

भारत डायनामिक्स लिमिटेड  
BHARAT DYNAMICS LIMITED



स्वर्ण जयंती वर्ष  
सशस्त्र सेना बल की सेवा में  
**GOLDEN JUBILEE YEAR**  
IN SERVICE OF THE SERVICES  
1970 - 2020



Akash Weapon System



Counter Measures  
Dispensing System



Konkurs-M



Light Weight Torpedo

**DEDICATION.**

**PERSEVERANCE.**

50<sup>th</sup> Annual Report 2019-20

# IN SERVICE OF THE SERVICES

50 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 at Hyderabad and has three manufacturing units, located at Kanchanbagh, Hyderabad in Telangana State, Bhanur, Sangareddy district in Telangana State and Visakhapatnam in Andhra Pradesh. BDL is in the process of setting up facilities at Amaravati, Maharashtra. BDL further established static test facility and solar power plant at Ibrahimpatnam unit, Telangana. During the recent years the company also commenced export of selected defence equipments and has entered into strategic alliances with public and private sector companies. The company has 2950 employees as on 31 March 2020 and during the year 2019-20 reported a net sales turnover of ₹ 3095 Crore.

## OBJECTIVES

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

## VISION

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

## MISSION

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





# CORPORATE INFORMATION

## Board of Directors

**Cmde. Siddharth Mishra (Retd.)**

Chairman & Managing Director

**Shri. Ashwani Kumar**

Government Nominee Director

**Shri. MSR Prasad**

Government Nominee Director

**Shri S Piramanayagam**

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

**Shri.V.Gurudatta Prasad**

Director (Production) (Upto 31 May 2019)

**Shri.N.P Diwakar**

Director (Technical)

**Shri.P.Radha Krishna**

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

**Shri N.Srinivasalu**

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

**Smt Sushama V Dabak**

Independent Director (Upto 30 November 2019)

**Prof. Ajay Pandey**

Independent Director (Upto 30 November 2019)

**Shri. K.S.Sampath**

Independent Director

**Shri. Ajay Nath**

Independent Director

**Smt Latha Narasimhamurthy**

Independent Director

## Chief Vigilance Officer

**Dr.Upender Vennam, IPoS**

## Company Secretary

**Shri. N Nagaraja**

## Principal Executives

(As on 31 March 2020)

**Cmde Trilok Nath Kaul (Retd)**

Executive Director (Marketing)

**Shri Shivanand Khanapet**

Executive Director (Head-BU)

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

Executive Director (Head-KBU & PSG)

**Shri. Arup Kumar Maiti**

General Manager (CS)

**Shri. N.Sampath Kumar**

General Manager (Unit head-IBU)

**Smt. V.Latha**

General Manager (OPG and D&E)

**Shri.KJ Joseph**

General Manager (Finance)

**Shri. S.Narayanan**

General Manager ( HR ) Corporate

**Shri. CH.Ramesh Babu**

General Manager (Milan & CP-KBU)

**Shri. S V Kameswar**

General Manager (VU)

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

General Manager (SAM)

**Shri S Murali Mohan**

General Manager (Refurbishment & TSD)

**Shri M Sreedhar Rao**

General Manager (NP)

**Shri L Kishan**

General Manager (KM & CP)

**Shri R Vijaya Rama Raju**

General Manager (1S & PMG-Akash)

**Shri Syed Raffae**

General Manager (HR)

**Shri M Ravi**

General Manager (BD & Mktg.)

## Auditors

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

Chartered Accountants, Hyderabad

## Internal Auditors

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

Chartered Accountants

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

Chartered Accountants

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

Chartered Accountants

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

Chartered Accountants

## Cost Auditors

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

Cost Accountants

## Tax Consultants

**Bansal & Dave,**

Chartered Accountants

## Legal Advisors

**Smt V Uma Devi**

**Shri D Ravi Shankar Rao**

## Bankers

**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:-040-23456145

Fax: 040-23456110

E-Mail: investors@bdl-india.in

website: www.bdl-india.in



# BOARD OF DIRECTORS (AS ON 01 JULY 2020)



**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/infrastructure development/asset management and resource planning of the Dockyard.

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

## Shri. Ashwani Kumar Mahajan



Shri. Ashwani Kumar 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. He is on the Board of BDL as Government Nominee Director 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. He is on the Board of BDL as Government Nominee Director w.e.f. 31 December 2018



### Shri. N P Diwakar



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

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

### Shri. N.Srinivasulu



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

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

### Shri. P.Radhakrishna



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

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

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

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

## 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.

## Smt. Latha Narasimhamurthy



Smt. Latha Narasimhamurthy was appointed by the GoI as a part time Non-Official Director of BDL on 13 September 2017. She completed her course in Interior Design from N.M.K.R.V College for Women, Bengaluru. She is also certified in MIT Global Entrepreneurship Bootcamp on 'New Ventures Leadership' from Massachusetts Institute of Technology in 2017. She

has completed 'DO Your Venture' conducted by N S Raghavan Centre for Entrepreneurial Learning in 2017. She has completed 'India – Women in Leadership' conducted by the Indian Institute of Management, Bangalore in 2012.

## 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, GoI and later as Director with the Serious Frauds Investigation Office (SFIO), Ministry of Corporate Affairs, GoI. He has been associated as a Deputy Secretary with the Department of Economic Affairs, GoI, 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 Cooperative Marketing Federation Limited and as a Chief Vigilance Officer with the Security, Printing and Minting Corporation of India, a CPSU, under the GoI. He 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 & Managing Director

Dear Shareholders,

It is my great pleasure to welcome you all to the 50th Annual General Meeting of your Company. I must admit, it is my privilege and honour to share with you the annual report of the Golden Jubilee year (50th AGM) of this great Company, built by the dedication, commitment and perseverance of the men and women associated with the Company over five decades.

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

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

## Financial and Performance Highlights of the Year:

I feel it's a great honour to report that your Company had performed well during the last fiscal year despite many operational and technical challenges. During the year under review, your Company has achieved a revenue from operations of ₹ 3095 Crore as against the revenues of ₹ 3069 Crore of previous year thus achieving nominal growth in revenues as compared to previous year. Your company has achieved profit after tax (PAT) of ₹ 535 Crore as against Profit of ₹ 423 Cr reported last year. The operational indices of the company have also improved significantly.

The order book position of your company as on 01 Apr 2020 is around ₹ 7413 Crore comprising of mainly Akash, MRSAM, ATGMs, LWT-XP, Varunastra and other products.

I feel proud to say that your company has a consistent track record of dividend payment. Your board has recommended a final dividend of ₹ 2.55/- per equity share of ₹ 10/- each amounting to ₹ 46.74 Cr.

It gives me great pleasure in informing that your company has paid an interim dividend of ₹ 6.25 per share in March 2020.

## Performance vis-à-vis MoU:

In terms of the Memorandum of Understanding (MoU) signed with the Department of Defence Production, Ministry of Defence (MoD), Government of India, your Company has been rated "Good" for the year 2018-19 and it is under evaluation for the year 2019-20.

## Significant Achievement:

### 1) Highlights:

- Golden Jubilee Celebrations: Your company is celebrating the Golden Jubilee this year. A grand function was organized on 03 Aug 2019 where in Hon'ble Raksha Mantri, Shri Rajnath Singh graced the occasion as chief guest.
- During the visit, Hon'ble Raksha Mantri has participated in various activities including unveiling the statue of Dr APJ Abdul Kalam at BDL, Kanchanbagh premises, releasing golden jubilee stamp, and handing over of Medium Range Surface to Air Missile (MRSAM) to Indian Air force.
- Your company has handed over first Heavy Weight Torpedo (Varunastra) from the production order of Indian Navy during "Bandhan" programme at Defexpo during Feb 2020.



- During Defexpo, your company launched Amogha-III 3rd generation ATGM in the presence of Hon'ble RM and Hon'ble Chief Minister of UP.
- Your company has contributed an amount of Rs.9.02 Crore to PM-CARES Fund to aid fight against COVID – 19 in Mar 2020. The aid has been raised through contribution of one-day salary by the employees of the Company and BDL's CSR funds.

## 2) **New Orders:**

It gives me great pleasure that your company has bagged new orders of value ₹ 3096 Crores to strengthen its order book position. Some of the significant orders received during this year are:

- Received Akash SAM order in March 2020 worth ₹ 1700.00 Crore net for supply of Akash missiles along with associated spares.
- Signed contract worth ₹ 1187.82 Cr for supply of heavy weight torpedoes (Varunastra) to the Indian Navy. The weapon will be manufactured at BDL, Visakhapatnam Unit under Transfer of Technology from DRDO. Delivery period is 42 months from the date of signing of Contract.
- BDL has signed export contract through Public Private Participation (PPP) route for supply of one Shipset of Light Weight Torpedo (LWT-XP) & Associated Equipment. The total value of the Contract is USD 6,240,000 and to be executed in 2020-21.
- Signed 4th Export contract for LWT-XP through Public Private Participation (PPP) route on 12 Jul 2019 for supply of two Shipset of Light Weight Torpedo (LWT-XP) & Associated Equipment. The total value of the Contract is USD 14,330,000 which is to be executed in 2020-21

## 3) **Projects in Pipeline:**

In addition to the new orders, 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. Some of the high value orders which are in advanced stage of placement include Akash (3rd & 4th Regiment), Akash (IAF), MRSAM(IAF), Milan-2T, VSHORAD and refurbishment orders.

## 4) **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. Your company participated in Defexpo 2020 held in Lucknow, UP from 05 Feb to 09 Feb 2020 by putting its stalls both indoor and outdoor and signed various MOUs with reputed OEMs around the globe including

- MoU with M/s Roxel, France for establishment of propulsion system in India.
- MoU with M/s Javelin Joint Venture, USA for Joint marketing and Production of Javelin Missile in India.
- MoU with M/s AlmazAntey, Russia for working together on Projects of Refurbishment of all Missiles of Russian origin available with the Indian Armed Forces as well as formation of a JV for Sub-System manufacturing in India.

In addition, your company has also signed an MOU with IIT Kanpur for Joint development and manufacture of UAVs and also entered into a LAToT agreement with M/s HEMRL, Pune for Transfer of Technology for IR Flares of CMDS.

Above all, your company, with a view to extend support to Govt. of India in its fight against Covid-19 has entered into an MOU with IIT-Kanpur and a Start-up Company M/s Nocca Robotics to manufacture high-end yet affordable, indigenous, micro controller based ventilators for both invasive and non-invasive purposes.

## 5) **New Infrastructure:**

Keeping abreast with changing technologies, your company is in constant pursuit of establishing new infrastructure for manufacturing and testing latest weapons systems. Your company has spent an amount of ₹ 57 Crore on Capital Expenditure (CAPEX) programme towards modernization and infrastructure development. As part of this, your company has established state of art R&D facilities like Telemetry Ground Station, 512 Core HPC system, Hand held RF signal Generator, Humidity Controlled Cabinet, Frequency Response Analyzer, LAN setup along with various environmental testing facilities like chambers, shock machines etc. In addition, your company has initiated construction of War head building in Bhanur unit.

## 6) **Technical breakthroughs:**

The dedication and hard work of your employees has achieved significant success and paid rich dividends in terms of technical achievements. Some of the prominent accomplishments include

- QR SAM was successfully flight tested with full configuration in deployment mode intercepting the mid-air target, meeting the mission objectives. Missile was fired from a rotatable truck-based launch platform at Integrated Test Range at Chandipur on 23 Dec 2019. BDL team participated in integration and testing of the system and its sub systems. BDL manufactured sub systems have been used in the missile firing.
- Astra is an all-weather Beyond Visual Range Air to Air Missile, which is being developed by DRDO with BDL as LAToT agency. 3rd flight test campaign of 4 missiles with RF Seekers have been successfully conducted on 19 Sep 2019 at Balasore. BDL is involved in assembly and Integration of the missile.
- MPATGM is a 2.5km range man portable ATGM/ which is being developed by DRDO with BDL as co-development agency. Test firing of this missile was successfully conducted on 11 Sep 2019 at Orvokal. BDL is involved in assembly and Integration of the missile.





- The Nag missile is a third generation fire-and-forget anti-tank guided missile. It is an all-weather, top attack missile with a range of 4 Kms. This project is under development by DRDO, summer and winter User trials have been successful in 2019-20. The User trials have been completed. BDL has already integrated and supplied IIR Seekers to DRDO. The Launching platform for this Missile is NAMICA. BDL is nominated as Prime Production Agency.
- Flight testing of Akash I-S: This Missile has the combination of both Command Guidance and Active Terminal Guidance Seeker. Missile manufactured by BDL under the guidance of DRDL have been successfully flight tested during 25 May to 27 May 2019 at ITR, Balasore. All the mission objective has been met used against Banshee Target. The upgraded Akash Missile system is with Seeker and possesses 360 degree coverage and is of compact configuration.

## 7) **Quality Systems:**

Being a missile manufacturing Company producing single shot devices, quality of the product is of paramount importance and your products should work first time and every time. Hence, these products require stringent Quality standards and high degree of reliability. In pursuit of this objective, your company is always on lookout for acquiring internationally renowned quality standards. As you are aware, the production Units in Kanchanbagh and Bhanur 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).

In its continuous quest for excellence in Quality standards, your company added following few quality standards in its armory.

- Electronics Lab of Bhanur Unit has been accredited (renewed) with NABL (National Accreditation Board for Testing and Calibration Laboratories) in the field of Calibration (Electro Technical) as per ISO/IEC 17025:201
- Corporate Office has been certified with ISO 9001: 2015 Certification in Feb 2020 by the Certification Body M/s Novo Star Management Solutions India Pvt. Ltd, Bengaluru.
- Conferred with best practices in CSR Awards – Special Awards CSR through CSR and best practices in CSR Award for addressing Disability by IPE in Hyderabad in Jan 2020.
- Received AFQMS Certificate (Approval of firm Quality Management system) for CMDS project.
- Akash division of Kanchanbagh Unit has obtained re-certification of the Aerospace Standard AS 9100 D Quality Management Certification which is valid upto 31 Dec 2022.

## 8) **New Initiatives:**

As always, new initiatives have been a part of our endeavours and this year too, we have pursued several of them:

- A 5 MW Solar Power Plant was also inaugurated by the Hon'ble RM at BDL, Ibrahimpatnam.
- Hon'ble R M inaugurated the Rain Water Harvesting facility named as "Jal Nidhi" at the upcoming Unit of BDL at Ibrahimpatnam as a part of Jal Shakti Abhiyan of the Government of India.
- Your company entered into MoU with International Institute of Information Technology (IIIT) Hyderabad in June 2019 for setting up of Centre of Excellence (CoE) for Artificial Intelligence related activities in Missiles, Manufacturing, Inspection and allied areas. The CoE will function as an AI laboratory for BDL, building an understanding of BDL's products and business within IIIT research groups. The CoE will undertake upto five projects in a year as per mutually agreed scope.
- Creating Defence Start up Ecosystem: BDL has initiated action with Telangana-Hub for developing start-up companies in Defense related products. Towards this an MoU has been signed with Telangana-HUB.
- DAD cell of AO(DAD) was inaugurated at BDL Kanchanbagh Unit by Shri.K.Sathesh Babu, IDAS Principal Controller of Defence Accounts, Bangalore on 12 Apr 2019.

## 9) **Research and Development (R&D):**

Your company is continuously engaged in new product development & up-gradation of existing products to meet customer requirements. As part of it, your company Design & Engineering division is focusing on following projects:

### a) **Amogha-III:**

BDL has designed and developed Amogha-III, a 3rd Generation man-portable fire-and-forget Anti-Tank Guided Missile. Field firing test of the missile was conducted at KK Ranges, Ahmednagar from 01 – 03 Feb, 2020.

The missile was launched during Defexpo-2020 and the first model was handed over to Hon'ble Raksha Mantri Shri Rajnath Singh by Cmde Siddharth Mishra (Retd), CMD.

- b) CMDS Mk-II with AI feature to provide self-protection to the aircraft against previously known missile threat at designated way points.
- c) Dispenser for AN-32 aircraft for dispensing flares and chaffs.
- d) Tester for Ø50mm Dispenser Unit (DU) of Su-30 MKI aircraft.
- e) Konkurs Launcher Test Equipment (KLTE) Ver. II and Konkurs Missile Test Equipment (KMTE) Ver. II.
- f) KLTE Ver. II is Micro-controller based test equipment to check the serviceability of Konkurs ATGM launchers, whereas, KMTE Ver. II is used to check the serviceability of Konkurs-M ATGMs. User trials are conducted successfully at 17 Field Ammunition Depot (FAD), Ludhiana and 510 Army

#### 10) Corporate Governance:

Your Company has a well-established relationship between a company's management, its Board, its shareholders and other stakeholders. With its well laid down principles, policies, procedures, and clearly defined responsibilities and accountabilities, your company has perfect means of attaining the objectives and systems of monitoring performance.

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

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

As always, your Company is committed to social responsibility We have undertaken various programmes and projects towards integrating our social and business goals, and in a sustainable manner. During the year, an amount of ₹ 1556.24 lakhs has been spent on CSR activities. Your company has taken up various programmes for fulfilment of its social responsibilities under CSR activities by adopting villages, developmental aspirational districts, Swacha Bharat, skill development etc. Your company continues to carryout its good work in backward / underdeveloped areas in Andhra Pradesh and Telangana states as part of CSR activities.

#### Future Outlook:

India's defence sector has been growing at a modest pace for the past few years. Modernization of the armed forces and Indigenisation of manufacturing have emerged as focus areas. This is an opportune time to embark upon a new phase of self-reliance in the sector by manufacturing technologically advanced equipment within India.

DPP 2016 is a step towards creating an industry-friendly structure to facilitate better contract negotiations and improve the pace of contract awards. Breakthroughs like Make procedure, strategic partnership (SP) model, liberalization of FDI norms and creation of a level-playing to private industry have been introduced.

In line with the current trend, your company is focusing in new technological areas through strengthening in-house R&D, and by entering into MOUs / JVs with OEMs who are global leaders in their respective areas. Moreover, your company is working as co-development partner with DRDO in many projects including Nag, Astra, MPATGM, SAAS, QRSAM, AKASH-NG etc.

#### Acknowledgement:

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

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

Jai Hind!!!

Date : 29 June 2020

Place : Hyderabad

**Cmde Siddharth Mishra (Retd)**

Chairman & 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.



## 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



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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 15-16	4159.97
FY 16-17	4886.62
FY 17-18	4587.60
FY 18-19	3069.35
FY 19-20	3095.20

## PROFIT BEFORE TAX

(₹ in crore)

FY 15-16	847.31
FY 16-17	802.81
FY 17-18	773.82
FY 18-19	671.36
FY 19-20	742.45

## PROFIT AFTER TAX

(₹ in crore)

FY 15-16	564.88
FY 16-17	524.06
FY 17-18	528.15
FY 18-19	422.59
FY 19-20	534.90

## NET WORTH

(₹ in crore)

FY 15-16	1800.02
FY 16-17	2194.98
FY 17-18	1956.38
FY 18-19	2268.55
FY 19-20	2606.83

## VALUE OF PRODUCTION

(₹ in crore)

FY 15-16	4297.83
FY 16-17	5011.00
FY 17-18	4641.30
FY 18-19	3235.22
FY 19-20	2591.54

## EQUITY

(₹ in crore)

FY 15-16	97.75
FY 16-17	122.19
FY 17-18	183.28
FY 18-19	183.28
FY 19-20	183.28



# TEN YEARS AT A GLANCE

Particulars	Units	2019-20*	2018-19*	2017-18*	2016-17*	2015-16*	2014-15	2013-14	2012-13	2011-12	2010-11
Sales (Gross)	₹Crore	3095.20 *	3069.35 *	4587.60	4886.62	4159.97	2799.68	1779.89	1074.71	959.12	939.16
Changes in WIP/SIT	₹Crore	(503.66)	165.87	53.70	124.38	137.86	(29.63)	24.60	100.81	33.82	(28.18)
Value of Production	₹Crore	2591.54	3235.22	4641.30	5011.00	4297.83	2770.05	1804.49	1175.52	992.94	910.98
Material Consumption	₹Crore	1036.07	1818.97	2907.59	3125.23	2620.30	1855.10	1226.01	779.57	633.53	580.14
Value Added	₹Crore	1555.47	1416.25	1733.71	1885.77	1677.53	914.95	578.48	395.95	359.41	330.84
Profit Before Tax	₹Crore	742.45	671.36	773.82	802.81	847.31	614.19	508.59	419.06	348.19	79.17
Profit After Tax	₹Crore	534.90	422.59	528.15	524.06	564.88	418.57	345.51	288.40	234.96	51.70
Equity	₹Crore	183.28	183.28	183.28	122.19	97.75	115.00	115.00	115.00	115.00	115.00
Reserves & Surplus	₹Crore	2423.55	2085.26	1773.10	2072.79	1702.27	1418.58	1102.97	838.30	617.38	437.05
Gross Block (Excl.Cap.WIP)	₹Crore	1291.36	1219.61	1048.62	869.66	746.38	940.04	834.56	711.55	604.24	488.08
Inventory	₹Crore	856.52	1664.53	1925.87	2240.42	2057.66	1480.12	1382.51	1006.53	602.57	502.19
Trade Receivables	₹Crore	2673.70	1844.53	2208.13	1735.36	1478.22	865.72	398.81	281.55	88.39	45.15
Working Capital	₹Crore	2259.40	1390.38	1085.68	1569.75	2052.30	2740.34 ^	812.68 \$	614.58 \$	458.97	370.66 #
Capital Employed	₹Crore	3191.76	2347.34	1954.05	2326.87	2745.18	3134.20 ^	1172.29 \$	892.59 \$	670.64	511.79 #
Net Worth	₹Crore	2606.83	2268.55	1956.38	2194.98	1800.02	1533.37	1217.75	953.08	732.19	551.85
Number of Employees	Nos.	2950	3034	3095	3182	3132	3183	3266	3300	3142 @	2897
Employee Costs	₹Crore	534.03	534.21	529.34	448.39	326.23	313.07	307.28	258.99	240.32	234.53
Value Added per ₹ of Wage	₹	2.91	2.65	3.28	4.21	5.14	2.92	1.88	1.53	1.50	1.41
Value Added per Employee (₹ Lakh)	₹Lakh	52.73	46.68	56.02	59.26	53.56	28.74	17.71	12.00	11.44 @	11.42
Earnings per Share (EPS) ₹	₹	29.18	23.06	26.65	24.51 †	42.73 †	36.40 †	30.04 †	25.08 †	20.43 †	4.50 †

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

\* 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 50<sup>th</sup> Annual Report together with the audited financial statements of the Company for the year ended 31 March 2020.

## 1. HIGHLIGHTS OF OPERATIONS

- Hon'ble Raksha Mantri Shri Rajnath Singh visited BDL on 03 Aug 2019 as a part of the Golden Jubilee Celebrations of your company. Medium Range Surface to Air Missile (MR SAM) was handed over by Hon'ble RM to the Indian Air Force.
- During the year, Akash SAM two regiment order along with GSE has been executed completely. Further, your company has received Akash SAM order worth Rs.1700 Crore for supply of Akash Missiles along with associated spares.
- Handed over first Heavy Weight Torpedo (Varunastra) from the production order of Indian Navy during "Bandhan" Programme in February 2020.
- Corporate Office of your Company has been certified with ISO 9001: 2015 Certification in Feb 2020 by the Certification body M/s.Novo Star Management Solutions India Pvt Ltd, Bengaluru.
- During the year, your company has obtained PCMM level-II certification and the first Defence PSU to implement the PCMM level certification for HR Process.

## 2. FINANCIAL RESULTS AND PERFORMANCE HIGHLIGHTS

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

Particulars	in Crore		% of Increase/ (Decrease)
	2019-20	2018-19	
Sales/Revenue from Operations	3095	3069	0.85%
Value of Production	2592	3235	(19.88%)
Profit Before Tax	742	671	10.58%
Profit After Tax	535	423	26.48%
Value Added	1555	1416	9.82%
Earnings per share# (in ₹)	29.18	23.06	26.54%
# EPS has been calculated bases on profits excluding the other comprehensive income.			

2.2 Following data reflect the financial position of the Company:

Particulars	in Crore		% of Increase/ (Decrease)
	2019-20	2018-19	
Gross Block	1011	1008	0.30%
Depreciation	258	196	31%
Net Block	753	812	(7.27%)
Working Capital	2260	1390	62.59%
Capital Employed	3192	2347	36%
Net Worth	2607	2269	14.90%

### 2.3 COVID-19:

Due to COVID-19 pandemic and consequent lockdown, your Company's manufacturing facilities remained shut from March 23, 2020 and partially resumed with 33% staff w.e.f May 04, 2020 and with 50% staff from May 20, 2020 in compliance with the MHA, GOI guidelines. Since the lockdown was started from last week of March 2020, there was not much impact on the business of your Company for the year under review. However, the lockdown has adversely impacted your Company's operations during April and May 2020, there was no production during this period. As the situation is very dynamic, your company is closely monitoring it. Your Company hopes that the business situation will normalize during the current financial year, in case any further interruptions in business operations, the revenues and profitability are likely to be impacted in the current financial year. Indian Armed forces are the major customers of your Company and your Company do not foresee any fall in demand for its products/services. Indian Armed Forces have extended the delivery dates for one of the contracts and remaining contracts are going to be completed within the scheduled dates and as such there is no significant impact on your company on this account. Your Company is well positioned to fulfil its obligations and existing contracts/arrangements.

2.4 During the year under review, your Company has achieved revenue from operations of ₹ 3095 Crore as against the revenues of ₹ 3069 Crore of previous year. Your Company achieved nominal growth in revenues as compared to previous year. Your Company has achieved profit before tax of ₹ 742 Crore as compared to ₹ 671 Crore achieved in the previous year. Profit after tax is at ₹ 535 Crore as against ₹ 423 Crore in the previous year. As far as profit margin is concerned there is an improvement in operating margins due to product-mix and increase in operational efficiency, though there is minimal increase in turnover. During the year, there was an amendment to the Income tax rates and accordingly your company has opted for new tax rates.



- 2.5 This year your Company made an operating profit of ₹ 689 Crore as against ₹ 617 Crore in the previous year indicating a significant improvement in operational performance. Major orders executed during the year for the Armed forces includes Akash Weapon system, ATGMs and other products
- 2.6 The order book position of the Company as on 01 April 2020 is around ₹ 7413 Crore comprising mainly of Akash, MR-SAM, ATGMs, Export of LWT and other products.

### 3. FIXED DEPOSITS FROM PUBLIC

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

### 4. DIVIDEND & TRANSFER TO GENERAL RESERVE

Your Company has a consistent track record of Dividend Payment. The Board has recommended a Final Dividend of ₹ 2.55/- per equity share of ₹ 10/- each amounting to ₹ 46.74 Crore for the year 2019-20. Further, your Company has paid interim dividend of ₹ 6.25 per share amounting to ₹ 114.55 Crore in March 2020. An amount of ₹ 400 Crore is being transferred to General Reserve for the year 2019-20.



Comde Siddhartha Mishra, CMD, BDL, Shri.S.Piramanayagam, Director (Finance) presenting Interim Dividend (2019-20) Cheque to Hon'ble Raksha Mantri Shri.Rajnath Singh in the presence of Secretary (Defence Production) Shri. Raj Kumar and Joint Secretary (P&C) Dr.Amit Sahai

### 5. CAPITAL STRUCTURE

The paid up capital of the Company as on 31st March, 2020 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 2020.

### 6. PERFORMANCE AGAINST MoU

Your Company signs a Memorandum of Understanding (MoU) every year with the Ministry of Defence, Government of India. The performance of the Company for the year 2018-19 has been rated "Good". The MoU rating for the year 2019-20 is under evaluation.

### 7. MODERNIZATION, UPGADATION AND INDIGENIZATION

- 7.1 During the year, an amount of ₹ 57 Crore has been spent on Capital Expenditure (CAPEX) programme towards modernization of Plant & Machinery and other Infrastructure development. Accordingly, as a part of CAPEX programme, the technologies such as preheating oven, environmental chambers, shock machine, test equipments and high speed cameras were taken up for upgradation.
- 7.2 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. Indigenisation of products like Konkurs-M, Invar, Milan-2T, Akash, TAL-XP and Varunastra has been achieved up to 96%, 78.6%, 71%, 96%, 82.9% and 86.8 % 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 Telemetry Ground Station, 512 Core HPC system, Hand held RF signal Generator, Humidity Controlled Cabinet, Frequency Response Analyzer, LAN setup for D&E division 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:

- a) **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. Field firing test of the missile was conducted from 01 – 03 Feb, 2020. The missile was launched during Defexpo-2020 and the first model was handed over to Hon'ble Raksha Mantri Shri Rajnath Singh by Cmde Siddharth Mishra (Retd), CMD.



- b) CMDS Mk-II with AI feature to provide self-protection to the aircraft against previously known missile threat at designated way points.
- c) Dispenser for AN-32 aircraft for dispensing flares and chaffs.
- d) Tester for  $\Phi 50$ mm Dispenser Unit (DU) of Su-30 MKI aircraft.
- e) Konkurs Launcher Test Equipment (KLTE) Ver. II and Konkurs Missile Test Equipment (KMTE) Ver.II: KLTE Ver.II is Micro-controller based test equipment to check the serviceability of Konkurs ATGM launchers, whereas, KMTE Ver. II is used to check the serviceability of Konkurs-M ATGMs. User trials are conducted successfully during the year.

