are entitled to sitting fees for attending the Board/Committee meetings as prescribed by the Board in adherence with the Govt. directives/statutory rules and regulations. The Board at its 278th meeting held on 03 November 2023 enhanced the sitting fees payable to the Independent Directors to ₹30,000/- per sitting for attending the Board Meetings and ₹20,000/- 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. The details of the sitting fees paid to the Independent Directors for attending the Meetings during the year 2025-26 are given below:

Name of the Independent Director	Amount (₹)
Shri Jashwant Lal	4,80,000
Shri Chetan Bansilal Kankaria	4,80,000

e. The details of remuneration of Directors and KMP, paid during the year 2025-26 is as follows:

(Amount in ₹)

Name of Director	Designation	Salary	Perquisites	VL Encashment	Company Contribution to PF & Incremental Gratuity / Leave/ Pension-Exe Scheme & PSMB II	Incentive	Total	No. of Shares of the face value ₹5 each held in the company as on 31 March 2026 (including on beneficial basis)
Cmde. A. Madhavarao (Retd)	CMD	53,70,557	9,88,696	-	15,82,883	21,88,524	1,01,30,660	_
Shri P.V. Raja Ram@	Director (Production)	19,34,771	3,63,077	-	5,02,860	15,39,655	43,40,363	210
Shri D.V. Srinivas Rao	Director (Technical)	36,39,568	6,69,966	-	14,13,982	9,38,881	66,62,397	60
Shri G. Gayatri Prasad	Director (Finance) and CFO	34,71,470	6,39,067	2,46,170	16,10,817	8,70,351	68,37,875	1304
Cmde. Sujay Kapoor*	Director (Production)	2,80,001	60,236	-	2,51,793	-	5,92,030	-
Shri N. Nagaraja	Company Secretary	21,09,408	3,89,392	-	6,11,289	3,90,446	35,00,535	10

@ Ceased as Director w.e.f. 01 October 2025

* Assumed charge as Director (Production) w.e.f. 06 March 2026

f. Stock Options: - The Company has no Stock Option plans/schemes approved by the Board/Shareholders.

g. The company does not pay any commission to its Directors. Apart from receiving the sitting fee and reimbursement of expenses incurred in the discharge of their duties, none of the Non-Executive Directors had any pecuniary relationship or transactions with the company during the year 2025-26.

h. The provisions of Section 134(3)(p) of the Companies Act, 2013 and Regulation 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 Listing Regulations 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.

i. Particulars of Senior Management including the changes therein since the close of the previous financial year: Please refer to Page No. 2 of corporate information section for details.

C) STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Stakeholders Relationship Committee is in line with Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations and DPE Guidelines.

During the year, one (1) meeting of the Stakeholders Relationship Committee was held on 31 January 2026. The composition of the Committee during the year 2025-26 and the details of attendance of Members for the said meeting is as follows:

S. No	Name of the Member	Category of Directors	No. of Meetings held during their tenure	No. of Meetings Attended
1	Shri Jashwant Lal Chairperson*	Non-Executive Independent Director	1	1
2	Shri Chetan Bansilal Kankaria Member#	Non-Executive Independent Director	1	1
3	Shri D.V. Srinivas Rao Member	Executive Director	1	1

S. No	Name of the Member	Category of Directors	No. of Meetings held during their tenure	No. of Meetings Attended
4	Shri G. Gayatri Prasad Member	Executive Director	1	1
5	Shri P.V. Raja Ram Member@	Executive Director	Nil	NA

The Company Secretary acts as the Secretary of the Committee.

* Ceased to be Chairperson w.e.f 24 February 2026.
#Appointed as chairperson w.e.f 24 February 2026.
@ Ceased to be member w.e.f 01 October 2025.

Terms of reference:

(i) 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;

(ii) To review measures for effective exercise of voting rights by shareholders;

(iii) To review adherence to the service standards adopted by the company in respect of various services being rendered by the Registrar & Share Transfer Agent;

(iv) 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 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 endeavours 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 website https://bdl-india.in. Further, Alankit Assignments Limited, the Share Transfer Agent of the Company (STA), is authorised to monitor the on-line complaints placed on SEBI Complaints Redress System (SCORES).

In terms of Regulation 13(4) of the Listing Regulations, a quarterly statement 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:	19
No. of complaints resolved during the year:	19
No. of complaints pending resolved at the end of the year:	0

D) CSR & SD COMMITTEE:

The composition of the CSR & SD Committee is in line with Section 135 of the Companies Act, 2013 and DPE Guidelines. During the year, four (4) meetings of the CSR &SD Committee meetings were held on 12 August 2025, 26 September 2025, 13 November 2025 and 29 December 2025.

The composition of the Committee during the year 2025-26 and the details of attendance of Members for the said meeting(s) 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 Jashwant Lal Chairperson*	Non-Executive Independent Director	4	4
2	Shri Chetan Bansilal Kankaria Chairperson#	Non-Executive Independent Director	4	4
3	Shri P.V. Raja Ram Member@	Executive Director	2	2
4	Shri D.V. Srinivas Rao Member	Executive Director	4	4
5	Shri G. Gayatri Prasad Member	Executive Director	4	4

The Company Secretary acts as the Secretary of the Committee.

* Ceased to be Chairperson w.e.f 24 February 2026.

#Appointed as chairperson w.e.f 24 February 2026.

@ Ceased to be member w.e.f 01 October 2025.

Terms of reference:

(i) To recommend CSR and Sustainability Development policy to the Board.

(ii) To recommend plan of action and projects to be initiated in the short, medium and long term for CSR and Sustainability development.

(iii) To recommend the Annual CSR and Sustainability Development Plan and Budget.

(iv) Periodic review of CSR & Sustainability Development policy, plan and budgets.

E) RISK MANAGEMENT COMMITTEE:

By virtue of amendments in the Listing 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 Risk Management Committee was held on 26 May 2025 and 13 November 2025. The composition of the Committee during the year 2025-26 and the details of attendance of members for the said meeting(s) 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 P.V. Raja Ram Chairperson*	Executive Director	1	0
2	Shri D.V. Srinivas Rao Chairperson#	Executive Director	2	2
3	Shri Jashwant Lal Member@	Non-Executive Independent Director	2	2
4	Shri Chetan Bansilal Kankaria Member	Non-Executive Independent Director	2	2
5	Shri G. Gayatri Prasad Member	Executive Director	2	2

The Company Secretary acts as the Secretary of the Committee.

* Ceased to be Chairperson w.e.f 01 October 2025.

Appointed as Chairperson w.e.f 01 October 2025.

@ Ceased to be member w.e.f 24 February 2026.

Terms of reference:

(i) To review and assess the quality, integrity and effectiveness of the Risk Management Systems, especially Financial, operational, sectoral, sustainability (Particularly ESG related risks), information, Cyber Security risks and any other risks as identified by the committee and ensure that the risk policies and strategies are effectively managed.

(ii) To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities, including business continuity plan.

(iii) To assist the Board in setting Risk strategies, policies, frameworks, models and procedures.

(iv) 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.

(v) 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.

(vi) 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:

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 Chairman & Managing Director as Chairman of the Committee and other Functional Directors as Members of the Committee. The Committee met ten (10) times during the year on 05 May 2025, 25 June 2025, 05 September 2025, 10 October 2025, 30 October 2025, 11 December 2025, 19 January 2026, 09 February 2026, 11 March 2026 and 25 March 2026.

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 Demat requests etc.

C) INDEPENDENT DIRECTORS MEETING:

In terms of the provisions under the Companies Act, 2013 and Regulation 25 of the Listing Regulations, the Independent Directors met on 19 December 2025 and reviewed the quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties. All Independent Directors have attended the meeting.

5) GENERAL BODY MEETINGS:

i) 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
55	2024-25	26 Sep 2025	15:00 Hrs	Registered Office through VC	1
54	2023-24	30 Sep 2024	15:00 Hrs	Registered Office through VC	0
53	2022-23	28 Sep 2023	15:00 Hrs	Corporate Office through VC	1

ii) No Extraordinary General Meeting of the Members or any Meeting convened by National Company Law Tribunal (NCLT) was held during the year 2025-26.

iii) No special resolution was put through postal ballot during the year under review.

iv) Person who conducted the postal ballot exercise: Not Applicable.

v) No special resolution proposed to be conducted through postal ballot.

vi) 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 (https://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 https://bdl-india.in/en/investors-meet-presentation.

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 https://bdl-india.in/en/financial-results. 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

(a) The 56th Annual General Meeting for the year 2025-26 is scheduled on Monday, the 28 September 2026 at 15:00 hours.

(b) Financial year of the company begins on 01 April and ends on 31 March. The tentative calendar for declaration of results for the year 2026-27 is given as below:

For the quarter ending 30.06.2026	On or before 14.08.2026
For the quarter ending 30.09.2026	On or before 14.11.2026
For the quarter ending 31.12.2026	On or before 14.02.2027
For the year ending 31.03.2027	On or before 30.05.2027
57th Annual General Meeting	On or before 30.09.2027

(c) The Register of Members and Share Transfer Books shall remain closed from Tuesday, 22 September 2026 to Monday, 28 September 2026 (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:

The BSE Ltd ('BSE')	**National Stock Exchange of India Ltd ('NSE')**
P.J. Towers, 26th Floor,	Exchange Plaza, Bandra-Kurla Complex
Dalal Street, Mumbai - 400001	Bandra (East), Mumbai - 400051

The company has paid listing fees for the financial year 2026-27 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:

Stock Exchange	Stock Code
BSE	541143
NSE	BDL
ISIN	INE171Z01026
MCA CIN	L24292TG1970GOI001353

(g) Reconciliation of share capital audit

The company obtains a Reconciliation of Share Capital Audit Report from a Practicing 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 dematerialised 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 once in a year 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 lodgement 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 2026-27 to both the Depositories, viz., NSDL and CDSL.

(h) Market Price Data

The market capitalisation of the company as on 31 March 2026 is ₹40,208 crore (as per BSE closing price). The details of high/low market prices of the shares of the company at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) are as under:

1) BDL Share Price on BSE vis-a-vis BSE Sensex & S&P BSE 500 Index during 2025-2026 is as follows:

Month	BSE Sensex Close	S&P BSE 500 Index Close	BDL Share Price			No. of Shares traded	Turnover (₹ in lakh)
			High ₹	Low ₹	Close ₹		
April, 2025	80,242.24	34,640.35	1,564.35	1,122.25	1,529.40	1,31,716	36,637.10
May, 2025	81,451.01	35,815.16	2,096.00	1,427.35	2,015.60	3,64,314	1,50,733.34
June, 2025	83,606.46	37,043.16	2,057.80	1,800.50	1,944.60	1,95,770	79,541.28
July, 2025	81,185.58	35,981.74	2,013.55	1,588.45	1,619.25	1,39,426	52,013.66
August, 2025	79,809.65	35,287.71	1,629.00	1,412.35	1,436.30	1,28,376	35,536.71
September, 2025	80,267.62	35,714.10	1,655.25	1,421.40	1,492.15	1,06,619	31,783.20
October, 2025	83,938.71	37,214.04	1,578.75	1,480.60	1,529.90	88,042	22,103.67
November, 2025	85,706.67	37,535.84	1,633.15	1,413.25	1,513.95	98,140	31,458.65
December, 2025	85,220.60	37,443.41	1,561.95	1,305.90	1,466.40	1,10,464	28,331.46
January, 2026	82,269.78	36,185.03	1,592.00	1,403.90	1,537.60	1,10,406	30,897.73
February, 2026	81,287.19	36,322.56	1,522.80	1,227.60	1,265.35	1,45,898	33,723.58
March, 2026	71,947.55	32,182.38	1,425.60	1,090.00	1,096.90	1,53,348	44,236.62

2) BDL Share Price on NSE vis-a-vis NSE Nifty & Nifty Infra during 2025-2026 is as follows:

Month	NSE Nifty Close	Nifty Infra Close	BDL Share Price			No. of Shares traded	Turnover (₹ in lakh)
			High ₹	Low ₹	Close ₹		
April, 2025	24,334.20	8,785.85	1,564.00	1,141.20	1,529.60	17,22,246	6,07,582.89
May, 2025	24,750.70	8,970.35	2,096.60	1,427.80	2,015.50	38,64,289	22,65,799.28
June, 2025	25,517.05	9,409.35	2,057.00	1,800.00	1,943.20	20,89,396	12,21,643.95
July, 2025	24,768.35	9,066.20	2,013.50	1,591.60	1,619.00	16,19,999	7,96,271.11
August, 2025	24,426.85	8,873.10	1,629.00	1,413.60	1,435.70	12,84,234	5,46,604.58
September, 2025	24,611.10	9,007.20	1,654.00	1,420.90	1,493.20	11,72,721	5,40,039.58
October, 2025	25,722.10	9,566.15	1,578.70	1,480.70	1,529.90	8,06,241	3,28,571.00
November, 2025	26,202.95	9,653.90	1,633.40	1,413.00	1,513.60	8,99,670	4,43,055.72
December, 2025	26,129.60	9,616.35	1,560.00	1,305.70	1,466.50	10,67,754	4,78,600.34
January, 2026	25,320.65	9,153.20	1,593.90	1,404.00	1,538.20	9,60,502	5,66,157.29
February, 2026	25,178.65	9,532.65	1,522.00	1,227.70	1,265.20	11,53,132	5,05,378.37
March, 2026	22,331.40	8,560.95	1,426.00	1,086.00	1,096.60	10,59,264	4,69,198.35

(i) Registrar & Share Transfer Agent

Alankit Assignments Ltd, Delhi, a SEBI registered Category I Registrar and Share Transfer Agent (RTA) 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

The shares of the company are traded in dematerialised form.

With respect to shares transferred in electronic form, after confirmation of sale/purchase transaction from the broker, shareholders should approach their respective depositary 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.

SEBI, vide its notification dated 24 January, 2022, has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialised form. Members can contact the Company or RTA, for assistance in this regard.

Pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSDPoD-1/P/CIR/2023/37 dated 16 March, 2023, issued in supersession of earlier circulars issued by SEBI bearing nos. SEBI/HO/MIRSD/MIRSD RTAMB /P/CIR/2021/655 and SEBI/HO/MIRSD/ MIRSD RTAMB/ P/CIR/2021/687 dated 03 November, 2021 and 14 December, 2021, respectively, SEBI has mandated all the listed companies to record PAN, Nomination, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers of holders of physical securities. The folios wherein any one of the cited documents/ details is not available on or after 01 October, 2023, shall be frozen by the RTA. The securities in the frozen folios shall be eligible:

» To lodge any grievance or avail of any service, only after furnishing the complete documents / details as mentioned above;

» To receive any payment including dividend, interest or redemption amount (which would be only through electronic mode) only after they comply with the above stated requirements.

The forms for updation of PAN, KYC Bank details and Nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13 and the said SEBI circular are available on our website.

(k) Shareholding Pattern as on 31 March 2026

S. No.	Category	No. of Shareholders	No. of Shares	% Holding
1	President of India	1	274651054	74.93
2	Mutual Fund/UTI	28	20415951	5.57
3	Insurance Companies	19	12689185	3.46
4	Foreign Portfolio Investors	87	7396221	2.02
5	Bodies Corporate	1275	1929805	0.53
6	Individuals	549030	38867329	10.6
7	Trusts	19	20296	0.01
8	NRIs	9844	1797595	0.49
9	Clearing Members	41	392560	0.11
10	Employees	114	22745	0.01
11	HUF	7541	1155490	0.31
12	Alternate Investment Funds	14	724370	0.20
13	NBFCs registered with RBI	7	13548	-
14	Banks	2	291900	0.08
15	Qualified Institutional Buyer	1	40500	0.01
16	LLP	136	119790	0.03
17	Foreign Nationals	3	213	-
18	Provident / Pension Funds	1	6031962	1.64
19	Investor Education and Protection Fund (IEPF)	1	1986	-
Total		**568164**	**366562500**	**100.00**

(l) Top 10 Shareholders as on 31 March 2026

S. No.	Name of the Shareholder	No. of Shares	% to the Capital
1	President of India	274651054	74.93
2	Life Insurance Corporation of India	6254277	1.71
3	Motilal Oswal Large and Midcap Fund	3183607	0.87
4	NPS Trust- A/c SBI Pension Fund Scheme	3178000	0.87
5	HDFC Mutual Fund - HDFC Defence Fund	3000000	0.82
6	SBI Life Insurance Co. Ltd	2137494	0.58
7	HDFC Trustee Company Ltd. A/c HDFC Balanced Advantage Fund	2100000	0.57
8	Nippon Life India Trustee Ltd. A/c Nippon India Small Cap Fund	1526498	0.42
9	Vanguard Total International Stock Index Fund	1337799	0.37
10	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	1268062	0.35

(m) Distribution of shareholding as on 31 March 2026

Category	Total				Physical		Demat	
	No. of shareholders	%	Shares	%	No. of shareholders	Shares	No. of shareholders	Shares
1 - 500	557058	98.05	26423196	7.21	0	0	557058	26423196
501-1000	7181	1.26	5175489	1.41	0	0	7181	5175489
1001-2000	2419	0.43	3478426	0.95	0	0	2419	3478426
2001-3000	618	0.11	1543509	0.42	0	0	618	1543509
3001-4000	263	0.05	929169	0.25	0	0	263	929169
4001-5000	144	0.03	663040	0.18	0	0	144	663040
5001-10000	226	0.04	1588156	0.43	0	0	226	1588156
10001 & above	255	0.04	326761515	89.14	0	0	255	326761515
Total	**568164**	**100.00**	**366562500**	**100.00**	**0**	**0**	**568164**	**366562500**

(n) 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 2026, the number of equity shares in electronic form and physical form is as follows:

Sl. No	Particulars	No. of Shares	%
1	NSDL	34,30,80,564	93.60
2	CDSL	2,34,81,936	6.40
3	Physical	-	-
	Total	**36,65,62,500**	**100.00**

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 2025-26 is as follows:

Particulars	BSE	NSE	Total
No. of Shares traded	1772519	17699448	19471967.00
Value (₹ in lakh)	576997.00	8768902.47	9345899.47

(o) Outstanding GDRs/ADRs/Warrants

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

(p) Commodity price/Foreign exchange risk and hedging activities

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

(q) Plant Locations

1. Bharat Dynamics Limited Kanchanbagh Hyderabad-500058 Phone: (040)-24587002 ; Fax : (040)-24347513	
2. Bharat Dynamics Limited, Bhanur, Patancheruvu Mandal, Sangareddy District Hyderabad-502305 Phone: (040)-23469551; Fax : (040)-23469552	3. Bharat Dynamics Limited, Vizag "G"- Block, APIIC-IALA VSEZ Post, Visakhapatnam-530049 Phone : (0891)- 2821500 ; Fax : (0891)- 2821502

(r) 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) 23456110
E-mail: investors@bdl-india.in
Website: https://bdl-india.in

(s) Credit Rating

The Company has obtained 'A1+' (Reaffirmed) rating from M/s. CRISIL for short-term Bank facilities for an amount of ₹600 crore.

8) OTHER DISCLOSURES:

a) The company has two associate companies, namely Electronic Warfare (Defence) Testing Foundation and Advanced Materials (Defence) Testing Foundation, which have been incorporated as Section 8 companies under the Companies Act, 2013.

b) During the year 2025-26 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 Judgement of the Board, may affect independence of judgement 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.38(8) 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 website of the Company at https://bdl-india.in/sites/default/files/PolicyonRelatedPartyTransactions_1_1.pdf.

d) During the year, the company received communications from the Stock Exchanges, namely National Stock Exchange of India (NSE) and BSE Limited (BSE), regarding non-compliance with Regulation 17(1) of the Listing Regulations due to the absence of the requisite number of Independent Directors (including Woman Independent Director) on the Board. Further, the company was also in non-compliance with Regulation 18(1) and Regulation 19 of the Listing Regulations during the periods from 01 April 2025 to 21 April 2025 and from 24 February 2026 to 31 March 2026, on account of the non-constitution of the Audit Committee and the Nomination and Remuneration Committee.

