DRAFT RED HERRING PROSPECTUS
Dated January 22, 2018
Please read Section 32 of the Companies Act, 2013
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Offer

BHARAT DYNAMICS LIMITED

Our Company was incorporated as a private limited company on July 16, 1970 as "*Bharat Dynamics Private Limited*" with the Registrar of Companies, Hyderabad under the Companies Act, 1956. The Board of Directors in their meeting held on October 07, 1970 passed a resolution for deleting the word 'private' from the name of our Company and the name of our Company was changed to "*Bharat Dynamics Limited*" pursuant to an amendment to the certificate of incorporation issued by the Registrar of Companies, Hyderabad. Our Company became a deemed public limited company under Section 43A of the Companies Act, 1956 with effect from July 01, 1975. Subsequent to the abolition of Section 43A of the Companies Act, 1956, with effect from December 13, 2000, our Company again became a private limited company. Further, our Company was converted to a public limited company and a fresh certificate of incorporation pursuant to conversion from private to public was issued by the RoC on October 27, 2017. For further details in connection with change in name and registered office of our Company, please see "*History and Certain Corporate Matters*" on page 136.

Registered Office: Kanchanbagh, Hyderabad – 500 058, Telangana, India
Corporate Office: Plot no.38-39, TSFC Building, Near ICICI Towers, Financial District, Gachibowli, Hyderabad-500032
Contact Person: N. Nagaraja, Company Secretary and Compliance Officer;
Telephone: +91 40 2434 4979 | Fax: +91 40 2434 0660 | **E-mail:** investors@bdl-india.com | **Website:** www.bdl-india.com
Corporate Identification Number: U24292TG1970GOI001353

OUR PROMOTER: THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF DEFENCE, GOVERNMENT OF INDIA

INITIAL PUBLIC OFFERING OF [●] EQUITY SHARES# OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF BHARAT DYNAMICS LIMITED (OUR "COMPANY" OR THE "ISSUER") THROUGH AN OFFER FOR SALE BY OUR PROMOTER, THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF DEFENCE, GOVERNMENT OF INDIA (THE "SELLING SHAREHOLDER"), FOR CASH AT A PRICE* OF ₹[●] PER EQUITY SHARE (THE "OFFER PRICE"), AGGREGATING TO ₹[●] MILLION (THE "OFFER"). THE COMPANY MAY RESERVE A PORTION OF [●] EQUITY SHARES FOR ALLOCATION AND ALLOTMENT TO ELIGIBLE EMPLOYEES (AS DEFINED HEREIN), ("EMPLOYEE RESERVATION PORTION"). THE OFFER AND THE NET OFFER WILL CONSTITUTE [●]% AND 12.00% RESPECTIVELY, OF THE PRE AND POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH. THE PRICE BAND, THE RETAIL DISCOUNT, EMPLOYEE DISCOUNT, AS APPLICABLE AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY THE SELLING SHAREHOLDER AND THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMS") AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH DAILY NEWSPAPER FINANCIAL EXPRESS, ALL EDITIONS OF THE HINDI NATIONAL NEWSPAPER JANSATTA AND THE HYDERABAD EDITION OF THE TELUGU DAILY NEWSPAPER SURYAA (TELUGU BEING THE REGIONAL LANGUAGE OF TELANGANA WHEREIN THE REGISTERED AND CORPORATE OFFICE OF OUR COMPANY IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

*# The Net Offer currently constitutes 10,996,875 Equity Shares. Subject to receipt of necessary approvals of the Shareholders and the Ministry of Defence, Government of India, the Board of Directors of our Company on December 26, 2017 has approved the bonus issue of 91,640,625 Equity Shares in the ratio of one Equity Share for every one Equity Share held by the Shareholders (the "**Proposed Bonus Issue**"). Post completion of the Proposed Bonus Issue, the paid-up Equity Share capital shall increase from 91,640,625 Equity Shares to 183,281,250 Equity Shares. DIPAM, pursuant to its letter dated December 13, 2017, has approved the (i) disinvestment of 12.00% of our Promoter's shareholding in our Company; and (ii) a reservation of Equity Shares in the Employee Reservation Portion over and above the aforesaid disinvestment of 12.00% of our Promoter's shareholding in our Company. Post completion of the Proposed Bonus Issue, the Net Offer shall constitute 21,993,750 Equity Shares.*

***A discount of up to [●]% on the Offer Price may be offered to Retail Individual Bidders ("**Retail Discount**") equivalent to ₹[●] per Equity Share and to Eligible Employees Bidding in the Employee Reservation Portion (if any) ("**Employee Discount**") equivalent to ₹[●] per Equity Share.*

In case of any revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding ten Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

The Offer is being made in terms of Rule 19(2)(b)(iii) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), wherein at least 10% of the post-Offer Equity Share capital of our Company will be offered to the public. The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI ICDR Regulations**"), wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIB Portion**"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All Bidders shall participate in the Offer mandatorily through the Applications Supported by Blocked Amount ("**ASBA**") process by providing the details of their respective ASBA Accounts in which the corresponding Bid Amount will be blocked by the SCSBs. For details, see "*Offer Procedure*" on page 338.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10 each and the Floor Price is **[●]** times of the face value and the Cap Price is **[●]** times of the face value. The Offer Price (as determined and justified by the Selling Shareholder and the Company, in consultation with the BRLMs), as stated in "*Basis for Offer Price*" on page 87 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 15.

COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Offer, which is material in the context of this Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect. Further, the Selling Shareholder confirms all information set out about itself as the Selling Shareholder in context of the Offer for Sale included in this Draft Red Herring Prospectus and accepts responsibility for statements in relation to itself and the Equity Shares being sold by it in the Offer for Sale are true and correct in all material respects.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Offer, [●] shall be the Designated Stock Exchange. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Issue Closing Date, see "*Material Contracts and Documents for Inspection*" on page 399.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE OFFER
SBI CAPITAL MARKETS LIMITED **Address:** 202, Maker Tower 'E', Cuffe Parade, Mumbai - 400 005, Maharashtra, India. **Telephone:** +91 22 2217 8300 **Facsimile:** +91 22 2217 8332 **Email:** bdl.ipo@sbicaps.com **Website:** www.sbicaps.com **Investor Grievance ID:** investor.relations@sbicaps.com **Contact Person**: Sambit Rath / Nikhil Bhiwapurkar **SEBI Registration Number:** INM000003531	**IDBI CAPITAL MARKETS & SECURITIES LIMITED** **(Formerly known as IDBI Capital Market Services Limited)** **Address:** 3rd Floor, Mafatlal Centre, Nariman Point, Mumbai - 400 021, Maharashtra, India **Telephone:** +91 22 4322 1212 **Facsimile:** +91 22 2285 0785 **Email:** ipo.bdl@idbicapital.com **Website:** www.idbicapital.com **Investor Grievance ID:** redressal@idbicapital.com **Contact Person**: Sumit Singh / Priyankar Shetty **SEBI Registration Number:** INM000010866	**YES SECURITIES (INDIA) LIMITED** **Address:** IFC, Tower 1 & 2, Unit no. 602 A, 6th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai 400 013 Maharashtra, India **Telephone:** +91 22 3012 6919 **Facsimile:** +91 22 2421 4508 **Email:** dlbdl.ipo@yessecuritiesltd.in **Website:** www.yesinvest.in **Investor Grievance ID:** igc@yessecuritiesltd.in **Contact Person**: Mukesh Garg / Chandresh Sharma **SEBI Registration Number:** INM000012227	**ALANKIT ASSIGNMENTS LIMITED** **Address**: 205 – 208, Anarkali Complex, Jhandewalan Extension, New Delhi, 110 055, India. **Telephone:** +91 11 4254 1234 **Facsimile:** +91 11 4154 3474 **Email:** bdl_ipo@alankit.com **Website:** www.alankit.com **Investor Grievance ID:** bdl_igr@alankit.com **Contact Person**: Pankaj Goenka/Bojiman **SEBI Registration Number:** INR000002532

BID/OFFER PROGRAMME

BID/OFFER OPENING DATE: [●]	BID/OFFER CLOSING DATE**: [●]

*** The Selling Shareholder and the Company may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with SEBI ICDR Regulations.*

[This page has been intentionally left blank]

TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, requires or implies, the following terms shall have the following meanings in this Draft Red Herring Prospectus. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto from time to time.

General Terms

Term	Description
"our Company", the "Company", the "Issuer", we, us or our	Bharat Dynamics Limited, a company incorporated under the Companies Act, 1956, having its registered office at Kanchanbagh, Hyderabad – 500 058, Telangana, India.

Company Related Terms

Term	Description
Articles of Association/AoA/ Articles	The articles of association of our Company, as amended and in force from time to time.
Audit Committee	The audit committee of our Board of Directors.
Board/Board of Directors	The board of directors of our Company or a duly constituted committee thereof.
CSR Committee	The corporate social responsibility and sustainability development committee of our Board of Directors.
Corporate Office	Plot no.38-39, TSFC Building, Near ICICI Towers, Financial District, Gachibowli, Hyderabad-500 032, Telangana, India.
Director(s)	The director(s) of our Company.
Equity Shares	The equity shares of our Company of face value of ₹10 each.
F&S	Frost & Sullivan India Private Limited.
F&S Report	Report titled "Report on Defence & Guided Missile Systems in India" published on December 19, 2017 by F&S.
IPO Committee	The committee of our Board of Directors.
Key Management Personnel	Key management personnel of our Company in terms of section 2(51) of the Companies Act or regulation 2(1)(s) of the SEBI ICDR Regulations.
Materiality Policy	Our Company, in its Board meeting held on December 26, 2017 adopted a policy on identification of material creditors and material litigations.
Memorandum of Association/ MoA	The memorandum of association of our Company, as amended and in force from time to time.
MoU	The Memorandum of Understanding that our Company enters into with the Department of Defence Production, MoD every financial year.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board of Directors.
Promoter	The Promoter of our Company is the President of India acting through the Ministry of Defence, GoI.
Proposed Bonus Issue	The bonus issue of 91,640,625 Equity Shares in the ratio of one Equity Share for every one Equity Share held by the Shareholders as approved by the Board of Directors of the Company in its meeting held on December 26, 2017, subject to the approval of the Shareholders and the MoD.
Registered Office	Registered office of our Company located at Kanchanbagh, Hyderabad – 500 058, Telangana, India.
Restated Financial Statements	The restated audited financial statements of our Company which comprises, in each case: • the audited balance sheet, the audited statement of profit and loss and the audited cash flow statements as at and for the six months period ended September 30, 2017 and as at and for the financial years ended March 31, 2017, March 31, 2016 and March 31, 2015 and notes thereto prepared in accordance with the Ind AS and the Companies Act and the

Term	Description
	rules made thereunder; and • the audited balance sheet, the audited statement of profit and loss and the audited cash flow statements as at and for the financial years ended March 31, 2014 and March 31, 2013 and notes thereto, prepared in accordance with Indian GAAP and the Companies Act; and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised) issued by the ICAI, together with the schedules, notes and annexures thereto.
RoC	Registrar of Companies, Andhra Pradesh and Telangana, situated at Hyderabad, India.
SEBI Exemption Letters	The exemption letters issued by SEBI: • Letter bearing reference No. SEBI/HO/CFD/DIL1/OW/P/2017/18400/1 dated August 03, 2017; and • Letter bearing reference No. SEBI/HO/CFD/DIL1/OW/P/2018/1679/1 dated January 17, 2018. granting certain exemptions under the SEBI ICDR Regulations and the SEBI Listing Regulations.
Shareholders	Shareholders of our Company.
Statutory Auditor/ Auditor	The statutory auditor of our Company, namely, S.R. Mohan & Co.

Offer related terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the ASBA Form.
Allot/Allotment/Allotted	Transfer of Equity Shares to successful Bidders pursuant to the Offer to the successful Bidders.
Allotment Advice cum Refund Intimation	Note, advice or intimation of status of Allotment sent to the Bidders who have applied for the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom the Equity Shares is Allotted.
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by an ASBA Bidder, to make a Bid and authorize a SCSB to block the Bid Amount in the ASBA Account.
ASBA Account	A bank account maintained with a SCSB and specified in the ASBA Form submitted by Bidders for blocking the Bid Amount mentioned in the ASBA Form.
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.
ASBA Bidder	Any Bidder in the Offer who intends to submit a Bid.
ASBA Form	An application form, whether physical or electronic, used by an ASBA Bidder and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Banker(s) to the Offer/ Escrow Collection Bank	Banks which are clearing members and registered with SEBI as bankers to an offer and with whom the Public Offer Account will be opened.
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Procedure*" on page 338.
Bid	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations. The term Bidding shall be construed accordingly.

Term	Description
Bid Amount	The highest value of optional Bids indicated in the ASBA Form and as blocked in the ASBA Account of the Bidder, less the Retail Discount and Employee Discount as applicable, upon submission of the Bid.
Bid Lot	[●] Equity Shares.
Bid/Offer Closing Date	The date after which the Designated Intermediaries will not accept any Bids which shall be published in all editions of the English daily newspaper Financial Express, all editions of the Hindi national newspaper Jansatta and the Hyderabad edition of the Telugu daily newspaper Suryaa (Telugu being the regional language of Telangana, where the Registered Office is located) each with wide circulation.
Bid/Offer Opening Date	The date on which the Designated Intermediaries shall start accepting Bids which shall be published in all editions of the English daily newspaper Financial Express, all editions of the Hindi national newspaper Jansatta and the Hyderabad edition of the Telugu daily newspaper Suryaa (Telugu being the regional language of Telangana, where the Registered Office is located) each with wide circulation.
Bid/Offer Period	The period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the ASBA Form and unless otherwise stated or implied.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, i.e., Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building method	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made.
BRLMs/ Book Running Lead Managers	SBI CAP, IDBI Capital and YES Securities.
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time.
Cap Price	The higher end of the Price Band, above which the Offer Price will not be finalised and above which no Bids will be accepted.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Cut-off Price	Offer Price, finalised by the Selling Shareholder and the Company, in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders and the Eligible Employees Bidding in the Employee Reservation Portion, respectively are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Demographic Details	Details of the Bidders including the Bidder’s address, name of the Bidder’s father/husband, investor status, occupation and bank account details.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges

Term	Description
	(www.bseindia.com and www.nseindia.com), as updated from time to time.
Designated Date	The date on which the amounts blocked by the SCSBs are transferred from the ASBA Accounts, to the Public Offer Account after filing of the Prospectus with the RoC, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Offer.
Designated Intermediaries	Syndicate Members, sub-Syndicate/agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Offer.
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time.
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated January 22, 2018; issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addendum or corrigendum thereto.
Eligible Employee	A permanent and full-time employee of our Company (excluding such employee not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines), as on the date of registration of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India and continue to be on the rolls of our Company as on the date of submission of their ASBA Form and Bidding in the Employee Reservation Portion (if any). Directors, Key Management Personnel and other employees of our Company involved in the Offer Price fixation process cannot participate in the Offer (as per Model Conduct, Discipline and Appeal Rules of CPSEs and Office memorandum of DPE dated June 16, 2009 and July 28, 2009). An employee of our Company who is recruited against a regular vacancy but is on probation as on the date of submission of the ASBA Form will also be deemed a permanent employee of our Company.
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe or to purchase the Equity Shares.
Employee Discount	Discount of ₹[●] per Equity Share to the Offer Price given to Eligible Employees Bidding in the Employee Reservation Portion.
Employee Reservation Portion	The portion of the Offer, being [●] Equity Shares that may be reserved for allocation and Allotment to Eligible Employees. DIPAM, pursuant to its letter dated December 13, 2017, has approved the reservation of Equity Shares in the Employee Reservation Portion over and above the disinvestment of 12.00% of our Promoter's shareholding in our Company. The quantum of Equity Shares in the Employee Reservation Portion shall be determined prior to filing the Red Herring Prospectus.
Escrow Agreement	The agreement dated [●] entered into between our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s) for transfer of funds from Public Offer Account and where applicable, refunds of the amounts collected, on the terms and conditions thereof.
Equity Shares	Equity Shares of face value of ₹10 each.
First Bidder	Bidder whose name shall be mentioned in the ASBA Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price will be finalised and below which no Bids will be accepted.
General Information	The General Information Document prepared and issued in accordance with

Term	Description
Document/GID	the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to the circulars (CIR/CFD/POLICYCELL/III/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, suitably modified and included in "*Offer Procedure*" on page 338.
IDBI Capital	IDBI Capital Markets & Securities Limited (Formerly known as IDBI Capital Market Services Limited)
Maximum RIB Allottees	The maximum number of Retail Individual Bidders who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Bidders by the Bid Lot.
Mutual Fund Portion	5% of the QIB Portion, or [●] Equity Shares which shall be available for allocation to Mutual Funds only.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Offer	The Offer less the Employee Reservation Portion currently being 10,996,875 Equity Shares aggregating to ₹[●] million. Post completion of the Proposed Bonus Issue, the paid-up Equity Share capital shall increase from 91,640,625 Equity Shares to 183,281,250 Equity Shares and therefore, the Net Offer shall constitute 21,993,750 Equity Shares.
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees Bidding in the QIB portion or Retail Portion or Employee Reservation Portion, respectively and who have Bid for the Equity Shares for an amount more than ₹200,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Net Offer comprising of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.
Non-Resident	A person resident outside India as defined under FEMA and includes a Non Resident Indians, FVCIs and FPIs.
Offer/ Offer for Sale	The initial public offer of [●] Equity Shares of face value of ₹10 each for cash at a price of ₹[●] each, aggregating ₹[•] million through an offer for sale by the Selling Shareholder. Subject to receipt of necessary approvals of the Shareholders and the Ministry of Defence, Government of India, the Board of Directors of our Company on December 26, 2017 has approved the Proposed Bonus Issue. Post completion of the Proposed Bonus Issue, the paid-up Equity Share capital shall increase from 91,640,625 Equity Shares to 183,281,250 Equity Shares. DIPAM, pursuant to its letter dated December 13, 2017, has approved the (i) disinvestment of 12.00% of our Promoter's shareholding in our Company; and (ii) a reservation of Equity Shares in the Employee Reservation Portion over and above the aforesaid disinvestment of 12.00% of our Promoter's shareholding in our Company. Accordingly, the Offer size shall be determined post completion of the Proposed Bonus Issue.
Offer Agreement	The agreement dated January 22, 2018 between our Company, the Selling Shareholder, the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer.
Price Band	Price band of a minimum price of ₹ [•] per Equity Share (Floor Price) and the maximum price of ₹ [•] per Equity Share (Cap Price) including revisions thereof, if any. The Price Band for the Offer will be decided by the Selling Shareholder and the Company in consultation with the BRLMs and will be advertised, at least five Working Days prior to the Bid/ Offer Opening Date, in all editions of the English daily newspaper Financial Express, all editions of the Hindi national newspaper Jansatta and the Hyderabad edition of the Telugu daily newspaper Suryaa (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation.

Term	Description
Pricing Date	The date on which the Selling Shareholder and the Company, in consultation with the BRLMs, will finalise the Offer Price.
Prospectus	The Prospectus to be filed with the RoC after the Pricing Date in accordance with section 26 of the Companies Act, and the provisions of the SEBI ICDR Regulations containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information including any addenda or corrigenda thereto.
Public Offer Account	A bank account opened with the Bankers to the Offer by our Company under section 40(3) of the Companies Act to receive monies from the ASBA Accounts on the Designated Date.
Public Offer Account Agreement	The agreement dated [●] entered into between our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s) for transfer of funds from Public Offer Account and where applicable, refunds of the amounts collected, on the terms and conditions thereof.
QIB Category/QIB Portion	The portion of the Net Offer being 50% of the Net Offer comprising of [•] Equity Shares which shall be Allotted to QIBs.
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations.
Red Herring Prospectus or RHP	The red herring prospectus dated [●] issued in accordance with Section 32 of the Companies Act and the provisions of the SEBI ICDR Regulations which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be registered with the ROC at least three Working Days before Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
Refund Account	The account opened with the Refund Bank to which refunds, if any, of the whole or part of the Bid Amount, shall be transferred from the Public Offer Account(s).
Refund Bank	The Banker to the Offer with whom the Refund Account will be opened, in this case being [●].
Registered Brokers	Stock brokers registered with the SEBI and the stock exchanges having nationwide terminals other than the Members of the Syndicate, eligible to procure Bids in terms of circular no. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI.
Registrar Agreement	The agreement dated January 22, 2018 entered into amongst our Company, the Selling Shareholder and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Registrar to the Offer or Registrar	Alankit Assignments Limited.
Retail Discount	Discount of ₹[●] per Equity Share to the Offer Price given to Retail Individual Bidders in the Retail Portion.
Retail Individual Bidder(s)/RIB(s)	Individual Bidders, other than Eligible Employees Bidding in the Employee Reservation Portion who have Bid for the Equity Shares for an amount not more than ₹2,00,000 in any of the bidding options in the Net Offer (including HUFs applying through their Karta and Eligible NRIs).
Retail Portion	The portion of the Net Offer being not less than 35% of the Net Offer consisting of [•] Equity Shares which shall be available for allocation to Retail Individual Bidder(s) in accordance with the SEBI ICDR Regulations subject to valid Bids being received at or above the Offer Price.
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Forms or any previous Revision form(s).

Term	Description
	QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity and of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders cannot revise their Bids after the Bid/ Offer Closing Date.
SBICAP	SBI Capital Markets Limited
Self Certified Syndicate Banks or SCSBs	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time
Selling Shareholder	The President of India, acting through the Ministry of Defence, GoI.
Specified Locations	Bidding centers where the Syndicate shall accept ASBA Forms, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time.
Stock Exchanges	BSE Limited and National Stock Exchange of India Limited.
Syndicate Agreement	The agreement dated [●], entered into amongst the BRLMs, the Syndicate Members, our Company, the Selling Shareholder and Registrar to the Offer in relation to the collection of ASBA Forms by Syndicate Members.
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, in this case [●].
Syndicate or Members of the Syndicate	The BRLMs and the Syndicate Members.
Systemically Important Non-Banking Financial Company	A non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than ₹5,000 million as per the last audited financial statements.
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s).
Underwriting Agreement	The agreement dated [●] to be entered into amongst the Underwriters, our Company and the Selling Shareholder on or after the Pricing Date, but prior to the registration of the Prospectus with the RoC.
Wilful Defaulter	Any person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes any company whose director or promoter is categorised as such.
Working Day	“Working Day” means all days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, “Working Day” shall mean all days’ excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 as amended from time to time.
YES Securities	YES Securities (India) Limited

Technical/Industry Related Terms/Abbreviations

Term	Description
ATGM	Anti Tank Guided Missile
CMDS	Countermeasure Dispensing System
DRDO	Defence Research and Development Organisation, Government of India
LR SAM	Long Range Surface to Air Missile
MR SAM	Medium Range Surface to Air Missile
OEM	Original Equipment Manufacturer
R&D	Research and Development
SAM	Surface to Air Missile

Term	Description
SFD	Submarine Fired Decoy
VSHORADM	Very Short Range Air Defence Missile

Conventional and General Terms or Abbreviations

Term	Description
₹/Rs./ Rupees	Indian Rupees
A/c	Account
AGM	Annual General Meeting
AIF	Alternative Investment Funds registered with SEBI under the SEBI AIF Regulations
Air Act	The Air (Prevention and Control of Pollution) Act, 1981, as amended
AS or Accounting Standards	Accounting Standards as notified under Companies (Accounting Standards) Rules, 2006
AY	Assessment Year
BSE	BSE Limited
Category I FPIs	FPIs who are registered with SEBI as "Category I foreign portfolio investors" under the SEBI FPI Regulations
Category II FPIs	FPIs who are registered with SEBI as "Category II foreign portfolio investors" under the SEBI FPI Regulations
Category III FPIs	FPIs registered as "Category III foreign portfolio investors" under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CIBIL	Credit Information Bureau (India) Limited
CIC	Credit Information Companies
CIN	Corporate Identity Number
Companies Act	Companies Act, 1956 and / or Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013 by the MCA) alongwith the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013 (to the extent in force pursuant to the notification of sections of the Companies Act, 2013 by the MCA), alongwith the relevant rules made thereunder
Competition Act	Competition Act, 2002, as amended
Consolidated FDI Policy	The extant Consolidated Foreign Direct Investment Policy notified by DIPP from time to time, in this case the Consolidated Foreign Direct Investment Policy notified by notification D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017
CPSUs/PSU	Central Public Sector Undertakings
CPSE Capital Restructuring Guidelines	The Guidelines on Capital Restructuring of Central Public Sector Enterprises issued by the DIPAM by an Office Memorandum bearing reference No. (F. No. 5/2/2016-Policy dated May 27, 2016
DIPAM	Department of Investment and Public Asset Management, Ministry of Finance, GoI
DIN	Directors Identification Number
DP ID	Depository Participant's Identification
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
Equity Listing Agreement	Listing Agreement to be entered into with the Stock Exchanges on which the Equity Shares of our Company are to be listed
EPS	Earnings per share
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952, as amended.
ESI Act	Employees State Insurance Corporation Act, 1948, as amended
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations framed there under and as amended.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person

Term	Description
	Resident Outside India) Regulations, 2017
Fiscal or Financial Year or FY	Period of 12 months ended March 31 of that particular year, unless otherwise stated
Finance Act read with Service Tax Rules	Finance Act, 1994 read with Service Tax Rules, 1994, as amended
FPIs	A foreign portfolio investor as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investor registered under the SEBI FVCI Regulations
GDP	Gross Domestic Product
GoI or Government of India or Central Government	The Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
Indian GAAP	Generally accepted accounting principles in India
Ind AS	Indian Accounting Standards
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015
IPO	Initial Public Offering
IRDA	Insurance Regulatory and Development Authority
IT	Information Technology
IT Act/ Income Tax Act	Income Tax Act, 1961, as amended
MCA	Ministry of Corporate Affairs, GoI
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended
MoD or Ministry of Defence	Ministry of Defence, GoI
NAV	Net Asset Value
No.	Number
NRE Account	Non-Resident External Account
NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000 as amended
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PCB	Pollution Control Board
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
SBI	State Bank of India
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012 as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 as amended
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations,

Term	Description
	1996 as amended
Securities Act	U.S. Securities Act of 1933 as amended
Sq. ft.	Square foot
Sq. mt.	Square meter
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
TAN	Tax Deduction and Collection Account Number allotted under the Income Tax Act, 1961, as amended
TDS	Tax Deducted at Source
U.S. or US or U.S.A or United States	The United States of America, together with its territories and possessions
US$	United States Dollar, the official currency of the United States of America
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI VCF Regulations
Water Act	The Water (Prevention and Control of Pollution) Act, 1974, as amended

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India and all references to the "U.S.", "U.S.A" or "United States" are to the United States of America.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Financial Data

Unless stated otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Restated Financial Statements in accordance with the Companies Act, Indian GAAP and Ind AS (as applicable) and restated in accordance with the SEBI ICDR Regulations.

Our Company's Financial Year commences on April 01 and ends on March 31 of the following year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that year. Unless the context otherwise requires, all references to a year in this Draft Red Herring Prospectus are to a calendar year and references to a financial year are to March 31 of that calendar year.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

There are significant differences between Indian GAAP, Ind AS, and IFRS. Our Company does not provide reconciliation of its financial information to IFRS . Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, the Indian GAAP, Ind AS and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. Our annual financial statements for periods subsequent to April 01, 2016, have been prepared and presented in accordance with Ind AS. Given that Ind AS differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with Ind AS may not be comparable to our historical financial statements prepared under the Indian GAAP. See "*Risk Factors –Our Financial Statements may not be comparable*" on page 39.

On February 16, 2015, the Ministry of Corporate Affairs issued the Ind AS Rules for the purpose of enacting changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The Ind AS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with the Indian Accounting Standards converged with IFRS, although any company may voluntarily implement Ind AS for the accounting period beginning from April 01, 2015. Pursuant to SEBI circular number SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016, our restated financial information for the financial years ending March 31, 2017, March 31, 2016 and March 31, 2015 and the six months period ended September 30, 2017 included in this Draft Red Herring Prospectus has been prepared under the Ind AS while our restated financial information for the financial years ending March 31, 2014 and March 31, 2013 included in this Draft Red Herring Prospectus has been prepared under Indian GAAP.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on 15, 120 and 276 respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Financial Statements prepared in accordance with Companies Act, Ind AS and Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

Currency and Units of Presentation

All references to:

"Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and "USD" or "US$" are to United States Dollar, the official currency of the United States.

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "million" units.

One million represents 1,000,000 and one billion represents 1,000,000,000.

Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and other currencies:

(Amount in ₹, unless otherwise specified)

Currency	As on September 30, 2017(1)	As on March 31, 2017	As on March 31, 2016	As on March 31, 2015	As on March 31, 2014(2)	As on March 31, 2013(3)
1 US$	65.35	64.84	66.33	62.59	60.10	54.39

Source: RBI Reference Rate from www.rbi.org.in

1. Exchange rate as on September 29, 2017, as RBI reference rate is not available for September 30, 2017 being a public holiday, a Saturday.
2. Exchange rate as on March 28, 2014, as RBI reference rate is not available for March 31, 2014, March 30, 2014 and March 29, 2014 being a public holiday, a Sunday and a Saturday, respectively.
3. Exchange rate as on March 28, 2013, as RBI reference rate is not available for March 31, 2013, March 30, 2013 and March 29, 2013 being a Sunday, a Saturday and a public holiday, respectively.

Industry and Market Data

Industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information and from the report titled "*Report on Defence & Guided Missile Systems in India*" dated December 19, 2017 by F&S.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 15.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

In accordance with the SEBI ICDR Regulations, the "*Basis for Offer Price*" on page 87 includes information relating to our peer companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward looking statements". These forward looking statements can generally be identified by words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement.

Further, the actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

Important factors that could cause actual results to differ materially from our expectations include, among others:

1. 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;
2. the loss of, or shutdown of, our operations at any of our units;
3. imposition of liquidated damages and invocation of performance bank guarantees / indemnity bonds by our customers;
4. our failure to comply with the procurement rules and regulations of the MoD, Government regulations and other rules and regulations;
5. lack of or delays in the award of long-term contracts or cancellation/ modification of existing contracts;
6. failing to improve our research and development capabilities, access new markets and develop new relationships which complement our existing business operations or changing market demands;
7. cost overruns or delays in delivery; and
8. competition in the markets in which we operate, including with respect to international competitors who may have substantially greater resources than us.

For a further discussion of factors that could cause our actual results to differ, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operation*" on pages 15, 120 and 276 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We cannot assure Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as on the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although, we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with SEBI requirements, our Company and the Selling Shareholder shall severally ensure that investors in India are informed of material developments from the date of this Draft Red Herring Prospectus in relation to the statements and undertakings made by them in this Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer. Further, in accordance with Regulation 51A of the SEBI ICDR Regulations, our Company may be required to undertake an annual updation of the disclosures made in this Draft Red Herring Prospectus and make it publicly available in the manner specified by SEBI.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information disclosed in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment decision in our Equity Shares. If anyone or a combination of the following risks actually occur, our business, prospects, financial condition and results of operations could suffer and the trading price of our Equity Shares could decline and you may lose all or part of your investment. The risks described below are not the only ones relevant to us or our Equity Shares or the industry and regions in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risks where the effect is not quantifiable and hence have not been disclosed in the applicable risk factors.

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing all or a part of their investment. Investors are advised to read the risk factors described below carefully before making an investment decisions on this Offer.

To obtain a more detailed understanding of our Company, prospective investors should read this section in conjunction with titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 120 and 276 respectively, contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Offer.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See the section "Forward-Looking Statements" on page 13.

Unless specified or quantified in the relevant risks factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Financial Statements.

As a result of national security related concerns, certain material information in relation to our business and operations has been classified as 'confidential' by the Ministry of Defence, Government of India and us. As a result we have not (i) disclosed such information in this DRHP; and / or (ii) provided such information to the BRLMs, the legal counsels and other intermediaries involved in this Offer. We cannot assure you that this DRHP contains all such material information necessary for investors to make an informed investment decision.

INTERNAL RISK FACTORS

Risk relating to Our Business and Our Industry

1. We are 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.

Our primary customer is the MoD from which we derived 98.31%, 97.31%, 92.93% and 79.27% of our total revenue from operations for the six months period ended September 30, 2017, Fiscals 2017, 2016 and 2015, respectively. As on October 31, 2017, we have an order book position of ₹111,640.00 million.

Although we are amongst a few industries in the world having capabilities to manufacture and integrate guided weapon systems and counter measures for the MoD for over four decades, and derive a majority of our revenues from our primary customer, the MoD, we cannot assure you that the MoD will continue to engage us or that we will continue to sustain the general level of revenue that we have secured in the past.

The Indian armed forces have also launched a modernization programme, keeping in view the policies of the Government of India such as the opening of foreign direct investment in the Defence sector to encourage competition from all sectors in defence acquisition programmes. We are aware that on account of the same our status as a nominated production agency will transition to that of a competitive bidder and due to such procurement policy and competition we may suffer loss of new business from our existing client. Further, if our major customer ceases to have business dealings with us or materially reduces the level or frequency of their orders from us and we are unable to secure new orders from other sources to replace such a loss or reduction, our business, financial condition, results of operations and prospects may be adversely affected.

2. As a result of national security concerns, certain information in relation to our business and operations is classified as 'secret and confidential' pursuant to which we have not disclosed such information in this DRHP nor provided such information to the BRLMs and other intermediaries and advisors involved in this Offer.

Our Company operates in the defence sector and is engaged in the manufacture of Surface to Air missiles (SAMs), Anti-Tank Guided Missiles (ATGMs), underwater weapons, launchers, countermeasures and test equipment, as well as the refurbishment and extension of the life of missiles. As our Company's operations are directly linked to the Indian defence sector, a large part of the operations of our Company are classified as secret and confidential.

As a result of national security related concerns, the MoD and we have determined that certain material documents and information as secret and confidential such as board minutes and committee minutes, agreements which we executed with our suppliers, vendors, customers, technical collaborators and sub-contractors, information in relation to our business strategy, research and development plans, demand and supply forecasts, existing capacity, past trends and future prospects, planned capital expenditure, and qualitative and quantitative information. However, in terms of Schedule VIII Part A (VIII)(B)(1)(b), B(1)(c), B(1)(e), B(2), B(3), D(1)(b)(i), D(1)(b)(iii), D(1)(b)(v), D(1)(b)(v), D(1)(d), (D(1)(f), D(5), D(6) and (IX)(b)(19)(b) and (XVI) of the SEBI ICDR Regulations following disclosures are required to be made in the DRHP: (i) details of plant, machinery, technology, process; (ii) details of collaborations including any performance guarantee or assistance in marketing by the collaborators along with details of the persons/entities with whom technical and financial agreements have been entered into by our Company; (iii) details about the market for the products of our Company including details of the competition, past production figures for the industry, existing installed capacity, past trends and future prospects regarding exports, demand and supply forecasts; (iv) business strategy of the Company including a brief statement about future prospects with respect to capacity and capacity utilisation; (v) details of the intellectual property owned or used by the Company; (vi) details of capacity / facility creation, location of plant, products, marketing, competition etc; (vii) details of negative features like time/cost overrun, defaults and lock-out/strikes; (viii) corporate profile of our Company regarding its history, the description of the activities, services, products, market of each segment, the growth of our Company, exports and profits due to foreign operations together with country-wise analysis, the standing of the Company with reference to the prominent competitors with reference to its products, management, major suppliers and customers, environmental issues, segment, etc; (ix) technology, market, managerial competence and capacity built up; (x) details of material contracts not entered in the ordinary course of business; (xi) details of strategic partners. SEBI has pursuant to the SEBI Exemption Letters granted us exemption from complying with the aforesaid disclosure requirements subject to certain conditions. Due to the foregoing, such documents and information have not been disclosed in this DRHP or is not as detailed as that found in other public offering documents. Further, pursuant to the SEBI Exemption Letters, our Company has been exempt from making such confidential documents/information available to public inspection under the requirements of Schedule VIII, Part A (XVI) of the SEBI ICDR Regulations.

Due to the confidential nature of such documents and information, we have been restricted from disclosing such information to the BRLMs, other intermediaries and advisors involved in the Offer. As a result, the BRLMs and other intermediaries and advisors involved in the Offer have had limited access to such documents and information and accordingly have not been able to independently verify certain disclosures made herein. In such instances the BRLMs, other intermediaries and advisors have relied on the information and confirmations given to them by our management. Further, the BRLMs, other intermediaries and advisors cannot assure you that all information (other than the confidential information stated above) that are material in the context of this Offer have been disclosed to the BRLMs and the advisors and have relied on the confirmation given by our management with respect to such information.

As a result of the restrictions imposed on the BRLMs and other intermediaries' and advisors; access to material information, and the limitations on the disclosure of such information in this DRHP, through the SEBI Exemption Letters, SEBI has granted relaxation from strict compliance with the format of due diligence certificates to be issued by the BRLMs in relation to the Offer under (1), 2(a), 2(c), 11 and 12(b) of Form A (due diligence certificate before opening of the Offer) and, clause 1 of Form C (due diligence certificate at the time of registering the Prospectus with RoC), clause 1 of Form D (due diligence certificate immediately before opening of the Offer) and clause 1 of Form E (due diligence certificate after opening of the Offer) of Schedule VI of the SEBI ICDR Regulations. We cannot assure you that this DRHP contains all such material information necessary for investors to make an informed investment decision, and cannot assure you that there is no omission of any material fact necessary in order to make the statement made herein, in the context in which they are made, not misleading.

3. Our business operation 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.

Our manufacturing units are located in Hyderabad and Bhanur of Telangana and Vishakhapatnam, Andhra Pradesh. We have commissioned certain facilities at our proposed manufacturing unit in Ibrahimapatnam, Telangana. Accordingly, we rely exclusively on our facilities located in Telangana and Andhra Pradesh to earn revenues, pay our operating expenses and service our debt. Any significant interruption to, or loss or shutdown of, operations at any our facilities would adversely affect our business. Our operations may be subject to unexpected interruptions, including from natural and man-made disasters. Our facilities and operation could be adversely affected, among other factors, breakdown or failure of equipment, difficulties or delays in obtaining spare parts and equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, raw material shortages, fire, explosion and the need to comply with the directives of relevant government authorities.

Furthermore, any significant interruption to our operations directly or indirectly as a result of industrial accidents, labour unrest, severe weather or other natural disasters could materially and adversely affect our business, financial condition and results of operations. Similar adverse consequences could follow if war, or war-like situations were to prevail, terrorist attacks were to affect our related infrastructure, or if the Government of India were to temporarily take over the facilities during a time of national emergency. In addition, any disruption in basic infrastructure, such as in the supply of electricity from the State of Andhra Pradesh and Telangana or in our water supply could affect our daily operations and substantially increase our manufacturing costs. We do not maintain business interruption insurance and will not be covered for any claims or damages arising out of such disruptions. Any disruption of our existing supply of basic infrastructure services such as power or water, our failure to obtain such additional supplies as required by us or an increase in the cost of such supplies may result in additional costs to us. In such situations, our production capacity may be materially and adversely impacted. In the event our facilities are forced to shut down for a significant period of time, our earnings, financial condition and results of operation would be materially and adversely affected.

4. Our future growth and expansion is limited by our production capacities, the requirements of the MoD and the locations at which we operate.

Our production capacity is limited by, amongst other things, the size of our facilities, the number, size and capacities of our units and equipment and the future requirements of the MoD. See "*Our Business*" on page 120 for a discussion of our facilities. In addition, the size and capacity of missiles/ torpedoes we manufacture is limited by our location at which we operate.

Our expansion plan of setting up two more manufacturing units at Amravati in Maharashtra and Ibrahimapatnam in Telangana is still in fruition and will be subject to finalisation of our contracts for existing or future products with our customers. In the event we are unable to set up the two proposed units in a timely manner, our business, results of operation, financial condition and prospects will be adversely affected.

We cannot assure you that we will be able to manage the future expansion of our facilities effectively. Any failure on our part to do so will have a material adverse effect on our business, financial condition, results of operations and prospects.

5. Our agreements, memorandums of understanding and non-disclosure agreements with various business partners may not yield the benefits we expect.

We have entered into a number of agreements, non-disclosure agreements and memorandums of understanding and projects for technical collaboration, transfer of technology and co-development of certain products with entities engaged in the similar sector of business in other jurisdictions. We expect to enter into more agreements, non-disclosure agreements and memorandum of understandings during the development of our business. We cannot assure you that these agreements, memorandum of understanding and non-disclosure agreements with various business partners will yield the benefits we expect.

6. We derive our revenues from the MoD contracts on the achievement of certain milestones. Our contracts with the MoD are subject to termination.

Under the contracts with the MoD, funds are released upon execution of the contract and based on achievement of certain milestones in the projects awarded to us. Our customers usually provide us an advance payment for the products. Further progressive advances are made under these contracts as and when we incur expenditure. The balance payments for the contracts are made on proof of dispatch, proof of receipt and inspection of the products.

In addition, our MoD contracts permit the MoD to terminate the contract for any delay of more than 24 months after the scheduled delivery date of the product, if such delay not being attributable to force majeure. The MoD may also terminate a contract for default in the event of breach by us. The termination of multiple or large programs could have an adverse effect on our future revenue and earnings.

7. Imposition of liquidated damages and invocation of performance bank guarantees / indemnity bonds by our customers could impact our results of operations and we may face potential liabilities from lawsuits and claims by customers in the future.

All of our contracts with our customers provide for liquidated damages for late delivery. Depending on the customer, we are required to provide indemnity bond / performance bank guarantee. Any delay in the supply of goods may lead to the levy of liquidated damages or invocation of the indemnity bond / performance bank guarantee by our customers. The value of the indemnity bond / performance bank guarantees range between 5% to 10% of the contract value. For the Financial Years ended 2017, 2016 and 2015 and for the six months period ended September 30, 2017, provisions held for liquidated damages were ₹2,423.40 million, ₹2,037.13 million, ₹1,137.32 million and ₹2,606.60 million respectively on contracts under execution and we had made a provision for liquidated damages amounting to ₹1,892.95 million, ₹2,465.20 million, ₹1,085.40 million and ₹971.61 million respectively to our customers.

We cannot assure you that in future such contracts (entered / to be entered into by us) can be completed profitably. Any time and / or cost overruns on our contracts could have a material adverse effect on our business, financial condition and results of operations. The incurring of such liabilities pursuant to the imposition of liquidated damages as well as invocation of such performance bank guarantees and indemnity bonds for multiple or large programs could have an adverse effect on our business, operations, revenues and earnings.

8. We are 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.

We are required to comply with and are affected by policies, rules and regulations of the MoD, in particular the DPP and its amendments/ revision from time to time relating to the award of the MoD contracts. Government contract rules and regulations affect how we do business with our customers, in particular, the MoD and, in some instances, impose added costs on our business. A violation of specific rules and regulations could harm our reputation and result in the imposition of fines and penalties or the termination of our contracts. For example, the DPP states that an integrity pact would need to be signed between the bidders and the MoD for the contracts exceeding an estimated value of ₹200 million. If the Defence PSUs are the bidders for the contract, they are not required to sign an integrity pact with the MoD. However, the Defence PSUs are required to sign an integrity pact with sub-vendors individually for contracts. Our Company has adopted a threshold value from ₹20 million to ₹200 million and above (depending on the nature of the contract) for signing of the integrity pact with bidders. The integrity pact is a binding agreement between us and our vendors, subcontractors, agents or middlemen, that they will not accept bribes or offer bribes. There is no assurance that our vendors, sub-contractors, agents or middlemen or any other person acting on our behalf may indulge in such activities which could result in termination of the contract.

In addition, the MoD contracts typically span one or more base years and with an option for extension. The MoD, generally has the right not to exercise option periods and may not exercise an options period if the agency is not satisfied with our performance on the contract.

The MoD and Indian armed forces, routinely audit and review the performance of programs for which we have entered into specific contracts with them. These audits review our performance under these programs which include the review of cost structure, compliance with applicable laws, regulations of the MoD and standards of quality. If an audit uncovers any improper or illegal activities, such as, an event where we have paid any third party commission to ensure that we secure the MoD contract or are found guilty of securing a MoD contract by virtue of undue influence, we may be subject to administrative sanctions, including termination of contracts, recovery of loss due to such termination, imposition of penal damages, forfeiture of indemnity bonds / bank guarantees provided under the contracts and refund of amounts paid by the MoD. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us.

9. ***We are continuously dependent on our key original equipment manufacturers ("OEM") for sub-assemblies / components, single source suppliers and sub-contractors. Any failure on the performance of any of them could have a material impact on our operations.***

Our business substantially relies on licenses from foreign OEMs and the DRDO. We depend on these prime contractors, supplying agency, the DRDO and OEM relationships to provide us with the transfer of technology, as well as other strategic benefits.

Our business, financial condition or results of operations could be materially adversely affected if these prime contractors eliminate or reduce their subcontracts, either because they choose to establish relationships with our domestic competitors for future programs or because they choose to directly offer services to the MoD that compete with our business, or in the event that the GoI or the MoD terminates or reduces these other contractors' programmes or does not award them new contracts. Procurement of such technology licenses from these prime contractors and OEM relationships, as well as from its strategic relationship with certain of its competitors is subject to the foreign policy of the GoI and inter-governmental relationships. Our inability to secure the future technology licenses for the latest products from these prime contractors and OEM relationships, as well as from its strategic relationships with certain of its competitors could have a material impact on our operations.

Further, for our own indigenous developments we are significantly dependent on a few key suppliers and subcontractors to provide us with critical components and raw materials, parts and assemblies, training and services that we need to manufacture our products. We undertake procurement of raw materials by way of a competitive tender and place our orders with the selected suppliers on a purchase order basis. Certain of these suppliers may experience financial or other difficulties such as force majeure events, take over or acquisition of the Company by another company, changes in laws, rules, regulations, economic conditions of the suppliers and labour problems which may result in delays to our production schedules.

Our business is affected by the price, quality, availability and the timely delivery of the components and parts that we use to manufacture our products. Our business, therefore, could be adversely impacted by factors affecting our suppliers (such as the destruction of our suppliers' facilities or their distribution infrastructure, a work stoppage or strike by our suppliers' employees or the failure of our suppliers to provide materials of the requisite quality), by increased costs of such components or Government regulation of the supplier's country.

Depending on the severity of these difficulties, some suppliers could be forced to reduce their output, shut down their operations or file for bankruptcy protection, which could disrupt or supply of components, raw materials and parts.

It may be difficult for us to find a replacement for certain suppliers without significant delay, thereby impacting our ability to complete or meet customer obligations in a satisfactory and timely manner. These events could in turn have a negative impact on our future results of operation and financial condition. To the extent that we decide in the future to provide financial or other assistance to certain suppliers in financial difficulty in order to ensure an uninterrupted supply of materials and parts, we could be exposed to credit risk on the part of such suppliers.

Finally, if the macro-economic environment leads to higher than historic average inflation, our labour and procurement costs may increase significantly in the future. This may lead to higher components and production costs which could in turn negatively impact our future profitability and cash flows, to the extent we are unable to pass these costs on to our customers or require our suppliers to absorb such costs. Our suppliers or subcontractors may also make claims or assertions against us for higher prices or other contractual compensation, in particular in the event of significant changes to design and development, certification or production schedules, which could negatively affect our future profitability.

10. We also operate in evolving markets which makes it difficult to evaluate our business and future prospects.

Missiles and counter measures that we offer are sold in new and rapidly evolving markets. Accordingly, our business and future prospects are difficult to evaluate. We cannot accurately predict the extent to which demand for our products will increase, if at all. Prior to investing, you should consider the challenges, risks and uncertainties frequently encountered by companies in rapidly evolving markets and technologies. These challenges include our ability to do the following:

- Generate sufficient revenue to maintain profitability;
- Acquire and maintain market share;
- Manage growth in our operations;
- Attract and retain additional engineers and other highly qualified personnel;
- Adapt to new or changing policies and spending priorities of governments and government agencies; and
- Access additional capital when required and on reasonable terms.

If we fail to address these and other challenges, risks and uncertainties successfully, our business, results of operations and financial condition could be materially affected.

11. Our operating and financial performance may be adversely affected by lack of or delays in the award of long-term contracts or cancellation/ modification of existing contracts.

The long term sustainability of our economic and financial performance depends on our ability to perform our existing contracts and to enter into new long-term contracts. Given the nature of our customers, that is, primarily the MoD our existing long term contracts may be affected by disputes with customers, which may put in danger the regular performance of the obligations arising thereunder. In addition, our customers may not place a repeat or continuous order for our existing products.

Furthermore, no assurances can be given that we will enter into new contracts to permit us to carry on our business or that any new contract entered into or renewed will be on terms and conditions similar to those of its current contracts. The award of new contracts is subject to competition and is affected by factors outside of our control such as governmental spending decisions and administrative procedures. Any failure to secure or any delay in securing a consistent number of long – term contracts or any interruption, suspension or termination of existing contracts may cause an insufficient workload that would adversely affect our operating and financial position.

12. ***Our business could be materially adversely affected if any fault of ours causes any accidents at our units.***

The manufacturing processes for our products are highly complex, require technically advanced and costly equipment and hazardous materials, and involve risks, including breakdown, failure or substandard performance of equipment, improper installation or operation of equipment and industrial accidents. Our operations expose us to potential liabilities for personal injury or death or property damage as a result of the failure or malfunction of manufacturing equipment or of any missile/ torpedo or other products that have been designed, manufactured or serviced by us. In addition, defects in or malfunctioning of our products could cause severe damage to property and death or serious injury to our customers' personnel, which could expose us to litigation and damages. An accident caused by our fault or negligence during testing or delivery could also damage our reputation for quality products. We have in the past suffered accidents at our units. For example in 2001 a fire accident occurred at our Hyderabad manufacturing unit due to the accidental firing of a missile. As a result, our Hyderabad manufacturing unit was shut down for four days. Further in 2015, one contract labourer died in an accident while transferring explosive waste material from container to the burning pit and one contract labourer died while chopping off an extra portion of a pillar was at our Hyderabad manufacturing unit.

While we believe that our public liability insurance is adequate to protect us from product liability claims, while testing and until we deliver the missile/ torpedo/ other products to our customer base, however, it may not be adequate to cover any third party claims brought against us. Also, we may not be able to maintain insurance coverage in the future at an acceptable cost. Any such liability not covered by insurance or for which third party indemnification is not available could require us to dedicate a substantial portion of our cash flows to make payments on such liability, which could have a material adverse effect on our business, financial condition and results of operations.

13. ***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.***

We seek to achieve growth through the development, production, sale and support of innovative products that incorporate advanced technologies. The product, program and service needs of our customers changes and evolve regularly, and we invest substantial amounts in research and development efforts to pursue advancements in a wide range of technologies, products and services. If our products ramp-up efforts are delayed or if the suppliers cannot deliver on time or perform to our standards, we may not meet our customers' production schedules, which could result in material additional costs, including penalties that could assessed under existing contractual provisions. Our ability to realize the anticipated benefits of our technological advancements depends on a variety of factors, including meeting development, production, certification and regulatory approval schedules, execution of internal and external performances plans, availability of supplier and internally- produced parts and materials, performance of suppliers and subcontractors, hiring and training of qualified personnel, achieving cost and production efficiencies identification of emerging technological trends in our target end markets, validation of innovative technologies, the level of customer interest in new technologies and products, and customer acceptance of our products and products that incorporate technologies we develop. These systems and end products may incorporate additional technologies manufactured by third parties and involve additional risks and uncertainties. As a result, the performance and market acceptance of these larger systems and end products could affect the level of customer interest and acceptance of our own products in the marketplace.

Any development efforts divert resources from other potential investments in our businesses, and these efforts may not lead to the development of new technologies or products on a timely basis. In addition, the markets for our products or products that incorporate our technologies may not develop or grow as we anticipate. We or our customers, suppliers or subcontractors may encounter difficulties in developing and producing new products and services, and may not realize the degree or timing of benefits initially anticipated or may otherwise suffer significant adverse financial consequences. Due to the design complexity of our products, we may in the future experience delays in completing the development and introduction of new products. Any delays could result in increased development costs or deflect resources from other projects in particular, we cannot predict with certainty whether, when and in what quantities our business will produce and sell and other products currently in development or pending required certifications.

Our contracts are generally awarded to us on the basis of being a nominated production agency of the MoD. However, we understand that the increase in competition from domestic and international players, there is no assurance that our status as a nominated production agency will remain. In the event, contracts are awarded to us on a competitive basis, our bids will be based upon, among other items, the cost to provide products and services. To generate an acceptable return on our investment in these contracts, we must be able to accurately estimate our costs to provide series and deliver the products required by the contract and be able to complete the contracts in a timely manner. If we fail to accurately estimate our costs or the time required to complete a contract, the profitability of our contracts may be materially and adversely affected.

Some of our contracts provide for liquidated damages in the event that we are unable to perform and deliver in accordance with the contractual specifications and schedule. In addition, we may face customer directed cost reduction targets that could have a material adverse effect on the profitability of our contracts. Furthermore, we cannot sure that our competitors will not develop competing technologies which gain market acceptance in advance of or instead of our products. The possibility exists that our competitors might develop new technology or offerings that might cause our existing technology and offerings to become obsolete. Any of the foregoing could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

14. We incur and expect to continue to incur research, design and development costs, which may not lead to satisfactory returns or to successful new products in line with changing market demand.

The business environment in many of our principal operating segments requires extensive design and development expenses to keep pace with rapid technological and market changes in the guided missile manufacturing sector. However, with the MoD and the Indian armed forces opting to phase out the upgrade its defence systems and ordering new missiles with superior technology, we would need to invest in research, design and development to manufacture indigenous missiles to remain competitive.

Our future growth depends on adapting existing products to new requirements and introducing new products that achieve acceptance of the MoD and the Indian armed forces. To this extent, we incur research, design and development costs. In the Financial Years 2015, 2016 and 2017 and for the six months period ended September 30, 2017, our research, design and development expenses were ₹227.21 million, ₹294.33 million, ₹347.10 million and ₹180.35 million, respectively. We expect to continue to spend significant funds on research, design and development in the future.

Our future growth depends on penetrating new international markets as well as remaining as a key supplier to the MoD, adapting existing products to new applications, and introducing new products that achieve market acceptance. We plan to incur substantial research, design and development costs as part of our efforts to design, develop and commercialize new products and enhance existing products.

We also carry out our own research, design and development for which we may also utilize borrowings or other external funding in the future. Since we account for research, design and development of our own as an operating expense, these expenditures may adversely affect our earnings in the future. This increase in research, design and development not funded by our customers which is accounted as an operating expenses may adversely affect our earnings. In any case, our research, design and development programmes may not guarantee and produce successful results, and our new products may not achieve market acceptance, create additional revenue or become profitable, which could materially harm our business, results of operations and financial condition.

15. Our business could be adversely affected by an adverse outcome of an audit by the Comptroller Auditor General of India ("CAG")

The GoI agencies like the CAG routinely audit government Public Sector Undertakings ("**PSU**") like us. The CAG reviews a PSU's performance under its contracts, cost structure and compliance with applicable laws, regulations and standards. The CAG also reviews the adequacy of, and a PSU's compliance with, its internal control systems and policies, including the PSU's purchasing, projects, property, estimates, labour, accounting and information systems. In some cases, audits may result in costs not being reimbursed or subject to repayment.

We have been subject to observations by the CAG on our products in the past. For example the CAG in its report titled "Union Defence Services Army, Ordnance Factories and Defence PSUs" in 2016 has pointed to a delay of more than two years from the date of supply of the Akash SAM and that the completion of the supply of Akash SAM would take another four to five years. The CAG in its report titled "Compliance Audit on Observations of Union Government, Commercial" in 2013 identified, amongst others, in relation to the Konkurs-M ATGM (i) deficiency in contract for transfer of technology; (ii) delay in updation of technical documentation; (iii) failure by us to enhance capacity; (iv) levy of liquidated damages for delay in supply of the Konkurs-M ATGM; and (v) loss of approximately ₹3,225.3 million (including liquidated damages and cost overruns). Our business could be adversely effected by an adverse outcome of the CAG and we could suffer reputational harm if allegations by the CAG were made against us.

16. The CAG and our current and past statutory auditors have qualified and made certain observations in their audit report on our financial statements in recent financial years.

The CAG and our current and past statutory auditors have qualified and made certain observations in their audit report on our financial statements with certain qualifications. The following table sets out the qualifications from the Financial Year 2013 to the Financial Year 2017 and for the six months period ended September 30, 2017. For further details see "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Certain Observations Noted by the Comptroller and Auditor General of India and our Statutory Auditors*" on page 300.

For more information, see *"Financial Statements – Annexure V (Note 2)"* to the Restated Financial Statements. Though we believe that we have been able to address some of these issues, if such matters of emphasis are highlighted or such qualifications are contained in future audit reports, the price of our Equity Shares may be adversely impacted.

17. We may fail to enhance our market position by failing to improve our research and development capabilities, access new markets and develop new relationships which complement our existing business operations which may have an adverse impact on our business, financial condition and results of operations.

As part of our expansion strategy, we intend to enhance our market position through improving our research and development capabilities and accessing new markets and relationships which complement our existing business operations. The implementation of such expansion is subject to a number of risks, including, but not limited to the risks of:

- Failing to assimilate new technology required for building new products identified;
- Failure of new equipment and facilities installed for expansion;
- Experiencing difficulties in obtaining regulatory approvals;
- Being adversely affected by changes in market conditions and demands;
- Experiencing the diversion of our management's time and attention from other business concerns; and
- Experiencing difficulties in retaining the key employees of who are essential to successfully managing those businesses.

If any of these uncertainties materializes, it may have an adverse effect on our business, financial condition and results of operation.

18. ***We could incur losses under our fixed price contracts as a result of cost overruns or delays in delivery which may have an adverse effect on our business, financial condition and results of operations.***

Our earnings and margins may vary materially depending on the types of long-term MoD contracts undertaken, the nature of the products produced or services performed under those contracts, the costs incurred in performing the work, the achievement of other performance objectives, and the stage of performance at which the right to receive fees is finally determined. Changes in procurement policy favoring new, accelerated or different award fee criteria may affect the predictability of our profit rates.

We are dependent on our suppliers for the timely delivery of raw materials, the most important of the raw materials. Additionally, we outsource certain aspects of our manufacturing work, such as, components and sub-assemblies to our sub-contractors. In Fiscals 2017, 2016 and 2015 respectively, our cost of materials consumed constituted 69.85%, 69.76% and 71.06%, of our total costs, respectively. Sometimes, we have to compete with our competitors for these components, resulting in delays in the delivery of such components. We are also dependent on timely completion of sub-contracted works by our subcontractors when we use their services. We may encounter situations where we are unable to deliver our products on a timely basis due to, amongst other reasons, shortage, late or lack of delivery of raw materials from our suppliers, delivery of wrong material or sub-standard material, or late completion of sub-contracted works by our subcontractors. In addition, we are also dependent on subcontract labour and production workers for the construction our missiles. If we are unable to source such raw materials, equipment and components from alternative suppliers on a timely basis, out production schedule may be delayed, thereby delaying the delivery of the missile to our customers. In addition, our profitability may also be adversely affected if we are unable to secure alternative sources of such raw materials, equipment and components in a cost efficient manner or if we are unable to recover liquidated damages from the defaulting suppliers.

Our missile manufacturing contracts are fixed-price contracts. All costs including labour and raw material costs are forecasted by us when we enter into such fixed-price contracts. In case of cost variances from such estimates, we are permitted to retain all cost savings on completed contracts but are liable for the full amount of all cost overruns. In the past, we have witnessed cost overruns in the case of some of our contracts and we may also continue to witness the same in the future. The actual costs incurred on a fixed price contract may vary from our estimates due to factors such as:

- Unanticipated variations in equipment productivity over the term of a contract;
- Unanticipated increases in raw material, subcontracting and overhead costs, including as a result of bad weather;
- Delivery delays and corrective measures for poor workmanship; and
- Equipment failures.

We cannot assure you that these contracts, if secured, can be completed profitably. Significant cost overruns on our fixed price contracts could have a material adverse effect on our business, financial condition, results of operations and prospects.

Depending on the size of the project, variations from estimated contract performance could significantly reduce our earnings, and could result in losses, during any quarter of a fiscal or entire fiscal. All of our fixed price contracts provide for liquidated damages for delay in delivery and for quality issues. There can be no assurance that our customers in future will not rescind their contracts with us if there is a delay in delivery beyond the time stipulated in the contract or we may need to renegotiate some of our contracts. This may have an impact on our reputation, which could have a material adverse effect on our financial condition, results of operations and prospects.

19. ***The continuance of our success depends, in part, on our ability to develop new products and new technologies and maintain technologies, facilities, equipment and a qualified workforce to meet the needs of current and future customers.***

The markets in which we operate are characterized by rapidly changing technologies. The product and service needs of our customer changes and evolves regularly. Accordingly, our success in the competitive defence industry depends upon our ability to develop and market our products and services, as well as our ability to provide the people, technologies, facilities, equipment and financial capacity needed to deliver those products and services with maximum efficiency. If we fail to maintain our competitive position, we could lose a significant amount of future business to our competitors, which would have a material adverse effect on our ability to generate favorable financial results and maintain market share.

Operating results are heavily dependent upon our ability to attract and retain sufficient personnel with requisite skills and/or security clearances. If qualified personnel become scarce, we could experience higher labor, recruiting or training costs in order to attract and retain such employees or could experience difficulty in performing under our contracts if the needs for such employees are unmet, which would have a material adverse effect on our ability to generate favorable financial results and operations.

Our operations require highly skilled and qualified personnel, such as engineers, skilled workmen and other technicians. Further, we will require additional employees and subcontract labour and production workers at our two additional facilities. However, competition for skilled labour in India is intense. Our competitors may also be expanding their operations and may require additional workers. As a result, we may from time to time, experience difficulties in attracting and retaining highly skilled employees. They also play a critical role in our cost management system, as we are dependent on them to formulate production design plans that will allow for the efficient utilization of our raw materials. Our inability to maintain a sufficient number of skilled and qualified personnel to handle the more sophisticated and technology-intensive processes, or our inability to pay substantially higher salaries to procure these personnel could have a material adverse effect on our business, financial condition, results of operations and prospects.

20. Our planned capital expenditure may not yield the intended benefits or we may be unable to raise finances to fund our planned capital expenditure which may negatively impact our business, financial condition and results of operations.

We plan to use internal accruals and additional bank financing to fund our planned capital expenditure and future expansion (including setting up of our upcoming manufacturing units at Ibrahimapatnam and Amravati). The amount of such additional required funding will depend on whether these projects are completed within budget, the timing of completion of the construction of the two manufacturing units, expansion of our revenue generating operations, any further investments we may make, and the amount of cash flow from our operations in the future. If delays and cost overruns are significant, the additional funding we would require could be substantial. Additional bank financing may not be available as and when required and, if incurred, would result in increased debt service obligations and could result in additional operating and financing covenants, or liens on our assets, that would restrict our operations.

Our ability to obtain required funding on acceptable terms is subject to a number of uncertainties including:

- Limitations on our ability to incur additional debt, including as a result of prospective lenders' evaluations of our creditworthiness and pursuant to restrictions on incurrence of debt in our existing and anticipated credit arrangements;
- Investors' and lenders' perception of, and demand for, debt and equity securities of the Company, as well as the offerings of competing financing and investment opportunities in India by our competitors;
- Conditions in the Indian and international capital markets in which we may seek to raise funds;
- Our future results of operations, financial condition and cash flows; and
- Economic, political and other conditions in India and internationally.

We cannot assure you that necessary financing will be available in amounts or on terms acceptable to us, or at all. If we fail to raise additional funds in such amounts and at all. If we fail to raise additional funds in such amounts and at such times as we may need, we may be forced to reduce our capital expenditures and construction of our proposed two new facilities, which may result in our inability to meet drawing conditions under our current loan faculties or default and exercise of remedies by the lenders under our loan facilities. In that event, we may be unable to complete our projects under construction and could suffer a partial or complete loss of our investments in our projects.

21. ***We cannot assure you that we will be able to compete successfully against our competitors and new entrants to the industry. If we are unable to compete effectively in any of our business segments, it may adversely affect our business, financial condition and results of operations.***

Our business is highly competitive. We face competition from competitors located outside India. We will also face competition from Indian companies who are obtaining approvals from the GoI to manufacture missiles due to the liberalization of the defence sector. We compete on the basis of our ability to fulfil our contractual obligations including the timely delivery of missiles constructed by us, our facilities' capacity and operational efficiencies and the price and quality of missiles we construct. Some of our competitors have more resources than we have and some of our competitors may have lower costs of operations, including lower costs of raw materials and manpower, than we have. In addition, some of our competitors may have competitive advantages in building certain types of missiles compared to us given our current facility size and other facility constraints. Further, our customers follow the competitive bidding processes due to which we may not be able to effectively bid for future projects.

A number of missile manufacturing companies currently focus on building different types of missiles than we do. Although these companies currently do not compete with us, they may possess the capability to build the types of missiles we build and we cannot assure you that they will not compete with us in the future. See "*Our Business – Competition*" on page 128 for a description of our key competitors.

There can be no assurance that we will be able to compete successfully against our competitors as well as new entrants in our industry in the future, or that the missile manufacturing and repair companies that are not directly in competition with us now will not compete with us in the future. Accordingly, our business, financial condition, results of operations and prospects would be adversely and materially affected if we are unable to maintain our competitive advantage and compete successfully against our competitors and any new entrants to our industry in the future.

22. ***There are outstanding legal and tax proceedings involving the Company. Any adverse decision in such proceedings may expose us to liabilities or penalties and may adversely affect our business, financial condition, results of operations and cash flows.***

As of the date of this Draft Red Herring Prospectus, we are involved in certain civil and tax (direct and indirect) proceedings, which are pending at different levels of adjudication before various courts, tribunals, forums and appellate authorities. We cannot assure you that these legal proceedings will be decided in our favour. Decisions in proceedings adverse to our interest may have a significant adverse effect on our business, financial condition, results of operations and cash flows. In relation to tax proceedings, in the event of any adverse outcome, we may be required to pay the disputed amounts along with applicable interest and penalty and may also incur additional tax incidence going forward.

A summary of pending tax proceedings and other material litigation involving our Company is provided below:

(in ₹ million)

S.No.	Nature of Litigation	Number of cases against our Company	Approximate amount involved (to the extent quantifiable)
1.	Tax litigations	7	1,546.88

The amounts claimed in these proceedings have been disclosed to the extent ascertainable. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current or long term liabilities. For further details, see "*Outstanding Litigation and Other Material Developments*" on page 309.

23. ***Our Company or its technical collaborators may engage in certain transactions in or with countries or persons that are subject to U.S. and other sanctions.***

U.S. law generally prohibits or restricts U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries or territories and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions.

We have entered into a number of non-disclosure agreements, memorandums of understanding and projects for technical collaboration, transfer of technology and co-development of certain products with entities engaged in the similar sector of business in other jurisdictions. Our Company carries on its operations with technical collaborators, located in, countries to which certain OFAC-administered and other sanctions continue to apply, or was applicable in the past, such as Russia. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, and our Company has not been notified that any penalties or other measures will be imposed on it, in relation to its technical collaborator located in Russia, there can be no assurance that our Company will be able to fully monitor all of its transactions for any such potential violation.

Our Company also has limited exposure to Russia and other foreign jurisdictions. Our Company can provide no assurances that its future business will be free of risk under sanctions implemented against these jurisdictions or that it will conform its business to the expectations and requirements of authorities of any government that does not have jurisdiction over the business but nevertheless asserts the right to impose sanctions on an extraterritorial basis. Further, investors in the Equity Shares could incur reputational or other risks as a result of our Company's and our Company's technical collaborators and suppliers dealing in or with countries or with persons that are the subject of U.S. or other applicable economic or similar sanctions. In addition, because many sanctions programs are evolving, new requirements or restrictions could come into effect which might increase regulatory scrutiny of our Company's business or result in one or more of its business activities being deemed to have violated sanctions, or being sanctionable.

24. Certain corporate records in relation to past transactions involving the transfer of shares of our Company are not available. Any violations and non-compliances in relation to these share transfer may subject our Company to regulatory actions and may adversely affect our business and reputation.

Corporate records maintained by us in relation to certain of our past transactions involving transfer of shares of our Company between the Company, Promoter, directors and nominees in 1978 and 1990 are unavailable and as such, we are unable to ascertain any other instances of contravention of, or non-compliance with, applicable laws and regulations. Any additional contravention or non-compliance with respect to our Company's past transactions may subject us to regulatory actions or penalties and may adversely affect our business and reputation.

25. Our ability to pay dividends in the future will depend on number of factors, including, our profit after tax for the fiscal year, utilization of the profit after tax towards reserves, our future expansion plans and capital requirements, our financial condition, our cash flows and applicable taxes, including dividend distribution tax payable by our Company, and the payments shall be subject to the CPSE Capital Restructuring Guidelines.

Our ability to pay dividends in the future will depend on number of factors, including profits after tax for the fiscal year, utilization of the profit after tax towards reserves, or future expansion plans and capital requirements, our financial condition, our cash flows and applicable taxes, including dividend distribution tax payable by our Company. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant. We may decide to retain all our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends in the future.

In accordance with the CPSE Capital Restructuring Guidelines, our Company is required to pay a minimal annual dividend of 30% of its profit after tax or 5% of its net worth, whichever is higher, unless an exemption is provided in accordance with this guideline. For further details, see "*Dividend Policy*" on page 175.

26. ***Our growth rate, the number of orders we have received in the past and our current order book may not be indicative of our future growth rate or the number of orders we will receive in the future.***

Our order book on hand, as of a certain date, represents the total nominal value of the contracts that have not been completed, excluding the portion of revenue in respect of those orders that we have recognized as of such date. As of October 31, 2017, our outstanding order book was ₹111,640.00 million. The successful conversion of these orders into revenue depends on a number of factors including, among other things, absence of adverse changes in the Indian and global missile manufacturing markets, the availability of funds to customers, completion, our production capacity, our research and development and our ability to deliver the missiles on time. Some of the factors are beyond our control and by nature, are subject to uncertainty. Going forward, our order book may be affected by delays, cancellations, renegotiations of the contracts as well as the long gestation period in concluding contracts, if any, therefore we cannot assure you that we will be able to deliver all of our existing orders on schedule and successfully turn them into our revenue. Therefore, you should not consider our order book as an accurate indicator of our future performance or future revenue.

As stated above, a delay in the initiation of our customers' projects, unanticipated variations or adjustments in the scope and schedule of our obligations could occur for reasons outside our customer's control. For some of the contracts in our order book, our customers are obliged to perform or take certain actions, such as making advance payments or opening of letters of credit or obtaining adequate financing on reasonable terms and approving designs. If a customer does not perform these and other actions in a timely manner or at all, and if such potential failure is not provided for in the contract, our projects could be delayed, put on hold, modified or cancelled and as a result, the income anticipated in our order book may not be realized and our results of operation could be adversely affected.

In addition, we generally recognize turnover based on the completion of contracted work that we have incurred in relation to the underlying contract and therefore our turnover is generally dependent on the progress of that project. Furthermore, the profitability of a contract in our order book and our cash flow may be affected by the following amongst others:

- The refusal of suppliers to maintain favourable payment conditions;
- Increase in raw material costs;
- Unanticipated technical problems with equipment supplied by us or incompatibility of such equipment with existing infrastructure;
- Difficulties in obtaining required governmental permits;
- Unanticipated costs due to project modifications;
- Delay in award of major contracts;
- Performance defaults by suppliers, subcontractors or consortium partners;
- Customer payment defaults and/or bankruptcy; and
- Changes in law or taxation.

Initiation of our current and future customer projects may be subject to delays, cost overruns, or performance shortfalls which may lead to payment of penalties or damages. All of these factors could have a material adverse effect on our business, financial condition and results of operations.

We have grown steadily in the last few years. Our revenue from operations and profit for the year has increased from ₹28,408.21 million and ₹4,435.48 million respectively, in Fiscal 2015 to ₹48,327.56 million and ₹4,903.19 million, respectively, in Fiscal 2017 at a CAGR of 30.43% and 5.14% respectively. We cannot assure you that we will be able to maintain our past growth rate or secure the same number of orders we have received in the past. Our past growth rate or secured orders should not be relied upon as indicators of our future growth rate or orders we will receive in the future. To the extent we experience any significant decrease in demand for our products, increase in competition or increase in prices of raw materials, equipment and components, our business, financial condition and results of operations may be materially and adversely affected. Our continues growth depends on a number of factors, many of which are beyond our control, including the impact on demand for our products resulting from the macroeconomic policies of the Indian government and governments in other countries, the level of competition in India and sectors in which we conduct business and the prices we pay for raw materials, equipment and components.

Furthermore, we face risks of a low growth rate of orders because the orders placed by our customers are typically non-recurring in nature. As a result, we cannot assure you that we will receive the same number of orders as or more order than we have received in the past or that the contract value of the order book will remain the same or increase. As a result, you should not take the number of orders we have received in the past or the current value of our order book as an indicator of our performance or numbers of orders in future.

27. We may face claims or incur additional rectification costs for defects and warranties in respect of our missiles which could have a negative effect on our business, financial condition and results of operations.

We may face claims by our customers in respect of defects or poor workmanship in respect of missiles built by us and such claims could be substantial. Such claims could also adversely affect our reputation and ability to grow our business. We generally extend a warranty period of 24 to 60 months to our customers for new missiles from the date of acceptance. Due to the length of the warranty period extended by us, we may be subject to claims from our customers and we may incur additional costs if rectification work is required in order for us to satisfy our obligations during the warranty period. We cannot assure that our warranty provisions will be sufficient to cover the costs incurred for defects. If the costs of any rectification works exceed the warranty provisions we have made, our business, financial condition, results of operations and prospects may be adversely affected.

28. We face the risk of unsatisfactory quality of work performed by our subcontractors which could result in a negative impact on our business, reputation, financial condition and results of operations.

We rely substantially on subcontractors for our labour requirements. We may outsource certain aspects of our work, such as the production of certain components or sub-assemblies, from time to time, to our contractors. Despite our best efforts, inspection supervision and quality management system, these subcontractors may use poor quality or defective sub-components or underqualified or less skilled workers, as a result, should a sub- standard quality of the missile to be delivered, this could adversely our reputation. Furthermore, our subcontractors may not report safety concerns. This may lead to increased costs borne by us, which could adversely affect our business, reputation, financial condition, results of operations and prospects and our relationships with our customers. In addition, should our subcontractors default on their contractual obligations or be unable to complete their work according to specifications on schedule, our ability to deliver the missiles to our customers in accordance with the quality or timing specifications in the contracts may be compromised, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Our Company also assumes liability for the work undertaken by the subcontractors in connection with any design or engineering work and hence, any failure on the part of our sub-contractors to perform their obligations in a timely manner or at all could adversely affect our operations, financial conditions and cash flows.

29. Our business involves significant risks and uncertainties that may not be covered by indemnity or insurance.

Our operations are subject to inherent risks such as equipment defects, malfunctions and failures, equipment misuse and natural disasters that can result in fires and explosions. We maintain fire insurance policies for our buildings, machinery, assets and stocks, marine (transit) insurance policy, public liability insurance and fidelity guarantee policy for our operations. We have also taken group personal accident policies for employees and non-employees (such as apprentices, trainees, casual employees and visitors). Although we have obtained insurance for our employees as required by Indian laws and regulations, as well as our important properties and assets, our insurance may not be adequate to cover all potential liabilities. We cannot assure you that insurance will be generally available in the future or, if available, that the premiums will not increase or remain commercially justifiable. If we incur substantial liability and the insurance does not, or is sufficient to, cover the damages, our business, financial condition, results of operations and prospects may be materially adversely affected.

30. Our business is dependent on our information technology infrastructure and we rely on third party license for our business.

We are dependent on our information technology infrastructure to conduct our business activities, manage risks, implement our internal control systems and manage and monitor our business operations. The key systems in place include an enterprise resource planning system, which enables our management to more accurately assess the inventory, production capacity, procurement requirements and performance of each of our departments and assists them in allocating resources throughout our business and improves operational efficiency by enhancing supply chain and distribution management. We also use third party software for creating detailed designs in relation to the missiles we build. We rely on third party information technology service providers to maintain and upgrade our systems and have contracted reputable information technology companies widely accepted in our industry to construct and improve our information technology infrastructure. A failure or breakdown of any part of our information technology infrastructure can interrupt our normal business operations, result in a slowdown in operational and management efficiency and impact our ability to meet our construction schedules. A serious dispute with our information technology service providers or termination of our licensing agreements or service contracts can impact our ability to upgrade our information technology infrastructure on a timely and cost-effective basis, which is critical to maintaining our competitiveness. If any of these events occur, our business, financial condition and result of operations may be adversely affected.

31. Security breaches in classified government systems could adversely affect our business.

Many of the programs we support and systems we develop, manufacture and maintain involve managing and protecting information involved in intelligence, national security and other classified government functions. While we have programs designed to comply with relevant security laws, regulations and restrictions, a security breach in one of these systems could cause serious harm to our business, damage our reputation and prevent us from being eligible for further work on critical classified systems for the MoD or the Indian armed forces. Damage to our reputation or limitations on our eligibility for additional work resulting from a security breach in one of the systems we develop, install and maintain could materially reduce our revenue.

32. We have had negative net cash flows in the past and may continue to have negative cash flows in the future.

We had negative cash flows from our operating and financing activities and net cash and cash equivalent as set out below:

(in ₹ million)

	For the Financial Year ended March 31				
	2017	2016	2015	2014	2013
Net cash from / (used) in operating activities	(232.36)	2,842.79	(5,990.98)	2,148.74	(5,551.10)
Net cash from / used in investing activities	30.91	1,485.85	622.83	2,252.04	2,696.47
Net cash from / used in financing activities	(1,661.73)	(3,242.69)	(608.46)	(1,357.89)	(473.62)

For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 176 and 276 respectively. We cannot assure you that our net cash flow will be positive in the future.

33. Any write – down of intangible assets may harm our results of operations and financial condition.

Our balance sheet includes amounts recorded as intangible assets, in particular with respect to development costs. As of September 30, 2017, we had intangible assets including intangible assets under development (net of amortization) of ₹1,614.47 million (which represented 1.95% of our total assets). Assets of indefinite life are subject to an "impairment test" at least once a year. These evaluations are based on estimates of future cash flows and applicable discount rates. Any significant discrepancies between the estimates and actual developments and any change to expected future cash flows may have a materially adverse effect on our results of operations and financial condition.

34. We have contingent liabilities in our balance sheet, as stated, at September 30, 2017. Further our Company may be subject to certain proceedings in respect of ongoing tax litigations and our Company has not presently provided for such disputed demands including penalties, if any, which may be imposed. Realization of our contingent liabilities may adversely impact our profitability and may have a material adverse effect on our results of operations and financial conditions.

The following are the contingent liabilities in our balance sheet, as restated, as at September 30, 2017. If any of these actually occur in the future, they may adversely impact our profitability and may have a material adverse effect on our results of operations and financial condition:

(in ₹ million)

Contingent Liabilities	As of September 30, 2017
Outstanding Letters of Credit and Guarantees:	
(i) Letters of Credit	1,173.00
(ii) Guarantees and Counter Guarantees	555.84
Claims / Demands against the Company not acknowledged as Debt:	
(i) PSUs	-
(ii) Sales Tax	1,546.87
(iii) Service Tax	-
(iv) Others	33.30
Total	**3,309.01**

The contingent liabilities of our Company arise as our Company is party to certain tax litigations pending before various tribunals and our Company may also be subject to imposition of penalty by the Income Tax Department in relation to such litigations. Our Company has not made provision for such penalties as may be imposed in its contingent liabilities as the amount of penalty which may be imposed is not quantifiable.

35. Some of our workforce is represented by labour unions so our business could be harmed in the event of a prolonged stoppage of work.

Approximately 2,180 of our employees are unionized, which represents approximately 68.88% of our employee base at October 31, 2017. As a result, we may experience work stoppages, which could adversely affect our business. We cannot predict how stable our union relationships will be or whether we will be able to successfully negotiate collective bargaining agreements without impacting our financial condition. In addition, the presence of unions may limit our flexibility in dealing with our workforce. Work stoppages could negatively impact our ability to manufacture our products on a timely basis, which could negatively impact our results of operations and financial condition.

36. We are subject to stringent labour laws and our workmen are unionized under a trade union. Labour disputes could lead to loss in production and increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for discharge of employees and dispute resolution and imposes financial obligations on employers upon employee layoffs. As a result of such stringent labour regulations, it is difficult for us to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect our business, financial condition and results of operations. Additional labour unrest could result due to the operative labour union within our workforce. We cannot assure you that there will not be any face, strikes or work stoppages in the future, which could have an adverse impact on our operations, particularly given our dependence on a large workforce.

37. Revisions in the wages and salaries of our workmen and officers may adversely affect our business prospects, financial condition and/or operating results.

The GoI has issued revised guidelines with respect to the salary structure of officers which became effective on January 1, 2017. The trade union representing our workmen are due to renegotiate the wage structure of workmen from January 2017 also. The revisions would increase labour costs and consequently the costs and prices of our products and services. In case we are unable to increase productivity or to get such costs increase recovered from our customers or a combination of both, will have adverse impact on our margins, operating results and financial condition. In addition, the price increase may make our products less competitive and adversely affect our business prospects and revenues.

38. We are unable to ascertain whether the land on which we operate three of our manufacturing units and constructing our two new facilities, are either owned by us or if we enjoy only a leasehold right over these properties. We do not have the underlining documents in relation to the properties on which we operate and therefore, if we are unable to occupy and use these lands, fail to extend the lease period on lease expiry on reasonable terms and in the event of dispute being initiated on title or leasehold rights over such property, it may have a material adverse effect on the business, financial condition and results of operations of our Company.

We carry out our operations from our manufacturing units situated in Hyderabad, Bhanur, and Vishakapatnam and the two new manufacturing units that are being constructed at Ibrahimpatnam and Amravati. We have executed a registered license agreement for our unit situated in Amravati and an unregistered lease deed for a portion of our unit situated in Vishakapatanam. We have executed a registered sale deed for the remaining portion of the land on which our unit is situated in Vishakapatnam and have similarly entered into a sale deed for the unit situated in Ibrahimpatnam. The sale deed for our Ibrahimpatnam unit shall only be registered upon commencement of commercial production from the premises. We have also received a copy of an order issued by the Government of Andhra Pradesh, Revenue Divisional Officer and land acquisition officer in relation to our unit situated in Bhanur. In addition to our units, we have a corporate office and liaison office in Hyderabad and New Delhi respectively. We have executed an unregistered lease agreement for our corporate office in Hyderabad. We have also executed a sale agreement for our liaison office in New Delhi. We are unable to locate or do not have any other underlying title or leasehold documents for our units situated in Hyderabad and Bhanur or for any other parcels of land on which the aforesaid units or offices may be situated and therefore in the event of any dispute arising over the title and/or the leasehold rights of such properties, it may have may have a material adverse effect on the business, financial condition and results of operations of our Company.

Further, if we are in breach or non-compliance with any underlying title documents or lease agreement for such properties, we may have to shut down or suspend our operations at the relevant site. Shut down or suspension of any part of our operations may cause disruptions to our business and may require significant expenditure, which may materially and adversely affect our business, financial condition and results of operations.

39. We are subject to extensive government regulation and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required for our business, our results of operations and cash flows may be adversely affected.

Our operations are subject to extensive government regulation and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business and for each of our manufacturing facilities. For details of applicable regulations and approvals relating to our business and operations, see "*Key Regulations and Policies*" and "*Government and Other Approvals*" on pages 131 and 312 respectively.

A majority of these approvals are granted for a limited duration and require renewal. The approvals required by our Company are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

40. We depend on the contribution of our key managerial personnel. The loss of their services may have a material adverse effect on our business, financial condition and results of operations.

Our success depends, to a significant extent, upon the continued service of our key managerial personnel. If we lose the services of any of our existing key management personnel without timely and suitable replacements, or are unable to attract and retain new personnel with suitable experience as we grow, our financial performance and operation may be materially and adversely affected. Our Chairman and Managing Director (V. Udaya Bhaskar), Director (Technical) (K. Divakar), Director (Finance) (S Piramanayagam) and Director (Production) (V. Gurudatta Prasad), have been with us for several years and have been instrumental in charting the business direction and spearheading our growth. As we are a PSU, our Directors are appointed by the Government of India and we cannot assure you that the Directors appointed will be able to adequately replace our key managerial personnel. Accordingly, the loss of one or more members of our key managerial personnel could have a material adverse effect on our business, financial condition, results of operations and prospects, as these persons may be difficult to replace.

41. Our estimates and forward looking statements may prove to be inaccurate.

The accounting for some of our most significant activities is based on judgments and estimates, which are subject to many variables. For example, changes in Indian or foreign tax laws, including possibly with retroactive effect, and audits by tax authorities could result in unanticipated increases in our tax expense and lower profitability and cash flows. Actual financial results could differ from our judgments and estimates. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies*" on page 278, for a complete discussion of our significant accounting policies and use of estimates.

Our future financial results may differ materially from those suggested by the forward looking statement due to various risks and uncertainties. Given these uncertainties, you should not rely on forward-looking statements. The forward-looking statements contained in this DRHP speak only as of the date. We expressly disclaim a duty to provide updates to forward-looking statements after the date of this DRHP to reflect the occurrence of subsequent events, changed circumstances, changes in our expectations, or the estimates and assumptions associated with them.

42. Our costs may increase due to changes in regulations pertaining to the defence/ missile manufacturing industry.

The defence/ missile manufacturing industry is heavily regulated by both Indian and international regulations. Among other things, the missiles we construct for our customers are required to meet the standards and requirements of the MoD and the Indian armed forces.

If Indian or international regulations applicable to the defence industry become more stringent in the future or additional regulations or controls requiring the adoption of new construction requirements are introduced that we cannot satisfy in a cost efficient manner or we are unable to pass any additional costs resulting from these new requirements to our customers, our costs will increase. Any significant increase in cost due to changes in regulations in the defence/ missile manufacturing industry may adversely affect our business, financial condition and results of operations.

43. If we are unable to establish and maintain an effective system of internal controls and compliances our business and reputation could be adversely affected.

We manage regulatory compliance by monitoring and evaluating our internal controls, and ensuring that we are in compliances with all relevant statutory and regulatory requirements. However, there can be no assurance that deficiencies in our internal controls and compliances will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. As we continue to grow, there can be no assurance that there will be no other instances of such inadvertent non-compliances with statutory requirements, which may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation.

44. We are subject to compulsory expropriation by the GoI of any critical technology developed by us is which may have an adverse effect on our business, financial condition and results of operations.

The GoI as a controlling shareholder may issue directives with respect to the conduct of our business or our affairs for as long as we remain a government owned company, as defined under the Companies Act, 2013. Further, under Article 154 of the Articles of Association of the Company, the President of India may from time to time issue such direction as he may consider necessary in regard to the exercise and performance of the functions of our Company in matters involving national security or substantial public interest, and in like manner may vary and annul any such directions and our Board shall duly comply with give immediate effect to the directions so issued.

In light of the above, the GoI may issue directives for compulsory expropriation of any critical technology developed by the Company which may be deemed necessary due to reasons of national security or substantial public interest. Any such action in respect of any of the technology in which we are investing or may invest in the future may adversely affect our business, financial condition or results of operations.

In particular, given the importance of the defence industry to the Indian economy, the GoI could require us to take actions designed to serve public interest and not necessarily maximize our profits.

45. We have in the past entered into related party transactions and may continue to do so as may be permitted by law in the future and there can be no assurance that we could not have achieved more favourable terms if such transactions had been entered into with independent third parties.

We have entered into related party transactions in the past. For details, see "*Related Party Transactions"* on page 174.

Further, we may in the future enter into additional related party transactions including by making loans to related parties. To the extent that any loans made to related parties are not repaid, we may be required to make provisions for losses on these loans, our profitability would be adversely affected.

46. Unforeseen environmental costs could affect our future earnings as well as the affordability of our products and services.

Environmental laws and regulations in India impose increasingly stringent environmental protection standards on us regarding, among other things, smoke or gas emissions, noise pollution, waste water discharges, the use and handling of hazardous waste or materials, waste disposal practices and the remediation of environmental contamination. These standards expose us to the risk of substantial environmental costs and liabilities, including liabilities associated with past activities. Our industrial activities are subject to obtaining permits, license and/or authorizations, or subject to prior notification. Our facilities must comply with these permits, licenses or authorizations and are subject to regular administrative inspections.

47. There may be significant independent press coverage about our Company and this Offer, and we strongly caution you not to place reliance on any information contained in press articles, including, in particular, any financial projections, valuations or other forward-looking information, and any statements that are inconsistent with the information contained in this DRHP.

There may be significant press coverage about our Company and this Offer, that may include financial projections, valuations and other forward-looking information, as well as statements that are inconsistent or conflict with the information contained in this DRHP. We do not accept any responsibility for the accuracy or completeness of such press articles, and we make no representation or warranty as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations, forward-looking information, or of any assumptions underlying such projections, valuations, forward-looking information or any statements are inconsistent or conflict with the information contained in this DRHP, included in or referred to by the media.

48. Third party statistical and financial data in the section entitled "Industry Overview" may be incomplete or unreliable.

We have not independently verified data from industry publications and other sources and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, the economy and the industries in which we operate in this DRHP are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. We make no representation or warranty, express or implied, as to the accuracy or completeness of this information. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this DRHP. We cannot provide any assurance that the third parties have used correct or sound methodology to prepare the information included in this DRHP. For more details, see the section entitled "*Industry Overview*".

49. Volatility in cash needs related to working capital requirements and investment activity may expose us to the inability to find the necessary liquidity sources to satisfy the required payments.

Extraordinary fluctuations in working capital needs linked to delays and/or a reduction in customer payments or advance payments, inventory and work in progress increases and/or accelerated payments to suppliers may lead to extraordinary cash absorptions which may affect our ability to meet out financial obligations when due in the future.

50. Restrictions on current and future export of our products and other regulations could adversely affect our business, results of operations and financial conditions.

We design and manufacture many defence products considered to be of strategic national interest. The export of such products outside the Indian domestic market is subject to licensing, export controls, various other regulations which are all subject to the clearance of the GoI. For further details in relation to the specific regulations applicable in India in relation to the defence sector and export of products by the defence sector see the section entitled "*Key Regulations and Policies*" on page 131. To the extent exports include technologies obtained from other countries, we may also be adversely affected by export control regulations from those countries. Limitation or withdrawal, if any (in the case, for example, of embargoes or geopolitical conflicts), of the authorization to export the products might have a significant negative impact on our business, operations and financial conditions.

Failure to comply with these regulations and requirements could result in contract modifications or termination and the imposition of penalties, fines and withdrawal of authorisations, which could negatively affect our business, results of operation and financial situation.

Authorisations can be revoked and general export controls may change in response to international conflicts or other political or geopolitical factors. Reduced access to military export markets could have a material adverse effect on our business, results of operations and financial condition.

51. Our Company has applied for registration of the trademark in relation to our corporate logo . Until such registrations are granted, we may not be able to prevent unauthorised use of such trademarks by third parties, which may lead to the dilution of our goodwill and adversely affect our business.

We have filed applications for registration of the trademark in relation to our corporate logo , under the Trademarks Act, 1999 ("**Trademarks Act**"), which is currently pending approval from the Registrar of Trademarks. There can be no assurance that our trademark applications will be accepted and the trademarks will be registered. Pending the registration of these trademarks we may have a lesser recourse to initiate legal proceedings to protect our private labels. However, we may have to incur additional cost in relation to this. In the event we are not able to obtain registrations due to opposition by third parties or if any injunctive or other adverse order is issued against us in respect of any of our trademarks for which we have applied for registration, we may not be able to avail the legal protection or prevent unauthorised use of such trademarks by third parties, which may adversely affect our goodwill and business.

EXTERNAL RISK FACTORS

52. Public companies in India, including us, are required to compute Income Tax under the Income Computation and Disclosure Standards (the "ICDS"). There is insufficient clarity on the impact of our Company of the transition to Indian Accounting Standards and the ICDS in future financial periods. The transition to ICDS in India is relatively recent and we may be negatively affected by such transition.

The transition of the Indian Accounting Standards in India came into effect on April 1, 2015. There is currently no significant body of established practice such a interpretations of Indian Accounting Standards which we can draw to form judgments regarding the implementation and application of the Indian Accounting Standards. As a result, although we have transitioned to the Indian Accounting Standards, there is insufficient clarity on the impact that such transition will have on us and our financial reporting policies and practices. While we have applied the Indian Accounting Standards transitional provisions included in Indian Accounting Standards 101, "First Time Adoption of Indian Accounting Standards" issued under the Ind AS Rules, we cannot assure you that there will not be further changes in the manner in which we apply our accounting policies or in the preparation and presentation of our financial statements in the future. Moreover, there is increasing competition for the small number of accounting personnel who are familiar with the Indian Accounting Standards as more Indian companies begin to prepare Indian Accounting Standards financial statements. As a result, we may encounter further difficulties in the ongoing process of implementing and enhancing our management information systems under the Indian Accounting Standards reporting.

The Ministry of Finance has issued a notification dated March 31, 2015 notifying ICDS which creates a new framework for the computation of taxable income. Subsequently, the Ministry of Finance, through a press release dated July 6, 2016, deferred the applicability of ICDS from April 1, 2015 to April 1, 2016 and is applicable from Fiscal 2017 onwards and will have impact on computation of taxable income for Fiscal 2017 onwards. ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and the Accounting Standards. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

53. The GoI has implemented a new national tax regime by imposing GST. We are unable to quantify the impact of this development at this stage due to limited information available in the public domain. If we are taxed at a higher rate than the current tax rates, our financial conditions and results of operations may be adversely affected.

The GoI on July 1, 2017 introduced, a comprehensive national Goods and Services Tax ("**GST**") regime that combines taxes and levies by the central and state governments into one unified rate of interest. While the GoI and other state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information regarding the GST we are unable to provide any assurance as to the effects of its implementation. Such implementation also remains subject to any disputes between the various state governments, which could create further uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India including us and may result in significant additional taxes becoming applicable to us. If the tax costs associated with certain transaction are greater than anticipated as a result of a particular tax risk materializing, it could have a material adverse effect on our business, results of operation and financial condition.

54. Conditions in and volatility of the India securities market may affect the price or liquidity of our Equity Shares.

The Indian securities market are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian stock exchanges have often experienced period of significant volatility in the last three years. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the United States of America. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of securities, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares offered and sold in the Offer, in the domestic markets. A closure of, or trading stoppage on the stock exchanges could adversely affect the trading price of our Equity Shares. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. If similar problems occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

55. Trade deficit could have a negative impact on our business. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, future financial performance and the trading price of our Equity Shares could be adversely affected.

India's trade relationships with other countries can influence Indian economic conditions. In the Financial Year ended 2017, the trade deficit was US$ 86.4 billion compared to US$ 107.7 billion in the Financial Year ended 2016. Although India's trade deficit has been declining year-on-year, the trade deficit neutralizes the surpluses in India's invisibles, which are primarily international trade in services, income from financial assets, labour and property and cross border transfer of workers' remittances in the current account, resulting in a current account deficit.

If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, future financial performance and the trading price of our Equity Shares could be adversely affected.

56. The exit by the United Kingdom from the European Union has and could further impact global financial markets which could in turn adversely affect the trading prices of our Equity Shares.