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

Particulars	2019-20	2018-19	2017-18
Sales Turnover (Gross)	3095	3069	4588
R&D expenditure	73.87	53.45	40.22
% of R&D expenditure	2.39%	1.74%	0.88%

8.4 Apart from in-house R&D activities, your Company also entered into MoUs with following institutions for R&D activity:

- IIIT, Hyderabad for development of Artificial Intelligence (AI) products.
- IIT, Kanpur for design & development of UAV & ventilators.
- T-hub with an objective to foster a collaborative environment in bringing the start-ups.

## 9. PROCUREMENT FROM MSMEs

9.1 During the year, your company has shown more thrust in procurement from Micro, Small & Medium Enterprises (MSMEs), though there were exemptions granted to your Company being a weapons manufacturing Company vide MSME Notification No.F.No.21(1)/201 I-MA Dated 23 March 2012. Your Company would endeavor to procure general items from SMEs.

9.2 As per Government of India guidelines issued from time to time your Company is extending its 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
- Tester for  $\Phi 50$ mm Dispenser Unit (DU) of Su-30 MKI aircraft.
- Konkurs Launcher Test Equipment (KLTE)
- 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.





- 9.3 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.
- 9.4 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.
- 9.5 Your Company has well placed Integrity Pact which is signed with bidders to enable them to raise any issues with regard to high value tenders of more than ₹ 2 Crore floated from time to time. People of high repute and integrity are appointed as Independent External Monitors to oversee implementation of the said Integrity Pact. The pact essentially envisages an agreement between the prospective vendors/bidders and BDL committing the Persons/officials of both sides, not to resort to any corrupt practices in any aspect/ stage of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

## 10. EXHIBITIONS

Senior Executives and Directors participated in National and International Exhibitions during the year 2019-20. During the year, your Company participated in the DEFEXP-2020, please refer to pages 19-21:

## 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 GoI, 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. Accordingly, your company has signed a contract with Indian Channel Partner for export of Light Weight Torpedoes (LWT-XP) to a friendly country. During the year 2019-20, your company has registered exports value of ₹ 174 Crore through its Indian Channel partner.

## 12. BOARD OF DIRECTORS:

- 12.1 The Board of Directors of the Company comprises Functional Directors, Government Nominee Directors and Independent Directors (i.e Non Official Part Time Directors) who are appointed by the Government of India from time to time. Further, the tenure and remuneration of Functional Directors including Chairman and Managing Director are decided by the Government of India through Public Enterprises Selection Board/Search Committee. The Government communication also indicates the detailed terms and conditions of their appointment including a provision for the applicability of the relevant rules of the Company.
- 12.2 The Government Nominee Directors are not entitled to any remuneration/ sitting fee. The Independent Directors (i.e Non Official Part Time Directors) are entitled to sitting fees for attending the Board/Committee meetings as duly approved by the Board considering the government directives, statutory acts, rules and regulations.
- 12.3 **Independent Directors (i.e Non Official Part Time Directors)**  
In order to fulfill the requirement of SEBI (LODR) Regulations, 2015, Government of India vide its letter No.H-62011/2/2016-D(BDL) dated 13 September, 2017 appointed three new Independent Directors viz., Shri Ajay Nath, Shri.K.S.Sampath and Smt.Latha Narasimhamurthy as Part-time Non-Official Directors w.e.f 13 September 2017 for a period of three years or until further orders whichever is the earliest. Accordingly, their term is going to be completed in September 2020.
- 12.4 During the year, the term of office of Independent Directors, Smt.Sushama V Dabak and Prof.Ajay Pandey was completed w.e.f 01 December 2019. Accordingly, the Board places on record its appreciation for their valuable contributions extended to the Company during their tenure.
- Statement on declaration by Independent Directors:**  
Independent Directors have given declarations u/s 149(7) of the Companies Act, 2013 that they meet the criteria of independence as laid down u/s 149 (6) of the said Act.
- 12.5 In terms of provisions of section 152 of the Act, Shri.N.P.Diwarakar, Director (Technical) & Shri. Ashwani Kumar Government Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.



Hon'ble Prime Minister of India at BDL Stall(India Pavilion). The Hon'ble PM being briefed by CMD, BDL Cmde Siddharth Mishra (Retd) about industry 4.0 adopted by BDL.



BDL manufactured Varunastra, the Heavy Weight Torpedo was handed over to the Indian Navy by Hon'ble Raksha Mantri on 7th Feb 2020 during Defexpo -2020.





Chief of Defence Staff General at BDL Stall during Defexpo-2020.



Chief of Army Staff General evincing interest in 'Astra Missile System' displayed at BDL Stall during Defexpo – 2020.



Hon'ble Union Minister of AYUSH (IC) and Minister of State for Defence, Government of India at BDL stall during Defexpo – 2020.



Special Secretary, Department of Defence Production, MoD, Govt. of India at BDL Stall during Defexpo - 2020.



Director General (Missiles and Strategic Systems), Govt. of India at BDL stall during Defexpo – 2020.



Vice Admiral, Chief of Material, Indian Navy at BDL Stall during Defexpo-2020.

During the Defexpo-2020, your company has entered into following MoUs:



BDL and JSC AlmazAntey Air & Space Defence cooperation, Russian Federation entered into an MoU for exploring feasibility for the production of various sub systems of Air Defence Missile Systems.



BDL and ROXEL France entered into an MoU on possible collaboration for indigenous manufacture of Composite Propellants and cast double base propellants required for Missiles and Rockets programs.



BDL and M/s Javelin Joint Venture, comprising Raytheon Company, USA and Lockheed Martin USA, entered into an MoU for productionizing the Javelin Missile Systems in India.



BDL and IIT, Kanpur signed an MoU during Def Expo – 2020 for joint working & development of Unmanned Aerial Vehicles.



## 12.6 Number of Meetings of Board:

During the year 2019-20, Six (6) Board Meetings were held on 30 May 2019, 10 August 2019, 12 November 2019, 30 November 2019, 9 January 2020, 12 February 2020.

## 12.7 Performance Evaluation

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

## 13. DIRECTORS' RESPONSIBILITY STATEMENT:

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 2020 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

Material changes and commitments affecting the financial position of the company which have occurred between 31 March 2020 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/OBC in recruitments.
- Total man power strength as on 31 March 2020 is at 2950 (including four functional directors), out of which, the number of persons on temporary rolls is 37. Of the total strength, 91 are ex-servicemen, 566 are of Schedule Caste, 213 are of Scheduled Tribes and 811 are of OBC category. The percentage of Scheduled Caste and Scheduled Tribes in respect of Employees is at 19.17% and 7.22% respectively.
- Number of persons on temporary rolls as on 31 March 2020 is 37, out of which 6 belong to Scheduled Caste category and 2 belong to Scheduled Tribe category.
- The No. of Scheduled Caste, Scheduled Tribes and OBC in various categories of posts as on 31 March 2020 is given below:

Category	Number of Employees							
	Total Strength		Scheduled Castes		Scheduled Tribes		OBC	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Group-A	833	864	155	156	82	83	164	164
Group-B	72	78	17	17	4	5	22	22
Group-C	1762	1797	324	329	108	107	523	516
Group-D	242	258	64	68	17	18	92	98
Temporary	37	33	6	7	2	0	10	8
Total	2946*	3030*	566	577	213	213	811	808

- Recruitment of employees in Scheduled Caste, Scheduled Tribes and OBC during 2019-20 is given below:

Classification of posts	Total Vacancies Released	Total Recruitment	Reservation of posts (out of Col.2)			Recruitment made during the year 2019-20		
(1)	(2)	(3)	(4)			(5)		
			SCs	STs	OBC	SCs	STs	OBC
Group-A	1	1	-	-	-	-	-	-
Group-B	-	-	-	-	-	-	-	-
Group-C	6	6	1	-	2	1	-	2
Group-D	-	-	-	-	-	-	-	-
Total	7	7	1	-	2	1	-	2



## 16. EMPLOYMENT OF WOMEN:

As per the recommendation No.51, Para (ii)(a) of the National Commission for Women (NCW) in its Annual Report for the year 1995-96, the employment position of Women as on 31 March 2020 is given below as directed by the Ministry

### I. EXECUTIVES

Grade	No. of Employees	Women	Percentage
I	72	12	16.66
II	168	22	13.09
III	157	25	15.92
IV	197	24	12.18
V	85	10	11.76
VI	169	11	6.50
VII	39	-	-
VIII	15	1	6.66
IX	03	-	-
Functional Directors	03	-	-
CMD	01	-	-
<b>Total</b>	<b>909</b>	<b>105</b>	<b>11.55</b>

### II. NON-EXECUTIVES

Grade	No. of Employees	Women	Percentage
WG-0	1	-	-
WG-1	4	-	-
WG-2	135	20	14.81
WG-3	61	12	19.67
WG-4	378	31	8.20
WG-5	164	31	18.90
WG-6	209	30	14.35
WG-7	136	17	12.5
WG-8	35	3	8.57
WG-9	114	5	4.38
WG-10	18	-	-
WG-11	153	4	2.61
WG-12	596	50	8.39
<b>Total</b>	<b>2004</b>	<b>203</b>	<b>10.13</b>

## 17 PERSONS WITH DISABILITIES (PWD) AS ON 31 MARCH 2020

The total number of Physically Challenged employees as on 31 March 2020 is 108 and its percentage to total employees works out to 3.66.%.

	HI	LD	VI	Total
Group-A	6	13	5	24
Group-B	0	0	0	0
Group-C	18	46	8	72
Group-D	4	5	3	12
<b>Total</b>	<b>28</b>	<b>64</b>	<b>16</b>	<b>108</b>

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

## 18. HUMAN RESOURCE DEVELOPMENT:

18.1 During the year under review the Company has conducted various training programmes 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. The details of the same are as below:

No. of Employees Trained During FY 2019-20 (Executive VS Non Executives)			
Particulars	No. of Executives participated	No. of Non Executives participated	TOTAL
External Programmes	514	297	811
In House Programmes	1800	1954	3754
<b>TOTAL</b>	<b>2314</b>	<b>2251</b>	<b>4565</b>
MANDAYS	6409	4016	10425
AVERAGE MANDAYS SPENT-2019-20 (Total Mandays/Manpower (Executives/Non-Executives))	6.63	1.89	3.38
AVERAGE MANDAYS SPENT-2018-19 (Total Mandays/Manpower (Executives/Non-Executives))	4.51	1.60	2.45



- 18.2 The Company organized the following important activities/programmes during the year:
- (a) **Executive Education Programmes organized for Board of Directors:** During the year, your Company has sponsored two independent directors for the Executive Education Programmes for the Board of Directors organized by IICA, Gurgaon.
  - (b) **Management Development Programmes (MDPs):** Your Company sponsored ninety-nine Executives (in Grade IV to VI) for Management Development Programmes (MDPs) conducted by premier Institutes in India like IIM-Lucknow, IIM-Indore, IIM- Kozhikode, XLRI Jamshedpur and NIFM, Faridabad during the year 2019-20.
  - (c) **Advanced Management Programmes (AMP):** Your Company sponsored three principal Executives at General Manager and above level for the Advanced Management Programme (AMP) conducted by SCOPE, New Delhi in association with Indian Institute of Management (IIM), Calcutta, International Labour Organization, Geneva and University of Maryland School of Public Policy, Washington D.C.
- 18.3 As a part of initiatives for women employees work life balance as well as leadership development, the Company has conducted nine leadership development programmes, fifteen capability development programmes and seven customized training programmes exclusively for Women Employees (Executives & Non-Executives) in association with reputed Institutes like M/s.Vyakti Vikas Kendra India (Art of Living), Bangalore, M/s Heartfulness Institute (Kanha Shanti Vanam), Hyderabad, M/s ICFAI Business School, Hyderabad and M/s PARSAM Institute of Statutory Rules, Bangalore.
- 18.4 In addition to above, your company implemented many measures in order to achieve People Capability Maturity Model (PCMM), Level-II certification.

## 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 ₹ 55.10 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, the verification elections conducted by Central Industrial Relation Machinery (CIRM) on 24 August 2019. BDEU (Reg. No. A-3197), has secured majority votes and subsequently management conferred recognition for a period of two years.
- 21.4 **Golden Jubilee Celebration:**

Your Company is celebrating the Golden Jubilee this year. A grand function was organized on 03 August 2019 wherein Hon'ble Raksha Mantri, Shri. Rajnath Singh graced the occasion as chief guest and inaugurated the Golden Jubilee year of your Company. As part of this, Hon'ble Raksha Mantri unveiled the statue of Dr. APJ Abdul Kalam at BDL premises and released Golden Jubilee Postal stamp.

Celebrating the Golden Jubilee, series of activities and programs (including games and tournaments) were organized by the Company for the employees including retired employees, where employees have actively participated and made programmes a grand success.



## 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 safe guarding of property of your 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 review meetings are being conducted both by Management and CISF to beef up security.
- 22.3 As a part of security measures, your company has installed Biometric Access Control System in addition to computerized photo identity cards to prevent unauthorized entry. CCTV cameras have been installed all over the factory premises to cover more areas under CCTV surveillance. Door frames, metal detectors, X-Ray Baggage machines are also in place. Barricades, Boom Barriers and Mochas are provided to strengthen physical security measures.
- 22.4 Your Company conducts regular programmes on security and safety awareness besides observing Security Week/Fire Week. Employees are sensitized on the security threat and action to be taken in case of emergency and fire accidents.

## 23. SAFETY:

- 23.1 Your company is strictly following applicable norms to maintain safety and good health of the employees. The two committees i.e Industrial Safety Committee and Explosive Safety Committee meetings are held at regular intervals for monitoring the health and safety of the employees. The Industrial works are carried out in compliance with the Factories Act 1948 and Explosive safety is being followed adhering to the STEC (Storage & Transportation of Explosives Committee) regulations issued by CFEES, MoD, New Delhi. Annual Audit is conducted by CFEES and their recommendations are implemented promptly. Further, regular medical checkups are carried out to employees working in hazardous and other areas.
- 23.2 During the year, Safety Department has organized competitions on the occasion of 49th National safety Day/ week starting from 4th March. Valedictory function was postponed in definitely due to Pandemic COVID 19. Safety Department contribution towards SWATCH THA HE SEVA was immense in cleaning up the factory premises and in disposal of unserviceable explosive materials. Safety Department has played a vital role in obtaining PCMM (Peoples Capability Maturity Model) level -2 certification for BDL.
- 23.3 The recent outbreak of COVID-19 has caused widespread concern in terms of its impact on the lives of the people. Considering the seriousness of COVID-19, your company proactively took several initiatives and measures to mitigate the pandemic and accentuate the nation's efforts to fight against COVID-19. In order to quickly respond to any kind of emergency situation, management has constituted Community Assistance Teams involving across section of employees in various units and offices of the Company. The employees and their families, wherever they are staying, were encouraged to approach any member of the team with any issue bothering them during the lock down period. Further, high level committees were formed during lock down to ensure preparedness of the organization to resume work maintaining precautionary measures in the Unit in terms of fire, safety and maintenance of machines. The essential services were rostered to work on daily basis. Several precautionary and preventive measures across all Units/ Offices were adopted to ensure the safety and health of all employees. All areas in the premises were disinfected completely by using user friendly disinfectant mediums, PPE were made available, vehicles were disinfected, guidelines/instructions were issued on security procedures, working procedure, sanitization etc. Thus, continuing the measures adopted during lockdown and also implementing the guidelines issued from MHA from time to time, your Company has displayed its ability in maintaining operations in all the Units/Offices smoothly.

## 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**.

## 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. The solid and hazardous waste are being disposed-off through certified agencies and testing of environmental parameters of ambient air quality, stack quality of DG sets/venture scrubbers, Sewage Treatment Plants and Effluent Treatment Plants are done as per the specified frequency.

During the year, all three Units of BDL i.e. Kanchanbagh, Bhanur and Visakhapatnam have been re-certified with ISO 14001:2015 (EMS) by M/s TUV India Pvt. Ltd.

### 25.2 Celebration of World Environment Day 2019

The world environment day – 2019 was celebrated with great enthusiasm in all the three units of BDL. On this occasion, banners were displayed at prominent locations and saplings were planted on 6 June 2019 in all the units. Slogan writing, elocution and quiz competitions were organized based on the theme “Air Pollution” in three languages.



As a part of World Environment Day 2019 celebrations saplings were planted at Kanchanbagh Unit

## 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 24 years. Presently Milan, Akash, CP-IGMP, Electronics Division, Design & Engineering divisions and Bhanur Unit have been certified to AS 9100D Aerospace standard. Visakhapatnam Unit also successfully completed final certification audit and recommended for AS 9100D certification by M/s Novo Star Management Systems Solutions India Pvt. Ltd.
- 26.2 During the year, Corporate Office of the company has been certified with ISO 9001:2015 certification by M/s Novo Star Management Systems Solutions India Pvt. Ltd. The Certificate is valid for a period of 3 years. Electronics Division has been certified with AFQMS (Approval of the Firm and its Quality Management System) by DGAQA (Directorate General of Aeronautical Quality Assurance). The Certificate is valid for a period of 3 years.
- 26.3 All the three units of BDL at Kanchanbagh, Bhanur and Vishakhapatnam 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. 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. In order to strengthen this, during the year, Product Support Group has been created, headed by an Executive Director, to cater to the needs of the customers after sales support.

## 27. OFFICIAL LANGUAGE (OL) IMPLEMENTATION:

- 27.1 During the year, 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 for Officers and Employees of Corporate Office, Kanchanbagh, Bhanur Unit & Vishakhapatnam Unit.
- 27.4 Similarly, Hindi Day was celebrated for the Officers and employees of Corporate Office under the chairmanship of CMD & Chairman, OLIC on 24th September. Cash Awards were given to the winners of the competitions and Officers and Employees for doing original work in Hindi during the year. Complying with the assurances given to the Parliamentary Committee on OL, Hindi film 'SWADES' was shown at Bhanur Unit through multimedia during the Fortnight Celebrations.
- 27.5 TOLIC (U) functioning which is taken care by BDL was adjudged for "Daksh in Kshetriya Rajbhasha Puraskar" for the year 2018-19 in Region "C" for best implementation of OL. Under the auspice of TOLIC (U) an "Orientation Program on OL" was organized for newly joined Hindi Officers / Translators/ Nodal Officers /Staff of 21 Member Offices of TOLIC (U) on 13th March, 2020.
- 27.6 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.
- 27.7 On the occasions of Republic Day, Independence Day Celebrations, Golden Jubilee Year Celebrations, CMD of the Organisation addressed the gathering in Hindi. Similarly, Vigilance Awareness Week, Swatchata Pakhawada, Constitution Day the pledge was taken in Hindi & English.

- 27.8 As part of the Golden Jubilee Year Celebrations of the Organization, Hon'ble Raksha Mantri visited BDL and unveiled the statue of 'Bharatratna' APJ Abdul Kalam. During the visit, CMD addressed the gathering in Hindi. Besides, Invitation Card, Banners and other promotional material was prepared in bilingual form
- 27.9 First Sub-Committee of Parliamentary Committee on Official Language inspected and reviewed the OL implementation in BDL on 27th February, 2020. The Committee headed by Prof. Ram Gopal Yadav appreciated the efforts put in the area of Implementation of OL by BDL.



- 27.10 Inspection on OL implementation in the Visakhapatnam Unit was held by JD (OL), DDP, MoD on 03.10.2019. Appreciations were recorded in the reports received there on. The Website of the company prepared in Hindi was updated from time to time in compliance with the directives of Govt. of India.
- 27.11 The Organization is assigned with functioning of TOLIC (U) consisting 47 PSUs as its Member Offices. Regular half yearly Meetings of the body are organized in May & October. During the Financial Year 2019-20, both the half Yearly Meetings were chaired by Cmde. Siddharth Mishra, (Retd.), CMD, BDL & Chairman, TOLIC (U). Further, 'PATHIK' the House Journal of TOLIC (U) was published and released in the TOLIC half yearly Meeting held on 24.05.2019 and distributed. Officers and Employees of the organization took active participation in the Inter PSU Competition conducted by TOLIC (U) and won four prizes.

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

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.

The Company operates 10 MW Solar Power plant for captive consumption for its units at Bhanur and Kanchanbagh

## 29. VIGILANCE:

- 29.1 The main objective of Vigilance Department of the Company has been preventive/pro-active vigilance. Therefore, as a part of proactive vigilance the department has issued Systemic Improvement Suggestions in the areas of like e-tendering, Recruitment, Departmental Promotion, Reservation, Absorption of Management Trainees, Inter-Unit Transfers, Sensitive Area Rotation and Civil work etc. and of which many have been implemented by the Management during the year under report.
- 29.2 Being an extended arm of the Central Vigilance Commission (CVC), New Delhi, the department has submitted Various reports (e.g. Monthly, Quarterly, Annual & CTE Type) to the Commission and also to Ministry of Defence and to the Board of the Company. The Department has also issued clearances to employees in cases of Recruitment, Promotion, Absorption, Confirmation, Foreign visits, for postings in sensitive areas etc. The department has also accorded priority in handling the complaints as per the complaint handling policy of the CVC.
- 29.3 Observation of Vigilance Awareness Week is an integral part of the department on the theme advised by CVC. Vigilance Awareness Week-2019 was observed from 28th October, 2019 to 03rd November, 2019 with the theme of "Integrity-A Way of Life" with great zeal and enthusiasm. Shri.S.Piramanayagam, Director (Finance) administered the "Integrity Pledge" and Dr.Upender Vennam, Chief Vigilance Officer read out CVC message and other senior officials read out message from Government of Authorities at Corporate Office on 28.10.2019. Live video conference of administering the Pledge & reading of the messages took place by covering all the divisions of BDL viz., i) Corporate Office-Hyderabad, ii) Kanchanbagh Unit - Hyderabad iii) Bhanur Unit-Sangareddy Dist.-Telangana iv) Visakhapatnam-Andhra Pradesh.
- 29.4 Similarly, in an effort to spread the message of Integrity among Citizens of the country, 2000 Pamphlets were distributed with message of Mahatma Gandhiji, "Earth provides enough to satisfy every man's need, but not every man's greed" and the CVC's integrity pledge for citizens along with the URL address for taking e-pledge was published at the back of the pamphlet.





- 29.5 On 30th October 2019, A workshop on “Ethics Integrity and Moral Values at Work Place” by Shri Ashutosh Kumar Mishra, an eminent speaker was conducted on 31.10.2019 in collaboration with Mishra Dhatu Nigam Limited, Hyderabad as part of Vigilance Awareness Week-2019 for the employees.
- 29.6 On 31st October, 2019, Coinciding with the birthday of Shri Sardar Vallabhai Patel, walkathons were conducted at Bhanur Unit, Sangareddy, Vizag Unit, Andhra Pradesh and at Kanchanbagh Unit, Hyderabad wherein procession were taken out by forming Human Chains on the streets and public were apprised of the need to ensure integrity in their day-to-day life and to say ‘no’ to any kind of illegal gratification.
- 29.7 As part of Vigilance Awareness Week-2019, to make ‘Integrity’ a part of their life, School children were encouraged through various competitions like Essay Writing, Poster Making and Elocution. Further, ‘Integrity Clubs’ have been set up at two schools at Bhanur and Kanchanbagh. In order to promote ethical habits, a philatelic exhibit containing quotes of Mahatma Gandhiji on stamps and related materials collected by CVO/BDL was displayed permanently at these two schools.



Employees participated in Walkathon organized on 31.10.2019 as part of Vigilance Awareness week-2019 celebration.

- 29.8 On 01st November 2019, a Valedictory Function was organized wherein Chief Guest, Former Jt. Director CBI, Shri VV Laxminarayana, IPS, Addl. DG (Police) (Retd.) delivered a guest lecture on the theme ‘Integrity-A Way of Life’ at BDL-Bhanur and interacted with employees and their family members giving an account of nature and extent of corruption and the ways and means to control corruption. Cmde. Siddharth Mishra, CMD, BDL exhorted the employees to fearlessly expose the improper and unethical practices at work place and advised them to contribute to the PSU by displaying exemplary commitment. A ‘Vigilance Compendium’ consisting of Circulars issued by CVC, the synopsis of conducting Disciplinary Proceedings, CDA Rules, Standing Orders of the Company was released.



Release of ‘vigilance compendium’ by Chief Guest Shri VV Laxminarayana, IPS (Retd.) along with CMD, CVO and other Directors during Valedictory Function of Vigilance Awareness Week-2019 at BDL, Bhanur Unit

- 29.9 Keeping the priority of preventive vigilance, various workshops/seminars/training programmes were organized and vigilance awareness initiatives were undertaken by the Vigilance Department during the year under report.

### 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 2019-20 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 2019-20, the CSR & SD expenditure target was ₹ 1499 lakh (including carry forward unspent amount of previous years). Against the target, the company has incurred an expenditure of ₹ 1556 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 2019-20 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](http://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.G.Natesan & Co., Chartered Accountants, Hyderabad were appointed as Statutory Auditors of the Company for the financial Year 2019-20 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 2020 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 2019-20 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 2019-20 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 2018-19 and compliance on Corporate Governance for the year 2019-20 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, Risk Management Policy etc. 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 2019-20, 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](http://www.bdl-india.in). It contains general information of the Company, functions, powers and duties of employees/officers, decisions making process, rules, regulations, manuals and records held by the Company, directory of the Company's Officers, pay scales of officers/ employees and procedure for seeking information and inspection of records. The Company has nominated a Central Public Information Officer of Senior Manager Level to attend to queries and appeals. Further, during the year 2019-20 the Company received 75 applications/queries and the same were disposed-off.

