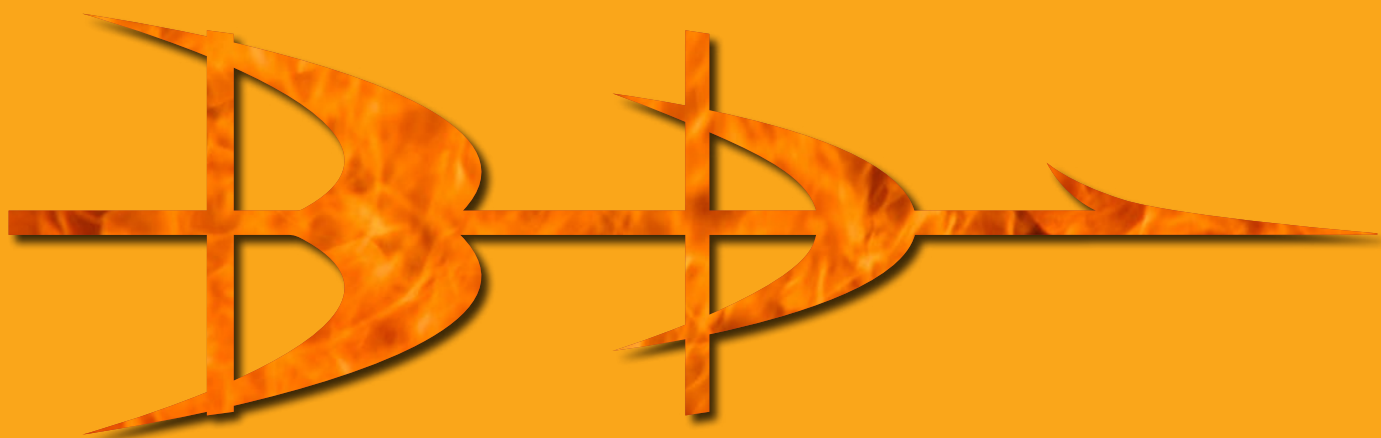




भारत डायनामिक्स लिमिटेड
BHARAT DYNAMICS LIMITED



IN SERVICE OF THE SERVICES

49th Annual Report 2018–19

IN SERVICE OF THE SERVICES

49 years since its establishment, Bharat Dynamics Ltd has been developing and commercialising guided missiles and allied defence products through inhouse R&D as well as under ToT. Today BDL is one of the technologically advanced manufacturer of missiles in the world and a leading supplier of missiles and allied products to Indian Defence sector as well as India's friendly countries.

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WHO WE ARE

Established in 1970, Bharat Dynamics Limited (BDL), is a Government of India Enterprise under the Ministry of Defence and a manufacturer of Surface to Air Missile (SAM), Anti -Tank Guided Missile (ATGM), torpedoes, and allied defence equipments.

Head Quarters of the company is located in Hyderabad and has three manufacturing units, located at Kanchanbagh, Hyderabad in Telangana State, Bhanur, Medak district in Telangana State and Visakhapatnam in Andhra Pradesh. Two new units are planned at Ibrahimpatnam, Ranga Reddy district of Telangana State and Amravati District in Maharashtra. During the recent years the company also commenced export of selected defence equipments and have entered into strategic alliances with public and private sector companies. The company has 3034 employees as on 31 March 2019 and during the year 2018-19 reported a net sales turnover of ₹ 3069 Crore.

OBJECTIVES

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

To maximize utilization of existing production capacities.

VISION

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

MISSION

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





FORMER CHIEF EXECUTIVES OF BDL



DR B.D. NAGCHAUDHURI
Chairman
22-09-1970 To 20-09-1975



Prof. MGK Menon
Chairman
29-09-1975 To 30.12.1977



AVM VS Narayanan
PVSM, AVSM, VSM (Retd.)
Chairman
06.10.1978 To 01.04.1980



Dr. Raja Ramanna
Chairman
30.01.1981 To 30.08.1982



Dr VS Arunachalam
Chairman
30.08.1982 To 09.09.1990



AVM S J Dastur (Retd.)
Managing Director
22.09.1970 To 10.04.1974



BRIG JP Anthony (Retd.)
Managing Director
11.04.1974 To 31.08.1977



WG CDR VM Chitale (Retd.)
Managing Director
01.09.1977 To 30.09.1980



Shri ZP Marshall
Managing Director
01.10.1980 To 07.11.1988



Air CMDE R Gopalaswamay
AVSM, VSM (Retd.)
Managing Director
(1988-1990)
Chairman & Managing
Director
(10.09.1990 To 30.06.1994)



CMDE S Rao, VMS (Retd.)
Chairman & Managing
Director
01.07.1994 To 08.01.2000



Shri S Govindarajan
Officiating Chairman &
Managing Director
09.01.2000 To 31.08.2000



Shri VV Gangadhara Rao
Chairman & Managing
Director
01.09.2000 To 30.06.2002



Shri GVBB Sarma
Officiating Chairman &
Managing Director
01.07.2002 To 23.07.2002



Maj Gen P Mohandas VSM
(Retd.)
Chairman & Managing
Director
24.07.2002 To 27.04.2005



Maj Gen Raajinish Gossain
(Retd.)
Chairman & Managing
Director
28.04.2005 To 30.04.2008



CMDE PK Samanta VSM
(Retd.)
Officiating Chairman &
Managing Director
01.05.2008 To 30.06.2008



Maj Gen Ravi Khetarpal,
VSM (Retd.)
Chairman & Managing
Director
01.07.2008 To 31.03.2012



Shri SN Mantha
Chairman & Managing
Director
01.04.2012 To 31.12.2014



Shri.V.Udaya Bhaskar
Chairman & Managing
Director
30.01.2015 To 28.02.2019



CORPORATE INFORMATION

Board of Directors

Shri Varanasi Udaya Bhaskar

Chairman and Managing Director
(upto 28 February 2019)

Cmde Siddharth Mishra

Chairman & Managing Director
(w.e.f 01 March 2019)

Shri. Ashwani Kumar Mahajan

Government Nominee Director

Shri. G. Sateesh Reddy

Government Nominee Director
(upto 31 December 2018)

Shri. MSR Prasad

Government Nominee Director
(w.e.f 31 December 2018)

Shri S Piramanayagam

Director (Finance) & CFO

Shri V Gurudatta Prasad

Director (Production)
(Upto 31 May 2019)

Shri K Divakar

Director (Technical)
(Upto 31 August 2018)

Shri.NP Diwakar

Director (Technical)
(w.e.f 01 September 2018)

Shri.P.Radha Krishna

Director (Production)
(w.e.f. 01 June 2019)

Smt Sushama V Dabak

Independent Director

Prof. Ajay Pandey

Independent Director

Shri. K.S.Sampath

Independent Director

Shri. Ajay Nath

Independent Director

Smt Latha Narasimha Murthy

Independent Director

Company Secretary

Shri. N Nagaraja

Principal Executives

(As on 31 March 2019)

Cmde Trilok Nath Kaul (Retd)

Executive Director (Marketing & Business Development)

Shri G.Gopal

Executive Director (Head-KBU)

Shri Arup Kumar Maiti

General Manager (CS)

Shri N Sampath Kumar

General Manager (Head-IBU)

Shri Sivanand S Khanapet

General Manager (Head-BU)

Shri V Latha

General Manager (OP, QR-SAM and D&E)

Shri MN Suresh

General Manager (GSD)

Shri KJ Joseph

General Manager (Finance)

Shri P Radha Krishna

General Manager (Konkurs-M)
(Upto 31 May 2019)

Shri Ashutosh Kumar

General Manager (Vizag Unit)

Shri.S.Narayanan

General Manager (HR)

Shri.CH.Ramesh Babu

General Manager (NP & TSD-KBU)

Shri.STGS Ramanujam

General Manager (ERP, ITD & CC)

Shri.S.V.Kameswar

General Manager (Head-VU)

Shri.P.V.Raja Ram

General Manager (Akash)

Shri.N.Srinivasulu

General Manager (Finance)

Auditors

M/s.S R Mohan & Co.

Chartered Accountants, Hyderabad

Internal Auditors

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

Chartered Accountants

M/s. Uma Maheswara Rao & Co.,

Chartered Accountants

M/s. Ramamoorthy (N) & Co.,

Chartered Accountants

M/s. Narasimha Rao & Associates,

Chartered Accountants

M/s. B.V. Rao & Co., LLP

Cost Auditors

M/s.Narasimha Murthy & Co.,

Cost Accountants

Tax Consultants

Bansal & Dave,

Chartered Accountants

Legal Advisers

Shri V Uma Devi

Shri D Ravi Shankar Rao

Bankers

Andhra Bank

State Bank of India

Axis Bank

ICICI Bank

HDFC Bank

Registered Office

Kanchanbagh Post

Hyderabad – 500 058

Telangana, India

EPABX: 040-24587466 & 040-24587777

Fax: – 040 24340464

E-Mail: bdlitd@ap.nic.in

website: www.bdl-india.in

Corporate Office

Plot No.38-39, TSFC Building

Near (ICICI Towers)

Gachibowli, Financial District

Hyderabad-500032

Tel:-040-23456101

Fax: 040-23456110

E-Mail: investors@bdl-india.in

website: www.bdl-india.in



BOARD OF DIRECTORS

Cmde Siddharth Mishra (Retd)

Chairman and Managing Director



Cmde Siddharth Mishra (Retd) has assumed charge as the Chairman and Managing Director of Bharat Dynamics Limited (BDL) with effect from 01 March 2019. He was commissioned in the Electrical Branch of Indian Navy in the year 1985. Post-retirement from Navy in Sep 2016, Commodore Mishra served ECIL, a Schedule "A" Central Public Sector Enterprise. Prior to joining

BDL, he was General Manager (Defence) at ECIL, Hyderabad.

Commodore Mishra is a B.Tech in Electrical Engineering, an MSc in Defence Studies and Master of Management Science. He is an alumnus of the prestigious Naval Academy and Naval College of Engineering, Lonavala.

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

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

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

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

Shri. Ashwani Kumar Mahajan



Shri. Ashwani Kumar Mahajan belongs to the batch of 1988 IRS. He is also MBBS, LLB, LLM (International Taxation). He was appointed as Addl. FA & JS in the Ministry of Defence (Fin) on 8 Jan 2016. Shri Ashwani Kumar Mahajan is appointed as Government Nominee Director on the Board of BDL w.e.f. 9 March 2016.

Shri MSR Prasad



Shri MSR Prasad, Distinguished Scientist has been appointed as Director General (Missiles & Strategic Systems), on 28th September 2018. Born in 1961, he completed his B.Tech Degree from Madras Institute of Technology in 1984 and M. Tech from IIT, Bombay in Aeronautical Engineering. Over the past thirty years, Shri MSR Prasad has made

significant contribution in missile technologies for the defence programmes of DRDO. His contribution in the areas of Aerospace Structural Design, Analysis and Structural Dynamics studies for various missile projects is noteworthy. As one of the senior designers for the submarine launched missile programme, he has provided number of innovative design concepts. He successfully contributed towards design, development and production of the country's first submarine launched ballistic missile B05.

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

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

Shri S Piramanayagam



Shri S Piramanayagam is a Science Graduate and an Associate Member of the Institute of Chartered Accountants of India. Prior to joining BDL as Director (Finance), he worked as General Manager handling finance functions of Rail & Metro Business vertical of M/s. BEML Limited. He worked in the middle

Management cadre in BDL during 1996 to 2007 after his stint in Neyveli Lignite Corporation Ltd., for 10 years. He has vast work experience covering Auditing, Accounting, Finance and Taxation areas. He took charge as Director (Finance) of Bharat Dynamics Ltd., on 1 Jan 2015.

Shri N P Diwakar



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

in various Missile programs such as Prithvi, Akash & ATGM's.

He worked in tandem with DRDO to realise the Prithvi & Akash Missile systems from Development Mode to Series Production Mode. He was an Instrumental in Establishing of production lines and man power planning of Akash Missiles and Konkurs Missiles to meet requirement of the Services. Establishing Production facilities for Astra Missile at Bhanur. Successfully negotiated with MOD, and received orders Konkurs-M Missiles during March 2017. Prior to joining BDL, he worked for M/s. Oil Natural Gas Corporation, for 6 Years.

Shri.P.Radhakrishna



Shri.P.Radhakrishna has assumed charge on 1 June 2019 as Director (Production) of Bharat Dynamics Limited (BDL). Prior to his new appointment, Shri Radhakrishna served as a General Manager in the Bhanur Unit of BDL where he played a key role in establishing the production line for Konkurs, Konkurs – M and Invar Anti-Tank Guided Missiles, Launcher & Rifles ensuring safe operations with an objective of reaching set targets. An M.Tech. in Industrial Engineering and Management from JNTU, Hyderabad and a B.Tech in Mechanical Engineering from Nagarjuna University in Andhra Pradesh, Shri Radhakrishna holds rich experience, spanning over 32 years, in various fields of Missile Production which includes areas like Component Production, Missile Integration & testing, Project Planning, Quality Control & Indigenization of Missile Systems.

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

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



Smt Sushama V Dabak



Smt Sushama V Dabak Joined Indian Audit & Accounts Service (IA&AS) in 1981 and held various posts including Principal Accountant General, Haryana, Accountant General, Rajasthan and Maharashtra. In 2013, she retired as Director General of Audit in Mumbai. Before joining IA&AS, she worked as

a Lecturer in Elphinstone College, Mumbai and as an Economist at National Institute of Public Finance & Policy (NIPFP), New Delhi. She did her MA in Economics, LLB and Diploma in Financial Management from University of Mumbai. She has Audit experience of all three tiers of Government viz Central, State and Local and different forms of Government organisations viz Government Companies, Autonomous Bodies and Local Bodies covering various sectors of the economy. Deputed as Financial Advisor in Nuclear Power Corporation Ltd and as Finance Member, Maharashtra Krishna Valley Development Corporation. Deputed for conduct of audit of UNHCR and Indian missions abroad. She has experience of certification of Government Accounts, Government Companies and externally aided projects. She was nominated for various training programs and seminars in India and abroad. She joined the Board of BDL as Part Time Non-Official Independent Director w.e.f. 1 December 2015.

procurement, land acquisition besides interest in the Electricity sector. He has been a consultant to the Government, Regulators and PSUs on infrastructure related issues. He has also been involved in academic administration as Chair, Post-Graduate Program (PGP), Dean [Faculty], Dean [Programs] and Director-in-charge at IIM, Ahmedabad. He joined the Board of BDL as Part Time Non-Official Independent Director w.e.f. 1 December 2015.

Shri.K.S.Sampath



Shri.K.S.Sampath is a Chartered Accountant in practice, having 32 years' professional exposure in Income Tax, Corporate Laws, Banking (Treasury, Forex, including Due Diligence of Foreign Banks) and Insurance and specializing in improving Corporate Governance. He has board-level exposure in the banking, insurance and

co-operative sectors by serving as Board Member in some of the country's top public institutions – LIC of India, Punjab National Bank, Bank of India and more recently, as an advisory member on Board of Supervision for StCBs, DCCBs and RRBs under the aegis of NABARD. He has focused on improving corporate governance as part of various Board Committees like Audit Committee (as Chairman / Member), Management Committee, IT Committee, Risk Management Committee and Share Transfer Committee. He joined the Board of BDL as Part Time Non-Official Independent Director w.e.f. 13 September 2017.

Prof. Ajay Pandey



Prof. Ajay Pandey is currently with Indian Institute of Management, Ahmedabad as Professor of Finance & Accounting. He graduated as an Industrial Engineer from University of Roorkee (now IIT, Roorkee) and worked as project planning and monitoring engineer in Engineers India Limited (EIL) and Oil & Natural Gas

Corporation (ONGC). Later, he continued his education at IIM Ahmedabad by joining Fellow Program and obtained his Fellow degree (equivalent to Ph.D.) by specializing in Finance area.

After obtaining doctorate, he had been associated with several academic institutions in India before moving to IIM Ahmedabad. In between, he also worked in financial sector with a private sector joint venture start up. His professional interests related to research, training and teaching are mainly in corporate finance and capital markets such as corporate governance, risk management, project finance, volatility and asset price dynamics etc. He also has professional interest in infrastructure sectors on issues such as project structuring and risk allocation, public

Shri.Ajay Nath



Shri.Ajay Nath, is a member of the Indian Administrative Service ("IAS") of the 1982 batch belonging to the Madhya Pradesh Cadre. He holds a bachelor and masters' degree in Economics from the University of Delhi. He has worked as Principal Secretary and later as Additional Chief Secretary in the Finance Department of the Government of Madhya Pradesh from September 2011 to September 2015 when he retired from government service. He has previously worked as Director General (Investigation & Registration) with the Ministry of Corporate Affairs, Gol and later as Director with the Serious Frauds Investigation Office (SFIO), Ministry of Corporate Affairs, Gol. He has been associated as a Deputy Secretary with the Department of Economic Affairs, Gol, and as a Technical Assistant with the office of the Executive Director (India) of Asian Development Bank, Manila, Philippines.

He has also been associated previously as Managing Director with the Madhya Pradesh State Co-operative Marketing Federation Limited and as a Chief Vigilance Officer with the Security, Printing and Minting Corporation of India, a CPSU, under the Gol. He joined the Board of BDL as Part Time Non-Official Independent Director w.e.f. 13 September 2017.

Smt Latha Narasimha murthy



Smt Latha Narasimha murthy is currently the Managing Partner of Melange Prime Properties, and Managing Partner at Toy Patnam. She has completed the MIT Global Entrepreneurship Boot camp and has been awarded certification on "New Ventures Leadership" from the Massachusetts Institute of Technology.

She holds a post-graduate degree in Public Policy from the Takshashila Institution. She has completed the India-Women in Leadership (I-WIL) programme from the Indian Institute of Management, Bengaluru. She has previously served as a Corporator of the Bruhat Bengaluru Mahanagara Palike (BBMP) from 2010 – 2015. She is the recipient of the "Bengaluru Youth Award" in 2014 for her outstanding contribution in the political field. She is the winner of the "Safe Roads, Safe India Campaign", organized by UL and Ashoka Change Makers. She joined the Board of BDL as Part Time Non-Official Independent Director w.e.f. 13 September 2017.



CHAIRMAN'S STATEMENT



Cmde Siddharth Mishra (Retd)
Chairman and Managing Director

08

On this momentous occasion as BDL enters into its Golden Jubilee year, it gives me immense pleasure in welcoming you all, on behalf of the Board of Directors to this 49th Annual General Meeting of your Company.

I must admit, it is my privilege and honour to be a part of this great Company, built over five decades by the dedication, commitment and perseverance of the men and women associated with the Company since its inception.

It is remarkable to think that in 1970, BDL has started its journey in a modest way with a single product and today it is evolved into a multi-product, multi-unit, handling varied technologies.

The journey has been long and the milestones many, as BDL grew from strength to strength spreading its customer base across geographies as its products being used both in India and abroad. Today, BDL has emerged as the one of the leading Defence PSU not only meeting the ever changing requirements of our armed forces, but also making a significant mark across the globe. It gives us a great sense of fulfilment of having met the requirements of our armed forces.

Fifty years is an achievement by any standards but when one looks at what has been achieved in this period, it gives us a sense of pride.

Before I apprise you on achievements of your company in 2018-19 along with the operating scenario and the initiatives taken, I must say that though it is early days of my journey as Chairman and Managing Director of this company, I found it very exciting and eventful with “Team BDL” standing firmly behind me and providing me a sense of reassurance in overcoming the future challenges in taking this company to greater heights.

PERFORMANCE OVERVIEW:

This year has been a challenging one in terms of performance. The performance of this year especially demonstrates the determination and resolute character of our organization as we could register a reasonably good sales turnover of ₹ 3069 Crore (with a value of production of ₹ 3235 Crore) under very trying circumstances with overwhelming technical challenges. I would give credit to each and every employee and stakeholder who made it possible to achieve this target especially under very difficult circumstances. The slight decline in VOS and VOP should not dampen our spirits as this drawback is mainly caused by some last minute technical hitches, but not due to lack of our efforts. None the less, there is every reason to feel sanguine as majority

of technical issues are resolved and your company is back on track and it is poised to get many new projects. I would like to advise all the employees to work with same determination and strengths and put your best efforts and I am certain your company will bounce back with renewed vigour.

Turning to financial performance, your company continues its journey in the path of profits and continues to pay dividends. I am happy to inform you that your board has decided to pay a final dividend of ₹ 30.61 Crore for the year 2018-19 (i.e. at ₹ 1.67 per equity share of ₹ 10/-each.)

OPERATING SCENARIO:

Indian industry today is on the threshold of entering into a new era where it will assume greater responsibility in making the nation self-reliant in Defence Production.

India's defence industry has been growing at a modest pace for the past few years. Modernisation of the armed forces and indigenisation of manufacturing are the key focus areas. The segment is receiving the much needed push under the Make in India programme. The concept of import substitution is being gradually accepted by stakeholders. This is an opportune time to embark upon a new phase of self-reliance in the sector by manufacturing technologically advanced equipment within India. Private sector participation is gradually picking up. The objective of the Indian defence offset guidelines is to encourage foreign vendors to engage in complete transfer of technology arrangements with Indian offset partners. That said, the government is set to announce radical changes in the guidelines to bring in investments in the defence and aerospace segments. Going forward, the government plans to substantially step up investments in modernisation of the armed forces and creation of infrastructure especially in the aerospace and electronics segments. In this regard, the new Defence Procurement Procedure is expected to speed up the process of awarding of contracts by the Government.

With the Government of India continues to unveil a host of initiatives to encourage defence indigenisation, your company with its long experience, manufacturing expertise, co-development partnership with DRDO labs, robust supply chain, strong project management skills and reinforced D&E is poised to benefit and prosper.



The maiden Coffee Table Book on BDL entitled, "*The Dynamic Decades of BDL*" was released by Dr. Ajay Kumar Secretary (DP) on 25 Jan 2019 at BDL, Visakhapatnam Unit. The book depicts the most defining and inspiring moments of the company since its inception, which was in the year 1970.

ACCOMPLISHMENTS DURING THE YEAR:

- 1) **New Orders:** I am pleased to announce that your company has bagged orders worth of Rs 2686 Crores excluding Taxes during 2018-19 which includes various types of missiles, launchers, test systems and accessories.
- 2) **Projects in Pipeline:** In addition, I am happy to share that some indents are in advanced stages of order placement on BDL, for which your company top management has been continuously pursuing for expediting the order placement.
- 3) **New Partners in pursuit of Technology Upgradation :** Keeping in pace with the current trends in the global defence industry, your company is always in pursuit for latest technologies and in process of continuous tie-ups with major weapon Design & Manufacturing giants around the world. As part of this, it has entered into MOUs/ NDAs/ LATOTs with various national and international defence players.
- 4) **New Infrastructure:** Keeping abreast with changing technologies, your company is in constant pursuit of establishing new infrastructure for manufacturing and testing latest weapons systems. As part of this,

- i) Established Production facilities for manufacture of Man-Portable Anti-Tank Guided Missile (MPATGM) at your Bhanur unit which was inaugurated by Dr G. Sateesh Reddy, Chairman DRDO on 29th Sep 2018.



- ii) Acoustic Tank Test Facility, one of its kind of the world class test facility used for testing underwater weapons like Torpedoes, mines, Sonobuoys, Decoys etc at your Vizag unit inaugurated by Secretary(DP) on 25th Jan, 2019.



- iii) In House D&E has upgraded its labs by procuring latest equipment and software tools including RF Prototyping Software, RF Antenna Design Software, Opto-mechanical Software, DSP tools, IP cores, Keil Microcontroller tools etc.
- iv) A Full-fledged Surface Mount Technology (SMT) line is established in Electronics Division at KBU which enables to take up the in-house assembly of all complex sub-systems like OBP, SCU, CGU etc.

5) Technical Breakthroughs: The dedication and hard work of your employees has achieved significant success and paid rich dividends in terms of technical achievements.

- i) Your Company has contributed for the prestigious Anti Satellite Missile (Mission Shakti) by developing Reactive Armour System & Control Bay (Electronics Assembly) and total Cable Harness.

- ii) Successfully associated with MPATGM Guidance flight Trials on 14th & 15th Mar 2019 at Pokhran.

6) Quality Systems: Being a missile manufacturing Company, quality of the product is of paramount importance and your products should work first time and every time. Hence, in pursuance of high Quality Standards, all the production Units in all the three units are certified with International Aerospace Quality Management Standard AS 9100D. Your Information Technology Division (ITD) is certified with ISO-IEC 27001-2013, Information Security Management Systems (ISMS).

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

CORPORATE GOVERNANCE:

The philosophy of your company in respect of corporate Governance is its commitment to values, ethical business conduct, transparency, makes appropriate disclosures, comply with laws and regulations.

Your Company has a well established relationships between the company's management, its Board, its shareholders and other stakeholders. Your company with its established processes and structure through which the objectives of the company, the means of attaining the objectives and systems of monitoring performance are well in place.

Your company is complying to all mandatory provisions of SEBI and other Government statutory bodies relates to Board Composition, audit committees, Board Procedures, Management Discussions, analysis of Annual reports, certification of Financial Statements, internal controls and Corporate Governance reporting. Quarterly and annual compliance reports on Corporate Governance are being forwarded to MOD in the prescribed format.

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

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



ENVIRONMENT PROTECTION & SAFETY:

Your Company is committed to protecting the environment, health and safety of our employees, customers and the communities where we work and live. The company contributes in all aspects of environment by maintaining a clean and green environment. As part of this, your company carries out tasks like Effluent water treatment, water conservation, tree plantation, rain water harvesting and landscaping utilizing effluent water. Committees at working level and steering level for handling various types of pollution in BDL are periodically reviewing the status of pollutions and implement necessary corrective/improvement mechanisms. Your Company strives for continual improvement in our environmental, health and safety management systems and in the environmental quality of our products, processes and services.

BDL also recognizes that we have a responsibility to our employees, suppliers and partners and to the communities, in which we operate.

Your Company meticulously follows promotion of Industrial Safety, health and environmental cleanliness and all statutory obligations are complied with. The two committees i.e. industrial safety committee, which is statutory and Explosive Safety Committee are functioning to meet the safety needs of BDL. Safety Committee meetings are held at regular intervals for reviewing, monitoring and upgrading safety, health and environment as per statutory requirement. The works are carried out in compliance with Factory's act 1948 and Explosive safety strictly adhering to the Storage and Transport of Explosive Committee (STEC) regulations. Clean surroundings, Green Environment, stringent Pollution Control measures, zero effluent discharge, energy conservation, systematic management and disposal of hazardous wastes etc have become a part and parcel of our regular well-established environment management system.

All the three productions units are awarded with IS14000 environmental quality standard is a testimony for the above.

INTERACTIONS WITH CUSTOMERS:

Customer demands are increasing with the rapid onset of technological innovation. Present day demands that Organizations proactively seek to know about the requirements of services and accordingly work towards the same.

Accordingly, Your company has considerably strengthened its product support Department for

effective customer support. Exclusive retired service officers are being recruited for ensuring that the required support is reached the customer well within the committed downtime. Your company is in the process of establishing support teams at important locations in the close proximity of the customer i.e at base level depots or maintenance workshops of armed forces. Teams from D&E and production divisions regularly travel to the User locations to understand their requirements and to resolve their issues. Your company is also proposing to establish seamless communication channels with customers by installing latest electronic support equipment like Chatbots / Intelligent Virtual Assistant by using latest technologies like Artificial Intelligence (AI). This enables effortless conversations through voice or text, So you can offer more choices, more self-service, and consistency across channels to achieve customer care excellence. Regular interactions with customer reps are organized by way of periodical meetings for getting to know their requirements and monitoring the progress.

VENDOR DEVELOPMENT:

Your Company considers its vendors as partners in progress and believes in establishing mutually beneficial relationships. Our Vendors are our valued partners in our business development and we shall work with them in a spirit of mutual co-operation to meet our business objectives.

Corporate Commercial Department identifies the vendors, rates the vendors based on feedback received based on different parameters like Quality, Delivery time and Quantity etc.

Your company is perhaps the first one to organize AS9100D, an international airworthiness quality certification training for its vendors as part of vendor development. Your company believes in hand holding our vendor partners in terms of technology transfers, establishment of facilities, sharing our infrastructure wherever needed etc.

Vendor Meets are conducted by individual divisions and by Corporate Commercial Department in order to have clear, transparent and common understanding and thereby ensuring level playing field to all.

ROAD AHEAD:

Your Company has a healthy and consistent order book of Rs 7258 Crores as on 01st April 2019. Though there was a slight concern about the dip during 2018-19, as I have told in the beginning that your company is back on track resolving the bottlenecks it had. In addition, there is every reason to feel



sanguine about the future as many projects which are identified for BDL are in different stages of allocation. Your company is actively pursuing with the Ministry for clearance of these projects, which will strengthen our Order book in coming years.

In the years to come, your company will be primarily focussing in the following areas:

- Optimization of existing production lines
- Maximizing the geostrategic reach by increasing the export and indigenization.
- Co-development with design agencies for new projects.
- Offset projects
- Upgradation through innovation of its products.

As part of the focus in above areas, following initiatives were taken by your company.

- i) Engaged in Co-Development Programmes of DRDO.
- ii) It is entering into new domains and is in the process of developing infrastructure for manufacture of seekers.
- iii) Your company is also under discussions with various foreign OEMs to get new technologies.
- iv) It has significantly strengthened its in-house R&D by inducting professionally qualified personnel from premier institutions like IITs and NITs.
- iv) Your company is progressing well in its in-house R&D efforts of developing a third generation anti-tank guided missile Amogha-III for which top management is totally committed. Though the path ahead in completing may have challenges, I am confident, your company with its grit and determination will overcome and come out with your own in-house designed, developed and produced missile.
- v) In addition, your company is putting up its determined efforts towards indigenization of ATGM's with the objectives of self-reliance, import substitution, Foreign Exchange savings and overall cost reduction.

Moreover, Government's continuous thrust for initiatives like Make in India, indigenisation and import substitution will provide ample opportunities and your company with its decades of experience under its belt will exploit maximum advantage

Based on the order book position, anticipated orders and above mentioned initiatives, I am quite confident that your company is well poised for a sustained growth.

CSR FOCUS:

Corporate Social Responsibility (CSR) is interwoven in the business model of your Company. The Company's CSR efforts endeavour to support the less privileged, rural and urban communities, with a focus on sections of the vulnerable and marginalised local communities that live in close proximity to its manufacturing facilities in semi-rural locations. Your company has taken various steps for fulfilment of its social responsibilities under CSR activities by adopting villages, development of aspirational districts, Swacha Bharat, Skill development etc. Your company has carried out these activities by spending approximately Rs. 16 crores during the last year.

BDL is committed to contribute actively towards enhancing their living standards through its CSR interventions in water and sanitation, health, education and skill development. Your Company continues to take forward its good work in backward/ underdeveloped areas in Andhra Pradesh and Telangana as part of its CSR activities.

For Further details on CSR activities, please refer to Page No. 37.

CONCLUSION:

I offer my profound gratitude for the whole-hearted dedication, cooperation and hard work of its employees, encouragement received from its esteemed customers (the three services and their inspectorates), support from vendors, Technology Development and hand holding from DRDO, guidance from the Ministry of Defence, Government of India. We truly value your continued patronage.

I wish to thank the Principal Director of Commercial Audit and Ex-Officio Member, the Statutory Auditors of the company and Audit Committee of the board for the valuable advice and cooperation extended by them.

I am confident that with continuous dedicated efforts, commitment and hardwork, your company shall march forward to achieve greater heights and will become a billion-dollar company in the coming few years.

I convey my sincere thanks to my colleagues on the Board for their counsel and support.

Finally, I would like to take this opportunity to thank all the shareholders for their trust and support and solicit continued support to fulfill your expectations.

Thanking You,

Jai Hind !!!

Cmde Siddharth Mishra (Retd)

Chairman and Managing Director
DIN 08367035

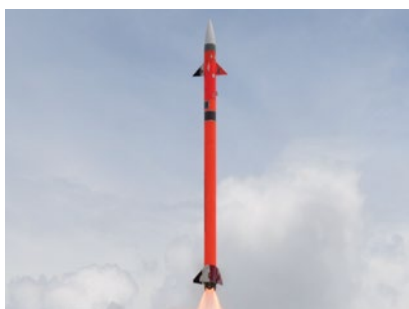
OUR PRODUCTS

BDL is the leading DPSU in India in manufacturing guided missile systems. The company has a product portfolio consisting of Surface to Air missiles (SAMs), Anti-Tank Guided Missiles (ATGMs), underwater weapons, launchers, countermeasures and test equipment. The company also undertakes life-extension and refurbishment of missile systems. Currently, it is the sole supplier of SAMs and ATGMs to the Indian Armed Forces.



Akash SAM

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



Long Range SAM ("LR SAM") and Medium Range SAM ("MR SAM")

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



The Milan 2T ATGM

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

13



The Konkurs - M ATGM

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



The INVAR (3 UBK 20) ATGM

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



CMDS

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



Anti Torpedo Decoy Launching System ("Anti Torpedo System")

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



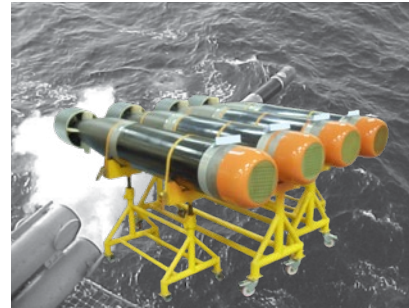
Submarine Fired Decoy ("SFD")

The SFD acts as preferred target in the presence of an own submarine to a passive or active homing torpedo.



Heavy Weight Torpedo

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

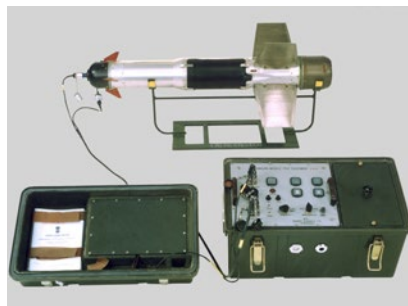


Light Weight Torpedo

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



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



Test Equipments

OUR STRATEGY



An environment characterised by both increasing complexity in factors influencing national security and continuing economic challenges in India and globally is the key driver of BDL's business. This is further aided by advances in the technology, defence indigenization and increasing competition.

An important constituent of our business outlook in this environment is to focus on execution, improving standards, quality and predictability of the delivery of our products to the Indian Army. We also continue to invest in technologies to fulfil the requirements of the Indian armed forces and also invest in our people so that we have the necessary technical skills to succeed without limiting our ability.

Against this backdrop BDL's key strategies are aimed at enhancing the company's market position by optimizing existing product lines capitalising on opportunities in domestic and international markets, and enhance the company's competitive advantage focusing more on indigenisation, engage with Design Agencies for more co-development programmes.



FINANCIAL HIGHLIGHTS

TURNOVER (₹ in crore)

FY 14-15	2799.68
FY 15-16	4159.97
FY 16-17	4886.62
FY 17-18	4587.60
FY 18-19	3069.35

PROFIT BEFORE TAX (₹ in crore)

FY 14-15	614.19
FY 15-16	847.31
FY 16-17	802.81
FY 17-18	773.82
FY 18-19	671.36

PROFIT AFTER TAX (₹ in crore)

FY 14-15	418.57
FY 15-16	564.88
FY 16-17	524.06
FY 17-18	528.15
FY 18-19	422.59

NET WORTH (₹ in crore)

FY 14-15	1533.37
FY 15-16	1800.02
FY 16-17	2194.98
FY 17-18	1956.38
FY 18-19	2268.55

VALUE OF PRODUCTION (₹ in crore)

FY 14-15	2770.05
FY 15-16	4297.83
FY 16-17	5011.00
FY 17-18	4641.30
FY 18-19	3235.22

EQUITY (₹ in crore)

FY 14-15	115.00
FY 15-16	97.75
FY 16-17	122.19
FY 17-18	183.28
FY 18-19	183.28



TEN YEARS AT A GLANCE

(₹ in Crore - unless otherwise stated)

Particulars	2018-19*	2017-18*	2016-17*	2015-16*	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Sales (Gross)	3069.35 &	4587.60	4886.62	4159.97	2799.68	1779.89	1074.71	959.12	939.16	627.23
Changes in WIP/SIT	165.87	53.70	124.38	137.86	(29.63)	24.60	100.81	33.82	(28.18)	4.38
Value of Production	3235.22	4641.30	5011.00	4297.83	2770.05	1804.49	1175.52	992.94	910.98	631.61
Material Consumption	1818.97	2907.59	3125.23	2620.30	1855.10	1226.01	779.57	633.53	580.14	438.01
Value Added	1416.25	1733.71	1885.77	1677.53	914.95	578.48	395.95	359.41	330.84	193.60
Profit Before Tax	671.36	773.82	802.81	847.31	614.19	508.59	419.06	348.19	79.17	50.63
Profit After Tax	422.59	528.15	524.06	564.88	418.57	345.51	288.40	234.96	51.70	33.77
Equity	183.28	183.28	122.19	97.75	115.00	115.00	115.00	115.00	115.00	115.00
Reserves & Surplus	2085.26	1773.10	2072.79	1702.27	1418.58	1102.97	838.30	617.38	437.05	412.08
Gross Block(Excl.Cap.WIP)	1219.61	1048.62	869.66	746.38	940.04	834.56	711.55	604.24	488.08	461.20
Inventory	1664.53	1925.87	2240.42	2057.66	1480.12	1382.51	1006.53	602.57	502.19	570.26
Trade Receivables	1844.53	2208.13	1735.36	1478.22	865.72	398.81	281.55	88.39	45.15	33.58
Working Capital	1390.38	1085.68	1569.75	2052.30	2740.34 ^	812.68 \$	614.58 \$	458.97	370.66 #	360.44
Capital Employed	2347.34	1954.05	2326.87	2745.18	3134.20 ^	1172.29 \$	892.59 \$	670.64	511.79 #	503.66
Net Worth	2268.55	1956.38	2194.98	1800.02	1533.37	1217.75	953.08	732.19	551.85	526.88
Number of Employees	3034	3095	3182	3132	3183	3266	3300	3142 @	2897	2894
Employee Costs	534.21	529.34	448.39	326.23	313.07	307.28	258.99	240.32	234.53	178.84
Value Added per ₹ of Wage	2.65	3.28	4.21	5.14	2.92	1.88	1.53	1.50	1.41	1.08
Value Added per Employee (₹ Lakh)	46.68	56.02	59.26	53.56	28.74	17.71	12.00	11.44 @	11.42	6.69
Earnings per Share (EPS) ₹	23.06	26.65	24.51 !	42.73 !	36.40 !	30.04 !	25.08 !	20.43 !	4.50 !	2.94 !

& Sales are after deduction of LD ₹ 148.98 Cr as per Ind AS 115 for 2018-19

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

Re-adjusted due to presentation of accounts as per Revised Schedule VI from 2011-12 onwards.

@ Re-adjusted to include temporary employees.

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

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

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



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 49th Annual Report together with the audited financial statements of the Company for the year ended 31 March 2019.