The exit by the United Kingdom from the European Union ("**EU**") may impact the trading prices of our Equity Shares after listing. As a result of the referendum held in the United Kingdom on June 23, 2016, which resulted in a vote in favour of the exit from the EU, the global financial markets have experienced significant volatility and may continue to experience volatility. Such economic and financial volatility may further impact global financial markets, which may adversely affect the trading price s of our Equity Shares.

57. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the CCI to separate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Central Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions required acquisitions of shares, voting rights, assets or control or merger or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application of interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, results of operations and prospects.

58. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business, results of operations and cash flows.

Our business, results of operations and cash flows could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to our business and operations.

There can be no assurance that the GoI may not implement new regulations and policies which will require us to obtain approvals and licenses from the GoI and other regulatory bodies or impose onerous requirements and conditions on our business and operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have an adverse effect on our business, results of operations and cash flows. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also affect our results of operations and cash flows. See "*Key Regulations and Policies*" on page 131 for details of the laws, rules and regulations currently applicable to us.

The regulatory and policy changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The GoI has also implemented provisions relating to the GAAR which came into effect on April 1, 2017. The GAAR is intended to prohibit arrangements considered as "impermissible avoidance arrangements', which is defined as any arrangement the main or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests:

- Such arrangement creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;
- Such arrangement results, in misuse, or abuse, of the provisions of the tax laws;
- Such arrangement lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or
- Such arrangement is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes.

The onus to prove that a transaction does not constitute an "impermissible avoidance agreement" is on the assesse. Unless it is proved to the contrary by the assesse, an arrangement shall be presumed to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tac benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit. If the GAAR is invoked, then the tax authorities will have wide powers, including denial of tax benefits or benefits under a tax treaty.

We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defence such proceedings, our business and financial performance may be adversely affected.

59. Our business is substantially affected by prevailing economic, political and other prevailing conditions in India.

Our Company is incorporated in India, and almost all our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operation are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- Any increase in Indian interest rates or inflation;
- Any exchange rate fluctuations;
- Any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- Prevailing income conditions among Indian consumers and Indian corporations;
- Volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- Changes in India's tax, trade, fiscal or monetary policies;
- Political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- Occurrence of natural or man-made disasters;
- Prevailing regional or global economic conditions, including in India's principal export markets;
- Any downgrading of India's debt rating by a domestic or international rating agency;
- Financial instability in financial markets; and
- Other significant regulatory or economic developments in or affecting India or its defence sector.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the India economy, could adversely impact our business, results of operations and financial condition and price of the Equity Shares.

60. Our financial statements may not be comparable.

Our financial statements included in this DRHP for the Financial Years 2013 and 2014 have each been prepared in accordance with Indian GAAP and reporting guidelines prescribed by Indian regulatory authorities applicable as of the relevant applicable dates. Our financial statements included in this DRHP for the Financial Years 2017, 2016 and 2015 have each been prepared in accordance with Indian Accounting Standards and reporting guidelines prescribed by Indian regulatory authorities applicable as of the relevant applicable dates. As a result, our financial statements for the Financial Years 2013 and 2014 may not be comparable with our financial statements for the Financial Years 2017, 2016 and 2015.

61. Natural disasters, acts of war, political unrest, epidemics, terrorist attacks or other events which are beyond our control, may cause damage, loss or disruption to our business and have an adverse impact on our business, financial condition, results of operations and growth prospects.

We generally bear the risk of loss of raw materials or equipment's and components in transit after our suppliers supply to us. We may ace the risk of less or damage to our properties, machinery and inventories due to natural disasters, such as earthquakes, typhoons and flooding. Acts of war, political unrest, epidemics and terrorist attacks may also cause damage or disruption to us, our employees, or facilities and our markets, any of which could materially and adversely affect our sales, costs, overall operating results and financial condition. The potential for war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot predict.

In addition, certain Asian countries, including Hong Kong, China, Singapore and Thailand, have encountered epidemics such a severe acute respiratory syndrome, or SARS and incidents of avian influenza, or H5N1 bird flu. Past occurrences of epidemics have caused different degrees of damage to the national and local economies in India. A recurrence of an outbreak of SARS, avian influenza or any other similar epidemic could cause a slowdown in the levels of economic activity generally, which may adversely affect our business, financial condition and results of operations. In the event any loss exceeds our insurance coverage or is not covered by our insurance policies, we will bear the shortfall.

In such an event, our business, financial condition and results of operations could be materially and adversely affected.

62. Any future issuance of our Equity Shares may dilute your shareholdings and sales of our Equity Shares may adversely affect the trading price of our Equity Shares.

Any future equity issuances by us may lead to the dilution of investors' shareholdings in our Company. In addition, any sales of substantial amounts of our Equity Shares in the public market after the completion of the Offer, or the perception that such sales could occur, could adversely affect the market price of our Equity Shares and could impair the future ability of our Company to raise capital through offerings of our Equity Shares. We also cannot predict the effect, if any, that the sale of our Equity Shares or the availability of these Equity Shares for the future sale, subject to compliance with applicable law, will have on the market price of our Equity Shares.

63. Foreign investors are subject to foreign investment restrictions under Indian law, which may adversely affect the market price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of equity shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with *inter alia*, the pricing guidelines, sectoral caps and reporting requirements specified by the RBI. If the transfer of equity shares is not in compliance with such pricing guidelines, sectoral caps or reporting requirements, or falls under any of the prescribed exceptions, prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of equity shares in India into foreign currency and repatriate any such foreign currency from India will require a no-objection/ tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any governmental agency can be obtained in a timely manner or on any particular terms or at all. Owing to possible delays in obtaining requisite approvals, investors in our Equity Shares may be prevented from realizing gains during period of price increase or limiting their losses during periods of price decline.

64. You will not be able to immediately sell any of our Equity Shares you purchase in the Offer on an Indian Stock Exchange.

Our Equity Shares will be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investor book entry, or demat accounts, with depository participants in India are expected to be credited within two working days of the date on which Allotment is approved by the designated stock exchange. Thereafter, upon receipt of final listing and trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within six working days from the date of the Bid/Offer closure.

We cannot assure you that the Equity Shares will be credited to investors' demat account, or that trading in the Equity Shares will commence, within the time periods specified above.

65. You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India. Further, recent Finance Act 2017 amendments provide that any income arising from the transfer of a long term capital asset, being equity share in a company, shall not be exempted from taxation, if the transaction of acquisition of such equity share in a company, shall not be exempted from taxation, if the transaction for acquisition of such equity shares was entered into on or after October 1, 2004 without payment of STT except in certain instances as provided for in notification dated June 5, 2017 (F. No. 43/2017/F. No. 370142/09/2017-TPL). In addition, any gain realized on sale of listed equity shares held for a period of 12 months or less which are sold other than on recognized stock exchanges and on which STT has been paid, will be subject to short term capital gains tax in India.

Furthermore, this amendment provides that the Government will notify certain modes of acquisition to such amendment would not be applicable and the shares acquired by such modes of acquisition would continue to get the benefit of Section 10(38) of the Income Tax Act. Capital gains arising from the sale of the equity hares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares.

66. GoI will continue to control us post listing of our Equity Shares

Upon the completion of this Offer, the GoI will hold approximately [●]% of our post-Offer Equity Share Capital. Consequently, the President of India, acting through the Ministry of Defence, will continue to control us and will have the power to elect and remove our directors and determine the outcome of most proposals for corporate action requiring approval of our Board or shareholders, such a proposed five year plans, revenue budgets, capital expenditure, dividend policy, transactions with other GoI controlled companies. Under the Companies Act, this will continue to be a public sector undertaking which is owned and controlled by the President of India. This may affect the decision making process in certain business and strategic decisions taken by our Company going forward.

67. The interests of the GoI as our controlling shareholder may conflict with your interests as shareholders.

Under our Articles of Association, the President of India, by virtue of holding a majority of our Equity Share capital may issue directives with respect to the conduct of our business or our affairs for as long as we remain a government company, as defined under the Companies Act. The interest of the President of India may be different from our interests or the interests of other shareholders. As a result, the President of India may take actions with respect to our business and the businesses of our peers and competitors that may not be in our or our other shareholders' best interests. The President of India could, by exercising its powers of control, delay or defer or initiate a change of control of our Company or a change in our capital structure, delay or defer a merger, consolidation, or discourage a merger with another public sector undertaking.

68. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.

Under Section 62 of the Companies Act, 2013, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the laws of the jurisdiction that you are in do not permit the exercise of such pre-emptive rights without our filing an offering document or a registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights. If we elect not to file an offering document or a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value of such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive right available in respect of the equity shares, your proportional interests in our Company may be reduced by the new equity shares that are issued by our Company.

69. Announcements by the GoI or the relevant state governments relating to increased wages for government and public sector employees will increase our expenses and may adversely affect our financial condition in the years of implementation.

The Department of Public Enterprises ("**DPE**") only related to the above has required government enterprises to implement salary increases for employees below board level executives as determined by the respective boards and management of the relevant government enterprises within a certain guideline set by the DPE. These governmental measures increase our labour costs and the next pay revision for non-unionized officers and employees was due with effect from January 1, 2017. Although no further directives have been received from the GoI in relation to this and no wage negotiations have begun, any announcements by the GoI relating to increased wages for government and public sector employees will increase our expenses and may adversely affect our operating results and financial condition.

70. Investors may not be able to enforce a judgment of a foreign court against our Company.

Our Company is incorporated under the laws of India. Our Company's directors and key managerial personnel are residents of India and our assets are located in India. As a result, it may not be possible for investors to affect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained from courts outside India. India has reciprocal recognition and enforcements of judgments in civil and commercial matters with only a limited number of jurisdictions, which include the United Kingdom, Singapore and Hong Kong. The United States of America has not been declared as a reciprocating territory for the purposes of the Code of Civil Procedure, 1908 ("**Civil Code**") and thus a judgment of a court outside India may be enforced in India only by a suit and not be proceedings in execution. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties and does not include arbitration awards. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a fresh suit in a competent court in India, based on a final judgment that has been obtained in a non-reciprocating territory, within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis, or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction, if the Indian court believes that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI, to repatriate any amount recovered pursuant to the execution of the judgment.

71. Financial instability in other countries may cause increased volatility in Indian financial markets. In the event that the current difficult conditions in the global credit markets continue or if there are any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of our Equity Shares.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, and elsewhere in the world in recent years has affected the Indian economy. Although economic condition are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Recently, the currencies of a few Asian countries including India suffered a devaluation against the US Dollar owing to among other, the announcement by the US government that it may consider reducing its quantitative easing measures. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and case increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, future financial performance and the price of our Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major US and European financial institutions. These and other related events, such as the European sovereign debt crisis, have head a significant impact on the global credit and financial markets as a whole, including recued liquidity, greater volatility, widening of credit spreads and a lack of price transparency in global credit and financial markets.

In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets.

However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current difficulty conditions in the global credit markets continue or if there are any significant financial disruptions, such conditions could have an adverse effect on our business, future financial performance and the trading price of our Equity Shares.

72. Rights of shareholders under Indian laws may be more restrictive than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, director's fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdiction. Investors may have more difficulty in asserting their rights as shareholders in an Indian company than as shareholder of a corporation in another jurisdiction.

73. Our Equity Shares have never been publicly traded and the listing of our Equity Shares on the Stock Exchanges may not result in an active or liquid market for our Equity Shares.

Prior to this Offer, there has been no public market for our Equity Shares and an active public market for our Equity Shares may not develop or be sustained after this Offer. Therefore, we cannot predict the extent to which a trading market will develop or how liquid that market might become. No assurance can be given that an active trading market for our Equity Shares will develop, or, if developed, will be sustained, or that the trading price for our Equity Shares will not decline below the Offer Price. If an active trading market is not developed or sustained, the liquidity and trading price of our Equity Shares could be materially and adversely affected. While we have obtained preliminary listing approval from the Stock Exchanges to have out Equity Shares listed and quoted on the Stock Exchanges, listing and quotation does not, however, guarantee that a trading market for our Equity Shares will develop or, if a market does develop, the liquidity of that market for the Equity Shares. Although we currently intend that the Equity Shares will remain listed on the Stock Exchanges, there is no guarantee of the continued listing of Equity Shares.

The Offer Price of our Equity Shares under this Offer will be determined following a book building process and may not be indicative of the price at which our Equity Shares will be traded following completion of this Offer. You may not be able to resell you Equity Shares at a price that is attractive to you.

74. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transaction involving actual or threatened change in control of us. Under the takeover regulation in India, an acquirer has been defined as any person who, directly or indirectly acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/ shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to this market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Indian takeover regulations.

75. ***QIBs and Non-institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid and Retail Individual Investors are not permitted to withdraw their Bids after closure of the Offer.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional investors are required to pay the Bid Amount on submission of the Bid, are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until closure of the Offer. As a result, QIBs and Non-Institutional Investors would not be able to withdraw or lower their Bids, notwithstanding adverse changes in international o national monetary policy, financial, political or economic conditions, our business, results of operations or financial condition, or otherwise, between the dates of the submission of their Bids and the Allotment. While our Company is required to ensure commencement of trading in the Equity Shares within six Working Days from the Bid/ Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such event limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

76. ***Our ability to raise foreign capital may be constrained by India law.***

As an India company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our projects and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.

Prominent Notes:

- Initial public offering of [●] Equity Shares of our Company through an offer for sale by our Promoter, the President of India, acting through the Selling Shareholder, The Offer and the Net Offer will constitute [●]% and 12.00% respectively, of the pre and post offer paid-up Equity Share capital of our company. The Net Offer currently constitutes 10,996,875 Equity Shares. Post completion of the Proposed Bonus Issue, the paid-up Equity Share capital shall increase from 91,640,625 Equity Shares to 183,281,250 Equity Shares. DIPAM, pursuant to its letter dated December 13, 2017, has approved the (i) disinvestment of 12.00% of our Promoter's shareholding in our Company; and (ii) a reservation of Equity Shares in the Employee Reservation Portion over and above the aforesaid disinvestment of 12.00% of our Promoter's shareholding in our Company. Post completion of the Proposed Bonus Issue, the Net Offer shall constitute 21,993,750 Equity Shares.

- The Offer is being made through the Book Building Process, wherein 50% of the Net Offer shall be available for allocation, on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Not less than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

- The net worth of our Company as at March 31, 2017 and September 30, 2017 was ₹22,124.61 million and ₹16,306.40 million respectively. The net asset value per Equity Share of our Company as at March 31, 2017 and September 30, 2017 was ₹181.07 and ₹177.94. See "*Financial Statements*" on page 176.

- The average cost of acquisition of Equity Shares by our Promoter is ₹ (58.31)* per Equity Share. See "*Capital Structure*" on page 70.

*After considering the impact of buy-back of 172,500 and 30,546,875 equity shares by the Company at a price per equity share of ₹11,528 and ₹147.49 on March 29, 2016 and September 26, 2017 respectively.

- For details of the related party transactions during the last five Fiscal Years, pursuant to the requirements under the Ind AS 24 / According Standard 18 "*Related Party Disclosures*", issued by the Institute of Chartered Accountants of India, see "*Restated Financial Statements – Note 35(8) of Annexure V(2)" and "Restated Financial Statements – Note 29.07 of Annexure IV A(2) respectively*" on pages 231 and 272 respectively.

- There has been no change in our Company's name since incorporation.

- There has been no financing arrangement whereby the directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this DRHP.

- Investors may contact any of the Book Running Lead Managers who have submitted the due diligence certificate to the SEBI for any complaints, information or clarification pertaining to the Offer. For details regarding grievances in relation to the Offer, see "*General Information*" on page 62.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

Economic Trends & Growth Outlook

The Central Statistics Organization and the Indian Monetary Fund forecasts India to be one of the fastest growing economy for the 2017-18 fiscal period. The Government of India forecasts the economy to grow at 7.1% during the same year. The growth is among the strongest of the G-20 nations.

Foreign Development Investment (FDI) rates have increased in sectors like defence, insurance and other sectors. As a result FDI has jumped from $ 36 Billion in 2013-14 to $ 60 Billion in 2016-17 (Source: Ministry of Commerce & Industry). Under the ambit of the 'Make in India' initiative, investment procedure, license applications, declarations and other processes has been streamlined to boost investor confidence. Applications for permits have been digitized and a new uniform tax regime (Goods & Services Tax) has been implemented to reduce complexity in taxation. The nation also has a vibrant micro, medium and small enterprise (MSME) sector to support manufacturing units set up in India. The MSME sector is expected to perform a vital support function to the manufacturing sector and will be crucial to India's agenda to raise the share of manufacturing in India's GDP from 16% to 25% by the end of 2025. The central government as well as state governments are also trying to incentivize domestic and foreign players to ramp up defence manufacturing in India through a combination of tax benefits, infrastructure incentives, and other methods.

The Indian Defence Market – Macro Outlook

The Indian defence market is in a state of transition, as a result of new policies promulgated by the government. The Indian Armed Forces have not been able to spend the entire defence budget allocated, owing to straitjacketed procurement procedures and inherent delays; and the gap between allocated and actual defence spending has been increasing over the years. F&S expects the underspend in defence to decrease during the forecast period, as the government modifies policies to simplify procurement. Reduced underspending will drive defence budgets and the market will expand to $68.7 billion, recording a compound annual growth rate (CAGR) of 6.52 %, or $79.17 billion at a CAGR of 8.04 %—depending on the government's ability to simplify procurement through policy initiatives.

The three services have several modernization plans underway, some of which have been delayed. The Indian government seeks to address this through the new Defence Procurement Policy (DPP) 2016, which seeks to streamline procurement and give more leeway to suppliers, opening up Foreign Development Investment, allowing single vendor participation for tenders, and initiating a "Strategic Partner" model.

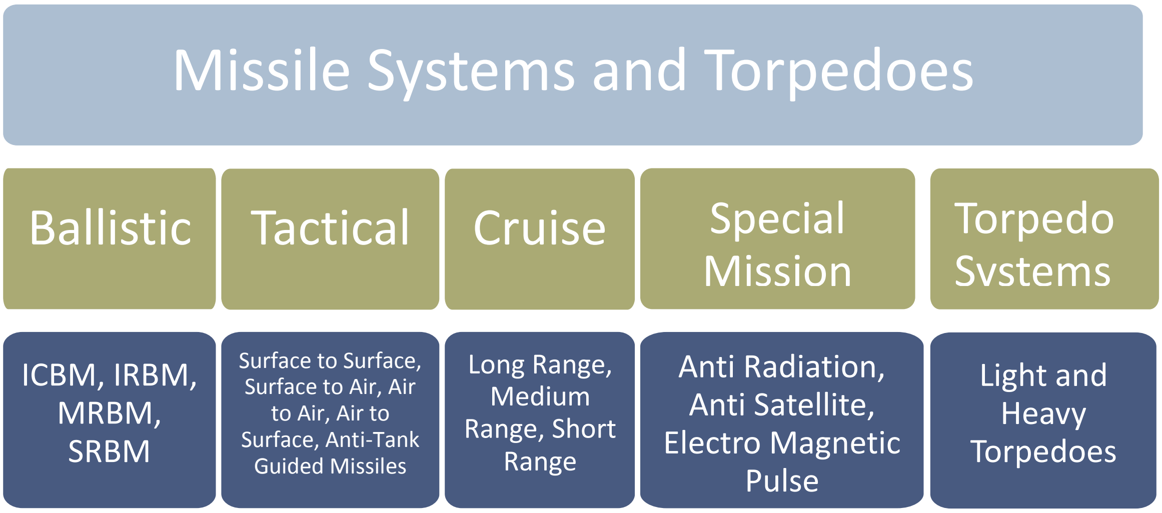
The government is outlining policies to convert India into a defence hub, with indigenous manufacturing being given the highest priority. Defence exports will be permitted and foreign direct investment (FDI) holdings have been tweaked to enable more foreign original equipment manufacturers (OEMs) to set up ventures in India. Several multi-billion dollar projects are expected to come to fruition. A few of these projects will be executed through government-to-government (G2G) and off-the-shelf purchases; however, the majority will be through partnerships between indigenous companies and foreign OEMs. Offset regulations are being relaxed to speed up procurements and provide flexibility for suppliers while approaching tenders. The focus is on fast-track deals, tailored projects with Indo-foreign OEM partnerships, and involving micro, small, and medium enterprises.

Guided missile systems in India and command policy

The Indian defence establishment is in an upward swing vis-à-vis modernization and procurement, due to escalatory geopolitical scenarios, technology obsolescence and to counter adversary modernization. The nation has to contend with two nuclear states simultaneously – China, with an inventory of over 250 nuclear weapons (Source: Arms Control Association) and hundreds of missiles and Pakistan, which has over a 100 nuclear weapons (Source: Arms Control Association) and an arsenal under questionable security arrangements. In this light, India needs effective nuclear weapon and high explosive (HE) warhead delivery systems, advanced tactical missiles for kinetic kills from greater ranges and a tiered advanced missile defence system in the lines of US Terminal High Altitude Area Defence (THAAD) units or Russia's Ground-Based Mid Course Defence. India's pursuit to missile system acquisition (import and indigenous production) and modernization reflect these objectives. The nation is also moving away from the Cold War concept of nuclear deterrence, to include a strong focus on ballistic missile defence (BMD) systems. Geopolitical moves such as ascension to the MTCR and the nation's pursuit to enter the Wassenar Agreement are indicative of latent undercurrents towards technology transfer, and developing international partnerships to improve the nation's missile development technologies. Extensive modernization efforts such as addition of new fighter squadrons, improving weapons systems mix at the platoon level, adding new warships and submarines will all in turn be driver for missile demand.

Segmentations and key Definitions

Frost & Sullivan has segmented the market into 5 major segments depending on function and mission type as follows.



Source: Frost & Sullivan

The Guided Missile and Torpedo Market – India

The Indian Guided Missile and Torpedo market landscape consists of two main types of suppliers at present - DPSUs with indigenous Research Development Testing and Evaluation (RDTE) and manufacturing capabilities and foreign players which export their missile systems to India. There is also an emerging category – the Indian private sector teaming up foreign established defence experts to manufacture missile systems in India. This category is still in its infantile stages.

Frost & Sullivan forecasts a market valuation $ 24.49 Billion in the 2017-26 time frame for guided missiles and torpedoes. This market will be driven by

1. Committed and planned missile procurement underway such as that of S-400 Triumf Advanced Air Defence Systems, Barak-8 Surface to Air Missiles (SAMs), Hellfire Air to Surface Missiles, Harpoon Anti-ship Missiles, and heavy weight torpedoes etc.
2. Modernization and refurbishment of deployed and stored missile systems used on existing air, land, and sea-based platforms such as missile system upgrades in existing Talwar Class Frigates (FFGs), ATGM upgrades etc.
3. Missile procurements expected as a result of procurement programs initiated during the forecast timeline such as new fighter procurements, Project 28A (Next Generation Missile Corvette), Project 17A (FFG), Project 75I (Diesel Electric Submarines with Air Independent Propulsion) etc.

Global Competitive Landscape – Guided Missile and Torpedo Systems

The guided missile and Torpedo systems competitive landscape is dominated by 22 global players. Most companies do not offer solutions across the entire gamut of guided missile product segments and tend to specialize in segments where revenue opportunities are high. Also, export restrictions on theatre warfare weapons such as ICBMs, IRBMs etc. prevent many firms from developing newer solutions in this segment as there is a constraint on realizable opportunities. In such cases, OEMs only start developing solutions as and when there is an explicit demand from respective MoDs for such systems.

There are over 60 ballistic missile solutions available globally today, with the overwhelming majority of solutions provided by Tactical Missiles Corporation (which is a holding corporation composed of over 20

Russian specialized munitions solution providers). Similarly, in the cruise missile segment, about 26 solutions (includes variants) are marketed today by 8 major firms. It is in the tactical missile segment that there is a large expansion in the number of solutions and in the number of companies providing them. This segment is also the largest segment by revenue in India's guided missile market forecast 2017-26.

Indian Competitive Landscape – Guided Missile and Torpedo Systems

The Indian missile market today is dominated by DPSU produced missiles and foreign solutions at present. However, there is a drive within the establishment to indigenize missile production as much as possible in order to extricate the armed forces from any external dependencies for missile systems in the future. The goal is to aim for complete in house missile production and maintenance. BDL maintains all Indian missile systems and selected foreign missile systems at present.

Solutions from Russia, Israel, Europe and US are well entrenched in the Indian market. At present, indigenous development and manufacturing is carried out by three DPSUs – DRDO, BDL, and BEL. Amongst the three BDL is the main player in manufacturing and is the sole manufacturer in India for SAMs, torpedoes, ATGMs. There are many opportunities in the Indian market which will be up for grabs in the future. These opportunities, coupled with the 'Make in India' initiative and DPP 2016 has stimulated an interesting market dynamic in India. Foreign OEMs accord high priority to the Indian market because of assured opportunities but has come to realize that partnering with DPSUs and private companies is the way ahead. This has resulted in many partnerships in the field, as well as stand-alone indigenous development.

Indian private players are rushing to secure licenses for manufacturing missiles and to tie up with foreign players in order to field products for the extensive emerging opportunities in the Indian guided missile market space. However, it is to be noted that most of these private players lack manufacturing experience for the same. In this light, DPSUs like BDL which have proven guided missile, SAM and torpedo manufacturing capabilities stand to benefit. They also have the added advantage that missile systems produced is already inducted in the Indian Armed Forces, thereby bettering market perception for export. Defence buyers are more amenable to procure products which are already in service with operators rather than a new one.

Most new private players are positioning themselves as system integrators at present. Only DPSUs have extended RDTE and manufacturing capability across the value chain.

SUMMARY OF OUR BUSINESS

We are 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. We are the sole manufacturer in India for SAMs, torpedoes, ATGMs *(Source: F&S Report)*. We are also the sole supplier of SAMs and ATGMs to the Indian armed forces *(Source: F&S Report)*. Additionally, we are also engaged in the business of refurbishment and life extension of missiles manufactured. We are also the co-development partner with the DRDO for the next generation of ATGMs and SAMs. For a brief description of our products and services see "*Our Business – Description of our Products / Services*" on page 123.

We are a wholly-owned GoI company headquartered in Hyderabad and under the administrative control of the MoD, GoI and were conferred the 'Mini-ratna (Category -1)' status by the Department of Public Enterprises, GoI. Founded in 1970, we have over four decades of experience in manufacturing missiles and countermeasures and its allied equipments.

We 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.

We currently have three manufacturing facilities located in Hyderabad, Bhanur and Vishakhapatnam. Our Hyderabad manufacturing unit is engaged in the manufacture of SAMs, Milan 2T ATGMs, countermeasures, launchers and test equipment. Our Bhanur unit is engaged in the manufacture of the Konkurs – M ATGMs, the INVAR (3 UBK 20) ATGMs, launchers and spares. Our Vishakapatnam unit is engaged in the manufacture of light weight torpedoes, the C-303 anti torpedo system, countermeasures and spares. All our manufacturing facilities have ISO 14001:2004 certifications from TUV India Private Limited. Our Hyderabad (Akash Division) and Bhanur manufacturing units have AS 9100C certifications (based on and including ISO 9001:2008) from NVT Quality Certification Private Limited. Our quality management systems and management system for the Hyderabad manufacturing have been certified ISO 9001:2008 and ISO 9001: 2015 compliant, by the IRClass Systems and Solutions Private Limited and TUV India Private Limited respectively. We are 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 (VSHORADMs) respectively. We are the nominated production agency for VSHORADMs *(Source: F&S Report).*

We have been awarded various prestigious awards such as Raksha Mantri's institutional award for "Excellence" in performance for the year 2014 – 15 and the group / individual award in the "Innovation Category" for the year 2014 -15, in recognition of its consistent growth and adaptation and the PSE Excellence Award – 2015 by the *Indian* Chamber of Commerce in the Miniratna category for operational performance excellence.

Our current order book as of October 31, 2017 is ₹111,640.00 million. Our Company has posted profits continuously in the last five Fiscals. Our revenue from operations and profit for the year has increased from ₹28,408.21 million and ₹4,435.48 million respectively, in Fiscal 2015 to ₹48,327.56 million and ₹4,903.19 million, respectively, in Fiscal 2017 at a CAGR of 30.43% and 5.14% respectively. We have consistently declared dividends for the last five Fiscals.

Competitive Strengths

We believe we benefit from a number of strengths that together differentiate us from our competitors:

Modern facilities and infrastructure to deliver quality products in a timely manner

We believe that the infrastructure at our manufacturing facilities combined with our vast expertise enable us to cater to the needs of the Indian armed forces in a timely manner. Our manufacturing facilities are equipped with robotic welding machines, four axis machines, flow forming machines, vaccum furnace for heat treatment, automated electroplating shop, 3D – coordinating measuring machine, climatic chambers and 800G acceleration measuring fixture. Our Hyderabad manufacturing unit has been automated for material handling and grain loading of SAMs. Further, our Vishakhapatnam manufacturing facility is exclusively engaged in the manufacture of torpedoes.

Increase in indigenisation of our products and implementation of the "Make in India" policy

In order to give an impetus to the GoI's "Make in India" policy, we had implemented a vendor development policy in 2015. We believe that the implementation of this policy has enabled us to improve our supply chain management in order to meet our long term commitments to our primary customer, the MoD and ensured transparency in identifying and developing new vendors. We identify technically qualified vendors and suppliers and place purchase orders to ensure timely delivery of materials. We have also published a list of items under import substitutions category which are to be supplied by indigenous vendors.

We have tie-ups with various domestic and international Original Equipment Manufacturers (OEMs) for the development of our existing and future products. We have achieved indigenisation of upto 75 – 90% of the Konkurs-M ATGM and Milan 2T ATGM *(Source: F&S Report)*. We are constantly evaluating partnerships for transfer of technology to increase the indigenous content of our products. Increase in indigenisation will enable us to reduce our reliance on imports and the cost of our products.

Quality control of our products

Our products are primarily single shot devices which calls for the highest standards of reliability. All our manufacturing facilities have ISO 14001:2004 certifications from TUV India Private Limited. Our Hyderabad (Akash Division) and Bhanur manufacturing units have AS 9100C certifications (based on and including ISO 9001:2008) from NVT Quality Certification Private Limited. Our quality management systems and management system for the Hyderabad manufacturing unit have been certified ISO 9001:2008 and ISO 9001: 2015 compliant, by the IRClass Systems and Solutions Private Limited and TUV India Private Limited respectively.

All of our products undergo rigorous trials by the Indian armed forces prior to their induction and proof firing post their induction. In order to ensure that our products qualify the trials, we have set up various quality control processes such as multi-level inspection at vendor's plants, inspection of outsourced materials / components, sub-assembly checks and final checks of our products in order to ensure highest success rates of our products. We also organize periodical meetings with the Indian armed forces for monitoring progress and supply status of our products.

Strong order book and established financial track record of delivering growth

As of October 31, 2017, our outstanding order book was ₹111,640.00 million. We have delivered consistent growth over the last five financial years both in terms of financial and operational metrics. Our revenue from operations and profit for the year has increased from ₹28,408.21 million and ₹4,435.48 million respectively, in Fiscal 2015 to ₹48,327.56 million and ₹4,903.19 million, respectively, in Fiscal 2017 at a CAGR of 30.43% and 5.14% respectively.

Experienced board and senior management team

We have a diversified Board with directors and each of our key management team having several years of experience in the defence industry. Some of our senior management have grown within our organisation from trainee positions to head their respective departments. We believe that we have achieved a measure of success in attracting an experienced senior management team with operational and technical capabilities, management skills, business development experience and financial management skills. We have a large pool of experienced engineers. As of October 31, 2017, engineers constitute 27.27% of our total employees. We believe that our employees are instrumental to our success including for the quality of our products and services and our ability to operate in a cost-efficient manner, helping us achieve a continuous profit margin and operate efficiently. For further details see "*Our Management*" on page 142.

Our Strategies

Our objective is to enhance our market position by expanding our capabilities, capitalising on opportunities both in domestic and International markets in our industry and to enhance our competitiveness. Our business strategies are:

Continue to invest in infrastructure

We believe our continuous investment in infrastructure in terms of our upcoming manufacturing facilities at Ibrahimapatnam and Amravati will enable us to cater to the growing demand of our customers. Our proposed Ibrahimapatnam and Amravati manufacturing facilities shall be utilised to manufacture SAMs (including a new generation of SAMs) and VSHORADMs respectively. We also intend to automate our production systems at our manufacturing facility in Hyderabad to increase the production of SAMs. We are also in the process of establishing a test fire range in Rachakonda, Telangana which we believe will result in operational advantages and cost efficiencies.

Focus on R&D

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 in order to provide novel and better products to our customers. We also intend to carry out process improvements, in order to improve our productivity and efficiency of our operations and thereby lower costs. Our R&D expenses have grown at a CAGR of 23.60% from ₹227.21 million for the financial year 2015 to ₹347.10 million for the financial year 2017. We have established the missile development group with the objective to design and develop missiles. We have also established various technological labs such as RF labs, laser labs, aerodynamic labs and seeker labs to develop seeker technologies. We are conducting R&D for an improved version of the second generation of the Konkurs-M ATGM.

Developing new products

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. For details see "*Our Business – Our Partners*" on page 127. We believe that development of new products will enable us to diversify our offerings and help us reduce our reliance on our current products.

Provide our product offerings to the international market

We primarily cater to the requirements of the Indian armed forces. The GoI has on a nomination basis chosen us to supply various products to the Indian armed forces. The GoI is encouraging our Company for export of our products. We intend to interact with potential overseas customers with a view to exporting our products and thereby reduce our reliance on the GoI for future orders. We intend to offer products such as Akash SAM, light weight torpedoes and countermeasure dispensing system to the international markets. We are currently exporting the light weight torpedoes.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Financial Statements as of and for the six months period ended September 30, 2017 and for the years ended March 31, 2017, 2016, 2015, 2014 and 2013. The financial statements referred to above are presented under "*Financial Statements*" beginning on page 176. The summary financial information presented below should be read in conjunction with these financial statements, the notes thereto and *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* beginning on page 276.

The restated summary statement of assets and liabilities, restated summary statement of profit and loss (including comprehensive income) and the restatated summary statement of cash flows of the Company, as at September 30, 2017, March 31, 2017, 2016 and 2015 are under Ind AS and as at March 31, 2014 and March 31, 2013 are under Indian GAAP.

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(₹ in million)

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
ASSETS				
(1) Non-current Assets				
(a) Property, Plant and Equipment	5,988.43	6,053.42	5,576.39	3,878.64
(b) Capital Work-in-Progress	1,761.20	1,301.20	1,250.79	1,351.10
(c) Investment Property	0.10	0.10	0.10	0.10
(d) Intangible Assets	1,585.59	1,601.38	1,391.17	1,298.30
(e) Intangible Assets under development	28.88	11.29	11.28	71.59
(f) Financial Assets				
(i) Investments	36.89	29.47	29.47	29.26
(ii) Loans	37.12	32.27	38.25	37.98
(iii) Other Financial Assets	484.02	502.04	548.00	515.29
(g) Deferred Tax Assets (net)	1,924.76	1,513.25	768.32	397.96
(h) Other Non-current Assets	323.21	330.16	344.05	357.97
Total Non - current Assets	**12,170.20**	**11,374.58**	**9,957.82**	**7,938.19**
(2) Current Assets				
(a) Inventories	21,594.08	22,511.25	20,576.62	14,756.67
(b) Financial Assets				
(i) Trade Receivables	1,297.71	3,564.12	1,448.57	3,347.87
(ii) Cash and Cash Equivalents	4,661.18	461.99	2,325.17	1,239.23
(iii) Bank balances other than (ii) above	8,449.00	16,918.08	30,099.68	35,450.00
(iv) Loans	22.78	28.93	25.62	24.52
(v) Other Financial Assets	19,190.07	17,287.32	14,875.94	7,413.63
(c) Current Tax Assets (Net)	47.86	39.23	-	201.19
(d) Other Current Assets	15,416.89	13,822.42	17,096.90	13,748.40
Total Current Assets	**70,679.57**	**74,633.34**	**86,448.50**	**76,181.51**
Total Assets	**82,849.77**	**86,007.92**	**96,406.32**	**84,119.70**
EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity Share Capital	916.41	1,221.88	977.50	1,150.00
(b) Other Equity	15,389.99	20,902.73	17,534.88	15,376.71
Total Equity	**16,306.40**	**22,124.61**	**18,512.38**	**16,526.71**
(2) Non-current Liabilities				
(a) Financial Liabilities				
(i)Other Financial Liabilities	497.76	516.30	563.57	529.93
(b) Provisions	273.21	178.73	11.42	21.89
(c) Other Non-current Liabilities	3,506.37	4,638.19	12,143.00	18,622.95

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Total Non-current Liabilities	**4,277.34**	**5,333.22**	**12,717.99**	**19,174.77**
(3) Current Liabilities				
(a) Financial Liabilities				
(i) Trade Payables	15,248.11	14,950.87	13,431.05	5,140.76
(ii)Other Financial Liabilities	1,532.94	1,171.27	1,037.31	1,091.41
(b) Other Current Liabilities	35,985.84	36,194.97	46,991.29	40,176.02
(c) Provisions	9,499.14	6,232.98	3,532.48	2,010.03
(d) Current Tax Liabilities (Net)	-	-	183.82	-
Total Current Liabilities	**62,266.03**	**58,550.09**	**65,175.95**	**48,418.22**
Total Equity and Liabilities	**82,849.77**	**86,007.92**	**96,406.32**	**84,119.70**

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(₹ in million)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES		
Shareholders' Funds		
(a) Share Capital	1,150.00	1,150.00
(b) Reserves and Surplus	11,609.61	9,361.84
	12,759.61	**10,511.84**
Non-Current Liabilities		
(a) Long Term Liabilities	449.87	469.43
(b) Long-Term Provisions	-	627.34
Current Liabilities	**449.87**	**1,096.77**
(a) Trade Payables	3,631.77	2,863.71
(b) Other Current Liabilities	64,314.46	56,791.48
(c) Short Term Provisions	1,301.21	1,242.30
	69,247.44	**60,897.49**
	82,456.92	**72,506.10**
ASSETS		
Non-Current Assets		
(a) Fixed Assets		
(i) Tangible Assets	3,423.86	2,673.30
(ii) Intangible Assets	177.28	92.30
(iii) Capital Work-in-progress	638.23	632.65
(iv) Intangible Assets under develop	63.32	62.62
(b) Non-Current Investments	5.37	5.37
(c) Deferred Tax Assets (Net)	15.90	269.95
(d) Long Term Loans and Advances	117.71	133.87
(e) Other Non-current assets	437.44	456.47
Current Assets	**4,879.11**	**4,326.53**
(a) Inventories	13,749.96	10,013.34
(b) Trade Receivables	4,131.98	2,754.47
(c) Cash and Cash Equivalents	42,665.44	39,622.55
(d) Short Term Loans and Advances	15,050.84	14,479.78
(e) Other Current Assets	1,979.59	1,309.43
	77,577.81	**68,179.57**
	82,456.92	**72,506.10**

RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(₹ in million)

	Particulars	For the six months period ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
	INCOME				
I	Revenue from Operations				
	Sales of products manufactured	10,104.28	34,185.97	30,512.16	22,055.55
	Sales of products traded	7,952.52	14,141.59	10,275.42	6,352.66
		18,056.80	48,327.56	40,787.58	28,408.21
II	Other Income (net)	747.87	2,298.18	3,847.55	4,390.33
	Changes in inventories of finished goods and work-in-progress	3,097.84	1,354.99	1,378.62	(266.26)
III	**Total Income (I + II)**	**21,902.51**	**51,980.73**	**46,013.75**	**32,532.28**
IV	**EXPENSES**				
	Cost of materials consumed	12,608.16	31,192.37	26,231.51	18,538.87
	Other manufacturing expenses	1,807.85	2,383.92	3,330.53	1,199.83
	Employee benefits expense	2,224.20	4,483.85	3,262.34	3,124.76
	Finance costs	15.52	36.78	35.15	33.24
	Depreciation and amortisation expense	302.49	621.86	532.20	666.75
	Other expenses	2,049.11	5,884.18	4,150.94	2,474.09
	Selling and distribution expenses	15.06	55.90	58.37	55.43
	Total expenses (IV)	**19,022.39**	**44,658.86**	**37,601.04**	**26,092.97**
V	**Profit/ (Loss) before exceptional items and tax (III-IV)**	**2,880.12**	**7,321.87**	**8,412.71**	**6,439.31**
VI	Exceptional Items	-	-	-	-
		2,880.12	**7,321.87**	**8,412.71**	**6,439.31**
	(1) Current tax	1,471.76	3,125.99	3,165.89	2,342.30
	(2) Deferred tax	(317.55)	(707.31)	(373.87)	(338.47)
	Total Tax expense	**1,154.21**	**2,418.68**	**2,792.02**	**2,003.83**
		1,725.91	**4,903.19**	**5,620.69**	**4,435.48**
X	**Other comprehensive income**				
	Items that will not be reclassified subsequently to profit or loss				
	(a) Remeasurement of the defined benefit plans	(271.50)	(108.74)	10.14	(5.95)
	(b) Income tax relating to items that will not be reclassified to profit or Loss	93.96	37.63	(3.51)	2.02
	Total other comprehensive income	**(177.54)**	**(71.11)**	**6.63**	**(3.93)**
		1,548.37	**4,832.08**	**5,627.32**	**4,431.55**
XII	**Earnings per equity share**				
	Basic and diluted EPS (in Rupees)	14.22	40.13	40.32	31.81

RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(₹ in million)

PARTICULARS	**For the year ended March 31, 2014**	**For the year ended March 31, 2013**
Sales of products manufactured	16,919.29	7,146.71
Sales of products traded	1,037.03	3,612.51
Less: Excise Duty	121.72	(4.37)
	17,834.60	10,763.59
Changes in inventories of Finished Goods, Work-in-progress, Stock-in-Trade	222.86	956.10
Other Income	4,999.56	4,636.83
Total Revenue	**23,057.02**	**16,356.52**
Expenses:		
Raw material consumed	12,260.11	7,795.71
Other manufacturing expenses	232.18	226.43
Staff costs	3,072.80	2,589.85
Depreciation and Amortisation expenses	394.54	416.92
Administration expenses	1,441.43	737.67
Selling and distribution expenses	53.10	59.17
Finance Costs	4.45	3.61
Provisions	175.46	435.61
	17,634.07	**12,264.97**
Profit Before Tax	**5,422.95**	**4,091.55**
Tax Expense		
Current Tax	1,567.72	1,204.21
Deferred Tax	254.03	99.40
	1,821.75	1,303.60
	3,601.21	**2,787.94**
Basic and Diluted		

RESTATED SUMMARY STATEMENT OF CASH FLOWS

(₹ in million)

Particulars	**For the period from April 1, 2017 to September 30, 2017**	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**	**For the year ended March 31, 2015**
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before exceptional items and tax	**2,880.12**	**7,321.87**	**8,412.71**	**6,439.31**
Adjustments for :				
Depreciation and amortisation expense				
Finance costs	15.52	36.77	35.14	33.24
Interest income	(627.05)	(2,016.68)	(3,101.64)	(3,935.12)
Profit on Sale of Property plant and equipment and intangible assets	-	(2.03)	-	(0.18)
Amortisation on Deferred revenue on customer provided assets	(35.06)	(70.48)	(71.37)	(6.96)
Provisions for expenses	168.28	2,299.81	442.65	493.06
Liabilities / provisions no longer required written back	-	(4.16)	-	-
Fair value adjustment to investment carried at fair value through profit and loss	(7.42)	(15.24)	(15.73)	(16.22)
Operating profit before working capital changes	**2,696.88**	**8,171.73**	**6,233.96**	**3,673.89**
Changes in working capital:				
Adjustments for (increase) / decrease in operating Assets:				
Trade receivables	2,266.42	(2,115.56)	1,899.30	621.21
Other Bank balances	8,469.08	13,181.60	5,350.32	(153.29)
Loans	1.30	2.67	(1.36)	14.47
Other Financial Assets	(1,919.16)	(1,707.61)	(8,041.37)	(5,118.21)
Inventories	917.17	(1,976.49)	(5,819.94)	(931.63)
Other Assets	(1,559.41)	3,274.48	(3,348.50)	644.36
Adjustments for increase / (decrease) in operating Liabilities:		-	-	-
Trade payables	297.24	1,519.82	8,290.28	1,173.21
Other Financial Liabilities	343.13	505.70	(6.16)	(341.66)
Other Liabilities	(2,302.80)	(18,244.93)	(12.33)	(4,465.01)
Provisions	1,028.64	505.27	1,079.47	1,088.67
Cash generated from operations	**10,238.49**	**3,116.68**	**5,623.67**	**(3,793.99)**
Net income tax paid	(1,480.39)	(3,349.04)	(2,780.88)	(2,196.59)
Net cash flow before exceptional items	8,758.10	(232.36)	2,842.79	(5,990.58)
Exceptional items		-	-	-
Net cash from/ used in operating activities (A)	**8,758.10**	**(232.36)**	**2,842.79**	**(5,990.58)**
B. Cash FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on Property plant and equipment and intangible assets, including capital advances	(699.30)	(1,359.51)	(2,163.38)	(2,912.24)
Proceeds from sale of Property plant and equipment and intangible assets	-	2.03	-	0.18
Interest received	654.32	1,388.39	3,649.23	3,534.89

Net cash from/ used in investing activities (B)	**(44.98)**	**30.91**	**1,485.85**	**622.83**
C. Cash FLOW FROM FINANCING ACTIVITIES				
Finance costs	(8.57)	(22.87)	(21.24)	(19.34)
Buyback of shares	(4,505.36)	-	(1,988.58)	-
Tax on buy back of shares		(419.01)	-	-
Dividends paid (including taxes thereon)		(1,219.85)	(1,232.87)	(589.12)
Net cash from/ used in financing activities (C)	**(4,513.93)**	**(1,661.73)**	**(3,242.69)**	**(608.46)**
Net (decrease) in Cash and Cash Equivalents (A+B+C)	**4,199.19**	**(1,863.18)**	**1,085.95**	**(5,976.21)**
Cash and Cash equivalents at the beginning of the year	**461.99**	**2,325.17**	**1,239.22**	**7,215.44**
Cash and Cash equivalents at the end of the year (Refer Note (i) below)	**4,661.18**	**461.99**	**2,325.17**	**1,239.23**
Note (i):				
Cash and Cash equivalents Comprises:				
in current accounts	51.78	461.43	203.36	369.13
in deposit accounts	4,606.53	-	2,120.00	870.00
Cash on hand	2.87	0.56	1.81	0.10
	4,661.18	**461.99**	**2,325.17**	**1,239.23**

RESTATED SUMMARY STATEMENT OF CASH FLOWS

(₹ in million)

PARTICULARS	**For the year ended March 31, 2014**	**For the year ended March 31, 2013**
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax and Extraordinary items	**5,422.98**	**4,091.54**
Adjustments for :		
Depreciation and amortization	394.52	414.72
Interest income	(4,158.50)	(4,175.81)
Interest expense	4.45	3.61
Operating Profit Before Working Capital Changes	1,663.44	334.06
(Increase)/Decrease in trade receivables	(1,377.51)	(1,921.44)
(Increase)/Decrease in inventories	(3,736.62)	(4,039.62)
(Increase)/Decrease in loans and advances (excluding		
advance tax and interest accrued)	(344.90)	(4,830.06)
Increase/(Decrease) in sundry creditors, liabilities & provisions	7,703.04	6,286.15
Cash generated from operations	**3,907.45**	**(4,170.90)**
Income taxes paid	(1,758.71)	(1,380.19)
Cash flow before extraordinary item	**2,148.74**	(5,551.09)
Proceeds from extra-ordinary items	-	-
Net cash from operating activities (A)	**2,148.74**	**(5,551.10)**
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(1,218.75)	(1,348.51)
Proceeds from sale of assets	(17.56)	34.87
Interest received	3,488.35	4,010.11
Net cash from investing activities (B)	**2,252.04**	**2,696.47**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(4.45)	(3.61)
Dividends paid (including tax thereon)	(1,353.44)	(470.01)
Net cash used in financing activities (C)	**(1,357.89)**	**(473.62)**
Net increase/(decrease) in cash and cash equivalents	**3,042.89**	**(3,328.25)**
Cash and cash equivalents as at the beginning of the year	**39,622.55**	**42,950.80**
Cash and cash equivalents as at end of the year	**42,665.44**	**39,622.55**

THE OFFER

The following table summarizes the Offer details:

Offer of Equity Shares (1) #	[●] Equity Shares aggregating to ₹[●] million
Of which:	
Employee Reservation Portion (1) (2)(3)(4) #	[●] Equity Shares aggregating to ₹[●] million
Net Offer	The Net Offer currently constitutes 10,996,875 Equity Shares. Post completion of the Proposed Bonus Issue, the paid-up Equity Share capital shall increase from 91,640,625 Equity Shares to 183,281,250 Equity Shares and therefore, the Net Offer shall constitute 21,993,750 Equity Shares.
Of which:	
A) QIB Portion	[●] Equity Shares
of which:	
Mutual Fund Portion	[●] Equity Shares
Balance of QIB portion for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion	Not less than [●] Equity Shares
C) Retail Portion (3)	Not less than [●] Equity Shares
Pre and post Offer Equity Shares	
Equity Shares outstanding prior to and post completion of the Offer#	[●] Equity Shares
Utilisation of the proceeds from Offer for Sale	Our Company will not receive any proceeds from the Offer for Sale. For details, see "*Objects of the Offer*" on page 86.

 # The Net Offer currently constitutes 10,996,875 Equity Shares. Post completion of the Proposed Bonus Issue, the paid-up Equity Share capital shall increase from 91,640,625 Equity Shares to 183,281,250 Equity Shares. DIPAM, pursuant to its letter dated December 13, 2017, has approved the (i) disinvestment of 12.00% of our Promoter's shareholding in our Company; and (ii) a reservation of Equity Shares in the Employee Reservation Portion over and above the aforesaid disinvestment of 12.00% of our Promoter's shareholding in our Company. Post completion of the Proposed Bonus Issue, the Net Offer shall constitute 21,993,750 Equity Shares.

Notes:

(1) The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on December 26, 2017. The Offer has been authorized by the Selling Shareholder, through its letter bearing number H-62012/1/2015-D(BDL)Pt. II dated December 26, 2017 conveying the approval granted by the GoI for the Offer. The Equity Shares offered by the Selling Shareholder in the Offer have been held by them for a period of at least one year prior to the date of this Draft Red Herring Prospectus and are eligible for being offered in the Offer for Sale as required by the SEBI ICDR Regulations. The Selling Shareholder, through its letter bearing file number H-62012/1/2015-D(BDL)Pt. II dated December 26, 2017, conveyed the consent for inclusion of such number of equity shares being 12.00% of the shareholding in the Company and such number of further Equity Shares as permitted under applicable law for allocation and allotment to eligible employees of the Company under the Employee Reservation Portion, held by the President of India, acting through the Ministry of Defence, Government of India as part of the Offer for Sale.

(2) Eligible Employees Bidding in the Employee Reservation Portion (if any) can Bid up to a Bid Amount of ₹500,000 (net of Employee Discount). However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000 (net of Employee Discount). In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount), subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount). The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹200,000), shall be added to the Net Offer. Subject to valid Bids being received at or above the Offer Price, under-subscription, in any category except the QIB portion, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Selling Shareholder and the Company, in consultation with the BRLMs and the Designated Stock Exchange. For further details, see "Offer Structure" on page 334.

(3)The Selling Shareholder and our Company, in consultation with the BRLMs, may offer a discount of up to [●]% (equivalent to up to ₹ [●] per Equity Share) and a discount of up to [●]% (equivalent to up to ₹ [●] per

Equity Share) on the Offer Price to the Retail Individual Bidders and the Eligible Employees Bidding under the Retail Portion and the Employee Reservation Portion (if any), respectively. The amount of Retail Discount and Employee Discount, as applicable, will be advertised in all newspapers wherein the Pre-Offer Advertisement will be published. For further details, see "Offer Procedure" on page 338.

(4) The Company may reserve a portion of Equity Shares for allocation and allotment to Eligible Employees, subject to the receipt of necessary approvals from the Government of India. The Employee Reservation Portion, if any, shall be in addition to the 12.00% of the paid-up Equity Shares. The Offer and the Net Offer will constitute [●]% and 12.00% respectively, of the pre and post Offer paid-up Equity Share capital of our Company. The Net Offer currently constitutes 10,996,875 Equity Shares. Post completion of the Proposed Bonus Issue, the paid-up Equity Share capital shall increase from 91,640,625 Equity Shares to 183,281,250 Equity Shares and therefore, the Net Offer shall constitute 21,993,750 Equity Shares.

GENERAL INFORMATION

Registered Office

Bharat Dynamics Limited
Kanchanbagh, Hyderabad – 500 058
Telephone: +91 40 2434 0352
Facsimile: +91 40 2434 0660
Website: www.bdl-india.com
Email: investors@bdl-india.com
Corporate Identification Number: U24292TG1970GOI001353

Corporate Office

Plot No.38-39, TSFC Building,
Near ICICI Towers,
Financial District, Gachibowli,
Hyderabad-500032,
Telephone: +91 40 2300 7301
Facsimile: +91 40 2345 6110

Address of the Registrar of Companies

Our Company is registered with the RoC, Andhra Pradesh and Telangana, Hyderabad situated at the following address:

2nd Floor, Corporate Bhawan,
GSI Post, Tattiannaram Nagole, Bandlaguda
Hyderabad - 500 068
Telephone: +91 40 2980 5427
Facsimile: +91 40 2980 3727

Board of Directors

The following table sets out the composition of our Board as on the date of this Draft Red Herring Prospectus:

Name and Designation	DIN	Address
Udaya Bhaskar Varanasi *Chairman and Managing Director*	06669311	First Floor, Block No. B, Flat No. B-101, Sri Balaji Gulmohar Township, Bachpalle K.V. Rangareddy – 500 090, Telangana, India.
Piramanayagam Subrahmaniam *Director (Finance) and Chief Financial Officer*	07117827	Flat No. 902, A – Block, Fresh Living Apartments, Madhapur, Hyderabad – 500 081, Telangana, India.
Voleti Gurudatta Prasad *Director (Production)*	07312718	17-1-388/1/30/101, Road No – 3, Lakshmi Nagar, Saidabad, Hyderabad – 500 059, Telangana, India.
Kappagantula Divakar *Director (Technical)*	07576308	H.NO: 16–11–20/6/16, Flat No: 103, Raghupathi Sadanam, Saleem Nagar Colony, Malakpet, Hyderabad – 500 036, Telangana, India.
Ashwani Kumar Mahajan *Government Director*	07483427	D–9, HUDCO Place Extension, Andrews Ganj, New Delhi – 110 049, India.
Sushama Vishwanath Dabak *Part time Non–Official and Independent Director*	07085413	B 5, Bhagyodaya, Linking Road Extension, Santacruz (West) Mumbai – 400 054, Maharashtra, India.
Ajay Pandey	01292877	House No. 410, I.I.M. Campus, Vastrapur Ahmedabad – 380 015, Gujarat, India.

Name and Designation	DIN	Address
Part time Non–Official and Independent Director		
Ajay Nath *Part time Non–Official and Independent Director*	05151291	E – 1/19, Arera Colony, Shivaji Nagar, Bhopal – 462 016, Madhya Pradesh, India.
Keezhayur Sowrirajan Sampath *Part time Non–Official and Independent Director*	07924755	New No. 21/1, Old No.9/1, Ramanujam Street, T Nagar, Chennai – 600 017, Tamil Nadu, India.
Kumar Latha *Part time Non–Official and Independent Director*	07932062	#3, Kashi Eshwara Temple Road, Behind Anjaneya Statue Road, Agara, HSR Layout, Bengaluru – 560 102, Karnataka, India.

For further details of our Board of Directors, see "*Our Management*" on page 142.

Chief Financial Officer

S. Piramanayagam is the Chief Financial Officer of our Company. His contact details are as follows:

Plot No.38-39, TSFC Building,
Near ICICI Towers,
Financial District, Gachibowli,
Hyderabad-500032,
Telephone: +91 40 2300 7301
Facsimile: +91 40 2345 6110
Email: director-finance@bdl-india.com

Company Secretary and Compliance Officer

N. Nagaraja is the Company Secretary and the Compliance Officer of our Company. His contact details are as follows:

Plot No.38-39, TSFC Building,
Near ICICI Towers,
Financial District, Gachibowli,
Hyderabad-500032,
Telephone: +91 40 2345 6145
Facsimile: +91 40 2345 6107
Email: investors@bdl-india.com

Investors Grievances

Investors can contact the Company Secretary and Compliance Officer, the BRLMs, the Registrar to the Offer, in case of any pre-Offer or post-Offer related problems, such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account or refund orders, and non-receipt of funds by electronic mode.

All grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the ASBA Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the submission of ASBA Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the Bidder.

All grievances relating to Bids submitted with Registered Brokers may be addressed to them with copy to the Stock Exchanges and to the Registrar to the Offer. Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

Book Running Lead Managers

SBI Capital Markets Limited

Address: 202, Maker Tower 'E',
Cuffe Parade, Mumbai - 400 005, Maharashtra, India.
Telephone: +91 22 2217 8300
Facsimile: +91 22 2217 8332
Email: bdl.ipo@sbicaps.com
Website: www.sbicaps.com
Investor Grievance ID:
investor.relations@sbicaps.com
Contact Person: Sambit Rath/ Nikhil Bhiwapurkar
SEBI Registration Number: INM000003531

IDBI Capital Markets & Securities Limited (Formerly known as IDBI Capital Market Services Limited)
Address: 3rd Floor, Mafatlal Centre, Nariman Point, Mumbai - 400 021, Maharashtra, India.
Telephone: +91 22 4322 1212
Facsimile: +91 22 2285 0785
Email: ipo.bdl@idbicapital.com
Website: www.idbicapital.com
Investor Grievance ID: redressal@idbicapital.com
Contact Person: Sumit Singh / Priyankar Shetty
SEBI Registration Number: INM000010866

YES Securities (India) Limited

Address: IFC, Tower 1 & 2, Unit no. 602 A,
6th Floor, Senapati Bapat Marg,
Elphinstone (W), Mumbai 400 013
Maharashtra, India
Telephone: +91 22 3012 6919
Facsimile: +91 22 2421 4508
Email: dlbdl.ipo@yessecuritiesltd.in
Website: www.yesinvest.in
Investor Grievance ID: igc@yessecuritiesltd.in
Contact Person: Mukesh Garg / Chandresh Sharma
SEBI Registration Number: INM000012227

Statement of the *inter-se* allocation of responsibilities among the BRLMs

The responsibilities and co-ordination by the BRLMs for various activities in this Offer are as follows:

Sr. No	Activity	Responsibility	Co-ordinator
1.	Capital structuring, positioning strategy and due diligence of the Company including its operations/ management/ business plans/ legal. Drafting and design of the Draft Red Herring Prospectus and statutory advertisements, including memorandum containing salient features of the Prospectus. Ensuring compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC, and SEBI including finalisation of Prospectus and registering with the RoC.	BRLMs	SBICAP
2.	Drafting and approval of all statutory advertisement, ASBA Forms and Revision Forms. Responsibility for underwriting agreements, as applicable.	BRLMs	SBICAP
3.	Co-ordination of auditor deliverables.	BRLMs	SBICAP
4.	Non-institutional and retail marketing of the Offer, which will cover, among others: • finalising media, marketing, and public relations strategy; • finalising centers for holding conferences for brokers, etc. and; • follow-up on the distribution of publicity and Offer material including forms, Prospectus and deciding on the quantum of the Offer material; and finalising Syndicate ASBA collection centers.	BRLMs	SBICAP
5.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including	BRLMs	IDBI Capital

Sr. No	Activity	Responsibility	Co-ordinator
	corporate advertising, brochure, etc. Co-ordination for the filing of media compliance report with SEBI.		
6.	International institutional marketing, finalising the list and division of international investors for one-to-one meetings and finalizing international roadshows and investors meeting schedule.	BRLMs	IDBI Capital
7.	Preparation of the roadshows presentation, roadshows script, and FAQs.	BRLMs	IDBI Capital
8.	Appointment of intermediaries viz., Advertising agency and printers (including coordinating all agreements to be entered with such parties).	BRLMs	IDBI Capital
9.	Co-ordination with Stock Exchanges for book building software, anchor investor portion (if any), bidding terminals, mock trading and payment of 1% security deposit.	BRLMs	IDBI Capital
10.	Appointment of intermediaries viz., Registrar to the Offer and Bankers to the Offer (including coordinating all agreements to be entered with such parties).	BRLMs	YES Securities
11.	Post Offer activities, which shall involve: Essential follow-up steps, advising the Company about the closure of the Offer based on the Bid file, finalisation of the Basis of Allotment after technical rejections, listing of Equity Shares, demat credit etc., including co-ordination with various agencies connected with the intermediaries such as registrar to the Offer; and • Coordinating with Stock Exchanges and SEBI for release of 1% security deposit post-closure of the Offer.	BRLMs	YES Securities
12.	Payment of applicable securities transaction tax on the sale of unlisted Equity Shares by the Selling Shareholder under the Offer for Sale included in the Offer to the GoI and filing of the securities transaction tax return by the prescribed due date as per Chapter VII of the Finance (no. 2) Act, 2004.	BRLMs	YES Securities
13.	Managing the book and finalisation of Offer Price, in consultation with the Selling Shareholder and the Company.	BRLMs	YES Securities
14.	Domestic institutional marketing of the Offer, which will cover, among others: • institutional marketing strategy and finalising the list and division of domestic investors for one-to-one meetings; and • finalizing domestic roadshows and investor meeting schedule.	BRLMs	YES Securities

Registrar to the Offer

Alankit Assignments Limited

Address: 205 – 208, Anarkali Complex,
Jhandewalan Extension, New Delhi – 110 055, India.
Telephone: +91 11 4254 1234
Facsimile: +91 11 4154 3474
Email: bdl_ipo@alankit.com
Website: www.alankit.com
Investor Grievance ID: bdl_igr@alankit.com
Contact Person: Pankaj Goenka/Bojiman
SEBI Registration Number: INR000002532

Indian Legal Counsel to our Company and the Selling Shareholder

DSK Legal, Advocates & Solicitors
1203, One Indiabulls Centre,
Tower 2, Floor 12 B,
841, Senapati Bapat Marg,
Elphinstone Road, Mumbai - 400 013,
Maharashtra, India.
Telephone: +91 22 6658 8000
Facsimile: +91 22 6658 8001

International Legal Counsel to our Company and the Selling Shareholder

Riker Danzig, Scherer, Hyland & Perretti LLP
500, Fifth Avenue,
New York- 10110
Telephone: +1 (212) 302 - 6574
Facsimile: +1 (973) 451 - 3709

Indian Legal Counsel to the Book Running Lead Managers

Cyril Amarchand Mangaldas
201, Midford House, Midford Garden,
Off M.G. Road, Bengaluru 560 001, Karnataka, India
Telephone: +91 80 2558 4870
Facsimile: +91 80 2558 4266

Statutory Auditors of our Company

S. R. Mohan & Company
Address: 3rd Floor, R R Towers,
North Block, Chirag Ali lane,
Nampally, Hyderabad
Telephone: +91 40 2320 1123
Firm Registration No: 002111S
Email: srm_co@yahoo.com
Peer Review No: 008299

Bankers to the Company

Andhra Bank
BDL Campus Branch, Kanchanbagh, Hyderabad
Tel: +91 40 2434 6071/ +91 40 2434 6052
Fax: +91 40 2434 6071
E-mail: bm1045@andhrabank.co.in
Website: www.andhrabank.co.in
Contact Person: Bhavani Shankar YRK, Sr. Branch Manager

State Bank of India
State Bank of India, Chandrayangutta Branch, Hyderabad
Tel: +91 40 2434 1546
Fax: +91 40 2434 3216
E-mail: sbi.03026@sbi.co.in
Website: www.sbi.co.in
Contact Person: Mitta Mallika

Axis Bank
D No: 6-9/1 (OLD)/9-6-62 (NEW), Beside Bharat Garden, Hyderabad
Tel: +91 40 2308 7755/ +91 88861 13051
Fax: +91 40 2308 7755
E-mail: champapet.branchhead@axisbank.com
Website: www.axisbank.com
Contact Person: Satyashila Reddy

Syndicate Members

The Syndicate Members shall be appointed prior to filing of the Red Herring Prospectus with the RoC.

Refund Bank

The Refund Bank, if any, shall be appointed prior to filing of the Red Herring Prospectus with the RoC.

Designated Intermediaries

Self-Certified Syndicate Banks

The list of SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised or such other websites as updated from time to time. For details of the Designated Branches which shall collect ASBA Forms from the Bidders and Designated Intermediaries, please refer to the above-mentioned link.

Registered Brokers

The list of the Registered Brokers, including details such as postal address, telephone numbers, and e-mail address, is provided on the websites of BSE and NSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 and http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, or such other websites as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone numbers, and e-mail address, are provided on the websites of BSE and NSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=7 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, or such other websites as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of BSE and NSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, or such other websites as updated from time to time.

IPO grading

No credit rating agency, registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Credit Rating

As this is an Offer of Equity Shares, the requirement of credit rating is not applicable.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors, namely, S.R. Mohan & Co., who hold a valid peer review certificate, to include its name as required under section 26(1)(a)(v) of the Companies Act in this Draft Red Herring Prospectus and as an "Auditor" or "Statutory Auditor" and "expert" as defined under Section 2(38) of the Companies Act in respect of the examination report dated December 26, 2017 of the Statutory Auditors on the Restated Financial Statements of our Company for the six months period ended September 30, 2017 and the financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the statement of tax benefits dated January 20, 2018, included in this Draft Red Herring Prospectus and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Trustees

As this is an offer of Equity Shares, the requirement of appointment of trustees is not applicable.

Appraising Agencies

As the Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer. Accordingly, no appraising entity has been appointed for the Offer.

Monitoring Agency

As the Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer. Accordingly, the requirement of appointment of a monitoring agency is not applicable.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the ASBA Forms within the Price Band, which will be decided by the Selling Shareholder and the Company, in consultation with the BRLMs, and which shall be notified in all editions of the English daily newspaper Financial Express, all editions of the Hindi national newspaper Jansatta and the Hyderabad edition of the Telugu daily newspaper Suryaa (Telugu being the regional language of Telangana, where our registered office is located), each with wide circulation at least five Working Days prior to the Bid/Offer Opening Date. The Offer Price shall be determined by the Selling Shareholder and the Company, in consultation with the BRLMs after the Bid/Offer Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholder;
- the BRLMs;
- the Syndicate Members;
- the SCSBs;
- the Registered Brokers;
- the Registrar to the Offer;
- the RTAs; and
- the Collecting Depository Participants.

All Bidders can participate in the Offer only through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs Bidding in the QIB Portion and Non-Institutional Investors Bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees bidding in the Retail Portion and the Employee Reservation Portion respectively can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date.

Our Company confirms that it will comply with the SEBI ICDR Regulations and any other directions issued by SEBI for this Offer. The Selling Shareholder confirms that such Selling Shareholder will comply with the SEBI ICDR Regulations and any other directions issued by SEBI, as applicable, to the respective portion of their respective Equity Shares offered in the Offer for Sale.

The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

For further details, see *"Offer Structure" and "Offer Procedure"* on pages 334 and 338 respectively. For an illustration of the Book Building Process and the price discovery process, see *"Offer Procedure – Part* B *– Basis of Allocation"* on page 373.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

Withdrawal of the Offer

For details in relation to refund on withdrawal of the Offer, see "*Terms of the Offer*" on page 329.

Underwriting agreement

After the determination of the Offer Price and allocation of the Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholder shall enter into an Underwriting agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The Underwriting Agreement is dated [●], and has been approved by our Board of Directors / IPO Committee thereof and the Selling Shareholder.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Name, address, telephone, fax, and email of the Underwriters	Indicated number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
[●]	[●]	[●]

The above mentioned table will be finalised after pricing and actual allocation and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board of Directors and the Selling Shareholder (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The Board of Directors/Committee of Directors, at its meeting held on [●], has accepted and entered into the Underwriting agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall only be responsible for ensuring payment with respect to the Bids procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting agreement. The underwriting arrangements mentioned above shall not apply to the applications by the ASBA Bidders in the Offer, except for ASBA Bids procured by any member of the Syndicate.

CAPITAL STRUCTURE

The equity share capital of our Company, as on the date of this Draft Red Herring Prospectus, is set forth below:

(In ₹ except share data)

	Particulars	Aggregate value at face value	Aggregate value at Offer Price
A.	**AUTHORIZED SHARE CAPITAL[#]***		
	125,000,000 Equity Shares of face value of ₹10 each	1,250,000,000	-
B.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER[#]**		
	91,640,625 Equity Shares of face value of ₹10 each	916,406,250	-
C.	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Offer for sale of [●][#] Equity Shares of face value of ₹10 each by the Selling Shareholder [(a)]	[●]	[●]
	Which includes:	[●]	[●]
	Employee Reservation Portion of [●][#] Equity Shares[(b)(c)]	[●]	[●]
	The Net Offer consists of:	[●]	[●]
	a) QIB Portion of [●] Equity Shares	[●]	[●]
	Of which:	[●]	[●]
	Mutual Fund Portion of [●] Equity Shares	[●]	[●]
	Balance [●] Equity Shares for all QIBs including Mutual Funds	[●]	[●]
	b) Non-Institutional Portion of not less than [●] Equity Shares	[●]	[●]
	c) Retail Portion of not less than [●] Equity Shares[(c)]	[●]	[●]
D.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER[#]**		
	[●] Equity Shares	[●]	
E.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	Nil	
	After the Offer	Nil	

[#] The Net Offer currently constitutes 10,996,875 Equity Shares. Subject to receipt of necessary approvals of the Shareholders and the Ministry of Defence, Government of India, the Board of Directors of our Company on December 26, 2017 has approved the Proposed Bonus Issue. Post completion of the Proposed Bonus Issue, the paid-up Equity Share capital shall increase from 91,640,625 Equity Shares to 183,281,250 Equity Shares. DIPAM, pursuant to its letter dated December 13, 2017, has approved the (i) disinvestment of 12.00% of our Promoter's shareholding in our Company; and (ii) a reservation of Equity Shares in the Employee Reservation Portion over and above the aforesaid disinvestment of 12.00% of our Promoter's shareholding in our Company. Post completion of the Proposed Bonus Issue, the Net Offer shall constitute 21,993,750 Equity Shares.

**For details in relation to the alteration to the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 138.*

(a) The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on December 26, 2017. The Offer has been authorized by the Selling Shareholder, through its letter bearing number No H-62012/1/2015-D(BDL)Pt. II dated December 26, 2017, conveying the approval granted by the GoI for the Offer. The Equity Shares offered by the Selling Shareholder in the Offer have been held by them for a period of at least one year prior to the date of this Draft Red Herring Prospectus and are eligible for being offered in the Offer for Sale as required by the SEBI ICDR Regulations. The Selling Shareholder, through its letter bearing file number No H-62012/1/2015-D(BDL)Pt. II dated December 26, 2017, conveyed the consent

for inclusion of such number of equity shares being 12.00% of its entire shareholding in the Company and such number of further Equity Shares as permitted under applicable law for allocation and allotment to eligible employees of the Company under the Employee Reservation Portion, held by the President of India, acting through the Ministry of Defence, Government of India as part of the Offer for Sale.

(b) The Company may reserve a portion of Equity Shares for allocation and allotment to Eligible Employees, subject to the receipt of necessary approvals from the Government of India. The Employee Reservation Portion, if any, shall be in addition to the 12.00% of the paid-up Equity Shares. The Offer and the Net Offer will constitute [●]% and 12.00% respectively, of the pre and post Offer paid-up Equity Share capital of our Company. The Net Offer currently constitutes 10,996,875 Equity Shares. Post completion of the Proposed Bonus Issue, the paid-up Equity Share capital shall increase from 91,640,625 Equity Shares to 183,281,250 Equity Shares and therefore, the Net Offer shall constitute 21,993,750 Equity Shares.

(c) The Selling Shareholder and our Company, in consultation with the BRLMs, may offer a discount of up to [●]% (equivalent to up to ₹ [●] per Equity Share) and a discount of up to [●]% (equivalent to up to ₹ [●] per Equity Share) on the Offer Price to the Retail Individual Bidders and the Eligible Employees Bidding under the Retail Portion and the Employee Reservation Portion (if any), respectively.. The amount of Retail Discount and Employee Discount, as applicable, will be advertised in all newspapers wherein the Pre-Offer Advertisement will be published. For further details, see "Offer Procedure" on page 338.

Notes to the capital structure

1. **Share Capital History:**

(i) History of Equity Share Capital of our Company

The following table sets out the history of the equity share capital of our Company:

Date of Allotment of Equity Shares/ Date when fully paid up/Date of buy back	No. of Equity Shares Alloted	Face Value (₹)	Issue price/ Buy back price per Equity Share (₹)	Nature of consideration	Nature of Transaction *	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
April 14, 1971*	4,000	1,000	1,000	Cash	Initial subscription to the MoA and further issue to the Promoter	4,000	4,000,000
June 21, 1971	3,500	1,000	1,000	Cash	Further issue to the Promoter	7,500	7,500,000
June 29, 1972	2,500	1,000	1,000	Cash	Further issue to the Promoter	10,000	10,000,000
March 16, 1973	6,000	1,000	1,000	Cash	Further issue to the Promoter	16,000	16,000,000
March 18, 1975	5,000	1,000	1,000	Cash	Further issue to the Promoter	21,000	21,000,000
March 26, 1976	2,000	1,000	1,000	Cash	Further issue to the Promoter	23,000	23,000,000
March 17, 1978	500	1,000	1,000	Cash	Further issue to the Promoter	23,500	23,500,000
August 19, 1978	1,000	1,000	1,000	Cash	Further issue to the Promoter	24,500	24,500,000
June 25, 1981	1,500	1,000	1,000	Cash	Further issue	26,000	26,000,000

Date of Allotment of Equity Shares/ Date when fully paid up/Date of buy back	No. of Equity Shares Alloted	Face Value (₹)	Issue price/ Buy back price per Equity Share (₹)	Nature of consideration	Nature of Transaction *	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
					to the Promoter		
November 16, 1981	2,000	1,000	1,000	Cash	Further issue to the Promoter	28,000	28,000,000
May 04, 1982	6,500	1,000	1,000	Cash	Further issue to the Promoter	34,500	34,500,000
October 12, 1982	3,500	1,000	1,000	Cash	Further issue to the Promoter	38,000	38,000,000
April 21, 1983	1,500	1,000	1,000	Cash	Further issue to the Promoter	39,500	39,500,000
November 02, 1983	10,000	1,000	1,000	Cash	Further issue to the Promoter	49,500	49,500,000
June 18, 1984	5,000	1,000	1,000	Cash	Further issue to the Promoter	54,500	54,500,000
November 30, 1984	50,000	1,000	1,000	Cash	Further issue to the Promoter	104,500	104,500,000
March 31, 1986	50,000	1,000	1,000	Cash	Further issue to the Promoter	154,500	154,500,000
March 25, 1987	20,000	1,000	1,000	Cash	Further issue to the Promoter	174,500	174,500,000
June 29, 1987	30,000	1,000	1,000	Cash	Further issue to the Promoter	204,500	204,500,000
December 18, 1987	45,500	1,000	1,000	Cash	Further issue to the Promoter	250,000	250,000,000
March 23, 1988	100,000	1,000	1,000	Cash	Further issue to the Promoter	350,000	350,000,000
June 25, 1988	100,000	1,000	1,000	Cash	Further issue to the Promoter	450,000	450,000,000
September 28, 1988	100,000	1,000	1,000	Cash	Further issue to the Promoter	550,000	550,000,000
January 16, 1989	130,000	1,000	1,000	Cash	Further issue to the Promoter	680,000	680,000,000
December 18, 1989	320,000	1,000	1,000	Cash	Further issue to the Promoter	1,000,000	1,000,000,000
March 29, 1990	150,000	1,000	1,000	Cash	Further issue to the Promoter	1,150,000	1,150,000,000
March 29, 2016#	(172,500)	1,000	11,528	Cash	Buy-back of Equity shares by the Company	977,500	977,500,000
November 25, 2016	244,375	1,000	1,000	-	Bonus issue in the ratio of	1,221,875	1,221,875,000

Date of Allotment of Equity Shares/ Date when fully paid up/Date of buy back	No. of Equity Shares Alloted	Face Value (₹)	Issue price/ Buy back price per Equity Share (₹)	Nature of consideration	Nature of Transaction *	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
					1:4 by the Company		
Pursuant to a resolution of our Shareholders dated May 08, 2017, each equity share of face value ₹1,000 each was split into 100 equity shares of ₹10 each, and accordingly *the authorised capital comprising of* 1,250,000 equity shares of ₹1,000 each were split into 125,000,000 equity shares of ₹10 each.							
May 08, 2017	122,187,500	10	-	-	Sub-division	122,187,500	1,221,875,000
September 26, 2017#	(30,546,875)	10	147.49	Cash	Buy-back of Equity shares by the Company	91,640,625	916,406,250

**All allotments were made to the President of India, acting through the Ministry of Defence, and its nominees. The said allotment also includes the equity shares alloted to the subscribers of Memorandum of Association i.e. President of India along with its nominees.*

Date of completion of buy-back

(ii) **Allotments for consideration other than cash**

As on the date of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration other than cash.

2. **History of build-up, Promoter's Contribution and Lock-in of Promoters' Shareholding**

a) Build-up of Promoters' shareholding in our Company

As on the date of this Draft Red Herring Prospectus, our Promoter together with its nominees hold, 91,640,625 Equity Shares, which constitutes 100% of the issued, subscribed and paid-up Equity Share capital of our Company.

Date of Allotment/ Transfer of Equity Shares/ Date of buy back	No. of Equity Shares Allotted	Face Value (₹)	Issue/ acquisition price per Equity Share (₹)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Percentage of pre-Offer issued and paid up capital*	Percentage of post-Offer issued and paid up capital*
April 14, 1971	6	1,000	1,000	Cash	Allotment to the Promoter as initial subscriber to the MoA	6	0.00	0.00
April 14, 1971	990	1,000	1,000	Cash	Further issue to Promoter	996	0.11	0.11
April 14, 1971	3,000	1,000	1,000	Cash	Further issue to Promoter	3,996	0.33	0.33
June 21, 1971	3,500	1,000	1,000	Cash	Further issue to the Promoter	7,496	0.38	0.38
June 29, 1972	2,500	1,000	1,000	Cash	Further issue to the Promoter	9,996	0.27	0.27

Date of Allotment/ Transfer of Equity Shares/ Date of buy back	No. of Equity Shares Allotted	Face Value (₹)	Issue/ acquisition price per Equity Share (₹)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Percentage of pre-Offer issued and paid up capital*	Percentage of post-Offer issued and paid up capital*
March 16, 1973	6,000	1,000	1,000	Cash	Further issue to the Promoter	15,996	0.65	0.65
March 18, 1975	5,000	1,000	1,000	Cash	Further issue to the Promoter	20,996	0.55	0.55
March 26, 1976	2,000	1,000	1,000	Cash	Further issue to the Promoter	22,996	0.22	0.22
March 17, 1978	500	1,000	1,000	Cash	Further issue to the Promoter	23,496	0.05	0.05
June 20, 1978	3	1,000	N.A.	N.A.	Transfer to the President of India by nominees of the President	23,499	0.00	0.00
August 19, 1978	1,000	1,000	1,000	Cash	Further issue to the Promoter	24,499	0.11	0.11
June 25, 1981	1,500	1,000	1,000	Cash	Further issue to the Promoter	25,999	0.16	0.16
November 16, 1981	2,000	1,000	1,000	Cash	Further issue to the Promoter	27,999	0.22	0.22
May 04, 1982	6,500	1,000	1,000	Cash	Further issue to the Promoter	34,499	0.71	0.71
October 12, 1982	3,500	1,000	1,000	Cash	Further issue to the Promoter	37,999	0.38	0.38
April 21, 1983	1,500	1,000	1,000	Cash	Further issue to the Promoter	39,499	0.16	0.16
November 02, 1983	10,000	1,000	1,000	Cash	Further issue to the Promoter	49,499	1.09	1.09
June 18, 1984	5,000	1,000	1,000	Cash	Further issue to the Promoter	54,499	0.55	0.55
November 30, 1984	50,000	1,000	1,000	Cash	Further issue to the Promoter	104,499	5.46	5.46
March 31, 1986	50,000	1,000	1,000	Cash	Further issue to the Promoter	154,499	5.46	5.46
March 25, 1987	20,000	1,000	1,000	Cash	Further issue to the	174,499	2.18	2.18

Date of Allotment/ Transfer of Equity Shares/ Date of buy back	No. of Equity Shares Allotted	Face Value (₹)	Issue/ acquisition price per Equity Share (₹)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Percentage of pre-Offer issued and paid up capital*	Percentage of post-Offer issued and paid up capital*
					Promoter			
June 29, 1987	30,000	1,000	1,000	Cash	Further issue to the Promoter	204,499	3.27	3.27
December 18, 1987	45,500	1,000	1,000	Cash	Further issue to the Promoter	249,999	4.97	4.97
March 23, 1988	100,000	1,000	1,000	Cash	Further issue to the Promoter	349,999	10.91	10.91
June 25, 1988	100,000	1,000	1,000	Cash	Further issue to the Promoter	449,999	10.91	10.91
September 28, 1988	100,000	1,000	1,000	Cash	Further issue to the Promoter	549,999	10.91	10.91
January 16, 1989	130,000	1,000	1,000	Cash	Further issue to the Promoter	679,999	14.19	14.19
December 18, 1989	320,000	1,000	1,000	Cash	Further issue to the Promoter	999,999	34.92	34.92
December 18, 1989	(1)	1,000	N.A.	N.A.	Transfer from the President of India to the nominee of the President	999,998	(0.00)	(0.00)
March 29, 1990	150,000	1,000	1,000	Cash	Further issue to the Promoter	1,149,998	16.37	16.37
March 29, 2016	(172,500)	1,000	11,528	Cash	Buy-back of Equity shares by the Company	977,498	(18.82)	(18.82)
November 25, 2016	244,375	1,000	N.A.	N.A.	Bonus issue in the ratio of 1:4 by the Company	1,221,873	26.67	26.67
Pursuant to a resolution of our Shareholders dated May 08, 2017, each equity share of face value ₹1,000 each was split into 100 equity shares of ₹10 each.								
May 08, 2017	122,187,300	10	-	-	Sub-division	122,187,300	133.33	133.33
August 3, 2017	194	10	N.A.	N.A.	Transfer to the President of India from nominees of the President	122,187,494	0.00	0.00
September 26, 2017	(30,546,875)	10	147.49	Cash	Buy-back of Equity shares	91,640,619	(33.33)	(33.33)

Date of Allotment/ Transfer of Equity Shares/ Date of buy back	No. of Equity Shares Allotted	Face Value (₹)	Issue/ acquisition price per Equity Share (₹)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Percentage of pre-Offer issued and paid up capital*	Percentage of post-Offer issued and paid up capital*
					by the Company			
Total							100.00	100.00

** Adjusted for split, as applicable*

All the Equity Shares held by our Promoter were fully paid-up as at the dates they were acquired.

None of the Equity Shares held by our Promoter are pledged or otherwise encumbered and all of the Equity Shares held by our Promoter are in the process of being dematerialized.

b) Details of Promoter contribution locked in for three years:

Pursuant to Regulations 32(1)(a) and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the post Offer paid up Equity Share capital of our Company held by our Promoters shall be considered as minimum Promoters' contribution and locked-in for a period of three years from the date of Allotment ("**Promoter's Contribution**").

The President of India, acting through the MoD has, vide letter bearing reference No. H-62012/1/2015-D/(BDL)Pt.II dated December 26, 2017 consented to include, constituting 20% of the post-Offer Equity Share capital of our Company, held by it, as Promoter's Contribution, and has agreed not to dispose, sell, transfer, charge, pledge or otherwise encumber in any manner the Promoter's Contribution from the date of this Draft Red Herring Prospectus, until the commencement of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations.

The MoD has confirmed to our Company and the BRLMs that the acquisition of Equity Shares (constituting the 20% of the post-Offer Equity Share capital of our Company) has been financed from the consolidated fund of India and no loans or financial assistance from any bank or financial institution have been availed for such purpose.

Details of the Promoter's Contribution are as provided below:

Promoter	Date of allotment/ transfer or when the Equity Shares were made fully paid up	No. of Equity Shares locked - in	Face value (₹)	Issue/ Acquisition price per Equity Share (₹)	% of post-Issue Capital	Consideration	Nature of Transaction
The President of India acting through MoD	[●]	[●]	[●]	[●]	[●]	[●]	[●]
TOTAL							

The Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI ICDR Regulations.

The Equity Shares that are being locked-in for computation of Promoter's Contribution are not ineligible for Promoter's Contribution under Regulation 33 of the SEBI ICDR Regulations as:

(i) the Equity Shares offered as part of the Promoter's Contribution do not comprise Equity Shares acquired during the preceding three years from the date of this Draft Red Herring Prospectus, for (a) consideration other than cash and where revaluation of assets or capitalisation of intangible assets was involved; or (b) arising from bonus issue out of revaluations reserves or unrealised profits of our Company or from a bonus issue against Equity Shares that are otherwise ineligible for computation of Promoter's Contribution;

(ii) the Promoters' Contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which Equity Shares are being offered to the public in the Offer;

(iii) The Equity Shares offered for Promoter's Contribution have not been formed by the conversion of a partnership firm into a company;

(iv) The Equity Shares offered for Promoter's Contribution does not consist of Equity Shares for which specific written consent has not been obtained from our Promoter for inclusion of its subscription in the minimum Promoter's Contribution subject to lock-in; and

(v) The Promoter's Contribution are not subject to any pledge or any other form of encumbrances.

3. **Sales or purchases of Equity Shares or other specified securities of our Company by our Promoter, or our Directors, or their immediate relatives during the six months immediately preceding the date of this Draft Red Herring Prospectus:**

Except as disclosed below: our Promoter, our Directors, or their immediate relatives have not sold or purchased any Equity Shares or other specified securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus:

Date of Allotment/ Transfer of Equity Shares/ Date of buy back	Name of Transferor	Name of the Transferee	No. of Equity Shares Allotted	Face Value (₹)	Issue/ acquisition price per Equity Share (₹)	Nature of consideration	Nature of Allotment/ Transfer	Aggregate consideration (₹ in million)	Percentage of pre-Offer issued and paid up capital *	Percentage of post-Offer issued and paid up capital *
August 3, 2017	S. Piramanayagam	The President of India	97	10	N.A.	N.A.	Transfer to the President of India from nominees of the President	N.A.	0.00	0.00
August 3, 2017	V. Udaya Bhaskar	The President of India	97	10	N.A.	N.A.	Transfer to the President of India from nominees of the President	N.A.	0.00	0.00

Date of Allotment/ Transfer of Equity Shares/ Date of buy back	Name of Transferor	Name of the Transferee	No. of Equity Shares Allotted	Face Value (₹)	Issue/ acquisition price per Equity Share (₹)	Nature of consideration	Nature of Allotment/ Transfer	Aggregate consideration (₹ in million)	Percentage of pre-Offer issued and paid up capital *	Percentage of post-Offer issued and paid up capital *
August 3, 2017	S. Piramanayagam	V. Gurudatta Prasad	1	10	N.A.	N.A.	Transferred to the nominee of the President	N.A.	0.00	0.00
August 3, 2017	S. Piramanayagam	K. Divakar	1	10	N.A.	N.A.	Transferred to the nominee of the President	N.A.	0.00	0.00
August 3, 2017	V. Udaya Bhaskar	Kusum Singh	1	10	N.A.	N.A.	Transferred to the nominee of the President	N.A.	0.00	0.00
August 3, 2017	V. Udaya Bhaskar	Ashwani K. Mahajan	1	10	N.A.	N.A.	Transferred to the nominee of the President	N.A.	0.00	0.00
September 26, 2017#	-	-	(30,546,875)	10	147.49	Cash	Buy-back of Equity shares by the Company	4,505.36	(33.33)	(33.33)
December 26, 2017	Kusum Singh	Dr. Amit Sahai	1	10	N.A.	N.A.	Transferred to the nominee of the President	N.A.	0.00	0.00

Date of completion of buy-back

4. **Details of Equity Shares locked in for one year:**

In terms of Regulation 37 of SEBI ICDR Regulations and in addition to the above Equity Shares (forming part of the Promoter's Contribution) that are locked-in for three years, the entire pre-Offer Equity Share capital of our Company excluding the Equity Shares proposed to be sold in the Offer, will be locked-in for a period of one year from the date of Allotment in this Offer.

A) Other requirements in respect of lock-in

The Equity Shares held by our Promoter may be transferred to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations.

In terms of Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by the Promoter may be transferred to a new promoter or persons in control of our Company, subject to continuation of the lock-in with the transferee for the remaining period and compliance with provisions of the Takeover Regulations as applicable.

In terms of Regulation 39 of SEBI ICDR Regulations, Equity Shares held by our Promoter which are locked in for a period of one year may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the (i) pledge of the Equity Shares is one of the terms of the sanction of the loan; and (ii) if the Equity Shares are locked-in as Promoter's contribution for three years under Regulation 36(a) of the SEBI ICDR Regulations, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted by the scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Offer.

5. **Our Shareholding Pattern**

Category (I)	Category of the Shareholder (II)	No. of Shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) (VIII)	No. of Voting Rights held in each class of securities (IX)				No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital (XI)=(VII)+(X) as a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized from (XIV)
								No. of Voting Rights			Total as a % of total voting rights			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class eg: X	Class eg: Y	Total								
(A)	**Promoter & Promoter Group**	7	91,640,625[#]	-	-	91,640,625	100.00	-	-	-	-	-	-	-	-	-	-	-
(B)	**Public**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(C)	**Non Promoter-Non Public**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(1)	**Shares underlying Custodian/Depository Receipts**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(2)	**Shares held by Employee Trusts**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
	Total (A)+(B)+ (C)	7	91,640,625[#]	-	-	91,640,625	100.00	--	--	-	-	-	-	-	-	-	-	-

** The President of India holds 100% of the Equity Shares of our Company out of which 91,640,619 Equity Shares are held by the President of India, one Equity Share each by V. Udaya Bhaskar, S. Piramanayagam, K. Divakar, V. Gurudatta Prasad, Ashwani K. Mahajan and Dr. Amit Sahai, as nominess of President of India. The nominee shares will not be de-matted and will be transferred to the Promoters after listing.*

[#] Six Equity Shares which are in physical form and held by six nominees of the Promoter will be transferred to the Promoter and dematerialized post listing of Equity Shares.

6. **Shareholding of our Directors and Key Management Personnel in our Company**

Except as disclosed in *"Our Management*" on page 142, none of our Directors or Key Management Personnel hold any Equity Shares, as on the date of this Draft Red Herring Prospectus.

7. **Top ten shareholders of our Company**

a) The list of top ten shareholders of our Company as on the date of the Draft Red Herring Prospectus and the number of Equity Shares held by them is as under:

S. No.	Name of shareholder	Number of Equity Shares held**	% of Equity Share Capital
1.	President of India	91,640,619	99.99
2.	Dr. Amit Sahai*	1	Negligible
3.	Ashwani K. Mahajan*	1	Negligible
4.	V. Gurudatta Prasad*	1	Negligible
5.	K. Divakar*	1	Negligible
6.	V. Udaya Bhaskar*	1	Negligible
7.	S. Piramanayagam*	1	Negligible

**As a nominee of our Promoter*

***Equity Shares of face value ₹10 each*

b) The list of top ten shareholders of our Company as on ten days prior to the date of the Draft Red Herring Prospectus and the number of Equity Shares held by them is as under:

S. No.	Name of shareholder	Number of Equity Shares held**	% of Equity Share Capital
1.	President of India	91,640,619	99.99
2.	Dr. Amit Sahai*	1	Negligible
3.	Ashwani K. Mahajan*	1	Negligible
4.	V. Gurudatta Prasad*	1	Negligible
5.	K. Divakar*	1	Negligible
6.	V. Udaya Bhaskar*	1	Negligible
7.	S. Piramanayagam*	1	Negligible

**As a nominee of our Promoter*

***Equity Shares of face value ₹10 each*

c) The list of top ten shareholders of our Company as on two years prior to the date of the Draft Red Herring Prospectus and the number of Equity Shares held by them is as under

S. No.	Name of shareholder	Number of Equity Shares held**	% of Equity Share Capital
1.	President of India	1,149,998	99.99
2.	V. Udaya Bhaskar *	1	Negligible
3.	S. Piramanayagam*	1	Negligible

**As a nominee of our Promoter*

***Equity Shares of face value ₹1,000 each*

8. Our Company has not made any issue of specified securities at a price that may be lower than the Offer Price in the one year preceding the date of this Draft Red Herring Prospectus.

9. Our Promoter, our Company, our Directors, and the BRLMs have not entered into any buy-back and/or standby arrangements or any other similar arrangements for the purchase of Equity Shares from any person, being offered in the Offer.

10. Neither the BRLMs nor their associates hold any Equity Shares as on the date of filing of this Draft Red Herring Prospectus.

11. No person connected with the Offer, including, but not limited to, the BRLMs, the Syndicate Members, our Company, the Selling Shareholder, our Directors, our KMPs, our Promoter, shall offer, whatsoever, any incentive, whether direct or indirect, in any manner whether in cash, in kind or in services or otherwise to any Bidder for making a Bid.

12. The total number of holders of the Equity Shares as on the date of this Draft Red Herring Prospectus is seven.

13. Our Company has not issued any Equity Shares out of its revaluation reserves.

14. The Equity Shares (including the Equity Shares forming part of the Offer for Sale) are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

15. There are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares as on the date of this Draft Red Herring Prospectus.

16. As on the date of this Draft Red Herring Prospectus, our Company does not have an employee stock option scheme/employee stock purchase scheme for our employees.

17. Our Company has not allotted any shares pursuant to any scheme approved under Chapter XV of the Companies Act, 2013 or under Sections 391-394 of the Companies Act, 1956.

18. Our Company presently does not intend or propose or is under negotiation or consideration to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement.

19. Except for the Proposed Bonus Issue, there will be no further issue of capital whether by way of issue of preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchanges.

20. There has been no financing arrangement by which the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with the SEBI.

21. Our Promoter will not participate in the Offer, except to the extent of offering the Equity Shares in the Offer for Sale.

22. This Offer is being made under Rule 19(2)(b)(iii) of the SCRR read with Regulation 41 of the SEBI ICDR Regulations. The Offer is being made under Regulation 26(1) of the SEBI ICDR Regulations and through a Book Building Process wherein 50% of the Net Offer shall be allocated on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential investors are mandatorily required to utilise the ASBA process by providing details of their respective bank accounts which will be blocked by the SCSBs, to participate in this Offer. For details, see "*Offer Procedure*" on page 338.

23. An oversubscription to the extent of 10% of the Net Offer can be retained for the purposes of rounding off to the nearest multiple of minimum allotment lot.

24. There shall be only one denomination of the Equity Shares unless otherwise permitted by law.

25. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

26. Our Company shall ensure that transactions in the Equity Shares by the Promoter, if any, during the period between the date of registering the Red Herring Prospectus with the RoC and the Bid/ Offer Closing Date shall be reported to the Stock Exchanges within 24 hours of the transactions.

27. The Selling Shareholder confirms that the Equity Shares forming part of the Offer for Sale have been held by it for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus, in accordance with Regulation 26(6) of the SEBI ICDR Regulations.

28. No payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by us or our Promoter to the persons who are Allotted Equity Shares.