The company has informed the Stock Exchanges that BDL being a Government Company under the administrative control of Ministry of Defence, the power to appoint Directors (including Independent Directors) vest with the Government of India. The company has complied with all Listing Regulations and there are no instances of non-compliances except as stated above.

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. The policy is available on the website of the Company https://bdl-india.in/sites/default/files/WBP.pdf.

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. As the Company is engaged in defence production, exemption was granted from applicability of IND-AS-108 under section 129 of Companies Act 2013 vide Notification dated 23 February, 2018 of Ministry of Corporate Affairs. 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 2025-26, 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:

(₹ in crore)

Sl. No.	Particulars	2025-26	2024-25
1	Total Expenditure (other than Materials)	1075.25	1268.80
2	Administrative & Office Expenses	15.86	20.52
3	Percentage of (2) on (1)	1.47%	1.62%

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:

Amount (₹ in lakh)

Particulars	2025-26	2024-25
Audit Fees	15.50	15.50
Tax Audit Fees	2.25	2.25
Other Services	8.37	7.00
Reimbursement of Expenses	0.17	0.02
Total	**26.29**	**24.77**

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/en/unclaimed-dividend. Further, the unclaimed interim dividend and corresponding shares pertaining to the financial year 2017–18 were transferred to the Investor Education and Protection Fund (IEPF) in November 2025. The details of the Unclaimed Dividends as on 31 March 2026 is as below:

Particulars	No. of Shareholders	Amount (in ₹)
Final Dividend 2018-19	812	72945.60
Interim Dividend 2019-20	1297	404518.75
Final Dividend 2019-20	939	121101.60
Interim Dividend 2020-21	869	278283.30
Final Dividend 2020-21	890	29821.70
Interim Dividend 2021-22	716	234611.50
Final Dividend 2021-22	711	37227.00
Interim Dividend 2022-23	623	284835.75
Final Dividend 2022-23	696	43912.80
Interim Dividend 2023-24	922	320298.00
Final Dividend 2023-24	1587	96730.68
Interim Dividend 2024-25	1379	368161.00
Final Dividend 2024-25	1159	52846.93
Interim Dividend 2025-26	1565	661187.55
Total	**14165**	**3006482.16**

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 31 March, 2026.

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.

q) Loans and advances in the nature of loans to firms/Companies in which Directors are interested – Nil.

r) No subsidiaries including material subsidiaries were incorporated during the year under review.

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	1
No. of Complaints disposed of the during the year	0
No. of Complaints pending as on end of the financial year	1

10) DETAILS OF NON-COMPLIANCES

During FY 2025–26, the company received communications from the Stock Exchanges, namely National Stock Exchange of India (NSE) and BSE Limited (BSE), regarding non-compliance with Regulation 17(1) of the SEBI Listing Regulations due to the shortfall in the number of Independent Directors (including woman independent director) on the Board. Further, the company was non-compliant with Regulation 18(1) and Regulation 19 during the periods from 01 April 2025 to 21 April 2025 and from 24 February 2026 to 31 March 2026, due to non-constitution of the Audit Committee and the Nomination and Remuneration Committee.

BDL being a Government Company under the administrative control of Ministry of Defence, the power to appoint Directors (including Independent Directors) vest with the Government of India. The company was fully compliant with the mandatory requirements of Listing Regulations and the Companies Act, 2013 during the FY 2025-26 except as stated above.

11) COMPLIANCE WITH NON-MANDATORY PROVISIONS

The status on the compliance with the non-mandatory recommendation in the Listing Regulations 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 (as amended), 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 https:// bdl-india.in/sites/default/files/InsiderTradingPolicyAmended_0.pdf. 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 Regulation 46(2) of the Listing Regulations and DPE Guidelines except non-compliances as stated above at point no.10. 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 Listing Regulations the Compliance Certificate issued by the CEO and CFO on the financial statements and internal controls relating to financial reporting for the year 2025-2026 is attached with this report.

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 Listing Regulations 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 2025-26. A declaration to this effect by the Chairman & Managing Director is given below:

Declaration by Chairman & Managing Director:

It is hereby declared that all Board Members and Senior Management Personnel affirmed compliance with "The Code of Business Conduct & Ethics for Board Members and Senior Management of Bharat Dynamics Limited" for the year ended 31 March 2026.

For and on behalf of the Board

D.V. Srinivas Rao
Director (Technical) and
Chairman & Managing Director (Addl. Charge)
DIN : 10652125

Place : Hyderabad
Date : 28 May 2026

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,
BHARAT DYNAMICS LIMITED
Kanchanbagh,
Hyderabad, Telangana, India, 500058

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, Telangana, India, 500058 (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 (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March, 2026 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.

Sr. No.	Name of Directors	DIN	Date of Appointment in Company
1	MADHAVARAO ATMAKURI	09808949	02/01/2023
2	SUJAY KAPOOR	11520665	06/03/2026
3	CHETAN BANSILAL KANKARIA	09402860	22/04/2025
4	MEERA MOHANTY	03379561	14/07/2025
5	VENKATA SRINIVAS RAO DEVULAPALLY	10652125	20/09/2024
6	GAYATRI PRASAD GATTUPALLI	10877803	19/12/2024
7	RAJABABU UMMALANENI	10212986	21/07/2023

Ensuring the eligibility 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.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

TEJA BATHINEEDI C.P.NO. 26831

Teja.B

Teja B
Partner

ACS No: 68920
CP No: 26831
Place: Hyderabad
Date: 26.05.2026
UDIN: A068920H000491518
PR No.: 7281/2025

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Bharat Dynamics Limited
Kanchanbagh
Hyderabad, Telangana- 500058

We have examined the compliance of conditions of Corporate Governance by **Bharat Dynamics Limited** (hereinafter referred as "Company") for the Financial year ended 31 March, 2026 as prescribed under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

We state that compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with 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 our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as prescribed under Listing Regulations **except for the below mentioned observation**:

1. Regulation 17(1)(a) of SEBI Listing Regulations and Clause 3.1.2 of DPE Guidelines, regarding requirement of having atleast 50% of the Board of Directors as Non-executive Directors during the period 01.04.2025 to 21.04.2025 & 24.02.2026 to 31.03.2026.
2. Regulation 17(1)(b) of SEBI Listing Regulations, Section 149 of the Act and Clause 3.1.4 of DPE Guidelines, regarding requirement of having atleast half of the Board of Directors as Independent Directors during the period 01.04.2025 to 31.03.2026.
3. Regulation 17 (1)(a) of SEBI Listing Regulations regarding having an Independent Woman Director on the Board of the Company from 01.04.2025 to 31.03.2026 and Section 149(1) of the Act read with Rule 3 of The Companies (Appointment and Qualifications of Directors) Rules, 2014 regarding requirement of appointing a Woman Director on the Board of the Company during the period 01.04.2025 till 13.07.2025.
4. Regulation 18 of SEBI Listing Regulations, Section 177 of the Act and Clause 4.1.1 and 4.1.2 of DPE Guidelines regarding requirement for composition of the Audit Committee viz. absence of adequate number of Independent Directors and Chairperson of said Committee to be Independent Director and requisite number of members as stipulated in the aforementioned statutory provisions during the period 01.04.2025 till 21.04.2025 and 24.02.2026 till 31.03.2026.
5. Regulation 19 of SEBI Listing Regulations, Section 178 of the Act and Clause 5.1 of DPE Guidelines regarding requirement for composition of the Nomination & Remuneration Committee viz. absence of adequate number of Independent Directors, Chairperson of said Committee to be Independent Director and requisite number of members as stipulated in the aforementioned statutory provisions during the period 01.04.2025 till 21.04.2025 and 24.02.2026 till 31.03.2026.

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.

This certificate is issued solely for the purposes of complying with Listing Regulations and may not be suitable for any other purpose.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Teja B
Partner

Teja.B

TEJA BATHINEEDI C.P.NO. 26831

ACS No: 68920
CP No: 26831
Place: Hyderabad
Date: 26.05.2026
UDIN: A068920H000491309
PR No.: 7281/2025

COMPLIANCE CERTIFICATE

A. We have reviewed the Financial statements and the Cash flow statement for the period ended 31 March 2026 and to the best of our knowledge and belief:

   (i) These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:

   (ii) These Statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors, deficiencies in the design, operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Company's auditors that:

   (i) there are no significant changes in internal control over financial reporting during the period.

   (ii) there are no significant changes in accounting policies during the period.

   (iii) there are no instances of significant fraud which we have become aware and the involvement therein, if any of the management or an employee having a significant role in the Company's internal control system over financial reporting.

D.V. SRINIVAS RAO
DIRECTOR TECHNICAL & CHAIRMAN AND
MANAGING DIRECTOR (ADDL. CHARGE)
/ CHIEF EXECUTIVE OFFICER

G. GAYATRI PRASAD
DIRECTOR (FINANCE)
& CHIEF FINANCIAL OFFICER

Place: Hyderabad
Date: 28 May 2026

Form No.MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended on 31.03.2026

[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
Kanchanbagh,
Hyderabad - 500058, Telangana

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 my opinion thereon.

Based on our 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 authorised 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 March, 2026** 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 March, 2026 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;

(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 as amended from time to time;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 2018; [**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 2018 ; [**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 BSE (Bombay Stock Exchange) & NSE (National Stock Exchange) read with the Securities 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 above provisions of the Act, Regulations and circulars/guidelines issued thereunder, **except** in respect of matters specified below:

S No.	Compliance requirement (Regulations/circulars/ guidelines including specific clause)	Deviations	Observations/Remarks of the Practicing Company Secretary, if any
1.	Reg 17 (1)(a) of SEBI (LODR) 2015, Clause 3.1.2 of DPE Guidelines and Section 149 of the Act: Non-compliance with the requirements pertaining to the composition of the Board, half of the Board as Non-executive Directors and one Woman Director (Including Independent)	The Company did not comply with the requirement of having half of the Board of directors as Non-executive Directors from 01 April, 2025 to 21 April, 2025 & 24 February 2026 to 31 March 2026 and did not comply with the requirement of having at least one woman director on the Board during the period from 01 April 2025 till 13 July 2025 and one independent woman director from 01 April 2025 to 31 March 2026	*The Company did not comply with the requirement of having half of the Board of directors as Non-executive Directors from 01 April, 2025 to 21 April, 2025 & 24 February 2026 to 31 March 2026 and failed to comply with the requirement of having at least one woman director on the Board during the period from 01 April 2025 till 13 July 2025 and one independent woman director from 01 April 2025 to 31 March 2026
2	Reg 17 (1)(b) of SEBI (LODR) 2015, Clause 3.1.4 of DPE Guidelines and Section 149 of the Act: Non-compliance with the requirements pertaining to the composition of the Board, half of the Board is not Independent	The Company did not comply with the requirement of having half of the Board of directors comprising of independent directors from 01 April, 2025 to 31 March, 2026	*The Company did not comply with the requirement of having half of the Board of directors comprising of independent directors from 01 April, 2025 to 31 March, 2026
3.	Reg 18 of SEBI (LODR) 2015, Clauses 4.1.1 and 4.1.2 of DPE Guidelines and Section 177 of the Act: Requirement for constitution of the Audit Committee	The Company did not comply with requirement pertaining to constitution of the Audit Committee w.e.f. 01 April, 2025 to 21 April, 2025 and 24 February, 2026 to 31 March, 2026	*The Company has complied with the said provisions during the majority period of the financial year 2025-2026. The Company does not have adequate number of Independent Directors on the Board w.e.f. 01 April, 2025 to 21 April, 2025 and 24 February, 2026 to 31 March, 2026 due to which Audit Committee has been suspended

S No.	Compliance requirement (Regulations/circulars/ guidelines including specific clause)	Deviations	Observations/Remarks of the Practicing Company Secretary, if any
4..	Reg 19 of SEBI (LODR) 2015, Clauses 5.1 of DPE Guidelines and Section 178 of the Act: Requirement for constitution of the Nomination & Remuneration Committee	The Company did not comply with requirement pertaining to constitution of the Nomination & Remuneration Committee w.e.f. 01 April, 2025 to 21 April, 2025 and 24 February, 2026 to 31 March, 2026	*The Company has complied with the said provisions during the majority period of the financial year 2025-2026. The Company does not have adequate number of Independent Directors on the Board w.e.f. 01 April, 2025 to 21 April, 2025 and 24 February, 2026 to 31 March, 2026 due to which Nomination & remuneration Committee has been suspended

*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.

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 are 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 **C V Reddy K & Associates**
Company Secretaries

C V REDDY K & ASSOCIATES CS FCS No:7976 CP No:8998 COMPANY SECRETARIES

C V Reddy K
Company Secretary in Practice
M No: F7976
CP No: 8998
COP Unique Code: I2010TS725500
Peer Review Certificate No: 6517/2025
Firm Unique Code: S2010TL130900
UDIN: F007976H000507860

Place: Hyderabad
Date: 27 May 2026

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.

'Annexure A'

To
The Members
Bharat Dynamics Limited
Kanchanbagh,
Hyderabad - 500058, Telangana
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 **C V Reddy K & Associates**
Company Secretaries

C V REDDY K & ASSOCIATES CS FCS No:7976 CP No:8998 COMPANY SECRETARIES

C V Reddy K
Company Secretary in Practice
M No: F7976
CP No: 8998
COP Unique Code: I2010TS725500
Peer Review Certificate No: 6517/2025
Firm Unique Code: S2010TL130900
UDIN: F007976H000507860

Place: Hyderabad
Date: 27 May 2026

Independent Auditors' Report

To the Members of Bharat Dynamics Limited

REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone Financial Statements of **Bharat Dynamics Limited** ('**the company**'), which comprise the Balance Sheet as at 31 March 2026, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of Material Accounting Policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2026 and its profit (including other comprehensive income), its cash flows and the changes in equity 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 Standards are further described in the "Auditors' Responsibilities for the Audit of the Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") 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 on the Standalone Financial Statements.

Emphasis of matter

We draw attention to the following matter in the notes to the Standalone Financial Statements:

a) note 38(7) which describes inventory not moved for more than five years amounting to ₹8,327.07 lakh (₹8,331.44 lakh as of 31 March 2025) for which no provision for redundancy were made as is required by the company's accounting policy for the reasons stated there at

Our opinion is not modified in respect of this matter

Key Audit Matters

1. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the year ended 31 March 2026. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

2. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. no.	Key audit matters	How our audit addressed the Key Audit Matters
(a)	**Provision and contingent liabilities relating to ongoing litigations**	
	The Company is subject to a number of legal, regulatory and tax cases for which final outcome cannot be easily predicted and which could potentially result in significant liabilities. Management's disclosures with regards to provisions and contingent liabilities relating to ongoing litigation are presented in Note No. 38(6) of the Standalone Financial Statements. The assessment of whether a liability is recognised as a provision or disclosed as a contingent liability in the Standalone Financial Statements is inherently subjective and requires significant management judgement in determination of the cash outflows from the business, interpretation of applicable laws and regulations, and careful examination of pending assessments at various levels of authorities. Since the amounts involved are significant and due to the range of possible outcomes leading to high estimation uncertainty that requires significant management and auditor judgement, this matter is considered to be a key audit matter for the current year audit.	Our audit procedures included, but were not limited to the following; » Obtained understanding of the process of identification and measurement of provisions and contingent liabilities relating to ongoing litigations implemented by the Management, through various discussions held with Company's legal and finance personnel. » Tested the design and operating effectiveness of the controls put in place by the management in relation to assessment of the outcome of the pending litigations. » Inspected the summary of litigation matters and discussed key developments during the year with the Company's Legal and Finance personnel. » Inspected and evaluated, where applicable, external legal advice sought by the Company. Obtained direct confirmations from the dealing lawyers for certain material ongoing litigations. » Discussed and challenged the management's assessment of the likelihood, magnitude and accounting of any liability that may arise in certain material cases based on PPR analysis. Accordingly, we reviewed the amount of contingent liabilities disclosed in the Standalone Financial Statements and exercised our professional judgement to assess appropriateness of such conclusions, involving experts as required. » Evaluated the adequacy of disclosures made in the Standalone Financial Statements in accordance with the applicable accounting standards.
(b)	**Provision For Warranty**	
	As a part of contractual term, the company's management makes warranty estimation which 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. The company's obligation to replace or repair faulty goods under the standard warranty terms is recognised as a provision and is not adjusted against transaction price as the customer does not have option to purchase warranty separately. Owing to past trend of reversal of excess provision resulting from high estimation uncertainty that requires significant management and auditor judgement, this matter is considered to be a key audit matter for the current year audit.	Our audit procedures included the following; » Evaluated management's assumption and judgement relating to estimation of warranty provision considering business environment in which the Company operates. » Obtained an understanding of the Contract terms to evaluate the adequacy of the provision estimated by the management. » Reviewed the past history of warranty claims to evaluate the reasonableness of the warranty provision considered.

Information other than the Standalone Financial Statements and auditors' report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone 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 financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. 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 judgements and estimates that are reasonable and prudent, and 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 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, the 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 judgement 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 control.

» Obtain an understanding of internal control 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 Controls 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 the management.

» Conclude on the appropriateness of Board of Director's use of the going concern basis of accounting 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 auditors' report to the related disclosures in the

Standalone 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 auditors' 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 Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Other Matters

We draw attention to the fact that the composition of the Board of Directors of the Company was not in compliance with the requirements of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") during the year ended 31 March, 2026, due to non-availability of the requisite number of Independent Directors including Woman Director. Consequently, the composition of certain Committees of the Board was not in compliance with the requirements of Sections 149, 177 and 178 of the Act and Regulations 17, 18 and 19 read with Schedule II of the SEBI LODR Regulations. Further, as on the date of approval of these financial results, the Company does not have the requisite number of Independent Directors on its Board, resulting in suspension of the Audit Committee and other Committees of the board. As informed to us, the appointment of Independent Directors being the prerogative of the Government of India, the matter is under active consideration.

Report on Other legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **Annexure-1**, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

2. Further to our comments in '**Annexure -1**', as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying Standalone Financial Statements.

   (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 Standalone Financial Statements dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Standalone Financial Statements comply with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

   (e) The company being a Government Company as defined under section 2(45) of the Act, pursuant to the Notification No. GSR 463(E) dated 05 June, 2015 issued by the Ministry of Corporate Affairs, Government of India, the provisions of sub-section (2) of Section 164 of the Act, are not applicable to the company.

   (f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the company as on 31 March 2026 and the operating effectiveness of such controls, refer to our separate report in Annexure-2.

   (g) The company being a Government Company as defined under section 2(45) of the Act, pursuant to the Notification No. GSR 463(E) dated 05 June, 2015 issued by the Ministry of Corporate Affairs, Government of India, the provisions of section 197 of the Act, are not applicable to the company.

   (h) With respect to the other matters to be included in the Auditors' Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company, as detailed in note 38(6) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2026;

ii. The Company does not have any long-term contracts requiring a provision for material foreseeable losses;

iii. The company does not have any amount required to be transferred, to the Investor Education and Protection Fund;

iv. (a) The management has represented that, to the best of its knowledge and belief no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. (a) The final dividend proposed for the previous year, declared and paid by the company during the year is in accordance with Section 123 of the Act, as applicable.

(b) As stated in note no. 38(9) (b) to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2026 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

(c) The interim dividend declared and paid by the company is in accordance with section 123 of the Act.

vi. Based on our examination which included test checks, the company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention.

3. As required by section 143(5) of the Act, we give in '**Annexure-3**', a statement on the matters specified in the directions issued by the Comptroller and Auditor General of India in respect of the Company.