## 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](http://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 : 29.06.2020**



## ANNEXURE-I

### FORM No. MGT – 9 EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31 MARCH 2020

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

#### 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 Address of the Company	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 Description of main products/ services	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	
<b>A.Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF (Nominees of President of India)	-	-	-	-	-	-	-	-	-
b) Central Govt.	160829297	-	160829297	87.75%	160829297	-	160829297	87.75%	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total A (1)</b>	160829297	-	160829297	87.75%	160829297	-	160829297	87.75%	-
<b>2) Foreign</b>									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>Sub-total A(2)</b>	-	-	-	-	-	-	-	-	-





Category of Shareholders	No. of Share held at the beginning of the year (@ face value of 10/- each)				No. of Shares held at the end of the year (@ face value of 10/-each)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Total Shareholding of Promoter (A)= (A) (1) + (A) (2)</b>	160829297	-	160829297	87.75%	160829297	-	160829297	87.75%	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	5067001	-	5067001	2.76%	6601768	-	6601768	3.6%	0.84%
b) Banks/FI	2286317	-	2286317	1.25%	1826099	-	1826099	1%	0.25%
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Company	4807297	-	4807297	2.62%	5267174	-	5267174	2.87%	0.25%
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
i) Other (Specify)-Foreign Portfolio Investors	1641997	-	1641997	0.90%	64500	-	64500	0.04%	0.86%
<b>Sub-total(B)(1)</b>	13802612	-	13802612	7.53%	13759541	-	13759541	7.51%	0.02%
<b>2.Non-Institutions</b>									
a) Bodies Corp.									
(i) Indian	626502	-	626502	0.34%	418067	-	418067	0.23%	0.11%
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individuals Shareholders holding nominal share capital upto Rs 1 Lakh	6837751	88	6837839	3.73%	6894053	88	6894141	3.76%	0.03%
ii) Individual Shareholders holding nominal share capital in excess of Rs.1 Lakh	486135	-	486135	0.27%	624543	-	624543	0.34%	0.07%
c) Other (Specify)									
Trusts	1381	-	1381	0.00%	2205	-	2205	0.00%	-
HUF	345069	-	345069	0.19%	408819	-	408819	0.22%	0.03%
NRIs	273898	-	273898	0.15%	262348	-	262348	0.14%	0.01%
Employees	39971	-	39971	0.02%	32854	-	32854	0.02%	-
Clearing Members	31532	-	31532	0.02%	48935	-	48935	0.03%	0.01%
NBFC registered with RBI	7014	-	7014	0.00%	500	-	500	0.00%	-
<b>Sub-total B (2):</b>	8649253	88	8649341	4.72%	8692412	88	8692412	4.74%	0.02%
<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	22451865	88	22451953	12.25%	22451953	88	22451953	12.25%	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	183281162	88	183281250	100%	183281162	88	183281250	100%	-

## ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year (01 April 2019)			Shareholding at the end of the year (31 March 2020)		
	No. of Shares (@ FV of 10/- each)	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares (@ FV of 10/- each)	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares
President of India	160829297	87.75%	-	160829297	87.75%	-



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

S.No	Shareholders Name	Shareholding at the beginning of the year		Date	Increase/ (decrease) in share holding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	President of India	160829297	87.75%	01/04/2019	-	-	160829297	87.75%
				31/03/2020	-	-	160829297	87.75%

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	HDFC TRUSTEE COMPANY LIMITED-HDFC EQUITY FUND					
	At the beginning of the year	01/04/2019	3574600	1.95%	3574600	1.95%
	Bought during the year	19/04/2019	580500	0.32%	4155100	2.27%
	At the End of the year	31/03/2020	4155100	2.27%	4155100	2.27%
2	LIFE INSURANCE CORPORATION OF INDIA					
	At the beginning of the year	01/04/2019	4089614	2.23%	4089614	2.23%
	Bought/sold during the year	-	-	-	-	-
	At the End of the year	31/03/2020	4089614	2.23%	4089614	2.23%
3	BANK OF BARODA					
	At the beginning of the year	01/04/2019	868878	0.47%	868878	0.47%
	Bought/sold during the year	-	-	-	-	-
	At the End of the year	31/03/2020	868878	0.47%	868878	0.47%
4	HDFC TRUSTEE CO LTD A/C HDFC HOUSING OPPORTUNITIES FUND-1140D NOVEMBER 2017 (1)					
	At the beginning of the year	01/04/2019	895621	0.48%	895621	0.48%
	Sold during the year	15/11/2019	(5298)	0.00%	890323	0.48%
	Sold during the year	22/11/2019	(26405)	0.01%	863918	0.47%
	Sold during the year	29/11/2019	(5200)	0.00%	858718	0.47%
	Sold during the year	20/12/2019	(7300)	0.00%	851418	0.47%
	Sold during the year	31/12/2019	(6000)	0.00%	845418	0.46%
	Sold during the year	07/02/2020	(5185)	0.00%	840233	0.46%
	At the End of the year	31/03/2020	840233	0.46%	840233	0.46%
5	HDFC TRUSTEE COMPANY LTD. A/C HDFC CAPITAL BUILDER VALUE FUND					
	At the beginning of the year	01/04/2019	596767	0.32%	596767	0.32%
	Bought during the year	05/04/2019	13473	0.01%	610240	0.33%
	Bought during the year	12/04/2019	7100	0.00%	617340	0.33%
	Bought during the year	19/04/2019	114709	0.06%	732049	0.39%
	Bought during the year	10/05/2019	5100	0.00%	737149	0.39%
	Bought during the year	31/05/2019	66757	0.03%	803906	0.42%
	Bought during the year	09/08/2019	20000	0.01%	823906	0.43%
	Bought during the year	23/08/2019	37000	0.02%	860906	0.45%
	Sold during the year	15/11/2019	(3703)	0.00%	857203	0.45%
	Sold during the year	29/11/2019	(5200)	0.00%	852003	0.45%
	Sold during the year	06/12/2019	(11421)	0.00%	840582	0.45%
	Sold during the year	31/01/2020	(26626)	0.01%	813956	0.44%
	Sold during the year	07/02/2020	(1715)	0.00%	812241	0.44%
	At the End of the year	31/03/2020	812241	0.44%	812241	0.44%



S.No	Name of the Shareholder	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>6</b>	<b>HDFC TRUSTEE COMPANY LTD. A/C HDFC BALANCED ADVANTAGE FUND</b>					
	At the beginning of the year	01/04/2019	-	-	-	-
	Bought during the year	19/04/2019	888000	0.48%	888000	0.48%
	Bought during the year	26/07/2019	16800	0.00%	904800	0.48%
	Sold during the year	24/01/2020	(84700)	0.04%	820100	0.44%
	Sold during the year	07/02/2020	(28000)	0.01%	792100	0.43%
	At the End of the year	31/03/2020	792100	0.43%	792100	0.43%
<b>7</b>	<b>STATE BANK OF INDIA</b>					
	At the beginning of the year	01/04/2019	695087	0.38%	695087	0.38%
	Sold during the year	08/11/2019	(13032)	0.01%	682055	0.37%
	Sold during the year	15/11/2019	(13000)	0.01%	669055	0.36%
	Sold during the year	28/02/2020	(8000)	0.00%	661055	0.36%
	At the End of the year	31/03/2020	661055	0.36%	661055	0.36%
<b>8</b>	<b>GENERAL INSURANCE CORPORATION OF INDIA</b>					
	At the beginning of the year	01/04/2019	521322	0.28%	521322	0.28%
	Bought/sold during the year	-	-	-	-	-
	At the End of the year	31/03/2020	521322	0.28%	521322	0.28%
<b>9</b>	<b>THE NEW INDIA ASSURANCE COMPANY LIMITED</b>					
	At the beginning of the year	01/04/2019	434426	0.23%	434426	0.23%
	Bought/sold during the year	-	-	-	-	-
	At the End of the year	31/03/2020	434426	0.23%	434426	0.23%
<b>10</b>	<b>PUNJAB NATIONAL BANK</b>					
	At the beginning of the year	01/04/2019	173765	0.09%	173765	0.09%
	Bought/sold during the year	-	-	-	-	-
	At the End of the year	31/03/2020	173765	0.09%	173765	0.09%

**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				
<b>Total ( i + ii + iii)</b>				
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
<b>Net Change</b>				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total ( i + ii + iii)</b>				



## (VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amt in ₹)

Particulars of Remuneration	Name of MD/WTD/Manager (Shri/Smt)					
	Cmde Siddharth Mishra (Retd) Chairman & Managing Director	S Piramanayagam, Director (Fin) & CFO	V Gurudatta Prasad, Director (Prod) (Upto 31 May 2019)	P Radha Krishna, Director (Prod) (From 01 June 2019)	N P Diwakar Director (Technical)	Total
Gross Salary						
a) Salary as per provisions contained in section 17(1) of the income-tax Act 1961	4408650	3782172	1631170	3502212	3764145	17088349
b) Value of perquisites u/s 17(2) Income Tax Act, 1961	32400	32400	5400	27000	32400	129600
c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	55495	27597	-	5815	16216	105123
- Stock Option	-	-	-	-	-	-
- Sweat Equity	-	-	-	-	-	-
- Commission	-	-	-	-	-	-
- as % of Profit	-	-	-	-	-	-
- Others, Specify	-	-	-	-	-	-
d) Others, please specify	-	-	-	-	-	-
- Retirement benefits	754453	864417	2181786	1025814	1180893	6007363
<b>Total (A)</b>	<b>5250998</b>	<b>4706586</b>	<b>3818356</b>	<b>4560841</b>	<b>4993654</b>	<b>23330435</b>

### B. Remuneration to other Directors:

(Amt in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors(Shri/Smt)					Total Amount
		Sushama V Dabak (Upto 30/11/2019)	Ajay Pandey (Upto30/11/2019)	Ajay Nath	K.S Sampath	Latha Narasimha Murthy	
1	Independent Directors •Fee for attending Board Committee Meetings •Commission •Others, please specify	160000	110000	180000	260000	240000	950000
	Total (1)	160000	110000	180000	260000	240000	950000
2.	Other Non-Executive Directors •Fee for attending Board Committee Meetings •Commission •Others, please specify	NIL					
3	Total (2)	Nil					
	Total (B) = (1+2)	950000					
	Total Managerial Remuneration (A+B)	24280435					
	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

(Amt in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Shri. N. Nagaraja, Company Secretary
1.	Gross Salary	
	a) Salary as per provisions contained 17 (1) of the Income-Tax Act,1961	1820107
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-
	c) Profit in lieu of salary under section 17(3) Income Tax	
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission as % of profit	-
5.	Others, please specify	
	-Retirement Benefits	393860
	<b>Total</b>	<b>2213967</b>

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

**(VII) PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFE**

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					
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
- 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, 2020

1.	Shri.Ajay Nath Independent Director	Chairman
2.	Shri.K.S.Sampath Independent Director	Member
3.	Smt.Latha Narasimhamurthy Independent Director	Member
4.	Shri.S.Piramanayagam Director (Finance)& CFO	Member
5.	Shri. N.P.Diwakar Director (Technical)	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 ₹ 74950 lakh

#### d) Prescribed CSR Expenditure:

The prescribed CSR Expenditure i.e. 2% of the amount in the item No.(c) above is ₹ 1499 lakh

#### e) Details of CSR spent during 2019-20

- i) Total Amount to be spent as per Companies Act, 2013 for the financial year: ₹ 1499 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 2019-20**  
**(Format prescribed under rule 8 of the companies (CSR Policy) Rule 2014)**

(₹ in lakhs)

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	Mid-Day meal to Govt schools children in Patancheru and Visakhapatnam	Education	Local	Visakhapatnam Andhra Pradesh and Patancheru Mandal, Telangana	165	107.30	Nil	107.30	The Akshaya Patra Foundation Bengaluru
2	Establishment of fully automated Microbiology Lab at MNJ Institute of Oncology & Regional cancer centre, Hyderabad	Health care	Local	Hyderabad, Telangana	100	70.0	Nil	100	MNJ Institute of Oncology & Regional Cancer Centre, Hyderabad
3	Health care by Mobile Medical Unit (MMU) at Choutuppal	Health care	Local	Nalgonda Telangana	20	19.26	Nil	19.26	HelpAge India, New Delhi
4	Construction of additional Class rooms in Govt. Schools of Mukundapuram village, Nalgonda Dist.	Education	Local	Nalgonda Telangana	40	36.0	Nil	36	District Collector, Nalgonda Telangana
5	Provisions of School Furniture to Govt Schools in Telangana through Central Prisons, chanchalguda and Cherlapalli Hyderabad	Education	Local	Telangana	400	79.40	Nil	397.4	Central Prisons Chanchalguda and Cherlapalli Hyderabad
6	Skill Development training for 175 unemployed youth through Indo-German Institute of Advance Technology (IGIAT) Visakhapatnam	Skill Development	Local	Visakhapatnam	50	18.19	Nil	45.46	Indo German Institute Of Advanced Technology, Visakhapatnam
7	Distribution of Nutrituent supplement powder bottles to cancer patients at MNJ Institute of Oncology & Regional cancer centre, Hyderabad	Health care	Local	Hyderabad, Telangana	12	8.1	Nil	8.1	MNJ Institute of Oncology & regional cancer center, Hyderabad
8	Installation of RO Water Plant at GB Thanda	Health care	Local	Janagoan district, Telangana	30	11.29	Nil	11.29	Direct
9	Distribution of 255 No. of school bags in Govt Schools (ZPH and Primary School ) of Yadgarpally Village Kesara Mandal Medchal District Telangana	Education	Local	Medchal district, Telangana	1.5	1.29	Nil	1.29	Direct
10	Construction of Social Welfare Hostel at Vizianagaram	Education	Local	Vizianagaram, Andhra Pradesh	200	100.0	Nil	100	District Collector, Vizianagaram
11	Providing Wheel chairs to Differently abled & Sr. Citizens at Visakhapatnam	Health care	Local	Visakhapatnam, Andhra Pradesh	9.6	9.60	Nil	9.6	District Collector, Visakhapatnam



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		
12	Smart School Project in Govt. Schools of Mahadevapatnam and other Schools in West Godavari District, A.P	Skill Development	Local	Visakhapatnam, Andhra Pradesh	50	9.56	Nil	49.56	District Collector, West Godavari District
13	Skill Development Training for 520 Unemployed youth through Central Institute of Plastics Engineering & Technology, CIPET, Hyderabad	Skill Development	Local	Hyderabad, Telangana	368	42.48	Nil	297.36	CIPET, Hyderabad
14	Digitization of Class rooms in Govt. Schools of Kamareddy District, Telangana	Education	Local	Kamareddy district, Telanga	50	9.94	Nil	49.94	District Collection, Kamareddy
15	Cochlear Implants for Hearing Disabled through ALIMCO, Hyderabad	Health care	Local	Telangana	295.15	73.79	Nil	295.15	ALIMCO, Hyderabad
16	Contribution to PM Care Funds to fight against COVID-19	Health care	Local	-	0	832.00	Nil	832	Direct payment
17	Contribution to IDEX partner (T-Hub foundation)	Technology incubation	Local	(T-Hub foundation)	47.2	23.60	Nil	23.6	T-Hub foundation, Hyderabad
18	RCI, BDL & Other DRDO Labs at KBC Roads Development, arboriculture Plantation	Sanitation	Local	Hyderabad, Telangana	31.79	1.90	Nil	31.79	Direct
19	Swachbharat pakwada (Distribution of cotton bags)	Sanitation	Local	Gajuwaka, Visakhapatnam	0	0.22	Nil	0.22	swaach bharat pakwada
20	Provision of Tools, equipment Machinery and Raw material to Govt. ITI Shantinagar, Hyderabad	Skill Development	Local	Hyderabad, Telangana	100	19.92	Nil	99.92	Director (Employment & Training), Telangana
21	Adaption of village Military Madhavaram	Rural Development	Local	West Godavari, Andhra Pradesh	461.96	20.08	Nil	405.34	Direct
22	CSR Department Salaries	Administrative overheads		Hyderabad, Telangana	0	60.12	Nil	60.12	Direct
23	Impact Assessment study through IPE, Hyderabad	Administrative overheads	Local	-	0	2.20	Nil	2.2	Institute of Public Enterprises, Hyderabad
<b>Total</b>					<b>*2432.2</b>	<b>1556.24</b>	<b>Nil</b>	<b>2982.90</b>	

**\*Note:**

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, the Company has to spend ₹ 1499 lakh for CSR activities (i.e 2% of the average net profits for the the last three years) for the year 2019-20. However, the company has spent ₹ 1556.24 . Hence there is no shortfall and non compliance in this regard



- 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: 29.06.2020**  
**Date : Hyderabad**

**Cmdr 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 31.03.2020

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

To,  
The Members  
Bharat Dynamics Limited  
Hyderabad

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2020** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 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'):-

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- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; *[The Listed Entity didn't take any action which attracts the provisions of these Regulations during the period under review]*
- (d) The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015;
- (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; *[The Listed Entity didn't take any action which attracts the provisions of these Regulations during the period under review]*
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *[The Listed Entity didn't take any action which attracts the provisions of these Regulations during the period under review]*
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *[The Listed Entity didn't take any action which attracts the provisions of these Regulations during the period under review]*
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; *[The Listed Entity didn't take any action which attracts the provisions of these Regulations during the period under review]*
- (vi) Guidelines on Corporate Governance for Central Public Enterprises, 2010 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to the Board and General Meetings
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) read with the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015

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- (iii) We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals

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

**We further report that**

- i. The Company did not comply with the requirement of 50% of Independent Directors on the Board, however, the Company is following up the matter with Administrative Ministry i.e. Ministry of Defence for filling up the vacancy of Independent Directors as the Company is 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 (GoI).
- ii. Adequate notice is given to all directors to schedule the Board Meetings, including Committees thereof, along with the agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

**for Narender & Associates  
Company Secretaries**



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

Place: Hyderabad  
Date: 03.06.2020  
UDIN: F004898B000314592



## NARENDER & ASSOCIATES

Company Secretaries

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

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

'Annexure - A'

To,  
The Members,  
Bharat Dynamics Limited  
Hyderabad

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Compliance of the Provisions of various Environmental Laws, Labour Laws and other applicable laws, Rules, Regulations and Standards is the responsibility of the Management and the Management has confirmed the compliance of all the provisions of enactments referred herein above.

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7. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**for Narender & Associates  
Company Secretaries**



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

Place: Hyderabad  
Date: 03.06.2020  
UDIN: F004898B000314592



# 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 has entered into strategic alliances with public and private sector companies. The Company has 2950 employees as on 31 March 2020 and during the year 2019-20 reported a sales turnover of ₹ 3095 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 \$1917 billion in the year 2019. The overall military expenditure has increased to 3.6 percent between 2018 and 2019 and the largest annual growth in spending since 2010. The global military spending currently accounts to 2.2 percent of the world global gross domestic product (GDP). The global military spending in 2019 was 7.2 percent higher than it was in 2010, showing a trend that military spending growth has accelerated in recent years. This is the highest level of spending since the 2008 global financial crisis and probably represents a peak in expenditure.

The five biggest spenders in the year 2019 were the United States, China, India, Russia and Saudi Arabia, which together accounted for 62 per cent of global military spending. In atleast four of the world's five regions, military expenditure increased in 2019, the highest increase was in Europe (5.0 percent), followed by Asia and Oceania (4.8 percent), the Americans (4.7 percent) and Africa (1.5 per cent). The changes in the ranks of top five countries between 2018 and 2019 is shown as below:

Rank		Country
Year 2019	Year 2018	
1	1	United States
2	2	China
3	4	India
4	5	Russia
5	3	Saudi Arabia

The top 15 countries spent \$1553 billion in 2019 and accounted for 81 per cent of global military expenditure. Among the top 15 military spenders in 2019, Japan had the lowest military burden, it devoted only 0.9 per cent of its GDP to military expenditure. Saudi Arabia had the highest, 8.0 per cent. Among the top 15, the military burdens of Israel (5.3 per cent), Russia (3.9 per cent), the USA (3.4 per cent), South Korea (2.7 per cent) and India (2.4 per cent) were also higher than the global military burden.

Military spending by the USA grew by 5.3 per cent to a total of \$732 billion in 2019 and accounted for 38 per cent of global military spending. The increase in US spending in 2019 alone was equivalent to the entirety of Germany's military expenditure for that year. This is the second year of growth in US military spending following seven years of continuous decline between 2010 and 2017 spending fell by 22 per cent. China, the world's second-largest military spender, is estimated to have allocated \$261 billion to the military in 2019 equivalent to 14 per cent of global military expenditure. Its military spending in 2019 was 5.1 per cent higher than in 2018 and 85 per cent higher than in 2010.



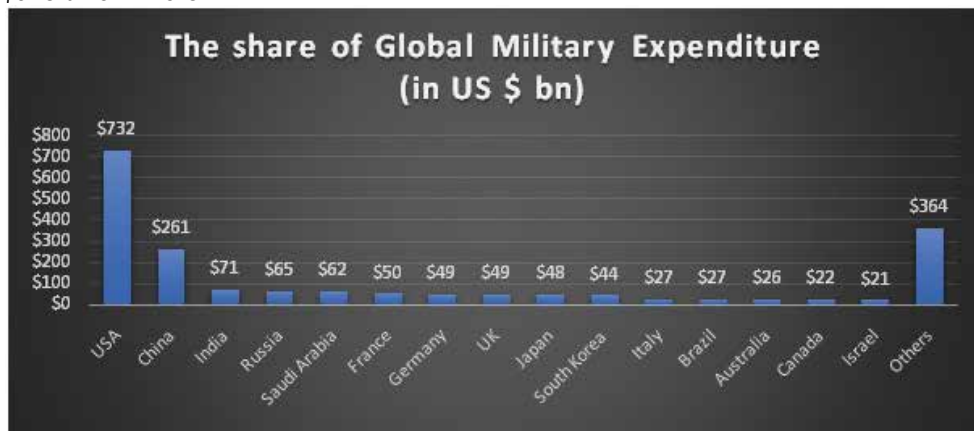


China's military expenditure has increased continuously since 1994 (for 25 consecutive years). The growth in its military spending has closely matched the country's economic growth. Between 2010 and 2019, China's military burden remained almost unchanged, at 1.9 per cent of its GDP.

In 2019, China and India are the top Asian Military spending nations, they were respectively, the second- and third-largest military spenders in the world. China's military expenditure reached \$261 billion in 2019, a 5.1 per cent increase compared with 2018, while India's grew by 6.8 per cent to \$71.1 billion. India's military expenditure has risen significantly over the past few decades. It grew by 259 per cent over the 30-year period 1990–2019 and by 37 per cent over the decade 2010–19. However, its military burden fell from 2.7 per cent of GDP in 2010 to 2.4 per cent in 2019. In addition to China and India, Japan (\$47.6 billion) and South Korea (\$43.9 billion) were the largest military spenders in Asia and Oceania. Military expenditure in the region has risen every year since at least 1989.

Germany leads military expenditure increases in Europe, Germany's military spending rose by 10 per cent in 2019, to \$49.3 billion. This was the largest increase in spending among the top 15 military spenders in 2019. At the same time, however, military spending by France and the United Kingdom remained relatively stable. Russia was the fourth-largest spender in the world and increased its military expenditure by 4.5 per cent to \$65.1 billion. At 3.9 per cent of its GDP, Russia's military spending burden was among the highest in Europe in 2019.

As regards the Middle East is concerned the two of the top 15 global spenders in 2019 are in the Middle East: Saudi Arabia (rank 5) and Israel (rank 15). Saudi Arabia is by far the largest military spender in the region, with an estimated total of \$61.9 billion in 2019.



(Source: [www.sipri.org](http://www.sipri.org))

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. In Asia, higher defence spending by major regional powers such as India, China, and Japan will likely contribute to global sector growth. In Europe, members of NATO are also increasing defence budgets to reach a defence spending target of 2 percent of GDP. Apart from this, ongoing geopolitical tensions in the Middle East are creating a strong demand for military equipment. As such, increasing global defence spending would continue to create opportunities for defence contractors and their supply chains.

It is anticipated that overall global defence sector to grow at a CAGR of about 3.0 percent over the 2019–2023 period, to reach \$ 2.1 trillion by 2023. (Source: 2020 Global Aerospace and Defence Industry Outlook, Deloitte). However, in view of COVID-19 pandemic, we have to wait and see how the growth in GDP and military burden on GDP evolves.

## 1.2 Indian Defence Sector

The sharp slowdown of the global economy, increasing trade tensions between the world's two largest economies, and challenges facing the domestic financial sector have put a downward pressure on Indian economy which has contributed to slowdown of economic growth to 4.2% per cent in 2019-20 according to provisional estimates released by the NSO, the lowest in last eleven years. In 2020-21, the economy is expected to rebound and further improve in the year 2021-22.

The Indian defence market is in a state of transition, as a result of new policies promulgated by the government. India is the second largest armed forces in the world and ongoing DRDO projects in India are worth around US\$ 7.3 bn. The three services have several modernization plans underway, India plans to spend \$130 bn on military modernization in the next 5 years, as achieving self-reliance in defence production is a key target for the Government of India. The Government has opened up the Defence industry for private sector participation to provide impetus to indigenous manufacturing. The opening up of the industry also paves the way for foreign original equipment manufacturers to enter into strategic partnerships with Indian companies. Annual Turnover by Private sector in Defence and Aerospace sector in 2018-19 is \$2.4 bn.

A Defence export strategy has been formulated with a view of facilitating Defence Public Sector Enterprises (DPSUs) and private defence players in exploring business opportunities abroad. The total value of production for OFB & DPSUS together accounts for \$8.0 bn. 100% FDI is allowed in Defence industry; wherein 74% is allowed under automatic route and beyond 74% through Government route.

However, in view of COVID-19 pandemic, we have to wait and see how the growth in GDP and military burden on GDP of India evolves.

(Source: [www.investindia.gov.in](http://www.investindia.gov.in); [www.idsa.in](http://www.idsa.in); [www.mod.gov.in](http://www.mod.gov.in))

### 1.3. Budget 2020 proposals and key initiatives

India's defence budget for 2019-20 continues to be 2.1% of GDP, which is similar to last year. As 2019 was an election year the Government presented an interim budget in place of a regular budget as per the general practice. In the interim budget an allocation of ₹ 431011 crores (US\$60.9 billion) was made. On its re-election the Government kept the military budget unchanged. However, the actual expenditure exceeded the estimated amount and final estimated spending of defence for 2019-20 stood at ₹ 448820 crores (US\$62.71 Billions), So there was an increase of around 10% with respect to previous budget. 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 2019-20. 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:

- Chief of Defence Staff (CDS), a four-star position has been created as part of a defence management overhaul with an aim to bring about jointness between the Armed Forces of the country in training, procurement, staffing and operations.
- Formulation of the industry-friendly draft DPP 2020 to promote domestic production by the public and private sectors and MSMEs
- Development of defence industrial corridors
- Promotion of the Make in India initiative will help to develop and nurture defence production capabilities.
- Implementation of Government e-Market Place (GEM) to facilitate online procurement of common user Goods & Services (which includes intangible products like software, technology transfer, licenses, patents or other intellectual properties) required by various Government departments/Organisations/PSUs with an aim to enhance transparency, efficiency and speed in public procurement.

Since the launch of the 'Make in India' initiative in 2014, the MoD has undertaken a host of initiatives to promote indigenous defence manufacturing. These initiatives pertain to the defence procurement process, industrial licensing, foreign direct investment, exports and innovation. Further capitalising on these initiatives, the MoD, during the past year, has also announced the setting up of two defence industrial corridors one each in Uttar Pradesh and Tamil Nadu and promulgated a draft defence production policy that aims at increasing defence production to ₹ 1,70,000 Crore by 2025. While these initiatives have largely been welcomed by the industry, one crucial initiative that has not taken off pertains to 'Make' projects, the procedures of which have been simplified several times in the recent past. These projects are key to integrating local companies, especially the small and medium ones from the private sector, into defence production.

(Source: [www.mod.gov.in](http://www.mod.gov.in); [www.idsa.in](http://www.idsa.in))

### 1.4. Indian Defence Indigenization

Government has notified a Policy for indigenisation of components and spares used in Defence Platforms in March, 2019 with the objective to create an industry ecosystem which is able to indigenize the imported components (including alloys & special materials) and sub-assemblies for defence equipment and platforms manufactured in India. Government has decided to establish two defence industrial corridors to serve as engines of economic development and growth of defence industrial base in the country. They span across Chennai, Hosur, Coimbatore, Salem and Tiruchirappalli in Tamil Nadu and Aligarh, Agra, Jhansi, Kanpur, Chitrakoot and Lucknow in Uttar Pradesh.

Department of Defence Production has notified 127 items under Public Procurement Order 2017 notified by Department for Promotion of Industry and Internal Trade (DPIIT). The Defence PSUs and OFB are thereby required to give preference to domestic manufacturers while procuring these items in accordance with the said policy. Accordingly, BDL has reserved a list of items for procurement from Micro, Small & Medium Enterprises (MSMEs). Further, as per Government of India guidelines issued from time to time, BDL is extending its various testing facilities/concessions to vendors registered with NSIC under its Single Point Registration Scheme.

Defence Procurement Procedure was revised in March 2016 (replacing DPP 2013) and added an additional category "Buy (Indian-IDDM)" i.e. Indigenously Designed, Developed and Manufactured, as the most preferred way of defence goods acquisition, to encourage indigenous design, development and manufacturing of defence equipment. As a result of the aforesaid initiatives, the Government in the last three years i.e. from 2016-17 to 2018-19 and current year till December, 2019, has accorded Acceptance of Necessity (AoN) to 138 proposals worth ₹ 2,69,465.26 crore approximately, under these categories of Capital Procurement which promote domestic manufacturing as per DPP-2016.

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

- MoU with JSC AlmazAntey Air & Space Defence cooperation, Russian Federation for exploring feasibility for the production of various sub systems of Air Defence Missile Systems



- MoU with M/s Javelin Joint Venture, comprising Raytheon Company, USA and Lockheed Martin USA, for productionizing the Javelin Missile Systems in India.
- MoU with ROXEL France on possible collaboration for indigenous manufacture of Composite Propellants and cast double base propellants required for Missiles and Rockets programs.

During the year, the Government formulated a draft DPP, 2020 and uploaded for comments of the stakeholders. As per the draft DPP, 2020 it is proposed for overall enhancement in the requirement of Indigenous content and a simple and practical Indigenous content verification process has been instituted:

Category	DPP, 2016	Proposed
Buy (Indian- IDDM)	Min-40%	<b>Min-50%</b>
Buy (Indian)	Min-40%	<b>Indigenous design –Min-40% otherwise –Min 60%</b>
Buy & Make (Indian)	Min-50% of Make	<b>Min-50% of Make</b>
Buy & Make	-	<b>Buy &amp; Min 50% of Make</b>
Buy (Global- manufacture in India)	-	<b>Min-50%</b>
Buy (Global)	-	<b>Min-30% for Indian Vendors</b>

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. Indigenisation of products like Konkurs-M, Invar, Milan-2T, Akash, TAL-XP and Varunastra has been achieved up to 96%, 78.6%, 71%, 96%, 82.9% and 86.8 % respectively.

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; www.pib.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. Offset guidelines have been made flexible by allowing change of Indian Offset Partners (IOPs) and offset components, even in signed contracts.

### 1.5 Indian Defence Exports

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), it is 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 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 government has 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. India registered record-high defence export approvals worth ₹ 86.2 billion (USD1.1 billion) during the year 2019-20, which concluded at the end of March. The value of defence export approvals in FY 2019-20 was a year-on-year increase of 4%, compared with the ₹ 83.2 billion recorded in FY 2018-19, which represented a 78% increase over the ₹ 46.8 billion in approvals registered in FY 2017-18. The value of export approvals in FY 2016-17 was ₹ 15.2 billion. In FY 2019-20, India's private sector was attributed with 93% of defence export approvals in terms of value, with the remainder secured by state-owned defence public sector undertakings (DPSUs). In FY 2018-19, the private sector secured 89% of all export approvals. BDL primarily caters to the requirements of the Indian armed forces. However, with encouragement from Government of India, BDL is actively exploring export markets. The company is currently exporting the light weight torpedoes to a friendly foreign country through a private channel partner. During the year, BDL has registered exports value of ₹ 174 Crore through its Indian Channel partner.

(Source:www.mod.gov.in; MOD-Annual Reports;)

## 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 Environmental Management System (EMS). Our Milan, Akash, CP-IGMP, Electronics Division, Design & Engineering divisions and Bhanur Unit have been certified to AS 9100D Aerospace standard. Visakhapatnam Unit also successfully completed final certification audit and recommended for AS 9100D certification by M/s Novo Star Management Systems Solutions India Pvt. Ltd. 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. During the year, Corporate Office of the company has been certified with ISO 9001:2015 certification by M/s Novo Star Management Systems Solutions India Pvt. Ltd. The Certificate is valid for a period of 3 years. Electronics Division has been certified with AFQMS (Approval of the Firm and its Quality Management System) by DGAQA (Directorate General of Aeronautical Quality Assurance). The Certificate is valid for a period of 3 years.

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 2020 is ₹ 7413 Crore.

### 2.4 Financial Performance

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

Particulars	in Crore		% of Increase/ (Decrease)
	2019-20	2018-19	
Sales/Revenue from Operations	3095	3069	0.85%
Value of Production	2592	3235	(19.88%)
Profit Before Tax	742	671	10.58%
Profit After Tax	535	423	26.48%
Value Added	1555	1416	9.82%
Earnings per share#(₹)	29.18	23.06	26.54%
# EPS has been calculated based on profits excluding the other comprehensive income.			