29. Our Company has not made any public issue of its Equity Shares or rights issue of any kind or class of securities since its incorporation.

OBJECTS OF THE OFFER

The objects of the Offer are (i) to carry out the disinvestment of [●] Equity Shares by the Selling Shareholder constituting [●]% of our Company's pre-Offer Equity Share capital of our Company; and (ii) to achieve the benefits of listing the Equity Shares on the Stock Exchanges. Our Company will not receive any proceeds from the Offer and all the proceeds will go to the Selling Shareholder. For further details, see the section titled "*The Offer*" on page 60.

Offer Related Expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million. The expenses of the Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal expenses, statutory advertisement expenses, Registrar and depository fees and listing fees.

All Offer related expenses shall be borne by the Selling Shareholder through the DIPAM. However, expenses in relation to: (i) the filing fees to SEBI; (ii) NSE/BSE charges for use of software for book building; (iii) payments required to be made to Depository or the Depository Participants for transfer of shares to the beneficiaries account; and (iv) payments required to be made to Stock Exchange for initial processing, filing and listing of Equity Shares shall be paid initially by BRLMs and would be reimbursed by the Company/DIPAM, however, printing and stationery expenses, shall be borne by the BRLMs. Payments, if any, made by our Company in relation to the Offer shall be on behalf of the Selling Shareholder and such payments will be reimbursed to our Company.

The estimated Offer expenses are as under:

Sr. No.	Activity	Estimated amount (₹ in million)*	As a % of the total estimated Offer expenses*	As a % of Offer Size*
1.	Payment to BRLMs (including processing fees for SCSBs, printing and stationery expenses, underwriting commission)	[●]	[●]	[●]
2.	Brokerage, bidding charges and selling commission for Syndicate Members, Registered Brokers, RTAs and CDPs**	[●]	[●]	[●]
3.	Fees payable to the Registrar to the Offer	[●]	[●]	[●]
4.	Others i. Other regulatory expenses ii. Advertising and marketing for the Offer iii. Fees payable to legal counsels iv. Miscellaneous	[●]	[●]	[●]
	Total estimated Offer expenses	[●]	[●]	[●]

* *To be incorporated in the Prospectus after finalisation of the Offer Price.*
***Shall be finalised prior to the filling of the Red Herring Prospectus.*

Monitoring of Utilization of Funds

As the Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer. Accordingly, the requirement of appointment of a monitoring agency is not applicable.

BASIS FOR OFFER PRICE

The Offer Price will be determined by the Selling Shareholder and the Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

a) Modern facilities and infrastructure to deliver quality products in a timely manner;

b) Increase in indigenisation of our products and implementation of the "Make in India" policy;

c) Quality control of our products;

d) Strong order book and established financial track record of delivering growth; and

e) Experienced board and senior management team.

For further details, see "*Our Business*", "*Risk Factors*" and "*Financial Statements*" on pages 120, 15 and 176 respectively.

Quantitative Factors

The information presented below relating to our Company is based on the Restated Financial Statements in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations. Our Company has only one set of Restated Financial Statements since it has no associate companies, subsidiary companies and joint ventures. For details, see "*Financial Statements*" on page 176.

Some of the quantitative factors which may form basis for computing the Offer Price are as follows:

1. **Basic and Diluted Earnings per Share ("EPS"):**

As per our Restated Financial Information:

Fiscal Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2015	31.81	31.81	1
March 31, 2016	40.32	40.32	2
March 31, 2017	43.13	43.13	3
Weighted Average	**38.80**	**38.80**	
Six months period ended September 30, 2017#	14.42	14.42	

#Not annualized

EPS calculations have been done in accordance with Indian Accounting Standard (Ind AS) 33 -"Earning per share" prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended)

Notes:

(i) Basic EPS: Net Profit after tax as restated divided by weighted average number of Equity Shares outstanding for the year.
(ii) Diluted EPS: Net Profit after tax as restated divided by weighted average number of Equity Shares outstanding for the year and potential Equity shares if any for diluted EPS.
(iii) Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighting factor. The

time weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year. Bonus shares are reckoned for the full year irrespective of the date of issue.
(iv)The above statement should be read with significant accounting policies and notes on Restated Financial information as appearing in the Restated Financial Information.
(v) The EPS has been calculated in accordance with Indian Accounting Standard 33 – "Earnings per Share" notified by Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

2. Price/Earning (P/E) ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share:

Particulars	P/E at the lower end of Price Band (no. of times)	P/E at the higher end of Price Band (no. of times)
Based on basic and diluted EPS for Fiscal 2017	**[●]**	**[●]**

Our Company is engaged in the business of manufacturing missiles. There are no listed peers in India which are engaged in a similar line of business.

3. Average Return on Net Worth ("RoNW"):

Fiscal Year ended	RoNW (%)	Weight
March 31, 2015	26.84%	1
March 31, 2016	30.36%	2
March 31, 2017	22.16%	3
Weighted Average	**25.67%**	
Six months period ended September 30, 2017#	10.58%	

#Not annualized

RoNW is calculated as net profit after taxation divided by shareholders' funds for that year. Shareholders' funds= Share capital+ reserves & surplus – revaluation reserves.

4. Minimum Return on Increased Net Worth needed after the Offer for maintaining Pre-Offer EPS for the year ended March 31, 2017

There will be no change in Net Worth post the Offer as the Offer is by way of the Offer for Sale by the Selling Shareholder.

5. Net Asset Value ("NAV") per Equity Share of face value of ₹10 each

NAV per Equity Share	₹ NAV
As on March 31, 2017	181.07
As on September 30, 2017	177.94
Prior to the Offer*	**[●]**

** Post completion of the Proposed Bonus Issue, the paid-up Equity Share capital shall increase from 91,640,625 Equity Shares to 183,281,250 Equity Shares.*
There will be no change in NAV post the Offer as the Offer is by way of the Offer for Sale by the Selling Shareholder.
Offer Price: ₹[●] per Equity Share
Note: NAV (book value per share) = Total shareholders' funds divided by number of shares outstanding as at the year end.

6. Comparison with Listed Industry Peers

Our Company is engaged in the business of manufacturing missiles. There are no listed peers in India which are engaged in a similar line of business as the Company, hence comparison with industry peers is not applicable.

7. The Offer Price will be [●] times of the face value of the Equity Shares.

The Offer Price of ₹ [●] has been determined by the Selling Shareholder and the Company, in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 15, 120 and 276 respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in "*Risk Factors*" beginning on page 15 or any other factors that may arise in the future and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
Bharat Dynamics Limited
P.O. Kanchanbagh, Hyderabad – 500 058
Telangana, India

Dear Sirs,

Sub: Statement of possible special tax benefits (the "Statement") available to Bharat Dynamics Limited and its shareholders prepared in accordance with the requirements under Schedule VIII – Clause (VII)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the "Regulations")

We hereby confirm that the enclosed Annexure, states the possible special tax benefits available to the Company and the shareholders of the Company under the Income Tax Act, 1961, as amended, and other direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilment of such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. Further, the preparation of the enclosed Statement and its contents was the responsibility of the Management of the Company. We were informed that, this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

(1) the Company or its shareholders will continue to obtain these benefits in future;

(2) the conditions prescribed for availing the benefits have been/would be met with;

(3) the revenue authorities/courts will concur with the views expressed herein.

Limitations
The contents of the enclosed statement are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

The enclosed Annexure is intended solely for your information and for inclusion in the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus or any other document in connection with the offer of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

Place: Delhi
Date: January 20, 2018

Encl. **Annexure A**: Statement of Tax Benefits

Annexure to the Statement of Tax Benefits

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

Bharat Dynamics Limited ("**the Company**") is an Indian Company, subject to tax in India. The company is taxed on its profits. Profits are computed after allowing all reasonable business expenditure, laid out wholly and exclusively for the purposes of the business, including depreciation. Considering the activities and the business of the company, the following benefits may be available to them.

This statement is only intended to provide the special tax benefits to the company and its shareholders in a general and summarized manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult their own tax advisor with respect to specific tax implications arising out of their participation in the issue.

I. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the Company.

II. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special tax benefits available to the Equity shareholders. As per the provisions of Section 10(34) of the Income tax Act, any income by way of dividend referred to in Section 115O received on the shares of an Indian company is exempt in the hands of the shareholder. As per Sec 115BBDA, income by way of dividend in excess of INR 10 lakhs is chargeable to tax in the case of an individual, Hindu Undivided Family (HUF) or a Firm who is resident in India, at the rate of 10% (plus surcharge and cess at applicable rates).

Notes:

(a) The above statement of Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.

(b) This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

(c) We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section has been obtained or derived from the "Report on Defence & Guided Missile Systems in India" published on December 19, 2017, by F&S (the "**F&S Report**"). All information contained in the F&S Report has been obtained by F&S from sources believed by it to be accurate and reliable. Although reasonable care has been taken by F&S to ensure that the information in the F&S Report is true, such information is provided 'as is' without any warranty of any kind, and F&S in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information and estimates contained herein must be construed solely as statements of opinion, and F&S shall not be liable for any losses incurred by users from any use of this publication or its contents. Neither our Company, nor the BRLMs or any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.*

Economic Trends & Growth Outlook

The Central Statistics Organization and the Indian Monetary Fund forecasts India to be one of the fastest growing economy for the 2017-18 fiscal period. The Government of India forecasts the economy to grow at 7.1% during the same year. The growth is among the strongest of the G-20 nations.

Foreign Development Investment (FDI) rates have increased in sectors like defence, insurance and other sectors. As a result FDI has jumped from $ 36 Billion in 2013-14 to $ 60 Billion in 2016-17 (Source: Ministry of Commerce & Industry). Under the ambit of the 'Make in India' initiative, investment procedure, license applications, declarations and other processes has been streamlined to boost investor confidence. Applications for permits have been digitized and a new uniform tax regime (Goods & Services Tax) has been implemented to reduce complexity in taxation. The nation also has a vibrant micro, medium and small enterprise (MSME) sector to support manufacturing units set up in India. The MSME sector is expected to perform a vital support function to the manufacturing sector and will be crucial to India's agenda to raise the share of manufacturing in India's GDP from 16% to 25% by the end of 2025. The central government as well as state governments are also trying to incentivize domestic and foreign players to ramp up defence manufacturing in India through a combination of tax benefits, infrastructure incentives, and other methods.

The Indian Defence Market – Macro Outlook

The Indian defence market is in a state of transition, as a result of new policies promulgated by the government. The Indian Armed Forces have not been able to spend the entire defence budget allocated, owing to straitjacketed procurement procedures and inherent delays; and the gap between allocated and actual defence spending has been increasing over the years. Frost & Sullivan expects the underspend in defence to decrease during the forecast period, as the government modifies policies to simplify procurement. Reduced underspending will drive defence budgets and the market will expand to $68.7 billion, recording a compound annual growth rate (CAGR) of 6.52 %, or $79.17 billion at a CAGR of 8.04 % depending on the government's ability to simplify procurement through policy initiatives.

The three services have several modernization plans underway, some of which have been delayed. The Indian government seeks to address this through the new Defence Procurement Policy (DPP) 2016, which seeks to streamline procurement and give more leeway to suppliers, opening up Foreign Development Investment, allowing single vendor participation for tenders, and initiating a "Strategic Partner" model.

The government is outlining policies to convert India into a defence hub, with indigenous manufacturing being given the highest priority. Defence exports will be permitted and foreign direct investment (FDI) holdings have been tweaked to enable more foreign original equipment manufacturers (OEMs) to set up ventures in India. Several multi-billion dollar projects are expected to come to fruition. A few of these projects will be executed through government-to-government (G2G) and off-the-shelf purchases; however, the majority will be through partnerships between indigenous companies and foreign OEMs. Offset regulations are being relaxed to speed up procurements and provide flexibility for suppliers while approaching tenders. The focus is on fast-track deals, tailored projects with Indo-foreign OEM partnerships, and involving micro, small, and medium enterprises.

Defence Dynamics – Drivers & Restraints

Defence Industry Drivers

Geopolitical issues, a multitude of internal security problems, technology obsolescence and new policy changes will drive the demand for defence platforms, subsystems and other equipment.

Defence Industry Drivers

Drivers	1–2 Years	3–4 Years	5–10 Years
Terrorism, borders, and internal security problems will be the major drivers of military spending	H	H	H
Technology obsolescence is causing Indian forces to operate with less than the sanctioned strength, expediting modernization plans	H	H	M
Modernization efforts will make way for more efficient and connected armed forces	M	H	H
New FDI policies and DPP 2016 are meant to fast-track supplies and improve market participation	M	H	H
Expanding footprint and interests of the Indian Armed Forces in the Indian Ocean region will require more deployable assets	M	M	H

Impact Ratings: **H** = High, **M** = Medium, **L** = Low

Source: Frost & Sullivan

Terrorism, Borders, and Internal Security Problems

Terrorist attacks, border security, and internal conflicts are the three main threats faced by India today. In the past decade (2007–2016), there have been more than 5,270 civilian casualties and 2,605 security forces killed, while more than 6,822 terrorists have been neutralized. The nature of these security problems remains unchanged. However, the response of the Indian Armed Forces to these threats is changing. There has been a shift from increasing asset deployments to smart technology adoption, such as network-centric systems, smart surveillance, and uniform and integrated communications architecture. As a result, India remains one of the largest importers of weapons in the world and presents to industry stakeholders, a burgeoning market.

Key Market Driver Examples

Example	India's Response	Future Supplier Opportunity
India has porous borders and border skirmishes/terrorist strikes are not uncommon.	A tender was issued for new border surveillance systems in 2014. India has been carrying out more surveillance project pilot tests with newer and more modern technology.	There is extensive opportunity in sales for thermal and night-vision equipment, all-weather cameras, unmanned aerial vehicles (UAVs), helicopter-operated surveillance, and infrared (IR)-based counter-IED detection systems.
Indian military bases have been attacked repeatedly by terrorists, such as the Pathankot Air Force Base attack and the Uri army base attack.	The defence minister initiated the adoption of smart technology such as laser fences in 2016.	There are opportunities for base security systems, surveillance, laser fences, and remotely operated weapon systems.

Source: South Asian Terrorism Portal, SIPRI, Frost & Sullivan

New FDI Policies and DPP 2016

The Indian Armed Forces require equipment and platforms with unique specifications to meet operational requirements. However, the previous bureaucratic and time-consuming defence procurement framework inhibited many defence companies in investing time and research and development (R&D) efforts in the Indian defence market.

- Returns on Investment (RoI) in developing prototypes and financing testing and evaluation and other ancillary activities were not assured even after the successful Testing & Evaluation (T&E) of equipment. This resulted in a high sunk cost component for investments in Indian defence projects.
- The new government's thrust toward Make in India seeks to fast-track defence procurements through increased foreign participation and partnerships with Indian companies. This is clearly reflected in the DPP 2016. Flexibility and ease of procurement will drive faster purchases, thereby causing demand to surge and making India a lucrative defence market.

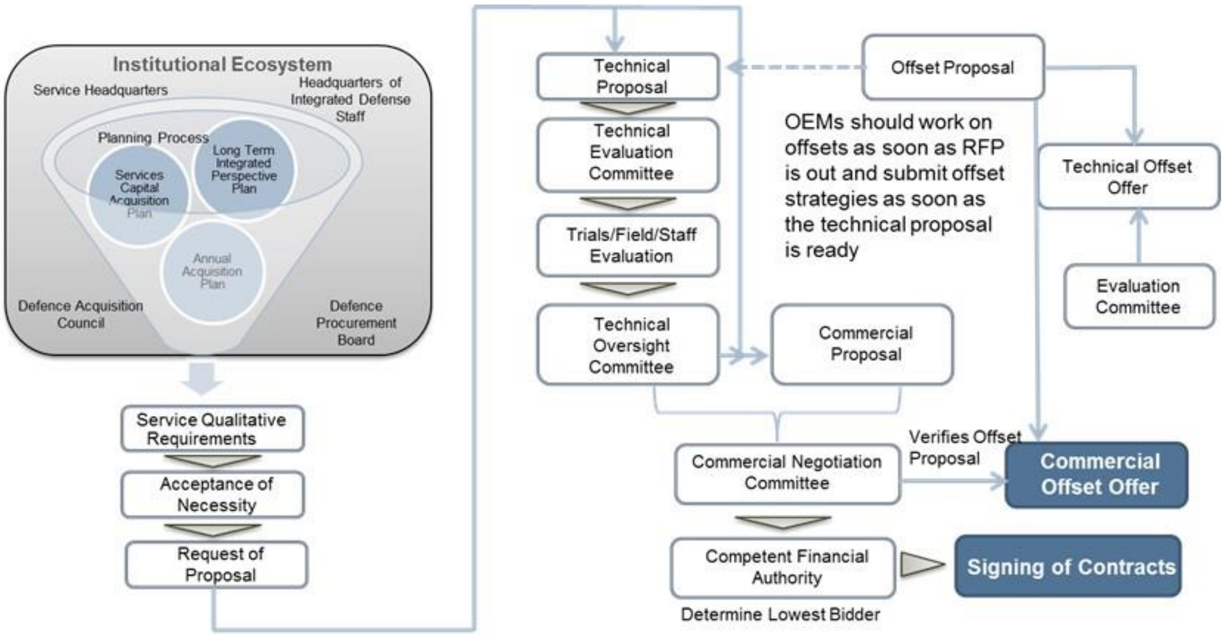
Key Market Driver Examples

Industry Apprehension	DPP 2016–Policy Response	Future Supplier Implication
Industry Offsets Regime in India mandated a 30% offset for contracts exceeding $45 Million.	The offset ceiling mandate was raised from $45 Million to about $300 Million.	There will be fewer mandates on foreign companies with regard to defense projects. This will fast-track purchases and increase demand.
Foreign companies wanted a majority holding in joint ventures based out of India (for Make in India projects).	The FDI policy has been modified to permit investments of more than 50% for special defense projects and acquisitions involving technology transfer.	Foreign companies can remain in control of certain Make in India projects.
For India-specific defense platforms, the private sector wanted project development to be funded by the government, similar to how the defense industry functions in countries such as the USA.	Under the Make* category, the government has included government-funded categories for defense project development.	Government funding reduces the risks associated with defense development projects.

Key: *DPP2016 section covers the details
Source: Frost & Sullivan

Defence Procurement Dynamics in India and DPP 2016

Defence Procurement Stakeholders and Stages in India



Source: Frost & Sullivan

Defence Procurement Planning in India

Image Source: Frost & Sullivan

New Policy Developments and Implications

Indian Defence Industry has been in a state of flux of late with myriad policy changes underway in order to make ease of business easier and make the nation a more attractive market in terms of defence FDI. The following exhibit throws light on policy measure and their renderings to the market

Recent Policy Measures & Implications

Policy Measures | **Brief** | **Implications**

FDI

Foreign Direct Investment (FDI) in defence has been revised to 49%, with up to 100% in certain strategic cases involving technology transfer.

FIPB

Initially, FDI proposals had to be approved by the Foreign Investment Promotion Board (FIPB). The FIPB is now disbanded. The sanction of the Cabinet Committee on Security for defence projects was mandated earlier. This has also been scrapped.

Indian companies need to get sanction from the Department of Industrial Policy & Promotion (DIPP) before manufacturing listed items related to defence. More than 50% of the items have been taken out of the negative list.

OFFSETS

Earlier foreign OEMs were locked in once they had been selected as an offset partner. Now, the foreign OEM is free to change offset partners if necessary.

Implications

- Foreign Defense Contractors/OEMs can set up operations in India faster as the process is more streamlined.
- Previous uncertainty with respect to permits has been removed, addressing concerns raised by foreign defense companies.
- More export opportunities have been opened up for Indian defense companies, stimulating the indigenous defense industry.
- Foreign defense firms have the option to change offset partners midway if necessary, especially if quality standards and concerns are not met and advanced and thus the contractual risk to foreign companies is reduced.

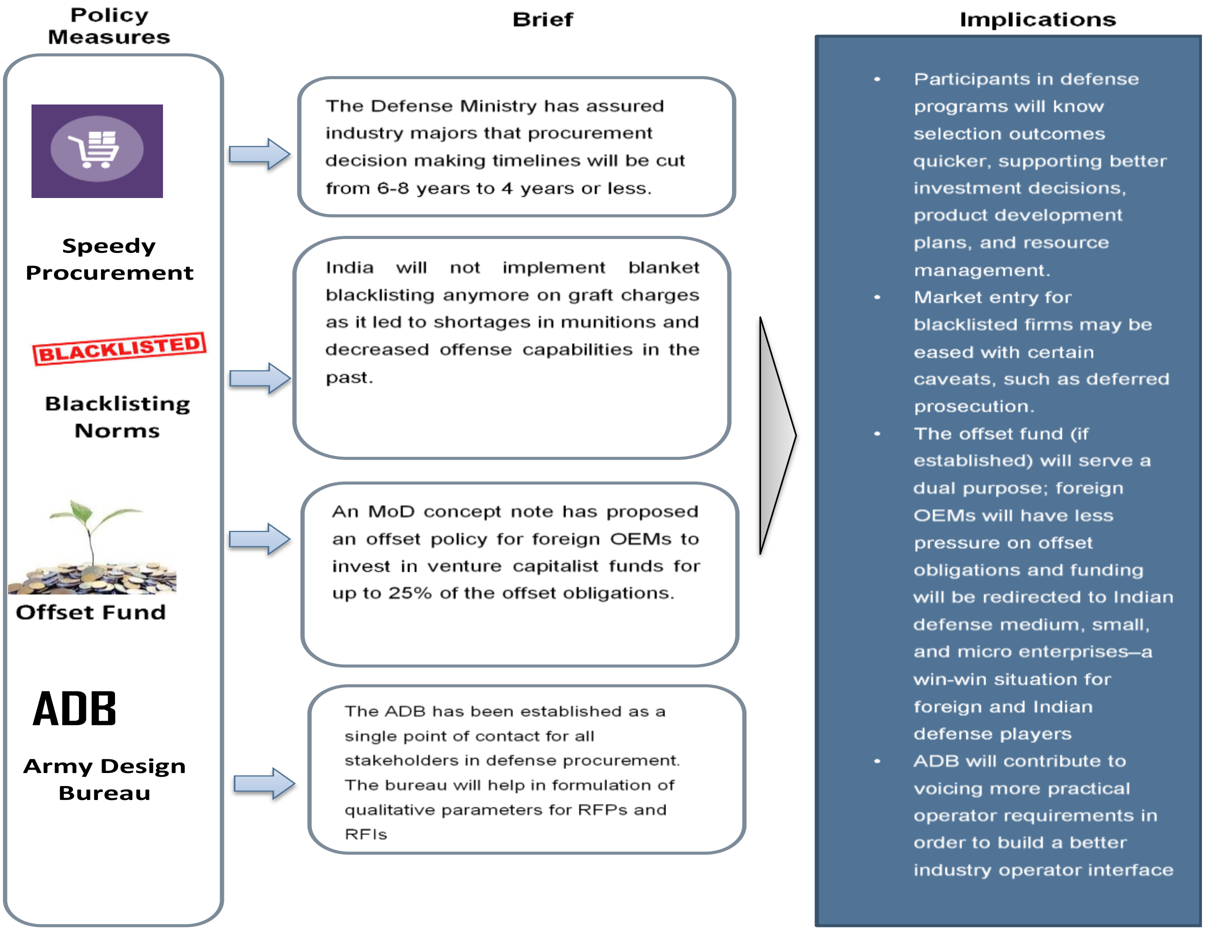
Source: Frost and Sullivan

Policy Measures	Brief
 Exchange Rate Issues	Previously, foreign companies were locked into fixed currency exchange rates to Indian primes negotiating firm priced contracts in rupees. This issue is now addressed under the new policy regime.
	The government is finalizing a "strategic partnership" policy, whereby Indian companies with strong defense manufacturing capabilities will be preferred by the government. These firms will automatically be the partner of first choice for foreign OEMs in their respective fields.
 Export Liberalization	The Ministry of Defense has reiterated its commitment to liberalizing exports.
 Weapons Testing	One of the drawbacks of the Indian defense establishment was that the private sector did not have access to government testing facilities. Now, government testing facilities have been thrown open to private companies.

Implications

- Indian companies are more participative in defence manufacturing processes, R&D, and scaling up defence-oriented businesses.
- Going ahead with the "Strategic Partnership" model envisions indigenous companies developing and specializing in certain defence manufacturing competencies (such as warship building and BMP/armoured vehicle manufacturing)
- Indian firms do not have to spend exorbitant amounts of money on equipment testing, especially of weapons. Earlier firms had to employ testing facilities abroad and transport their equipment to the testing location for the process. This

Source: Frost and Sullivan



Source: Frost and Sullivan

Partnership Roadmap

The Indian defence establishment firmly believes that partnerships are the way ahead. The government has abolished certain caveats on public sector defence companies forming JVs with other private companies. As procurement preferences shift from off-the-shelf purchases to indigenous manufacturing with technology transfer, more partnerships are likely between foreign and Indian defence players to capitalize on the many opportunities ahead.

Partnerships Formed **Brief**

- Honeywell Aerospace has a licensing agreement with Tata Power SED to produce Honeywell's Tactical Advanced Land Inertial Navigator or "TALIN" in India.
- Along with L&T and Nexter, Ashok Leyland will develop artillery systems for the Indian Army.
- Reliance supplies components for Boeing P-8I aircraft manufactured for the Indian Navy.
- Reliance has formed a JV with Dassault (51% holding for Reliance, 49% for Dassault Aviation) in order to meet offset obligations for the Dassault Rafale Procurement Program.
- Kalyani Group has established a JV with Rafael to manufacture Spike anti-tank guided missiles for the Indian Army.

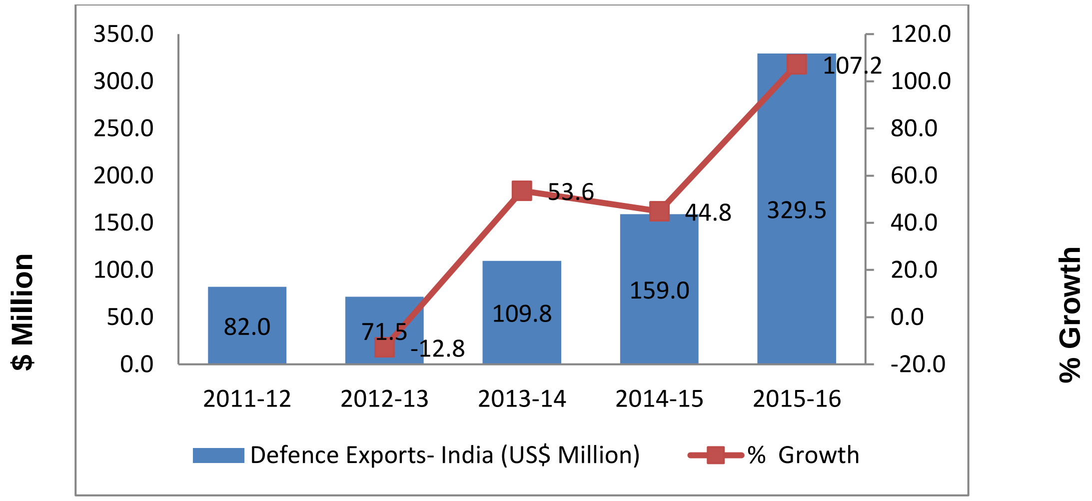
Source: Frost and Sullivan

Indian Defence industry – Imports vs. Exports.

India's defence trade vis-à-vis exports and imports are at two ends of a continuum with a massive trade deficit skewed against Indian indigenous production. The Stockholm International Peace Research Institute (SIPRI) Arms Transfer Database indicates that India has remained the largest importer of defence equipment in the 2012-16 time-frame with its share in global arms imports increasing from 9.7 % in 2007–11 to 12.8 % in 2012-16. Compared to this, India's arms exports contribute to only an infinitesimally small fraction of global arms trade. The fact that Indian defence exports over the past 5 years totalled to only about $ 751.8 Million (at a conversion rate of 1 INR = 0.016 $), whilst world defence trade over the same time period was $ 8379 Billion puts India's miniscule defence output in perspective. (Sources, Press Information Bureau, SIPRI)

A steep dependence on imports and off the shelf procurement might fast-track delivery of platforms, subsystems and weapons, but at the same time this dependency can be a double edge sword. Defence imports, often being high value contracts can have macroeconomic impacts in the nation's economy as it can be a constant drain on the nation's foreign exchange reserves and can also effect currency valuation. From a micro-economic standpoint, there is the opportunity loss for Indian industry, infrastructure and employment. Recognizing this, the government is now adopting a multi-pronged approach towards indigenization consisting of a slew of measures including new DPP 2016, easing licensing, streamlining processes and a sector specific strategy for defence exports. Metrics sourced from the Press Information Bureau indicate an improvement in the export scenario over the past few years.

Indian Defence Exports are on the rise



Source: Press Information Bureau of India

Export Oriented Policy Changes

India has set an ambitious target to export $ 2 Billion worth of defence equipment by 2019 (Source: Indian MoD). With the target in mind, policy changes have been made to ease exports. Earlier, in order to export even a single defence system component, a bureaucratic system of end user certification which required the production of a certificate the importing foreign company as well as the foreign company's government was in place. This process has been obviated now and has been made a prerequisite only in case of critical items using sensitive technology. Defence Public Sector Undertakings (DPSUs) have been allowed to export 10% of their annual production. The process of obtaining No Objection Certificates (NOCs) has also been streamlined, web-based and time-bound.

Export Markets

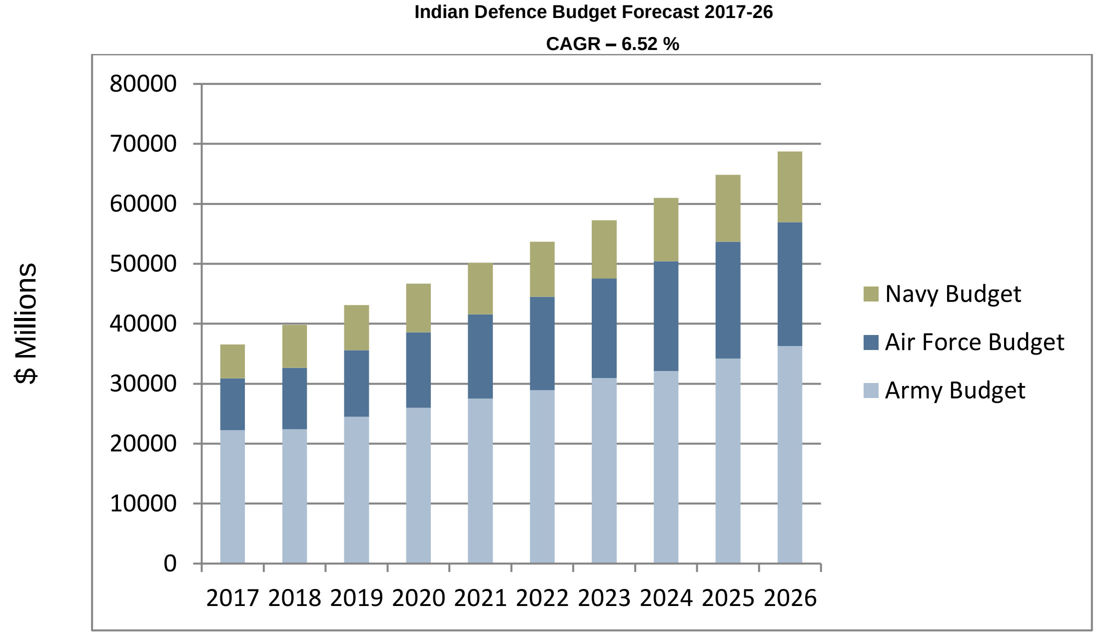
India has been successful in developing many defence systems with high value export potential. The BrahMos cruise missile system and the Akash surface to air missile systems are examples. The nation has decades of experience operating and upgrading Russian platforms with indigenously produces subsystems such as sensors, avionics and spares. Thus, apart from export of full-fledged systems, subsystem solutions can also be exported. India has finalized a contract for the export of light torpedoes with a foreign company. Several lesser developed nations in East Asia and APAC region such as Vietnam, Philippines and Indonesia are upcoming markets for sale of missile systems and offshore patrol vessels. Countries like UAE, Chile, South Africa and Vietnam have evinced interest in procuring the BrahMos missile system. Main target markets for India's exports will remain low and medium defence budget nations in the APAC, Latin America, East Asia and Middle East regions. However, success in exports will be contingent upon demonstrating credibility of the solutions developed.

Defence Budget and Market Forecast – India

The Indian government has changed the format of the Union Defence Budget from 2016–2017, and the number of heads in defence appropriation has been reduced. However, for an effective comparison with the older budgets and forecast spending trends, Frost & Sullivan has attempted to segregate the 2016–2017 budgets into the old format for better analysis. The projections are also made based on the previous budget format. The budgets identified here are exclusive of civil defence spending and pensions.

The DPP 2016 is slated to be a game-changer for defence procurement in India. Frost & Sullivan has identified two scenarios depending on how well the DPP 2016 is implemented and how effectively the uncertainties faced by defence suppliers are addressed.

Business as Usual Scenario

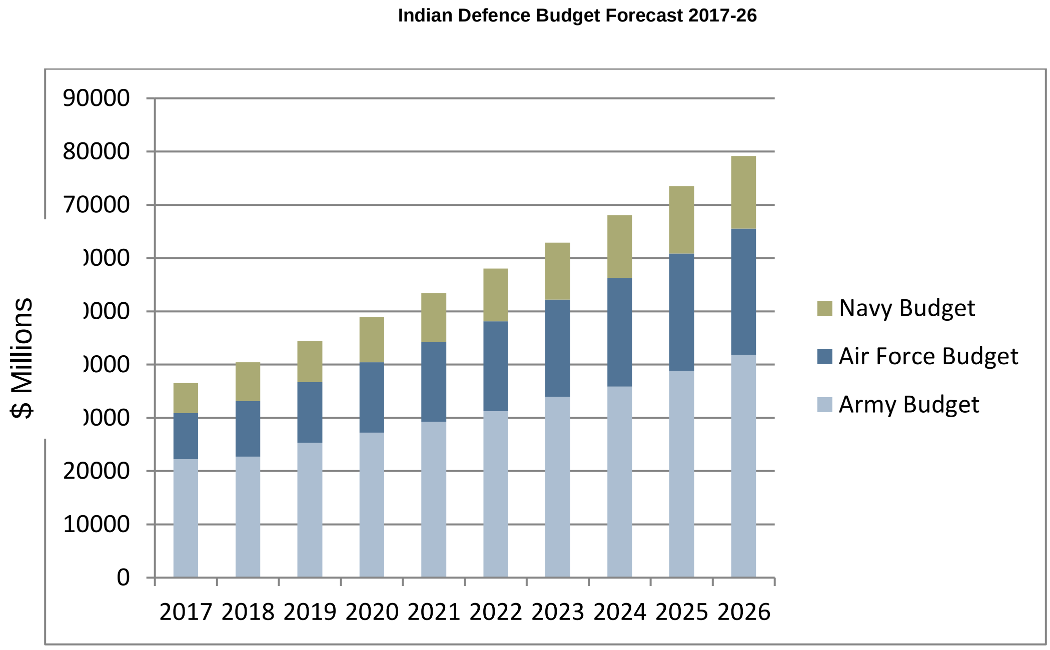


Defence Market: Spending Forecast by Services, India, 2017–2026

Source: Frost & Sullivan

- The scenario envisages a situation where procurement is not fast-tracked because of the lackadaisical implementation of DPP 2016. The market valuation will increase to $68.73 Billion at the end of the forecast period, recording a CAGR of 6.52%.
- Capital expenditure will not exhibit drastic surges as modernisation programs will not be accelerated.

Active Implementation Scenario



Source: Frost & Sullivan

Defence Market: Spending Forecast by Services, India, 2017–2026

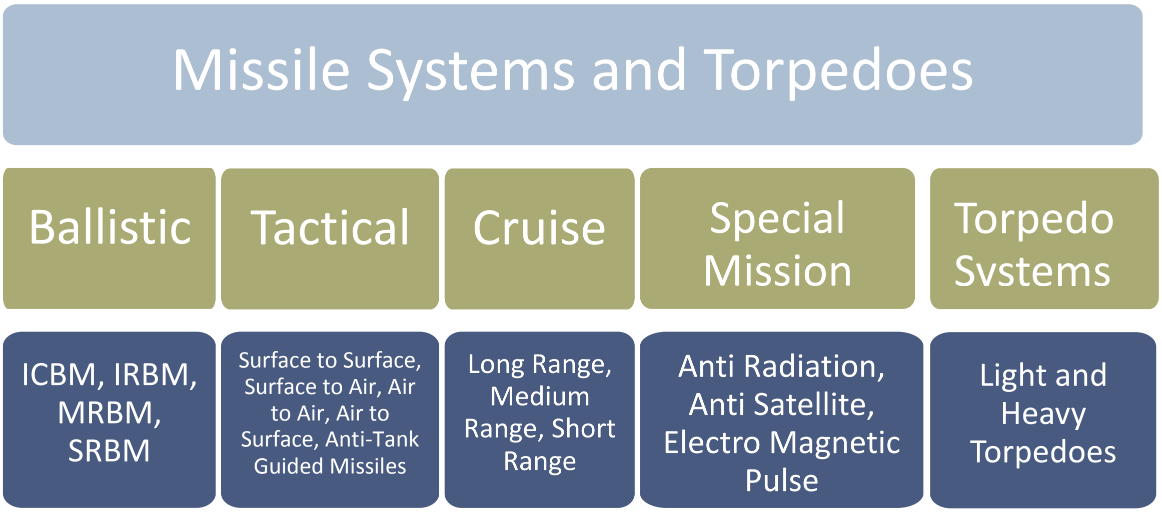
- This visualizes a scenario one where drastic procurement changes are implemented as a result of DPP 2016. New working partnerships are formed between foreign OEMs and Indian vendors. Tailored India-specific projects are funded by the government with the active participation of Indian MSMEs. Contracts will be fast-tracked and red tape will be cut down.
- The market valuation will increase to $79.17 Billion at the end of the forecast period, with a CAGR of 8.04%.
- This scenario will have increased capital outlay growth as pending modernization programs are realized and indigenous programs will be accelerated.

Guided missile systems in India and command policy

The Indian defence establishment is in an upward swing vis-à-vis modernization and procurement, due to escalatory geopolitical scenarios, technology obsolescence and to counter adversary modernization. The nation has to contend with two nuclear states simultaneously – China, with an inventory of over 250 nuclear weapons (Source: Arms Control Association) and hundreds of missiles and Pakistan, which has over a 100 nuclear weapons (Source: Arms Control Association) and an arsenal under questionable security arrangements. In this light, India needs effective nuclear weapon and high explosive (HE) warhead delivery systems, advanced tactical missiles for kinetic kills from greater ranges and a tiered advanced missile defence system in the lines of US Terminal High Altitude Area Defence (THAAD) units or Russia's Ground-Based Mid Course Defence. India's pursuit to missile system acquisition (import and indigenous production) and modernization reflect these objectives. The nation is also moving away from the Cold War concept of nuclear deterrence, to include a strong focus on ballistic missile defence (BMD) systems. Geopolitical moves such as ascension to the MTCR and the nation's pursuit to enter the Wassenar Agreement are indicative of latent undercurrents towards technology transfer, and developing international partnerships to improve the nation's missile development technologies. Extensive modernization efforts such as addition of new fighter squadrons, improving weapons systems mix at the platoon level, adding new warships and submarines will all in turn be driver for missile demand.

Segmentations and key Definitions

Frost & Sullivan has segmented the market into 5 major segments depending on function and mission type as follows.



Source: Frost & Sullivan

Ballistic Missile Segment

Segment Definitions – Ballistic Missile Segment

Source: Frost & Sullivan

Segment/ Sub-segment	Definition/ Brief	Examples
Ballistic Missiles	A ballistic missile system is a missile delivery system which follows a ballistic trajectory. The major part of its flight stage will be unpowered and governed by gravity and air friction. Ballistic missiles may also have the capability to carry Multiple Independently Targetable Re-entry Vehicles (MIRVs). These missiles may be silo-launched, canister launched, ship launched or submarine launched. Some ballistic missiles (such as the Indian Dhanush) can perform mid-course missile correction manoeuvres.	• Minuteman ballistic missile systems used by the US. • Dongfeng missile systems of China.
Intercontinental Ballistic Missiles (ICBM)	Ballistic missile systems with a range over 5,500 kms are classified as ICBMs.	• LGM-30 Minuteman II system of the US. • Jericho III missile system of Israel.
Intermediate Range Ballistic Missiles (IRBM)	Ballistic missile systems with a range between 3000 and 5500kms are classified as IRBMs.	• DF-26 missile system of China. • PGM-17 Thor missile system of the US (retired now).
Medium Range Ballistic Missiles (MRBM)	Ballistic missile systems with a range between 1000 and 3000kms are classified as MRBMs.	• a. • Shaheen III missile system of Pakistan.
Short Range Ballistic Missiles (SRBM)	Ballistic missile systems with a range between 300 and 1000kms are classified as MRBMs.	• Jericho I of Israel. • Grom missile system of Ukraine (under development).
Tactical Ballistic Missile Systems (TBM)	Ballistic missile systems with a range of 500kms or less are classified as TBMs.	• Nasr missile of Pakistan. • 9K720 Iskander missile system of Russia.

Tactical Missile Segment

Segment Definitions – Tactical Missile Segment Source: Frost & Sullivan

Segment/ Sub-segment	Definition/ Brief	Examples
Tactical Missile Systems	Tactical Missile Systems are those which are used to counter land, sea or air based threats. They have a shorter range and unlike a ballistic missile system, majority of its flight time is unguided.	• 9K720 Iskander • LORA
Surface to Surface Missiles	Missiles launched from man-portable packs, vehicle mounted, fixed or ship-based installations powered by a rocket engine with pre-programmed guidance. The target of the missiles will be other stationary or mobile ground targets.	• Lockheed Martin's MGM-140 Army Tactical Missile System (ATacMS) used by US Army
Air to Surface Missiles		
Surface to Air Missiles	Missiles launched from the ground to destroy aircraft or other missiles come under this category. Missile defence interceptors also fall under this category.	• MIM-104 Patriot • RIM-7 Sea Sparrow
Air to Air Missiles	Missiles launched by air platforms intended to destroy other air targets come under this category. These missiles may be visual range missiles or beyond visual range missiles. Certain modern Air to Air missiles are capable of mid-mission course correction and active guidance.	• MBDA Meteor used in the Eurofighter Typhoons.
ATGMs	Man portable or platform launched missiles with a specific role of destroying armoured vehicles.	• PARS 3 LR • FGM-148 Javelin

Cruise Missile Segment

Segment Definitions – Cruise Missile Segment Source: Frost & Sullivan

Segment/ Sub-segment	Definition/ Brief	Examples
Cruise Missiles	These systems are used to destroy terrestrial targets and are designed to glide at fairly constant speed in order to deliver heavy warheads with high precision. They can be hypersonic, supersonic or subsonic as far as speed is concerned.	• Tomahawk missile system of the US.
Long Range Cruise Missiles	Cruise missiles with ranges in excess of 1000 kms	• Kh-55 missile system of Russia.
Medium Range Missiles Cruise Missiles	Cruise missiles with ranges in between 300 kms and 1000 kms.	• AGM-158C LRASM (Long Range Anti-Ship Missile) of the US. • Babur missile system of Pakistan.
Short Range Cruise Missiles	Cruise missiles with range upto 300 kms.	• Nasr-1 missile system of Iran.

Special Mission Missiles Segment

Segment Definitions – Special Mission Missiles Segment Source: Frost & Sullivan

Segment/ Sub-segment	Definition/ Brief	Examples
Special Mission Missiles	These are missiles which are developed for a specific mission type. Standard missiles can also be modified to perform special missions.	Raytheon's Counter-electronics High-powered Advanced Missile Project (CHAMP) EMP weapon.
Anti-Satellite Missiles	These are strategic military weapons used for destroying satellites.	It is reported that the Arrow-3 missile system used by Israel can be used for an exo-atmospheric interception role.
Anti-Radiation Missiles	Anti-Radiation missiles detect enemy radio sources such as radar stations and home in on the target. They can be surface to surface, air to air or surface to air.	BAE System's ALARM (Air Launched Anti-Radiation Missile) used by Saudi Arabia and UK.
Electromagnetic Pulse Missiles	These missiles are designed to produce a short burst of electromagnetic energy which will cripple or disable all electronic equipment.	It is reported that Raytheon has tested an EMP missile weapon - Counter-electronics High-powered Advanced Missile Project (CHAMP) in the US.

Torpedo Systems Segment

Segment Definitions – Torpedo Systems Segment Source: Frost & Sullivan

Segment/ Sub-segment	Definition/ Brief	Examples
Torpedoes	Torpedoes are self-propelled weapons used to destroy or incapacitate ships, submarines and mines.	• Whitehead Alenia Sistemi Subacquei Blackshark torpedo system
Light Weight Torpedoes	Warhead weight is less than 100 kg.	• Raytheon's Mk 54 light weight torpedo used by the US.
Heavy Weight Torpedoes	Warhead weight is greater than 100 kgs.	• Mark 48 torpedo used by the US.

Export-centric Regulations regarding Missiles

Due to the sensitive nature of missile technology and drastic geopolitical ramifications that could arise as a result of proliferation, control regimes are in place which regulate export of missiles and sensitive technology associated with them. India's diplomatic objectives including ascension into various technology regimes will have benefits of access to new technologies from other signatories of missile control regimes and access to more export markets.

The Missile Technology Control Regime (MTCR)

This regime is an informal voluntary partnership among 35 countries to prevent proliferation of Unmanned Aerial System (UAS) technology and missile technology capable of carrying payloads of over 500 kgs and having a range of over 300kms. India ascended to the MTCR in 2016 and as a result technology transfer from other nation countries. This is also seen as a stepping stone to India's ascension to the Nuclear Suppliers Group. India has made the necessary changes to its SCOMET list to reflect its ascension to the MTCR as well.

The Wassenar Agreement

This regime regulates technologies which are classified as 'dual-use'. The 41 participating states exchange information on sales of defence equipment to non Wassenar countries under 8 categories - battle tanks, armoured fighting vehicles (AFVs), large-calibre artillery, military aircraft, military helicopters, warships, missiles or missile systems, and small arms and light weapons. The regime guidelines indicate two lists of items – a basic list and a munitions list which specify technologies which must be reported in case of exports. Ascension to the Wassenar agreement is a testament to a nation's non-proliferation policy and thus India aims to join this agreement to improve its non-proliferation credentials.

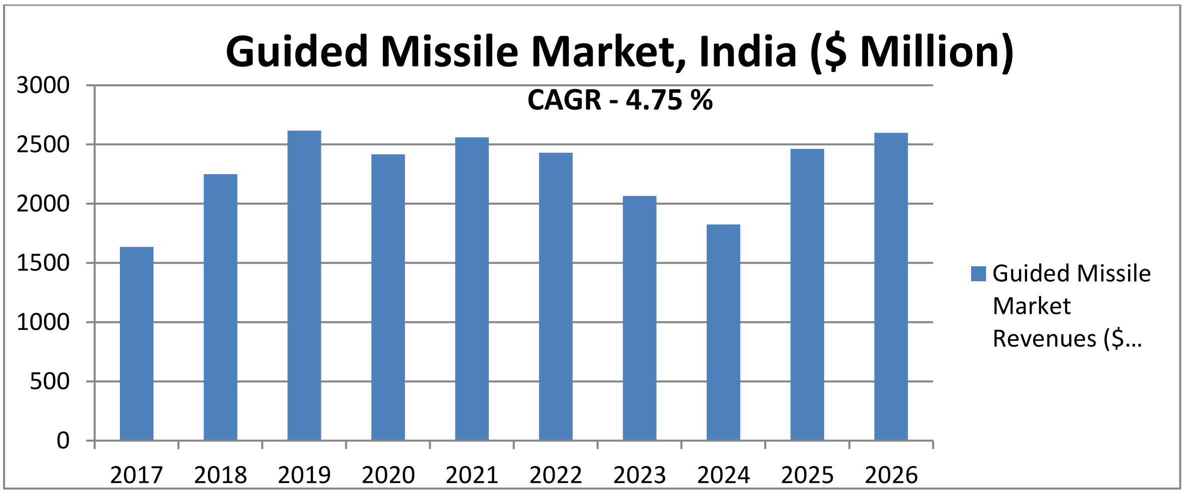
The Guided Missile and Torpedo Market – India

The Indian Guided Missile and Torpedo market landscape consists of two main types of suppliers at present - DPSUs with indigenous Research Development Testing and Evaluation (RDTE) and manufacturing capabilities and foreign players which export their missile systems to India. There is also an emerging category – the Indian private sector teaming up foreign established defence experts to manufacture missile systems in India. This category is still in its infantile stages.

Frost & Sullivan forecasts a market valuation $ 24.49 Billion in the 2017-26 time frame for guided missiles and torpedoes. This market will be driven by

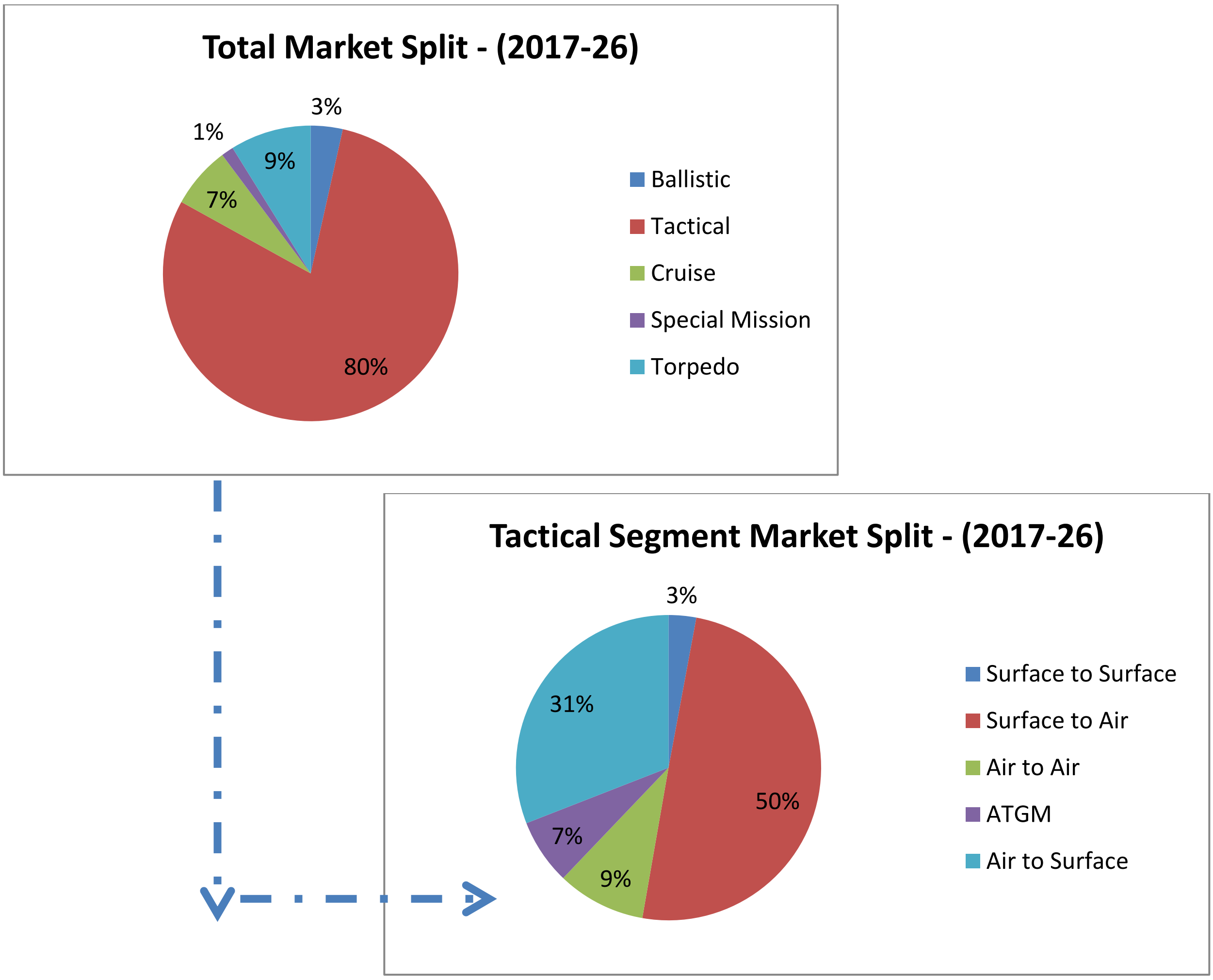
1. Committed and planned missile procurement underway such as that of S-400 Triumf Advanced Air Defence Systems, Barak-8 Surface to Air Missiles (SAMs), Hellfire Air to Surface Missiles, Harpoon Anti-ship Missiles, and heavy weight torpedoes etc.
2. Modernization and refurbishment of deployed and stored missile systems used on existing air, land, and sea-based platforms such as missile system upgrades in existing Talwar Class Frigates (FFGs), ATGM upgrades etc.
3. Missile procurements expected as a result of procurement programs initiated during the forecast timeline such as new fighter procurements, Project 28A (Next Generation Missile Corvette), Project 17A (FFG), Project 75I (Diesel Electric Submarines with Air Independent Propulsion) etc.

Guided Missile & Torpedo Market – India, 2017-26



Source: Frost & Sullivan

Guided Missile & Torpedo Market – India, Segment-wise, 2017-26



Source: Frost & Sullivan

Guided Missile & Torpedo Market – India, Segment Analysis 2017-26

Source: Frost & Sullivan

Segment	Market Valuation, 2017-26 ($ Billion)	Segment Brief – 2017-26
Ballistic Missiles	0.73	The Ballistic Missile Defence program will witness an upgrade with new Prithvi Defence Vehicle (PDV) replacing the Prithvi Air Defence (PAD)/ Pradyumna Ballistic Missile Interceptor. The PDV has improved discriminatory capabilities between actual warheads and decoys. The progress of Indian submarine procurement and modernization programs is also expected to drive submarine launched ballistic missile procurement. This will drive K-series submarine launched ballistic missile procurement.
Tactical Missiles	19.59	The tactical segment will yield the most opportunities for guided missile market players during the forecast period. India's army air defence systems will be extensively modernized. This is also one of the most competitive segments in the market. Russian, French, US, Israeli and Indian players dominate the landscape. However, domestic Indian manufacturers like BDL have grown in leaps and bounds in this segment and are in production of very cost effective SAM systems. The price points straddled by these indigenous systems are less than half the price of Western equivalents.

Segment	Market Valuation, 2017-26 ($ Billion)	Segment Brief – 2017-26
		ATGMs will also witness high production rates throughout the forecast. This is another area where an indigenous DPSU like BDL has created remarkable strides in. New platform procurement within the navy and air force will also drive procurement of air to surface, air to air and surface to surface missiles.
Cruise Missiles	1.71	With the development of the BrahMos missile system, India has become one of the key players in the market for supersonic cruise missiles. Apart from procurement of naval and airborne platforms which may drive this segment, the BrahMos missile systems fielded may witness range upgrades. More numbers of these upgraded "extended range" missiles will be deployed.
Special Mission Missiles	0.24	Special mission weapons such as DRDO's New Generation Anti-Radiation Missile will be critical towards execution of India's Cold Start Doctrine. Though it is difficult to assess the extent of these programs which are shrouded in secrecy, indigenous defence laboratories are expected to allocate a significant outlay towards RDTE (Research, Development, Testing & Evaluation) in specialized weapons such as anti-radiation missiles, anti-satellite missiles, anti-airfield weapons etc. DRDO is expected to pioneer design and development whilst an indigenous DPSU with proven manufacturing capabilities such as BDL may execute production.
Torpedoes	2.2	The Indian Navy has a glaring capability deficit on this front. With the addition of Kalvari class, Project 75I and indigenous nuclear powered ballistic missile submarines demand for light and heavy torpedoes will be on the rise during the forecast period. The Ministry of Defence's Technology Road Map also indicates addition of super-cavitating torpedoes to the navy's arsenal. Revenues from this segment are expected to grow from the medium-term onwards.

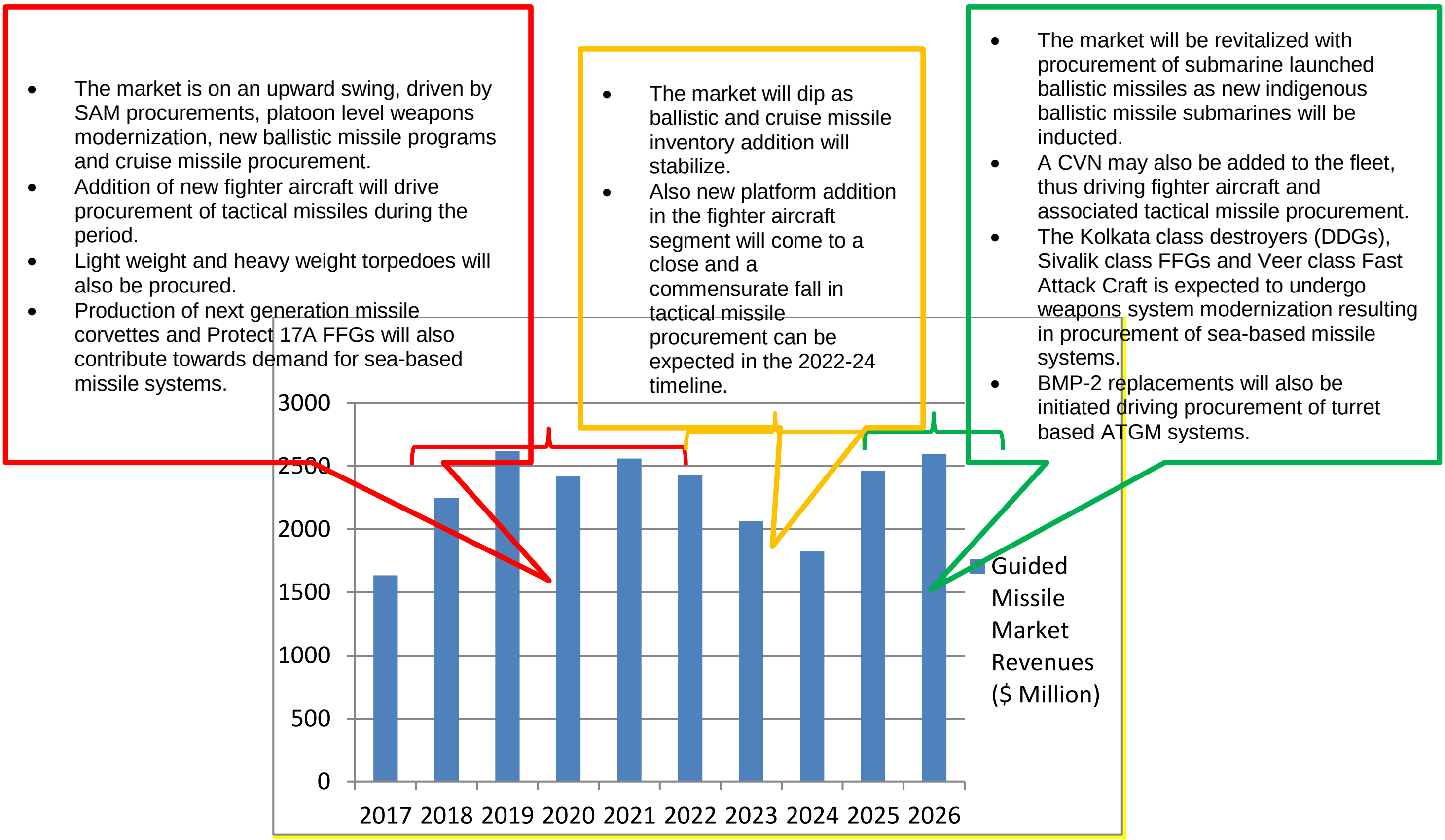
Since the tactical missile segment will be the key driving segment for guided missiles during the forecast period, it is imperative to look at the sub-segments and their individual market valuations in order to understand intricate market dynamics.

Guided Missile & Torpedo Market – India, Segment Analysis 2017-26

Source: Frost & Sullivan

Segment	Market Valuation, 2017-26 ($ Billion)	Segment Brief – 2017-26
Surface to Surface	0.59	-
Surface to Air	9.79	With increase in geopolitical tensions in the Indian subcontinent it is imperative that India deploys adequate SAM systems to protect military land system deployments, bases and key cities against the threat of air/ missile attacks. The Army Air Defence capabilities need exigent modernization as well. Missile defence systems also need to be deployed on warships to safeguard against anti-ship missiles and DF-21D type "carrier-killer" missiles. The high cost of SAM systems in the international market makes it necessary for the MoD to look at indigenous manufacturers to provide cost effective solutions. BDL is the sole player in the Indian market today which has proven manufacturing capabilities in this front and stands to capitalize on plugging the armed forces' capability deficit whilst securing a large portion of this high value market segment. As this

Segment	Market Valuation, 2017-26 ($ Billion)	Segment Brief – 2017-26
		opportunity opens up, indigenous players which are pre-emptively bettering MPAADS technology and manufacturing capabilities stand to gain. A case in point is DPSU BDL exploring avenues for transfer of technology.
Air to Air	1.76	The Indian Air Force is operating much below its sanctioned strength at present with only 32 active squadrons. The Air Force requires at least 42 squadrons to be prepared for a two-front war. Also, a large number of Soviet era Mig-21s will have to be decommissioned in the short-term. A conventional air craft carrier (CV) and an indigenously built nuclear powered air craft carrier (CVN) may be added to the naval fleet in the forecast period.
ATGM	1.71	-
Air to Surface	6.07	-



Guided Missile Market, India ($ Million)

Source: Frost & Sullivan

Guided Missile & Torpedo Market – India, Drivers, 2017-26

The market will be dominated by the tactical segment throughout the forecast throughout the forecast with a lion's share of 80 %, followed by the Torpedo and Cruise Missile segments. The ballistic and special mission segments have the least market-share.

Within the tactical segment, the SAM segment will compose of 50% of the market accounting for revenues of $ 9.8 Billion, followed by the air to surface segment with 31% market share and a valuation of $ 7.59 Billion. Air to Air, Anti-Tank Guided Missile (ATGM) and Surface to Surface segments will have market shares of 9%, 7% and 3% respectively.

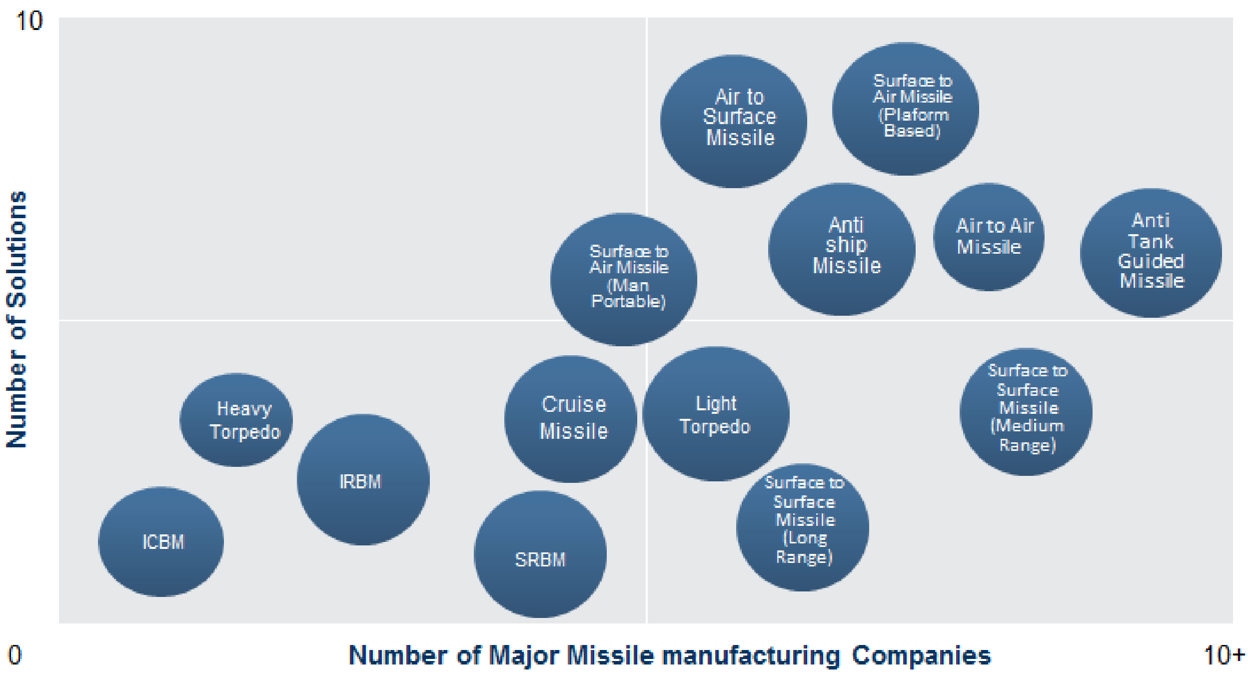
Global Competitive Landscape – Guided Missile and Torpedo Systems

The guided missile and Torpedo systems competitive landscape is dominated by 22 global players. Most companies do not offer solutions across the entire gamut of guided missile product segments and tend to specialize in segments where revenue opportunities are high. Also, export restrictions on theatre warfare weapons such as ICBMs, IRBMs etc. prevent many firms from developing newer solutions in this segment as there is a constraint on realizable opportunities. In such cases, OEMs only start developing solutions as and when there is an explicit demand from respective MoDs for such systems.

Guided Missile & Torpedo Market Landscape

Source: Frost & Sullivan

There are over 60 ballistic missile solutions available globally today, with the overwhelming majority of solutions provided by Tactical Missiles Corporation (which is a holding corporation composed of over 20 Russian specialized munitions solution providers). Similarly, in the cruise missile segment, about 26 solutions (includes variants) are marketed today by 8 major firms. It is in the tactical missile segment that there is a large expansion in the number of solutions and in the number of companies providing them. This segment is also the largest segment by revenue in India's guided missile market forecast 2017-26.



Source: Frost & Sullivan

Within the tactical missile segment, ATGMs is the most competitive segment with majority of the companies having at least one solution because of the high demand due to relatively low costs associated to it. It is also the segment straddling the lowest price points vis-à-vis other segments. Surface to Air and Air to Surface segments are both broad product lines indicating a high variation in customer requirements. There are over 480 solutions available for these two segments globally. Air to Air and Anti-Ship missile segments also exhibit similar characteristics. Increase in demand for these categories is also driving the production of specialized solutions within the segment. Also, as improved electronic countermeasures systems are deployed on aircraft, smarter new age Air to Air missiles impervious to jamming are being developed. Today, there are about 166 Air to Air missile solutions available in the market. Within the Surface to Surface segment there are more solutions and market players in the medium range category as opposed to the long range category. The two categories combined together present over 250 solution types globally. Light torpedo is a more competitive segment with more choice of naval solutions available in the market. There are only about 14 major heavy water torpedo solutions available globally whilst there are 30+ solutions available in the light water torpedo segment. Frost & Sullivan has benchmarked the main players in the guided missile and torpedo market as per the as per their capabilities as follows –

Exhibit 38: Guided Missile & Torpedo Market, Company Capability Comparison

	SRBM	IRBM	ICBM	ATGM	Air to Air Missile	Cruise Missile	Surface to Surface Missile (Medium Range)	Surface to Surface Missile (Long Range)	Air to Surface Missile	Anti ship Missile	Surface to Air Missile, Man Portable	Surface to Air Missile, Platform Based	Light Torpedo	Heavy Torpedo
Bharat Dynamics	🟢	🟢	🟢	🟢	🟠		🟢	🟢	🟢		🟢	🟢	🟢	🟠
Raytheon				🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Lockheed Martin	🟢	🟢		🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢		
MBDA				🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Denel Dynamics				🟢	🟢			🟢	🟢	🟢		🟢		
Boeing	🟢	🟢	🟢	🟢		🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
SAAB				🟢	🟢		🟢		🟢	🟢	🟢	🟢		🟢
BrahMos					🟢	🟢	🟢						🟢	
Rafael advanced systems				🟢	🟢		🟢		🟢	🟢		🟢		
IAI	🟢			🟢	🟢		🟢		🟢	🟢		🟢		
LIG-NEX1				🟢			🟢			🟢	🟢	🟢		

Source: Frost & Sullivan

Tactical missile corporation holdings is a Russian conglomerate consisting of many smaller companies.

🟢 Indicates presence of capability in the present or past

🟠

Exhibit 38: Guided Missile & Torpedo Market, Company Capability Comparison

	SRBM	IRBM	ICBM	ATGM	Air to Air Missile	Cruise Missile	Surface to Surface Missile (Medium Range)	Surface to Surface Missile (Long Range)	Air to Surface Missile	Anti-Ship Missile	Surface to Air Missile (Man Portable)	Surface to Air Missile (Plaform Based)	Light Torpedo	Heavy Torpedo
CASIC														
Norinco				●	●		●		●	●		●		
Safran									●					
Tactical Missiles Corporation					●				●	●			●	●
Mitsubishi Heavy Industries				●	●		●		●	●		●	●	
Roketsan				●			●	●	●			●		
Kongsberg						●		●	●	●	●			
Leonardo													●	●
Diehl Defence				●	●		●		●	●		●		
Thales				●		●					●	●		
BAE Systems				●						●		●	●	●

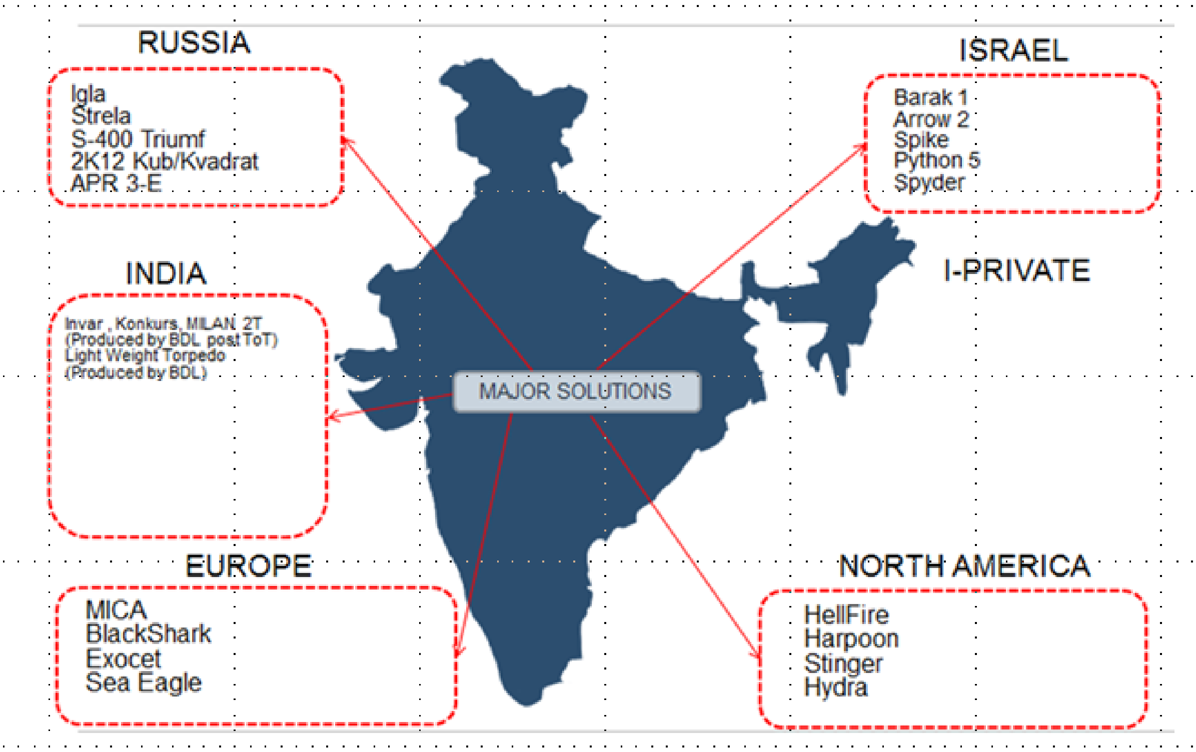
Source: Frost & Sullivan

CASIC is left empty because of opacity of the Chines markets in identifying product portfolios.

Indian Competitive Landscape – Guided Missile and Torpedo Systems

The Indian missile market today is dominated by DPSU produced missiles and foreign solutions at present. However, there is a drive within the establishment to indigenize missile production as much as possible in order to extricate the armed forces from any external dependencies for missile systems in the future. The goal is to aim for complete in house missile production and maintenance. BDL maintains all Indian missile systems and selected foreign missile systems at present.

Guided Missile & Torpedo Market in India, Popular Solutions



Source: Frost & Sullivan

Solutions from Russia, Israel, Europe and US are well entrenched in the Indian market. At present, indigenous development and manufacturing is carried out by three DPSUs – DRDO, BDL, and BEL. Amongst the three BDL is the main player in manufacturing and is the sole manufacturer in India for SAMs, torpedoes, ATGMs. There are many opportunities in the Indian market which will be up for grabs in the future. These opportunities, coupled with the ‘Make in India’ initiative and DPP 2016 has stimulated an interesting market dynamic in India. Foreign OEMs accord high priority to the Indian market because of assured opportunities but has come to realize that partnering with DPSUs and private companies is the way ahead. This has resulted in many partnerships in the field, as well as stand-alone indigenous development.

Guided Missile & Torpedo Market in India, Key Players

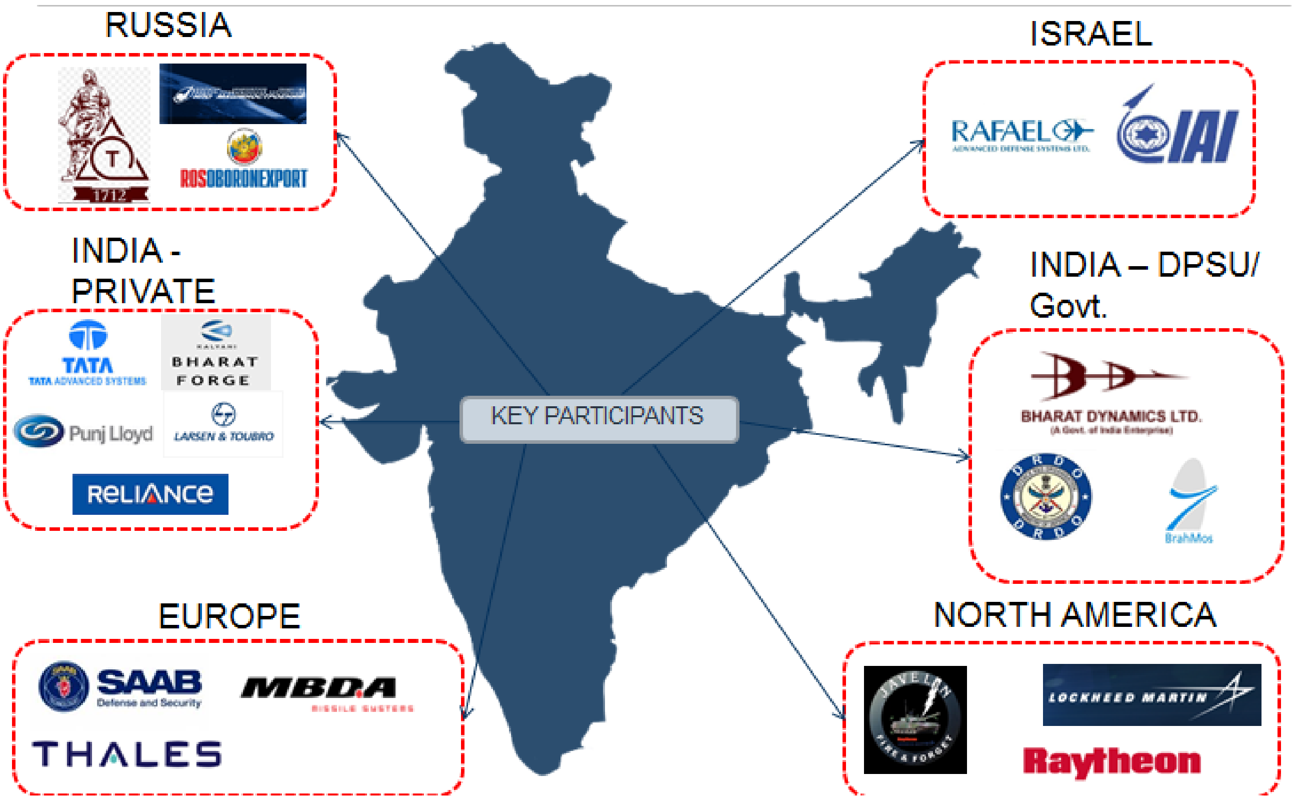
Source: Frost & Sullivan

Company Name	Brief
Tata Advanced Systems Ltd. (Private)	TASL has partnered with Raytheon to produce components for Stinger missile systems. These missile systems will be deployed at platoon levels and also on-board AH-64 Apaches which are being procured by India.
Reliance (Private)	Reliance Defence has signed a JV agreement with Rafael Advanced Systems to build air to air missile systems.
Kalyani Strategic Systems (Private)	Kalyani Strategic Systems, Bharat Forge’s defence subsidiary, has also formed a JV with Rafael Advanced Systems to manufacture high technology defence components in India. An MoU has also been signed with IAI to for a JV company

	to build air defence, ground to ground and ground to sea munitions in India.
Punj Lloyd (Private)	The firm has acquired licenses for manufacturing missiles and rockets in India. It has a tie up with Israel Weapon Industries (IWI) to manufacture small arms and may venture into the guided missile space in the future.
L&T (Private)	L&T has entered into a JV with MBDA to produce 5th generation ATGMs in India. BDL and L&T has also entered into an agreement to export light torpedo solutions. BDL manufactures light torpedoes, whilst L&T has expertise in tube torpedo launchers.
BDL (DPSU)	BDL is the chief missile manufacturing firm in India It produces sall classes except cruise missiles including Akash SAM systems, light torpedoes, launching equipment, counter measures, ATGMs, test equipments and others. The company also manufactures Medium Range Surface to Air Missile (MRSAM) missiles in India. BDL is also exploring possibilities of technology transfer with Thales with respect to the StarSTREAK missile system.

Indian private players are rushing to secure licenses for manufacturing missiles and to tie up with foreign players in order to field products for the extensive emerging opportunities in the Indian guided missile market space. However, it is to be noted that most of these private players lack manufacturing experience for the same. In this light, DPSUs like BDL which have proven guided missile, SAM and torpedo manufacturing capabilities stand to benefit. They also have the added advantage that missile systems produced is already inducted in the Indian Armed Forces, thereby bettering market perception for export. Defence buyers are more amenable to procure products which are already in service with operators rather than a new one.

Guided Missile & Torpedo Market in India, Key Players



Source: Frost & Sullivan

Most new private players are positioning themselves as system integrators at present. Only DPSUs have extended RDTE and manufacturing capability across the value chain.

Indian Guided Missiles and Torpedoes – Brief on Export Potential

India has set a precedent in frugal engineering and manufacturing and associated low cost solutions in the space domain. Nations with smaller defence budgets cannot afford advanced solutions from Western players because of the high costs associated with it. With a specialized defence-centric export policy in place and enabling process framework, India plans to emerge as key export player in defence. Policy changes with respect to issuance of end-user certificate, and enabling time frames in issuing end-user certificates have made exports easier.

Less developed APAC and East Asian countries, the Middle East and Latin American countries could be highly receptive of cost-effective exports from India. The BrahMos missile system is a product which has been sought after by many nations such as UAE, Vietnam, Chile and South Africa. BDL has recently finalized an agreement to export light weight torpedoes to a foreign country. The Akash, MRSAM systems and ATGMS (MILAN 2T, Konkurs-M and INVAR 93 UBK 20) are also well positioned for exports. DRDO has readied 'Pragati', an export variant of the Prahaar tactical ballistic missile, which is capable of being equipped with omnidirectional warheads for export.

The APAC region has lately witnessed geopolitical pressures due to China's expansionist policy and its claims centred on the '9-Dash Line'. Repeated incursions into airspace of disputed regions have underscored the need for affected parties to modernize to counter Chinese aggression. Countries like Vietnam and Philippines have limited budgets for defence procurement and will have to balance cost vis-à-vis technological improvements. Indian solutions such as Akash, MRSAM, and light weight torpedoes, both manufactured by BDL are solutions which score high on both these parameters. Latin American nations such as Chile, Argentina and Venezuela suffer from high equipment obsolescence and field out-dated guided missiles. These nations could also be tapped. Similarly, Middle Eastern countries such as UAE and Qatar are investing in improving air defence and strike capabilities with planned procurement of MRSAMs/ LRSAMs and cruise missiles.

Most solutions developed and manufactured by DPSUs such as, BDL and BEL have a good success rate during testing and as a result have a high degree of credibility in the defence market. DPSUs stand to capitalize on having achieved a balance between cost and technology in marketing defence value propositions abroad. However, it is to be noted the tactical missile segment is highly competitive with over 22 companies presenting a large number of solutions. With cost benefits already on its side, DPSUs must deepen their product lines and broaden their product portfolio in order to remain competitive and have a high degree of customizability associated to their product offerings.

Current Indian Defence Procurement & Modernization Programs

Major Missile procurement & Modernization Programs Source: Frost & Sullivan

Program Name	*Approximate Procurement Timeline*	*Status*	*Comments/Remarks*
S-400 Triumf Procurement	2016-2021	Purchase Cleared	India and Russia have reached an agreement worth over $ 5 billion for procuring the S - 400 Triumf air defence system. Discussion on the technical front is underway and the delivery contracts are expected to be penned down post technical review. The contract is being executed by Russia's arms export monopoly 'Rosboronexport'. The deliveries are expected to be completed within 3 years from agreement.
Akash Missile Procurement	2016-2026	Purchase Cleared	The Cabinet Committee on Security (CCSis set to clear the procurement of Akash missiles for the Air defence systems of the Indian Air Force, enhancing the supersonic missile capability to intercept fighter jets, cruise missiles, ballistic missiles etc. The production of Akash systems is also to enhance production capacity to meet demand/ requirements
Barak – I Procurement	2017-2022	Purchase Cleared	The Indian government has approved the procurement of Barak – 1 missile system. The contract is worth over $ 78 Million and will be delivered over a period of 5 years from 2017 onwards.

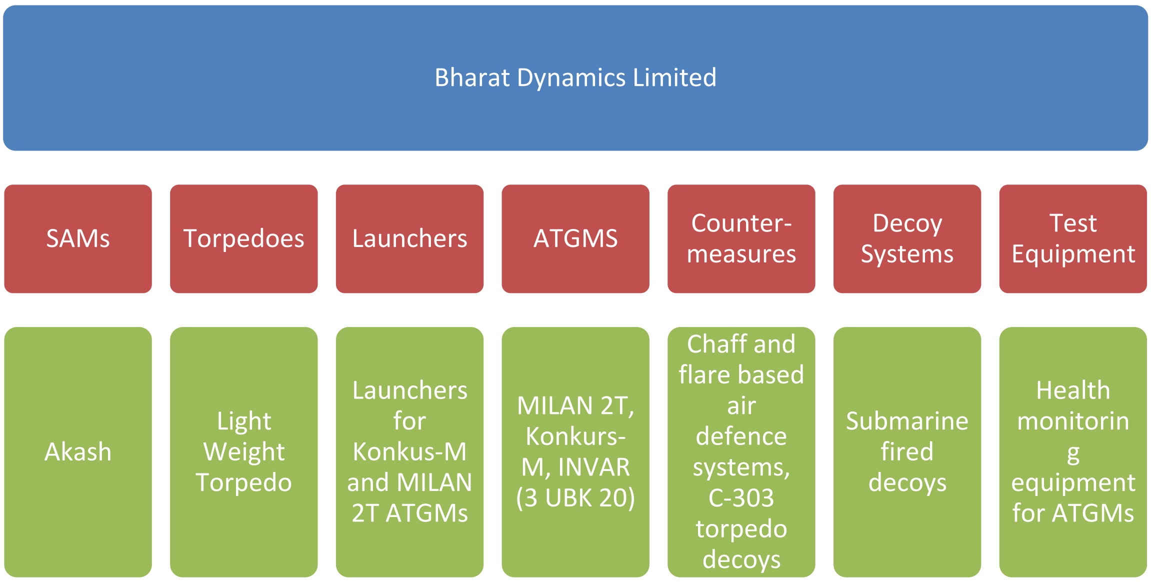
Barak- 8	2017-2022	Purchase cleared	India's Cabinet Committee on Security (CSS) has approved the procurement of MRSAM (Medium range/Long range (Naval version)) surface to air missile systems, further strengthening the defence capabilities to intercept aircraft, UAS and missile systems. Based on the 'Make in India' initiative, IAI has partnered with Indian organisation DRDO for co-development of both long range(Naval) and medium range(Land) versions of the missile. BDL is manufacturing the missiles in India.
ATGM Procurement	2017-2021	To be approved	The MoD has forwarded a request for the procurement of Spike ATGMs to the Defence Acquisition for approval. This contract is expected to be worth $ 1 Billion. The system is to be supplied by Rafael Advanced Defence Systems.
Arrow 2 Procurement	2018-2023	Planned	Earlier, Indian interest for procuring the Arrow 2 missile was not addressed due to the MTCR regulations. An RFQ can be expected to be released in the near future for procurement.
Stinger Procurement	2015-2022	Purchase Cleared	The Indian government has approved the purchase of air to air missiles to be supplied by Raytheon, which is a part of an India –US defence contract worth around $ 3.1 billion. The stingers are being purchased to equip the fleet of light attack and advanced light attack helicopters, apart from the Apache -64 E helicopters which are being procured as part of this deal, enhancing the close air combat capability of the Indian Air force.
MICA Procurement	2012-2015	Purchase Cleared	The Cabinet Committee on Security (CCS) has approved the procurement of MICA multi mission air to air missiles available in two configurations (IR & RF) for upgrading the Mirage 2000 jets and will be supplied by MBDA. The missiles, apart from being a part of the Mirage upgrade program will also be loaded on the Rafale combat jets to be delivered from 2019 onwards. MBDA has also entered into a joint venture with L&T for joint development of missiles systems and high speed UAS.
VSHORADS Procurement	2018-2023	Planned	Field trials for a $ 5.2 Billion weapon systems procurement contract are underway at present. The total contract is for the supply of 5,175 missiles and 1,276 single and multi-launchers with streamlined technology transfer for the Defence Public Sector Undertakings. The Indian governments' emphasis on Make in India is evident as the re-trials have been initiated after the inclusion of new Defence procurement procedure last year. Three international companies are participating in the bid to fetch the high value tender, namely MBDA, Saab and Rosboronexport. BDL is the nominated production agency for the program.
AGM-114L-3 Hellfire Longbow missile Procurement	2015-2022	Purchase cleared	Procurement of Hellfire 812 AGM-114L-3 missiles as armament for the Apache 64-E attack helicopter has been approved by the CCS. The procurement is part of the $ 3 billion contract between India and US which also includes procurement of 542 AGM-114R-3 Hellfire-II missiles along with Chinook and AH-64 helicopters and associated electronics systems. As per the Defence Procurement Procedure 2016, the contract will have a 30% offset clause and the armaments have been procured through a contract under Foreign military sale (FMS) agreement.

MRASM Procurement	2018-2021	Planned	The Indian Navy has invited RFIs from global vendors for supply of medium range anti-ship missiles. Procurement is expected to begin by early 2018. Combat missiles, practice missiles, training missiles, cut section missiles, dummy missiles and systems for fitment on-board ships will be procured.
Heavy Weight Torpedo Procurement	2018-2021	Planned	As India is inducting Kalvari class submarines into the fleet, heavy weight torpedoes may be procured to improve kill capabilities.

BDL Capabilities and Opportunities

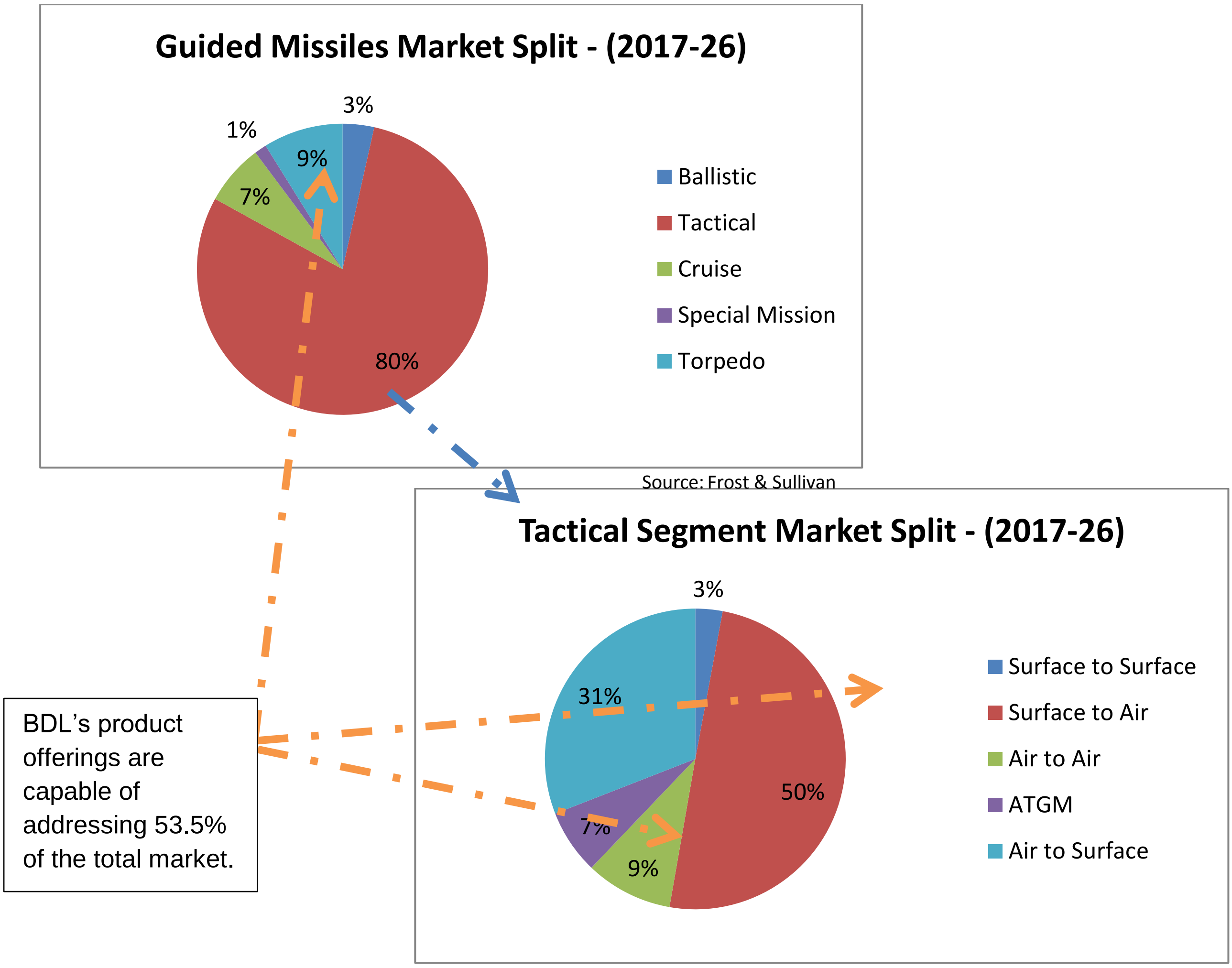
BDL is the leading DPSU in India in manufacturing guided missile systems. The company has a product portfolio consisting of Surface to Air missiles (SAMs), Anti-Tank Guided Missiles (ATGMs), underwater weapons, launchers, countermeasures and test equipment. The company also undertakes life-extension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

The product portfolio of BDL is composed of



There is a high degree of convergence between BDLs product portfolio and opportunities arising in the Indian Defence Market. The company stands to gain from this.

Matching BDL's Capabilities. (Marketshare represented in terms of value in all cases)



Source: Frost & Sullivan

The current guided missile portfolio of BDL is broadly made up of SAM systems, ATGMs and light torpedoes. The company's product segments have access to $ 11.38 Billion worth of opportunities in India. The company is expanding its manufacturing capabilities by setting up two new units – in Ibrahimpatanam, Telengana and Amaravati, Maharashtra for the manufacture of Surface to Air missiles and utilised to manufacture SAMs and Very Short Range Air Defence Missiles (VSHORADMs) respectively. BDL has demonstrated its ability in manufacturing new age jointly developed air defence systems such as the MRSAM. The organization is also entering into technology transfer agreements with established global players in the SAM space such as Thales. The congruence in product portfolio, emerging market opportunities, cost-advantages and expanding manufacturing facilities make BDL an ideal organization which is

1. Capable of catering to India's emerging guided missile and torpedo requirements.
2. A Company for foreign OEMs to partner with in the Indian missile manufacturing space as it has a well-established holistic value chain.
3. A prospective exporter of missiles as it can capitalize on its cost advantages to effectively disrupt the market.
4. A company that is diversifying into ancillary and support equipment production such as testing, countermeasures and launchers.

Future Outlook

Frost & Sullivan has estimated the total Indian guided missile and torpedo market to be worth $ 24.49 Billion. 79% of the market valuation remains unaddressed and $ 19.41 Billion worth of opportunities will emerge in the 2017-26 time-frame. Armed forces modernization and new procurements in terms of fighters, IFVs, submarines, corvettes, frigates etc. will in turn drive procurement of guided missile and torpedo systems. The ballistic missile system segment is expected to remain exclusively with DPSUs / GoI. However, the other segments are expected to get more competitive. The Indian defence market at an inflexion point today with policy changes mandating indigenous production. Private players are scrambling to ready themselves for opportunities by setting up manufacturing facilities in India and securing production licenses. They are positioning themselves as able partners for foreign OEMs in the guided missile space to enter into partnerships with. However, as far as production expertise is concerned, the capabilities of private players are limited. DPSU players such as BDL have strong track record of guided missile production with a well reinforced and holistic value chain in the same. BDL is also expanding production capacities to make way for export and emerging internal demand and thus stand to gain in the short and medium-terms. In the long run, policy directives indicate a thrust towards a level playing field for both private Indian defence players and DPSUs. As the resource-rich private sector plays catch up with DPSUs in guided missile production during the initial few years of the forecast, DPSUs such as BDL must broaden product portfolios, improve product-line depth to field missiles with varied ranges, and incorporate modern technologies such as interchangeable warheads etc. to future-proof product offerings against the onslaught of private competition.

OUR BUSINESS

This section should be read in conjunction with "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 15, 276 and 176 respectively, before making an investment in the Equity Shares. In this section, references to "we", "our" and "us" are to our Company. Our restated financial information for the Fiscals 2013 and 2014 and included in this Draft Red Herring Prospectus is prepared under the Indian GAAP. For the Fiscals 2015, 2016, 2017 and for the six months period ended September 30, 2017, our financial information is prepared under the Ind AS and included in this Draft Red Herring Prospectus.

As a result of national security related concerns, certain material information in relation to our business and operations has been classified as 'confidential' by the Ministry of Defence, Government of India and us. As a result we have not (i) disclosed such information in this DRHP; or (ii) provided such information to the BRLMs, the legal counsels and other intermediaries involved in this Offer. We cannot assure you that this DRHP contains all such material information necessary for investors to make an informed investment decision.