TEJ RAJ & PAL
FRN No. 304124E
Chartered Accountants

For Tej Raj & Pal
Chartered Accountants
FRN 304124E

CA Beeraka Vijay
Partner
(M.No. 214678)
UDIN: 26214678AWQRQL7975

Place: Hyderabad
Date: 28 May 2026

Annexure-1 referred to in paragraph 1 under "Report on Other legal and Regulatory Requirements" section of our report of even date to the members of Bharat Dynamics Limited on the Standalone Financial Statements for the year ended 31 March 2026

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and, to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, right of use assets and investment property.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its property, plant and equipment, right of use assets and investment property under which these assets are physically verified in a phased manner over a period of five years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment were physically verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company, except for the properties as stated below for which the Company's management is in the process of getting registered in the name of the Company and for incorporation in revenue records:

Description of the Property	Gross carrying value (₹ in lac)	Held in Name of	Whether promoter, director or their relative or employee	Period since held	Reason for not being held in name of the Company
Land at Ibhrahimpatnam (632 Acres 16.50 Guntas)	7,965.16	TSIIC	No	16-02-2017	In the process of registration
Land at Kanchanbagh (146 Acres 32 Guntas)	28.42	DMRL	No	19-10-1972	Pursuing with authorities for incorporation in revenue records
Land at Kanchanbagh (5 Acres 1 Gunta)	0.97	DMRL	No	19-10-1972	

For properties where the Company is a lessee, the lease arrangements have been duly executed but yet to be registered in favour of the Company are as stated below:

Description of the Property	Right of Use Asset Value	Location	Detail of Lessor	Period since held	Reason for not being held in name of the Company
Land at Visakhapatnam (3 Acres 25 Guntas)	-	Visakhapatnam	President of India	2-3-2011	Lease deed is executed but yet to be registered.

(d) The Company has not revalued its Property, Plant and Equipment (including right of use assets) or intangible assets or both during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended) and rules made thereunder during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, including inventory lying with third parties etc. In our opinion, the coverage and procedure of such verification by the management is appropriate and discrepancies of 10% or more in the aggregate for each class of inventory as compared to book records were not noticed on such physical verification.

(b) The Company has been sanctioned a Fund-based working capital overdraft limit of ₹15.00 crore by Union Bank of India against Fixed Deposits and Non-Fund based working capital limit of ₹400 crore by Union Bank of India and ₹200 crore by State Bank of India against floating charge registered as stated under note 38(12) to the standalone financial statements. No quarterly statements, in respect of these facilities are required to be filed by the Company with these banks and accordingly (b) of clause (ii) of para 3 of the order are not applicable

(iii) The Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year thereby sub clause (a), (b), (c), (d), (e) and (f) of clause (iii) of para 3 of the order are not applicable.

(iv) The company being a Government Company as defined under section 2(45) of the Act, pursuant to the Notification No. GSR 463(E) dated 05 June 2015 issued by the Ministry of Corporate Affairs, Government of India, the provisions of section 185 and 186 of the Act, are not applicable to the company.

(v) The Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Thereby the requirement for reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

(₹ In lakh)

S. No	Nature of Statue	Nature of Due	Gross Amount	Amount Paid	Period to which the amounts relate	Forum where dispute is pending
1	Central Sales Tax Act	Central Sales Tax	5,550.83	693.85	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	Excise Duty Act	Interest	5,306.33		2015-16 TO 2017-18	Appeal pending with CESTAT, Hyderabad
6	Income Tax Act, 1961	Income Tax	732.80	732.80	AY 2021-22	Filed Rectification Request with National Faceless Assessment Centre & Jurisdictional Assessing Officer
7	Goods and Service Tax	Goods and Service Tax	8.76	0.79	AY 2020-21	Appeal filed with GST Appellate Authority, Hyderabad
	TOTAL		**27357.92**	**1427.44**		

- Sl. No. 1 Includes Central Sales tax of ₹693.85 lakh pre-deposited for filing of appeal.

- Sl No. 6, includes amount recovered from refunds of other assessment years

- Sl. No.7, Includes Goods and Service Tax of ₹0.79 lakh pre-deposited for filing of appeal

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 (43 of 1961) an income during the year. Thereby the requirement for reporting under clause 3(viii) of the Order is not applicable to the Company

(ix) (a) The Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared a willful defaulter by any bank or financial institution or other lender.

(c) The company has not availed any term loan facilities.

(d) No funds raised by the Company on short term basis have been utilised for long term purposes.

(e) The Company does not have any subsidiaries, associate or joint ventures included in the consolidated financial statements. Thereby the requirement for reporting under clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiaries, associate or joint ventures included in the consolidated financial statements. Thereby the requirement for reporting under clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Thereby the requirement for reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or (fully, partially, or optionally) convertible debentures during the year. Thereby the requirement for reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) No report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) No whistle blower complaints were received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Thereby the requirement for reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) All transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) The Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Thereby the requirement for reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Thereby the requirement for reporting under clauses 3(xvi)(a), (b), (c) and (d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Thereby the requirement for reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 38(21)(G) to the Standalone Financial Statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) (a) The Company does not have any unspent Corporate Social Responsibility (CSR) amounts in respect of other than ongoing projects at the end of the year. Hence the question of reporting in respect of transfer of unspent amounts towards Corporate Social Responsibility (CSR) in respect of other than ongoing projects to Fund specified in Schedule VII to the Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the Act does not arise.

(b) The Company does not have any unspent Corporate Social Responsibility (CSR) amounts as specified under sub-section (5) of section 135 of the Act, in respect of ongoing projects at the end of the year. Hence the question of reporting in respect of transfer of unspent Corporate Social Responsibility (CSR) amounts in respect of ongoing projects as specified under sub-section (5) of section 135 of the Act, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act does not arise.

(xxi) The Company does not have any subsidiaries, associate or joint ventures included in the consolidated financial statements. Thereby the requirement for reporting under clause 3(xxi) of the Order is not applicable to the Company.

For Tej Raj & Pal
Chartered Accountants
FRN 304124E

TEJ RAJ & PAL
FRN No. 304124E
Chartered Accountants
तेज राज एंड पाल

CA Beeraka Vijay
Partner
(M.No. 214678)
UDIN: 26214678AWQRQL7975

Place: Hyderabad
Date: 28 May 2026

Annexure-2 referred to in paragraph 2 (f) under "Report on Other legal and Regulatory Requirements" section of our report of even date to the members of Bharat Dynamics Limited on the Standalone Financial Statements

Independent Auditors' Report on the Internal Financial Controls with reference to the Standalone Financial Statement under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls with reference to the Standalone Financial Statements of the company as of 31 March 2026 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Responsibilities of management and those charged with governance for internal financial controls

The Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility for the audit of the internal financial controls with reference to financial statements

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 Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. 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 were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, 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 Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to the Standalone Financial Statements

A company's internal financial controls with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Standalone Financial Statements include 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

Inherent limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone 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 Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Tej Raj & Pal
Chartered Accountants
FRN 304124E

TEJ RAJ & PAL
FRN No.
304124E
Chartered
Accountants
तेज राज एंड पाल

CA Beeraka Vijay
Partner
(M.No. 214678)
UDIN: 26214678AWQRQL7975

Place: Hyderabad
Date: 28 May 2026

Annexure-3 referred to in paragraph 3 under "Report on Other legal and Regulatory Requirements" section of our Independent Auditors' Report of even date to the members of the company on the Standalone Financial Statements

On the directions issued by the Comptroller and Auditor General of India under section 143(5) of the Act based on the verification of records of the Company and information and explanations given to us, we report that:

Sl. No.	Direction under section 143(5) of the Companies Act 2013	Auditors' Reply on Action Taken on the Directions under Section 143(5) of the Companies Act, 2013
1	Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the Company or through Trusts, for Post retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with Ind AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability, and compliance with applicable regulations, reporting any material deviations or misstatements.	**Assessment of Fair Valuation of Investments for Post-Retirement Employee Benefits** The Company's post-retirement benefit obligations are managed through two Trusts — the BDL Provident Fund (PF) Trust and the BDL Employees Superannuation Trust (BEST) — covering Provident Fund, Gratuity, Post-Separation Medical Benefit (PSMB) Schemes, and VL Encashments. The valuation and investment approach for each is detailed below: **1. Provident Fund (PF) Investments** The Company remits monthly contributions — comprising both employee (subscriber) and employer contributions — to the exempted BDL PF Trust. The Trust invests these funds in securities and Index Mutual Funds strictly in accordance with the investment pattern prescribed by the Employees' Provident Fund Organisation (EPFO). Investments are carried at purchase cost until maturity or redemption, and gains are recognised only upon realisation. The Trust independently maintains its own accounts. **2. Gratuity, PSMB Schemes, and VL Encashment Investments** The BEST acts as the intermediary trust for managing the corpus related to Gratuity, Post-Separation Medical Benefits (PSMB), and VL Encashments. The investment approach across all three schemes is substantially similar and is described below: » Funds transferred by BDL to BEST are invested in LIC of India Policies. LIC distributes profits and adds them to the policy value annually; the rate of return varies each year as declared by LIC. » For Gratuity and VL Encashments, BDL provides employee data along with the closing LIC policy value to the appointed actuary at the end of each financial year. The actuary estimates the required contribution to the LIC Policy based on this information. » For PSMB Schemes, BEST additionally purchases a Group Medical Insurance Policy from an insurance company each year to meet the medical expenditure of retired BDL employees, using funds transferred by BDL as per the scheme.

Sl. No.	Direction under section 143(5) of the Companies Act 2013	Auditors' Reply on Action Taken on the Directions under Section 143(5) of the Companies Act, 2013
2	Whether the Company has a system in place to process all the accounting transactions through IT system? If yes, whether review of this system and controls that are significant to the Companies' financial reporting process as well as cyber security has been done by Information Security Auditing Organisations empanelled by CERT-In at a minimum frequency of once in a year and material discrepancies found, if any, have been suitably reported? The implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications may also be reported.	Based on the information and explanations given to us, we confirm the following: **1. IT System Coverage** BDL (Bharat Dynamics Limited) has a fully integrated IT system — SAP ERP — in place to process all its accounting transactions. This means the company does not rely on any manual or offline methods for core accounting, which helps maintain the integrity and accuracy of its financial records. No transactions of significance are processed outside this IT system. **2. IT General Controls (ITGC) Review** An independent external agency reviewed the IT General Controls (ITGC) of the SAP system during the year. ITGC reviews typically examine access controls, change management, and IT operations to ensure that the systems supporting financial reporting are secure and reliable. The review concluded that there are no material weaknesses or lapses in controls that could compromise the integrity of the financial statements. **3. Cyber Security Governance Review** A Cyber Security Governance and Control Review was also conducted by an external agency, in alignment with the ISO 27001:2022 standard under BDL's Information Security Management System (ISMS) framework. Both internal and external audits are performed periodically under this framework. Any issues identified are reviewed, corrective actions are initiated, and the observations are formally closed — ensuring a structured and accountable security governance process. **4. Specific Cyber Security Assessments — Five Key Areas** » **Risk Management:** Cyber risks are identified and managed under the ISMS framework, specifically through a Risk Assessment and Treatment Plan. These risks — including LAN traffic monitoring and patch management — are reviewed periodically by BDL's Chief Information Security Officer (CISO). Deficiency level: Low. » **Cyber Governance:** BDL conducts multiple cybersecurity assessments throughout the year, including Vulnerability Assessment and Penetration Testing (VAPT) by CERT-In empanelled agencies, ISMS reviews, and audits by the Ministry of Defence (MoD). These collectively provide broad coverage of the organisation's cybersecurity posture. Deficiency level: Low. » **Logging & Monitoring:** BDL has established centralised logging and monitoring through its Chakra Server and Log Server, integrated with the Nandi Dashboard. This enables continuous real-time monitoring of security events. Network controls such as firewalls and Intrusion Detection/Prevention Systems (IDS/IPS) are monitored and logged as part of this setup. Deficiency level: Low. » **Incident Management:** BDL has implemented a Cyber Crisis Management Plan (CCMP) and a Cyber Security Policy that outlines clear incident response procedures. In the event of a cyber incident, unit-level teams conduct forensic analysis, and a final report is escalated to the corporate office. For data breaches, a Board of Officers (BOO) is constituted for formal investigation. Deficiency level: Low. » **Remediation Monitoring:** All cybersecurity issues identified through audits are tracked and remediated by a dedicated cybersecurity group. Compliance and closure reports are periodically submitted and monitored to ensure timely resolution. Deficiency level: Low. **5. Overall Conclusion** Across all five cyber security domains, only low-severity deficiencies were noted — none of which pose a material risk to BDL's financial reporting or operational integrity. The auditors are satisfied that BDL's IT infrastructure and cybersecurity controls are robust, well-governed, and compliant with applicable standards. There is no indication of any material misstatement risk arising from IT systems or controls. However, as regards IS Audit, the VAPT audit of BDL's website is conducted annually by a CERT-In empaneled agency, and all vulnerabilities identified are remediated before a compliance certificate is issued; additionally, CIRA (MoD) also certifies the website as 'Safe-to-Host' prior to deployment on the production server. Further, we observe that the VAPT audit of the IT infrastructure (LAN and Public Network) across all units of BDL is conducted once in two years, as confirmed by the management.

Sl. No.	Direction under section 143(5) of the Companies Act 2013	Auditors' Reply on Action Taken on the Directions under Section 143(5) of the Companies Act, 2013
3	Whether funds (grants/ subsidy etc.) received/ receivable for specific schemes from Central/ State Government or its agencies were properly accounted for as per the applicable accounting standards or norms and whether the received funds were utilised as per its terms and conditions? Whether accounting of interest earned on grants received has been done as per terms and conditions of the Grant. List the cases of deviation.	Based on the audit procedures carried out and as per the information and explanations given to us by the management of Bharat Dynamics Limited, we report as under: **Applicability in FY 2025–26 – Current Year:** During the financial year 2025–26, no funds (grants / subsidy or any other form of financial assistance) have been received or are receivable by Bharat Dynamics Limited for any specific scheme from the Central Government, any State Government, or any of their respective agencies. **Status in Respect of Funds Received in Earlier Years:** As per the information and explanations given to us by the management, the company had received grants / subsidies for specific schemes from the Central / State Government or their agencies in financial years prior to the last five to six years. All such grants / subsidies received in earlier financial years are being utilised as per the terms and conditions of the respective grant / sanction orders and properly accounted for. **List of Cases of Deviation:** NIL – No cases of deviation in accounting or utilisation of funds / grants / subsidies received from Central / State Government or their agencies have been observed either during the current financial year 2025–26 or in respect of grants received in earlier years.
4	Whether the Company has identified the key Risk areas? If yes, whether the Company has formulated any Risk Management Policy to mitigate these risks? If yes, (a) whether the Risk Management Policy has been formulated considering global best practices? (b) whether the Company has identified its data assets and whether it has been valued appropriately?	BDL has identified the key risk areas like Technology related risks, Product related risks, Strategic risks, Security related risks, Human Resources related risks, Product related risks, Enterprise related risks, Operations related risks and Government policy related risks in line with the formulated Risk Management Policy-2019, (Doc No : BDL-ERMP, Ver-03, Dt-01 /04/2019) approved in BDL's 253rd Board meeting held on 18/03/2019 to Identify assess and mitigate the risks associated with BDL. BDL Risk Management Policy is formulated based on Global best practices in identification, assessment, classification, prioritisation and treatment of risks defined in the International Standard Organisation Document on Risk Management ISO: 31000-2009. BDL also identified its Data Assets as Enterprise data viz. Customer Records like Contacts, Intellectual Property Rights, Financial Document etc and these records are being safeguarded from Cyber threats by efficient Cyber Security Policy and through Disaster Recovery Data Centre Management.

Sl. No.	Direction under section 143(5) of the Companies Act 2013	Auditors' Reply on Action Taken on the Directions under Section 143(5) of the Companies Act, 2013
5	Whether the Company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regulatory Authority of India, CERT-In, Ministry of Electronics and Information Technology and National Payments Corporation of India wherever applicable? If not, the cases of deviation may be highlighted.	Based on the audit procedures carried out and on the basis of information and explanations furnished by the management of Bharat Dynamics Limited (BDL) and the documents / records examined by us during the course of statutory audit for the financial year ended 31 March, 2026, BDL has complied with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management (DIPAM), Ministry of Corporate Affairs (MCA), Department of Public Enterprises (DPE), Reserve Bank of India (RBI), Telecom Regulatory Authority of India (TRAI), CERT-In, Ministry of Electronics and Information Technology (MeitY) and National Payments Corporation of India (NPCI) wherever applicable, except as stated below. BDL, being listed on BSE Limited and NSE Limited, has generally complied with the applicable provisions of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 during FY 2025-26. However, on account of vacancies in the positions of Independent Directors remaining unfilled during the year, the following non-compliances were observed under both SEBI LODR and the Companies Act, 2013: Under Regulation 17(1)(a) of SEBI LODR, the requirement of having at least 50% Non-Executive Directors on the Board was not met during 01-04-2025 to 21-04-2025 and 24-02-2026 to 31-03-2026; the requirement of a Woman Director was not complied with during 01-04-2025 to 13-07-2025; and the requirement of an Independent Woman Director remained non-compliant for the entire FY 2025-26. Under Regulation 17(1)(b), since the Chairperson is an Executive Director, the requirement of at least 50% Independent Directors was not met throughout 01-04-2025 to 31-03-2026. The corresponding requirements under Sections 149, 177 and 178 of the Companies Act, 2013 — relating to minimum Independent Directors, Woman Director, and requisite composition of the Audit Committee and Nomination & Remuneration Committee — were similarly not complied with during the same periods. As explained by the management, BDL being a Government Company, the power to appoint Directors vests exclusively with the Government of India; the Company has been continuously following up with the Ministry of Defence, and the process of appointment of Independent Directors is presently under consideration at DPE. The non-compliance is accordingly not attributable to any willful default on the part of the Company. Save and except the non-compliances reported above, the Company has, to the best of our knowledge and belief based on the records examined and explanations given to us, complied with all other applicable provisions of SEBI LODR Regulations, the Companies Act, 2013, and the other regulations and guidelines of DIPAM, DPE, RBI, TRAI, CERT-In, MeitY and NPCI wherever applicable.

TEJ RAJ & PAL
FRN No. 304124E
Chartered Accountants
तेज राज एंड पाल

For Tej Raj & Pal
Chartered Accountants
FRN 304124E

CA Beeraka Vijay
Partner
(M.No. 214678)
UDIN: 26214678AWQRQL7975

Place: Hyderabad
Date: 28 May 2026

स्पीड पोस्टद्वारा

नि-1/बी.डी.एल.लेखा2025-26/2026-27/136

गोपनीय

प्रधान निदेशक लेखापरीक्षा (रक्षा-वाणिज्यिक) का कार्यालय,
ऑडिट भवन - II
तृतीय और चौथा तल, 68/2, एच. सिद्दैया रोड
अर्चना कॉम्प्लेक्स के सामने,
एच. सिद्दैया रोड रेफरल हॉस्पिटल के बगल में,
दोड्डमावल्ली, सुधामा नगर, बेंगलुरु - 560002

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
(DEFENCE - COMMERCIAL),
Audit Bhawan – II
3rd and 4th floor, 68/2, H. Siddaiah Road,
Opposite Archana Complex,
Next to H. Siddaiah Road Referral Hospital,
Doddamavalli, Sudhamanagar, Bengaluru-560002

दिनांक / DATE 22.07.2026

सेवा मे,
शैलेश वगेरवाल,
अध्यक्ष &प्रबंध निदेशक
भारत डायनामिक्स लिमिटेड,
कॉर्पोरेट ऑफिस,कंचनबाग,
हैदराबाद, तेलंगाना- 500058.