Note – Reasons for Increase/decrease in performance:

The reduction in value of production from ₹ 3235 Crore in FY-2018-19 to ₹ 2592 Crore in FY 2019-20 is due to completion of order book of Akash Weapon System. The Increase in value added and profit before tax in FY-2019-20 as compared to FY-2018-19 is due to better operational efficiency and product mix. The increase in profit after tax in FY-2019-20 as compared to FY-2018-19 is due to adoption of reduced income tax rate for the FY-2019-20 in exercise of the option permitted under section 115(BAA) of the income tax act 1961 to compute income tax at the revised rates from the current financial year.



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

Particulars	in Crore		% of Increase/ (Decrease)
	2019-20	2018-19	
Gross Block	1011	1008	0.30%
Depreciation	258	196	31%
Net Block	753	812	(7.27%)
Working Capital	2260	1390	62.59%
Capital Employed	3192	2347	36%
Net Worth	2607	2269	14.90%

Note- Reasons for increase/decrease in financial position:

- 1) Reduction in net blocks during the FY-2019-20 to ₹ 753 Crore from ₹ 812 Crore in FY-2018-19 is due to adoption of lease accounting with effect from 01 April 2019 and accordingly leasehold land amounting to ₹ 33 crore has been deleted from net block and shown separately in the balance sheet under the head of Right to Use of Assets.
- 2) Working capital is increased by ₹ 870 Crore which is due to
  - Reduction in current liability by ₹ 605 Crore
  - Increase in current assets by ₹ 265 crore, which is mainly due to increase in trade receivable (billed and unbilled amount) by ₹ 829 Crore, reduction of inventory by ₹ 808 Crore and increase in cash & bank balance by ₹ 292 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 2019-20	FY 2018-19	Change (in %)	Explanation for change of 25% or more
Debtors Turnover Ratio (times)	1.18	1.51	(22%)	NA
Inventory Turnover Ratio (times)	2.46	1.71	44%	refer below Note 1
Interest Coverage Ratio (times)	Nil	Nil	Nil	NA
Current Ratio (times)	1.98	1.48	34%	refer below Note 2
Debt Equity Ratio (times)	Nil	Nil	Nil	NA
Operating Profit Margin (%)	20.24	17.44	16%	NA
Net Profit Margin (%)	17.29	13.77	26%	refer below Note 3
Return on Networth (%)	19.85	18.63	7%	NA

Note:

- 1) Reduction in inventory by ₹ 808 Crore due to completion of order book of Akash Weapon System resulted in increase of Inventory Turnover ratio
  - 2) Current Ratio increased due to reduction in current liabilities by ₹ 605 Crore and increase in current assets by ₹ 265 crore (which is mainly due to increase in trade receivables by ₹ 829 Crore and increase in cash & bank balances by ₹ 292 Crore on account of realisation of trade receivables)
  - 3) Net profit margin has increased due to reduced income tax rate for the FY-2019-20
- 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.

**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)
- 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 are striving to develop Artificial Intelligence based products.
- 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 heavy weight 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. During the year 2019-20, your company has registered exports value of ₹ 174 Crore through its Indian Channel partner.
- 2.7.7** As a part of Government of India Initiative, BDL is planning to invest in Start-Up Eco System for Defence & Aerospace through Defence Innovation Organisation (DIO).

### 3. Future Outlook

Indian Armed forces are the major customers of your company and your company is aware that its Nominated Production Agency Status is being slowly transformed into that of a Competitive Bidder. In the last few 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.

Keeping in view of above and to address these challenges, your company intends to increase R&D activities in association with DRDO and continue to have joint-development programs. Your company is also exploring various business opportunities with foreign OEMs and towards this, your company has signed few MoUs with the foreign OEMs during the year under review. Your company's R&D expenses have also grown up significantly over the past few years. Your company believes 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 are striving to develop Artificial Intelligence based products.



Currently your company has a healthy order book position of ₹ 7413 Crore as on 01 April 2020. During the year under review, your company received Akash Order worth ₹ 1700 Crore and Heavy Weight Torpedo (i.e. Varunastra) order worth of ₹ 1188 Crore, which will keep the production lines busy in the years ahead. Your company see good visibility in future orders and as such it is aggressively pursuing with MoD for new orders which are under various stages of approvals.

To sum it up, based on the Order book position and anticipated orders, the future outlook of the Company is looking bright and 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 ₹ 40.79 Crore has been achieved under cost review/reduction programme by way of reduction in process change, Indigenization, In-house training by own personnel, energy saving, inventory carrying cost, insurance cost, procurement cost, e-waste, scrap disposal and dry fitment of Akash missile.
- b) **Economy Measures:** In line with Ministry of Finance Office Memorandum on Expenditure Management, Economy Measures and Rationalization of expenditure and keeping in view of COVID-19 pandemic, Company has observed financial prudence and economy on areas like travelling expenses, advertisement and publicity expenses, purchase of new vehicles, conducting seminars and conferences, courtesy and entertainment, etc during the year 2019-20. 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 2020 is as under:

Particulars	Non- Executives	Executives	Total
Male	1801	804	2605
Female	203	105	308
<b>Total</b>	<b>2004*</b>	<b>909*</b>	<b>2913*</b>
Previous Year	2055*	946*	3001*

\* Excluding temporary employees.

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

Your company has institutionalized the Succession Planning Process through Gap Analysis, identifying critical roles and identifying key bench strength for each critical role position, Readiness index of the successors based on Performance Management Systems and other criteria as per the succession planning policy of the company. Inputs from Assessment Development Centers were also taken while grooming the successors. The vacancies of all critical posts as per succession plan are filled meticulously through regular incumbent with the internal talent pool and if required with outsiders in case internal talent pool is not available. Your Company has conducted assessments for 198 executives in the grade VI and above and Individual Development plans are kept in place for bench Strength as per Succession Plan.

### 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.

As on 31 March 2020, the composition of the Board of Directors of the Company consists of Nine members viz. Four Whole Time Directors, including Chairman and Managing Director, two Part-time Official Directors (Government Nominee Directors) and three 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)	Cmde.Siddharth Mishra (Retd.)	Chairman & Managing Director
2)	Shri.S.Piramanayagam	Director (Finance)& CFO
3)	Shri.N.P.Diwakar	Director (Technical)
4)	Shri.V.Gurudatta Prasad#	Director (Production)
5)	Shri.P.Radha Krishna#	Director (Production)
B)	Part-Time Official Directors (Non-Executive-Non independent)	
1)	Shri.Ashwani Kumar, Addl.FA & JS	Government Nominee Director
2)	Shri. M S R Prasad, DG (MSS) & DS	Government Nominee Director
C)	Part-time Non-Official Directors (Non-Executive-Independent)	
1)	Smt.Sushama V Dabak*	Independent Director
2)	Prof Ajay Pandey*	Independent Director
3)	Shri Ajay Nath	Independent Director
4)	Shri K S Sampath	Independent Director
5)	Smt. Latha Narasimhamurthy	Independent Director

#Vide Ministry of Defence, Government of India Letter No.DDP—M0001(11)/02/2018-D(BDL) dated 27 May, 2019, Shri. P. Radha Krishna has assumed the charge of Director (Production) of the Company with effect from 01 June, 2019 consequent to superannuation of Shri.V.Gurudatta Prasad.

\*ceased to hold their office w.e.f 01 December 2019 on completion of their tenure on 30 November 2019.

##### 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 2019-20, Six (6) Board Meetings were held on 30/05/2019, 10/08/2019, 12/11/2019, 30/11/2019, 09/01/2020, 12/02/2020. 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 2019-20 etc., are furnished as follows:



Directors	Board Meetings		Attendance At last AGM held on 27 Sep 2019	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								
Cmde. Siddharth Mishra (Retd.)	6	6	Yes	Nil	Bharat Dynamics Ltd	Executive Director & Chairman	-	-
Shri S Piramanayagam Director (Finance)& CFO	6	6	Yes	Nil	Bharat Dynamics Ltd	Executive Director & CFO	-	1
Shri N.P.Diwakar Director (Technical)	6	6	Yes	Nil	Bharat Dynamics Ltd	Executive Director	-	2
Shri.V Gurudatta Prasad Director (Production) (upto 30/06/2019)	1	1	NA	Nil	Bharat Dynamics Ltd	Executive Director	-	2
Shri P. Radha Krishna Director ( Production) (w.e.f 01/07/2019)	5	5	Yes	Nil	Bharat Dynamics Ltd	Executive Director	-	-
Government Nominee Directors								
Shri Ashwani Kumar, Addl. FA & JS.	6	4	No	1	Bharat Dynamics Ltd	Non-Executive Non Independent Director	-	-
					Garden Reach Ship Builders & Engineers Ltd	Non-Executive Non Independent Director		
Shri M S R Prasad, DG (MSS) & DS	6	4	No	1	Bharat Dynamics Ltd	Non-Executive Non Independent Director	-	-
Independent Directors								
Smt.Sushama V Dabak (upto 30/11/2019)	4	4	Yes	-	Bharat Dynamics Ltd	Non-Executive Independent Director	1	-
Prof Ajay Pandey (upto 30/11/2019)	4	3	No	-	Bharat Dynamics Ltd	Non-Executive Independent Director	-	1
Shri Ajay Nath	6	4	No	-	Bharat Dynamics Ltd	Non-Executive Independent Director	-	1
Shri K S Sampath	6	6	Yes	-	Bharat Dynamics Ltd	Non-Executive Independent Director	2	1
Smt Latha Narasimhamurthy	6	6	No	-	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. None of the Directors are related to each other.								
(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 2020								





**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 coreskills/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:

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

- 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 2019-20. 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 2019-20 are placed in the website of the Company and can be accessed at [www.bdl-india.in/investors](http://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 2020:

- A) Audit Committee
- B) Nomination and Remuneration Committee
- C) Stakeholders Relationship Committee
- D) CSR & SD Committee.
- E) 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 auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequently modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company wherever it is necessary;
- reviewing with the management, the performance of the Statutory Auditors and Internal Auditors, adequacy of the internal control systems
- evaluation of internal financial controls and risk management systems
- appointment and removal of Internal Auditors and determining the scope of Internal Audit in consultation with the internal auditors
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors and/or auditors of any significant findings and follow up thereon;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- review observations of statutory, internal and government auditors and provide recommendations based on the same;
- to review the follow up action on the audit observations of the C&AG audit
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment of the depositors, debenture holders, shareholders (in case of non-payment of declared dividend and creditors).
- to review the functioning of the whistle blower mechanism
- to review the follow up action taken on the recommendations of the Committee on Public Undertakings (COPU) of the Parliament.
- to review cases of procurement from a single source.
- to review the utilization of loans and/or advances from/investment by the holding Company in the subsidiary exceeding rupees 100 Crore or 10% of the asset size of the Subsidiary, whichever is lower including existing loans/ advances/investments.

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

During the year, seven (7) meetings of the Audit Committee were held on 30/05/2019, 18/06/2019, 10/08/2019, 31/10/2019, 12/11/2019, 09/01/2020 and 12/02/2020. 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.Sushama V Dabak, Chairperson (upto 30/11/2019)	Non-Executive Independent Director	5	5
2	Shri KS Sampath Chairman (w.e.f. 09/01/2020)	Non-Executive Independent Director	7	7
3	Prof Ajay Pandey, Member (upto 30/11/2019)	Non-Executive Independent Director	5	3
4	Shri V Gurudatta Prasad Member (upto 31/05/2019)	Executive Director	1	1
5	Shri N.P Diwakar Member (w.e.f 01/06/2019)	Executive Director	6	6
6	Shri Ajay Nath Member	Non-Executive Independent Director	7	4
7	Smt.Latha Narasimhamurthy Member	Non-Executive Independent Director	7	6

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 49th 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 were held on 30/05/2019, 09/01/2020 and 12/02/2020. The Composition of the Committee during the year 2019-20 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 (upto 30/11/2019)	Non-Executive Independent Director	1	1
2	Smt.Lata Narasimha Murthy Chairperson (w.e.f. 09/01/2020)	Non-Executive Independent Director	3	3
3	Smt.Sushama V Dabak, Member (upto 30/11/2019)	Non-Executive Independent Director	1	1
4	Shri Ashwani Kumar Member	Non-Executive Non-Independent Director	3	3
5	Shri Ajay Nath Member	Non-Executive Independent Director	3	2
6	Shri KS Sampath 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 2019-20 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 22/11/2013 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. During the year, the company has reviewed the sitting fee to be paid to the independent directors and the same is in compliance with the DPE OM No.F.No.9(23)/2014-MGMT dated 16/12/2019. For the details of sitting fee paid to the Independent Directors, please refer to extract of annual return.
- Stock Options: - The Company has no Stock Option plans/schemes approved by the Board/Shareholders.
- The provisions of Section 134(3)(p) of the Companies Act, 2013 and Reg.17 & 19 of listing regulations relating to evaluation of Board of Directors do not apply to your Company since necessary exemptions are provided to all government companies. Further, similar exemptions were granted to your Company by Securities Exchange Board of India (SEBI) under the provisions of SEBI (Listing Obligations and Disclosure Requirements {LODR}) Regulations, 2015 vide their letter No. SEBI/HO/CFD/DIL1/OW/P/2018/1679/1 dated 17/01/2018.

### 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, one(1) Meeting was held on 12/02/2020.

#### 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 2019-20 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	1	1
2	Shri. S. Piramanayagam Member	Executive Director	1	1
3	Shri V Gurudatta Prasad Member (upto 31/05/2019)	Executive Director	-	-
4	Shri N.P Diwakar Member (w.e.f 01/06/2019)	Executive Director	1	1

- 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:	55
No. of complaints resolved during the year:	55
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 three (3) meetings were held on 30/05/2019, 31/10/2019 and 12/02/2020. The Composition of the Committee during the year 2019-20 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 Ajaynath Chairman	Non-Executive Independent Director	3	3
2	Smt.Sushama V Dabak, Member (upto 30/11/2019)	Non-Executive Independent Director	2	2
3	Prof Ajay Pandey Member (upto 30/11/2019)	Non-Executive Independent Director	2	1
4	Shri K S Sampath Member	Non-Executive Independent Director	3	3
5	Smt Latha Narasimhamurthy Member	Non-Executive Independent Director	3	3
6	Shri.S.Piramanayagam Member	Executive Director	3	3
7	Shri.V. Gurudatta Prasad Member (upto 31/05/2019)	Executive Director	1	1
8	Shri N.P Diwakar Member (w.e.f 01/06/2019)	Executive Director	2	2

**E) RISK MANAGEMENT COMMITTEE:**

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 broad 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 30/11/2019. The Composition of the Committee during the year 2019-20 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	3	3
2	Shri. N.P. Diwakar Member	Executive Director	1	1
3	Shri. P.Radha Krishna Member	Executive Director	1	1
4	Shri. Ajay Nath Member (upto 30/11/2019)	Non-Executive Independent Director	1	1
<b>Note</b> 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 29/07/2011 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
Otherthan Single Tender(works)	Upto ₹ 100 Crore	Upto ₹ 100 Crore

The Company reconstituted the Committee with Chairman & Managing Director as Chairman of the Committee and other Functional Directors as Members of the Committee. The Committee met five times during the year on 21/06/2019, 19/07/2019, 21/10/2019, 24/12/2019 and 23/01/2020.

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 11/11/2020 and reviewed the quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties. All Independent Directors have attended the meeting. The Minutes of the said Meetings are being placed in the subsequent Board Meetings.

5) **GENERAL BODY MEETINGS:**

All the Annual General Meetings of the Company were held where the Registered Office of the Company is located. 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
49	2018-19	27 Sep 2019	15:30 hrs	Hotel Sheraton, Nanakramguda, Hyderabad	2
48	2017-18	27 Sep 2018	15:00 hrs	Hotel Sheraton, Nanakramguda, Hyderabad	Nil
47	2016-17	26 Sep 2017	12:00 hrs	Registered Office, 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 31/03/2020
- During the year 2019-20 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](http://www.bdl-india.in).



- c) 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. 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 30/06/2019, 30/09/2019, 31/12/2019. 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 the Government during the last three years.

d) **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.

- e) 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.
- f) There were no items of expenditure debited in the books of account, which are not for the purpose of the business.
- g) The Company has not incurred any expenditure which is personal in nature for the Board of Directors and Top management.
- h) Details of Administrative and Office Expenses as a percentage of total expenses vis-a-vis financial expenses are furnished below:

(₹ in Crore)

Sl. No.	Particulars	2019-20	2018-19
1	Total Expenditure (other than Materials)	928.75	880.87
2	Administrative & Office Expenses	15.78	13.71
3	Percentage of (2) on (1)	1.70%	1.56%

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

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

8) **GENERAL SHAREHOLDER INFORMATION**

- (a) The 50th Annual General Meeting for the year 2019-20 is scheduled on Monday, 28 September 2020 at 15.00 hours.
- (b) Financial year of the Company begins on April 1 and ends on March 31. The tentative calendar for declaration of results for 2020-21 is given as below:

For the quarter ending 30.06.2020	On or before 15/09/2020
For the quarter ending 30.09.2020	On or before 14/11/2020
For the quarter ending 31.12.2020	On or before 14/02/2021
For the year ending 31.03.2021	On or before 30/05/2021
51th Annual General Meeting	On or before 30/09/2021

- (c) The Register of Members and Share Transfer Books shall remain closed from 22/09/2020 to 28/09/2020 (both days inclusive).



- (d) Your Board of Directors has recommended final dividend of ₹ 2.55 per share, i.e., 25.50% on the equity shares of ₹ 10/- each (par value) for the year ended 31/03/2020. Dividend, if approved at the 50th Annual General Meeting, will be distributed among the share holders within the due date.

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

<b>The BSE Ltd ('BSE')</b> P.J.Towers, 26th Floor, Dalal Street, MUMBAI - 400 001	<b>National Stock Exchange of India Ltd ('NSE')</b> Exchange Plaza, Bandra-Kurla Complex Bandra (East), MUMBAI - 400 051
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The Company has paid listing fees for the financial years 2019-20 and 2020-21 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 Practising 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 2020-21 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 & BSE PSU during 2019-2020 is as follows:

**BSE**

Month	BSE Sensex Close	BSEPSUClose	BDL Share Price			No. of Shares traded	Turnover ( in lakhs)
			High	Low	Close		
April, 2019	39031.55	7446.22	321.15	277.05	277.85	1125900	3302.23
May, 2019	39714.20	7825.82	339	255	296.8	175081	527.47
June, 2019	39394.64	7832.33	341.85	281.85	339.95	214827	680.59
July, 2019	37481.12	6967.88	344.65	290	293.65	139758	439.62
August, 2019	37332.79	6348.92	302.65	261.05	279.65	48291	139.09
September, 2019	38667.33	6659.26	325	270.7	295.9	117599	353.46
October, 2019	40129.05	7190.87	348.6	276	328.7	103797	318.72
November, 2019	40793.81	7072.7	365	317	333.4	259512	895.31
December, 2019	41253.74	6955.57	342	281.5	294.5	138700	414.89
January, 2020	40723.49	6567.11	332	288.5	290.1	195637	606.34
February, 2020	38297.29	5880.65	322.35	260.1	274.35	346303	1018.51
March, 2020	29468.49	4460.07	285.85	147	185.35	233929	499.95



A comparison of closing quotation of the Company's share price on BSE with the closing position of BSE SENSEX & BSE-PSUs during the year 2019-20 is presented in the following graph:



ii) BDL Share Price on NSE vis-a-vis NSE Nifty & NSE PSE during 2019-2020 is as follows:

#### NSE

Month	NSE Nifty Close	NIFTY-PSE Close	BDL Share Price		Close	No. of Shares traded	Turnover (Rs. in lakhs)
			High	Low			
April, 2019	11748.15	3557.10	320.9	277	278.3	2297764	6935.10
May, 2019	11922.80	3654.65	340.9	250.65	298.75	1246083	3770.46
June, 2019	11788.85	3657.25	341.9	281.5	339.75	2407880	7666.15
July, 2019	11118.00	3222.05	345	289	294	1098770	3484.90
August, 2019	11023.25	3028.95	304	262.2	280	473585	1363.80
September, 2019	11474.45	3243.70	324.8	270.15	295.9	1178585	3583.36
October, 2019	11877.45	3449.05	348	277	328.35	989746	3079.34
November, 2019	12056.05	3261.60	364.8	315.25	333.35	2383750	8228.08
December, 2019	12168.45	3226.60	342.1	282.1	294.45	1404572	4195.17
January, 2020	11962.10	3013.45	332	288.25	290.25	2458630	7660.66
February, 2020	11201.75	2716.30	323.9	260.1	274.15	3394654	10007.57
March, 2020	8597.75	2214.15	286	145.3	185.15	1788444	3895.15

A comparison of closing quotation of the Company's share price on NSE with the closing position of NSE NIFTY & NIFTY-PSE during the year 2019-20 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/dematerialization requests and related matters as well as all dividend related queries and complaints:

Alankit Assignments Limited

SEBI Registration Number: INR000002532

Address: -4E/2 Jhandewalan Extension, New Delhi-110055

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

Email: rta@alankit.com; Website: www.alankit.com

(j) **Share Transfer System**

With respect to shares transferred in electronic form, after confirmation of sale/purchase transaction from the broker, shareholders should approach their respective depository participant (DP) with a request to debit or credit the account for the transaction. The DP will immediately arrange to complete the transaction by updating the account. There is no need for separate communication 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 2020**

Category	No. of shareholders	%	Shares	%	Physical		Demat	
					No. of shareholders	Shares	No. of shareholders	Shares
1-500	106775	99.02	6229424	3.40	2	88	106773	6229336
501-1000	614	0.57	469461	0.26	0	0	614	469461
1001-2000	199	0.18	288453	0.16	0	0	199	288453
2001-3000	85	0.08	216258	0.12	0	0	85	216258
3001-4000	34	0.03	119558	0.07	0	0	34	119558
4001-5000	24	0.02	114637	0.06	0	0	24	114637
5001-10000	45	0.04	325057	0.18	0	0	45	325057
10001 & above	52	0.05	175518402	95.76	0	0	52	175518402
<b>Total</b>	<b>107828</b>	<b>100.00</b>	<b>183281250</b>	<b>100.00</b>	<b>2</b>	<b>88</b>	<b>107826</b>	<b>183281162</b>

(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 2020, the number of equity shares in electronic form and physical form is as follows:

S.No	Particulars	No. of Shares	%
1	NSDL	180401125	98.4
2	CDSL	2880037	1.6
3	Physical	88	0
	<b>Total</b>	<b>183281250</b>	<b>100</b>

(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 Telangana-502305 Phone: (040)-23469551; Fax : (040)-23469552</p>	<p>Bharat Dynamics Limited, Vizag "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**

During the year 2019-20, the Company has not received any Sexual harassment complaints and further there are no pending complaints as on 31 March 2020.

**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. 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 June 2019, 30 September, 2019, 31 December 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 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 2019-20. A declaration to this effect by the Chairman & Managing Director is given below:

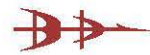
**14) DECLARATION BY CHAIRMAN & MANAGING DIRECTOR:**

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 2020.

**For and on behalf of the Board**

**Date : 29.06.2020  
Place: Hyderabad**

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



**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, 2020, as per the relevant provision of SEBI (Listing Obligations and Disclosure Requirements) 2015 (Listing Regulations) as referred to in Regulation 17 to 27 and Clauses(b) to (i) of Regulation 46(2) and Para C and D of 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.* It is informed that the appointment of Directors is done by the Government of India and filling up of vacancies of the said independent directors is also pending with the appointing authority namely Government of India.

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: 10<sup>th</sup> June 2020



**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.

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

Place: Hyderabad  
Date: 10<sup>th</sup> June 2020



# 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	2019-20
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)	3095 Crore
3	Total profit after taxes (INR)	535 Crore
4	Total Spending on Corporate Social Responsibility (CSR) (INR)	15.56 Crore
5	List of activities in which expenditure in 4 above has been incurred.	BDL's CSR activities are carried out in the following focus areas: <ul style="list-style-type: none"> <li>• Education &amp; Skill Development</li> <li>• Rural Development</li> <li>• Sports &amp; Swachh Bharat Projects</li> <li>• Drinking water supply &amp; Sanitation and Healthcare initiatives</li> </ul>

### SECTION C: OTHER DETAILS

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

### SECTION D: BR INFORMATION

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

#### 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: <a href="http://www.bdl-india.in/investors">www.bdl-india.in/investors</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	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: <a href="http://www.bdl-india.in/investors">http://www.bdl-india.in/investors</a>



## 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?	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 Rs.2 Crore floated from time to time. People of high repute and integrity are appointed as Independent External Monitors to oversee implementation of the said Integrity Pact. The pact essentially envisages an agreement between the prospective vendors/ bidders and BDL committing the Persons/officials of both sides, not to resort to any corrupt practices in any aspect/ stage of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?	During the financial year 2019-20, 55 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. Further BDL had received 28 customer complaints regarding some of the products supplied to the customers. Out of which 17 complaints were disposed-off satisfactorily and 11 complaints were pending at the end of the financial year.
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 April 2019. During the year, BDL has undertaken the following initiative under energy conservation:</p> <ul style="list-style-type: none"> <li>- 0.96 power factor is being maintained</li> <li>- Replacement of 600 HPSV street lights with LED lights in plant area</li> <li>- Energy savings by replacing 6 nos. old inefficient pump motors with new energy efficient motor – likely saving of units is 37110 kwh amounting to ₹ 228228</li> <li>- Energy savings by improving power factor during night - likely saving of units is 164250 kWh amounting to ₹ 1010138</li> <li>- Energy savings due to replacement of 300 nos. old fans with energy efficient fans - likely saving of units is 5040 kWh amounting to ₹ 30996</li> </ul>
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 four Vendor Development Programmes (VDPs) organized by the Dept. of MSME, GOI, during the year
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: <ul style="list-style-type: none"> <li>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</li> <li>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</li> <li>c) E-waste has been sold out and returned to process/market through recycling.</li> <li>d) The lead acid batteries are given to the authorised recyclers/dealers on buyback basis as and when required</li> </ul>



Principle 3 : Businesses should promote the well-being of all employees								
1	Total number of permanent employees as on 31.03.2020.		2913					
2	Total number of employees hired on temporary/ contractual/ casual basis.		121					
3	Number of permanent women employees.		308					
4	Number of permanent employees with disabilities		108					
5	Employee association		BDL has nine employee associations recognized by Management					
6	What percentage of your permanent employees is members of this recognized employee association?		97%					
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.		Nil					
8	Brief details of training Programme held for employees with respect to safety & skill up-gradation training in the last year		No. of employees trained during 2019-20 (Category-Wise details)					
			Particulars	SC	ST	OBC	GEN	Total
			JOTNA	341	164	607	739	1851
		Non-JOTNA	487	211	848	1168	2714	

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 marginalised community who are present across Telangana and Andhra Pradesh. Further BDL ensures that the reservation policy as advised by Govt of India is implemented. BDL is also involved in improving the quality of life of persons for whom projects are specially designed. The company has identified (i) SC/ ST (ii) Differently Abled as disadvantaged, vulnerable and marginalized for employment purpose.
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?	BDL has made commitments for various projects across Telangana and Andhra Pradesh in its CSR thrust areas, largely catering to disadvantaged, vulnerable and marginalized stakeholder's viz. education, sanitation & skill development, healthcare initiatives, drinking water provision etc.,. The company follows all the GOI regulations regarding reservations for SC / ST/OBC and Differently abled.

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?	<p>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.</p> <p>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.</p>
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.,
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 -Replacement of 600 HPSV street lights with LED lights in plant area -Energy savings by replacing 6 nos. old inefficient pump motors with new energy efficient motor – likely saving of units is 37110 kwh amounting to ₹ 228228 -Energy savings by improving power factor during night - likely saving of units is 164250 kWh amounting to ₹ 1010138 -Energy savings due to replacement of 300 nos. old fans with energy efficient fans - likely saving of units is 5040 kWh amounting to ₹ 30996
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 2019-20, the contribution to community development projects was ₹ 15.56 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 28 customer complaints during the year. Out of which 17 complaints were disposed-off satisfactorily and 11 complaints were pending at the end of the financial year. This amounts to 39.28% 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 behaviour during the last five years and pending as on end of financial year	No
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	No, however BDL always obtains customer satisfaction survey and feedback from the customers at regular intervals



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



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Chennai - 600 018.

## INDEPENDENT AUDITOR'S REPORT

To the members of **BHARAT DYNAMICS LIMITED**

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

We are issuing this revised Audit Report by including in Key Audit Matters about **Principal Audit Procedures- Covid-19 Impact** in compliance to the guidance of Comptroller & Auditor General of India. This report supersedes our earlier report dated 29.6.2020.

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, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and other explanatory information and a summary of the significant accounting policies (hereinafter referred to as "Standalone Ind AS financial statements").

### 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, of the state of affairs of the Company as at 31<sup>st</sup> March 2020, and Profit and Other Comprehensive Income, changes in Equity and its Cash Flows for the year ended.

### 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 this report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other Ethical Responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

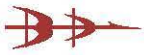


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#### 4. Key Audit Matters

Key Audit Matters ("KAM") are those matters that, in our professional judgment, were of the most significance in our audit of the standalone 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.