Overview

We are 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. We are the sole manufacturer in India for SAMs, torpedoes, ATGMs *(Source: F&S Report)*. We are also the sole supplier of SAMs and ATGMs to the Indian armed forces *(Source: F&S Report)*. Additionally, we are also engaged in the business of refurbishment and life extension of missiles manufactured. We are also the co-development partner with the DRDO for the next generation of ATGMs and SAMs. For a brief description of our products and services see "*Our Business – Description of our Products / Services*" on page 123.

We are a wholly-owned GoI company headquartered in Hyderabad and under the administrative control of the MoD, GoI and were conferred the 'Mini-ratna (Category -1)' status by the Department of Public Enterprises, GoI. Founded in 1970, we have over four decades of experience in manufacturing missiles and countermeasures and its allied equipments.

We 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.

We currently have three manufacturing facilities located in Hyderabad, Bhanur and Vishakhapatnam. Our Hyderabad manufacturing unit is engaged in the manufacture of SAMs, Milan 2T ATGMs, countermeasures, launchers and test equipment. Our Bhanur unit is engaged in the manufacture of the Konkurs – M ATGMs, the INVAR (3 UBK 20) ATGMs, launchers and spares. Our Vishakapatnam unit is engaged in the manufacture of light weight torpedoes, the C-303 anti torpedo system, countermeasures and spares. All our manufacturing facilities have ISO 14001:2004 certifications from TUV India Private Limited. Our Hyderabad (Akash Division) and Bhanur manufacturing units have AS 9100C certifications (based on and including ISO 9001:2008) from NVT Quality Certification Private Limited. Our quality management systems and management system for the Hyderabad manufacturing have been certified ISO 9001:2008 and ISO 9001: 2015 compliant, by the IRClass Systems and Solutions Private Limited and TUV India Private Limited respectively. We are 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 (VSHORADMs) respectively. We are the nominated production agency for VSHORADMs *(Source: F&S Report)*.

We have been awarded various prestigious awards such as Raksha Mantri's institutional award for "Excellence" in performance for the year 2014 – 15 and the group / individual award in the "Innovation Category" for the year 2014 -15, in recognition of its consistent growth and adaptation and the PSE Excellence Award – 2015 by the *Indian* Chamber of Commerce in the Miniratna category for operational performance excellence.

Our current order book as of October 31, 2017 is ₹111,640.00 million. Our Company has posted profits continuously in the last five Fiscals. Our revenue from operations and profit for the year has increased from

₹28,408.21 million and ₹4,435.48 million respectively, in Fiscal 2015 to ₹48,327.56 million and ₹4,903.19 million, respectively, in Fiscal 2017 at a CAGR of 30.43% and 5.14% respectively. We have consistently declared dividends for the last five Fiscals.

Competitive Strengths

We believe we benefit from a number of strengths that together differentiate us from our competitors:

Modern facilities and infrastructure to deliver quality products in a timely manner

We believe that the infrastructure at our manufacturing facilities combined with our vast expertise enable us to cater to the needs of the Indian armed forces in a timely manner. Our manufacturing facilities are equipped with robotic welding machines, four axis machines, flow forming machines, vaccum furnace for heat treatment, automated electroplating shop, 3D – coordinating measuring machine, climatic chambers and 800G acceleration measuring fixture. Our Hyderabad manufacturing unit has been automated for material handling and grain loading of SAMs. Further, our Vishakhapatnam manufacturing facility is exclusively engaged in the manufacture of torpedoes.

Increase in indigenisation of our products and implementation of the "Make in India" policy

In order to give an impetus to the GoI's "Make in India" policy, we had implemented a vendor development policy in 2015. We believe that the implementation of this policy has enabled us to improve our supply chain management in order to meet our long term commitments to our primary customer, the MoD and ensured transparency in identifying and developing new vendors. We identify technically qualified vendors and suppliers and place purchase orders to ensure timely delivery of materials. We have also published a list of items under import substitutions category which are to be supplied by indigenous vendors.

We have tie-ups with various domestic and international Original Equipment Manufacturers (OEMs) for the development of our existing and future products. We have achieved indigenisation of upto 75 – 90% of the Konkurs-M ATGM and Milan 2T ATGM *(Source: F&S Report)*. We are constantly evaluating partnerships for transfer of technology to increase the indigenous content of our products. Increase in indigenisation will enable us to reduce our reliance on imports and the cost of our products.

Quality control of our products

Our products are primarily single shot devices which calls for the highest standards of reliability. All our manufacturing facilities have ISO 14001:2004 certifications from TUV India Private Limited. Our Hyderabad (Akash Division) and Bhanur manufacturing units have AS 9100C certifications (based on and including ISO 9001:2008) from NVT Quality Certification Private Limited. Our quality management systems and management system for the Hyderabad manufacturing unit have been certified ISO 9001:2008 and ISO 9001: 2015 compliant, by the IRClass Systems and Solutions Private Limited and TUV India Private Limited respectively.

All of our products undergo rigorous trials by the Indian armed forces prior to their induction and proof firing post their induction. In order to ensure that our products qualify the trials, we have set up various quality control processes such as multi-level inspection at vendor's plants, inspection of outsourced materials / components, sub-assembly checks and final checks of our products in order to ensure highest success rates of our products. We also organize periodical meetings with the Indian armed forces for monitoring progress and supply status of our products.

Strong order book and established financial track record of delivering growth

As of October 31, 2017, our outstanding order book was ₹111,640.00 million. We have delivered consistent growth over the last five financial years both in terms of financial and operational metrics. Our revenue from operations and profit for the year has increased from ₹28,408.21 million and ₹4,435.48 million respectively, in Fiscal 2015 to ₹48,327.56 million and ₹4,903.19 million, respectively, in Fiscal 2017 at a CAGR of 30.43% and 5.14% respectively.

Experienced board and senior management team

We have a diversified Board with directors and each of our key management team having several years of experience in the defence industry. Some of our senior management have grown within our organisation from trainee positions to head their respective departments. We believe that we have achieved a measure of success in attracting an experienced senior management team with operational and technical capabilities, management skills, business development experience and financial management skills. We have a large pool of experienced engineers. As of October 31, 2017, engineers constitute 27.27% of our total employees. We believe that our employees are instrumental to our success including for the quality of our products and services and our ability to operate in a cost-efficient manner, helping us achieve a continuous profit margin and operate efficiently. For further details see "*Our Management*" on page 142.

Our Strategies

Our objective is to enhance our market position by expanding our capabilities, capitalising on opportunities both in domestic and International markets in our industry and to enhance our competitiveness. Our business strategies are:

Continue to invest in infrastructure

We believe our continuous investment in infrastructure in terms of our upcoming manufacturing facilities at Ibrahimapatnam and Amravati will enable us to cater to the growing demand of our customers. Our proposed Ibrahimapatnam and Amravati manufacturing facilities shall be utilised to manufacture SAMs (including a new generation of SAMs) and VSHORADMs respectively. We also intend to automate our production systems at our manufacturing facility in Hyderabad to increase the production of SAMs. We are also in the process of establishing a test fire range in Rachakonda, Telangana which we believe will result in operational advantages and cost efficiencies.

Focus on R&D

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 in order to provide novel and better products to our customers. We also intend to carry out process improvements, in order to improve our productivity and efficiency of our operations and thereby lower costs. Our R&D expenses have grown at a CAGR of 23.60% from ₹227.21 million for the financial year 2015 to ₹347.10 million for the financial year 2017. We have established the missile development group with the objective to design and develop missiles. We have also established various technological labs such as RF labs, laser labs, aerodynamic labs and seeker labs to develop seeker technologies. We are conducting R&D for an improved version of the second generation of the Konkurs-M ATGM.

Developing new products

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. For details see "*Our Business – Our Partners*" on page 127. We believe that development of new products will enable us to diversify our offerings and help us reduce our reliance on our current products.

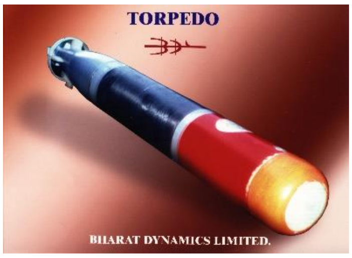
Provide our product offerings to the international market

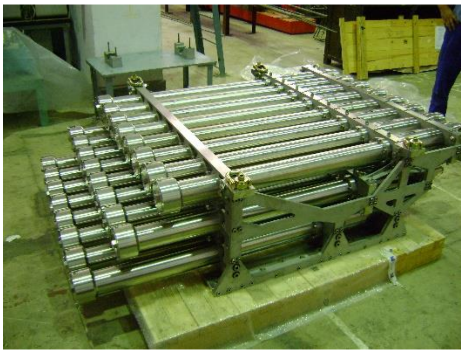
We primarily cater to the requirements of the Indian armed forces. The GoI has on a nomination basis chosen us to supply various products to the Indian armed forces. The GoI is encouraging our Company for export of our products. We intend to interact with potential overseas customers with a view to exporting our products and thereby reduce our reliance on the GoI for future orders. We intend to offer products such as Akash SAM, light weight torpedoes and countermeasure dispensing system to the international markets. We are currently exporting the light weight torpedoes.

Description of our Products / Services

The following is the brief description of the products which we are currently manufacturing:

Product	Description
SAMs	
 **Akash SAM**	The Akash SAM is an all weather area defense 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. We are currently supplying Akash SAMs to the MoD for the Indian Army.
 **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. We are currently supplying the LR SAMs and MR SAMs to the MoD for the Indian Army and Indian Navy respectively.
ATGMs	
 **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. We are currently supplying the Milan 2T ATGMs to the MoD for the Indian Army.
 **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. We are currently supplying the Konkurs – M ATGMs to the MoD for the Indian Army.

Product	Description
 **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. We are currently supplying the INVAR (3 UBK 20) ATGMs to the MoD for the Indian Army.
Underwater weapons	
 **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. We are currently exporting the light weight torpedo
Launchers	
  **Launchers for the Konkurs M ATGM and the Milan 2T ATGM**	We are currently supplying launchers to Ordnance Factory, MoD.
Countermeasures	

Product	Description
 **CMDS**	The CMDS is a micro controller chaff and flare based airborne defense 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. We are currently supplying the CMDS to a defence PSU engaged in the manufacture of fighter aircrafts.
 **C – 303 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. We are currently supplying the Anti Torpedo System to a defence PSU engaged in the construction of submarines and warships.
 **Submarine Fired Decoy (“SFD”)**	The SFD acts as preferred target in the presence of an own submarine to a passive or active homing torpedo.
Test Equipment	
	Includes test equipment to monitor the health of the prior generation Konkurs ATGM and the current Konkurs-M ATGM.

Product	Description
 **Test equipment for Konkurs and Konkurs-M ATGMs**	

In addition to the above we also undertake the refurbishment and extension of life of the missiles.

Our Customers and Suppliers

Our customers include the MoD, other defence PSUs, government bodies under the MoD and other countries. We typically enter into an agreement with our customers for the supply of our products. Our revenues under these contracts are linked to certain milestones. Under the contracts with the MoD, funds are released upon signing of the contract and progressive advances are made under these contracts as and when we incur expenditure. The balance payments for the contracts are made on proof of dispatch, proof of receipt and inspection of the products. The final products are delivered as per the delivery schedule under the contract. Our customers can provide us certain specifications to our products. We are required to supply our products in line with these specifications. We are also required to provide a warranty period for our products (typically 24 - 60 months from the date of acceptance of products). Any defects in our products during the warranty are required to be repaired or replaced by us at our own cost. Depending on the customer, we are also required to provide indemnity bond / performance bank guarantee. Any delay in the supply of goods may lead to the levy of liquidated damages or invocation of the indemnity bond / Performance bank guarantee by our customers. The value of the indemnity bond / performance bank guarantees may range between 5% to 10% of the contract value.

We undertake procurement of raw materials by way of a competitive tender and place our orders with the selected suppliers on a purchase order basis. We are integrated with our suppliers through our website. All procurement activities can be accessed by any supplier through our digital initiatives such as “e-Procurement” and “e-Bidding”.

Our Manufacturing Facilities

We currently have three manufacturing facilities located in Hyderabad, Bhanur and Vishakhapatnam. Our Hyderabad manufacturing unit is engaged in the manufacture of SAMs, Milan 2T ATGMs, countermeasures, launchers and test equipment. Our Bhanur unit is engaged in the manufacture of the Konkurs – M ATGMs, the INVAR (3 UBK 20) ATGMs, launchers and spares. Our Vishakapatnam unit is engaged in the manufacture of light weight torpedoes, countermeasures and spares. All our manufacturing facilities have ISO 14001:2004 certifications from TUV India Private Limited. Our Hyderabad (Akash Division) and Bhanur manufacturing units have AS 9100C certifications (based on and including ISO 9001:2008) from NVT Quality Certification Private Limited. Our quality management systems and management system for the Hyderabad manufacturing unit have been certified ISO 9001:2008 and ISO 9001: 2015 compliant by the IRClass Systems and Solutions Private Limited and TUV India Private Limited respectively. We are also in the process of setting up two additional manufacturing facilities at Ibrahimpatnam (near Hyderabad) and Amravati in Maharashtra. Our proposed Ibrahimpatnam and Amravati manufacturing facilities shall be utilised to manufacture SAMs and Very Short Range Air Defence Missiles (VSHORADMs) respectively.

The brief details of the infrastructure facilities at each of our manufacturing units are as below:

Unit	Infrastructure Facilities
Hyderabad	• 6 Axis CNC machines • Robotic welding machine

Unit	Infrastructure Facilities
	• Electron beam welding machine • 3D measuring machine • CNC flow forming machine • 5-Axis CNC machining center • Combined altitude temperature and humidity chamber • Vibration test facility • Vacuum furnace for heat treatment • Explosive storage and magazine building • Unification / automation of cold and hot conditioning of missiles / sub-systems including thermal shock capability. • X-Ray building R&D facilities • Aerodynamics / high performance computing facility for CFD • Computer aided design • Optics and lasers spectral radiometry • RF lab • Embedded systems design • Simulation and analysis facility • Electronic circuit design and simulation. • Counter measures dispensing system lab • Missile simulation mode • Spectro Radiometer
Bhanur	• Robotic welding machine • 3D measuring machine • Tooled up CNC Turn-mill center for Outer gimble of Konkurs-M ATGM. • Mill turn with multitask CNC machine. • X-Ray machine • Advanced universal testing machine • CNC flow forming machine • Environmental stress screening chamber • Vibration test facility • Armour room facility for high pressure testing • Hybrid micro circuits in place of conventional SMD technology. • Thin film hybrid technology for components of INVAR (3 UBK 20) ATGM • Vacuum furnace for heat treatment • Explosive storage and magazine Building • PLC based automatic loading and Progression of jobs in electro plating production line. • Introduction of lithium based high reliable thermal batteries • Flow forming in place of deep drawing process.
Vishakhapatnam	• Vibration test facility • Pressure testing tank

Our Partners

We have been successful in forging business partnerships with leading technology players in our business. Some of the partnerships we have entered into include:

Business Partner	Type of Agreement	Scope of work
DRDO, GoI	MoU	Co-development of next generation man portable ATGM
DRDO, GoI	MoU	Co-development of next generation

Business Partner	Type of Agreement	Scope of work
		SAM
DRDO, GoI	MoU	Co-development of next generation ATGM
DRDO, GoI	MoU	Enhancement of missile and other weapon support systems

In addition to the above, we have entered into license agreements, principles of cooperation, memorandum of understanding and non-disclosure agreements with companies / organisations in France, Israel, Russia and United Kingdom for our existing products and for the development of new products.

Competition

We operate in a competitive environment and we currently face competition from existing competitors located globally in particular defence companies based in Europe and the United States of America such as Boeing, Raytheon, Lockheed Martin, Rafael Advanced Defense Systems Limited and Roketsan. We have currently been nominated by the GoI as the production agency for some of our products. However with the implementation of the Defence Procurement Procedure, 2016, we expect that the GoI will allow private sector companies to manufacture missiles, torpedoes and countermeasures. We expect to face competition from such private sector companies as well in the future. For further details see "*Risk Factors – We cannot assure you that we will be able to compete successfully against our competitors and new entrants to the industry. If we are unable to compete effectively in any of our business segments, it may adversely affect our business, financial condition and results of operations*." and "*Industry Overview*" on pages 26 and 92 respectively.

Sales and Marketing

As of October 31, 2017, we had 19 employees with primary responsibility in marketing, business development, public relations and corporate communications. Our marketing strategy is structured as a customer-based approach that takes advantage of regular interaction with customers by utilising their feedback and guidance to assess the product's life-cycle and anticipate future applications for our current technologies. We continuously analyse the defence and intelligence markets to anticipate the needs of our existing customers. We also participate in aerospace and defence exhibitions and undertake customer demonstrations and seminars to showcase our products and services as part of our promotional activities.

Human Resources

We have a group of dedicated, committed and highly skilled personnel and staff. As of October 31, 2017, our Company employed a total workforce of 3,165 full-time employees, which comprised of 863 engineers.

A significant number of our employees are unionized. We currently have one recognised trade union. We have collective agreements with the trade union that our employees are a part of. We believe that the relationship between our management and our employees is good and we have not experienced any significant disputes with our employees in the last decade.

Employee Training

We recognise that our employees are an invaluable resource and that the competency and dedication of our employees has been instrumental to our success. To help ensure that our employees are equipped with the necessary skills and expertise, we conduct various training programs for our employees. Such training programs are either conducted in-house by our senior staff or external faculty and they involve both classroom lessons and on-the-job training by qualified instructors.

Insurance

Our operations are subject to risks inherent in the engineering and manufacturing industry, such as work accidents, fire, earthquake, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment damage.

We have obtained fire insurance policies (including cover for terrorism) for our buildings, machinery, assets and stocks, marine (transit) insurance policy, public liability insurance and fidelity guarantee policy for our operations. We have also taken group personal accident policies for employees and non-employees (such as apprentices, trainees, casual employees and visitors).

We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate and consistent with the risk involved in the manufacture of missiles business.

Industrial Security

The physical security of our manufacturing units has been entrusted to an external body. As per the security arrangements, we have round-the-clock patrolling, with armed personnel and wireless CCTV surveillance systems covering all critical locations and installations of our manufacturing units. We have a plant security council which reviews the security arrangements and implementation of Intelligence Bureau guidelines. Regular security review meetings are conducted both by us and the external body to beef up security at our manufacturing units. We also have a biometric access control system for various categories of persons entering our manufacturing units. There is a visitor's facilitation centre for the scrutiny and verification of the credentials of visitors to our Company. All visitors must obtain prior permission before entering our premises. Prior permission is also required in case visitors are carrying electronic devices. Visitors are also frisked by armed personnel prior to their entry and at the time of their exit at our manufacturing units.

Awards and Accolades

We have received multiple awards over the years. For more information, see "*History and Certain Corporate Matters*" on page 136.

Information Technology

Information technology is an essential element of our operations infrastructure. We invest in information technology as its use directly lowers cost, enables scalable operations, improves efficiency, reduces business continuity risks and enables a secure enterprise. We have implemented the SAP ERP system across all our manufacturing units. As part of the SAP ERP implementation we have built a data centre to host the enterprise level data and a disaster recovery centre for safety and security of data in eventualities which operates on dedicated leased lines instead of cloud based external services.

Given the nature of our operations, we place emphasis on cyber security and confidentiality, integrity and protection of the information at our facilities. We have an information and cyber security manual which lays down procedures for all persons accessing our information technology resources. We also have a crisis management plan which procedures and measures for planning and incident prevention, crisis recognition mitigation and management and post incident events.

Health, Safety and Environment

We are committed to creating and maintaining a safe work environment on an ongoing basis. We are subject to extensive health, safety and environmental laws, regulations and production process safety and environmental technical guidelines which govern our processes and facilities. For further details, see "*Key Regulations and Policies*" on page 131.

We have a dedicated safety department for all our manufacturing units which is headed by a safety officer who reports to the factory manager. At the corporate level we review the safety protocols at our manufacturing units through an industrial safety committee and explosive safety committee. We also ensure safety at the magazine areas of our manufacturing units. When our products undergo trials / proof firing by quality agencies of the GoI, we ensure that a range officer is nominated by us. The range officer obtains range clearance and is responsible for range safety during such trials / proof firings. Our manufacturing units are subject to safety audits at least once a month. The chairman of the explosive safety committee conducts surveillance audit in the explosives area at least once in three months. Our manufacturing units are also subject to annual external safety audits by the Centre for Fire, Explosive and Environment Safety.

Property

We carry out our operations from our manufacturing units situated in Hyderabad, Bhanur, and Vishakapatnam and the two new manufacturing units that are being constructed at Ibrahimpatnam and Amravati. We have executed a registered license agreement for our unit situated in Amravati and an unregistered lease deed for a portion of our unit situated in Vishakapatanam. We have executed a registered sale deed for the remaining portion of the land on which our unit is situated in Vishakapatnam and have similarly entered into a sale deed for the unit situated in Ibrahimpatnam. We have also received a copy of an order issued by the Government of Andhra Pradesh, Revenue Divisional Officer and land acquisition officer in relation to our unit situated in Bhanur. In addition to our units, we have a corporate office and liaison office in Hyderabad and New Delhi respectively. We have executed an unregistered lease agreement and a sale agreement for our corporate office in Hyderabad and corporate and liaison office in New Delhi respectively.

We are unable to locate or do not have any other underlying title or leasehold documents for our units situated in Hyderabad and Bhanur or for any other parcels of land on which our manufacturing units or offices may be situated. For further details see "*Risk Factors - We are unable to ascertain whether the land on which we operate three of our manufacturing units and constructing our two new facilities, are either owned by us or if we enjoy only a leasehold right over these properties. We do not have the underlining documents in relation to the properties on which we operate and therefore, if we are unable to occupy and use these lands, fail to extend the lease period on lease expiry on reasonable terms and in the event of dispute being initiated on title or leasehold rights over such property, it may have a material adverse effect on the business, financial condition and results of operations of our Company*" on page 32.

Intellectual Property

We currently do not own any intellectual property. We have made applications for the registration of our corporate logo . For further details see "*Risk Factors – Our Company has applied for registration of the trademark in relation to our corporate logo in its name. Until such registrations are granted, we may not be able to prevent unauthorised use of such trademarks by third parties, which may lead to the dilution of our goodwill and adversely affect our business*." and "*Government and Other Approvals*" on pages 35 and 312 respectively.

Corporate Social Responsibility

We believe in corporate responsibility and contributing to the communities in which we operate. While being focussed on sustained financial performance, we are also aware of the necessity and importance of social stewardship. We seek to enrich the lives of future generations through our efforts to improve the lives of less privileged citizens, in relation to health, community and infrastructure development.

We spent ₹86.57 million, ₹102.79 million and ₹131.54 million respectively in Fiscals 2015, 2016 and 2017 towards CSR activities. Some of the key CSR intiatives undertaken by us include:

- Providing mid-day meal to school children in Government schools in Medak and Vishakapatnam districts;
- Providing healthcare facilities to elderly people in Nalgonda and Vishakapatnam districts;
- Construction of community hall, health centre, toilets, individual houses, RO treatment plant in the adopted village of Kyasaram, Telangana;
- Construction and maintenance of toilets in Government schools in Medak and Vishakhapatnam districts; and
- Contribution to National Sports Development Fund

KEY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our Company for running our business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye – laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and neither designed nor intended to substitute for professional legal advice. For details of government approvals obtained by us, see "Government and Other Approvals" on page 312.

I. Regulations applicable to the Defence Sector

(i) Industrial (Development and Regulation) Act, 1951, as amended and in force from time to time ("I(D&R) Act")

The I(D&R) Act has been liberalized under the New Industrial Policy dated July 24, 1991 and all industrial undertakings are exempt from licensing except for certain industries such as arms and ammunitions. The I(D&R) Act is administered by the Ministry of Industries and Commerce through the Department of Industrial Policy and Promotion ("**DIPP**"). The main objectives of the I(D&R) Act is to empower the Government to take necessary steps for the development of industries; to regulate the pattern and direction of industrial development; and to control the activities, performance and results of industrial undertakings in the public interest. The DIPP is responsible for formulation and implementation of promotional and developmental measures for growth of the industrial sector.

(ii) Defence Procurement Procedure (DPP) 2016:

DPP-2016, which has come into effect from April 2016, focuses on institutionalizing, streamlining and simplifying defence procurement procedure to give a boost to *"Make in India"* initiative of the Government of India, by promoting indigenous design, development and manufacturing of defence equipment, platforms, systems and sub-systems. DPP-2016, *inter alia*, prescribes the procedure of acquisition of guided missile systems and allied defence equipment by the Government.

(iii) The Legal Metrology Act, 2009 ("LM Act")

The LM Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The LM Act makes it mandatory to obtain a license from the Controller of Legal Metrology by any person who manufactures, sells or repairs any weight or measure. All weights or measures in use or proposed to be used in any transaction or protection, are required to be verified and stamped at such place and during such hours as the Controller of Legal Metrology may specify on payment of prescribed fees. Further, no person shall import any weight or measure unless he is registered in such manner and on payment of such fees, as may be prescribed. Various penalties have been provided for contravention of the provisions of the LM Act. The penalty of manufacture or sale of non – standard weight or measure may attract a fine of up to ₹20,000 and, a subsequent offence, may lead to penalties and imprisonment extending to three years along with fine. In case a person imports any weight or measure without being registered under the LM Act, he may be punished with fine which may extend to ₹25,000 and a subsequent offence may lead to penalties and imprisonment extending to six months. The LM Act also provides for provisions relating to compounding of offences.

(iv) The Legal Metrology (Approval of Models) Rules, 2011 ("Approval of Models Rules")

The Approval of Models Rules lay down provisions regarding approvals of models of weights and measures. The Approval of Models Rules state that only recognised laboratories shall carry out tests for approval of models. Application for approval of models needs to be made to the director of legal metrology with the prescribed information. Once a model is approved, a certificate of approval is issued, pursuant to which, a license to manufacture the model may be obtained from the State Government. The procedure for issue, revocation and suspension of the certificate of approval is also laid down in the Approval of Model Rules. The Approval of Models Rules have repealed the Standards of Weights and Measures (Approval of Models) Rules, 1987.

(v) Foreign Trade (Development and Regulation) Act, 1992 ("FTA") and the Foreign Trade Policy (2015 - 2020) ("FTP")

The FTA provides for provide for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. The FTP governs the export and import of goods and services in India which require an importer – exporter code ("**IEC**") number unless specifically exempted. Exports and imports are free unless specifically regulated by the FTP or the Indian trade classification based on harmonised system of coding which is used for regulating import and export operations. Under the FTA, an IEC granted by the director general of foreign trade will be required to be obtained in the event any import or export of the product is envisaged. Failure to obtain the IEC number attracts a penalty of not less than ₹1,000 and not more than five times the value of the goods or services or technology in respect of which any contravention is made or attempted to be made, whichever is more.

(vi) Regulation of Foreign Investment in India

Foreign investment in Indian securities is governed by the provisions of the Foreign Exchange Management Act, 1999, as amended and in force from time to time ("FEMA") read with the applicable FEMA Regulations. The Consolidated FDI Policy consolidates and supersedes all previous press notes, press releases and clarifications on FDI as issued by the DIPP. Consolidated FDI Policy will be valid until the DIPP issues an updated circular. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, where approval from the relevant ministry of the Government of India or the Reserve Bank of India ("RBI") is required, depending upon the sector in which foreign investment is sought to be made. Under the automatic route, the foreign investor or the Indian company does not require any approval of the RBI or the relevant ministry of the Government of India for investments in such sectors. Where FDI is allowed on an automatic basis without such approval of the RBI or the GoI, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. Subject to the provisions of the Consolidated FDI Policy, FDI is allowed under the automatic route up to a limit of 49% in the defence sector.

(vii) The Electricity Act, 2003 ("Electricity Act")

The Electricity Act consolidates the laws relating to generation, transmission, distribution, trading and use of electricity. It lays down provisions in relation to transmission and distribution of electricity. It states that the State Government can specify suitable measures for specifying action to be taken in relation to any electric line or electrical plant, or any electrical appliance under the control of a consumer for the purpose of eliminating or reducing the risk of personal injury or damage to property or interference with its use. Our Company has installed the captive power plant and solar power plant for our own use. We do not transmit/ distribute or trade electricity as a licensee and hence a license is not required in that regard.

(viii) Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010, as amended ("Electricity Regulations")

The Electricity Regulations are framed under the Electricity Act, 2003 and they lay down the provisions in relation to the safety provisions for electrical installations and apparatus of voltage exceeding 650 volts. The said installation requires approval by electric inspector before commencement of supply and recommencement after shutdown for six months for electrical installations exceeding 650 volts.

(ix) The Atomic Energy Act, 1962 ("Atomic Energy Act") and the Atomic Energy (Radiation Protection) Rules, 2004 ("Radiation Protection Rules")

The Atomic Energy Act provides for the development, control and use of atomic energy for the welfare of the people of India and for other peaceful purposes and for matters connected therewith. The Radiation Protection Rules are framed under the Atomic Energy Act and they apply to practices adopted and interventions applied with respect to radiation sources. Since our Company stores certain radioactive materials, it is required to ensure certain compliances in relation to their storage. The Atomic Energy Regulatory Board ("**AERB**") issues license under the Atomic Energy Act and Rules for possession and operation of the industrial radiography exposure device(s) ("**IRED**") containing radiography source/ radiation generating equipment for industrial radiography purposes at authorised site(s). The licensee shall obtain permission from AERB prior to the routine operation of each IRED after procurement.

II. Regulations applicable to the Central Public Sector Enterprises

As a Central Public Sector Enterprise ("**CPSE**"), we are required to comply with certain laws and regulations such as various guidelines issued by Department of Public Enterprises from time to time such as guidelines of Corporate Governance, guidelines on corporate social responsibility and sustainability for central public sector enterprises etc., Prevention of Corruption Act, 1988, the Central Vigilance Commission Act, 2003, and Right to Information Act, 2005 amongst others.

III. Labour Law Regulations

We are required to comply with certain labour and industrial laws, which includes the Factories Act, 1948, Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Maternity Benefit Act, 1961, the Payment of Bonus Act, 1965, Workmen's Compensation Act, 1923, the Payment of Gratuity Act, 1972, Contract Labour (Regulation and Abolition) Act, 1970, the Payment of Wages Act, 1936, Industrial Disputes Act, 1947, Industrial Employment (Standing Orders) Act, 1946, the Apprentices Act, 1961, the Trade Unions Act, 1926, Equal Remuneration Act, 1976, Public Premises (Eviction of Unauthorized Occupants) Act, 1971, the Weekly Holidays Act, 1942, Child Labour (Prohibition and Regulation) Act, 1986 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 amongst others.

IV. Intellectual Property Laws

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957, trademark protection under the Trade Marks Act, 1999 and design protection under the Designs Act, 2000. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

V. Environmental Laws

The business of our Company is subject to various environment laws and regulations. The applicability of these laws and regulations varies with different operations. Major environmental laws applicable to the business operations include:

(i) The Environment (Protection) Act, 1986, as amended ("EPA")

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. Under the EPA, the GoI is empowered to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, *inter alia*, laying down standards for the quality of environment in its various aspects, laying down standards for emission of discharge of environment pollutants from various sources as given under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution among others. Penalties for violation of the EPA include fines up to ₹100,000 or imprisonment of up to five years, or both. The imprisonment can extend up to seven years if the violation of the EPA continues. There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities and agencies in certain cases, establishment of environmental laboratories and appointment of Government analysts.

(ii) The Air (Prevention and Control of Pollution) Act, 1981, as amended and in force from time to time ("Air Act")

The Air Act has been enacted to provide for the prevention, control and abatement of air pollution. The Air Act was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding State Pollution Control Boards. Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board.

(iii) The Water (Prevention and Control of Pollution) Act, 1974, as amended ("Water Act")

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases, the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines, or imprisonment, or both.

(iv) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, ("Hazardous Wastes Rules")

The Hazardous Wastes Rules impose an obligation on every occupier of a facility generating hazardous waste for safe and environmentally sound handling of hazardous waste generated at such facility. Every person engaged in generation, processing, treatment, packaging, storage, transportation, use, collection, destruction, conversion, offering for sale and transfer of hazardous waste, must obtain an approval from the applicable State Pollution Control Board. The occupier, the importer, the transporter and the operator of disposal facility are liable for damages to the environment or third party resulting from the improper handling and disposal of hazardous waste.

(v) Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 ("Hazardous Chemical Rules")

Entities which engage in any industrial activity involving hazardous chemicals are required to adhere to the Hazardous Chemical Rules. There are provisions in relation to major incidents involving hazardous chemicals, safety measures as well as import and transport of hazardous chemicals.

(vi) Public Liability Insurance Act, 1991 ("Public Liability Act")

The Public Liability Act, as amended, imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substance. A list of hazardous substances covered by the Public Liability Act has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

(vii) The Solid Wastes Management Rules, 2016 ("Solid Wastes Rules")

The Solid Wastes Rules apply to every domestic, institutional, commercial and any other non-residential solid waste generator except industrial waste, hazardous waste, hazardous chemicals, bio medical wastes, e-waste, lead acid batteries and radio-active waste, that are covered under separate rules framed under the Environment (Protection) Act, 1986. As per the Solid Waste Rules, the local authority or panchayat is required to make an application in Form-I for grant of authorisation for setting up waste processing, treatment or disposal facility, if the volume of waste is exceeding five metric tonnes per day including sanitary landfills from the State Pollution Control Board or the Pollution Control Committee, as the case may be. Any municipal solid waste generated is required to be managed and handled in accordance with the procedures specified in the Municipal Solid Wastes Rules. Penalties for contravention of the provisions of the Municipal Solid Wastes Rules will be as specified in the EPA.

(viii) Construction and Demolition Waste Management Rules, 2016 ("Waste Management Rules")

The Waste Management Rules apply to waste resulting from construction, re-modelling, repair and demolition of any civil structure of individual or organisation or authority who generates construction and demolition waste such as building materials, debris and rubble.

(ix) The Batteries (Management and Handling) Rules, 2001, as amended ("Batteries Rules")

The Batteries Rules are framed under the EPA and apply to every manufacturer, importer, re-conditioner, assembler, dealer, recycler, auctioneer, consumer and bulk consumer involved in manufacture, processing, sale, purchase and use of batteries or components thereof. It prescribes the responsibilities of manufacturer, importer, assembler and dealers of the batteries as well as lays down the responsibilities of the recycler of the batteries.

(x) E-Waste (Management) Rules, 2016 ("E-Waste Rules")

The E-Waste Rules apply to every manufacturer, producer, consumer, bulk consumer, collection centres, dealers, e-retailer, refurbisher, dismantler and recycler involved in manufacture, sale, transfer, purchase, collection, storage and processing of e-waste or electrical and electronic equipment, including their components, consumables, parts and spares which make the product operational.

VI. Tax Legislations

The tax related laws that are applicable to our Company include the Central Goods and Services Tax Act, 2017, Income Tax Act, the Income Tax Rules and Finance Act, 2017.

VII. Public Procurement (Preference to Make in India), Order 2017

In order to encourage *'Make in India'* and promote manufacturing and production of goods and service in India, the Ministry of Commerce and Industry, Government of India has issued Public Procurement (Preference to Make in India), Order 2017 vide Memorandum No. P-45021/2/2017-B.E.-II. The said Public Procurement (Preference to Make in India), Order 2017 mandates all the CPSUs for giving purchase preference to local suppliers in all the procurements undertaken by them in the manner specified therein.

VIII. Settlement of Disputes through Permanent Machinery of Arbitrators ("PMA"):

The Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India created PMA in 1989. One Legal Advisor-cum-Joint Secretary in the Department of Legal Affairs, nominated by the Law Secretary to function in the PMA is appointed by the Secretary in-charge of Department of Public Enterprises as sole Arbitrator in each case. It is mandatory for all the CPSUs to refer disputes or difference in commercial contracts inter se to the PMA for the resolution of such dispute/s.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as a private limited company on July 16, 1970 as "*Bharat Dynamics Private Limited*" with the Registrar of Companies, Hyderabad under the Companies Act, 1956. The Board of Directors in their meeting held on October 07, 1970 passed a resolution for deleting the word 'private' from the name of our Company and the name of our Company was changed to "*Bharat Dynamics Limited*" pursuant to an amendment to the certificate of incorporation issued by the Registrar of Companies, Hyderabad. Our Company became a deemed public limited company under Section 43A of the Companies Act, 1956 with effect from July 01, 1975. Subsequent to the abolition of Section 43A of the Companies Act, 1956, with effect from December 13, 2000, our Company again became a private limited company. Further, our Company was converted to a public limited company and a fresh certificate of incorporation pursuant to conversion from private to public was issued by the RoC on October 27, 2017.

The President of India acting through the Ministry of Defence, granted our Company the status of 'Category I Miniratna Company'. As a Miniratna Company, our Company is eligible to some enhanced delegation of powers to the Board, including having greater autonomy to incur capital expenditure for our projects without the GoI approval.

Changes in the Registered Office

The Registered Office of the Company was changed from 10-3-310 Masab Tank Hyderabad – 500025 to Kanchanbagh, Hyderabad – 500258 on June 01, 1981 under the Companies Act, 1956 on account of change in the ownership of the property divisions *vide* the resolution of the Board of Directors of the Company dated August 06, 1980.

Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

(1) "To manufacture missiles in India or elsewhere either independently or in collaboration with others and for the said purpose to manufacture, assemble, fit up, repair, convert, overhaul, maintain and deal or undertake sales promotion in the following devices, apparatus and equipment as also all components, fittings, tools and implements, accessories and materials used or required in connection therewith, namely,

(i) Remote control systems using either wire or radio or radar or any other form of radiation for transmission of signals;

(ii) Self-steering systems using either radio or infra red or any other form of radiation or inertial means;

(iii) Automatic feedback control systems using electrical or electromechanical or electropneumatic or electrohydraulic actuators;

(iv) Ejector and Launching Systems;

(v) Apparatus and Equipment using electromagnetic waves intended for radiotelegraphic or radio-telephonic communications between fixed points or between fixed and mobile points or between mobile points, such as transmitters, receivers, trans-receivers, oscillators, amplifiers along with their ancillary equipment including masts, towers, earth systems, aerials and aerial equipment of all kinds and all types of radiating equipment;

(vi) Apparatus and Equipment using electromagnetic waves intended for the detection and determination at a distance of the direction, range and position of a mobile or fixed point in relation to another fixed or mobile point and, in particular, all kinds of radio and radar equipment and apparatus intended for sighting, direction finding, ranging, tracking and following a mobile point.

(vii) Apparatus and Equipment using electronic and other devices including all types of control mechanisms, automatic calculators, electronic computers or computing elements and other appliances, along with their ancillary equipment for supervisory control and regulation, together with instrumentation for testing,

observing, maintaining such equipment, and for recording, controlling operational and other factors pertaining to the equipment and apparatus noted above;

(viii) Devices and Equipment using optical components;

(ix) Devices and Equipment using reaction principle;

(x) Devices and Equipment using propellants, near explosives, explosives, pyrotechnics, corrosive acids, corrosive fluids and other chemicals;

(xi) Devices and Equipment using fiber glass reinforced plastics;

(xii) Devices and Equipment using pneumatics and hydraulics;

(xiii) Apparatus and Equipment using precision devices such as gyroscopes.

(xiv) Apparatus and Equipment using integrated circuits and solid state devices;

(2) to carry on the business of manufacture and repair of electron tubes including miniature and sub-miniature tubes, magnetrons, klystrons and such other tubes of any kind including electron tubes for use in broadcast and television reception and all other devices such as transistors and solid state devices;

(3) to carry on the business of manufacture of radio and other components of all descriptions and types, such as resistors, condensers, coils, chokes, transformers, switches, volume controls, plugs, sockets, bases, aerial gear, batteries, accumulators, cables, metal and other cases, piezo-electric quartz crystals of all types, including those made from synthetic materials, motors of all kinds, including those for domestic use, etc., chasis, holders, covers;

(4) to carry on the business of manufacture of glass, ceramic and plastic goods, including glass bulbs, lamps and tubes, lighting fixtures and accessories, glass plate and glass containers, etc., ceramic and plastic insulants, appliances and goods of all types;

(5) to carry on the business of manufacture of all types of scientific instruments, appliances and equipment;

(6) to carry on the business of manufacture of all types of special cables and cable assemblies;

(7) to carry on the business of manufacture of precision devices such as servo-motors, synchros, other servo-components, gyroscopes and accelerometers and transducers, etc;

(8) to carry on the business of mechanical engineering in all its branches in India and elsewhere and to carry on the business of manufacture including metallurgical processes of all types of mechanical parts using metals or metallic alloys or nonmetals and synthetic or composite materials including fiber glass reinforced plastic goods;

(9) to carry on the business of Electrical Engineers and Manufacturers of all types of electrical machinery, apparatus and appliances required for or capable of being used in connection with the generation, distribution, supply and accumulation of electricity and in particular the manufacture of alternating current and direct current generators, motors, rotary connectors, transformers, rectifiers, etc;

(10) to carry on the business of manufacture of all kinds of tools, wires, tubes, pipes, pumps, pressure vessels, tanks, nozzles including all processes such as brazing, welding, galvanizing, electroplating and enameling, etc;

(11) to carry on the business of manufacture of special purpose, commercial and domestic heating appliances, refrigerating and air-conditioning apparatus and accessories, vacuum cleaners;

(12) to carry on the business of manufacture of all kinds of special purpose test apparatus and equipment for testing, controlling, observing the performance, and maintaining the products of the Company and to employ all types of instrumentation necessary such as cameras, optical instrumentation, X-ray instrumentation, infra-red instrumentation and strain gauge instrumentation.

(13) to carry on the business of manufacture of all kinds of small arms and ammunition and other related product."

The existing and proposed activities of our Company are and shall be within the scope of the objects clause of the Memorandum of Association.

Amendments to our Memorandum of Association

Set out below are the amendments to our Memorandum of Association since the incorporation of our Company:

Date of Shareholders resolution	Nature of amendment
December 31, 1981	Increase in authorized share capital of our Company from ₹50,000,000 divided into 50,000 equity shares of ₹1000 each to ₹150,000,000 divided into 150,000 equity shares of ₹1000 each.
September 30, 1985	Increase in authorized share capital of our Company from ₹150,000,000 divided into 150,000 equity shares of ₹1000 each to ₹250,000,000 divided into 250,000 equity shares of ₹1000 each.
November 16, 1987	Increase in authorized share capital of our Company from ₹250,000,000 divided into 250,000 equity shares of ₹1000 each to ₹1,000,000,000 divided into 1,000,000 equity shares of ₹1000 each.
September 22, 1989	Increase in the authorised share capital of our Company from ₹1,000,000,000 divided into 1,000,000 equity shares of ₹1,000 each to ₹1,250,000,000 divided into 1,250,000 equity shares of ₹1,000 each.
December 01, 1992	The MOA was amended to include the following in the main objects clause: *"to carry on the business of manufacture of all kinds of small arms and ammunition and other related products"*
May 8, 2017	Re – classification of the authorised share capital of our Company from ₹1,250,000,000 divided into 1,250,000 equity shares of ₹1,000 to ₹1,250,000,000 comprising of 125,000,000 Equity shares of ₹10 each.

Note:
The Board has on December 26, 2017 subject to shareholders approval passed a resolution for increase in authorised share capital of the Company from ₹1,250,000,000 comprising of 125,000,000 Equity Shares of ₹10 each to ₹2,000,000,000 Equity Shares comprising of 200,000,000 Equity Shares of ₹10 each.

Major events in our history

The table below sets forth the key events in the history of our Company:

Year	Major Events
1970	Established as a PSU under the administrative control of the Ministry of Defence, GoI.
1986	Upgradation of the Company from Schedule D PSU to Schedule C PSU.
1992	Upgradation of the Company from Schedule C PSU to Schedule B PSU.
2013	Our gross sales crossed ₹10,000 million.
2015	Our gross sales crossed ₹20,000 million.
2017	Our gross sales crossed ₹40,000 million.

Awards and Recognition

Our Company has received the following awards:

Year of award	Description of the Award
2017	• Skoch BSE Award for Business Excellence
2015	• Greentech HR Award, 2015 for the best HR Strategy • Raksha Mantri Award for Excellence • Golden Peacock Environment Management Award; and • Indian Chamber of Commerce - PSE Excellence Award for Operational Performance Excellence
2014	• Greentech Environmental Award – Silver Award in Engineering Sector for outstanding

Year of award	Description of the Award
	achievement in Environment Management
2013	• Raksha Mantri's Award for Excellence for Indigenization
2012	• Global HR Excellence Awards 2011 – 2012 – Innovative HR Practices Award
2010	• Raksha Mantri's Award for Excellence

Accreditions and Certifications

Description	Certificate No.	Date of Issue	Date of Revision	Date of expiry
AS 9100C Certification for 'Manufacture and Supply of AKASH Surface to Air Missile' issued by NVT Quality Pvt Ltd.	189091	January 02, 2017	January 02, 2017	September 15, 2018
ISO 9001:2008 certification issued by IRClass Systems and Solutions Private Limited for the 'Design and Development of Products related to Weapons and Allied Equipment'.	IRQS/1610128 w.e.f. February 23, 2016	May 17, 2005	March 12, 2016	September 14, 2018
ISO 9001:2008 certification issued by IRClass Systems and Solutions Private Limited for the 'Manufacture and Supply of Components and Sub – Assemblies which form part of weapon systems including missiles'.	IRQS/1610129 w.e.f. February 23, 2016	July 28, 2010	March 12, 2016	September 14, 2018
ISO 9001:2008 certification issued by IRClass Systems and Solutions Private Limited for the 'Manufacture and Supply of the Electronics System like Launchers, Test Equipment & Control Units used in Weapons for Armed Forces and Defence Institutions'.	IRQS/1610044 w.e.f. January 6, 2016	January 07, 2013	January 07, 2016	September 14, 2018
AS 9100C certification issued by NVT Quality Private Limited to the Company's Bhanur Unit located at District-Medak, Telangana; for the 'Manufacture and Supply of Anti-Tank Guided Missiles, Unified Launchers and Allied Equipment'.	189049	December 10, 2015	December 10, 2015	December 09, 2018
ISO 9001 : 2015 Certification issued by TUV India Private Limited to the Information Technology Division of the Company for the 'Design, Development & Maintenance of Software Products and Maintenance of Hardware & Network Systems'.	QM 06 00329	April 04, 2002	April 03, 2017	April 02, 2020
ISO 14001: 2004 certificate issued by TUV India Private Limited to the registered office of the Company for the 'Manufacture and Supply of Defence Products to the Indian Armed Forces'.	EM 06 00009	April 03, 2017	-	September 14, 2018 (until April 02, 2020 in case of transition to ISO 14001:2015)
ISO 14001: 2004 certificate issued by TUV India Private Limited to the	EM 06 00010	April 10, 2017	-	September 14, 2018 (until

Description	Certificate No.	Date of Issue	Date of Revision	Date of expiry
Bhanur unit of the Company for the 'Manufacture and Supply of Defence Products to the Indian Armed Forces'.				April 09, 2020 in case of transition to ISO 14001:2015)
ISO 14001: 2004 certificate issued by TUV India Private Limited to the Vishakapatnam unit of the Company for the 'Manufacture and Supply of Defence Products to the Indian Armed Forces'.	EM 06 00011	April 11, 2017	-	September 14, 2018 (until April 11, 2020 in case of transition to ISO 14001:2015)

Number of Shareholders of our Company

The total number of Shareholders of our Company as on the date of this Draft Red Herring Prospectus is seven.

Corporate Profile of our Company

For details of our Company's corporate profile, business, description of activities, services, products, managerial competence and capacity built-up, location of facilities, marketing, competition, growth of our Company, standing of our Company in relation to prominent competitors with reference to our products and services, environmental issues, technology, major suppliers, major customers, and management, see *"Our Business", "Our Management"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 120, 142 and 276 respectively.

Our Holding Company, Subsidiaries, Associate Companies and Joint Ventures

Our Company does not have a holding company or any subsidiary or associate companies.

Further, our Company has not entered into any arrangements for the constitution or incorporation of any joint ventures or partnerships.

Injunction or restraining order

As on the date of this Draft Red Herring Prospectus, there are no injunctions or restraining orders against our Company.

Capital raising activities, through equity or debt, by our Company

For details in relation to equity and debt capital raised by our Company, see sections titled *"Capital Structure", "Financial Statements"* and *"Financial Indebtedness"* on pages 70, 176 and 306 respectively.

Changes in the activities of our Company during the last five years

There have been no changes in the activities undertaken by our Company during a period of five years prior to the date of this Draft Red Herring Prospectus which may have had a material effect on the profits or loss of our Company or affected our business including discontinuance of lines of business, loss of agencies or markets and similar factors.

Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity

As on the date of this Draft Red Herring Prospectus, our Company does not have any outstanding debt. Further, there have been no defaults or rescheduling of borrowings with financial institutions, banks or conversion of loans into equity in relation to our Company.

Lock-out, Strikes, etc.

We have had no instances of industrial strikes, lock-outs or major labour unrests pertaining to issues directly related to our Company in the past five years.

Time and Cost Overruns in setting up the projects

Pursuant to the SEBI Exemption Letters, our Company has been exempted from making certain disclosures, including time/cost overruns in this Draft Red Herring Prospectus.

Accumulated Profits or Losses

Since we do not have subsidiaries on the date of this Draft Red herring Prospectus, there are no accumulated profits or losses not accounted by our Company in the Restated Financial Statements.

Key Agreements:

Memorandum of understanding signed with Ministry of Defence for the financial year 2017-18

Our Company enters into a memorandum of understanding with Department of Defence Production, Ministry of Defence, GoI ('**MoU**') every financial year. The MoU sets out certain performance targets ("Targets") before the beginning of the financial year and the performance of our Company is evaluated against the Targets at the end of the financial year.

For the year 2017-18, our Company has proposed to undertake the following in the MoU: (i) completion of milestones of client orders/ agreements without time overruns; (ii) design and development of advanced data field loader; (iii) capital expenditure contracts/projects running or completed during the year without time or cost overruns to total value of capital expenditure contracts running/ completed during the year; (iv) online submission of ACR/APAR in respect of all executives along with compliance prescribed timelines; (v) online quarterly vigilance clearance updation for senior executives; (vi) preparation of succession plan and its approval by the Board of directors; (vii) preparation of HRM policy by outside consultant including HR audit and approval by the Board of directors; and (viii) talent management and career progression by imparting at least one week training in Centre of Excellence within India.

Financial and Strategic Partners

As on the date of this Draft Red Herring Prospectus, our Company does not have any strategic or financial partners.

Details regarding acquisition of business/undertakings, mergers, amalgamations and revaluation of assets

Our Company has not acquired any business or undertaking, or entered into any scheme of merger or amalgamation since incorporation.

Details of guarantees given to third parties by our Promoter

Our Promoter has not provided any guarantee on behalf of our Company to any third parties.

Partnership Firms

Our Company is not party to any partnership firm.

OUR MANAGEMENT

Under the requirements of the Companies Act, our Company is currently authorized to have not more than 15 directors. As on the date of this Draft Red Herring Prospectus, our Company currently has 10 Directors, of which four are executive Directors, one is a Nominee Director and five are non – executive Independent Directors including two women directors on our Board.

Our Board

The following table sets forth the details regarding our Board as on the date of this Draft Red Herring Prospectus:

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
V. Udaya Bhaskar *Designation:* Chairman and Managing Director *Address:* First Floor, Block No. B, Flat No. B-101, Sri Balaji Gulmohar Township, Bachpalle K.V. Rangareddy – 500 090, Telangana, India. *Occupation:* Service *Nationality:* Indian *Term:* w.e.f. January 30, 2015 for a period of five years from the date of his assumption of charge of post, or till the date of his superannuation or until further orders, whichever is earlier. *DIN:* 06669311	58	Nil
S. Piramanayagam *Designation*: Director (Finance) and Chief Financial Officer *Address*: Flat No. 902, A – Block, Fresh Living Apartments, Madhapur, Hyderabad – 500 081, Telangana, India. *Occupation*: Service *Nationality:* Indian *Term:* w.e.f. January 01, 2015 for a period of five years from the date of his assumption of charge of post, or till the date of his superannuation or until further orders, whichever is earlier. *DIN:* 07117827	57	Nil
V. Gurudatta Prasad *Designation*: Director (Production) *Address*: 17-1-388/1/30/101, Road No-3, Lakshmi Nagar, Saidabad, Hyderabad – 500 059, Telangana, India.	58	Nil

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
Occupation: Service *Nationality:* Indian *Term:* w.e.f. September 10, 2015 for a period of five years from the date of his assumption of charge of post, or till the date of his superannuation or until further orders, whichever is earlier. *DIN:* 07312718		
K. Divakar *Designation*: Director (Technical) *Address*: H.NO:16-11-20/6/16, Flat No. 103, Raghupathi Sadanam, Saleem Nagar Colony, Malakpet Hyderabad – 500 036, Telangana, India. *Occupation*: Service *Nationality:* Indian *Term:* w.e.f. July 1, 2016 for a period of five years from the date of his assumption of charge of post, or till the date of his superannuation or until further orders, whichever is earlier. *DIN:* 07576308	59	Nil
Ashwani K. Mahajan *Designation*: Nominee Director *Address*: D – 9, HUDCO Place Extension, Andrews Ganj, New Delhi – 110 049, India. *Occupation*: Service *Nationality:* Indian *Term:* w.e.f. March 9, 2016 until further orders. *DIN:* 07483427	54	Garden Reach Shipbuilders & Engineers Limited
Sushama V. Dabak *Designation*: Part time Non–Official and Independent Director *Address*: B 5, Bhagyodaya, Linking Road Extension, Santacruz (West) Mumbai – 400 054, Maharashtra, India *Occupation*: Retired IA&AS officer *Nationality:* Indian	64	Nil

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
Term: w.e.f. December 1, 2015 for a period of three years from the date of their appointment or until further orders, whichever is earlier. *DIN:* 07085413		
Ajay Pandey *Designation*: Part time Non–Official and Independent Director *Address*: House No. 410 I.I.M. Campus, Vastrapur, Ahmedabad – 380 015, Gujarat, India. *Occupation*: Service *Nationality:* Indian *Term:* w.e.f. December 1, 2015 for a period of three years from the date of their appointment or until further orders, whichever is earlier. *DIN:* 01292877	54	• CIIE Initiatives. • Gyan Shala Foundation. • Uttar Gujarat Vij Company Limited.
Ajay Nath *Designation*: Part time Non–Official and Independent Director *Address*: E – 1/19, Arera Colony, Shivaji Nagar, Bhopal – 462 016. Madhya Pradesh, India. *Occupation*: Retired IAS officer *Nationality:* Indian *Term:* w.e.f. September 13, 2017 for a period of three years from the date of their appointment or until further orders, whichever is earlier. *DIN:* 05151291	62	Nil
K. S. Sampath *Designation*: Part time Non–Official and Independent Director *Address*: New No. 21/1, Old No.9/1, Ramanujam Street, T Nagar, Chennai – 600 017, Tamil Nadu, India. *Occupation*: Professional *Nationality:* Indian *Term:* w.e.f. September 13, 2017 for a period of three years from the date of their appointment	58	Nil

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
or until further orders, whichever is earlier. *DIN:* 07924755		
K. Latha *Designation*: Part time Non–Official and Independent Director *Address*: #3, Kashi Eshwara Temple Road, Behind Anjaneya Statue Road, Agara, HSR Layout, Bengaluru – 560 102, Karnataka, India. *Occupation*: Business *Nationality:* Indian *Term:* w.e.f. September 13, 2017 for a period of three years from the date of their appointment or until further orders, whichever is earlier. *DIN:* 07932062	40	Nil

Relationship between Directors

None of the Directors of our Company are related to each other.

Arrangement or understanding with major shareholders

Except as stated below, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors or Key Management Personnel were selected as a Director or Key Management Personnel or Senior Management Personnel:

(i) Pursuant to our Articles of Association, the central government shall appoint the Chairman and Managing Director and other Directors on such terms and remuneration (whether by way of salary or otherwise) as it may think fit.

(ii) Ashwini K. Mahajan, Non-Executive and Nominee Director of our Company holds directorship as a nominee of our Promoter.

Brief profiles of our Directors

V. Udaya Bhaskar is the Chairman and Managing Director of our Company. He has been associated with our Company in the capacity of a Chairman and Managing Director since January 30, 2015. He holds a bachelors degree in Technology in Plastics Technology and Chemical Engineering from H.B Technological Institute, Kanpur University and holds masters degree in Technology 'Polymer Science & Technology' from Indian Institute of Technology, Delhi. He joined the Company in the year 1990 prior to which he was associated with Bakelite Hylam Limited, Dytron (India) Limited and SIP Resins Limited.

S. Piramanayagam, is the Director (Finance) and Chief Financial Officer of our Company. He has been on the board of the Company since January 01, 2015. He holds a bachelors degree in Science from Madurai Kamraj University and is an associate member of the Institute of Chartered Accountants of India. Prior to joining our Company, he has worked as a general manager (finance) of M/s. BEML Limited. He has also worked at Neyveli Lignite Corporation Limited (now known as NLC India Limited) for ten years in the middle management cadre.

V. Gurudatta Prasad, is the Director (Production) of our Company. He has been on the board of the Company since September 10, 2015. He completed his Bachelors in Mechanical Engineering from Bangalore University and holds a degree in M. Tech (Industrial Engineering & Management) from the Jawaharlal Nehru Technological

University, Hyderabad. He has been associated with the Company since 1986 and prior to his appointment as Director (Production), he served as the General Manager at the Company's office in Bhanur in the capacity of Unit Head. Prior to joining our Company, he was working with M/s. Hyderabad Allwyn Limited. He is a recipient of the Raksha Mantri's Innovation Award for the year 2012-13.

K. Divakar, is the Director (Technical) of our Company. He has been on the board of the Company since July 01, 2016. He holds a degree of Bachelors of Technology in the field of Mechanical Engineering from Jawaharlal Nehru Technological University, Andhra Pradesh and has completed the post graduate course in tool, die and mould design from Central Institute of Tool Design, Hyderabad. He has been associated with the Company since 1988. Prior to his appointment as Director (Technical), he served as the General Manager (Design & Engineering), headed the Milan, Refurbishment and Explosive Divisions and played an instrumental role in establishing the naval division of the Company at Vishakhapatnam. Prior to joining our Company, he worked with the Indian Telephone Industries Limited. He is experienced in various areas of missile production.

Ashwani K. Mahajan, is the Nominee Director of our Company on behalf of the MoD. He has been associated with our Company since March 9, 2016. He holds bachelors degree in medicine and surgery from Guru Nanak Dev University and bachelors in law from Chaudhary Charan Singh University. He holds a Masters degree in International Taxation from Vienna University of Economics and Business. 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.

Sushama V. Dabak, is an Independent Director of our Company. She was appointed by the GoI as a Non-Official Director of our Company on December 01, 2015. She holds a master's degree in Economics from University of Bombay, bachelors degree in Law from the University of Bombay and Diploma in Financial Management from University of Bombay. She had been a member of the Indian Audit & Accounts Service (IA&AS) and retired on November 30, 2013 as Director General of Audit. She has held various posts including Principal Accountant General, Haryana, Accountant General (Audit –I & II), Rajasthan and Accountant General, Nagpur. She also worked with Nuclear Power Corporation of India Limited on deputation and as Finance Member of the Maharashtra Krishna Valley Development Corporation.

Ajay Pandey, is an Independent Director of our Company. He was appointed by the GoI as a Non-Official Director of our Company on December 01, 2015. He holds a bachelor's degree in Industrial Engineering from the University of Roorkee and has completed the Fellow programme in Management from Indian Institute of Management, Ahmedabad. He has worked as Associate Professor in the Management Development Institute, Gurugram. He has been previously associated with Oil & Natural Gas Corporation and also worked in financial sector with Anagram Securities Limited. He is currently a professor at the Indian Institute of Management, Ahmedabad.

Ajay Nath, is an Independent Director of our Company. He is a member of the Indian Administrative Service ("**IAS**") of the 1982 batch belonging to the Madhya Pradesh Cadre. He was appointed by the GoI as a Non-Official Director of our Company on September 13, 2017. 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 Co –operative Marking Federation Limited and as a Chief Vigilance Officer with the Security, Printing and Minting Corporation of India, a CPSU, under the GoI.

K. S. Sampath, is an Independent Director of our Company. He was appointed by the GoI as a Non-Official Director of our Company on September 13, 2017. He is a practising fellow member of the Institute of Chartered Accountants of India. He has previously been part–time non–official director on the Board of Punjab National Bank and also on the Board of Bank of India. He was also previously a non – official member on the board of directors of Life Insurance Corporation of India. He is currently a member on the Board of Supervision for StCBs, DCCBs and RRBs under the aegis of NABARD.

K. Latha, is an Independent Director of our Company. She was appointed by the GoI as a Non-Official Director of our Company on September 13, 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.

Borrowing powers of the Board

Pursuant to our Articles of Association, and in accordance with the provisions of the Companies Act and the rules made thereunder, our Board is authorised to borrow such monies which together with the money already borrowed does not exceed the paid up share capital and free reserves of our Company.

Details of appointment and term of Directors

Sr. No.	Name of the Director	Letter of Appointment	Date of Appointment	Term
1.	V. Udaya Bhaskar	Ministry of Defence Government of India bearing reference number H-62011/5/2013-D (BDL) dated December 08, 2015	January 30, 2015	For a period of five years from the date of his assumption of charge of post, or till the date of his superannuation or until further orders, whichever is earliest.
2.	S. Piramanayagam	Ministry of Defence Government of India bearing reference number H-62011/4/2013-D (BDL) dated July 01, 2015	January 01, 2015	For a period of five years from the date of his assumption of charge of post, or till the date of his superannuation or until further orders, whichever is earliest.
3.	V. Gurudatta Prasad	Ministry of Defence Government of India bearing reference number H-62011/1/2015-D (BDL) dated November 26, 2015	September 10, 2015	For a period of five years from the date of his assumption of charge of post, or till the date of his superannuation or until further orders, whichever is earliest.
4.	K. Divakar	Ministry of Defence Government of India bearing reference number H-62011/2/2015-D (BDL) dated September 29, 2016	July 01, 2016	For a period of five years from the date of his assumption of charge of post, or till the date of his superannuation or until further orders, whichever is earliest.
5.	Ashwani K. Mahajan	Ministry of Defence Government of India bearing reference number F. No. 14(8)/2016/IFDP-II dated March 09, 2016	March 09, 2016	Until further orders
6.	Sushama V. Dabak	Ministry of Defence Government of India bearing reference number H-62011/7/2014-D (BDL) dated December 01, 2015	December 01, 2015	For a period of three years from the date of notification or until further orders, whichever is earlier.
7.	Ajay Pandey	Ministry of Defence Government of India bearing reference number H-62011/7/2014-D (BDL) dated December 01, 2015	December 01, 2015	For a period of three years from the date of notification or until further orders, whichever is earlier.
8.	Ajay Nath	Ministry of Defence Government of India bearing	September 13, 2017	For a period of three years from the date of notification

Sr. No.	Name of the Director	Letter of Appointment	Date of Appointment	Term
		reference number H-62011/2/2016-D (BDL) dated September 13, 2017		or until further orders, whichever is earlier.
9.	K. S. Sampath	Ministry of Defence Government of India bearing reference number H-62011/2/2016-D (BDL) dated September 13, 2017	September 13, 2017	For a period of three years from the date of notification or until further orders, whichever is earlier.
10.	K. Latha	Ministry of Defence Government of India bearing reference number H-62011/2/2016-D (BDL) dated September 13, 2017	September 13, 2017	For a period of three years from the date of notification or until further orders, whichever is earlier.

Terms of Appointment of Directors

Terms of appointment of our executive Directors

1. V. Udaya Bhaskar

The terms of appointment are as per the MoD's letter bearing reference number H-62011/5/2013-D(BDL) dated December 08, 2015.

Term	For a period of five years with effect from January 30, 2015 (date of appointment) in the first instance or till the date of his superannuation or until further orders, whichever is the earliest and in accordance with the provisions of Companies Act. The appointment may, however, be terminated even during the period by either side on three months notice or on payment of three months salary in lieu thereof. After the expiry of the first year, the performance of V. Udaya Bhaskar will be reviewed to enable the Government to take a view regarding continuation or otherwise for the balance period of tenure.
Pay	Basic pay of ₹75,000 per month in the existing pay scale of ₹75,000 - ₹ 90,000 from date of assumption of charge of post w.e.f. January 30, 2015
Headquarters	His headquarters will be at Hyderabad where the registered office of our Company is located. He will be liable to serve in any part of India at the discretion of our Company.
Dearness Allowance	Dearness allowance would be paid in accordance with the new IDA scheme as per the DPE's O.M. dated November 26, 2008 and April 02, 2009 as amended and in force from time to time.
House Rent Allowance	House rent allowance shall be payable by our Company as per the requirements of DPE O.M. dated November 26, 2008 and July 01, 2013.
Residential Accomodation and recovery of rent	The appointment letter provides for certain accommodation options to the director and the ways of recovery for the accommodation so provided.
Annual Increment	He will be eligible to draw his annual increment at three percent of basic pay on the anniversary date of his appointment in the scale and further increments to the same date in subsequent years until the maximum pay scale is reached. After reaching the maximum of the pay scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two-year period from the date he reaches the maximum of his pay scale provided he gets a performance rating of "Good" or above. He will be granted a maximum of three such stagnation increments.
Conveyance	He will be entitled to the facility of staff car for private use as indicated

	below: <table><tr><th>Name of the city</th><th>Ceiling on non – duty journeys</th></tr><tr><td>Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Hyderabad</td><td>1,000 km. per month.</td></tr><tr><td>All the other cities</td><td>750 km. per month</td></tr></table> Journey between residence and office/place of employment would be treated as duty runs. The monthly rate of recovery for the private use/non-duty runs of the staff car (AC/non-AC) would be made at the rate of ₹2,000 per month.
Performance Related Payment	He shall be eligible for approved performance related payments as per the requirements of DPE's O.M.s dated November 26, 2008, February 09, 2009, April 02, 2009 and September 18, 2013.
Other allowances and perquisites/superannuation benefits	The Board of Directors will decide on the allowances and perks including club membership subject to a maximum ceiling of 50% of his basic pay as indicated in DPE's O.M. dated November 26, 2008 and April 02, 2009 and June 11, 2013. He shall be eligible for superannuation benefit based on approved schemes as per DPE's O.M.s dated November 26, 2008, April 02, 2009 and Defence Production Letter No. 8(12)/2012/D(Coord/DDP) dated November 11, 2013.
Leave	He will remain subject to the leave rules of our Company.
Restriction on joining private commercial undertakings after retirement / resignation	He shall not accept after retirement/ resignation of the service of our Company accept any appointment or post, whether, advisory or administrative, in any firm or company whether Indian or Foreign, with which the Company has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government. As required vide DPE O.Ms. dated May 15, 2008, August 08, 2012 and December 14, 2012 the Company shall secure a Bond from the incumbent for an appropriate sum of money payable by him as damages for any violation of the restrictions imposed on him regarding his joining private commercial undertakings after retirement. In respect of any other item, concerning him which is not covered in preceding paras, he will be governed by the relevant rules/instructions of our Company/Government,
Conduct, discipline and appeal rules	The Conduct, Discipline & Appeal Rules framed by the CPSE in respect of their non-workmen category of staff would also mutatis mutandis apply to him with the modification that the disciplinary authority in his case would be the President of India. The Government also reserves the right not to accept his resignation, if the circumstances so warrant i.e. the disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him.

2. S. Piramanayagam

The terms of appointment are as per the MoD's letter bearing reference number H-62011/4/2013-D(BDL) dated July 01, 2015.

Term	For a period of five years with effect from January 01, 2015 (date of appointment) in the first instance or till the date of his superannuation or until further orders, whichever is the earliest and in accordance with the

<table>
<tr><td></td><td>provisions of Companies Act.

The appointment may, however, be terminated even during the period by either side on three months notice or on payment of three months salary in lieu thereof.

After the expiry of the first year, the performance of S. Piramanayagam will be reviewed to enable the Government to take a view regarding continuation or otherwise for the balance period of tenure.</td></tr>
<tr><td>Pay</td><td>Basic pay of ₹65,000 per month in the existing pay scale of ₹65,000 - ₹75,000 from the date of assumption of charge of post w.e.f. January 01, 2015</td></tr>
<tr><td>Headquarters</td><td>His headquarters will be at Hyderabad where the registered office of our Company is located. He will be liable to serve in any part of India at the discretion of our Company.</td></tr>
<tr><td>Dearness Allowance</td><td>Dearness allowance would be paid in accordance with the new IDA scheme as per the DPE's O.M. dated November 26, 2008 and April 02, 2009 as amended from time to time.</td></tr>
<tr><td>House Rent Allowance</td><td>House rent allowance shall be payable by our Company as per the requirements of DPE O.M. dated November 26, 2008 and July 01, 2013.</td></tr>
<tr><td>Residential Accomodation and recovery of rent</td><td>The appointment letter provides for certain accommodation options to the director and the ways of recovery for the accommodation so provided</td></tr>
<tr><td>Annual Increment</td><td>He will be eligible to draw his annual increment at three percent of basic pay on the anniversary date of his appointment in the scale and further increments to the same date in subsequent years until the maximum pay scale is reached. After reaching the maximum of the scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two-year period from the date he reaches the maximum of his pay scale provided he gets a performance rating of "Good" or above. He will be granted a maximum of three such increments.</td></tr>
<tr><td>Conveyance</td><td>He will be entitled to the facility of staff car for private use as indicated below:

<table>
<tr><th>Name of the city</th><th>Ceiling on non – duty journeys</th></tr>
<tr><td>Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Hyderabad</td><td>1,000 km. per month.</td></tr>
<tr><td>All the other cities</td><td>750 km. per month</td></tr>
</table>
Journey between residence and office/place of employment would be treated as duty runs.

The monthly rate of recovery for the private use/non-duty runs of the staff car (AC/non-AC) would be made at the rate of ₹2,000 per month.</td></tr>
<tr><td>Performance Related Payment</td><td>He shall be eligible for approved performance related payments as per the requirements of DPE's O.M.s dated November 26, 2008, February 09, 2009, April 02, 2009 and September 18, 2013.</td></tr>
<tr><td>Other allowances and perquisites/ superannuation benefits</td><td>The Board of Directors will decide on the allowances and perks including club membership subject to a maximum ceiling of 50% of his basic pay as indicated in DPE's O.M. dated November 26, 2008, April 02, 2009 and June 11, 2013.

He shall be eligible for superannuation benefit based on approved schemes as per DPE's O.M.s dated November 26, 2008 and April 02, 2009 and Defence Production Letter No. 8(12)/2012/D(Coord/DDP) dated November 11, 2013.</td></tr>
<tr><td>Leave</td><td>He will remain subject to the leave rules of our Company.</td></tr>
<tr><td>Restriction on joining private commercial undertakings after retirement / resignation</td><td>He shall not accept, after retirement/ resignation of the service of our Company, any appointment or post, whether, advisory or administrative, in any firm or company whether Indian or Foreign, with which our Company</td></tr>
</table>

	has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government. In respect of any other item, concerning him which is not covered in preceding paras, he will be governed by the relevant rules/instructions of our Company/Government,
Conduct, discipline and appeal rules	The Conduct, Discipline & Appeal Rules framed by the CPSE in respect of their non-workmen category of staff would also mutatis mutandis apply to him with the modification that the Disciplinary Authority in his case would be the President of India. The Government also reserves the right not to accept his resignation, if the circumstances so warrant i.e. the disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him.

3. V. Gurudatta Prasad

The terms of appointment are as per the MoD's letter bearing reference number H-62011/1/2015-D(BDL) dated November 26, 2015.

Term	For a period of five years with effect from September 10, 2015 (date of appointment) in the first instance or till the date of his superannuation or until further orders, whichever is the earliest and in accordance with the provisions of Companies Act. The appointment may, however, be terminated even during the period by either side on three month's notice or on payment of three month's salary in lieu thereof. After the expiry of the first year, the performance of V.Gurudatta Prasad will be reviewed to enable the Government to take a view regarding continuation or otherwise for the balance period of tenure.
Pay	Basic pay of ₹65,000 per month in the existing pay scale of ₹65,000 - ₹75,000.
Headquarters	His headquarters will be at Hyderabad where the registered office of our Company is located. He will be liable to serve in any part of India at the discretion of our Company.
Dearness Allowance	Dearness allowance would be paid in accordance with the new IDA scheme as per the DPE's O.M. dated November 26, 2008 and April 02, 2009 as amended from time to time.
House Rent Allowance	House rent allowance shall be payable by our Company as per the requirements of DPE O.M. dated November 26, 2008 and July 01, 2013.
Residential Accomodation and recovery of rent	The appointment letter provides for certain accommodation options to the director and the ways of recovery for the accommodation so provided
Annual Increment	He will be eligible to draw his annual increment at three percent of basic pay on the anniversary date of his appointment in the scale and further increments to the same date in subsequent years until the maximum pay scale is reached. After reaching the maximum of thescale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two-year period from the date he reaches the maximum of his pay scale provided he gets a performance rating of "Good" or above. He will be granted a maximum of three such stagnation increments.
Conveyance	He will be entitled to the facility of staff car for private use as indicated below: **Name of the city** — **Ceiling on non – duty journeys** Delhi, Mumbai, Kolkata, Chennai, — 1,000 km. per month.

<table>
<tr><td></td><td><table><tr><td>Bengaluru, Hyderabad</td><td></td></tr><tr><td>All the other cities</td><td>750 km. per month</td></tr></table>
Journey between residence and office/place of employment would be treated as duty runs.

The monthly rate of recovery for the private use/non-duty runs of the staff car (AC/non-AC) would be made at the rate of ₹2,000 per month.</td></tr>
<tr><td>Performance Related Payment</td><td>He shall be eligible for approved performance related payments as per the requirements of DPE’s O.M.s dated November 26, 2008, February 09, 2009 and April 02, 2009 and September 18, 2013.</td></tr>
<tr><td>Other allowances and perquisites/superannuation benefits</td><td>The Board of Directors will decide on the allowances and perks including club membership subject to a maximum ceiling of 50% of his basic pay as indicated in DPE’s O.M. dated November 26, 2008, April 02, 2009 and June 11, 2013.

He shall be eligible for superannuation benefit based on approved schemes as per DPE’s O.M.s dated November 26, 2008, April 02, 2009 and Defence Production Letter No. 8(12)/2012/D(Coord/DDP) dated November 11, 2013.</td></tr>
<tr><td>Leave</td><td>He will remain subject to the leave rules of our Company.</td></tr>
<tr><td>Restriction on joining private commercial undertakings after retirement / resignation</td><td>He shall not accept, after retirement/ resignation of the service of our Company, any appointment or post, whether, advisory or administrative, in any firm or company whether Indian or Foreign, with which our Company has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government.

As required vide DPI: 0,Ms, dated May 15, 2008 and August 08, 2012, Company shall secure a bond from V. Gurudatta Prasad, Director (Production) for an appropriate sum of money payable by him as damages for any violation or the restrictions imposed on him regarding his joining private commercial undertakings after retirement.

In respect of any other item, concerning him which is not covered in preceding paras, he will be governed by the relevant Rules/instructions of our Company/Government.</td></tr>
<tr><td>Conduct, discipline and appeal rules</td><td>The Conduct, Discipline & Appeal Rules framed by the CPSE in respect of their non-workmen category of staff would also mutatis mutandis apply to him with the modification that the Disciplinary Authority in his case would be the President of India.

The Government also reserves the right not to accept his resignation, if the circumstances so warrant i.e. the disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him.</td></tr>
</table>

4. K. Divakar

The terms of appointment are as per the MoD’s letter bearing reference number H-62011/2/2015-D(BDL) dated September 29, 2016.

Term	For a period of five years with effect from July 01, 2016 (date of assumption of charge of post) or till the date of his superannuation or until further orders, whichever is the earliest and in accordance with the provisions of Companies Act. The appointment may, however, be terminated even during the period by either side on three month’s notice or on payment of three month’s salary in lieu thereof.

<table>
<tr><td></td><td>After the expiry of the first year, the performance of K. Divakar will be reviewed to enable the Government to take a view regarding continuation or otherwise for the balance period of tenure.</td></tr>
<tr><td>Pay</td><td>Basic pay of ₹65,400 per month in the existing pay scale of ₹65,000 - ₹75,000 from the date of assumption of charge of post w.e.f. July 01, 2016.</td></tr>
<tr><td>Headquarters</td><td>His headquarters will be at Hyderabad where the registered office of our Company is located. He will be liable to serve in any part of India at the discretion of our Company.</td></tr>
<tr><td>Dearness Allowance</td><td>Dearness allowance would be paid in accordance with the new IDA scheme as per the DPE’s O.M. dated November 26, 2008 and April 02, 2009 as amended from time to time.</td></tr>
<tr><td>House Rent Allowance</td><td>House rent allowance shall be payable by our Company as per the requirements of DPE O.M. dated November 26, 2008 and July 01, 2013 as amended from time to time.</td></tr>
<tr><td>Residential Accomodation and recovery of rent</td><td>The appointment letter provides for certain accommodation options to the director and the ways of recovery for the accommodation so provided.</td></tr>
<tr><td>Annual Increment</td><td>He will be eligible to draw his annual increment at three percent of basic pay on the anniversary date of his appointment in the scale and further increments to the same date in subsequent years until the maximum pay scale is reached. After reaching the maximum of scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two-year period from the date he reaches the maximum of his pay scale provided he gets a performance rating of “Good” or above. He will be granted a maximum of three such increments.</td></tr>
<tr><td>Conveyance</td><td>He will be entitled to the facility of staff car for private use as indicated below:
<table><tr><th>Name of the city</th><th>Ceiling on non – duty journeys</th></tr><tr><td>Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Hyderabad</td><td>1,000 km. per month.</td></tr><tr><td>All the other cities</td><td>750 km. per month</td></tr></table>
Journey between residence and office/place of employment would be treated as duty runs.

The monthly rate of recovery for the private use/non-duty runs of the staff car (AC/non-AC) would be made at the rate of ₹2,000 per month.</td></tr>
<tr><td>Performance Related Payment</td><td>He shall be eligible for approved performance related payments as per the requirements of DPE’s O.M.s dated November 26, 2008, February 09, 2009 and April 02, 2009 and September 18, 2013.</td></tr>
<tr><td>Other allowances and perquisites/superannuation benefits</td><td>The Board of Directors will decide on the allowances and perks including club membership subject to a maximum ceiling of 50% of his basic pay as indicated in DPE’s O.M. dated November 26, 2008, April 02, 2009 and June 11, 2013.

He shall be eligible for superannuation benefit based on approved schemes as per DPE’s O.M.s dated November 26, 2008, April 02, 2009 and Defence Production Letter No. 8(12)/2012/D(Coord/DDP) dated November 11, 2013.</td></tr>
<tr><td>Leave</td><td>He will remain subject to the leave rules of our Company.</td></tr>
<tr><td>Restriction on joining private commercial undertakings after retirement / resignation</td><td>He shall not accept, after retirement/ resignation of the service of our Company, any appointment or post, whether, advisory or administrative, in any firm or company whether Indian or Foreign, with which our Company has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government.

Bond- Our Company shall secure a Bond from K. Divakar for an appropriate sum of money payable by him as damages for any violation of the</td></tr>
</table>

	restrictions imposed on him regarding his joining private commercial undertakings after retirement.
Conduct, discipline and appeal rules	The Conduct, Discipline & Appeal Rules framed by the CPSE in respect of their non-workmen category of staff would also mutatis mutandis apply to him with the modification that the disciplinary authority in his case would be the President of India. The Government also reserves the right not to accept his resignation, if the circumstances so warrant i.e. the disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him.

Remuneration to our Chairman and Managing Director and Whole Time Directors

The following table sets forth the details of remuneration paid by our Company to the Chairman and Managing Director and existing whole-time directors for the Fiscal 2016-17:

(₹ in million)

Name of the Director	Total remuneration
V. Udaya Bhaskar	6.15
S. Piramanayagam	3.63
V. Gurudatta Prasad	3.99
K. Divakar	3.07

Remuneration payable to our non – executive and Independent Directors

Pursuant to a resolution of our Board dated November 22, 2013, our Independent Directors are entitled to receive sitting fees of ₹20,000 for attending each meeting of the Board and ₹10,000 for attending each meeting of the committees thereof, respectively.

Details of the sitting fees paid to our Independent Directors during the Fiscal Year 2017 are set forth below:

Sr. No	Name of the Director	Sitting fees paid (₹ in million)
1.	Sushama V. Dabak	0.22
2.	Ajay Pandey	0.25

Note: Our Independent Directors K. Latha, K. S. Sampath and Ajay Nath, were appointed in Fiscal Year 2018 and consequently did not receive any compensation from our Company during the Year 2017.

Our Nominee Director is not entitled to any remuneration or fees from our Company.

Loans to Directors

As on the date of this Draft Red Herring Prospectus, there are no outstanding loans availed by our Directors from our Company.

Bonus or profit sharing plan for the Directors

The executive Directors of our Company are eligible for approved performance related payments as per the terms of the appointment letters. The Independent Directors are not paid any remuneration except sitting fees for attending meetings of the Board or committees thereof. The Nominee Director on our Board is not entitled to any remuneration or bonus from our Company.

Shareholding of our Directors

The Articles of Association do not require the Directors to hold any qualification shares in our Company. The following directors hold one Equity Share each, as a nominee on behalf of the President of India, in our Company:

- V. Udaya Bhaskar;
- S. Piramanayagam;

- V. Gurudatta Prasad;
- K. Divakar; and
- Ashwani K. Mahajan

Details of service contracts entered into by the directors with the Company

Except in the case of our executive Directors, as mentioned above, there exists no service contracts, entered into by our Company with any Directors pursuant to which they are entitled to benefits upon termination of employment.

Interest of Directors

Our executive Directors may be regarded as interested to the extent of the remuneration payable to them for services rendered to our Company and to the extent of other reimbursement of expenses payable to them as per their terms of appointment.

The Independent Directors are paid sitting fees for attending the meetings of the Board and committees of the Board and may be regarded as interested to the extent of such sitting fees and reimbursement of other expenses payable to them as per their terms of appointment.

Our Nominee Director is not entitled to any remuneration or sitting fees from our Company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested as a member by any person either to induce him to become, or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

Except as stated in the section titled "*Financial Statements*" on page 176, our Directors do not have any other interest in our business or our Company.

None of our Directors are interested in any transaction of our Company in acquisition of land, construction of building and supply of machinery. Further, none of our Directors are related to any entity from whom our Company has acquired land or proposes to acquire land.

Our Directors may also be interested to the extent of equity shares, if any, held by them or held by the entities in which they are associated as promoter, directors, partners, proprietors or trustees pursuant to the Offer.

Our Directors do not have any interest in appointment of the BRLMs, Registrar to the Offer, Banker to the Offer or any such intermediaries registered with SEBI.

None of the sundry debtors of our Company is related to our Directors or us, in any way.

Interest in promotion or formation of our Company

Our Directors have no interest in the promotion or formation of our Company.

Interest in property

Our Directors have no interest in any property acquired by our Company within the two years preceding the date of this Draft Red Herring Prospectus, or presently intended to be acquired by our Company.

Payment of benefits

Except to the extent of remuneration payable to the executive Directors for services rendered to our Company and to the extent of other reimbursement of expenses payable to them as per their terms of appointment, our Company has not paid in the last two years preceding the date of this Draft Red Herring Prospectus, and does not intend to pay, any amount or benefits to our Directors.

Appointment of relatives to a place of profit

As on date of this Draft Red Herring Prospectus, none of the relatives of any of our Directors have been appointed to an office or place of profit in our Company.

Confirmations

None of our Directors have been identified as a Wilful Defaulter.

Our Directors are currently not, and have not been, during the five years preceding the date of this Draft Red Herring Prospectus, on the board of any listed company whose shares have been or were suspended from being traded on any of the stock exchanges.

None of our Directors are currently directors on, or have been directors on, the board of listed companies that are, or have been delisted from any Stock Exchange(s).

Corporate Governance

In addition to the applicable provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance for Central Public Sector Enterprises with respect to corporate governance, provisions of the SEBI Listing Regulations will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges.

Our Chairman is an executive Director. Our Company currently has ten Directors, of which four are executive Directors, one is a Nominee Director, and five are non-executive Independent Directors including two women directors on our Board.

Pursuant to a MCA notification dated June 05, 2015 and July 05, 2017, the Central Government has exempted/ modified the applicability of certain provisions of the Companies Act in respect of Government Companies. In accordance with this notification, the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises and pursuant to our Articles, matters pertaining to, among others, appointment, remuneration and performance evaluation of our Directors are determined by the President of India. Further, our Statutory Auditor is appointed by the Comptroller and Auditor General of India. Accordingly, in so far as the aforestated matters are concerned, the terms of reference of our Nomination and Remuneration Committee and Audit Committee only allow these committees to take on record the actions of the President of India or the Comptroller and Auditor General of India, as the case may be. SEBI has vide SEBI Exemption Letter dated January 17, 2018 exempted to our Company from compliance with the terms of aforesaid reference of our Nomination and Remuneration Committee and Audit Committee.

Other than as described above, our Company is in compliance with corporate governance norms prescribed under SEBI Listing Regulations, including in relation to the composition of its committees, such as the Audit Committee and the Nomination and Remuneration Committee.

Board-Level committees

In terms of the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, our Company has constituted the following Board-level committees:

a. Audit Committee;
b. Nomination and Remuneration Committee;
c. Stakeholders Relationship Committee;
d. CSR Committee;
e. IPO Committee; and
f. Procurement Committee

Audit Committee

Our Audit Committee was constituted on September 14, 2001 and was last reconstituted on September 18, 2017, in compliance with Section 177 of the Companies Act. The Audit Committee currently consists of:

Name	Position in the Committee	Designation
Sushama V. Dabak	Chairperson	Independent Director

Name	Position in the Committee	Designation
V. Gurudatta Prasad	Member	Director (Production)
Ajay Pandey	Member	Independent Director
Ajay Nath	Member	Independent Director
K. S. Sampath	Member	Independent Director
K. Latha	Member	Independent Director
N. Nagaraja	Secretary	Company Secretary

The terms of reference of the Audit Committee consists of the following:

(a) 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;

(b) Recommendation to the Board of Directors of the Company for fixation of remuneration to the auditors;

(c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(d) Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board of Directors of the Company for approval, with particular reference to:

   (i) Matters required to be included in the directors responsibility statement to be included in the Board of Directors' report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

   (ii) Changes, if any, in accounting policies and practices and reasons for the same;

   (iii) Major accounting entries involving estimates based on the exercise of judgment by management;

   (iv) Significant adjustments made in the financial statements arising out of audit findings;

   (v) Compliance with listing and other legal requirements relating to financial statements;

   (vi) Disclosure of any related party transactions;

   (vii) Modified opinion(s) in the draft audit report;

(e) Reviewing with the management, the quarterly financial statements before submission to the Board of Directors of the Company for approval;

(f) Reviewing with the management, the statement of uses/application of funds raised through an issue (i.e public issue, rights issue, preferential issue etc.) the statement of funds utilized for purposes other than those stated in the offer document/prospectus, notice and the report submitted by the monitoring agency. Monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter and related matters;

(g) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;

(h) Approval or any subsequently modification of transactions of the Company with related parties;

(i) Scrutiny of inter-corporate loans and investments;

(j) Valuation of undertakings or assets of the Company wherever it is necessary;

(k) Reviewing with the management, the performance of statutory auditors and internal auditors, adequacy of the internal control systems;

(l) Evaluation of internal financial controls and risk management systems;

(m) Appointment and removal of internal auditors and determining the scope of internal audit in consultation with the internal auditors;

(n) 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;

(o) Discussion with internal auditors and/or auditors of any significant findings and follow up there on;

(p) 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;

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

(r) To review the follow up action on the audit observations of the Comptroller & Auditor General audit;

(s) 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;

(t) 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);

(u) To review the functioning of the whistle blower mechanism;

(v) Approval of the appointment of the chief financial officer of the Company after assessing the qualifications, experience and background etc. of the candidates;

(w) To review the follow up action taken on the recommendations of the Committee on Public Undertakings (COPU) of the Parliament of India;

(x) To review cases of procurement from a single source;

(y) The Audit Committee shall mandatorily review the following information:

    (i) Management discussion and analysis of financial condition and results of operations;

    (ii) Statement of significant related party transactions (as defined by the Audit Committee) submitted by the management;

    (iii) Management letters/letters of internal control weaknesses issued by the statutory auditors;

    (iv) Internal audit reports relating to internal control weakness;

    (v) The appointment, removal and terms of remuneration of the chief internal auditor, shall be subject to review of the Audit Committee; and

    (vi) Statement of deviations:

        I. Quarterly statement of deviation(s) including report of the monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations.

        II. Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

(z) Carrying out any other function or matter that may be referred to the Audit Committee by the Board of Directors of the Company from time to time.

Powers of the Audit Committee

a) To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company;

b) To investigate into any matter in relation to the items specified in subsection (4) of section 177 of Companies Act or referred to it by the Board and shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;

c) To disclose in the Directors' Report, recommendations of Audit Committee not accepted by the Board along with reasons therefor; and

d) To provide direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases towards adequate safeguards against victimization of persons who use vigil mechanism.

Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was constituted on January 30, 2009 and was last reconstituted on September 18, 2017, in compliance with Section 178 of the Companies Act**.** The Nomination and Remuneration Committee currently consists of:

Name	Position in the Committee	Designation
Ajay Pandey	Chairman	Independent Director
Ashwani K. Mahajan	Member	Nominee Director
Sushama V. Dabak	Member	Independent Director
Ajay Nath	Member	Independent Director
K. S. Sampath	Member	Independent Director
K. Latha	Member	Independent Director
N. Nagaraja	Secretary	Company Secretary

The terms of reference of the Nomination and Remuneration Committee consists of the following:

(a) 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 of Directors of the Company for their appointment and removal;

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

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

(d) Formulation and modification of schemes for providing perks and allowances for executives;

(e) Any new scheme of compensation to executives and non-executives as the case may be; and

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

Stakeholders' Relationship Committee

Our Stakeholders Relationship Committee was constituted by a resolution of our Board dated November 20, 2017, in compliance with Section 178 of the Companies Act. The Stakeholders Relationship Committee currently consists of:

Name	Position in the Committee	Designation
K. S. Sampath	Chairman	Independent Director
S. Piramanayagam	Member	Director (Finance) & CFO
V. Gurudatta Prasad	Member	Director (Production)

The terms of reference of the Stakeholders Relationship Committee consists of the following:

(a) to consider and resolve the grievances of the security holders of the Company including complaints relating to transfer of shares, non-receipt of annual report and non-receipt of declared dividend.

CSR Committee

Our CSR Committee was constituted on June 18, 2013 and was last reconstituted on September 18, 2017, in compliance with Section 135 of the Companies Act. The CSR Committee currently consists of:

Name	Position in the Committee	Designation
Ajay Nath	Chairman	Independent Director
S. Piramanayagam	Member	Director (Finance) & CFO
V. Gurudatta Prasad	Member	Director (Production)
Sushama V. Dabak	Member	Independent Director
Ajay Pandey	Member	Independent Director
K. S. Sampath	Member	Independent Director
K. Latha	Member	Independent Director
N. Nagaraja	Secretary	Company Secretary

The terms of reference of the CSR Committee consists of the following:

(a) Recommend corporate social responsibility and sustainability development policy to the Board of Directors of the Company;

(b) Recommend plan of action and projects to be initiated in the short, medium and long term for corporate social responsibility and sustainability development;

(c) To recommend the annual corporate social responsibility and sustainability development plan and budget; and

(d) Periodic review of corporate social responsibility and sustainability development policy, plan and budgets.

IPO Committee

Our IPO Committee was constituted by a resolution of our Board dated September 18, 2017. The IPO Committee currently consists of:

Name	Position in the Committee	Designation
V. Udaya Bhaskar	Chairman	Chairman & Managing Director
S. Piramanayagam	Member	Director (Finance) & CFO
V. Gurudatta Prasad	Member	Director (Production)
K. Divakar	Member	Director (Technical)

The terms of reference of the IPO Committee consists of the following:

(a) To appoint and enter into arrangements with book running lead managers, legal advisors, registrars, bankers to the issue, auditor(s), stabilizing agent(s), monitoring agency(ies), syndicate member(s), collection bank(s), underwriter(s), publicity agency(ies), stock broker(s), SCSBs for the ASBA process and all other intermediaries and advisors as may be necessary for the initial public offering and to negotiate, authorise and approve fees in connection therewith;

(b) To pay commission, fees, remuneration, expenses and / or any other charges to the above agencies / persons and to give them such directions or instructions as it may deem fit from time to time;

(c) To negotiate, finalise, settle and execute all necessary documents, deeds, agreements and instruments as may be required in connection with the initial public offering including without limitation the issue agreement, public issue account agreement, share escrow agreement, ad agency agreement, the registrar agreement, the underwriting agreement, if any;

(d) To take necessary actions and steps for obtaining relevant approvals, consents from Department of Industrial Policy and Promotion, SEBI, stock exchanges, RBI and such other authorities as may be necessary in relation to the initial public offering;

(e) To finalise the Draft Red Herring Prospectus, Red Herring Prospectus, Bid – cum – Application Form, Confirmation and Allocation Note and other application forms and / or documents and to file the same with SEBI, the stock exchanges and other concerned authorities and issue the same to the investors;

(f) To approve all notices, including any advertisement(s) required to be issued, as allowed by SEBI and such other applicable authorities and to decide on other terms and conditions of the initial public offering;

(g) To decide the final Offer size of the initial public offering, the Eligible Employees for the purpose of Employee Reservation Portion for the Offer of the Equity Shares, the Employee Reservation Portion, the allocation of portion for QIBs, Retail Individual Investors, Non – Institutional Investors, Mutual Funds etc., the reservation portion of shareholders, the reservation portion for the depositors, bondholders or subscribers to services of the Company, the basis of allotment, the Offer price, the minimum bid lot, the price band including without limitation the price cap for the sale of the Equity Shares or the total number of Equity Shares to be issued / offered in the initial public offering;

(h) To decide the materiality threshold or developments with regards to various disclosures from time to time as per the requirements of the SEBI ICDR Regulations, the Companies Act, 2013 and / or any other applicable laws;

(i) To decide the price and premium of the Equity Shares to be offered through initial public offering;

(j) To obtain necessary approvals and listing for Equity Shares issued in initial public offering from the Stock Exchanges and / or other statutory, governmental and regulatory authorities in accordance with all applicable laws;

(k) To appoint the collecting bankers for the purpose of collection of application money for the proposed initial public offering at the mandatory collection centres at the various locations in India;

(l) To open separate bank accounts with any nationalised bank / private bank / foreign bank for the purpose of the initial public offering;

(m) To decide on the marketing strategy of the initial public offering and the costs involved;

(n) To decide date of opening and closing of the initial public offering and to extend, vary or alter the same as it may deem fit at its absolute discretion or as may be suggested or stipulated by SEBI, Stock Exchanges or other authorities from time to time;

(o) To do all such necessary acts, deeds including execution of agreements, applications undertaking and any other documents for listing of Equity Shares issued in the initial public offering on the stock exchanges;

(p) To offer and allot Equity Shares in consultation with the lead managers, Registrar, the designated Stock Exchange and to do all necessary acts, things, execution of documents, undertaking, etc. with NSDL / CDSL in connection with admitting of Equity Shares issued in the initial public offering;

(q) To co-ordinate with the registrar to the Offer with respect to investor grievances received if any post allotment of Equity Shares;

(r) To incur necessary expenses such as fees of various agencies, filing fees, stamp duty, etc.;

(s) To enter the names of the allottees in the register of members of the Company;

(t) To decide the mode and manner of allotment of Equity Shares if any not subscribed and left / remaining after allotment of Equity Shares;

(u) To apply to regulatory authorities seeking their approval for allotment of any unsubscribed portion of the initial public offering (in favour of the parties willing to subscribe to the same);

(v) To decide the treatment to be given to the fractional entitlement, if any, including rounding upward or downwards or ignoring such fractional entitlements or issue of fractional coupons and the terms and conditions for consolidation of fractional entitlements into a whole Equity Share and application to the Company for the same as well as to decide the disposal of the Equity Shares representing the fractional coupons which are not so consolidated and presented to the Company for allotment of whole Equity Shares or treating fractional entitlement in the manner as may be approved by SEBI and the Stock Exchanges;

(w) To take all such actions and give all such directions as may be necessary or desirable and also to settle any question or difficulty or doubts that may arise in regard to the creation, offer, issue and allotment of the Equity Shares and to do all acts, deeds, matters and things which they may in their discretion deem necessary or desirable for the purpose of the initial public offering;

(x) To settle any question, difficulty or doubt that may arise in connection with the initial public offering including the issue and allotment of the Equity Shares as aforesaid and to do all such acts, deeds and things as the committee may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt;

(y) To file necessary returns, make declarations/announcements, furnish information, etc. to the concerned authorities in connection with the initial public offering;

(z) To sign and execute any other document, agreement, undertaking in connection with the initial public offering;

(aa) To take all such other steps as may be necessary in connection with the IPO; and

(bb) To dispose of the unsubscribed portion in such manner as it may think most beneficial to the Company.