1. HIGHLIGHTS OF OPERATIONS

- BDL has completely executed Milan- 2T ATGM contract well before the contractual delivery schedule.
- During the year, BDL inaugurated production facility for manufacturing of Man-Portable Anti-Tank Guided Missile (MP-ATGM)
- During the year, BDL inaugurated Acoustic Tank Test Facility at its Visakhapatnam Unit. The test facility is one of its kind world class test facility used for testing underwater weapons like Torpedoes, Mines, Sono buoys, Decoys and other related systems

2. FINANCIAL RESULTS AND PERFORMANCE HIGHLIGHTS

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

S. No	Particulars	in Crore		% of Increase/ (Decrease)
		2018-19	2017-18	
i)	Sales/Revenue from Operations*	3069	4588	(33%)
ii)	Value of Production	3235	4641	(30%)
iii)	Profit Before Tax	671	774	(13%)
iv)	Profit After Tax	423	528	(20%)
v)	Value Added	1416	1734	(18%)
vi)	Earnings per share [#]	23	27	-

* As per IND-AS, Sales/Revenue from Operations of FY 2018-19 is after adjustment of LD amount of ₹ 148.98 Crore but whereas LD in previous year is treated as Expense;

[#] EPS has been calculated based on profits excluding the other comprehensive income. EPS for previous year is adjusted for Bonus issue made during that year.

2.2 Following data reflect the financial position of the Company:

Particulars	in Crore		% of Increase/ (Decrease)
	2018-19	2017-18	
Gross Block	1008	856	18%
Depreciation	196	136	44%
Net Block	812	720	13%
Working Capital	1390	1086	28%
Capital Employed	2347	1954	20%
Net Worth	2269	1956	16%

2.3 During the year under review, your Company has achieved sales turnover of ₹ 3069 Crore as against sales turnover of ₹ 4588 Crore of previous year. The reduction in revenue from operations in FY. 18-19 as compared to previous year is due to completion of order book of ground support equipments to Akash Weapon systems. Your Company has achieved profit before tax of ₹ 671 Crore as compared to ₹ 774 Crore achieved in the previous year. Profit after tax is at ₹ 423 Crore as against ₹ 528 Crore in the previous year. As far as profit margin is concerned there is an improvement in operating margin even though there is reduction in turnover.

2.4 This year your Company made an operating profit of ₹ 617 Crore as against ₹ 677 Crore in the previous year indicating a significant improvement in operational performance. Major order executed during the year for the Armed forces includes Akash Weapon system, ATGMs and other products.

2.5 The order book position of the Company as on 01 April 2019 is around ₹ 7258 Crore comprising mainly of Akash, MR-SAM, ATGMs, Export of LWT and other products.

3. FIXED DEPOSITS FROM PUBLIC:

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

4. Dividend & transfer to general reserve:

4.1 Your Company has a consistent track record of Dividend Payment. The Board has recommended a Final Dividend of ₹ 1.67/- per equity share of ₹ 10/-each amounting to ₹ 30.61 Crore for the year 2018-19. Further, your Company has paid interim dividend of ₹ 96.22 Crore (i.e ₹ 5.25 per equity share of ₹ 10 each) in March 2019.

4.2 An amount of ₹ 230 Crore is being transferred to General Reserve for the year 2018-19.

5. CAPITAL STRUCTURE:

5.1 The paid up capital of the Company as on 31st March, 2019 stood at ₹ 183.28 Crore (18,32,81,250 equity shares of ₹ 10/- each).The Authorized Capital of the Company is ₹ 200 Crore (20,00,00,000 equity shares of ₹ 10/- each) as on 31st March 2019.

6. PERFORMANCE AGAINST MoU:

6.1 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 2017-18 has been rated "Very Good". The MoU rating for the year 2018-19 is under evaluation. The MoU for the financial year 2019-20 was finalized with the Ministry, with a Net Sales target fixed at ₹ 4200 Crore. Your Company is striving to achieve the targets fixed in the MoU.

7. MODERNIZATION, UPGADATION AND INDIGENIZATION:

7.1 Manufacturing Capacities of ATGMs and other products are being ramped up. During the year, an amount of ₹ 90 Crore has been earmarked for Capital Expenditure (CAPEX) towards modernization of Plant & Machinery and other Infrastructure development programme.

7.2 The following Key Technology Upgradation projects were taken up for implementation during the financial year 2018-19:

- 160 KV X-RAY machine
- SMD Pick and place machine.
- Automatic inspection System.

7.3 Your Company is putting up determined efforts towards increasing indigenization contents in the manufacture of ATGMs with the objective of increasing self-reliance, reduction of Foreign Exchange out flow and achieving cost reduction. Indigenization of products like Konkurs-M, Invar, and Milan-2T has been achieved upto 95%, 78.6% and 71% respectively.

8. RESEARCH & DEVELOPMENT

8.1 Your Company recognizes that Research & Development is a thrust area for design and development of various products for Indian Armed Forces. During the year R&D facilities like PADS Schematic design software, Advanced Structural and Thermal Analysis software, Rapid prototyping and Reliability software, Opto-mechanical software, PCB design tools and other Development tools have been established.

8.2 Your Company has identified various products to meet the requirement of Indian Armed Forces and currently its research and development focusing in the following missions:

- Counter Measures Dispensing System (CMDs):** An airborne defensive system to provide self-protection to aircrafts

and helicopters by dispensing Chaffs / Flares. BDL has developed CMDS for Jaguar and variants of CMDS for many platforms including Advanced Light Helicopter (ALH), Light Combat Aircraft (LCA), Airborne Early Warning and Control (AEW&C), Mirage upgrade, Light Combat Helicopter (LCH) and Medium Lift Helicopter (MLH). However, flight trials are yet to be conducted for LCH and MLH. During 2018-19, first batch of CMDS for Mirage were supplied to M/s.HAL for integration to aircraft. CMDS for MLH were supplied to M/s.BEL for developmental trials. Development of CMDS for AVRO replacement aircraft is under progress. There is a substantial export market for CMDS.

b) Dispenser Unit for Ø50 mm round cartridges for Sukhoi Aircraft: BDL has designed and developed Ø50 mm Dispenser Unit for Su-30 MKI aircraft for dispensing Ø50 mm cartridges (chaffs and/or flares). Ø50 mm Dispenser Unit has been developed as Form-Fit-Functional replacement of existing Dispenser Unit of Russian-make CMDS. Another variant of Ø50 mm Dispenser Unit has been developed, which is compatible to work with BDL-CMDS. Both variants of Ø50 mm Dispenser Unit are ready for flight trials.

c) Amogha-III: It is a 3rd generation fire and forget, IIR seeker based ATGM. Prototypes of all the sub-assemblies of the missile are being developed as per in-house design. Pop-out test, which is the first milestone of the project, was successfully conducted twice during the year. System configuration has been finalized. Design of sub-systems are under progress.

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

(₹ in Crore)

Particulars	2015-16	2016-17	2017-18	2018-19
Sales Turnover (Gross)	4160	4887	4588	3069
R&D expenditure	29.43	34.71	40.22	53.45

8.4 Apart from in-house R&D activities, your Company has entered into MoUs with DRDO labs for co-development of various missiles with a substantial financial commitment and manpower support from the Company. This will further enhance the R&D efforts of BDL to strengthen Government of India's Make in India programme.

9. PROCUREMENT FROM MSMEs

9.1 Your Company has been providing increased thrust on procurement from Micro, Small & Medium Enterprises (MSMEs) as per the guidelines/notifications issued by the Ministry of MSMEs.

9.2 Your Company being a weapons manufacturing Company has been granted exemptions vide MSME Notification No.F.No.21(1)/201 I-MA Dated 23 March 2012. However, your Company would endeavor to procure general items from SMEs. A list of 358 items were reserved in the Company's IMM manual for procurement from SMEs.

9.3 As per Government of India guidelines issued from time to time your Company extends various facilities/concessions to vendors registered with NSIC under its Single Point Registration Scheme such as

- Issue of Tender documents free of cost.
- Exemption from payment of Earnest Money Deposit.
- Price Preference of 15% over the quotation of large-scale units. In case the SME happens to be within 15% range above the L1 price who is not an SME, SME unit shall be provided with a counter price to reduce to L1 price. A quantity of up to 25% shall be ordered on SME on acceptance of L1 price. Out of 25% of annual

procurement from MSEs 5% has been earmarked for procurement from MSEs owned by Scheduled Castes or the Scheduled Tribes entrepreneurs. Further another 3% has been earmarked for women owned MSEs.

- Pre-qualification experience is relaxed for Start-ups (whether MSMEs or otherwise), as per guidelines of Govt. of India subject to the meeting of quality and technical specifications as per clarification given by Ministry of Finance, Department of Expenditure (DoE).
- Interest free advance is also being paid to MSMEs and startups against Bank Guarantee for 110% of order value.
- Vendors registered in other Defence PSUs will be considered as Deemed Registered. This Deemed registration will enable the vendors to participate in all future tenders of DPSUs for similar category of goods/services subject to fulfillment of other eligibility criteria indicated in the RFQ.
- Providing Test facilities to MSMEs/Start-Up vendors.

9.4 Your Company has registered in Trade Receivables Discounting System (TReDS). It is an initiative undertaken by Reserve Bank of India to safeguard the interest of Micro, Small and Medium Enterprises (MSMEs) facilitating the financing of trade receivables of MSMEs from corporate buyers through multiple financiers. It enables discounting of invoices of MSME sellers raised against large corporate, allowing them to reduce working capital needs. In Trade Receivables Discounting System all registered MSMEs can discount their bills of exchange or invoice through TReDS with a quoted price of Bankers

9.5 Preference to Make in India:

The "Make in India" initiative is based on four pillars i.e. New processes, New infrastructure, New sectors and New mindsets, which have been identified to give boost to entrepreneurship in India, not only in manufacturing but also other sectors. The Government has issued Public Procurement (Preference to Make in India), Order 2017 as part of the policy of the Government of India to encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment. Subject to the provisions of this Order and to any specific instructions issued by the Nodal Ministry or in pursuance of this Order, purchase preference shall be given to local suppliers in all procurements undertaken by procuring entities in the manner specified. As per the order the minimum local content shall ordinarily be 50%. The Nodal Ministry may prescribe a higher or lower percentage in respect of any particular item and may prescribe the manner of calculation of local content.

In procurement of goods for INR 5 million and less, and where the Nodal Ministry determines that there is sufficient local capacity and local competition, only local suppliers would be eligible. For procurements valued at more than INR 5 million (or where there is insufficient local capacity/ competition) if the lowest bid is not from a non-local supplier, the lowest-cost local supplier who is within a margin of 20% of L1, would be given the opportunity to match L1. If the procurement is of a type that the order can be divided and given to more than one supplier, the non-local supplier who is the lowest bidder will get half of the order and the local supplier will get the other half provided if it agrees to match the price of L1. If the procurement cannot be divided, then the lowest cost of local supplier would be given the order provided if it agrees to match L1.

9.6 **Government e-Marketplace (GeM):** Your Company has registered with GeM as per Rule No.149 of the General Financial Rules, 2017. GeM is a one stop portal to



facilitate online procurement of common use Goods & Services required by various Government Departments/ Organizations/PSUs. GeM aims to enhance transparency, efficiency and speed in public procurement. It provides the tools of e-bidding, reverse e-auction and demand aggregation to facilitate the government users to achieve the best value for their money.

10. EXHIBITIONS:

10.1 Senior Executives and Directors participated in National and International Exhibitions during the year 2018-19. Such platforms are used to gain awareness in advanced technologies, interact with experts and share knowledge. Visiting the pavilions of other countries and understanding the systems available with them enables your Company to draw up its own future business plans effectively. During the year, your Company participated in the exhibitions as details given in Page 21.

11. EXPORTS

11.1 Your Company is now focused more into export markets. During the year, your Company has framed an Export Policy in line with the MoD guidelines with an object to strive continuously to identify potential opportunities for exports especially defence exports and strive to obtain the orders by working in coordination with various stake holders like Gol, PSUs, Private Sectors etc. Your Company aims to create an export oriented ecosystem within the organisation and among the vendors.

11.2 Your Company envisages lot of potential for exporting its products to friendly foreign countries. This assessment is based on the MoU target for export order execution during 2019-20, which is ₹ 420 Crore.

12. BOARD OF DIRECTORS:

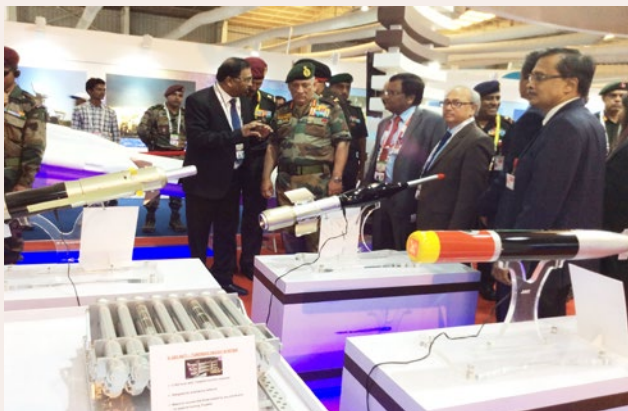
12.1 The Board of Directors of the Company comprises Functional Directors, Government Nominee Directors and Independent Directors who are appointed by the Government of India from time to time. Further, the tenure and remuneration of Functional Directors including Chairman and Managing Director are decided 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.

12.2 The Government Nominee Directors are not entitled to any remuneration/ sitting fee. The Independent Directors are entitled to sitting fees for attending the Board/Committee meetings as duly approved by the Board considering the government directives, statutory acts, rules and regulations

12.3 Appointment of Independent Directors

In order to fulfill the requirement of SEBI (LODR) Regulations, 2015, Government of India vide its letter No.H-62011/2/2016-D (BDL) dated 13 September, 2017 appointed three new Independent Directors viz., Shri Ajay Nath, Shri KS Sampath and Smt.Latha Narasimha Murthy as Part-time Non-Official Directors w.e.f 13 September 2017 for a period of three years or until further orders whichever is the earliest.

Aero India held from 20 – 24 Feb 2019 at Bengaluru



Chief of the Army Staff General during his visit to BDL stall



Principal Director of Commercial Audit during his visit to BDL

Exhibition at Langkawi Malaysia - 26-30 Mar 2019



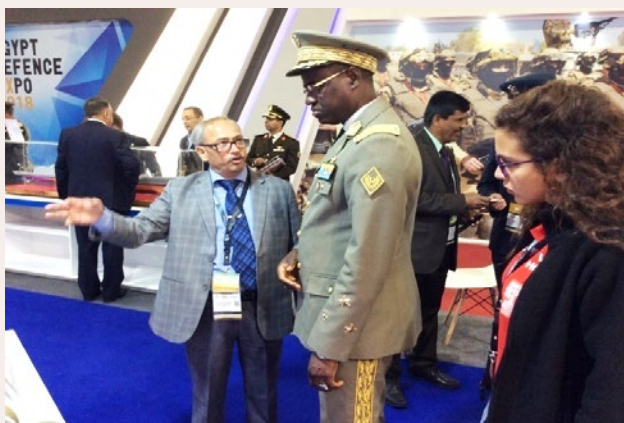
Secretary DP at Lima 2019 International Exhibition at Langkawi Malaysia -26-30 Mar 2019



Visit by Chief of Philippines Navy



Indo-Defence Expo 7-10 Nov 2018 At Jakarta, Indonesia



EDEX-2018 Egyptian Defence Exposition at Cairo Egypt-3-5 Dec 2018



- 12.4 During the year, the Government of India vide letter No.DDP-M0001(24)/04/2018-D(BDL) dated 28th November 2018 extended the term of office of Independent Directors, Smt. Sushama V Dabak and Prof. Ajay Pandey for another period of one year with effect from 01 December 2018 or until further orders whichever is the earliest.

(i) 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.

(ii) Change in Directorate:

The following changes took place in the Directorate of your Company

S.No	Name of the Director	Designation	Date of Appointment	Date of cessation
1	Shri.V.Udaya Bhaskar	Chairman & Managing Director	-	28/02/2019
2	Cmde Siddharth Mishra	Chairman & Managing Director	01/03/2019	-
3	Shri.K.Divakar	Director (Technical)	-	31/08/2018
4	Shri.N.P.Diwakar	Director (Technical)	01/09/2018	-
5	Shri.G.Satheesh Reddy	Government Director	01/05/2018	31/12/2018
6	Shri.MSR Prasad	Government Director	31/12/2018	-
7	Shri.V.Gurudatta Prasad	Director (Production)	-	31/05/2019
8	Shri.P.Radha Krishna	Director (Production)	01/06/2019	-

In terms of provisions of section 152 of the Act, Shri. S. Piramanayagam, Director (Finance) & CFO retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

(iii) Number of Meetings of Board:

During the year 2018-19, Seven (7) Board Meetings were held on 30 May, 2018, 20 July 2018, 14 August 2018, 31 October 2018, 11 November 2018, 14 February 2019 and 18 March 2019.

(iv) Performance Evaluation

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

13. DIRECTORS' RESPONSIBILITY STATEMENT:

13.1 As per Section 134(5) of the Companies Act, 2013 as amended, the Directors state:

- that in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- that the selected accounting policies have been applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2019 and of the profit of the Company for the year ended on that date.
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the annual accounts have been prepared on a going concern basis.
- that the Company has devised proper internal financial controls and that such internal financial controls were adequate and operating effectively.

14. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

14.1 Material changes and commitments affecting the financial position of the company which have occurred between 31 March 2019 and date of signing of this Report are - Nil.

15. MANPOWER AND RESERVATION OF POSTS FOR SCs/STs:

- The Company has been following Presidential Directives of the Government with regard to reservation of posts for SCs/STs in recruitments.
- Total manpower strength as on 31 March 2019 is at 3034 (including four functional directors) out of which the number of persons on temporary rolls is 33. Of the total strength, 84 are ex-servicemen, 577 are of Schedule Caste and 213 are of Scheduled Tribes. The percentage of Scheduled Caste and Scheduled Tribes in respect of Employees is at 19.02% and 7.02% respectively.
- Number of persons on temporary rolls as on 31 March 2019 is 33, out of which 7 belong to Scheduled Caste category.



15.4 The No. of Scheduled Caste and Scheduled Tribes in various categories of posts as on 31 March 2019 is given below:

Category	Number of Employees					
	Total Strength		Scheduled Castes		Scheduled Tribes	
	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019
Group-A	856	864	153	156	86	83
Group-B	17	78	2	17	1	5
Group-C	1892	1797	342	329	111	107
Group-D	266	258	71	68	18	18
Temporary	60	33	18	7	1	0
Total	3091*	3030*	586	577	217	213

*excluding four functional directors.

15.5 Recruitment of employees in Scheduled Caste and Scheduled Tribes during 2018-19 is given below:

Classification of posts	Total Vacancies Released	Total Recruitment	Reservation of posts (out of Col.2)		Recruitment made during the year 2018-19	
(1)	(2)	(3)	(4)		(5)	
			SCs	STs	SCs	STs
Group-A	24	24	5	0	5	0
Group-B	0	0	0	0	0	0
Group-C	24	24	9	1	9	1
Group-D	0	0	0	0	0	0
Total	48	48	14	1	14	1

16. EMPLOYMENT OF WOMEN:

16.1 As per the recommendation No.51, Para (ii)(a) of the National Commission for Women (NCW) in its Annual Report for the year 1995-96, the employment position of Women as on 31 March 2019 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	78	12	15.38%
II	193	23	11.92%
III	207	32	15.46%
IV	149	19	12.75%
V	83	10	12.05%
VI	176	11	6.25%
VII	40	0	0.00%
VIII	14	1	7.14%
IX	2	0	0%
Functional Directors	3	-	0%
CMD	1	-	0%
Total	946	108	11.42%

II. Non-Executives

Grade	No. of Employees	Women	Percentage
WG-0	2	0	0.00%
WG-1	10	1	10.00%
WG-2	143	20	13.99%
WG-3	170	16	9.41%
WG-4	331	34	10.27%
WG-5	193	40	20.73%



WG-6	196	28	14.29%
WG-7	53	7	13.21%
WG-8	53	5	9.43%
WG-9	97	3	3.09%
WG-10	23	0	0.00%
WG-11	192	5	2.60%
WG-12	592	51	8.61%
Total	2055	210	10.22%

17. PERSONS WITH DISABILITIES (PWD) AS ON 31 MARCH 2019:

17.1 The total number of Physically Challenged employees as on 31 March 2019 is 111 and its percentage to total employees works out to 3.66%.

	HI	LD	VI	Total
Group-A	6	14	5	25
Group-B	0	0	0	0
Group-C	18	47	8	73
Group-D	4	5	4	13
Total	28	66	17	111

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

18. HUMAN RESOURCE DEVELOPMENT:

18.1 During the year under review the Company has conducted training programmes for 819 Executives and 1408 Non Executives to impart training on knowledge based, development oriented and need based topics. Such training programmes were organized in-house and at premises of external agencies to cover the present and future requirements of the Company.

18.2 Apart from regular training programmes, your Company organized the following activities/ programmes during the year:

(a) **Executive Education Programmes organized for Board of Directors:** During the year, your Company has sponsored Executive Education Programmes for the Board of Directors organized by IIM-A, IICA-IFC, ICAI, SCOPE and Gujarat National Law University.

(b) **Management Development Programmes (MDPs):**

Your Company sponsored 46 Senior Executives (in Grade V & above) for Management Development Programmes (MDPs) conducted by premier Institutes in India like IIM-Lucknow, IIM-Indore and XLRI Jamshedpur during the year 2018-19.

(c) **Advanced Management Programmes (AMP):**

Your Company sponsored 02 principal Executives at General Manager and Additional General Manager level for the Advanced Management Programme (AMP) conducted by Institute of Public Enterprises, Hyderabad in collaboration with INPAQT BV Solutions, Rotterdam, Netherlands and Indian Institute of Public Administration, New Delhi in collaboration with Ecole National Administration, Paris and Hertie School of Governance, Berlin.

18.3 During the year, Assessment Development Centre has assessed the 'Competency & Behavioral traits' of the Executives. 202 Executives in Gr.VI to Gr. VIII have undergone assessment through M/s Thomas Assessment Pvt. Limited (TAPL) at BDL's training centre in 14 batches.

19. PARTICULARS OF EMPLOYEES

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

20. FOREIGN VISITS:

Your Company incurred an expenditure of around ₹ 81.94 lakh during the year under report towards foreign travel for business trips and also for on the Job-Training of personnel.

21. INDUSTRIAL RELATIONS AND EMPLOYEE WELFARE:

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

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

21.3 During the year a Memorandum of Settlement was entered between Management and Recognized Union on Performance Linked Annual Incentive Scheme for Non-Executives with the support and aid of Conciliation Officer cum Assistant Labour Commissioner (Central), Hyderabad.

22. SECURITY:

22.1 Central Industrial Security Force (CISF) is providing Security and Fire Services in both Kanchanbagh and Bhanur Units. During the year under report, CISF has played a vital role in the Security and safeguarding of property of the Company. CISF team adopted robust security measures combining physical measures with technology to keep the highly sensitive installations secure.

22.2 The Plant Security Council is in place to review the security arrangements and implementation of IB guidelines. Regular security audits, plant security council meetings are being conducted at both of our units. Meetings at regular intervals with the nearby industries, law enforcement/sister agencies are being taking place for effective co-ordination mechanism.

- 22.3 You Company conducts regular programmes including mock drills on security and safety awareness. Employees are sensitized on the security threat and action to be taken in case of emergency and fire accidents.

23. SAFETY:

- 23.1 Safety, Health and Environment (SHE) is strictly followed at your Company. The two Corporate Committees i.e. Industrial Safety Committee, which is statutory and Explosive Safety Committee are functioning to meet the needs of the Company. Safety committee meetings are held at regular interval for monitoring Safety, Health and Environment as per the statutory requirement. The works are carried out in compliance with the Factories Act 1948, and Explosive safety strictly adhering to the Storage & Transport of Explosive Committee (STEC) regulations.
- 23.2 Annual explosive safety audit is conducted by Centre for Fire, Explosive & Environment safety (CFEES) New Delhi and the observations made by the audit team have been complied with. Regular medical check-ups are carried out for employees working in hazardous areas.
- 23.3 Training programmes are arranged by Human Resource Department through National Safety Council (NSC). Safety committee members and employees working in various departments are sent for trainings conducted by National Safety Council-Mumbai in relevant working environments.
- 23.4 Safety Engineering Department has organized guest lecture by experienced and persons with expertise in the field on Explosive safety and Industrial Safety to educate the employees of the Company. A three-day training program was conducted by 4-S Technologies on both Industrial safety & Explosive safety and ESD measures.
- 23.5 During Explosive safety audit, Director of "CFEES" Center for Fire, Explosive & Environment Safety MoD-New Delhi, delivered a talk on latest developments in Explosive safety on 9th April 2019, to inculcate Safety consciousness and to establish safe working environment among all working in BDL.
- 23.6 Safety officers of BDL Safety Engineering Department conducted classes on both Industrial Safety and Explosive Safety in induction programme to new entrants & for unit level classes in coordination with ISTM-HRD.
- 23.7 Safety Day/Week was celebrated during the month of March-2019. On this occasion Safety pledge was administered to all the employees and various competitions on health & safety are conducted by Safety Engineering Department and employees are awarded to boost their interest towards safety. On the occasion of valedictory function Director of Factories (T.S) & Dy. Chief Inspector of Factories were invited as guests to grace the occasion.
- 23.8 Safety Engineering Department is in continuous interaction with Director of Factories and Centre for Fire, Explosive & Environment Safety (CFEES) Ministry of defence, New Delhi to update their guide lines for compliance. Mock drills for cyanide antidote are carried by CMO, Medical officers of BDL-KBU. Fire mock drills are conducted at regular intervals to ensure fire-fighting preparedness.

24. ANNUAL RETURN:

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



Jyothi Prajwalana-48th National safety day valedictory function-2019.

Shri. B.Rajagopala Rao, Director of Factories, Telangana State,
Shri.Srinivasa Rao, Dy. Chief Inspector of Factories,
Shri. V. Gurudatta Prasad, Director (Production) & Occupier.

25. ENVIRONMENT AND POLLUTION CONTROL:

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

i) Waste Management:

All food waste generated from canteen is being given for animal feeding and composting. The hazardous waste, e-waste and biomedical waste is being given to the agency registered with the pollution control board. The lead acid batteries are being given to the authorized recyclers/dealers on buy back. Metal scrap is disposed through M/s MSTC Ltd (A Govt. of India Undertaking).



ii) **Testing of Environmental Parameters:**

The environment parameters like ambient air quality, wastewater from sewage treatment plant and effluent treatment plant, air quality of diesel generator set and Venturi scrubber are tested at all the three units through certified agency at regular intervals.

iii) **Celebration of World Environment day 2018**

World Environment Day 2018 was celebrated in all the three units of BDL. On this occasion, with the theme **"BEAT PLASTIC POLLUTION,"** banners were displayed at prominent locations and saplings were planted in all three units. Slogan writing, elocution and quiz competitions were organised based on the theme in three languages i.e. Hindi, Telugu and English and the winners have been presented with prizes.

26. QUALITY:

- 26.1 Your Company manufactures products which are single shot in nature. These products require stringent Quality standards and high degree of reliability. In pursuit of this objective, BDL has adopted International Quality Management system practices by way of obtaining ISO/AS certification for the last 23 years. Presently Milan, Akash, CP-IGMP, Electronics Division, Design & Engineering divisions and Bhanur Unit have been certified to AS 9100D Aerospace standard.
- 26.2 All the three units of BDL at Kanchanbagh, Bhanur and Vizag have been certified with ISO 14001:2004 Environmental Management System (EMS). Your Company has been certified with ISO 27001:2013 (Information Security Management System) Standard. Material Testing Lab of Bhanur Unit has been accredited with ISO / IEC 17025: 2005 (NABL) Certification in the field of testing.
- 26.3 During the year, regular audits by external agencies are conducted for all the ISO/AS certified divisions. Customer satisfaction is being measured for all major products manufactured in those divisions.
- 26.4 Your Company is continuously striving to improve customer satisfaction through customer meets and interaction with users. Corrective actions are taken wherever necessary for improvement.

27. OFFICIAL LANGUAGE (OL) IMPLEMENTATION:

- 27.1 Implementation of OL Act-1963 (as amended 1967) & Rules there under are ensured. Quarterly OLIC Meetings are held regularly under the Chairmanship of CMD & Directors besides submission of Quarterly progress reports on use of OL are sent in time to authorities concerned.
- 27.2 Under OL Act, 1963 and the Presidential Orders thereon, the papers laid before the Parliament, Annual Report of the Company, MoU with MoD and brief of the Company along with presentation for various delegations and Parliamentary Committees were prepared in bilingual form and submitted.
- 27.3 Hindi fortnight was celebrated from 01 to 14 September. On the eve of this, various competitions were organized at Kanchanbagh, Bhanur Unit & Vishakhapatnam Unit. Cash Awards were given to the winners of the competitions. Complying with the assurances given to the Parliamentary Committee on OL, Hindi films HINDI MEDIUM at Kanchanbagh and GOLD at Bhanur Unit were shown on 8th & 10th September respectively through multimedia during the Fortnight Celebrations.
- 27.4 TOLIC (U) functioning is being taken care by BDL and was awarded "Dakshin Kshetriya Rajbhasha Puraskar" for the year 2017-18 in Region "C" for best implementation of OL on 14th Feb., 2019. The award was presented by Hon'ble Governor of Kerala.
- 27.5 On the eve of Vigilance Awareness Week, National Safety Week, Fire Safety Week, World Environment Day & Quami

Ekata Diwas, various competitions were conducted in Hindi, English & Telugu to involve more and more employees of the Organization and bring awareness on these subjects.

- 27.6 On the occasions of Republic Day and Independence Day Celebrations, CMD addressed the gathering in Hindi. Similarly, on the eve of Vigilance Awareness Week, Swatchata Pakhawada and Constitution Day the pledge was taken in Hindi & English.
- 27.7 Inspection on OL implementation in the Organisation was conducted by Joint Director (OL), DDP, MoD at Vishakhapatnam Unit, Liaison Office, and Corporate Office & KBU on 09.01.2018, 29.05.2018 & 14.11.2018 respectively. Appreciations were recorded in the reports received there on.
- 27.8 The Website of the company prepared in Hindi was updated from time to time in compliance to the directives of Govt. of India.
- 27.9 With an objective to promote and propagate Hindi and inculcate the reading habit among the Officers & Employees of the Company, various Hindi Magazines and News Papers such as Hindi Milap, Swatantra Vaartha, Dakshin Samachar, Golconda Darpan, Milind Patrika, etc., are subscribed regularly. Besides this, popular Hindi books on all subjects are also purchased annually with the same objective as per the directives of DOL.

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

- 28.1 Your Company being a Defence PSU, the disclosure of information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo under the provisions of Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is not required as the Ministry of Corporate Affairs vide Notification GSR No.680 (E) dated 4th September, 2015 has granted exemption to Defence Public Sector Undertakings.

28.2 Renewable Energy

Under Green Energy commitment to Hon'ble Prime Minister of India, BDL has agreed to setup 10 MW Grid connected Solar PV power plants under EPC mode of the 300MW Defense scheme. The Company installed 5 MW Grid connected Solar Power plant at BDL-Bhanur unit through M/s. Solar Energy Corporation of India which has become operational since September 2017. The generated power is being used for self-consumption for BDL-Bhanur unit which results in reduced electricity bills and increase savings. The Company has installed another 5MW Grid connected Solar Power plant at Ibrahimpatnam unit through M/s. Solar Energy Corporation of India which has become operational from this current year April 2019. This generated power is self-consumption for BDL-Kanchanbagh unit which results in reduced electricity bills and increase savings. This plant is connected Telangana state electrical power grid at Mangalpally sub-station.

29 VIGILANCE:

- 29.1 Vigilance Awareness Week-2018 (VAW-2018) was organized from 29 October 2018 to 03 November 2018. On 29 October 2018, Shri S.Piramanayagam, Director (Finance), BDL administered the Pledge and other Senior Officers read the messages of the Government authorities. Live video conference of administering the Pledge & reading of the messages took place by covering all the divisions of BDL viz., i) Kanchanbagh- Hyderabad-Telangana ii) Bhanur-Sangareddy Dist.-Telangana iii) Visakhapatnam-Andhra Pradesh iv) Corporate Office-Gachibowli and declared commencement of the Vigilance awareness week Celebrations with the Theme of "Eradicate Corruption- Build a New India".
- 29.2 On 30 October 2018 CVO, BDL inaugurated the Vigilance Awareness Week-2018 celebrations at BDL-Bhanur, Sangareddy Dist. Shri Rakesh Kumar Dubbudu, founder



of FACTLY & Transparency Campaigner delivered a lecture on the theme of VAW-2018 at Auditorium, BDL-Township, Bhanur. Prizes were distributed to winners in the Competitions conducted during the VAW-2018 Celebrations

- 29.3 On 01 November 2018, Shri.P.V.K.Ramana Prasad, Principal Chief Legal Advisor, Anti-Corruption Bureau, Telangana State delivered a Guest Lecture and participated in an interactive session with the Senior Executives of BDL & MIDHANI at "Midhani" Conference Hall, Kanchanbagh, Hyderabad as part of the Vigilance Awareness Week Celebrations of 2018.
- 29.4 On 03 November 2018, Valedictory Function was organized wherein Hon'ble Justice Shri Abhinand Kumar Shavili, Judge of the High Court for the State of Telangana & Andhra Pradesh delivered a guest lecture on "Eradicate Corruption-Build a New India" as part of Vigilance Awareness Week-2018 celebrations. Prizes were distributed to winners in Various Competitions participated by the employees of BDL-Kanchanbagh & Students of BP DAV School, Midhani Township, Kanchanbagh during the Valedictory function.
- 29.5 "Integrity Pledge for Citizens" was administered on 29 October 2018 to all the employees of BDL-Kanchanbagh, Bhanur, Badamafi and Visakhapatnam and also to college students. On the eve of Shri Sardar Vallabhai Patelji's Birth Anniversary – Tree Plantation was organized in BDL-Township, Bhanur.
- 29.6 Various workshops/seminars/Training Programmes were organized and Vigilance Awareness initiatives were taken by Vigilance Department. The main focus of the Vigilance department has been preventive/pro-active vigilance. System improvement suggestions were given to the Management on areas like e-tendering, recruitment and absorption of Management Trainees, Resignation, e-payment, e-procurement departmental promotions, foreign visits, merit awards to employees, civil works etc during the year under report.

30. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY DEVELOPMENT:

- 30.1 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 inline with the Schedule-VII of the Companies Act-2013, which are duly incorporated in CSR policy and forms the guiding principle for all our programmes. The Board of Directors of your Company has constituted Board Level Committee on Corporate Social Responsibility and Sustainable Development (CSR & SD) (please refer Corporate Governance Report) in line with the provisions of Section 135 of the Companies Act, 2013. The Committee has formulated and recommended CSR Policy to the Board indicating the projects/activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- 30.2 The CSR and SD activities are monitored periodically by the Committee and an annual report on CSR and SD activities undertaken during the year 2018-19 is enclosed at **Annexure-II**.
- 30.3 Your Company has been very conscious about its responsibilities towards society. Your Company has also ventured into backward/ under developed areas in Andhra Pradesh and Telangana to undertake Corporate Social Responsibility (CSR) activities by sponsoring various schemes.
- 30.4 The core areas of focus under CSR are Health Care, Nutrition, Education & Literacy, Skill Development & Sustainable Livelihoods, Sanitation, Safe Drinking Water etc. Your Company also adopted villages in Andhra Pradesh and

Telangana State under Corporate Social Responsibility initiative and the focus is on the necessities of human life—health, water and other conveniences.

- 30.5 During the year 2018-19, the CSR & SD expenditure target was ₹ 1633.40 lakh (including carry forward unspent amount of previous years). Against the target, the Company has incurred an expenditure of ₹ 1683.10 lakh and achieved 100% CSR target amount required under the provisions of Companies Act, 2013. CSR activities being undertaken are placed on Company's website <http://www.bdl-india.in>

31. AUDIT COMMITTEE:

An Audit Committee is in place as a part of good Corporate Governance. Eight meetings have been held during the year 2018-19 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.

32. RELATED PARTY TRANSACTIONS

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

33. 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

34. INTERNAL CONTROL SYSTEMS

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

35. AUDITORS:

M/s.S.R.Mohan & Co., Chartered Accountants, Hyderabad were appointed as Statutory Auditors of the Company for the financial Year 2018-19 by the Comptroller & Auditor General of India. The Auditors have audited the Accounts and their Report is placed as a part of the Annual Report.

36. COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comments of Comptroller and Auditor General of India (C&AG) under Section 143 (5) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 March 2019 are placed next to the Statutory Auditors Report.

37. COST AUDITORS

Your Company appointed M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad as Cost Auditors for the FY 2018-19 in terms of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules 2014.

38. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Narender & Associates, Practicing Company Secretaries (PCS Registration No.5024) for the financial year 2018-19 to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed to this report as **Annexure III**.

**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. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

41. CORPORATE GOVERNANCE:

41.1 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.

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

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

41.4 Quarterly and Yearly compliance reports on Corporate Governance are being forwarded to Stock Exchanges and MoD in the prescribed format. Your Company received "Excellent" rating from MoD for compliance of Corporate Governance under DPE Guidelines for the year 2017-18 and compliance on Corporate Governance for the year 2018-19 is under evaluation.

42. RISK MANAGEMENT:

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

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

In line with the provisions contained under "The Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013 your Company has put in place "Anti Sexual Harassment Policy" in line with the requirements of the above Act. During the year 2018-19, your Company has not received any Sexual harassment complaints.

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. Further, during the year 2018-19 the Company received 120 applications/queries and the same were disposed-off except one RTI request, which is under process.

45. VIGIL MECHANISM

Pursuant to the provisions of the Section 177(9) of the Companies Act, 2013 read with Rule (7) of the Companies (Meeting of the

Board & its Power) Rules, 2014 and DPE Guidelines for CPSEs, the Board of Directors had approved the policy on Whistleblower/Vigil Mechanism and the same was hosted on website of the Company. The policy inter-alia provides a direct access to the Chairman of the Audit Committee

46. BUSINESS RESPONSIBILITY REPORT

The Securities and Exchange Board of India (SEBI) has mandated inclusion of Business Responsibility Report ("BR report") as part of the Annual Report for 500 listed entities based on market capitalization. Your Company has prepared a comprehensive policy framework for BR report, after studying the SEBI (LODR) Regulations, 2015 requirements and keeping in view the business and governance environment in which BDL as a Defence PSU operates. The Company's BR report for the year is attached to this Report as **Annexure VI**.

47. DIVIDEND DISTRIBUTION POLICY

47.1 In terms of SEBI (LODR) Regulations, 2015, the top 500 listed Companies, based on market capitalization shall formulate a Dividend Distribution Policy. As per the Market Capitalization data released by stock exchanges, the Company ranks in the list of top 500 listed Companies.

47.2 Accordingly, dividend distribution policy has been adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining the profit into the business. The policy is available on the BDL's website www.bdl-india.in

48. ACKNOWLEDGEMENT

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

48.2 The Company wishes to place on record its appreciation for the cooperation extended and guidance provided by the Comptroller & Auditor General of India, the Principal Director of Commercial Audit & Ex-officio Member, Audit Board, Statutory Auditors, Bankers and Suppliers.

48.3 The Directors take this opportunity to place on record their deep appreciation for the valuable contribution made and co-operation extended by the employees at all levels to propel the Company to greater heights and to sustain its growth path in the years to come.