महोदय,

विषयः कम्पनी **अधिनियम** 2013की धारा 143(6)(b) के तहत भारत के नियंत्रक एव महालेखापरीक्षक की टिप्पणियाँ।

मै 31 मार्च 2026 को समाप्त वर्ष के भारत डायनामिक्स लिमिटेड, हैदराबादके लेखाओ पर कंपनी **अधिनियम** 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक एवं महालेखापरिक्षक का "शून्य टिप्पणी प्रमाण पत्र" अग्रेषित करता हूँ|

कृपया सुनिश्चित करे कि टिप्पणिया

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

भवदीय,

(अरुण कुमार वी एम)
निदेशक

संलग्नः यथोपरि

Phone : 080-22267646 / 22254838 Fax : 080-2226 2491 Email : pda.dc.blr@cag.gov.in

By Speed Post
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Insp-1/BDL Accs2025-26/2026-27/136

प्रधान निदेशक लेखापरीक्षा (रक्षा-वाणिज्यिक) का कार्यालय,
ऑडिट भवन - II
तृतीय और चौथा तल, 68/2, एच. सिद्दैया रोड
अर्चना कॉम्प्लेक्स के सामने,
एच. सिद्दैया रोड रेफरल हॉस्पिटल के बगल में,
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3rd and 4th floor, 68/2, H. Siddaiah Road,
Opposite Archana Complex,
Next to H. Siddaiah Road Referral Hospital,
Doddamavalli, Sudhamanagar, Bengaluru-560002

दिनांक / DATE 22.07.2026

To
Shailesh Vagerwal ,
Chairman and Managing Director,
Bharat Dynamics Limited,
Corporate Office, Kanchanbagh,
Hyderabad, Telangana – 500 058.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of **Bharat Dynamics Limited, Hyderabad** for the year ended31 March 2026.

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 **Bharat Dynamics Limited**, **Hyderabad** for the year ended 31 March 2026.

It may please be ensured that the comments are:

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

The receipt of this letter may please be acknowledged.

Yours faithfully,

(Arun Kumar VM)
Director

Encl: As above.

Phone : 080-22267646 / 22254838 Fax : 080-2226 2491 Email : pda.dc.blr@cag.gov.in

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 2026

The preparation of Financial Statements of **Bharat Dynamics Limited, Hyderabad** for the year ended 31 March 2026 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 Audit Report dated 28 May 2026.

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 2026 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 auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

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

Sudha Rajan

(Sudha Rajan)
Director General of Audit (Defence - Commercial)

Place: Bengaluru
Date: 22 July 2026

BHARAT DYNAMICS LIMITED

Ind AS Financial Statements - 31 March 2026

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. The Company 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 additional facilities at Amaravati (Maharashtra), Ibrahimpatnam (Telangana) and Jhansi (Uttar Pradesh).

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 material accounting policy information 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 2026

(₹ in lakh)

PARTICULARS	Notes	As at 31 March, 2026	As at 31 March, 2025
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	70,048.56	66,737.24
(b) Capital Work-in-Progress	2	17,410.19	11,714.82
(c) Investment Property	3	0.97	0.97
(d) Right of use assets	4	4,897.15	5,093.45
(e) Other Intangible Assets	5	12,860.93	13,877.18
(f) Intangible assets under development	5A	12,460.11	11,317.25
(g) Financial Assets			
(i) Investments	6	390.60	390.60
(ii) Loans	7	389.37	125.77
(iii) Other Financial Assets	8	10,790.32	10,571.12
(h) Deferred Tax Assets (net)	29A	9,115.63	12,273.39
(i) Other Non-current Assets	9	12,089.02	4,354.80
Total Non - Current Assets		**1,50,452.85**	**1,36,456.59**
(2) Current Assets			
(a) Inventories	10	4,62,563.74	2,64,510.90
(b) Financial Assets			
(i) Trade Receivables	11	42,287.89	82,635.63
(ii) Cash and Cash Equivalents	12	86,331.49	13,385.68
(iii) Bank balances other than (ii) above	13	3,84,600.00	4,05,651.00
(iv) Loans	14	203.83	441.54
(v) Other Financial Assets	15	48,005.81	96,499.30
(c) Current tax Assets (net)	29B	10,114.39	-
(d) Other Current Assets	16	2,41,589.89	1,74,667.79
Total Current Assets		**12,75,697.04**	**10,37,791.84**
Total Assets		**14,26,149.89**	**11,74,248.43**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	17	18,328.12	18,328.12
(b) Other Equity	18	4,05,768.81	3,82,566.96
Total Equity		**4,24,096.93**	**4,00,895.08**
LIABILITIES			
(1) Non-current Liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities	19	-	31.52
(ii) Other Financial Liabilities	20	4,648.66	4,498.04
(b) Provisions	21	46.99	43.39
(c) Other Non-current Liabilities	22	3,62,775.17	3,32,763.48
Total Non-current Liabilities		**3,67,470.82**	**3,37,336.43**
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	-	-
(ii) Lease Liabilities	24	31.52	179.98
(iii) Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises;	25	5,169.15	3,221.64
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	25	2,78,309.23	1,47,334.41
(iv) Other Financial Liabilities	26	35,866.17	36,574.11
(b) Other Current Liabilities	27	2,75,545.33	1,97,806.72
(c) Provisions	28	39,660.74	50,763.90
(d) Current tax Liabilities (net)	29B	-	136.16
Total Current Liabilities		**6,34,582.14**	**4,36,016.92**
Total Liabilities		**10,02,052.96**	**7,73,353.35**
Total Equity and Liabilities		**14,26,149.89**	**11,74,248.43**

Material accounting policy information and accompanying notes form an integral part of the Financial Statements
As per our report of even date,

For Tej Raj & Pal
Chartered Accountants
Firm's Registration No. 304124E

CA Beeraka Vijay
Partner

(M.No. 214678)

For and on behalf of the Board

G. Gayatri Prasad
Director (Finance) & CFO

DIN: 10877803

D.V. Srinivas Rao
Director (Technical) and Chairman and Managing Director (Addl.Charge)
DIN: 10652125

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

Place: Hyderabad
Date: 28 May 2026

Statement of Profit and Loss for the year ended 31 March 2026

(₹ in lakh)

	PARTICULARS	Notes	For the year ended 31 March, 2026	For the year ended 31 March, 2025
	INCOME			
I	**Revenue from Operations**	30	2,44,179.18	3,34,505.16
II	**Other Income**	31	42,376.95	35,040.17
III	**Total Income (I + II)**		**2,86,556.13**	**3,69,545.33**
IV	**EXPENSES**			
	Cost of materials consumed	32	1,99,555.04	2,09,975.80
	Changes in inventories of finished goods and work-in-progress	33	(77,305.65)	(42,186.42)
	Employee benefits expense	34	53,557.17	54,879.89
	Finance costs	35	338.72	330.91
	Depreciation and amortisation expense	36	7,592.86	7,069.61
	Other expenses	37	46,035.97	64,599.28
	Total expenses (IV)		**2,29,774.11**	**2,94,669.07**
V	**Profit/ (Loss) before exceptional items and tax (III-IV)**		56,782.02	74,876.26
VI	Exceptional Items		-	-
VII	**Profit before tax (V + VI)**		**56,782.02**	**74,876.26**
VIII	**Tax expense**			
	(1) Current tax	29C	11,606.00	25,121.23
	(2) Deferred tax	29C	3,142.26	(5,209.49)
	Total Tax expense		**14,748.26**	**19,911.74**
IX	**Profit/ (Loss) for the year (VII - VIII)**		**42,033.76**	**54,964.52**
X	**Other comprehensive income**			
	Items that will not be reclassified subsequently to profit or loss			
	(a) Remeasurement of the defined benefit plans	38(3)	61.56	35.42
	(b) Income tax relating to items that will not be reclassified to profit or loss	29C	(15.50)	(8.91)
	Total other comprehensive income		**46.06**	**26.51**
XI	**Total comprehensive income for the year (IX + X)**		**42,079.82**	**54,991.03**
XII	**Earnings per equity share**			
	Basic and diluted EPS (in Rupees)	38(2)	11.47	14.99

Material accounting policy information and accompanying notes form an integral part of the Financial Statements
As per our report of even date,

For Tej Raj & Pal
Chartered Accountants
Firm's Registration No. 304124E

CA Beeraka Vijay
Partner

(M.No. 214678)

For and on behalf of the Board

G. Gayatri Prasad
Director (Finance) & CFO

DIN: 10877803

D.V. Srinivas Rao
Director (Technical) and Chairman and Managing Director (Addl.Charge)
DIN: 10652125

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

Place: Hyderabad
Date: 28 May 2026

Statement of Changes in Equity for the year ended 31 March, 2026

A. Equity Share Capital

(₹ in lakh)

Balance as at 01 April, 2025	Changes in Equity Share Capital due to prior period errors	Restated Balance as at 01 April, 2025	Changes in equity share capital during the year	Balance as at 31 March, 2026
18328.12	-	18,328.12	-	18,328.12

(₹ in lakh)

Balance as at 01 April, 2024	Changes in Equity Share Capital due to prior period errors	Restated Balance as at 01 April, 2024	Changes in equity share capital during the year	Balance as at 31 March, 2025
18328.12	-	18,328.12	-	18,328.12

B. Other Equity

(₹ in lakh)

Particulars	Reserves and Surplus			Total
	General Reserve	Retained Earnings	Other Comprehensive Income - Remeasurement of the defined benefit plans	
Balance as at 01 April, 2025	**3,83,135.54**	**5,617.49**	**(6,186.07)**	**3,82,566.96**
Changes in Accounting Policy	-	-	-	-
Restated balance as at 01 April, 2025	**3,83,135.54**	**5,617.49**	**(6,186.07)**	**3,82,566.96**
Profit for the year		42,033.76		42,033.76
Other comprehensive income for the year (net of tax)		-	46.06	46.06
Final dividend		(2,382.66)		(2,382.66)
Transfer from Statement of Profit and Loss	25,000.00			25,000.00
Transfer to General Reserve		(25,000.00)		(25,000.00)
Interim Dividend		(16,495.31)		(16,495.31)
Balance as at 31 March, 2026	**4,08,135.54**	**3,773.28**	**(6,140.01)**	**4,05,768.81**

(₹ in lakh)

Particulars	Reserves and Surplus			Total
	General Reserve	Retained Earnings	Other Comprehensive Income - Remeasurement of the defined benefit plans	
Balance as at 01 April, 2024	**3,43,135.54**	**8,431.25**	**(6,212.58)**	**3,45,354.21**
Changes in Accounting Policy	-	-	-	-
Restated balance as at 01 April, 2024	**3,43,135.54**	**8,431.25**	**(6,212.58)**	**3,45,354.21**
Profit for the year		54,964.52		54,964.52
Other comprehensive income for the year (net of tax)			26.51	26.51
Final dividend		(3,115.78)		(3,115.78)
Transfer from Statement of Profit and Loss	40,000.00			40,000.00
Transfer to General Reserve		(40,000.00)		(40,000.00)
Interim Dividend		(14,662.50)		(14,662.50)
Balance as at 31 March, 2025	**3,83,135.54**	**5,617.49**	**(6,186.07)**	**3,82,566.96**

As per our report of even date,

For Tej Raj & Pal
Chartered Accountants
Firm's Registration No. 304124E

CA Beeraka Vijay
Partner

(M.No. 214678)

For and on behalf of the Board

G. Gayatri Prasad
Director (Finance) & CFO

DIN: 10877803

D.V. Srinivas Rao
Director (Technical) and Chairman and Managing Director (Addl.Charge)
DIN: 10652125

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

Place: Hyderabad
Date: 28 May 2026

Cash Flow Statement for the year ended 31 March, 2026

(₹ in lakh)

Particulars	For the year ended 31 March, 2026		For the year ended 31 March, 2025	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before exceptional items and tax		56,782.02		74,876.26
Adjustments for :				
Depreciation and amortisation expense	7,592.86		7,069.61	
Finance costs	338.72		330.91	
Interest income	(31,193.56)		(29,989.97)	
Profit on Sale of Property Plant and Equipment	1.17		1.55	
Deferred revenue on customer provided Assets	-		-	
Provisions for expenses	2,211.20		23,596.27	
Liabilities / provisions no longer required written back	(1,560.13)		(1,697.58)	
Fair value adjustment to investment carried at fair value through profit and loss	(114.66)		(120.26)	
Gain on sale of Financial Assets Measured at Fair value through profit and loss	-		-	
Operating profit before working capital changes		**34,057.62**		**74,066.79**
Changes in working capital:				
Adjustments for (increase) / decrease in operating Assets:				
Trade receivables	40,347.74		(51,590.91)	
Loans	(25.89)		(197.24)	
Other Financial Assets	45,540.01		9,629.63	
Inventories	(1,97,734.88)		(64,762.80)	
Other Assets	(68,451.82)		(13,940.64)	
Adjustments for increase / (decrease) in operating Liabilities:				
Trade payables	1,32,922.33		70,717.34	
Other Financial Liabilities	(320.50)		7,440.61	
Other Liabilities	1,08,007.93		14,435.44	
Provisions	(12,085.82)		(8,745.03)	
Cash generated from operations		**82,256.72**		**37,053.19**
Net income tax paid		(21,856.55)		(20,314.27)
Net cash flow before exceptional items		60,400.17		16,738.92
Exceptional items		-		-
Net cash from/ (used) in operating activities (A)		**60,400.17**		**16,738.92**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property Plant & Equipment and Intangible Assets	(22,874.88)		(28,274.14)	
Bank Deposits	21,051.00		(42,187.00)	
Proceeds from sale of Property Plant & Equipment and Intangible Assets	0.34		0.43	
Investment in Associates	-		(390.60)	
Interest received	33,784.87		30,138.79	
Net cash from/ (used) in investing activities (B)		**31,961.33**		**(40,712.52)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares	-		-	
Finance costs	(199.71)		(191.89)	
Repayment of lease liabilities	(179.98)		(162.61)	
Dividends paid	(19,036.00)		(21,670.42)	
Net cash from/ (used) in financing activities (C)		**(19,415.69)**		**(22,024.92)**
Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)		**72,945.81**		**(45,998.52)**
Cash and Cash equivalents at the beginning of the year		**13,385.68**		**59,384.20**
Cash and Cash equivalents at the end of the year (Refer Note (i) below)		**86,331.49**		**13,385.68**
Note (i):				
Cash and Cash equivalents Comprises:				
in current accounts		81,266.90		2,182.75
in deposit accounts		5,064.34		11,194.71
Cash on hand		0.25		8.22
Bank overdraft		-		-
		86,331.49		**13,385.68**

Material accounting policy information and accompanying notes form an integral part of the Financial Statements

As per our report of even date,

For Tej Raj & Pal
Chartered Accountants
Firm's Registration No. 304124E

CA Beeraka Vijay
Partner

(M.No. 214678)

For and on behalf of the Board

G. Gayatri Prasad
Director (Finance) & CFO

DIN: 10877803

D.V. Srinivas Rao
Director (Technical) and Chairman and Managing Director (Addl.Charge)
DIN: 10652125

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

Place: Hyderabad
Date: 28 May 2026

Material Accounting Policy Information

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 recognised 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 recognised 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 recognised 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 recognised 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 Customer Financed Assets (CFA) are those assets cost of which is funded by the customer, fully or in part. Customer may or may not obtain control over the CFA. The funding by customer is recognised as revenue synchronising it in line with completion of performance obligations in accordance with contractual terms. The expenditure incurred by the company is recognised as per GAAP.

a. **Where the company has obtained control over the assets funded by customer:**

The assets financed by customer are recognised initially at fair value. The corresponding revenue in respect of a contract is recognised to the extent of executed quantity in proportion to the existing order quantity plus additional quantity, if any, for which orders are anticipated as on the date of receipt of the contract from customer.

b. **Where the company has not obtained control over the assets funded by customer:**

The expenditure incurred in respect of assets funded by the customer is initially recognised as inventory and revenue is recognised on transfer of control 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 recognised when the Company's right to receive the payment is established.

4. GOVERNMENT GRANTS

4.1 Grants from the government are recognised 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 recognised 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 recognised 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 realised or the deferred income tax liability is settled.

ii) Deferred tax assets are recognised for all deductible temporary differences and unused losses only if it is probable that future taxable amounts will be available to utilise 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 realise the liability simultaneously.

iv) Current and deferred tax is recognised in profit or loss, except to the extent that it relates to the items recognised in other comprehensive income or directly equity. In this case, the tax is also recognised 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 leasebased 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 realisable 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, Work in progress, Finished Goods, Stores and spare parts,Loose toolsand 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. FINANCIALINSTRUMENTS

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 amortised 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:

(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.

(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.

(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

(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.

(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 derecognised 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 derecognised.

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 115 (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 amortised 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 amortised 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 recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

iv) Derivatives

Derivatives are initially recognised 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 realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

9. CASH AND CASH EQUIVALENTS:

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

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

10. FAIR VALUE MEASUREMENT

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 categorised 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 utilised 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 recognised 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 derecognised 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 amortisation 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 programmes are recognised 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 recognised 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 capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

e) Capitalised development costs are recorded as intangible assets and amortised 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 recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised 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 Amortisation methods and periods

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

Licences	Useful Life/Production
Computer software	3 years

13. INVESTMENT PROPERTY:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the 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 amortised 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 amortisation 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognises 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised as employee benefit expense when they are due. Prepaid contributions are recognised 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 recognises 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 recognises 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 authorised 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 Material Accounting Policies attached form part of accounts.

As per our report of even date,

For Tej Raj & Pal
Chartered Accountants
Firm's Registration No. 304124E

CA Beeraka Vijay
Partner

(M.No. 214678)

For and on behalf of the Board

G. Gayatri Prasad
Director (Finance) & CFO

DIN: 10877803

D.V. Srinivas Rao
Director (Technical) and Chairman and Managing Director (Addl.Charge)
DIN: 10652125

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

Place: Hyderabad
Date: 28 May 2026

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 01 April, 2025	Additions during the year	Deductions/ adjustments during the year	As at 31 March, 2026	Accumulated depreciation/ amortisation as at 01 April, 2025	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Impairments during the year	Accumulated depreciation/ amortisation as at 31 March, 2026	As at 31 March, 2026
Freehold Land	8,800.66	-	-	8,800.66	-	-	-	-	-	8,800.66
Buildings	34,892.54	3,212.34	-	38,104.88	9,869.37	1,178.98	-	-	11,048.35	27,056.53
Fencing and Compound Walls	1,430.86	122.97	-	1,553.83	1,385.47	41.56	-	-	1,427.03	126.80
Roads and Drains	1,819.52	1,608.05	-	3,427.57	1,430.69	108.12	-	-	1,538.81	1,888.76
Water Supply Installations	218.30	20.73	-	239.03	70.39	9.20	-	-	79.59	159.44
Plant, Machinery and Equipment	55,737.22	3,963.99	-	59,701.21	28,033.35	3,911.69	-	-	31,945.04	27,756.17
Furniture and Equipment	7,723.30	569.17	(4.67)	8,287.80	5,079.95	905.26	(3.16)	-	5,982.05	2,305.75
Transport Vehicles	827.80	128.00	(5.38)	950.42	534.68	62.20	(4.85)	-	592.03	358.39
Special Tools & Equipment	7,093.41	41.63	-	7,135.04	5,402.47	136.51	-	-	5,538.98	1,596.06
Total	**1,18,543.61**	**9,666.88**	**(10.05)**	**1,28,200.44**	**51,806.37**	**6,353.52**	**(8.01)**	**-**	**58,151.88**	**70,048.56**

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION					NET CARRYING AMOUNT
	As at 01 April, 2024	Additions during the year	Deductions/ adjustments during the year	As at 31 March, 2025	Accumulated depreciation/ amortisation as at 01 April, 2024	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Impairments during the year	Accumulated depreciation/ amortisation as at 31 March, 2025	As at 31 March, 2025
Freehold Land	8,800.66	-	-	8,800.66	-	-	-	-	-	8,800.66
Buildings	33,799.21	1,093.33	-	34,892.54	8,741.69	1,127.68	-	-	9,869.37	25,023.17
Fencing and Compound Walls	1,416.75	14.11	-	1,430.86	1,333.68	51.79	-	-	1,385.47	45.39
Roads and Drains	1,722.82	96.70	-	1,819.52	1,312.01	118.68	-	-	1,430.69	388.83
Water Supply Installations	216.50	1.80	-	218.30	61.53	8.86	-	-	70.39	147.91
Plant, Machinery and Equipment	53,872.04	1,865.22	(0.04)	55,737.22	24,288.17	3,745.21	(0.03)	-	28,033.35	27,703.87
Furniture and Equipment	5,658.64	2,075.05	(10.39)	7,723.30	4,553.85	534.50	(8.40)	-	5,079.95	2,643.35
Transport Vehicles	735.87	96.04	(4.11)	827.80	488.21	50.57	(4.10)	-	534.68	293.12
Special Tools & Equipment	7,066.51	26.90	-	7,093.41	5,274.36	128.11	-	-	5,402.47	1,690.94
Total	**1,13,289.00**	**5,269.15**	**(14.54)**	**1,18,543.61**	**46,053.50**	**5,765.40**	**(12.53)**	**-**	**51,806.37**	**66,737.24**

Notes:

Freehold Land:

(a) Freehold Land includes

(i) 2 Acres and 08 Guntas (31 March, 2025: 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.