Procurement Committee

Our Procurement Committee was constituted on July 29, 2011 and was last reconstituted on September 18, 2017. The Procurement Committee currently consists of:

Name	Position in the Committee	Designation
V. Udaya Bhaskar	Chairman	Chairman & Managing Director
S. Piramanayagam	Member	Director (Finance) & CFO
V. Gurudatta Prasad	Member	Director (Production)
K. Divakar	Member	Director (Technical)

The terms of reference of the Procurement Committee consists of the following:

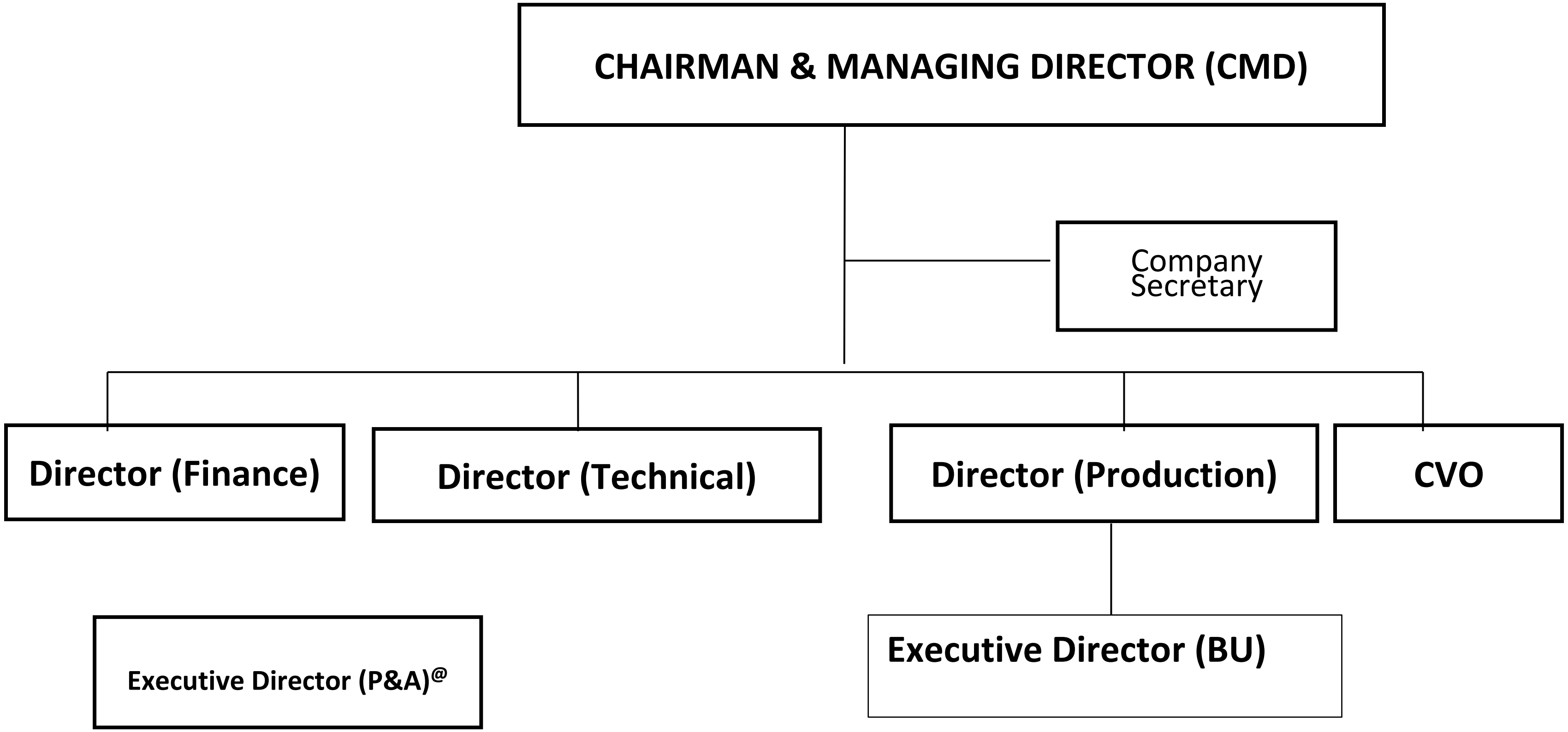
(a) Review and sanction new projects (including research and development projects) beyond the scope of powers of the Chairman & Managing Director of the Company upto a maximum limit of ₹250 million;

(b) Approval of procurement proposals beyond the scope of powers of Chairman & Managing Director of the Company but within the scope of powers of the Board of Directors of the Company; and

(c) Review and sanction of placement of purchase orders / award of contracts as per the below limits:

Basis	Capital and Revenue Limits
Single tender / nomination and proprietary cases	Upto ₹300 million
Other than single tender cases	Upto ₹600 million
Other than single tender (works)	Upto ₹1,000 million

Management Organization Structure



@ ED(P&A) reporting to D(F) for P&A matters and to D(T) for IMM/Civil/TS matters

Key Management Personnel and Senior Management Personnel

Apart from our Chairman and Managing Director and our Whole-time Directors, the following person is the Key Management Personnel of our Company:

1. N. Nagaraja, Company Secretary;

For details of V. Udaya Bhaskar, S. Piramanayagam, V. Gurudatta Prasad and K. Divakar, see *"Our Management- Brief profiles of our Directors"* on page 145.

Brief Profiles of our Key Management Personnel

N. Nagaraja, is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company as a Company Secretary since August 11, 2016. He holds a bacherlor's degree in Commerce from Sri Venkateshwara University and is an associate member of the Institute of Company Secretaries of India. He has several years of experience in secretarial compliance, has been associated with the Company since May 02, 2016. Prior to joining our Company, he was the company secretary of Cent Bank Home Finance Limited (a subsidiary of Central Bank of India). He received a gross remuneration of ₹0.89 million in Financial Year 2017.

The following person is the Senior Management Personnel of our Company:

1. Nayeeni P. Diwakar, Executive Director (Bhanur Unit).

All Key Management Personnel and Senior Management Personnel are permanent employees of our Company.

Brief Profiles of our Senior Management Personnel

Nayeeni P. Diwakar, is the Executive Director (Bhanur Unit) of our Company. He has been associated with our Company from August 27, 1990. He holds a bachelor's degree in Mechnical Engineering from Osmania University, Hyderabad. He was previously associated with the Oil and Natural Gas Corporation Limited as an executive engineer till August 13. 1990. He received a gross remuneration of ₹2.91 million in the Financial Year 2017.

Relationship among Key Management Personnel and Senior Management Personnel

None of our Key Management Personnel and Senior Management Personnel are related to each other.

Family relationship of Directors with the Key Management Personnel and Senior Management Personnel

None of the Key Management Personnel and Senior Management Personnel are related to the Directors of our Company.

Bonus or profit sharing plan for the Key Management Personnel and Senior Management Personnel

The Key Management Personnel and Senior Management Personnel of our Company are eligible for approved performance related payments as per the requirements of DPE's O.M.s dated November 26, 2008, February 09, 2009, April 02, 2009 and September 18, 2013, as amended and in force from time to time.

Shareholding of Key Management Personnel and Senior Management Personnel

Except as stated in "*Our Management - Shareholding of our Directors*" on page 154, none of our Key Management Personnel and Senior Management Personnel hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

Service Contracts with Key Management Personnel and Senior Management Personnel

Except for statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company, including Key Management Personnel, is entitled to any benefit upon termination of employment or superannuation.

Interest of Key Management Personnel and Senior Management Personnel

None of our Key Management Personnel and Senior Management Personnel have any interest in our Company except to the extent of remuneration from our Company, benefits, and reimbursement of expenses incurred by them in the ordinary course of business.

No loans have been availed from our Company by our Key Management Personnel and Senior Management Personnel.

Contingent and deferred compensation payable to Key Management Personnel and Senior Management Personnel

No contingent or deferred compensation is payable to our Key Management Personnel and Senior Management Personnel which does not form part of their remuneration.

Changes in our Board and Key Management Personnel and Senior Management Personnel during the last three years

The changes in our Board in the last three years immediately preceding the date of this Draft Red Herring Prospectus is as follows:

Name of Director	Date of Appointment / Cessation	Reasons
V. Udaya Bhaskar	January 30, 2015	Change in designation from Director (Production) to Chairman and Managing Director
A. K. Kapoor	February 15, 2015	Completion of term as Independent Director
Kusum Singh	September 23, 2015	Appointed as Nominee Director
V. Gurudatta Prasad	September 10, 2015	Appointed as Director (Production)
Jarugumilli Rama Krishna Rao	September 22, 2015	Nomination withdrawn as Nominee Director
Sushama V. Dabak	December 01, 2015	Appointed as Independent Director
Ajay Pandey	December 01, 2015	Appointed as Independent Director
Kusum Singh	March 03, 2016	Nomination withdrawn as Nominee Director
R.G. Vishwanathan	March 03, 2016	Nomination withdrawn as Nominee Director
Ashwani K. Mahajan	March 09, 2016	Appointed as Nominee Director
Anil Chandra Chait	January 07, 2016	Appointed as Independent Director
Anil Chandra Chait	June 01, 2016	Resigned as Director
Narendra Bahadur Singh	July 01, 2016	Retired as Director (Technical)
K. Divakar	July 01, 2016	Appointed as Director (Technical)
Ajay Nath	September 13, 2017	Appointed as Independent Director
K. S. Sampath	September 13, 2017	Appointed as Independent Director
K. Latha	September 13, 2017	Appointed as Independent Director

Changes in our other Key Management Personnel and Senior Management Personnel in the last three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below:

Name	Designation	Date of appointment/ cessation	Reasons
N. Nagaraja	Company Secretary	August 11, 2016	Appointed as Company Secretary
Venkatalakshmi Narasimha Murthy	Company Secretary	August 10, 2016	Retired as Company Secretary
Lakshmi Narayan Matukumalli	Company Secretary	July 31, 2015	Retired as Company Secretary
Namburi K. Raju	Executive Director (Personnel & Administration)	October 03, 2011	Appointed as Executive Director (Personnel & Administration)
Nayeeni P. Diwakar	Executive Director (Bhanur Unit)	September 01, 2015	Promoted as Executive Director (Bhanur Unit)
Namburi K. Raju	Executive Director (Personnel & Administration)	December 31, 2017	Retired as Executive Director (Personnel & Administration)

Employee stock option and employee stock purchase schemes

Our Company does not have any employee stock option and employee stock purchase schemes.

Payment of non – salary related benefits to officers of our Company

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment.

OUR PROMOTER, PROMOTER GROUP AND GROUP COMPANIES

Our Promoter is the President of India acting through the Ministry of Defence. Our Promoter alongwith its nominees, currently holds 100% of the pre-Offer Equity Share capital of our Company. Post completion of the Offer, our Promoter shall hold [●]% of the post Offer paid-up Equity Share capital of our Company. As our Promoter is the President of India, acting through the Ministry of Defence, disclosures on the Promoter Group (defined in regulation 2(1)(zb) of the SEBI ICDR Regulations) as specified in Schedule VIII of the SEBI ICDR Regulations have not been provided.

Group Companies

As per the SEBI ICDR Regulations, for the purpose of identification of Group Companies, our Company has considered companies covered under the applicable accounting standards i.e. Accounting Standard 18 / Ind AS 24 issued by the Institute of Chartered Accountants of India and Ind AS 24 issued under the Ind AS Rules in the Restated Financial Statements.

Further, pursuant to a resolution of our Board dated December 26, 2017, our Board has noted that in accordance with the SEBI ICDR Regulations, Group Companies shall include companies covered under applicable accounting standards and such other companies as considered material by our Board.

Pursuant to the aforesaid resolution, as on the date of this Draft Red Herring Prospectus, we do not have any "**Group Companies**" since there are no companies disclosed as related parties and identified as such in the Restated Financial Statements, and there are no companies that are considered material by our Board for identification as Group Companies, in accordance with the provisions of the SEBI ICDR Regulations.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the last five Financial Years, as per the requirements under Ind AS 18/Ind AS 24 and Indian GAAP, see *"Financial Statements – Annexure IVA(2) (Note 29.07 – Related Party Transactions)"* and *"Financial Statements – Annexure V(2) (Note 35(8) – Related Party Transactions)"* of Restated Financial Statements beginning on pages 272 and 224 respectively.

DIVIDEND POLICY

As per CPSE Capital Restructuring Guidelines, all central public sector enterprises are required to pay a minimum annual dividend of 30% of profit after tax or 5% of the net-worth, whichever is higher, subject to the maximum dividend permitted under the extant legal provisions.

However, the declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, subject to the provisions of the Articles and the Companies Act. Further, the dividends, if any, will depend on a number of factors, including but not limited to our earnings, guidelines issued by the Department of Public Enterprise (DPE), capital requirements and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including the results of operations, financial condition, contractual restrictions, and restrictive covenants under the loan or financing arrangements we may enter into. For further details, see *"Financial Statements*" and "*Financial Indebtedness*" on pages 176 and 306 respectively. Our Company may also, from time to time, pay interim dividends.

The dividend and dividend tax paid on the Equity Shares by our Company during the last five fiscals is presented below:

Particulars	**Fiscal Year**				
	2017	**2016**	**2015**	**2014**	**2013**
Face value of Equity Share (in ₹)	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Number of Equity Shares	1,221,875	977,500	1,150,000	1,150,000	1,150,000
Total Dividend (in ₹ million)	1,572.16	1,689.72	837.14	691.03	576.84
Total Dividend per Equity Share (in ₹)	1,288.66	1,728.61	727.95	600.90	501.60
Rate of dividend (%)	128.87	172.86	72.79	60.09	50.16
Dividend Tax (in ₹ million)	272.30	343.99	169.73	117.44	98.03

In addition to the dividend paid for Fiscal 2017, our Company has received a letter dated January 2, 2018 from the MoD directing us to pay an interim dividend of ₹250 million.

The amounts distributed as dividends in the past are not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future. For further details, see **"*Risk Factors*"** on page 15. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not decrease in the future. Future dividends will depend on guidelines issued by DPE, our profits, revenues, capital requirements, contractual restrictions and overall financial position of our Company.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Independent Auditor's Report on Restated Financial Information in connection with the Initial Public Offering of Bharat Dynamics Limited

To
The Board of Directors,
Bharat Dynamics Limited
Kanchanbagh,
Hyderabad – 500 058

Dear Sirs,

1. We have examined, the attached Restated Financial Information of Bharat Dynamics Limited (the "Company"), which comprises the Restated Summary Statement of Assets and Liabilities as at September 30, 2017, March 31, 2017, 2016, 2015, 2014 and 2013, the Restated Summary Statements of Profit and Loss (including other comprehensive income) and Restated Summary Statement of changes in equity for each of the periods ended September 30, 2017, March 31, 2017, 2016 and 2015 and the Restated Summary Statements of Profit and Loss for financial years ending March 31, 2014 and 2013 and Restated Summary Statement of Cash Flows for each of the periods ended September 30, 2017, March 31, 2017, 2016, 2015, 2014 and 2013 respectively, and the Summary of Significant Accounting Policies and Notes forming part of the Restated Financial Information (collectively, the "Restated Financial Information") as approved by the Board of Directors of the Company prepared in terms of the requirements

   (a) Section 26 of Part I of Chapter III of the Companies Act 2013 (hereinafter referred to as "the Act") read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules");

   (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations") read along with the SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 on Clarification regarding disclosures in Offer Documents issued by the Securities and Exchange Board of India (the "SEBI") and

   (c) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India as amended from time to time (the "Guidance Note")

2. The preparation of the Restated Financial Information is the responsibility of the Management of the Company for the purpose set out in paragraph 13 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act, Rules, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Financial Information taking into consideration:

   (a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated September 19, 2017 in connection with the proposed Initial Public Offering (IPO) of the Company;

   (b) The Guidance Note (Revised) on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India; and

   (c) The Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which include the concepts of test checks and materiality. This Guidance Note requires us to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information. This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

Management's Responsibility for the Restated Financial Information

4. The Restated Financial Information, expressed in Indian Rupees, in million, have been compiled by the Management from the :

   (a) Audited financial statements of the Company as at and for the periods ended September 30, 2017 and March 31, 2017 which include the comparative Ind AS financial statements as at and for the financial year ended March 31, 2016, prepared in accordance with the Indian Accounting Standards ("**Ind-AS**") notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 which have been approved by the Board of directors at their meeting held on December 26, 2017 and on August 03, 2017 respectively.

   (b) Audited financial statements of the Company as at and for the financial years ended March 31, 2015, 2014 and 2013, prepared in accordance with the accounting standards notified under the section 133 of the Companies Act, 2013, ("Indian GAAP") which have been approved by the Board of directors at their meetings held on July 27, 2015, July 24, 2014 and August 02, 2013 respectively.

   The Restated Financial Information also contains the proforma Ind AS financial statements as at and for the financial year ended March 31, 2015. These proforma Ind AS financial statements have been prepared by making restatement and Ind AS adjustments to the Indian GAAP financial statements as at and for the financial year ended March 31, 2015 which have been approved by the Board of directors at their meeting held on July 27, 2015 as described in Note 35(18) of Annexure V. The Financial Statements for the financial periods ended September 30, 2017, March 31, 2017 and 2016 were audited by us. M/s Garre & Co., Chartered Accountants, for the financial year ended on March 31, 2015, M/s Laxminivas Neeth & Co, Chartered Accountants for the financial year ended on March 31, 2014 and M/s D.V. Ramana Rao & Co Chartered Accountants for the financial year ended on March 31, 2013 (collectively, the "Prior Auditors") have audited the financial statements of the Company as at and for the financial year ended on the respective dates. Accordingly reliance has been placed on the audited statements of accounts and audit report thereon issued by the Prior Auditors for the respective financial years audited by them.

Auditor's Responsibilities

5. Our work has been carried out in accordance with the Standards on Auditing under section 143(10) of the Act, Guidance Note on Reports in Company Prospectuses (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India and pursuant to the requirements of Section 26 of the Act read with applicable provisions within Rule 4 to Rule 6 of the Rules and the ICDR Regulations. This work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the Issue.

6. Our examination of the Restated Financial Information has not been carried out in accordance with the auditing standards generally accepted in the United States of America ("U.S"), standards of the US Public Company Accounting Oversight Board and accordingly should not be relied upon by any one as if it had been carried out in accordance with those standards or any other standards besides the standards referred to in this report.

Opinion

7. In accordance with the requirements of Section 26 of Part I of Chapter III of the Act read with the Rules, the ICDR Regulations and the Guidance Note, we have examined the following summarized financial statements of the Company contained in the Restated Financial Information of the Company which have been arrived after making adjustments and regrouping /reclassifications, which in our opinion were appropriate, and have been fully described in Annexure V and Annexure IV A: Notes on Adjustments for Restatement of Profit and Loss and based on our examination, we report that :

   (i) The Proforma financial information as at and for the financial year ended March 31, 2015 are prepared after making Proforma adjustments as mentioned in Note 35(18) of Annexure V.

(ii) The Restated Summary Statement of Assets and Liabilities of the Company, as at September 30, 2017, March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-I and as at and for the financial years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-I A to this report.

(iii) The Restated Summary Statement of Profit and Loss (including other comprehensive income) of the Company, for the six months period ended on September 30, 2017 and for the financial years ended on March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-II and The Restated Summary Statement of Profit and Loss for the financial years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-II A to this report.

(iv) The Restated Summary Statement of Changes in equity of the Company, for the six months period ended on September 30, 2017 and for the financial years ended on March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure- III to this report.

(v) The Restated Summary Statement of Cash Flows of the Company, for the six months period ended on September 30, 2017 and for the financial years ended on March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-IV and for the financial years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-III A to this report.

8. Based on the above and according to the information and explanations given to us, we further report that the Restated Financial Information of the Company, as attached to this report and as mentioned in paragraph 7 above, read with Notes on Adjustments for Restatement of Profit and Loss (Annexure V and Annexure IV A), Significant Accounting Policies and Notes forming part of the Financial Information (Annexure V (1) and V (2) and Annexure IVA (1) and IVA (2)) as described in paragraph 9 (i) and (ii) and paragraph 10 (i) and (ii) have been prepared in accordance with the Act, the Rules, and the ICDR Regulations and ;

(i) have been made after incorporating adjustments for the changes in accounting policies of the Company in respective financial years to reflect the same accounting treatment as per the changed accounting policy for all the reporting years/period;
(ii) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;
(iii) There are no qualifications in the Auditor's Report which require any adjustments except in case referred to in item 2 Annexure V; and
(iv) There are no extra-ordinary items that needs to be disclosed separately other than those presented in the Restated Financial Information.

9. We have also examined the following Restated Financial Information of the Company set out in the Annexures prepared by the Management and approved by the Board of Directors on December 26, 2017 as at and for the periods ended September 30, 2017, March 31, 2017, 2016 and 2015.

(1) Notes on Adjustment for Restatement of Profit and Loss as enclosed in Annexure V;
(2) Significant Accounting Policies and Notes forming part of the Restated Financial Information as enclosed in Annexure V(1);
(3) Restated Summary Statement of Property, Plant and Equipment as enclosed in Note 1 to Annexure V(2);
(4) Restated Summary Statement of Capital work-in-Progress as enclosed in Note 2 to Annexure V(2);
(5) Restated Summary Statement of Investment Property as enclosed in Note 3 to Annexure V(2)
(6) Restated Summary Statement of Intangible assets as enclosed in Note 4 to Annexure V(2);
(7) Restated Summary Statement of Intangible assets under development as enclosed in Note 5 to Annexure V (2);
(8) Restated Summary Statement of Investments as enclosed in Note 6 to Annexure V(2);
(9) Restated Summary Statement of Non - Current Loans as enclosed in Note 7 to Annexure V(2);
(10) Restated Summary Statement of Other Non-current Financial Assets as enclosed in Note 8 to Annexure V(2);
(11) Restated Summary Statement of Other Non-current Assets as enclosed in Note 9 to Annexure V(2);
(12) Restated Summary Statement of Inventories as enclosed in Note 10 to Annexure V(2);

(13) Restated Summary Statement of Trade receivables as enclosed in Note 11 to Annexure V(2);
(14) Restated Summary Statement of Cash and Cash Equivalents as enclosed in Note 12 to Annexure V(2);
(15) Restated Summary Statement of Other Bank Balances as enclosed in Note 13 to Annexure V(2);
(16) Restated Summary Statement of Current Loans as enclosed in Note 14 to Annexure V(2);
(17) Restated Summary Statement of Other Current Financial Assets as enclosed in Note 15 to Annexure V(2);
(18) Restated Summary Statement of Other Current Assets as enclosed in Note 16 to Annexure V(2);
(19) Restated Summary Statement of Equity Share Capital as enclosed in Note 17 to Annexure V(2);
(20) Restated Summary Statement of Other Equity as enclosed in Note 18 to Annexure V(2);
(21) Restated Summary Statement of Other Non-Current Financial Liabilities as enclosed in Note 19 to Annexure V(2);
(22) Restated Summary Statement of Non-current Provisions as enclosed in Note 20 to Annexure V(2);
(23) Restated Summary Statement of Other Non-current Liabilities as enclosed in Note 21 to Annexure V(2);
(24) Restated Summary Statement of Trade Payable as enclosed in Note 22 to Annexure V(2) ;
(25) Restated Summary Statement of Other Current Financial Liabilities as enclosed in Note 23 to Annexure V(2);
(26) Restated Summary Statement of Other Current Liabilities as enclosed in Note 24 to Annexure V(2);
(27) Restated Summary Statement of Current Provisions as enclosed in Note 25 to Annexure V(2);
(28) Restated Summary Statement of Income Taxes as enclosed in Note 26 to Annexure V(2);
(29) Restated Summary Statement of Revenue from Operations as enclosed in Note 27 to Annexure V(2);
(30) Restated Summary Statement of Other Income (Net) as enclosed in Note 28 to Annexure V(2);
(31) Restated Summary Statement of Cost of Materials Consumed as enclosed in Note 29A to Annexure V(2);
(32) Restated Summary Statement of Other Manufacturing Expenses as enclosed in Note 29B to Annexure V(2);
(33) Restated Summary Statement of Changes in Inventory of Finished Goods and Work-in-progress as enclosed in Note 30 to Annexure V(2);
(34) Restated Summary Statement of Employee Benefit Expense as enclosed in Note 31 of Annexure V(2);
(35) Restated Summary Statement of Finance costs as enclosed in Note 32 of Annexure V(2);
(36) Restated Summary Statement of Depreciation and Amortisation Expense as enclosed in Note 33 of Annexure V(2);
(37) Restated Summary Statement of Other Expense expenses as enclosed in Note 34A to Annexure V(2);
(38) Restated Summary Statement of Selling and Distribution Expenses as enclosed in Note 34B to Annexure V(2);
(39) Restated Summary Statement of Additional information as enclosed in Note 35 (1), 35(3) to 35(5), 35(7) and 35(16) to Annexure V(2);
(40) Restated Summary Statement of Earing Per Share as enclosed in Note 35 (2) to Annexure V(2);
(41) Restated Summary Statement of Contingent Liabilities and Contractual Commitments as enclosed in Note 35(6) of Annexure V(2);
(42) Statement of Related Party Transactions as enclosed in Note 35(8) to Annexure V(2);
(43) Capitalisation statement as enclosed in Annexure VI;
(44) Statement of Dividend as enclosed in Annexure VII;
(45) Restated Statement of Accounting Ratios as enclosed in Annexure VIII; and
(46) Statement of Tax Shelter as enclosed in Annexure IX;

According to the information and explanations given to us, in our opinion, the Restated Financial Information contained in Annexures I to IV and the above Restated Other Financial Information contained in Annexures V to IX accompanying this report, read with Significant Accounting Policies and Notes forming part of the Restated financial information disclosed in Annexure V(1) , are prepared after making adjustments and regroupings or reclassifications as considered appropriate and have been prepared in accordance with the Act, the Rules, and the ICDR Regulations and the Guidance Note.

10. We have also examined the following Restated Financial Information of the Company set out in the Annexures, Annexure IA to Annexure IIIA prepared by the Management and approved by the Board of Directors on December 26, 2017 for the financial years ended March 31, 2014 and 2013, proposed to be included in the DRHP.

(1) Notes on Adjustments for Restatement of Profit and Loss as enclosed in Annexure IV A;
(2) Significant Accounting Policies and Notes forming part of the Restated Financial Information as enclosed in Annexure IV A(1);
(3) Restated Summary Statement of Share Capital as enclosed in Note 1 of Annexure IV A(2) ;
(4) Restated Summary Statement of Reserves and Surplus as enclosed in Note 2 of Annexure IV A(2);
(5) Restated Summary Statement of Long Term Liabilities as enclosed in Note 3 of Annexure IV A(2);
(6) Restated Summary Statement of Long term Provisions as enclosed in Note 4 of Annexure IV A(2);
(7) Restated Summary Statement of Trade Payables as enclosed in Note 5 of Annexure IV A(2);
(8) Restated Summary Statement of Other Current Liabilities as enclosed in Note 6 of Annexure IV A(2);
(9) Restated Summary Statement of Other Short Term Provisions as enclosed in Note 7 of Annexure IV A(2);
(10) Restated Summary Statement of Fixed Assets as enclosed in Note 8 of Annexure IV A(2);
(11) Restated Summary Statement of Capital Work in Progress and Intangible Assets under Development as enclosed in Note 9 of Annexure IV A(2);
(12) Restated Summary Statement of Non-current Assets at Cost as enclosed in Note 10 of Annexure IV A(2);
(13) Restated Summary Statement of Deferred Tax Assets (Net) as enclosed in Note 11 of Annexure IV A(2);
(14) Restated Summary Statement of Long Term Loans & Advances as enclosed in Note 12 of Annexure IV A(2);
(15) Restated Summery Statement of Other Non-Current Assets as enclosed in Note 13 of Annexure IVA(2)
(16) Restated Summary Statement of Inventories as enclosed in Note 14 of Annexure IV A(2);
(17) Restated Summary Statement of Trade Receivables as enclosed in Note 15 of Annexure IV A(2);
(18) Restated Summary Cash and Cash Equivalents as enclosed in Note 16 of Annexure IV A(2);
(19) Restated Summary Statement of Short-term Loans and Advances as enclosed in Note 17 of Annexure IV A(2);
(20) Restated Summary Statement of Other Current Assets as enclosed in Note 18 of Annexure IV A(2);
(21) Restated Summary Statement of Revenue from Operations as enclosed in Note 19 of Annexure IV A(2);
(22) Restated Summary Statement of Other Income as enclosed in Note 20 of Annexure IV A(2);
(23) Restated Summary Statement of Cost of Materials Consumed as enclosed in Note 21 of Annexure IV A(2);
(24) Restated Summary Statement of Other Manufacturing Expenses as enclosed in Note 22 of Annexure IV A(2);
(25) Restated Summary Statement of Change in the Inventories of Finished Goods and Work-in-Progress as enclosed in Note 23 of Annexure IVA(2)
(26) Restated Summary Statement of Statement of Employee Benefit Expenses as enclosed in Note 24 of Annexure IV A(2);
(27) Restated Summary Statement of Other Expenses as enclosed in Note 25 of Annexure IV A(2);
(28) Restated Summery Statement of Selling and Distribution Expenses as enclosed in Note 26 of Annexure IVA(2)
(29) Restated Summary Statement of Provision as enclosed in Note 27 of Annexure IV A(2);
(30) Restated Summary Statement of Earnings per Share as enclosed in Note 28 of Annexure IVA(2)
(31) Restated Summary Statement of Contingent Liabilities not provided for as enclosed in Note 29.01 to 29.03 of Annexure IV A(2);
(32) Statement of additional information to the Restated Financial Information in Notes 29.04 to 29.06 and 29.08 to 29.14 of Annexure IV A (2)
(33) Restated Summary Statement of Related Party Transactions as enclosed in Note 29.07 of Annexure IV A(2);

(34) Statement of Dividend as enclosed in Annexure V A;
(35) Restated Statement of Accounting Ratios as enclosed in Annexure VI A;
(36) Restated Statement of Tax Shelter as enclosed in Annexure VII A;

According to the information and explanations given to us, in our opinion, the Restated Financial Information contained in Annexures I A to III A and the above Restated Other Financial Information contained in Annexures IV A to VII A accompanying this report, read with Significant Accounting Policies and Notes forming part of the Restated Financial Information, disclosed in Annexure IV A(1), are prepared after making adjustments and regroupings or reclassifications as considered appropriate and have been prepared in accordance with the Act, the Rules, and the ICDR Regulations and the Guidance Note.

11. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or the Prior Auditors of the Company, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Restriction on Use

13. Our report is intended solely for use of the Management for inclusion in the Offer document to be filed with Securities and Exchange Board of India, Registrar of Companies, Telangana and concerned Stock Exchanges in connection with the proposed Initial Public Offering of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **S.R. Mohan & Co**
Chartered Accountants
Firm Registration Number : 002111S

G. Jagadeswara Rao
Partner
Membership No. : 021361

Place of Signature : Hyderabad
Date: December 26, 2017

Bharat Dynamics Limited
Annexure I
RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in millions)

Particulars	Notes	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
ASSETS					
(1) Non-current Assets					
(a) Property, Plant and Equipment	1	5,988.43	6,053.42	5,576.39	3,878.64
(b) Capital Work-in-Progress	2	1,761.20	1,301.20	1,250.79	1,351.10
(c) Investment Property	3	0.10	0.10	0.10	0.10
(d) Intangible Assets	4	1,585.59	1,601.38	1,391.17	1,298.30
(e) Intangible Assets under development	5	28.88	11.29	11.28	71.59
(f) Financial Assets					
(i) Investments	6	36.89	29.47	29.47	29.26
(ii) Loans	7	37.12	32.27	38.25	37.98
(iii) Other Financial Assets	8	484.02	502.04	548.00	515.29
(g) Deferred Tax Assets (net)	26	1,924.76	1,513.25	768.32	397.96
(h) Other Non-current Assets	9	323.21	330.16	344.05	357.97
Total Non - current Assets		**12,170.20**	**11,374.58**	**9,957.82**	**7,938.19**
(2) Current Assets					
(a) Inventories	10	21,594.08	22,511.25	20,576.62	14,756.67
(b) Financial Assets					
(i) Trade Receivables	11	1,297.71	3,564.12	1,448.57	3,347.87
(ii) Cash and Cash Equivalents	12	4,661.18	461.99	2,325.17	1,239.23
(iii) Bank balances other than (ii) above	13	8,449.00	16,918.08	30,099.68	35,450.00
(iv) Loans	14	22.78	28.93	25.62	24.52
(v) Other Financial Assets	15	19,190.07	17,287.32	14,875.94	7,413.63
(c) Current Tax Assets (Net)	26	47.86	39.23	-	201.19
(d) Other Current Assets	16	15,416.89	13,822.42	17,096.90	13,748.40
Total Current Assets		**70,679.57**	**74,633.34**	**86,448.50**	**76,181.51**
Total Assets		**82,849.77**	**86,007.92**	**96,406.32**	**84,119.70**
EQUITY AND LIABILITIES					
(1) Equity					
(a) Equity Share Capital	17	916.41	1,221.88	977.50	1,150.00
(b) Other Equity	18	15,389.99	20,902.73	17,534.88	15,376.71
Total Equity		**16,306.40**	**22,124.61**	**18,512.38**	**16,526.71**
(2) Non-current Liabilities					
(a) Financial Liabilities					
(i) Other Financial Liabilities	19	497.76	516.30	563.57	529.93
(b) Provisions	20	273.21	178.73	11.42	21.89
(c) Other Non-current Liabilities	21	3,506.37	4,638.19	12,143.00	18,622.95
Total Non-current Liabilities		**4,277.34**	**5,333.22**	**12,717.99**	**19,174.77**
(3) Current Liabilities					
(a) Financial Liabilities					
(i) Trade Payables	22	15,248.11	14,950.87	13,431.05	5,140.76
(ii) Other Financial Liabilities	23	1,532.94	1,171.27	1,037.31	1,091.41
(b) Other Current Liabilities	24	35,985.84	36,194.97	46,991.29	40,176.02
(c) Provisions	25	9,499.14	6,232.98	3,532.48	2,010.03
(d) Current Tax Liabilities (Net)	26	-	-	183.82	-
Total Current Liabilities		**62,266.03**	**58,550.09**	**65,175.95**	**48,418.22**
Total Equity and Liabilities		**82,849.77**	**86,007.92**	**96,406.32**	**84,119.70**

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

Note: The above statement should be read with Notes on Adjustments for Restatement of Profit and Loss appearing in Annexure V, Significant Accounting Policies in Annexure V (1) , Notes forming part of the Restated Financial Information in Annexure V (2).

As per our report of even date.
for S. R. MOHAN & CO.,
Chartered Accountants
Firm's Registration No.002111S

For and on behalf of the Board

G. JAGADESWARA RAO
Partner
(M.No.021361)

S. PIRAMANAYAGAM
Director (Finance)
DIN: 07117827

V. UDAYA BHASKAR
Chairman and Managing Director
DIN: 06669311

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

Place: New Delhi
Date: 26 December 2017

Place: New Delhi
Date: 26 December 2017

Bharat Dynamics Limited
Annexure II
RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in millions)

	Particulars	Notes	For the period ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
	INCOME					
I	Revenue from Operations	27				
	Sales of products manufactured		10,104.28	34,185.97	30,512.16	22,055.55
	Sales of products traded		7,952.52	14,141.59	10,275.42	6,352.66
			18,056.80	48,327.56	40,787.58	28,408.21
II	Other Income (net)	28	747.87	2,298.18	3,847.55	4,390.33
	Changes in inventories of finished goods and work-in-progress	30	3,097.84	1,354.99	1,378.62	(266.26)
III	**Total Income (I + II)**		**21,902.51**	**51,980.73**	**46,013.75**	**32,532.28**
IV	**EXPENSES**					
	Cost of materials consumed	29A	12,608.16	31,192.37	26,231.51	18,538.87
	Other manufacturing expenses	29B	1,807.85	2,383.92	3,330.53	1,199.83
	Employee benefits expense	31	2,224.20	4,483.85	3,262.34	3,124.76
	Finance costs	32	15.52	36.78	35.15	33.24
	Depreciation and amortisation expense	33	302.49	621.86	532.20	666.75
	Other expenses	34A	2,049.11	5,884.18	4,150.94	2,474.09
	Selling and distribution expenses	34B	15.06	55.90	58.37	55.43
	Total expenses (IV)		**19,022.39**	**44,658.86**	**37,601.04**	**26,092.97**
V	**Profit/ (Loss) before exceptional items and tax (III-IV)**		**2,880.12**	**7,321.87**	**8,412.71**	**6,439.31**
VI	Exceptional Items		-	-	-	-
VII	**Profit before tax (V - VI)**		**2,880.12**	**7,321.87**	**8,412.71**	**6,439.31**
VIII	**Tax expense**					
	(1) Current tax	26	1,471.76	3,125.99	3,165.89	2,342.30
	(2) Deferred tax	26	(317.55)	(707.31)	(373.87)	(338.47)
	Total Tax expense		**1,154.21**	**2,418.68**	**2,792.02**	**2,003.83**
IX	**Profit/ (Loss) for the year (VII - VIII)**		**1,725.91**	**4,903.19**	**5,620.69**	**4,435.48**
X	**Other comprehensive income**					
	Items that will not be reclassified subsequently to profit or loss					
	(a) Remeasurement of the defined benefit plans		(271.50)	(108.74)	10.14	(5.95)
	(b) Income tax relating to items that will not be reclassified to profit or loss		93.96	37.63	(3.51)	2.02
	Total other comprehensive income		**(177.54)**	**(71.11)**	**6.63**	**(3.93)**
XI	**Total comprehensive income for the year (IX + X)**		**1,548.37**	**4,832.08**	**5,627.32**	**4,431.55**
XII	**Earnings per equity share**					
	Basic and diluted EPS (in Rupees)	35 (2)	14.22	40.13	40.32	31.81

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

Note: The above statement should be read with Notes on Adjustments for Restatement of Profit and Loss appearing in Annexure V, Significant Accounting Policies in Annexure V (1) , Notes forming part of the Restated Financial Information in Annexure V (2).

As per our report of even date.
for S. R. MOHAN & CO.,
Chartered Accountants
Firm's Registration No.002111S

For and on behalf of the Board

G. JAGADESWARA RAO
Partner
(M.No.021361)

S. PIRAMANAYAGAM
Director (Finance)
DIN: 07117827

V. UDAYA BHASKAR
Chairman and Managing Director
DIN: 06669311

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

Place: New Delhi
Date: 26 December 2017

Place: New Delhi
Date: 26 December 2017

Bharat Dynamics Limited
Annexure III
RESTATED SUMMARY STATEMENT OF CHANGES IN EQUITY

A. Equity **(Rs. in millions)**

Particulars	Amount
Issued and Paid up Capital at March 31, 2014	1,150.00
Less: Treasury Shares	-
Balance at March 31, 2014	1,150.00
Changes in equity share capital during the year	-
Balance at March 31, 2015	1,150.00
Changes in equity share capital during the year	(172.50)
Balance at March 31, 2016	977.50
Changes in equity share capital during the year	244.38
Balance at March 31, 2017	1,221.88
Chages in equity share capital during the period	(305.47)
Balance as at September 30, 2017	916.41

B. Other Equity **(Rs. in millions)**

a) For the year 2014-15

Particulars	Reserves and Surplus			
	General Reserve	**Capital Redemption Reserve**	**Retained Earnings**	**Total**
Balance at March 31, 2014 - Proforma	11,024.12	-	662.73	**11,686.85**
Profit for the year	-	-	4,435.48	4,435.48
Other comprehensive income for the year (net of tax)	-	-	(3.93)	(3.93)
Final dividend and tax thereof	-	-	(129.90)	(129.90)
Transfer between General reserves and Capital Redemption Reserve on account of buy back	-	-	-	-
Transfer between general reserve and retained earnings	3,180.00	-	(3,180.00)	-
Buyback Premium Written off	-	-	-	-
Depreciation Adjustment	(22.67)	-	-	(22.67)
Addition towards buy back during the year	-	-	-	-
Tax on Buyback of shares	-	-	-	-
Interim Dividend	-	-	(489.00)	(489.00)
Tax on Interim Dividend	-	-	(100.12)	(100.12)
Balance at March 31, 2015	**14,181.45**	**-**	**1,195.26**	**15,376.71**

b) For the year 2015-16

Particulars	Reserves and Surplus			
	General Reserve	**Capital Redemption Reserve**	**Retained Earnings**	**Total**
Balance at March 31, 2015	14,181.45	-	1,195.26	**15,376.71**
Profit for the year	-	-	5,620.69	5,620.69
Other comprehensive income for the year (net of tax)	-	-	6.63	6.63
Final dividend and tax thereof	-	-	(419.01)	(419.01)
Transfer between General reserves and Capital Redemption Reserve on account of buy back	(172.50)	172.50	-	-
Transfer between general reserve and retained earnings	3,180.00	-	(3,180.00)	-
Buyback Premium Written off	(1,816.08)	-	-	(1,816.08)
Depreciation Adjustment	(1.19)	-	-	(1.19)
Tax on Buyback of shares	-	-	(419.01)	(419.01)
Interim Dividend and tax thereon	-	-	(813.86)	(813.86)
Balance at March 31, 2016	**15,371.68**	**172.50**	**1,990.70**	**17,534.88**

c) For the year 2016-17 **(Rs. in millions)**

Particulars	Reserves and Surplus			
	General Reserve	Capital Redemption Reserve	Retained Earnings	Total
Balance at March 31, 2016	15,371.68	172.50	1,990.70	**17,534.88**
Profit for the year	-	-	4,903.19	4,903.19
Other comprehensive income for the year (net of tax)	-	-	(71.11)	(71.11)
Final dividend and tax thereof	-	-	(1,219.85)	(1,219.85)
Transfer between general reserve and retained earnings	3,530.00	-	(3,530.00)	-
Issue of Bonus shares	(71.88)	(172.50)	-	(244.38)
Balance at March 31, 2017	**18,829.80**	**-**	**2,072.93**	**20,902.73**

d) For the period ended Septemeber 30, 2017

Particulars	Reserves and Surplus			
	General Reserve	Capital Redemption Reserve	Retained Earnings	Total
Balance at March 31, 2017	18,829.80	-	2,072.93	**20,902.73**
Profit for the year	-	-	1,725.91	1,725.91
Other comprehensive income for the year (net of tax)	-	-	(177.54)	(177.54)
Final dividend and tax thereof	-	-	(1,892.22)	(1,892.22)
Transfer between General reserves and Capital Redemption Reserve on account of buy back	(305.47)	-	-	(305.47)
Buyback Premium Written off	(4,199.89)	-	-	(4,199.89)
Addition towards buy back during the year	-	305.47	-	305.47
Tax on Buyback of shares	-	-	(969.00)	(969.00)
Balance at September 30, 2017	**14,324.44**	**305.47**	**760.08**	**15,389.99**

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

Note: The above statement should be read with Notes on Adjustments for Restatement of Profit and Loss appearing in Annexure V, Significant Accounting Policies in Annexure V (1) , Notes forming part of the Restated Financial Information in Annexure V (2).

As per our report of even date.
for S. R. MOHAN & CO.,
Chartered Accountants
Firm's Registration No.002111S

For and on behalf of the Board

G. JAGADESWARA RAO
Partner
(M.No.021361)

S. PIRAMANAYAGAM
Director (Finance)
DIN: 07117827

V. UDAYA BHASKAR
Chairman and Managing Director
DIN: 06669311

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

Place: New Delhi
Date: 26 December 2017

Place: New Delhi
Date: 26 December 2017

Bharat Dynamics Limited
Annexure IV
RESTATED SUMMARY STATEMENT OF CASH FLOWS

(Rs. in millions)

Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before exceptional items and tax	**2,880.12**	**7,321.87**	**8,412.71**	**6,439.31**
Adjustments for :				
Depreciation and amortisation expense	302.49	621.87	532.20	666.76
Finance costs	15.52	36.77	35.14	33.24
Interest income	(627.05)	(2,016.68)	(3,101.64)	(3,935.12)
Profit on Sale of Property plant and equipment and intangible assets	-	(2.03)	-	(0.18)
Amortisation on Deferred revenue on customer provided assets	(35.06)	(70.48)	(71.37)	(6.96)
Provisions for expenses	168.28	2,299.81	442.65	493.06
Liabilities / provisions no longer required written back	-	(4.16)	-	-
Fair value adjustment to investment carried at fair value through profit and loss	(7.42)	(15.24)	(15.73)	(16.22)
Operating profit before working capital changes	**2,696.88**	**8,171.73**	**6,233.96**	**3,673.89**
Changes in working capital:				
Adjustments for (increase) / decrease in operating Assets:				
Trade receivables	2,266.42	(2,115.56)	1,899.30	621.21
Other Bank balances	8,469.08	13,181.60	5,350.32	(153.29)
Loans	1.30	2.67	(1.36)	14.47
Other Financial Assets	(1,919.16)	(1,707.61)	(8,041.37)	(5,118.21)
Inventories	917.17	(1,976.49)	(5,819.94)	(931.63)
Other Assets	(1,559.41)	3,274.48	(3,348.50)	644.36
Adjustments for increase / (decrease) in operating Liabilities:		-	-	-
Trade payables	297.24	1,519.82	8,290.28	1,173.21
Other Financial Liabilities	343.13	505.70	(6.16)	(341.66)
Other Liabilities	(2,302.80)	(18,244.93)	(12.33)	(4,465.01)
Provisions	1,028.64	505.27	1,079.47	1,088.67
Cash generated from operations	**10,238.49**	**3,116.68**	**5,623.67**	**(3,793.99)**
Net income tax paid	(1,480.39)	(3,349.04)	(2,780.88)	(2,196.59)
Net cash flow before exceptional items	8,758.10	(232.36)	2,842.79	(5,990.58)
Exceptional items		-	-	-
Net cash from/ used in operating activities (A)	**8,758.10**	**(232.36)**	**2,842.79**	**(5,990.58)**
B. Cash FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on Property plant and equipment and intangible assets, including capital advances	(699.30)	(1,359.51)	(2,163.38)	(2,912.24)
Proceeds from sale of Property plant and equipment and intangible assets	-	2.03	-	0.18
Interest received	654.32	1,388.39	3,649.23	3,534.89
Net cash from/ used in investing activities (B)	**(44.98)**	**30.91**	**1,485.85**	**622.83**
C. Cash FLOW FROM FINANCING ACTIVITIES				
Finance costs	(8.57)	(22.87)	(21.24)	(19.34)
Buyback of shares	(4,505.36)	-	(1,988.58)	-
Tax on buy back of shares		(419.01)	-	-
Dividends paid (including taxes thereon)		(1,219.85)	(1,232.87)	(589.12)
Net cash from/ used in financing activities (C)	**(4,513.93)**	**(1,661.73)**	**(3,242.69)**	**(608.46)**
Net (decrease) in Cash and Cash Equivalents (A+B+C)	**4,199.19**	**(1,863.18)**	**1,085.95**	**(5,976.21)**
Cash and Cash equivalents at the beginning of the year	**461.99**	**2,325.17**	**1,239.22**	**7,215.44**
Cash and Cash equivalents at the end of the year (Refer Note (i) below)	**4,661.18**	**461.99**	**2,325.17**	**1,239.23**
Note (i):				
Cash and Cash equivalents Comprises:				
in current accounts	51.78	461.43	203.36	369.13
in deposit accounts	4,606.53	-	2,120.00	870.00
Cash on hand	2.87	0.56	1.81	0.10
	4,661.18	**461.99**	**2,325.17**	**1,239.23**

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

Note: The above statement should be read with Notes on Adjustments for Restatement of Profit and Loss appearing in Annexure V, Significant Accounting Policies in Annexure V (1) , Notes forming part of the Restated Financial Information in Annexure V (2).

As per our report of even date.
for S. R. MOHAN & CO.,
Chartered Accountants
Firm's Registration No.002111S

For and on behalf of the Board

G. JAGADESWARA RAO
Partner
(M.No.021361)

S. PIRAMANAYAGAM
Director (Finance)
DIN: 07117827

V. UDAYA BHASKAR
Chairman and Managing Director
DIN: 06669311

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

Place: New Delhi
Date: 26 December 2017

Place: New Delhi
Date: 26 December 2017

Bharat Dynamics Limited
Annexure V
NOTES ON ADJUSTMENTS FOR RESTATEMENT OF PROFIT AND LOSS

Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profit of the company:

(Rs. in millions)

impact on the profits of the Company:	Notes	Sept 30 2017	2016-17	2015-16	2014-15
Profit as per Ind AS/ IGAAP		1,853.13	5,240.56	5,648.80	4,362.77
Other comprehensive Income		(177.54)	(71.11)	6.63	(3.93)
Items relating to prior years					
Liabilities written back	1 (a)	-	(440.28)	(3.63)	(2.06)
Prior period items:					
- Depreciation	1 (b)	1.25	(1.28)	2.08	(2.05)
- Expenses	1 (b)	-	-	-	0.13
Expense provision created for earlier years	1 (b)	-			28.46
LD recovered from suppliers	1 (c)	(152.10)	(253.20)	(22.14)	77.68
Taxes recovered from customers	1 (d)	(1,355.76)	1,355.76	0.01	-
GST provision on goods held in trust	1 (e)	1,128.50	(1,070.05)	(36.30)	(11.08)
Adjustment to amortisation of leasehold land	1 (f)	(0.21)	(0.42)	(0.43)	35.14
Current Tax	1 (g)	54.81	(6.17)	18.90	(22.58)
Deferred tax	1 (h)	4.96	269.62	13.40	(30.93)
Adjustment on account of audit qualification					
- Sales	2	408.16	(408.17)		
- Warranty expense	2	(0.20)	0.20		
- Change in inventory	2	(111.19)	111.19		
- Deferred tax	2	(105.44)	105.44		
Total		(127.22)	(337.36)	(28.11)	72.71
Restated profits		1,548.37	4,832.08	5,627.32	4,431.55

1 Items relating to prior years

In the financial statements for the periods ended September 30, 2017; March 31, 2017; March 31, 2016 and March 31, 2015, certain items of income/expenses have been identified as adjustments pertaining to earlier years. These adjustments were recorded in the year in which they were identified. However, for the purpose of Restated Financial Statements, such adjustments have been appropriately recorded in the respective years to which the transactions pertain.

Refer note VA for Adjustments related to financial years prior to year ended March 31, 2015.

a) Liabilities written back

In the financial statements for the period ended September 30, 2017, March 31, 2017, March 31, 2016 and March 31, 2015, certain liabilities created in earlier years were written back. For the purpose of this statement, such liabilities which have been considered material have been appropriately adjusted in the respective years in which the same were originally created.

b) Prior period items

In the Financial statements for the period/years ended September 30, 2017, March 31, 2017, March 31, 2016 and March 31, 2015 certain items of income/expenses have been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in the respective years.

c) LD recovered from suppliers

In the financial statements for the years ended September 30, 2017, March 31, 2017, March 31, 2016 and March 31, 2015, Liquidated damages (LD) recoevred from suppliers was recognised in the year in which it was received. For the purpose of restatement, the said income, wherever required have been appropriately adjusted in the respective years to which they relate.

d) Taxes recovered from customers

In the financial statements for the years ended September 30, 2017, March 31, 2017, March 31, 2016 and March 31, 2015, taxes recovered from customers was recognised in the year in which it was received. For the purpose of restatement, the said income, wherever required have been appropriately adjusted in the respective years to which they relate.

e) GST provision on goods held in trust

In the financial statements for the years ended September 30, 2017, March 31, 2017, March 31, 2016 and March 31, 2015, GST was levied on goods sold in preceeding years lying with the company as retention sales (goods held in trust). For the purpose of restatement, the said liability, wherever required have been appropriately adjusted in the respective years in which they relate to.

f) Leasehold land

Leasehold land was amortised over a period of 10 years till year ended March 31, 2014. Subsequently, it was amortised over the period of lease i.e. 95 years. For the purpose of restatements, the amortization charge has been appropriately adjusted in the respective earlier years.

g) Current Tax

The Profit and Loss Account of some years include amounts paid/provided for or refunded/written back, in respect of shortfall/excess income tax arising out of assessments, appeals etc. which have now been adjusted in the respective years.

h) Deferred tax

Income tax (deferred tax) has been computed on adjustments made and has been adjusted in the Restated Statement of Profit and Loss for the respective years to which they originally relate.

i) Material Regrouping

Appropriate adjustments have been made in the Restated Financial Statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities, receipts and payments in order to bring them in line with the groupings as per the audited financial statement of the Company as at and for the period ended September 30, 2017.

2 A Qualification (Comments) has been issued by the C&AG auditor for the year ended March 31, 2017, in the report dated September 13, 2017, which has been reproduced below:

A reference is invited to disclosure made in Note 27 (of financial statements for teh year ended March 31, 2017) wherein it is stated that Sale of Finished Goods and Sale of Spares included Rs. 854.5 Millions and Rs.2477.4 millions respectively, accounted based on customer acceptance and price acceptance by the representative of the customer for which contract amendment is under consideration by the customer and that company is confident of realisation of these amounts. The delivery schedule expired on December 31, 2016 and finished goods and spares valued Rs. 854.5 millions and Rs. 2069.2 millions were accounted as sales based on inspection certificate issued by the customer during the period from January 1, 2017 to March 30, 2017. The accounting was based on Article 10.1 of the contract, which stipulated that the date of issue of inspection certificate (I-Note) ex-BDL would be reckoned as the date of delivery.

Sale of spares also included spares valued Rs. 408.2 millions, which was accounted based on updated inspection certificates. Further, these certificates had reference to company's letter of April 11, 2017 issued to the customer and thus, it was apparent that the these inspection certificates were not issued before March 31, 2017, as date of issue of inspection certificate was the basis for accounting of sale of finished goods and sales as per the contract, inclusion of sale value of these spares in sale of spares was not in order and resulted in an over statement of sale of spares by Rs.40.82 crores. This also resulted in an over statement of profit and an understatement of inventory. The impact of which could not be quantified for want of details.

Necessary adjustment for the above comments have been made by reversing the sales and impacting the other relevant financial statement line items for the year ended March 31, 2017 and recognised it in September 2017.

The statutory auditors of the company have issued an Emphasis of Matter on the related matter mentioned above, which has been reproduced below:

Note no. 27 of the standalone financial statements which accounting of certain sales, based on acceptance of quality by customer and prices by the represenattive of the customer, awaiting amendments to the contract.

3 Matters not requiring adjustment in the Financial information

a) Qualification in Audit Report for the year 2012-13

Note 28.07 regarding non-disclosure of information as required by Accounting Standard AS 17on Segment Reporting as required by section 211 (3A) of the Companies Act, 1956

b) Emphasis of matter (2016-17)

i) Note no. 35(19) of the standalone Ind AS financial statements regarding disclosure of segment information as required under Ind AS 108.

c) Emphasis of matter (For the period ended September 30,2017)

(i) Note number 27 of the standalone Ind AS interim financial statements which accounting of certain sales, based on acceptance of quality by the customer and prices by the representative of the customer, awaiting amendments to the contract

(ii) Note number 35(16) of the standalone Ind AS Interim financial statements regarding non-disclosure of segment information as required under Ind AS 108.

(iii)Note number 35(19) of the standalone Ind AS interim financial statements regarding furnishing of unaudited comparative figures in the statement of profit and loss , Statement of Changes in Equity and Statement of Cash Flow.

d) Auditor's Comment in Company Auditor's Report Order :

i) Audit report 2016-17

According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company in respect of Lease hold land at Amaravati. Only Photo copies of the title deeds like Pahani, entry in the revenue records are shown to us in respect of the following properties:

(Rs. In millions)

Nature of the Asset	**Amount**	**Nature of document shown to us**
Freehold Land At Karmanghat and Chintalakunta	4.66	Photo Copy of Pahani
Freehold Land at Bhanur	19.47	Photo Copy of Mutation in revenue records
Freehold Land at Shamirpet	0.09	Photo copy of Mutation in revenue records

Title Deeds in respect of the following immoveable properties are not made available. (Rs.In millions)

Nature of Asset	**Amount**	**Reasons**
Freehold Land at Ibrahim Patnam	583.13	Land is acquired through TSIIC. As per their rules Land will be registered only after setting up of the Factory.
Freehold Land at Kanchanbagh including Investment Property	2.94	Land allotted free of cost by the State Government. No Title Deed is issued. Value is fair value as per Ind AS 16
Freehold Land at Karmanghat	2.17	Private land acquired by the State Govt. and allotted to the Company. Proper Title deeds are yet to be conveyed.
Freehold Land at Visakhapatnam	37.61	State Government yet to execute to the title deeds.
Lease hold land at Visakhapatnam	-	Lease Deed is not executed by the Lessor.

(a) According to the records of the Company and information and explanations given to us the following are the particulars of disputed amounts payable in respect Central Sales Tax Act and Value Added Tax: (Rs. In millions)

Name of the Statute	**Disputed Amount**	**Paid under Protest/Adjust-ed as required under law**	**Balance**	**Period to which the amount relates**	**Forum where dispute is pending**
Central Sales Tax Act	28.44	7.11	21.33	2007-08	TS VAT AT
Central Sales Tax Act	33.21	16.61	16.6	2010-11	TS VAT AT
Central Sales Tax Act	555.08	69.38	485.7	2011-12	Writ pending with High Court at Hyderabad
Central Sales Tax Act	502.43	0	502.43	2012-13	Writ pending with High Court at Hyderabad
Central Sales Tax Act	426.68	0	426.68	2013-14	Writ pending with High Court at Hyderabad
AP Vat Act	1.03	0.12	0.91	2010-11	AC VAT
TOTAL	**1546.87**	**93.22**	**1453.65**		

ii) Audit report 2015-16

According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company in respect of Lease hold land at Amaravati. Only Photo copies of the title deeds like Pahani, entry in the revenue records are shown to us in respect of the following properties:

(Rs. In millions)

Nature of the Asset	**Amount**	**Nature of document shown to us**
Freehold Land At Karmanghat and Chintalakunta	4.66	Photo Copy of Pahani
Freehold Land at Bhanur	19.47	Photo Copy of Mutation in revenue
Freehold Land at Shamirpet	0.09	Photo copy of Mutation in revenue

Title Deeds in respect of the following immoveable properties are not made available. **(Rs.In millions)**

Nature of Asset	**Amount**	**Reasons**
Freehold Land at Ibrahim Patnam	544.43	Land is acquired through TSIIC. As per their rules Land will be registered only after setting up of the Factory.
Freehold Land at Kanchanbagh including Investment Property	-	Land allotted free of cost by the State Government. No Title Deed is issued.
Freehold Land at Karmanghat	2.17	Private land acquired by the State Govt. and allotted to the Company. Proper Title deeds are yet to be
Freehold Land at Visakhapatnam	37.61	State Government yet to execute to the title deeds.
Lease hold land at Visakhapatnam	-	Lease Deed is not executed by the

(b) According to the records of the Company and information and explanations given to us the following are the particulars of disputed amounts payable in respect Central Sales Tax Act and Value Added Tax:

(Rs. In millions)

Name Statute	**Nature of Dues**	**Amount**	**Period to which the amount**	**Forum where dispute is pending**
Central Sales Tax Act	Central Sales Tax	213.59	1994-95	AP Sales Tax Tribunal
Central Sales Tax Act	Central Sales Tax	246.92	1995-96	APSTT
Central Sales Tax Act	Central Sales Tax	245.07	1996-97	APSTT
Central Sales Tax Act	Central Sales Tax	28.44	2007-08	APSTT
Central Sales Tax Act	Central Sales Tax	33.21	2010-11	APSTT
Central Sales Tax Act	Central Sales Tax	555.08	2011-12	Appelete DY
Central Sales Tax Act	Central Sales Tax	502.43	2012-13	High Court, Hyd
AP Vat Act	VAT	1.03	2010-11	Appelete DY
Total disputed amount		**1825.77**		
Total amount paid under protest pending final order		**93.22**		

iii) Audit report 2014-15

Statutory Dues aggregating to Rs. 1462.60 million that have not been deposited on account of dispute and pending before the appropriate authorities are as follows:

Sl.No	**Name of the Statute**	**Nature of Dues**	**Forum where the dispute is pending**	**Amount (Rs. in millions)**
1	CST Act	CST	AP High Court	146.27
2	CST Act	CST	AP Sales Tax Appellate Tribunal	726.92
3	CST Act	CST	Appellate Deputy Commissioner	584.14
4	Finance Act	Service Tax	Commissioner, Hyderabad –II Service Tax	4.36
5	AP VAT Act	VAT	Appellate Commissioner (CT)	0.91
TOTAL				1462.6

Annexure V (1)
SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1.1 Basis of preparation:

The Restated Statement of Assets and Liabilities of Bharat Dynamics Limited (BDL) as at September 30, 2017, March 31, 2017, March 31, 2016 and March 31, 2015, the Restated Statement of Profit and Loss, the Restated Statement of Changes in Equity and the Restated Statement of Cash flows for the half years ended September 30, 2017 and for the years ended March 31, 2017, March 31, 2016 and March 31, 2015 and Restated Other Financial Information (together referred as 'Restated Financial Information') has been prepared under Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013to the extent applicable. The Restated Financial Information have been compiled by the Company from the Audited Financial Statements of the Company for the respective years("Audited Financial Statements") prepared under the previous generally accepted accounting principles followed in India ('Previous GAAP or Indian GAAP') and from the audited condensed financial statements for the half year ended September 30, 2017 prepared under Ind AS.

The Restated Financial Information relates to the Company. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the company has presented a reconciliation from the presentation of Restated Financial Information under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP or Indian GAAP") to Ind AS of Restated Shareholders' equity as at March 31, 2016 and March 31, 2015 and April 1, 2014 and of the Restated Statement of profit and loss for the year ended March 31, 2016 and March 31, 2015.

The Restated Financial Information have been prepared by the management in connection with the proposed listing of equity shares of the Company by way of an offer for sale by the selling shareholders, to be filed by the Company with the Securities and Exchange Board of India, Registrar of Companies, and the concerned Stock Exchange in accordance with the requirements of:

a) Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013; and

b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended to date in pursuance of provisions of Securities and Exchange Board of India Act, 1992 read along with SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 2016 (together referred to as the "SEBI regulations").

c) Pursuant to the clarification under Guidance Note on ICDR, the provisions written back (i.e. provisions for warranty, liquidated damages, redundancy and others) have not been adjusted in the respective years, as the same are considered as estimates and for estimates adjustment needs to be done only prospectively and not retrospectively.

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

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.

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.

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

Sale of goods:

Timing of recognition:

The Company recognizes revenue from sale of goods when titles to the goods have been passed on to the customer as per the terms of contract, at which time all the following conditions are satisfied:

i. the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
ii. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
iii. the amount of revenue can be measured reliably;
iv. it is probable that the economic benefits associated with the transaction will flow to the Company; and
v. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales on bill and hold basis:

Revenue is recognised when specified goods are unconditionally appropriated to the contract after prior Inspection and acceptance, if required and once the following conditions are met:

a. The title is transferred as per the contractual terms

b. It is probable that delivery will take place;
c. The item is on hand, identified and ready for delivery to the buyer at the time when the sale is recognized;
d. The delivery is deferred based on contractual terms; and
e. The usual payment terms apply

Ex-works Contract:

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

FOR Contract:

In the case of FOR contracts sale is recognised when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated by the contract.

In the case of FOR destination contracts revenue is recognised once the goods reach the destination.

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 identifiable components of the transaction and allocates the revenue to those separate components.

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 of the transaction and allocates the revenue to those separate components based their relative fair values.

Customer financed assets:

The assets received from customers free of cost are recognized initially at fair value. The corresponding revenue will be recognised as follows:

- If only one service is identified, the entity shall recognize revenue when the service is performed
- If more than one separately identifiable service is identified, the fair value of the total consideration received or receivable for the agreement is allocated to each service and the recognition criteria are then applied to each service
- If an ongoing service is identified as part of the agreement, the period over which revenue shall be recognised for that service is generally determined by the terms of the agreement with the customer

Measurement of revenue:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty, but net of returns, trade allowance, rebates, value added taxes, service tax and amounts collected on behalf of third parties.

Construction contract:

Contract revenue includes initial amount agreed in the contract and any variation in contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably. Contract revenue is recognized in proportion to the stage of completion of the contract. Stage of completion is assessed based on ratio of actuals costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract.

If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognized to the extent costs incurred. An expected loss on construction contract is recognized as an expense immediately when it is probable that the total contract costs will exceed the total contract revenue.

Sale of services:

Timing of recognition:

Revenue from services is recognised in the accounting period in which the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

Measurement of revenue:

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Price escalation:

In case of contracts where additional considerations is to be determined and approved by the customers, such additional revenue is recognized on receipt of confirmation from customer(s). Where break up prices of sub units are not provided for, the same are estimated.

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.

Dividend:

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

4. GOVERNMENT GRANTS

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.

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.

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.

5. INCOME TAX

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.

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.

Deferred tax:

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.

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.

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.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to the items recognized in other comprehensive income or directly equity. In this case, the tax is also recognized in other comprehensive income or directly equity, respectively.

6. LEASES

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

As a lessee

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of minimum lease payments. The corresponding rental obligations, net of finance charges, are included in the borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

Leases in which a significant portion of risks and rewards of ownership are not transferred to the company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary costs increases.

As a lessor

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

7. INVENTORIES

7.1 Inventories are valued at lower of cost and net realizable value. The cost of raw material, components and stores are assigned by using the actual weighted average cost formula and those in transit at cost to date. In the case of stock-in-trade and work-in-progress, cost includes material, labour and related production overheads.

7.2 Stationery, uniforms, welfare consumables, medical and canteen stores are charged off to revenue at the time of receipt.

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

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

8. FINANCIAL INSTRUMENTS

Financial Assets:

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

i) Classification of financial assets:

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

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

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

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

ii) Measurement:

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

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

a) Debt instruments

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

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.

b) Equity instruments

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.

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.

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.

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.

Trade receivables:

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

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

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

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.

a) 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.

b) 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.

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.

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.

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

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

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).

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

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.

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.

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.

Where the cost of a part of the asset is significant to the total cost of the asset and useful life of the 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:

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

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

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:

12.1Licences

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.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

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 replacedpart is derecognised.

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

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.

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.

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.

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.

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:

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. 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

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.

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 provisions 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.

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.

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.

Liquidated damages:

In case due date and actual date of supply of goods/ services fall in the same accounting period, Liquidated Damages (LD) is accounted for the period of delay, if any, as per the contractual terms.

In case of slippage of delivery schedule, provision in respect of LD is recognized on such slippage for the period of delay between the due date of supply of goods/ services as per the contractual terms and the expected date of supply of the said goods/ services.

Contingent Liabilities and Contingent Assets are not recognized but are disclosed in the notes.

17. EMPLOYEE BENEFITS

17.1Short-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.

17.2Other 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.

17.3Post-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).

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.

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.

17.4Termination 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.

As per our report of even date,
for S. R. MOHAN & CO.,
Chartered Accountants
Firm's Registration No.002111S

For and on behalf of the Board

G. JAGADESWARA RAO Partner (M.No.021361)	S.PIRAMANAYAGAM Director (Finance) DIN: 07117827	V.UDAYA BHASKAR Chairman and Managing Director DIN: 06669311
Place: New Delhi Date: 26 December 2017	Place: New Delhi Date: 26 December 2017	N.NAGARAJA Company Secretary (M. No. A19015)

Bharat Dynamics Limited
Annexure V(2)
Notes forming part of the Restatement Financial Information
Note 1
Restated Summary Statement of Property, Plant and Equipments

(Rs. in millions)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2014 (Proforma)	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2015	Accumulated depreciation/ amortisation as at April 1, 2014	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2015	As at March 31, 2015 (Proforma)
Freehold Land	616.81	0.54	-	617.35	-	-	-	-	617.35
Leasehold Land	392.09	-	-	392.09	-	4.13	-	4.13	387.96
Buildings	673.13	49.87	0.04	723.04	-	29.38	-	29.38	693.66
Fencing and Compound Walls	61.27	6.98	-	68.25	-	22.37	7.42	29.79	38.46
Roads and Drains	47.27	13.12	-	60.39	-	7.05	5.68	12.73	47.66
Water Supply Installations	9.20	2.19	-	11.39	-	0.37	-	0.37	11.02
Plant, Machinery and Equipment	929.20	623.30	(4.16)	1,548.34	-	86.18	(3.33)	82.85	1,465.49
Furniture and Equipment	143.50	48.67	(0.51)	191.66	-	75.86	9.61	85.47	106.19
Transport Vehicles	18.28	2.35	-	20.63	-	3.55	-	3.55	17.08
Special Tools & Equipment	616.27	212.61	-	828.88	-	335.11	-	335.11	493.77
Total	**3,507.02**	**959.63**	**(4.63)**	**4,462.02**	-	**564.00**	**19.38**	**583.38**	**3,878.64**

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2015 (Deemed cost)	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2016	Accumulated depreciation/ amortisation as at April 1, 2015	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2016	As at March 31, 2016
Freehold Land	617.35	-	-	617.35	-	-	-	-	617.35
Leasehold Land	392.09	-	-	392.09	4.13	4.13	-	8.26	383.83
Buildings	723.04	342.98	(18.83)	1,047.19	29.38	39.21	-	68.59	978.60
Fencing and Compound Walls	68.25	66.78	(2.08)	132.95	29.79	28.59	-	58.38	74.57
Roads and Drains	60.39	37.08	-	97.47	12.73	11.12	-	23.85	73.62
Water Supply Installations	11.39	0.13	(1.22)	10.30	0.37	0.18	-	0.55	9.75
Plant, Machinery and Equipment	1,548.34	1,578.39	32.15	3,158.88	82.85	195.16	1.17	279.18	2,879.70
Furniture and Equipment	191.66	70.78	(5.71)	256.73	85.47	40.91	-	126.38	130.35
Transport Vehicles	20.63	25.14	(0.17)	45.60	3.55	5.55	-	9.10	36.50
Special Tools & Equipment	828.88	23.23	-	852.11	335.11	124.88	-	459.99	392.12
Total	**4,462.02**	**2,144.51**	**4.14**	**6,610.67**	583.38	**449.73**	**1.17**	**1,034.28**	**5,576.39**

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2016	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2017	Accumulated depreciation/ amortisation as at April 1, 2016	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2017	As at March 31, 2017
Freehold Land	617.35	38.69	-	656.04	-	-	-	-	656.04
Leasehold Land	392.09	-	-	392.09	8.26	4.13	-	12.39	379.70
Buildings	1,047.19	511.00	(16.70)	1,541.49	68.59	59.01	(0.02)	127.58	1,413.91
Fencing and Compound Walls	132.95	7.91	-	140.86	58.38	26.41	-	84.79	56.07
Roads and Drains	97.47	0.62	-	98.09	23.85	11.12	-	34.97	63.12
Water Supply Installations	10.30	4.37	-	14.67	0.55	0.45	-	1.00	13.67
Plant, Machinery and Equipment	3,158.88	255.11	(26.37)	3,387.62	279.18	241.24	(24.26)	496.16	2,891.46
Furniture and Equipment	256.73	92.34	(5.99)	343.08	126.38	50.30	(5.34)	171.34	171.74
Transport Vehicles	45.60	11.98	(0.12)	57.46	9.10	7.87	-	16.97	40.49
Special Tools & Equipment	852.11	0.32	-	852.43	459.99	25.37	(0.15)	485.21	367.22
Total	**6,610.67**	**922.34**	**(49.18)**	**7,483.83**	**1,034.28**	**425.90**	**(29.77)**	**1,430.41**	**6,053.42**

(Rs. in millions)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2017	Additions during the year	Deductions/ adjustments during the year	As at September 30, 2017	Accumulated depreciation/ amortisation as at April 1, 2016	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at September 30, 2017	As at September 30, 2017
Freehold Land	656.04	1.02	-	**657.06**	-	-	-	**-**	**657.06**
Leasehold Land	392.09	-	-	**392.09**	12.39	2.07	-	**14.46**	**377.63**
Buildings	1,541.49	42.03	0.14	**1,583.66**	127.58	40.20	0.06	**167.84**	**1,415.82**
Fencing and Compound Walls	140.86	-	(0.14)	**140.72**	84.79	11.48	(0.06)	**96.21**	**44.51**
Roads and Drains	98.09	-	-	**98.09**	34.97	5.61	-	**40.58**	**57.51**
Water Supply Installations	14.67	-	-	**14.67**	1.00	0.26	-	**1.26**	**13.41**
Plant, Machinery and Equipment	3,387.62	122.32	52.34	**3,562.28**	496.16	130.57	9.56	**636.29**	**2,925.99**
Furniture and Equipment	343.08	18.11	(72.41)	**288.78**	171.34	23.55	(21.77)	**173.12**	**115.66**
Transport Vehicles	57.46	0.05	-	**57.51**	16.97	4.02	-	**20.99**	**36.52**
Special Tools & Equipment	852.43	0.03	-	**852.46**	485.21	22.93	-	**508.14**	**344.32**
Total	**7,483.83**	**183.56**	**(20.07)**	**7,647.32**	**1,430.41**	**240.69**	**(12.21)**	**1,658.89**	**5,988.43**

Notes:

(i) Freehold land includes 2 Acres and 08 Guntas as at September 30, 2017 (March 31,2017: 2 Acres and 08 Guntas; March 31, 2016: 2 Acres and 08 Guntas; March 31, 2015: 2 Acres and 08 Guntas) of land given on permissive possession to a Government of India Organisation for NIL rent and is in their possession.

(ii) Pending receipt of instruments of transfer in respect of 244 Acres and 37 Guntas of land (March 31,2017: 244 Acres and 37 Guntas; March 31,2016: 244 Acres and 37 Guntas; March 31, 2015: 244 Acres and 37 Guntas), including 151 Acres 33 Guntas (March 31,2017: 151 Acres 33 Guntas; March 31,2016: 151 Acres 33 Guntas; March 31, 2015: 151 Acres 33 Guntas) received free of cost from State Government, land has been capitalised for an amount of Rs. 39.78 millions as at September 30, 2017 (March 31, 2017: Rs. 39.78 millions; March 31,2016: Rs. 39.78 millions; March 31, 2015 Rs. 39.78 millions) as the amount has already been paid/ provided by the Company.

(iii) Pending receipt of instruments of transfer in respect of Acres 597-22.50 Guntas of land at Ibrahimpatnam for which possession is taken the amount paid thereof based on tentative price is capitalised.

(iv) Buildings include Rs. 11.1 millions as at September 30, 2017 (March 31, 2017: Rs. 11.1 millions; March 31, 2016:Rs. 11.1 millions; March 31, 2015: Rs. 11.1 millions) being the value of buildings constructed on land not belonging to the Company.

(v) Land admeasuring 3 acres and 25 guntas (March 31, 2017: 3 acres and 25 guntas; March 31, 2016: 3 acres and 25 guntas, April 1,2015:3 acres and 25 guntas) is taken on lease from Government of India at lease rental of Re. 1 per acre per annum. As no premium is paid for the lease, the capital cost is NIL.

(vi) Deductions include Special Tools that are fully amortised transferred to Other Current Assets at nominal value, Nil assets as at September 30, 2017 (as at March 31,2017Net Book Value of assets transferred is "0"; as at March 31, 2016 :Net Book Value of assets transferred is "0"; as at March 31, 2015: "0").

(vii) Leasehold land at Amravati for which a premium of Rs. 39.22 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.

(viii) Freehold land taken possession on Agreement of Sale and on payment of Rs. 58.31 millions is with certain conditions. One of the condition is if the unit does not commence commercial production with in two years from the date of agreement, extension of time, if allowed shall be at a penalty based on the cost of the land at that time.

(ix) The Estimated useful life of various categories of assets (As per schedule II to the companies Act, 2013) is described as follows:

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

(x) For method and accounting of depreciation, refer the accounting policy 11: Property, Plant and Equipment.

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

Note 2: Capital Work-in-Progress

(Rs. in millions)

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Civil	1,186.44	1,014.60	1,134.81	1,004.30
Plant & Machinery	568.74	285.56	115.70	346.80
Others	6.02	1.04	0.28	-
Total	**1,761.20**	**1,301.20**	**1,250.79**	**1,351.10**

Notes:

(i) Capital Work-in-Progress includes Rs. 0.40 millions as at March 31, 2017(March 31, 2016: Rs. 0.40 millions; March 31, 2015: Rs. 0.40 millions) of Buildings kept in abeyance. Subsequent to the report of the Dy. Collector and Tahasildar, the Company obtained Survey report from Asst. Director, Survey Settlement and Land Records, R.R District. In order to proceed further, the company is in the process of obtaining clearances from environmental authorities. Necessary adjustments would be carried out in the books on receipt of clearance from

(ii) Refer note 35(6) for capital commitments and Note 35 (7) for details relating to short closed projects.

Bharat Dynamics Limited
Notes forming part of the Restatement Financial Information
Note 3
Restated Summary Statement of Investment Property

(Rs. in millions)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2014 (Proforma)	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2015	Accumulated depreciation/ amortisation as at April 1, 2014	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2015	As at March 31, 2015 (Proforma)
Land (held for rentals)	0.10	-	-	0.10	-	-	-	-	0.10

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2015 (Deemed cost)	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2016	Accumulated depreciation/ amortisation as at April 1, 2015	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2016	As at March 31, 2016
Land (held for rentals)	0.10	-	-	0.10	-	-	-	-	0.10

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2016	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2017	Accumulated depreciation/ amortisation as at April 1, 2016	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2017	As at March 31, 2017
Land (held for rentals)	0.10	-	-	0.10	-	-	-	-	0.10

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2017	Additions during the year	Deductions/ adjustments during the year	As at September 30, 2017	Accumulated depreciation/ amortisation as at April 1, 2017	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at September 30, 2017	As at September 30, 2017
Land (held for rentals)	0.10	-	-	0.10	-	-	-	-	0.10

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

Particulars	September 30, 2017	March 31, 2017	March 31, 2016
Rental income	-	-	-
Direct operating expense from property that generated rental in	-	-	-
Direct operating expense from property that did not generate re	-	-	-
Profit from Investment Properties before depreciation	-	-	-
Depreciation	-	-	-
Profit from Investment Properties	-	-	-

(ii) Contractual obligations

The Company has no contractual obligations to sell, construct or develop investment property or for its repairs, maintenance or enhancements.

(iii) Leasing arrangements

Land admeasuring 5 acres and 1 guntas at Kanchanbagh is leased to Government of India under long-term operating leases with rentals payable yearly. The lease rentals for such property is INR 1 per annum per acre. Leasing arrangements are the same for year ended March 31, 2015, March 31, 2016, March 31, 2017 and period ended September 30, 2017.

(iv) Fair value

Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015
Investment properties	145.93	145.93	145.93	145.93

Significant judgement:
As the land given to Indian Navy, Government of India Organisation is within the premises of the company and it would not be possible for the company to give the land to a third party, the Registration department value of the land is considered to be the fair value of the land. The fair value arrived at is Rs. 6000 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.

Bharat Dynamics Limited
Notes forming part of the Restatement Financial Information
Note 4
Restated Summary Statement of Intangible Assets (Rs. in millions)

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2014 (Proforma)	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2015	Accumulated depreciation/ amortisation as at April 1, 2014	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2015	As at March 31, 2015 (Proforma)
Development Expenditure	168.80	89.45	-	**258.25**	-	93.07	-	**93.07**	**165.18**
Computer Software	8.62	9.48	-	**18.10**	-	9.68	-	**9.68**	**8.42**
License Fee	-	1,124.70	-	**1,124.70**	-	-	-	**-**	**1,124.70**
Total	**177.42**	**1,223.63**	**-**	**1,401.05**	**-**	**102.75**	**-**	**102.75**	**1,298.30**

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2015 (Deemed cost)	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2016	Accumulated depreciation/ amortisation as at April 1, 2015	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2016	As at March 31, 2016
Development Expenditure	258.25	30.28	61.67	**350.20**	93.07	62.38	-	**155.45**	**194.75**
Computer Software	18.10	83.56	(0.17)	**101.49**	9.68	20.09	-	**29.77**	**71.72**
License Fee	1,124.70	-	-	**1,124.70**	-	-	-	**-**	**1,124.70**
Total	**1,401.05**	**113.84**	**61.50**	**1,576.39**	**102.75**	**82.47**	**-**	**185.22**	**1,391.17**

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2016	Additions during the year	Deductions/ adjustments during the year	As at March 31, 2017	Accumulated depreciation/ amortisation as at April 1, 2016	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at March 31, 2017	As at March 31, 2017
Development Expenditure	350.20	144.44	-	**494.64**	155.45	165.88	-	**321.33**	**173.31**
Computer Software	101.49	16.81	-	**118.30**	29.77	30.08	-	**59.85**	**58.45**
License Fee	1,124.70	244.92	-	**1,369.62**	-	-	-	**-**	**1,369.62**
Total	**1,576.39**	**406.17**	**-**	**1,982.56**	**185.22**	**195.96**	**-**	**381.18**	**1,601.38**

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/ AMORTISATION				NET CARRYING AMOUNT
	As at April 1, 2017	Additions during the year	Deductions/ adjustments during the year	As at September 30, 2017	Accumulated depreciation/ amortisation as at April 1, 2017	Depreciation/ amortisation for the year	Deductions/ adjustments during the year	Accumulated depreciation/ amortisation as at September 30, 2017	As at September 30, 2017
Development Expenditure	494.64	35.18	(0.02)	**529.80**	321.33	41.39	-	**362.72**	**167.08**
Computer Software	118.30	3.02	19.44	**140.76**	59.85	13.92	11.61	**85.38**	**55.38**
License Fee	1,369.62	-	-	**1,369.62**	-	6.49	-	**6.49**	**1,363.13**
Total	**1,982.56**	**38.20**	**19.42**	**2,040.18**	**381.18**	**61.80**	**11.61**	**454.59**	**1,585.59**

Notes:
(i) Deductions include Development that are fully amortised transferred to Other Current Assets at nominal value as on 30 September 2017: Nil assets (2016-17: Nil assets; 2015-16: Net Book Value of assets transferred is "0").

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

Note 5: Restated summary statement of Intangible Assets under development

(Rs. in millions)

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Intangible assets under development	28.88	11.29	11.28	71.59
Total	**28.88**	**11.29**	**11.28**	**71.59**

Bharat Dynamics Limited
Notes forming part of the Restatement Financial Information
Note 6
Restated Summary Statement of Investments

(Rs. in millions)

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
A. Non-current Investments (Refer Note below)				
Investment carried at fair value through profit and loss				
(i) 9,21,920 (as at March 31, 2017 - 9,21,920; as at March 31, 2016 - 9,21,920; as at March 31, 2015 -9,21,920) including 3,85,920 Bonus Shares fully paid-up Equity shares of R 10/- each of A.P.Gas Power Corporation Limited	36.89	29.47	29.47	29.26
	36.89	**29.47**	**29.47**	**29.26**

- No impairment has been assessed by the Company on the Investments in Equity Instruments.
- Refer note 35(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.

Bharat Dynamics Limited

Notes forming part of the Restatement Financial Information

Note 7

Restated Summary Statement of Non-current Loans **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Loans to Employees				
- Secured, considered good	31.56	29.71	34.73	33.52
- Unsecured, considered good	5.56	2.56	3.52	4.46
Total	**37.12**	**32.27**	**38.25**	**37.98**

Refer note 35(16): Fair value measurement.

Note 8: Restated Summary Statement of Other Non-current Financial Assets **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Deferred Debts	484.02	502.04	548.00	515.29
Total	**484.02**	**502.04**	**548.00**	**515.29**

Refer note 35(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. As per the agreement, the receivable is adjusted on the basis of rates of Special Drawing Rights (SDR), issued by the International Monetary Fund (IMF). As such the receivable does not satisfy the Solely Payment of Principal and Interest (SPPI) criteria as set out in the standard. Hence, the receivable is measured at fair value through profit and loss. Deferred debt is discounted at 8% to arrive at the fair value on initial recognition and the difference between the fair value and the total deferred debt is considered as deferred expense. Subsequently this is carried at fair value through profit and loss.

Note 9: Restated Summary Statement of Other Non-current Assets **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Capital Advances	66.03	66.03	66.03	66.03
Deferred Expense*	257.18	264.13	278.02	291.94
Total	**323.21**	**330.16**	**344.05**	**357.97**

* Refer the significant judgement on Deferred Debts in Note No. 8

Bharat Dynamics Limited
Notes forming part of the Restatement Financial Information
Note 10
Restated Summary Statement of Inventories **(Rs. in millions)**

Particulars	**As at September 30, 2017**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015 - Proforma**
Inventories *				
Raw Materials	12,769.23	14,121.32	15,934.32	10,838.50
Less: Provision for redundancy	(212.87)	(177.25)	(132.40)	(103.05)
Add: Goods-in-transit	-	2,581.54	214.59	858.56
	12,556.36	16,525.61	16,016.51	11,594.01
Work-in-progress #	8,734.96	5,612.86	4,277.01	3,002.44
Less: Provision for redundancy	(16.89)	(12.12)	(16.23)	(25.31)
	8,718.07	5,600.74	4,260.78	2,977.13
Finished Goods	149.42	173.68	154.54	50.49
Less: Provision for redundancy	(14.72)	(14.72)	(14.72)	(1.51)
Add: Goods-in-transit	-	-	-	-
	134.70	158.96	139.82	48.98
Stores and Spare Parts	106.33	152.21	81.90	76.11
Less: Provision for redundancy	(12.79)	(17.04)	(15.76)	(20.86)
Add: Goods-in-transit	0.16	0.71	-	2.39
	93.70	135.88	66.14	57.64
Loose Tools	110.06	106.02	110.48	91.57
Less: Provision for redundancy	(21.62)	(18.93)	(19.37)	(18.93)
Add: Goods-in-transit	-	0.14	-	1.92
	88.44	87.23	91.11	74.56
Construction Materials	-	-	-	2.07
Stores & Equipment - Welfare	28.94	28.85	28.11	27.81
Less: Amortisation	(28.93)	(28.78)	(28.02)	(27.74)
	0.01	0.07	0.09	0.07
Miscellaneous Stores	2.80	- 2.76	- 2.17	- 2.21
Total	**21,594.08**	**22,511.25**	**20,576.62**	**14,756.67**
# Includes Inventory with Customers	8.29	8.29	-	40.34
* Include Material issued to Sub-contractors/Others	2,391.83	2,279.92	503.60	1,483.82
- Valuation of Inventories has been made as per Company's Accounting Policy No. 7.				
- Refer note 35(7): Details of short closed projects.				

Bharat Dynamics Limited
Notes forming part of the Restatement Financial Information
Note 11
Restated Summary Statement of Trade Receivables **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Secured	-	-	-	-
Unsecured, considered good	1,297.71	3,564.12	1,448.57	3,347.87
Doubtful	-	-	-	-
Less: Allowance for doubtful debts (expected credit loss allowance)	-	-	-	-
Total	**1,297.71**	**3,564.12**	**1,448.57**	**3,347.87**

Refer note 35 (1): Offsetting Financial Assets and Financial Liabilities; 35(16): Fair value measurement; 35(13) Charges registered.

Note 12
Restated Summary Statement of Cash and Cash Equivalents **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Balances with Banks				
- in current accounts	51.78	461.43	203.35	369.13
- in deposit accounts (less than 3 months)	4,606.53	-	2,120.01	870.00
Cash on hand*	2.87	0.56	1.81	0.10
Remittances in transit	-	-	-	-
Total Cash and Cash Equivalents	**4,661.18**	**461.99**	**2,325.17**	**1,239.23**
Cash and Cash Equivalents as per Statement of Cash flows	**4,661.18**	**461.99**	**2,325.17**	**1,239.23**

*There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

* Cash in hand includes cash held with imprest holders
Refer note 35 (9): Relating to specified bank notes and 35(16): Fair value measurement.

Note 13
Restated Summary Statement of Other Bank balances **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Bank deposits other than margin money (Maturity period more than 3 months but less than 12 months)	8,449.00	16,918.08	30,099.68	35,450.00
Total	**8,449.00**	**16,918.08**	**30,099.68**	**35,450.00**

- The company has been sanctioned an overdraft facility of Rs. 150.00 millions against which the company had provided deposits worth Rs.170.00 millionsas security.
- There are no bank deposits with maturity beyond 12 months.

Reconciliation of Cash and Bank balances

Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
Cash and Cash Equivalents (as per the above)	4,661.18	461.99	2,325.17	1,239.23
Bank Balance (as per the above)	8,449.00	16,918.08	30,099.68	35,450.00
Total Cash and Bank balances	**13,110.18**	**17,380.07**	**32,424.85**	**36,689.23**

Note 14
Restated summary statement of Current Loans **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Loans to Employees				
- Secured, considered good	5.93	12.49	13.07	11.91
- Unsecured, considered good	16.85	16.44	12.55	12.61
Total Current Loans	**22.78**	**28.93**	**25.62**	**24.52**

Also refer note 35(16): Fair value measurement.

Bharat Dynamics Limited

Notes forming part of the Restatement Financial Information

Note 15

Restated Summary Statement of Other Current Financial Assets **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Claims/Refunds receivable	1,567.95	1,009.27	381.69	141.78
Less: Provision for doubtful claims	(2.15)	(2.15)	(2.15)	(2.15)
Deferred Debts*	62.48	34.78	36.04	33.62
Unbilled Revenue	17,158.87	15,808.09	13,380.43	5,598.59
Interest accrued on Deposits	401.94	435.59	1,078.22	1,640.10
Interest accrued - Others	0.98	1.74	1.71	1.69
Total Other Current Financial Assets	**19,190.07**	**17,287.32**	**14,875.94**	**7,413.63**

Also refer note 35(16): Fair value measurement.

* Refer the significant judgement on Deferred Debts in Note No. 8

Note 16

Restated Summary Statement of Other Current Assets **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Advances other than capital advances:				
Advances to vendors				
- Secured, considered good	2,527.61	2,265.05	2,397.37	3,974.97
- Unsecured, considered good	12,567.42	11,243.17	14,453.10	9,548.05
- Unsecured, considered doubtful	0.32	0.32	0.04	0.04
Less: Provision for doubtful advances	(0.32)	(0.32)	(0.04)	(0.04)
Prepaid expenses	16.29	13.00	11.81	14.76
Deposits	156.79	145.91	87.84	52.51
Advance Service Tax	134.88	141.39	132.88	144.21
Deferred Expense*	13.90	13.90	13.90	13.90
Total Current Assets	**15,416.89**	**13,822.42**	**17,096.90**	**13,748.40**

Refer note 35(7): Details of short closed projects.

* Refer the significant judgement on Deferred Debts in Note No. 8

Bharat Dynamics Limited
Notes forming part of the Restatement Financial Information
Note 17
Restated Summary Statement of Equity Share Capital (Rs. in millions)

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Authorised Share Capital: 125,000,000 Equity Shares of Rs.10/- each (1,250,000 of 1000 each as at March 31, 2017, March 31, 2016 and March 31, 2015)	1,250.00	1,250.00	1,250.00	1,250.00
Issued and Subscribed Capital: 9,16,40,625 Equity shares of Rs.10/- (March 31, 2017: 12,21,875 Equity shares of Rs.1,000/-; March 31, 2016: 9,77,500 Equity shares of Rs.1,000/-; March 31, 2015 : 11,50,000 of Rs.1,000/-) each fully paid	916.41	1,221.88	977.50	1,150.00
Total	**916.41**	**1,221.88**	**977.50**	**1,150.00**

Notes:
Equity shares have a par value of Rs. 10 (2016-17 and before: Rs. 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: (Rs. in millions)

Particulars	Number of Shares (Nos.)	Amount
Balance at April 01, 2014 - Proforma	1,150,000	1,150.00
Issue/ (buy back) during the year	-	-
Balance at March 31, 2015 - Proforma	1,150,000	1,150.00
Issue/ (buy back) during the year	(172,500)	(172.50)
Balance at March 31, 2016	**977,500**	**977.50**
Issue/ (buy back) during the year	244,375	244.38
Balance at March 31, 2017	**1,221,875**	**1,221.88**
Splitting of shares during the period*	120,965,625	-
Issue/ (buy back) during the year	(30,546,875)	(305.47)
	91,640,625	**916.41**

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

Particulars	As at Sept 30, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015 - Proforma	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Fully paid equity shares								
Government of India	91,640,625	100%	1,221,875	100%	977,500	100%	1,150,000	100%
Face value of shares	10		1,000		1,000		1,000	

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

Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
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	4,199.89	-	1,816.08	-
Consideration paid towards buy back	4,505.36	-	1,988.58	-
Share capital reduction	305.47	-	172.50	-
Share premium utilised	-	-	-	-
General reserve utilised	4,505.36	-	1988.58	-
Amount transferred to Capital redemption reserve	305.47	-	172.50	-

Refer note Annexure VA(2) note (1)
* The company's Board of Directors Authorised a hundred-for-one share split on 8th May 2017 all shares and related information presented in these Finanical statements and accompanying notes has been retroactively adjusted to reflect the increased number of shares resulting from this action.
- 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 2015-16 and period ended September 30, 2017.
- Buy back was completed in March 2016 and September 30, 2017 respectively. The impact on the buy back of shares is detailed above.