For and on behalf of the Board

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

Place: Hyderabad

Date: 10 August 2019



ANNEXURE-I

FORM No. MGT – 9 EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31 MARCH 2019

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	Corporate Identity Number (CIN)	:	L24292TG1970GOI001353
ii)	Registration Date	:	16 JULY 1970
iii)	Name of the Company	:	BHARAT DYNAMICS LIMITED
iv)	Category/Sub-Category of the Company	:	MINIRATNA CATEGORY-1
v)	Address of the registered office	:	Kanchanbagh, Hyderabad-500058 Tel: +91 4024344979
vi)	Corporate Office and Contact details	:	TSFC Building, Financial District Gachibowli, Hyderabad – 500032 Tel: +91 40 23456145 Fax: +91 40 23456107
vii)	Whether Listed Company	:	YES
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Alankit Assignments Limited 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi-110055 Telephone: +91 11 42541234 Facsimile : +91 11 41543474

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl.No.	Name and Description of main products/ services	NIC Code of the product/service	% to total turnover of the Company
1.	Disclosure of the information exempted as per MCA notification No. Nil Dated 05 June 2015.		

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category – wise Shareholding

Category of Shareholders	No. of Share held at the beginning of the year (@ face value of 10/- each)				No. of Shares held at the end of the year (@ face value of 10/-each)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF (Nominees of President of India)	-	12	12	-	-	-	-	-	-
b) Central Govt.	160829285	-	160829285	87.75%	160829297	-	160829297	87.75%	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total A (1)	160829285	-	160829297	87.75%	160829297	-	160829297	87.75%	-
2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
Sub-total A(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter	160829285	12	160829297	87.75%	160829297	-	160829297	87.75%	-
(A)= (A) (1) + (A) (2)									



Category of Shareholders	No. of Share held at the beginning of the year (@ face value of 10/- each)				No. of Shares held at the end of the year (@ face value of 10/-each)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	5056573	-	5056573	2.76%	5067001	-	5067001	2.76%	-
b) Banks/ FI	2448767	-	2448767	1.34%	2286317	-	2286317	1.25%	0.09%
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Company	4832297	-	4832297	2.64%	4807297	-	4807297	2.62%	0.02%
g) FIs	7315	-	7315	-	-	-	-	-	-
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
i) Other (Specify)- Foreign Portfolio Investors	-	-	-	-	1641997	-	1641997	0.90%	0.90%
Sub-total(B)(1)	12344952	-	12344952	6.74%	13802612	-	13802612	7.53%	0.79%
2. Non-Institutions									
a) Bodies Corp.									
(i) Indian	655152	-	655152	0.36%	626502	-	626502	0.34	0.02%
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individuals Shareholders holding nominal share capital upto ₹ 1 Lakh	7988402	-	7988402	4.36%	6837751	88	6837839	3.73	0.63%
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh	565325	-	565325	0.31%	486135	-	486135	0.27	0.04%
c) Other (Specify)									
Trusts	490	-	490	0.00%	1381	-	1381	0.00%	-
HUF	365834	-	365834	0.20%	345069	-	345069	0.19%	0.01%
NRIs	199184	-	199184	0.11%	273898	-	273898	0.15%	0.04%
Employees	51241	-	51241	0.03%	39971	-	39971	0.02%	0.01%
Clearing Members	281373	-	281373	0.15%	31532	-	31532	0.02%	0.13%
NBFC registered with RBI	-	-	-	-	7014	-	7014	0.00%	-
Sub-total B (2):	10107001	-	10107001	5.51%	8649253	88	8649341	4.72%	0.79%
Total Public Shareholding (B) = (B) (1) + (B) (2)	22451953	-	22451953	12.25%	22451865	88	22451953	12.25%	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	183281238	12	183281250	100%	183281162	88	183281250	100%	-

ii) **Shareholding of Promoters**

Shareholders Name	Shareholding at the beginning of the year (01 April 2018)			Shareholding at the end of the year (31 March 2019)		
	No. of Shares (@ FV of 10/- each)	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares (@ FV of 10/- each)	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares
President of India	160829285	87.75%	-	160829297	87.75%	-
Nominees of President of India						
V.Udaya Bhaskar	2	0%	-	-	-	-
S.Piramanayagam	2	0%	-	-	-	-
Dr.Amit Sahai	2	0%	-	-	-	-
Ashwani Kumar	2	0%	-	-	-	-
V.Gurudatta Prasad	2	0%	-	-	-	-
K.Divakar	2	0%	-	-	-	-



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

S.No	Shareholders Name	Shareholding at the beginning of the year		Date	Increase/ (decrease) in share holding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	President of India	160829285	87.75%	01/04/2018	-	-	160829285	87.75%
				30/05/2018	12	Transfer from Nominees	160829297	87.75%
				31/03/2019	-	-	160829297	87.75%
	Nominees of President of India							
a)	V Udaya Bhaskar	2	0%	01/04/2018	-	-	2	0%
				30/05/2018	(2)	Transfer back to President of India	-	0%
				31/03/2019	-	-	-	0%
b)	S.Piramanayagam	2	0%	01/04/2018	-	-	2	0%
				30/05/2018	(2)	Transfer back to President of India	-	0%
				31/03/2019	-	-	-	0%
c)	Dr.Amit Sahai	2	0%	01/04/2018	-	-	2	-
				30/05/2018	(2)	Transfer back to President of India	-	0%
				31/03/2019	-	-	-	0%
d)	Ashwani Kumar	2	0%	01/04/2018	-	-	2	-
				30/05/2018	(2)	Transfer back to President of India	-	0%
				31/03/2019	-	-	-	0%
e)	V.Gurudatta Prasad	2	0%	01/04/2018	-	-	2	-
				30/05/2018	(2)	Transfer back to President of India	-	0%
				31/03/2019	-	-	-	0%
f)	K.Divakar	2	0%	01/04/2018	-	-	2	-
				30/05/2018	(2)	Transfer back to President of India	-	0%
				31/03/2019	-	-	-	0%

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

S.No	Name of the Shareholder	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Life Insurance Corporation Of India					
	At the beginning of the year	01/04/2018	4089614	2.23	4089614	2.23
	Bought during the year					
	Sold during the year					
	At the End of the year	31/03/2019	4089614	2.23	4089614	2.23
2	HDFC Trustee Company Limited-HDFC Equity Fund					
	At the beginning of the year	01/04/2018	3265331	1.78	3265331	1.78
	Bought during the year	06/04/2018	66990		3332321	
	Bought during the year	13/04/2018	43610		3375931	
	Bought during the year	27/04/2018	100569		3476500	
	Bought during the year	04/05/2018	100		3476600	
	Bought during the year	11/05/2018	98000		3574600	
	At the End of the year	31/03/2019	3574600	1.95	3574600	1.95



S.No	Name of the Shareholder	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	The Wellington Trust Company, National Association Multiple Collective Investment Fund Trust, Opportunistic equity Portfolio					
	At the beginning of the year	01/04/2018	-		-	-
	Bought during the year	06/04/2018	175765		175765	
	Bought during the year	13/04/2018	45435		221200	
	Bought during the year	20/04/2018	56193		277393	
	Bought during the year	27/04/2018	881		278274	
	Bought during the year	04/05/2018	35175		313449	
	Bought during the year	11/05/2018	111701		425150	
	Bought during the year	18/05/2018	48403		473553	
	Bought during the year	25/05/2018	60911		534464	
	Bought during the year	01/06/2018	47914		582378	
	Bought during the year	08/06/2018	60596		642974	
	Bought during the year	15/06/2018	36215		679189	
	Bought during the year	22/06/2018	31801		710990	
	Bought during the year	29/06/2018	17352		728342	
	Bought during the year	06/07/2018	8816		737158	
	Bought during the year	13/07/2018	15709		752867	
	Bought during the year	20/07/2018	19335		772202	
	Bought during the year	10/08/2018	88130		860332	
	Bought during the year	17/08/2018	12430		872762	
	Bought during the year	24/08/2018	17929		890691	
	Bought during the year	31/08/2018	25346		916037	
	Bought during the year	07/09/2018	16117		932154	
	Bought during the year	14/09/2018	195941		1128095	
	Bought during the year	26/10/2018	18594		1146689	
	Bought during the year	21/12/2018	7164		1153853	
	Bought during the year	23/11/2018	2881		1156734	
	Bought during the year	30/11/2018	7269		1164003	
	Bought during the year	07/12/2018	15593		1179596	
	Bought during the year	14/12/2018	3775		1183371	
	Bought during the year	21/12/2018	7692		1191063	
	Bought during the year	28/12/2018	5112		1196175	
	Bought during the year	31/12/2018	317		1196492	
	Bought during the year	04/01/2019	4309		1200801	
	Bought during the year	25/01/2019	8668		1209469	
	Bought during the year	01/02/2019	5375		1214844	
	At the End of the year	31/03/2019	1214844	0.66	1214844	0.66
4	HDFC Trustee Co Ltd A/C HDFC Housing Opportunities Fund-1140D November 2017(1)					
	At the beginning of the year	01/04/2018	895621	0.48	895621	0.48
	Bought during the year					
	Sold during the year					
	At the End of the year	31/03/2019	895621	0.48	895621	0.48
5	Bank Of Baroda					
	At the beginning of the year	01/04/2018	868878	0.47	868878	0.47
	Bought during the year					
	Sold during the year					
	At the End of the year	31/03/2019	868878	0.47	868878	0.47
6	State Bank Of India					
	At the beginning of the year	01/04/2018	695087	0.38	695087	0.38
	Bought during the year					
	Sold during the year					
	At the End of the year	31/03/2019	695087	0.38	695087	0.38
7	HDFC Trustee Company Ltd. A/C HDFC capital Builder Value Fund					
	At the beginning of the year	01/04/2018	895621	0.49	895621	0.49
	Bought during the year	06/04/2018	45000		940621	
	Sold during the year	14/09/2018	(260700)		679921	
	Sold during the year	20/09/2018	(90200)		589721	
	Sold during the year	21/09/2018	(34700)		555021	
	Bought during the year	04/01/2018	10300		565321	
	Bought during the year	01/03/2019	27000		592321	
	Bought during the year	22/03/2019	4446		596767	
	At the End of the year	31/03/2019	596767	0.32	596767	0.32
8	General Insurance Corporation of India					
	At the beginning of the year	01/04/2018	521322	0.28	521322	0.28
	Bought during the year					
	Sold during the year					
	At the End of the year	31/03/2019	521322	0.28	521322	0.28



S.No	Name of the Shareholder	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9	The New India Assurance Company Limited					
	At the beginning of the year	01/04/2018	434426	0.23	434426	0.23
	Bought during the year					
	Sold during the year					
	At the End of the year	31/03/2019	434426	0.23	434426	0.23
10	The wellington Trust Company ,National Association Multiple Common Trust funds trust ,Opportunistic Equity Portfolio					
	At the beginning of the year	01/04/2018	-		-	-
	Bought during the year	06/04/2018	48369		48369	
	Bought during the year	13/04/2018	16240		64609	
	Bought during the year	20/04/2018	10832		75441	
	Bought during the year	27/04/2018	3714		79155	
	Bought during the year	04/05/2018	10768		89923	
	Bought during the year	11/05/2018	39380		129303	
	Bought during the year	18/05/2018	19203		148506	
	Bought during the year	25/02/2018	20258		168764	
	Bought during the year	01/06/2018	13432		182196	
	Bought during the year	08/06/2018	19236		201432	
	Bought during the year	15/06/2018	6525		207957	
	Bought during the year	22/06/2018	9177		217134	
	Bought during the year	29/06/2018	11898		229032	
	Bought during the year	06/07/2018	9118		238150	
	Bought during the year	13/07/2018	9181		247331	
	Bought during the year	20/07/2018	13763		261094	
	Bought during the year	10/08/2018	20237		281331	
	Bought during the year	24/08/2018	5232		286563	
	Bought during the year	31/08/2018	7790		294353	
	Bought during the year	07/09/2018	5810		300163	
	Bought during the year	14/09/2018	60127		360290	
	Bought during the year	26/10/2018	10748		371038	
	Bought during the year	02/11/2018	2068		373106	
	Bought during the year	30/11/2018	3487		376593	
	Bought during the year	07/12/2018	582		377175	
	Bought during the year	14/12/2018	1225		378400	
	Bought during the year	21/12/2018	529		378929	
	Bought during the year	28/12/2018	496		379425	
	Bought during the year	31/12/2018	1340		380765	
	Bought during the year	04/01/2019	3476		384241	
	Bought during the year	25/01/2019	227		384468	
	Bought during the year	01/02/2019	2670		387138	
	Sold during the year	08/02/2019	(3571)		383567	
	Sold during the year	15/02/2019	(1063)		382504	
	Sold during the year	22/02/2019	(28471)		354033	
	Sold during the year	01/03/2019	(23881)		330152	
	At the End of the year	31/03/2019	(330152)	0.18	330152	0.18

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

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



(V) INDEBTEDNESS

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

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

(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No	Particulars of Remuneration	Name of MD/WTM/Manager (Shri/Smt)						Total Amount
		V Udaya Bhaskar (Till 28/02/2019)	Cmdr Siddharth Mishra (Retd.) (from 01/03/2019)	S Piramanayagam	V Gurudatta Prasad	K.Divakar (Till 31/08/2018)	N.P Diwakar (from 01/09/2018)	
1	Gross Salary a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	61,24,685	3,57,051	64,67,618	67,84,943	23,69,973	44,75,730	2,65,80,013
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	32,400	2,700	32,964	33,400	32,313	33,400	1,67,177
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	18,693	-	-	-	-	-	18,693
2.	Stock Option	-	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-	-
4.	Commission - as % of Profit - others, specify	-	-	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-	-	-
	Total (A)	61,75,778	3,59,751	65,00,582	68,18,343	24,02,286	45,09,130	2,67,65,883

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Sushama V Dabak	Prof. Ajay Pandey	Ajay Nath	KS Sampath	Latha Narasimha Murthy	
1.	Independent Directors • Fee for attending Board Committee Meetings • Commission • Others, please specify	2,70,000	2,30,000	1,60,000	2,90,000	2,70,000	12,20,000
	Total (1)						
2.	Other Non-Executive Directors • Fee for attending Board Committee Meetings • Commission • Others, please specify	NIL					
3.	Total (2)	Nil					
	Total (B) = (1+2)	12,20,000					
	Total Managerial Remuneration (A+B)	2,79,85,883					
	Overall ceiling as per the Act	Exempted as per the MCA Notification No. 463 (E) dated 05.06.2015					



C. Remuneration to Key Managerial Personnel Other than the MD/Manager/WTD

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary	
		N Nagaraja	
1.	Gross Salary		15,60,848
	a) Salary as per provisions contained 17 (1) of the Income-Tax Act, 1961		
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961		1000
	c) Profit in lieu of salary under section 17(3) Income Tax		-
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission as % of profit		-
5.	Others, please specify		-
	Total		15,61,848

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

(VII). PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

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



ANNEXURE-II

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY ACTIVITIES

{Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014}

a) Brief outline of the Company CSR&SD Policy

BDL has been very conscious about its responsibilities towards society. The Company has also ventured into backward / under developed areas in Andhra Pradesh and Telangana to undertake Corporate Social Responsibility (CSR) activities by sponsoring variety of schemes.

As per the provisions of the Companies Act, 2013, BDL is spending 2% of the average net profits of the immediately three preceding financial years.

The core areas of focus under CSR are Health Care, Nutrition, Education & Literacy, Skill Development & Sustainable Livelihoods, Sanitation, Safe Drinking Water etc. BDL has also adopted villages in Andhra Pradesh and Telangana State under Corporate Social Responsibility initiative and the focus is on the necessities of human life – health, water and other conveniences.

Some of the major activities of BDL under CSR are:

- Mid-day Meal for School Children studying in Government Schools
- Health Care for Elderly people through Mobile Medicare Units at Nalgonda district of Telangana and Visakhapatnam district of Andhra Pradesh
- Safe Drinking Water by installation of RO water treatment plants
- Construction and Maintenance of Toilets in Govt. Schools
- Development activities in aspirational districts
- Adoption of Govt. ITIs
- Skill Development of Unemployed Youth
- Contribution for the development of Sports in the country
- Sanitation and Swachh Bharat
- Welfare of Persons with Disabilities
- Promoting Education (Distribution of Dual Desks to Govt. Schools)

CSR activities being undertaken are placed on Company's website <http://www.bdl-india.in>

b) Composition of CSR Committee as on 31 March, 2019

1	Shri.Ajay Nath Independent Director	Chairman
2	Smt.Sushama V Dabak, Independent Director	Member
3	Shri.S.Piramanayagam Director (Finance)& CFO	Member
4	Shri.V.Gurudatta Prasad Director (Production)	Member
5	Shri.K.S.Sampath Independent Director	Member
6	Prof.Ajay Pandey, Independent Director	Member
7	Smt.K.Latha Narasimha Murthy Independent Director	Member

c) Average Net Profit of the Company for last three financial years:

The Average net profits of the Company for the last three financial years is ₹ 80798.32 lakh

d) Prescribed CSR Expenditure:

The prescribed CSR Expenditure i.e. 2% of the amount in the item No.(c) above is ₹ 1615.97 lakh

e) Details of CSR spent during 2018-19

- i) Total Amount to be spent as per Companies Act, 2013 for the financial year: ₹ 1615.97 lakh
- ii) Amount unspent, if any : Nil
- iii) The manner in which the amount spent during the financial year is annexed hereunder:



CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES UNDERTAKEN DURING THE FINANCIAL YEAR 2018-19

(Format prescribed under rule 8 of the companies (CSR Policy) Rule 2014)

(₹ in lakh)

Sl. No	CSR project or activity identified.	Sector in which the Project is covered.	Projects or programs		Amount outlay (budget) project or program wise	Amount spent on the project or program Sub-heads:		Cumulative expenditure upto the reporting period.	Amount spent : Direct or through implementing agency
			Local area or other	Specify the State and district where projects or programs was undertaken		Direct Expenditure on projects or programs	Over heads		
1	Provision of Mobile X Ray Machine, Indira Gandhi Zoological Park, Visakhapatnam	Animal Welfare	Local	Visakhapatnam, Andhra Pradesh	15.00	13.50	NIL	13.50	Curator Indira Gandhi Zoological Park, Visakhapatnam
2	Provision of School Furniture to Govt. Schools in Telangana through Central Prisons, Chanchalguda and Cherlapalli, Hyderabad	Education	Local	Telangana	200.00	119.50	NIL	119.50	Central Prisons, Chanchalguda and Cherlapalli, Hyderabad
3	Mid-Day Meal to Govt. Schools children in Patancheru during Academic Year 2017-18 and 2018-19	Education	Local	Sangareddy, Telangana	89.45	89.45	NIL	89.45	The Akshaya Patra Foundation, Bengaluru
4	Mid-Day Meal to Govt. School Children in Visakhapatnam during Academic Year 2017-18 and 2018-19	Education	Local	Visakhapatnam, Andhra Pradesh	38.04	38.04	NIL	38.04	The Akshaya Patra Foundation, Bengaluru
5	Digitization of Class Rooms in Govt. Schools of Kamareddy District	Education	Local	Kamareddy, Telangana	50.00	40.00	NIL	40.00	District Collector, Kamareddy District, Telangana
6	Smart School Project in Govt. Schools of Mahadevpatnam and Narsapuram Constituency, Andhra Pradesh	Education	Local	West Godavari, Andhra Pradesh	50.00	40.00	NIL	40.00	District Collector, West Godavari, Andhra Pradesh
7	Developmental activities in Aspirational District- Jayshankar Bhupalpaly	Education & Health Care	Local	Jayshankar Bhupalpaly, Telangana	400.00	360.00	NIL	360.00	District Collector, Jayshankar Bhupalpaly, Telangana
8	Awareness Creation and Supplying of Sanitary Napkins to Girl Students of Government Schools in Telangana through National Institute of Rural Dev. & Panchayat Raj (NIRD & PR), Hyderabad	Empowerment of Women	Local	Ranga Reddy, Telangana	72.00	50.28	NIL	50.28	NIRD & PR, Hyderabad
9	Distribution of Aids and Appliances (Artificial Limbs) to Divyangjan through Artificial Limbs Manufacturing Corporation of India (ALIMCO)	Health Care	Local	Siddipet, Telangana	6.77	4.41	2.36	6.77	ALIMCO, Hyderabad
10	Health Care by Mobile Medical Unit (MMU) at Nalgonda	Health Care	Local	Nalgonda, Telangana	12.24	6.83	NIL	6.83	HelpAge India, New Delhi



Sl. No	CSR project or activity identified.	Sector in which the Project is covered.	Projects or programs		Amount outlay (budget) project or program wise	Amount spent on the project or program Sub-heads:		Cumulative expenditure upto the reporting period.	Amount spent : Direct or through implementing agency
			Local area or other	Specify the State and district where projects or programs was undertaken		Direct Expenditure on projects or programs	Over heads		
11	Health Care by Mobile Medical Unit (MMU) at Vizag	Health Care	Local	Visakhapatnam, Andhra Pradesh	32.45	27.38	NIL	27.38	HelpAge India, New Delhi
12	Cochlear Implants for Hearing Disabled through Artificial Limbs Manufacturing Corporation of India (ALIMCO)	Health Care	Local	Andhra Pradesh and Telangana	221.36	147.58	NIL	147.58	ALIMCO, Hyderabad
13	Establishment of fully automated Microbiology Lab at MNJ Institute of Oncology & Regional Cancer Centre, Hyderabad	Health Care	Local	Hyderabad, Telangana	100.00	30.00	NIL	30.00	MNJ Institute of Oncology & Regional Cancer Centre, Hyderabad
14	Adoption of Military Madhavaram village	Rural Development	Local	West Godavari, Andhra Pradesh	505.90	234.01	NIL	234.01	Direct
15	Maintenance for 3 Water RO plants functional at Janagaon, Narayanapur and peepalpahad village	Safe Drinking Water	Local	Nalgonda, Telangana	2.70	2.70	NIL	2.70	Naandi Foundation, Hyderabad
16	RCI, BDL & Other DRDO Labs at KBC Roads Development, Arboriculture Plantation maintenance	Sanitation	Local	Ranga Reddy, Telangana	6.68	4.77	NIL	4.77	Direct
17	Swachh Bharat Pakhwada Activities Expenditure	Sanitation	Local	Andhra Pradesh and Telangana	0.46	0.46	NIL	0.46	Direct
18	Maintenance for toilets constructed in 103 Govt. Schools in Telangana State during Academic Year 2017-18 and 2018-19	Sanitation	Local	Sangareddy, Nalgonda, Ranga Reddy, Telangana	43.26	30.90	NIL	30.90	Project Director, Telangana Sarva Sikshya Abhiyan
19	Construction of Toilets and Establishment of RO water Plant in Govt. Schools in Mahabubnagar District	Sanitation	Local	Mahabubnagar, Telangana	50.00	40.00	NIL	40.00	District Collector, Mahabubnagar District, Telangana
20	Skill Development training for 80 Unemployed youth through Central Institute of Plastics Engineering & Technology (CIPET), Hyderabad	Skill Development	Local	Hyderabad, Telangana	16.99	16.99	NIL	16.99	CIPET, Hyderabad
21	Skill Development training for 520 Unemployed youth through Central Institute of Plastics Engineering & Technology (CIPET), Hyderabad	Skill Development	Local	Hyderabad, Telangana	184.08	70.80	NIL	70.80	CIPET, Hyderabad



Sl. No	CSR project or activity identified.	Sector in which the Project is covered.	Projects or programs		Amount outlay (budget) project or program wise	Amount spent on the project or program Sub-heads:		Cumulative expenditure upto the reporting period.	Amount spent : Direct or through implementing agency
			Local area or other	Specify the State and district where projects or programs was undertaken		Direct Expenditure on projects or programs	Over heads		
22	Digital Class Rooms at Indo German Institute of Advanced Technology (IGIAT), Visakhapatnam	Skill Development	Local	Visakhapatnam, Andhra Pradesh	35.13	35.06	NIL	35.06	IGIAT, Visakhapatnam
23	Skill Development training for 200 Unemployed youth through Indo-German Institute of Advance Technology (IGIAT), Visakhapatnam	Skill Development	Local	Visakhapatnam, Andhra Pradesh	20.01	15.00	NIL	15.00	IGIAT, Visakhapatnam
24	Skill Development training for 175 Unemployed youth through Indo-German Institute of Advance Technology (IGIAT), Visakhapatnam	Skill Development	Local	Visakhapatnam, Andhra Pradesh	50.00	27.28	NIL	27.28	IGIAT, Visakhapatnam
25	Centre of Excellence at BDL for Skill Development of Unemployed youth	Skill Development	Local	Ranga Reddy, Telangana	50.00	0.54	NIL	0.54	Direct
26	Provision of Tools, Equipment Machinery and Raw Material to Govt. ITI, Shantinagar, Hyderabad	Skill Development	Local	Hyderabad, Telangana	100.00	80.00	NIL	80.00	Director (Employment & Training), Govt. of Telangana
27	Skill Development Program for Divyangjan (PWDs) through National Handicapped Finance & Development Corporation (NHFDC), New Delhi	Skill Development	Other		100.00	79.99	NIL	79.99	NHFDC, New Delhi
28	CSR Administrative & Overheads	Others	Local	Hyderabad, Telangana	75.28	75.28	NIL	75.28	Direct
Total					2,527.80*	1,680.74	2.36	1,683.10	

Note:

- 1) This is an estimated cost for which approval was taken from the Board. It may be noted that under the provisions of the Companies Act, 2013 the Company has to spend ₹ 1615.97 Lakh for CSR activities for the financial year 2018-19 (i.e. 2% of the average net profit for the last three years). However, the Company has spent ₹ 1683.10 Lakh including carried forward unspent expenditure of previous years and hence there is no short fall and non-compliance in this regard.
- 2) The above expenditure excludes the donation of Spared machineries to Govt. ITI Colleges which is ₹ 4.00 as per the books (written down value).

f) In case the Company has failed to spend the two percent of the Average Net-profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report: Nil.

g) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company

It is hereby stated that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company

Place: Hyderabad
Date : 10 August 2019

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

Ajay Nath
Chairman of CSR & SD
DIN: 05151291



ANNEXURE-III



NARENDER & ASSOCIATES

Company Secretaries

403, Naina Residency, Srinivasa Nagar (East), Ameerpet, Hyderabad - 500 038

Off: 040-40159831, 23730801, E-mail: narenderg99@gmail.com

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2019

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

To,
The Members
Bharat Dynamics Limited
Hyderabad

I 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 me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2019** 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 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;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (The Company 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 Company 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 Company didn't taken 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 Company didn't taken 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;
- (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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to the Board and General Meetings





- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) read with the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015
- (iii) I 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.


I further report that


- i. The Company did not comply with the requirement of 50% of Independent Directors on the Board with effect from 01st May 2018, however, the Company has informed that being a Government Company under the Administrative control of Ministry of Defence, the power to appoint Directors (including Independent Directors) and the terms and conditions of such appointments including remuneration, evaluation vests with the Government of India.
- 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.

I 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.

Place: Hyderabad
Date: 27th May, 2019

for Narender & Associates
Company Secretaries




G. NARENDER
Proprietor
FCS 4898, CP5024

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



NARENDER & ASSOCIATES

Company Secretaries

403, Naina Residency, Srinivasa Nagar (East), Ameerpet, Hyderabad - 500 038

Off: 040-40159831, 23730801, E-mail: narenderg99@gmail.com

'Annexure - A'

To,
The Members,
Bharat Dynamics Limited
Hyderabad


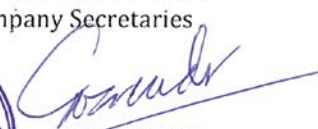
My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I 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. My examination was limited to the verification of procedures on test basis.
6. 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.

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Place: Hyderabad
Date: 27th May, 2019

for Narender & Associates
Company Secretaries



G. NARENDER
Proprietor
FCS 4898, CP5024

Page 4 of 4



ANNEXURE - IV

MANAGEMENT DISCUSSION & ANALYSIS

Forward looking statements

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

Bharat Dynamics Ltd in Brief:

Established in 1970, Bharat Dynamics Limited (BDL), is a Government of India Enterprise under the Ministry of Defence and a manufacturer of Surface to Air Missile (SAM), Anti-Tank Guided Missile (ATGM), Torpedoes, and allied defence equipments. Head Quarters of the company is located in Hyderabad and has three manufacturing units, located at Kanchanbagh, Hyderabad, Telangana, Bhanur, Medak District, Telangana and Visakhapatnam, Andhra Pradesh. Two New Units are planned at Ibrahimpatnam, Ranga Reddy district, Telangana and Amravati, Maharashtra. During the recent years the company also commenced export of selected defence equipments and have entered into strategic alliances with public and private sector companies. The company has 3034 employees as on 31 March 2019 and during the year 2018-19 reported a sales turnover of ₹ 3069 Crore.

1. Strategic Environment

The company operate in an environment characterised by both increasing complexity in factors influencing national security and continuing economic challenges in India and globally. A significant component of our business outlook in this environment is to focus on execution, improving standards and quality and predictability of the delivery of our products to the Indian Army. We also continue to invest in technologies to fulfil the requirements of the Indian armed forces and also invest in our people so that we have the necessary technical skills to succeed without limiting our ability.

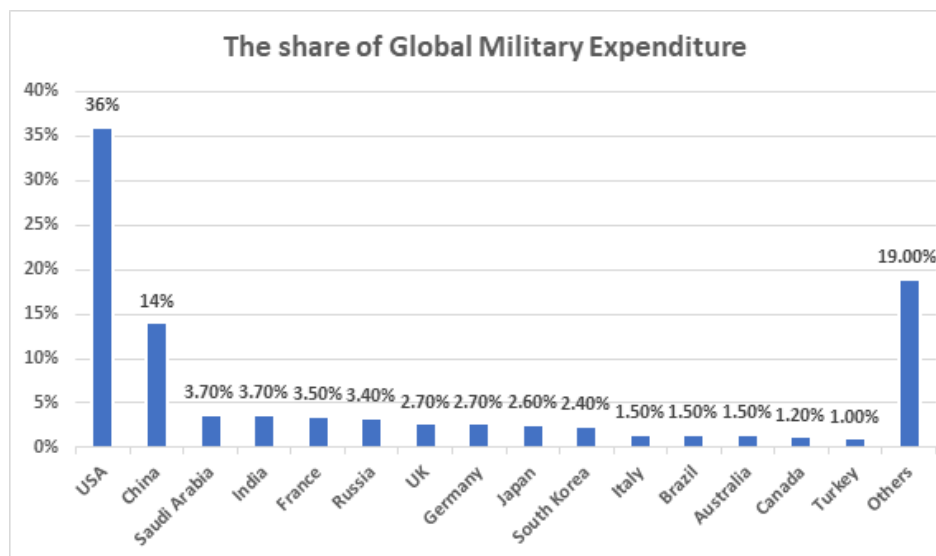
BDL's business is influenced by its strategic environment comprising of Indian defence sector, *Global defence spending, Government Policy & Emerging trends.*

1.1 Global Defence Spending

The global military spending rose to \$1822 billion for the second consecutive year in 2018. The overall military expenditure has increased to 2.6 in real terms percent between 2017 and 2018. The global military spending currently accounts to 2.1 percent of the world global gross domestic product (GDP).

The five biggest spenders in the year 2018 were the United States, China, Saudi Arabia, India and France, which together accounted for 60 per cent of global military spending. Most notably, Russia ranked outside the top five for the first time since 2006. The top 15 countries spent \$1470 billion in 2018 and accounted for 81 per cent of global military expenditure

US military spending rose for the first time in seven years by 4.6 percent, to \$649 billion in 2018. China increased its military expenditure by 5.0 per cent and India by 3.1 per cent. Saudi Arabia decreased its military spending by 6.5 per cent, France by 1.4 per cent and Russia by 3.5 per cent. Military expenditure increased in Central America and the Caribbean, Central Europe, Central and South Asia, East Asia, North America, South America, and Western Europe. Military spending decreased in Eastern Europe, North Africa, Oceania, South East Asia, and sub-Saharan Africa. The total military expenditure of the countries in the Middle East is also decreased.



(Source: www.sipri.org)

China, the world's second-largest military spender, allocated \$250 billion to the military in 2018, which accounted for 14 per cent of global spending. In 2018 its military expenditure rose for the 24th consecutive year, and its spending in 2018 was almost 10 times higher than in 1994. The annual rate of growth of China's military spending has slowed steadily since it reached a post-2009 high of 9.3 per cent in 2013. The growth of 5.0 per cent in 2018 was the lowest annual increase since 1995. China has followed a policy of linking growth in military spending with economic growth. With its economic growth slowing in 2018 to the lowest level in 28 years, slower rate of growth can be expected in the coming years if China continues to follow this policy

India's military spending rose in 2018 for the fifth consecutive year, and was 3.1 per cent higher than in 2017. At \$66.5 billion, India's spending was 29 per cent higher than in 2009. Despite this rise, India's military burden in 2018 was at one of its lowest levels since the early 1960s: 2.4 percent of GDP compared with 2.9 percent in 2009.

While military expenditure varies widely between regions and between countries, the general trend is that military spending as a share of GDP has decreased in all regions since 1999. The global military expenditure of 2.1 per cent in 2018 was 0.5 percentage points lower than in 2009.

Overall global defence sector is anticipated to grow at a CAGR of about 3.0 percent over the 2017–2022 period, crossing US\$2 trillion by 2022.

1.2 Indian Defence Sector

The Indian defence market is in a state of transition, as a result of new policies promulgated by the government. The three services have several modernization plans underway, some of which have been delayed. The Indian government seeks to address this through the new Defence Procurement Policy (DPP) 2018, which seeks to streamline procurement and give more flexibility to suppliers, opening up Foreign Direct Investment, allowing single vendor participation for tenders, and initiating a "Strategic Partner" model. The government is outlining policies to convert India into a defence hub, with indigenous manufacturing being given the highest priority. Defence exports has been more thrust and foreign direct investment (FDI) holdings have been tweaked to enable more foreign original equipment manufacturers (OEMs) to set up ventures in India. Several multi-billion dollar projects are expected to come to fruition. A few of these projects will be executed through government-to-government (G2G) and off-the-shelf purchases; however, the majority will be through partnerships between Indian companies and foreign OEMs. Offset regulations are being relaxed to speed up procurements and provide flexibility for suppliers while approaching tenders. The focus is on fast-track deals, tailored projects with Indo-foreign OEM partnerships, and involving micro, small, and medium enterprises.

1.3. Budget 2019 proposals and key initiatives

India's defence budget for 2018-19 continues to be 2.2% of GDP, which is similar to last year. Under the 2018-2019 budget, a sum of INR 4,04,365 Crore has been provided for defence expenditure. Of the total defence expenditure, 34% is accounted for by capital expenditure, which includes land acquisition, construction of new buildings & roads and acquisition of new weapons and platforms. Among the defence services, the Army has the largest share in the defence budget 2018-19. The Indian Air Force comes a distant second, followed by the Navy, the Defence Research and Development Organisation (DRDO), and the Ordnance Factories (OFs)

There is continued focus on modernisation and enhancement of the operational capabilities of defence forces through the development of defence production capabilities and promotion of private investment in defence production by announcement of the following:

- Development of defence industrial corridors
- Formulation of the industry-friendly DPP 2018 to promote domestic production by the public and private sectors and MSMEs
- Promotion of the Make in India initiative will help to develop and nurture defence production capabilities.

(Source: www.mod.gov.in; www.idsa.in; press information bureau)

1.4. Indian Defence Indigenization

The thrust is on indigenization towards making India achieve self-reliance in defence products manufacturing, DPP 2013 was amended with effective from April 2, 2016 to provide the following:

The most preferred acquisition category Buy Indian (IDDM (Indigenously Designed, Developed and Manufactured)) introduced to encourage indigenous design, development and manufacturing of defence equipment. This category refers to procurement from Indian vendors of products that are indigenously designed, developed and manufactured, and have at least 40% indigenous content. If the product is not designed and developed indigenously, it will have to have 60% indigenous content.

Indian companies are allowed for tie-ups with a foreign Original Equipment Manufacturer (OEM) for Transfer of Technology (ToT) under 'Buy & Make (Indian)' category.

Under 'Buy & Make' Category of Capital Acquisition, the foreign vendor is required to transfer the Technology to Indian Production agency for indigenous production of the items. Foreign OEM can select Indian Production agency of its choice for transfer of technology.

A revised Make-II procedure was approved by Government in February 2018 to enable greater participation of Industries in Defence supply of capital items

BDL is putting up determined efforts towards increasing indigenization contents in the manufacture of ATGMs with the objective of increasing self-reliance, reduction of Foreign Exchange out flow and achieving cost reduction. Indigenization of products like Konkurs-M, Invar, Milan-2T has been achieved upto 95%, 78.6% and 71% respectively.

During the year the Government launched Innovations for Defence Excellence (iDEX) which primarily aims at creation of an ecosystem to foster innovation and technology development in Defence and Aerospace by engaging Industries including MSMEs, start-ups, individual innovators, R&D institutes & academia, and provide them grants/funding and other support to carry out R&D which has good potential for future adoption for Indian defence and aerospace needs. In the last one year about 500 start-ups have begun actively working in the defence and aerospace area. There are six incubator partners in the iDEX (Innovation in Defence for Excellence) programme. The iDEX challenges have been defence start-up challenges and this has created a very active start-up community for defence and aerospace. This has become the most powerful part of India's technology development ecosystem

(Source: www.mod.gov.in)



Offset Policy

The offset policy in capital purchase contracts with foreign defence OEMs, stipulates a mandatory offset requirement of a minimum of 30% for defence contracts. The minimum contract value for which offsets are mandatory has now been revised from INR 300 crore to INR 2,000 crore.

1.5 Indian Defence Exports: Initiatives by Department of Defence Production (DDP), Ministry of Defence

In order to redefine the role and functioning of CPSEs in the context of Vision-2022, Department of Public Enterprises organized CPSE Conclave on April 9, 2018. Prime Minister had posed five specific challenges to the CPSEs and directed all the CPSEs to prepare action plans to achieve the targets emanating from recommendations of CPSE Conclave. In follow up of first challenge, i.e. Maximizing Geo-Strategic reach of Defence Public Sector Undertakings (DPSUs), DDP proposed that 25% of Annual Turnover of respective DPSUs should be from Export by 2022-23 so that India becomes a significant exporter instead of being a mere importer. The second challenge which the DPSUs have to achieve relates to reduction in their import dependence for components and parts used by them in production of various platforms and equipment. Import substitution amounting to ₹ 15000 crore by 2022-23 through indigenization of products/process is targeted for DPSUs as part of this effort. With regard to developing capability and capacity in latest technologies, the third challenge is that the DPSUs have been asked to develop a roadmap for developing Artificial Intelligence based technologies for their platforms/equipment and implement the same.

The Indian Defence exports accounts to ₹ 10,745 crore in 2018-19 from ₹ 4,682 crore in 2017-18. Indian industry has been doubling the defence exports in the last three years. Three years back, total defence export from India was only about ₹ 1,500 crore. Last year, the figure crossed ₹ 4,500 crore and in the year 2018-19 it has crossed ₹ 10,000 crore. The government has also taken many proactive steps to steer the country's indigenous defence industry into exports. As a major boost to Defence export, the Department of Defence Production notified a Scheme for Promotion of Defence Exports on 04.10.2018. The Scheme provides two options:

- Ministry of Defence will certify products "Fit for Indian Military Use" if technically qualified during procurement process but not eventually selected for procurement.
- Potential Defence Exporters can get certification of products by Ministry of Defence (against a given set of specifications) even if product is not required by Indian Defence Forces. The scheme is expected to address a long-standing demand of defence and aerospace industry.

A Standard Operating Procedure has been released by DDP to elucidate the process and documentation required for grant of export license clearance. 66 per cent of the items have been delisted from defence export clearances. Creation of an export strategy and granting online No Objection Certificates to defence exporters are steps taken in this direction.