(ii) 146 Acres 32 Guntas (31 March, 2025: 146 Acres 32 Guntas) of land at Kanchanbagh, Hyderabad received free of cost from State Government, is valued at ₹28.42 lakh (as at 31 March, 2025: ₹28.42 lakh), title to this land is yet to be received.

(b) In respect of land admeasuring 82 Acres 31 Guntas (as at 31 March, 2025: 82 Acres 31 Guntas) at Karmanghat, Hyderabad acquired by state government for the company for which an amount of ₹21.66 lakh (as at 31 March, 2025: ₹21.66 lakh) paid by the company is capitalised.

(c) Free hold land of 632 Acres 16.50 Guntas (as at 31 March, 2025: 632 Acres 16.50 Guntas) at Ibrahimpatnam, Rangareddy District is taken possession on agreement of sale by paying ₹6,136.90 lakh (as at 31 March, 2025: ₹6,136.90 lakh) based on tentative fixation of price is capitalised. Gross Carrying Value is ₹7,965.16 lakh (as at 31 March, 2025 ₹7,965.16 lakh) including the environmental fee and development charges incurred.

Buildings :

(a) Buildings include ₹111.01 lakh as at 31 March, 2026 (31 March, 2025 : ₹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 (In Years)
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.

(iv) Refer Note 38(7) for details relating to short closed projects.

(v) Refer Note 38(21)A for Title deeds of immovable property not held in the name of the company.

(vi) The Property, Plant and Equipment includes assets funded by the customer against which deferred revenue is recognised as the company has control over these assets.

(₹ in lakh)

PARTICULARS	As at 31 March, 2026			As at 31 March, 2025		
	Gross Carrying Amount	Accumulated depreciation	Net Carrying Amount	Gross Carrying Amount	Accumulated depreciation	Net Carrying Amount
Customer Financed Assets	2,369.40	828.04	1,541.36	2,369.40	727.26	1,642.14

(vii) The Property, Plant and Equipment does not include assets funded by the customer for use in their contracts but held by the company.

(₹ in lakh)

PARTICULARS	As at 31 March, 2026	As at 31 March, 2025
Opening balance	**13,975.82**	**13,975.82**
Additions	-	-
Deletions	-	-
Closing balance	**13,975.82**	**13,975.82**

Note 2: Capital Work-in-Progress

(₹ in lakh)

Particulars	As at 31 March, 2026	As at 31 March, 2025
Civil	14,555.89	11,341.42
Plant & Machinery	2,672.10	345.15
Others	182.20	28.25
Total	**17,410.19**	**11,714.82**

Notes:

(i) Refer note 38(6) for capital commitments

(ii) Refer note 38(21)E: Ageing and completion of capital work-in-progress

Note 3: Investment Property

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION					NET CARRYING AMOUNT
	As at 01 April, 2025	Additions during the year	Deductions/ adjustments during the year	As at 31 March, 2026	Accumulated depreciation/ amortisation as at 01 April, 2025	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Impairments during the year	Accumulated depreciation/ amortisation as at 31 March, 2026	As at 31 March, 2026
Land (held for rentals)	0.97	-	-	0.97	-	-	-	-	-	0.97

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION					NET CARRYING AMOUNT
	As at 01 April, 2024	Additions during the year	Deductions/ adjustments during the year	As at 31 March, 2025	Accumulated depreciation/ amortisation as at 01 April, 2024	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Impairments during the year	Accumulated depreciation/ amortisation as at 31 March, 2025	As at 31 March, 2025
Land (held for rentals)	0.97	-	-	0.97	-	-	-	-	-	0.97

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

(₹ in lakh)

PARTICULARS	31 March, 2026	31 March, 2025
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 31 March, 2026 and 31 March, 2025.

(iv) Fair value

(₹ in lakh)

Particulars	31 March, 2026	31 March, 2025
Investment properties	2,967.16	2,967.16

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 is ₹0.122 lakh (₹0.122 lakh as at 31 March 2025) 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.

(vi) Refer Note 38(21)A for Title deeds of immovable property not held in the name of the company.

(vii) Refer Note 38(21)B with regard to disclosure relating to valuation by registered valuer as defined under rule 2 of Companies (Registered Valuers & Valuation) Rules, 2017.

Note 4: Right of use assets

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION					NET CARRYING AMOUNT
	As at 01 April, 2025	Additions during the year	Deductions/ adjustments during the year	As at 31 March, 2026	Accumulated depreciation/ amortisation as at 01 April, 2025	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Impairments during the year	Accumulated depreciation/ amortisation as at 31 March, 2026	As at 31 March, 2026
Leasehold Land	8,599.75	-	-	8,599.75	3,668.99	56.92	-	-	3,725.91	4,873.84
Leasehold Building	998.91	-	-	998.91	836.22	139.38	-	-	975.60	23.31
Total	9,598.66	-	-	9,598.66	4,505.21	196.30	-	-	4,701.51	4,897.15

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION					NET CARRYING AMOUNT
	As at 01 April, 2024	Additions during the year	Deductions/ adjustments during the year	As at 31 March, 2025	Accumulated depreciation/ amortisation as at 01 April, 2024	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Impairments during the year	Accumulated depreciation/ amortisation as at 31 March, 2025	As at 31 March, 2025
Leasehold Land	8,599.75	-	-	8,599.75	3,612.07	56.92	-	-	3,668.99	4,930.76
Leasehold Building	998.91	-	-	998.91	696.85	139.37	-	-	836.22	162.69
Total	9,598.66	-	-	9,598.66	4,308.92	196.29	-	-	4,505.21	5,093.45

Leasehold Land :

(a) Land measuring 3 acres 25 guntas (31 March, 2025: 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 31 March, 2025: 553 Acres 34 Guntas) at Amravati for which a premium of ₹3,922.37 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. Pending receipt of extension of time period, the company has provided for impairment amounting to ₹3,217.83 lakh during 2021-22.

(c) Leasehold land measuring 183 hectares in Defence Industrial Corridor at Jhansi District is taken on lease from UPEIDA for which an amount of ₹5,071.84 lakh was paid and capitalised along with registration charges. The lease term is 30 years with two renewals of 30 years each aggregating to 90 years for an annual lease rent of ₹1.00 per annum.

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 lakh, a corresponding lease liability of ₹972.01 lakh and a provision for an amount of ₹26.90 lakh 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%.

- Impairment is tested as per the accounting policy 15. The company has assessed that there are no indicators of impairment.
- Refer Note 38(21)A for Title deeds of immovable property not held in the name of the company.

Note 5: Other Intangible Assets

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION					NET CARRYING AMOUNT
	As at 01 April, 2025	Additions during the year	Deductions/ adjustments during the year	As at 31 March, 2026	Accumulated depreciation/ amortisation as at 01 April, 2025	Depreciation/ amortisation for the Year	Deductions/ adjustments during the year	Impairments during the year	Accumulated depreciation/ amortisation as at 31 March, 2026	As at 31 March, 2026
Development Expenditure	3,324.10	-	-	**3,324.10**	3,324.10	-	-	-	**3,324.10**	**-**
Computer Software	2,513.55	26.79	-	**2,540.34**	2,323.74	84.24	-	-	**2,407.98**	**132.36**
License Fee	26,075.64	-	-	**26,075.64**	12,388.27	958.80	-	-	**13,347.07**	**12,728.57**
Total	**31,913.29**	**26.79**	**-**	**31,940.08**	**18,036.11**	**1,043.04**	**-**	**-**	**19,079.15**	**12,860.93**

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION					NET CARRYING AMOUNT
	As at 01 April, 2024	Additions during the year	Deductions/ adjustments during the year	As at 31 March, 2025	Accumulated depreciation/ amortisation as at 01 April, 2024	Depreciation/ amortisation for the Year	Deductions/ adjustments during the year	Impairments during the year	Accumulated depreciation/ amortisation as at 31 March, 2025	As at 31 March, 2025
Development Expenditure	3,324.10	-	-	**3,324.10**	3,324.10	-	-	-	**3,324.10**	**-**
Computer Software	2,293.99	219.56	-	**2,513.55**	2,253.75	69.99	-	-	**2,323.74**	**189.81**
License Fee	21,146.09	4,929.55	-	**26,075.64**	11,350.34	1,037.93	-	-	**12,388.27**	**13,687.37**
Total	**26,764.18**	**5,149.11**	**-**	**31,913.29**	**16,928.19**	**1,107.92**	**-**	**-**	**18,036.11**	**13,877.18**

Note: The intangible assets include assets funded by the customer against which deferred revenue is recognised as the company has control over these assets.

(₹ in lakh)

PARTICULARS	As at 31 March, 2026			As at 31 March, 2025		
	Gross Carrying Amount	Accumulated depreciation	Net Carrying Amount	Gross Carrying Amount	Accumulated depreciation	Net Carrying Amount
Customer Financed Assets	4,367.59	4,367.59	-	4,367.59	4,367.59	-

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.

Note 5A: Intangible assets under development

(₹ in lakh)

Particulars	As at 31 March, 2026	As at 31 March, 2025
Development Expenditure	12,460.11	11,317.25
Total	**12,460.11**	**11,317.25**

Notes:

(i) Refer note 38(6) for capital commitments

(ii) Refer note 38(21)F: Ageing and completion of Intangible assets under development

(iii) Refer note 38(5): Expenditure relating to Research and Development.

(₹ in lakh)

	PARTICULARS	As at 31 March, 2026	As at 31 March, 2025
6	**Non-current Investments**		
	Investment in Equity Investments (Unquoted)		
	(a) Associate (at Cost)		
	(i) 27,320 (as at 31 March, 2025 27,320) fully paid-up Equity shares (Unquoted) of ₹1,000/- each of Advanced Materials (Defence) Testing Foundation	273.20	273.20
	(ii) 11,740 (as at 31 March, 2025 11,740) fully paid-up Equity shares (Unquoted) of ₹1,000/- each of Electronic Warfare (Defence) Testing Foundation	117.40	117.40
	(b) Other Investments (at fair value through profit and loss)		
	(i) 9,21,920 (as at 31 March, 2025 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	-	-
		390.60	**390.60**

- Refer note 38(15): Fair value measurement.

Significant Judgement:

1. Advanced Materials (Defence) Testing Foundation and Electronic Warfare (Defence) Testing Foundation are not-for-profit companies registered under Section 8 of the Companies Act, 2013. These entities are not considered for preparation of consolidated financial statements as the company does not have rights to variable returns from its involvement, other than equity investment.
2. 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. However, during 2021-22, APGPCL received an adverse arbitration award, the implementation of which is likely to erode the networth of APGPCL. Accordingly Fair value of the investment is considered as 'Nil'.

7	**Non current Loans**		
	Loans to Employees		
	- Secured, considered good	-	-
	- Unsecured, considered good	389.37	125.77
		389.37	**125.77**

Refer note 38(15): Fair value measurement.

8	**Other Non-current Financial Assets**		
	Claims/Refunds receivable	6,265.35	6,192.62
	Deferred Debts	4,524.97	4,378.50
		10,790.32	**10,571.12**

Refer note 38(15): Fair value measurement.

Significant Judgement:

Deferred Debts:

Deferred debts are receivables from the Indian Army and Armoured Vehicles Nigam Limited (erstwhile 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.

9	**Other Non-current Assets**		
	Capital advances	9,169.13	2,825.62
	Deferred expense*	1,390.17	1,529.18
	Contract costs	1,529.72	
		12,089.02	**4,354.80**

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

(₹ in lakh)

	PARTICULARS	As at 31 March, 2026		As at 31 March, 2025	
10	**INVENTORIES***				
	Raw Materials and Components	2,62,879.46		1,49,009.81	
	Less: Provision	(4,715.09)		(5,645.99)	
	GIT of Raw Materials and Components	24.02		43.42	
			2,58,188.39		**1,43,407.24**
	Work-in-progress	70,279.79		38,567.39	
	Less: Provision	(803.62)		(437.57)	
			69,476.17		**38,129.82**
	Finished Goods	1,23,050.05		77,456.80	
	Less: Provision	(44.37)		(44.34)	
	GIT of Finished Goods	-		-	
			1,23,005.68		**77,412.46**
	Stores and Spare Parts	11,792.35		5,279.97	
	Less:Provision	(360.78)		(283.52)	
	GIT of Stores and Spare Parts	-		-	
			11,431.57		**4,996.45**
	Loose Tools	993.30		969.01	
	Less:Provision	(531.78)		(404.49)	
	GIT of Loose Tools	-		-	
			461.52		**564.52**
	Construction Materials		-		-
	Stores & Equipment - Welfare	321.51		321.28	
	Less: Amortisation	(321.51)		(321.28)	
			-		-
	Miscellaneous Stores		0.41		0.41
			4,62,563.74		**2,64,510.90**
	* Include Material issued to Sub-contractors/Others		17,283.19		14,784.48

- Out of ₹17,283.19 lakh (as at 31 March, 2025 ₹14,784.48 lakh), material lying with sub contractors ₹16,459.72 lakh (as at 31 March, 2025 ₹13,770.33 lakh) were confirmed / physically verified by the vendors. Differences on confirmation / physical verification of material lying with subcontractors of ₹291.88 lakh (₹257.63 lakh as at 31 March, 2025) 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,38(12) Charges registered.

		As at 31 March, 2026	As at 31 March, 2025
11	**Trade Receivables**		
	Secured	-	-
	Unsecured, considered good	50,460.39	91,733.86
	Doubtful	-	-
	Less: Allowance for doubtful debts (expected credit loss allowance)	(8,172.50)	(9,098.23)
		42,287.89	**82,635.63**

Refer Note: 38(15): Fair value measurement; 38(12) Charges registered.

Refer Note: 38(20)(F): Movement of Trade Receivables

(₹ in lakh)

Ageing schedule for Trade Receivables as at 31 March, 2026

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	38,492.41	1,071.64	2,509.25	7,802.19	584.90	50,460.39
(ii) Undisputed Trade Receivables – which have significant increase in credit risk						
(iii) Undisputed Trade Receivables – credit impaired						
(iv) Disputed Trade Receivables– considered good						
(v) Disputed Trade Receivables – which have significant increase in credit risk						
(vi) Disputed Trade Receivables – credit impaired						
Gross Trade Receivables	**38,492.41**	**1,071.64**	**2,509.25**	**7,802.19**	**584.90**	**50,460.39**
Less: Expected Credit Loss Allowance						(8,172.50)
Trade Receivables						**42,287.89**

Ageing schedule for Trade Receivables as at 31 March, 2025

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	78,432.90	1,661.08	8,790.86	2,554.77	294.25	91,733.86
(ii) Undisputed Trade Receivables – which have significant increase in credit risk						
(iii) Undisputed Trade Receivables – credit impaired						
(iv) Disputed Trade Receivables– considered good						
(v) Disputed Trade Receivables – which have significant increase in credit risk						
(vi) Disputed Trade Receivables – credit impaired						
Total Trade Receivables	**78,432.90**	**1,661.08**	**8,790.86**	**2,554.77**	**294.25**	**91,733.86**
Less: Expected Credit Loss Allowance						(9,098.23)
Trade Receivables						**82,635.63**

(₹ in lakh)

	PARTICULARS	As at 31 March, 2026	As at 31 March, 2025
12	**Cash and Cash Equivalents**		
	Balances with Banks		
	- in current accounts	81,266.90	2,182.75
	- in deposit accounts (Up to 3 months)	5,064.34	11,194.71
	Cash on hand*	0.25	8.22
	Remittances in transit	-	-
		86,331.49	**13,385.68**

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.

(₹ in lakh)

	PARTICULARS	As at 31 March, 2026	As at 31 March, 2025
13	**Other Bank balances**		
	Bank deposits other than margin money	3,84,600.00	4,05,651.00
	(Maturity period more than 3 months but less than 12 months)		
		3,84,600.00	**4,05,651.00**
	- The company has been sanctioned an overdraft facility of ₹1,500.00 lakh against which the company had pledged deposits worth ₹1,800.00 lakh as security. Overdraft utilised and outstanding is Nil as at 31 March, 2026 (Nil as at 31 March, 2025).		
	- There are no bank deposits with maturity beyond 12 months.		
	Reconciliation of Cash and Bank balances:		
	Cash and Cash Equivalents (as per the above)	86,331.49	13,385.68
	Bank Balance (as per the above)	3,84,600.00	4,05,651.00
	Total Cash and Bank balances	**4,70,931.49**	**4,19,036.68**
14	**Current Loans**		
	Loans to Employees		
	- Secured, considered good	-	-
	- Unsecured, considered good	203.83	441.54
	Total Current Loans	**203.83**	**441.54**
	Also refer note 38(15): Fair value measurement.		
15	**Other Current Financial Assets**		
	Claims/Refunds receivable	4,563.11	2,376.85
	Less: Provision for doubtful claims (Refer Note below)	(4.33)	(4.33)
	Deferred Debts*	478.12	435.63
	Unbilled Receivables#	30,416.50	78,404.18
	Interest accrued on Deposits	12,528.69	15,273.37
	Interest accrued - Others	23.72	13.32
	Other Assets held for sale	-	0.28
	Total Other Current Financial Assets	**48,005.81**	**96,499.30**
	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		
	Note:		
	(i) In the case of another supplier, the Company has initiated legal action for recovery of advance amount of ₹4.33 lakh with interest, being amount paid towards material purchases, which were subsequently rejected and taken back by the supplier but failed to supply the correct material. The case was decreed in favour of M/s. BDL(ex-parte) and has to be executed.		
16	**Other Current Assets**		
	Advances other than capital advances:		
	Advances to vendors		
	- Secured, considered good	11,766.93	14,312.99
	- Unsecured, considered good	2,02,358.61	1,41,441.91
	- Unsecured, considered doubtful	-	-
	Less: Provision for doubtful advances	-	-
	Prepaid expenses	779.38	346.98
	Deposits@	1,885.23	1,776.67
	Deferred Expense*	139.02	139.02
	Contract cost	918.51	-
	Earmarked balances with banks for unpaid dividend	31.81	189.84
	Earmarked balances in ESCROW Accounts	1,413.15	2,613.14
	Balances with Revenue Authorities	22,279.17	13,801.34
	CSR Expenditure available for setoff #	18.08	45.90
	Total Current Assets	**2,41,589.89**	**1,74,667.79**
	Refer note 38(7): Details of short closed projects.		
	* Refer the significant judgement on Deferred Debts in Note No. 8		
	# Refer note 38(23) for Movement in CSR provision		
	@ Includes Central Sales tax of ₹693.85 lakh (as at 31 March, 2025 ₹693.85 lakh), service tax of Nil (as at 31 March, 2025 ₹128.43 lakh) lakh and Goods and Service Tax of ₹0.79 lakh (as at 31 March, 2025 ₹0.79 lakh) pre-deposited for filing of appeal.		

(₹ in lakh)

	PARTICULARS	As at 31 March, 2026	As at 31 March, 2025
17	**Equity Share Capital:**		
	Authorised		
	40,00,00,000 Equity Shares of ₹5/- each	**20,000.00**	20,000.00
	Issued, Subscribed and paid up		
	36,65,62,500 Equity Shares of ₹5/- each fully paid	18,328.12	18,328.12
		18,328.12	**18,328.12**

Notes:

Equity shares 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.