D) Details of the Bonus shares issued for the last 5 years immediately preceding the current year

Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
No. of Shares (nos.)	-	244,375	-	-
Amount of Bonus Shares issued	-	244.38	-	-
Fair value of shares	-	1,000	-	-

There was no allotment of bonus shares during Financial year 2011-12 to 2014-15

Bharat Dynamics Limited
Notes forming part of the Restatement Financial Information
Note 18
Restated Summary Statement of Other Equity (Rs. in millions)

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
General Reserve	14,324.44	18,829.80	15,371.68	14,181.45
Capital redemption Reserve	305.47	-	172.50	-
Retained Earnings	760.08	2,072.93	1,990.70	1,195.26
Balance at end of year	**15,389.99**	**20,902.73**	**17,534.88**	**15,376.71**

A. General Reserve	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Balance at beginning of year	18,829.80	15,371.68	14,181.45	11,024.12
Transfer to Capital Redemption Reserve	(305.47)	-	(172.50)	-
Buyback Premium Written off	(4,199.89)	-	(1,816.08)	-
Depreciation Adjustment	-	-	(1.19)	(22.67)
Transfer from Statement of Profit and Loss	-	3,530.00	3,180.00	3,180.00
Bonus shares issued	-	(71.88)	-	-
Balance at end of year	**14,324.44**	**18,829.80**	**15,371.68**	**14,181.45**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

B. Capital Redemption Reserve	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Balance at beginning of year	-	172.50	-	-
Transfer from General reserve	305.47	-	172.50	-
Utilised against issue of bonus shares	-	(172.50)	-	-
Balance at end of year	**305.47**	**-**	**172.50**	**-**

Reduction in nominal value of share capital on account of buy-back of shares is recorded as capital redemption reserve.

C. Retained Earnings	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Balance at beginning of year	2,072.93	1,990.70	1,195.26	662.73
Profit for the year	1,725.91	4,903.19	5,620.69	4,435.48
Other comprehensive income (net of tax)	(177.54)	(71.11)	6.63	(3.93)
Final dividend and tax thereof	(1,892.22)	(1,219.85)	(419.01)	(129.90)
Tax on Buyback of shares	(969.00)	-	(419.01)	-
Interim Dividend	-	-	(676.20)	(489.00)
Tax on Interim Dividend	-	-	(137.66)	(100.12)
Transfer to General Reserve	-	(3,530.00)	(3,180.00)	(3,180.00)
Balance at end of year	**760.08**	**2,072.93**	**1,990.70**	**1,195.26**

Bharat Dynamics Limited

Notes forming part of the Restatement Financial Information

Note 19 **(Rs. in millions)**

Restated Summary Statement of Other Non - Current Financial Liabilities

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Deferred Credit	180.16	192.04	195.92	199.52
Embedded derivative liability (Deferred liability)	317.6	324.26	367.65	330.41
Total	**497.76**	**516.30**	**563.57**	**529.93**

Also refer note 35(16): Fair value measurement.

Significant judgements:

1) Deferred credit: Deferred credit represents the principal credit portion (at the base rate) of the 45 years 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.

Note 20

Restated Summary Statement of Non-current Provisions **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Employee benefits				
Accrued Leave	23.54	71.11	0.78	0.03
Gratuity	249.67	107.62	10.64	21.86
Total	**273.21**	**178.73**	**11.42**	**21.89**

Note 21

Restated summary statement of Other Non - Current Liabilities **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Advances from Customers-				
MoD	2322.93	3,341.28	10,586.62	18,038.96
Others	-	106.12	280.81	281.62
Deferred Income*	264.49	271.63	285.93	300.23
Deferred Revenue	918.95	919.16	989.64	2.14
Total	**3,506.37**	**4,638.19**	**12,143.00**	**18,622.95**

* Refer the significant judgement on Deferred Credit in note No. 19

Bharat Dynamics Limited
Notes forming part of the Restatement Financial Information
Note 22
Restated Summary Statement of Trade Payables **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Trade Payables - Current				
Dues to micro enterprises and small enterprises	224.23	160.17	203.84	91.19
Dues to creditors other than micro enterprises and small enterprises	15,023.88	14,790.70	13,227.21	5,049.57
Total	**15,248.11**	**14,950.87**	**13,431.05**	**5,140.76**

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
(i) Principal amount and interest due thereon remaining unpaid to any supplier as at the end of the accounting year				
- Principal	203.37	140.04	190.36	81.41
- Interest	20.86	20.13	13.48	9.78
(ii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-	-
(iii) The amount of interest due and payable for the year	0.06	1.00	0.50	0.53
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	20.86	20.13	13.48	9.78
(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

Note 23
Restated Summary Statement of Other Current Financial Liabilities **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Current maturities of Deferred credit*	36.28	35.77	37.07	34.58
Others				
(i) Deposits	158.22	153.01	177.21	114.15
(ii) Creditors for expenses	209.24	247.98	289.44	292.92
(iii) Employee benefits payable	1,129.20	734.51	533.59	649.76
Total	**1,532.94**	**1,171.27**	**1,037.31**	**1,091.41**

Refer note 35 (1): Offsetting Financial Assets and Financial Liabilities
Also refer note 35(16): Fair value measurement.
* Refer the significant judgement on Deferred Credit in note No. 19

Note 24
Restated Summary Statement of Other Current Liabilities

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Advances from Customers:				
- MoD	30,819.56	31,305.89	44,159.53	37,122.46
- Others	1,361.47	742.11	46.57	1,698.80
Deferred Income*	14.30	14.30	14.30	14.30
Deferred Revenue	70.48	70.48	70.48	71.37
Statutory remittances	3,720.03	4,062.19	2,700.41	1,269.09
Total	**35,985.84**	**36,194.97**	**46,991.29**	**40,176.02**

Refer note 35(7): Details of short closed projects.
* Refer the significant judgement on deferred credit in note No. 19

Note 25

Restated Summary Statement of Current Provisions **(Rs. in millions)**

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Employee benefits - Gratuity	51.09	24.94	-	-
Warranty	441.85	458.78	431.60	404.65
Liquidated Damages	2,606.60	2,423.40	2,037.13	1,137.32
Onerous contract	3.90	3.90	-	-
CSR & Sustainable development	192.25	122.57	118.41	128.30
Future charges	1,193.62	1,084.32	841.70	275.66
Provision for other taxes	2,449.45	1,128.50	58.45	22.15
Others	2,560.39	986.57	45.19	41.95
Total	**9,499.14**	**6,232.98**	**3,532.48**	**2,010.03**

Movement in provisions

Other Provisions	Gratuity	Warranty	Liquidated Damages	Onerous Contract	CSR & Sustainable Development	Future Charges	Provision for other taxes	Others
Balance at April 1, 2014 - Proforma	**-**	**198.41**	**960.25**	**-**	**83.31**	**19.61**	**-**	**198.41**
Additional provisions recognised	-	206.24	177.07	-	44.99	256.05	22.15	
Reductions arising from payments/ other sacrifices of future economic benefits	-	-	-	-	-	-	-	(156.46)
Balance at March 31, 2015	**-**	**404.65**	**1,137.32**	**-**	**128.30**	**275.66**	**22.15**	**41.95**
Additional provisions recognised	-	26.95	2,027.11	-	-	566.04	36.30	3.24
Reductions arising from payments/ other sacrifices of future economic benefits	-	-	(1,127.30)	-	(9.89)	-	-	-
Balance as at March 31, 2016	**-**	**431.60**	**2,037.13**	**-**	**118.41**	**841.70**	**58.45**	**45.19**
Additional provisions recognised	24.94	27.18	1,817.26	3.90	131.54	569.82	1,070.05	941.38
Reductions arising from payments/ other sacrifices of future economic benefits	-	-	(1,430.99)	-	(127.38)	(327.20)	-	-
Balance as at March 31, 2017	**24.94**	**458.78**	**2,423.40**	**3.90**	**122.57**	**1,084.32**	**1,128.50**	**986.57**
Additional provisions recognised	51.09	55.15	906.10	-	76.05	109.30	1,320.95	1,573.82
Reductions arising from payments/ other sacrifices of future economic benefits	(24.94)	(72.09)	(722.90)	-	(6.37)	-		
Balance as at September 30, 2017	**51.09**	**441.85**	**2,606.60**	**3.90**	**192.25**	**1,193.62**	**2,449.45**	**2,560.39**

Warranties:

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

Liquidated damages:

Liquidity damages are established using historical information on the scheduled delivery period and the trend of delays and also management estimates regarding possible future outflow on delay of delivery of goods or services to the customers.

Onerous contract:

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

CSR & Sustainable development:

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

Future charges:

Provision for future charges represents the estimated liability on account of revised ancillary/ packing material accepted to be delivered in line of ancillary/ packing material originally stipulated in the contract terms for the sales effected earlier.

Provision for other taxes

Provision for other taxes represents the amount of taxes for which reimbursement has been claimed but recoverability is not certain.

Refer note 35 (3) for notes relating to gratuity provision.

Bharat Dynamics Limited
Notes forming part of the Restatement Financial Information

Note 26
Restated Summary Statement of Income Taxes
A. Deferred Tax balance

(Rs. in millions)

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Deferred Tax Assets	2,933.32	2,418.66	1,417.45	898.36
Deferred Tax Liabilities	1,008.56	905.41	649.13	500.40
Net	**1,924.76**	**1,513.25**	**768.32**	**397.96**

Breakup of Deferred Tax balances	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
Deferred Tax Assets				
Provisions	1,990.21	2,252.20	1,265.83	765.66
Property, plant and equipment	-	-	-	7.68
Indexation on land	912.89	136.43	122.06	96.56
Fair value adjustment to Deferred credit	30.22	30.03	29.56	28.46
Sub-Total	**2,933.32**	**2,418.66**	**1,417.45**	**898.36**
Deferred Tax Liabilities				
Property, plant and equipment	671.16	258.93	150.12	-
Intangible assets	289.63	178.52	167.44	167.09
Fair value adjustment to Deferred debts	38.80	29.20	28.74	27.68
Adjustments in relation to ICDR	1.69	433.20	297.27	300.21
Fair value of investments	7.28	5.56	5.56	5.42
Sub-Total	**1,008.56**	**905.41**	**649.13**	**500.40**
Net Deferred Tax Asset/(Liability)	**1,924.76**	**1,513.25**	**768.32**	**397.96**

Reconciliation of Deferred Tax balances
2014-15

(Rs. in millions)

Particulars	Opening Balance - Proforma	Recognised in statement of Profit and loss	Recognised in Other comprehensive income	Closing Balance - Proforma
Deferred Tax Assets pertaining to:				
Provisions	447.28	316.36	2.02	765.66
Property, plant and equipment	-	7.68		7.68
Indexation on land	88.54	8.02		96.56
Fair value adjustment to Deferred credit	27.80	0.66		28.46
Sub total	**563.62**	**332.72**	**2.02**	**898.36**
Deferred Tax Liabilities pertaining to :				
Property, plant and equipment	37.82	(37.82)		-
Intangible assets	161.45	5.64		167.09
Fair value adjustment to Deferred debts	27.04	0.64		27.68
Adjustments in relation to ICDR	274.52	25.69		300.21
Fair value of investments	5.32	0.10		5.42
Sub total	**506.15**	**(5.75)**	**-**	**500.40**
Total	**57.47**	**338.47**	**2.02**	**397.96**

For 2015-16:

(Rs. in millions)

Particulars	Opening Balance	Recognised in statement of Profit and loss	Recognised in Other comprehensive income	Closing Balance
Deferred Tax Assets pertaining to:				
Provisions	765.66	503.68	(3.51)	1,265.83
Property, plant and equipment	13.16	(13.16)	-	-
Indexation on land	96.56	25.50	-	122.06
Fair value adjustment to Deferred credit	28.46	1.10	-	29.56
Sub total	**903.84**	**517.12**	**(3.51)**	**1,417.45**
Deferred Tax Liabilities pertaining to :				
Property, plant and equipment	5.48	144.64	-	150.12
Intangible assets	167.09	0.35	-	167.44
Fair value adjustment to Deferred debts	27.68	1.06	-	28.74
Adjustments in relation to ICDR	300.21	(2.94)		297.27
Fair value of investments	5.42	0.14	-	5.56
Sub total	**505.88**	**143.25**	**-**	**649.13**
Total	**397.96**	**373.87**	**(3.51)**	**768.32**

For 2016-17:

Particulars	Opening Balance	Recognised in statement of Profit and loss	Recognised in Other comprehensive income	Closing Balance
Deferred Tax Assets pertaining to:				
Provisions	1,265.83	948.74	37.63	2,252.20
Property, plant and equipment	-	-	-	-
Indexation on land	122.06	14.37	-	136.43
Fair value adjustment to Deferred credit	29.56	0.48	-	30.03
Sub total	**1,417.45**	**963.59**	**37.63**	**2,418.66**
Deferred Tax Liabilities pertaining to :				
Property, plant and equipment	150.12	108.81	-	258.93
Intangible assets	167.44	11.08	-	178.52
Fair value adjustment to Deferred debts	28.74	0.46	-	29.20
Adjustments in relation to ICDR	297.27	135.93		433.20
Fair value of investments	5.56	-	-	5.56
Sub total	**649.13**	**256.28**	**-**	**905.41**
Total	**768.32**	**707.31**	**37.63**	**1,513.25**

For period ended September 30, 2017:

Particulars	Opening Balance	Recognised in statement of Profit and loss	Recognised in Other comprehensive income	Closing Balance
Deferred Tax Assets pertaining to:				
Provisions	2,252.20	(355.95)	93.96	1,990.21
Property, plant and equipment	-	-	-	-
Indexation on land	136.43	776.46	-	912.89
Fair value adjustment to Deferred credit	30.03	0.19	-	30.22
Sub total	**2,418.66**	**420.70**	**93.96**	**2,933.32**
Deferred Tax Liabilities pertaining to :				
Property, plant and equipment	258.93	412.23	-	671.16
Intangible assets	178.52	111.11	-	289.63
Fair value adjustment to Deferred debts	29.20	9.60	-	38.80
Adjustments in relation to ICDR	433.20	(431.51)		1.69
Fair value of investments	5.56	1.72	-	7.28
Sub total	**905.41**	**103.15**	**-**	**1,008.56**
Total	**1,513.25**	**317.55**	**93.96**	**1,924.76**

B. Current Tax Assets and Liabilities

(Rs. in millions)

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
Current Tax Assets				
Current tax assets	47.86	39.23	-	201.19
Total Current Tax Assets	**47.86**	**39.23**	**-**	**201.19**
Current Tax Liabilities				
Income tax payable	-	-	183.82	-
Total Current Tax Liabilities	**-**	**-**	**183.82**	**-**

C. Tax Expense

i) Recognised in the Statement of Profit and Loss

Particulars	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 - Proforma
Current Tax				
In respect of the current year	1,471.76	3,125.99	3,165.89	2,342.30
In respect of prior years	-	-	-	-
Total	**1,471.76**	**3,125.99**	**3,165.89**	**2,342.30**
Deferred Tax				
In respect of the current year	(317.55)	(707.31)	(373.87)	(338.47)
Total	**(317.55)**	**(707.31)**	**(373.87)**	**(338.47)**
Total tax expense recogined in statement of profit and loss	**1,154.21**	**2,418.68**	**2,792.02**	**2,003.83**

ii) Recognised in Other comprehensive income

Particulars	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 - Proforma
Deferred Tax				
In respect of the current year	(93.96)	(37.63)	3.51	(2.02)
Total	**(93.96)**	**(37.63)**	**3.51**	**(2.02)**

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

(Rs. in millions)

Particulars	Period ended Sept 30, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015 -Proforma
Profit before tax from continuing operations	2,880.12	7,321.87	8,412.71	6,439.31
Income tax expense calculated at 34.61% (2016-17: 34.61%, 2015-16 : 34.61%, 2014-15: 33.99%)	996.75	2,533.95	2,911.47	2,188.71
Tax expense of amounts which are not deductible (taxable) in calculating taxable income				
Donations made during the year	-	0.02	-	-
Amount towards CSR activities	-	45.52	38.99	14.16
Interest due to MSME's	318.56	2.36	1.79	0.77
Foreign exchange capitalised	-	-	0.93	-
Interest payable u/s 234A, 234B, 234C	-	11.47	15.19	1.58
Depreciation	-	-	(17.22)	(20.01)
Expenses disallowed	(198.89)	(35.58)	1.68	-
VL Encashment	-	-	(0.01)	-
Gratuity Contribution paid	-	-	2.64	(4.78)
Tax expense of amounts on which weighted deduction is available in calculating taxable income				
Research and development expenditure	35.06	(119.85)	(101.86)	(103.35)
Investment Allowance u/s 32(AC)		-	(43.07)	(67.50)
Others:				
Impact of deferred tax on indexation of land	-	(14.37)	(25.50)	(8.02)
Tax impact of items taxed at a higher rate	-	-	(0.02)	-
Others	2.73	(4.84)	6.99	2.27
Total Income tax expense	**1,154.21**	**2,418.68**	**2,792.02**	**2,003.83**

Bharat Dynamics Limited
Notes forming part of the Restatement Financial Information
Note 27
Restated Summary Statement of Revenue from Operations **(Rs. in millions)**

Particulars	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 - Proforma
Sale of products				
Finished Goods	9,542.80	38,892.61	35,428.33	24,013.04
Spares	5,400.30	3,609.25	629.69	168.95
Excise Duty	1615.97	2,022.20	2,877.90	609.26
Miscellaneous	39.51	343.24	347.84	290.38
Sale of services				
Repairs and Overhauls	395.46	15.04	31.86	147.69
Training	-	-	-	1.31
Job Works	318.56	685.83	638.37	1,234.55
Other operating revenue				
Construction Contracts	709.09	1,294.52	541.36	1,854.08
Sale of Scrap	0.05	4.02	1.40	3.52
Amortization of deferred revenue on customer provided assets	35.06	70.48	71.37	6.96
Others	-	1,390.37	219.46	78.47
Total	**18,056.80**	**48,327.56**	**40,787.58**	**28,408.21**

- Refer note 35(4): Construction Contracts
- Sale of Finished goods for the period ended Sep 30, 2017 includes Rs. 3262.50 millions (year ended March 31, 2017 Rs. 854.49 millions) and sale of Spares Rs. 1885.23 millions (year ended March 31, 2017 - Rs. 2477.39 millions) accounted based on Customer acceptence and Prices accepted by representative of the customer for which contract amendment is under consideration by the customer. The Company is confident of its realisation of these amounts.

Significant judgement:

Revenue:

- The company recognizes service revenue on the basis of percentage of completion method.
- 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.

Note 28
Restated Summary Statement of Other Income **(Rs. in millions)**

Particulars	Nature (Recurring/Non-Recurring)	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 - Proforma
Interest income on financial assets carried at amortised cost					
Bank deposits	Recurring	576.16	1,891.82	3,011.55	3,849.75
Others	Recurring	50.89	124.86	90.09	85.37
		627.05	**2,016.68**	**3,101.64**	**3,935.12**
Other non-operating income					
Provisions no longer required, written back		17.14	-	-	-
Liquidated Damages recovered from suppliers	Recurring	54.73	268.90	525.36	484.25
Miscellaneous income (net)	Recurring	19.86	72.71	137.09	131.77
		91.73	**341.61**	**662.45**	**616.02**
Other gains and losses					
Net foreign exchange gain	Recurring	14.2	(77.38)	67.73	(177.21)
Fair value gain/(loss) on financial assets measured at Fair value through profit and loss	Recurring	14.89	15.24	15.73	16.22
Gain on disposal of property, plant and equipment	Non-recurring	-	2.03	-	0.18
		29.09	**(60.11)**	**83.46**	**(160.81)**
Total		**747.87**	**2,298.18**	**3,847.55**	**4,390.33**

Bharat Dynamics Limited
Notes forming part of the Restatement Financial Information

Note 29A **(Rs. in millions)**
Restated Summary Statement of Cost of Materials consumed

Particulars	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 - Proforma
Cost of materials consumed	12,608.16	31,192.37	26,231.51	18,538.87
Total	**12,608.16**	**31,192.37**	**26,231.51**	**18,538.87**

Note 29B
Restated Summary Statement of other manufacturing expenses **(Rs. in millions)**

Particulars	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Direct expenses	3.88	59.89	-	265.97
Shop Supplies	27.06	26.71	76.39	62.86
Excise duty on sale of goods	1,631.95	2,026.73	2,925.41	609.26
Power and Fuel	115.19	194.76	228.08	191.42
Water Charges	29.57	48.65	73.70	70.32
Replacement and other charges, Warranty and Batch Rejections	0.20	27.18	26.95	-
Total	**1,807.85**	**2,383.92**	**3,330.53**	**1,199.83**

Note 30
Restated Summary Statement of Changes in Inventories of Finished Goods and Work-in-progress **(Rs. in millions)**

Particulars	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 - Proforma
Opening Stock:				
Finished goods	173.68	154.54	50.49	324.19
Work-in-progress	5,612.86	4,277.01	3,002.44	2,995.00
	5,786.54	4,431.55	**3,052.93**	**3,319.19**
Closing Stock:				
Finished goods	149.42	173.68	154.54	50.49
Work-in-progress	8,734.96	5,612.86	4,277.01	3,002.44
	8,884.38	5,786.54	4,431.55	3,052.93
Net (Increase) / Decrease	**3,097.84**	**1,354.99**	**1,378.62**	**(266.26)**

Note 31
Restated Summary Statement of Employee Benefits Expense **(Rs. in millions)**

Particulars	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 - Proforma
Salaries and wages, including bonus	1,898.45	3,358.56	2,792.35	2,684.13
Contribution to provident and other funds	253.06	941.60	304.80	276.26
Staff welfare expenses	72.69	183.69	165.19	164.37
Total	**2,224.20**	**4,483.85**	**3,262.34**	**3,124.76**

Refer note 35 (3): Employment benefit obligations; 35(8) Related Party Transactions

Note 32
Restated Summary Statement of Finance Costs **(Rs. in millions)**

Particulars	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 - Proforma
Interest expense	8.57	22.88	21.25	19.34
Other finance costs	6.95	13.90	13.90	13.90
Total	**15.52**	**36.78**	**35.15**	**33.24**

Note 33
Restated Summary Statement of Depreciation and Amortisation expense **(Rs. in millions)**

Particulars	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 - Proforma
Depreciation of property, plant and equipment	240.69	425.90	449.73	564.00
Amortisation of intangible assets	61.80	195.96	82.47	102.75
Total	**302.49**	**621.86**	**532.20**	**666.75**

Note 34A
Restated Summary Statement of Other Expenses **(Rs. in millions)**

Particulars	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 - Proforma
Travelling #	64.15	158.33	101.72	90.55
Repairs:				
Buildings	75.48	125.09	154.05	206.11
Plant, Machinery and Equipment	35.54	85.58	105.43	92.20
Furniture and Equipment	4.44	9.71	5.19	0.50
Vehicles	0.55	0.91	1.59	4.33
Others	2.90	10.88	6.55	15.61
Vehicle Expenses - Petrol and Diesel	0.97	5.48	4.17	7.40
Loose Tools and Equipment	0.18	12.99	16.04	19.52
Insurance	29.92	55.35	27.33	19.08
Rates and Taxes	20.78	71.93	21.99	15.38
Postage, Telegrams, Telex and Telephones	10.99	16.87	15.35	15.11
Printing and Stationery	2.35	5.20	9.66	13.17
Bank Charges	5.10	8.17	18.70	19.06
Legal Expenses	0.45	0.96	0.68	0.40
Donations	-	1.55	0.50	-
Write off - Others	-	0.11	-	-
Auditors' Remuneration: (refer note (i) below)	0.39	0.90	1.06	0.43
Security Arrangements	188.20	359.36	297.26	265.49
Liquidated Damages	1,693.14	3,347.31	3,592.50	1,470.50
Less: Provision for Liquidated damages created earlier written back	(721.53)	(1,454.36)	(1,127.30)	(385.10)
Computer Software and Development	0.01	1.24	0.33	0.14
Entertainment	0.04	0.11	0.15	0.09
Sitting Fee paid to Directors	0.15	0.64	0.21	0.43
Sitting Fee paid to Independent External Monitors	0.04	0.05	0.65	0.17
CSR & Sustainable Development Expenditure	78.36	131.54	102.79	86.57
Redundancy Provision	44.22	41.86	-	-
Provision for Future Charges	109.30	242.62	403.11	272.64
Provision for Onerous Contract	-	3.90	-	-
Provision Others	31.90	2,011.43	39.53	11.08
Miscellaneous Operating Expenses	384.47	651.56	413.60	346.57
Less: Expenses capitalised				
Intangible Assets (DRE)	(13.38)	(23.15)	(28.77)	(68.69)
Tools and Jigs	-	-	(14.37)	(33.23)
Others	-	0.06	(18.76)	(11.55)
				0.13
Total	**2,049.11**	**5,884.18**	**4,150.94**	**2,474.09**
# Includes Directors' Travelling Expenses	3.09	10.18	10.29	6.80

Notes:
i) Auditors' Remuneration comprises of:

Particulars	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 - Proforma
Company				
For Statutory Audit	0.35	0.80	0.81	0.39
For Tax Audit	0.04	0.08	0.08	0.04
For other services	-	0.01	0.18	0.00
Total Auditors' remuneration	**0.39**	**0.89**	**1.07**	**0.43**

ii) Refer note 35(5): Expenditure relating to Research and Development.
iii) Refer note 35 (8): Related party transactions

Note 34B
Restated Summary Statement of Selling and Distribution expenses **(Rs. in millions)**

Particulars	For the period ended Sept 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 - Proforma
Publicity	4.36	27.43	33.97	32.35
Advertisement	5.54	12.97	15.50	14.65
Courtesy	5.16	15.50	8.90	8.43
				-
Total	**15.06**	**55.90**	**58.37**	**55.43**

Note 35

35 (1) Restated Summary Statement of Offsetting Financial Assets and Financial Liabilities

The following table presents the recognised financial instruments that are offset as at Septemeber 30, 2017, March 31 2017, March 31 2016 and April 01 2015. The column 'net amount' shows the impact on the company's balance sheet if all offset rights were exercised.

(Rs. in millions)

Particulars	Effects of offsetting on the Balance Sheet		
	Gross amounts	Gross amounts offset in the balance sheet	Net amount presented in the balance sheet
As on September 30, 2017			
Trade receivables	2,882.74	(1,585.03)	1,297.71
LD levied by customers	1,585.03	(1,585.03)	-
As on March 31, 2017			
Trade receivables	4,993.04	(1,428.92)	3,564.12
LD levied by customers	1,428.92	(1,428.92)	-
As on March 31, 2016			
Trade receivables	2,823.69	(1,375.12)	1,448.57
LD levied by customers	1,375.12	(1,375.12)	-
As on March 31, 2015 - Proforma			
Trade receivables	3,869.84	(521.97)	3,347.87
LD levied by customers	521.97	(521.97)	-

35 (2) Restated Summary Statement of Earnings per share

(i) For continuing operations:

(Rs. in millions)

Particulars	For the year ended			
	September 30, 2017#	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
Profit after tax (a)	1,725.91	4,903.19	5,620.69	4,435.48
Basic:				
Number of shares outstanding at the year end (b)	91,640,625	122,187,500	97,750,000	97,750,000
Weighted average number of equity shares* (c)	121,352,886	122,187,500	139,390,369	139,437,500
Earnings per share (INR) (d = a/c)	14.22	40.13	40.32	31.81
Diluted:				
Weighted average number of equity shares (e)	121,352,886	122,187,500	139,390,369	139,437,500
Earnings per share (INR) (f= a/e)	14.22	40.13	40.32	31.81

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

* There has been a bonus issue in the year 2016-17 and a share spilt has been done during the period ended September 30, 2017. Accordingly EPS has been computed as if such issue and split has happened at the beginning of earliest period presented.

EPS has not been annualised for September 30, 2017

(ii) For discontinuing operations:

There are no discontinuing operations.

(iii) For continuing and discontinuing operations:

Refer to the table (i)

35 (3) Employment Benefit obligations **(Rs. in millions)**

(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

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Gratuity			Provident Fund		
	Present Value of obligation	Fair Value of Plan Assets	Net amount	Present Value of obligation	Fair Value of Plan Assets	Net amount
April 01, 2014 - Proforma	992.55	992.55	-	2,324.96	2,324.96	-
Current service cost	24.02	-	24.02	467.10	-	467.10
Interest expense/(income)	79.41	81.56	(2.15)	205.67	205.67	-
Total amount recognized in profit or loss	**103.43**	**81.56**	**21.87**	**672.77**	**205.67**	**467.10**
Remeasurements						
Return on plan assets, excluding amounts included in interest expense/(income)	-	5.95	(5.95)	-	13.58	(13.58)
Experience (gains)/loss	5.95	**-**	5.95	13.58	-	13.58
Total amount recognized in other comprehensive income	**5.95**	**5.95**	**-**	**13.58**	**13.58**	**-**
Employer contributions	-	-	-	-	467.10	(467.10)
Benefit payments	(69.04)	(69.04)	-	(315.10)	(315.10)	-
March 31, 2015	**1,032.89**	**1,011.02**	**21.87**	**2,696.21**	**2,696.21**	**-**

Particulars	Gratuity			Provident Fund		
	Present Value of obligation	Fair Value of Plan Assets	Net amount	Present Value of obligation	Fair Value of Plan Assets	Net amount
April 1, 2015	1,032.89	1,011.02	21.87	2,696.21	2,696.21	-
Current service cost	23.49	-	23.49	301.75	-	301.75
Interest expense/(income)	82.63	85.35	(2.72)	244.53	244.53	-
Total amount recognized in profit or loss	**106.12**	**85.35**	**20.77**	**546.28**	**244.53**	**301.75**
Remeasurements						
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-	-	2.47	(2.47)
Experience (gains)/loss	(10.14)	**-**	(10.14)	2.47	-	2.47
Total amount recognized in other comprehensive income	**(10.14)**	**-**	**(10.14)**	**2.47**	**2.47**	**-**
Employer contributions	-	21.86	(21.86)	-	301.75	(301.75)
Benefit payments	(49.66)	(49.66)	-	(120.27)	(120.27)	-
March 31, 2016	**1,079.21**	**1,068.57**	**10.64**	**3,124.69**	**3,124.69**	**-**

(Rs. in millions)

Particulars	Gratuity			Provident fund		
	Present Value of obligation	Fair Value of Plan Assets	Net amount	Present Value of obligation	Fair Value of Plan Assets	Net amount
April 1, 2016	1,079.21	1,068.57	10.64	3,124.69	3,124.69	-
Current service cost	48.76	-	48.76	376.65	-	376.65
Interest expense/(income)	63.18	88.12	(24.94)	271.64	271.64	-
Total amount recognized in profit or loss	**111.94**	**88.12**	**23.82**	**648.29**	**271.64**	**376.65**
Remeasurements						
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-	-	(3.94)	3.94
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-	-	-	-
Experience (gains)/loss	108.74	-	108.74	(3.94)	-	(3.94)
Total amount recognized in other comprehensive income	**108.74**	**-**	**108.74**	**(3.94)**	**(3.94)**	**-**
Employer contributions	-	10.64	(10.64)	-	376.65	(376.65)
Benefit payments	(48.92)	(48.92)	-	(193.66)	(193.66)	-
March 31, 2017	**1,250.97**	**1,118.41**	**132.56**	**3,575.38**	**3,575.38**	**-**

Particulars	Gratuity			Provident fund		
	Present Value of obligation	Fair Value of Plan Assets	Net amount	Present Value of obligation	Fair Value of Plan Assets	Net amount
April 1, 2017	1,250.97	1,118.41	132.56	3,575.38	3,575.38	-
Current service cost	26.23	-	26.23	150.17	-	150.17
Interest expense/(income)	50.04	47.02	3.02	150.05	150.05	-
Total amount recognized in profit or loss	**76.27**	**47.02**	**29.25**	**300.22**	**150.05**	**150.17**
Remeasurements						
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-	-	0.35	(0.35)
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions		-	-	0.35	-	0.35
Experience (gains)/loss	271.51		271.51	0.04	0.04	-
Total amount recognized in other comprehensive income	**271.51**	**-**	**271.51**	**0.39**	**0.39**	**-**
Employer contributions	-	132.56	(132.56)	-	150.17	(150.17)
Benefit payments	(43.30)	(43.30)	-	(111.35)	(111.35)	-
September 30, 2017	**1,555.45**	**1,254.69**	**300.76**	**3,764.64**	**3,764.64**	**-**

The net liability disclosed above relates to funded and unfunded plans are as follows: **(Rs. in millions)**

Particulars	Gratuity				Provident fund			
	September 30, 2017	**March 31, 2017**	**March 31, 2016**	**March 31, 2015 - Proforma**	**September 30, 2017**	**March 31, 2017**	**March 31, 2016**	**March 31, 2015 - Proforma**
Present value of funded obligations	1,555.45	1,250.97	1,079.21	1,032.89	3,764.64	3,575.38	3,124.69	2,696.22
Fair value of plan assets	1,254.69	1,118.41	1,068.57	1,011.02	3,764.64	3,575.38	3,124.69	2,696.22
Deficit of funded plans	300.76	132.56	10.64	21.87	-	-	-	-

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows: **(Rs. in millions)**

Particulars	Gratuity				Provident fund			
	September 30, 2017	**March 31, 2017**	**March 31, 2016**	**March 31, 2015 - Proforma**	**September 30, 2017**	**March 31, 2017**	**March 31, 2016**	**March 31, 2015 - Proforma**
Discount rate	8.00%	8.00%	8.00%	8.00%	8.65%	8.65%	8.80%	8.75%
Salary escalation	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Attrition rate	3.40%	3.40%	3.40%	3.40%	0.51%	0.51%	0.38%	0.19%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Rs. in millions)

Particulars	Gratuity				Provident Fund			
	September 30, 2017	**March 31, 2017**	**March 31, 2016**	**March 31, 2015 - Proforma**	**September 30, 2017**	**March 31, 2017**	**March 31, 2016**	**March 31, 2015 - Proforma**
Defined Benefit Obligation	1,555.46	1,250.97	1,079.21	1,032.89	3,764.60	3,575.38	3,124.69	2,696.22
Discount rate:(% change compared to base due to sensitivity)								
Increase : +1%	1,454.75	1,175.10	1,005.56	962.40	3,404.21	3,022.17	2,641.21	2,438.11
Decrease: -1%	1,668.90	1,336.40	1,161.47	1,111.61	4,192.14	3,892.25	3,401.62	3,002.43
Salary Growth rate:(% change compared to base due to sensitivity)								
Increase : +1%	1,602.49	1,289.34	1,109.14	1,061.53	3,921.54	4,013.21	3,507.33	2,808.62
Decrease: -1%	1,509.35	1,214.37	1,047.52	1,002.55	3,606.94	3,321.64	2,902.94	2,583.31
Attrition rate: (% change compared to base due to sensitivity)								
Increase : 1%	1,454.75	1,175.10	1,005.56	962.40	3,404.21	3,022.17	2,641.21	2,438.11
Decrease: 1%	1,668.90	1,336.40	1,161.47	1,111.61	4,192.14	3,892.25	3,401.62	3,002.43

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 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: **(Rs. in millions)**

Particulars	Gratuity				Provident Fund			
	September 30, 2017	**March 31, 2017**	**March 31, 2016**	**March 31, 2015- Proforma**	**September 30, 2017**	**March 31, 2017**	**March 31, 2016**	**March 31, 2015 - Proforma**
Central government security	265.23	236.43	225.90	213.73	19.50	664.24	723.97	298.36
State government security	514.93	459.00	438.54	414.92	405.00	460.00	462.50	465.00
NCD/ Bonds	393.10	350.40	334.78	316.75	2,391.67	2,084.67	1,688.85	1,773.85
Equity	26.10	23.26	22.23	21.03	164.48	164.47	95.00	-
Fixed deposit	54.33	48.43	46.27	43.78	-	-	-	-
CBLO	1.00	0.89	0.85	0.81	783.94	201.99	154.37	159.01
	1,254.69	**1,118.41**	**1,068.57**	**1,011.02**	**3,764.60**	**3,575.37**	**3,124.69**	**2,696.22**

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: **(Rs. in millions)**

Particulars	Less than a year	Between 2-3 years	Between 4-5 years	Total
30-Sep-17				
Defined benefit obligation-gratuity	52.54	230.18	251.25	533.97
Defined benefit obligation- Provident fund	99.73	475.87	699.94	1,275.54

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) Defined Contribution plans

Employer's Contribution to State Insurance Scheme: Contributions are made to State Insurance Scheme for employees at the rate of 4.75%. The Contributions are made to Employee State Insurance Corporation(ESI) to the respective State Governments of the Company's location. this Corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

(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	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
The Actuarial Liability of Accumulated absences of the	986.43	895.25	788.79	748.61
Less: Plan assets	913.68	(824.14)	(788.01)	(748.57)
Net obligation	72.75	71.11	0.78	0.03
Significant assumptions:				
Discounting Rate	8.00%	8.00%	8.00%	8.00%
Salary escalation Rate	6.00%	6.00%	6.00%	6.00%
Retirement Age	60 Years	60 Years	60 Years	60 Years

(iv) Post Retirement Medical Scheme **(Rs. in millions)**

Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
a) Contributions made to Post Superannuation Medical	13.28	23.826	20.927	17.072
b)Contributions made to Post Superannuation Medical	19.33	234.20	-	-
c) Contributions made towards old scheme of Retired	-	0.723	8.23	8.019

35 (4) Construction contracts:

Following disclosures are made relating to Revenue Recognition of Construction Contracts.

Methods of recognising contract revenue:

Percentage of completion method is used to determine the contract revenue recognised in the period.

Method used to determine stage of completion of contract:

Proportion of contract costs incurred for work performed to the estimated total cost of contracts is

(Rs. in millions)

Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
Contract Revenue recognised during the year	730.70	1,294.52	541.36	1,854.08
Aggregate amount of cost incurred	3,532.57	3,117.63	1,866.43	1,472.47
Profit Recognised	888.08	572.32	529.01	381.61
Amount of retention money due	-	-	-	-
Amount of advance received and outstanding	832.18	180.71	1,429.93	1,681.57

35 (5) Restated Summary Statement of 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 :

(Rs. in millions)

Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
Being in the nature of Revenue expenditure	130.46	311.60	229.51	206.60
Being in the nature of Capital expenditure (Assets Capitalised)	49.89	35.50	64.82	20.61

35 (6) Restated Summary Statement of Contingent Liabilities & Contractual Commitments:

(Rs. in millions)

Contingent Liabilities Not Provided for:	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
Outstanding Letters of Credit and Guarantees:				
(i) Letters of Credit	1,173.00	197.78	1,826.89	5,198.82
(ii) Guarantees and Counter Guarantees	555.84	4.29	1.19	1.19
Total	1,728.84	202.07	1,828.08	5,200.01
Claims / Demands against the Company not acknowledged as Debt:				
(i) PSUs	-	-	12.26	-
(ii) Sales Tax	1,546.87	1,546.87	2,578.91	2,034.31
(iii) Service Tax	-	-	4.36	4.36
(iv) Others	33.30	33.19	39.38	37.52
Total	1,580.17	1,580.06	2,634.91	2,076.19
Contractual Commitments:				
Estimated amount of contracts remaining to be executed (A) on Capital Account and not provided for, is				
(i) Property, Plant & Equipment	479.45	914.33	1,579.00	878.21
(ii) Investment Property	-	-	-	-
(iii) Intangible Assets	-	-	-	-
(B) Contractual comimtment for Repair and Maintenance or enhancement of Investment Property	-	-	-	-
Total	**479.45**	**914.33**	**1,579.00**	**878.21**

Notes:

In case of a supplier, the Company initiated legal action for recovery of advance amount of Rs. 1.72 millions with interest etc., as the Contract was not executed. Though District Court issued a decree for an amount of Rs. 4.81 millionstogether 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.

In case of another supplier, the Company has initiated legal action for recovery of advance amount of Rs. 0.44 millionwith 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.

35 (7) Details of short closed projects:

Out of the advances of Rs 3927.29 millions (as at March 31, 2017 Rs. 3927.29 millions; as at March 31, 2016 Rs. 4229.66 millions; as at March 31, 2015 Rs. 4245.49 millions) received from the customers, in respect of four 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 Rs. 11.41 millions (as at March 31, 2017 Rs. 11.41 millions as at March 31, 2016 Rs.11.41 millions; as at March 31, 2015 Rs. 11.41 millions), Current Assets (Note 10-16) include an amount of Rs. 1127.16 millions (as at March 31, 2017 Rs. 1127.16 millions; as at March 31, 2016 Rs.1127.16 millions; as at March 31, 2015 Rs. 1101.42 millions) in Advances to vendors and Rs.802.53 millions (as at March 31, 2017 Rs. 802.53 millions; as at March 31, 2016 Rs. 807.69 millions; as at March 31, 2015 Rs. 789.75 millions) in Inventories, total amounting to Rs.1941.10 millions (as at March 31, 2017 Rs.1941.10 millions; as at March 31, 2016 Rs. 1946.26 millions; as at March 31, 2015 Rs. 1902.57 millions). 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 Rs.552.50 millions (as at March 31, 2017 Rs. 552.50 millions; as at March 31, 2016 Rs. 253.00 millions; as at March 31, 2015 Rs. 278.70 millions) 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.

35 (8) Related party transactions

Name of Key managerial personnel

September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
Shri V Udaya Bhaskar, CMD	Shri V Udaya Bhaskar, CMD	Shri V Udaya Bhaskar, CMD	Shri V Udaya Bhaskar, CMD (wef Jan 30, 2015), Director (Production) Upto Jan 29, 2015
Shri S Piramanayagam, Dir (Finance)	Shri Air Vice Marshal N B Singh, Dir (Technical) (up to 30.06.2016)	Shri Air Vice Marshal N B Singh, Dir (Technical)	Shri S N Mantha, CMD (Upto Dec 31, 2014)
Shri V Gurudatta Prasad, Dir (Production)	Shri S Piramanayagam, Dir (Finance)	Shri S Piramanayagam, Dir (Finance)	Shri Air Vice Marshal N B Singh, Dir (Technical)
Shri K Divakar, Dir (Technical)	Shri V Gurudatta Prasad, Dir (Production)	Shri V Gurudatta Prasad, Dir (Production) wef Sept 10, 2015	Shri S Piramanayagam, Dir (Finance) (WEF Jan 1, 2015)
Shri N Nagaraja, Company Secretary	Shri K Divakar, Dir (Technical) (wef 01.07.2016)	Shri K V L N Murthy, Company Secretary (wef August 1, 2015)	Shri S V Subba Rao, Dir (Finance) (Upto Dec 31, 2014)
	Shri N Nagaraja, Company Secretary	Shri M Lakshmi Narayana, Company Secretary (Upto July 31, 2015)	Shri M Lakshmi Narayana, Company Secretary

(Rs. in millions)

Key management personnel compensation	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
Short - term employee benefits	5.55	20.84	10.95	12.11
Post - employment benefits	1.79	1.14	1.23	0.78
Long - term employee benefits	-	-	-	2.49
Total compensation	**7.34**	**21.98**	**12.18**	**15.38**

35 (9) Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from8 November 2016 to 30 December 2016

(Rs. in millions)

Particulars	SBN	Other Denomination notes	Total
Closing cash in hand as on 8 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	(19.04)	(19.04)
(-) Amount deposited in Banks	-	(3.84)	(3.84)
Cash withdrawn	-	22.88	22.88
Closing cash in hand as on 30 December 2016	-	-	-

* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

The cash and cash equivalents of the company include cash held with imprest holders (refer note 12). However, for the purpose of above disclosure, cash held by imprest holders has not been taken into consideration.

35 (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.

b) Dividends

(Rs. in millions)

Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
(i) Interim dividend for the year ended March 31, 2017 of NIL (March 31, 2016 of Rs.692 per fully paid equity share, March 31, 2015 of Rs.425 par fully paid equity share)	Nil	NIL	676.20	489.00
(ii) Dividends not recognised at the end of reporting period: As at the year end the directors have recommended the payment of a final dividend of Rs. nil (March 31, 2017 - Rs. 1269 per fully paid equity share, March 31,2016 Rs. 1,037, March 31, 2015 Rs. 303). The proposed dividend is subject to the approval in shareholders in the ensuing annual general meeting.	N/A	1,572.16	1,013.52	348.14

35 (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.

35 (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 period is Rs. 12,169.08 millions (2016-17 Rs. 26,252.46 millions; 2015-16 Rs. 25,982.06 millions, 2014-15: Rs. 11,555.93 millions)

35 (13) Charges registered:

Company has registered floating charge with State Bank of India and Andhra Bank to the extent of Rs. 3,101.00 millions (As at March 31, 2017 Rs. 3101.00 millions, as at March 31, 2016 Rs. 3101.00 millions, as at March 31, 2015 Rs. 3101.00 millions) on book debts.

35 (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.

35 (15) Restated summary statement of Contingent Assets: **(Rs. in millions)**

Particulars	September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 - Proforma
	-	-	-	-

Bharat Dynamics Limited
Notes to the Restated Financial Information

35 (16) Fair Value Measurement

(Rs. in millions)

Particulars			Fair value hierarchy Level	Notes	As at September 30, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015 - Proforma	
					Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL
A. Financial Assets												
a)	**Measured at amortised cost**											
	i)	Cash and cash equivalents	3	12	4,661.18		461.99	-	2,325.17	-	1,239.23	-
	ii)	Other bank balances	3	13	8,449.00		16,918.08	-	30,099.68	-	35,450.00	-
	iii)	Loans	3	7, 14	59.90		61.20	-	63.87	-	62.51	-
	iv)	Other financial assets	3	8, 15	19,127.59		17,252.54	-	14,839.89	-	7,380.01	-
	iv)	Trade receivables	3	11	1,297.71		3,564.12	-	1,448.57	-	3,347.87	-
		Sub - total			**33,595.38**	**-**	**38,257.93**	**-**	**48,777.18**	**-**	**47,479.62**	**-**
b)	**Mandatorily measured at fair value through profit or loss**											
	i)	Investment in equity instruments in other companies	3	6		36.89	-	29.47	-	29.47	-	29.26
	ii)	Deferred receivable	3	8		546.50	-	536.83	-	584.05	-	548.91
		Sub - total			**-**	**583.39**	**-**	**566.30**	**-**	**613.52**	**-**	**578.17**
	Total Financial Assets				**33,595.38**	**583.39**	**38,257.93**	**566.30**	**48,776.18**	**613.52**	**47,479.62**	**578.17**
B. Financial Liabilities												
a)	**Measured at amortised cost**											
	i)	Trade payables	3	22	15,248.11		14,950.87	-	13,431.04	-	5,140.76	-
	ii)	Other financial liabilities	3	19, 23	1,676.82		1,327.54	-	1,196.16	-	1,256.35	-
		Sub - total			**16,924.93**	**-**	**16,278.41**	**-**	**14,627.20**	**-**	**6,397.11**	**-**
b)	**Mandatorily measured at fair value through profit or loss**											
	i)	Embedded Derivative financial liability	3	19		353.88	-	360.04	-	404.72	-	364.99
		Sub - total			**-**	**353.88**	**-**	**360.04**	**-**	**404.72**	**-**	**364.99**
	Total Financial Liabilities				**16,924.93**	**353.88**	**16,278.41**	**360.04**	**14,627.20**	**404.72**	**6,397.11**	**364.99**

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets and liabilities carried at Fair value through profit and loss:

(Rs. in millions)

Particulars	Level	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
Financial Assets:					
a) Measured at fair value through profit or loss					
i)Investment in equity instruments in other companies	3	36.89	29.47	29.47	29.26
ii)Deferred receivable	3	546.50	536.83	584.05	548.91
Financial liabilities:					
a) Measured at fair value through profit or loss					
i)Embedded Derivative financial liability	3	353.88	360.04	404.72	364.99

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

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) **(Rs. in millions)**

The following table presents the changes in level 3 items for the periods ended 31 March 2017 and 31 March 2016:

Particulars	Unlisted equity shares	Deferred receivable	Embedded derivative liability
As at March 31, 2015 - Proforma	29.26	548.91	364.99
Gain/loss recognised in profit and loss	0.20	35.13	39.73
As at March 31, 2016	29.46	584.04	404.72
Gain/loss recognised in profit and loss	-	(47.22)	(44.68)
As at March 31, 2017	29.46	536.82	360.04
Gain/loss recognised in profit and loss	7.43	9.68	(6.16)
As at September 30, 2017	36.89	546.50	353.88

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. **(Rs. in millions)**

Particulars	Fair value as at				Significant unobser-vable inputs	Sensitivity
	Sept 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma		
Unquoted equity shares	36.89	29.47	29.47	29.26	Fair value of the company	A 1% increase in the fair value of the company would increase the non current investment by Rs. 0.37 million with a corresponding impact on profit and loss; a decrease in the fair value of the company would decrease the non current investment by R s.0.36 million with a corresponding impact on profit and loss.
Deferred receivable	546.50	536.83	584.05	548.91	Rupee rate per Special Drawings Right (SDR Unit)	A INR 1 increase in the SDR rate would increase the fair value by Rs. 7.64 millions with a corresponding impact on profit and loss; a INR1 decrease in SDR rate would decrease the fair value by Rs. 7.64 millions with a corresponding impact on profit and loss.
Embedded derivative liability	353.88	360.04	404.72	364.99	Rupee rate per Special Drawings Right (SDR Unit)	A INR 1 increase in the SDR rate would increase the fair value by Rs. 7.86 millions with a corresponding impact on profit and loss; a INR 1 decrease in SDR rate would decrease the fair value by Rs.7.86 millions with a corresponding impact on profit and loss.

35 (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) Period ended Sept 30, 2017: **(Rs. in millions)**

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

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of provision
Financial assets for which credit risk has not increased significantly since initial recognition	Claims/ refunds receivable	1,567.95	0.14%	2.15	1,570.10
- Loss allowance measured at 12 month expected credit losses	Loans	59.90	-	-	59.9

(b) Expected credit loss for trade receivables and unbilled revenue under simplified approach **(Rs. in millions)**

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	17,204.08	1,252.50	18,456.58
Expected credit loss rate	0%	0%	0%
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables	17,204.08	1,252.50	18,456.58

(i) Year ended March 31, 2017: **(Rs. in millions)**

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

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of provision
Financial assets for which credit risk has not increased significantly since initial recognition	Claims/ refunds receivable	1009.27	0.21%	(2.15)	1,007.12
- Loss allowance measured at 12 month expected credit losses	Loans	61.2	-	-	61.2

(b) Expected credit loss for trade receivables and unbilled revenue under simplified approach **(Rs. in millions)**

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	18,589.67	782.54	19,372.21
Expected credit loss rate	0%	0%	0%
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables	18,589.67	782.54	19,372.21

(ii) Year ended March 31, 2016:

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

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of provision
Financial assets for which credit risk has not increased significantly since initial recognition	Claims/ refunds receivable	381.69	0.56%	(2.15)	379.54
- Loss allowance measured at 12 month expected credit losses	Loans	63.87	-	-	63.87

(b) Expected credit loss for trade receivables and unbilled revenue under simplified approach **(Rs. in millions)**

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	14,284.12	544.88	14,829.00
Expected credit loss rate	0%	0%	0%
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables	14,284.12	544.88	14,829.00

(iii) As at March 31, 2015 (Proforma):

(a) Expected credit loss for financial assets where general model is applied **(Rs. in millions)**

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	141.78	1.51%	(2.15)	139.63
- Loss allowance measured at 12 month expected credit losses	Loans	62.50	-	-	62.50

(b) Expected credit loss for trade receivables and unbilled revenue under simplified approach **(Rs. in millions)**

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	7,748.10	1,198.36	8,946.46
Expected credit loss rate	0%	0%	0%
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables	7,748.10	1,198.36	8,946.46

(iv) Reconciliation of loss allowance: **(Rs. in millions)**

Particulars	Trade receivables and unbilled revenue	Claims/refunds receivable
Loss allowance as at March 31, 2015 - Proforma	-	(2.15)
Add/Less	-	-
Loss allowance as at March 31, 2016	-	(2.15)
Add/less	-	-
Loss allowance as at March 31, 2017	-	(2.15)
Add/less	-	-
Loss allowance as at September 30, 2017	-	(2.15)

(v) 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.

B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due and to 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:

(Rs. in millions)

Particulars	Sept 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
Expiring within one year (bank overdraft and other facilities)	150.00	150.00	150.00	150.00

(ii) Maturities of financial liabilities **(Rs. in millions)**

Contractual maturities of financial liabilities as at March 31, 2015 - Proforma	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
Non-derivative					
Deferred Credit towards 45 years Component	19.56	18.11	46.67	115.18	199.52
Deposits	114.15	-	-	-	114.15
Creditors for expenses	292.92	-	-	-	292.92
Employee benefits payable	649.76	-	-	-	649.76
Derivative					
Embedded derivative liability (Deferred liability)	34.58	15.019	45.056	270.337	364.99

(Rs. in millions)

Contractual maturities of financial liabilities as at March 31, 2016	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
Non-derivative					
Deferred Credit towards 45 years Component	19.56	18.11	46.67	111.58	195.92
Deposits	177.21	-	-	-	177.21
Creditors for expenses	289.44	-	-	-	289.44
Employee benefits payable	533.59	-	-	-	533.59
Derivative					
Embedded derivative liability (Deferred liability)	37.07	17.507	52.521	297.623	404.72

Contractual maturities of financial liabilities as at March 31, 2017	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
Non-derivative					
Deferred Credit towards 45 years Component	19.56	18.11	46.67	107.70	192.04
Deposits	153.01	-	-	-	153.01
Creditors for expenses	247.98	-	-	-	247.98
Employee benefits payable	734.51	-	-	-	734.51
Derivative					
Embedded derivative liability (Deferred liability)	35.77	162.13	486.39	2594.10	3278.39

Contractual maturities of financial liabilities as at September 30,2017	Less than 12 months	Between 1 and 2 years	Between 2 year and 5 years	Above 5 years	Total
Non-derivative					
Deferred Credit towards 45 years Component	19.56	18.11	46.67	95.82	180.16
Deposits	158.22	-	-	-	158.22
Creditors for expenses	209.24	-	-	-	209.24
Employee benefits payable	1,129.20	-	-	-	1129.20
Derivative					
Embedded derivative liability (Deferred liability)	36.28	16.72	50.15	250.74	353.88

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	September 30, 2017				
	USD	EURO	GBP	CHF	SEK
Foreign currency liabilities					
- Payables	2.48	0.39	0.00	-	1.39
- Advances		(1.55)			

Particulars	March 31, 2017				
	USD	EURO	GBP	CHF	SEK
Foreign currency liabilities					
- Payables	17.51	0.51	0.00	0.082	0.889

Particulars	March 31, 2016				
	USD	EURO	GBP	CHF	SEK
Foreign currency liabilities					
- Payables	30.07	6.188	0.027	0.008	0.463

Particulars	March 31, 2015 - Proforma		
	USD	EURO	GBP
Foreign currency liabilities			
- Payables	32.213	1.338	0.069

(ii) Sensitivity **(Rs. in millions)**

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			
	Sept 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 - Proforma
Payables				
USD Sensitivity				
INR/USD – Increase by 1%	1.67	11.55	20.04	20.01
INR/USD – Decrease by 1%	(1.67)	(11.55)	(20.04)	(20.01)
Euro Sensitivity				
EURO/USD – Increase by 1%	0.30	0.37	5.16	0.92
EURO/USD – Decrease by 1%	(0.30)	(0.37)	(5.16)	(0.92)
GBP Sensitivity				
GBP /USD – Increase by 1%*	0.00	0.00	0.03	0.06
GBP /USD – Decrease by 1%*	(0.00)	(0.00)	(0.03)	(0.06)
CHF Sensitivity				
CHF /USD – Increase by 1%	-	0.05	0.01	-
CHF /USD – Decrease by 1%	-	(0.05)	(0.01)	-
SEK Sensitivity				
SEK /USD – Increase by 1%	0.11	0.07	0.04	-
SEK /USD – Decrease by 1%	(0.11)	(0.07)	(0.04)	-
Advances (asset)				
Euro Sensitivity				
EURO/USD – Increase by 1%	(1.18)	-	-	-
EURO/USD – Decrease by 1%	1.18	-	-	-

*Below the rounding off norm adopted by the company

35 (18) **First-time Ind AS adoption reconciliations:**

The Proforma financial information of the Company as at and for the year ended 31st March 2015, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated 31st March 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. 1st April 2015) while preparing the proforma financial information for the FY 2014-15 and accordingly suitable restatement adjustments in the accounting heads has been made in the proforma financial information. This proforma Ind AS financial informationhave been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the yearended 31st March 2015 as described in this Note.The impact of Ind AS 101 on the equity under Indian GAAP as at 31st March 2015 and the impact on the profit or loss for the year ended 31st March 2015 due to the Ind- AS principles applied on proforma basis during the year ended 31st March 2015 can be explained as under:

Exemptions and exceptions availed

Transition to Ind AS
These are the company's first financial statements prepared in accordance with Ind AS.
The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016, March 31, 2015 and in the preparation of an opening Ind AS balance sheet at 1 April 2014 (the company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position and financial performance is set out in the following tables and notes.

Optional exemptions
Deemed cost
Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Effect of Ind AS adoption on the balance sheet as at March 31, 2016; March 31, 2015 and April 1, 2014 **(Rs. in millions)**

Particulars	Notes	As at March 31, 2016			As at March 31, 2015			As at April 01, 2014 - Proforma		
		Restated Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Restated Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Restated Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Non-current assets										
Property, plant and equipment	4, 7, 13, 8(b), 17	4,480.61	1,095.77	5,576.39	3,802.39	76.27	3,878.65	3,423.86	83.31	3,507.17
Capital work-in-progress		1,250.79	-	1,250.79	1,351.10	-	1,351.10	638.22	-	638.22
Investment property	17	-	0.10	0.10	-	0.10	0.10	-	0.10	0.10
Intangible assets	7, 8(a)	1,391.13	0.03	1,391.16	173.51	1,124.79	1,298.30	177.28	-	177.28
Intangible assets under development		11.29	-	11.29	71.59	-	71.59	63.32		63.32
Financial Assets										
(a) Investments	1	5.36	24.11	29.47	5.36	23.90	29.26	5.36	23.46	28.82
(b) Loans		38.25	-	38.25	37.98	-	37.98	51.68	-	51.68
(c) Other Financial Assets	8(a), 12	756.89	(208.89)	548.00	1,576.85	(1,061.56)	515.29	437.44	(240.19)	197.25
Deferred tax assets (net)	3	695.43	72.90	768.33	367.44	30.50	397.95	23.42	22.59	46.01
Other non-current assets	12	52.13	291.94	344.07	52.13	305.84	357.97	66.03	305.84	371.87
Total non-current assets		**8,681.88**	**1,275.96**	**9,957.85**	**7,438.35**	**499.84**	**7,938.19**	**4,886.61**	**195.11**	**5,081.72**
Current Assets										
Inventories	14	20,605.14	(28.52)	20,576.62	14,801.22	(44.55)	14,756.67	13,749.97	(0.26)	13,749.71
Financial Assets										
(a) Trade receivables	16	2,823.69	(1,375.12)	1,448.57	3,869.84	(521.97)	3,347.87	456.09	(635.81)	(179.72)
(b) Cash and cash equivalents		2,325.17	-	2,325.17	1,239.23	-	1,239.23	42,665.44	-	42,665.44
(c) Bank balances other than (iii) above		30,099.68	-	30,099.68	35,450.00	-	35,450.00	-	-	-
(d) Loans		25.62	-	25.62	24.51	-	24.51	25.30	-	25.30
(e) Other Financial Assets	14	14,834.07	41.86	14,875.93	7,355.15	58.49	7,413.64	5,822.45	0.76	5,823.21
Current tax assets		-	-	-	201.19	-	201.19	346.90	-	346.90
Other current assets	9, 12	17,884.92	(788.01)	17,096.91	14,496.98	(748.57)	13,748.41	14,378.86	13.90	14,392.76
Total current assets		**88,598.29**	**(2,149.79)**	**86,448.50**	**77,438.12**	**(1,256.60)**	**76,181.52**	**77,445.01**	**(621.41)**	**76,823.60**
Total assets		**97,280.17**	**(873.83)**	**96,406.35**	**84,876.47**	**(756.76)**	**84,119.71**	**82,331.62**	**(426.30)**	**81,905.32**

(Rs. in millions)

Equity										
Equity share capital		977.50	-	977.50	1,150.00	-	1,150.00	1,150.00	-	1,150.00
Other equity	Refer below	16,059.21	1,475.69	17,534.90	14,726.16	650.56	15,376.71	11,639.29	47.25	11,686.54
Total equity		**17,036.71**	**1,475.69**	**18,512.40**	**15,876.16**	**650.56**	**16,526.71**	**12,789.29**	**47.25**	**12,836.54**
Non-current liabilities										
Financial Liabilities										
Other financial liabilities	11	778.40	(214.83)	563.57	760.72	(230.79)	529.93	449.87	(247.02)	202.85
Provisions	9	758.85	(747.42)	11.43	731.92	(710.02)	21.90	-	-	-
Other non-current liabilities	7, 11	10,782.66	1,360.34	12,143.00	18,234.92	388.03	18,622.95	-	323.62	323.62
Total non-current liabilities		**12,319.91**	**398.09**	**12,718.00**	**19,727.56**	**(552.78)**	**19,174.78**	**449.87**	**76.60**	**526.47**
Current liabilities										
Financial Liabilities										
(a) Trade payables		13,431.04	-	13,431.04	5,140.76	-	5,140.76	3,612.21	-	3,612.21
(b) Other financial liabilities	8(a), 16	2,244.93	(1,207.63)	1,037.30	1,613.38	(521.97)	1,091.41	154.05	(635.81)	(481.76)
Other current liabilities	7, 8(a), 11	46,739.77	251.52	46,991.29	39,888.46	287.55	40,176.01	64,036.08	85.66	64,121.74
Provisions	2, 9, 10	5,323.99	(1,791.50)	3,532.49	2,630.19	(620.15)	2,010.04	1,290.12	-	1,290.12
Current Tax Liabilities (Net)		183.82	-	183.82	-	-	-	-	-	-
Total current liabilities		**67,923.55**	**(2,747.61)**	**65,175.94**	**49,272.79**	**(854.57)**	**48,418.22**	**69,092.46**	**(550.15)**	**68,542.31**
Total Equity and Liabilities		**97,280.17**	**(873.83)**	**96,406.34**	**84,876.51**	**(756.79)**	**84,119.71**	**82,331.62**	**(426.30)**	**81,905.32**

Effect of Ind AS adoption on the Statement of profit and loss for the year ended March 31, 2016 and March 31, 2015: **(Rs. in millions)**

Particulars	Note	Year ended March 31, 2016 (End of last period presented under previous GAAP)			Year ended March 31, 2015 - Proforma		
		Restated Previous GAAP	Effect of transition to Ind AS	Ind AS	Restated Previous GAAP	Effect of transition to Ind AS	Ind AS
INCOME							
Revenue from operations	5, 7, 14	37,042.78	3,744.80	40,787.58	28,429.39	(21.19)	28,408.20
Other income (net)	1, 11, 12, 15	5,390.92	(1,543.36)	3,847.55	4,359.81	30.51	4,390.32
Changes in inventories of finished goods and work-in-	14	1,362.58	16.04	1,378.62	(296.29)	30.03	(266.25)
Total income		**43,796.28**	**2,217.48**	**46,013.75**	**32,492.91**	**39.35**	**32,532.27**
EXPENSES							
Cost of materials consumed		26,231.51	-	26,231.51	18,538.87	-	18,538.87
Other operating cost	14	3,330.53	-	3,330.53	1,199.83	-	1,199.83
Employee benefit expense	6	3,252.21	10.14	3,262.35	3,130.72	(5.96)	3,124.76
Finance costs	11, 12	5.27	29.86	35.14	17.01	16.23	33.24
Depreciation and amortisation expense	7, 13	496.40	35.80	532.20	694.94	(28.18)	666.76
Other expenses	10, 15	1,979.76	2,171.17	4,150.93	2,623.16	(149.05)	2,474.11
Selling and distribution expenses		58.35	-	58.35	55.43	-	55.43
Total expenses		**35,354.03**	**2,246.97**	**37,601.01**	**26,259.96**	**(166.96)**	**26,093.00**
Profit before tax		**8,442.25**	**(29.49)**	**8,412.74**	**6,232.95**	**206.31**	**6,439.27**
Tax Expense:							
Current tax		3,165.89	-	3,165.89	2,342.30	-	2,342.30
Deferred tax	3, 6	(327.97)	(45.90)	(373.87)	(332.57)	(5.89)	(338.47)
Sub total		**2,837.92**	**(45.90)**	**2,792.02**	**2,009.73**	**(5.89)**	**2,003.83**
Profit for the year		**5,604.33**	**16.41**	**5,620.72**	**4,223.22**	**212.20**	**4,435.44**
Other comprehensive income							
A Items that will not be reclassified subsequently to profit or loss							
(a) Remeasurements of the defined benefit plans	6	-	10.14	10.14	-	(5.95)	(5.95)
(b) Income tax relating to items that will not be reclassified to profit or loss	6	-	(3.51)	(3.51)	-	2.02	2.02
		-	-	-	-	-	-
Total other comprehensive income		-	6.63	6.63	-	(3.93)	(3.93)
Total comprehensive income for the year		5,604.33	23.04	5,627.35	4,223.22	208.27	4,431.51

(Rs. in millions)

Effect of Ind AS adoption on the equity as at March 31, 2016, March 31, 2015 and April 1, 2014

Particulars	Notes	As at March 31, 2016	As at March 31, 2015	As at April 1, 2014
Total Equity as per previous restated GAAP		**17,036.71**	**15,876.17**	**12,789.29**
Add:		-	-	
Amortization of deferred income for deferred credit – 45 years	11	343.12	328.82	314.51
Interest accrual for deferred debts	12	416.68	401.16	385.38
Recognition of Government grant on freehold land	4	2.94	2.94	2.94
Reversal of proposed dividend and tax thereon	2	1,219.85	417.74	-
Fair value adjustment to the Investments	1	24.11	23.90	23.46
Deferred tax on indexation of land	3	122.06	96.56	88.55
Amortization of deferred revenue	7	94.43	23.07	16.11
Revenue recognition under Percentage completion method	14	13.35	13.94	0.50
Reversal of Provision for Contingencies – Construction contract	10	112.06	163.85	-
Excess amortisation charged on leasehold land	13	35.56	-	-
Less:				
Interest accrual for deferred credit – 45 years	11	(428.52)	(412.56)	(396.34)
Amortization of deferred expense for deferred debts	12	(333.64)	(319.74)	(305.84)
Charging the accumulated depreciation on customer provided assets	7	(94.43)	(23.07)	(16.11)
Deferred tax on adjustments to the opening balance sheet	3	(49.16)	(66.06)	(62.03)
Foreign exchanged capitalised under previous GAAP	8 (b)	(2.71)	-	-
		18,512.41	**16,526.72**	**12,840.42**

Effect of Ind AS adoption on the profit/loss as at March 31, 2016 and March 31, 2015

Particulars	Notes	As at March 31, 2016	As at March 31, 2015
Profit after tax as per Restated IGAAP		**5,604.33**	**4,223.22**
IndAS adjustments:			
Impact of service revenue recognised in percentage of completion method	14	(0.59)	1.89
Revenue recognised in respect of customer provided assets	7	71.36	6.96
Adjustment to deferred receivables	12	1.62	1.88
Capitalized Foreign currency loss	8 (b)	(2.71)	(0.90)
Fair value gain on investments	1	0.21	0.44
Adjustment to deferred liability	11	(1.66)	(1.93)
Depreciation impact of leasehold land amortized over 95 years	13	35.55	35.14
Depreciation on customer provided assets	7	(71.36)	(6.96)
Adjustment for provision on construction contracts	10	(51.79)	163.84
Deferred tax on Ind AS adjustments	3	16.90	(0.10)
Deferred tax on indexation of land	3	25.50	8.02
Profit as per IndAS		**5,627.36**	**4,431.50**

Notes to the reconciliations

1 Fair Valuation of Investments

Under the previous GAAP, investments in equity instruments were classified as long-term investments which were carried at cost less provision for other than temporary decline in the value of such instruments. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2016. Consequently, the fair value movement in the investment is Rs. 0.21 millions (as at March 31, 2015: Rs. 0.44 millions, as at April 01, 2014: Rs.23.46 millions)

2 Proposed dividend and dividend distribution tax

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered to as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Consequently, reserves have been impacted to the tune of Rs.1219.85 millions (as at March 31, 2015: Rs. 417.75 millions, April 01, 2014: Nil).

3 Deferred tax

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

In addition, the various transitional adjustments lead to temporary differences, for example indexation benefit on land. According to the accounting policies, the company has to account for tax impact on such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

4 Government grant

Under previous GAAP, land received under government grant were recorded at nominal value, i.e. INR 1. Whereas under Ind AS, assets received under Government grant shall be recorded at fair value, the corresponding credit shall be given to revenue over the period over which performance obligations are met. There are no outstanding performance obligations relating to the land, therefore the total credit is taken to Opening reserves. Consequently the opening reserves were impacted by Rs. 2.94 millions

5 Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented as part of other expenses under Note 34. There is no impact on the total equity and profit. Consequently the Revenue and Cost of sales have increased by Rs. 3690.06 millions in the year 2015-16 (2014-15: Nil).

6 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e., actuarial gains and loses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these measurements were forming part of the profit or loss for the year. Consequently in the year, Rs. 10.14 millions (2014-15: (5.95) millions) have been reduced from employee benefit expenses and presented under Other comprehensive income. Deferred Tax of Rs. 3.51 millions (2014-15: (2.02) millions) relating to the remeasurements have also been reclassified to other comprehensive income.

7 Customer provided assets

Under pervious GAAP, assets received free of cost from a customer for the performance of a contract were recorded at nominal value, i.e. INR 1. Whereas under Ind AS, such assets are recorded at fair value and the corresponding credit is recognised in deferred revenue. Consequently, the value of assets have increased by Rs. 1057.98 millions as at March 31, 2016 (as at March 31, 2015: Rs. 73.51 millions, April 01, 2014: 80.47 millions). As a result of increase in the value of assets, the depreciation charge for the year ended March 31, 2016 has increase by Rs. 71.37 millions (for the year ended march 31, 2015 increased by Rs. 69.56 millions).

The corresponding credit is treated as deferred revenue.

1) Deferred revenue March 31, 2016: Rs. 1057.98 millions (March 31, 2015:Rs. 73.51 millions, April 01, 2014:)

2) Revenue recognised - March 31, 2016: Rs. 71.37 millions (March 31, 2015:Rs. 23.06 millions)

8 Errors

a) Under previous GAAP, Intangible asset towards license fee to produce Invar missiles were carried as part of other non financial assets and other current liabilities. This error was rectified in the year 2015-16 in the previous GAAP. Whereas under Ind AS, errors having material impact shall be rectified by restating the previous year figures in the year in which such error took place. As the error took place before the opening balance sheet date, the rectification is made as on the transition date. As a result the intangible assets has increased by Rs. 1124.70 millions, the other financial assets have reduced by Rs. 837.14 millions and the other current liabilities have increased by Rs. 287.56 millions.

b) Under previous GAAP, foreign currency exchange fluctuation as at March 31, 2016 amounting to Rs. 2.71 millions is erroneously capitalised (2014:15 Rs.0.89 million). This error is now rectified in the year 2015-16 in Ind AS.

9 Defined benefit plan assets and obligations

Under previous GAAP, the company was carrying the defined benefit obligation and deposit with LIC (Plan assets) at gross value. Under Ind AS, the defined benefit obligation shall be presented net of fair value of plan assets. Consequently the following was the impact:

- The deposits have decreased as at March 31, 2016, by Rs. 788.01 millions (as at March 31, 2015: Rs. 748.58 millions)
- The short term provisions have reduced as at March 31, 2016 by Rs. 40.59 millions (as at March 31, 2015: Rs. 38.55 millions)
- The long term provisions have reduced as at March 31, 2016 by Rs. 747.42 millions (as at March 31, 2015: Rs. 710.02 millions)

10 Provision for contingencies - Construction contracts

Under previous GAAP, the company was maintaining a provision for contingencies for construction contracts. Under Ind AS, a loss is recorded under a construction contract when, the management is not able to reliably estimate the outcome, the irrecoverable costs are charged off; or when it is probable that the contract costs will exceed total contract revenue, the expected loss should be recognised immediately as an expense. Since, the provision for contingencies does not fall in either of the two cases above, it has been reversed. Consequently the short term provisions have increased by Rs. 51.79 millions as at March 31, 2016 (as at March 31, 2015: decreased by Rs. 163.85 millions) and reserves have decreased as at March 31, 2016 by Rs. 51.79 millions (as at March 31, 2015: increase by Rs. 163.85 millions)

11 Deferred credit

Under previous GAAP, the deferred credit liability was restated at the adjusted Special Drawings Right (SDR) rate at each reporting date. However under Ind AS, the financial liability is classified as debt instrument carried at amortised cost and an embedded derivative has been identified which is carried at fair value through P&L. Consequently, the difference between the transaction value and fair value of the financial liability is treated as Deferred income. Deferred income Rs. 643.34 millions is recognised and the impact of amortisation of such deferred income in the year 2015-16: Rs. 343.12 millions (as at March 31, 2015: Rs. 328.82 millions).

On account of carrying the financial liability at amortised cost, interest has been unwound to the tune of Rs. 15.96 millions in the year 2015-16 (as at March 31, 2015: Rs. 16.22 millions)

12 Deferred Debts

Under previous GAAP, the Deferred debt was restated at the adjusted Special Drawings Right (SDR) rate at each reporting date. However under Ind AS, the deferred debt is carried at fair value on day one and subsequently carried at fair value through P&L. Consequently, the difference between the transaction value and fair value of the financial liability is treated as Deferred expense. Deferred expense of Rs. 625.58 millions is recognised and impact of amortisation of such deferred expense is Rs. 333.64 millions (as at March 31, 2015: Rs. 319.74 millions).

On account of carrying the financial asset at fair value through P&L, the fair value movement in the financial asset as at March 31,2016 is Rs. 15.52 millions (as at March 31, 2015:Rs. 17.78millions)

13 Amortisation of leasehold land

Under previous GAAP, leasehold land was amortised over a period of 10 years or lease term which ever is lower. However, under IndAS, the leasehold land is amortised over the period of lease. Increase in the value of leasehold land with a corresponding decrease in depreciation is for year ended March 31, 2016 is Rs. 35.15 millions (2014-15: Rs. 35.15 millions).

14 Service Income recognised on proportionate completion basis

Under previous GAAP, service income was recognised on completion method. Till the time service is completed the expenses incurred till such time are accumulated as work in progress. However, under Ind AS service income is recognised on proportionate completion basis due to which there is an increase in service revenue and unbilled revenue for year ended March 31, 2016 is Rs. 41.86 millions (as at March 31, 2015: Rs. 58.49millions) and decrease in inventories & increase in cost of goods sold for year ended March 31, 2016 is Rs. 28.51 millions (as at March 31, 2015: Rs. 44.55 millions)

15 Provisions no longer required written back

Under previous GAAP, provisions/liabilities no longer required written back were disclosed under Other income. However, under Ind AS such items will be offset against respective expenses due to which there is a decrease in other income and other expenses by Rs. 1548.53 millions in the year 2015-16 (2014:15 Rs. 521.97 millions).

16 Liquidated damages

Under previous GAAP, liquidated damages claimed by the customer were disclosed under Other current liabilities. However, under Ind AS such items will be offset against trade receivables due to which there is a decrease in other current liabilities and trade receivables as at March 31, 2016 by Rs. 1375.12 millions (as at March 31, 2015: Rs. 521.97 millions)

17 Under previous GAAP, own land given on lease is classified under Property plant and equipment. However, under Ind AS such items will be classified under Investment property. Due to this as at March 31, 2016 and March 31, 2015 amount of Rs. 0.10 millions has been reclassified from Property plant and equipment to Investment property.

Effect of Ind AS adoption on the cash flow for the year ended March 31, 2015: **(Rs. in millions)**

Particulars	Notes	Previous GAAP	Ind AS
Cash flow from operaitng activities		(7,646.95)	(5,990.58)
Cash flow from Investing activities		2,392.86	622.83
Cash flow from Financing activities		(722.12)	(608.46)
		(5,976.21)	**(5,976.21)**

Effect of Ind AS adoption on the cash flow for the year ended March 31, 2016 **(Rs. in millions)**

Particulars	Notes	Previous GAAP	Ind AS
Cash flow from operaitng activities		5,595.93	2,842.79
Cash flow from Investing activities		(6,382.06)	1,485.85
Cash flow from Financing activities		(3,226.73)	(3,242.69)
		(4,012.86)	**1,085.95**

Note:

The key reason for differences comprises reclassification of cash flows related to financial instruments, proposed dividend and customer financed assets.

The key reson for change in net cash flows for the year ended March 31, 2016 are as follows:

(Rs. in millions)

Particulars	Amount
Net cash flow as per restated previous GAAP	(4,012.86)
Change in other bank balances considered in Operating activities under Ind AS	5,350.33
Change in book overdraft considered in cash and cash equivalents under Ind AS	(251.52)
Net cash flow as per Ind AS	1,085.95

35 (19) **Segment information:**

As the Company is engaged in defence production, exemption was granted from applicability of AS 17 (Segment reporting) under Sec 129 of Companies Act 2013. Company had applied to Ministry of Corporate Affairs seeking similar exemption from applicability of Ind AS 108 (Operating Segments).

35 (20) **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 2017 is given below. (Previous year figures are shown in brackets)

Currency	Payables		Receivables		Contingent Liability	
	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent
USD	17.51	1155.37	-	-	0.14	90.76
	(30.07)	(2,003.62)	-	-	(9.00)	(6,007.90)
EURO	0.51	37.17	-	-	2.56	1803.10
	(6.19)	(515.59)	-	-	(15.64)	(11,832.44)
GBP	0	0.21	-	-	-	-
	(0.03)	(2.68)	-	-	(0.10)	(96.92)
CHF	0.08	5.39	-	-	0.08	50.04
	(0.01)	(0.51)	-	-	-	-
SEK	0.89	6.55	-	-	0.47	33.87
	(0.46)	(3.81)	-	-	(4.03)	(331.65)
Total (R)		**1204.69**	-	-		**1977.77**
Total (R) Previous Year		**(2,526.21)**	-	-		**(18,268.91)**

35 (21) **Accounting Standards issued but not yet effective**

The accounting standards issued but not yet effective up to the date of issuance of the Company's financial statements is disclosed below.
The company intends to adopt these accounting standards when effective.

i) Amendments to Ind AS 102 - Share based payments:
The same would not be applicable to the company

ii) Amendments to Ind AS 7 - Cash flow statement
The amendment requires an entity to provide disclosures that enables users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes. The amendment requires an entity to disclose the following changes in liabilities arising from financing activities:

• Changes from financing cash flows
• Changes arising from obtaining or losing control of subsidiaries or other businesses;
• The effect of changes in foreign exchange rates;
• Changes in fair values; and
• Other changes.

In addition to above, the amendment requires to disclose changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flow from financing activities.
The amendment requires to provide a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities
The amendment requires to disclose the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities, if an entity provides above disclosure in combination with disclosures of changes in other assets and liabilities.
The amendment is effective for annual periods beginning on or after April 01, 2017

35 (22) Previous year figures have been regrouped or rearranged wherever necessary. Negative figures are indicated in parenthesis.

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

As per our report of even date.
for S. R. MOHAN & CO.,
Chartered Accountants
Firm's Registration No.002111S

For and on behalf of the Board

G. JAGADESWARA RAO
Partner
(M.No.021361)

S. PIRAMANAYAGAM
Director (Finance)
DIN: 07117827

V. UDAYA BHASKAR
Chairman and Managing Director
DIN: 06669311

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

Place: New Delhi
Date: 26 December 2017

Place: New Delhi
Date: 26 December 2017

Annexure VI: Capitalisation statement **(Rs. in millions)**

Particulars	Pre-Offer as at September 30, 2017	Adjusted for the post-Offer
Debts		
Short term debts	-	
Long term debts	20.04	
Total Debts	**20.04**	
		Not Applicable *
Shareholders' Funds		
Share Capital	916.41	
Reserves as restated	15,389.99	
Total Shareholders' Funds	16,306.40	
Total Debts/ Total Shareholders' Funds	0.001	
Long Term Debts/ Total Shareholders' Funds	0.001	

Annexure VII -Statement of Dividend

(Rs. in millions)

Particulars	30-Sep-17	2016-17	2015-16	2014-15
Face value of Equity Shares (in Rs. per Equity Share)	10.00	1,000.00	1,000.00	1,000.00
Total Dividend (in Rs. millions)	0	1572.16	1689.72	837.14
Number of Equity Shares (in millions)	91.64	1.22	0.9775	1.15
Total Dividend per Equity Share (Rs.)	-	1,288.66	1,728.61	727.95
Total Dividend Rate (%)	0%	128.87%	172.86%	72.79%
Dividend Tax (in Rs millions)	-	272.30	343.99	169.73

Annexure VIII - Restated Statement of Accounting Ratios

Earnings per share

(i) For continuing operations: **(Rs. in Millions)**

Particulars	For the period ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015
Profit after tax	1,725.91	4,903.19	5,620.69	4,435.48
Basic:				
Number of shares outstanding at the year end	91.64	122.19	97.75	97.75
Weighted average number of equity shares*	121.35	122.19	139.39	139.44
Earnings per share (INR)	14.22	40.13	40.32	31.81
Diluted:				
Effect of potential equity shares on employee stock options outstanding	-	-	-	-
Weighted average number of equity shares outstanding	121.35	122.19	139.39	139.44
Earnings per share (INR)	14.22	40.13	40.32	31.81

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

* Since there is a bonus issue in the current year, EPS for the previous year has been computed as if such issue has happened at the start of previous year.

Return on Net worth (%) **(Rs. in Millions)**

Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015
Profit after tax	1,725.91	4,903.19	5,620.69	4,435.48
Net Worth, as restated	16,306.40	22,124.61	18,512.38	16,526.71
Return on Net Worth	10.58%	22.16%	30.36%	26.84%

Net Asset Value Per Equity Share (Rs.) **(Rs. in Millions)**

Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015
Net Worth, as restated	16,306.40	22,124.61	18,512.38	16,526.71
No of shares	91.64	122.19	97.75	115.00
Net Assets Value (NAV) per share	177.94	181.07	189.38	143.71

Note: The ratios have been computed as per the following formulae:

(i) Basic and Diluted Earnings per Share = Net Profit after tax, as restated for the year / period, attributable to equity shareholders / Weighted average number of equity shares outstanding during the year / period

(ii) Net Assets Value (NAV) = Net worth, as restated, at the end of the year / period / Number of equity shares outstanding at the end of the year / period

(iii) Return on Net worth (%) = Net Profit after tax, as restated for the year / period, attributable to equity share holders / Net worth as restated, at the end of the year / period

Net worth for ratios mentioned above is as arrived as mentioned below:
Net worth, as restated = Equity share capital + Reserves and surplus
(Includes Securities Premium and Surplus / (Deficit) in Standalone Statement of Profit and Loss).

Annexure IX -Tax shelters **(Rs. in Millions)**

Particulars	Period ended Sept 30, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Profit before tax from continuing operations	2,880.12	7,321.87	8,412.71	6,439.31
Income tax expense calculated at 34.61% (2016-17: 34.61%, 2015-16 : 34.61%, 2014-15: 33.99%)	996.75	2,533.95	2,911.47	2,188.71
Tax expense of amounts which are not deductible (taxable) in calculating taxable income				
Donations made during the year	-	0.02	-	-
Amount towards CSR activities	-	45.52	38.99	14.16
Interest due to MSME's	318.56	2.36	1.79	0.77
Foreign exchange capitalised	-	-	0.93	-
Interest payable u/s 234A, 234B, 234C		11.47	15.19	1.58
43B disallowances	(355.95)	948.74	503.68	316.36
Depreciation	(412.23)	(108.81)	(175.02)	25.49
Expenses disallowed	(198.89)	(35.58)	1.68	-
VL Encashment	-	-	(0.01)	-
Gratuity Contribution paid	-	-	2.64	(4.78)
Tax expense of amounts on which weighted deduction is available in calculating taxable income				
Research and development expenditure	(76.05)	(130.93)	(102.21)	(108.99)
Investment Allowance u/s 32(AC)	-	-	(43.07)	(67.50)
Others:				
Impact of deferred tax on indexation of land	776.46	-	-	-
Tax impact of items taxed at a higher rate	-	-	(0.02)	-
Impact of ICDR adjustments	431.51	(135.93)	2.94	(25.69)
Others	(8.40)	(4.82)	6.91	2.19
Total Income tax expense	1,471.76	3,125.99	3,165.89	2,342.30

BHARAT DYNAMICS LIMITED :: HYDERABAD
ANNEXURE –IA
RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs.in millions)

PARTICULARS	NOTE NO.	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	1,150.00	1,150.00
(b) Reserves and Surplus	2	11,609.61	9,361.84
		12,759.61	**10,511.84**
Non-Current Liabilities			
(a) Long Term Liabilities	3	449.87	469.43
(b) Long-Term Provisions	4	-	627.34
		449.87	**1,096.77**
Current Liabilities			
(a) Trade Payables	5	3,631.77	2,863.71
(b) Other Current Liabilities	6	64,314.46	56,791.48
(c) Short Term Provisions	7	1,301.21	1,242.30
		69,247.44	**60,897.49**
TOTAL		**82,456.92**	**72,506.10**
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	3,423.86	2,673.30
(ii) Intangible Assets	8	177.28	92.30
(iii) Capital Work-in-progress	9	638.23	632.65
(iv) Intangible Assets under developr	9	63.32	62.62
(b) Non-Current Investments	10	5.37	5.37
(c) Deferred Tax Assets (Net)	11	15.90	269.95
(d) Long Term Loans and Advances	12	117.71	133.87
(e) Other Non-current assets	13	437.44	456.47
		4,879.11	**4,326.53**
Current Assets			
(a) Inventories	14	13,749.96	10,013.34
(b) Trade Receivables	15	4,131.98	2,754.47
(c) Cash and Cash Equivalents	16	42,665.44	39,622.55
(d) Short Term Loans and Advances	17	15,050.84	14,479.78
(e) Other Current Assets	18	1,979.59	1,309.43
		77,577.81	**68,179.57**
TOTAL		**82,456.92**	**72,506.10**

Accounting Policies and Notes attached form part of Financial Statements.

Note: The above statement should be read with Notes on Adjustments for Restatement of Profit and Loss appearing in Annexure IVA, Significant Accounting Policies in Annexure IVA (1) , Notes forming part of the Restated Financial Information in Annexure IVA (2).

As per our report of even date.
for S. R. MOHAN & CO.,
Chartered Accountants
Firm's Registration No.002111S

For and on behalf of the Board

G. JAGADESWARA RAO (M.No.021361)
Partner

S. PIRAMANAYAGAM
Director (Finance)

V. UDAYA BHASKAR
Chairman and Managing Director

Place: New Delhi
Date: 26 December 2017

Place: New Delhi
Date: 26 December 2017

N. NAGARAJA
Company Secretary

BHARAT DYNAMICS LIMITED :: HYDERABAD
ANNEXURE – IIA
RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs.in millions)

PARTICULARS	NOTE NO.	As at March 31, 2014	As at March 31, 2013
Revenue from Operations	19		
Sales of products manufactured		16,919.29	7,146.71
Sales of products traded		1,037.03	3,612.51
Less: Excise Duty		121.72	(4.37)
		17,834.60	10,763.59
Changes in inventories of Finished Goods, Work-in-progress, Stock-in-Trade	23	222.86	956.10
Other Income	20	4,999.56	4,636.83
Total Revenue		**23,057.02**	**16,356.52**
Expenses:			
Raw material consumed	21	12,260.11	7,795.71
Other manufacturing expenses	22	232.18	226.43
Staff costs	24	3,072.80	2,589.85
Depreciation and Amortisation expense	8	394.54	416.92
Administration expenses	25	1,441.43	737.67
Selling and distribution expenses	26	53.10	59.17
Finance Costs		4.45	3.61
Provisions	27	175.46	435.61
		17,634.07	**12,264.97**
Profit Before Tax		**5,422.95**	**4,091.55**
Tax Expense			
Current Tax		1,567.72	1,204.21
Deferred Tax	11	254.03	99.40
		1,821.75	1,303.60
Profit (Loss) for the period		**3,601.21**	**2,787.94**
Earnings Per Share :			
Basic and Diluted	28	**25.83**	**19.99**

Accounting Policies and Notes attached form part of Financial Statements. - -

Note: The above statement should be read with Notes on Adjustments for Restatement of Profit and Loss appearing in Annexure IVA, Significant Accounting Policies in Annexure IVA (1) , Notes forming part of the Restated Financial Information in Annexure IVA (2).

As per our report of even date.
for S. R. MOHAN & CO.,
Chartered Accountants
Firm's Registration No.002111S

For and on behalf of the Board

G. JAGADESWARA RAO (M.No.021361)
Partner

S. PIRAMANAYAGAM
Director (Finance)

V. UDAYA BHASKAR
Chairman and Managing Director

Place: New Delhi
Date: 26 December 2017

Place: New Delhi
Date: 26 December 2017

N. NAGARAJA
Company Secretary

BHARAT DYNAMICS LIMITED :: HYDERABAD
Annexure III A
RESTATED SUMMARY STATEMENT OF CASH FLOWS

(Rs. in millions)

PARTICULARS	31 MAR 2014	31 MAR 2013
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax and Extraordinary items	**5422.98**	**4091.54**
Adjustments for :		
Depreciation and amortisation	394.52	414.72
Interest income	(4158.50)	(4175.81)
Interest expense	4.45	3.61
Operating Profit Before Working Capital Changes	1663.44	334.06
(Increase)/Decrease in trade receivables	(1377.51)	(1921.44)
(Increase)/Decrease in inventories	(3736.62)	(4039.62)
(Increase)/Decrease in loans and advances (excluding advance tax and interest accrued)	(344.90)	(4830.06)
Increase/(Decrease) in sundry creditors, liabilities & provisions	7703.04	6286.15
Cash generated from operations	**3907.45**	**(4170.90)**
Income taxes paid	(1758.71)	(1380.19)
Cash flow before extraordinary item	**2148.74**	(5551.09)
Proceeds from extra-ordinary items	-	-
Net cash from operating activities (A)	**2148.74**	**(5551.10)**
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(1218.75)	(1348.51)
Proceeds from sale of assets	(17.56)	34.87
Interest received	3488.35	4010.11
Net cash from investing activities (B)	**2252.04**	**2696.47**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(4.45)	(3.61)
Dividends paid (including tax thereon)	(1353.44)	(470.01)
Net cash used in financing activities (C)	**(1,357.89)**	**(473.62)**
Net increase/(decrease) in cash and cash equivalents	**3,042.89**	**(3,328.25)**
Cash and cash equivalents as at the beginning of the year	**39,622.55**	**42,950.80**
Cash and cash equivalents as at end of the year	**42,665.44**	**39,622.55**

As per our report of even date.
for S. R. MOHAN & CO.,
Chartered Accountants
Firm's Registration No.002111S

For and on behalf of the Board

G. JAGADESWARA RAO (M.No.021361)
Partner

S. PIRAMANAYAGAM
Director (Finance)

V. UDAYA BHASKAR
Chairman and Managing Director

Place: New Delhi
Date: 26 December 2017

Place: New Delhi
Date: 26 December 2017

N. NAGARAJA
Company Secretary

Bharat Dynamics Limited

Annexure IVA

NOTES ON ADJUSTMENTS FOR RESTATEMENT OF PROFIT AND LOSS

Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profit of the company:

(Rs.in millions)

Impact on the profits of the Company:	Note	2013-14	2012-13
Profit as per IGAAP		3,455.14	2,884.03
Items relating to prior years			
Liabilities written back	1(a)	(1.48)	(11.12)
Prior period items			
- Depreciation	1(b)	14.44	(4.95)
- Sales	1(b)	61.01	(10.12)
- Expenses	1(b)	(1.76)	0.90
Provision for future charges	1(b)	(28.46)	-
LD recovered from suppliers	1(c)	19.06	194.89
Taxes recovered from customer	1(d)		-
GST provision on goods held in trust	1 (e)	(11.08)	
Adjustment to amortisation of leasehold land	1(f)	5.10	
Taxes	1(g)	(56.30)	(29.14)
Deferred tax	1(h)	(43.61)	(55.03)
Change in accouting policy			
Change in LD policy	2 (a)	270.28	(270.28)
Recognision of revenue from services on percentage of completi	2 (b)	9.97	1.58
Deferred tax		(91.10)	87.18
Total		146.07	(96.09)
Restated profits		3,601.21	2,787.94

1 Other adjustments

In the financial statements for the years ended March 31, 2014 and March 31, 2013, certain items of income/expenses have been identified as adjustments pertaining to earlier years. These adjustments were recorded in the year in which they were identified. However, for the purpose of Restated Financial Statements, such adjustments have been appropriately recorded in the respective years to which the transactions pertain. Adjustments related to financial years prior to and up to year ended 31st March 2012 have been adjusted against the opening balance of the Restated Summary Statement of Profit and Loss Account as at 1st April 2012.

a) Liabilities written back

In the financial statements for the years ended March 31, 2014 and March 31, 2013, certain liabilities created in earlier years were written back. For the purpose of this statement, the said liabilities which has been considered material have been appropriately adjusted in the respective years in which the same were originally created.

b) Prior period items

In the Financial statements for the years ended March 31, 2014 and March 31, 2013 certain items of income/expenses have been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in the respective years.

c) LD recovered from suppliers

In the financial statements for the years ended March 31, 2014 and March 31, 2013, Liquidated damages (LD) recoevred from suppliers was recognised in the year in which it was received. For the purpose of restatement, the said income, wherever required have been appropriately adjusted in the respective years to which they relate.

d) Taxes recovered from customers

In the financial statements for the years ended March 31, 2014 and March 31, 2013, taxes recovered from customers was recognised in the year in which it was received. For the purpose of restatement, the said income, wherever required have been appropriately adjusted in the respective years to which they relate.

e) GST provision on goods held in trust

In the financial statements for the years ended September 30, 2017, March 31, 2017, March 31, 2016 and March 31, 2015, GST was levied on goods sold in preceeding years lying with the company as retention sales (goods held in trust). For the purpose of restatement, the said liability, wherever required have been appropriately adjusted in the respective years in which they relate to.

f) Leasehold land

Leasehold land was amortised over a period of 10 years till year ended March 31, 2014. Subsequently, it was amortised over the period of lease i.e. 95 years. For the purpose of restatements, the amortization charge has been appropriately adjusted in the respective earlier years.

g) Current tax

The Profit and Loss Account of some years include amounts paid/provided for or refunded/written back, in respect of shortfall/excess income tax arising out of assessments, appeals etc. which have now been adjusted in the respective years.

h) Deferred tax

Income tax (deferred tax) has been computed on adjustments made and has been adjusted in the Restated Statement of Profit and Loss for the respective years to which they originally relate.

i) Material Regrouping

Appropriate adjustments have been made in the Restated Financial Statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities, receipts and payments in order to bring them in line with the groupings as per the audited financial statement of the Company as at and for the period ended September 30, 2017.

These regroupings include set off of write back of provisions against the respective expenses.