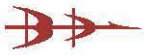
Key Audit Matters	How our audit addressed the Key Audit Matter
<p><b>1. Adoption of Ind AS 116-Leases</b></p> <p>The company has adopted IND AS 116 "Leases" which is a new standard that conveys the right to use an asset (underlying asset) for a period of time in exchange of a consideration. The application and transition of the standard is an area of focus in this audit. Under the new standard, determination of whether the asset contains a lease or not, is based on whether the contract or agreement conveys the right to control the use of a specifically identified asset for a specified period of time in exchange of a consideration. The standard also requires to classify all leases as finance lease and the accounting treatment of all leases will be same as the finance lease with right to use asset being amortized on a straight-line basis over the term of the lease. Interest and Depreciation are presented separately on the Income statement. The company adopted IND AS 116 with modified retrospective approach as on 01.04.2019, therefore as per the above approach prior information is not required to be restated. The presentation and disclosure requirements under the new standards have undergone a significant change as compared to the erstwhile lease standards. Please Refer Note No.39(22) to Notes on Accounts and Para 6 of Accounting Policy</p>	<p>We assessed the company's process to identify the impact of adoption of the new accounting standard which includes:</p> <ol style="list-style-type: none"><li>1. Evaluated the future lease payment as per the payment schedule in the agreement considering the escalation clause.</li><li>2. Discussion with the management regarding the options to extend or terminate the lease before the end of the lease term.</li><li>3. Evaluated the initial recognition of the lease liability and the right of use asset in the financial statements.</li><li>4. Satisfied ourselves on the reasonableness of the discount rates applied in determining the lease liabilities.</li><li>5. Comparatives as at the end of 31<sup>st</sup> March, 2019 have not been retrospectively adjusted.</li></ol>





<p><b>2. Customer Financed Assets</b></p> <p>The company is engaged in the production of defense equipment. Each product is customized. The execution of every sale order calls for specialized technology and machinery &amp; equipment involving considerable investments.</p> <p>In a majority of the sale contracts the customer agrees to reimburse the company for its outlay on technology development and investment in machinery and equipment.</p> <p>Such outlays and investments are treated as Customer Financed Assets-Tangible and Intangible.</p> <p>The decision-making process in this regard involves a decision on the manner in which the Customer Financed Assets are amortized and the basis of amortization. On the revenue aspect the decision involves recognition of revenue in accordance with the terms of the sale contract and quantification of such revenue.</p> <p>Please Refer Note No. 4 &amp; 5 to Notes on Accounts and Para 3(A)(vi) of Accounting Policy</p>	<p>Our audit procedure include the following substantive procedures:</p> <ol style="list-style-type: none"> <li>Understanding the company's principles and practices in recognizing certain assets as Customer Financed Assets and identifying values of such assets.</li> <li>Verification of sale contracts with particular focus on the terms of reimbursement and company's right of claim and right to receive the reimbursement.</li> <li>If the period of sales schedule is more than the term period of technology transfer, engage the management for policy to be adopted, whether the company would be able to use the technology during the extended time period to complete the sale contract.</li> <li>Evaluate the various amortization methods available- useful life/unit production/term period and choose the appropriate method.</li> <li>Evaluate and choose the right methodology for quantifying the recovery claim and the point of time when such recovery can be claimed and revenue can be recognized.</li> <li>The amortized costs are included in the expenditure-Depreciation and Amortization. The recovery is presented as Other Operating Revenue.</li> </ol>
<p><b>3. Inventories</b></p> <p>Physical verification of Inventory is a critical audit procedure to be performed at every balance sheet date. Such inventory includes</p>	<p>We applied alternate audit procedure to validate the value of inventory as at the balance sheet date to our satisfaction:</p>





<p>those in possession of third parties. The physical verification of inventory as at 31.03.2020 could not be conducted due to the general lockdown consequent to COVID 19.</p> <p>The company has a regular program of physical verification of inventory by internal teams and by professional agencies. The internal control system of recording receipt, movement and issue of inventories are adequate and through the system.</p> <p>Our audit procedures therefore had to choose alternatives to ensure that we obtain sufficient and conclusive evidence that the value of inventories is correctly presented as per actuals, in the Balance Sheet.</p> <p>Please Refer Note No. 11 to Notes on Accounts and Para 7 of Accounting Policy</p>	<ol style="list-style-type: none"> <li>1. Perusal of periodic physical verification reports of the management team and professional agencies.</li> <li>2. Sample verification of items and applying roll back and roll over procedures to match the physical inventory.</li> <li>3. Ascertaining that the recording procedures synchronize with physical movement, without abnormal and unexplained delays.</li> <li>4. Test check of the valuation of the inventory to conform that they are in accordance with Ind AS 2.</li> <li>5. Validating the stock confirmation of the subcontractors with company's records.</li> <li>6. The difference between stock lying with sub-contractors and the books are appropriately debited to the contractors account as claims receivable.</li> </ol>
<p><b>4. Principal Audit Procedures- Covid-19 Impact</b></p>	
<p>We assessed the Company's process to identify, assess, and respond to risks of material misstatement considering the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results for the year under consideration</p> <p>As part of the evaluation of whether sufficient appropriate audit evidence has been obtained, we have evaluated the appropriateness of our initial risk assessments and revised previous risk assessments in light of the COVID-19 crisis for certain financial statement areas, including disclosures</p> <p>We have audited the management's estimates required in the financial statements, including, but not limited to, estimates related to expected credit loss, inventory obsolescence, impairment analyses by checking the reasonableness of underlying assumptions in making those key estimates. We specifically discussed the impact of COVID-19 with the management</p>	





and critically challenged the key assumptions and their reasonableness in making such key accounting estimates

We have considered the basis of management judgment in determining impact on the financial statements of any subsequent events related to the COVID-19 pandemic, taking into consideration the date of the financial statements, the facts and circumstances pertaining to the entity, and the conditions that existed at, or arose after, that date. As the impacts of the COVID-19 outbreak continue to evolve, including regulatory restrictions/ conditions, capturing events that relate specifically to conditions that existed at the date of the financial statements, or after the date of the financial statements, we have considered all subsequent events and transactions to substantiate our conclusions on the appropriateness of management's assessment of the Covid'19 impact.

We have carried out a detailed analysis of data and performed additional analytical procedures for validating the management's assessment of impact due to covid'19 related uncertainties

#### **5. Emphasis of Matters/Modified Opinion**

We draw attention to Note No. 31 of the standalone financial statements on the recognition of revenue on transactions of sale amounting to Rs. 23,351.89 lakhs adopting the principle of Bill and Hold where the sale contracts are on FOR-Destination basis. Such recognition has been made conforming to the parameters of the principle of Bill and Hold Sales. The relevant contracts have not been amended. The change was necessitated due to the inability to deliver the materials because of the general lockdown that was in force during the closing days of the financial year.

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

#### **6. Information other than the Standalone Financial Statements and Auditor's Report thereon**

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the standalone financial statements and our auditor's 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. 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; selection and application of appropriate accounting policies; making judgments and the estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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







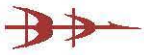
influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of Standalone Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone 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.

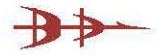
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding Independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our Independence, and where applicable, related safeguards.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### 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 Paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required under Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Changes in Equity and Cash Flow Statement dealt with this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act and the Rules made thereunder.





- e) In terms of Notification no. G.S.R.463(E)dt. 05.06.2015 issued by Ministry of Corporate Affairs, the provision of Section 164(2) of the Companies Act, 2013 in respect of disqualification of Director are not applicable to the Company.
- f) With respect to adequacy of the internal financial controls 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements vide Note No.39(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: 26.08.2020



For G. Natesan & Co,  
Chartered Accountants  
FRN: 002424S

  
CA. K. Murali  
Partner  
M.No: 24842

UDIN:20024842AAAAAW9143





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



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

*The Annexure referred to in Paragraph 9 (1) of the Independent Auditor's Report to the Members of Bharat Dynamics Limited on the Standalone Ind AS financial statements for the year ended on 31<sup>st</sup> March 2020.*

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

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

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

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



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







- b) According to the records of the Company and information and explanations given to us no undisputed Provident Fund, Employees State Insurance, Income-tax, Good and Services tax, Sales Tax, Service tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues were in arrears as at March 31, 2020 for a period exceeding six months from the date they become payable except for the following:

(Rs. In Lakhs)

Name of the Statute	Nature of Dues	Amount	Period to which the amount relate	Due date	Date of Payment
Finance Act, 1994	Service Tax	2.81	2008-09 and 2009-10	Several Dates	Not paid
Income Tax Act, 1961	TDS defaults-Tax, Interest on delayed remittances,	10.20	Financial Years 2007-08 and 2018-19	Several Dates	Not paid

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

(Rs. In Lakh)

Name of the Statute	Nature of Dues	Disputed amounts	Period to which the amounts relate	Forum where dispute is pending
Central Sales Tax Act	Central Sales Tax	5,550.83	2011-12	Writ Pending with High Court at Hyderabad
Central Sales Tax Act	Central Sales Tax	5,024.27	2012-13	Writ Pending with High Court at Hyderabad
Central Sales Tax Act	Central Sales Tax	4,266.81	2013-14	Writ Pending with High Court at Hyderabad
Central Sales Tax Act	Central Sales Tax	6,468.12	2014-15	Writ Pending with High Court at Hyderabad
Central Sales Tax Act	Central Sales Tax	119.36	2015-16	Appeal Pending with Appellate Joint Commissioner Punjagutta Division, Hyderabad
Central Sales Tax Act	Central Sales Tax	4.51	2016-17	Appeal Pending with Appellate Joint Commissioner Punjagutta Division, Hyderabad
Central Sales Tax Act	Central Sales Tax	5.40	2017-18	Appeal Pending with Appellate Joint Commissioner Punjagutta Division, Hyderabad
Finance Act, 1994	Service Tax	2,355.50	2012-13 to 2014-15	CETSTAT, Hyderabad
Income Tax Act, 1961	Income Tax	1,140.26	Assessment Year 2017-18	CIT-Appeals-xx, Hyderabad.

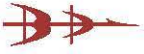




Finance Act, 1994	Service Tax	1,883.80	2015-16 to 2017-18	Appeal is being filed with CETSTAT, Hyderabad
<b>TOTAL</b>		<b>26,818.86</b>		

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





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

Place: Hyderabad  
Date: 26.08.2020



**For G. Natesan & Co.,**  
**Chartered Accountants**  
**FRN: 002424S**

**CA. K. Murali**  
**Partner**  
**M.No: 24842**

**UDIN : 20024842AAAAAW9143**



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



**Head Office :**  
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Chennai - 600 018.

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

*The Annexure referred to in Paragraph 9 (2) (f) of the Independent Auditor's Report to the Members of Bharat Dynamics Limited on the Standalone Ind AS financial statements for the year ended on 31<sup>st</sup> March 2020.*

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of Bharat Dynamics Limited (the Company) as at March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**1. 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.

**2. 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.



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

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





Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **3. 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have material effect on the financial statements.

### **4. 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.







## 5. Opinion

In our opinion and to the best of our information and explanations given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on "internal financial controls over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Place: Hyderabad  
Date: 26.08.2020



**For G. Natesan & Co.,**  
**Chartered Accountants**  
**FRN: 002424S**  
  
**CA. K. Murali**  
**Partner**  
**M.No: 24842**

UDIN : 20024842AAAAAW9143



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



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

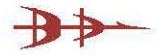
**ANNEXURE-C TO THE INDEPENDENT AUDITOR'S REPORT**

*The Annexure referred to in Paragraph 9 (2) (g) of the Independent Auditor's Report to the Members of Bharat Dynamics Limited on the Standalone Ind AS financial statements for the year ended on 31<sup>st</sup> March 2020.*

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

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

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



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 of accounts and records of the Company, we are of the opinion that the fund received from Government Agencies for specific schemes have been utilized as per its terms and conditions.	Nil
--	--	-----

Place: Hyderabad

Date: 26.08.2020



For G. Natesan & Co,  
Chartered Accountants  
FRN: 002424S

CA. K. Murali  
Partner  
M.No: 24842

UDIN: 20024842AAAAAW9143

95

Ph : 2499 5430, 2499 1385, 94430 70401, 94431 28378

email : jkmuralica@gmail.com

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



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest

स्पीड पोस्ट द्वारा  
गोपनीय

सं./No. नि./बी.डी.एल.लेखा(2019-20)/2020-21/167

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

दिनांक/DATE:

28 अगस्त 2019

सेवा मे,  
श्री सिद्धार्थ मिश्रा (सेवानिवृत्त),  
अध्यक्ष & प्रबंध निदेशक  
मेसर्स भारत डायनामिक्स लिमिटेड,  
कॉर्पोरेट ऑफिस, प्लॉट सं. 38-39,  
टीएसएफसी बिल्डिंग, फिनान्सियल 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 2020 को समाप्त वर्ष के मेसर्स - भारत डायनामिक्स लिमिटेड, हैदराबाद के लेखाओं  
पर कंपनी अधिनियम 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक का  
"शून्य टिप्पणी प्रमाण पत्र" अंग्रेषित करता हूँ।

कृपया सुनिश्चित करें कि टिप्पणियाँ

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

कृपया पत्र की पावती भेजें।

भवदीय,

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

संलग्न: यथोपरि

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

डू.भा/Phone : 2226 7646 / 2226 1168  
E-mail : mabbangalore@cag.gov.in

फैक्स/Fax : 080-2226 2491





लोकहितार्थ सत्यनिष्ठा  
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By Speed Post  
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सं./No.: Insp/BDL A/cs(2019-20)/2020-21/ 167

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:

28.08.2020

To

Shri Siddharth Mishra (Retd)  
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 2020.

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 2020.

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,

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

Encl: As above.

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

टू.भा/Phone : 2226 7646 / 2226 1168  
E-mail : 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 2020.**

The preparation of Financial Statements of M/s. **Bharat Dynamics Limited, Hyderabad** for the year ended 31 March 2020 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 revised Audit Report dated 26 August 2020 which supersedes their earlier Audit Report dated 29 June 2020.

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 2020 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: 28 August 2020



# Ind AS

## Financial Statements - 31 March 2020

### 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 2020

(₹ in lakh)

PARTICULARS	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	1	75,305.16	81,246.57
(b) Capital Work-in-Progress	2	4,205.85	4,703.08
(c) Investment Property	3	0.97	0.97
(d) Right of use assets	4	4,151.45	-
(e) Intangible Assets	5	13,779.20	14,449.08
(f) Intangible Assets under development	6	-	-
(g) Financial Assets			
(i) Investments	7	390.43	371.74
(ii) Loans	8	300.35	299.20
(iii) Other Financial Assets	9	4,676.89	4,620.24
(h) Deferred Tax Assets (net)	30A	5,424.97	7,177.36
(i) Other Non-current Assets	10	2,884.57	3,023.59
<b>Total Non - Current Assets</b>		<b>111,119.84</b>	<b>115,891.83</b>
<b>(2) Current Assets</b>			
(a) Inventories	11	85,651.77	166,453.20
(b) Financial Assets			
(i) Trade Receivables	12	33,836.80	52,592.51
(ii) Cash and Cash Equivalents	13	29,749.47	1,697.07
(iii) Bank balances other than (ii) above	14	36,600.00	35,434.60
(iv) Loans	15	236.96	244.65
(v) Other Financial Assets	16	242,105.62	138,422.90
(c) Current tax Assets	30B	3,532.70	4,538.01
(d) Other Current Assets	17	25,684.22	31,567.11
<b>Total Current Assets</b>		<b>457,397.54</b>	<b>430,950.05</b>
<b>Total Assets</b>		<b>568,517.38</b>	<b>546,841.88</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	18	18,328.12	18,328.12
(b) Other Equity	19	242,354.85	208,526.48
<b>Total Equity</b>		<b>260,682.97</b>	<b>226,854.60</b>
<b>(1) Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Lease Liabilities	20	771.19	-
(ii) Other Financial Liabilities	21	4,540.38	4,751.46
(b) Provisions	22	29.13	-
(c) Other Non-current Liabilities	23	71,036.09	23,323.86
<b>Total Non-current Liabilities</b>		<b>76,376.79</b>	<b>28,075.32</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	24	216.63	181.55
(ii) Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises;	25	1,380.62	2,756.32
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	25	33,167.91	49,189.40
(iii) Lease Liabilities	26	106.10	-
(iv) Other Financial Liabilities	27	16,554.62	12,344.45
(b) Other Current Liabilities	28	147,406.83	191,567.21
(c) Provisions	29	32,624.91	35,873.03
(d) Current tax Liabilities, net	30B	-	-
<b>Total Current Liabilities</b>		<b>231,457.62</b>	<b>291,911.96</b>
<b>Total Liabilities</b>		<b>307,834.41</b>	<b>319,987.28</b>
<b>Total Equity and Liabilities</b>		<b>568,517.38</b>	<b>546,841.88</b>

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

As per our report of even date.

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

**For and on behalf of the Board**

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

**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 : 29.06.2020

Place: Hyderabad  
Date : 29.06.2020



# STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31ST MARCH 2020

(₹ in lakh)

	PARTICULARS	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
	<b>INCOME</b>			
I	Revenue from Operations	31	309,519.79	306,934.97
II	Other Income	32	11,597.85	13,598.60
III	<b>Total Income (I + II)</b>		<b>321,117.64</b>	<b>320,533.57</b>
IV	<b>EXPENSES</b>			
	Cost of materials consumed	33	103,606.79	181,896.95
	Changes in inventories of finished goods and work-in-progress	34	50,366.33	(16,587.40)
	Employee benefits expense	35	53,403.07	53,420.88
	Finance costs	36	465.57	423.07
	Depreciation and amortisation expense	37	9,643.84	8,250.21
	Other expenses	38	29,386.64	25,993.40
	<b>Total expenses (IV)</b>		<b>246,872.24</b>	<b>253,397.11</b>
V	Profit/ (Loss) before exceptional items and tax (III-IV)		74,245.40	67,136.46
VI	Exceptional Items		-	-
VII	<b>Profit before tax (V - VI)</b>		<b>74,245.40</b>	<b>67,136.46</b>
VIII	<b>Tax expense</b>			
	(1) Current tax	30C	19,002.93	22,185.99
	(2) Deferred tax	30C	1,752.39	2,691.75
	<b>Total Tax expense</b>		<b>20,755.32</b>	<b>24,877.74</b>
IX	<b>Profit/ (Loss) for the year (VII - VIII)</b>		<b>53,490.08</b>	<b>42,258.72</b>
X	<b>Other comprehensive income</b>			
	A Items that will not be reclassified subsequently to profit or loss			
	(a) Remeasurement of the defined benefit plans	39(4)	(2,889.22)	(1,646.05)
	(b) Income tax relating to items that will not be reclassified to profit or loss	30C	727.16	575.20
	<b>Total other comprehensive income</b>		<b>(2,162.06)</b>	<b>(1,070.85)</b>
XI	<b>Total comprehensive income for the year (IX + X)</b>		<b>51,328.02</b>	<b>41,187.87</b>
XII	<b>Earnings per equity share</b>			
	Basic and diluted EPS (in Rupees)	39(3)	29.18	23.06

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

As per our report of even date.

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

**For and on behalf of the Board**

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

**S.PIRAMANAYAGAM**  
Director (Finance)  
DIN: 07117827

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

Place: Hyderabad  
Date : 29.06.2020

Place: Hyderabad  
Date : 29.06.2020

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



# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2020

### A. Equity

(₹ in lakh)

PARTICULARS	Amount
Issued and paidup capital as at April 01, 2018	18,328.12
Changes in equity share capital during the year	
Balance as at March 31, 2019	18,328.12
Changes in equity share capital during the year	
Balance as at March 31, 2020	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, 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

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

As per our report of even date.

**For G Natesan & Co.,**  
Chartered Accountants  
Firm's Registration No.0024245

K Murali  
Partner  
(M.No.024842)

S.PIRAMANAYAGAM  
Director (Finance)  
DIN: 07117827

**For and on behalf of the Board**

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

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

Place: Hyderabad  
Date : 29.06.2020

Place: Hyderabad  
Date : 29.06.2020





# CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakh)

PARTICULARS	March 31, 2020	March 31, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before exceptional items and tax	74,245.40	67,136.46
Adjustments for :		
Depreciation and amortisation expense	9,643.84	8,250.21
Finance costs	465.57	423.07
Interest income	(5,393.40)	(4,692.06)
Profit on Sale of Fixed Assets	0.62	(4.86)
Deferred revenue on customer provided Assets	(1,306.84)	(1,311.05)
Provisions for expenses	1,924.11	1,208.04
Liabilities / provisions no longer required written back	(3,042.85)	(3,732.37)
Fair value adjustment to investment carried at fair value through profit and loss	(161.28)	(148.92)
Gain on sale of Financial Assets Measured at Fair value through profit and loss	-	(746.35)
<b>Operating profit before working capital changes</b>	<b>76,375.17</b>	<b>66,382.17</b>
Changes in working capital:		
Adjustments for (increase) / decrease in operating Assets:		
Trade receivables	18,755.71	18,320.11
Loans	6.54	(25.92)
Other Financial Assets	(102,025.19)	20,002.21
Inventories	79,770.06	26,118.07
Other Assets	5,882.89	19,659.08
Adjustments for increase / (decrease) in operating Liabilities:		
Trade payables	(17,397.19)	(49,204.84)
Other Financial Liabilities	4,249.12	(10,852.10)
Other Liabilities	5,144.26	(50,747.45)
Provisions	(3,068.76)	(1,816.28)
<b>Cash generated from operations</b>	<b>67,692.61</b>	<b>37,835.05</b>
Net income tax paid	(17,270.47)	(29,483.21)
Net cash flow before exceptional items	50,422.14	8,351.85
Exceptional items	-	-
<b>Net cash from/ used in operating activities (A)</b>	<b>50,422.14</b>	<b>8,351.85</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed Assets	(5,688.84)	(8,827.90)
Bank Deposits	(1,165.40)	(2,754.60)
Proceeds from sale of fixed Assets	0.36	5.28
Redemption / (Investments) in Mutual funds during the year	-	23,529.92
Gain on sale of Financial Assets Measured at Fair value through profit and loss	-	746.35
Interest received	3,536.25	4,278.81
<b>Net cash from/ used in investing activities (B)</b>	<b>(3,317.63)</b>	<b>16,977.86</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares	-	-
Finance costs	(326.55)	(284.06)
Repayment of lease liabilities	(94.72)	-
Buyback of shares	-	-
Tax on buy back of shares	-	-
Dividends paid and tax thereon	(18,665.92)	(26,529.07)
<b>Net cash from/ used in financing activities (C)</b>	<b>(19,087.19)</b>	<b>(26,813.13)</b>
<b>Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>28,017.32</b>	<b>(1,483.42)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>1,515.52</b>	<b>2,998.94</b>
<b>Cash and Cash equivalents at the end of the year (Refer Note (i) below)</b>	<b>29,532.84</b>	<b>1,515.52</b>
<b>Note (i):</b>		
Cash and Cash equivalents Comprises:		
in current accounts	248.69	193.69
in deposit accounts	29,500.00	1,500.00
Cash on hand	0.78	3.38
Bank overdraft	(216.63)	(181.55)
	<b>29,532.84</b>	<b>1,515.52</b>

As per our report of even date.

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

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

**S.PIRAMANAYAGAM**  
Director (Finance)  
DIN: 07117827

**For and on behalf of the Board**

**Cmde SIDDHARTH MISHRA (Retd)**  
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Company Secretary  
(M.No. A19015)

Place: Hyderabad  
Date : 29.06.2020

Place: Hyderabad  
Date : 29.06.2020



# 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**

### **6.1 Company as a lessee:**

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

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

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

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

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

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

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

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

## 6.2 Company as a Lessor:

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

### a) Finance Lease:

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

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

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

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

### b) Operating lease:

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

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

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

## 7. INVENTORIES

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

## 8. FINANCIAL INSTRUMENTS

### 8.1 Financial Assets:

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

#### i) Classification of financial assets:

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.





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

ii) Measurement:

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

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

a) Debt instruments

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

- (a)(i) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- (a)(ii) Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- (a)(iii) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

b) Equity instruments

- (b)(i) The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.
- (b)(ii) Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of financial assets:

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

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

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

(iv) Derecognition of financial assets

A financial asset is derecognized only when

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

Where the 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:

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

#### **a) Defined benefit plans**

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

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

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

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

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



b) Defined contribution plans

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

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

17.4 Termination Benefits

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

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

18. CONTRIBUTED EQUITY

Equity shares are classified as equity.

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

19. DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

20. EARNINGS PER SHARE

20.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

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

20.2 Diluted earnings per share

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

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

Note 1 to 39 and Accounting Policies attached form part of accounts.

As per our report of even date.

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

**For and on behalf of the Board**

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

**S.PIRAMANAYAGAM**  
Director (Finance)  
DIN: 07117827

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

Place: Hyderabad  
Date : 29.06.2020

Place: Hyderabad  
Date : 29.06.2020

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



# NOTES

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1: Property, Plant and Equipment

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 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
<b>Total</b>	<b>85,566.83</b>	<b>15,395.29</b>	<b>(136.73)</b>	<b>100,825.39</b>	<b>13,550.67</b>	<b>6,055.44</b>	<b>(27.29)</b>	<b>19,578.82</b>	<b>81,246.57</b>

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2019	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2020	Accumulated depreciation/ amortisation as at April 1, 2019	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2020	As at March 31, 2020
Freehold Land	8,770.87	1.60	-	8,772.47	-	-	-	-	8,772.47
Buildings	30,786.51	609.34	-	31,395.85	3,009.91	1,353.12	-	4,363.03	27,032.82
Fencing and Compound Walls	1,129.00	166.81	-	1,295.81	947.02	167.15	-	1,114.17	181.64
Roads and Drains	1,226.12	440.07	-	1,666.19	455.46	143.04	-	598.50	1,067.69
Water Supply Installations	173.56	10.64	-	184.20	20.33	7.23	-	27.56	156.64
Plant, Machinery and Equipment	45,990.43	1,958.16	(19.75)	47,928.84	10,429.88	3,391.10	(5.60)	13,815.38	34,113.46
Furniture and Equipment	3,328.33	490.19	(4.38)	3,814.14	1,768.12	489.49	(3.36)	2,254.25	1,559.89
Transport Vehicles	585.45	76.56	-	662.01	289.74	72.06	-	361.80	300.21
Special Tools & Equipment	5,357.95	4.45	(0.10)	5,362.30	2,510.16	731.90	(0.10)	3,241.96	2,120.34
<b>Total</b>	<b>97,348.22</b>	<b>3,757.82</b>	<b>(24.23)</b>	<b>101,081.81</b>	<b>19,430.62</b>	<b>6,355.09</b>	<b>(9.06)</b>	<b>25,776.65</b>	<b>75,305.16</b>

#### Notes:

##### Freehold Land:

- Freehold Land includes
  - 2 Acres and 08 Guntas as at March 31, 2020 (March 31, 2019: 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, 2019: 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, 2019 ₹ 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 by the company is capitalised.
- Title is yet to be received for 10 Acres 13 Guntas (as at March 31, 2019 : 10 Acres 13 Guntas) of land at Visakhapatnam for which an amount of ₹ 376.13 lakh (as at March 31, 2019: ₹ 376.13 lakh) paid/provided is capitalised.
- Free hold land of 632 Acres 16.50 Guntas (as at March 31, 2019: 632 Acres 16.50 Guntas) at Ibrahimpatnam, Rangareddy District is taken possession on agreement of sale by paying ₹ 6136.90 Lakh (as at March 31, 2019: ₹ 6136.90 lakh) based on tentative fixation of price is capitalised.



## Buildings :

(a) Buildings include ₹ 111.01 Lakh as at March 31, 2020 (March 31, 2019 : ₹ 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 Equipme

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

(iv) Refer Note 39(22): Implementation of Ind AS 116

## Note 2: Capital Work-in-Progress

(₹ in lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Civil	961.45	1,122.69
Plant & Machinery	3,216.86	3,558.76
Others	27.54	21.63
<b>Total</b>	<b>4,205.85</b>	<b>4,703.08</b>

Notes:

(i) Capital Work-in-Progress includes ₹ 16.69 Lakh as at March 31, 2020 (March 31, 2019: ₹ 16.69 Lakh) of Buildings kept in abeyance due to lack of environmental clearance. 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 39(7) for capital commitments and Note 39(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, 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

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2019	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2020	Accumulated depreciation/ amortisation as at April 1, 2019	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2020	As at March 31, 2020
Land (held for rentals)	0.97	-	-	0.97	-	-	-	-	0.97

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

Particulars	March 31, 2020	March 31, 2019
Rental income	-	-
<b>Profit from Investment Properties before depreciation</b>	-	-
Depreciation	-	-
<b>Profit from Investment Properties</b>	-	-



(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, 2020 and March 31, 2019.

(iv) **Fair value**

Particulars	March 31, 2020	March 31, 2019
Investment properties	1459.26	1459.26

**Significant judgement:**

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

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

**Note 4: Right of use assets**

(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2019	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2020	Accumulated depreciation/ amortisation as at April 1, 2019	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2020	As at March 31, 2020
Leasehold Land	3,477.17	-	-	3,477.17	148.20	37.05	-	185.25	3,291.92
Leasehold Building	998.91	-	-	998.91	-	139.37	-	139.37	859.53
<b>Total</b>	<b>4,476.07</b>	<b>-</b>	<b>-</b>	<b>4,476.07</b>	<b>148.20</b>	<b>176.42</b>	<b>-</b>	<b>324.62</b>	<b>4,151.45</b>

**Leasehold Land :**

- (a) Land measuring 3 acres 25 guntas (March 31, 2019: 3 acres 25 guntas) at Visakhapatnam was taken on lease from Government of India at a rental of ₹ 1.00 per acre per annum.
- (b) Leasehold land measuring 553 Acres 34 Guntas (as at March 31, 2019: 553 Acres 34 Guntas ) at Amravati for which a premium of ₹ 3922.37 lakh was paid is taken on lease on 07/02/2014 with certain conditions attached to it. One of the main condition is, if the factory building and works are not completed within 60 months from the date of allotment, unless the time is extended, the lease agreement may be cancelled and the lessor may take possession of the leasehold land together with all the erections, if any, on the said land, without paying any compensation to the company. At present the period of investment has been extended upto 05.04.2019. The project for which the land has been taken on lease is under finalisation with Ministry of Defence (MoD), the Company is pursuing for further extension of period of investment.