The Board of directors of the company at its meeting held on 21 March 2024, recommended the sub-division / split of one fully paid up equity share having a face value of ₹10 each into 2 fully paid up equity shares having a face value of ₹5 each by alteration of capital clause of the memorandum of association (MOA) subject to the approval of the members of the company. The members of the company approved the sub-division / split of one full paid up equity share of ₹10 each into two fully paid up equity share of ₹5 each through a postal ballot with a requisite majority and the voting results were declared on 29 April, 2024.

Further the record date for split / sub-division of equity shares is 24 May 2024. Consequent to this, the authorised share capital comprises of 40,00,00,000 equity shares having a face value of ₹5 each aggregating to ₹20,000.00 lakh and the paid up share capital comprises of 36,65,62,500 equity shares having a face value of ₹5 each aggregating to ₹18,328.12 lakh.

(A) Reconciliation of the number of Shares outstanding:

(₹ in lakh)

	Number of Shares	Amount
Balance as at 31 March, 2024	**18,32,81,250**	**18,328.12**
Buy back during the year	-	-
Bonus issue during the year	-	-
Sub-Division of Shares during the year	18,32,81,250	-
Balance as at 31 March, 2025	**36,65,62,500**	**18,328.12**
Buy back during the year	-	-
Bonus issue during the year		
Balance as at 31 March, 2026	**36,65,62,500**	**18,328.12**

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

S. No	Particulars	As at 31 March, 2026		As at 31 March, 2025	
		Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
	Fully paid equity shares				
1	Government of India	27,46,51,054	74.93%	27,46,51,054	74.93%

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

Particulars	31 March, 2026	31 March, 2025	31 March, 2024	31 March, 2023	31 March, 2022	31 March, 2021
Number of shares bought back (nos.)	-	-	-	-	-	-

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

Particulars	31 March, 2026	31 March, 2025	31 March, 2024	31 March, 2023	31 March, 2022	31 March, 2021
No. of Bonus Shares issued (nos.)	-	-	-	-	-	-
Value of Bonus Shares issued (₹ in lakh)	-	-	-	-	-	-

(E) Details of shareholding of Promoters

Shares held by promoters		As at 31 March, 2026		% change during 2025-26	As at 31 March, 2025		% change during 2025-26
S No	Promoter name	No. of Shares	% of total shares		No. of Shares	% of total shares	
	Fully paid equity shares						
1	Government of India	27,46,51,054	74.93%	-	27,46,51,054	74.93%	-

(₹ in lakh)

	PARTICULARS	As at 31 March, 2026	As at 31 March, 2025
18	**Other Equity**		
	General Reserve	4,08,135.54	3,83,135.54
	Retained Earnings	3,773.28	5,617.49
	Other Comprehensive Income - Remeasurement of the defined benefit plans	(6,140.01)	(6,186.07)
	Balance at end of year	**4,05,768.81**	**3,82,566.96**
	A. General Reserve		
	Balance at beginning of year	3,83,135.54	3,43,135.54
	Transfer to Capital Redemption Reserve	-	-
	Buyback Premium Written off	-	-
	Transfer from Statement of Profit and Loss	25,000.00	40,000.00
	Bonus shares issued	-	-
	Balance at end of year	**4,08,135.54**	**3,83,135.54**

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. Retained Earnings		
	Balance at beginning of year	5,617.49	8,431.25
	Profit for the year	42,033.76	54,964.52
	Final dividend	(2,382.66)	(3,115.78)
	Interim Dividend	(16,495.31)	(14,662.50)
	Adjustment due to change in Accounting Policy	-	-
	Transfer to General Reserve	(25,000.00)	(40,000.00)
	Balance at end of year	**3,773.28**	**5,617.49**
	C. Other Comprehensive Income - Remeasurement of the defined benefit plans		
	Balance at beginning of year	(6,186.07)	(6,212.58)
	Other comprehensive income (net of tax)	46.06	26.51
	Balance at end of year	**(6,140.01)**	**(6,186.07)**
19	**Non- Current Lease Liabilities**		
	Lease Liabilities	-	31.52
		-	**31.52**
20	**Other Non - Current Financial Liabilities**		
	Deferred Credit	1,391.52	1,469.20
	Embedded derivative liability (Deferred liability)	3,257.14	3,028.84
		4,648.66	**4,498.04**

Refer note 38(15): Fair value measurement.

Significant judgements

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.

21	**Non-current Provisions**		
	Asset Retirement Obligation	46.99	43.39
	Employee benefits		
	Accrued Leave	-	-
	Gratuity	-	-
	Provident Fund	-	-
		46.99	**43.39**

- Refer note 38(3) : Employee Benefit Obligations

(₹ in lakh)

	PARTICULARS	As at 31 March, 2026	As at 31 March, 2025
22	**Other Non-Current Liabilities**		
	Advances from Customers-$		
	Ministry of Defence (MoD)	3,20,542.05	2,83,387.65
	Others	38,219.55	45,157.46
	Deferred Income*	1,429.65	1,572.62
	Deferred Revenue #	2,583.92	2,645.75
		3,62,775.17	**3,32,763.48**

* Refer the significant judgement on Deferred Credit in note No.20
# Includes grant for solar plant - Refer note 38 (19).
$ Refer note 38(20)(C) : Movement of Contract Assets and Liabilities
Also Refer Accounting Policy no.3 A (vi) and 4.4

23	**Borrowings**		
	(a) Loans repayable on demand		
	(i) From Banks		
	-Secured bank overdraft		
	- Unsecured		

The company has been sanctioned an overdraft facility of ₹1,500.00 lakh against which the company had pledged deposits worth ₹1,800.00 lakh as security.

24	**Current Lease Liabilities**		
	Current maturities of Lease Liabilities	31.52	179.98
		31.52	**179.98**

25	**Trade Payables**		
	Trade Payables - Current:		
	Dues to micro enterprises and small enterprises	5,169.15	3,221.64
	Dues to creditors other than micro, small and medium enterprises	2,78,309.23	1,47,334.41
		2,83,478.38	**1,50,556.05**
	Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
	(i) Principal amount and interest due thereon remaining unpaid to any supplier as at the end of the accounting year		
	- Principal	5,169.15	3,221.64
	- Interest	-	-
	(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	0.01	-
	(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
	(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.

Ageing schedule for Trade Payables as at 31 March, 2026

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	5,168.47	0.68				5,169.15
(ii) Others	23,339.61	2,39,806.00	6,606.01	352.99	8,204.62	2,78,309.23
(iii) Disputed dues - MSME						
(iv) Disputed dues - Others						
Total Trade Payables	**28,508.08**	**2,39,806.68**	**6,606.01**	**352.99**	**8,204.62**	**2,83,478.38**

Ageing schedule for Trade Payables as at 31 March, 2025

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	3,221.64	-	-	-	-	3,221.64
(ii) Others	1,08,366.36	30,283.78	354.28	1,257.17	7,072.83	1,47,334.41
(iii) Disputed dues - MSME						
(iv) Disputed dues - Others						
Total Trade Payables	**1,11,588.00**	**30,283.78**	**354.28**	**1,257.17**	**7,072.83**	**1,50,556.05**

(₹ in lakh)

	PARTICULARS	As at 31 March, 2026	As at 31 March, 2025
26	**Other Current Financial Liabilities**		
	Current maturities of Deferred credit*	491.70	448.00
	Deposits	2,453.14	1,933.76
	Creditors for expenses	24,583.22	27,351.34
	Employee benefits payable	4,153.15	6,237.92
	Capital works	543.06	191.18
	Others	3,641.90	411.91
		35,866.17	**36,574.11**
	Refer note 38(15): Fair value measurement.		
	* Refer the significant judgement on Deferred Credit in note No.20		
27	**Other Current Liabilities**		
	Advances from Customers:#		
	- Ministry of Defence (MoD)	2,33,998.92	1,34,408.94
	- Others	33,147.64	55,697.45
	Deferred Income*	142.97	142.97
	Deferred Revenue	-	-
	Statutory remittances	8,255.80	7,557.36
		2,75,545.33	**1,97,806.72**
	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		
28	**Current Provisions**		
	Employee benefits		
	- Gratuity	2,904.11	975.59
	- Accrued leave	894.57	2,168.89
	- Provident Fund	188.50	874.86
	Warranty	13,299.45	12,936.83
	Onerous contract	4,030.02	14,140.14
	Future charges	-	1,475.88
	Others	18,344.09	18,191.71
		39,660.74	**50,763.90**

Movement in provisions

Provisions	Warranty	Onerous Contract	Future Charges	Others
Balance as at 31 March, 2025	**12,936.83**	**14,140.14**	**1,475.88**	**18,191.71**
Additional provisions recognised	3,437.19	2,279.80	-	550.09
Utilisation during the year	(226.42)	(12,389.92)	(470.53)	(158.03)
Reversals during the year	(2,848.15)	-	(1,005.35)	(239.68)
Balance as at 31 March, 2026	**13,299.45**	**4,030.02**	**-**	**18,344.09**

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.

During the previous year, the Company's assessment of its customer contracts includes a specific contract aimed at gaining exposure to the niche technology in the global defence industry. This contract presents opportunities for the company to become part of global supply chain partner of a leading defence manufacturer. These opportunities are not immediate and are expected to materialise in the future. The company thus classified this contract as an onerous contract in accordance with Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, and accordingly the company had recognised additional provision of ₹2,279.80 lakh (₹14,140.14 lakh during 2024-25).

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 31 March, 2026	As at 31 March, 2025
29	**Income Taxes**		
29A	**Deferred Tax Balance**		
	Deferred Tax Assets	14,362.76	17,763.27
	Deferred Tax Liabilities	5,247.13	5,489.88
	Total	**9,115.63**	**12,273.39**
	Breakup of Deferred Tax balances		
	Deferred Tax Assets		
	Freehold Land	-	-
	Lease Liability	7.93	53.23
	Provisions	14,026.51	17,356.92
	Fair value adjustment to Deferred credit	328.32	353.12
	Other Current Financial Liabilities	-	-
	Sub-Total	**14,362.76**	**17,763.27**
	Deferred Tax Liabilities		
	Property plant and Equipment	3,729.76	3,733.56
	Right of use assets	5.86	40.94
	Intangible Assets	1,191.08	1,357.20
	Fair value of investments		
	- Equity Shares in unlisted Company	-	-
	- Mutual Funds	-	-
	Fair value adjustment to Deferred debts	320.43	358.18
	Others	-	-
	Sub-Total	**5,247.13**	**5,489.88**
	Net Deferred Tax Asset/(Liability)	**9,115.63**	**12,273.39**

Reconciliation of Deferred Tax Balances:

For 2025-26

(₹ in lakh)

Particulars	Opening Balance	Recognised in Opening Reserves	Recognised in statement of Profit and loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred Tax Assets pertaining to :					
Freehold Land	-				-
Lease Liability	53.23		(45.30)		7.93
Provisions	17,356.92		(3,314.91)	(15.50)	14,026.51
Fair value adjustment to Deferred credit	353.12		(24.80)		328.32
Other Current Financial Liabilities	-				-
Sub total	**17,763.27**	**-**	**(3,385.01)**	**(15.50)**	**14,362.76**

(₹ in lakh)

Particulars	Opening Balance	Recognised in Opening Reserves	Recognised in statement of Profit and loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred Tax Liabilities pertaining to :					
Property plant and Equipment	3,733.56		(3.80)		3,729.76
Right of use asset	40.94		(35.08)		5.86
Intangible Assets	1,357.20		(166.12)		1,191.08
Fair value of investments					
- Equity Shares in unlisted Company	-				-
- Mutual Funds	-				-
Fair value of Deferred Debt	358.18		(37.75)		320.43
Others	-				-
Sub total	**5,489.88**	**-**	**(242.75)**	**-**	**5,247.13**
Total	**12,273.39**	**-**	**(3,142.26)**	**(15.50)**	**9,115.63**

Reconciliation of Deferred Tax Balances:

For 2024-25

Particulars	Opening Balance	Recognised in Opening Reserves	Recognised in statement of Profit and loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred Tax Assets pertaining to :					
Freehold Land	-				-
Lease Liability	94.16		(40.93)		53.23
Provisions	12,135.80		5,230.03	(8.91)	17,356.92
Fair value adjustment to Deferred credit	574.17		(221.05)		353.12
Other Current Financial Liabilities	-				-
Sub total	**12,804.13**	**-**	**4,968.05**	**(8.91)**	**17,763.27**
Deferred Tax Liabilities pertaining to :					
Property plant and Equipment	3,695.71		37.85		3,733.56
Right of use asset	76.02		(35.08)		40.94
Intangible Assets	1,401.28		(44.08)		1,357.20
Fair value of investments					
- Equity Shares in unlisted Company	-				-
- Mutual Funds	-				-
Fair value adjustment to Deferred debts	558.31		(200.13)		358.18
Others	-				-
Sub total	**5,731.32**	**-**	**(241.44)**	**-**	**5,489.88**
Total	**7,072.81**	**-**	**5,209.49**	**(8.91)**	**12,273.39**

	PARTICULARS	As at 31 March, 2026	As at 31 March, 2025
29B	**Current Tax Assets and Liabilities**		
	Current Tax Assets	10,114.39	-
	Total Current Tax Assets	**10,114.39**	**-**
	Current Tax Liabilities	-	136.16
	Total Current Tax Liabilities	**-**	**136.16**

	PARTICULARS	For the year ended 31 March, 2026	For the year ended 31 March, 2025
29C	**Tax Expense**		
	i) Recognised in the Statement of Profit and Loss		
	Current Tax		
	In respect of the current year	11,817.30	25,351.42
	In respect of prior years	(211.30)	(230.19)
	Total	**11,606.00**	**25,121.23**

(₹ in lakh)

PARTICULARS	For the year ended 31 March, 2026	For the year ended 31 March, 2025
Deferred Tax		
In respect of the current year	3,142.26	(5,209.49)
Total	**3,142.26**	**(5,209.49)**
ii) Recognised in Other comprehensive income		
Tax Expense		
In respect of the current year	(15.49)	(8.91)
Total	**(15.49)**	**(8.91)**

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

PARTICULARS	For the year ended 31 March, 2026	For the year ended 31 March, 2025
Profit before tax from continuing operations	56,782.02	74,876.26
Tax expense of amounts which are not deductible (taxable) in calculating taxable income		
Income tax expense calculated at 25.168% (FY 2024-25 : 25.168%)	14,290.90	18,844.86
Donations made during the year	-	-
Amount towards CSR activities	345.44	344.56
Interest due to MSME's	-	-
Others	(2,819.04)	5,664.43
Interest payable u/s 234A, 234B, 234C	-	497.57
Tax expense of amounts on which deduction is available in calculating taxable income		
Donations u/s 80G made during the year	-	-
Impact of deferred tax	3,157.75	(5,200.58)
Adjustment for current tax of previous years		
Adjustments recognised in the current year in relation to the earlier years	(211.30)	(230.19)
Income tax relating to items that will not be reclassified to profit/loss	(15.49)	(8.91)
Income tax expense recognised in profit or loss	**14,748.26**	**19,911.74**
Income tax recognised in Other comprehensive income	(15.49)	(8.91)
Income tax recognised in Other comprehensive income	**(15.49)**	**(8.91)**

	PARTICULARS	For the year ended 31 March, 2026	For the year ended 31 March, 2025
30	**Revenue from Operations**		
	Sale of products		
	Finished Goods	2,16,968.73	2,97,313.53
	Spares	22,508.30	19,112.79
	Miscellaneous	52.07	18.15
	LD refunded / (levied) by Customers	(10,697.13)	(6,539.50)
		2,28,831.97	**3,09,904.97**
	Sale of services*		
	Repairs and Overhauls	3,714.15	12,593.14
	Training	16.14	39.00
	Job Works	8,495.76	9,365.57
	Miscellaneous	383.11	452.83
	LD refunded / (levied) by Customers	94.83	(48.22)
		12,703.99	**22,402.32**
	Other operating revenue		
	Construction Contracts	-	-
	Sale of Scrap	341.46	117.41
	Deferred revenue on customer provided assets	-	-
	Solar Power	916.61	369.19

(₹ in lakh)

	PARTICULARS	For the year ended 31 March, 2026	For the year ended 31 March, 2025
	Provisions no longer required, written back	1,323.31	1,649.43
	Other Claims	61.84	61.84
	LD refunded / (levied) by Customers	-	-
		2,643.22	**2,197.87**
	Total	**2,44,179.18**	**3,34,505.16**

- Refer note 38(4): Construction Contracts
- Refer note 38(11): Retention Sales
- Refer note 38(20): Disclosures under Ind AS 115
- LD means Liquidated Damages

***Significant judgement:**

Revenue:

- The company recognises revenue on the basis of percentage of completion method where the customer simultaneously receives the benefit.
- The percentage of completion is determined as proportion of cost incurred for the work performed up to the reporting date to the total estimated cost.
- An expected loss is recognised immediately when it is probable that the total cost will exceed the total revenue.

31	**Other Income**		
	Interest income on financial assets carried at amortised cost		
	Bank deposits	29,841.14	28,537.29
	Others	1,352.42	1,452.68
		31,193.56	**29,989.97**
	Other non-operating income		
	Liabilities no longer required, written back	236.82	48.15
	Liquidated Damages recovered from suppliers	4,589.78	3,558.84
	Miscellaneous income (net)	580.83	458.95
		5,407.43	**4,065.94**
	Other gains and losses		
	Net foreign exchange gain / (Loss)	5,662.47	865.55
	Fair value gain/(loss) on financial assets measured at Fair value through profit and loss	114.66	120.26
	Gain on disposal of property, plant and equipment	(1.17)	(1.55)
	Gain on sale of Financial Assets Measured at Fair value through profit and loss	-	-
		5,775.96	**984.26**
	Total	**42,376.95**	**35,040.17**
32	**Cost of Materials consumed**		
	Cost of materials consumed	1,97,276.05	2,05,800.98
	Direct expenses	2,278.99	4,174.82
		1,99,555.04	**2,09,975.80**
33	**Changes in Inventories of Finished Goods and Work-in-progress**		
	Opening Stock:		
	Finished goods	77,456.80	20,655.10
	Work-in-progress	38,567.39	53,182.67
		1,16,024.19	**73,837.77**
	Closing Stock:		
	Finished goods	1,23,050.05	77,456.80
	Work-in-progress	70,279.79	38,567.39
		1,93,329.84	**1,16,024.19**
	Net (Increase) / Decrease	**(77,305.65)**	**(42,186.42)**

(₹ in lakh)

	PARTICULARS	For the year ended 31 March, 2026	For the year ended 31 March, 2025
34	**Employee Benefits Expense**		
	Salaries and wages, including bonus	41,742.20	44,590.96
	Contribution to provident and other funds	9,223.27	7,330.34
	Staff welfare expenses	2,591.70	2,958.59
	Total	**53,557.17**	**54,879.89**
	Refer note 38(1): Impact of Labour codes: 38(3): Employee Benefit obligations; 38(8): Related party transactions;		
35	**Finance Costs**		
	Interest expense	199.70	191.89
	Other finance costs	139.02	139.02
	Total	**338.72**	**330.91**
36	**Depreciation and Amortisation expense**		
	Depreciation of property, plant and equipment	6,353.52	5,765.40
	Amortisation of right of use asset	196.30	196.29
	Amortisation of intangible assets	1,043.04	1,107.92
	Total	**7,592.86**	**7,069.61**
37	**Other Expenses**		
	Shop Supplies	140.40	114.36
	Power and Fuel	2,372.69	2,414.89
	Water Charges	391.53	409.68
	Travelling #	2,262.06	1,960.74
	Repairs:		
	Buildings	1,777.51	1,801.75
	Plant, Machinery and Equipment	1,525.23	1,411.34
	Furniture and Equipment	263.03	226.08
	Vehicles	31.96	40.59
	Others	21.28	26.42
	Vehicle Expenses - Petrol and Diesel	107.84	131.51
	Loose Tools and Equipment	180.57	118.64
	Insurance	867.24	732.04
	Rates and Taxes	184.42	181.65
	Postage, Telegrams, Telex and Telephones	125.23	129.41
	Printing and Stationery	144.03	88.40
	Publicity	579.10	1,171.86
	Advertisement	133.48	90.99
	Bank Charges	120.40	85.06
	Legal Expenses	21.84	11.60
	Donations	-	-
	Write off - Others	-	-
	Auditors' Remuneration: (refer note (i) below)	26.29	24.77
	Security Arrangements	5,376.07	5,706.95
	Computer Software and Development	-	-
	Entertainment	1.48	1.15
	Courtesy	-	-
	Sitting Fee paid to Directors	8.50	22.50
	Sitting Fee paid to Independent External Monitors	3.00	3.00
	CSR & Sustainable Development Expenditure	1,372.53	1,369.02
	Provision for Replacement, Warranty and Batch Rejections	589.04	-
	Provision for Redundancy	-	-
	Provision for Onerous Contract	2,279.80	14,140.14

(₹ in lakh)

PARTICULARS	For the year ended 31 March, 2026	For the year ended 31 March, 2025
Provision Others	(657.64)	9,456.13
Miscellaneous Operating Expenses:		
Testing of Materials	2,728.37	2,850.64
Proof Firing Expenses	46.25	22.96
Manpower Hiring Charges	1,494.72	1,336.04
Material Handling Charges	1,461.98	1,309.13
Hiring of Vehicles	870.18	808.06
D and D Expenses	10,881.99	4,179.43
Other Selling Expenses	5,717.12	10,226.16
Others	2,586.45	1,996.19
Total	**46,035.97**	**64,599.28**
# Includes Directors' Travelling Expenses	128.22	104.25
Notes:		
i) Auditors' Remuneration comprises Fee:		
Particulars		
For Statutory Audit *	15.50	15.50
For Tax Audit	2.25	2.25
For other services	8.37	7.00
For reimbursement of expenses	0.17	0.02
Total Auditors' remuneration	**26.29**	**24.77**
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		

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) Impact of Labour codes:

On 21 November 2025, the Government of India notified provisions of the Code on Wages 2019, the Industrial Relations Code 2020,the Code on Social Security 2020 and the Occupational Safety, Health and Working conditions Code 2020, which consolidates the existing 29 Labour laws into a unified framework governing employee benefits. The Company has assessed the financial impact of these changes which has resulted in additional liability of ₹703.65 lakh. The company continues to monitor the developments pertaining to labour codes and will evaluate the impact if any on the employee benefits related liability.