2 Changes in accounting policies

a) In 2013-14, the company has revised its accounting policy in relation to the Provision for Liquidated Damages (LD). The company had earlier been providing for liquidated damages in the year of actual sale, however in 2013-14 the company had revised its policy to provide for LD in the year of slippage. For the purpose of restatement, the change in accounting policy has been uniformly applied from 2012-13.

b) In the financial statements for the year ended March 31, 2014 and March 31, 2013 the company had a policy to recognise the revenue from service under completed service method. The company has changed its policy to reccgnise the revenue from servcies under percentage of completion method. For the purpose of restatement, the accounting policy for revenue recognition has been uniformly applied

3 Reconciliation of Opening reserves as at April 01, 2012 from the audited financial statements to the restated balance.

Profit and Loss Account as at 1st April 2012: (Rs.in millions)

Particulars	Amount
Reserves and surplus as at April 01, 2012 (net of dividend adjustment)	6,173.83
Adjustments:	
Prior period items:	
Depreciation	(9.49)
Sales	(50.89)
Expenses	0.85
Liability written back	458.56
LD recovered from suppliers	135.70
Proposed Dividend and tax thereon	546.25
Current tax	40.48
Deferred tax	(175.14)
Restated reserves as at April 1, 2012	7,120.15

4 Matters not adjusted in the Financial information

i) Audit report 2013-14

Statutory Dues aggregating to Rs. 907.62 million that have not been deposited on account of dispute and pending before the appropriate authorities are as follows:

(Rs.in millions)

Name of the Statute	Nature of Dues	Forum where the dispute is pending	Amount
CST Act	CST	AP High Court	146
CST Act	CST	AP Sales Tax Appellate Tribunal	727
CST Act	CST	Appellate Deputy Commissioner	29
Finance Act	Service Tax	Commissioner, Hyderabad –II Service Tax	4
AP VAT Act	VAT	Appellate Commissioner (CT)	1
AP VAT Act	VAT	Asst. Commissioner (CT) (LT)	0

ii) Audit report 2012-13

Statutory Dues aggregating to Rs. 884.61 million that have not been deposited on account of dispute and pending before the appropriate authorities are as follows:

(Rs.in millions)

Name of the Statute	Nature of Dues	Forum where the dispute is pending	Amount
CST Act	CST	AP High Court	146.3
CST Act	CST	AP Sales Tax Appellate Tribunal	705.6
CST Act	CST	Appellate Deputy Commissioner	28.4
Finance Act	Service Tax	Commissioner, Hyderabad –II Service Tax	4.3

Annexure IVA (1)

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Restated Statement of Assets and Liabilities of Bharat Dynamics Limited (BDL) as at March 31, 2014 and March 31, 2013, the Restated Statement of Profit and Loss, the Restated Statement of Changes in Equity and the Restated Statement of Cash flows for the years ended March 31, 2014 and March 31, 2013 and Restated Other Financial Information (together referred as 'Restated Financial Information') has been prepared under Indian Generally Accepted Accounting Principles (IGAAP) and in accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act 2013 read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Restated Financial Information have been prepared by the management in connection with the proposed listing of equity shares of the Company by way of an offer for sale by the selling shareholders, to be filed by the Company with the Securities and Exchange Board of India, Registrar of Companies, and the concerned Stock Exchange in accordance with the requirements of:

a) Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013; and

b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended to date in pursuance of provisions of Securities and Exchange Board of India Act, 1992 read along with SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 2016 (together referred to as the "SEBI regulations").

2. FIXED ASSETS

2.1 Land is capitalized at cost to the Company. Development of land such as levelling, clearing and grading is capitalized along with the cost of Building in proportion to the land utilized for construction of Buildings and rest of the development expenditure is capitalized 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 the cost of land.

2.2 Fixed Assets acquired with financial assistance/subsidy from outside agencies either wholly or partly are taken in the books at net cost to the Company. Assets transferred free of cost by Government are taken at nominal value.

2.3 Plant, Machinery & Equipment, Fixtures & Office Furniture and Equipment costing individually ` 5,000/- and below are depreciated fully in the year of purchase. Minor civil works including additions, alterations, etc., costing individually ` 50,000/- and below, not resulting in additional floor space and internal partitions costing individually ` 50,000/- and below are charged to Revenue. Where the cost of such partitions exceeds ` 50,000/-, they are depreciated within a period of 5 years or the lease period of the premises, whichever is less.

2.4 Material items retired from active use are retained in the books at the lower of their net book value and net realizable value till they are disposed off. They are eliminated from the books on disposal. The entire excess of sale proceeds over the net book value of Fixed Assets is credited to the Statement of Profit and Loss.

2.5 Expenditure on re-conditioning, re-siting and re-layout of Machinery and Equipment is not capitalised.

2.6 Cost of the initial pack of spares obtained along with the procurement of Plant, Machinery and Equipment is capitalised and depreciated in the same manner as Plant & Machinery.

2.7 Premium paid on Leasehold Land is initially Capitalised and amortised over the lease period.

2.8 Stores and spares that qualify for capitalization shall be capitalize and depreciated over the useful life.

3. INTANGIBLE ASSETS

3.1 The expenditure incurred on General Research and Development is charged to revenue in the year of incurrence. Development Expenditure financed by the Company and expenses incurred thereon on specific projects where the technical feasibility of the products has been demonstrated and the Company intends to produce and market the products are capitalised for amortisation over production in future years. 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.

3.2 Expenditure on training personnel/ foreign technicians' fees and expenses and other pre-production expenses, etc., specific to projects/products in the nature of Development Expenditure is amortised over production/ sales and to the extent not amortised, is carried forward.

3.3 Software internally developed/ acquired from an outside source for internal use, costing individually ` 1.00 Lakh and above and which is not an integral part of the related hardware, is recognized as an intangible asset in the Books of Account and is amortised over a period of three years, on straight line method. Amortisation commences when the asset is available for use.

3.4 Licence fee paid is Capitalised and amortised over Production/Sales.

4. TOOLS AND EQUIPMENT

Expenditure on special purpose tools, jigs and fixtures including specific to projects/ products is initially capitalised for amortisation over production/ sales and to the extent not amortised is carried forward as an Asset. In-house Manufactured tools are capitalized at cost or realizable value whichever is less. Expenditure on maintenance, re-work, re-conditioning, periodical inspection, referencing of tooling, replenishing of cutting tools and work of similar nature is charged to revenue.

5. IMPAIRMENT OF ASSETS

The carrying amount of assets on the date of Balance Sheet is assessed and if the estimated recoverable amount is found less than the carrying amount, the impairment loss is recognized and provided.

6. INVESTMENTS

6.1 Current investments are carried in the financial statements at the lower of cost and fair value determined on an individual investment basis.

6.2 Long-term investments are carried in the financial statements at cost. However, provision is made for diminution of permanent nature in the value of investment.

7. DEFERRED DEBTS

Unpaid installment payments together with interest thereon under deferred payment terms for the cost of imported material and tooling content/ DRE of the equipment/products sold are accounted as Deferred Debts from the customer and are recovered as and when the installments and interest thereon are paid.

8. INVENTORIES

8.1 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.

8.2 Miscellaneous Stores is valued at estimated realizable value.

8.3 Stationery, uniforms, welfare consumables, medical and canteen stores are charged off to revenue at the time of receipt.

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

8.5 Materials issued from main stores and lying unused at the end of the year are not brought back to stores.

8.6 Provision for redundancy is made in respect of closing inventory of Raw- materials and Components, Stores and Spare parts, Construction Materials and Loose Tools 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.

9. TRADE RECEIVABLES

Disputed/ time-barred debts from the Government departments are generally not treated as Doubtful Debts.

10. CLAIMS ON SUPPLIERS/UNDERWRITERS/CARRIERS/OTHERS

Claims on Suppliers / Customers / Underwriters / Carriers / others towards loss/ damages are accounted when claims are preferred. Disputed/ time barred claims due from the Government Departments are not treated as doubtful claims.

11. CONVERSION OF FOREIGN CURRENCY

Liability for deferred payments 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. In the case of other currencies, liability is set up at the ruling rate of exchange as on the date of Balance Sheet. The differences due to fluctuations in the rate of exchange are charged to revenue. In case of capital items, adjustments are made to the cost of the asset.

12. PROVISION FOR CURRENT AND DEFERRED TAX

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act,1961. Deferred tax resulting from “timing differences” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when the company has a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the Financial Statements.

14. WARRANTY

Warranty on goods sold, wherever applicable, commences on setting up of sales and accordingly provision for such warranty is made. The period and terms conditions of warranty shall be as per the relevant contract.

15. SALES

15.1 In the case of products requiring proof tests, sale is accounted for, on the basis of quantity accepted after Proof Tests.

15.2 In the case of all other products, sale is accounted for, on the basis of acceptance/ actual despatch.

15.3 Where Sale Prices are not established, sales are set up on provisional basis at prices likely to be realized.

15.4 Sale value excludes Sales Tax/ VAT and Service Tax but includes Excise Duty.

15.5

a) Contract Revenue in respect of Construction Contracts undertaken for Customers is recognised by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method.

b) The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.

c) Since the outcome of such a contract can be estimated reliably only on achieving certain progress, revenue is recognised only after a minimum of 25% work is completed.

d) An expected loss on construction contract is recognised as an expense immediately when it is probable that the total contract costs will exceed the total contract revenue.

15.6

a) In case due date and actual date of supply of goods/ services fall in the same accounting period, Liquidated Damages (LD) is accounted for the period of delay, if any, as per the contractual terms.

b) In case of slippage of delivery schedule, provision in respect of LD is recognised on such slippage for the period of delay between the due date of supply of goods/ services as per the contractual terms and the expected date of supply of the said goods/ services.

16. EMPLOYEE BENEFITS

Short term Employee Benefits:

16.1 Short-term employee benefits such as salaries, wages and short-term compensated absences are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

Defined Contribution Plans:

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

Defined Benefit Plans

16.3 The Company's Gratuity, contribution towards Provident Fund under the PF Act and Leave Salary Schemes are Defined Benefit Plans. The present value of the obligation towards Gratuity is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each estimated future cash flows. Actuarial gains and losses are recognized in Statement of Profit and Loss.

16.4 The present value of obligation towards Leave Salary is provided on Actuarial basis. Actuarial gains and losses are recognized in Statement of Profit and Loss.

16.5 The company's liability towards the PF obligation does not end with the contributions to the PF fund. The company shall ensure to give the return declared by the state administered fund, in case of any shortfall, the company shall be liable. The present value of obligation towards PF is provided on Actuarial basis. Actuarial gains and losses are recognized in Statement of Profit and Loss.

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

17. DEPRECIATION

17.1 Depreciation on Fixed Assets is charged on 'Straight Line' method. The rate of depreciation is derived by spreading the cost of the asset over its useful life as given in Part C of Schedule II to the Companies Act, 2013.

17.2 In respect of Assets whose original cost is above `12.50 lakh and where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and the significant part depreciated on straight-line method over its estimated useful life.

18. UNDER/OVER ABSORPTION OF COSTS

Adjustment is not made for under/ over absorption of labour and overhead costs on jobs, if the extent of under/ over recovery in a year does not exceed 0.5% of such costs.

19. DIVIDEND

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.

As per our report of even date,
for S. R. MOHAN & CO.,
Chartered Accountants
Firm's Registration No.002111S

For and on behalf of the Board

G. JAGADESWARA RAO Partner (M.No.021361)	S.PIRAMANAYAGAM Director (Finance) DIN: 07117827	V.UDAYA BHASKAR Chairman and Managing Director DIN: 06669311
Place: New Delhi Date: 26 December 2017	Place: New Delhi Date: 26 December 2017	N.NAGARAJA Company Secretary (M.No. A19015)

Annexure IVA(2)

Notes forming part of the Restated Financial Statements

(Rs.in millions)

	PARTICULARS	As at March 31, 2014	As at March 31, 2013
1	**RESTATED SUMMARY STATEMENT OF SHARE CAPITAL**		
	Authorised		
	12,50,000 Equity Shares of Rs.1,000/- each	**1,250.00**	**1,250.00**
	Issued, Subscribed and paid up		
	11,50,000 Equity Shares of Rs.1,000/- each fully paid	**1,150.00**	**1,150.00**
		1,150.00	**1,150.00**

Reconciliation of shares outstanding at the beginning and end of the period:

	As at March 31, 2014		As at March 31, 2013	
	No. of shares	Amount	No. of shares	Amount
Oustanding at the opening date	1,150,000	1,150.00	1,150,000	1,150.00
Add: Issued during the period	-	-	-	-
Less: Buybaack during the period:	-	-	-	-
Outstanding as at closing date	**1,150,000**	**1,150.00**	**1,150,000**	**1,150.00**

- There was no buyback of shares during the Financial years 2012-13 and 2013-14

	PARTICULARS	As at March 31, 2014	As at March 31, 2013
	Details of Shareholders holding more than 5 % shares		
	100% of shares are held by Government of India	1,150.00	1,150.00
		1,150.00	1,150.00
2	**RESTATED SUMMARY STATEMENT OF RESERVES AND SURPLUS**		
	Capital Reserve		
	As per last Balance Sheet	2.16	1.96
	Add: Additions during the year	-	0.20
	Closing Balance as on the date of Balance Sheet	**2.16**	**2.16**
	General Reserve		
	As per last Balance Sheet	8,374.17	6,164.17
	Add: Transfer from Statement of Profit and Loss	2,650.00	2,210.00
	Closing Balance as on the date of Balance Sheet	**11,024.17**	**8,374.17**
	Surplus		
	As per last Balance Sheet	985.51	954.02
	Add: Transfer from Statement of Profit and Loss	3,601.21	2,787.94
		4,586.72	3,741.96
	Less: Appropriations		
	Interim Dividend	580.00	-
	Tax on Interim Dividend	98.57	-
	Proposed Final Dividend	576.84	470.00
	Tax on Proposed Final Dividend	98.03	76.25
	Transfer to Capital Reserve	-	0.20
	Transfer to General Reserve	2,650.00	2,210.00
	Closing Balance as on the date of Balance Sheet	**583.28**	**985.51**
		11,609.61	**9,361.84**
3	**RESTATED SUMMARY STATEMENT OF LONG-TERM LIABILITIES**		
	Trade Payables - Deferred Credit towards 45 years Component	449.87	469.43
		449.87	**469.43**
4	**RESTATED SUMMARY STATEMENT OF LONG-TERM PROVISIONS**		
	Provision for Employees' Benefits		
	Post Superannuation Medical Benefits	-	93.71
	Accrued Leave	-	533.63
		-	**627.34**

(Rs.in millions)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
5 RESTATED SUMMARY STATEMENT OF TRADE PAYABLES		
Micro, Small and Medium Enterprises	131.83	66.94
Current maturity of Deferred Liabilities	19.56	26.28
Other Trade Payables	3,480.38	2,770.49
	3,631.77	**2,863.71**
Information under Micro, Small & Medium Enterprises Development Act:		
(i) Principal Amount and interest due thereon remaining unpaid to suppliers at the end of the year.	131.83	66.94
(ii) Amount of Interest paid during the year along with the amount of payment made to the suppliers beyond the appointed date during the accounting year.	NIL	NIL
(iii) Amount of Interest due and payable for the period of delay in making payment. (Payments which have been made beyond the appointed date without adding the interest specified in the Act.)	0.48	0.24
(iv) The amount of interest accrued and remaining unpaid at the end of accounting year	7.13	3.62
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise for the purpose of disallowance as deductible expenditure under Section of 23 of MSME Act	-	-
6 RESTATED SUMMARY STATEMENT OF OTHER CURRENT LIABILITIES		
Advances from Government of India	57,657.79	48,990.61
Other Advances	4,669.21	6,339.98
Deposits	134.49	105.13
Other Liabilities	1,852.97	1,355.76
	64,314.46	**56,791.48**
7 RESTATED SUMMARY STATEMENT OF OTHER SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Accrued Leave	-	31.64
Other Provisions		
Warranty	198.41	249.49
Liquidated Damages	960.25	913.37
Provision for other taxes	11.08	-
CSR, Sus. Devpt. & Others	131.47	47.80
	1,301.21	**1,242.30**

8. RESTATED SUMMARY STATEMENT OF FIXED ASSETS ***(Rs.in miliions)***

Particulars	Gross Block				Depreciation/Amortisation				Net Block
	Cost as at April 1, 2012	Additions/ adjustments during the year	Deductions/ adjustments during the year	Total Cost as at March 31, 2013	Accumulated Depreciation/ Amortisation as at April 1, 2012	Depreciation/ Amortisation for the year	Deductions/ Adjustments during the year	Accumulated Depreciation/ Amortisation as at March 31, 2013	As at March 31, 2013
Tangible Assets									
Land - Free Hold@	316.71	113.61	(0.01)	**430.31**					**430.31**
- Lease Hold$	377.66	14.59	-	**392.25**					**392.25**
Buildings *	866.35	19.02	-	**885.37**	421.51	25.00	-	**446.51**	**438.86**
Fencing and Compound Walls	59.19	33.02	-	**92.21**	33.15	3.30	-	**36.45**	**55.76**
Roads and Drains	74.81	20.58	-	**95.39**	45.42	3.39	-	**48.81**	**46.58**
Water Supply Installations	60.32	4.09	-	**64.41**	56.05	1.19	-	**57.24**	**7.17**
Plant, Machinery and Equipment #	2,237.38	379.68	(284.69)	**2,332.37**	1,664.48	115.71	(175.98)	**1,604.21**	**728.16**
Furniture and Equipment	138.90	24.00	255.24	**418.14**	100.99	26.47	175.97	**303.43**	**114.71**
Transport Vehicles Vehicles	47.03	5.61	(2.19)	**50.45**	27.56	4.30	(2.19)	**29.67**	**20.78**
Special Tools & Equipment	1,081.35	428.49	(0.02)	**1,509.82**	961.03	53.26	56.81	**1,071.10**	**438.72**
Total	**5,259.70**	**1,042.69**	**(31.67)**	**6,270.72**	**3,310.19**	**232.62**	**54.61**	**3,597.42**	**2,673.30**
Intangible Assets									
Development Expenditure	764.19	54.93	-	**819.12**	614.87	177.19	(56.81)	**735.25**	**83.87**
Computer Software	18.52	7.14	-	**25.66**	10.12	7.11	-	**17.23**	**8.43**
Total	**782.71**	**62.07**	**-**	**844.78**	**624.99**	**184.30**	**(56.81)**	**752.48**	**92.30**
Grand Total	**6,042.41**	**1,104.76**	**(31.67)**	**7,115.50**	**3,935.18**	**416.92**	**(2.20)**	**4,349.90**	**2,765.60**

@ (i) Includes 5 Acres and 01 Gunta of land given on lease to a Government of India Organisation and is in their possession and also Includes 2 Acres and 08 Gunta of land given on permissive possession to a Government of India Organisation and is in their possession.

(ii) Pending receipt of instruments of transfer in respect of 244 Acres and 37 Guntas of land (previous year 356 Acres and 24 Guntas), including 151 Acres 33 Guntas received free of cost from State Government, land has been capitalised for an amount of Rs. 397.79 Lakh (previous year Rs. 443.41 Lakh) as the amount has already been paid/ provided by the Company.

(iii) Rs. 3857.95 Lakh is paid for Acres 632-18 Guntas of land at Ibrahimpatnam. Pending receipt of instruments of transfer in respect of Acres 590-22.50 Guntas of land for which possession is taken and the proportionate value of Rs. 3602.43 Lakh is capitalised.

$ (i) Rs. 3922.47 Lakh towards 553.85 Acres of Leasehold land at Amravathi from MIDC is capitalised after taking possession of land pending execution of lease agreement. No Amortisation is made pending execution of Lease Agreement.

* Includes Rs. 111.01 Lakh (Previous Year Rs. 111.01 Lakh) being the value of buildings constructed on land not belonging to the Company.

Includes material items of Gross Value Rs. 93.93 Lakh (Previous Year Rs. 70.18 Lakh) retired from active use.

Assets transferred free of cost by Government taken at nominal value Current Year Rs. 71 (Previous Year Rs. 1)

BDL has taken 3.63 Acres of land at Vizag on lease agreement with Navy (INS-Dega).

8. RESTATED SUMMARY STATEMENT OF FIXED ASSETS *(Rs.in miliions)*

Particulars	Gross Block				Depreciation/Amortisation				Net Block
	Cost as at April 1, 2013	Additions/ adjustments during the year	Deductions/ adjustments during the year	Total Cost as at March 31, 2014	Accumulated Depreciation/ Amortisation as at April 1, 2013	Depreciation/ Amortisation for the year	Deductions/ Adjustments during the year	Accumulated Depreciation/ Amortisation as at March 31, 2014	As at March 31, 2014
Tangible Assets									
Land - Free Hold@	430.31	183.65	-	**613.96**					**613.96**
- Lease Hold	392.25	0.44	-	**392.69**	-	0.60	-	**0.60**	**392.09**
Buildings *	885.37	230.27	17.67	**1,133.31**	446.51	32.77	(0.12)	**479.16**	**654.15**
Fencing and Compound Walls	92.21	8.17	-	**100.38**	36.45	3.94	-	**40.39**	**59.99**
Roads and Drains	95.39	4.32	-	**99.71**	48.81	3.63	-	**52.44**	**47.27**
Water Supply Installations	64.41	2.28	-	**66.69**	57.24	1.45	-	**58.69**	**8.00**
Plant, Machinery and Equipment #	2,332.37	316.45	0.31	**2,649.13**	1,604.21	169.19	0.12	**1,773.52**	**875.61**
Furniture and Equipment	418.14	54.32	(0.44)	**472.02**	303.43	29.82	(0.02)	**333.23**	**138.79**
Transport Vehicles Vehicles	50.45	1.89	-	**52.34**	29.67	4.94	-	**34.61**	**17.73**
Special Tools & Equipment	1,509.82	242.36	-	**1,752.18**	1,071.10	64.81	-	**1,135.91**	**616.27**
Total	**6,270.72**	**1,044.15**	**17.54**	**7,332.41**	**3,597.42**	**311.15**	**(0.02)**	**3,908.55**	**3,423.86**
Intangible Assets									
Development Expenditure	819.12	160.62	-	**979.74**	735.25	75.68	-	**810.93**	**168.81**
Computer Software	25.66	7.75	-	**33.41**	17.23	7.71	-	**24.94**	**8.47**
Total	**844.78**	**168.37**	**-**	**1,013.15**	**752.48**	**83.39**	**-**	**835.87**	**177.28**
Grand Total	**7,115.50**	**1,212.52**	**17.54**	**8,345.56**	**4,349.90**	**394.54**	**(0.02)**	**4,744.42**	**3,601.14**

@ (i) Includes 5 Acres and 01 Gunta of land given on lease to a Government of India Organisation and is in their possession and also Includes 2 Acres and 08 Guntas of land given on permissive possession to a Government of India Organisation and is in their possession.

(ii) Pending receipt of instruments of transfer in respect of 244 Acres and 37 Guntas of land (previous year 244 Acres and 37 Guntas), including 151 Acres 33 Guntas received free of cost from State Government, land has been capitalised for an amount of Rs. 39.78 millions (previous year Rs. 39.78 millions) as the amount has already been paid/ provided by the Company.

(iii) Pending receipt of instruments of transfer in respect of Acres 590-22.50 Guntas of land at Ibrahimpatnam, for which possession is taken, the amount paid thereof, based on tentative price, is capitalised.

* Includes Rs. 11.10 millions (Previous Year Rs.11.10 millions) being the value of buildings constructed on land not belonging to the Company.

Includes material items of Gross Value Rs. 5.84 millions (Previous Year Rs. 9.39 millions) retired from active use.

Assets transferred free of cost by Government taken at nominal value Current Year ` Nil (Previous Year Rs. 71)

Does not include 3.63 Acres of land at Vizag taken on lease from Navy (INS-Dega).

(Rs.in millions)

	PARTICULARS	As at March 31, 2014	As at March 31, 2013
9	**RESTATED SUMMARY STATEMENT OF CAPITAL WIP AND INTANGIBLE ASSESTS UNDER DEVELOPMENT**		
	Capital WIP	638.23	632.65
	Intangible Assests under development	63.32	62.62
		701.55	**695.27**
10	**RESTATED SUMMARY STATEMENT OF NON-CURRENT INVESTMENTS AT COST**		
	(NON-TRADE/UN-QUOTED)		
	9,21,920 (Including 3,85,920 Bonus Shares) fully paid-up Equity Shares of Rs.10/- each of A.P. Gas Power Corporation Limited	5.37	5.37
		5.37	**5.37**
11	**RESTATED SUMMARY STATEMENT OF DEFERRED TAX ASSETS (NET)**		

Break-up of Deferred Tax Assets and Deferred Tax Liabilities (As per Accounting Standard 22) is as given below:

(Rs.in millions)

	Particulars	As at March 31, 2014	As at March 31, 2013
	Deferred Tax Assets		
a)	Provisions	471.53	476.42
b)	Sec.43B Disallowances	22.80	149.40
c)	Depreciation & related items	-	0.60
d)	Prior period items	0.04	23.95
		494.37	**650.37**
	Deferred Tax Liabilities		
a)	Depreciation & related items	35.09	-
b)	Development Expenditure	161.45	127.44
c)	Liabilities written back	151.58	145.17
d)	Revenue recognision under percentage of completion method	3.93	0.51
e)	Excise duty recoverable from customer	7.53	-
f)	LD recovered from suppliers	118.89	107.30
		478.47	**380.42**
	Net Deferred Tax Asset/(Liability)	**15.90**	**269.95**

(Rs.in millions)

		As at March 31, 2014	As at March 31, 2013
12	**RESTATED SUMMARY STATEMENT OF LONG TERM LOANS AND ADVANCES**		
	a) Secured, Considered Good		
	Loans and advances-Employees	40.57	30.44
	b) Unsecured, Considered Good		
	Capital Advances	66.03	91.58
	Loans and advances-Employees	11.11	11.85
		117.71	**133.87**

(Rs.in millions)

PARTICULARS	*As at March 31, 2014*	*As at March 31, 2013*
13 RESTATED SUMMARY STATEMENT OF OTHER NON-CURRENT ASSETS		
Unsecured,considered Good		
Deferred Debts	437.44	456.47
	437.44	**456.47**
14 RESTATED SUMMARY STATEMENT OF INVENTORIES *		
(As Certified by Management)		
Raw Materials and Components	9,097.96	5,415.18
Less: Provision for Redundancy	63.75	65.53
GIT of Raw Materials and Components	1,274.73	1,455.06
	10,308.94	6,804.71
	-	-
Work-in-progress	2,994.50	3,075.59
Less: Provision for Redundancy	17.84	8.42
	2,976.66	3,067.17
Finished Goods	324.19	20.24
Less: Provision for Redundancy	1.51	1.62
GIT of Finished Goods	-	-
	322.68	18.62
Stores and Spare Parts	75.00	68.69
Less:Provision for Redundancy	19.23	16.20
GIT of Stores and Spare Parts	0.68	1.33
	56.45	53.82
Loose Tools	90.45	75.14
Less:Provision for Redundancy	15.05	13.73
GIT of Loose Tools	2.23	3.06
	77.63	64.47
Others		
Construction Materials	2.07	2.07
Less:Provision for Redundancy	-	0.13
GIT of Construction Materials	-	0.33
	2.07	2.27
Stores & Equipment - Welfare	26.44	22.69
Less: Amortisation	25.48	22.39
	0.96	0.30
Miscellaneous Stores	4.57	1.98
	13,749.96	**10,013.34**
* Include Material issued to Sub-contractors/Others	1,050.34	918.38
15 RESTATED SUMMARY STATEMENT OF TRADE RECEIVABLES		
Unsecured - Considered good		
Debts outstanding for a period exceeding six months	437.07	514.09
Other Debts		
Other trade receivables	3,675.89	2,234.81
Current maturities of Deferred Debts	19.02	5.57
	4,131.98	**2,754.47**

(Rs.in millions)

	PARTICULARS	As at March 31, 2014	As at March 31, 2013
16	**RESTATED SUMMARY STATEMENT OF CASH AND CASH EQUIVALENTS**		
	Cash on hand	0.91	0.08
	Cash with Imprest Holders	0.12	0.08
	Balances with Banks in:		
	Current Accounts	1,154.41	402.55
	Short Term Deposits	40,160.00	36,119.84
	(Deposits with an original maturity of less than 3 months)		
	Other bank deposits	1,350.00	3,100.00
	(Deposits with a maturity of more than 3 months but less than 12 months)	**42,665.44**	**39,622.55**
17	**RESTATED SUMMARY STATEMENT OF SHORT-TERM LOANS AND ADVANCES**		
	a) Secured, considered good		
	Goods and Services	2,811.28	1,894.78
	b) Unsecured, considered good		
	Goods and Services	11,391.62	12,040.97
	Less: Provision for doubtful advances	(0.04)	(0.04)
	Employees	25.30	5.36
	Claims/Refunds receivable	258.52	189.14
	Less: Provision for doubtful claims	(2.15)	(2.15)
	Prepaid expenses	7.32	5.59
	Deposits	43.41	33.85
	Advance Income Tax	346.90	155.91
	Advance Service Tax	167.32	156.34
	Cenvat Credit (Service Tax) Receivable	1.36	0.03
		15,050.84	**14,479.78**
18	**RESTATED SUMMARY STATEMENT OF OTHER CURRENT ASSETS**		
	Interest Accrued but not due		
	- Short term deposits	1,891.12	1,252.93
	- Others	1.84	2.94
	Unbilled revenue	86.63	53.56
		1,979.59	**1,309.43**

(Rs.in millions)

PARTICULARS		For the year ended March 31, 2014	For the year ended March 31, 2013
19	**RESTATED SUMMARY STATEMENT OF REVENUE FROM OPERATIONS**		
	Sale of Products		
	Finished Goods	16,760.03	9,979.13
	Spares	355.61	278.20
	Miscellaneous	228.47	190.26
		17,344.11	10,447.59
	Sale of Services		
	Repairs and Overhauls	125.54	98.68
	Training	1.83	-
	Job Works	392.32	161.33
		519.69	260.01
	Other Operating Revenues		
	Sale of Scrap	3.31	1.70
	Others	89.21	49.92
	Gross Revenue from operations	**17,956.32**	**10,759.22**

(Rs.in millions)

PARTICULARS		Nature (Recurring/Non-Recurring)	For the year ended March 31, 2014	For the year ended March 31, 2013
20	**RESTATED SUMMARY STATEMENT OF OTHER INCOME**			
	Interest on :			
	Short Term Deposits	Recurring	4,118.48	4,168.23
	Sundry Advances - Employees and Others	Recurring	5.50	4.82
	Other Deposits	Recurring	34.52	5.55
	Transportation - Employees	Recurring	1.68	1.59
	Disposal of Surplus / unserviceable stores	Non-recurring	-	0.01
	Township	Recurring	15.09	14.19
	Profit on sale of Assets (Net)	Non-recurring	-	1.02
	Provision no longer required written back			
	Warranty Provision		51.08	-
	Post Superannuation Medical Benefit(PSMB)	Non-recurring	93.71	-
	Others		-	4.03
	Liquidated Damages recovered from sup	Recurring	499.22	385.75
	Net gain on foreign currency transactions	Recurring	118.95	29.40
	Miscellaneous	Recurring	61.33	22.24
			4,999.56	**4,636.83**

(Rs.in millions)

	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
21	**RESTATED SUMMARY STATEMENT OF COST OF MATERIALS CONSUMED***		
	Opening Stock	5,561.09	3,682.22
	Add: Purchases	18,217.82	11,506.98
		23,778.91	15,189.20
	Less: Closing Stock	9,265.48	5,561.09
		14,513.43	9,628.11
	Less: Stores consumed on		
	Deferred Revenue Expenditure	31.47	2.47
	Tools and Jigs	0.03	0.36
	Expenses Accounts and Other Assets	2,221.82	1,829.57
		2,253.32	1,832.40
		- **12,260.11**	- **7,795.71**
22	**RESTATED SUMMARY STATEMENT OF OTHER MANUFACTURING EXPENSES**		
	Direct expenses	2.75	12.93
	Shop Supplies	50.29	49.95
	Power and Fuel	150.61	127.33
	Water Charges	28.53	36.22
		232.18	226.43
23	**Restated summary statement of Changes in inventories of finished goods and Work-in-progress**		
	Opening Balance		
	(i) Work-in-progress	3,075.59	2,124.40
	(ii) Finished goods	20.24	15.33
		3,095.83	**2,139.73**
	Closing Balance		
	(i) Work-in-progress	2,994.50	3,075.59
	(ii) Finished goods	324.19	20.24
		3,318.69	**3,095.83**
	Increase/(Decrease) in inventories	**222.86**	**956.10**
24	**RESTATED SUMMARY STATEMENT EMPLOYEE BENEFIT EXPENSES**		
	Salaries and Wages		
	Salaries and Wages	2,470.41	2,265.68
	Contribution to Provident and Other Funds	499.75	216.26
	Staff welfare expenses	102.64	107.91
	Prior Period	-	-
		3,072.80	**2,589.85**

24.1	Remuneration to whole time directors	**14.64**	**13.50**

(Rs.in millions)

	PARTICULARS		
24.2	As per the provisions of Revised Accounting Standard 15 the following information is disclosed in respect of Gratuity	**31 Mar 2014**	**31 Mar 2013**
1	**Assumptions**		
a)	Discount Rate (per annum)	**8.00%**	8.00%
b)	Salary Escalation (per annum)	**6.00%**	6.00%
2	**Table Showing the Changes in the present value of the Obligation**		
a)	Present value of Obligation at the beginning of the year	**950.75**	880.72
b)	Interest Cost	**76.06**	70.46
c)	Current Service Cost	**25.14**	26.77
d)	Benefits Paid - Actuals	**78.87**	62.17
e)	Expected Liability at the year end	**973.08**	915.78
f)	Present value of Obligation at the end of the year	**992.55**	950.75
g)	Actuarial gain / (loss)	**(19.47)**	(34.97)
3	**Changes in fair value of the Plan Assets**		
a)	Fair value of plan assets at the beginning of the year	**950.75**	871.43
b)	Expected return on plan assets	**82.57**	78.99
c)	Contributions	**38.10**	62.50
d)	Benefits Paid	**78.87**	62.17
e)	Actuarial gain / (loss) on plan assets		-
f)	Fair value of plan assets at the end of the year	**992.55**	950.75
4	**Table showing fair value of Plan Assets**		
a)	Fair value of plan assets at the beginning of the year	**950.75**	871.43
b)	Actual return on plan assets	**82.57**	78.99
c)	Contributions	**38.10**	62.50
d)	Benefits Paid	**78.87**	62.17
e)	Fair value of plan assets at the end of the year	**992.55**	950.75
f)	Funded Status		- 0.00
g)	Excess of Actual over estimated return on plan assets		-
5	**Actuarial Loss or Gain recognised**		
a)	Actuarial Loss for the year - Obligation	**(19.47)**	(34.97)
b)	Actuarial Loss for the year - Plan Assets	**-**	-
c)	Total Loss for the year	**(19.47)**	(34.97)
d)	Actuarial Loss recognised	**(19.47)**	(34.97)
6	**Amount to be recognised in the Balance Sheet**		
a)	Present value of the Obligations at the end of the year	**992.55**	950.75
b)	Fair value of plan assets at the end of the year	**992.55**	950.75
c)	Funded Status	**-**	- 0.00
d)	Net Liability / Asset recognised in the Balance Sheet	**-**	- 0.00
7	**Expenses recognised in the statement of P&L**		
a)	Current Service Cost	**25.14**	26.77
b)	Interest Cost	**76.06**	70.46
c)	Expected return on Plan Assets	**82.57**	78.99
d)	Net actuarial gain / (loss) recognised in the year	**(19.47)**	(34.97)
e)	Expenses recognised in P&L a/c	**38.10**	53.21

(Rs.in millions)

24.2	As per the provisions of Revised Accounting Standard 15 the following information is disclosed in respect of Provident fund	***For the year ended March 31, 2014***	***For the year ended March 31, 2013***
1	**Assumptions**		
a)	Discount Rate (per annum)	**8.75%**	8.50%
b)	Salary Escalation (per annum)	**6.00%**	6.00%
2	**Table Showing the Changes in the present value of the Obligation**		
a)	Present value of Obligation at the beginning of the year	**2,076.19**	1,791.11
b)	Interest Cost	**179.79**	156.35
c)	Current Service Cost	**464.01**	426.60
d)	Benefits Paid - Actuals	**403.29**	309.45
e)	Expected Liability at the year end	2,316.70	2,064.61
f)	Present value of Obligation at the end of the year	**2,324.97**	2,076.19
g)	Actuarial gain / (loss)	(8.27)	(11.58)
3	**Changes in fair value of the Plan Assets**		
a)	Fair value of plan assets at the beginning of the year	**2,076.19**	1,791.11
b)	Expected return on plan assets	**179.79**	156.35
c)	Contributions	**464.01**	426.60
d)	Benefits Paid	**403.29**	309.45
e)	Actuarial gain / (loss) on plan assets	**8.27**	11.59
f)	Fair value of plan assets at the end of the year	2,324.97	2,076.19
4	**Table showing fair value of Plan Assets**		
a)	Fair value of plan assets at the beginning of the year	**2,076.19**	1,791.11
b)	Actual return on plan assets	**179.79**	156.35
c)	Contributions	**464.01**	426.60
d)	Benefits Paid	**403.29**	309.45
e)	Fair value of plan assets at the end of the year	2,316.70	2,064.61
f)	Funded Status	2,324.97	2,076.19
g)	Excess of Actual over estimated return on plan assets	8.27	11.58
5	**Actuarial Loss or Gain recognised**		
a)	Actuarial Loss for the year - Obligation	**8.27**	11.59
b)	Actuarial Gain for the year - Plan Assets	**8.27**	11.59
c)	Total Loss for the year	0.00	-
d)	Actuarial Loss recognised	-	-
6	**Amount to be recognised in the Balance Sheet**		
a)	Present value of the Obligations at the end of the year	**2,324.97**	2,076.19
b)	Fair value of plan assets at the end of the year	**2,324.97**	2,076.19
c)	Funded Status	-	- 0.01
d)	Net Liability / Asset recognised in the Balance Sheet	-	- 0.01
7	**Expenses recognised in the statement of P&L**		
a)	Current Service Cost	**464.01**	426.60
b)	Interest Cost	**179.79**	156.35
c)	Expected return on Plan Assets	**179.79**	156.35
d)	Net actuarial gain / (loss) recognised in the year	**-**	-
e)	Expenses recognised in P&L a/c	464.01	426.60

(Rs.in millions)

NOTE NO.	PARTICULARS	*For the year ended March 31, 2014*	*For the year ended March 31, 2013*
24.3	**Restated summary statement of Compensated Absences**		
	The Actuarial Liability of Accumulated absences of the employees of the Company	**673.68**	565.27
	Discounting Rate	**0.08**	0.08
	Salary escalation Rate	**0.06**	0.06
	Retirement Age	**60 Years**	60 years
24.4	**Restated summary statement of Post Retirement Medical Scheme**		
	Contributions made during the year	**122.42**	10.13
	Contributions made to Post Superannuation Medical Benefits pending finalisation of the improvements to the existing Scheme included in Long Tern Orivusubs (Note	**-**	52.23
25	**Restated summary statement of OTHER EXPENSES**		
	Travelling #	95.84	80.07
	Repairs:	-	
	Buildings	133.92	95.82
	Plant,Machinery and Equipment	74.08	76.65
	Furniture and Equipment	0.36	0.53
	Vehicles	7.19	1.58
	Others	15.68	15.94
	Vehicle Expenses - Petrol and Diesel	4.30	5.74
	Loose Tools and Equipment	26.79	32.40
	Insurance	17.34	11.17
	Rates and Taxes	12.66	8.62
	Postage, Telegrams, Telex and Telephones	12.85	13.28
	Printing and Stationery	8.55	9.28
	Bank Charges	12.66	9.35
	Legal Expenses	0.29	0.25
	Write offs:	-	
	Stores	19.46	3.83
	Bad and Doubtful Debts	-	0.41
	Others	1.19	4.58
	Auditors' Remuneration:		
	Statutory Audit fees	0.35	0.35
	Tax Audit fees	0.04	0.02
	Service Tax	0.05	0.05
	Documentation fees and expenses	0.02	-
	Loss on Sale of Assets (Net)	0.05	-
	Security Arrangements	241.50	208.63
	Liquidated Damages	568.26	11.15
	Computer Software and Development	0.79	0.10
	Entertainment	0.15	0.11
	Sitting Fee paid to Directors	0.92	0.46
	Sitting Fee paid to Independent External Monitors	0.07	0.24
	CSR Expenditure	-	46.99
	Miscellaneous Operating Expenses	284.37	191.17
	Intangible Assets (DRE)	(58.93)	(37.09)
	Tools and Jigs	(38.53)	(44.02)
	Others	(0.84)	(9.99)
		1,441.43	**737.67**
# 25.1	Includes Directors' Travelling Expenses	184.13	7.42

(Rs.in millions)

	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
26	**Restated summary statement of Selling and distribution expenses**		
	Publicity	21.03	25.61
	Advertisement	23.48	25.66
	Courtesy	8.59	7.90
		53.10	**59.17**
27	**Restated summary statement of Provisions**		
	Replacement and other charges, Warranty and Batch Rejections	-	87.87
	Liquidated Damages	46.88	286.09
	Redundancy Provision	11.75	9.42
	Post-Superannuation Medical Benefits	-	52.23
	Corporate Social Responsibility & Sustainable Devpt.	105.75	-
	Others	11.08	-
		175.46	**435.61**
28	**Restated summary statement of Earnings Per Share :**		
	Earnings per Share (Basic) calculated as per AS-20		
	Net Profit After Tax	3,601.21	2,787.94
	Number of Equity Shares oustanding of Face Value of Rs. 1000/- each fully paid up	1,150,000	1,150,000
	Weighted average no. of shares for EPS calculation (of face value of 10/- each)	139,437,500	139,437,500
	Basic and Diluted Earnings Per Share (Rs.)	**25.83**	**19.99**
	There are no dilutive potential Equity Shares.		
29	**Mandatory Disclosures**		
	Restated summary statement of Contingent Liabilities Not Provided for:		
29.01	Outstanding Letters of Credit and Guarantees:		
	(i) Letters of Credit	1,433.90	1,123.54
	(ii) Guarantees and Counter Guarantees	1.19	1.19
	Total	**1,435.09**	**1,124.73**
29.02	Claims / Demands against the Company not acknowledged as Debt:		
	(i) Sales Tax	1,479.38	1,444.99
	(ii) Service Tax	4.31	8.99
	(iii) Others	153.43	338.90
	Total	**1,637.12**	**1,792.88**
29.03	Estimated amount of contracts remaining to be executed on Capital Account and not provided for, is	1,513.07	538.20
29.04	General Exemption has been granted by the Government vide Notification No S.O.301 (E) dated 08 Feb 2011 from compliance with the provisions contained in para 3(i)(a), 3(ii)(a), 3(ii)((d), 4-C, 4-D(a) to (e) except (d) of Part-II of Schedule VI to the Companies Act,1956.		

(Rs.in millions)

	Particulars	31 Mar 2014	31 Mar 2013
29.05	Effect of changes in the Foreign Exchange rates as per AS-11		
a)	Exchange rate differences adjusted to fixed assets during the year amounting to	**8.37**	2.93
b)	Exchange rate variation recognised in Profit & Loss Account towards Capital Assets	**-**	-
c)	Rescheduled portion of deferred credit is valued at the Exchange Rate applicable as per the Protocol. Effect of exchange rate variation over this is:		
	i) Increase in liability in respect of Company's portion	**11.75**	4.46
	ii) Increase in liability in respect of Customer's portion which is taken to accounts payable with equal amount to claims receivable as the same does not devolve on the company.	**413.68**	156.79
d)	Deferred Liabilities include interest not accrued but brought into books as per Government of India instructions.	**-**	-

29.06 Keeping in view the nature of business and the sensitive nature of disclosure, it is considered prudent not to disclose information required as per AS 17 regarding Segment Reporting. Such non-disclosure does not have any financial effect on the Accounts of the Company.

29.07 Details of Related Party Transactions (AS 18) are as given below:

31 Mar 2014	31 Mar 2013
Shri S N Mantha, CMD	Shri S N Mantha, CMD
Shri V Udaya Bhaskar, Director (Production) Wef Aug 1, 2013	Shri AVM PK Srivastava VSM (retd), Director (Production)
Shri AVM PK Srivastava VSM (retd), Director (Production), Upto July 31, 2013	
Shri S V Subba Rao, Dir (Finance)	Shri S V Subba Rao, Dir (Finance)
Shri G Raghavendra Rao - Director (Technical), Upto June 26, 2013	Shri G Raghavendra Rao - Director (Technical), wef Nov 30,2012
Shri M Lakshmi Narayana, Company Secretary	Shri M Lakshmi Narayana, Company Secretary

(Rs. in millions)

Key management personnel compensation	31 Mar 2014	31 Mar 2013
Short - term employee benefits	6.16	8.44
Post - employment benefits	2.14	2.20
Long - term employee benefits	-	-
Total compensation	**8.30**	**10.64**

(Rs.in millions)

Name of the Party	Relation	Transaction	31 Mar 2014	31 Mar 2013
Institute of Public Enterprises (IPE), Hyderabad	Shri R.K.Mishra, Independent Director is also Director of IPE	(i) Other Publicity Expense	0.13	0.39
		(ii) CSR	1.05	0.75
		(iii) Training, Seminar, Course Fee, etc	0.79	0.48
Total			**1.97**	**1.62**

There are no other transactions with related parties except remuneration paid to / expenses incurred in respect of whole time directors which is disclosed under the relevant Note Nos. 23 and 24.

29.08 Expenditure relating to Research and Development including product improvement financed by the Company during the year charged to natural heads of account :

	31 Mar 2014	31 Mar 2013
Being in the nature of Revenue expenditure	167.49	182.32
Being in the nature of Capital expenditure (Assets Capitalised)	31.40	10.49

		31 Mar 2014	31 Mar 2013
29.09	Impairment loss recognised during the year as per AS - 28	Nil	Nil

(Rs.in millions)

29.10	Contingent Liabilities referred to in Note 28.01 and 28.02 are dependent upon terms of contractual obligations, devolvement, raising of demand by concerned parties and the outcome of court/arbitration/ out of court settlement / disposal of appeals.
	Other Disclosures
29.11	
a)	In case of a supplier, the Company initiated legal action for recovery of advance amount of Rs. 1.72 millions with interest etc., as the Contract was not executed. Though District Court issued a decree for an amount of Rs. 4.81 millions 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.
b)	In case of another supplier, the Company has initiated legal action for recovery of advance amount of Rs. 0.45 millions 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 is pending in City Civil Court, Hyderabad and the matter is sub-judice as on date.
29.12	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.
29.13	Out of the advances of Rs. 4245.49 millions (previous year Rs. 4245.49 millions) received from the customers, in respect of three contracts which are shortclosed, the Company has made payments to suppliers for procurement of Special Tools and Equipment and inventory. Against these payments, Special Tools and Equipment (Note 8) include an amount of Rs. 11.41 millions (previous year Rs. 11.41 millions), Current Assets, Loans and Advances (Notes 14 to 18) include an amount of Rs.1101.42 millions (previous year Rs. 1101.42 millions) in suppliers' account and Rs. 804.83 millions (previous year Rs. 826.91 millions) in inventory account, total amounting to Rs. 1917.65 millions (previous year Rs. 1939.73 millions). As these assets had been acquired/expenditure had been incurred by the company based on firm orders 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 shortclosed contracts, the company approached the customers for compensation of Rs. 278.70 millions (Prev. Year Rs. 278.70 millions) 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.
29.14	Previous year figures have been regrouped or rearranged wherever necessary. Negative figures are indicated in parenthesis.

Annexure VA -Statement of Dividend (Rs. in millions)

Particulars	2013-14	2012-13
Face value of Equity Shares (in Rs. per Equity Share)	1000	1000
Total Dividend	691.03	576.84
Number of Equity Shares (in millions)	1.15	1.15
Total Dividend per Equity Share (Rs.)	600.90	501.60
Total Dividend Rate (%)	60.09%	50.16%
Dividend Tax	117.44	98.03

Annexure VIA - Restated Statement of Accounting Ratios

Earning per share (Rs. in millions)

	March 31, 2014	March 31, 2013
Profit after tax	3,601.21	2,787.94
Basic:		
Number of shares outstanding at the year end (in millions)	1.15	1.15
Weighted average number of equity shares*	139,437,500.00	139,437,500.00
Earnings per share (INR)	25.83	19.99
Diluted:		
Effect of potential equity shares on employee stock options outstanding	-	-
Weighted average number of equity shares outstanding	139,437,500.00	139,437,500.00
Earnings per share (INR)	25.83	19.99

Return on Net worth (%) (Rs. in millions)

Particulars	March 31, 2014	March 31, 2013
Profit after tax	3,601.21	2,787.94
Net Worth, as restated	12,759.61	10,511.84
Return on Net Worth	28.22%	26.52%

Net Asset Value Per Equity Share (₹) (Rs. in millions)

Particulars	March 31, 2014	March 31, 2013
Net Worth, as restated	12,759.61	10,511.84
No of shares	1.15	1.15
Net Assets Value (NAV) per share	11,095.31	9,140.73

Note: The ratios have been computed as per the following formulae:

(i) Basic and Diluted Earnings per Sh

$$\frac{\text{Net Profit after tax, as restated for the year / period, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year / period}}$$

(ii) Net Assets Value (NAV)

$$\frac{\text{Net worth, as restated, at the end of the year / period}}{\text{Number of equity shares outstanding at the end of the year / period}}$$

(iii) Return on Net worth (%)

$$\frac{\text{Net Profit after tax, as restated for the year / period, attributable to equity share holders}}{\text{Net worth as restated, at the end of the year / period}}$$

Net worth for ratios mentioned above is as arrived as mentioned below:
Net worth, as restated = Equity share capital + Reserves and surplus

(Includes Securities Premium and Surplus / (Deficit) in Statement of Profit and Loss).

Annexure VII A
Statement of Tax Shelter

(Rs. in millions)

	Particulars	2013-14 Adjustments	2013-14 Tax impact	2012-13 Adjustments	2012-13 Tax impact
1.	Profit as per Profit and Loss Account		5,422.95		4,091.55
	Tax rate		33.99%		32.45%
			1,843.26		1,327.71
2.	Permanent Differences				
	(a) Provisions no longer required written back	(468.54)	(159.26)	(773.14)	(250.88)
	(b) Expenditure on Computer Software & Devpt.	0.79	0.27	0.10	0.03
	(c)Expenditure on Scientific Research(Weighted Deduction u/s.35)	(497.81)	(169.21)	(385.63)	(125.14)
	(d) Amount debited to P&L being of R&D	106.90	36.34	144.50	46.89
	(e) Amount debited to P&L being of Prior period				
	(f) Loss on sale of asset	0.05	0.02	-	-
	(f) Profit on sale of asset	-	-	(1.02)	(0.33)
			(291.84)		(329.43)
3	Temporary Differences				
	(a) Depreciation	(10.34)	(3.51)	37.42	12.14
	(b) Expenditure disallowed under Sec 43B	265.42	90.21	415.62	134.87
	Adjustments due to reinstatement		(70.40)		58.92
			16.30		205.93
	Net Adjustments		(275.54)		(123.50)
	Current Tax provision for the year as per restated accounts		1,567.72		1,204.21

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion is intended to convey management's perspective on our financial condition and results of operations for the six months period ended September 30, 2017 and the Fiscals ended March 31, 2017, 2016 and 2015. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our Restated Financial Statements and the sections entitled "Summary Financial Information" and "Financial Statements" on pages 52 and 176 respectively. This discussion contains forward-looking statements and reflects our current views with respect to future events and our financial performance and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page 15. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, see "Forward-Looking Statements" on page 13. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Financial Statements.

*Our Restated Financial Statements of the Company have been prepared, based on financial statements as at and for the six months period ended September 30, 2017 and for the financial year ended March 31, 2017, prepared in accordance with Indian Accounting Standards ("**Ind AS**") as prescribed under Section 133 of Companies Act read with Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the Companies Act and as at and for the year ended March 31, 2016, in accordance with Ind AS being the comparative period for the year ended March 31, 2017; and the financial statements as at and for the year ended March 31, 2015, prepared in accordance with accounting standards as prescribed under Section 133 of the Companies Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, which has been converted into figures as per Ind AS to align accounting policies, exemptions and disclosures as adopted for the preparation of the first Ind AS financial statements for the year ended March 31, 2017; and the financial statements of the Company as at and for the years ended March 31, 2014 and March 31, 2013 prepared in accordance with Accounting Standards prescribed under Section 211 (3C) of the Companies Act, 1956 read with the Companies Accounting Standard Rules (2006) ("**Indian GAAP**").*

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those described under "Presentation of Financial, Industry and Market Data", "Risk Factors" and "Forward Looking Statements" on pages 11, 15 and 13 respectively, and elsewhere in this Draft Red Herring Prospectus.

Ind AS differs in certain respects from Indian GAAP and other accounting principles with which prospective investors may be familiar. As a result, the Restated Financial Statements prepared under Ind AS for Fiscals 2017, 2016 and 2015 may not be comparable to our historical financial statements.

Our fiscal year ends on March 31 of each year. Accordingly, unless otherwise stated, all references to a particular fiscal year are to the 12-month period ended March 31 of that year.

Overview

We are 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. We are the sole manufacturer in India for SAMs, torpedoes, ATGMs *(Source: F&S Report)*. We are also the sole supplier of SAMs and ATGMs to the Indian armed forces *(Source: F&S Report)*. Additionally, we are also engaged in the business of refurbishment and life extension of missiles manufactured. We are also the co-development partner with the DRDO for the next generation of ATGMs and SAMs. For a brief description of our products and services see "*Our Business – Description of our Products / Services*" on page 123.

We are a wholly-owned GoI company headquartered in Hyderabad and under the administrative control of the MoD, GoI and were conferred the 'Mini-ratna (Category -1)' status by the Department of Public Enterprises, GoI. Founded in 1970, we have over four decades of experience in manufacturing missiles and countermeasures and its allied equipments.

We 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.

We currently have three manufacturing facilities located in Hyderabad, Bhanur and Vishakhapatnam. Our Hyderabad manufacturing unit is engaged in the manufacture of SAMs, Milan 2T ATGMs, countermeasures, launchers and test equipment. Our Bhanur unit is engaged in the manufacture of the Konkurs – M ATGMs, the INVAR (3 UBK 20) ATGMs, launchers and spares. Our Vishakapatnam unit is engaged in the manufacture of light weight torpedoes, the C-303 anti torpedo system, countermeasures and spares. All our manufacturing facilities have ISO 14001:2004 certifications from TUV India Private Limited. Our Hyderabad (Akash Division) and Bhanur manufacturing units have AS 9100C certifications (based on and including ISO 9001:2008) from NVT Quality Certification Private Limited. Our quality management systems and management system for the Hyderabad manufacturing have been certified ISO 9001:2008 and ISO 9001: 2015 compliant, by the IRClass Systems and Solutions Private Limited and TUV India Private Limited respectively. We are 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 (VSHORADMs) respectively. We are the nominated production agency for VSHORADMs *(Source: F&S Report)*.

We have been awarded various prestigious awards such as Raksha Mantri's institutional award for "Excellence" in performance for the year 2014 – 15 and the group / individual award in the "Innovation Category" for the year 2014 -15, in recognition of its consistent growth and adaptation and the PSE Excellence Award – 2015 by the *Indian* Chamber of Commerce in the Miniratna category for operational performance excellence.

Our current order book as of October 31, 2017 is ₹111,640.00 million. Our Company has posted profits continuously in the last five Fiscals. Our revenue from operations and profit for the year has increased from ₹28,408.21 million and ₹4,435.48 million respectively, in Fiscal 2015 to ₹48,327.56 million and ₹4,903.19 million, respectively, in Fiscal 2017 at a CAGR of 30.43% and 5.14% respectively. We have consistently declared dividends for the last five Fiscals.

Factors Affecting Our Results of Operations

Our business and results of operations have been affected by a number of important factors that we believe will continue to affect our business and results of operations in the future. These factors include the following:

Primary dependency on a single customer

Our primary customer is the MoD, from which we derived 98.31%, 97.31%, 92.93% and 79.27% of our total revenue from operations for the six months period ended September 30, 2017, Fiscals 2017, 2016 and 2015, respectively. As on October 31, 2017, we have an order book position of ₹111,640.00 million. If our major customer ceases to have business dealings with us or materially reduces the level or frequency of their orders from us and we are unable to secure new orders from other sources to replace such a loss or reduction, our business, financial condition, results of operations and prospects may be adversely affected.

Standard terms of MoD contracts

Under the contracts with the MoD, funds are released upon signing of the contract and progressive advances are made under these contracts as and when we incur expenditure. The balance payments for the contracts are made on proof of dispatch, proof of receipt and inspection of the products.

Our advances from customers amounted to ₹34,503.96 million, ₹35,495.41 million, ₹55,073.53 million and ₹57,141.81 million for the six months period ended September 30, 2017 and as of March 31, 2017, 2016 and 2015, respectively. These payments are utilised to meet our working capital needs, particularly for procurement of raw materials, deferred revenue expenditure and labour costs. Any change in payment terms, particularly advance payments, will have an impact on our results of operations.

Indian Regulatory Environment

Our business is subject to the laws, regulations and policies of the GoI. Changes in applicable regulations may have an impact on our business and results of operations. Our results of operations have been favourably affected by the GoI's initiatives to further develop the Indian defence agencies to which we sell our products and services, by way of increased government spending in defence procurement and its policy that the Indian defence services must give the first opportunity to domestic companies to meet their defence product requirements. However, since the GoI encourages private enterprises to enter and participate in defence contracts, we expect more competitive bidding for future tenders particularly from private players. In May 2017, the Government has introduced a strategic partnership model under DPP 2016 (the "**DPP Strategic Partnership Model**") under which the GoI seeks to identify a few Indian private companies as strategic partners who would initially tie up with shortlisted foreign OEMs to manufacture military platforms and equipments. These policies have raised the level of competition that we face and we cannot assure you that we will be as competitive under the new policy or that we will continue to be awarded contracts by our customers. In particular, the DPP Strategic Partnership Model may create the formation of entities that may pose a significant competition for our Company. Our results of operations may be impacted by our ability to formulate and adjust business strategies in accordance with market demand as influenced by changing GoI regulation and policies and competitive landscape.

Strength of Our Order book

Our results of operations are affected by the strength of our order book. As of October 31, 2017, our order book was ₹111,640.00 million. Major products forming part of our current order book include the Akash Weapon System, LR SAM, MR SAM, INVAR (3 UBK 20) ATGM and the Konkurs-M ATGM. Our ability to convert our future order book into revenues in any period is affected by factors such as our ability to efficiently produce and deliver the products and services to satisfy customer demand as well as on GoI's ability to successfully implement its defence modernisation policies which will in turn encourage growth in the defence industry and general economic conditions in India. If any of our contracts were to be terminated, our order book would be reduced by the expected value of the remaining terms of such contracts.

Costs and Availability of Skilled Labour

We are heavily dependent on highly trained engineers and other skilled labour. We have generally been successful in recruiting the talent we need in India. However, many factors could make it more difficult, or more expensive, for us to recruit and retain the personnel we need, particularly as we grow our business. We believe that our ability to implement a compensation package which extends benefits on par with other public sector organisations is a key factor in our ability to attract skilled labour and maintain employee morale.

Our Critical Accounting Policies (as per Ind AS financial statements)

Certain of our accounting policies require the application of judgment by our management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Our management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and disclosure of contingent liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following are the critical accounting policies and estimates used in the preparation of our financial statements. For more information on each of these policies, see the Restated Financial Statements included in this Draft Red Herring Prospectus.

Basis of preparation of financial statements

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

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.

Foreign Currency Translation

<u>Functional and presentation currency</u>

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 the Company's functional and presentation currency.

<u>Transactions and Balances</u>

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.

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. 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.

Revenue Recognition

<u>Sale of goods:</u>

<u>Timing of recognition:</u>

The Company recognizes revenue from sale of goods when titles to the goods have been passed on to the customer as per the terms of contract, at which time all the following conditions are satisfied:

i. the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
ii. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
iii. the amount of revenue can be measured reliably;
iv. it is probable that the economic benefits associated with the transaction will flow to the Company; and
v. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Sales on bill and hold basis:</u>

Revenue is recognised when specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required and once the following conditions are met:

a. The title is transferred as per the contractual terms
b. It is probable that delivery will take place;
c. The item is on hand, identified and ready for delivery to the buyer at the time when the sale is recognized;
d. The delivery is deferred based on contractual terms; and
e. The usual payment terms apply.

<u>Ex-works contract:</u>

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

FOR contract:

In the case of FOR contracts sale is recognised when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated by the contract. In the case of FOR destination contracts revenue is recognised once the goods reach the destination.

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 identifiable components of the transaction and allocates the revenue to those separate components. 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 of the transaction and allocates the revenue to those separate components based their relative fair values.

Customer financed assets:

The assets received from customers free of cost are recognized initially at fair value. The corresponding revenue will be recognised as follows:

- If only one service is identified, the entity shall recognize revenue when the service is performed;
- If more than one separately identifiable service is identified, the fair value of the total consideration received or receivable for the agreement is allocated to each service and the recognition criteria are then applied to each service; and
- If an ongoing service is identified as part of the agreement, the period over which revenue shall be recognised for that service is generally determined by the terms of the agreement with the customer

Measurement of revenue:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty, but net of returns, trade allowance, rebates, value added taxes, service tax and amounts collected on behalf of the third parties.

Construction contract:

Contract revenue includes initial amount agreed in the contract and any variation in contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably. Contract revenue is recognized in proportion to the stage of completion of the contract. Stage of completion is assessed based on ratio of actuals costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract.

If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognized to the extent costs incurred. An expected loss on construction contract is recognized as an expense immediately when it is probable that the total contract costs will exceed the total contract revenue.

Sale of services:

Timing of recognition:

Revenue from services is recognised in the accounting period in which the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

Measurement of revenue:

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Price escalation:

In case of contracts where additional considerations is to be determined and approved by the customers, such additional revenue is recognized on receipt of confirmation from customer(s). Where break up prices of sub units are not provided for, the same are estimated.

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.

Dividend:

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

Government Grants

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.

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.

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.

Income Tax

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.

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.

Deferred tax:

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.

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.

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.

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.

Leases

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

As a lessee

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of minimum lease payments. The corresponding rental obligations, net of finance charges, are included in the borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

Leases in which a significant portion of risks and rewards of ownership are not transferred to the company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary costs increases.

As a lessor

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

Inventories

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.

Stationery, uniforms, welfare consumables, medical and canteen stores are charged off to revenue at the time of receipt.

Raw-materials, components, construction materials, loose tools and stores and spare parts declared surplus/ unserviceable/ redundant are charged to revenue.

Provision for redundancy is made in respect of closing inventory of raw materials and Components, and Construction Materials non-moving for more than five 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.

Financial Instruments

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:

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.

b) Equity instruments

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.

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.

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.

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.

Trade receivables:

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

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

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

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.

a) 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.

b) 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.

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 twelve 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.

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.

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.

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.

Fair Value measurement

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

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).

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.

Property, Plant And Equipment

Measurement

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.

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.

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.

Where the cost of a part of the asset is significant to the total cost of the asset and useful life of the 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.

Depreciation method, estimated useful life and residual value:

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

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

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

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.

Intangible assets:

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.

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

- o Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- o The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use.

<u>Research and development</u>

Research expenditure and development expenditure that do not meet the criteria in (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.

<u>Amortization methods and periods</u>

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

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.

Non-current assets (or disposal groups) held for sale and discontinued operations:

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.

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 noncurrent asset (or disposal group) is recognised at the date of de-recognition.

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.

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.

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.

Impairment of assets:

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. 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.

Provisions, Contingent Assets and Contingent Liabilities

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.

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 provisions 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.

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.

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.

Liquidated damages:

In case due date and actual date of supply of goods/ services fall in the same accounting period, Liquidated Damages (LD) is accounted for the period of delay, if any, as per the contractual terms.

In case of slippage of delivery schedule, provision in respect of LD is recognized on such slippage for the period of delay between the due date of supply of goods/ services as per the contractual terms and the expected date of supply of the said goods/ services.

Contingent Liabilities and Contingent Assets are not recognized but are disclosed in the notes.

Employee benefits

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.

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.

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).

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.

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.

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.

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.

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.

Earnings Per Share

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.

Diluted earnings per share

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

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

Principal Components of our Statement of Profit and Loss

The following descriptions set forth information with respect to the key components of our Restated Financial Statements as per Ind AS.

Our Income

Revenue from Operations

Substantially all of our revenue from operations is derived from sale of the products manufactured and traded in by us.

Our revenue from operations is derived mainly from the following:

- *Sales of products manufactured by the issuer,* which consist of sale of the products manufactured by us; and
- *Sales of products traded in by the issuer*, which consist of sale of ancillary systems, which are not manufactured by us, but are provided alongwith our products to our customers. The sale of products traded in by the issuer is not frequent.

Other Income (net)

The key components of our other income (net) are income from interest and provisions written back.

Changes in inventories of finished goods and work-in-progress

Changes in inventories of finished goods and work-in-progress is the difference between the opening balance and closing balance of inventories of finished goods and work-in-progress.

Our Expenditure

Our expenses primarily consist of the following:

- *Cost of materials consumed* is material consumption for production;
- *Other manufacturing expenses,* which consists of direct expenses, shop supplies, excise duty on sale of goods, power and fuel, water charges, replacement and other charges, warrant and batches and rejections;
- *Employee benefits expense,* which consist of salaries and wages including bonus, contribution to provident and other funds and staff welfare expenses;
- *Finance costs,* which consist of interest expense and other finance costs;
- *Depreciation and amortisation expenses*, which consists of depreciation of property, plant and equipment and amortization of intangible assets;
- *Other expenses*, which consist primarily of liquidated damages, repairs and maintenance, travel expenses and security expenses and provision (others); and
- *Selling and distribution expenses,* which consists of expenses of publicity, advertisement and courtesy.

Our Tax Expenses

Elements of our tax expenses are as follows:

- *Current tax.* Our current tax in India primarily consists of income tax paid on the profits and other income the Company generated during a financial year / period.
- *Deferred tax.* Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Total other Comprehensive Income

Total other comprehensive income consists of all the items of income and expense (including reclassification adjustments) that are not recognised in profit or loss.

Total Comprehensive Income for the year

Total comprehensive income for the year consists of profit for the year and total other comprehensive income.

Our Results of Operations

The following table sets forth a breakdown of our consolidated results of operations for fiscal 2015, fiscal 2016 and fiscal 2017 and the six months period ended September 30, 2017 and each item as a percentage of our total income for the periods indicated.

Particulars	Six months period ended September 30, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	₹ in million	(%) of Total Income	₹ in million	(%) of Total Income	₹ in million	(%) of Total Income	₹ in million	(%) of Total Income
Revenue from operations								
Sales of products	10,104.28	46.13	34,185.97	65.77	30,512.16	66.31	22,055.55	67.80

Particulars	Six months period ended September 30, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	₹ in million	**(%) of Total Income**	**₹ in million**	**(%) of Total Income**	**₹ in million**	**(%) of Total Income**	**₹ in million**	**(%) of Total Income**
manufactured by the issuer								
Sales of products traded in by the issuer	7,952.52	36.31	14,141.59	27.21	10,275.42	22.33	6,352.66	19.53
	18,056.80	**82.44**	**48,327.56**	**92.97**	**40,787.58**	**88.64**	**28,408.21**	**87.32**
Other income (net)	747.87	3.41	2298.18	4.42	3,847.55	8.36	4,390.33	13.50
Changes in inventories of finished goods and work-in-progress	3,097.84	14.14	1,354.99	2.61	1,378.62	3.00	(266.26)	(0.82)
Total income	**21,902.51**	**100.00**	**51,980.73**	**100.00**	**46,013.75**	**100.00**	**32,532.28**	**100.00**
Expenses								
Cost of materials consumed	12,608.16	57.56	31,192.37	60.01	26,231.51	57.01	18,538.87	56.99
Other manufacturing expenses	1,807.85	8.25	2,383.92	4.59	3,330.53	7.24	1,199.83	3.69
Employee benefits expense	2,224.20	10.16	4,483.85	8.63	3,262.34	7.09	3,124.76	9.61
Finance costs	15.52	0.07	36.78	0.07	35.15	0.08	33.24	0.10
Depreciation and amortisation expense	302.49	1.38	621.86	1.20	532.20	1.16	666.75	2.05
Other expenses	2,049.11	9.36	5,884.18	11.32	4,150.94	9.02	2,474.09	7.61
Selling and distribution expenses	15.06	0.07	55.90	0.11	58.37	0.13	55.43	0.17
Total expenses	**19,022.39**	**86.85**	**44,658.86**	**85.91**	**37,601.04**	**81.72**	**26,092.97**	**80.21**
Profit / (loss) before exceptional items and tax	**2,880.12**	**13.15**	**7,321.87**	**14.09**	**8,412.71**	**18.28**	**6,439.31**	**19.79**
Exceptional items	-	-	-	-	-	-	-	-
Profit before tax	**2,880.12**	13.15	**7,321.87**	**14.09**	**8,412.71**	**18.28**	**6,439.31**	**19.79**
Tax expense								
Current tax	1,471.76	6.72	3,125.99	6.01	3,165.89	6.88	2,342.30	7.20
Deferred tax	(317.55)	(1.45)	(707.31)	(1.36)	(373.87)	(0.81)	(338.47)	(1.04)
Total tax expense	**1,154. 21**	**(5.27)**	**2,418.68**	**4.65**	**2,792.02**	**6.07**	**2,003.83**	**6.16**
Profit / (loss) for the year	**1,725.91**	**7.88**	**4,903.19**	**9.43**	**5,620.69**	**12.22**	**4,435.48**	**13.63**
Other Comprehensive Income (net of tax)								
A Items that will not be reclassified subsequently to profit or loss								
Remeasurement of the defined benefit plans	(271.50)	(1.24)	(108.74)	(0.21)	10.14	0.02	(5.95)	(0.02)
Income tax relating to items that will not be reclassified to profit or loss	93.96	0.43	37.63	0.07	(3.51)	(0.01)	2.02	0.01
Total other comprehensive income	**(177.54)**	**(0.81)**	**(71.11)**	**(0.14)**	**6.63**	**0.01**	**(3.93)**	**(0.01)**
Total comprehensive income for the year	**1,548.37**	**7.07**	**4,832.08**	**9.30**	**5,627.32**	**12.23**	**4,431.55**	**13.62**

Six months period ended September 30, 2017

Total income. We had a total income of ₹21,902.51 million for the six months period ended September 30, 2017 which comprised of:

- *Revenue from operations.* Our revenue from operations for the six months period ended September 30, 2017 consisted of sales of products manufactured by the issuer of ₹10,104.28 million primarily due to the sale of Akash SAMs, Milan 2T ATGMs and Konkurs M ATGMs and sales of products traded in by the issuer of ₹7,952.52 million.

- *Other income (net).* Our other income (net) for the six months period ended September 30, 2017 was ₹747.87 million.

- *Changes in inventories of finished goods and work-in-progress.* Our changes in inventories of finished goods and work-in-progress for the six months period ended September 30, 2017 was ₹3,097.84 million.

Total expenses. Our expenses totaled ₹19,022.39 million for the six months period ended September 30, 2017.

Cost of materials consumed. Our cost of materials consumed for the six months period ended September 30, 2017 was ₹12,608.16 million.

Other manufacturing expenses. Our other manufacturing expenses for the six months period ended September 30, 2017 was ₹1,807.85 million which primarily consisted of excise duty on sale of goods of ₹1,631.95 million.

Employee benefits expenses. Our employee benefits expenses for the six months period ended September 30, 2017 was ₹2,224.20 million which primarily consisted of salaries and wages, including bonus of ₹1,898.45 million and contribution to provident and other funds of ₹253.06 million.

Finance costs. Our finance costs for the six months period ended September 30, 2017 was ₹15.52 million.

Depreciation and amortisation expense. Our depreciation and amortisation expense for the six months period ended September 30, 2017 was ₹302.49 million.

Other expenses. Our other expenses for the six months period ended September 30, 2017 was ₹2,049.11 million which primarily consisted of liquidated damages of ₹1,693.14 million and miscellaneous operating expenses of ₹384.47 million.

Selling and distribution expenses. Our selling and distribution expenses for the six months period ended September 30, 2017 was ₹15.06 million.

Profit before tax. As a result of the above, our profit before tax for the six months period ended September 30, 2017 was ₹2,880.12 million.

Tax expense. Our tax expense for the six months period ended September 30, 2017 was ₹1,154.21 million which consisted of expense on current tax of ₹1,471.76 which was partially offset by expenses on deferred tax of ₹317.55 million.

Profit for the year. Our profit for the six months period ended September 30, 2017 was ₹1,725.91 million.

Total other comprehensive income. We recorded a total other comprehensive loss for the six months period ended September 30, 2017 of ₹177.54 million. This was principally due to the re-measurement of net defined benefit plans.

Total comprehensive income for the year. We recorded a total comprehensive income for the six months period ended September 30, 2017 of ₹1,548.37 million.

Fiscal 2017 compared to Fiscal 2016

Total income. We had total income of ₹51,980.73 million in fiscal 2017, an increase of 12.97% over our total income of ₹46,013.75 million in fiscal 2016. This increase was mainly due to the following:

- *Revenue from operations.* Our revenue from operations increased by 18.48% from ₹40,787.58 million in fiscal 2016 to ₹48,327.56 million in fiscal 2017. This increase was due to an increase in sales of products manufactured by the issuer and increase in sales of products traded in by the issuer. Our revenue from sale of products manufactured by the issuer increased by 12.04% from ₹30,512.16 million in fiscal 2016 to ₹34,185.97 million in fiscal 2017. This increase was primarily due to the sale of Akash SAMs and Konkurs-M ATGMs. Our revenue from sales of products traded in by the issuer increased by 37.63%

from ₹10,275.42 million in fiscal 2016 to ₹14,141.59 million in fiscal 2017. This increase was due to an increase in delivery to our primary customer, the MoD.

- *Other income (net).* Our other income (net) decreased by 40.26% from ₹3,847.55 million in fiscal 2016 to ₹2,298.18 million in fiscal 2017. This decrease was primarily due to a decrease in interest income, a negative increase in miscellaneous income (net) and foreign exchange losses.

- *Changes in inventories of finished goods and work-in-progress.* Our changes in inventories of finished goods and work-in-progress decreased by 1.71% from ₹1,378.62 million in fiscal 2016 to ₹1,354.99 million in fiscal 2017. This decrease was due to an increase in production and supply of our products.

Total expenses. Our expenses totaled to ₹44,658.86 million in fiscal 2017, an increase of 18.77% over our total expenses of ₹37,601.04 million in fiscal 2016. This increase was mainly due to an increase in cost of materials consumed, employee benefits expenses and other expenses.

- *Cost of materials* consumed. Our cost of materials consumed totaled to ₹31,192.37 million in fiscal 2017, an increase of 18.91% over ₹26,231.51 million in fiscal 2016. The increase was due to a change in product mix.

- *Other manufacturing expenses.* Our other manufacturing expenses totaled ₹2,383.92 million in fiscal 2017, a decrease of 28.42 % over ₹3,330.53 million in fiscal 2016. This decrease was primarily due to a decrease in excise duty on sale of goods.

- *Employee benefits expense*. Our employee benefits expense totaled ₹4,483.85 million in fiscal 2017, an increase of 37.44% over ₹3,262.34 million in fiscal 2016, primarily due to increase in dearness allowance, increments, provision for wage revisions, corresponding increase in actuarial valuation of gratuity and leave encashment, payment of worker's pension and post superannuation medical benefits.

- *Finance cost*. Our finance cost totaled ₹36.78 million in fiscal 2017, an increase of 4.64% over our finance cost of ₹35.15 million in fiscal 2016, primarily due to fair value measurement of deferred debts and deferred liabilities with corresponding income under other income.

- *Depreciation and amortisation expense*. Our depreciation and amortisation expenses totaled ₹621.86 million in fiscal 2017, an increase of 16.85% over depreciation and amortisation expenses of ₹532.20 million in fiscal 2016. This was due to an increase in amortization of intangible assets.

- *Other expenses.* Our other expenses totaled 5,884.18 million in fiscal 2017, an increase of 41.76% over other expenses of ₹4,150.94 million in fiscal 2016. This increase was primarily due to increases in provision others (which are amounts which may not be reimbursed by our customers).

- Our liquidated damages and provision net of liquidated damages created earlier written back decreased to ₹1,892.95 million in fiscal 2017, a decrease of 23.21% over our liquidated damages and provision for liquidated damages created earlier written back of ₹2,465.20 million in fiscal 2016. This was primarily due to the reduction in the gap between the supply and contractual delivery schedule of our products.

- *Selling and* distribution *expense*. Our selling and distribution expenses totaled ₹55.90 million in fiscal 2017, a decrease of 4.22% over selling and distribution expenses of ₹58.37 million in fiscal 2016.

Profit before tax. As a result of the factors outlined above, our profit before tax decreased by 12.97% from ₹8,412.71 million in fiscal 2016 to ₹7,321.87 million in fiscal 2017.

Tax expense.

- *Current tax.* We recorded a current tax of ₹3,125.99 million for fiscal 2017 a decrease of 1.26% from ₹3,165.89 million for fiscal 2016. This decrease was primarily due to a decrease in profit before tax.

- *Deferred tax.* We recorded a deferred tax of ₹(707.31) million for fiscal 2017 an increase by 89.19% as compared to a deferred tax of ₹(373.87) million for fiscal 2016. This increase was primarily due to decrease in provisions and depreciation.

Profit for the year. As a result of the factors outlined above, our profit for the year decreased by 12.77% from ₹5,620.69 million in fiscal 2016 to ₹4,903.19 million in fiscal 2017.

Total other Comprehensive Income. We recorded a total other comprehensive loss of ₹71.11 million in fiscal 2017 as compared to total other comprehensive income of ₹6.63 million in fiscal 2016. This was principally due to the re-measurement of net defined benefit plans and income tax relating to items that will not be classified as to profit or loss.

Total comprehensive income for the year. As a result of the factors outlined above, our total comprehensive income for the year decreased by 14.13% from ₹5,627.32 million in fiscal 2016 to ₹4,832.08 million in fiscal 2017.

Fiscal 2016 compared to Fiscal 2015

Total income. We had total income of ₹46,013.75 million in fiscal 2016, an increase of 41.44% over our total income of ₹32,532.28 million in fiscal 2015. This increase was mainly due to the following:

- *Revenue from operations.* Our revenue from operations increased by 43.58% from ₹28,408.21 million in fiscal 2015 to ₹40,*787*.58 million in fiscal 2016. This increase was due to an increase in sales of products manufactured by the issuer and increase in product delivery to customers. Our revenue from sale of products manufactured by the issuer increased by 38.34% from ₹22,055.55 million in fiscal 2015 to ₹30,512.16 million in fiscal 2016. This increase was primarily due to the sale of Akash SAMs, Milan 2T ATGMs and Konkurs-M ATGMs. Our revenue from sales of products traded in by the issuer increased by 61.75% from ₹6,352.66 million in fiscal 2015 to ₹10,275.42 million in fiscal 2017. This increase was due to an increase in delivery to our primary customer, the MoD.

- *Other income (net).* Our other income (net) decreased by 12.36% from ₹4,390.32 million in fiscal 2015 to ₹3,847.55 million in fiscal 2016. This decrease was primarily due to a decrease in interest. The break-up of other income (net) for fiscals 2015 and 2016 is as follows:

(₹ in million)

Particulars	Nature (Recurring/ Non-Recurring)	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest income on financial assets carried at amortised cost			
Bank deposits	Recurring	3,011.55	3,849.75
Others	Recurring	90.09	85.37
		3,101.64	**3,935.12**
Other non-operating income			
Liquidated Damages recovered from suppliers	Recurring	525.36	484.25
Miscellaneous income (net)	Recurring	137.09	131.77
		662.45	**616.02**
Other gains and losses			
Net foreign exchange gain	Recurring	67.73	(177.21)
Fair value gain/(loss) on financial assets measured at Fair value through profit and loss	Recurring	15.73	16.22
Gain on disposal of property, plant and equipment	Non-recurring	-	0.18
		83.46	**(160.81)**
Total		**3,847.55**	**4,390.33**

- *Changes in inventories of finished goods and work-in-progress.* Our changes in inventories of finished goods and work-in-progress increased 617.77% from ₹ (266.26) million in fiscal 2015 to ₹1,378.62 million in fiscal 2016. This increase was due to accumulation of work in progress for existing orders.

Total expenses. Our expenses totaled ₹37,601.04 million in fiscal 2016, an increase of 44.10% over our total expenses of ₹26,092.97 million in fiscal 2015. This increase was mainly due to an increase in cost of materials consumed, other manufacturing expenses, employee benefits expenses and other expenses.

- *Cost of materials consumed.* Our cost of materials consumed totalled ₹26,231.51 million in fiscal 2016, an increase of 41.49% over ₹18,538.87 million in fiscal 2015. The increase is was due to an increase in production of our products.

- *Other manufacturing expenses.* Our other manufacturing expenses totaled ₹3,330.53 million in fiscal 2016, an increase of 177.58% over ₹1,199.83 million in fiscal 2015. This increase was primarily due to a applicability of excise duty on sale of goods in fiscal 2016 which was not applicable in fiscal 2015.

- *Employee benefits expense*. Our employee benefits expense totaled ₹3,262.34 million in fiscal 2016, an increase of 4.40% over ₹3,124.76 million in fiscal 2015, primarily due to increase in dearness allowance and increments.

- *Finance cost*. Our finance cost totaled ₹35.15 million in fiscal 2016, an increase of 5.75% over our finance cost of ₹33.24 million in fiscal 2015, primarily due to fair value measurement of deferred debts and deferred liabilities with corresponding income under other income.

- *Depreciation and amortisation expense*. Depreciation and amortisation expenses totaled ₹532.20 million in fiscal 2016, a decrease of 20.18% over depreciation and amortisation expenses of ₹666.75 million in fiscal 2015. This was due to a charge on amortization of intangible assets in fiscal 2016 which was not present in fiscal 2015 and decrease in depreciation of property, plant and equipment.

- *Other expenses.* Our other expenses totaled ₹4,150.94 million in fiscal 2016, an increase of 67.78% over other expenses of ₹2,474.09 million in fiscal 2015. This increase was primarily due to increases in liquidated damages.

  Our liquidated damages and provision net of liquidated damages created earlier written back increase to ₹2,465.20 million in fiscal 2016, an increase of 127.12% over our liquidated damages and provision for liquidated damages created earlier written back of ₹1,085.40 million in fiscal 2015. This was primarily due to the reduction in the gap between the supply and contractual delivery schedule of our products.

- *Selling and distribution expense*. Our selling and distribution expenses totaled ₹58.37 million in fiscal 2016, an increase of 5.30% over selling and distribution expenses of ₹55.43 million in fiscal 2015.

Profit before tax. As a result of the factors outlined above, our profit before tax increased by 30.65% from ₹6,439.31 million in fiscal 2015 to ₹8,412.71 million in fiscal 2016.

Tax expense.

- *Current tax.* We recorded a current tax of ₹3,165.89 million for fiscal 2016 an increase of 35.16% from ₹2,342.30 million for fiscal 2015. This increase was primarily due to an increase in profit before tax.

- *Deferred tax.* We recorded a deferred tax of ₹(373.87) million for fiscal 2016 an increase of 10.46% as compared to a deferred tax of ₹(338.47) million for fiscal 2015. This increase was primarily due to an increase in provisions and depreciation.

Profit for the year. As a result of the factors outlined above, our profit for the year increased 26.72% from ₹4,435.48 million in fiscal 2015 to ₹5,620.69 million in fiscal 2016.

Total other Comprehensive Income. We recorded a total other comprehensive income of ₹6.63 million in fiscal 2016 as compared to total other comprehensive loss of ₹3.93 million in fiscal 2015. This was principally due to the re-measurement of net defined benefit plans and income tax relating to items that will not be classified as to profit or loss.

Total comprehensive income for the year. As a result of the factors outlined above, our total comprehensive income for the year increased by 26.98% from ₹4,431.55 million in fiscal 2015 to ₹5,627.32 million in fiscal 2016.

Liquidity and Capital Resources

The following table sets forth information on our investments and cash and cash equivalents as at the dates indicated:

Particulars	For the six months period ended September 30, 2017	As at March 31		
		2017	2016	2015
	(in ₹ million)			
Cash and cash equivalents	4,661.18	461.99	2,325.17	1,239.23

The following table sets forth certain information concerning our cash flows for the periods indicated:

Particulars	For the six months period ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
	(in ₹ million)			
Net cash generated by operating activities	8,758.10	(232.36)	2,842.79	(5,990.58)
Net cash used in investing activities	(44.98)	30.91	1,485.85	622.83
Net cash generated by financing activities	(4,513.93)	(1,661.73)	(3,242.69)	(608.46)

Net Cash From / Used in Operating Activities

For the six months period ended September 30, 2017, our net cash used in operating activities was ₹8,758.10 million, principally attributable to (i) profit before exceptional items and tax of ₹2,880.12 million as adjusted for interest expense of ₹627.05 million and provisions for expenses of ₹168.28 million; (ii) changes in working capital; and (iii) net income tax paid. Changes in working capital included other financial assets of ₹1,919.16 million, inventories of ₹917.17 million and other liabilities of ₹2,302.81 million, partially offset by bank balances of ₹8,469.08 million. Net cash used in operating activities also included net income tax paid of ₹1,480.39 million.

For fiscal 2017, our net cash used in operating activities was ₹232.36 million, principally attributable to (i) profit before exceptional items and tax of ₹7,321.87 million as adjusted for reduction in interest income of ₹2,016.68 million and provisions for expenses of ₹2,299.81 million; (ii) changes in working capital; and (iii) net income tax paid. Changes in working capital included increase in other financial assets of ₹1,707.61 million, inventories of ₹1,976.49 million and other liabilities of ₹18,244.93 million, partially offset by a decrease in other bank balances of ₹13,181.60 million. Net cash used in operating activities also included net income tax paid of ₹3,349.04 million.

For fiscal 2016, our net cash generated by operating activities was ₹2,842.79 million, principally attributable to (i) profit before exceptional items and tax of ₹8,412.71 million, as adjusted for allowance for reduction in interest income of ₹3,101.64 million; (ii) changes in working capital; and (iii) net income tax paid. Changes in working capital included a decrease in bank balances of ₹5,350.32 million, increase in other financial assets of ₹8,041.37 million, inventories of ₹5,819.94 million, other assets of ₹3,348.50 million and partially offset by an increase in trade payables of ₹8,290.28 million. Net cash generated by operating activities also included net income tax paid of ₹2,780.88 million.

For fiscal 2015, our net cash used operating activities was ₹5,990.58 million, principally attributable to (i) profit before exceptional items and tax of ₹6,439.31 million, as adjusted for reduction in interest income of ₹3,935.12 million; (ii) changes in working capital; and (iii) net income tax paid. Changes in working capital included an increase of other financial assets of ₹5,118.21 million, inventories of ₹931.63 million and trade payables of ₹1,173.21 million, partially offset by a decrease in other liabilities of ₹4,465.01 million. Net cash used in operating activities also included net income tax paid of ₹2,196.59 million.

Net Cash From / (Used In) Investing Activities

For six months ended September 30, 2017, our net cash used in investing activities was ₹44.98 million, principally attributable to capital expenditure on property, plant and equipment and intangible assets, including capital advances of ₹699.30 million which was offset by interest received of ₹654.32 million.

For fiscal 2017, our net cash from in investing activities was ₹30.91 million, principally attributable to interest received of ₹1,388.39 million which was partially offset by capital expenditure on property, plant and equipment and intangible assets, including capital advances of ₹1,359.51 million.

For fiscal 2016, our net cash from in investing activities was ₹1,485.85 million, principally attributable to interest received of ₹3,649.23 million which was partially offset by capital expenditure on property, plant and equipment and intangible assets, including capital advances of ₹2,163.38 million.

For fiscal 2015, our net cash from in investing activities was ₹622.83 million, principally attributable to interest received of ₹3,534.89 million which was partially offset by capital expenditure on property, plant and equipment and intangible assets, including capital advances of ₹2,912.24 million.

Net Cash From / Used in Financing Activities

For the six months period ended September 30, 2017, our net cash used in financing activities was ₹4,513.93 million, principally attributable to buy back of shares of ₹4,505.36 million.

For fiscal 2017, our net cash used in financing activities was ₹1,661.73 million, principally attributable to dividends paid of ₹1,219.85 million and tax on buy back of shares of ₹419.01 million.

For fiscal 2016, our net cash used in financing activities was ₹3,242.69 million, principally attributable to dividends paid of ₹1,232.87 million and buy back of shares of ₹1,988.58 million.

For fiscal 2015, our net cash used in financing activities was ₹608.46 million, principally attributable to dividends paid of ₹589.12 million.

Capital Expenditures

Our capital expenditures are mainly related to our upcoming unit at Ibrahimpatnam.

The table below provides details of our net cash outflow on capital expenditures for the periods stated.

Particulars	**For the six months period ended September 30, 2017**	**Fiscal 2017**	**Fiscal 2016**	**Fiscal 2015**
	(in ₹ million)			
Capital expenditure on fixed assets including capital advances	699.30	1,359.51	2,163.38	2,912.24

Planned Capital Expenditures

We estimate our planned capital expenditures for the period between April 01, 2017 and March 31, 2018 to be in the range of 2.00% to 3.00% of our revenue from operations which is planned to be used for construction of our upcoming units at Ibrahimpatnam and installation of solar power plant at Ibrahimptanam.

The anticipated source of funding for our planned capital expenditures is cash from our operations.

Indebtedness

As of September 30, 2017, we had no fund based borrowings. Our non-fund based borrowings primarily consist of facilities for issue of foreign letters of credit and bank guarantees. For further details see "*Financial Indebtedness*" on page 306.

Contractual Obligations

The table below sets forth, as of September 30, 2017, our contractual obligations with definitive payment terms.

These obligations primarily relate to solar equipment and unfinished work at our unit in Ibrahimpatnam.

Particulars	As at September 30, 2017		
	Total	Less than 1 year	More than 1 year
	(in ₹ million)		
Estimated amount of contracts remaining to be executed on capital account not provided for	479.45	479.45	-

Contingent Liabilities

As of September 30, 2017, we had the following contingent liabilities that had not been provided for:

Particulars	As at September 30, 2017 (₹ Million)
Outstanding Letters of Credit and Guarantees:	
(i) Letters of Credit	1,173.00
(ii) Guarantees and Counter Guarantees	555.84
Claims / Demands against the Company not acknowledged as Debt:	
(i) PSUs	-
(ii) Sales Tax	1,546.87
(iii) Service Tax	-
(iv) Others	33.30
Total	**3,309.01**

Our contingent liabilities may become actual liabilities. In the event that any of our contingent liabilities become non-contingent, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future.

Off-Balance Sheet Transactions

We do not have any off-balance sheet transactions.

Market Risks

Commodity Price Risk

We are exposed to fluctuations in the price of components, finished and semi-finished parts, systems and sub-systems, assembly and sub-assemblies and raw materials. The market price of these commodities fluctuate due to certain factors, such as government policy, level of demand and supply in the market and the global economic environment. Therefore, fluctuations in the prices of raw materials have a significant effect on our business, results of operations and financial condition.

Interest Rate Risk

We are exposed to interest rate risk on our bank borrowings and deposits with banks. The interest rate on our financial instruments is based on market rates. We monitor the movement of interest rates on an ongoing basis.

Exchange Rate Risk

While substantially all of our revenues will be denominated in rupees, we have incurred and expect to incur expenditure denominated in currencies other than rupees for the purchase of raw materials. We do not currently use any derivative instruments to modify the nature of our exposure to foreign currency fluctuations so as to manage foreign exchange risk.

Inflation

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

Seasonality

Our business does not experience any seasonality.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Other than as described in "*Risk Factors*" and this "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 15 and 276 respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationships Between Expenditure and Income

Other than as described in "*Risk Factors*" on page 15 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 276, to our knowledge there are no known factors which will have a material adverse impact on our operations or finances.

New Product or Business Segments

Other than as described in "*Our Business*" on page 120, there are no new products or business segments in which we operate.

Competitive Conditions

We expect competitive conditions in our industry to further intensify as new entrants emerge and as existing competitors seek to emulate our business model and offer similar products and services. For further details, see "*Risk Factors*" and "*Our Business*" beginning on pages 15 and 120 respectively.

Certain Observations Noted by the Comptroller and Auditor General of India and our Statutory Auditors

In connection with the audit of our Company's financial statements for fiscal 2017, the Comptroller and Auditor General of India has included a qualification in relation to recognition of revenue under one of our contracts. Further, in connection with the audits of our Company's financial statements, our Auditor noted certain observations with respect to matters specified in Companies (Auditors Report) Order, 2015, and the Companies (Auditors Report) Order, 2003. Based on these qualifications / observations we have taken steps to address and remedy such qualifications / observations as described below:

<u>Qualification of the Comptroller and Auditor General of India</u>

Fiscal 2017:

"A reference is invited to disclosure made in Note 27 wherein it is stated that Sale of Finished Goods and Sale of Spares included Rs.85.45 crores and Rs.247.74 crores respectively, accounted based on customer acceptance and price acceptance by the representative of the customer for which contract amendment is under consideration by the customer and that company is confident of realisation of these amounts. The delivery schedule expired on December 31, 2016 and finished goods and spares valued Rs.85.45 crore and Rs.206.92 crore were accounted as sales based on inspection certificate issued by the customer during the period from

January 1, 2017 to March 30, 2017. The accounting was based on Article 10.1 of the contract, which stipulated that the date of issue of inspection certificate (I-Note) ex-BDL would be reckoned as the date of delivery.

Sale of spares also included spares valued at Rs.40.82 crore, which was accounted based on updated inspection certificates. Further, these certificates had reference to company's letter of April 11, 2017 issued to the customer and thus, it was apparent that these inspection certificates were not issued before March 31, 2017, as date of issue of inspection certificate was the basis for accounting of sale of finished goods and sales as per the contract, inclusion of sale value of these spares in sale of spares was not in order and resulted in an over statement of sale of spares by Rs.40.82 crores. This also resulted in an over statement of profit and an understatement of inventory. The impact of which could not be quantified for want of details.

Necessary adjustment for the above comments have been made by reversing the sales and impacting the other relevant financial statement line items for the year ended March 31, 2017 and recognised it in September 2017."

Matters not adjusted in Restated Financial Statements

Audit Report for Fiscal 2013

Note 28.07 regarding non-disclosure of information as required by Accounting Standard AS 17 on segment reporting as required by section 211 (3A) of the Companies Act, 1956

Emphasis of matter noted by our Statutory Auditors

Six months period ended September 30, 2017

(a) Note no. 27 of the Ind AS Restated Financial Statements which accounting of certain sales, based on acceptance of quality by the Customer and prices by the representative of the customer, awaiting the amendments to the contract.

(b) Note Number 35 (16) of the Ind AS Restated Financial Statements regarding the non-disclosure of segment information as required under Ind AS 108.

(c) Note number 35(19) of the Ind AS Restated Financial Statements regarding furnishing of unaudited comparative figures in the statement of profit and loss , statement of changes in equity and statement of cash flow.

No corrective action required.

Fiscal 2017

Emphasis of matter:

As the Company is engaged in defence production, exemption was granted from applicability of AS 17 (Segment reporting) under Sec 129 of Companies Act 2013. Company had applied to Ministry of Corporate Affairs seeking similar exemption from applicability of Ind AS 108 (Operating Segments).

No corrective action required.

Note number 35 (19) of the Ind AS Restated Financial Statements regarding the non-disclosure of segment information as required under Ind AS 108.

No corrective action required.