**Leasehold Building :**

Corporate office building measuring 53,284 sq ft is taken on lease from APSFC from 01.06.2016 for a period of 10 years. Company recognised the building under right of use assets (RoU) asset at a value of ₹ 998.91 lakhs, a corresponding lease liability of ₹ 972.01 lakhs and a provision for an amount of ₹ 26.90 lakhs. towards asset retirement obligation on 01.04.2019 as per Ind AS 116. Lease liability is recognised at the present value of lease payment discounted at the incremental borrowing rate of 8%.

Refer Note 39(22): Implementation of Ind AS 116

**Note 5: Intangible Assets**

(₹ in 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
<b>Total</b>	<b>19,295.48</b>	<b>1,840.27</b>	<b>-</b>	<b>21,135.75</b>	<b>4,474.51</b>	<b>2,212.16</b>	<b>-</b>	<b>6,686.67</b>	<b>14,449.08</b>



(₹ in lakh)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2019	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2020	Accumulated depreciation/ amortisation as at April 1, 2019	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2020	As at March 31, 2020
Development Expenditure	3,324.10	-	-	3,324.10	3,146.12	86.61	-	3,232.73	91.37
Computer Software	2,104.19	52.45	-	2,156.64	1,563.60	311.09	-	1,874.69	281.95
License Fee	15,707.46	2,390.00	-	18,097.46	1,976.95	2,714.63	-	4,691.58	13,405.88
<b>Total</b>	<b>21,135.75</b>	<b>2,442.45</b>	<b>-</b>	<b>23,578.20</b>	<b>6,686.67</b>	<b>3,112.33</b>	<b>-</b>	<b>9,799.00</b>	<b>13,779.20</b>

**Note 6: Intangible Assets under development**

Particulars	As at March 31, 2020	As at March 31, 2019
Intangible assets under development	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Significant judgement**

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

(₹ in lakh)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
<b>7 Non-current Investments</b>		
Investment carried at fair value through profit and loss (Unquoted )	390.43	371.74
(i) 9,21,920 (as at March 31, 2019 9,21,920) (including 3,85,920 Bonus Shares) fully paid-up Equity shares (Unquoted) of ₹ 10/- each of A.P.Gas Power Corporation Limited		
	<b>390.43</b>	<b>371.74</b>

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

- Refer note 39(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.

<b>8 Non current Loans</b>		
- Secured, considered good	-	-
- Unsecured, considered good	300.35	299.20
	<b>300.35</b>	<b>299.20</b>
Refer note 39(16): Fair value measurement.		
<b>9 Other Non-current Financial Assets</b>		
Claims/Refunds receivable	261.91	-
Deferred Debts	4,414.98	4,620.24
	<b>4,676.89</b>	<b>4,620.24</b>
Refer note 39(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 Ind AS 109. Hence, the receivable is measured at fair value through profit and loss. Deferred debt is discounted at 8% to arrive at the fair value on initial recognition and the difference between the fair value and the total deferred debt is considered as deferred expense. Subsequently this is carried at fair value through profit and loss.

<b>10 Other Non-current Assets</b>		
Capital advances	660.30	660.30
Deferred expense*	2,224.27	2,363.29
	<b>2,884.57</b>	<b>3,023.59</b>
* Refer the significant judgement on Deferred Debts in Note No. 9		





(₹ in lakh)

PARTICULARS		As at March 31, 2020	As at March 31, 2019
<b>11</b>	<b>INVENTORIES *</b>		
	Raw Materials and Components	60,895.14	90892.88
	Less: Provision	(4,524.99)	(4,002.67)
	GIT of Raw Materials and Components	257.36	55.65
		<b>56,627.51</b>	<b>86,945.86</b>
	Work-in-progress#	27,829.16	38104.61
	Less: Provision	(867.01)	(521.72)
		<b>26,962.15</b>	<b>37,582.89</b>
	Finished Goods	515.41	40606.29
	Less: Provision	(88.03)	(94.98)
	GIT of Finished Goods	0.31	-
		<b>427.69</b>	<b>40,511.31</b>
	Stores and Spare Parts	1,242.59	896.59
	Less:Provision	(169.95)	(173.32)
	GIT of Stores and Spare Parts	-	-
		<b>1,072.64</b>	<b>723.27</b>
	Loose Tools	1,057.28	1070.16
	Less:Provision	(496.18)	(403.06)
	GIT of Loose Tools	-	-
		<b>561.10</b>	<b>667.10</b>
	Construction Materials	-	-
	Stores & Equipment - Welfare	307.89	306.35
	Less: Amortisation	(307.41)	(305.87)
		<b>0.48</b>	<b>0.48</b>
	Miscellaneous Stores	<b>0.20</b>	<b>22.29</b>
		<b>85,651.77</b>	<b>166,453.20</b>
	# Includes Inventory with Customers	9.20	9.20
	* Include Material issued to Sub-contractors/Others	4,768.43	8,413.15
	- Out of ₹4768.43 lakh (as at March 31,2019 ₹ 8413.15 Lakh), material lying with sub contractors of ₹ 2787.33 Lakh (as at March 31,2019 ₹ 7427.69 Lakh) were confirmed / physically verified by the vendors. Differences on confirmation / physical verification of material lying with subcontractors of ₹ 470.76 Lakh ( ₹ 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 39(8): Details of short closed projects.		
<b>12</b>	<b>Trade Receivables</b>	-	-
	Secured	-	-
	Unsecured, considered good	33,836.80	52,592.51
	Doubtful	-	-
	Less: Allowance for doubtful debts (expected credit loss allowance)	-	-
		<b>33,836.80</b>	<b>52,592.51</b>
	Refer Note: 39(16): Fair value measurement; 39(13) Charges registered.		
	Refer Note: 39(21)(F): Movement of Trade Receivables		
<b>13</b>	<b>Cash and Cash Equivalents</b>		
	Balances with Banks	-	-
	- in current accounts	248.69	193.69
	- in deposit accounts (less than 3 months)	29,500.00	1,500.00
	Cash on hand*	0.78	3.38
	Remittances in transit	-	-
		<b>29,749.47</b>	<b>1,697.07</b>
	There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.		
	* Cash on hand includes cash held with imprest holders		
	Refer note 39(16): Fair value measurement.		
	Refer note 39(2): Offsetting of Financial Assets and Financial Liabilities - Bank Flexi and Current Accounts adjusted against Bank Overdraft		



(₹ in lakh)

PARTICULARS		As at March 31, 2020	As at March 31, 2019
<b>14</b>	<b>Other Bank balances</b>		
	Bank deposits other than margin money	36,600.00	35,434.60
	(Maturity period more than 3 months but less than 12 months)		
		<b>36,600.00</b>	<b>35,434.60</b>
	- The company has been sanctioned an overdraft facility of ₹ 1,500.00 lakhs against which the company had pledged deposits worth ₹ 1,800.00 lakhs as security.		
	- The company has pledged fixed deposits receipts worth Nil (₹ 10400.00 lakhs as on 31st March 2019) with bank for secured loan of Nil (₹ 9250.00 lakhs as on 31st March 2019).		
	Refer Note 39(1) : Offsetting Financial Assets and Financial Liabilities - Loans adjusted against Fixed Deposits		
	- There are no bank deposits with maturity beyond 12 months.		
	<b>Reconciliation of Cash and Bank balances:</b>		
	Cash and Cash Equivalents (as per the above)	29,749.47	1,697.07
	Bank Balance (as per the above)	36,600.00	35,434.60
	<b>Total Cash and Bank balances</b>	<b>66,349.47</b>	<b>37,131.67</b>
<b>15</b>	<b>Current Loans</b>		
	<b>Loans to Employees</b>		
	- Secured, considered good	-	-
	- Unsecured, considered good	236.96	244.65
	<b>Total Current Loans</b>	<b>236.96</b>	<b>244.65</b>
	Also refer note 39(16): Fair value measurement.		
<b>16</b>	<b>Other Current Financial Assets</b>		
	Claims/Refunds receivable	5,608.97	5,238.62
	Less: Provision for doubtful claims (Refer Note - A below)	(21.47)	(21.47)
	Deferred Debts*	347.85	423.54
	Unbilled Revenue#	233,532.83	131,860.15
	Interest accrued on Deposits	2,618.47	903.75
	Interest accrued - Others	17.77	18.31
	Other Assets held for sale (Refer Note - B below)	1.20	-
	<b>Total Other Current Financial Assets</b>	<b>242,105.62</b>	<b>138,422.90</b>
	Refer note 39(16): Fair value measurement.		
	#Refer note 39(21)(C): Movement of Contract Assets and Contract Liabilities		
	* Refer the significant judgement on Deferred Debts in Note No. 9		
	<b>Note - A</b>		
	(i) In case of a supplier, the company initiated legal action for recovery of advance amount of 17.14 Lakh together with interest etc., as the Contract was not executed. Though District Court issued a decree for an amount of ₹ 48.10 lakh together with interest etc., in favour of the company, the decretal amount has not been recognised as claims receivable/income since the supplier was granted stay of operation of the decree by Hon'ble High Court and the matter is sub-judice as on date.		
	(ii) In the case of another supplier, the Company has initiated legal action for recovery of advance amount of ₹ 4.33 Lakhs with interest, being amount paid towards material purchases, which were subsequently rejected and taken back by the supplier but failed to supply the correct material. The case was decreed in favour of M/S BDL(ex-parte) and has to be executed.		
	<b>Note - B</b>		
	Gorss Block of assets retired and held for sale during the year 2019-20 is ₹ 213.98 Lakh (₹ 107.56 Lakh during 2018-19) and Accumulated Depreciation is ₹ 212.78 Lakh (₹ 107.56 Lakh during 2018-19).		
<b>17</b>	<b>Other Current Assets</b>		
	Advances other than capital advances:		
	Advances to vendors		
	- Secured, considered good	264.72	425.03
	- Unsecured, considered good	20,701.27	22,523.90
	- Unsecured, considered doubtful	2.55	2.34
	Less: Provision for doubtful advances	(2.55)	(2.34)
	Prepaid expenses	113.55	144.37
	Deposits	3,904.43	2,599.83
	Advance Service Tax & GST	548.77	4,556.23
	Deferred Expense*	139.02	139.02
	Earmarked balances with banks for unpaid dividend	12.46	1,178.73
	<b>Total Current Assets</b>	<b>25,684.22</b>	<b>31,567.11</b>
	Refer note 39(8): Details of short closed projects.		
	* Refer the significant judgement on Deferred Debts in Note No. 9		



## 18. Equity Share Capital:

(₹ in lakh)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
<b>Authorised</b>		
20,00,00,000 Equity Shares of ₹ 10/- each	20,000.00	20,000.00
<b>Issued, Subscribed and paid up</b>		
18,32,81,250 Equity Shares of ₹ 10/- each fully paid	18,328.12	18,328.12
	<b>18,328.12</b>	<b>18,328.12</b>

### 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
<b>Balance as at March 31, 2018</b>	<b>183,281,250</b>	<b>18,328.12</b>
Buy back during the year	-	-
Bonus issue during the year	-	-
<b>Balance as at March 31, 2019</b>	<b>183,281,250</b>	<b>18,328.12</b>
Buy back during the year	-	-
Bonus issue during the year	-	-
<b>Balance as at March 31, 2020</b>	<b>183,281,250</b>	<b>18,328.12</b>

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

PARTICULARS	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
<b>Fully paid equity shares</b>				
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, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
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, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
No. of Bonus shares issued (nos.)	-	-	91640625	244375	-	-
value of bonus shares issued (₹ in lakh)	-	-	9164.06	2,443.75	-	-



(₹ in lakh)

	PARTICULARS	As at March 31, 2020	As at March 31, 2019
<b>19</b>	<b>Other Equity</b>		
	General Reserve	223,135.54	183,135.54
	Capital redemption Reserve	-	-
	Retained Earnings	19,219.31	25,390.94
	<b>Balance at end of year</b>	<b>242,354.85</b>	<b>208,526.48</b>
	<b>A. General Reserve</b>		
	Balance at beginning of year	183,135.54	160,135.54
	Transfer to Capital Redemption Reserve	-	-
	Buyback Premium Written off	-	-
	Depreciation Adjustment	-	-
	Transfer from Statement of Profit and Loss	40,000.00	23,000.00
	Bonus shares issued	-	-
	<b>Balance at end of year</b>	<b>223,135.54</b>	<b>183,135.54</b>
	The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.		
	<b>B. Capital Redemption Reserve</b>		
	Balance at beginning of year	-	-
	Transfer from General reserve	-	-
	Utilised against issue of bonus shares	-	-
	<b>Balance at end of year</b>	<b>-</b>	<b>-</b>
	Reduction in nominal value of share capital on account of buy-back of shares is recorded as Capital Redemption Reserve.		
	<b>C. Retained Earnings</b>		
	Balance at beginning of year	25,390.94	17,174.33
	Adjustment on account of adoption of Ind AS 115	-	17,736.54
	Profit for the year	53,490.08	42,258.72
	Final dividend and tax thereof	(3,689.95)	(16,107.64)
	Tax on Buyback of shares	-	-
	Interim Dividend	(11,455.08)	(9,622.27)
	Tax on Interim Dividend	(2,354.62)	(1,977.89)
	Transfer to General Reserve	(40,000.00)	(23,000.00)
	Other comprehensive income (net of tax)	(2,162.06)	(1,070.85)
	<b>Balance at end of year</b>	<b>19,219.31</b>	<b>25,390.94</b>
<b>20</b>	<b>Non- Current Lease Liabilities</b>		
	Lease Liabilities	771.19	-
		<b>771.19</b>	<b>-</b>
	Refer Note 39(22): Implementation of Ind AS 116		-
<b>21</b>	<b>Other Non - Current Financial Liabilities</b>		
	Deferred Credit	1,784.14	1833.09
	Embedded derivative liability (Deferred liability)	2,756.24	2918.37
		<b>4,540.38</b>	<b>4751.46</b>
	Also refer note 39(16): Fair value measurement.		
	<b>Significant judgements:</b>		
	1) Deferred credit: Deferred credit represents the principal credit portion (at the base rate) of the 45 years (commencing from 01/04/1992) deferred credit provided by the Russian government. The deferred credit is a financial liability, therefore shall be recognised at fair value. The fair value is ascertained by discounting the future cash outflows at the rate of 8%. The company considers 8% to be the cost of capital.		
	2) Embedded derivative: The increase in liability due to movement in SDR rates is assessed to be an embedded derivative. The embedded derivative is accounted at the fair value on each reporting date through Profit and loss. The fair value is considered to be the adjusted rupee value of the SDR unit as on the reporting date according to the agreement.		
<b>22</b>	<b>Non-current Provisions</b>		
	Asset Retirement Obligation	29.13	-
	Employee benefits		
	Accrued Leave	-	-
	Gratuity	-	-
		<b>29.13</b>	<b>-</b>



(₹ in lakh)

PARTICULARS		As at March 31, 2020	As at March 31, 2019
<b>23</b>	<b>Other Non - Current Liabilities</b>		
	Advances from Customers-§		
	MoD	18,647.55	10,395.74
	<b>Others</b>	40,052.71	949.20
	Deferred Income*	2,287.44	2,430.41
	Deferred Revenue #	10,048.39	9,548.51
		<b>71,036.09</b>	<b>23,323.86</b>
	* Refer the significant judgement on Deferred Credit in note No.21		
	# Refer note 39 (20) : Grant for solar plant		
	§ Refer note 39(21)(C) : Movement of Contract Assets and Liabilities		
	Also Refer Accounting Policy no.3 A (vi) and 4.4		
<b>24</b>	<b>Borrowings</b>		
	(a) Loans repayable on demand		
	(i) From Banks		
	-Secured bank overdraft	216.63	181.55
	- Unsecured	-	-
		<b>216.63</b>	<b>181.55</b>
	The company has been sanctioned an overdraft facility of ₹ 1,500.00 lakhs against which the company had pledged deposits worth ₹ 1,800.00 lakhs as security.		
	Refer note 39(2): Offsetting of Financial Assets and Financial Liabilities - Bank Flexi and Current Accounts adjusted against Bank Overdraft		
<b>25</b>	<b>Trade Payables</b>		
	Trade Payables - Current:		-
	Dues to micro enterprises and small enterprises	1,380.62	2,756.32
	Dues to creditors other than micro, small and medium enterprises	33,167.91	49,189.40
		<b>34,548.53</b>	<b>51,945.72</b>
	<b>Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>		
	(i) Principal amount and interest due thereon remaining unpaid to any supplier as at the end of the accounting year		
	- Principal	1,339.65	2,521.35
	- Interest	40.98	234.97
	(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
	(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	40.98	234.97
	(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
	- Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the Auditors.		
<b>26</b>	<b>Current Lease Liabilities</b>		
	Current maturities of Lease Liabilities	106.10	-
		<b>106.10</b>	-
	Refer Note 39(22): Implementation of Ind AS 116		
<b>27</b>	<b>Other Current Financial Liabilities</b>		
	Current maturities of Deferred credit*	357.73	357.73
	Deposits	1,170.27	1,245.53
	Creditors for expenses	6,398.85	3,394.60
	Employee benefits payable	6,966.47	5,135.84
	Others	320.21	675.72
	Capital works	1,341.09	1,535.03
		<b>16,554.62</b>	<b>12,344.45</b>
	Also refer note 39(16): Fair value measurement.		
	* Refer the significant judgement on Deferred Credit in note No.21		





(₹ in lakh)

PARTICULARS		As at March 31, 2020	As at March 31, 2019
<b>28</b>	<b>Other Current Liabilities</b>		
	Advances from Customers: #		
	- MoD	124,531.52	133,905.99
	- Others	7,785.71	52,088.83
	Deferred Income*	142.97	142.97
	Deferred Revenue	2,384.69	2,289.79
	Statutory remittances	12,561.94	3,139.63
		<b>147,406.83</b>	<b>191,567.21</b>
	Refer note 39(8): Details of short closed projects.		
	# Refer note 39(21)(C): Movement of Contract Assets and Liabilities		
	* Refer the significant judgement on deferred credit in note No. 21		

(₹ in lakh)

<b>29</b>	<b>Current Provisions</b>		
	Employee benefits		
	- Gratuity	3,625.08	2,531.82
	- Accrued leave	1,418.57	2,797.92
	Warranty	6,609.23	5,716.49
	Onerous contract	926.47	1,417.36
	CSR & Sustainable development	967.41	967.08
	Future charges	9,200.02	11,397.96
	Others	9,878.13	11,044.40
		<b>32,624.91</b>	<b>35,873.03</b>

#### Movement in provisions

(₹ in lakh)

Other Provisions	Employee benefits	Warranty	Onerous Contract	CSR & Sustainable Development	Future Charges	Others
<b>Balance as at March 31, 2019</b>	<b>5,329.74</b>	<b>5,716.49</b>	<b>1,417.36</b>	<b>967.08</b>	<b>11,397.96</b>	<b>11,044.40</b>
Additional provisions recognised	5,043.65	2,228.41	192.66	1,498.67	3,081.08	12.46
Reductions arising from payments/ other sacrifices of future economic benefits	(5,329.74)	(1,335.67)	(683.55)	(1,498.34)	(5,279.02)	(1,178.73)
<b>Balance as at March 31, 2020</b>	<b>5,043.65</b>	<b>6,609.23</b>	<b>926.47</b>	<b>967.41</b>	<b>9,200.02</b>	<b>9,878.13</b>

#### Warranties:

Warranty estimates are established using historical information on the nature, frequency and average cost of warranty claims and also management estimates regarding possible future outflow on servicing the customers for any corrective action in respect of product failure which is generally expected to be settled within a period of 1 to 2 years from the date of supply.

#### Onerous contract:

Provision for onerous contract represents the loss assessed by the company on its executory sale contracts. Such loss will be provided as and when the assessment is made, by the company during the course of execution / at the inception of such contracts. The provision is reviewed periodically.

#### CSR & Sustainable development:

CSR & Sustainable development expenses are recognised based on the expenditure to be incurred as per the provisions of Companies Act, 2013.

#### Future charges:

Provision for future charges represents the estimated liability on account of revised ancillary/ packing material accepted to be delivered in lieu of ancillary/ packing material originally stipulated in the contract terms for the sales effected earlier and value of spares sent to forward location on user request for serviceability to avoid breakdown in emergency situations.



(₹ in lakh)

PARTICULARS		As at March 31, 2020	As at March 31, 2019
<b>30</b>	<b>Income Taxes</b>		
<b>30A</b>	<b>Deferred Tax Balance</b>		
	Deferred Tax Assets	10,727.22	14,512.58
	Deferred Tax Liabilities	5,302.25	7,335.22
	<b>Total</b>	<b>5,424.97</b>	<b>7,177.36</b>
	<b>Breakup of Deferred Tax balances</b>		
	<b>Deferred Tax Assets</b>		
	Freehold Land	1,757.18	1,632.41
	Lease Liability	220.80	-
	Provisions	8,435.35	12,445.66
	Fair value adjustment to Deferred credit	313.89	434.51
	<b>Sub-Total</b>	<b>10,727.22</b>	<b>14,512.58</b>
	<b>Deferred Tax Liabilities</b>		
	Property plant and Equipment	3,279.70	4,279.41
	Right of use assets	56.52	-
	Intangible Assets	1,582.34	2,532.72
	Fair value of investments		
	- Equity Shares in unlisted Company	78.47	74.12
	- Mutual Funds	-	-
	Fair value adjustment to Deferred debts	305.22	448.97
	Others	-	-
	<b>Sub-Total</b>	<b>5,302.25</b>	<b>7,335.22</b>
	<b>Net Deferred Tax Asset/(Liability)</b>	<b>5,424.97</b>	<b>7,177.36</b>

**Reconciliation of Deferred Tax Balances:**

**For 2018-19**

(₹ in lakh)

PARTICULARS	Opening Balance	Recognised in statement of Profit and loss	Recognised in Opening reserves	Closing Balance
<b>Deferred Tax Assets pertaining to :</b>				
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
<b>Sub total</b>	<b>25,814.49</b>	<b>(1,915.04)</b>	<b>(9,386.87)</b>	<b>14,512.58</b>
<b>Deferred Tax Liabilities pertaining to :</b>				
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)		(0.00)
Fair value adjustment to Deferred debts	419.81	29.16	-	448.97
Others	-	-	-	-
<b>Sub total</b>	<b>6,558.51</b>	<b>776.71</b>	<b>-</b>	<b>7,335.22</b>
<b>Total</b>	<b>19,255.98</b>	<b>(2,691.75)</b>	<b>(9,386.87)</b>	<b>7,177.36</b>



## Reconciliation of Deferred Tax Balances:

For 2019-20

(₹ in lakh)

PARTICULARS	Opening Balance	Recognised in statement of Profit and loss	Recognised in Opening reserves	Closing Balance
<b>Deferred Tax Assets pertaining to :</b>				
Freehold Land	1,632.41	124.77		1,757.18
Lease Liability	-	220.80		220.80
Provisions	12,445.66	(4,010.31)		8,435.35
Fair value adjustment to Deferred credit	434.51	(120.62)		313.89
<b>Sub total</b>	<b>14,512.58</b>	<b>(3,785.36)</b>	<b>-</b>	<b>10,727.22</b>
<b>Deferred Tax Liabilities pertaining to :</b>				
Property plant and Equipment	4,279.41	(999.71)		3,279.70
Right of use asset		56.52		56.52
Intangible Assets	2,532.72	(950.38)		1,582.34
Fair value of investments				-
- Equity Shares in unlisted Company	74.12	4.35		78.47
- Mutual Funds	(0.00)	-		-
Fair value of Deferred Debt	448.97	(143.75)		305.22
Others	-			-
<b>Sub total</b>	<b>7,335.22</b>	<b>(2,032.97)</b>	<b>-</b>	<b>5,302.25</b>
<b>Total</b>	<b>7,177.36</b>	<b>(1,752.39)</b>	<b>-</b>	<b>5,424.97</b>

(₹ in lakh)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
<b>30B Current Tax Assets and Liabilities</b>		
Current Tax Assets	3,532.70	4,538.01
<b>Total Current Tax Assets</b>	<b>3,532.70</b>	<b>4,538.01</b>
Current Tax Liabilities	-	-
<b>Total Current Tax Liabilities</b>	<b>-</b>	<b>-</b>
<b>30C Tax Expense</b>		
<b>i) Recognised in the Statement of Profit and Loss</b>		
<b>Current Tax</b>		
In respect of the current year	19,002.93	22,228.18
In respect of prior years	-	(42.19)
<b>Total</b>	<b>19,002.93</b>	<b>22,185.99</b>
<b>Deferred Tax</b>		
In respect of the current year	1,752.39	2,691.75
<b>Total</b>	<b>1,752.39</b>	<b>2,691.75</b>
<b>ii) Recognised in Other comprehensive income</b>		
<b>Current Tax</b>		
In respect of the current year	727.16	575.20
<b>Total</b>	<b>727.16</b>	<b>575.20</b>



The Income Tax expense for the year can be reconciled to the accounting profit as follows

(₹ in lakh)

PARTICULARS		For the year ended March 31, 2020	For the year ended March 31, 2019
	Profit before tax from continuing operations	74,245.40	67,136.46
	<b>Tax expense of amounts which are not deductible (taxable) in calculating taxable income</b>		
	Income tax expense calculated at 25.168% (FY 2018-19 : 34.944%)	18,686.08	23,460.17
	Donations made during the year	0.13	0.87
	Amount towards CSR activities	377.18	564.68
	Interest due to MSME's	3.02	12.89
	Others	(871.00)	(1,484.92)
	Interest payable u/s 234A, 234B, 234C	25.76	-
	<b>Tax expense of amounts on which deduction is available in calculating taxable income</b>		
	Weighted deduction on research and development expenditure	-	(933.87)
	Donations u/s 80G made during the year	(209.40)	-
	Impact of deferred tax	1,752.39	2,691.75
	<b>Adjustment for current tax of previous years</b>		
	Adjustments recognised in the current year in relation to the earlier year AY 2014-15	-	0.72
	Adjustments recognised in the current year in relation to the earlier year AY 2015-16	-	(3.41)
	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	264.00	-
	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	727.16	575.20
	<b>Income tax expense recognised in profit or loss</b>	<b>20,755.32</b>	<b>24,877.74</b>
	Income tax recognised in Other comprehensive income	727.16	575.20
	<b>Income tax recognised in Other comprehensive income</b>	<b>727.16</b>	<b>575.20</b>
PARTICULARS		For the year ended March 31, 2020	For the year ended March 31, 2019
<b>31</b>	<b>Revenue from Operations</b>		
	<b>Sale of products</b>		
	Finished Goods	280,485.00	266,467.48
	Spares	13,895.54	14,670.94
	Miscellaneous	1,454.55	1,445.50
	LD levied by Customers	(16,461.63)	(14,870.87)
		<b>279,373.46</b>	<b>267,713.05</b>
	<b>Sale of services</b>		
	Repairs and Overhauls	2,390.43	716.11
	Training	-	19.58
	Job Works	5,243.09	4,880.40
	Miscellaneous	12,233.34	9,838.39
	LD levied by Customers	(711.50)	(27.01)
		<b>19,155.36</b>	<b>15,427.47</b>
	<b>Other operating revenue</b>		
	Construction Contracts	-	-
	Sale of Scrap	58.02	34.24
	Deferred revenue on customer provided assets	1,306.84	1,311.05
	Other Claims	9,626.11	22,449.16
		<b>10,990.97</b>	<b>23,794.45</b>
	<b>Total</b>	<b>309,519.79</b>	<b>306,934.97</b>

- Refer note 39(5): Construction Contracts

- In recognition of revenue on certain sale transactions amounting to ₹ 23,351.89 lakhs the principle of Bill and hold was adopted whereas the respective sale contracts are on FOR-Destination basis. Such recognition has been made confirming to the parameters of the principle of Bill and Hold Sales. The relevant contracts have not been amended. The change was necessitated due to the inability to deliver the materials because of the general lockdown in force during the closing days of the financial year.

- Refer note 39(21): Disclosures under Ind AS 115.

- LD means Liquidated Damages

**Significant judgement:**

Revenue:

- The company recognizes revenue on the basis of percentage of completion method where the customer simultaneously receives the benefit.

- The percentage of completion is determined as proportion of cost incurred for the work performed up to the reporting date to the total estimated cost.

- An expected loss is recognized immediately when it is probable that the total cost will exceed the total revenue.