38(2) Earnings per share

(i) For continuing operations:

Particulars	For the year ended 31 March, 2026	For the year ended 31 March, 2025
Profit after tax	42,033.76	54,964.52
Basic:		
Number of shares outstanding at the end of the year	36,65,62,500	36,65,62,500
Weighted average number of equity shares	36,65,62,500	36,65,62,500
Earnings per equity share of ₹5/- each (INR)	11.47	14.99
Diluted:		
Effect of potential equity shares on employee stock options outstanding	-	-
Weighted average number of equity shares outstanding	36,65,62,500	36,65,62,500
Earnings per share of ₹5/- each (INR)	11.47	14.99

Notes:

- 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 days 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	31 March, 2026	31 March, 2025
Present value of Obligation at the beginning of the year	20,438.82	21,038.63
Current service cost	662.76	557.42
Past service cost	2,278.41	
Interest expense or cost	1,251.12	1,405.81
Remeasurements		
(Gain)/loss from change in demographic assumptions	149.39	35.20
(Gain)/loss from change in financial assumptions	(308.07)	320.71
Experience (gains)/loss	251.17	162.15
Benefit paid	(3,971.59)	(3,081.10)
Present value of Obligation at the end of the year	**20,752.01**	**20,438.82**

Changes in the Fair value of Plan Assets

Particulars	31 March, 2026	31 March, 2025
Fair value of Plan Assets at the beginning of the year	19,463.23	19,972.20
Interest income	1,218.04	1,367.37
Employer contributions	975.59	1,066.43
Benefit payments	(3,971.59)	(3,081.10)
Remeasurements - Return on Assets (Excluding Interest Income)	162.63	138.33
Fair value of Plan Assets at the end of the year	**17,847.90**	**19,463.23**

Expenses recognised during the period

Particulars	31 March, 2026	31 March, 2025
In the Statement of Profit and Loss	2,974.25	595.86
In Other Comprehensive Income	(70.14)	379.73
Total	**2,904.11**	**975.59**

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	31 March, 2026	31 March, 2025
Present value of funded obligations	20,752.01	20,438.82
Fair value of plan assets	17,847.90	19,463.23
Deficit of funded plans	**2,904.11**	**975.59**

The ceiling of gratuity payable to employees was ₹20 lakh with effect from 01 January 2017. Consequent to the increase in IDA beyond 50% (i.e., to 51.80% with effect from 01 October 2025), the gratuity ceiling for eligible employees of the Company has been revised from ₹20 lakh to ₹25 lakh.

As a result, the Company's gratuity obligation has increased by ₹2,278.41 lakh out of which, expenditure of ₹2,394.30 lakh has been recognised in the Statement of Profit and Loss and income of ₹115.89 lakh has been recognised in Other Comprehensive Income.

The significant actuarial assumptions were as follows:

Particulars	31 March, 2026	31 March, 2025
Discount rate	7.21%	6.78%
Salary escalation	6.00%	6.00%
Attrition rate	9.04%	7.10%

Sensitivity analysis

Particulars	31 March, 2026	31 March, 2025
Defined Benefit Obligation	20,752.01	20,438.82
Discount rate:(% change compared to base due to sensitivity)		
Increase : +1%	20,078.44	19,712.15
Decrease: -1%	21,487.11	21,237.47
Salary Growth rate:(% change compared to base due to sensitivity)		
Increase : +1%	21,209.94	20,842.81
Decrease: -1%	20,284.81	20,029.22
Attrition rate: (% change compared to base due to sensitivity)		
Increase : +1%	20,820.24	20,526.16
Decrease: -1%	20,678.05	20,343.60

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:

Particulars	31 March, 2026	31 March, 2025
Central government security	4,385.81	4,782.75
State government security	7,579.76	8,265.76
NCD/ Bonds	3,972.65	4,332.20
Equity	1,149.29	1,253.31
Fixed deposit	60.38	65.85
CBLO	511.20	557.46
Loans	2.52	2.75
Other approved security	186.30	203.16
	17,847.90	**19,463.23**

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:

Particulars	Less than a year	Between 2-3 years	Between 4-5 years	Total
31-Mar-26				
Defined benefit obligation - Gratuity	5,340.03	7,399.27	5,539.14	18,278.44

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 acturially valued.

There is no interest shortfall of the provident fund trust for the current year and the previous year.

In view of the uncertainities regarding recoverability of certain instruments made by the PF Trust, during the year 2025-26 an amount of ₹8.58 lakh has been created as provision (₹415.15 lakh during 2024-25 has been reversed due to realisation of higher amounts than the provision made earlier).

Acturial Assumptions	31 March, 2026 (Funded)	31 March, 2025 (Funded)
Discount rate	7.21%	6.78%
Rate of escalation in salary	6.00%	6.00%
Interest Rate Guarantee on Provident Fund	*	8.25%
Interest Rate declared by BDL PF Trust	*	8.25%

* Yet to be notified

(iii) Compensated absences

The leave obligations cover the company's liability for earned leave. During the 2024-25, the company introduced a half-pay leave w.e.f. 01 July, 2024. Accordingly, the company has provided for an additional liability of ₹482.78 lakh during 2025-26 (₹461.59 lakh during 2024-25) related to Half-pay 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	31 March, 2026	31 March, 2025
The Actuarial Liability of Accumulated absences of the employees of the Company	14,608.15	15,143.16
Less: Plan assets	13,713.57	12,974.27
Net obligation / (Asset)	894.57	2,168.89
Significant assumptions:		
Discounting Rate	7.21%P.A.	6.78%P.A.
Salary escalation Rate	6.00%	6.00%
Retirement Age	60 YEARS	60 YEARS

(iv) Post Retirement Medical Scheme

Particulars	31 March, 2026	31 March, 2025
a) Contributions made to Post Superannuation Medical Benefits for the Employees retired before 01 Jan 2007- PSMB-I	-	117.40
b) Contributions made to Post Superannuation Medical Benefits for the Executives retired after 01 Jan 2007- PSMB-II	316.23	338.02
c) Contributions made to Post Superannuation Medical Benefits for the Non-Executives retired after 01 Jan 2007-PSMB-III	413.75	447.49

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	31 March, 2026	31 March, 2025
Contract Revenue recognised during the year	-	-
Aggregate amount of cost incurred	-	-
Profit Recognised	-	-
Amount of retention money due	-	-
Amount of advance received and outstanding	19,864.27	19,864.27

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	31 March, 2026	31 March, 2025
Being in the nature of Revenue expenditure	18,680.12	10,974.72
Being in the nature of Joint Development expenditure	1,142.86	11,317.25
TOTAL	**19,822.98**	**22,291.97**

- Assets worth ₹474.38 lakh are capitalised during 2025-26 (₹589.59 lakh during 2024-25) which are procured for the purpose of Research and development activities.
- Research & Development Expenditure as above is stated at net cost to the company.

38(6) Contingent Liabilities & Contractual Commitments:

(₹ in lakh)

Contingent Liabilities Not Provided for:	31 March, 2026	31 March, 2025
Outstanding Letters of Credit and Guarantees:		
(i) Letters of Credit	13,772.75	18,870.79
(ii) Guarantees and Counter Guarantees	5,449.38	4,848.03
Total	**19,222.13**	**23,718.82**
Claims / Demands against the Company not acknowledged as Debt:		
(i) PSUs	-	-
(ii) Sales Tax	21,310.03	21,310.03
(iii) Service Tax	-	1,840.89
(iv) Income Tax	732.80	732.80
(v) Excise Duty	5,306.33	5,306.33
(vi) Goods and Services Tax	8.76	8.76
(vii) Others	2,044.97	1,882.56
Total	**29,402.89**	**31,081.37**
Contractual Commitments:		
(A) Estimated amount of contracts remaining to be executed on Capital Account and not provided for, is		
(i) Property, Plant & Equipment	7,517.57	18,526.52
(ii) Investment Property	-	-
(iii) Intangible Assets	2,769.08	-
(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.	51,406.79	31,972.76
Total	**61,693.44**	**50,499.28**

38(7) Details of short closed projects:

Out of the advances of ₹36,234.42 lakh (as at 31 March, 2025 ₹36,234.42 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 31 March, 2025 ₹114.05 lakh), Current Assets (Note 10-16) comprises an amount of ₹11,041.65 lakh (as at 31 March, 2025 ₹11,041.65 lakh) in Advances to vendors and ₹8,327.07 lakh (as at 31 March, 2025 ₹8,331.44 lakh) in Inventories, total amounting to ₹19,482.77 lakh (as at 31 March, 2025 ₹19,489.55 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 ₹1,593.88 lakh (as at 31 March, 2025 ₹1,593.88 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

A) Associates:

Name of the Entity	Relationship	Ownership held by the company
Advanced Materials (Defence) Testing Foundation	Associate	20%
Electronic Warfare (Defence) Testing Foundation*	Associate	10%

*Though the company owns 10% of equity interest, it has significant influence due to meaningul representation on the board of the associate entity.

B) Name of Key managerial personnel

Cmde. A. Madhavarao (Retd.), CMD	Shri D.V. Srinivas Rao, Director (Technical) (w.e.f 20 September, 2024)
Smt. G. Gayatri Prasad, Director (Finance)	Cmde. Sujay Kapoor (Retd.), Director (Production) (w.e.f 06 March, 2026)
Shri P.V. Raja Ram, Director (Production) (Upto 30 September, 2025)	Shri Chetan Bansilal Kankaria (w.e.f. 22 April, 2025)
Shri Jashwant Lal, Independent Director (Upto 23 February, 2026)	Shri Sunil Chintaman Mone, Independent Director (Upto 24 December, 2024)
Prof. (Dr.) Sanghamitra Mishra, Independent Director (Upto 27 December, 2024)	Shri Rajendra Singh Shekhawat, Independent Director (Upto 28 December, 2024)
Shri Nandakumar Subburaman, Independent Director (Upto 24 December, 2024)	Dr. Pawan Sthapak, Independent Director (Upto 24 December, 2024)
Shri N. Nagaraja, Company Secretary	

(₹ in lakh)

Key management personnel compensation	31 March, 2026	31 March, 2025
Short-Term employee benefits	260.90	237.54
Post-Employment benefits	59.74	54.15
Long-Term employee benefits	-	-
Sitting fee to Independent Directors	8.50	22.50
Total compensation	**329.14**	**314.18**

There are no transations with related parties other than compensation to Key management personnel.

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.

b) Dividends

(₹ in lakh)

Particulars	31 March, 2026	31 March, 2025
(i) Interim dividend for the year ended 31 March, 2026 of ₹4.50 per fully paid equity share of ₹5 each (31 March, 2025 of ₹4.00 per fully paid equity share of ₹5 each)	16,495.31	14,662.50
(ii) Dividends not recognised at the end of reporting period:	1,466.25	2,382.66
As at the year end 31 March, 2026 the directors have recommended the payment of a final dividend of ₹0.40 per fully paid equity share of ₹5 each (31 March, 2025: ₹0.65 per equity share of ₹5 each). The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

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 ₹69,509.21 lakh (₹1,66,624.90 lakh during the year 2024-25). In respect of these sales, though the contracts are on FOR or FOR-destination basis, the customer has allowed the company to recognise a sale and hold the material.

38(12) Charges registered:

Company has registered floating charge with State Bank of India and Union Bank of India to the extent of ₹61,500.00 lakh (as at 31 March, 2025 ₹61,500.00 lakh) on current assets.

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	31 March, 2026	31 March, 2025
Contingent Assets	-	-

38(15) Fair Value Measurement

(₹ in lakh)

Particulars	Fair value hierarchy Level	Notes	As at 31 March, 2026			As at 31 March, 2025		
			Cost	Amortised Cost	FVTPL	Cost	Amortised Cost	FVTPL
A. Financial Assets								
a) Measured at amortised cost								
i) Investment in Associates		6	390.60	390.60	-	390.60	390.60	
ii) Cash and cash equivalents		12	86,331.49	86,331.49	-	13,385.68	13,385.68	
iii) Other bank balances		13	3,84,600.00	3,84,600.00	-	4,05,651.00	4,05,651.00	
iv) Loans		7,14	593.20	593.20	-	567.31	567.31	
v) Other financial assets		8,15	53,793.04	53,793.04	-	1,02,256.29	1,02,256.29	
vi) Trade receivables		11	42,287.89	42,287.89	-	82,635.63	82,635.63	
Sub-Total			**5,67,996.22**	**5,67,996.22**	**-**	**6,04,886.51**	**6,04,886.51**	**-**

(₹ in lakh)

Particulars	Fair value hierarchy Level	Notes	As at 31 March, 2026			As at 31 March, 2025		
			Cost	Amortised Cost	FVTPL	Cost	Amortised Cost	FVTPL
b) Mandatorily measured at fair value through profit or loss								
i) Investment in equity instruments in other companies	3	6	53.60	-	-	53.60		-
ii) Deferred receivable	3	8,15	2,092.12	-	5,003.09	2,282.32		4,814.13
Sub-Total			**2,145.72**	**-**	**5,003.09**	**2,335.92**	**-**	**4,814.13**
Total Financial Assets			**5,70,141.94**	**5,67,996.22**	**5,003.09**	**6,07,222.43**	**6,04,886.51**	**4,814.13**
B. Financial Liabilities								
a) Measured at amortised cost								
i) Lease liabilities		19,24	31.52	31.52		211.50	211.50	
ii) Trade payables		25	2,83,478.38	2,83,478.38	-	1,50,556.05	1,50,556.05	
iii) Other financial liabilities		20,26	36,765.99	36,765.99	-	37,595.31	37,595.31	
Sub-Total			**3,20,275.89**	**3,20,275.89**	**-**	**1,88,362.86**	**1,88,362.86**	**-**
b) Mandatorily measured at fair value through profit or loss								
i) Embedded Derivative financial liability	3	20,26	-	-	3,748.84	-		3,476.84
Sub-Total			**-**	**-**	**3,748.84**	**-**	**-**	**3,476.84**
Total Financial Liabilities			**3,20,275.89**	**3,20,275.89**	**3,748.84**	**1,88,362.86**	**1,88,362.86**	**3,476.84**

Fair Value Hierarchy

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

(₹ in lakh)

Particulars	Level	31 March, 2026	31 March, 2025
Financial Assets:			
a) Measured at fair value through profit or loss			
i) Investment in equity instruments in other companies	3	-	-
ii) Deferred receivable	3	5,003.09	4,814.13
Financial liabilities:			
a) Measured at fair value through profit or loss			
i) Embedded Derivative financial liability	3	3,748.84	3,476.84

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 maximise 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.

» During the year 2021-22, APGPCL i.e., the company in which BDL had invested in equity, received an adverse arbitration award. The implementation of which is likely to erode the networth of APGPCL. Accordingly Fair value of the investment is considered as 'Nil'.

» 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 2026:

(₹ in lakh)

Particulars	Unlisted equity shares	Deferred receivable	Embedded derivative liability
As at 31 March 2025	-	4,814.13	3,476.84
Gain/loss recognised in profit and loss	-	667.08	568.10
Current maturity of Financial Instrument		(478.12)	(296.10)
As at 31 March 2026	-	5,003.09	3,748.84

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.

(₹ in lakh)

Particulars	Fair value as at		Significant unobservable inputs	Sensitivity
	31 March 2026	31 March, 2025		
Unquoted equity shares	-	-	Fair value of the company	A 1% increase in the fair value of the company would increase the non current investment by Nil with a corresponding impact on profit and loss; a decrease in the fair value of the company would decrease the non current investment by Nil with a corresponding impact on profit and loss.
Deferred receivable	5,003.09	4,814.13	Rupee rate per Special Drawings Right (SDR Unit)	A ₹1 increase in the SDR rate would increase the fair value by ₹42.01 lakh with a corresponding impact on profit and loss; a ₹1 decrease in SDR rate would decrease the fair value by ₹42.01 lakh with a corresponding impact on profit and loss.
Embedded derivative liability	3,748.84	3,476.84	Rupee rate per Special Drawings Right (SDR Unit)	A ₹1 increase in the SDR rate would increase the fair value by ₹43.20 lakh with a corresponding impact on profit and loss; a ₹1 decrease in SDR rate would decrease the fair value by ₹43.20 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 31 March, 2026:

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

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 - Loss allowance measured at 12 month expected credit losses	Claims/ refunds receivable	10,828.46	0.04%	(4.33)	10,824.13
	Loans	593.20	-	-	593.20

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

(₹ in lakh)

Particulars	Total
Gross carrying amount	80,876.89
Expected credit loss rate	10.10%
Expected credit loss (loss allowance provision)	(8,172.50)
Carrying amount of trade receivables	72,704.39

(ii) Year ended 31 March, 2025:

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

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 - Loss allowance measured at 12 month expected credit losses	Claims/ refunds receivable	8,569.47	0.05%	(4.33)	8,565.14
	Loans	567.31	-	-	567.31

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

(₹ in lakh)

Particulars	Total
Gross carrying amount	1,70,138.04
Expected credit loss rate	5.35%
Expected credit loss (loss allowance provision)	(9,098.23)
Carrying amount of trade receivables	1,61,039.81

(iii) Reconciliation of loss allowance:

(₹ in lakh)

Particulars	Trade receivables and unbilled revenue	Claims/refunds receivable
Loss allowance as at 31 March, 2025	(9,098.23)	(4.33)
Add: Loss allowance provided during the year	-	-
Less: Loss allowance reversed during the year	925.73	-
Loss allowance as at 31 March, 2026	(8,172.50)	(4.33)

(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 judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

B) Liquidity Risk

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

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

(i) Financing arrangements

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

(₹ in lakh)

Particulars	31 March, 2026	31 March, 2025
Expiring within one year (bank overdraft and other facilities)	1,500.00	1,500.00

(ii) Maturities of financial liabilities

Contractual maturities of financial liabilities as at 31 March, 2026	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
Non-derivative					
Lease liabilities	31.52	-	-	-	31.52
Deferred Credit towards 45 years Component	195.60	181.10	466.73	548.09	1,391.52
Deposits	2,453.14	-	-	-	2,453.14
Trade Payables	2,83,478.38	-	-	-	2,83,478.38
Creditors for expenses	24,583.22	-	-	-	24,583.22
Employee benefits payable	4,153.15	-	-	-	4,153.15
Capital works	543.06	-	-	-	543.06
Others	3,641.90	-	-	-	3,641.90
Derivative					
Embedded derivative liability (Deferred liability)	491.70	296.11	888.33	2,072.70	3,748.84

Contractual maturities of financial liabilities as at 31 March, 2025	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
Non-derivative					
Lease liabilities	179.98	31.52	-	-	211.50
Deferred Credit towards 45 years Component	195.60	181.10	466.73	625.77	1,469.19
Deposits	1,933.76	-	-	-	1,933.76
Trade Payables	1,50,556.05	-	-	-	1,50,556.05
Creditors for expenses	27,351.34	-	-	-	27,351.34
Employee benefits payable	6,237.92	-	-	-	6,237.92
Capital works	191.18	-	-	-	191.18
Others	411.91	-	-	-	411.91
Derivative					
Embedded derivative liability (Deferred liability)	448.00	252.41	757.23	2,019.20	3,476.84

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. The company is eligible for exchange rate variation upon settlement of foreign exchange liabilities for most of the sales contracts. Hence, the company is protected against the foreign currency risk.