To augment India's Defence exports Department of Defence Products, Ministry of Defence, Government of India had come out specific strategies in its defence production polity 2018, which are:

- Defence Expo and Aero Expo will be positioned as major global events to showcase India's capabilities in defence manufacturing, as also to encourage exports.
- Subject to strategic considerations, domestically manufactured defence products of both public sector organisations and private industry will be promoted through Govt to Govt agreements and Line of Credit/Funding.
- Indian Offset Partners will be encouraged to take up export of parts and accessories developed as part of offset process.
- DPSUs/OFBs will set up export offices in countries having such potential with the objective of promoting exports actively.
- Defence Export Organisation will be set up jointly with industry to promote export of Indian defence products abroad.
- The end-to-end export clearance process in the Department of Defence Production will be made online and time-bound.

(Source: www.mod.gov.in; MOD-Annual Report 2018-19)

BDL signed an MOU for 2019-20 with administrative ministry on the above lines.

2. Review of BDL's Business

2.1 About the company

Founded in 1970, and Head quartered in Hyderabad, BDL is one of the leading defence PSUs in India engaged in the manufacture of Surface to Air missiles (SAMs), Anti-Tank Guided Missiles (ATGMs), underwater weapons, launchers, countermeasures and test equipment. Conferred with the Mini-ratna (Category -1), BDL is the sole manufacturer in India for SAMs, torpedoes, ATGMs. BDL is also the sole supplier of SAMs and ATGMs to the Indian armed forces. The company is also engaged in the business of refurbishment and life extension of stored and deployed missiles. We are also the co-development partner with the DRDO for the next generation of ATGMs and SAMs.

BDL's Products

SAMs	ATGMs	Torpedoes	Launchers	Counter-measures	Decoy Systems	Test Equipment
Akash Missiles MR-SAM	Milan2T, Konkurs-M INVAR	Light Torpedoes Heavy Weight Torpedoes	Launchers for Konkurs-M & MILAN 2T ATGMs	Chaffs& Flares Based Air Defence Systems, Torpedo decoys	Submarine fired decoys	Health monitoring equipments for ATGMs& SAMs

2.2 Manufacturing facilities

The company has three manufacturing facilities located in Hyderabad, Bhanur and Vishakhapatnam. All our manufacturing facilities have ISO 14001:2004 certifications from TUV India Private Limited. Our Milan, Akash, CP-IGMP, Electronics Division, Design & Engineering divisions and Bhanur Unit have been certified to AS 9100D Aerospace standard certifications from NVT Quality Certification Private Limited. All the three units of BDL at Kanchanbagh, Bhanur and Vizag have been certified with ISO 14001:2004 Environmental Management System (EMS). The Company has been certified with ISO 27001:2013 (Information Security Management System) Standard. Material Testing Lab of Bhanur Unit has been accredited with ISO / IEC 17025: 2005 (NABL) Certification in the field of testing.

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



2.3 Order Book

Our current order book as on 01 April 2019 is ₹ 7258 Crore.

2.4 Financial Performance

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

S.No	Particulars	in Crore		% of Increase/ (Decrease)
		2018-19	2017-18	
i)	Sales/Revenue from Operations*	3069	4588	(33%)
ii)	Value of Production	3235	4641	(30%)
iii)	Profit Before Tax	671	774	(13%)
iv)	Profit After Tax	423	528	(20%)
v)	Value Added	1416	1734	(18%)
vi)	Earnings per share [#]	23	27	-

* As per IND-AS, Sales/Revenue from Operations of FY 2018-19 is after adjustment of LD amount of ₹ 148.98 Crore but whereas LD of previous year is treated as Expense;
[#] EPS has been calculated based on profits excluding the other comprehensive income. EPS for previous year is adjusted for Bonus issue made during the year.

Note

The reduction in revenue from operations from ₹ 4588 Crore in FY 17-18 to ₹ 3069 Crore in FY. 18-19 is due to completion of order book of ground support equipments to Akash Weapon systems. Your Company has achieved profit before tax of ₹ 671 Crore as compared to ₹ 774 Crore achieved in the previous year. As far as profit margin is concerned there is an improvement in operating margin even though there is reduction in turnover.

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

Particulars	in Crore		% of Increase/ (Decrease)
	2018-19	2017-18	
Gross Block	1008	856	18%
Depreciation	196	136	45%
Net Block	812	720	13%
Working Capital	1390	1086	28%
Capital Employed	2347	1954	20%
Net Worth	2269	1956	16%

Note

- Gross Block** increased by ₹ 152 Crore which is mainly due to capitalization of Infrastructure facilities at Ibrahimpatnam for MRSAM Project amounting to ₹ 67 Crore and upgradation of facilities for manufacture of ATGMs amounting to ₹ 52 Crore during FY 2018-19. Depreciation for FY 2018-19 is ₹ 61 Crore as against ₹ 48 Crore in FY 2017-18. This increase is mainly due to depreciation on above additions and amortisation of Special Tools & Equipments by ₹ 4 Crore on account of ATGM sales.
 - Working Capital** increased by ₹ 304 Crore which is due to -
 - Current Assets reduced by ₹ 1008 Crore, this is mainly due to Inventories reduced by ₹ 261 Crore, investments (deposits, bank balances and mutual funds) reduced by ₹ 219 Crore and Debtors reduced by ₹ 364 Crore
 - Current Liabilities reduced by ₹ 1312 Crore, this is mainly due to Trade Payables reduced by ₹ 492 Crore, Statutory Remittances payable reduced by ₹ 325 Crore, Provisions reduced by ₹ 274 Crore (as LD provision of ₹ 271 Crore taken to Other Equity).
 - Capital Employed** increased by ₹ 393 Crore mainly due to increase in working capital by ₹ 390 Crore.
- iii) **Key Financial Ratios:**
 In accordance with the SEBI (LODR) Regulations, 2015 the Company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in the following key sector specific financial ratios along with the detailed explanations there for.

Particulars	FY 2018-19	FY 2017-18	Change	Explanation for change of 25% or more
Debtors Turnover Ratio (times)	1.51	2.33	35%	refer below Note 1
Inventory Turnover Ratio (times)	1.71	2.20	22%	NA
Interest Coverage Ratio (times)	Nil	Nil	NA	NA
Current Ratio (times)	1.48	1.26	17%	NA
Debt Equity Ratio (times)	Nil	Nil	NA	NA
Operating Profit Margin (%)	17.44	13.11	33%	refer below Note 2
Net Profit Margin (%)	13.77	11.51	20%	NA
Return on Networth (%)	18.63	27.00	31%	refer below Note 3

Note

- Debtors Turnover Ratio** decreased by 35% which is due to decrease in turnover by 33% and increase in average debtors by 3% as compared to FY 2017-18. The increase in debtors is due to delay in lifting of sold equipments by the customer
- Operating Profit Margin** for FY 2018-19 is 17.44% against 13.11% in FY 2017-18 i.e., an increase of 33% which is due to change in Product Mix i.e., decrease in Sale of trading items (Ground Support Division) with increase in Sales of Missiles.
- Return on net worth** for FY 2018-19 is 18.63% against 27% in FY 2017-18 i.e., a decrease of 31% which is due to decrease in PAT by ₹ 106 Crore and increase in Other Equity by ₹ 312 Crore. Increase in Other Equity is due to adoption of Ind AS 115 amounting to ₹ 177 Crore apart from Profit after tax ₹ 423 Crore which is offset by Dividends (including dividend tax) of ₹ 277 Crore and Other Comprehensive Income of ₹ 11 Crore.



- 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. However, such non-disclosure does not have any financial effect on the accounts of the Company. Effective April 1 2018 the Company has adopted Ind AS 115 "Revenue from Contract with Customers" using the cumulative effect method. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and has given impact of Ind AS 115 application by credit to retained earnings by ₹ 17736.54 Lakh (net of tax). Accordingly, the comparative information has not been restated and hence not comparable with previous period figures. Due to application of Ind AS 115 for the year ended March 31, 2019 Revenue from Operation is lower by ₹ 14897.88 Lakh. Total expenses is lower by ₹ 10469.45 Lakh. Profit before tax is lower by ₹ 4428.43 Lakh and Profit after tax is lower by ₹ 2972.09 Lakh. Necessary disclosure is being made in Notes forming part of Accounts in this regard.

2.5 Company Objectives

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

2.6 Opportunities & Threats

Opportunities

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

Threats

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

2.7 Key Strategies

Key strategies of BDL are aimed at enhancing the company's market position by expanding capabilities, capitalising on opportunities in domestic and international markets, and

enhance the company's competitive advantage focusing more on indigenisation.

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

2.7.1 Expanding Infrastructure: We would continue to invest in infrastructure. Our upcoming manufacturing facilities at Ibrahimpattam and Amravati will enable the company to cater to the growing demand of our customers. These two manufacturing facilities shall be utilised to manufacture SAMs (including a new generation of SAMs) and VSHORAD missiles respectively. We are also in the process of establishing a test fire range in Rachakonda, Telangana which will result in operational advantages and cost efficiencies.

2.7.2 Automation: We intend to automate our production systems at our manufacturing facility to increase the production of SAMs.

2.7.3 Focus on Research & Development: We believe that the recent changes to the government policies allowing private sector companies to participate in defence contracts will provide significant competition to us. In order to address these challenges, we intend to increase our R&D activities to develop innovative products to our customers. Our R&D expenses have also grown up significantly over the past few years. We believe that development of new products will enable us to diversify our offerings and mitigate product dependencies. We have established the missile development group with the objective to design and develop missiles. We have also established various technological labs such as RF labs, laser labs, aerodynamic labs and seeker labs to develop seeker technologies. We are conducting R&D for an improved version of the second generation ATGM, CMDS for Medium Lift Helicopter and Ø50 mm Dispenser Unit for Su-30 MKI aircraft. We intend to develop Artificial Intelligence based products from the financial year 2019-20 onwards.

2.7.4 Improving Processes. We also intend to carry out process improvements, with the aim of improve our productivity and efficiency of our operations and thereby lower costs.

2.7.5 New Generation SAMs & ATGMs. We intend to leverage our experience to develop new products such as new generation SAMs, ATGMs, and heavyweight torpedoes which will enable us to further increase our revenues. We are also the joint development partner with the DRDO for the next generation of ATGMs and SAMs. The MoD has identified us as the production agency and the lead integrator for one of the new generation of SAMs and the nominated agency for the third generation of ATGMs. We have also entered into several MoUs and non-disclosure agreements with various companies for developing new products and transfer of technologies.

2.7.6 Exports: BDL primarily caters to the requirements of the Indian armed forces. With encouragement from Government of India, BDL is actively exploring export markets. The company is currently exporting the light weight torpedoes. The company intend to interact with potential overseas customers with a view to exporting products such as Akash SAM, light weight torpedoes and counter measure dispensing systems to friendly nations. BDL has signed a contract with Indian channel partner for export of Light Weight Torpedoes (LWT-XP) to a friendly country and currently its execution is in progress.

2.7.7 As a part of Government of India Initiative, BDL is going to invest in Start-Up Eco System for Defence & Aerospace through Defence Innovation Organisation (DIO).

3. Future Outlook

The Defence Industry in India is experiencing significant and progressive change with huge opportunities for growth. In the new Defence Procurement Procedure(DPP) 2016, the Government

has introduced a new procurement category called Buy-IDD (Indian Designed, Developed and Manufactured) to encourage the indigenously designed and developed products/solutions. Your Company has always been promoting indigenous design, development and manufacture of products/solutions. This category of acquisition is likely to benefit the company in the long run and enable to channelize the resources to develop and deploy more indigenous products with the help of MSME's and private sector industry in India.

Your Company is aware that its Nominated Production Agency Status is being slowly transformed into that of a Competitive Bidder. In the last two years, private sector participation in India's defence sector has been rising and large Indian private sector conglomerates have increased their exposure to Indian defence market. This is facilitated by several policy interventions by Government support and specifically the 'Make in India' Program. The impact of these initiatives has created more opportunities for domestic industry to tie-up with global defence companies for products and technologies. Increased focus on the Indian defence market by Indian private sector and global players is likely to further increase the competition for your Company in the coming years.

Your Company has a healthy order book position of ₹ 7258 Crore as on 01 April 2019. Further your Company received Order for Heavy Weight Torpedoes worth ₹ 1187.82 Crore, which will keep the production lines busy in the years ahead. Your Company also see good visibility in future orders which are under various stages of approvals.

Based on the Order book position and anticipated orders, the future outlook of the Company is looking bright. With decades of experience under its belt, your Company is well positioned and geared up to face challenges in future.

4 Risks and Concerns:

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

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

Mitigation: Having rich expertise in this business, Company has ability to handle adverse situations and also geared up to face competition from private sector. Further in order to expand the customer base BDL is actively exploring export markets with the encouragement from the Government of India. The company is currently exporting the light weight torpedoes.

4.2 Policy Risk: The company is subject to a number of procurement rules and regulations of the MoD, Government regulations and other rules and regulations. Our business and our reputation could be adversely affected if we fail to comply with applicable rules. Restrictions on current and future export of our products and other regulations could adversely affect our business, results of operations and financial conditions

Mitigation: Company is complying with all rules and regulations as per the policies of Government of India and taking all necessary precautions in this regard

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

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

4.4 Supplier/Service Provider Risk: Company is dependent on multiple key original equipment manufacturers ("OEM") for subassemblies / components, single source suppliers and sub-contractors. Any failure on the performance of any of them could have a material impact on our operations

Mitigation: The Company is continuously striving to expand its vendor base and sufficiently safeguarded with liquidated damage clause in case of any failure on the performance.

4.5 Technology Risk: We manufacture and service products that incorporate advanced technologies. The introduction of new products and technologies involves risks and we may not realize the degree or timings of benefits initially anticipated.

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

5. Internal control systems and their adequacy:

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

a) Cost reduction initiatives: During the year under report, an amount of around ₹ 37.87 Crore has been achieved under cost review/reduction programme by way of reduction in import cost, reduction due to dry fitment cost of Akash SAM, Inventory carrying cost and scrap disposal.

b) Economy Measures:-In line with Ministry of Finance Office Memorandum on Expenditure Management, Economy Measures and Rationalization of expenditure, Company has observed financial prudence and economy on areas like travelling expenses, advertisement and publicity expenses, purchase of new vehicles, conducting seminars and conferences, courtesy and entertainment, etc during the year 2018-19. Inventory of raw-material, work-in progress and spare parts is maintained at optimal levels. Energy consumption, fixed and variable overheads and Contingency expenditures are being constantly reviewed and pruned to bare minimum.



6. Material developments in Human Resources, Industrial Relations front, including number of people employed

6.1 The manpower strength of the Company as on 31 March 2019 is as under:

	Non- Executives	Executives	Total
Male	1845	838	2614
Female	210	108	318
Total	2055	946	3001*
Previous Year	2289	893	3182*

* Excluding temporary employees.

Your Company has very well defined training and development programmes for the Executives and Non-Executives. Apart from regular Training Programmes, your Company organized Management Development programmes, Executive Development Programmes, Advanced Management Programmes for the development of various skills of the Executives during the year.

Further need-based Training Programmes are formulated from time to time to meet the requirements of the Company keeping in view the Projects on hand and also to foresee the customer's further requirements in the technology front.

6.2 Industrial Relations

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

7. Environmental Measures:

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

8. Foreign Exchange Conservation

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

ANNEXURE – V

REPORT ON

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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 (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 87.75% of the total paid up capital is being held by President of India.

The composition of the Board of Directors of the Company with eleven members viz. Four Whole Time Directors, including Chairman and Managing Director, two Part-time Official Director (Government Nominee Director) and five Part-time Non-Official Directors (Independent Directors).

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

A)	Functional/Whole-Time Directors (Executive)	Designation
1)	Shri.V.Udaya Bhaskar*	Chairman & Managing Director
2)	Cmde. Siddharth Mishra (Retd.)*	Chairman & Managing Director
2)	Shri.S.Piramanayagam	Director (Finance)& CFO
3)	Shri.V.Gurudatta Prasad	Director (Production)
4)	Shri K Divakar [#]	Director (Technical)
5)	Shri N.P.Diwakar [#]	Director (Technical)
B)	Part-Time Official Director (Non-Executive-Non independent)	
1)	Shri.Ashwani Kumar Mahajan, Addl.FA & JS	Government Nominee Director
2)	Shri. G. Satheesh Reddy [^]	Government Nominee Director
3)	Shri. M S R Prasad [^]	Government Nominee Director
C)	Part-time Non-Official Director (Non-Executive-Independent)	
1)	Smt.Sushama V Dabak ^{\$}	Independent Director
2)	Prof Ajay Pandey ^{\$}	Independent Director
3)	Shri Ajay Nath	Independent Director
4)	Shri KS Sampath	Independent Director
5)	Smt. Latha Narasimha Murthy	Independent Director
* Vide MoD letter No. DDP-M0001(24)/02/2018-D(BDL) dated 25 February 2019, Cmde Siddharth Mishra (Retd.) was appointed as Chairman and Managing Director on the Board w.e.f. 01.03.2019 consequent to superannuation of Shri. V Udaya Bhaskar on 28 February 2019		
# Vide MoD Letter No.H-62011/1/2016-D(BDL) dated 30 July 2018, Shri.N.P.Diwakar was appointed on the Board w.e.f. 01 September 2018 as Director(Technical) consequent to superannuation of Shri. K. Divakar on 31 August 2018.		
[^] Vide MoD Letter No. DDP.M-0001/11/3/2018-D(BDL) dated 31 December 2018, Shri. MSR Prasad was appointed on the Board w.e.f. 31 December 2018 in place of G Satheesh Reddy as Government Nominee Director.		
^{\$} Vide MoD Letter No. DDP-M0001(24)/04/2018-D(BDL) dated 28 November 2018 the tenure of Smt.Sushama V Dabak and Prof Ajay Pandey, Independent Directors was extended for a period of one year w.e.f. 01 December 2018.		

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 2018-19, Seven (7) Board Meetings were held on 30 May, 2018, 20 July 2018, 14 August 2018, 31 October 2018, 11 November 2018, 14 February 2019, 18 March 2019. The Board meets at least once in every three months and at least four such meetings shall be held every year. Required information is made available to the Board for its information/decision 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 2018-19 etc., as follows:



Directors	Board Meetings		Attendance At last AGM held on 27 Sep 2018	No. of other director ships 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 Directors								
Shri V Udaya Bhaskar Chairman & Managing Director (upto 28/02/2019)	6	5	Yes	-	Bharat Dynamics Ltd	Executive Director & Chairman	-	-
Cmde. Siddharth Mishra (Retd.) Chairman & Managing Director (w.e.f 01/03/2019)	1	1	-	-	Bharat Dynamics Ltd	Executive Director & Chairman	-	-
Shri S Piramanayagam Director (Finance)& CFO	7	7	Yes	-	Bharat Dynamics Ltd	Executive Director & CFO	-	1
Shri V Gurudatta Prasad Director (Production)	7	7	Yes	-	Bharat Dynamics Ltd	Executive Director	-	2
Shri K Divakar Director (Technical) (upto 31/08/2018)	3	3	Yes	-	Bharat Dynamics Ltd	Executive Director	-	-
Shri N.P.Diwakar Director (Technical) (w.e.f. 01/09/2018)	4	3	-	-	Bharat Dynamics Ltd	Executive Director	-	-
Government Nominee Director								
Shri Ashwani Kumar Mahajan, Addl. FA & JS.	7	6	-	-	Bharat Dynamics Ltd	Non- Executive Non Independent Director	-	-
					Garden Reach Ship Builders & Engineers Ltd	Non- Executive Non Independent Director		
Shri G. Satheesh Reddy (upto 31/12/2018)	6	0	-	-	Bharat Dynamics Ltd	Non- Executive Non Independent Director	-	-
Shri M S R Prasad (w.e.f 31/12/2018)	2	1	-	-	Bharat Dynamics Ltd	Non- Executive Non Independent Director	-	-
Independent Directors								
Smt.Sushama V Dabak	7	7	Yes	-	Bharat Dynamics Ltd	Non-Executive Independent Director	1	1
Prof Ajay Pandey	7	7	-	-	Bharat Dynamics Ltd	Non-Executive Independent Director	-	1
Shri Ajay Nath	7	4	-	-	Bharat Dynamics Ltd	Non-Executive Independent Director	-	1
Shri KS Sampath	7	7	-	-	Bharat Dynamics Ltd	Non-Executive Independent Director	1	2
Smt Latha Narasimha Murthy	7	7	-	-	Bharat Dynamics Ltd	Non-Executive Independent Director	-	1
Note : (1) None of the Directors of the Company/Key Managerial Personnel had any pecuniary relationship with the Company during the year. (2) Directorship in Companies registered under the Companies Act, 2013, excluding directorships in private companies, foreign companies and companies under Section 8 of the Companies Act, 2013. (3) Pursuant to Regulation 26 of SEBI (LODR) Regulations 2015, the Chairmanship/Membership of Audit Committee and Stakeholders’ relationship Committee are considered for the purpose of number of other Committees memberships across all Companies. No Director is a member in more than ten Committees or Chairman of more than five Committees across all companies in which he/she is a Director. (4) None of the Directors of the Company holds any shares and/or convertible instruments in the Company (5) The Company has received declarations on criteria of independence as prescribed in Section 149 (6) of the Companies Act 2013 and Regulation 16(1)(b) of the Listing Regulations from the Independent Directors of the Company as on March 31 2019 (6) Vide Letter No. DDP-M0001(24)/04/2018-D(BDL) DATED 28 November 2018 the tenure of Independent Directors viz., Smt.Sushama V Dabak and Prof Ajay Pandey was extended for a period of one year w.e.f. 01 December 2018.								

- d) **Board Skills/Expertise/Competence:** Being a Central Government Public Sector Enterprise, the appointment, competence, tenure and remuneration of Directors are decided by the Government of India. The following are the list of core skills/expertise/competencies of Directors identified by the Board as required under Listing Regulations in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board:
- Knowledge – understand the Company’s business, policies, and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities) and knowledge of the industry in which the Company operates
 - Behavioral Skills - attributes and competencies to use their knowledge and skills to function well as team members and to interact with key stakeholders
 - Strategic thinking and decision making,
 - Financial Skills
 - Technical/Professional skills and specialized knowledge to assist the ongoing aspects of the business
- 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 2018-19. There was no significant or material order passed during the year by any regulator or court or tribunal impacting the going concern status and Company’s operations in future.
- f) **Familiarization/Training of Board Members:** In terms of Regulation 25(7) of the Listing Regulations, Para 3.7 of the DPE Guidelines and applicable provisions of the Companies Act, 2013, a ‘Policy on Familiarization / Training Programmes to Board Members’ was formulated and approved by the Board of Directors. As per the terms of the said policy, the Board members including Independent Directors are provided with the familiarization programmes on their roles, rights, responsibilities, nature of industry, Company’s business model, procedures and practices and also provided with necessary documents and reports to keep the Directors abreast of the necessary information relating to the Company. Further, the Board members participate in various training programmes on corporate governance and other Board related topics from time to time. The details of Familiarization programmes imparted to the Independent Directors during the year 2018-19 are placed in the website of the Company and can be accessed at www.bdl-india.in/investors.

3. MANDATORY COMMITTEES OF THE BOARD:

The Company has the following five (5) mandatory Committees of the Board functioning as on 31 March 2019:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- CSR & SD Committee.
- Risk Management Committee

Minutes of the Meeting of the Committees are being placed before the Board Meeting held immediately after the committee meetings for noting by the Board. Decisions are being taken by the Committees by majority/unanimous

A) AUDIT COMMITTEE:

i) 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:-

- oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation to the Board for fixation of remuneration to the auditors;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditors’ report thereon before submission to the Board for approval, with particular reference to with particular reference as stated in Schedule II Part C of SEBI (LODR) Regulations 2015;
- reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- reviewing and monitoring the auditors independence and performance, and effectiveness of audit process;
- approval or any subsequently modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company wherever it is necessary;
- reviewing with the management, the performance of the Statutory Auditors and Internal Auditors, adequacy of the internal control systems;
- evaluation of internal financial controls and risk management systems;
- appointment and removal of Internal Auditors and determining the scope of Internal Audit in consultation with the internal auditors
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors and/or auditors of any significant findings and follow up thereon;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- review observations of statutory, internal and government auditors and provide recommendations based on the same;



- to review the follow up action on the audit observations of the C&AG audit;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment of the depositors, debenture holders, shareholders (in case of non-payment of declared dividend and creditors);
- to review the functioning of the whistle blower mechanism;
- to review the follow up action taken on the recommendations of the Committee on Public Undertakings (COPU) of the Parliament;
- to review cases of procurement from a single source;
- to review the utilization of loans and/or advances from/investment by the holding Company in the subsidiary exceeding rupees 100 Crore or 10% of the asset size of the Subsidiary, whichever is lower including existing loans/advances/investments.

II) Composition and details of the Members and their attendance:

During the year, eight (8) meetings of the Audit Committee were held on 30 May 2018, 20 July 2018, 13 August 2018, 31 October 2018, 11 November 2018, 22 January 2019, 14 February 2019 and 25 March 2019. The composition and the details of attendance of Members for the said Meetings are as follows:

S.No	Name of the Member	Category	No. of Meetings held during the tenure of the respective member	No. of Meetings Attended
1	Smt.SushamaV Dabak Chairperson	Non-Executive Independent Director	8	8
2	Prof Ajay Pandey Member	Non-Executive Independent Director	8	5
3	Shri V Gurudatta Prasad Member	Executive Director	8	8
4	Shri Ajay Nath Member	Non-Executive Independent Director	8	5
5	Shri KS Sampath Member	Non-Executive Independent Director	8	8
6	Smt.Latha NarasimhaMurthy Member	Non-Executive Independent Director	8	8

III) Functional Directors are invited as Permanent Special Invitees and representatives of Statutory Auditor and external Chartered Accountant Firms doing Internal Audit Work may attend by invitation. The Company Secretary acts as the Secretary of the Audit Committee. The Chairperson of the Audit Committee attended the 48th Annual General Meeting of the Company.

B) NOMINATION AND REMUNERATION COMMITTEE:

Pursuant to the provisions under Section 178(1) of the Companies Act, 2013 and Reg.19 of the Listing Regulations, a Committee by the nomenclature "Nomination and Remuneration Committee" was reconstituted on 18 September 2017 by virtue of induction of new Independent Directors on the Board.

I) Terms of reference

The terms of reference of the Committee is as follows:

- To identify persons who may be appointed in senior management (i.e., Executive Director) in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- To recommend to the Board a policy, relating to the remuneration for the key managerial personnel and other employees.
- To recommend all remuneration payable to Senior Management (i.e. Members of Management one level below CEO/MD/ WTD/Manager Incl. CEO/Manager, if not part of Board of Directors)
- Decide on the annual bonus/ performance pay/variable pay pool and policy for its distribution across the executives.
- Formulation and modification of schemes for providing perks and allowances for Executives.
- Any new scheme of compensation to Executives and Non-Executives as the case may be
- Exercising such other roles as maybe assigned to it by the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other law and their amendments from time to time

II) Composition and details of the Members and their attendance:

The composition of the Nomination and Remuneration Committee is in line with Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015. During the year, three (3) meetings of the Nomination and Remuneration Committee meetings were held on 31 October 2018, 14 February 2019 and 18 March 2019. The Composition of the Committee during the year 2018-19 and details of the Members participation at the Meeting of said committee are as follows:

S.No	Name of the Member	Category	No. of Meetings held during the tenure of the respective member	No. of Meetings Attended
1	Prof Ajay Pandey Chairman	Non-Executive Independent Director	3	3
2	Smt.Sushama V Dabak, Member	Non-Executive Independent Director	3	3
3	Shri Ashwani Kumar Member	Non-Executive Non-Independent Director	3	3
4	Shri Ajay Nath Member	Non-Executive Independent Director	3	1
5	Shri KS Sampath Member	Non-Executive Independent Director	3	3
6	Smt.Latha Narasimha Murthy Member	Non-Executive Independent Director	3	3

III) Remuneration Policy /Details of Remuneration to All Directors:

- 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.
- Chairman and Managing Director and other Functional Directors are appointed by the Government initially for a period of 5 years from the date of appointment or upto the date of superannuation of the individual or until further orders of the Government, whichever is the earliest. Depending on the age and performance and on meeting other stipulated conditions the initial period is extendable for a further period upto 5 years or upto the date of superannuation, whichever is earlier. The Part-time Official Directors (i.e. Government Nominee Directors) are generally from the Administrative Ministry and their term is co-terminus with the term of the respective position held by them in Government at the time of appointment on the Company's Board or until further orders. The Part-time Non-Official Directors (i.e. Independent Directors) are appointed for a period of 3 years or until further orders whichever is earlier.
- For details of the remuneration of Functional Directors paid during the year 2018-19, please refer to extract of annual return
- Part-time Official Directors (i.e. Government Nominee Directors) will not be paid any remuneration. They are also not paid sitting fee for attending Board/Committee meetings.
- The Board at its meeting held on 22 November 2013 enhanced the sitting fees payable to the Independent Directors to ₹ 20,000/- per sitting for attending the Board Meetings and retained the sitting fee of ₹ 10,000/- per sitting payable in respect of Board Level Committee Meetings. For the details of sitting fee paid to the Independent Directors, please refer to extract of annual return.
- Stock Options: - The Company has no Stock Option plans/schemes approved by the Board/Shareholders.

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 SEBI (LODR) Regulations 2015. During the year, two (2) Meetings were held on 31 October 2018 and 25 March 2019.

I) Terms of reference

- to consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.
- To review measures for effective exercise of voting rights.
- To review adherence to services being rendered by RTA.
- To review initiatives taken by Company for reducing unclaimed dividends
- To review and ensure timely receipt of Dividend Warrants/ Annual Reports/ Notices.

II) The Composition of the Committee during the year 2018-19 and details of the Members participation at the Meeting of said committee are as follows:

S.No	Name of the Member	Category	No. of Meetings held during the tenure of the respective member	No. of Meetings Attended
1	Shri. K S Sampath Chairman	Non-Executive Independent Director	2	2
2	Shri. S. Piramanayagam Member	Executive Director	2	2
3	Shri V Gurudatta Prasad Member	Executive Director	2	2

III) The Company has appointed Shri.N.Nagaraja, Company Secretary as Compliance Officer of the Company and provided an exclusive e-mail ID investors@bdl-india.in to enable investors for on-line registration of their complaints. The Company endeavor to reply to the complaints within a period of 3 working days. In terms of Regulation 46(2)(j&k) of the Listing Regulations, the name and designation of Compliance Officer and other relevant details are placed on the Company's web-site www.bdl-india.in. Further, M/s. Alankit Assignments Ltd., the Share Transfer Agent of the Company (STA), is authorized to monitor the on-line complaints placed on SEBI Complaints Redress System (SCORES).

IV) 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:	86
No. of complaints resolved during the year:	86
No. of complaints pending resolved at the end of the year:	0

D) CSR & SD COMMITTEE:

I) Terms of reference

The following are the terms of reference of the Corporate Social Responsibility & Sustainability Development Committee:

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



- II) During the year two (2) meetings were held on 13 August 2018 and 14 February 2019. The Composition of the Committee during the year 2018-19 and details of the Members participation at the Meeting of said committee are as follows:

S.No	Name of the Member	Category	No. of Meetings held during the tenure of the respective member	No. of Meetings Attended
1	Shri Ajay Nath Chairman	Non-Executive Independent Director	2	2
2	Smt.Sushama V Dabak Member	Non-Executive Independent Director	2	2
3	Prof Ajay Pandey Member	Non-Executive Independent Director	2	1
4	Shri K S Sampath Member	Non-Executive Independent Director	2	2
5	Smt.Latha Narasimha Murthy Member	Non-Executive Independent Director	2	2
6	Shri.S.Piramanayagam Member	Executive Director	2	2
7	Shri.V.Gurudatta Prasad Member	Executive Director	2	2

E) RISK MANAGEMENT COMMITTEE:

During the year by virtue of amendments in SEBI (LODR) Regulations, the Board has constituted Risk Management Committee on 31 October 2018 in line with provisions of section 178(1) of the Companies Act, 2013 and Regulation 21 of the Listing Regulations.

I) Terms of reference

The terms of reference of the Committee is as follows:

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

- II) The composition of the Committee is in line with Regulation 21 of SEBI (LODR) Regulations, 2015. During the year, one (1) meeting of the Committee was held on 18 March 2019. The Composition of the Committee during the year 2018-19 and details of the Members participation at the Meeting of said committee is as follows:

S.No	Name of the Member	Category	No. of Meetings held during the tenure of the respective member	No. of Meetings Attended
1	Shri. S Piramanayagam Chairman	Executive Director	1	1
2	Shri. V Gurudatta Prasad Member	Executive Director	1	1
3	Shri.N.P.Diwarakar Member	Executive Director	1	1
4	Shri.Ajay Nath Member	Non-Executive Independent Director	1	-
Note The Chairman of Corporate Risk Management Committee and Chief Risk Manager are also Members of the Committee				

4) NON-MANDATORY COMMITTEES OF THE BOARD:

The following are the non-mandatory Committees of the Board

A) PROCUREMENT COMMITTEE:

The Committee was constituted by the Board on 29 July 2011 to review and sanction new Projects (including R&D Projects) beyond the powers of CMD and upto a maximum limit of ₹ 25 Crore in each case and shall also approve procurement proposals which are beyond the powers of CMD but within the powers of the Board.

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

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



The Company reconstituted the Committee on 18 September, 2017 with Chairman & Managing Director as Chairman of the Committee and other Functional Directors as Members of the Committee. The Committee met nine times during the year on 14 May 2018, 27 June 2018, 30 July 2018, 28 August, 2018, 10 September 2018, 23 October, 2018, 13 December, 2018, 5 February, 2019 and 21 March, 2019.

B) 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 25 March 2019 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. Except one Independent Director, all other Independent Directors have attended the meeting. The Minutes of the said Meeting was placed in the subsequent Board Meeting held on 30 May, 2019.

5) GENERAL BODY MEETINGS:

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

AGM No.	Financial Year	Date of the Meeting	Time of the Meeting	Venue of the Meeting	No. of Special Resolutions
48	2017-18	27 Sep 2018	15:00 hrs	Hotel Sheraton, Nanakramguda	NIL
47	2016-17	26 Sep 2017	12:00 hrs	Registered Office, Kanchanbagh,	Nil
46	2015-16	28 Sep 2016	15:00 hrs	Hyderabad	Nil

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

6) DISCLOSURES:

- The Company has no subsidiaries, Joint Ventures and Associate Companies as on 31 March, 2019
- During the year 2018-19 the Company has not entered into any transaction with the Directors that may have potential conflict with the interest of the Company at large. The members of the Board, apart from receiving Remuneration (wherever applicable), do not have any material pecuniary relationship or transaction with the Company which, in the Judgment of the Board, may affect independence of judgment of the Directors. The Company has formulated a "Policy on Related Party Transactions" to regulate transactions entered into between the Company and its related parties. In terms of Regulation 46(2)(g) of the Listing Regulations, the said policy is placed on the web-site of the Company at www.bdl-india.in.
- During the year, in terms of regulation 17(1) of the listing regulations, the Company did not comply with the requirement of fifty percent of Independent Directors on the Board w.e.f. 1 May 2018. Accordingly, as per SEBI Circular No. SEBI/HO/CFD/CIR/P/2018/77 dated May 3, 2018, the stock exchanges (i.e. BSE & NSE) had levied fine on the Company for the quarter ended 30 September, 2018, 31 December 2018 and 31 March 2019. Apart from this, there were no cases of non-compliance by the Company and no Penalties/Strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital market and any guidelines issued by Government during the last three years.
- 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.
- All the applicable Accounting Standards are followed except IND-AS-108 relating to Segment reporting keeping in view the nature of business and the sensitive nature of the disclosure. However, such non-disclosure does not have any financial effect on the accounts of the Company. Necessary disclosure is being made in Notes forming part of Accounts in this regard.
- There were no items of expenditure debited in the books of account, which are not for the purpose of the business.
- The Company has not incurred any expenditure which is personal in nature for the Board of Directors and Top management.
- Details of Administrative and Office Expenses as a percentage of total expenses is furnished below:

(₹ in Crore)

Sl. No.	Particulars	2018-19	2017-18
1	Total Expenditure (other than Materials)	880.87	1132.44
2	Administrative & Office Expenses	13.71	16.32
3	Percentage of (2) on (1)	1.56	1.44

i) 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.

7) MEANS OF COMMUNICATION:

The Company's communication system with its Shareholders, Directors and other stakeholders is through all means of communication channels including correspondence and the official website (www.bdl-india.in) 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.



In terms of Listing Regulations, the Quarterly, Half-yearly and Annual financial results of the Company are submitted to NSE and BSE through online platform immediately after the same are approved by the Board. Further, the said results are simultaneously posted on the Company's website www.bdl-india.in. 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.

8 GENERAL SHAREHOLDER INFORMATION

- (a) The 49th Annual General Meeting for the year 2018-19 is scheduled on Friday, the 27 September, 2019, at 15:30 hours at Hotel Sheraton, Nanakramguda, Gachibowli, Hyderabad-500032
- (b) Financial year of the Company begins on April 1 and ends on March 31. The tentative calendar for declaration of results for 2019-20 is given as below:

For the quarter ending 30.06.2019	On or before 14.08.2019
For the quarter ending 30.09.2019	On or before 14.11.2019
For the quarter ending 31.12.2019	On or before 14.02.2020
For the year ending 31.03.2020	On or before 30.05.2020
50th Annual General Meeting	On or before 30.09.2020

- (c) The Register of Members and Share Transfer Books shall remain closed from 21.09.2019 to 27.09.2019 (both days inclusive).
- (d) Your Board of Directors has recommended final dividend of ₹ 1.67 per share, i.e., 16.70% on the equity shares of ₹ 10/- each (par value) for the year ended 31 March 2019. Dividend, if approved at the 49th Annual General Meeting, will be distributed among the shareholders within the due date.
- (e) Company's equity shares are listed on the following stock exchanges:

The BSE Ltd ('BSE') P.J.Towers, 26th Floor, Dalal Street, MUMBAI - 400 001	National Stock Exchange of India Ltd ('NSE') Exchange Plaza, Bandra-Kurla Complex Bandra (East), MUMBAI - 400 051
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The Company has paid listing fees for the financial years 2017-18 and 2018-19 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	INE171Z01018
MCA CIN	L24292TG1970GOI001353

- (g) **Reconciliation of share capital audit**

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

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

The Company has paid annual custody fees for the financial year 2019-20 to both the Depositories, viz, NSDL and CDSL.