(₹in lakh)

	PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>32</b>	<b>Other Income</b>		
	<b>Interest income on financial assets carried at amortised cost</b>		
	Bank deposits	4,312.57	3,621.53
	Others	1,080.83	1,070.53
		<b>5,393.40</b>	<b>4,692.06</b>
	<b>Other non-operating income</b>		
	Liabilities no longer required, written back	250.03	1,241.76
	Provisions no longer required, written back	2,792.82	2,490.61
	Liquidated Damages recovered from suppliers	2,016.67	4,049.83
	Miscellaneous income (net)	352.24	495.57
		<b>5,411.76</b>	<b>8,277.77</b>
	<b>Other gains and losses</b>		
	Net foreign exchange gain / (Loss)	632.03	(271.36)
	Fair value gain/(loss) on financial assets measured at Fair value through profit and loss	161.28	148.92
	Gain on disposal of property, plant and equipment	(0.62)	4.86
	Gain on sale of Financial Assets Measured at Fair value through profit and loss	-	746.35
		<b>792.69</b>	<b>628.77</b>
	<b>Total</b>	<b>11,597.85</b>	<b>13,598.60</b>
<b>33</b>	<b>Cost of Materials consumed</b>		
	Cost of materials consumed	100,508.32	175,696.15
	Direct expenses	3,098.47	6,200.80
		<b>103,606.79</b>	<b>181,896.95</b>
<b>34</b>	<b>Changes in Inventories of Finished Goods and Work-in-progress</b>		
	<b>Opening Stock:</b>		
	Finished goods	40,606.29	626.02
	Work-in-progress	38,104.61	61,497.48
		<b>78,710.90</b>	<b>62,123.50</b>
	<b>Closing Stock:</b>		
	Finished goods	515.41	40,606.29
	Work-in-progress	27,829.16	38,104.61
		<b>28,344.57</b>	<b>78,710.90</b>
	<b>Net (Increase) / Decrease</b>	<b>50,366.33</b>	<b>(16,587.40)</b>
<b>35</b>	<b>Employee Benefits Expense</b>		
	Salaries and wages, including bonus	44,006.59	44,907.32
	Contribution to provident and other funds	7,258.69	6,215.23
	Staff welfare expenses	2,137.79	2,298.33
	<b>Total</b>	<b>53,403.07</b>	<b>53,420.88</b>
	Refer note 39(4): Employee Benefit obligations and 39(9): Related party transactions		
<b>36</b>	<b>Finance Costs</b>		
	Interest expense	326.55	284.05
	Other finance costs	139.02	139.02
	<b>Total</b>	<b>465.57</b>	<b>423.07</b>
	Refer Note 39(22): Implementation of Ind AS 116		
<b>37</b>	<b>Depreciation and Amortisation expense</b>		
	Depreciation of property, plant and equipment	6,355.09	6,038.05
	Depreciation of right of use asset	176.42	-
	Amortisation of intangible assets	3,112.33	2,212.16
	<b>Total</b>	<b>9,643.84</b>	<b>8,250.21</b>
	Refer Note 39(22): Implementation of Ind AS 116		





(₹in lakh)

PARTICULARS		For the year ended March 31, 2020	For the year ended March 31, 2019
<b>38</b>	<b>Other Expenses</b>		
	Shop Supplies	415.67	441.30
	Power and Fuel	1,889.05	2,028.71
	Water Charges	458.94	575.42
	Travelling #	1,350.10	1,398.13
	Repairs:		
	Buildings	1,320.08	1,413.39
	Plant, Machinery and Equipment	993.52	990.73
	Furniture and Equipment	189.81	99.62
	Vehicles	14.53	11.55
	Others	64.23	57.36
	Vehicle Expenses - Petrol and Diesel	60.02	79.13
	Loose Tools and Equipment	164.25	149.13
	Insurance	416.29	590.46
	Rates and Taxes	419.48	541.41
	Postage, Telegrams, Telex and Telephones	234.43	143.34
	Printing and Stationery	90.99	149.75
	Publicity	599.53	367.08
	Advertisement	211.84	186.55
	Bank Charges	80.19	92.19
	Legal Expenses	7.43	6.35
	Donations	0.50	5.00
	Write off - Others	170.60	-
	Auditors' Remuneration: (refer note (i) below)	13.40	13.35
	Security Arrangements	4,008.49	3,894.68
	Computer Software and Development	-	0.05
	Entertainment	1.33	0.84
	Courtesy	-	151.52
	Sitting Fee paid to Directors	9.80	11.90
	Sitting Fee paid to Independent External Monitors	1.20	1.20
	CSR & Sustainable Development Expenditure	1,498.67	1,615.97
	Replacement and other charges, Warranty and Batch Rejections	892.74	726.28
	Redundancy Provision	1,031.37	15.36
	Provision for Future Charges	-	-
	Provision for Onerous Contract	-	466.40
	Provision Others	-	-
	Miscellaneous Operating Expenses:		
	Testing of Materials	4,898.21	3,821.38
	Proof Firing Expenses	757.10	206.79
	Manpower Hiring Charges	1,085.64	1,002.39
	Material Handling Charges	848.89	766.41
	Hiring of Vehicles	674.71	920.63
	Others	4,513.61	3,051.65
	<b>Total</b>	<b>29,386.64</b>	<b>25,993.40</b>
	# Includes Directors' Travelling Expenses	73.31	74.43
	<b>Notes:</b>		
	<b>i) Auditors' Remuneration comprises Fee:</b>		
	<b>Particulars</b>		
	For Statutory Audit	10.00	10.00
	For Tax Audit	0.70	0.70
	For other services	2.70	2.65
	<b>Total Auditors' remuneration</b>	<b>13.40</b>	<b>13.35</b>
	ii) Refer note 29: Current Provisions		
	iii) Refer note 39(6): Expenditure relating to Research and Development.		
	iv) Refer note 39(9): Related party transactions		
	v) Refer note 39(22): Implementation of Ind AS 116		

### Note 39: 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.

#### 39(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 2020 and March 31 2019. 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
<b>As on March 31, 2020</b>			
Bank deposits other than margin money	36,600.00	-	36,600.00
Loan against Fixed deposits	-	-	-
<b>As on March 31, 2019</b>			
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	-

#### 39(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 2020, March 31 2019. 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
<b>As on March 31, 2020</b>			
Bank overdraft	(219.73)	3.10	(216.63)
Flexi and current accounts with banks	3.10	(3.10)	-
<b>As on March 31, 2019</b>			
Bank overdraft	(1,170.55)	989.00	(181.55)
Flexi and current accounts with banks	989.00	(989.00)	-

#### 39(3) Earnings per share

##### (i) For continuing operations:

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Profit after tax</b>	53,490.08	42,258.72
<b>Basic:</b>		
Number of shares outstanding at the end of the year	183,281,250	183,281,250
Weighted average number of equity shares	183,281,250	183,281,250
Earnings per share (INR)	29.18	23.06
<b>Diluted:</b>		
Effect of potential equity shares on employee stock options outstanding	-	-
Weighted average number of equity shares outstanding	183,281,250	183,281,250
Earnings per share (INR)	29.18	23.06

Note: EPS is calculated based on profits excluding the other comprehensive income.

##### (ii) For discontinuing operations:

There are no discontinuing operations.

##### (iii) For continuing and discontinuing operations:

Refer to the table (i)

#### 39(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, 2020	March 31, 2019
<b>Present value of Obligation at the beginning of the year</b>	20,513.13	18,553.90
Current service cost	637.75	640.80
Interest expense or cost	1,529.52	1,414.62
<b>Remeasurements</b>		
(Gain)/loss from change in demographic assumptions	19.40	135.80
(Gain)/loss from change in financial assumptions	1,299.56	268.63
Experience (gains)/loss	420.63	1,241.62
Benefit paid	(1,554.90)	(1,742.24)
<b>Present value of Obligation at the end of the year</b>	<b>22,865.09</b>	<b>20,513.13</b>

### Changes in the Fair value of Plan Assets

(₹ in lakh)

PARTICULARS	March 31, 2020	March 31, 2019
<b>Fair value of Plan Assets at the beginning of the year</b>	17,981.32	12,819.93
Interest income	1,431.41	1,169.66
Employer contributions	2,531.82	5,733.97
Benefit payments	(1,554.90)	(1,742.24)
Remeasurements - Return on Assets (Excluding Interest Income)	(1,149.64)	
<b>Fair value of Plan Assets at the end of the year</b>	<b>19,240.01</b>	<b>17,981.32</b>

### Expenses recognised during the period

PARTICULARS	March 31, 2020	March 31, 2019
In the Statement of Profit and Loss	735.86	885.76
In Other Comprehensive Income	2,889.22	1,646.05
<b>Total</b>	<b>3,625.08</b>	<b>2,531.81</b>

The net liability disclosed above relates to funded and unfunded plans are as follows:

PARTICULARS	March 31, 2020	March 31, 2019
Present value of funded obligations	22,865.09	20,513.13
Fair value of plan assets	19,240.01	17,981.32
<b>Deficit of funded plans</b>	<b>3,625.08</b>	<b>2,531.81</b>

The significant actuarial assumptions were as follows:

PARTICULARS	March 31, 2020	March 31, 2019
Discount rate	6.61%	7.75%
Salary escalation	6.00%	6.00%
Attrition rate	2.77%	2.63%

### Sensitivity analysis

PARTICULARS	March 31, 2020	March 31, 2019
Defined Benefit Obligation	22,865.09	20,513.13
Discount rate:(% change compared to base due to sensitivity)		
Increase : +1%	21,717.26	19,476.53
Decrease: -1%	24,138.19	21,657.14
Salary Growth rate:(% change compared to base due to sensitivity)		
Increase : +1%	23,536.40	21,182.08
Decrease: -1%	22,170.27	19,807.01
Attrition rate: (% change compared to base due to sensitivity)		
Increase : +1%	22,998.43	20,687.20
Decrease: -1%	22,722.32	20,325.10

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, 2020	March 31, 2019
Central government security	4,727.89	4,418.59
State government security	8,170.96	7,636.42
NCD/ Bonds	4,282.51	4,002.34
Equity	1,238.93	1,157.88
Fixed deposit	65.09	60.83
CBLO	551.07	515.02
Loans	2.72	2.54
Other approved security	200.82	187.68
	<b>19,240.01</b>	<b>17,981.32</b>

#### 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
<b>31-Mar-20</b>				
Defined benefit obligation-gratuity	2,617.24	5,577.82	6,182.36	14,377.42

#### 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 :

Actuarial Assumptions	March 31, 2020	March 31, 2019
	(Funded)	(Funded)
Discount rate	6.61%	7.50%
Rate of escalation in salary	6.00%	6.00%
Interest Rate Guarantee on Provident Fund	*	8.65%
Interest Rate declared by BDL PF Trust	*	8.67%

\* Yet to be notified

#### (iii) Compensated absences

The leave obligations cover the company's liability for earned leave.

The company maintains a funded plan for the purpose of compensated absences. The company recognises the obligations net of planned assets as per the actuarial valuation. A summary of employee benefit obligation and planned assets is presented below:

Particulars	March 31, 2020	March 31, 2019
The Actuarial Liability of Accumulated absences of the employees of the Company	13896.43	12348.28
Less: Plan assets	12477.86	9550.37
Net obligation	1418.57	2797.91
<b>Significant assumptions:</b>		
Discounting Rate	6.61% P.A.	7.75% P.A.
Salary escalation Rate	6.00%	6.00%
Retirement Age	60 YEARS	60 YEARS



#### (iv) Post Retirement Medical Scheme

(₹ in lakh)

Particulars	March 31, 2020	March 31, 2019
a) Contributions made to Post Superannuation Medical Benefits for the Executives retired after 01 Jan 2007- PSMB-II	316.30	284.74
b) Contributions made to Post Superannuation Medical Benefits for the Non-Executives retired after 01 Jan 2007-PSMB-III	426.29	410.27
c) Contributions made towards old scheme of Retired Employees Medical Insurance (REMI)	-	-

#### 39(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, 2020	March 31, 2019
Contract Revenue recognised during the year	-	-
Aggregate amount of cost incurred	41,436.11	41,158.14
Profit Recognised	4,176.39	4,454.38
Amount of retention money due	-	-
Amount of Advance received and outstanding	3335.21	3335.21

#### 39(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 :

(₹ in lakh)

Particulars	March 31, 2020	March 31, 2019
Being in the nature of Revenue expenditure	7004.65	4991.36
Being in the nature of Capital expenditure (Assets Capitalised)	382.01	353.58

#### 39(7)Contingent Liabilities & Contractual Commitments:

(₹ in lakh)

Contingent Liabilities Not Provided for:	March 31, 2020	March 31, 2019
Outstanding Letters of Credit and Guarantees:		
(i) Letters of Credit	844.45	360.08
(ii) Guarantees and Counter Guarantees	2,343.16	5,564.24
<b>Total</b>	<b>3,187.61</b>	<b>5,924.32</b>
Claims / Demands against the Company not acknowledged as Debt:		
(i) PSUs	-	-
(ii) Sales Tax	21,439.30	20,829.42
(iii) Service Tax	4,239.31	1,177.75
(iv) Income Tax	1,140.26	-
(v) Others	193.35	178.06
<b>Total</b>	<b>27,012.22</b>	<b>22,185.23</b>
<b>Contractual Commitments:</b>		
(A) Estimated amount of contracts remaining to be executed on Capital Account and not provided for, is		
(i) Property, Plant & Equipment	5,904.04	1,375.42
(ii) Investment Property	-	-
(iii) Intangible Assets	71.98	-
(B) Contractual Commitment towards LD for the deliverables due at the end of the year will be accounted as and when corresponding revenue is recognised.	6,092.38	22,694.98
<b>Total</b>	<b>12,068.40</b>	<b>24,070.40</b>

#### 39(8) Details of short closed projects:

Out of the advances of ₹ 36243.36 Lakh (as at March 31, 2019 ₹ 36450.36 Lakh) received from the customers, in respect of five contracts/ indents and one LOI which are short closed, the Company has made payments to suppliers for procurement of Special Tools and Equipment and Inventory. Against these payments, Special Tools and Equipment (Note 1) include an amount of ₹ 114.05 Lakh (as at March 31, 2019 ₹ 114.05 Lakh), Current Assets (Note 11-17) comprises an amount of ₹ 13314.42 Lakh (as at March 31, 2019 ₹ 12694.40 Lakh) which includes an amount of ₹ 620.02 lakh (₹ 1422.76 Lakh in 2018-19) paid to vendors during the year in Advances to vendors and ₹ 7855.89 Lakh (as at March 31, 2019 ₹ 7880.32 Lakh) in Inventories, total amounting to ₹ 21284.36 Lakh (as at March 31, 2019 ₹ 20688.77 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 ₹ 5866.37 lakh (as at March 31, 2019 ₹ 6072.67 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.

### 39(9) Related party transactions

#### Name of Key managerial personnel

Shri Cmde Siddharth Mishra (Retd) (wef 01 Mar 2019)	Shri K Divakar, Dir (Technical) (upto 31 Aug 2018)
Shri V Udaya Bhaskar, CMD (upto 28 Feb 2019)	Shri N P Diwakar, Dir (Technical) (wef 01 Sept 2018)
Shri S Piram anayagam, Dir (Finance)	Shri P Radha Krishna, Dir (Production) (wef 01 June 2019)
Shri V Gurudatta Prasad, Dir (Production) (upto 31 May 2019)	Shri K S Sampath, Independent Director
Smt Latha Narasimhamurthy, Independent Director	Shri Ajay Nath, Independent Director
Smt Sushama V Dabak, Independent Director (upto 30 Nov 2019)	Prof. Ajay Pandey, Independent Director (upto 30 Nov 2019)
Shri N Nagaraja, Company Secretary	

(₹ in lakh)

Key management personnel compensation	March 31, 2020	March 31, 2019
Short - term employee benefits	201.53	264.51
Post - employment benefits	30.62	40.34
Long - term employee benefits	-	-
Sitting fee to Independent Directors	9.80	11.90
<b>Total compensation</b>	<b>241.95</b>	<b>316.75</b>

### 39(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 ₹ 216.63 Lakh (₹ 181.55 Lakh as on 31.03.2019)

#### b) Dividends

(₹ in lakh)

Particulars	March 31, 2020	March 31, 2019
(i) Interim dividend for the year ended March 31, 2020 of ₹ 6.25 (March 31, 2019 of ₹ 5.25) per fully paid equity share	11,455.08	9,622.27
(ii) Dividends not recognised at the end of reporting period: As at the year end March 31, 2020 the directors have recommended the payment of a final dividend of ₹ 2.55 per fully paid equity share (March 31, 2019 : ₹ 1.67). The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting"	4,673.67	3,060.80

#### 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.

### 39(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.

### 39(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 ₹ 1,61,566.40 lakh (₹ 1,52,530.70 lakh during the year 2018-19)

### 39(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, 2019 ₹ 41010.00 lakh) on book debts.

### 39(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.

### 39(15) Contingent Assets:

Particulars	March 31, 2020	March 31, 2019
Contingent Assets	-	-



### 39(16) Fair Value Measurement

(₹ in lakh)

Particulars	Fair value hierarchy Level	Notes	As at March 31, 2020			As at March 31, 2019		
			Cost	Amortised Cost	FVTPL	Cost	Amortised Cost	FVTPL
<b>A. Financial Assets</b>								
<b>a) Measured at amortised cost</b>								
i) Cash and cash equivalents	3	13	29,749.47	29,749.47	-	1,697.07	1,697.07	
ii) Other bank balances	3	14	36,600.00	36,600.00	-	35,434.60	35,434.60	
iii) Loans	3	8, 15	537.31	537.31	-	543.85	543.85	
iv) Other financial assets	3	9, 16	242,019.68	242,019.68	-	131,871.36	131,871.36	
v) Trade receivables	3	12	33,836.80	33,836.80	-	58,720.51	58,720.51	
<b>Sub - total</b>			<b>342,743.26</b>	<b>342,743.26</b>	<b>-</b>	<b>228,267.39</b>	<b>228,267.39</b>	<b>-</b>
<b>b) Mandatorily measured at fair value through profit or loss</b>								
i) Investment in equity instruments in other companies	3	7	53.60	-	390.43	53.60		371.74
ii) Deferred receivable	3	9, 16	3233.28	-	4,762.83	3,423.48		5,043.78
<b>Sub - total</b>			<b>3,286.88</b>	<b>-</b>	<b>5,153.26</b>	<b>3,477.08</b>	<b>-</b>	<b>5,415.52</b>
<b>Total Financial Assets</b>			<b>346,030.14</b>	<b>342,743.26</b>	<b>5,153.26</b>	<b>231,744.47</b>	<b>228,267.39</b>	<b>5,415.52</b>
<b>B. Financial Liabilities</b>								
<b>a) Measured at amortised cost</b>								
i) Trade payables	3	25	34,548.53	34,548.53	-	51,945.72	51,945.72	
ii) Lease liabilities	3	20, 26	877.29	877.29	-			
iii) Other financial liabilities	3	21, 27	17,981.03	17,981.03	-	13,819.81	13,819.81	
<b>Sub - total</b>			<b>53,406.85</b>	<b>53,406.85</b>	<b>-</b>	<b>65,765.53</b>	<b>65,765.53</b>	<b>-</b>
<b>b) Mandatorily measured at fair value through profit or loss</b>								
i) Embedded Derivative financial liability	3	21,27	-	-	3,113.97	-		3,276.10
<b>Sub - total</b>			<b>-</b>	<b>-</b>	<b>3,113.97</b>	<b>-</b>	<b>-</b>	<b>3,276.10</b>
<b>Total Financial Liabilities</b>			<b>53,406.85</b>	<b>53,406.85</b>	<b>3,113.97</b>	<b>65,765.53</b>	<b>65,765.53</b>	<b>3,276.10</b>

#### Fair Value Hierarchy

The following table presents the fair value hierarchy of assets and liabilities:

(₹ in lakh)

Particulars	Level	March 31, 2020	March 31, 2019
<b>Financial Assets:</b>			
a) Measured at fair value through profit or loss			
i) Investment in equity instruments in other companies	3	390.43	371.74
ii) Deferred receivable	3	4,762.83	5,043.78
<b>Financial liabilities:</b>			
a) Measured at fair value through profit or loss			
i) Embedded Derivative financial liability	3	3,113.97	3,276.10

#### 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 2020:

(₹ in lakh)

Particulars	Unlisted equity shares	Deferred receivable	Embedded derivative liability
<b>As at 31 March 2019</b>	371.74	5,043.78	3,276.10
Gain/loss recognised in profit and loss	18.69	(280.95)	(162.13)
<b>As at 31 March 2020</b>	390.43	4,762.83	3,113.97

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, 2020	March 31, 2019		
Unquoted equity shares	390.43	371.74	Fair value of the company	A 1% increase in the fair value of the company would increase the non current investment by ₹ 3.90 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 ₹ 3.90 lakh with a corresponding impact on profit and loss.
Deferred receivable	4,762.83	5,043.78	Rupee rate per Special Drawings Right (SDR Unit)	A ₹ 1 increase in the SDR rate would increase the fair value by ₹ 64.92 lakh with a corresponding impact on profit and loss; a ₹ 1 decrease in SDR rate would decrease the fair value by ₹ 64.92 lakh with a corresponding impact on profit and loss.
Embedded derivative liability	3,113.97	3,276.10	Rupee rate per Special Drawings Right (SDR Unit)	A ₹ 1 increase in the SDR rate would increase the fair value by ₹ 66.77 lakh with a corresponding impact on profit and loss; a ₹ 1 decrease in SDR rate would decrease the fair value by ₹ 66.77 lakh with a corresponding impact on profit and loss.

### 39(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, 2020:

(a) Expected credit loss for financial assets where general model is applied

(₹ in lakh)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of provision
Financial assets for which credit risk has not increased significantly since initial recognition	Claims/ refunds receivable	5608.97	0.38%	(21.47)	5,587.50
- Loss allowance measured at 12 month expected credit losses	Loans	537.31	-	-	537.31

(b) Expected credit loss for trade receivables and unbilled revenue under simplified approach

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	259928.55	7441.08	267369.63
Expected credit loss rate	0%	0%	0%
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables	259928.55	7441.08	267369.63



**(ii) 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

**(iii) Reconciliation of loss allowance:**

(₹ in lakh)

Particulars	Trade receivables and unbilled revenue	Claims/refunds receivable
Loss allowance as at March 31, 2019	-	(21.47)
Add/less	-	-
Loss allowance as at March 31, 2020	-	(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, 2020	March 31, 2019
Expiring within one year (bank overdraft and other facilities)	1283.37	1318.45

**(ii) Maturities of financial liabilities**

The company has access to the following undrawn borrowing facilities at the end of the reporting period:

Contractual maturities of financial liabilities as at March 31, 2020	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
<b>Non-derivative</b>					
Lease liabilities	106.10	118.48	441.21	211.50	877.29
Deferred Credit towards 45 years Component	195.60	181.11	466.73	940.72	1784.15
Deposits	1170.27	-	-	-	1170.27
Creditors for expenses	6398.85	-	-	-	6398.85
Employee benefits payable	6966.47	-	-	-	6966.47
Others	320.21	-	-	-	320.21
Capital works	1341.09	-	-	-	1341.09
<b>Derivative</b>					
Embedded derivative liability (Deferred liability)	357.73	162.14	486.42	2107.82	3114.11



(₹ in lakh)

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
<b>Non-derivative</b>					
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	-	-	-	675.72
Capital works	1535.03	-	-	-	1535.03
<b>Derivative</b>					
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, 2020				
	USD	EURO	GBP	CHF	SEK
Foreign currency liabilities					
-Payables	4.43	0.27	-	0.04	-
Foreign currency assets					
-Receivables	42.74	-	-	-	-
Net Exposure	(38.31)	0.27	-	0.04	-

Particulars	March 31, 2019				
	USD	EURO	GBP	CHF	SEK
<b>Foreign currency liabilities</b>					
- Payables	165.33	3.77	0.02	-	9.37
Foreign currency assets					
- Receivables	-	-	-	-	-
Net Exposure	165.33	3.77	0.02	-	9.37

#### (ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and from foreign forward exchange contracts:

Particulars	Impact on Profit	
	March 31, 2020	March 31, 2019
<b>Sensitivity</b>		
INR/USD – Increase by 1%	(27.88)	115.80
INR/USD – Decrease by 1%	27.88	(115.80)
INR/EURO – Increase by 1%	0.23	2.96
INR/EURO – Decrease by 1%	(0.23)	(2.96)
INR/GBP – Increase by 1%	-	0.01
INR/GBP – Decrease by 1%	-	(0.01)
INR/CHF – Increase by 1%	0.03	-
INR/CHF – Decrease by 1%	(0.03)	-
INR/SEK – Increase by 1%	-	0.71
INR/SEK – Decrease by 1%	-	(0.71)

### 39(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.





### 39(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 2020 (As at 31 March, 2019 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	4.43	336.78	42.74	3,124.48	0.25	18.70
	(165.33)	(11,579.62)	-	-	(0.79)	(55.10)
EURO	0.27	22.95	-	-	9.52	801.39
	(3.77)	(296.39)	-	-	(3.57)	(280.63)
GBP	-	-	-	-	-	-
	(0.02)	(1.46)	-	-	-	-
CHF	0.04	3.40	-	-	-	-
	-	-	-	-	-	-
SEK	-	0.00	-	-	-	-
	(9.37)	(70.55)	-	-	-	-
<b>Total (₹)</b>		<b>363.13</b>		<b>3124.48</b>		<b>820.09</b>
		<b>(11,948.02)</b>		<b>-</b>		<b>(335.73)</b>

**39(20) a)** BDL has implemented 5 MW solar plant as per the MNRE's notified guidelines vide No. 30/69/2013-14/nsm (Pt.) dated 7th Jan 2015 including its amendments and clarifications for implementing of scheme for setting up over 300MW grid-connected & off grid solar PV projects by defence establishments under Ministry of defence & Para military forces (under MHA) with Viability Gap Funding (VGF) under Phase II/III of Jawahar Lal Nehru National Solar Mission (JNNSM). VGF under JNNSM is accounted based on receipt and on due basis upon achieving milestones. The VGF fund accounted based on project cost as per the contract. It is being maintained under Deferred Revenue in compliance with the laid down conditions of the scheme. So far VGF in the books of BDL (Bhanur) is ₹ 995.89 lakhs. Deferred revenue @4%PA of VGF value is accounted under Deferred Revenue-Solar Plant, with effect from Sep'2017 and for the current year ₹ 39.83 Lakhs is accounted proportionately.

b) 5 MW Solar plant is in work in progress at Ibrahimpatnam Unit, Hyderabad initiated under Jawahar Lal Nehru National Solar Mission (JNNSM) scheme. As per JNNSM scheme, company is eligible for Viability Gap Fund (VGF) for commissioning of solar plant. The VGF fund is accounted based on project cost as per the contract. It is being maintained under Deferred Revenue in compliance with the laid down conditions of the scheme. So far VGF amount of ₹ 550.00 lakhs is accounted in the books of BDL (Ibrahimpatnam). Deferred Revenue will be recognized after capitalisation.

### 39(21) Disclosures under Ind AS 115: Revenue from contracts with customers

#### 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/reimburseable 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.

- viii. For revenue recognition in respect of performance obligation satisfied at a “point in time” the following criteria is used for determining whether customer has obtained “Control on asset”
- Terms of delivery as per the contract
  - Customer has legal title to the asset
  - The entity has transferred physical possession of the asset
  - Customer has accepted the asset
  - Entity has the present right to payment for the asset
- ix. Transaction price is typically determined based on contract entered into with customer. Allocation of transaction price in respect to multiple obligations is based on relative standalone selling price which is arrived at based on the latest contract available for similar item sold.

**B Break up of revenue recognised against contracts with customers**

(₹ in lakh)

Particulars	Govt of India	Channel Partner (For Exports)	Others	Total
<b>For the year ended March 31, 2020</b>				
Sale of Products	259,759.83	16,132.59	3,481.04	<b>279,373.46</b>
Sale of Services	18,215.71	938.84	0.97	<b>19,155.52</b>
<b>Total</b>	<b>277,975.54</b>	<b>17,071.43</b>	<b>3,482.01</b>	<b>298,528.98</b>
<b>For the year ended March 31, 2019</b>				
Sale of Products	255,225.47	6,646.97	5,840.61	<b>267,713.05</b>
Sale of Services	15,325.59		101.88	<b>15,427.47</b>
<b>Total</b>	<b>270,551.06</b>	<b>6,646.97</b>	<b>5942.49</b>	<b>283,140.52</b>

**C Movement of Contract Assets and Contract Liabilities**

(₹ in lakh)

Particulars	Contract Assets		Contract Liabilities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Opening Balance (A)</b>	<b>131,860.15</b>	<b>149,974.11</b>	<b>196,046.39</b>	<b>211,470.15</b>
<b>Additions</b>				
Against Sales recognised during the year	134,339.48	61,321.20		
Receipt of advance from Customer during the year			168,270.44	235,997.80
Change in transaction price recognised during/previous year				
Others ( if any )	24,368.68	32,949.51	74.74	772.79
<b>Total - (B)</b>	<b>158,708.16</b>	<b>94,270.71</b>	<b>168,345.18</b>	<b>236,770.59</b>
<b>Deductions</b>				
Contract liability adjusted against- Revenue recognised during the year out of Opening balance			114008.92	52,369.90
Contract liability adjusted against- Revenue recognised during the year out of Current year balance			57412.16	196,910.40
Conversion of Contract Asset to Trade receivable	54894.83	86,073.38		
Impairment of Contract Asset if any*				
Write back of Contract Liability if any				
Change in transaction price recognised during/previous year				
Others (if any)	2140.65	26,311.29	3,250.76	2,914.05
<b>Total - (C)</b>	<b>57,035.48</b>	<b>112,384.67</b>	<b>174,671.84</b>	<b>252,194.35</b>
<b>Grand Total ( Closing Balance ) D = ( A+B-C)</b>	<b>233,532.83</b>	<b>131,860.15</b>	<b>189,719.73</b>	<b>196,046.39</b>

\*Impairment is tested as per the accounting policy 15. The company has assessed that there are no indicators of impairment.

Advance received from customer are classified as contract liability and Progressively adjusted on completion of performance obligation. Balance amount receivable after adjusting advance is classified as Trade Receivable.