(₹ in lakh)

Particulars	31 March, 2026				
	USD	EURO	GBP	CHF	SEK
Foreign currency liabilities					
- Payables	4.08	4.06	3.40	-	-
Foreign currency assets					
- Receivables	106.96	-	-	-	-
- Foreign Currency balance with Banks	868.28	-	-	-	-
Net Exposure	**(971.16)**	**4.06**	**3.40**	**-**	**-**

(₹ in lakh)

Particulars	31 March, 2025				
	USD	EURO	GBP	CHF	SEK
Foreign currency liabilities					
- Payables*	258.21	3.78	-	-	-
Foreign currency assets					
- Receivables	696.40	-	-	-	-
- Foreign Currency balance with Banks	25.33	-	-	-	-
Net Exposure	(463.52)	3.78	-	-	-

* FE Payables includes contracts which are denominated in INR, but pricing and settlement are linked to USD.

(ii) Sensitivity

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

(₹ in lakh)

Particulars	Impact on Profit	
	31 March, 2026	31 March, 2025
Sensitivity		
INR/USD – Increase by 1%	(908.29)	(395.28)
INR/USD – Decrease by 1%	908.29	395.28
INR/EURO – Increase by 1%	4.41	3.52
INR/EURO – Decrease by 1%	(4.41)	(3.52)
INR/GBP – Increase by 1%	4.26	-
INR/GBP – Decrease by 1%	(4.26)	-
INR/CHF – Increase by 1%	-	-
INR/CHF – Decrease by 1%	-	-
INR/SEK – Increase by 1%	-	-
INR/SEK – Decrease by 1%	-	-

38(17) Segment information:

Ministry of Corporate Affairs (MCA) vide G.S.R. No. 463 (E) dated 5 June 2015 as amended vide notification No. 1/2/ 2014-CL-V dated 23 February 2018 has exempted the Government companies engaged in defence production from the requirement of Segment Reporting under Section 129 of Companies Act, 2013.

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 2026 (As at 31 March, 2025 are shown in brackets) given below.

(₹ in lakh)

Currency	Financial Liabilities		Financial Assets		Contingent Liability	
	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent
USD	4.08	384.28	975.23	91,213.53	165.47	15,585.52
	(258.21)	(22,028.61)	(721.73)	(61,556.55)	(44.18)	(3,798.03)
EURO	4.06	441.34	-	-	-	-
	(3.78)	(351.66)	-	-	-	-
GBP	3.40	426.19	-	-	13.56	1,699.43
	-	-	-	-	(166.05)	(18,524.26)
CHF	-	-	-	-	-	-
	-	-	-	-	-	-
SEK	-	-	-	-	-	-
	-	-	-	-	-	-
Total (₹)		**1,251.81**		**91,213.53**		**17,284.95**
		(22,380.27)		**(61,556.55)**		**(22,322.29)**

38(19) Grant for Solar Plant:

The Company has implemented two Solar Plants of 5 MW each under Jawaharlal Nehru National Solar Mission (JNNSM) Scheme. Viability Gap Fund (VGF) is accounted based on project cost as per the contracts. An amount of ₹1,545.89 lakh is accounted as VGF and disclosed under Deferred Revenue (Note No. 22) in the books of the Company. Deferred Revenue @4% p.a. amounting ₹61.83 lakh is recognised as from Solar Plant.

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 is 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	Exports (including Channel Partner)	Others	Total
For the year ended 31 March, 2026				
Sale of Products	1,36,057.14	70,223.39	22,551.44	2,28,831.97
Sale of Services	8,862.12	-	3,841.87	12,703.99
Total	**1,44,919.26**	**70,223.39**	**26,393.31**	**2,41,535.96**
For the year ended 31 March, 2025				
Sale of Products	1,52,953.43	1,26,504.48	30,447.06	3,09,904.97
Sale of Services	13,529.54	452.83	8,419.95	22,402.32
Total	**1,66,482.97**	**1,26,957.31**	**38,867.01**	**3,32,307.29**

C Movement of Contract Assets and Contract Liabilities

Particulars	Contract Assets		Contract Liabilities	
	As at 31 March, 2026	As at 31 March, 2025	As at 31 March, 2026	As at 31 March, 2025
Opening Balance (A)	**78,404.18**	**87,456.12**	**5,17,979.39**	**4,98,628.66**
Additions				
Against Sales recognised during the year	12,906.21	64,681.73		
Receipt of advance from Customer during the year	-	-	2,00,519.19	1,49,221.86
Change in transaction price recognised during the year	-	-	136.16	
Others (if any)	392.38	6.53		0.02
Total - (B)	**13,298.58**	**64,688.26**	**2,00,655.35**	**1,49,221.88**
Deductions				
Contract liability adjusted against- Revenue recognised during the year out of Opening balance			46,725.46	1,02,318.33
Contract liability adjusted against- Revenue recognised during the year out of Current year balance			38,629.01	27,552.82
Conversion of Contract Asset to Trade receivable	60,999.45	72,159.34	-	
Impairment of Contract Asset if any*	-		-	
Write back of Contract Liability if any	-		-	
Change in transaction price recognised during the year	-		-	
Others (if any)	286.82	1,580.86	8,033.71	
Total - (C)	**61,286.26**	**73,740.20**	**93,388.17**	**1,29,871.15**
Grand Total (Closing Balance) D = (A+B-C)	**30,416.50**	**78,404.18**	**6,25,246.57**	**5,17,979.39**

* 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.

Compensation accrued to the company upon satisfaction of the performance obligation but is not due as payment milestones are not achieved is recognised as "Contract Asset". Such balances are transferred to Trade receivable, when payment milestones are achieved

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 31.03.2026*	26,17,600.00	4,65,000.00	5,60,000.00	6,60,000.00	9,32,600.00

* The amount is subject to LD of ₹51,406.79 lakh

E Reconciliation of revenue recognised in Statement of Profit and Loss with contract Price

(₹ in lakh)

Particulars	For the year ended 31 March, 2026	For the year ended 31 March, 2025
Revenue as per Statement of P&L Account		
Sale of Products	2,28,831.97	3,09,904.97
Sale of Services	12,703.99	22,402.32
Total (a)	**2,41,535.96**	**3,32,307.29**
Add/ Less adjustment to contract price		
FE variation claim	-	-
Incentives, performance bonus received	-	-
Discount, rebate offered	-	-
Price concession offered	-	-
LD levied by customers	11,299.41	8,256.57
LD refunded by customers	(697.11)	(1,668.85)
Others if any	-	-
Total adjustment (b)	**10,602.30**	**6,587.72**
Contract price (a + b)	**2,52,138.26**	**3,38,895.01**

F Movement of Trade Receivable for 2025-26

Particulars	Sale of Products	Sale of Services	Total
Opening Balance Net Debtors (A)	**73,578.05**	**9,057.58**	**82,635.63**
Additions			
Against Sales recognised during the year	2,39,803.26	11,175.32	2,50,978.58
Conversion of Contract Asset to Trade receivable	54,470.59	6,528.86	60,999.45
Change in transaction price recognised during/previous year	643.49	-	643.49
Others (if any)	655.55	149.04	804.59
Total - (B)	**2,95,572.89**	**17,853.22**	**3,13,426.11**
Deductions			
Collection made during the years	2,51,185.38	17,454.57	2,68,639.95
Advance adjusted during the year out of revenue recognised	82,609.02	2,745.45	85,354.47
Impairment of Debtors (Provisions)*	(925.73)	-	(925.73)
Change in transaction price recognised during/previous year	-	-	-
Others (if any)	683.22	21.94	705.16
Total -(C)	**3,33,551.89**	**20,221.96**	**3,53,773.85**
Grand Total (Closing Balance) D = (A+B-C)	**35,599.05**	**6,688.84**	**42,287.89**

Movement of Trade Receivable for 2024-25

Particulars	Sale of Products	Sale of Services	Total
Opening Balance Net Debtors (A)	**22,588.73**	**8,455.99**	**31,044.72**
Additions			
Against Sales recognised during the year	2,88,381.94	20,491.69	3,08,873.63
Conversion of Contract Asset to Trade receivable	69,915.89	2,243.45	72,159.34
Change in transaction price recognised during/previous year	280.02	13.41	293.43
Others (if any)		232.51	232.51
Total - (B)	**3,58,577.85**	**22,981.06**	**3,81,558.91**
Deductions			
Collection made during the years	1,68,660.50	19,365.08	1,88,025.58
Advance adjusted during the year out of revenue recognised	1,27,009.39	2,861.76	1,29,871.15
Impairment of Debtors (Provisions)*	9,098.23	-	9,098.23
Change in transaction price recognised during/previous year	165.65	16.55	182.20
Others (if any)	2,654.76	136.08	2,790.84
Total -(C)	**3,07,588.53**	**22,379.47**	**3,29,968.00**
Grand Total (Closing Balance) D = (A+B-C)	**73,578.05**	**9,057.58**	**82,635.63**

* Impairment is tested as per the accounting policy 15 and provison has been made.

G Payment Terms from the customer comprises of advances and stage payments which differs from contract to contract.

38(21) Additional Regulatory Information:

A Title deeds of Immovable Properties not held in name of the Company

(₹ in lakh)

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Freehold Land	Land at Ibhrahimpatnam (632 Acres 16.50 Guntas)	7,965.16	TSIIC	No	2/16/2017	In the process of registration.
Freehold Land	Land at Kanchanbagh (146 Acres 32 Guntas)	28.42	DMRL	No	10/19/1972	Pursuing with authorities for incorporation in revenue records
Investment Property	Land at Kanchanbagh (5 Acres 1 Gunta)	0.97				
Right of use assets	Land at Visakhapatnam (3 Acres 25 Guntas)	-	BDL	No	3/2/2011	Lease deed is executed but yet to be registered.

B The fair value of investment property is not based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, the same is being calculated as per the records of Registration Department of State Government.

C Company has not revalued any of its Property, Plant and Equipment or Intangible Assets during the current reporting period.

D Company has not granted any Loans or Advances in the nature of loans to any of its promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

E Capital Work-in-Progress (CWIP)

(a) CWIP Ageing Schedule

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March, 2026					
(i) Projects in progress	5,200.79	3,338.61	8,870.79	-	17,410.19
(ii) Projects temporarily suspended					
Total	**5,200.79**	**3,338.61**	**8,870.79**	**-**	**17,410.19**
As at 31 March, 2025					
(i) Projects in progress	3,424.11	6,358.58	1,893.45	38.69	11,714.82
(ii) Projects temporarily suspended					
Total	**3,424.11**	**6,358.58**	**1,893.45**	**38.69**	**11,714.82**

(b) CWIP Completion schedule, whose completion is overdue or has exceeded its cost compared to its original plan:

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
As at 31 March 2026	155.95	8,435.32	-	-
As at 31 March 2025	270.17	2,690.78	-	-

* In view of the sensitive nature of the projects and also on account of exemption granted on segmental reporting, project wise details are not disclosed

F Intangible Assets under development:

(a) Intangible Assets under development Ageing Schedule

Intangible Assets under development	Amount in Intangible Assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March, 2026					
(i) Projects in progress		12,460.11			12,460.11
(ii) Projects temporarily suspended					
Total	**-**	**12,460.11**	**-**	**-**	**12,460.11**
As at 31 March, 2025					
(i) Projects in progress	11,317.25				11,317.25
(ii) Projects temporarily suspended					
Total	**11,317.25**	**-**	**-**	**-**	**11,317.25**

(b) Intangible Assets under development Completion schedule, whose completion is overdue or has exceeded its cost compared to its original plan:

Intangible Assets under development	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
As at 31 March 2026	12,460.11	-	-	-
As at 31 March 2025	11,317.25	-	-	-

* In view of the sensitive nature of the projects and also on account of exemption granted on segmental reporting, project wise details are not disclosed.

G Key Financial Ratios:

Ratio	Numerator	Denominator	As at 31 March, 2026	As at 31 March, 2025	% Variance	Reason for Variance
(a) Current Ratio (in times)	Total Current Assets	Total Current Liabilities	2.01	2.38	-16%	-
(b) Debt-Equity Ratio	Not Applicable as the company has no debt					-
(c) Debt Service Coverage Ratio						-
(d) Return on Equity Ratio (in %)	Net Profit after taxes	Average Shareholder's Equity	10.19%	14.38%	-29%	Reduction is due to lower Net Profit which is mainly due to lower turnover achieved during the year.
(e) Inventory turnover ratio (in times)	Revenue from operations	Average Inventory	0.67	1.45	-54%	Reduction is due to lower Turnover and Higher Inventory. Higher Inventory is maintained to meet the higher sales targets in succeeding years
(f) Trade Receivables turnover ratio (in times)	Revenue from operations	Average Trade Receivables	3.91	5.89	-34%	Reduction is due to lower Turnover and Higher Average Trade Receivables. However, due to higher realisations Trade Receivables as on 31 March 2026 have been significantly reduced.
(g) Trade payables turnover ratio (in times)	Purchases	Average Trade Payables	1.47	2.02	-27%	Reduction is mainly due to increase in payables as at 31 March, 2026. Majority of which are not yet due.
(h) Net capital turnover ratio (in times)	Revenue from operations	Working Capital	0.38	0.56	-32%	Reduction is mainly due to lower turnover during the year.
(i) Net profit ratio (in %)	Net Profit after taxes	Revenue from Operations	17.21%	16.43%	5%	-
(j) Return on Capital employed (in %)	EBIT i.e., Profit before tax and finance costs	Capital Employed i.e., Networth + Deferred Tax Liability (net)	13.76%	19.35%	-29%	Reduction is due to lower EBIT which is mainly due to lower turnover during the current financial year.
(k) Return on investment (in %)	Return to investor	Time weighted Investment	-13.96%	46.87%	-130%	Reduction is due to market volatility and Macro Economic factors.

H There are no proceedings initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made there under.

I Company has no borrowings from banks or financial institutions on the basis of security of current assets. Company is not declared wilful defaulter by any bank or financial Institution or other lender.

J Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

K Company has no charges or satisfaction yet to be registered with ROC beyond the statutory period.

38(22) There are no transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

38(23) Corporate Social Responsibility (CSR):

Particulars	**For the year ended 31 March, 2026**		**For the year ended 31 March, 2025**	
(i) Gross amount required to be spent by the company during the year	1,372.53		1,369.02	
(ii) Amount of expenditure incurred during the year on				
- Construction / acquisition of any asset:	1,309.71		770.26	
- On purpose other than above	35.00		563.87	
(iii) Shortfall at the end of the year out of the amount required to be spent during the year	Nil		Nil	
(iv) Total of previous years shortfall amounts	Nil		Nil	
(v) Reason for shortfall	Not Applicable		Not Applicable	
(vi) Nature of CSR activities undertaken by the Company	Education, Healthcare, Skill Development		Education, Healthcare, Skill Development	
(vii) Details of related party transactions	Nil		Nil	
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	**Unspent / (Surplus) Balance as at 31 March, 2025**	**Additional provisions recognised**	**Utilisation during the year**	**Unspent / (Surplus) Balance as at 31 March, 2026**
	(45.90)	1,372.53	(1,344.71)	(18.08)

38(24) Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

38(25) These financial statements are presented in Indian Rupees (rounded off to lakh), except when otherwise indicated. Previous year figures have been regrouped or rearranged wherever necessary. Negative figures are indicated in parenthesis.

Material accounting policy information and accompanying notes form an integral part of the Financial Statements

As per our report of even date,

For Tej Raj & Pal
Chartered Accountants
Firm's Registration No. 304124E

CA Beeraka Vijay
Partner

(M.No. 214678)

For and on behalf of the Board

G. Gayatri Prasad
Director (Finance) & CFO

DIN: 10877803

D.V. Srinivas Rao
Director (Technical) and Chairman and Managing Director (Addl. Charge)
DIN: 10652125

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

Place: Hyderabad
Date: 28 May 2026

NOTABLE VISITS AND SIGNIFICANT EVENTS AT BDL

Secretary (Defence Production), MoD Shri Sanjeev Kumar visited BDL on 31-05-2025

Hon'ble Raksha Rajya Mantri Shri Sanjay Seth, inaugurated the ASRAAM FAIT facility at BDL Bhanur Unit on his visit to BDL on 05.06.2025

Hon'ble Raksha Rajya Mantri Shri Sanjay Seth visited BDL, Kanchanbagh Unit on 07-06-2025.

Hon'ble Raksha Rajya Mantri Shri Sanjay Seth visited BDL, Kanchanbagh Unit on 07-06-2025.

Hon'ble Raksha Rajya Mantri Shri Sanjay Seth planted a sampling at BDL, Kanchanbagh Unit on 07-06-2025.

Chief of Navy Staff, Admiral Dinesh Kumar Tripathi, PVSM, AVSM, inaugurated SANTUSTHI, a joint initiative by BDL and Indian Navy as part of CSR activity on 20.06.2025

Vice Chief of Naval Staff Vice Admiral Krishna Swaminathan, AVSM, VSM, visited BDL on 14-07-2025

Inauguration of Integrated Command and Control room at BDL Kanchanbagh Unit on 25.08.2025

DG EME & Colonel Commandant Corps of EME Lt Gen Rajiv Kumar Sahni, AVSM, VSM, PhD visited BDL on 31-10-2025

Commemoration of 150 years of National song - Vandemataram on 07.11.2025

Hon'ble Chief Minister of Odisha Shri Mohan Charan Majhi, visited BDL on 19-12-2025

Hon'ble Chief Minister of Odisha Shri Mohan Charan Majhi, visited BDL on 19-12-2025

Deputy Chief of Air Staff Air Marshal Awadhesh Kumar Bharti, SYSM, AVSM, VM visited BDL on 22-12-2025

Deputy Chief of Air Staff Air Marshal Awadhesh Kumar Bharti, SYSM, AVSM, VM visited BDL on 22-12-2025

Additional Secretary & DG (Acq), MoD Shri. A. Anbarasu visited BDL on 05.01.2026

Additional Secretary & DG (Acq), MoD Shri. A. Anbarasu visited BDL on 05.01.2026

Dr. (Smt) Chandrika Kaushik, Distinguished Scientist & DG (PC & SI), DRDO visited BDL on 08.04.2026

Dr. (Smt) Chandrika Kaushik, Distinguished Scientist & DG (PC & SI), DRDO visited BDL on 08.04.2026

भारत डायनामिक्स लिमिटेड

BHARAT DYNAMICS LIMITED

(A Govt. of India Enterprise, Ministry of Defence)
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Corporate Office: Plot No. 38-39, TSFC Building,
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E-mail: investors@bdl-india.in Website: bdl-india.in