- (h) **Market Price Data**

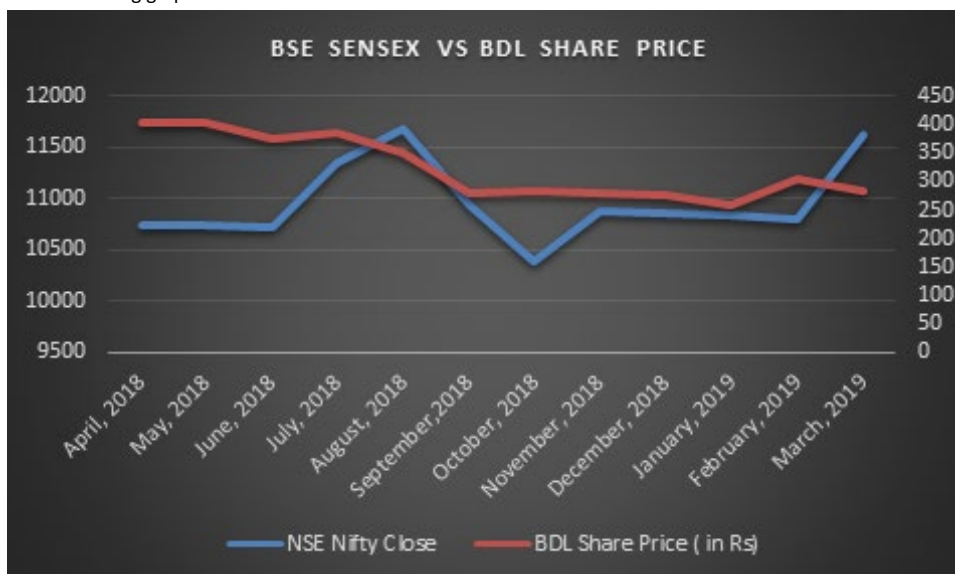
The details of high/low market prices of the shares of the Company at BSE Ltd and National Stock Exchange of India Ltd (NSE) are as under:

- i) BDL Share Price on BSE vis-a-vis BSE Sensex during 2018-2019 is as follows:

BSE

Month	BSE Sensex Close	BDL Share Price			No. of Shares traded	Turnover (in lakhs)
		High	Low	Close		
April, 2018	35160.36	421.9	371	403.35	615310	2471.60
May, 2018	35322.38	428	364	405.3	168972	6631.76
June, 2018	35423.48	409.2	370	376.9	90277	355.12
July, 2018	37606.58	388.8	333.05	384.75	95747	348.63
August, 2018	38645.07	388.95	348	349.65	97832	361.33
September, 2018	36227.14	378	280.2	281.3	159806	539.06
October, 2018	34442.05	293.75	260	282.2	69713	194.38
November, 2018	36194.30	330	274.25	281.1	52863	153.76
December, 2018	36068.33	288.85	260.25	275.65	32235	89.34
January, 2019	36256.69	304.9	255	257.45	75378	212.99
February, 2019	35867.44	316.7	224	304.1	294087	821.54
March, 2019	38672.91	306	273	283.65	237393	679.15

A comparison of closing quotation of the Company's share price on BSE with the closing position of BSE SENSEX during the year 2018-19 is presented in the following graph:

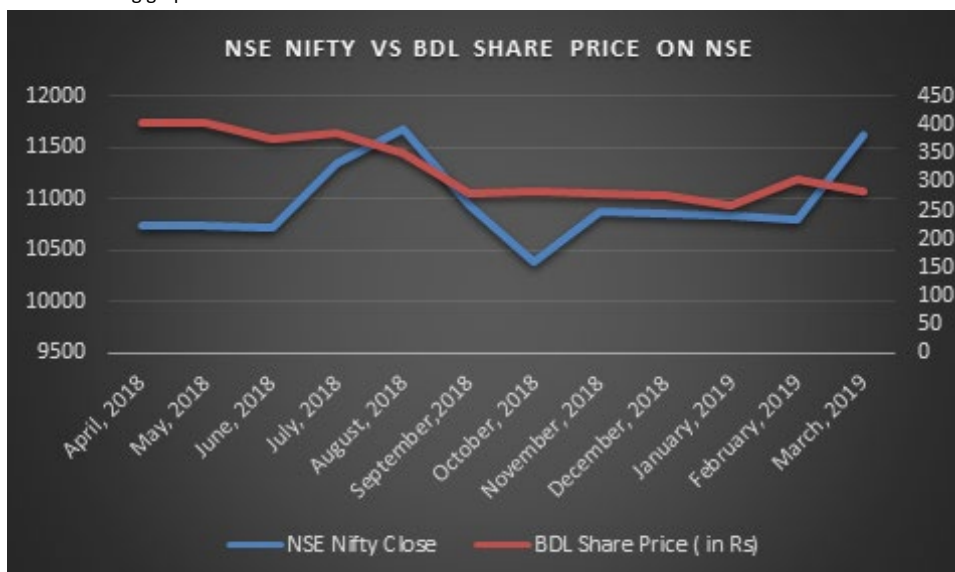


ii) BDL Share Price on NSE vis-a-vis NSE Nifty during 2018-2019 is as follows:

NSE

Month	NSE Nifty Close	BDL Share Price			No. of Shares traded	Turnover (in lakhs)
		High	Low	Close		
April, 2018	10739.35	421.9	371	403.35	615310	2471.60
May, 2018	10736.15	428	364	405.3	168972	663.18
June, 2018	10714.3	409.2	370	376.9	90277	355.12
July, 2018	11356.5	388.8	333.05	384.75	95747	348.63
August, 2018	11680.5	388.95	348	349.65	97832	361.33
September, 2018	10930.45	378	280.2	281.3	159806	539.06
October, 2018	10386.6	293.75	260	282.2	69713	194.39
November, 2018	10876.75	330	274.25	281.1	52863	153.76
December, 2018	10862.55	288.85	260.25	275.65	32235	89.38
January, 2019	10830.95	304.9	255	257.45	75378	212.99
February, 2019	10792.5	316.7	224	304.1	294087	821.54
March, 2019	11623.9	306	273	283.65	237393	679.15

A comparison of closing quotation of the Company's share price on NSE with the closing position of NSE NIFTY during the year 2018-19 is presented in the following graph:





(i) **Registrar & Share Transfer Agent**

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

Alankit Assignments Limited

205-208, Anarkali Complex
Jhandewalan Extension, New Delhi-110055
Telephone: +91 11 42541234 ; Facsimile : +91 11 41543474
Email: rta@alankit.com; Website: www.alankit.com
Investor Grievance ID: rta@alankit.com
Contact Person: Mr.J.K.Singla

(j) **Share Transfer System**

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

(k) **Distribution of shareholding as on 31 March 2019**

No. of Equity shares held	No. of Shareholders	%	No. of Shares	%
1-100	108158	90.963	4378837	2.389
101-500	10008	8.417	2217642	1.210
501-1000	412	0.347	314779	0.172
1001-5000	238	0.200	515137	0.281
5001-10000	38	0.032	265703	0.145
10001-20000	15	0.013	183628	0.100
20001-30000	7	0.006	169502	0.092
30001-40000	5	0.004	182684	0.100
40001-50000	2	0.002	96000	0.052
50001-100000	5	0.004	314345	0.172
100001-500000	6	0.005	1356963	0.740
500001 and above	9	0.008	173286030	94.547
TOTAL	118903	100	183281250	100

(l) **Dematerialization of Shares**

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 2019, the number of equity shares in electronic form and physical form is as follows:

S.No	Particulars	No. of Shares	%
1	NSDL	180531055	98.5
2	CDSL	2750107	1.5
3	Physical	88	0
	Total	183281250	100

(m) **Outstanding GDRs/ADRs/Warrants**

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

(n) **Commodity price/Foreign exchange risk and hedging activities**

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

(o) **Plant Locations**

<p style="text-align: center;">Bharat Dynamics Limited Kanchanbagh, Hyderabad-500058 Phone: (040)-24587002; Fax : (040)-24347513</p>	
<p>Bharat Dynamics Limited Bhanur, Patancheruvu Mandal, Sanga Reddy District, Hyderabad-502305 Phone: (040)-23469551 Fax : (040)-23469552</p>	<p>Bharat Dynamics Limited "G" - Block, APIIC-IALA, VSEZ post Vishakapatnam-530049 Phone : (0891)- 2821500 Fax : (0891)- 2821502</p>



(p) **Address for Correspondence/Corporate Office**

Bharat Dynamics Limited
 CIN : L24292TG1970GOI001353
 Corporate Office, Plot No.38-39, TSFC Building,
 Financial District, Gachibowli, Hyderabad-500 032
 Telephone : (040) 23456145 Fax : (040) 23456110
 E-mail : investors@bdl-india.in
 Website : www.bdl-india.in

(q) **Credit Rating**

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

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

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

10) DETAILS OF NON-COMPLIANCES

During the year, in terms of regulation 17(1) of the listing regulations, the Company did not comply with the requirement of fifty percent of Independent Directors on the Board w.e.f. 1 May 2018. Accordingly, as per SEBI Circular No. SEBI/HO/CFD/CIR/P/2018/77 dated May 3, 2018, the stock exchanges (i.e. BSE & NSE) had levied fine on the Company for the quarter ended 30 September, 2018, 31 December 2018 and 31 March 2019. However, the Company has informed that being a Government Company under the Administrative control of Ministry of Defence, the power to appoint Directors (including Independent Directors) and the terms and conditions of such appointments including remuneration, evaluation vests with the Government of India and as such they should not be held liable to pay the fine.

11) COMPLIANCE WITH NON-MANDATORY PROVISIONS

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

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

12) CODE FOR PREVENTION OF INSIDER TRADING AND FAIR DISCLOSURE

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

13) CODE OF CONDUCT FOR DIRECTORS AND SENIOR EXECUTIVES:

A Code of Conduct and Business Ethics as suggested by DPE in its Guidelines on Corporate Governance for CPSEs 2010 and under regulation 17(5) of SEBI (LODR) Regulations 2015 has been adopted by the Company in respect of its Directors and Senior Level Executives. The Code has also been posted on the Company's website. The Directors and the Senior Executives have given declarations affirming the compliance with the code of conduct during the year 2018-19. A declaration to this effect by the Chairman & Managing Director is given below:

14) 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 2019.

For and on behalf of the Board

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

Place: Hyderabad

Date : 10 August 2019



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



**CERTIFICATE ON COMPLINACE OF CONDITIONS ON
CORPORATE GOVERNANCE**

To
The Members of
Bharat Dynamics Limited
Hyderabad.


I have examined the Compliance of Conditions of Corporate Governance by Bharat Dynamics Limited (the Company) for the financial year ended March 31, 2019, as per the relevant provision of SEBI (Listing Obligations and Disclosure Requirements) 2015 (Listing Regulations) as referred to in Regulation 15(2) and Schedule-V of the Listing Regulations and Department of Public Enterprises (DPE) guidelines on Corporate Governance for Central Public Section Enterprises (CPSEs).

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated *except in respect of compliance of regulation 17(1) of above mentioned listing Regulations with regard to requirement of fifty percent of Independent Directors on the Board, during the year.*

I 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.

I further state that no investor grievances are pending for a period exceeding one month against the Company as per the records.


(Y.RAMESH)

COMPANY SECRETARY IN PRACTICE
CP. No.: 7929

Place: Hyderabad
Date: 23 May 2019



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




CERTIFICATE OF NON DISQUALIFICATION OF DIRECTORS
{Pursuant to Regulation 34 (3) and Schedule V Para C Clause (10) (i) of the SEBI (LODR)
Regulations, 2015}.

To
The Members of
Bharat Dynamics Limited
Hyderabad.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the Management, I certify that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such Statutory Authority.

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(Y.RAMESH)
COMPANY SECRETARY IN PRACTICE
CP. No.: 7929

Place: Hyderabad
Date: 23 May 2019



ANNEXURE-VI

BUSINESS

RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L24292TG1970GOI001353
2	Name of the Company	Bharat Dynamics Limited
3	Registered address	Kanchanbagh, Hyderabad-500058
4	Website	www.bdl-india.in
5	e-mail id	investors@bdl-india.in
6	Financial Year reported	2018-19
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of Weapon system 25200
8	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Manufacture of Missiles and allied Defence equipments
9	Total number of locations where business activity is undertaken by the Company	4
	a. Number of International Locations (Provide details of major 5)	Nil
	b. Number of National Locations	4
10	Markets served by the Company – Local/State/ National/ International/	National/International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	1832812500
2	Total Turnover (INR)	3069 Crore
3	Total profit after taxes (INR)	423 Crore
4	Total Spending on Corporate Social Responsibility (CSR) (INR)	16.83 Crore
5	List of activities in which expenditure in 4 above has been incurred.	BDL's CSR activities are carried out in the following focus areas: <ul style="list-style-type: none"> • Education & Skill Development • Rural Development • Sports & Swachh Bharat Projects • Drinking water supply & Sanitation and Healthcare initiatives

SECTION C: OTHER DETAILS

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

SECTION D: BR INFORMATION

1	Details of Director/ Directors responsible for BR (a) Details of the Director/ Directors responsible for implementation of the BR policy/policies DIN Number Name Designation (b) Details of the BR head DIN Number (if applicable) Name Designation Telephone number e-mail id	BR function relating to Corporate Social Responsibility and Sustainability is monitored by the Corporate Social Responsibility & Sustainable Development (CSR& SD) Committee of the Board of Directors. The details of the Composition of the CSR & SD Committee are provided in the Corporate Governance Report. The overall Business Responsibility of the company lies with the Chairman & Managing Director who gets them implemented through the respective group heads The details of the CMD of BDL is as follows: DIN: 08367035 Name: Cmde Siddharth Mishra (Retd.) Designation: Chairman & Managing Director Telephone No.: 040-23456123 Email ID: cmdbdl@bdl-india.in The Board has not assigned responsibilities specifically to any Director to function as the BR head.
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2. Principle-wise (as per NVGs) BR Policy/policies

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

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.



P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for BR	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes The Company follows all work practices, procedures and production endeavours pertaining to its area of activities/ operations as mandated by Industry, Government and relevant statutory bodies								
3	Does the policy conform to any national / international standards?	Yes. Various policies at BDL conform to different applicable statutes/ guidelines/ rules etc. issued by GOI, and updated from time to time. Industry practices, national/ international standards are generally kept in view while formulating policies.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Various policies conforming to the directives of the Government under various applicable laws/statutes/rules/guidelines etc., are approved by the Board or authority delegated for the same by the Board								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Board oversees the compliance and implementation of the policies through its various Committees as detailed in the Corporate Governance Report forming part of the Annual Report.								
6	Indicate the link for the policy to be viewed online?	The policies are available on Company's website: www.bdl-india.in/investors								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The Company policies and operational framework are available on the Company's website as well as its intranet. Quality, Health, Safety and Environmental Policy displayed at all major location of the Company.								
8	Does the company have in-house structure to implement the policy/ policies.	Yes. The Company has well-established in-house infrastructure, manpower pool, documented standard operating procedure and other executive & administrative machineries to implement the given policies in the area of safe and sustainable production of goods and services of the Company.								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	The Board has set up a Committee named Stakeholder's Relationship Committee to address the grievances of the stakeholders, debenture holders and other persons holding securities in the Company as required under the Companies Act, 2013 and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. In addition, the Company has also set up a vigil mechanism to address the genuine concerns, of any of the directors and employees. Further representations from bidders/ contractors as well as opinion sought by the Company against various tenders are referred to Independent External Monitors (IEM). IEMs discuss the issues with the executives concerned and bidders' representatives wherever felt necessary by IEMs and give their opinion through a speaking order.								
10	Has the company carried out independent evaluation of the working of this policy by an internal or external agency?	The Company is subject to various audits such as Statutory Audit by firm of Chartered Accountants appointed by the Comptroller & Auditor General, Internal Audit, C&AG Audit, Cost Audit, Secretarial Audit, Quality Audit, Safety Audit, Integrated Management Systems Audit etc. These audits ensure compliance to various internal and external policies.								

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



3. Governance related to BR

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability		
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs / Others?	<p>The Company has well placed Integrity Pact which is signed with bidders to enable them to raise any issues with regard to high value tenders of more than ₹ 2 Crore floated from time to time. People of high repute and integrity are appointed as Independent External Monitors to oversee implementation of the said Integrity Pact.</p> <p>The pact essentially envisages an agreement between the prospective vendors/bidders and BDL committing the Persons/officials of both sides, not to resort to any corrupt practices in any aspect/ stage of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.</p>
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?	<p>During the financial year 2018-19, 86 investor complaints/grievances have been received by the Company and through SEBI SCORES Platform, NSE and BSE and Registrar & Transfer Agent. All these complaints were attended to and resolved on priority basis.</p> <p>Further BDL had received 23 customer complaints regarding some of the products supplied to the customers. Out of which 15 complaints were disposed-off satisfactorily and 8 complaints were pending at the end of the financial year.</p>

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle		
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The Company is engaged in the business of manufacture and supply of various Missiles and allied Defence equipments to Indian Armed Forces.
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) :	<p>The company recognizes its commitment to achieve economic development through sustainable methods. This is proposed to be achieved through employment of appropriate technology, transparency in procurement and outsourcing and participation in sustainable development programmes.</p> <p>The Company has implemented various energy conservation measures namely installation of grid connected Solar Power Plant, Electrification with LED lights instead of conventional discharge lamps etc. The Company installed 5 MW Grid connected Solar Power plant at BDL-Bhanur unit through M/s. Solar Energy Corporation of India which has become operational since September 2017. Further the Company also installed another 5MW Grid connected Solar Power plant at Ibrahimpatnam unit through M/s. Solar Energy Corporation of India which has become operational from this current year April 2019.</p>
3	Does the company have procedures in place for sustainable sourcing (including transportation)?	The Company has been following approved criteria for the selection of vendors to ensure sustainable sourcing which inter alia includes vendors having ISO 9000 certification, vendors approved by regulatory bodies; various authorized dealers of the manufacturer, ability to provide materials as per laid down specification and other requirements. Ability to supply materials as per stipulated delivery period, annual evaluation of the orders placed on a vendor is completed to decide the average performance.
4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Being the Company is into Defence sector, the policy of procurement from Micro, small and Medium enterprises is not applicable. However, the Company is striving to promote procurement/avail services, through local and small producers and service providers. As such the Company attended six (6) Vendor Development Programmes (VDPs) organized by the Dept. of MSME, GOI

5	Does the company have a mechanism to recycle products and waste?	BDL has mechanism in place to send waste for recycling through certified agencies: a) Solid waste such as metal scrap, wooden scrap, damaged barrels, diesel generator set, air handling unit are sold out and returned to process/market through recycling b) Hazardous waste such as waste oil, empty chemical containers, empty glass bottles, MS paint container have been disposed through the agency registered with the Pollution Control Board c) E-waste has been sold out and returned to process/market through recycling. d) The lead acid batteries are given to the authorised recyclers/dealers on buyback basis as and when required
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Principle 3 : Businesses should promote the well-being of all employees

Principle of businesses should promote and well-being of employees							
1	Total number of permanent employees as on 31.03.2019.	2997					
2	Total number of employees hired on temporary/ contractual/ casual basis.	33					
3	Number of permanent women employees.	318					
4	Number of permanent employees with disabilities	111					
5	Employee association	BDL has three employee associations recognized by Management					
6	What percentage of your permanent employees is members of this recognized employee association?	97%					
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	Nil					
8	Brief details of training Programme held for employees with respect to safety & skill up-gradation training in the last year	No. of employees trained during 2018-19 (Category-Wise details)					
		Particulars	SC	ST	OBC	GEN	Total
		JOTNA	220	122	397	464	1203
		Non-JOTNA	470	223	809	1181	2683

Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

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

Principle 5 : Businesses should respect and promote human rights.

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

Principle 6: Businesses should respect, protect and make efforts to restore the environment.

1	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.	Covers the Company as a whole. BDL has no subsidiaries/Joint Ventures/ Group etc.,
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2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	All the three units of BDL at Kanchanbagh, Bhanur and Vizag have been certified with ISO 14001:2015 Environmental Management System and BDL is addressing the environmental issues through various stages such as internal audits, external audits and core team meeting and Management review meetings.
3	Does the company identify and assess potential environmental risks? Y/N	Yes
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	BDL has not taken any project related to Clean Development Mechanism but under these criteria, BDL is reducing emissions through installation of Venturi Scrubbers in electroplating process. BDL has installed diesel generator complying with the requirements of CPCB norms.
5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Cleaner technology is implemented by inducting CNC Machines, Flow Forming, Robotic welding, Electro Discharge Machining, Electro Chemical Machining and Wave Soldering machines. BDL has undertaken the following initiative under energy conservations: - 0.96 power factor is being maintained - 5 MW solar power plant has been installed at Bhanur Unit and upcoming Ibrahimpatnam Unit - 513 KW solar rooftop plant is planned at Vishakapatnam Unit
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes
7	Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil

Principle 7: Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	a) Confederation of Indian Industry (CII) b) Society of Defence Technologists c) Hyderabad Management Association d) Standing Conference of Public Enterprises
2	Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas	No

Principle 8 : Businesses should support inclusive growth and equitable development

1	Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8?	As stated in the above sections, BDL's various CSR projects are in pursuit of the socio and economic development across the States where the units are situated. Further the BDL's Vendor development programs pave the way for achieving the inclusive growth and equitable development.
2	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?	BDL largely collaborates with various NGOs, foundations, government agencies, and other professional agencies for execution of the project on the ground.
3	What is your company's direct contribution to community development projects.	During the financial year 2018-19, the contribution to community development projects was ₹ 16.83 Crore. Please refer to the Annual Report on CSR Activities forming part of this Annual Report.
4	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	Yes. BDL conducts Impact assessment for majority of the projects

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1	What percentage of customer complaints/consumer cases are pending as on the end of financial year	BDL had received 23 customer complaints during the year. Out of which 15 complaints were disposed-off satisfactorily and 8 complaints were pending at the end of the financial year. This amounts to 34.78% of the total complaints registered.
2	Does the company display product information on the product label, over and above what is mandated as per local laws?	Not applicable as the Company is into business of Weapon systems. The product information is sensitive and classified. Hence, there is no display of product information.
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year	No
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	No, however BDL always obtains customer satisfaction survey and feedback from the customers at regular intervals



S.R. MOHAN & CO.

CHARTERED ACCOUNTANTS

☎ : 23201123
: 23201223
Fax : 23205535

INDEPENDENT AUDITORS' REPORT

To the Members of Bharat Dynamics Limited

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Bharat Dynamics Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and other explanatory information and a summary of the significant accounting policies (herein after referred to as "Standalone Ind AS financial statements").

2. Opinion

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 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs of the Company as at 31 March 2019, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

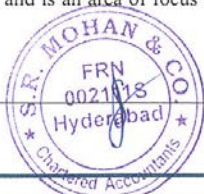
3. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 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.

4. Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. 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.

The key audit matters	How the matter was addressed in our audit
1. Ind AS 115 As described in Note 37(21) to the standalone financial statements, the Company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit.	We assessed the company's process to identify the impact of adoption of the new accounting standard which includes <ul style="list-style-type: none"> Evaluated the design and implementation of the processes and internal controls relating to implementation of the new revenue accounting standard;



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<p>The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involve collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>The Company adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods</p>	<ul style="list-style-type: none"> • Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams • Evaluated the cumulative effect adjustments as at 1 April 2018 for compliance with the new revenue standard; and • Evaluated the appropriateness of the disclosures provided under the new revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.
<p>2. Onerous Contracts</p> <p>Accuracy of revenue and onerous obligations in respect of fixed-price contracts involves critical estimates</p> <p>Estimated effort is a critical estimate to determine revenues and liability for onerous obligations. This estimate has a high inherent uncertainty as it requires consideration of progress of the contract, efforts incurred till date, efforts required to complete the remaining contract performance obligations.</p> <p>Refer Accounting policy No. 16.5 and Note no. 27 to the Standalone Financial Statements.</p>	<p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> • Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations. • Tested the access and application controls pertaining to time recording, allocation of planned and actual expenditure. • Selected a sample of contracts and tested the operating effectiveness of the internal controls relating to efforts incurred and estimated through inspection of evidence of performance of these controls. • Selected a sample of contracts and performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining efforts to complete the contract. • Performed analytical procedures and test of details for reasonableness of incurred and estimated efforts. <p>Conclusion: Our procedures did not identify any material exceptions.</p>



5. Emphasis of Matters:

We draw the attention to:

Note number 29 of the standalone Ind AS financial statements which accounting of certain sales, based on acceptance of quality by the Customer and prices by the representative of the customer, awaiting the amendments to the contract.

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

6. Information other than the Standalone Financial Statements and Auditor's report there on

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

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 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. Based on the information we have received till date on the other information that may contain in the Annual Report of the Company, we have nothing to report in this regard.

7. Management's responsibility for the Standalone Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and the estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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





8. Auditors' Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of Standalone Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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.

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

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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.

9. Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the Paragraph 3 and 4 of the Order.
- (2) As required under Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act and the Rules made thereunder.
 - (e) On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act
 - (f) With respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B;
 - (g) With respect to Directions issued by the Comptroller and Auditor General of India under Section 143 (5) we give our report in Annexure C: and





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

(i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements vide Note No. 37(7) of Notes to the Ind AS Financial Statements

(ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

(iii) No amounts are required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Hyderabad
Date: 30-05-2019



For S.R. MOHAN & CO.
Chartered Accountants
FR No. 002111S

S. Sandeep Reddy
S. SANDEEP REDDY
M. No. 242470
Partner



S.R. MOHAN & CO.

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ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Paragraph 9 (1) of Independent Auditors' Report to the Members of Bharat Dynamics Limited On the standalone Ind AS financial statements for the year ended on March 31, 2019

1. (a) Subject to sub-clause (c) herein below the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

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

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

Nature of Asset	Amount (Rs. In Lakh)	Reasons
Freehold Land at Kanchanbagh (including Investment Property valued at 0.97 Lakh)	29.39	Land allotted free of cost by the State Government. No Title Deed is issued. Value is fair value as per Ind AS 16
Freehold Land at IbrahimPatnam	6316.90	Land is acquired through TSIIIC. As per their rules Land will be registered only after setting up of the Factory.
Freehold Land at Visakhapatnam	376.13	APIIC is yet to execute the title deeds.
Lease hold land at Visakhapatnam	-	Lease Deed is not executed by the Lessor.

2. The Inventory of finished goods, raw materials, stores, spare parts, except those in transit and with third parties have been physically verified by the management during the year. We consider that the frequency of the verification is reasonable, having regard to the nature of business and size of the Company, discrepancies noticed on physical verification are appropriately dealt with in the accounts.
3. According to the information and explanations given to us, the Company has not given unsecured loans to companies/firms/parties covered in the register maintained under section 189 of the Companies Act, 2013, hence other matters relating to the loans and advances to parties listed under Section 189 are not applicable.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees, as applicable.



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5. According to the information and explanations given to us, the Company has not accepted any deposits during the year and hence compliance with the provisions of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2014, as amended with regard to acceptance of deposits are not applicable to the Company
6. According to the information and explanations given to us, the Company is required to maintain cost records under Section 148 (1) of the Companies Act, 2013. We have broadly reviewed these records and are of the opinion that prima facie, the prescribed accounts and records are made and maintained. We have not, however, made a detailed examination of these records with a view to determine whether they are accurate and complete.
7. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income-tax, Goods and Service tax, Sales Tax, Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it to the appropriate authorities. According to the records of the Company and information and explanations given to us none of these undisputed taxes are in arrears as at March 31, 2019 for a period exceeding six month from the date they become payable.
 - (b) According to the records of the Company and information and explanations given to us the following are the particulars of disputed amounts payable in respect of Central Sales Tax and Service Tax:

(Rs. In lakh)

Name of the Statute	Nature of Dues	Disputed Amount(Rs. in Lakh)	Paid under Protest/Adjusted as required under law	Balance	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act	Central Sales Tax	284.36	71.09	213.27	2007-08	TS VAT AT
Central Sales Tax Act	Central Sales Tax	5550.83	693.85	4856.98	2011-12	Writ pending with High Court at Hyderabad
Central Sales Tax Act	Central Sales Tax	5024.27	-	5024.27	2012-13	Writ pending with High Court at Hyderabad
Central Sales Tax Act	Central Sales Tax	4266.81	-	4266.81	2013-14	Writ pending with High Court at Hyderabad



Central Sales Tax Act	Central Sales Tax	6468.12	-	6468.12	2014-15	Writ pending with High Court at Hyderabad
Finance Act, 1994	Service Tax	2355.50	1177.75	1177.75	2012-13 to 2014-15	CETSTAT, Hyderabad
TOTAL		23949.89	1942.69	22007.20		

8. According to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks, government and the Company has not issued any debentures.
9. The Company has not raised any money by way of initial public offer or further public offer or by way of term loans during the year, hence other matter contained in Companies (Auditor's Report) Order, 2016 (CARO) is not applicable.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers has been noticed or reported during the year.
11. Provisions of Sec 197 of Companies Act, 2013 is not applicable to the Company.
12. The Company is not NIDHI company hence matter relating to NIDHI company in CARO is not applicable to the Company
13. According to the information and explanations furnished to us, and based on our examination of books and records, we are of the opinion that all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and all the details have been disclosed in the financial statements as per applicable Accounting Standards.
14. The Company has not made any preferential offer of equity shares during the year and accordingly other matters relating to preferential offer are not applicable.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence provisions of Section 192 of the Companies Act, 2013 are not applicable
16. The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act.

Place: Hyderabad
Date: 30-05-2019



For S.R. MOHAN & CO.
Chartered Accountants
FR No. 002111S

S. Sandeep Reddy
S. SANDEEP REDDY
M. No. 242470
Partner



S.R. MOHAN & CO.
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ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Paragraph 9 (2) (f) of Independent Auditors' Report to the Members of Bharat Dynamics Limited On the standalone Ind AS financial statements for the year ended on March 31, 2019

Report on the Internal Financial Controls over Financial Reporting under clause (i) of sub section 3 of Section 143 of the Companies Act, 2013

1. We have audited the internal financial controls over financial reporting of Bharat Dynamics Limited (the Company) as at March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

2. Management's Responsibility:

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

3. Auditor's Responsibility:

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" (Guidance Note) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls. 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 over financial reporting was 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial control based on assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements, 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 over financial reporting.



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4. Meaning of Internal Financial Controls Over Financial Reporting:

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

5. Inherent Limitations of Internal Financial Controls Over Financial Reporting:

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

6. Opinion:

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Place: Hyderabad
Date: 30-05-2019



For S.R. MOHAN & CO.
Chartered Accountants
FR No. 002111S

S. Sandeep Reddy

S. SANDEEP REDDY
M. No. 242470
Partner



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ANNEXURE-C TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Paragraph 9 (2) (g) of Independent Auditors' Report to the Members of Bharat Dynamics Limited On the standalone financial statements for the year ended on March 31, 2019

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

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

Direction	Report	Impact
1. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated..	According to the information and explanations furnished to us and based on our examination of books of account, we are of the opinion that the company has necessary system in place to process all the accounting transactions through IT system. There are no accounting transactions that are processed outside the IT system during the year.	Nil
2. Whether there is any restructuring of an existing loan or cases of waiver /write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated	According to the information and explanations furnished to us and based on our examinations of books of account, we are of the opinion that there are no such cases of restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan during the year.	Nil
3. Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Based on the examination of the books and records of the Company, we are of the opinion that the company has received funds for setting up of a solar power plant. These amounts were utilized for the purpose for which these are granted and properly are accounted.	Nil

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Place: Hyderabad
Date: 30-05-2019



For S.R. MOHAN & CO.
Chartered Accountants
FR No. 002111S

S. Sandeep Reddy
S. SANDEEP REDDY
M. No. 242470
Partner

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प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001.
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT and Ex-Officio MEMBER, AUDIT BOARD,
BENGALURU - 560 001.

दिनांक/ DATE. 01.08.2019

To

Shri V Udaya Bhaskar
Chairman and Managing Director.
M/s. Bharat Dynamics Limited,
Corporate Office, Plot No.38-39,
TSFC Building, Financial District,
Gachibowli, Hyderabad - 500 032

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013 on the Financial Statements of M/s. Bharat Dynamics Limited, Hyderabad for the year ended 31 March 2019.

I forward Nil Comments Certificate of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of M/s. Bharat Dynamics Limited, Hyderabad for the year ended 31 March 2019.

It may please be ensured that the comments are:

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

The receipt of this letter may please be acknowledged.

Yours faithfully,

A. Subramanian
(A. Subramanian)
Director (Admin)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT

प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001.
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Email : mabbangalore@cag.gov.in

फैक्स /Fax : 080-2226 2491



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

स्पीड पोस्ट द्वारा
गोपनीय

नि./बी.डी.एल.लेखा(2018-19)/2019-20/ 283
सं./No.

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001.
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT and Ex-Officio MEMBER, AUDIT BOARD,
BENGALURU - 560 001.

दिनांक/ DATE.

01 अगस्त 2019

सेवा में,
श्री वी.उदय भास्कर,
अध्यक्ष & प्रबंध निदेशक
मेसर्स भारत डायनामिक्स लिमिटेड,
कॉर्पोरेट ऑफिस, प्लॉट सं. 38-39,
टीएसएफसी बिल्डिंग, फ़िनान्सियल डिस्ट्रिक्ट
गाछीबौली, हैदराबाद - 500032
महोदय,

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

मैं 31 मार्च 2019 को समाप्त वर्ष के मेसर्स - भारत डायनामिक्स लिमिटेड, हैदराबाद के लेखाओं
पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक का
"निल टिप्पणी प्रमाण पत्र " अद्योषित करता हूँ।

कृपया सुनिश्चित करें कि टिप्पणियाँ

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

कृपया पत्र की पावती भेजें।

भवदीय,

ए. सुब्रमण्यन
(ए. सुब्रमण्यन)
निदेशक (प्रशासन)

संलग्न: यथोपरि

भारतीय लेखापरीक्षा तथा लेखा विभाग

INDIAN AUDIT & ACCOUNTS DEPARTMENT

प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001.

1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001.

दू.भा./Phone : 2226 7646 / 2226 1168

Email : mabbangalore@cag.gov.in

फैक्स /Fax : 080-2226 2491

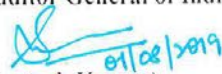
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF M/S. BHARAT DYNAMICS LIMITED,
HYDERABAD FOR THE YEAR ENDED 31 MARCH 2019.**

The preparation of Financial Statements of M/s. BHARAT DYNAMICS LIMITED, HYDERABAD for the year ended 31 March 2019 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 30 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of M/s. BHARAT DYNAMICS LIMITED, HYDERABAD for the year ended 31 March 2019 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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 auditors' report under section 143(6) (b) of the Act.

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


(Santosh Kumar)

Principal Director of Commercial Audit

Place: Bengaluru

Date: 01 August 2019



Ind AS

Financial Statements - 31 March 2019

Corporate information

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

Contents:

Ind AS Financial Statements comprises:

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

Reporting Entity:

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

Registered Office :

Kanchanbagh, Hyderabad - 500058

Corporate Office :

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



BALANCE SHEET

AS AT 31 MARCH 2019

(₹ in lakh)

PARTICULARS	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1	81,246.57	72,016.16
(b) Capital Work-in-Progress	2	4,703.08	12,984.34
(c) Investment Property	3	0.97	0.97
(d) Intangible Assets	4	14,449.08	14,820.96
(e) Intangible Assets under development	5	-	-
(f) Financial Assets			
(i) Investments	6	371.74	368.94
(ii) Loans	7	299.20	294.25
(iii) Other Financial Assets	8	4,620.24	5,030.98
(g) Deferred Tax Assets (net)	28A	7,177.36	19,255.98
(h) Other Non-current Assets	9	3,023.59	3,297.25
Total Non - Current Assets		115,891.83	128,069.83
(2) Current Assets			
(a) Inventories	10	166,453.20	192,586.64
(b) Financial Assets			
(i) Investments	11	-	23,529.92
(ii) Trade Receivables	12	58,720.51	77,040.62
(iii) Cash and Cash Equivalents	13	1,697.07	2,998.94
(iv) Bank balances other than (iii) above	14	35,434.60	32,680.00
(v) Loans	15	244.65	223.68
(vi) Other Financial Assets	16	132,294.90	151,616.08
(c) Current tax Assets	28B	4,538.01	-
(d) Other Current Assets	17	31,567.11	51,091.54
Total Current Assets		430,950.05	531,767.42
Total Assets		546,841.88	659,837.25
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	18	18,328.12	18,328.12
(b) Other Equity	19	208,526.48	177,309.87
Total Equity		226,854.60	195,637.99
(1) Non-current Liabilities			
(a) Financial Liabilities			
(i) Other Financial Liabilities	20	4,751.46	5,173.88
(b) Provisions	21	-	-
(c) Other Non-current Liabilities	22	23,323.86	35,826.18
Total Non-current Liabilities		28,075.32	41,000.06
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	181.55	-
(ii) Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises;	24	2,756.32	3,725.68
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	24	49,189.40	97,424.88
(iii) Other Financial Liabilities	25	12,344.45	24,015.89
(b) Other Current Liabilities	26	191,567.21	231,412.47
(c) Provisions	27	35,873.03	63,285.87
(d) Current tax Liabilities, net	28B	-	3,334.41
Total Current Liabilities		291,911.96	423,199.20
Total Liabilities		319,987.28	464,199.26
Total Equity and Liabilities		546,841.88	659,837.25

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

As per our report of even date.

for **S. R. MOHAN & CO.,**
Chartered Accountants
Firm's Registration No.002111S

For and on behalf of the Board

S. SANDEEP REDDY
Partner
(M.No. 242470)

S. PIRAMANAYAGAM
Director (Finance)
DIN: 07117827

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

Place: Hyderabad
Date: 30 May 2019

Place: Hyderabad
Date: 30 May 2019

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



STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 ST MARCH 2019

(₹ in lakh)

	PARTICULARS	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
	INCOME			
I	Revenue from Operations	29	306,934.97	458,759.75
II	Other Income	30	13,598.60	17,255.91
III	Total Income (I + II)		320,533.57	476,015.66
	EXPENSES			
IV				
	Cost of materials consumed	31	181,896.95	290,759.21
	Changes in inventories of finished goods and work-in-progress	32	(16,587.40)	(5,370.00)
	Employee benefits expense	33	53,420.88	52,933.98
	Finance costs	34	423.07	327.92
	Depreciation and amortisation expense	35	8,250.21	6,347.75
	Other expenses	36	25,993.40	53,634.39
	Total expenses (IV)		253,397.11	398,633.25
V	Profit/ (Loss) before exceptional items and tax (III-IV)		67,136.46	77,382.41
VI	Exceptional Items		-	-
VII	Profit before tax (V - VI)		67,136.46	77,382.41
VIII	Tax expense			
	(1) Current tax	28C	22,185.99	29,678.52
	(2) Deferred tax	28C	2,691.75	(5,111.27)
	Total Tax expense		24,877.74	24,567.25
IX	Profit/ (Loss) for the year (VII - VIII)		42,258.72	52,815.16
X	Other comprehensive income			
	A Items that will not be reclassified subsequently to profit or loss		-	-
	(a) Remeasurement of the defined benefit plans	37(4)	(1,646.05)	-
	(b) Income tax relating to items that will not be reclassified to profit or loss	28C	575.20	-
	Total other comprehensive income		(1,070.85)	-
XI	Total comprehensive income for the year (IX + X)		41,187.87	52,815.16
XII	Earnings per equity share			
	Basic and diluted EPS (in Rupees)	37 (3)	23.06	26.65

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

As per our report of even date.

for **S. R. MOHAN & CO.,**
Chartered Accountants
Firm's Registration No.0021115

For and on behalf of the Board

S. SANDEEP REDDY
Partner
(M.No. 242470)

S. PIRAMANAYAGAM
Director (Finance)
DIN: 07117827

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

Place: Hyderabad
Date: 30 May 2019

Place: Hyderabad
Date: 30 May 2019

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



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2019

A. Equity

(₹ in lakh)

Particulars	Amount
Issued and paidup capital as at April 01, 2017	12,218.75
Changes in equity share capital during the year	6,109.37
Balance as at March 31, 2018	18,328.12
Changes in equity share capital during the year	-
Balance as at March 31, 2019	18,328.12

B. Other Equity

(₹ in lakh)