Amount with held 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 Year
Unexecuted order value as on 31.03.2020*	741,292.00	298,800.00	217,992.00	158,400.00	66,100.00

\*The amount is subject to LD of ₹ 6092.38 lakh



## E Reconciliation of revenue recognised in Statement of Profit and Loss with contract Price

(₹ in lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Revenue as per Statement of P&amp;L Account</b>		
Sale from Products	279,373.46	267,713.05
Sale of Services	19,155.52	15,427.47
<b>Total (a)</b>	<b>298,528.98</b>	<b>283,140.52</b>
<b>Add/ Less adjustment to contract price</b>		
FE variation claim	(3,607.35)	(3,389.67)
Incentives , performance bonus received	-	-
Discount , rebate offered	-	-
Price concession offered	-	-
LD levied by customers	17,173.13	14,897.88
Others if any	9,586.27	22,330.95
<b>Total adjustment (b)</b>	<b>23,152.05</b>	<b>33,839.16</b>
<b>Contract price (a + b)</b>	<b>321,681.03</b>	<b>316,979.68</b>

## F Movement of Trade Receivable for 2019-20

(₹ in lakh)

Particulars	Sales from Products	Income from Service	Total
<b>Opening Balance Net Debtors (A)</b>	<b>48,954.60</b>	<b>3,637.91</b>	<b>52,592.51</b>
Additions			
Against Sales recognised during the year	199,793.92	18,407.75	218,201.67
Conversion of Contract Asset to Trade receivable	52,117.82	2,777.01	54,894.83
Change in transaction price recognised during/previous year	-	-	-
Others ( if any )	924.80	93.16	1,017.96
<b>Total - (B)</b>	<b>252,836.54</b>	<b>21,277.92</b>	<b>274,114.47</b>
Deductions			
Collection made during the years	109,444.99	7,157.07	116,602.06
Advance adjusted during the year out of revenue recognised	159,992.00	11,429.08	171,421.08
Impairment of Debtors ( Provisions)*			-
Change in transaction price recognised during/previous year			-
Others (if any)	4,624.02	223.02	4,847.04
<b>Total -(C)</b>	<b>274,061.01</b>	<b>18,809.17</b>	<b>292,870.17</b>
<b>Grand Total ( Closing Balance ) D = ( A+B-C)</b>	<b>27,730.13</b>	<b>6,106.67</b>	<b>33,836.80</b>

## Movement of Trade Receivable for 2018-19

Particulars	Sales from Products	Income from Service	Total
<b>Opening Balance Net Debtors (A)</b>	<b>64,827.83</b>	<b>6,011.52</b>	<b>70,839.35</b>
Additions			
Against Sales recognised during the year	270,205.71	4,855.71	275,061.42
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
<b>Total - (B)</b>	<b>377,896.47</b>	<b>5,323.22</b>	<b>383,219.69</b>
Deductions			
Collection made during the years	129,613.00	6,978.98	136,591.98
Advance adjusted during the year out of revenue recognised	248,600.87	679.43	249,280.30
Impairment of Debtors ( Provisions)*	-	-	-
Change in transaction price recognised during/previous year	-	-	-
<b>Others (if any)</b>	<b>15,555.83</b>	<b>38.42</b>	<b>15,594.25</b>
<b>Total -(C)</b>	<b>393,769.70</b>	<b>7,696.83</b>	<b>401,466.53</b>
<b>Grand Total ( Closing Balance ) D = ( A+B-C)</b>	<b>48,954.60</b>	<b>3,637.91</b>	<b>52,592.51</b>

\*Impairment is test as per 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.

## 39(22) Implementation of Ind AS 116

### Leases:

- Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied to all lease contracts existing on the date of initial application using the modified retrospective method. Comparative information is not restated.
- The lease liability is measured based on remaining lease payments as on the date of initial application (1st April 2019). Provision for asset retirement obligation is estimated dismantling cost. The carrying amount of the ROU asset is an amount equal to lease liability on the date of initial application and asset retirement obligation, if any.



## Impact on adoption of Ind AS 116:

(₹ in lakh)

Balance Sheet (extract) as at 31 March 2020	Note No.	March 31 2020 without adoption of Ind AS 116	Increase/(Decrease)	March 31 2020 as reported
<b>Assets</b>				
Property, Plant and Equipment	1	78,597.08	(3,291.92)	75,305.16
Right of use assets	4	-	4,151.45	4,151.45
Deferred tax assets	30A	5,413.17	11.80	5,424.97
<b>Total Assets</b>		<b>84,010.25</b>	<b>871.33</b>	<b>84,881.58</b>
<b>Liabilities</b>				
Lease Liabilities	20, 26	-	877.29	877.29
Provisions	22	-	29.13	29.13
<b>Total Liabilities</b>		<b>-</b>	<b>906.42</b>	<b>906.42</b>
<b>Net assets</b>		<b>84,010.25</b>	<b>(35.09)</b>	<b>83,975.16</b>
<b>Equity</b>				
Other Equity	19	242,389.94	(35.09)	242,354.85
<b>Total Equity</b>		<b>242,389.94</b>	<b>(35.09)</b>	<b>242,354.85</b>

(₹ in lakh)

Statement of Profit and Loss (extract) for the year ended 31 March 2020	Note No.	March 31 2020 without adoption of Ind AS 116	Increase/(Decrease)	March 31 2020 as reported
<b>Expenses</b>				
Finance Costs	36	388.98	76.59	465.57
Depreciation and Amortisation expense	37	9,504.47	139.37	9,643.84
Other Expenses	38	29,555.71	(169.07)	29,386.64
<b>Total Expenses</b>		<b>39,449.16</b>	<b>46.89</b>	<b>39,496.05</b>
Profit before tax		74,292.29	(46.89)	74,245.40
<b>Deferred Tax</b>	30C	<b>1,764.19</b>	<b>(11.80)</b>	<b>1,752.39</b>
<b>Profit/ (Loss) for the year</b>		<b>53,525.17</b>	<b>(35.09)</b>	<b>53,490.08</b>

39(23) 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

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As per our report of even date.

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

**For and on behalf of the Board**

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

**S.PIRAMANAYAGAM**  
Director (Finance)  
DIN: 07117827

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

Place: Hyderabad  
Date : 29.06.2020

Place: Hyderabad  
Date : 29.06.2020

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



BHARAT DYNAMICS LIMITED

(A Govt. of India Enterprise, Ministry of Defence)

CIN:- L24292TG1970GOI001353

Corporate Office: - Plot No. 38-39, TSFC Building, Near ICICI Towers, Financial District, Nanakramguda, 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 50<sup>th</sup> Annual General Meeting of the Members of BHARAT DYNAMICS LIMITED will be held at 15:00 hrs on Monday, 28 September 2020 through Video Conferencing/Other Audio Visual Means organized by the Company 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 2020, 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 2020.
- 3) To appoint a Director in place of Shri Diwakar Nayeeni (DIN: 08207722), who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Shri Ashwani Kumar (DIN: 07483427), who retires by rotation and being eligible, offers himself for re-appointment.

### Special Business

- 5) **To appoint Shri.N.Srinivasulu(DIN: 08744682) as Director (Finance) 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 Ministry of Defence, Government of India letter No. DDP-M 0001(11)/03/2019 – D(BDL) dated 20/03/2020 and sections 152,160,196 and applicable provisions if any, of Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 and other applicable Rules, if any, (Including any statutory modification(s) or re-enactment there of for the time being in force), and further on recommendations of Nomination & Remuneration Committee of the Board, consent of the Members be and is hereby accorded to the appointment of Shri.Srinivasulu Nuka as Director (Finance) on the Board of the Company on terms and conditions as stipulated by the Government of India and he shall be liable to retire by rotation"

- 6) **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 2020-21".

**By the Order of the Board of Directors**

**N.Nagaraja**

**Company Secretary**

**Hyderabad**

**31 August 2020**

### 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. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has vide General Circular No. 20/2020 dated May 5, 2020 read with General Circular Nos. 14/2020 dated April 8, 2020 and 17/2020 dated April 13, 2020 and Circular number SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020, issued by the Securities and Exchange Board of India (SEBI), has allowed companies to conduct the Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) without the physical presence of the Members at a common venue. In compliance with the Circulars, the AGM of the Company is being held through VC/OAVM.
3. As the AGM shall be conducted through VC/ OAVM, the facility for appointment of Proxy by the Members is not available and hence, Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.



**Process for dispatch of Annual Report and registration of email id for obtaining copy of Annual Report**

4. In compliance with the aforementioned MCA and SEBI Circulars, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those members whose email addresses are registered with the Company/ Depository Participant. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.bdl-india.in](http://www.bdl-india.in), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of National Securities Depository Limited (NSDL) <https://www.evoting.nsdl.com>.
5. Members who have not registered their e-mail addresses so far or who want to update their e-mail address, are requested to approach their respective DP (for electronic holding) or with R&TA/ Company (for physical holding), for receiving all communication including Annual Report, Notices, Circulars, NECS intimation etc. for the Company electronically.
6. Members are requested to send all communications relating to shares to our Registrar & Share Transfer Agent at the following address:  
Alankit Assignments Limited  
SEBI Registration Number: INR000002532  
Address: -4E/2 Jhandewalan Extension, New Delhi-110055  
Telephone: +91 11 42541234; Facsimile: +91 11 41543474  
Email: [rta@alankit.com](mailto:rta@alankit.com); Website: [www.alankit.com](http://www.alankit.com)
7. 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.
8. Members seeking any information with regard to any matter to be placed at the AGM, are requested to write to the Company through an email on [investors@bdl-india.in](mailto:investors@bdl-india.in)

**Procedure for joining the 50<sup>th</sup> AGM through VC / OAVM**

9. NSDL will be providing facility for voting through remote e-Voting, for participation in the 50<sup>th</sup> AGM through VC/OAVM facility and e-Voting during the 50<sup>th</sup> AGM.
10. Members may note that the VC/OAVM facility, allows participation of at least 1,000 Members on a first come-first-served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
11. Members will be able to attend the AGM through VC/OAVM or view the live webcast of AGM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the link available against the EVEN for Company's AGM.

Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned below in the Notice

12. Facility of joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first-come first-served basis.
13. Members are encouraged to join the Meeting through Laptops for better experience. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
14. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
15. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/1800-222-990 or contact Mr.Amit Vishal, Senior Manager – NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in)/022-24994360 or Mr.Sagar Ghosalkar, Assistant Manager- NSDL at [sagar.ghosalkar@nsdl.co.in](mailto:sagar.ghosalkar@nsdl.co.in) / 022-24994553
16. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

**Procedure to raise questions / seek clarifications with respect to Annual Report at the ensuing 50<sup>th</sup> AGM:**

17. Members are encouraged to express their views/send their queries in advance to [investors@bdl-india.in](mailto:investors@bdl-india.in), mentioning their name, demat account number/folio number, email id, mobile number. Questions/queries received by the Company till **5.00 p.m. on or before Thursday, 24 September 2020** shall only be considered and responded during the AGM
18. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending email to [investors@bdl-india.in](mailto:investors@bdl-india.in) **between 9.00 a.m. on Tuesday, 22 September 2020 to 5.00 p.m. on Thursday, 24 September 2020** mentioning their name, folio number/demat account number, email address, mobile number and queries/questions. Only such questions/queries received by the company till the said date and time shall be considered and responded during the AGM.



19. The Company reserves the right to restrict the number of questions and number of speakers, depending on the availability of time for the AGM.

**Procedure for remote e-Voting and e-Voting during the AGM**

20. All the shareholders of the Company including retail individual investors, institutional investors, etc. are encouraged to attend and vote in the AGM to be held through VC/OAVM.
21. 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 NSDL, 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.
- The remote e-voting period begins on **Thursday, 24 September 2020 (09.00 a.m.) and ends on Sunday, 27 September 2020 (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, **Monday 21 September 2020**, may cast their vote electronically. The e-voting module shall be disabled by NSDL 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.
  - 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. **Monday, 21 September 2020**. In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote during the AGM.
  - Members who have cast their votes by remote e-Voting prior to the AGM may also attend/ participate in the Meeting through VC/ OAVM but they shall not be entitled to cast their vote again.
  - Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 50<sup>th</sup> AGM by email and holds shares as on the cut-off date i.e. **Monday, 21 September 2020** may obtain the User ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - The Company has appointed M/s C.V. Reddy K & Associates, Practising Company Secretary to act as Scrutinizer to conduct and scrutinize the electronic voting process in a fair and transparent manner.
  - The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of electronic voting for all those members who are present at the AGM but have not cast their votes by availing the remote e-Voting facility
  - The results shall be declared not less than forty – eight (48) hours from conclusion of the AGM. The results along with the report of the Scrutinizer shall be placed on the website of the Company [www.bdl-india.in](http://www.bdl-india.in) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited.

**h) INSTRUCTIONS FOR E-VOTING:**

The way to vote electronically on NSDL E-Voting system consists of "Two Steps" which are mentioned below –

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL e-Services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- Your User ID details are given below:

Manner of holding shares i.e. Demat NSDL or CDSL or Physical Your User ID is:

a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your User ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your User ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if folio number is 001 *** and EVEN is 113082 then User ID is 113082001***

- Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow the below steps
      - » In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investors@bdl-india.in or rta@alankit.com.
      - » In case shares are held in demat mode, Members are request to register their email address with their depository participant (s) and further please provide DPID-CLID (16 digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investors@bdl-india.in or rta@alankit.com.
      - » Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned above as the case may be.
- If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - (a) Click on "Forgot User Details/ Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - (d) members can also use the OTP based login for casting the votes on the e-voting system of NSDL.
- After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- Now, please click on "Login" button.
- After you click on the "Login" button, Home page of e-Voting will open.

## Step 2: Cast your vote electronically on NSDL e-Voting system.

- After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e- Voting. Then, click on Active Voting Cycles.
- After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- Select "EVEN" of the Company for which you wish to cast your vote
- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/ modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- i) Those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting, shall be eligible to vote through e-Voting system during the AGM.
- j) Institutional shareholders/Corporate Members (i.e. other than individuals, HUF, NRI, etc.) are requested to send a scanned copy (PDF/ JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the company at [investors@bdl-india.in](mailto:investors@bdl-india.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and [rta@alankit.com](mailto:rta@alankit.com).
- k) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password.  
In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- l) In case of any queries for e-Voting, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).



### **Dividend related information**

22. The Register of Members and the Share Transfer Books of the Company will be closed from **Tuesday, September, 22, 2020 to Monday, September, 28, 2020 (both days inclusive)**.
23. The Board has recommended a final dividend of ₹ 2.55 per equity share of ₹ 10/- each. The dividend, if declared by the Members at the AGM, will be paid within 30 days from the date of declaration to those persons
- whose names appear as beneficial owners at the end of the business hours on **Monday, 21 September 2020** in the list of beneficial owners to be furnished by the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in electronic form; and
  - whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/ Registrar and Share Transfer Agents on or before **Monday, 21 September 2020**.
24. Company will be making the dividend payment by electronic mode wherever possible and by dividend warrant/ Bank demand drafts in other cases. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership details furnished by the Depositories (NSDL & CDSL) as at the close of business hours on **Monday, 21 September 2020** for this purpose. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participant of the Members. Members who have changed their bank account after opening the Depository Account and want to receive dividend in an account other than the one specified while opening the Depository Account, are requested to change/correct their bank account details (including the nine-digit Bank code) with their Depository Participant, before **Monday, 21 September 2020**.
25. 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.
26. Process for updating of bank account mandate for receipt of dividend electronically:

Physical Holding	Send a duly signed request letter to the Registrar and Transfer Agents of the Company by providing Folio No., Name of shareholder along with following documents: a) original cancelled cheque leaf bearing the name of the first shareholder; or b) Bank attested copy of first page of the Bank Passbook/Statement of Account in original and an original cancelled Cheque (In case of absence of name on the original cancelled cheque or initials on the Cheque).
Demat holding	Please contact your Depository Participant (DP) and register your bank account details in your demat account, as per the process advised by your DP.

27. In case the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account the Company shall upon normalization of postal services dispatch the dividend warrants to such shareholder by post.
28. Members may note that as per the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividends paid or distributed by the Company after 1st April 2020, shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to shareholders, subject to approval of shareholders in the ensuing AGM. The TDS rate would vary depending on the residential status of the shareholder and the documents submitted by them and accepted by the Company.
- a) All Shareholders are requested to ensure that the below details are completed and/or updated, as applicable, in their respective demat account(s) maintained with the Depository participant(s); or in case of shares held in physical form, with the Company, on or before the commencement of book closure from **Tuesday, September, 22, 2020 to Monday, September, 28, 2020 (both days inclusive)**.
- Please note that the following details, in case you had already registered with the Company, as available with the Company in the Register of Members/Register of Beneficial Ownership maintained by the Depositories will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:
- Valid Permanent Account Number (PAN).
  - Residential status as per the Income Tax Act, 1961 i.e. Resident or Non-Resident for FY 2020-21.
  - Category of the Shareholder viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) Category I and II, AIF Category III, Government (Central/State Government), Foreign Portfolio Investor (FPI)/Foreign Institutional Investor (FII): Foreign Company, FPI/FII: Others (being Individual, Firm, Trust, Artificial Juridical Person, etc.), Individual, Hindu Undivided Family (HUF), Firm, Limited Liability Partnership (LLP), Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person, Trust, Domestic Company, Foreign Company, etc.
  - Email Address.
  - Residential Address

- b) For Resident Shareholders, TDS is required to be deducted at the rate of 7.5% under Section 194 of the Income Tax Act, 1961 on the amount of dividend declared and paid by the Company in the financial year 2020-21 provided valid PAN is registered by the Shareholder. If the valid PAN is not registered, the TDS is required to be deducted at the rate of 20% under Section 206AA of the Income Tax Act, 1961. However, no tax shall be deducted on the dividends paid to resident individuals if aggregate dividend distributed or likely to be distributed during the financial year does not exceed ₹ 5000. Normal dividend(s) declared in the preceding financial year 2019-20 would be considered as the basis to determine applicability of the said threshold for the entire financial year. In the cases where the shareholder provides valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income), no TDS shall be deducted.

Supporting documents required to be furnished by the different categories of shareholders are given in the Table below:

S.No.	Particulars	Documents required, if any
1	Individuals with no tax liability and fulfilling conditions to submit Form 15G/15H	Declaration in Form 15G/15H as applicable
2	Mutual Funds (Section 196(iv))	Self-attested copy of valid SEBI Registration Certificate. Nil TDS, subject to fulfilling the conditions prescribed under the IT Act
3	Insurance Companies (Section 194)	Self-attested copy of valid IRDA Registration Certificate.
4	Central/State Govts./RBI/Corporations established under a Central Act, whose income is exempt for the time being in force (Section 196)	Documentary evidence for coverage under Sec.196
5	Category I and II Alternative Investment Fund (Sec.197A)	Self-attested copy of valid SEBI Registration Certificate.
6	Approved Superannuation Fund (Circular No.18/2017 dt.29 May 2017)	Self-attested copy of valid approval by IT Dept. under Rule 2 – Part B of Fourth Schedule to IT Act.
7	Recognized Provident Fund (Circular No.18/2017 dt.29 May 2017)	a. Self-attested copy of valid order from Commissioner under Rule 3 – Part A of Fourth Schedule to IT Act b. Self-attested copy of valid documentary evidence in support of the Fund being established under a scheme framed under EPF Act
8	Approved Gratuity Fund (Circular No.18/2017 dt.29 May 2017)	Self-attested copy of valid approval from Commissioner under Rule 2 – Part C of Fourth Schedule to IT Act
9	National Pension Scheme	No TDS u/s 197A (iE)

- c) For Non-resident shareholders, the TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) under Section 195 of the Income Tax Act, 1961. Further, as per Section 90 of the Income Tax Act, 1961 the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders will have to provide the following:

- Self-attested copy of the PAN allotted by the Indian Income Tax authorities;
- Self-attested copy of valid Tax Residency Certificate obtained from the tax authorities of the country of which the shareholder is a resident;
- Self-declaration in Form 10F; and
- Self-declaration in the attached format

Supporting documents required to be furnished by the different categories of shareholders are given in the Table below:

S.No.	Particulars	Documents required, if any
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	Self attested copy of valid FPI/FII Registration Certificate
2	Indian Branch of a foreign bank	Valid Certificate for No deduction of Tax u/s 195(3) Issued by Income Tax authority Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign bank

- d) TDS is deductible at the rate mentioned in the valid lower/Nil rate deduction certificate issued by the Income Tax Department under section 197 of the Income Tax Act, 1961, if such a valid certificate is provided.
- e) Accordingly, in order to enable us to determine the appropriate TDS/with holding tax rate applicable, we request you to provide these details and documents as mentioned above before **Monday, 21 September, 2020**. Kindly note that the aforementioned documents are required to be emailed to rta@alankit.com and investors@bdl-india.in.
- f) It may be further noted that in case the tax on dividend is deducted at a higher rate in absence of receipt of the aforementioned details/ documents, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.
- g) We shall arrange to email the soft copy of TDS certificate at your registered email ID in due course, post payment of the dividend.
- h) Application of TDS rate is subject to due diligence and verification by the Company, of the shareholders' details as available in the register of Members on the Book Closure date, documents, information available in the public domain, etc. In case of ambiguous, incomplete or conflicting information, or if valid documents are not provided, the Company will arrange to deduct tax at the maximum applicable rate.





- i) In the event of any income tax demand, (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Member(s), such Member(s) will be responsible to indemnify the Company, besides providing all requisite information/documents and to co-operate in any assessment/apellate Proceedings.
- j) The information communicated above with regard to TDS is only meant for providing information to the Members and does not purport to be complete or comprehensive guidance on compliance of tax laws. Shareholders are responsible to consult with their tax consultants/advisors with regard to tax provisions applicable to their individual facts and circumstances and compliance of tax laws.

#### **Others**

- 29. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Accordingly, members holding shares in electronic form are requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company. Members may please note that SEBI has also made it mandatory for submission of PAN in the following cases, viz. (i) Deletion of name of the deceased shareholder(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.
- 30. As per Regulation 40 of Listing Regulations, securities of listed companies can only be transferred in dematerialized form, with effect from 01 April 2019, except in case of request of transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are urged for converting their holding to demat form. Members may contact the Company or RTA for any assistance in this regard.
- 31. 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 forms part of the Notice.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

##### **Item No.5**

Shri.Srinivasulu Nuka was appointed as Director (Finance) by the President of India vide Ministry of Defence, Government of India letter No.DDP-M 0001(11)/03/2019 – D (BDL) dated 20/03/2020 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 July 2020) 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 June 29, 2020 with effect from July 01, 2020. The terms and conditions regulating the appointment of Shri. Srinivasulu Nuka as Director (Finance) shall be determined by the Government of India. He shall be liable to retire by rotation. His brief resume containing, qualification, expertise, etc. is annexed here with. Accordingly the Board recommends passing of the proposed Ordinary Resolution as contained in the Notice by Members of the Company. Shri.Srinivasulu 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 has any concern or interest, financially or otherwise, in the resolution set out at item No.5 of this Notice.

##### **Item No.6**

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 260th Meeting held on 29 June 2020 has considered and approved the appointment of M/s.Narasimha Murthy & Co., Cost Accountants as the cost auditor for the financial year 2020-21 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. 6 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 any way, concerned or interested, financially or otherwise, in the resolution at item No.6 of the accompanying Notice.

**By the Order of the Board of Directors**

**Hyderabad**  
**31 August 2020**

**N.Nagaraja**  
**Company Secretary**



BHARAT DYNAMICS LIMITED

(A Govt. of India Enterprise, Ministry of Defence)

CIN:- L24292TG1970GOI001353

Corporate Office: - Plot No. 38-39, TSFC Building, Near ICICI Towers, Financial District, Nanakramguda, 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

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AT THE AGM PURSUANT TO REGULATION 36(3) OF LISTING REGULATIONS AND SECRETARIAL STANDARD – 2 ON GENERAL MEETINGS:**

Name of the Director	Shri N P Diwakar	Shri Ashwani Kumar	Shri N.Srinivasulu
DIN	08207722	07483427	08744682
Date of Birth	August 13, 1962	July 08, 1963	January 26, 1964
Date of first appointment on the Board	September 01, 2018	March 09, 2016	July 01, 2020
Qualifications	B.E., in Mechanical Engineering from Osmania University, Hyderabad.	Bachelor's Degree in Medicine and Surgery from Guru Nanak Dev University and Bachelors in law from Chaudhary Charan Singh University. Master's degree in International Taxation	Bachelor in Commerce and an MBA in Finance from Osmania University, Hyderabad
Expertise in specific functional areas	He has rich experience spanning over 28 years in various Missile programs such as Prithvi, Akash & ATGM's. Also worked in tandem with DRDO to realise the Prithvi & Akash Missile systems from Development Mode to Series of Production Mode.	He has worked as a Commissioner of Income Tax and was appointed as Addl. FA& Joint Secretary in the Ministry of Defence on January 08, 2016.	He has rich experience in various areas of finance spanning over 30 years, which includes 24 years in BDL.
Terms and conditions of appointment or reappointment	He was appointed w.e.f September 1, 2018 pursuant to Ministry of Defence, Government of India vide their 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 vide their letter No.H-62011/1/2016-D (BDL) dated May 30, 2019.	He was appointed as Government Nominee on the Board of Bharat Dynamics Limited w.e.f March 9, 2016 pursuant to Ministry of Defence, Government of India vide their letter No. 14(8)/2016/IFDP-II dated March 9, 2016.	He was appointed w.e.f July 1, 2020 pursuant to Ministry of Defence, Government of India vide their letter No. DDP-M 0001(11)/03/2019 – D (BDL) dated 20/03/2020. The current terms and conditions of his employment were prescribed by Ministry of Defence vide their letter No. DDP-M 0001(11)/03/2019 – D (BDL) dated 28 July 2020.
Details of remuneration last drawn (FY 2019-20)	₹ 45,09,130	-	-
Directorships in other Public Limited Companies (excluding foreign companies, private companies & section 8 companies)	Nil	Nil	Nil
Membership of Committees/ Chairmanship in other Public Limited Companies*	1) Member of Audit Committee of BDL 2) Member of Stakeholders Relationship Committee of BDL	-	Member of Stakeholders Relationship Committee of BDL
No. of Board Meetings attended during the Financial Year 2019-20	6 out of 6	4 out of 6	-
No. of shares held in the Company:			
(a) Own	NIL	Nil	NIL
(b) For other persons on a beneficial basis	Nil	Nil	NIL
Inter-se relationship with other Directors and Key Managerial personnel	Nil	Nil	NIL

\* In line with Regulation 26 of SEBI (LODR) Regulations, 2015, as amended, membership of the Audit Committee and Stakeholders' Relationship Committee has only been taken into consideration



## Self Declaration Format

Date: \_\_\_\_\_

To

Bharat Dynamics Limited,  
Corporate office, Plot No.38-39,  
TSFC Building (Near ICICI Towers),  
Financial District, Gachibowli, Hyderabad,  
Telangana(State) - 500032.

Dear Sir/Madam,

Re: Self declaration Financial Year (FY) 2020-21 with respect to avilment of tax treaty benefits in relation to receipt of dividend income from Bharat Dynamics Limited.

With reference to the captioned subject and in relation to the appropriate deduction of taxes on the dividend payable to me / us by Bharat Dynamics Limited ("the Company"), I / We hereby declare as

- I / We, <<full name of the shareholder>>, having Permanent Account Number (PAN) under the Indian Income tax Act, 1961 ('the Act') <<mention PAN>>, and holding <<mention number of shares held>> number of shares of the Company as on the record date. I / We, am / are a tax resident of <<country name>>. A copy of the valid tax residency certificate for the period 1 April 2020 to 31 March 2021, is attached herewith.
- I / We am / are tax resident of the <<country name>> as defined under Article \_\_\_\_\_ of the tax treaty between India and \_\_\_\_\_ ('the applicable tax treaty'). I / We, am / are eligible to be governed by the provisions of the applicable tax treaty and meet all the necessary conditions to avail the benefits under the applicable tax treaty.
- I / We do not have any Permanent Establishment ('PE') or fixed base in India as construed under relevant Articles of the applicable tax treaty nor do we have any PE or business connection in India as construed under the relevant provisions of the Act.
- As required to claim the benefits of the lower tax rate under the applicable tax treaty in relation to the dividend income to be received by me / us from the Company, I / We, specifically confirm that I / We am / are the beneficial owner of the above referred equity shares of the Company and the dividend income receivable from the Company in relation to the said shares.
- I / We further declare that I / we have the right to use and enjoy the dividend received / receivable from the above shares and such right is not constrained by any contractual and / or legal obligation to pass on such dividend to another person.
- I / We specifically confirm that my affairs / affairs of <<full name of the shareholder>> were arranged such that the main purpose or the principal purpose there of was to obtain tax benefits available under the applicable tax treaty.
- Further, our claim for relief under the tax treaty is not restricted by application of Limitation of Benefit clause, if any, thereunder.

I / We confirm that the above is true to the best of our knowledge and I / We shall be solely responsible for any adverse income-tax consideration that may arise in India on the dividend income to be received from the Company.

<< Entity Name >>

Place: .....

Name: \_\_\_\_\_

(Signature)

# MILESTONES

- 2020** Golden Jubilee Year
- 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 Amry
- 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 DBL'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



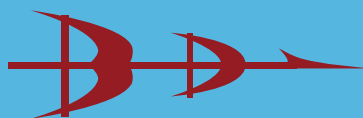
Kanchanbagh Unit



Bhanur Unit



Visakhapatnam Unit



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

(भारत सरकार का उपक्रम, रक्षा मंत्रालय)  
(A Govt. of India Enterprise, Ministry of Defence)

Corporate Office: Plot No. 38-39, TSFC Building,  
(Near ICICI Towers) Financial District, Gachibowli, Hyderabad - 500032, Telangana, India.  
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