Particulars	Reserves and Surplus			
	General Reserve	Capital Redemption Reserve	Retained Earnings	Total
Balance as at April 1, 2017	188,298.51	-	18,980.33	207,278.84
Profit for the year	-	-	52,815.16	52,815.16
Other comprehensive income for the year (net of tax)	-	-	-	-
Final dividend and tax thereof	-	-	(18,922.23)	(18,922.23)
Transfer to Capital Redemption Reserve	(3,054.69)	-	-	(3,054.69)
Transfer from Statement of Profit and Loss	23,000.00	-	-	23,000.00
Transfer to General Reserve	-	-	(23,000.00)	(23,000.00)
Addition towards buy back during the period	-	3,054.69	-	3,054.69
Buyback Premium Written off	(41,998.90)	-	-	(41,998.90)
Depreciation Adjustment	-	-	-	-
Issue of Bonus shares	(6,109.38)	(3,054.69)	-	(9,164.07)
Tax on Buyback of shares	-	-	(9,689.99)	(9,689.99)
Interim Dividend	-	-	(2,500.00)	(2,500.00)
Tax on Interim Dividend	-	-	(508.94)	(508.94)
Tax on Proposed Final Dividend (P.Y.)	-	-	-	-
Balance as at March 31, 2018	160,135.54	-	17,174.33	177,309.87

Particulars	Reserves and Surplus			
	General Reserve	Capital Redemption Reserve	Retained Earnings	Total
Balance as at April 1, 2018	160,135.54	-	17,174.33	177,309.87
Profit for the year	-	-	42,258.72	42,258.72
Adjustment on account of adoption of Ind AS 115*	-	-	17,736.54	17,736.54
Other comprehensive income for the year (net of tax)	-	-	(1,070.85)	(1,070.85)
Final dividend and tax thereof	-	-	(16,107.64)	(16,107.64)
Transfer to Capital Redemption Reserve	-	-	-	-
Transfer from Statement of Profit and Loss	23,000.00	-	-	23,000.00
Transfer to General Reserve	-	-	(23,000.00)	(23,000.00)
Addition towards buy back during the period	-	-	-	-
Buyback Premium Written off	-	-	-	-
Depreciation Adjustment	-	-	-	-
Issue of Bonus shares	-	-	-	-
Tax on Buyback of shares	-	-	-	-
Interim Dividend	-	-	(9,622.27)	(9,622.27)
Tax on Interim Dividend	-	-	(1,977.89)	(1,977.89)
Tax on Proposed Final Dividend (P.Y.)	-	-	-	-
Balance as at March 31, 2019	183,135.54	-	25,390.94	208,526.48

* Refer Note 37(21): Implementation of Ind AS 115

As per our report of even date.

for **S. R. MOHAN & CO.,**
Chartered Accountants
Firm's Registration No.0021115

For and on behalf of the Board

S. SANDEEP REDDY
Partner
(M.No. 242470)

S. PIRAMANAYAGAM
Director (Finance)
DIN: 07117827

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

Place: Hyderabad
Date: 30 May 2019

Place: Hyderabad
Date: 30 May 2019

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



CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in lakh)

Particulars	March 31, 2019	March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and tax	67,136.46	77,382.41
Adjustments for :		
Depreciation and amortisation expense	8,250.21	6,347.75
Finance costs	423.07	327.92
Interest income	(4,692.06)	(9,181.75)
Profit on Sale of Fixed Assets	(4.86)	-
Deferred revenue on customer provided Assets	(1,311.05)	(734.05)
Provisions for expenses	1,208.04	7,153.37
Liabilities / provisions no longer required written back	(3,732.37)	(120.06)
Fair value adjustment to investment carried at fair value through profit and loss	(148.92)	(727.55)
Gain on sale of Financial Assets Measured at Fair value through profit and loss	(746.35)	(26.02)
Operating profit before working capital changes	66,382.17	80,422.02
Changes in working capital:		
Adjustments for (increase) / decrease in operating Assets:		
Trade receivables	18,320.11	(47,296.39)
Loans	(25.92)	94.06
Other Financial Assets	20,002.21	3,235.92
Inventories	26,118.07	28,990.28
Other Assets	19,659.08	86,998.14
Adjustments for increase / (decrease) in operating Liabilities:		
Trade payables	(49,204.84)	(51,785.86)
Other Financial Liabilities	(10,852.10)	10,279.56
Other Liabilities	(50,747.45)	(125,680.45)
Provisions	(1,816.28)	5,996.62
Cash generated from operations	37,835.05	(8,746.10)
Net income tax paid	(29,483.21)	(25,403.72)
Net cash flow before exceptional items	8,351.85	(34,149.82)
Exceptional items	-	-
Net cash from/ used in operating activities (A)	8,351.85	(34,149.82)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed Assets	(8,827.90)	(16,868.58)
Bank Deposits	(2,754.60)	131,810.00
Proceeds from sale of fixed Assets	5.28	-
Redemption / (Investments) in Mutual funds during the year	23,529.92	(23,026.02)
Gain on sale of Financial Assets Measured at Fair value through profit and loss	746.35	26.02
Interest received	4,278.81	12,760.32
Net cash from/ used in investing activities (B)	16,977.86	104,701.74
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	-	-
Finance costs	(284.06)	(188.90)
Buyback of shares	-	(45,053.59)
Tax on buy back of shares	-	(9,689.99)
Dividends paid and tax thereon	(26,529.07)	(21,931.17)
Net cash from/ used in financing activities (C)	(26,813.13)	(76,863.65)
Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)	(1,483.42)	(6,311.73)
Cash and Cash equivalents at the beginning of the year	2,998.94	9,310.67
Cash and Cash equivalents at the end of the year	1,515.52	2,998.94
(Refer Note (i) below)		
Note (i):		
Cash and Cash equivalents Comprises:		
in current accounts	193.69	370.28
in deposit accounts	1,500.00	2,620.24
Cash on hand	3.38	8.42
Bank overdraft	(181.55)	-
	1,515.52	2,998.94

As per our report of even date.

for **S. R. MOHAN & CO.,**
Chartered Accountants
Firm's Registration No.002111S

For and on behalf of the Board

S. SANDEEP REDDY
Partner
(M.No. 242470)

S. PIRAMANAYAGAM
Director (Finance)
DIN: 07117827

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

Place: Hyderabad
Date: 30 May 2019

Place: Hyderabad
Date: 30 May 2019

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

ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1.1 Compliance with Ind AS:

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

1.2 Historical cost convention:

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

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

1.3 Use of estimates:

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

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

2. FOREIGN CURRENCY TRANSLATION

2.1 Functional and presentation currency

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

2.2 Transactions and Balances

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

3. REVENUE RECOGNITION:

A. Revenue from Contract with Customers

- (i) Revenue is recognized when (or as) the company satisfies a performance obligation.
- (ii) Satisfaction of performance obligation over time
 - a. Revenue is recognised overtime where the transfer of control of goods or services take places over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:
 - the company's performance entitles the customer to receive and consume the benefits simultaneously as the company performs
 - the company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
 - the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment including a reasonable profit margin for performance completed to date.
 - b. Progress made towards satisfying a performance obligation is assessed based on Input Method on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract. If the outcome of the performance obligation cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.
 - c. In case of AMC contracts, where passage of time is the criteria for satisfaction of performance obligation, revenue is recognised using the output method.
- (iii) Satisfaction of performance obligation at a point in time
 - a. In respect of cases where the transfer of control does not take place over time, the company recognises the revenue at a point in time when it satisfies the performance obligations.
 - b. The performance obligation is satisfied when the customer obtains control of the asset. The indicators for transfer of control include the following:
 - the company has transferred physical possession of the asset
 - the customer has legal title to the asset
 - the customer has accepted the asset
 - when the company has a present right to payment for the asset
 - The customer has the significant risks and rewards of ownership of the asset. The transfer of significant risks and rewards ownership is assessed based on the Inco- terms of the contracts.

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



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

Bill and hold Sales:

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

- the reason for the bill and hold sales is substantive
 - the product is identified separately as belonging to the customer
 - the product is currently ready for physical transfer to the customer
 - the company does not have the ability to use the product or to direct it to another customer
- (iv) Measurement
- a. Revenue is recognized at the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties and net of estimated liquidated damages. Exchange rate variation and any other additional consideration is recognised based on contractual terms of the contract.
 - b. The entity obligation to replace or repair faulty goods under the standard warranty terms is recognized as a provision and is not adjusted against transaction price as the customer does not have option to purchase warranty separately.
 - c. In case where the contracts involve multiple performance obligations, the company allocates the transaction price to each performance obligation on the relative stand-alone selling price basis.

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

Multiple Elements - In cases where the installation and commissioning or any other separately identifiable component is stipulated and price for the same agreed separately, the Company applies the recognition criteria to separately identified components (sale of goods and installation and commissioning, etc.) of the transaction and allocates the revenue to those separate components based on their stand-alone selling price.
 - d. If the stand-alone selling price is not available the company estimates the stand alone selling price.
- (v) Significant financing component
- Advances received towards execution of Defence related projects are not considered for determining significant financing component since the objective is to protect the interest of the contracting parties.
- In respect of other contracts, the existence of significant financing component is reviewed on a case to case basis.
- (vi) Customer financed assets:
- The assets financed by customers are recognized initially at fair value. The corresponding revenue is recognized in proportion to depreciation over the life of the asset.

B. Other Income:

Recognition of other income is as follows

- i) Interest income:

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

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

4. GOVERNMENT GRANTS

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

5. INCOME TAX

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

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.
- 5.3 Deferred tax:
 - i) Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting profit nor the taxable profit (tax loss). Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted at the

end of the reporting period and are expected to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

- ii) Deferred tax assets are recognized for all deductible temporary differences and unused losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax asset is also recognised for the indexation benefit on land available for taxation purpose since it results in a temporary difference.
- iii) Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the liability simultaneously.
- iv) Current and deferred tax is recognized in profit or loss, except to the extent that it relates to the items recognized in other comprehensive income or directly equity. In this case, the tax is also recognized in other comprehensive income or directly equity, respectively.

6. LEASES

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

6.1 As a lessee

- i) Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of minimum lease payments. The corresponding rental obligations, net of finance charges, are included in the borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.
- ii) Leases in which a significant portion of risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary costs increases.

6.2 As a lessor

Lease income from operating leases where the Company is a lessor is recognized in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary costs increases. The respective leased assets are included in the balance sheet based on their nature.

7. INVENTORIES

- 7.1 Inventories are valued at lower of cost and net realizable value. The cost of raw material, components and stores are assigned by using the actual weighted average cost formula and those in transit at cost to date. In the case of stock-in-trade and work-in-progress, cost includes material, labour and related production overheads.
- 7.2 Stationery, uniforms, welfare consumables, medical and canteen stores are charged off to revenue at the time of receipt.

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

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

8. FINANCIAL INSTRUMENTS

8.1 Financial Assets:

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

(FVTPL) at inception. All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value.

- i) Classification of financial assets:

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

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

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

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

- ii) Measurement:

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

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

- a) Debt instruments

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

- (a)(i) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised



cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- (a)(ii) Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- (a)(iii) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.
- b) Equity instruments
 - (b)(i) The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.
 - (b)(ii) Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.
- (iii) Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

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

(iv) Derecognition of financial assets

A financial asset is derecognized only when

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

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

Where the entity 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 expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business if longer), they are classified as current assets otherwise as non-current assets.

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

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

8.2 Financial liabilities and equity instruments issued by the Company

Classification

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

i) Equity instruments

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

ii) Financial liabilities

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

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

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

iii) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company. Trade and other payables are presented as current liabilities if payment is due within 12 months after the reporting period otherwise as non-current. They are recognized initially

at their fair value and subsequently measured at amortized cost using the effective interest method.

iv) Derivatives

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

a) Embedded derivatives

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

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

b) Embedded foreign currency derivatives

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

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

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

8.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the 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 categorized within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. Derived from prices).

Level 3 – Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

10.3 For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Measurement

i. Land is capitalised at cost to the Company. Development of land such as levelling, clearing and grading is capitalised along with the cost of building in proportion to the land utilized for construction of buildings and rest of the development expenditure is capitalised along with cost of land. Development expenditure incurred for the purpose of landscaping or for any other purpose not connected with construction of any building is treated as cost of land.

ii. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical costs includes expenditure that is directly attributable to the acquisition of items.

iii. Subsequent costs are included in the asset's carrying amount and recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

iv. Where the cost of a part of the asset is significant to the total cost of the asset and useful life of that significant part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and the significant part is depreciated on straight line method over its estimated useful life.

11.2 Depreciation method, estimated useful life and residual value:

i. Depreciation is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life.

ii. The useful lives have been determined to be equal to those prescribed in Schedule II to the Companies Act; 2013.

iii. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

11.3 Disposal

Gains and losses on disposal are determined by comparing net sale proceeds with carrying amount. These are included in statement of profit and loss.



12. INTANGIBLE ASSETS:

12.1 Licences

Separately acquired licences are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

12.2 Computer software

- a) The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an Intangible Asset in the books of accounts when the same is ready for use. Intangible Assets that are not yet ready for their intended use as at the Balance Sheet date are classified as "Intangible Assets under Development.
- b) Cost associated with maintaining of software programs are recognized as an expense as incurred.
- c) Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:
 - It is technically feasible to complete the software so that it will be available for use
 - Management intends to complete the software and use or sell it
 - There is an ability to use or sell the software
 - It can be demonstrated how the software will generate probable future economic benefits
 - Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
 - The expenditure attributable to the software during its development can be reliably measured.
- d) Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.
- e) Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use.

12.3 Research and development

Research expenditure and development expenditure that do not meet the criteria in 12.2(c) above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

In the event of the Company financed project(s) being foreclosed/ abandoned, the expenditure incurred up to the stage of foreclosure/ abandonment is charged off to revenue in the year of foreclosure/ abandonment.

12.4 Amortization methods and periods

The Company amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Licences	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 group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When

part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

14. NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS:

- 14.1 Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.
- 14.2 An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.
- 14.3 Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.
- 14.4 Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.
- 14.5 A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

15. IMPAIRMENT OF ASSETS:

- 15.1 Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.
- 15.2 The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

16. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

- 16.1 Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

- 16.2 Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
- 16.3 Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognized as interest expense.
- 16.4 Warranty: Warranty on goods sold, wherever applicable, commences once the sale is complete and accordingly provision for such warranty is made. The period, terms and conditions of warranty as per the relevant contract are taken into consideration while determining the provision for such sales.
- 16.5 Provision for Onerous Contract: A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

17. EMPLOYEE BENEFITS

17.1 Short-term obligations

Liabilities for wages and salaries, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

17.2 Other long term employee benefit obligations

The liability for vacation leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

17.3 Post-employment obligations

The Company operates the following post-employment schemes:

- Defined benefit plans such as Gratuity and contribution towards Provident Fund under the PF Act; and
- Defined contribution plans namely Retired Employee Medical Scheme (REMI)/Post Superannuation Medical Benefit (PSMB), Death Relief Fund (DRF), Employee State Insurance Scheme (ESI) and Pension Scheme(s).

a) Defined benefit plans

The liability or assets recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and change in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

b) Defined contribution plans

The Company pays contributions to trusts established as per local regulations and also to publicly administered funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company's contribution paid/ payable to Company approved Retired Employee Medical Scheme (REMI)/Post superannuation Medical Benefit(PSMB), Death Relief Fund (DRF), Employee State Insurance Scheme (ESI) and Pension Scheme are charged to revenue.

17.4 Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefit are measured based on the number of employees expected to accept the offer. Termination Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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

18. CONTRIBUTED EQUITY

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

19. DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of



the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

20. EARNINGS PER SHARE

20.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

The profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

20.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Note 1 to 37 and Accounting Policies attached form part of accounts.

As per our report of even date,

For S. R. MOHAN & CO.,

Chartered Accountants

Firm's Registration No.002111S

For and on behalf of the Board

S.SANDEEP REDDY

Partner

(M.No.242470)

S.PIRAMANAYAGAM

Director (Finance)

DIN: 07117827

Cmde SIDDHARTH MISHRA (Retd)

Chairman and

Managing Director

DIN: 08367035

N.NAGARAJA

Company Secretary

(M.No. A19015)

Place: Hyderabad

Date: 30 May 2019

Place: Hyderabad

Date: 30 May 2019



Notes

FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Property, Plant and Equipment

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2017	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2018	Accumulated depreciation/ amortisation as at April 1, 2017	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2018	As at March 31, 2018
Freehold Land	6,560.40	1,868.73	-	8,429.13	-	-	-	-	8,429.13
Leasehold Land	3,477.17	-	-	3,477.17	74.10	37.05	-	111.15	3,366.02
Buildings	14,670.32	5,681.61	15.65	20,367.58	969.44	852.95	15.81	1,838.20	18,529.38
Fencing and Compound Walls	1,112.13	16.38	0.49	1,129.00	550.61	207.35	1.89	759.85	369.15
Roads and Drains	853.43	-	-	853.43	222.39	110.61	-	333.00	520.43
Water Supply Installations	143.00	27.51	1.95	172.46	6.24	5.84	1.95	14.03	158.43
Plant, Machinery and Equipment#	33,043.35	8,522.76	775.03	42,341.14	4,132.59	2,767.88	327.67	7,228.14	35,113.00
Furniture and Equipment*	2,575.54	1,068.77	(641.47)	3,002.84	858.63	447.44	(39.39)	1,266.68	1,736.16
Transport Vehicles	539.12	8.15	(1.24)	546.03	134.21	79.53	(1.23)	212.51	333.52
Special Tools & Equipment	5,173.26	74.79	-	5,248.05	1,500.98	286.13	-	1,787.11	3,460.94
Total	68,147.72	17,268.70	150.41	85,566.83	8,449.19	4,794.78	306.70	13,550.67	72,016.16

Adjustments include Reclassification ₹ 523.69 lakh (Acc. Dep. ₹ 95.61 lakh)

* Adjustments include Reclassification of ₹ (718.10) lakh (Acc. Dep. ₹ (211.70) lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2018	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2019	Accumulated depreciation/ amortisation as at April 1, 2018	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2019	As at March 31, 2019
Freehold Land	8,429.13	341.74	-	8,770.87	-	-	-	-	8,770.87
Leasehold Land	3,477.17	-	-	3,477.17	111.15	37.05	-	148.20	3,328.97
Buildings	20,367.58	10,488.88	(69.95)	30,786.51	1,838.20	1,180.93	(9.22)	3,009.91	27,776.60
Fencing and Compound Walls	1,129.00	-	-	1,129.00	759.85	187.17	-	947.02	181.98
Roads and Drains	853.43	372.69	-	1,226.12	333.00	122.46	-	455.46	770.66
Water Supply Installations	172.46	1.10	-	173.56	14.03	6.30	-	20.33	153.23
Plant, Machinery and Equipment	42,341.14	3,668.88	(19.59)	45,990.43	7,228.14	3,207.45	(5.71)	10,429.88	35,560.55
Furniture and Equipment	3,002.84	372.68	(47.19)	3,328.33	1,266.68	513.80	(12.36)	1,768.12	1,560.21
Transport Vehicles	546.03	39.42	-	585.45	212.51	77.23	-	289.74	295.71
Special Tools & Equipment	5,248.05	109.90	-	5,357.95	1,787.11	723.05	-	2,510.16	2,847.79
Total	85,566.83	15,395.29	(136.73)	100,825.39	13,550.67	6,055.44	(27.29)	19,578.82	81,246.57

Notes:

Freehold Land:

(a) Freehold Land includes

- 2 Acres and 08 Guntas as at March 31, 2019 (March 31, 2018: 2 Acres and 08 Guntas) of land at Kanchanbagh, Hyderabad given on permissive possession to a Government of India Organisation and is in their possession.
- 146 Acres 32 Guntas (March 31, 2018: 146 Acres 32 Guntas) of land at Kanchanbagh, Hyderabad received free of cost from State Government, is valued at ₹ 28.42 Lakh (as at March 31, 2018 ₹ 28.42 Lakh), title to this land is yet to be received.

- In respect of land admeasuring 82 Acres 31 Guntas (as at March 31, 2018: 82 Acres 31 Guntas) at Karmanghat, Hyderabad acquired by state government for the company for which an amount of ₹ 21.66 Lakh (as at March 31 2018 : ₹ 21.66 Lakh) paid/provided by the company is capitalised.



- (c) Title is yet to be received for 10 Acres 13 Guntas (as at March 31, 2018 : 10 Acres 13 Guntas) of land at Visakhapatnam for which an amount of ₹ 376.13 lakh (as at March 31, 2018: ₹ 376.13 lakh) paid/provided is capitalised.
- (d) Free hold land of 632 Acres 16.50 Guntas (as at March 31, 2018: 597 Acres 22.50 Guntas) at Ibrahimpatnam, Rangareddy District is taken possession on agreement of sale by paying ₹ 6136.90 Lakh (as at March 31, 2018: ₹ 5831.28 lakh) based on tentative fixation of price is capitalised. One of the condition of agreement of sale is, if the unit does not commence commercial production within 2 year from date of agreement or extended time, if allowed, shall be at a penalty based on the cost of land at that time. Execution of sale deed, passing of title is only after commencing commercial production.

Leasehold Land :

- (a) Land measuring 3 acres 25 guntas (March 31, 2018: 3 acres 25 guntas) at Visakhapatnam was taken on lease from Government of India at a rental of ₹ 1.00 per acre per annum. As no premium has been paid for the lease, no capital cost is considered.
- (b) Leasehold land measuring 553 Acres 34 Guntas (as at March 31, 2018: 553 Acres 34 Guntas) at Amravati for which a premium of ₹ 3922.37 lakh was paid is taken on lease on 07/02/2014 with certain conditions attached to it. One of the main condition is, if the factory building and works are not completed within 60 months from the date of allotment, unless the time is extended, the lease agreement may be cancelled and the lessor may take possession of the leasehold land together with all the erections, if any, on the said land, without paying any compensation to the company. At present the period of investment has been extended upto 05.04.2019. The project for which the land has been taken on lease is under finalisation with MoD, the Company is pursuing for further extension of period of investment.

Buildings :

- (a) Buildings include ₹ 111.01 Lakh as at March 31, 2019 (March 31, 2018 : ₹ 111.01 Lakh) being the value of buildings constructed on land not belonging to the Company.
- (i) The Estimated useful life of various categories of assets (As per schedule II to the companies Act, 2013) is described as follows:

Asset	Useful life
Buildings	30 / 60
Fencing and Compound walls	5
Roads and Drains	10
Water supply installations	30
Plant, Machinery and Equipment	10/ 12/ 15
Furniture and Equipment	3 / 5 / 10
Transport vehicles	8 / 10

- (ii) For method and accounting of depreciation, refer the accounting policy 11: Property, Plant and Equipment.
- (iii) Impairment is tested as per the accounting policy 15. the company has assessed that there are no indicators of impairment.

Note 2: Capital Work-in-Progress

(₹ in lakh)

Particulars	As at March 31, 2019	As at March 31, 2018
Civil	1,122.69	9,970.47
Plant & Machinery	3,558.76	2,995.63
Others	21.63	18.24
Total	4,703.08	12,984.34

Notes:

- (i) Capital Work-in-Progress includes ₹ 40.09 Lakh as at March 31, 2019 (March 31, 2018: ₹ 40.09 Lakh) of Buildings kept in abeyance. Subsequent to the report of the Dy. Collector and Tahasildar, the Company obtained Survey report from Asst. Director, Survey Settlement and Land Records, R.R District. In order to proceed further, the company is in the process of obtaining clearances from environmental authorities. Necessary adjustments would be carried out in the books on receipt of clearance from environmental and other authorities.
- (ii) Refer note 37(7) for capital commitments and Note 37(8) for details relating to short closed projects.

Note 3: Investment Property

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2017	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2018	Accumulated depreciation/ amortisation as at April 1, 2017	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2018	As at March 31, 2018
Land (held for rentals)	0.97	-	-	0.97	-	-	-	-	0.97

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2018	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2019	Accumulated depreciation/ amortisation as at April 1, 2018	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2019	As at March 31, 2019
Land (held for rentals)	0.97	-	-	0.97	-	-	-	-	0.97



(i) **Amounts recognised in Profit or Loss for Investment Properties**

Particulars	March 31, 2019	March 31, 2018
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 Government of India under long-term operating leases with rentals payable yearly. The lease rentals for such property is ₹ 1 per annum per acre. Leasing arrangements are the same for year ended March 31, 2019 and March 31, 2018.

(iv) **Fair value**

Particulars	March 31, 2019	March 31, 2018
Investment properties	1459.26	1459.26

Significant judgement:

As the land given to Indian Navy, Government of India Organisation is within the premises of the company and it would not be possible for the company to give the land to a third party, the Registration department value of the land is considered to be the fair value of the land. The fair value arrived at is ₹ 0.06 lakh per square yard as per the Registration department.

(v) Impairment is tested as per the accounting policy 15. the company has assessed that there are no indicators of impairment.

Note 4: Intangible Assets

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2017	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2018	Accumulated depreciation/ amortisation as at April 1, 2017	Depreciation/ amortisation for the Year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2018	As at March 31, 2018
Development Expenditure	4,036.18	426.72	(1,138.80)	3,324.10	2,303.11	714.24	-	3,017.35	306.75
Computer Software #	1,086.22	474.70	195.00	1,755.92	501.76	474.49	116.68	1,092.93	662.99
License Fee	13,696.18	519.28	-	14,215.46	-	364.24	-	364.24	13,851.22
Total	18,818.58	1,420.70	(943.80)	19,295.48	2,804.87	1,552.97	116.68	4,474.52	14,820.96

Adjustments including Reclassification ₹ 194.41 lakh (Acc. Dep. ₹ 116.09 lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2018	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2019	Accumulated depreciation/ amortisation as at April 1, 2018	Depreciation/ amortisation for the Year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2019	As at March 31, 2019
Development Expenditure	3,324.10	-	-	3,324.10	3,017.34	128.78	-	3,146.12	177.98
Computer Software	1,755.92	348.27	-	2,104.19	1,092.93	470.67	-	1,563.60	540.59
License Fee	14,215.46	1,492.00	-	15,707.46	364.24	1,612.71	-	1,976.95	13,730.51
Total	19,295.48	1,840.27	-	21,135.75	4,474.51	2,212.16	-	6,686.67	14,449.08

Note 5: Intangible Assets under development

Particulars	As at March 31, 2019	As at March 31, 2018
Intangible assets under development	-	-
Total	-	-

Significant judgement

The company estimates the useful life of the software to be 3 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 3 years, depending on technical innovations.



(₹ in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
6 Non-current Investments		
Investment carried at fair value through profit and loss (Unquoted)	371.74	368.94
(i) 9,21,920 (as at March 31, 2018 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		
	371.74	368.94
- Impairment is tested as per the accounting policy 15. the company has assessed that there are no indicators of impairment.		
- Refer note 37 (16): Fair value measurement.		
Significant Judgement:		
Investments in AP Gas Power Corporation Limited have been designated as fair value through profit and loss. Fair value is considered based on Net worth of investee as the shares are unquoted and the company does not have a significant influence in the investee.		
7 Non current Loans		
- Secured, considered good	249.22	249.58
- Unsecured, considered good	49.98	44.67
	299.20	294.25
Refer note 37 (16): Fair value measurement.		
8 Other Non-current Financial Assets		
- Deferred Debts	4,620.24	5,030.98
	4,620.24	5,030.98
Refer note 37(16): Fair value measurement.		
Significant Judgement:		
Deferred Debts:		
Deferred debts are receivables from the Indian Army and Ordnance factory. The receivable is denominated in Indian Rupees (INR) and receivable in equal instalments over 45 years commencing from 01.04.1992. As per the agreement, the receivable is adjusted on the basis of rates of Special Drawing Rights (SDR), issued by the International Monetary Fund (IMF). As such the receivable does not satisfy the Solely Payment of Principal and Interest (SPPI) criteria as set out in the standard. 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	660.30	794.95
Deferred expense*	2,363.29	2,502.30
	3,023.59	3,297.25
* Refer the significant judgement on Deferred Debts in Note No. 8		

PARTICULARS	As at March 31, 2019	As at March 31, 2018
10 INVENTORIES *		
Raw Materials and Components	90,892.88	131489.68
Less: Provision	(4,002.67)	(4,532.64)
GIT of Raw Materials and Components	55.65	2404.65
	86,945.86	1,29,361.68
Work-in-progress#	38,104.61	61497.48
Less: Provision	(521.72)	(462.42)
	37,582.89	61,035.06
Finished Goods	40,606.29	626.02
Less: Provision	(94.98)	(190.38)
GIT of Finished Goods	-	-
	40,511.31	435.65
Stores and Spare Parts	896.59	1059.90
Less:Provision	(173.32)	(135.25)
GIT of Stores and Spare Parts	-	-
	723.27	924.65
Loose Tools	1,070.16	1055.24
Less:Provision	(403.06)	(254.68)
GIT of Loose Tools	-	0.89
	667.10	801.45
Construction Materials	-	-
Stores & Equipment - Welfare	306.35	294.07
Less: Amortisation	(305.87)	(293.56)
	0.48	0.51
Miscellaneous Stores	22.29	27.64
	1,66,453.20	1,92,586.64
# Includes Inventory with Customers	9.20	9.20
* Include Material issued to Sub-contractors/Others	8,413.15	13,497.30
- Out of ₹ 8413.15 lakh (as at March 31, 2018 ₹ 13497.30 Lakh), material lying with sub contractors of ₹ 7427.69 lakh (as at March 31, 2018 ₹ 11325.55Lakh) were physically verified and balance is confirmed by the vendors. Differences on physical verification of material lying with subcontractors of ₹ 525.13 Lakh 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 37(8): Details of short closed projects.		



(₹ in lakh)

PARTICULARS		As at March 31, 2019	As at March 31, 2018
11	Current Investments		
	Investment at Fair Value through Profit and loss		
	Investment in Mutual Funds (Quoted)		
	SBI Premier Liquid Fund-Regular Plan-Growth : No. of Units: NIL (31 March 2018: 74818.404)	-	2,031.76
	SBI Ultra short term-Debt Fund -Direct Plan-Growth : No. of Units:NIL (31 March 2018: 455024.513)	-	10,246.46
	SBI short term-Debt Fund -Direct Plan-Growth : No. of Units: NIL (31 March 2018:49751986.348)	-	10,199.60
	SBI Premier Liquid Fund-Direct Plan-Growth : No. of Units: NIL (31 March 2018:38617.679)	-	1,052.10
		-	23,529.92
	Refer note 37 (16): Fair value measurement		
	Aggregate of Market value of quoted Investments	-	23,529.92
12	Trade Receivables		
	Secured	-	-
	Unsecured, considered good	58,720.51	77,040.62
	Doubtful	-	-
	Less: Allowance for doubtful debts (expected credit loss allowance)	-	-
		58,720.51	77,040.62
	Refer Note: 37 (16): Fair value measurement; 37 (13) Charges registered.		
	Refer Note: 37(22)(F) : Movement of Trade Receivables		
13	Cash and Cash Equivalents		
	Balances with Banks		
	- in current accounts	193.69	370.28
	- in deposit accounts (less than 3 months)	1,500.00	2,620.24
	Cash on hand*	3.38	8.42
	Remittances in transit	-	-
		1,697.07	2,998.94
	Cash and Cash Equivalents as per Statement of Cash flows	1,697.07	2,998.94
	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 37 (16): Fair value measurement.		
	Refer note 37(2): Offsetting of Financial Assets and Financial Liabilities - Bank Flexi and Current Accounts adjusted against Bank Overdraft		
14	Other Bank balances		
	Bank deposits other than margin money (Maturity period more than 3 months but less than 12 months)	35,434.60	32,680.00
		35,434.60	32,680.00
	- The company has been sanctioned an overdraft facility of ₹ 1,500.00 lakhs against which the company had pledged deposits worth ₹ 1,800.00 lakhs as security.		
	- The company has pledged fixed deposits receipts worth ₹ 10400.00 lakhs with bank for secured loan of ₹ 9250.00 lakhs.		
	Refer Note 37(1) : Offsetting Financial Assets and Financial Liabilities - Loans adjusted against Fixed Deposits		
	- There are no bank deposits with maturity beyond 12 months.		
	Reconciliation of Cash and Bank balances:		
	Cash and Cash Equivalents (as per the above)	1,697.07	2,998.94
	Bank Balance (as per the above)	35,434.60	32,680.00
	Total Cash and Bank balances	37,131.67	35,678.94
15	Current Loans		
	Loans to Employees		
	- Secured, considered good	99.88	113.08
	- Unsecured, considered good	144.77	110.60
	Total Current Loans	244.65	223.68
	Also refer note 37 (16): Fair value measurement.		
16	Other Current Financial Assets		
	Claims/Refunds receivable	5,238.62	6,854.09
	Less: Provision for doubtful claims (Refer Note - A below)	(21.47)	(21.47)
	Deferred Debts*	423.54	358.85
	Unbilled Revenue#	1,25,732.15	1,43,772.84
	Interest accrued on Deposits	903.75	633.74
	Interest accrued - Others	18.31	18.03
	Other Assets held for sale (Refer Note - B below)	-	-
	Total Other Current Financial Assets	1,32,294.90	1,51,616.08
	Refer note 37 (16): Fair value measurement.		
	#Refer note 37(22)(C): Movement of Contract Assets and Contract Liabilities		
	* Refer the significant judgement on Deferred Debts in Note No. 8		
	Note - A		
	(i) In case of a supplier, the Company initiated legal action for recovery of advance amount of ₹ 17.14 lakh with interest etc., as the Contract was not executed. Though District Court issued a decree for an amount of ₹ 48.10 Lakh together with interest etc., in favour of the Company, the decretal amount has not been recognised as claims receivable / income since the supplier was granted stay of operation of the decree by Hon'ble High Court and the matter is sub-judice as on date.		
	(ii) In 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.		
	Note - B		
	Gross Block of assets retired and held for sale during the year 2018-19 is ₹ 107.56 Lakh and Accumulated Depreciation is ₹ 107.56 Lakh		



(₹ in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
17 Other Current Assets		
Advances other than capital advances:		
Advances to vendors		
- Secured, considered good	425.03	17,828.33
- Unsecured, considered good	22,523.90	24,535.31
- Unsecured, considered doubtful	2.34	3.19
Less: Provision for doubtful advances	(2.34)	(3.19)
Prepaid expenses	144.37	169.53
Deposits	2,599.83	1,421.62
Advance Service Tax & GST	4,556.23	6,997.73
Deferred Expense*	139.02	139.02
Earmarked balances with banks for unpaid dividend	1,178.73	
Total Current Assets	31,567.11	51,091.54
Refer note 37(8): Details of short closed projects.		
* Refer the significant judgement on Deferred Debts in Note No. 8		

18 Equity Share Capital:

(₹ in Lakh)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised		
20,00,00,000 Equity Shares of ₹ 10/- each	20,000.00	20,000.00
Issued, Subscribed and paid up		
18,32,81,250 Equity Shares of ₹ 10/- each fully paid	18,328.12	18,328.12
	18,328.12	18,328.12

Notes:

Equity shares have a par value of ₹ 10 (2016-17 and before: ₹ 1000). They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

(A) Reconciliation of the number of Shares outstanding:

(₹ in Lakh)

Particulars	Number of Shares	Amount
Balance as at March 31, 2017	1,221,875	12,218.75
Splitting of shares during the year	122,187,500	12,218.75
Buy back during the year	(30,546,875)	(3,054.69)
Bonus issue during the year	91,640,625	9,164.06
Balance as at March 31, 2018	183,281,250	18,328.12
Bonus issue during the year	-	-
Balance as at March 31, 2019	183,281,250	18,328.12

(B) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Fully paid equity shares				
Government of India	160,829,297	87.75%	160,829,297	87.75%

C) Details of the buyback for the last 5 years immediately preceding the Current year

Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Number of shares bought back (nos.)	-	30,546,875	-	172,500	-	-
Face value of each share bought back (in Rupees)	-	10.00	-	1,000.00	-	-
Total Face value of shares bought back	-	3,054.69	-	1,725.00	-	-
Total Premium paid on shares bought back	-	41,998.90	-	18,160.80	-	-
Consideration paid towards buy back	-	45,053.59	-	19,885.80	-	-
Share capital reduction	-	3,054.69	-	1,725.00	-	-
Share premium utilised	-	-	-	-	-	-
General reserve utilised	-	45,053.59	-	19,885.80	-	-
Amount transferred to Capital redemption reserve	-	3,054.69	-	1,725.00	-	-

The face value of equity shares of ₹ 1000/- each was split into face value of ₹ 10/- each and accordingly no. of equity shares increased by 100 times with effect from 8th May 2017 .

- In accordance with Sec 68,69 and 70 of the Companies Act, 2013, the company initiated and completed buy back of shares from Government of India during the year 2017-18 and during the year 2015-16

D) Details of the Bonus shares issued for the last 5 years immediately preceding the current year .

Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
No. of Bonus Shares issued (nos.)	-	91640625	244375	-	-	-
Value of Bonus Shares issued (₹ in lakh)	-	9164.06	2443.75	-	-	-



(₹ in lakh)

PARTICULARS		As at March 31, 2019	As at March 31, 2018
19 Other Equity			
General Reserve		1,83,135.54	1,60,135.54
Capital redemption Reserve		-	-
Retained Earnings		25,390.94	17,174.33
Balance at end of year		2,08,526.48	1,77,309.87
A. General Reserve			
Balance at beginning of year		1,60,135.54	1,88,298.51
Transfer to Capital Redemption Reserve		-	(3,054.69)
Buyback Premium Written off		-	(41,998.90)
Depreciation Adjustment		-	-
Transfer from Statement of Profit and Loss		23,000.00	23,000.00
Bonus shares issued		-	(6,109.38)
Balance at end of year		1,83,135.54	1,60,135.54
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. Capital Redemption Reserve			
Balance at beginning of year		-	-
Transfer from General reserve		-	3,054.69
Utilised against issue of bonus shares		-	(3,054.69)
Balance at end of year		-	-
Reduction in nominal value of share capital on account of buy-back of shares is recorded as capital redemption reserve.			
C. Retained Earnings			
Balance at beginning of year		17,174.33	18,980.33
Adjustment on account of adoption of Ind AS 115 *		17,736.54	-
Profit for the year		42,258.72	52,815.16
Final dividend and tax thereof		(16,107.64)	(18,922.23)
Tax on Buyback of shares		-	(9,689.99)
Interim Dividend		(9,622.27)	(2,500.00)
Tax on Interim Dividend		(1,977.89)	(508.94)
Transfer to General Reserve		(23,000.00)	(23,000.00)
Other comprehensive income (net of tax)		(1,070.85)	-
Balance at end of year		25,390.94	17,174.33
* Refer Note 37(21): Implementation of Ind AS 115			
20 Other Non - Current Financial Liabilities			
Deferred Credit		1,833.09	1,878.42
Embedded derivative liability (Deferred liability)		2,918.37	3,295.46
		4,751.46	5,173.88
Also refer note 37 (16): 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			
Employee benefits		-	-
Accrued Leave		-	-
Gratuity		-	-
		-	-
22 Other Non - Current Liabilities			
Advances from Customers-§			
MoD		10,395.74	21,181.70
Others		949.20	1,050.00
Deferred Income*		2,430.41	2,573.37
Deferred Revenue #		9,548.51	11,021.11
		23,323.86	35,826.18
* Refer the significant judgement on Deferred Credit in note No.20			
# Refer note 37 (20) : Grant for solar plant			
§ Refer note 37(22)(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		181.55	-
- Unsecured		-	-
		181.55	-
The company has been sanctioned an overdraft facility of ₹ 1,500.00 lakhs against which the company had pledged deposits worth ₹ 1,800.00 lakhs as security.			
Refer note 37(2): Offsetting of Financial Assets and Financial Liabilities - Bank Flexi and Current Accounts adjusted against Bank Overdraft			



(₹ in lakh)

PARTICULARS		As at March 31, 2019	As at March 31, 2018
24	Trade Payables		
	Trade Payables - Current:		
	Dues to micro enterprises and small enterprises	2,756.32	3,725.68
	Dues to creditors other than micro, small and medium enterprises	49,189.40	97,424.88
		51,945.72	1,01,150.56
	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	2,521.35	3,524.81
	- Interest	234.97	200.87
	(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	22.03	25.94
	(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	234.97	200.87
	(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.		
25	Other Current Financial Liabilities		
	Current maturities of Deferred credit*	357.73	369.04
	Deposits	1,245.53	1,405.73
	Creditors for expenses	3,394.60	5,085.67
	Employee benefits payable	5,135.84	9,681.17
	Others	675.72	2,496.90
	Capital works	1,535.03	4,977.38
		12,344.45	24,015.89
	Also refer note 37 (16): Fair value measurement.		
	* Refer the significant judgement on Deferred Credit in note No.20		
26	Other Current Liabilities		
	Advances from Customers:#		
	- MoD	1,33,905.99	1,40,816.49
	- Others	52,088.83	52,812.16
	Deferred Income*	142.97	142.97
	Deferred Revenue	2,289.79	1,989.46
	Statutory remittances	3,139.63	35,651.39
		1,91,567.21	2,31,412.47
	Refer note 37(8): Details of short closed projects.		
	# Refer note 37(22)(C): Movement of Contract Assets and Liabilities		
	* Refer the significant judgement on deferred credit in note No. 20		

(₹ in lakh)

PARTICULARS		As at March 31, 2019	As at March 31, 2018
27	Current Provisions		
	Employee benefits		
	- Gratuity	2531.82	5,733.97
	- Accrued leave	2797.92	153.25
	Warranty	5716.49	4,990.22
	Liquidated Damages	-	27,123.41
	Onerous contract	1417.36	950.96
	CSR & Sustainable development	967.08	958.93
	Future charges	11397.96	13,509.46
	Others	11044.40	9,865.67
		35,873.03	63,285.87

Movement in provisions

Other Provisions	Employee benefits	Warranty	Liquidated Damages	Onerous Contract	CSR & Sustainable Development	Future Charges	Others
Balance as at March 31, 2018	5,887.22	4,990.22	27,123.41	950.96	958.93	13,509.46	9,865.67
Additional provisions recognised	5,329.74	1,839.61		1,072.19	1,615.97	162.60	1,178.73
Reductions arising from payments/ other sacrifices of future economic benefits	(5,887.22)	(1,113.34)	(27,123.41)	(605.79)	(1,607.82)	(2,274.10)	
Balance as at March 31, 2019	5,329.74	5,716.49	-	1,417.36	967.08	11,397.96	11,044.40

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.

Liquidated damages:

Liquidity damages are established using historical information on the scheduled delivery period and the trend of delays and also management estimates regarding possible future outflow on delay of delivery of goods or services to the customers and are accounted upto F.Y 2017-18. From 2018-19 onwards such estimated liquidated damages on supply of goods or services are adjusted against transaction price as per Ind AS 115" Revenue from contracts with customers". Hence there is no addition to provision.provision for delay in future supplies is not made as it gets adjusted in the transaction price. Refer Note 37(21): Implementation of Ind AS 115



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 of such contracts.

CSR & Sustainable development:

CSR & Sustainable development expenses are recognised based on the expenditure to be incurred as per the provisions of Companies Act, 2013.

Future charges:

Provision for future charges represents the estimated liability on account of revised ancillary/ packing material accepted to be delivered in line of ancillary/ packing material originally stipulated in the contract terms for the sales effected earlier.

(₹ in lakh)

Particulars	As at March 31, 2019	As at March 31, 2018
28 Income Taxes		
28A Deferred Tax Balance		
Deferred Tax Assets	14,512.58	25,814.49
Deferred Tax Liabilities	7,335.22	6,558.51
Total	7,177.36	19,255.98
Breakup of Deferred Tax balances		
Deferred Tax Assets		
Freehold Land	1,632.41	1,542.74
Provisions	12,445.66	23,840.02
Fair value adjustment to Deferred credit	434.51	431.73
Sub-Total	14,512.58	25,814.49
Deferred Tax Liabilities		
Property plant and Equipment	4,279.41	3,568.85
Intangible Assets	2,532.72	2,322.70
Fair value of investments		
- Equity Shares in unlisted Company	74.12	72.76
- Mutual Funds	-	174.39
Fair value adjustment to Deferred debts	448.97	419.81
Others	-	-
Sub-Total	7,335.22	6,558.51
Net Deferred Tax Asset/(Liability)	7,177.36	19,255.98

Reconciliation of Deferred Tax Balances:

For 2017-18

(₹ in lakh)

Particulars	Opening Balance	Recognised in statement of Profit and loss	Recognised in Other comprehensive income	Closing Balance
Deferred Tax Assets pertaining to :				
Freehold Land	1,364.26	178.48	-	1,542.74
Provisions	17,351.81	6,488.21	-	23,840.02
Fair value adjustment to Deferred credit	300.32	131.41	-	431.73
Sub total	19,016.39	6,798.10	-	25,814.49
Deferred Tax Liabilities pertaining to :				
Property plant and Equipment	2,561.41	1,007.44	-	3,568.85
Intangible Assets	1,785.19	537.51	-	2,322.70
Fair value of investments			-	-
- Equity Shares in unlisted Company	55.62	17.14	-	72.76
- Mutual Funds		174.39	-	174.39
Fair value adjustment to Deferred debts	292.03	127.78	-	419.81
Others	177.43	(177.43)	-	-
Sub total	4,871.68	1,686.83	-	6,558.51
Total	14,144.71	5,111.27	-	19,255.98

Reconciliation of Deferred Tax Balances:

For 2018-19

Particulars	Opening Balance	Recognised in statement of Profit and loss	Recognised in Opening reserves *	Closing Balance
Deferred Tax Assets pertaining to :				
Freehold Land	1,542.74	89.67	-	1,632.41
Provisions	23,840.02	(2,007.49)	(9,386.87)	12,445.66
Fair value adjustment to Deferred credit	431.73	2.78	-	434.51
Sub total	25,814.49	(1,915.04)	(9,386.87)	14,512.58
Deferred Tax Liabilities pertaining to :				
Property plant and Equipment	3,568.85	710.56	-	4,279.41
Intangible Assets	2,322.70	210.02	-	2,532.72
Fair value of investments		-	-	-
- Equity Shares in unlisted Company	72.76	1.36	-	74.12
- Mutual Funds	174.39	(174.39)	-	-
Fair value of Deferred Debt	419.81	29.16	-	448.97
Others	-	-	-	-
Sub total	6,558.51	776.71	-	7,335.22
Total	19,255.98	(2,691.75)	(9,386.87)	7,177.36

*- Refer note 37(21): Implementation of Ind AS 115



(₹ in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018
28B Current Tax Assets and Liabilities		
Current Tax Assets	4,538.01	-
Total Current Tax Assets	4,538.01	-
Current Tax Liabilities	-	3,334.41
Total Current Tax Liabilities	-	3,334.41

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
28C Tax Expense		
i) Recognised in the Statement of Profit and Loss		
Current Tax		
In respect of the current year	22,228.18	29,130.44
In respect of prior years	(42.19)	548.08
Total	22,185.99	29,678.52
Deferred Tax		
In respect of the current year	2,691.75	(5,111.27)
Total	2,691.75	(5,111.27)
ii) Recognised in Other comprehensive income		
Current Tax		
In respect of the current year	575.20	-
Total	575.20	-

The Income Tax expense for the year can be reconciled to the accounting profit as follows

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax from continuing operations	67,136.46	77,382.41
Tax expense of amounts which are not deductible (taxable) in calculating taxable income		
Income tax expense calculated at 34.944%(FY 2017-18 : 34.608%)	23,460.17	26,780.50
Donations made during the year	0.87	0.09
Amount towards CSR activities	564.68	522.42
Interest due to MSME's	12.89	11.84
Foreign exchange capitalised	-	-
Others	(1,484.92)	2,425.04
Interest payable u/s 234A, 234B, 234C	-	86.56
Tax expense of amounts on which weighted deduction is available in calculating taxable income		
Weighted deduction on research and development expenditure	(933.87)	(696.00)
Depreciation	-	-
Investment Allowance u/s 32(AC)	-	-
VL Encashment	-	-
Impact of deferred tax on indexation of land	-	-
Impact of deferred tax	2,691.75	(5,111.27)
Adjustment for current tax of previous years	-	-
Adjustments recognised in the current year in relation to the earlier year AY 2014-15	0.72	1.02
Adjustments recognised in the current year in relation to the earlier year AY 2015-16	(3.41)	(1.09)
Adjustments recognised in the current year in relation to the earlier year AY 2016-17	(39.50)	-
Adjustments recognised in the current year in relation to the earlier year AY 2017-18	-	548.15
Adjustments recognised in the current year in relation to the current tax of prior years	-	-
Adjustments recognised in the current year in relation to the deferred tax of prior years (change in tax rates)	33.16	-
Income tax relating to items that will not be reclassified to profit/loss	575.20	-
Income tax expense recognised in profit or loss	24,877.74	24,567.25
Income tax recognised in Other comprehensive income	575.20	-
Income tax recognised in Other comprehensive income	575.20	-



(₹ in lakh)

PARTICULARS		For the year ended March 31, 2019	For the year ended March 31, 2018
29	Revenue from Operations		
	Sale of products		
	Finished Goods	2,66,467.48	3,09,548.27
	Spares	14,670.94	84,442.62
	Excise Duty	-	1,134.10
	Miscellaneous	1,445.50	349.31
	Sale of services		
	Repairs and Overhauls	716.11	6,636.87
	Training	19.58	402.91
	Job Works	4,880.40	6,644.50
	Miscellaneous	9,838.39	22,645.17
	Other operating revenue		
	Construction Contracts	-	8,712.96
	Sale of Scrap	34.24	1.26
	Deferred revenue on customer provided assets	1,311.05	734.05
	Other Claims	22,449.16	17,507.73
	LD levied by Customers	(14,897.88)	-
	Total	3,06,934.97	4,58,759.75
	- Refer note 37(5): Construction Contracts		
	<p>- Sale of Spares includes ₹ 5329.10 lakh (₹ 75221.63 lakh previous year) accounted based on Customer acceptance and Prices accepted by representative of the customer for which contract amendment is under consideration by the customer. The Company is confident of its realisation of these amounts.</p> <p>- Refer note 37(21): Implementation of Ind AS 115 and also refer note 37 (22): Disclosures under Ind AS 115.</p> <p>Significant judgement:</p> <p>Revenue:</p> <p>- The company recognizes revenue on the basis of percentage of completion method where the customer simultaneously receives the benefit.</p> <p>- 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.</p> <p>- An expected loss is recognized immediately when it is probable that the total cost will exceed the total revenue.</p>		
30	Other Income		
	Interest income on financial assets carried at amortised cost		
	Bank deposits	3,621.53	8,173.83
	Interest income from related parties	-	-
	Others	1,070.53	1,007.92
		4,692.06	9,181.75
	Other non-operating income		
	Liabilities no longer required, written back	1,241.76	120.06
	Provisions no longer required, written back	2,490.61	-
	Liquidated Damages recovered from suppliers	4,049.83	7,321.94
	Miscellaneous income (net)	495.57	433.34
		8,277.77	7,875.34
	Other gains and losses		
	Net foreign exchange gain / (Loss)	(271.36)	(554.75)
	Fair value gain/(loss) on financial assets measured at Fair value through profit and loss	148.92	727.55
	Gain on disposal of property, plant and equipment	4.86	-
	Gain on sale of Financial Assets Measured at Fair value through profit and loss	746.35	26.02
		628.77	198.82
	Total	13,598.60	17,255.91
31	Cost of Materials consumed		
	Cost of materials consumed	1,75,696.15	2,73,816.22
	Direct expenses	6,200.80	16,942.99
		1,81,896.95	2,90,759.21
32	Changes in Inventories of Finished Goods and Work-in-progress		
	Opening Stock:		
	Finished goods	626.02	624.88
	Work-in-progress	61,497.48	56,128.62
		62,123.50	56,753.50
	Closing Stock:		
	Finished goods	40,606.29	626.02
	Work-in-progress	38,104.61	61,497.48
		78,710.90	62,123.50
	Net (Increase) / Decrease	(16,587.40)	(5,370.00)
33	Employee Benefits Expense		
	Salaries and wages, including bonus	44,907.32	38,325.96
	Contribution to provident and other funds	6,215.23	12,880.19
	Staff welfare expenses	2,298.33	1,727.83
	Total	53,420.88	52,933.98
	Refer note 37(4): Employee Benefit obligations and 37(9) Related party transactions		
34	Finance Costs		
	Interest expense	284.05	188.90
	Other finance costs	139.02	139.02
	Total	423.07	327.92
35	Depreciation and Amortisation expense		
	Depreciation of property, plant and equipment	6,038.05	4,794.78
	Amortisation of intangible assets	2,212.16	1,552.97
	Total	8,250.21	6,347.75



(₹ in lakh)

PARTICULARS		For the year ended March 31, 2019	For the year ended March 31, 2018
36	Other Expenses		
	Shop Supplies	441.30	448.03
	Excise duty on sale of goods	-	1,088.83
	Power and Fuel	2,028.71	2,092.51
	Water Charges	575.42	640.73
	Travelling #	1,398.13	1,345.41
	Repairs:		
	Buildings	1,413.39	1,481.53
	Plant, Machinery and Equipment	990.73	633.47
	Furniture and Equipment	99.62	82.53
	Vehicles	11.55	10.16
	Others	57.36	80.79
	Vehicle Expenses - Petrol and Diesel	79.13	125.62
	Loose Tools and Equipment	149.13	132.15
	Insurance	590.46	467.37
	Rates and Taxes	541.41	735.00
	Postage, Telegrams, Telex and Telephones	143.34	184.25
	Printing and Stationery	149.75	88.43
	Publicity	367.08	653.28
	Advertisement	186.55	150.98
	Bank Charges	92.19	92.13
	Legal Expenses	6.35	30.48
	Donations	5.00	5.50
	Charge off-others	-	1,138.60
	Write off - Others	-	-
	Auditors' Remuneration: (refer note (i) below)	13.35	10.90
	Security Arrangements	3,894.68	3,528.93
	Liquidated Damages Expenditure	-	18,019.56
	Provision for Liquidated Damages*	-	20,366.29
	Less: Provision for Liquidated damages created earlier written back*	-	(17,243.33)
	Computer Software and Development	0.05	0.08
	Entertainment	0.84	0.68
	Courtesy	151.52	112.48
	Sitting Fee paid to Directors	11.90	11.82
	Sitting Fee paid to Independent External Monitors	1.20	0.40
	CSR & Sustainable Development Expenditure	1,615.97	1,509.54
	Replacement and other charges, Warranty and Batch Rejections	726.28	400.37
	Redundancy Provision	15.36	2,464.64
	Provision for Future Charges	-	2,666.30
	Provision for Onerous Contract	466.40	911.95
	Provision Others	-	710.11
	Miscellaneous Operating Expenses	9,769.25	8,659.19
	Less: Expenses capitalised	-	-
	Intangible Assets (DRE)	-	(203.30)
	Tools and Jigs	-	-
	Others	-	-
	Total	25,993.40	53,634.39
	# Includes Directors' Travelling Expenses	74.43	78.78
	* Refer Note - 37(7) and 37(21)		
	Notes:		
	i) Auditors' Remuneration comprises Fee:		
	Particulars		
	For Statutory Audit	10.00	10.00
	For Tax Audit	0.70	0.59
	For other services	2.65	0.31
	Total Auditors' remuneration	13.35	10.90
	In addition to the above ₹ 10.90 lakh during F.Y 2017-18, Auditors were paid ₹ 5.75 Lakh by Government of India in connection with offer for sale of company shares from its holdings.		
	ii) Refer note 37(6): Expenditure relating to Research and Development.		
	iii) Refer note 37(9): Related party transactions		
	iv) Refer note 37(21): Implementation of Ind AS 115		



Note 37: 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.

37(1) Offsetting Financial Assets and Financial Liabilities - Loans adjusted against Fixed Deposits

The following table presents the recognised financial instruments that are offset as at March 31 2019, March 31 2018. The column "net amount" shows the impact on the Company's Balance Sheet if all offset rights are exercised.

(₹ in lakh)

Particulars	Effects of offsetting on the Balance Sheet		
	Gross Amounts	Gross Amounts offset in the Balance Sheet	Net amount presented in the Balance Sheet
As on March 31, 2019			
Bank deposits other than margin money	44,700.00	(9,265.40)	35,434.60
Loan against Fixed deposits of ₹ 10,400.00 Lakhs	(9,265.40)	9,265.40	-
As on March 31, 2018			
Bank deposits other than margin money	32,680.00	-	32,680.00
Loan against Fixed deposits	-	-	-

37(2) Offsetting Financial Assets and Financial Liabilities - Bank Flexi and Current Accounts adjusted against Bank Overdraft

The following table presents the recognised financial instruments that are offset as at March 31 2019, March 31 2018. The column "net amount" shown the impact on the Company's Balance Sheet if all offset rights are exercised.

Particulars	Effects of offsetting on the Balance Sheet		
	Gross Amounts	Gross Amounts offset in the Balance Sheet	Net amount presented in the Balance Sheet
As on March 31, 2019			
Bank overdraft	(1,170.55)	989.00	(181.55)
Flexi and current accounts with banks	989.00	(989.00)	-
As on March 31, 2018			
Bank overdraft	(6.67)	6.67	-
Flexi and current accounts with banks	2,626.91	(6.67)	2,620.24

37(3) Earnings per share

(i) For continuing operations:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit after tax	42,258.72	52,815.16
Basic:		
Number of shares outstanding at the end of the year	1832,81,250	1832,81,250
Weighted average number of equity shares	1832,81,250	1981,78,082
Earnings per share (INR)	23.06	26.65
Diluted:		
Effect of potential equity shares on employee stock options outstanding	-	-
Weighted average number of equity shares outstanding	1832,81,250	1981,78,082
Earnings per share (INR)	23.06	26.65
Note: EPS is calculated based on profits excluding the other comprehensive income. EPS for previous year is adjusted for Bonus issue made during that year.		

(ii) For discontinuing operations:

There are no discontinuing operations.

(iii) For continuing and discontinuing operations:

Refer to the table (i)

37 (4) Employment Benefit obligations

(i) Post-employment obligations- Gratuity

The company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 day's salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognized funds in India. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Gratuity

Changes in the Present value of Obligation

(₹ in lakh)

Particulars	March 31, 2019	March 31, 2018
Present value of Obligation at the beginning of the year	18,553.90	12,509.75
Current service cost	640.80	5,662.78
Interest expense or cost	1,414.62	1,000.78
Remeasurements		
(Gain)/loss from change in demographic assumptions	135.80	
(Gain)/loss from change in financial assumptions	268.63	
Experience (gains)/loss	1,241.62	
Employer contributions		-
Benefit paid	(1,742.24)	(619.41)
Present value of Obligation at the end of the year	20,513.13	18,553.90



Changes in the Fair value of Plan Assets

(₹ in lakh)

Particulars	March 31, 2019	March 31, 2018
Fair value of Plan Assets at the beginning of the year	12,819.93	11,184.15
Interest income	1,169.66	929.59
Employer contributions	5,733.97	1,325.60
Benefit payments	(1,742.24)	(619.41)
Fair value of Plan Assets at the end of the year	17,981.32	12,819.93

Expenses recognised during the period

Particulars	March 31, 2019	March 31, 2018
In the Statement of Profit and Loss	885.76	5,733.97
In Other Comprehensive Income	1,646.05	-
Total	2,531.81	5,733.97

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	March 31, 2019	March 31, 2018
Present value of funded obligations	20,513.13	18,553.90
Fair value of plan assets	17,981.32	12,819.93
Deficit of funded plans	2,531.81	5,733.97

The significant actuarial assumptions were as follows:

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.75%	8.00%
Salary escalation	6.00%	6.00%
Attrition rate	2.63%	1.90%

Sensitivity analysis

Particulars	March 31, 2019	March 31, 2018
Defined Benefit Obligation	20,513.13	18,553.90
Discount rate:(% change compared to base due to sensitivity)		
Increase : +1%	19,476.53	17,330.24
Decrease: -1%	21,657.14	19,940.16
Salary Growth rate:(% change compared to base due to sensitivity)		
Increase : +1%	21,182.08	19,093.30
Decrease: -1%	19,807.01	18,018.19
Attrition rate: (% change compared to base due to sensitivity)		
Increase : +1%	20,687.20	17,330.24
Decrease: -1%	20,325.10	19,940.16

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The major categories of plans assets are as follows:

(₹ in lakh)

Particulars	March 31, 2019	March 31, 2018
Central government security	4,418.59	3,384.46
State government security	7,636.42	4,719.02
NCD/ Bonds	4,002.34	3,204.97
Equity	1,157.88	989.70
Fixed deposit	60.83	280.76
CBLO	515.02	83.33
Loans	2.54	3.85
Other approved security	187.68	153.84
Total	17,981.32	12,819.93

Defined benefit liability and employer contributions

The Company has purchased insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. The company considers that the contribution rate set at the last valuation date is sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs will not increase significantly.

The expected cash flows over the next years is as follows:

(₹ in lakh)

Particulars	Less than a year	Between 2-3 years	Between 4-5 years	Total
31-Mar-19				
Defined benefit obligation-gratuity	2,248.43	4,833.17	5,618.10	12,699.70

Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Interest Rate Risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.



Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation.

Demographic Risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

(ii) Provident Fund

Provident Fund Trust of the Company has to declare interest on Provident Fund at a rate not less than that declared by the Employees' Provident Fund Organisation. In case the Trust is not able to meet the interest liability, Company has to make good the shortfall. This is a defined benefit plan and the Company has got the same actuarially valued and there is no additional liability that needs to be provided for the year :

(₹ in lakh)

Actuarial Assumptions	March 31, 2019	March 31, 2018
	(Funded)	(Funded)
Discount rate	7.50%	8.60%
Rate of escalation in salary	6.00%	6.00%
Interest Rate Guarantee on Provident Fund	8.65%	8.55%
Interest Rate declared by BDL PF Trust	8.67%	8.60%

(iii) Defined Contribution plans

Employer's Contribution to State Insurance Scheme: Contributions are made to State Insurance Scheme for employees at the rate of 4.75%. The Contributions are made to Employee State Insurance Corporation (ESI) to the respective State Governments of the Company's location. This Corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

(iv) Compensated absences

The leave obligations cover the company's liability for earned leave.

The company maintains a funded plan for the purpose of compensated absences. The company recognises the obligations net of planned assets as per the actuarial valuation. A summary of employee benefit obligation and planned assets is presented below:

Particulars	March 31, 2019	March 31, 2018
The Actuarial Liability of Accumulated absences of the employees of the Company	12348.28	9362.85
Less: Plan assets	9550.37	9209.60
Net obligation	2797.91	153.25
Significant assumptions:		
Discounting Rate	7.75% P.A.	8.00% P.A.
Salary escalation Rate	6.00%	6.00%
Retirement Age	60 YEARS	60 YEARS

(v) Post Retirement Medical Scheme

Particulars	March 31, 2019	March 31, 2018
a) Contributions made to Post Superannuation Medical Benefits for the Executives retired after 01 Jan 2007- PSMB-II	284.74	277.95
b) Contributions made to Post Superannuation Medical Benefits for the Non-Executives retired after 01 Jan 2007-PSMB-III	410.27	384.94
c) Contributions made towards old scheme of Retired Employees Medical Insurance (REMI)	-	-

37(5) Construction contracts:

Following disclosures are made relating to Revenue Recognition of Construction Contracts.

Methods of recognising contract revenue:

Percentage of completion method is used to determine the contract revenue recognised in the period.

Method used to determine stage of completion of contract:

Proportion of contract costs incurred for work performed to the estimated total cost of contracts is used to determine the stage of completion.

(₹ in lakh)

Particulars	March 31, 2019	March 31, 2018
Contract Revenue recognised during the year	-	8,712.96
Aggregate amount of cost incurred	41,158.14	40,875.34
Profit Recognised	4,454.38	4,737.17
Amount of retention money due	-	-
Amount of advance received and outstanding	3,335.21	-

37(6) 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 :

Particulars	March 31, 2019	March 31, 2018
Being in the nature of Revenue expenditure	4991.36	3351.12
Being in the nature of Capital expenditure (Assets Capitalised)	353.58	671.05



37(7) Contingent Liabilities & Contractual Commitments:

(₹ in lakh)

Contingent Liabilities Not Provided for:	March 31, 2019	March 31, 2018
Outstanding Letters of Credit and Guarantees:		
(i) Letters of Credit	360.08	4,456.52
(ii) Guarantees and Counter Guarantees	5,564.24	6,250.51
Total	5,924.32	10,707.03
Claims / Demands against the Company not acknowledged as Debt:		
(i) PSUs	-	-
(ii) Sales Tax	20,829.42	20,995.51
(iii) Service Tax	1,177.75	2,355.51
(iv) Others	178.06	347.39
Total	22,185.23	23,698.41
Contractual Commitments:		
(A) Estimated amount of contracts remaining to be executed on Capital Account and not provided for, is		
(i) Property, Plant & Equipment	1,375.42	8,262.69
(ii) Investment Property	-	-
(iii) Intangible Assets	-	-
(B) Contractual Commitment towards LD for the deliverables due by 31.03.2019 will be accounted as and when corresponding revenue is recognised	22,694.98	-
Total	24,070.40	8,262.69

37(8) Details of short closed projects:

Out of the advances of ₹ 36450.36 Lakh (as at March 31, 2018 ₹ 38456.42 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 March 31, 2018 ₹ 114.05 Lakh), Current Assets (Note 10-17) comprises an amount of ₹ 12694.40 Lakh (as at March 31, 2018 ₹ 11271.64 Lakh) which includes an amount of ₹ 1422.76 Lakh paid to vendors during the year 2018-19 in Advances to vendors and ₹ 7880.32 Lakh (as at March 31, 2018 ₹ 7903.45 Lakh) in Inventories, total amounting to ₹ 20688.77 Lakh (as at March 31, 2018 ₹ 19289.14 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 ₹ 6072.67 Lakh (as at March 31, 2018 ₹ 3590.00 lakh) being the net amount of expenditure after adjustment of the available advance. Hence, for want of finalisation of the amount from the Government/ Customers, no claim/ impact on profit has been accounted in the books.

37(9) Related party transactions

Name of Key managerial personnel	
Shri Cmde Siddharth Mishra (Retd) (wef 01.03.2019)	Shri K Divakar, Dir (Technical) (upto 31.08.2018)
Shri V Udaya Bhaskar, CMD (upto 28.02.2019)	Shri N P Diwakar, Dir (Technical) (wef 01.09.2018)
Shri S Piramanayagam, Dir (Finance)	Shri V Gurudatta Prasad, Dir (Production)
Smt Sushama V Dabak, Independent Director	Prof. Ajay Pandey, Independent Director
Shri K S Sampath, Independent Director (wef 13.09.2017)	Shri Ajay Nath, Independent Director (wef 13.09.2017)
Smt Latha Narasimhamurthy, Independent Director (wef 13.09.2017)	Shri N Nagaraja, Company Secretary

(₹ in lakh)

Key management personnel compensation	March 31, 2019	March 31, 2018
Short - term employee benefits	264.51	230.03
Post - employment benefits	40.34	41.54
Long - term employee benefits	-	-
Sitting fee to Independent Directors	11.90	11.82
Total compensation	316.75	283.39

37(10) Capital Management

a) Risk management:

The Company has equity capital and other reserves attributable to shareholders as only source of capital and the company doesn't have borrowings or debts other than overdraft amount of ₹ 181.55 Lakh

b) Dividends

(₹ in lakh)

Particulars	March 31, 2019	March 31, 2018
(i) Interim dividend for the year ended March 31, 2019 of ₹ 5.25 (March 31, 2018 of ₹ 1.36) per fully paid equity share	9,622.27	2,500
(ii) Dividends not recognised at the end of reporting period: As at the year end March 31, 2019 the directors have recommended the payment of a final dividend of ₹ 1.67 per fully paid equity share (March 31, 2018 : ₹ 7.29). The proposed dividend is subject to the approval in shareholders in the ensuing annual general meeting.	3,060.80	13,361.20

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.

37(11) 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.



37(12) 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 ₹ 1,52,530.70 lakh (2017-18 ₹ 2,75,981.41 lakh)

37(13) Charges registered:

Company has registered floating charge with State Bank of India and Andhra Bank to the extent of ₹ 41,010.00 lakh (as at March 31, 2018 ₹ 41010.00 lakh) on book debts.

37(14) 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.

37(15) Contingent Assets:

Particulars	March 31, 2019	March 31, 2018
Contingent Assets	-	-

37(16) Fair Value Measurement

(₹ in lakh)

Particulars	Fair value hierarchy Level	Notes	As at March 31, 2019			As at March 31, 2018		
			Cost	Amortised Cost	FVTPL	Cost	Amortised Cost	FVTPL
A. Financial Assets								
a) Measured at amortised cost								
i) Cash and cash equivalents	3	13	1,697.07	1,697.07	-	2,998.94	2,998.94	
ii) Other bank balances	3	14	35,434.60	35,434.60	-	32,680.00	32,680.00	
iii) Loans	3	7, 15	543.85	543.85	-	517.93	517.93	
iv) Other financial assets	3	8, 16	1,31,871.36	1,31,871.36	-	1,75,441.48	1,75,441.48	
iv) Trade receivables	3	12	58,720.51	58,720.51	-	52,856.37	52,856.37	
Sub - total			2,28,267.39	2,28,267.39	-	2,64,494.72	2,64,494.72	-
b) Mandatorily measured at fair value through profit or loss								
i) Investment in equity instruments in other companies	3	6	53.60	-	371.74	53.60		368.94
ii) Deferred receivable	3	8, 16	3423.48	-	5,043.78	3,613.67		5,389.83
iii) Investment in Mutual Funds	1	11	-		-	23,026.02		23,529.92
Sub - total			3,477.08	-	5,415.52	26,693.29	-	29,288.69
Total Financial Assets			2,31,744.47	2,28,267.39	5,415.52	2,91,188.01	2,64,494.72	29,288.69
B. Financial Liabilities								
a) Measured at amortised cost								
i) Trade payables	3	24	51,945.72	51,945.72	-	1,01,150.56	1,01,150.56	
ii) Other financial liabilities	3	20, 25	13,819.81	13,819.81	-	25,525.27	25,525.27	
Sub - total			65,765.53	65,765.53	-	1,26,675.83	1,26,675.83	-
b) Mandatorily measured at fair value through profit or loss								
i) Embedded Derivative financial liability	3	20,25	-	-	3,276.10	-		3,664.50
Sub - total			-	-	3,276.10	-	-	3,664.50
Total Financial Liabilities			65,765.53	65,765.53	3,276.10	1,26,675.83	1,26,675.83	3,664.50

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets and liabilities:

(₹ in lakh)

Particulars	Level	March 31, 2019	March 31, 2018
Financial Assets:			
a) Measured at fair value through profit or loss			
i) Investment in equity instruments in other companies	3	371.74	368.94
ii) Deferred receivable	3	5,043.78	5,389.83
iii) Investment in Mutual Funds	1	-	23,529.92
Financial liabilities:			
a) Measured at fair value through profit or loss			
i) Embedded Derivative financial liability	3	3,276.10	3,664.50

Fair value hierarchy:

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.



Level 2: Inputs other than quoted price including within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- The fair value of unquoted equity instrument are determined with respect to the net worth of the company.
- The fair value of 45 years deferred credit and receivables is determined using foreign exchange rates as per the contract.

The resulting fair value estimates are included in level 3.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 31 March 2019 :

(₹ in lakh)

Particulars	Unlisted equity shares	Deferred receivable	Embedded derivative liability
As at 31 March 2018	368.94	5,389.83	3,664.50
Gain/loss recognised in profit and loss	2.80	(346.05)	(388.40)
As at 31 March 2019	371.74	5,043.78	3,276.10

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Particulars	Fair value as at		Significant unobservable inputs	Sensitivity
	March 31 2019	March 31, 2018		
Unquoted equity shares	371.74	368.94	Fair value of the company	A 1% increase in the fair value of the company would increase the non current investment by ₹ 3.72 lakh with a corresponding impact on profit and loss; a decrease in the fair value of the company would decrease the non current investment by ₹ 3.72 lakh with a corresponding impact on profit and loss.
Deferred receivable	5,043.78	5,389.83	Rupee rate per Special Drawings Right (SDR Unit)	A ₹ 1 increase in the SDR rate would increase the fair value by ₹ 68.74 lakh with a corresponding impact on profit and loss; a ₹ 1 decrease in SDR rate would decrease the fair value by ₹ 68.74 lakh with a corresponding impact on profit and loss.
Embedded derivative liability	3,276.10	3,664.50	Rupee rate per Special Drawings Right (SDR Unit)	A ₹ 1 increase in the SDR rate would increase the fair value by ₹ 70.69 lakh with a corresponding impact on profit and loss; a ₹ 1 decrease in SDR rate would decrease the fair value by ₹ 70.69 lakh with a corresponding impact on profit and loss.

37(17) Financial Risk Management:

The Company's activities expose it to market risk, liquidity risk and credit risk. The analysis of each risk is as follows:

A) Credit risk

Credit risk arises from cash and cash equivalents, instruments carried at amortised cost and deposits with banks, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

A. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings assigned by external agencies.



B. Credit risk on claims/refunds receivables, trade receivables and unbilled revenues are evaluated as follows:

(i) Year ended March 31, 2019:

(a) Expected credit loss for financial assets where general model is applied

(₹ in lakh)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of provision
Financial assets for which credit risk has not increased significantly since initial recognition	Claims/ refunds receivable	5238.62	0.41%	(21.47)	5,217.15
- Loss allowance measured at 12 month expected credit losses	Loans	543.85	-	-	543.85

(b) Expected credit loss for trade receivables and unbilled revenue under simplified approach

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	172737.97	11714.69	184452.66
Expected credit loss rate	0%	0%	0%
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables	172737.97	11714.69	184452.66

(ii) Year ended March 31, 2018:

(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	Claims/ refunds receivable	6854.09	0.31%	(21.47)	6,832.62
- Loss allowance measured at 12 month expected credit losses	Loans	517.93	-	-	517.93

(b) Expected credit loss for trade receivables and unbilled revenue under simplified approach

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	207473.41	13340.05	220813.46
Expected credit loss rate	0%	0%	0%
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables	207473.41	13340.05	220813.46

(iii) Reconciliation of loss allowance:

(₹ in lakh)

Particulars	Trade receivables and unbilled revenue	Claims/refunds receivable
Loss allowance as at March 31, 2018	-	(21.47)
Add/less	-	-
Loss allowance as at March 31, 2019	-	(21.47)

(iv) Significant estimates and judgements:

Impairment of financial assets:

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due and to close out market positions. Company's treasury maintains flexibility in funding by maintaining availability under deposits in banks.

Management monitors cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The company has access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2019	March 31, 2018
Expiring within one year (bank overdraft and other facilities)	1318.45	1500.00



(ii) Maturities of financial liabilities

(₹ in lakh)

Contractual maturities of financial liabilities as at March 31, 2018	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
Non-derivative					
Deferred Credit towards 45 years Component	195.60	181.11	466.73	1,034.99	1878.42
Deposits	1405.73	-	-	-	1405.73
Creditors for expenses	5085.67	-	-	-	5085.67
Employee benefits payable	9681.17	-	-	-	9681.17
Others	2496.90				
Capital works	4977.38				
Derivative					
Embedded derivative liability (Deferred liability)	369.04	173.45	520.35	2601.65	3664.49
Contractual maturities of financial liabilities as at March 31, 2019	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
Non-derivative					
Deferred Credit towards 45 years Component	195.60	181.11	466.73	989.66	1833.10
Deposits	1245.53	-	-	-	1245.53
Creditors for expenses	3394.60	-	-	-	3394.60
Employee benefits payable	5135.84	-	-	-	5135.84
Others	675.72				
Capital works	1535.03				
Derivative					
Embedded derivative liability (Deferred liability)	357.73	162.14	486.42	2269.86	3276.15

C) Market risk

(i) Foreign currency risk

The company operates in a business that exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, Euro, GBP, CHF and SEK. Foreign exchange risk arises from future commercial transactions and recognised liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. As per the sales contract, the company is eligible for exchange rate variation upon settlement of foreign exchange liabilities. Hence, the company is protected against the foreign currency risk.

Particulars	March 31, 2019				
	USD	EURO	GBP	CHF	SEK
Foreign currency liabilities					
- Payables	165.33	3.77	0.02	0	9.37

Particulars	March 31, 2018				
	USD	EURO	GBP	CHF	SEK
Foreign currency liabilities					
- Payables	83.16	15.09	0.03	0	107.59

(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	
	March 31, 2019	March 31, 2018
Sensitivity		
INR/USD – Increase by 1%	115.80	54.27
INR/USD – Decrease by 1%	(115.80)	(54.27)
INR/EURO – Increase by 1%	2.96	12.26
INR/EURO – Decrease by 1%	(2.96)	(12.26)
INR/GBP – Increase by 1%	0.01	0.03
INR/GBP – Decrease by 1%	(0.01)	(0.03)
INR/CHF – Increase by 1%	-	-
INR/CHF – Decrease by 1%	-	-
INR/SEK – Increase by 1%	0.71	8.51
INR/SEK – Decrease by 1%	(0.71)	(8.51)

37 (18) Segment information:

As the Company is engaged in defence production, exemption was granted from applicability of Accounting standard on Segment reporting under Sec 129 of Companies Act 2013 vide Notification dated 23rd February 2018 of Ministry of Corporate Affairs.



37 (19) 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 2019 (As at 31 March, 2018 are shown in brackets) given below.

(₹ in lakh)

Currency	Payables		Receivables		Contingent Liability	
	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent
USD	165.33 (83.16)	11579.62 (5,426.75)	-	-	0.79 (63.08)	55.10 (4,150.77)
EURO	3.77 (15.09)	296.39 (1,226.44)	-	-	3.57 (3.76)	280.63 (305.75)
GBP	0.02 (0.03)	1.46 (2.57)	-	-	-	-
CHF	-	-	-	-	-	-
SEK	9.37 (107.59)	70.55 (851.04)	-	-	-	-
Total (₹)		11948.04 (7,506.80)	-	-	-	335.73 (4,456.52)

37(20) 5MW solar plant was installed during 2017-18 at Bhanur Unit under Jawaharlal Nehru National Solar Mission (JNNSM) scheme. As per JNNSM scheme, Company is eligible for Viability Gap Fund (VGF) for commissioning of solar plant. The VGF is accounted based on the project cost as per the contract. It is being maintained under Deferred Revenue in compliance with the laid down conditions of the scheme. VGF amount of ₹ 995.89 Lakh is accounted as Deferred Revenue. 4% of Deferred Revenue is to be recognised as revenue each year. A sum of ₹ 39.84Lakh is recognised as revenue during the year.

37(21) Implementation of Ind AS 115

Revenue from Contracts with Customers

-Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contract with Customers" using the cumulative effect method. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and hence the comparative information is not restated

-The Provision for Liquidated Damages of ₹ 27123.41 lakhs as on 01.04.2018 and corresponding deferred tax impact on above adjustment is ₹ 9386.87 lakhs has been adjusted in retained earnings .

A Impact on adoption of Ind AS 115 :

(₹ in lakh)

Balance Sheet (extract) as at 31 March 2019	Note No.	March 31 2019 without adoption of Ind AS 115	Increase/ (Decrease)	March 31 2019 as reported
Non-Current Assets				
Deferred tax assets	28A	15,107.89	(7,930.53)	7,177.36
Total Non-Current Assets		15,107.89	(7,930.53)	7,177.36
Current liabilities				
Provisions	27	58,568.01	(22,694.98)	35,873.03
Total current liabilities		58,568.01	(22,694.98)	35,873.03
Net assets		(43,460.12)	14,764.45	(28,695.67)
Equity				
Other Equity	19	1,93,762.03	14,764.45	2,08,526.48
Total Equity		1,93,762.03	14,764.45	2,08,526.48

Statement of Profit and Loss (extract) for the year ended 31 March 2019	Note No.	March 31 2019 without adoption of Ind AS 115	Increase/ (Decrease)	March 31 2019 as reported
Revenue from operations	29	3,21,832.85	(14,897.88)	3,06,934.97
Total Income		3,21,832.85	(14,897.88)	3,06,934.97
Expenses				
Other expenses	36	36,462.85	(10,469.45)	25,993.40
Total Expenses		36,462.85	(10,469.45)	25,993.40
Profit before tax		71,564.89	(4,428.43)	67,136.46
Deferred Tax	28C	4,148.09	(1,456.34)	2,691.75
Profit/ (Loss) for the year		45,230.81	(2,972.09)	42,258.72

B The impact of change in accounting in respect of liquidated damages towards unexecuted portion of sales has resulted in decrease of Profit before tax by ₹ 4428.43 Lakh and Profit after tax by ₹ 2972.09 Lakh during the year 2018-19.



37(22) Disclosures under Ind AS 115

A Satisfaction of performance obligation

- 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"
- Under "Bill and hold" arrangement performance obligation is satisfied on unconditional appropriation of the goods to the contract on acceptance by the customer.
- 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.
- 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.
- The company's turnover mainly includes supply of missiles and allied defence equipments.
- Warranties provided are primarily in the nature of performance warranty.
- The company normally uses the input method to recognise revenue in respect of contracts in which performance obligation are satisfied over a period of time. For arriving at the quantum of revenue to be recognised the percentage of completion method is adopted where in the percentage of actual cost incurred to total estimated cost is applied to the contract price for arriving at the quantum of revenue to be recognised. The company's contract (other than AMC) in respect of which revenue is recognised over a period of time typically involves multiple activities of different nature like construction of building, supply and installation of equipments etc. Due to this it is not possible to quantify in physical terms the quantum of work done (i.e., output) reliably . Where as, under input method , the cost incurred in respect of these varied activities can be captured and compared to the total estimated cost to be incurred (which can be estimated reliably) , for arriving at the percentage of completion. In case of AMC contracts, output method is used to recognise revenue where passage of time is the criteria for satisfaction of performance obligation .
- 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
- Transaction price is typically determined based on contract entered into with customer. Allocation of transaction price in respect to multiple obligation is based on relative standalone selling price which is arrived at based on the latest contract available for similar item sold.

B Break up of revenue recognised against contracts with customers

(₹ in lakh)

Particulars	Govt of India	Channel Partner (For Exports)	Others	Total
Sale of Products	2,69,390.14	6,646.97	6,546.80	2,82,583.91
Sale of Services	15,352.60		101.89	15,454.49
Total	2,84,742.74	6,646.97	6,648.69	2,98,038.40

C Movement of Contract Assets and Contract Liabilities

Particulars	Contract Assets	Contract Liabilities
Opening Balance (A)	1,43,772.84	2,11,470.15
Additions		
Against Sales recognised during the year	64,006.04	
Receipt of advance from Customer during the year		2,35,997.80
Change in transaction price recognised during/previous year		
Others (if any)	32,949.51	772.79
Total - (B)	96,955.55	2,36,770.59
Deductions		
Contract liability adjusted against- Revenue recognised during the year out of Opening balance		52,369.90
Contract liability adjusted against- Revenue recognised during the year out of Current year balance		1,96,910.40
Conversion of Contract Asset to Trade receivable	86,073.38	
Impairment of Contract Asset if any*		
Write back of Contract Liability if any		
LD lieved by customers	2611.57	
Change in transaction price recognised during/previous year		
Others (if any)	26,311.29	2,914.05
Total -(C)	1,14,996.24	2,52,194.35
Grand Total (Closing Balance) D = (A+B-C)	1,25,732.15	1,96,046.39

* 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.

Amount withheld by customer in respect to completed Performance obligation due to linking of payment with completion of other Performance obligations in the contract is classified as Contract Asset .



D Value of remaining Performance Obligations

Unrecognised revenue from contracts with customer which are partially satisfied or unsatisfied

(₹ in lakh)

Particulars	Total Amount	Within a Year	1 - 2 Years	2 - 3 Years	More than 3 Years
Unexecuted order value	7,25,795.45	3,72,980.31	1,85,520.21	67,359.81	99,935.12

E Reconciliation of revenue recognised in Statement of Profit and Loss with contract Price

Particulars	Amount	Amount
Revenue as per Statement of P&L Account		
Sale from Products	2,82,583.91	
Sale of Services	15,454.49	
Total (a)		2,98,038.40
Add/ Less adjustment to contract price		
FE variation claim	(3,389.67)	
incentives , performance bonus received	-	
Discount , rebate offered	-	
Price concession offered	-	
Others if any	22,330.95	
Total adjustment (b)		18,941.28
Contract price (a + b)		3,16,979.68

F Movement of Trade Receivable

Particulars	Sales from Products	Income from Service	Total
Opening Balance Net Debtors (A)	70,859.68	6,180.94	77,040.62
Additions			
Against Sales recognised during the year	2,82,391.74	4,882.72	2,87,274.46
Conversion of Contract Asset to Trade receivable	86,073.38	-	86,073.38
Change in transaction price recognised during/previous year	-	467.51	467.51
Others (if any)	21,617.38	-	21,617.38
Total - (B)	3,90,082.50	5,350.23	3,95,432.73
Deductions			
Collection made during the years	1,41,857.33	7,020.96	1,48,878.29
Advance adjusted during the year out of revenue recognised	2,48,600.87	679.43	2,49,280.30
Impairment of Debtors (Provisions)*	-	-	-
Change in transaction price recognised during/previous year	-	-	-
Others (if any)	15,555.83	38.42	15,594.25
Total -(C)	4,06,014.03	7,738.81	4,13,752.84
Grand Total (Closing Balance) D = (A+B-C)	54,928.15	3,792.36	58,720.51

* Impairment is tested as per the accounting policy 15. The company has assessed that there are no indicators of impairment.

G Payment Terms from the customer comprises of advances and stage payments which differs from contract to contract.

37 (23) Accounting Standards issued but not yet effective:

Ministry of Corporate Affairs, Government of India, has issued notification vide GSR.....(E) dated 30/03/2019 prescribing Ind AS 116 and withdrawing Ind AS 17 and also incorporating the consequential changes in some other Indian Accounting Standards, effective from April 01, 2019. The effect of Ind AS 116 and consequential changes in other Accounting Standards are being evaluated.

37 (24) Previous year figures have been regrouped or rearranged wherever necessary. Negative figures are indicated in parenthesis.

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

As per our report of even date.

for S. R. MOHAN & CO.,
Chartered Accountants
Firm's Registration No.0021115

For and on behalf of the Board

S. SANDEEP REDDY

Partner
(M.No. 242470)

S. PIRAMANAYAGAM

Director (Finance)
DIN: 07117827

Cmde SIDDHARTH MISHRA (Retd)

Chairman and Managing Director
DIN: 08367035

N. NAGARAJA

Company Secretary
(M.No.A19015)

Place: Hyderabad
Date: 30 May 2019

Place: Hyderabad
Date: 30 May 2019



BHARAT DYNAMICS LIMITED

Corporate Identity Number (CIN): L24292TG1970GOI001353

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

Registered Office: Kanchanbagh, Hyderabad-500058

Tel. No: 040-23456145 **Fax No:** 040-23456110

Email: investors@bdl-india.in **Website:** www.bdl-india.in

NOTICE

Notice is hereby given that the 49th Annual General Meeting of the Members of BHARAT DYNAMICS LIMITED will be held at 15:30 hrs on Friday, 27 September 2019 at Hotel Sheraton, Nanakramguda, Gachibowli, Hyderabad-500032 to transact the following businesses:

Ordinary Business

- 1) To receive, consider and adopt audited financial statements of the Company for the financial year ended 31st March 2019, together with the Reports of the Board of Directors' and Auditors' thereon;
- 2) To confirm payment of interim dividend and declare final dividend for the financial year ended 31st March 2019.
- 3) To appoint a Director in place of Shri.S.Piramanayagam (DIN: 07117827), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business

- 4) **To appoint Cmde.Siddharth Mishra (Retd.)(DIN:08367035) as Chairman & Managing Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to Government of India letter No. DDP-M-0001(24)/02/2018-D (BDL) dated February 25, 2019 issued by Ministry of Defence (on behalf of President of India) and sections 149, 152, 160, 196 and any other applicable provisions if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable Rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force), and further on recommendations of Nomination and Remuneration Committee of the Board, consent of the Members be and is hereby accorded to the appointment of Cmde Siddharth Mishra (Retd) as a Director and also as Chairman & Managing Director of the Company on the terms and conditions as stipulated by the Government of India."

- 5) **To appoint Shri.N.P.Diwakar (DIN: 08207722) as Director (Technical) of the company and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to Government of India letter No.H-62011/1/2016-D (BDL) dated July 30, 2018 issued by Ministry of Defence (on behalf of President of India) and sections 149, 152, 160, 196 and any other applicable provisions if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable Rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force), and further on recommendations of Nomination and Remuneration Committee of the Board, consent of the Members be and is hereby accorded to the appointment of Shri N.P.Diwakar as Director (Technical) of the Company on terms and conditions as stipulated by the Government of India"

- 6) **To appoint Shri.P.Radha Krishna (DIN:08437975) as Director (Production) of the company and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to Government of India letter No. DDP-M 0001(11)/02/2018-D (BDL) dated May 27, 2019 issued by Ministry of Defence (on behalf of President of India) and sections 149, 152, 160, 196 and any other applicable provisions if any, of

the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable Rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force), and further on recommendations of Nomination and Remuneration Committee of the Board, consent of the Members be and is hereby accorded to the appointment of Shri.P.Radha Krishna as Director (Production) of the Company on terms and conditions as stipulated by the Government of India"

- 7) **To re-appoint Smt.Sushama. V. Dabak (DIN: 07085413) as Part-time Non-Official Director (i.e. Independent Director) and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as Special Resolution:**

"RESOLVED THAT pursuant to Government of India letter No.DDP-M 0001(24)/04/2018-D (BDL) dated 28/11/2018 issued by Ministry of Defence (on behalf of President of India) and sections 149, 150, 152 read with Schedule IV and any other applicable provisions if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Members be and is hereby accorded to the re-appointment of Smt.Sushama V Dabak as Part-Time Non-official Director (i.e Independent Director) of the Company on such terms and conditions as stipulated by the Government of India."

- 8) **To re-appoint Prof. Ajay Pandey (DIN:01292877) as Part-time Non-Official Director (i.e Independent Director) and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as Special Resolution:**

"RESOLVED THAT pursuant to Government of India letter No.DDP-M 0001(24)/04/2018-D (BDL) dated 28/11/2018 issued by Ministry of Defence (on behalf of President of India) and sections 149, 150, 152 read with Schedule IV and any other applicable provisions if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Members be and is hereby accorded to the re-appointment of Prof.Ajay Pandey as Part-Time Non-official Director (i.e Independent Director) of the Company on such terms and conditions as stipulated by the Government of India."

- 9) **To ratify the remuneration of the Cost Auditor and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as ordinary resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148(3) of the Companies Act, 2013 and the rules made there under, consent of the Company be and is hereby accorded for the payment of remuneration of ₹ 150000/- plus applicable taxes (excluding out of pocket expenses) to M/s.Narasimha Murthy & Co., Cost Accountants appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of cost records of the Company for the Financial Year 2019-20".

By the Order of the Board of Directors

**N.Nagaraja
Company Secretary**

**Hyderabad
10 August 2019**



Notes:

1. The statement pursuant to Sec. 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy, duly completed, stamped and signed, should however, be deposited at the Corporate Office of the Company not less than forty-eight hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies etc. must be supported by an appropriate resolution/authority, as applicable.**
3. **Pursuant to the provisions of section 105 of the Act, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than ten percent of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.**
4. Brief profile of the Directors seeking appointment/re-appointment as mandated under regulation 36(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 with the Stock Exchanges forms part of the Notice.
5. In terms of Section 101 of the Act and Rule 18 of the Companies (Management and Administration) Rules, 2014, the Notice of AGM and other documents including the Annual Report are being sent in electronic mode by e-mail to those shareholders who have furnished their e-mail address in their Demat accounts. However, Members may please note that they will be entitled to a hard copy of the Annual Report of the company and all attachments thereto upon receipt of a requisition, free of cost. Members interested to receive the documents in physical form may please give the intimation to the Company's Registrar Alankit Assignments Ltd at the earliest, duly quoting the Demat A/c details. Alternatively, the request, duly quoting the Demat A/c details, may be sent by email at email id rta@alankit.com.
6. The Register of Members and the Share Transfer Books of the Company will be closed from **Saturday, 21 September, 2019 to Friday, 27 September, 2019** (both days inclusive).
7. The Board has recommended a final dividend of ₹ 1.67 per equity share of ₹ 10/- each. The dividend, if declared by the Members at the AGM, will be paid within 30 days from the date of declaration to those persons
 - whose names appear as beneficial owners at the end of the business hours on **Friday, 20 September, 2019** in the list of beneficial owners to be furnished by the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in electronic form; and
 - whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/ Registrar and Share Transfer Agents on or before **Friday, 20 September, 2019**.
8. Company will be making the dividend payment by electronic mode wherever possible and by dividend warrant/ Bank demand drafts in other cases. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership details furnished by the Depositories (NSDL & CDSL) as at the close of business hours on **Friday, 20 September, 2019** for this purpose. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participant of the Members. Members who have changed their bank account after opening the Depository Account and want to receive dividend in an account other than the one specified while opening the Depository Account, are requested to change/correct their bank account details (including the nine-digit Bank code) with their Depository Participant, before **Friday, 20 September, 2019**.
9. Members are hereby informed that under the Companies Act, 2013, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of the Investor Education and Protection Fund ('the Fund') established by the Central Government. Further, pursuant to the provisions of section 124 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all the shares on which dividend remain unpaid/unclaimed for a period of seven consecutive years or more shall be transferred to the Demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs. Hence, the Company urges all the shareholders to encash/claim their respective dividend during the prescribed period.
10. Members are requested to:-
 - i. Note that copies of Annual Report will not be distributed at the Annual General Meeting.
 - ii. Bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
 - iii. Note that the attendance slip/ proxy form should be signed as per the specimen signature registered with the Alankit Assignments Limited, Registrar & Transfer Agent (RTA)/ Depository Participant (DP).
 - iv. Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counters at the venue to be exchanged with the attendance slip.
 - v. Note that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 - vi. Intimate to their DP in respect of shares held in dematerialized form, and to the Company/Company's Registrar & Share Transfer Agent in respect of physical shares, changes if any, in their respective addresses along with the pin code number at an early date.
 - vii. Quote their Folio / Client ID & DP ID Nos. in all correspondence.
 - viii. In case of multiple folios consolidate holdings into one folio in case of multiple folios with names in identical orders.
 - ix. Note that no gifts/coupons will be distributed at the Annual General Meeting.
11. Relevancy of question and order of speakers will be decided by the Chairman. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Company Secretary of the Company at the Corporate Office of the company or can send email on investors@bdl-india.in in at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.
12. Members may also note that the Annual Report for the FY 2018-19 will also be available on the Company's website www.bdl-india.in for their download.
13. **Members who have not registered their e-mail addresses so far or who want to update their e-mail address, are requested to approach their respective DP (for electronic holding) or with R&TA/ Company (for physical holding), for receiving all communication including Annual Report, Notices, Circulars, NECS intimation etc. for the Company electronically.**



14. Members are requested to send all communications relating to shares to our Registrar & Share Transfer Agent at the following address:

Alankit Assignments Limited

SEBI Registration Number: INR000002532

Address:- 205-208, Anarkali Complex

Jhandewalan Extension, New Delhi-110055

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

Email: rta@alankit.com; Website: www.alankit.com

15. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail of the nomination facility by filing Form No. SH- 13 in their own interest. Blank form can be obtained from RTA on request. Members holding shares in dematerialized form may contact their respective DPs for registration of nomination.
16. None of the Directors of the Company is in any way related to each other
17. Route Map for the venue of the meeting is enclosed
18. In compliance with the provisions of section 108 of the Act, the Rules made there under and Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through e-voting services provided by RTA through Central Depositories Securities Ltd (CDSL), on all resolutions set forth in this Notice. The instructions for e-voting are hereunder

Instructions for Voting through electronic mode

- a) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the members are provided with the facility to exercise their right to vote electronically, through the e-voting services provided by CDSL, i.e. facility of casting the votes by the members using an electronic voting system from a place other than the venue of AGM (remote e-voting) on all the resolutions set forth in this Notice.
- b) The voting period begins on **Monday, 23 September, 2019 (09.00 a.m.)** and ends on **Thursday, 26 September 2019 (5.00 p.m.)**. During this period, members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, **Friday, 20 September, 2019**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- c) The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. **Friday, 20 September, 2019**
- d) The Company has appointed **M/s C V Reddy K & Associates, Practicing Company Secretaries** to act as Scrutinizer to conduct and scrutinize the electronic voting process and poll at the Annual General Meeting in a fair and transparent manner.
- e) A Member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- f) The facility of voting through by ballot paper shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting. Members

can opt for only one mode of voting, i.e., either by Poll at the venue of AGM or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Poll will be treated as invalid.

- g) The Scrutinizer shall immediately after the conclusion of voting at the AGM count the votes cast at the AGM and thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer Report of the Total votes cast in favour of or against, if any, not later than three working days from the conclusion of the AGM to the Chairman of the Company. The Chairman or any other person authorised by the Chairman shall declare the result of the voting forthwith. The results declared along with the Scrutinizer's Report, will be placed in the website of the Company www.bdl-india.in and on the website of CDSL www.cdslindia.com immediately after the declaration of results by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the Stock Exchanges where the Company's shares are listed viz., Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

h) PROCEDURE FOR E-VOTING:

Instructions for members for voting electronically are as under:

- (a) In case of members receiving e-mail (for members whose e-mail address are registered with the Company/Registrars)
- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user, follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)
	Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Ex. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the Company records in order to login. If both the details are not recorded with the depository or Company, please enter the member ID/folio number in the Dividend Bank details field as mentioned in instruction (iii) above.
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- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting the resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant Company, i.e., Bharat Dynamics Limited on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the same password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system
- (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile
- (xviii) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing

the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com

- After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (b) In case of members receiving the physical copy of notice of 49th Annual General meeting by Registered Parcel (for members whose e-mail ids are not registered with the Company/Depositories): Please follow all the steps from S.No.(i) to S.No. (xvii) to cast vote

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

Cmde Siddharth Mishra (Retd) was appointed as Chairman & Managing Director on the Board of the Company by the Government of India vide its letter No.DDP-M 0001(24)/02/2018–D(BDL) dated 25/02/2019 issued by Ministry of Defence (on behalf of President of India) in terms of Article 101 of Articles of Association of the Company, for a period of five years from the date of his assumption of charge of the post (i.e. 01 March 2019) or till the date of his superannuation or until further orders, whichever is the earliest. Subsequently his appointment was recommended by the Nomination and Remuneration Committee and approved by the Board vide in their respective meetings held on March 18, 2019 with effect from March 01, 2019.

His brief resume containing, qualification, expertise, remuneration, no. of meetings attended etc. is annexed herewith. The Board accordingly recommends the passing of the proposed Ordinary Resolution as contained in the Notice by members of the Company.

Cmde Siddharth Mishra (Retd) is concerned or interested in the resolution to the extent it concerns his appointment. None of the other Directors and Key Managerial Personnel of the Company or their relatives have any concern or interest, financial or otherwise, in the Resolution set out at item No.4 of this Notice.

Item No.5

Shri.N.P.Diwakar was appointed as Director (Technical) on the Board of the Company by the Government of India vide its letter No. H-62011/1/2016-D (BDL) dated July 30, 2018 issued by Ministry of Defence (on behalf of President of India) in terms of Article 101 of Articles of Association of the Company, for a period of five years from the date of his assumption of charge of the post (i.e. 01 September 2018) or till the date of his superannuation or until further orders, whichever is the earliest. Subsequently his appointment was recommended by the Nomination and Remuneration Committee and approved by the Board vide in their respective meetings held on October 31, 2018 with effect from September 01, 2018.

His brief resume containing, qualification, expertise, remuneration, no. of meetings attended etc. is annexed herewith. The Board accordingly recommends the passing of the proposed Ordinary Resolution as contained in the Notice by members of the Company.



Shri.N.P.Diwakar is concerned or interested in the resolution to the extent it concerns his appointment. None of the other Directors and Key Managerial Personnel of the Company or their relatives have any concern or interest, financial or otherwise, in the Resolution set out at item No.5 of this Notice.

Item No.6

Shri.P.Radha Krishna was appointed as Director (Production) on the Board of the Company by the Government of India vide its letter No.DDP-M 0001(11)/02/2018-D(BDL) dated 27/05/2019 issued by Ministry of Defence (on behalf of President of India) in terms of Article 101 of Articles of Association of the Company, for a period of five years from the date of his assumption of charge of the post (i.e. 01 June 2019) or till the date of his superannuation or until further orders, whichever is the earliest. Subsequently his appointment was recommended by the Nomination and Remuneration Committee and approved by the Board vide in their respective meetings held on May 30, 2019 with effect from June 01, 2019.

His brief resume containing, qualification, expertise, remuneration, no. of meetings attended etc. is annexed herewith. The Board accordingly recommends the passing of the proposed Ordinary Resolution as contained in the Notice by members of the Company.

Shri.P.Radha Krishna is concerned or interested in the resolution to the extent it concerns his appointment. None of the other Directors and Key Managerial Personnel of the Company or their relatives have any concern or interest, financial or otherwise, in the Resolution set out at item No.6 of this Notice.

Item No.7 & 8

The Government of India vide its letter No. DDP-M0001(24)/04/2018-D (BDL) dated 28/11/2018 issued by Ministry of Defence (on behalf of President of India) reappointed/extended the tenure of Smt. Sushama v Dabak and Prof. Ajay Pandey as a Part-time Non-Official Directors (i.e Independent Directors) on the Board of the Company for a period of one year from the date of completion of their existing tenure (i.e. w.e.f 01 December 2018) or until further orders, whichever is earlier. Subsequently their appointments were approved by the Board in its meeting held on February 14, 2019 with effect from December 01, 2018.

The above Independent Directors has submitted declaration that they meet the criteria for independence as provided in Section 149(6) of the Act and eligible for continuation as Independent Directors. In opinion of the Board, each of these Directors fulfills the conditions specified in the Act, Rules and Listing Regulations for appointment as Independent Directors and is Independent of the management of the Company.

In terms of the provisions of Section 150 of the Act, appointment/reappointment of Independent Directors are required to be approved by the Company in the General Meeting. The Board accordingly recommends passing of the proposed Special Resolution as contained in the Notice by members of the Company.

Smt.Sushama V Dabak and Prof.Ajay Pandey are concerned or interested in the resolutions to the extent it concerns their appointment. None of the other Directors and Key Managerial Personnel of the Company or their relatives have any concern or interest, financial or otherwise, in the Resolution set out at item No.7 & 8 of this Notice.

Item No.9

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records of the applicable products of the Company. On the recommendation of the Audit Committee, the Board at its 255th Meeting held on 10 August 2019 has considered and approved the appointment of M/s. Narasimha Murthy & Co., Cost Accountants as the cost auditor for the financial year 2019-20 and recommended remuneration of ₹ 150000/- per annum plus applicable tax. As per section 148(3) of the Companies Act, 2013, the remuneration of Cost Auditor is required to be approved by the shareholders. The Board recommends the resolution set out in item No. 9 of the accompanying Notice for the approval of the members of the Company by way of an Ordinary Resolution. None of the Directors or Key Managerial Personnel of the Company or their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution at item No.9 of the accompanying Notice.

By the Order of the Board of Directors

N.Nagaraja
Company Secretary

Hyderabad
10 August 2019



DETAILS OF DIRECTOR SEEKING REAPPOINTMENT/APPOINTMENT AT THE AGM PURSUANT TO REGULATION 36(3) OF LISTING REGULATIONS AND SECRETARIAL STANDARD – 2 ON GENERAL MEETINGS:

Name of the Director	Shri. S. Piramanayagam	Cmde Siddharth Mishra (Retd.)	Shri N P Diwakar	Shri P. Radha Krishna	Smt. Sushama V Dabak	Prof. Ajay Pandey
DIN	07117827	08367035	08207722	08437975	07085413	01292877
Date of Birth	June 05, 1960	March 25, 1963	August 13, 1962	June 30, 1963	November 12, 1953	June 06, 1963
Date of first appointment on the Board	January 1, 2015	March 01, 2019	September 01, 2018	June 01, 2019	December 01, 2015	December 01, 2015
Qualifications	He holds a bachelor's degree in Science from Madurai Kamaraj University and is an associate member of the Institute of Chartered Accountants of India	He holds B Tech in Electrical Engineering, an MSc in Defence Studies and Master of Management Science. He is an alumnus of the prestigious Naval Academy and Naval College of Engineering, Lonavala.	B.E., in Mechanical Engineering from Osmania University, Hyderabad.	An M Tech in Industrial Engineering and Management from JNTU, Hyderabad and a B.Tech in Mechanical Engineering Diploma in Financial Management from Nagarijuna University in Andhra Pradesh	She holds a Master's degree in Economics from University of Bombay, Bachelor's Degree in Law from the University of Bombay and has completed the Fellow programme in Management from Indian Institute of Management, Ahmedabad.	He holds a bachelor's degree in Industrial Engineering from the University of Roorkee and has completed the Fellow programme in Management from Indian Institute of Management, Ahmedabad.
Expertise in specific functional areas	He has more than 30 years of work experience with financial management, Internal Audit, strategic planning, risk management, forex management, budgeting and cost control.	He was commissioned in the Electrical Branch of Indian Navy in the year 1985. Post-retirement from Navy in Sep 2016, he served ECIL, a Schedule 'A' Central Public Sector Enterprise. Prior to joining BDL, he was General Manager (Defence) at ECIL, Hyderabad. In his 33 years of distinguished career, he has held varied Operational and Staff appointments, in addition to heading four major groups at ECIL. At Naval Headquarters, he was instrumental in inducting and managing state-of-the-art technology, including policy framing and was in the core team and represented Indian Navy for induction of the Air Craft Carrier into the Services.	He has rich experience span of 28 years in various Missile programs such as Prithvi, Akash & ATGM's. Also worked in tandem with DRDO systems from Development Mode to Series of Production Mode.	He holds rich experience, spanning over 32 years, in various fields of Missile Production which includes 30, 2013 as Director General of Component Audit. She has held various posts associated with Oil & Natural Gas Production, including Principal Accountant General, Haryana, Accountant General (Audit – I & II), Rajasthan Control & Indigenization of Missile Systems. He also established effective supply chain management in Anti-Tank Guided Missile Project/s by developing multi-vendor base and import substitution.	She had been a member of the Indian Audit & Accounts Service (IA&AS) and retired on November 30, 2013 as Director General of Component Audit. She has held various posts associated with Oil & Natural Gas Production, including Principal Accountant General, Haryana, Accountant General (Audit – I & II), Rajasthan Control & Indigenization of Missile Systems. He also established effective supply chain management in Anti-Tank Guided Missile Project/s by developing multi-vendor base and import substitution.	He has worked as Associate Professor in the Management Development Institute, Gurugram. He has been previously associated with Oil & Natural Gas Corporation and also worked in financial sector with Anagram Securities Limited. He is currently a Professor at the IIM-A
Terms and conditions of appointment or reappointment	He was appointed w.e.f January 1, 2015 pursuant to Ministry of Defence Government of India bearing reference number H-62011/4/2013-D (BDL) dated July 01, 2015. The current terms and conditions of his employment were prescribed by Ministry of Defence in the above Order	He was appointed w.e.f March 1, 2019 pursuant to Ministry of Defence, Government of India bearing reference number H-0001(24)/02/2018-D (BDL) dated July 30, 2018. The current terms and conditions of his employment were prescribed by Ministry of Defence in the above Order	He was appointed w.e.f September 1, 2018 pursuant to Ministry of Defence, Government of India vide its letter No.H-62011/1/2016-D (BDL) dated July 30, 2018. The current terms and conditions of his employment were prescribed by Ministry of Defence in the above Order	He was appointed w.e.f June 1, 2019 pursuant to Ministry of Defence, Government of India vide its letter No. DDP-M of 0001(11)/02/2018-D (BDL) dated 27/05/2019. The current terms and conditions of his employment were prescribed by Ministry of Defence in the above Order	Government of India vide its Letter No. DDP-M0001(24)/04/2018-D (BDL) dated 28/11/2018 re-appointed/extended the tenure of Smt. Sushama v Dabak as of part time Non-Official Directors (Independent Directors) on the Board of the Company for a period of one year from the date of completion of their existing tenure (i.e. from 01 December 2018) or until further orders, whichever is earlier	Government of India vide its Letter No. DDP-M0001(24)/04/2018-D (BDL) dated 28/11/2018 re-appointed/extended the tenure of Ajay Pandey as part time Non-Official Directors (Independent Directors) on the Board of the Company for a period of one year from the date of completion of their existing tenure (i.e. from 01 December 2018) or until further orders, whichever is earlier
Details of remuneration last drawn (FY 2018-19)	₹ 65,00,595	₹ 3,59,751	₹ 45,09,130	-	Nil	Nil
Directorships in other Public Limited Companies (excluding foreign companies, private companies & section 8 companies)	Nil	Nil	Nil	Nil	Nil	Nil



Membership of Committees/Chairmanship in other Public Limited Companies	Nil	Nil	Nil	Nil	Nil	Nil
No. of Board Meetings attended during the Financial Year 2018-19	7	1	3	-	7	7
No. of shares held in the Company:						
(a) Own	NIL	NIL	NIL	Nil	NIL	NIL
(b) For other persons on a beneficial basis	Nil	Nil	Nil	Nil	Nil	Nil
Inter-se relationship with other Directors and Key Managerial personnel	Nil	Nil	Nil		Nil	Nil

NOTE:

Shri.P.Radha Krishna has been appointed as a Director (production) w.e.f June 01, 2019, hence details such as number of meetings of the Board attended during FY 2018-19 and remuneration drawn is not applicable for him



BHARAT DYNAMICS LIMITED

Corporate Identity Number (CIN): L24292TG1970GOI001353

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

Registered Office: Kanchanbagh, Hyderabad-500058

Tel. No: 040-23456145 **Fax No:** 040-23456110

Email: investors@bdl-india.in **Website:** www.bdl-india.in

ATTENDANCE SLIP

49TH ANNUAL GENERAL MEETING ON FRIDAY, 27 SEPTEMBER, 2019 AT 15:30 HRS

Folio No.:	DP ID No.:	Client ID No.:
No. of Shares Held:		

I/We hereby record my/our presence at the 49th Annual General Meeting of the company at Hotel Sheraton, Nanakramguda, Gachibowli, Hyderabad-500032 at 15:30 hrs on Friday, 27 September 2019.

Name of the Member	Signature
_____	_____
Name of the Proxyholder	Signature
_____	_____

Notes:

1. Only Member/Proxyholder can attend the Meeting
2. Please completely fill this attendance slip and hand over, duly signed, at the attendance verification counter at the entrance of the meeting hall.
3. Authorised Representatives of Corporate members shall produce proper authorisation issued in their favour.
4. Electronic copy of the Annual Report for 2018-19 and Notice of Annual General Meeting (AGM) along with attendance slip and proxy form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
5. Member/Proxyholder attending the meeting should bring copy of Annual Report for reference at the meeting.





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Tel. No: 040-23456145 **Fax No:** 040-23456110

Email: investors@bdl-india.in **Website:** www.bdl-india.in

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) :

Registered address :

Email ID:

Folio No. / Client ID No. : DP Id :

I/We, being the member (s) of shares of Bharat Dynamics Limited, hereby appoint:

1. Name : E-mail Id :

Address :

.....Signature :, or failing him/her;

2. Name : E-mail Id :

Address :

.....Signature :, or failing him/her;

3. Name : E-mail Id :

Address :

.....Signature :, or failing him/her;



as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Forty Eighth Annual General Meeting of the company, to be held on Friday, 27 September 2019 at 15:30 hrs at Hotel Sherton, Nanakramguda, Gachibowli, Financial District, Hyderabad-500032, and at any adjournment thereof in respect of such resolutions as are indicated below:

* I wish my above Proxy to vote in the manner as indicated in the box below:

Sl. No.	Resolutions	For	Against
ORDINARY BUSINESS			
1	To receive, consider and adopt audited financial statements of the Company for the financial year ended 31 st March 2019, together with the Reports of the Board of Directors' and Auditors' thereon;		
2	To confirm payment of interim dividend and declare final dividend for the financial year ended 31 st March 2019.		
3	To appoint a Director in place of Shri.S.Piramanayagam (DIN: 07117827), who retires by rotation and being eligible, offers himself for re-appointment.		
SPECIAL BUSINESS			
4	To appoint Cmde.Siddharth Mishra (Retd.)(DIN:08367035) as an Chairman & Managing Director of the Company		
5	To appoint Shri.N.P.Diwakar (DIN: 08207722) as an Director (Technical) of the Company		
6	To appoint Shri.P.Radha Krishna (DIN:08437975) as an Director (Production) of the Company		
7	To re-appoint Smt.Sushama. V. Dabak (DIN: 07085413) as Part-time Non-Official Director of the Company (i.e. Independent Director)		
8	To re-appoint Prof. Ajay Pandey (DIN:01292877) as Part-time Non-Official Director of the Company (i.e Independent Director)		
9	To ratify the remuneration of the Cost Auditor for the financial year 2019-20		

Signed this..... day of 2019



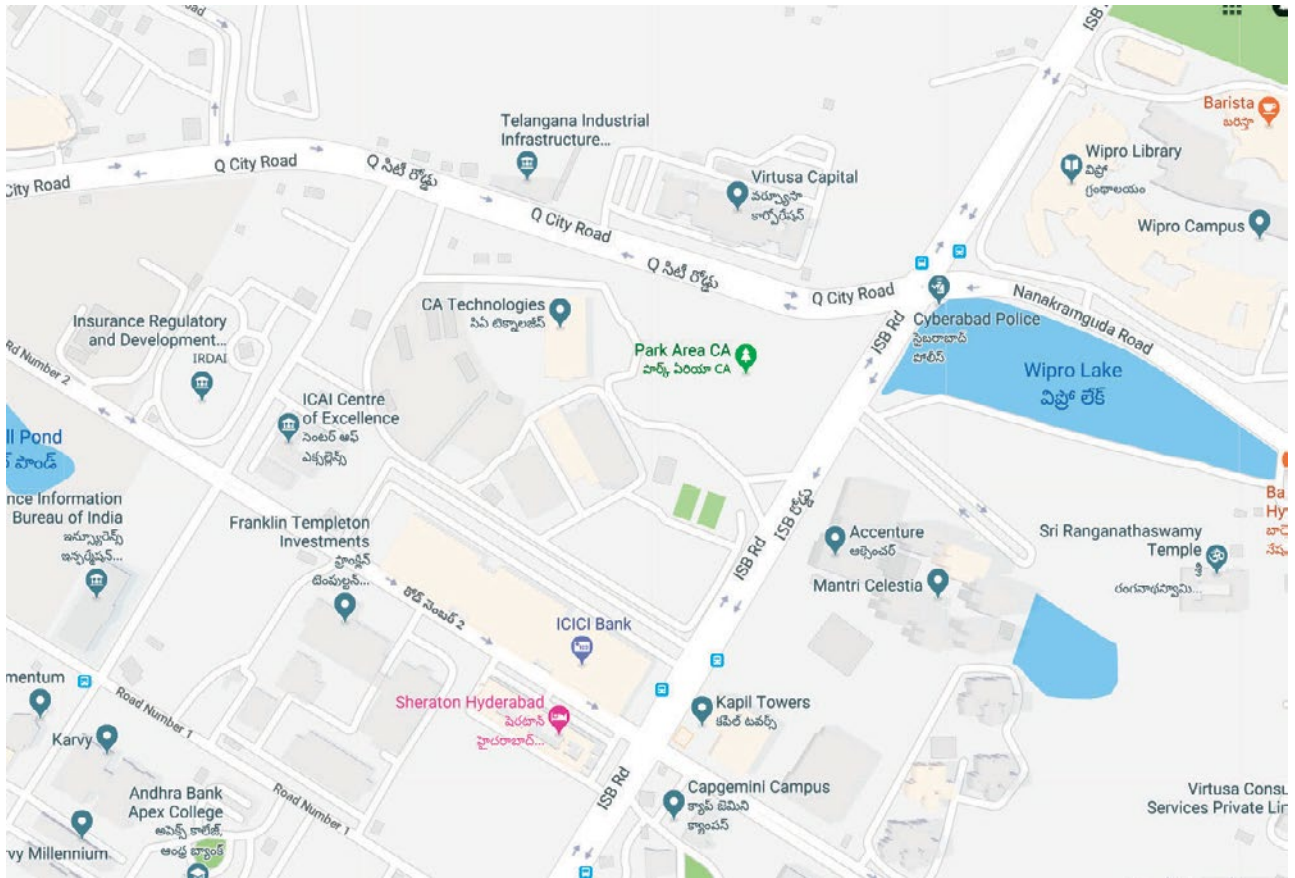
Signature of Member Signature of Proxyholder(s).....

Notes:

1. This form of proxy in order to be effective should be duly filled, stamped, signed and deposited at the Corporate Office of the Company at Plot No. 38 & 39, TSFC Building, Near ICICI Towers, Financial District, Gachibowli, Hyderabad - 500032. not less than 48 hours before the commencement of the Meeting.
2. A proxy need not be a member of the Company.
- *3. This is only optional. Please put a '✓' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the Forty Ninth Annual General Meeting of the Company.



ROUTE MAP TO AGM VENUE



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AGM Venue: Hotel Sheraton, Nanakramguda, Gachibowli, Financial District, Hyderabad-500032





Notes



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Notes



Notes

MILESTONES

2019	Handed over MRSAM to Indian Airforce
2018	Initial Public Offer and listing of the company
2017	LRSAM handed over to Indian Navy
2016	Completed buy back of shares
2015	Handed over Akash weapon systems to the Indian Army
2014	BDL pays its highest ever dividend to Govt of India
2013	Third manufacturing unit of BDL inaugurated at Visakhapatnam
2011	Hon'ble President of India, Smt. Pratibha Devi Singh Patil lays the foundation stone for BDL's unit at Amravati, Maharashtra
2010	Foundation stone laid for third manufacturing unit of BDL Visakhapatnam
2008	Production Agency for Long Range SAM & Heavy Weight Torpedo
2007	Production of Anti Torpedo Decoy System
2004	Production of Naval Version of Strategic Missile
2003	Production of 2nd Generation ATGM
2001	Light Weight Torpedo Production
2000	Categorized as Mini Ratna-1 Company
1994	Strategic Missile Production
1992	Upgraded to Schedule B
1989	Production of Strategic ATGM
1986	Upgraded to Schedule C
1985	Production of 2nd Generation ATGM
1983	Prime Production Agency for IGMDP
1971	Production of 1st Generation ATGM
1970	Established as PSU under Ministry of Defence



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