Comments of our Statutory Auditors pursuant to the Companies (Auditors Report) Order, 2015 and Companies (Auditors Report) Order, 2003

Fiscal 2017

According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company in respect of Lease hold *land at Amaravati. Only Photo copies of the title deeds like Pahani, entry in the revenue records are shown to us in respect of the following properties:*

Nature of the Asset	***Amount Rs. In Million***	***Nature of document shown to us***
Freehold Land At Karmanghat and Chintalakunta	*4.66*	*Photo Copy of Pahani*
Freehold Land at Bhanur	*19.47*	*Photo Copy of Mutation in revenue records*
Freehold Land at Shamirpet	*0.09*	*Photo copy of Mutation in revenue records*

A committee has been constituted to look and consolidate all the records at one place. The Company is also in the process of appointing a consultant, preferably a retired revenue department officer, for the purpose of collection and consolidation of land records.

Title Deeds in respect of the following immoveable properties are not made available.

Nature of Asset	***Amount (Rs. In Million)***	***Reasons***
Freehold Land at Ibrahim Patnam	*583.13*	*Land is acquired through TSIIC. As per their rules Land will be registered only after setting up of the Factory.*
Freehold Land at Kanchanbagh including Investment Property	*2.94*	*Land allotted free of cost by the State Government. No Title Deed is issued. Value is fair value as per Ind AS 16*
Freehold Land at Karmanghat	*2.17*	*Private land acquired by the State Govt. and allotted to the Company. Proper Title deeds are yet to be conveyed.*
Freehold Land at Visakhapatnam	*37.61*	*State Government yet to execute to the title deeds.*
Lease hold land at Visakhapatnam	*-*	*Lease Deed is not executed by the Lessor.*

A committee has been constituted to look and consolidate all the records at one place. The Company is also in the process of appointing a consultant, preferably a retired revenue department officer, for the purpose of collection and consolidation of land records.

According to the records of the Company and information and explanations given to us the following are the particulars of disputed amounts payable in respect Central Sales Tax Act and Value Added Tax:

Name of the Statute	***Nature of dues***	***Disputed Amount (Rs. in Millions)***	***Paid under Protest/Adjusted as required under law***	***Balance***	***Period to which the amount relates***	***Forum where dispute is pending***
Central Sales Tax Act	*Central Sales Tax*	*28.44*	*7.11*	*21.33*	*2007-08*	*TS VAT AT*
Central Sales Tax Act	*Central Sales Tax*	*33.21*	*16.61*	*16.60*	*2010-11*	*TS VAT AT*
Central Sales Tax Act	*Central Sales Tax*	*555.08*	*69.38*	*485.70*	*2011-12*	*Writ pending with High Court at Hyderabad*
Central Sales Tax Act	*Central Sales Tax*	*502.43*	*0*	*502.43*	*2012-13*	*Writ pending with High Court at Hyderabad*
Central Sales Tax Act	*Central Sales Tax*	*426.68*	*0*	*426.68*	*2013-14*	*Writ pending with High Court at Hyderabad*
AP Vat Act	*VAT*	*1.03*	*0.12*	*0.91*	*2010-11*	*AC VAT*
TOTAL		***1546.87***	***93.22***	***1453.65***		

The matters are pending before the relevant forums and hence no corrective action is required.

Fiscal 2016

According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company in respect of Lease hold land at Amaravati. Only Photo copies of the title deeds like Pahani, entry in the revenue records are shown to us in respect of the following properties:

Nature of the Asset	***Amount Rs. In Million***	***Nature of document shown to us***
Freehold Land At Karmanghat and Chintalakunta	*4.66*	*Photo Copy of Pahani*
Freehold Land at Bhanur	*19.47*	*Photo Copy of Mutation in revenue records*
Freehold Land at Shamirpet	*0.09*	*Photo copy of Mutation in revenue records*

A committee has been constituted to look and consolidate all the records at one place. The Company is also in the process of appointing a consultant, preferably a retired revenue department officer, for the purpose of collection and consolidation of land records.

Title Deeds in respect of the following immoveable properties are not made available.

Nature of Asset	***Amount (Rs. In Million)***	***Reasons***
Freehold Land at Ibrahim Patnam	*544.43*	*Land is acquired through TSIIC. As per their rules Land will be registered only after setting up of the Factory.*
Freehold Land at Kanchanbagh including Investment Property	-	*Land allotted free of cost by the State Government. No Title Deed is issued.*
Freehold Land at Karmanghat	*2.17*	*Private land acquired by the State Govt. and allotted to the Company. Proper Title deeds are yet to be conveyed.*
Freehold Land at Visakhapatnam	*37.61*	*State Government yet to execute to the title deeds.*
Lease hold land at Visakhapatnam	-	*Lease Deed is not executed by the Lessor.*

A committee has been constituted to look and consolidate all the records at one place. The Company is also in the process of appointing a consultant, preferably a retired revenue department officer, for the purpose of collection and consolidation of land records.

According to the records of the Company and information and explanations given to us the following are the particulars of disputed amounts payable in respect Central Sales Tax Act and Value Added Tax:

Name Statute	***Nature of Dues***	***Amount (Rs. In mil)***	***Period to which the amount relates***	***Forum where dispute is pending***
Central Sales Tax Act	*Central Sales Tax*	*213.59*	*1994-95*	*AP Sales Tax Tribunal (APSTT)*
Central Sales Tax Act	*Central Sales Tax*	*246.92*	*1995-96*	*APSTT*
Central Sales Tax Act	*Central Sales Tax*	*245.07*	*1996-97*	*APSTT*
Central Sales Tax Act	*Central Sales Tax*	*28.44*	*2007-08*	*APSTT*
Central Sales Tax Act	*Central Sales Tax*	*33.21*	*2010-11*	*APSTT*
Central Sales Tax Act	*Central Sales Tax*	*555.08*	*2011-12*	*Appelete DY Commissioner*
Central Sales Tax Act	*Central Sales Tax*	*502.43*	*2012-13*	*High Court, Hyd*
AP Vat Act	*VAT*	*1.03*	*2010-11*	*Appelete DY Commissioner*
Total disputed amount		***1825.77***		
Total amount paid under protest pending final order		***93.22***		

The matters are pending before the relevant forums and hence no corrective action is required.

Fiscal 2015

Statutory Dues aggregating to ₹1462.60 million that have not been deposited on account of dispute and pending before the appropriate authorities are as follows:

Sl. No	***Name of the Statute***	***Nature of Dues***	***Forum where the dispute is pending***	***Amount Rs. in Million***
1	*CST Act*	*CST*	*AP High Court*	*146.27*
2	*CST Act*	*CST*	*AP Sales Tax Appellate Tribunal*	*726.92*
3	*CST Act*	*CST*	*Appellate Deputy Commissioner*	*584.14*
4	*Finance Act*	*Service Tax*	*Commissioner, Hyderabad –II Service Tax*	*4.36*
5	*AP VAT Act*	*VAT*	*Appellate Commissioner (CT)*	*0.91*
TOTAL				***1462.60***

The matters are pending before the relevant forums and hence no corrective action is required.

Fiscal 2014

Statutory Dues aggregating to ₹907.62 million that have not been deposited on account of dispute and pending before the appropriate authorities are as follows:

Name of the Statute	***Nature of Dues***	***Forum where the dispute is pending***	***Amount Rs. in Millions***
CST Act	*CST*	*AP High Court*	*146.27*
CST Act	*CST*	*AP Sales Tax Appellate Tribunal*	*726.92*
CST Act	*CST*	*Appellate Deputy Commissioner*	*29.06*
Finance Act	*Service Tax*	*Commissioner, Hyderabad – II Service Tax*	*4.31*
AP VAT Act	*VAT*	*Appellate Commissioner (CT)*	*0.81*
AP VAT Act	*VAT*	*Asst. Commissioner (CT) (LT)*	*0.25*

The matters are pending before the relevant forums and hence no corrective action is required.

Fiscal 2013

Statutory Dues aggregating to ₹884.61 million that have not been deposited on account of dispute and pending before the appropriate authorities are as follows:

Name of the Statute	***Nature of Dues***	***Forum where the dispute is pending***	***Amount Rs. in Million***
CST Act	*CST*	*AP High Court*	*146.27*
CST Act	*CST*	*AP Sales Tax Appellate Tribunal*	*705.59*
CST Act	*CST*	*Appellate Deputy Commissioner*	*28.44*
Finance Act	*Service Tax*	*Commissioner, Hyderabad –II Service Tax*	*4.31*

The matters are pending before the relevant forums and hence no corrective action is required.

Audit Comment to the Directions/Sub-Directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013

Fiscal 2017

<table>
<tr>
<td>The availability of clear title / lease deeds could not be ascertained as title deeds are not made available for our perusal in respect of following properties
<table>
<tr><th>Nature of Land</th><th>Extent of Land</th></tr>
<tr><td>1. Freehold land at Kanchanbagh</td><td>151 Acres 33 Guntas</td></tr>
<tr><td>2. Freehold land at Karmanghat</td><td>82 Acres 31 Guntas</td></tr>
<tr><td>3. Free hold Land at Visakhapatnam</td><td>10 Acres 13 Guntas</td></tr>
<tr><td>4. Freehold land at Ibrahimpatnam (Sale agreement is available)</td><td>597 Acres 22.50 Guntas</td></tr>
<tr><td>5. Lease Hold Land at Visakhapatnam</td><td>3 Acres 25 Guntas</td></tr>
</table>
In respect of the following free hold properties only photo copies of title deeds like Pahani, Mutation in Revenue records of Government are made available for our verification.
<table>
<tr><th>Freehold Land at</th><th>Extent of Land</th></tr>
<tr><td>Karmanghat
Chintalakunta
Banur
Shamirpet</td><td>73Ac 26 Guntas
37Ac 22 Guntas
995Ac 2 Guntas
3 Ac 78 Yards</td></tr>
</table>
</td>
<td>Nil</td>
</tr>
<tr>
<td>According to the information and explanations furnished to us and based on our examinations books, we are of the opinion that debt / advances were written of for amount of Rs.0.11 Million.</td>
<td>Profit is adversely effected by Rs. 0.11 Million</td>
</tr>
</table>

Fiscal 2016

The availability of clear title / lease deeds could not be ascertained as title deeds are not made available for our perusal in respect of following properties

Nature of Land	***Extent of Land***
Freehold land at Kanchanbagh	*151 Acres 33 Guntas*
Freehold land at Karmanghat	*82 Acres 31 Guntas*
Free hold Land at Visakhapatnam	*10 Acres 13 Guntas*
Freehold land at Ibrahimpatnam	*590 Acres 22.50 Guntas*
Lease Hold Land at Visakhapatnam	*3 Acres 25 Guntas*

In respect of the following free hold properties only photo copies of title deeds like Pahani, Mutation in Revenue records of Government are made available for our verification.

Freehold Land at	***Extent of Land***
Karmanghat	*73Ac. 25 Guntas*
Chintalakunta	*37Ac 22 Guntas*
Banur	*995Ac 2 Guntas*
Shamirpet	*3 Ac 78 Yards*

Significant Developments after September 30, 2017

To our knowledge, except as otherwise disclosed in this Draft Red Herring Prospectus, there is no subsequent development after the date of our financial statements contained in this Draft Red Herring Prospectus which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of the outstanding loans and borrowings availed by our Company together with a brief description of certain significant terms of such financing arrangements:

I. **Fund Based Borrowings**

As on date of this Draft Red Herring Prospectus, there are no fund – based borrowings availed by our Company.

II. **Non Fund Based Borrowings**

As on date of this Draft Red Herring Prospectus, the Company has availed of the following non – fund based borrowings:

Sr. No.	Lender and Term	Type of Facility and Tenure	Limit / Amount (in ₹ million)	Amount Outstanding as on (October 31, 2017) (in ₹ million)	Margin and Commission per annum	Rate of Interest / Security	Purpose
1.	Sanction letter ("**SBI Sanction Letter**") from State Bank of India ("**SBI**") dated May 10, 2017.	Foreign letter of credit. (interchangeable with limits for bank guarantee). (**Tenure**: Valid upto October 31, 2017.)	1,000	1,534.88*	**Margin**: Not Applicable. **Commission**: 50% concession in the card rate for the foreign letter of credit. The commission charges for bank guarantee is 0.29% per annum (85% concession in the card rate.)	**Rate of Interest**: Not Applicable. **Security**: First *pari – passu* charge over the current assets financed out of disbursal from the sanctioned limits under the SBI Sanction Letter.	For procurement of raw materials and spares etc. from foreign vendors and suppliers.
2.	Sanction Letter ("**Andhra Bank Sanction Letter**") from Andhra Bank ("**Andhra Bank**") dated December 07, 2017.	Foreign letter of credit. **Tenure**: Valid till November 29, 2018.	2,000	134.49	**Margin**: Not Applicable. **Commission**: one – fourth of the applicable bank charges.	**Interest**: Not Applicable. **Security**: First pari – passu charge on the current assets of the Company and hypothecation of stocks, spares and stores procured under the credit limits.	For procurement of raw materials and stores and spares
3.	Andhra Bank Sanction Letter from Andhra Bank.	Bank Guarantee. **Tenure**: Valid till November 29, 2018.	100	2.10	**Margin**: Not Applicable. **Commission**: one – fourth of the applicable bank charges.	**Interest**: Not Applicable. **Security**: First pari – passu charge on the current assets of the	For issuance of bank guarantees in favour of insurance companies, government departments,

Sr. No.	Lender and Term	Type of Facility and Tenure	Limit / Amount (in ₹ million)	Amount Outstanding as on (October 31, 2017) (in ₹ million)	Margin and Commission per annum	Rate of Interest / Security	Purpose
						Company.	foreign entities, private / public undertaking etc.

**Utilized excess against fixed deposit worth ₹660 million with the Bank.*

Restrictive Covenants:

A. **SBI Sanction Letter**:

The SBI Sanction Letter provides for certain restrictive conditions and covenants which are required to be complied with by the Company and which *inter – alia* includes the following:

(a) In case of default in repayment of the loans / advances or any of the agreed instalments of the loan on the due date(s) by the Company, SBI and / or the Reserve Bank of India ("**RBI**") shall have an unqualified right to disclose or publish the name of the Company and / or its directors, promoters and / or proprietors as defaulters in such manner and through such medium as SBI and / or RBI in their absolute discretion may deem fit;

(b) The Company should not induct into its board of directors, a person whose name appears in the list of defaulters of RBI and / or credit information companies;

(c) In the event of default in repayment to SBI or if cross default has occurred, SBI shall have a right to appoint its nominee on the board of directors of the Company to look after its interests;

(d) In stressed situation or restructuring of debt, the regulatory guidelines provide for conversion of debt into equity. SBI shall have the right to convert loan to equity or other capital in accordance with the regulatory guidelines;

(e) The Company shall keep SBI informed of the happening of any event likely to have a substantial effect on their profit or business;

(f) Prior permission of SBI for which 60 days' prior notice shall be required for effecting any change in the Company's capital structure where the shareholding of the existing promoter(s) gets diluted below current level or 51% of the controlling stake (whichever is lower);

(g) **Negative covenants**: Our Company shall not undertake the following without the prior written consent of SBI:

i. Enter into any borrowing arrangement with any other bank, financial institution or otherwise which increases indebtedness beyond permitted limits as stipulated by SBI at the time of sanction;

ii. Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default is subsisting in any repayment obligations to SBI;

iii. Create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any bank or financial institution;

iv. Effect any change in the capital structure of the Company.

(h) During the currency of bank finance, our Company shall keep SBI informed in writing of effecting of any change in the capital structure of our Company and any change in the composition of the board of directors of our Company.

B. **Andhra Bank Sanction Letter**:

The Andhra Bank Sanction Letter provides for certain restrictive conditions and covenants which are required to be complied with by the Company and which *inter – alia* includes the following:

(a) Andhra Bank shall have the right to appoint / nominate a director on the Board of Directors of the Company to look after the interest of the Company.

(b) Andhra Bank shall have the right to convert the debt into equity, at a time felt appropriate by the Andhra Bank, at a mutually acceptable formula.

(c) During the currency of bank finance, our Company shall not, without the consent of Andhra Bank:

i. Effect any change in the capital structure of the Company;

ii. Formulate any scheme of amalgamation;

iii. Implement any scheme of expansion or acquire fixed assets;

iv. Make investments / advances or deposit amounts with any other concern;

v. Enter into borrowing arrangements with any bank / financial institution / company;

vi. Undertake guarantee obligations on behalf of any other company;

vii. Declare dividends for any year except out of the profits relating to that year; and

viii. Change in composition of the board of directors of the Company.

(d) The Company shall keep Andhra Bank informed of the happening of any event likely to have substantial effect on their profit and business, with explanations and the remedial steps proposed to be taken.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

*Except as stated below, there is no outstanding (i) criminal litigation; (ii) actions taken by statutory or regulatory authorities; (iii) indirect and direct tax proceedings, and (iv) other material litigations involving our Company and its Directors. Our Board, in its meeting held on December 26, 2017, has adopted a policy for identification of material creditors and material legal proceedings ("**Materiality Policy**").*

As per the Materiality Policy, for the purposes of (iv) above, all the outstanding litigation involving our Company: (a) where the amounts involved in such litigation exceed 5% of the net profit after tax of our Company (as per the latest audited financial statements of our Company for the last full financial year) are to be considered as material pending litigation; (b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation does not exceed 5% of the net profit after tax of our Company (as per the latest audited financial statements of our Company for the last full financial year); and (c) and other litigation which does not meet the criteria set out in (a) and (b) above and whose adverse outcome would materially and adversely affect the operations or financial position of our Company, have been disclosed in this Section.

Additionally, as per the Materiality Policy, for the purposes of (iv) above, all outstanding litigation involving our Directors, an adverse outcome of which would materially and adversely affect the reputation, operations or financial position of our Company, have been considered as material litigation and disclosed in this section.

Accordingly, the materiality threshold for (iv) above, for our Company is ₹86.29 million (i.e. 5% of the net profit after tax of our Company i.e., ₹1,725.91 million as per the audited financial statements of our Company) for September 30, 2017.

Further, except as stated in this section, there are no (i) pending proceedings initiated for economic offences against our Company; (ii) defaults or non – payment of statutory dues by our Company; (iii) material frauds against our Company in the last five years immediately preceding this Draft Red Herring Prospectus; (iv) inquiry, inspection or investigation initiated or conducted under the Companies Act against our Company during the last five years immediately preceding the year of this Draft Red Herring Prospectus; (v) fines imposed against or compounding of offences against our Company; or (vi) outstanding dues to creditors of our Company as determined to be material by our Board of Directors, in accordance with the SEBI ICDR Regulations; and (vii) outstanding dues to small scale undertaking and other creditors; (viii) defaults against banks or financial institutions by our Company; and (ix) proceedings against the Company for economic offences and matter involving violation of securities laws.

As per the Materiality Policy, outstanding dues to creditors in excess of 5% of the total trade payables as per last audited financial statements of our Company are to be considered as material outstanding dues. Accordingly, the threshold for material dues would be 5% of total trade payable as at September 30, 2017 i.e. 5% of ₹15,248.11 million which is ₹762.40 million. Further, all outstanding dues have been disclosed in a consolidated manner in this section. Details of material outstanding dues to creditors and details of outstanding dues to small scale undertakings and other creditors are disclosed on our website at http:// bdl-india.com.

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined in a particular litigation are for that particular litigation only.

I. Litigation against our Company

a) *Criminal Complaints*

Nil

b) *Actions by Statutory and Regulatory Authorities*

Nil

c) *Tax proceedings*

Indirect Tax proceedings

S. No.	Type of Indirect Tax	Number of cases	Approximate amount in dispute/ demanded (in ₹ million)
1.	Sales Tax/VAT/Entry Tax	7	1,546.88
Total		**7**	1,546.88

Direct Tax proceedings

Nil

d) *Other material pending litigations*

Nil

II. Litigations by our Company

Nil

III. Outstanding dues to small scale undertakings and other creditors by our Company

As on September 30, 2017, our Company had 626 creditors. Based on the Materiality Policy adopted by our Board, the threshold for material dues is 5% of total trade payable as at September 30, 2017, i.e. 5% of ₹15,248.11 million which is ₹762.40 million. Details of the dues owed to creditors above the threshold for material dues are given below:

S. No.	Name of the creditor	Amount Outstanding (in ₹ million)
1.	Bharat Electronics Limited	9,900.59
2.	Tata Power Company Limited	1,346.26
Total		**11,246.85**

The details pertaining to net outstanding dues towards creditors are available on the website of our Company at www.bdl-india.com. It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website www.bdl-india.com would be doing so at their own risk.

IV. Details of default and non – payment of statutory dues by our Company

Nil

V. Details of pending litigation involving any other person whose outcome could have material adverse effect on the position of our Company

Nil

VI. Material fraud committed against our Company in the last five years and actions taken by our Company in this regard

There has been no material fraud committed against our Company in the last five years, except as given below:

Nil

VII. Pending proceedings initiated against our Company for economic offences

Nil

VIII. Inquiries, investigations etc. instituted under the Companies Act in the last five years against our Company

The office of Registrar of Companies, Andhra Pradesh, Ministry of Corporate Affairs ("**RoC**") issued a show-cause notice dated October 20, 2015 ("**SCN**") for violation of section 149(1) of the Companies Act 2013 ("**Act**") read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 for non-appointment of a woman director on our Board. Our Company, vide reply dated November 9, 2015 to the SCN, stated that our Company is a registered private company wholly owned by the Government of India under the Ministry of Defence, and since our Company is neither a listed company nor a public company, it is not coming within the purview of Section 149(1) of the Act read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 with respect to appointment of women director, hence our Company was under no obligation to appoint a women director on our board and further requested RoC to withdraw the SCN and communicate their reply to us. We have not received any further correspondence from RoC with respect to the above matter.

IX. Material Developments

Except as disclosed in this Draft Red Herring Prsospectus, there are no material developments post September 30, 2017 .

X. Details of fines imposed or compounding of offences under the Companies Act in the last five years immediately preceding the year of this Draft Red Herring Prospectus

Nil

XI. Litigations involving our Directors

i. *Litigations against our Directors*

a) Criminal litigation

Nil

b) Actions by Statutory and Regulatory Authorities

Nil

c) Tax proceedings

Nil

d) Other material pending litigations

Nil

ii. *Litigations by our Directors*

e) Criminal Litigation

Nil

f) Other material pending litigations

Nil

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake the Offer and our Company can undertake its current business activities, and no further major approvals from any governmental or regulatory authority are required to undertake the Offer or continue the business activities of our Company. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus. Certain approvals may have lapsed in their normal course and our Company has either made applications to the appropriate authorities for renewal of such licenses and/or approvals or are in the process of making such applications. For details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies" on page 131.

A. APPROVALS FOR THE OFFER

For the approvals and authorisations obtained by our Company, see "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" on page 313.

B. CORPORATE APPROVALS

1. Certificate of incorporation dated July 16, 1970 issued by the then Registrar of Companies, Hyderabad in the name of *"Bharat Dynamics Private Limited"*.

2. Certificate of incorporation dated October 27, 2017 issued by the Registrar of Companies, Hyderabad in the name of *"Bharat Dynamics Limited"*.

3. Permanent Account Number AAACB7880N issued by the Chief Commissioner of Income Tax, Andhra Pradesh.

4. Tax Deduction and Collection Account Numbers: (i) HYDB01793B for the GSD Akash and Nag division of the office of the Company at Kanchanbagh, Telangana; (ii) HYDB02024B for the office of the Company at Kanchanbagh, Telangana; (iii) HYDB01792A for the Milan division of the office of the Company at Kanchanbagh, Telangana; (iv) HYDB01786B for the CSD division of the office of the Company at Kanchanbagh, Telangana; (v) HYDB01412F for the Bhanur unit of the Company; and, (vi) VPNB01271E for the Vishakapatnam unit of the Company.

C. Material approvals for our business and operations

In order to operate our business, our Company requires various approvals and/or licences under various rules and regulations in India. These approvals and/or licenses include environmental consents required from the relevant pollution control boards, factory licenses, license for storing petroleum, bio-medical wastage certificate and water cess.

D. Employment and labour related licences

Our Company has various labour registrations in place, including but not limited to contract labour licenses, and employee state insurance. These registrations include those that are one-time registrations and those that are valid only for a fixed period, as specified in the registration certificates.

E. Tax related and foreign trade related approvals

Our Company has various tax registrations including goods and servive tax, PAN and TAN allotment numbers. Further, we have been allotted an Importer-Exporter Code for our foreign trade license. These registrations are only one-time registrations and are valid until cancelled or suspended.

F. INTELLECTUAL PROPERTY RELATED APPROVALS

We have filed application for registration of the trademark bearing registration number 14313 dated December 11, 2017 in relation to our corporate logo, under the Trademarks Act, 1999.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board of Directors has, pursuant to resolutions passed at its meeting held on December 26, 2017 approved the Offer.

DIPAM, pursuant to its letter dated December 13, 2017, has approved the disinvestment of 12.00% of our Promoter's shareholding in our Company and such number of further Equity Shares as permitted under applicable law for allocation and allotment to eligible employees of the Company under the Employee Reservation Portion. The President of India, acting through the MoD has, vide letter bearing reference No. H-62012/1/2015-D/(BDL)Pt.II dated December 26, 2017 consented to include such Equity Shares constituting 20% of the post-Offer Equity Share capital of our Company, as minimum promoter's contribution for the Offer.

The Selling Shareholder hereby confirms that the Equity Shares forming part of the Offer have been held by it for more than a period of one year as on the date of the Draft Red Herring Prospectus in accordance with Regulation 26(6) of the SEBI ICDR Regulations.

The Selling Shareholder hereby confirms that the Equity Shares forming part of the Offer are free from any lien, charge, and encumbrance.

Our Company received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI or governmental authorities

Our Company, our Directors and / or our Promoter have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or other authorities.

Our Promoter and our Directors were not, or also are not, a promoter or a director or persons in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

None of our Directors are associated with the securities market in any manner, including securities market related business, and there has been no action taken by SEBI against our Directors, or any entity with which our Directors are involved in as a promoter and/or directors. None of our Company, our Directors and our Promoter has been identified as a Wilful Defaulter. None of our Company, our Directors and our Promoter has been in violation of securities laws in India.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations as described under the eligibility criteria calculated in accordance with the Restated Financial Statements

- Our Company has net tangible assets of at least ₹30 million in each of the preceding three full years (of 12 months each), of which not more than 50.00% are held in monetary assets. As the Offer is being made entirely through an offer for sale, the limit of not more than 50% of the net tangible assets being monetary assets, is not applicable;

- Our Company has a minimum average pre – tax operating profit of ₹150 million, calculated on a restated basis, during the three most profitable years out of the immediately preceding five years;

- Our Company has a pre – Offer net worth of at least ₹10 million in each of the three preceding full years (of 12 months each);

- The aggregate of the proposed Offer and all previous issues made in the same Fiscal in terms of the Offer size is not expected to exceed five times the pre – Offer net worth of our Company as per the audited balance sheet of the preceding Fiscal; and

- Our Company has not changed its name in the last year.

Our Company's net tangible assets, pre-tax operating profit and net worth derived from our Restated Financial Statements are set forth below:

(*in ₹ million*)

Particulars	For the period ended September 30, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
Pre-tax operating profit, as restated	2,253.07	5,305.19	5,311.07	2,504.19	1,264.45	(87.05)
Net Worth, as restated	16,306.40	22,124.61	18,512.38	16,526.71	12,759.61	10,511.84
Net tangible Assets, as restated	29,343.81	29,865.97	27,403.90	19,986.51	17,812.05	13,319.29

1) 'Net Tangible Assets' has been defined as all property, plant and equipment including work-in-progress.
2) 'Pre – tax Operating Profits' has been calculated as Profit before tax less Interest Income.
3) 'Net Worth' has been defined as Shareholders fund.

Further, the Selling Shareholder and our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 26(4) of the SEBI ICDR Regulations failing which the entire application money shall be refunded. If such money is not refunded within the timelines as prescribed under applicable laws, the Selling Shareholder and our Company shall be liable to pay interest on the application money in accordance with applicable law.

The status of compliance of our Company with the conditions as specified under Regulations 4(2) of the SEBI ICDR Regulations, is as follows:

i. Our Company has received the in-principle approvals from BSE and NSE pursuant to their letters dated [●] and [●], respectively for the listing of the Equity Shares;

ii. Our Company along with the Registrar to the Offer, has entered into tripartite agreements dated January 11, 2018 and January 10, 2018 with the NSDL and CDSL, respectively, for dematerialisation of the Equity Shares;

iii. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Draft Red Herring Prospectus; and

iv. None of our Company, our Promoter and Directors is a Wilful Defaulter (as defined in the SEBI ICDR Regulations).

Given that the Offer is through an Offer for Sale by the Selling Shareholder and the Offer Proceeds will not be received by our Company, Regulation 4(2) (g) and Clause VII C (1) of Part A of Schedule VIII of the SEBI ICDR Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the Offer and existing identifiable internal accruals) does not apply.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT

RED HERRING PROSPECTUS. THE BRLMS, SBI CAPITAL MARKETS LIMITED, IDBI CAPITAL MARKETS & SECURITIES LIMITED AND YES SECURITIES (INDIA) LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE SELLING SHAREHOLDER WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF AND ITS EQUITY SHARES OFFERED BY WAY OF THE OFFER FOR SALE, THE BRLMS, SBI CAPITAL MARKETS LIMITED, IDBI CAPITAL MARKETS & SECURITIES LIMITED AND YES SECURITIES (INDIA) LIMITED AND ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDER DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 22, 2018, WHICH READS AS FOLLOWS:

WE, SBI CAPITAL MARKET LIMITED, IDBI CAPITAL MARKETS & SECURITITES LIMITED AND YES SECURITIES (INDIA) LIMITED, TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER[1];**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY;**

   WE CONFIRM THAT:

   A. **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER[1];**

   B. **ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   C. **THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR, AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, EACH AS AMENDED AND OTHER APPLICABLE LEGAL REQUIREMENTS[1].**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID;**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE**

UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS - NOTED FOR COMPLIANCE;

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS - COMPLIED WITH;**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS - COMPLIED WITH AND NOTED FOR COMPLIANCE;**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER – NOT APPLICABLE;**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – COMPLIED WITH TO THE EXTENT APPLICABLE;**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013. NOTED FOR COMPLIANCE;**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE UNDER SECTION 29 OF THE COMPANIES ACT, 2013, THE EQUITY SHARES IN THE OFFER ARE TO BE ISSUED ONLY IN DEMATERIALISED FORM;**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE**

SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION[1];

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

A. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

B. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME[1].

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER – NOTED FOR COMPLIANCE;

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.;

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY;

16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE OFFER)', AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR;

17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – <u>COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, IN ACCORDANCE WITH ACCOUNTING STANDARD 18 / IND AS 24 AND INCLUDED IN THE DRAFT RED HERRING PROSPECTUS</u>;

18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y(1)(A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE) – <u>NOT APPLICABLE</u>.

[1] *The Company being a defence public sector undertaking, due to the national interest and security related concerns, certain material information/ documents in relation to the business and operations of the Company have been classified as 'sensitive/confidential' by the Ministry of Defence, Government of India and the Company. Considering the confidential nature of the document/ information relating to the business of the Company, SEBI has granted relaxations in terms of their letters SEBI/HO/DIL1/OW/P/2017/18400/1 dated August 3, 2017 and January 17, 2018 from the strict enforcement of certain requirement under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to representation from Department of Investment and Public Asset Management and Ministry of Defence, Government of India. As a result, such information/ documents have not been made accessible to the BRLMs and the Legal Counsels for their due diligence and this has limited the overall due diligence process undertaken by the BRLMs and the Legal Counsels. Hence, such documents and information have not been disclosed in the Draft Red Herring*

Prospectus, and as a result in certain cases the disclosure contained in the Draft Red Herring Prospectus is not as detailed as may be required.

The filing of the Draft Red Herring Prospectus does not, however, absolve our Company and any person who has authorised the Offer from any liabilities under Section 34 or Section 36 of the Companies Act or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the Offer. SEBI further reserves the right to take up, at any point of time, with the BRLMs any irregularities or lapses in the Draft Red Herring Prospectus, the Red Herring Prospectus and Prospectus.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26 and 30 of the Companies Act.

Price information of past issues handled by the BRLMs

The price information of past issues handled by the BRLMs is as follows:

Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by SBI Capital Markets Limited:

Sr. No.	Issue Name	Issue Size (₹ Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 06, 2017	295.90	3.61% [-3.19%]	NA	NA
2	SBI Life Insurance Company Limited[4]	83,887.29	700.00	October 3, 2017	735.00	-7.56% [+5.89%]	-0.44% [7.35%]	NA
3	Cochin Shipyard Limited	14,429.30	432.00	August 11, 2017	435.00	+30.24% [+2.14%]	+30.51% [+6.42%]	NA
4	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-3.29% [+1.17%]	+3.14% [+5.40%]	NA
5	Central Depository Services (India) Limited	5,239.91	149.00	June 30, 2017	250.00	+127.92% [+5.84%]	+128.86% [+2.26%]	+139.03% [+10.19%]
6	Housing and Urban Development Corporation	12,095.70	60.00	May 19, 2017	73.45	+13.08% [+2.78%]	+34.58% [+4.29%]	+35.75 [8.13%]

Sr. No.	Issue Name	Issue Size (₹ Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
	Limited							
7	Avenue Supermarts Limited	18,700.00	299.00	March 21, 2017	604.40	+145.03% [-0.50%]	+165.17% [+6.19%]	+264.26% [+9.97%]
8	BSE Limited	12,434.32	806.00	February 03, 2017	1085.00	+17.52% [+2.55%]	+24.41% [+6.53%]	+34.43% [+15.72%]
9	Laurus Labs Limited	13,305.10	428.00	December 19, 2016	490.00	+11.50% [+3.26%]	+23.36% [+11.92%]	+40.98% [+17.75%]
10	HPL Electric & Power Limited	3,610.00	202.00	October 04, 2016	190.00	-14.75% [-2.91%]	-51.19% [-6.72%]	-37.77% [+5.34%]

Source: www.nseindia.com, www.bseindia.com

Notes:

1. *The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the next trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*
2. *The designated exchange for the issue has been considered for the price, benchmark index and other details.*
3. *The number of Issues in Table-1 is restricted to 10.*
4. *Offer Price was ₹ 632.00 per equity share to Eligible Employee*

Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by SBI Capital Markets Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18	6	138,870.40	-	-	2	1	1	2	-	-	-	1	1	-
2016-17	7	129,691.00	-	-	3	1	1	2	-	1	1	2	2	1
2015-16*	4	18,163.78	-	-	1	-	-	3	-	-	2	1	-	1

** Based on issue closure date*

Price information of past issues handled by IDBI Capital Markets & Securities Limited during current financial year and two financial years preceding the current financial year:

Sr. No.	Issue Name	Issue Size (in ₹ Million)	Issue Price (₹)	Listing Date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	Security and Intelligence Services (India) Limited	7,795.30	815.00	August 10, 2017	879.00	-3.29% (+1.17%)	3.14% (5.40%)	Not Applicable
2.	Central Depository Services (India) Limited	5,239.91	149.00	June 30, 2017	250.00	+127.92% (+5.84%)	+128.86% (+2.26%)	+146.71% (+10.61%)
3.	Housing and Urban Development Corporation Limited	12,095.70	60.00	May 19, 2017	73.00	+13.17% (+2.44%)	+34.67% (+4.98%)	+35.67% (+8.05%)
4.	MEP Infrastructure Developers Limited	3,240.00	63.00	May 06, 2015	65.00	-15.71% (+0.42%)	-8.57% (+5.51%)	-13.49% (-0.57%)

(1): Price for retail individual bidders bidding in the retail portion and to eligible employees was INR58.00 per equity share

Notes:

a. Source: www.nseindia.com for the price information
b. Wherever 30th/ 90th/ 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
c. The Nifty 50 index is considered as the benchmark index.

Summary statement of price information of past issues handled by IDBI Capital Markets & Securities Limited

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹ Million.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017 - date of this DRHP*	3	25,130.91	-	-	1	1	-	1	-	-	-	1	1	-
2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-16	1	3,240.00	-	-	1	-	-	-	-	-	1	-	-	-

** The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.

Price information of past issues handled by YES Securities:

Sr. No.	Issue Name	Issue Size (₹. million)	Issue Price (₹.)	Listing Date	Opening Price on Listing Date (in ₹.)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Quess Corp	4,000.00	317.00	July 12, 2016	500.00	+67.93% - change in closing price;	+94.59% - change in closing price;	+110.36% - change in closing price;

Sr. No.	Issue Name	Issue Size (₹. million)	Issue Price (₹.)	Listing Date	Opening Price on Listing Date (in ₹.)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
	Limited					+0.83% - change in closing benchmark	+2.20% - change in closing benchmark	-3.34% - change in closing benchmark
2	Varun Beverages Limited	11,125.00	445.00	November 08, 2016	430.00	-5.00% - change in closing price; -3.47% - change in closing benchmark	-9.36% - change in closing price; +3.01% - change in closing benchmark	+10.60% - change in closing price; +9.02% - change in closing benchmark
3	Central Depository Services (India) Limited	5,239.91	149.00	June 30, 2017	250.00	+127.92% - change in closing price; +5.84% - change in closing benchmark	+128.62% - change in closing price; +2.61% - change in closing benchmark	+139.03% - change in closing price; +10.19% - change in closing benchmark
4	GTPL Hathway Limited	4,848.00	170.00	July 4, 2017	170.00	-13.32% - change in closing price; +4.16% - change in closing benchmark	-18.88% - change in closing price; +2.56% - change in closing benchmark	-3.68% - change in closing price; +8.55% - change in closing benchmark
5	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-1.88% - change in closing price; +1.89% - change in closing benchmark	+3.14% - change in closing price; +4.92% - change in closing benchmark	-
6	Dixon Technologies (India) Limited	5,992.79	1,766	September 18, 2017	2,725.00	+50.78% - change in closing price; +0.57% - change in closing benchmark	+98.26% - change in closing price; +2.32% - change in closing benchmark	-
7	Reliance Nippon Life Asset Management Company Limited	15,422.40	252.00	November 06, 2017	295.90	+1.21% - change in closing price; -3.90% - change in closing benchmark	-	-
8	The New India Assurance Company Limited	96,000.00	800.00	November 13, 2017	750.00	-29.83% - change in closing price; -0.31% - change in closing benchmark	-	-
9	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	4.09% - change in closing price; 3.85% - change in closing benchmark	-	-

Notes:

1. Benchmark Index taken as CNX NIFTY
2. Price on NSE is considered for all of the above calculations
3. % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index on the day of the listing date.
4. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 30, 90 and 180 calendar days. If either of the 30th, 90th or 180th calendar days is a trading holiday, the next trading day has been considered for the computation.

Summary statement of price information of past issues handled by YES Securities:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹. Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-2018	7	141,795.85	-	1	2	2	-	2	-	-	1	1	-	-
2016-2017	2	15,125.00	-	-	1	1	-	-	-	-	-	1	-	1
2015-2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date.

The information for the financial year is based on issue listed during such financial year.

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012, issued by SEBI, kindly refer to the websites of the BRLMs, as set forth in the table below:

Sl. No	Name of the BRLMs	Website
1.	SBI Capital Markets Limited	www.sbicaps.com
2.	IDBI Capital Markets & Securities Limited	www.idbicapital.com
3.	YES Securities (India) Limited	www.yesinvest.in

Disclaimer from our Company, the Selling Shareholder, our Directors and the BRLMs

Our Company, the Selling Shareholder, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's or the Selling Shareholder's instance. Anyone placing reliance on any other source of information, including our Company's website, www.bdl-india.com would be doing so at his or her own risk. The Selling Shareholder accepts no responsibility for any statements made other than those made in relation to it and/or to the Equity Shares offered through the Offer for Sale.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting agreement.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the public and Bidders at large and no selective or additional information would be made available for a section of the Bidders in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

The Selling Shareholder, our Company, or any member of the Syndicate is not liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and that they shall not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with and perform services for our Company and the Selling Shareholder, in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and Selling Shareholder, for which they have received and may in the future receive compensation.

Disclaimer in Respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), or trusts registered under applicable trust law and who are authorised under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDA, permitted insurance companies, permitted provident funds and pension funds, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, Systemically Important Non-Banking Financial Companies and permitted Non-Residents including FPIs, and NRIs and other eligible foreign investors (FVCIs, multilateral and bilateral development financial institutions), if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. The Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Hyderabad, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Selling Shareholder and our Company from the date thereof or that the information contained therein is correct as of any time subsequent to this date.

THE OFFER AND SALE OF THE EQUITY SHARES HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S PROMULGATED UNDER THE SECURITIES ACT ("REGULATION S")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES AND ONLY TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S. EACH PURCHASER OF EQUITY SHARES WILL BE REQUIRED TO REPRESENT AND AGREE, AMONG OTHER THINGS, THAT SUCH PURCHASER IS A NON-U.S. PERSON ACQUIRING THE EQUITY SHARES IN AN "OFFSHORE TRANSACTION" IN ACCORDANCE WITH REGULATION S.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to NSE. The disclaimer clause as intimated by NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red

Herring Prospectus prior to the RoC filing.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at the Corporation Finance Department, Securities and Exchange Board of India, SEBI Bhawan, Plot No. C – 4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC, and a copy of the Prospectus to be filed under Section 26 of the Companies Act would be delivered for registration with the RoC situated at the address below:

Registrar of Companies
2nd Floor, Corporate Bhawan,
GSI Post, Tattiannaram Nagole, Bandlaguda
Hyderabad - 500 068

Listing

The Equity Shares are proposed to be listed on BSE and NSE. Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, all monies received from the Bidders / Applicants in pursuance of the Red Herring Prospectus/ Prospectus. If such money is not repaid within the prescribed time after our Company is liable to repay it, then our Company and every Director of our Company and every officer of our Company who is in default may, on and from expiry of such period, shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges are taken within six Working Days from the Bid/Offer Closing Date or within such other period as may be prescribed. The Selling Shareholder confirms that it shall extend complete co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing of the Equity Shares and commencement of trading of the Equity Shares on the Stock Exchanges within six Working Days from the Bid/Offer Closing Date, or such other period as may be prescribed.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act which is reproduced below:

Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.

Consents

Consents in writing of (a) the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, the BRLMs, legal counsels, the Registrar to the Offer, bankers to our Company and our Statutory Auditor have been obtained; and consents in writing of (b) the Syndicate Members and the Banker(s) to the Offer will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 26 and 32 of the Companies Act. Further, consents received prior to filing of this Draft Red Herring Prospectus have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus with SEBI.

Expert Opinion

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors who hold a valid peer review certificate, to include its name as required under section 26(1)(a)(v) of the Companies Act in this Draft Red Herring Prospectus and as an "Auditor" or "Statutory Auditor" and "expert" as defined under Section 2(38) of the Companies Act in respect of the examination report dated December 26, 2017 of the Statutory Auditors on the Restated Financial Statements of our Company for the six months period ended September 30, 2017 and the financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the statement of tax benefits dated January 20, 2018, included in this Draft Red Herring Prospectus and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Offer related expenses

The total expenses of the Offer are estimated to be approximate ₹ [●] million. The expenses of the Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal expenses, statutory advertisement expenses, Registrar and depository fees and listing fees.

All Offer related expenses shall be borne by the Selling Shareholder through the DIPAM. However, expenses in relation to: (i) the filing fees to SEBI; (ii) NSE/BSE charges for use of software for the book building; (iii) payments required to be made to Depository or the Depository Participants for transfer of shares to the beneficiaries account; and (iv) payments required to be made to Stock Exchange for initial processing, filling and listing of Equity Shares shall be paid initially by BRLMs and would be reimbursed by the Company/DIPAM, however, printing and stationery expenses, shall be borne by the BRLMs. Payments, if any, made by our Company in relation to the Offer shall be on behalf of the Selling Shareholder and such payments will be reimbursed to our Company.

For further details, see "*Objects of the Offer*" on page 86.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expenses) will be as per the Syndicate Agreement, a copy of which will be available for inspection at our Registered and Corporate Office from 10.00 am to 04.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Commission payable to SCSBs, Registered Brokers, RTAs and CDPs

For details of the commission payable to SCSBs, Registered Brokers, RTAs and CDPs, see "*Objects of the Offer*" on page 86.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer for processing of ASBA Forms, data entry, printing of Allotment Advice/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar agreement, a copy of which will be available for inspection at our Registered and Corporate Office from 10.00 am to 04.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

The Registrar to the Offer shall be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/speed post subject to postal rules/ under certificate of posting.

Particulars regarding public or rights issues during the last five years

There have been no public or rights issue by our Company during the last five years preceeding the date of this Draft Red Herring Prospectus.

Issues otherwise than for Cash

Except for the Proposed Bonus Issue, our Company has not issued any equity shares for consideration otherwise than for cash.

Previous capital issue in the preceding three years by listed Group Companies, subsidiaries and associates of our Company:

Our Company does not have any subsidiary, group companies or associate companies which have undertaken a capital issue in the last three years preceding the date of the Draft Red Herring Prospectus.

Performance *vis-à-vis* objects – Last issue of group companies, subsidiaries or associate companies

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiary, group companies or associate company.

Commission and brokerage paid on previous issues

Since this is an initial public offering of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

Outstanding Debentures or Bonds

Our Company does not have any outstanding debentures and bonds as of the date of the Draft Red Herring Prospectus.

Outstanding Preference Shares

Our Company does not have any outstanding preference shares as of the date of the Draft Red Herring Prospectus.

Partly Paid – Up Shares

Our Company does not have any partly paid up Equity Shares as of the date of the Draft Red Herring Prospectus.

Stock Market Data of our Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances by our Company

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least three years from the date of despatch of letters of allotment, demat credit and refund orders, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder should give full details such as name of the first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of submission of the ASBA Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the ASBA Form was submitted by the Bidder. Further, the investor shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

Further, with respect to the ASBA Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/ information mentioned hereinabove.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Offer for the redressal of routine investor grievances shall be ten Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee. For details, see "*Our Management – Committees of the Board – Stakeholders' Relationship Committee*" on page 159.

Our Company has appointed N. Nagaraja, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems. He can be contacted at the following address:

Plot No.38-39, TSFC Building,
Near ICICI Towers,
Financial District, Gachibowli,
Hyderabad-500032, India.
Telephone: +91 40 2345 6145
Facsimile: +91 40 2345 6107
Email: investors@bdl-india.com

Our Company has not received any investor complaint during the three years preceding the date of filing of the Draft Red Herring Prospectus.

Changes in Statutory Auditors

Except as disclosed below, there has been no change in the statutory auditors of our Company in the last three years preceeding the date of this Draft Red Herring Prospectus:

Name of the Statutory Auditors	Fianncial Year	Date of change	Reason
S. R. Mohan & Co., Chartered Accountants	2016-17	July 21, 2017	S. R. Mohan & Co., Chartered Accountants was appointed by the office of CAG through its letter dated July 12, 2016
S. R. Mohan & Co., Chartered Accountants	2015-16	July 12, 2016	S. R. Mohan & Co., Chartered Accountants was appointed by the office of CAG through its letter dated July 06, 2015
Laxsminiwas Neeth & Co.	2014-15	July 06, 2015	Laxsminiwas Neeth & Co. was appointed by office of CAG through its letter dated July 28, 2014

Capitalization of Reserves or Profits

We have not capitalized our reserves or profits at any time during last five years, except as stated in "*Capital Structure*" on page 70.

Revaluation of Assets

There has been no revaluation of assets of our Company in the last five years.

SECTION VII – OFFER RELATED INFORMATION

TERMS OF THE OFFER

The Equity Shares being Allotted pursuant to this Offer are subject to the provisions of the Companies Act, the SCRA, SCRR, SEBI ICDR Regulations, our Memorandum of Association and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, the ASBA Form, the Revision Form, CAN, the Allotment Advice, the SEBI Listing Regulations and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities issued from time to time by the SEBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or other authorities, as in force and to the extent applicable or such other conditions as may be prescribed by such authorities while granting its approval for the Offer.

Ranking of the Equity Shares

The Equity Shares being transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, Memorandum of Association, Articles of Association, the SEBI Listing Regulations, and shall rank *pari-passu* in all respects with the existing Equity Shares including rights in respect of dividend and other corporate benefits if any, declared by our Company after the date of Allotment. For further details, see "*Main Provisions of the Articles of Association*" on page 389.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders of our Company as per the provisions of the Companies Act, the Memorandum of Association, Articles of Association, the SEBI Listing Regulations and other applicable law. All dividends, declared by our Company after the date of Allotment (pursuant to the Allotment of Equity Shares), will be payable to the Bidders who have been Allotted Equity Shares, for the entire year, in accordance with applicable law. For further details in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of the Articles of Association*" on pages 175 and 389 respectively.

Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹ 10 each. The Floor Price of the Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Price Band, minimum Bid lot size, the Retail Discount and the Employee Discount, as applicable will be decided by the Selling Shareholder and the Company, in consultation with the BRLMs, and advertised in all newspapers wherein the Pre-Offer Advertisement will be published, at least five Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their website. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges. The Offer Price shall be determined by the Selling Shareholder and the Company, in consultation with the BRLMs, after the Bid/ Offer Closing Date, on the basis of assessment of market demand for the Equity Shares by way of Book Building Process.

At any given point of time there shall be only one denomination of the Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with applicable disclosures and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles of Association, the equity shareholders of our Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy or "e-voting";

- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares, subject to foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under applicable law, including the Companies Act, the terms of the SEBI Listing Regulations, and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see "*Main Provisions of the Articles of Association*" on page 389.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares will be Allotted only in dematerialized form. The trading of our Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. See "*Offer Procedure – Part B – General Information Document for Investing in Public Issues - Allotment Procedure and Basis of Allotment*" on page 376.

Joint Holders

Subject to provisions contained in our Articles of Association, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Jurisdiction

The courts of Hyderabad, India will have exclusive jurisdiction in relation to this Offer.

Bid/Offer Programme

FOR ALL BIDDERS	**OFFER OPENS ON [●]**
FOR ALL BIDDERS*	**OFFER CLOSES ON [●]**

** The Selling Shareholder and the Company, in consultation with the BRLMs, may consider closing the Bid/ Offer Period for QIBs one day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative date
Bid / Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	[●]
Unblocking of funds from ASBA Account	[●]
Credit of the Equity Shares to depository accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchanges	[●]

The above timetable is indicative and does not constitute any obligation on the Selling Shareholder, our Company, or the BRLMs. While the Selling Shareholder and our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such period as may be prescribed, the timetable may change due to various factors, such as extension of the Bid/ Offer Period by the Selling Shareholder and our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholder confirms that it shall extend complete co-operation required by our Company, the BRLMs for the completion of the necessary formalities for listing and

commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date.

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (IST) during the Bid/ Offer Period (except on the Bid/ Offer Closing Date) at the Bidding Centres as mentioned on the ASBA Form. On the Bid/ Offer Closing Date, the Bids shall be accepted and uploaded as follows:

(a) in case of Bids by QIBs and Non – Institutional Bidders bidding under the QIB Portion and the Non – Institutional Portion respectively, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. (IST); and

(b) in case of Bids by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion (if any), the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. (IST), which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs will be rejected.

Due to limitation of the time available for uploading the Bids on the Bid/ Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 3.00 pm (Indian Standard Time) on the Bid/Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings in India, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under this Offer. Bids will be accepted only during Working Days. Bids by Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. Neither the Selling Shareholder, nor our Company, nor any member of the Syndicate is liable for any failure in uploading or downloading the Bids due to faults in any software / hardware system or otherwise. Any time mentioned in this Draft Red Herring Prospectus is Indian Standard Time.

The Selling Shareholder and our Company, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI ICDR Regulations. In such an event, the Cap Price shall not be more than 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price, as advertised at least five Working Days before the Bid/ Offer Opening Date and the Cap Price will be revised accordingly.

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Member. However, in case of revision in the Price Band, the Bid Lot shall remain the same. The requirements for minimum subscription are not applicable in case of the Offer for Sale.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

Nomination facility to investors

In accordance with Section 72 of the Companies Act read with the Companies (Share Capital and Debenture) Rules, 2014, as amended, the first or sole Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer or alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered Office or with the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective depository participant of the applicant will prevail. If Bidders wish to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

The requirement of minimum subscription is not applicable to the Offer in accordance with the SEBI ICDR Regulations. However, if our Company does not make the minimum Allotment as specified under terms of the Rule 19(2)(b)(iii) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the date of Bid/ Offer Closing Date, the Selling Shareholder and our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, the Selling Shareholder and our Company, shall pay interest prescribed under the applicable law.

Further, the Selling Shareholder and our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 26(4) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholder and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

Option to receive Equity Shares in dematerialised form

Pursuant to Section 29 of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares can be applied for in the dematerialised form only.

Further to the listing of the Equity Shares, the trading of the Equity Shares shall take place on the dematerialised segment of the Stock Exchanges.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restriction on transfer and transmission of shares

Except for the lock-in of the pre-Offer Equity Shares, the minimum Promoter's Contribution, as detailed in "*Capital Structure*" on page 70 and except as provided in our Articles, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. For details see, "*Main Provisions of the Articles of Association*" on page 389.

Withdrawal of the Offer

The Selling Shareholder and the Company, in consultation with the BRLMs, reserve the right not to proceed with the Offer for any reason at any time after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the same newspapers, in which the pre-Offer Advertisements were published, within two days of the Bid/Offer Closing Date, providing reasons for not proceeding with the Offer. The Stock Exchanges shall be informed promptly in this regard by our Company. The Registrar to the Offer shall notify the SCSBs to unblock the bank accounts of the Bidders within one Working Day from the date of receipt of such notification. If our Company and the Selling Shareholder withdraws the Offer after the Bid/Offer Closing Date and thereafter determines that it will proceed with an issue / offer of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed, and the final RoC approval of the Prospectus after it is registered with the RoC and filed with the SEBI and Stock Exchanges.

OFFER STRUCTURE

Initial public offering of [●][#] Equity Shares of face value of ₹ 10 each through an Offer for Sale by the Selling Shareholder, for cash at a price of ₹ [●] per Equity Share aggregating to ₹ [●] million, comprising a Net Offer[#] of currently 1,099,6875 Equity Shares and an Employee Reservation Portion of [●][#] Equity Shares. The Offer shall constitute [●]% of the post-Offer Equity Share capital of our Company and the Net Offer shall constitute 12.00%[#] of the post-Offer Equity Share capital of our Company.

[#] The Net Offer currently constitutes 10,996,875 Equity Shares. Subject to receipt of necessary approvals of the Shareholders and the Ministry of Defence, Government of India, the Board of Directors of our Company on December 26, 2017 has approved the Proposed Bonus Issue. Post completion of the Proposed Bonus Issue, the paid-up Equity Share capital shall increase from 91,640,625 Equity Shares to 183,281,250 Equity Shares. DIPAM, pursuant to its letter dated December 13, 2017, has approved the (i) disinvestment of 12.00% of our Promoter's shareholding in our Company; and (ii) a reservation of Equity Shares in the Employee Reservation Portion over and above the aforesaid disinvestment of 12.00% of our Promoter's shareholding in our Company. Post completion of the Proposed Bonus Issue, the Net Offer shall constitute 21,993,750 Equity Shares.

The Offer is being made through the Book Building Process.

Particulars	Eligible Employees Bidding in the Employee Reservation Portion (if any)***#	QIBs	Non-Institutional Bidders	Retail Individual Bidders***
Number of Equity Shares available for Allotment/allocation(1) #	Upto [●] Equity Shares.	Not more than [●] Equity Shares or the Net Offer less allocation to Non- Institutional Bidders and Retail Individual Bidders.	Not less than [●] Equity Shares or the Net Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than [●] Equity Shares or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Offer size available for Allotment/allocation	[●]% of the Offer.	Not more than 50% of the Net Offer shall be allocated to QIB Bidders. However, upto 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for all QIBs in the QIBs Portion.	Not less than 15% of the Net Offer or the Net Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Net Offer or the Net Offer less allocation to QIB Bidders and Non-Institutional Bidders.

Particulars	Eligible Employees Bidding in the Employee Reservation Portion (if any)***#	QIBs	Non-Institutional Bidders	Retail Individual Bidders***
Basis of Allotment if respective category is oversubscribed*	Proportionate	Proportionate as follows: [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only and [●] Equity Shares shall be available for allocation on a proportionate basis to all other QIBs, including Mutual Funds receiving Allocation as above	Proportionate	Proportionate, subject to minimum Bid Lot. For further details, see "*Offer Procedure – Part B – General Information Document for Investing in Public Issues – Allotment Procedure and Basis of Allotment – Allotment to RIIs*" on page 376.
Minimum Bid	[●] Equity Shares.	Such number of Equity Shares, in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹200,000.	Such number of Equity Shares, in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹200,000.	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares for which the Bid Amount does not exceed ₹500,000 (net of Employee Discount).(4)	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, subject such limits as may be applicable to the Bidder.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, subject such limits as may be applicable to the Bidder.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000 (net of Retail Discount).
Mode of Allotment	Compulsorily in dematerialised form.			
Bid Lot	[●] Equity Shares.			
Allotment Lot	A minimum of [●] Equity Shares and in multiples of one Equity Share thereafter.			
Trading Lot	One Equity Share			
Who can Apply(2)	Eligible Employees.	Mutual Funds registered with SEBI, VCFs, AIFs, FVCIs, FPIs (other than Category III FPIs), public financial institution as defined in Section 2(72) of the Companies Act, a scheduled commercial bank, multilateral and bilateral	Eligible NRI Bidders, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, sub-accounts of FIIs registered with SEBI, which are	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRI Bidders.

Particulars	Eligible Employees Bidding in the Employee Reservation Portion (if any)***#	QIBs	Non-Institutional Bidders	Retail Individual Bidders***
		development financial institution, state industrial development corporation, insurance company registered with the IRDA, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million, National Investment Fund set up by the GoI, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically important non-banking financial institutions.	foreign corporates or foreign individuals and Category III FPIs registered with SEBI, which is a foreign corporate or foreign individual for Equity Shares such that the Bid Amount exceeds ₹2,00,000 in value.	
Term of payment	The SCSB shall be authorised to block the full Bid Amount in the bank account of the ASBA Bidder as specified in the ASBA Form at the time of submission of the ASBA Form.(3)			
Mode of Bidding	Only through the ASBA process.			

 # The Net Offer currently constitutes 10,996,875 Equity Shares. Subject to receipt of necessary approvals of the Shareholders and the Ministry of Defence, Government of India, the Board of Directors of our Company on December 26, 2017 has approved the Proposed Bonus Issue. Post completion of the Proposed Bonus Issue, the paid-up Equity Share capital shall increase from 91,640,625 Equity Shares to 183,281,250 Equity Shares. DIPAM, pursuant to its letter dated December 13, 2017, has approved the (i) disinvestment of 12.00% of our Promoter's shareholding in our Company; and (ii) a reservation of Equity Shares in the Employee Reservation Portion over and above the aforesaid disinvestment of 12.00% of our Promoter's shareholding in our Company. Post completion of the Proposed Bonus Issue, the Net Offer shall constitute 21,993,750 Equity Shares.

(1) Subject to valid Bids being received at or above the Offer Price, the Offer is being made in terms of Rule 19(2)(b)(iii) of the SCRR and the SEBI ICDR Regulations.

(2) In case of joint Bids, the ASBA Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the ASBA Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

(3) The SCSB shall be authorised to block such funds in the bank account of the Bidder that are specified in the ASBA Form.

(4) Eligible Employees Bidding in the Employee Reservation portion (if any) can Bid upto a Bid Amount of ₹500,000 (net of Employee Discount). However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000 (net of Employee Discount). In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount). Further, an Eligible Employee Bidding in the Employee Reservation Portion (if any) can also Bid under the Net Offer and such Bids will not be treated as multiple Bids.

** Assuming full subscription in the Offer.*

*** The Offer is being made through the Book Building Process, in reliance of regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Net Offer shall be allocated on a proportionate basis to QIBs. 5% of the QIB Portion will be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion will be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation to Retail Individual Bidders, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.*

Under subscription, if any, in any category except the QIB Category, would be met with spill-over from the other categories (including the Employee Reservation Portion) at the discretion of the Selling Shareholder and our Company, in consultation with the BRLMs and the Designated Stock Exchange. The Selling Shareholder and the Company, in consultation with the BRLMs, may offer a discount of up to [●]% (equivalent to up to ₹ [●] per Equity Share) on the Offer Price to the Retail Individual Bidders and the Eligible Employees Bidding under the Employee Reservation Portion (if any), respectively. The amount of Retail Discount and Employee Discount, as applicable, will be advertised in all newspapers wherein the Pre-Offer Advertisement will be published. For further details, see "Offer Procedure" on page 338.

********* *The Selling Shareholder and our Company, in consultation with the BRLMs, may offer a discount of up to [●]% (equivalent to up to ₹[●] per Equity Share) on the Offer Price to the Retail Individual Bidders and the Eligible Employees Bidding under Retail Portion and the Employee Reservation Portion (if any), respectively. The amount of Retail Discount and Employee Discount, as applicable, will be advertised in all newspapers wherein the pre-Offer Advertisement will be published. For further details, see "Offer Procedure" on page 338.*

Period of operation of subscription list

See "*Terms of the Offer – Bid/ Offer Programme*" on page 330.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated circular dated November 10, 2015 notified by SEBI (CIR/CFD/POLICYCELL/11/2015) and SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 (the "**General Information Document**") included below under "Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and legislations to the extent applicable to a public issue but has not been updated to reflect the commercial consideration between the Company and the Selling Shareholder with respect to the Offer. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. All Designated Intermediaries in relation to the Issue should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.*

Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, there have been certain changes in the issue procedure for initial public offerings including making ASBA process mandatory for all Bidders, allowing registrar, share transfer agents, collecting depository participants and stock brokers to accept application forms. Further, SEBI, by its circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, reduced the time taken for listing after the closure of an issue to six working days.

Our Company, the Selling Shareholder and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.

Part – A

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b)(iii) of the SCRR through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs. Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, subject to receipt of necessary approvals from the GoI, upto [●] Equity Shares may be offered for allocation and Allotment to the Eligible Employees Bidding in the Employee Reservation Portion, conditional upon valid Bids being received from them at or above the Offer Price.

In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount). The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹200,000), shall be added to the Net Offer. In the event of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be allowed from the Employee Reservation Portion. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Selling Shareholder and the

Company in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. In accordance with Rule 19(2)(b)(iii) of the SCRR, the Offer will constitute at least 10% of the post Offer paid-up Equity Share capital of our Company.

The Equity Shares, upon listing, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. ASBA Forms which do not have the details of the Bidders depository accounts, including DP ID, Client ID and PAN, shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bid Cum Application Form

All Bidders are required to mandatorily participate in the Offer only through the ASBA process.

Copies of the ASBA Form and the Abridged Prospectus will be available with the Designated Intermediaries at the Bidding Centres and at our Registered Office. Electronic copies of the ASBA Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com), at least one day prior to the Bid/ Offer Opening Date.

All Bidders shall ensure that their Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms). ASBA Forms not bearing such specified stamp are liable to be rejected. Additionally, Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form. ASBA Form that does not contain such details will be rejected. Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the ASBA Form for the various categories of Bidders is as follows:

Category	Colour of ASBA Form
Resident Indians and Eligible NRI Bidders applying on a non-repatriation basis.	[●]
Non-Residents including Eligible NRI Bidders, FVCIs, FPIs, FIIs (other than sub-accounts which are foreign corporates or foreign individuals Bidding under the QIB Category), and registered multilateral and bilateral development financial institutions applying on a repatriation basis.	[●]
Eligible Employees Bidding in the Employee Reservation Portion (if any). **	[●]

*** DIPAM, pursuant to its letter dated December 13, 2017, has approved the reservation of Equity Shares in the Employee Reservation Portion over and above the disinvestment of 12.00% of our Promoter's shareholding in our Company. The quantum of Equity Shares in the Employee Reservation Portion shall be determined prior to filing the Red Herring Prospectus.*

Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or the Banker(s) to the Offer.

Participation by the BRLMs and the Syndicate Members and their associates/ affiliates

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Members may subscribe to or purchase Equity Shares in the Net Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders. Such Bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made.

Bids by Mutual Funds

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights.

Bids by Eligible NRI Bidders

Eligible NRI Bidders may obtain copies of ASBA Forms from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorise their SCSB to block their Non-Resident External ("**NRE**") account or Foreign Currency Non-Resident ("**FCNR**") account for the full Bid Amount, while Eligible NRI Bidders Bidding on a non-repatriation basis by using the Resident Forms should authorise their SCSB to block their Non-Resident Ordinary ("**NRO**") account for the full Bid Amount, at the time of submission of the ASBA Form.

Eligible NRI Bidders Bidding on a repatriation basis are advised to use the ASBA Form for Non-Residents ([●] in colour), while Eligible NRI Bidders Bidding on a non-repatriation basis are advised to use the ASBA Form for Residents ([●] in colour).

Bids by FPIs (including FIIs)

In terms of the SEBI FPI Regulations, the issue of equity shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectorial cap by way of a resolution passed by our Board, followed by a special resolution passed by the shareholders of our Company and subject to prior intimation to RBI. For calculating the aggregate holding of FPIs in our company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. In terms of the above-mentioned provisions of the FEMA Regulations, the existing individual and aggregate investment limits for an FPI in our Company are 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments ("**ODIs**"). Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments in our Company.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the GoI from time to time. FPIs who wish to participate in the Offer are advised to use the ASBA Form for non-residents ([●] in colour). FPIs are required to Bid through the ASBA process to participate in the Offer.

An FPI shall issue ODIs only to those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III FPI and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with "know your client" norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by, or on behalf of it, to any persons that are not regulated by an appropriate foreign regulatory authority.

An FPI is also required to ensure that any transfer of ODIs is made by, or on behalf of it subject to the following conditions:

(a) such ODIs are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the ODIs are to be transferred to are pre-approved by the FPI.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI VCF Regulations, SEBI AIF Regulations and SEBI FVCI Regulations *inter alia* prescribe the investment restrictions on VCFs, AIFs and FVCIs, respectively.

Accordingly, the holding in any company by any individual VCF or FVCI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to initial public offerings.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders (except Eligible Employees Bidding in the Employee Reservation Portion (if any)) will be treated on the same basis with other categories for the purpose of allocation.

The Selling Shareholder, our Company, or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

All Non-Resident investors should note that dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to reject any Bid without assigning any reason therefor.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended are broadly set forth below:

(i) equity shares of a company: the lower of 10%* of the investee company's outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/ investment assets in case of a general insurer or a reinsurer;

(ii) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(iii) the industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or general insurance or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (i), (ii) or (iii) above, as the case may be.

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time.

**The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12.00% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Bids by provident funds/ pension funds

In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to reject any Bid, without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the ASBA Form, failing which the Selling Shareholder and our Company reserve the right to reject any Bid, without assigning any reason thereof.

The investment limit for banking companies in financial services companies, not being subsidiaries, as per the Banking Regulation Act, 1949 and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the bank's paid-up share capital and reserves as per the last audited balance sheet or a subsequent balance sheet, whichever is lower. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA Bids.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Eligible FPIs (including FIIs), AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund, Systemically Important Non-Banking Financial Company and provident funds with a minimum corpus of ₹250 million and pension funds with a minimum corpus of ₹250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged along with the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The Selling Shareholder and the Company, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Form.

Bids by Eligible Employees under the Employee Reservation Portion (if any)

Bids by Eligible Employees under the Employee Reservation Portion (if any) shall be subject to the following:

- Such Bids must be made in the prescribed ASBA Form (i.e., [●] in colour) and are required to be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The Allotment in the Employee Reservation Portion will be.

- Such Bidders should mention their employee identification number at the relevant place in the ASBA Form.

- The Bidder should be an Eligible Employee as defined above. In case of joint bids, the First Bidder shall be an Eligible Employee.

- Such Bidders must ensure that the Bid Amount does not exceed ₹500,000 (net of Employee Discount). However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000 (net of Employee Discount). In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount).

- Such Bidders have the option to bid at Cut-off Price indicating their agreement to Bid and purchase at the Offer Price.

- Such Bidders can place their Bids by only using the ASBA process.

- The Eligible Employee who Bid in the Employee Reservation Portion can also Bid in the Net Offer and such Bids shall not be treated as multiple Bids. To clarify, an Eligible Employee Bidding in the Employee Reservation Portion for up to ₹500,000 (net of Employee Discount), can also Bid in the Net Offer and such Bids will not be treated as multiple Bids. The Selling Shareholder and the Company, in consultation with the BRLMs, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. For further details, see "*Offer Procedure – Multiple Bids*" on page 361.

- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made. For the method of proportionate basis of Allotment, see "*Offer Procedure -Part B– Allotment Procedure and Basis of Allotment*" on page 376.

In accordance with existing regulations, OCBs cannot participate in the Offer.

The above information is given for the benefit of Bidders. The Selling Shareholder and our Company, our Directors, the officers of our Company and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a Pre-Offer Advertisement.

Information for Bidders

In addition to the instructions provided to Bidders set forth in the sub-section titled "*Part B – General Information Document for Investing in Public Issues*" on page 351, Bidders are requested to note the following additional information in relation to the Offer.

1. The relevant Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an acknowledgement slip ("Acknowledgement Slip"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three Acknowledgement Slips for each ASBA Form. It is the Bidder's responsibility to obtain the Acknowledgement Slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/ Allotted. Such Acknowledgement will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised Acknowledgement Slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

2. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the Selling Shareholder, the management or any scheme of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

3. In the event of an upward revision in the Price Band, Retail Individual Bidders or Eligible Employees Bidding in the Employee Reservation Portion (if any) who had Bid at Cut-off Price could either (i) revise their Bid; or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹200,000 (for Retail Individual Bidders) or ₹500,000 (for Eligible Employees Bidding in the Employee Reservation Portion (if any)) if such Bidder wants to continue to Bid at Cut-off Price. The revised Bids must be submitted to the same Designated Intermediary to whom the original Bid was submitted. In case the Bid Amount for any Bid under the Retail Portion or Employee Reservation Portion (if any) exceeds ₹200,000 (net of Employee Discount) and ₹500,000 (net of Employee Discount), respectively, due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount, then such Bid may be rejected if it is at the Cut-off Price. If, however, the Retail Individual Bidder or Eligible Employee does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder or Eligible Employee and the Retail Individual Bidder or Eligible Employee is deemed to have approved such revised Bid at Cut-off Price.

4. In the event of a downward revision in the Price Band, Retail Individual Bidders or Eligible Employees who have bid at the Cut-off Price may revise their Bid; otherwise, the excess amount paid at the time of Bidding would be unblocked after Allotment is finalised.

5. Any revision of the Bid shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Bid.

6. In addition to the information provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Interest and Refunds*" on page 379.

7. Signing of the Underwriting Agreement and the RoC Filing.

8. The Selling Shareholder and our Company intend to enter into an Underwriting Agreement with the Underwriters on or immediately after the finalisation of the Offer Price. After signing the Underwriting

Agreement, our Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

GENERAL INSTRUCTIONS

In addition to the general instructions provided in the sub-section titled "Part B – General Information Document for Investing in Public Issues" on page 351, Bidders are requested to note the additional instructions provided below.

Do's:

1. All Bidders should submit their Bids through the ASBA process only;

2. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws;

3. Ensure that you have Bid within the Price Band;

4. Read all the instructions carefully and complete the ASBA Form in the prescribed form;

5. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;

6. Ensure that your ASBA Form, bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;

7. Ensure that the ASBA Form is signed by the account holder in case the Bidder is not the ASBA Account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form;

8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the ASBA Forms; Ensure that the name given in the ASBA Form is exactly the same as the name in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the ASBA Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

9. Ensure that you request for and receive a stamped Acknowledgement Slip of the ASBA Form for all your Bid options from the concerned Designated Intermediary as proof of registration of the ASBA Form;

10. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;

11. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgement Slip. Instruct your respective banks not to release the funds blocked in the ASBA Account under the ASBA process until six Working Days from the date of closing the Bids;

12. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications wherein PAN is not mentioned will be rejected;

13. Ensure that the Demographic Details are updated, true and correct in all respects;

14. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

15. Ensure that the name(s) given in the ASBA Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the ASBA Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the ASBA Forms;

16. Ensure that you tick the correct investor category and the investor status, as applicable, in the ASBA Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

17. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;

18. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;

19. Ensure that the DP ID, the Client ID and the PAN mentioned in the ASBA Form and entered into the electronic system of the Stock Exchanges by the relevant Designated Intermediary match with the DP ID, Client ID and PAN available in the Depository database;

20. Ensure that the ASBA Forms are delivered by you within the time prescribed as per the ASBA Form and the Red Herring Prospectus;

21. Ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in);

22. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form; and

23. Ensure that you have correctly signed the authorisation/undertaking box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.

The ASBA Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Bids by Eligible NRIs and HUFs for a Bid Amount of less than ₹200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹200,000 would be considered under the Non-Institutional Category for allocation in the Offer.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid or revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another ASBA Form after you have submitted a Bid to a Designated Intermediary;

4. Do not pay the Bid Amount by cheques and demand drafts or in cash, by money order or by postal order or by stock-invest;

5. Do not send ASBA Forms by post. Instead submit the same to only a Designated Intermediary;

6. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;

7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

8. Do not submit more than five ASBA Forms per ASBA Account;

9. Do not Bid for a Bid Amount exceeding ₹200,000 (net of Retail Discount) for Bids by Retail Individual Bidders and ₹500,000 (net of Employee Discount) for Bids by Eligible Employees under the Employee Reservation Portion (if any);

10. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

11. Do not fill up the ASBA Form such that the Equity Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or maximum amount permissible under the applicable laws or under the terms of the RHP/Prospectus;

12. Do not submit the General Index Registration ("GIR") number instead of the PAN;

13. Do not submit the Bids without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the ASBA Account;

14. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

15. Do not submit Bids on plain paper or on incomplete or illegible ASBA Forms or on ASBA Forms in a colour prescribed for another category of Bidder;

16. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/ Offer Closing Date;

17. If you are a Non-Institutional Bidder or Retail Individual Bidder or an Eligible Employee Bidding under the Employee Reservation Portion (if any), do not submit your Bid after 3.00 p.m. on the Bid/ Offer Closing Date;

18. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 ; (other than minors having valid depository accounts as per Demographic Details provided by the depository);

19. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

20. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor; and

21. Do not submit ASBA Bids to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the ASBA Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in).

The ASBA Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Grounds for Technical Rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Issue Procedure in Book Built Issue – Rejection and Responsibility for Upload of Bids – Grounds for Technical Rejections*" on page 347, Bidders are requested to note that Bids may be rejected on the following additional technical grounds.

1. Bid submitted without instruction to the SCSB to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

3. Bids submitted on a plain paper;

4. Bids by HUFs not mentioned correctly;

5. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

6. Bids submitted without the signature of the First Bidder or sole Bidder;

7. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

8. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

9. GIR number furnished instead of PAN;

10. Bids by Retail Individual Bidders or Eligible Employees Bidding in the Employee Reservation Portion (if any) (net of Retail and Employee Discount, if any) with Bid Amount for a value of more than ₹200,000 or ₹500,000, respectively;

11. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

12. Bids accompanied by stock invest, money order, postal order or cash;

13. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion (if any) uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges.

Depository Arrangements

The Allotment of the Equity Shares shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, as of the date of this Draft Red Herring Prospectus, the following agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer.

- Agreement dated January 11, 2018 amongst NSDL, our Company and the Registrar to the Offer
- Agreement dated January 10, 2018 amongst CDSL, our Company and the Registrar to the Offer

Upon appointment of the Registrar to the Offer, our Company, and the Registrar to the Offer shall enter into fresh tripartite agreements with the respective Depositories.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- That if our Company and/or the Selling Shareholder do not proceed with the Offer after the Bid/ Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer Advertisements were published. The Stock Exchanges shall also be informed promptly;

- The Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI ICDR Regulations;

- That the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

- That all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed shall be taken;

- If the Allotment is not made, application monies will be unblocked in the ASBA Accounts within the time as prescribed under applicable law, failing which interest will be due to be paid to the Bidders as per applicable laws;

- That where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within the time as prescribed under applicable law, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit for the refund;

- That the certificates of the securities or refund intimation to Eligible NRI Bidders shall be despatched within specified time;

- No further Offer of Equity Shares shall be made until the Equity Shares are listed or until the Bid monies are unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.;

- That our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time; and

- Adequate arrangements shall be made to collect all ASBA Forms by Bidders.

UNDERTAKINGS BY THE SELLING SHAREHOLDER

The Selling Shareholder undertakes the following:

- If the Selling Shareholder and/or our Company does not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer Advertisements were published. The Stock Exchanges shall also be informed promptly;

- It shall deposit the Equity Shares in an escrow account opened with the Registrar to the Offer at least one Working Day prior to the Bid/ Offer Opening Date;

- It is the legal and beneficial holder of the Equity Shares and have valid and full title to the Equity Shares;

- That the Equity Shares (a) have been held by it for a continuous period of at least one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI; and (b) are free and clear of any pledge and it shall not create any lien, charge or encumbrance on the Equity Shares; and (c) shall be in dematerialised form at the time of transfer and shall transfer valid and marketable title to the Bidder free from any charges, lien, encumbrances and any transfer restrictions of any kind whatsoever;

- It shall take all steps and provide all assistance to our Company and the BRLMs, as may be required for the completion of the necessary formalities for listing and commencement of trading at the Stock exchanges within six Working Days from the Bid/ Offer Closing Date, failing which it shall forthwith repay the monies received from Bidders. In case of delay, interest as per applicable law shall be paid by the Selling Shareholder if transfer of the Equity Shares has not been made or refund orders have not been dispatched within the aforesaid dates;

- Funds required for making refunds to unsuccessful applicants as per the mode disclosed in the Red Herring Prospectus and the Prospectus shall be made available to the Registrar to the Offer, in accordance with applicable law;

- It shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals from all the Stock Exchanges is obtained;

- It shall not offer, lend, sell, transfer, charge, pledge or otherwise encumbrance or transfer (to the extent applicable) the Equity Shares until the earlier of (i) the Equity Shares which will be offered through the Red Herring Prospectus being listed or until the Bid Amounts are refunded on account of non-listing, under-subscription etc. pursuant to the Offer; or (ii) the Offer being postponed, withdrawn or abandoned as per the terms of the agreement(s) between the Selling Shareholder, our Company and the BRLMs;

- It has authorised the Company Secretary and Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Equity Shares and it shall provide such reasonable support and extend reasonable cooperation as may be required by our Company and the BRLMs in the regard; and

- It shall comply with all applicable laws, including but not limited to, the SEBI ICDR Regulations, SEBI Act, SCRA, SCRR, the listing rules of (and agreements with) the Stock Exchanges, and guidelines, instructions, rules, communications, circulars and regulations issued by the GoI, the RoC, SEBI, the RBI, the Stock Exchanges and under the FEMA or by any other governmental or statutory authority, and the Companies Act and the rules and regulations made thereunder, each as amended.

The decisions with respect to the Price Band, the minimum Bid lot, reservations in the Offer, rupee amount of the Retail Discount and Employee Discount, as applicable, revision of Price Band, Offer Price, will be taken by the Selling Shareholder and the Company, in consultation with the BRLMs.

Utilisation of Offer Proceeds

The Selling Shareholder along with our Company declare that all monies received out of this Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act.

Withdrawal of the Offer

For details, see "*Terms of the Offer - Withdrawal of the Offer*" on page 332.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013, the Companies Act, 1956, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Offers. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus ("RHP")/ Prospectus filed by the Issuer with the Registrar of Companies ("**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Offer and on the website of Securities and Exchange Board of India ("SEBI") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section "*Glossary and Abbreviations*".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an issuer can either determine the Issue Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 OFFER PERIOD

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Offer Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues, the Bid/Offer Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding ten Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

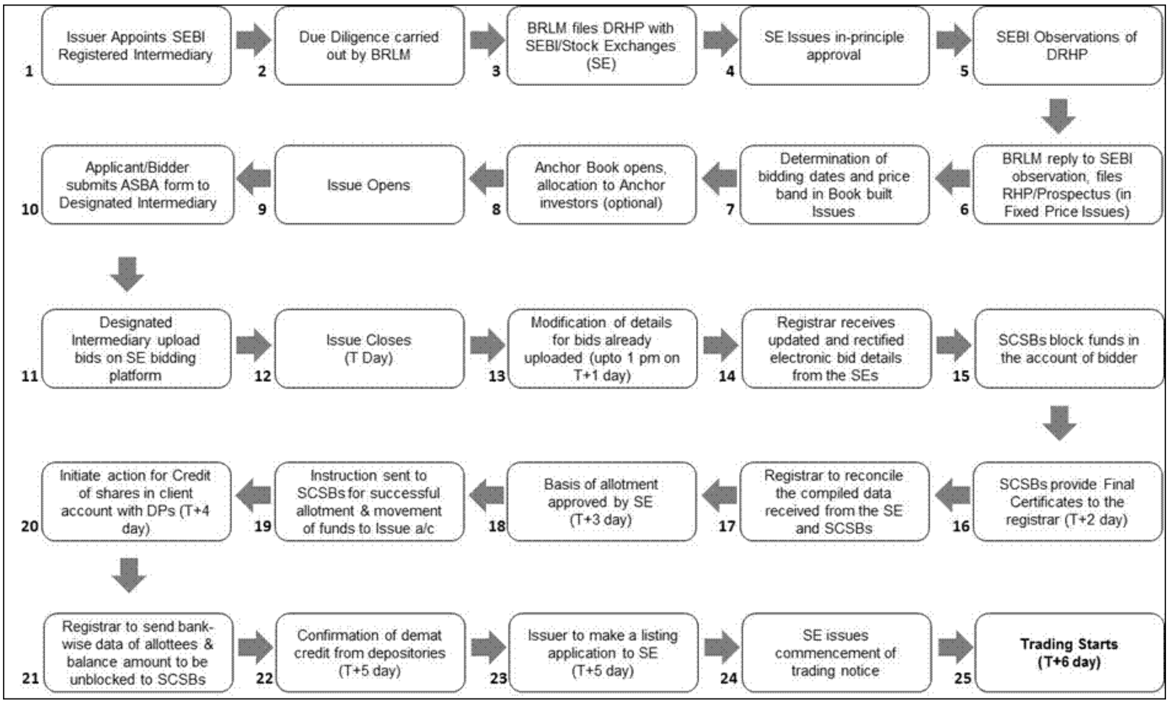
2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Issue other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

i. Step 7 : Determination of Issue Date and Price

ii. Step 10: Applicant submits ASBA Application Form with any of the Designated Intermediaries


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchanges (SE)
4 SE Issues in-principle approval
5 SEBI Observations of DRHP
6 BRLM reply to SEBI observation, files RHP/Prospectus (in Fixed Price Issues)
7 Determination of bidding dates and price band in Book built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits ASBA form to Designated Intermediary
11 Designated Intermediary upload bids on SE bidding platform
12 Issue Closes (T Day)
13 Modification of details for bids already uploaded (upto 1 pm on T+1 day)
14 Registrar receives updated and rectified electronic bid details from the SEs
15 SCSBs block funds in the account of bidder
16 SCSBs provide Final Certificates to the registrar (T+2 day)
17 Registrar to reconcile the compiled data received from the SE and SCSBs
18 Basis of allotment approved by SE (T+3 day)
19 Instruction sent to SCSBs for successful allotment & movement of funds to Issue a/c
20 Initiate action for Credit of shares in client account with DPs (T+4 day)
21 Registrar to send bank-wise data of allottees & balance amount to be unblocked to SCSBs
22 Confirmation of demat credit from depositories (T+5 day)
23 Issuer to make a listing application to SE (T+5 day)
24 SE issues commencement of trading notice
25 Trading Starts (T+6 day)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN THE ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law.

Furthermore, certain categories of Bidders/Applicants, such as NRIs, FII's, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or First Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- Scientific and/ or industrial research organisations authorised in India to invest in the Equity Shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- FPIs other than Category III foreign portfolio investors bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, bidding under the NIIs category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE OFFER

Book Built Issue: Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) bearing the stamp of a Designated Intermediary as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the book running lead managers, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) and Bidders Bidding/applying in the reserved category	As specified by the Issuer

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : .... Contact Details: .... CIN No	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

TEAR HERE

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	**ESCROW BANK/SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	Bid Price 3 | 2 | 1	Retail Discount 3 | 2 | 1	Net Price 3 | 2 | 1	"Cut-off" (Please ✔ tick)
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder
☐ Non-Institutional Bidder
☐ QIB

6. INVESTOR STATUS

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians - NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VCF
☐ Alternative Investment Funds - AIF
☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS | **PAYMENT OPTION : FULL PAYMENT** ☐ **PART PAYMENT** ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date :	3)	

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No.
Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - NR Address : .... Contact Details: .... CIN No	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder
☐ Non-Institutional Bidder
☐ QIB

6. INVESTOR STATUS

NRI	Non-Resident Indian(s) (Repatriation basis)
FII	FII or Sub-account not a Corporate/Foreign Individual
FIISA	FII Sub-account Corporate/Individual
FVCI	Foreign Venture Capital Investor
FPI	Foreign Portfolio Investors
OTH	Others (Please Specify)________

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
Date : ________	1) 2) 3)	

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - NR	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)		Bank & Branch	
ASBA Bank A/c No.			
Received from Mr./Ms.			
Telephone / Mobile		Email	

Stamp & Signature of SCSB Branch

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No. ________

Bank & Branch ________

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such First Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such First Bidder/Applicant would be deemed to have signed on behalf of the joint holders.

d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

- *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST BIDDER/APPLICANT

a) PAN (of the Sole/ First Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.

b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants). Consequently, all Bidder/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

d) Bid cum Application Forms which provide the General Index Register Number instead of PAN may be rejected.

e) Bids/Applications by Bidders/Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS

a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected**.

b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for other correspondence(s) related to the Offer.

d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 FIELD NUMBER 4: BID OPTIONS

a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/ Offer Opening Date in case of an IPO, and at least one Working Day before Bid/ Offer Opening Date in case of an FPO.

b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e)).

c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted. For details of the Bid Lot, bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 Maximum and Minimum Bid Size

a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000. Bids by Employees must be for such number of shares so as to ensure that the Bid Amount less Employee Discount (as applicable), payable by the Bidder does not exceed ₹500,000. Retail Individual Bidders or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

b) In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

c) For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

d) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.

e) RII may revise their bids until Bid/ Offer Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

f) In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

g) For Anchor Investors, if applicable, the Bid Amount shall be least ₹100 million. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.

h) A Bid cannot be submitted for more than the Offer size.

i) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

j) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the highest number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e)).

4.1.4.2 Multiple Bids

a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

   Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Net Offer portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 FIELD NUMBER 5 : CATEGORY OF BIDDERS

a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIIs, NIIs and QIBs.

b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.

c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation, Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 FIELD NUMBER 6: INVESTOR STATUS

a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 FIELD NUMBER 7: PAYMENT DETAILS

a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If Discount is applicable in the Offer, the RIBs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

b) RIBs who Bid at Cut-off price shall arrange to block the Bid Amount based on the Cap Price.

c) All Bidders (except Anchor Investors) have to participate in the Offer only through the ASBA mechanism.

d) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 Instructions for Anchor Investors:

a) Anchor Investors may submit their Bids with a Book Running Lead Manager.

b) Payments should be made by either by direct credit, RTGS or NEFT.

c) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2 Payment instructions for ASBA Bidders

a) Bidders may submit the ASBA Form either

  i. in physical mode to any Designated Intermediary, or

  ii. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form.

b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with a SCSB, may not be accepted.

c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.

d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

f) Bidders should submit the Bid cum Application Form only at the Bidding Centres, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to ASBA Forms.

h) Bidders bidding directly through the SCSBs should ensure that ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.

l) Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.

m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.3 Unblocking of ASBA Account

a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

4.1.7.4 Discount (if applicable)

a) The Discount is stated in absolute rupee terms.

b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.

c) The Bidders entitled to the applicable Discount in the Offer may block the Bid Amount less Discount.

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.7.5 Additional Payment Instructions for NRIs

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS

a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.

c) The signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.

b) All communications in connection with Bids made in the Offer may be addressed as under:

i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, refund intimations, the Bidders should contact the Registrar to the Offer.

ii. In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders should contact the relevant Designated SCSB Branch.

iii. In case of queries relating to uploading of Bids by a Syndicate Member, the Bidders should contact the relevant Syndicate Member.

iv. In case of queries relating to uploading of Bids by a Registered Broker, the Bidders should contact the relevant Registered Broker.

v. In case of Bids submitted to the RTA, the Bidders should contact the relevant RTAs.

vi. In case of Bids submitted to the CDP, the Bidders should contact the relevant DP.

vii. Bidder may contact our Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Offer.

c) The Bidder should give full details such as name of the sole or first Bidder/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of the submission of

Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

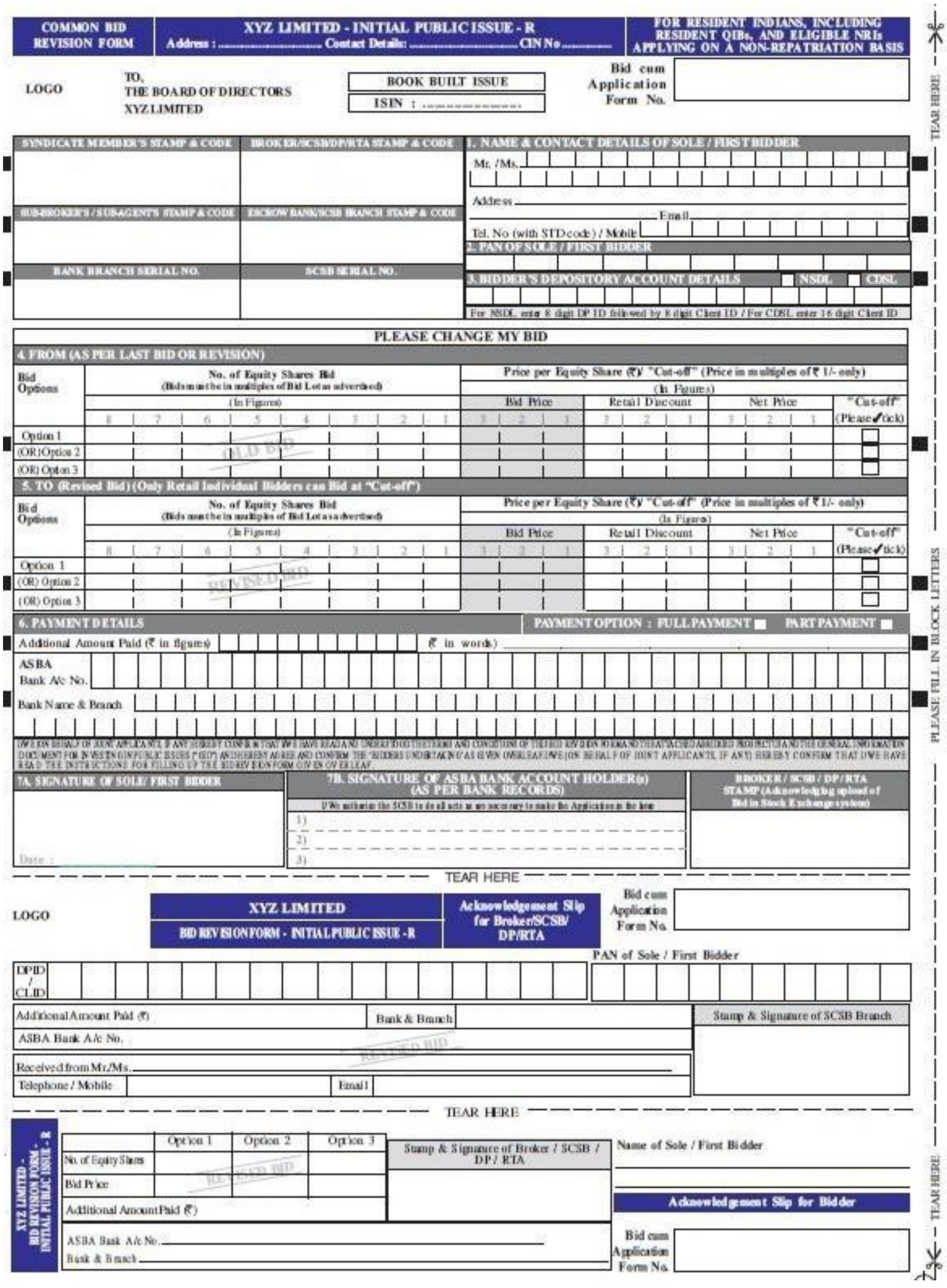
a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

b) RIIs may revise their bids or withdraw their Bids till the Bid/Offer Closing Date.

c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

d) The Bidder/Applicant can make this revision any number of times during the Bid/ Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

e) A sample Revision form is reproduced below:



COMMON BID REVISION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : .... Contact Details: .... CIN No ....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
	8 7 6 5 4 3 2 1	Bid Price 3 2 1	Retail Discount 3 2 1	Net Price 3 2 1	"Cut-off" (Please ✓ tick)
Option 1					
(OR) Option 2					
(OR) Option 3					

OLD BID

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
	8 7 6 5 4 3 2 1	Bid Price 3 2 1	Retail Discount 3 2 1	Net Price 3 2 1	"Cut-off" (Please ✓ tick)
Option 1					
(OR) Option 2					
(OR) Option 3					

REVISED BID

6. PAYMENT DETAILS | PAYMENT OPTION : FULL PAYMENT PART PAYMENT

Additional Amount Paid (₹ in figures) | (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER

Date :

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED

BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹) | Bank & Branch

ASBA Bank A/c No.

Stamp & Signature of SCSB Branch

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'

a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹200,000. In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked after the allotment is finalised.

4.2.3 FIELD 6: PAYMENT DETAILS

a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

b) Bidder/Applicant may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

c) All Bidders/Applicants are required to make payment of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

d) In case of Bids submitted by ASBA Bidder/Applicant, Bidder/Applicant may Issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same member of the Syndicate/Registered Broker or the same Designated Branch (as the case may be) through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

e) In case of Bids, other than ASBA Bids, Bidder/Applicant, may make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹200,000 if the Bidder/Applicant wants to continue to Bid at the Cut-off Price), with the members of the Syndicate / Registered Broker to whom the original Bid was submitted.

f) In case the total amount (i.e., original Bid Amount less Discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

g) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding may be unblocked after the finalization of basis of allotment.

4.2.4 FIELD 7: SIGNATURES AND ACKNOWLEDGEMENTS

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN OFFER MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT

a) The Issuer may mention Price or Price band in the draft Prospectus. However, a prospectus registered with RoC contains one price or coupon rate (as applicable).

b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Managers may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

c) Applications by RIIs and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹200,000 and applications by Employees must be for such number of shares so as to ensure that the application amount payable does not exceed ₹500,000.

d) Applications by the Eligible Employees under the Employee Reservation Portion must be for such minimum number of shares so as to ensure that the application amount payable does not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Potion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).

e) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be

f) An application cannot be submitted for more than the Offer size.

g) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

h) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application

Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

i) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

   i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.

   ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

j) The following applications may not be treated as multiple Bids:

   i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Offer portion in public category.

   ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

   iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 FIELD NUMBER 5: CATEGORY OF APPLICANTS

a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

c) The SEBI ICDR Regulations specify the allocation or allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation, applicant may refer to the Prospectus.

4.3.4 FIELD NUMBER 6: INVESTOR STATUS

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 FIELD 7: PAYMENT DETAILS

a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Offer.

b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

4.3.5.1 Payment instructions for Applicants

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

4.3.5.2 Unblocking of ASBA Account

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

4.3.5.3 Discount (if applicable)

Applicants should refer to instructions contained in paragraphs 4.1.7.2

4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM

4.4.1 Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-

Mode of Application		Submission of Bid cum Application Form
Application by Anchor Investors	1)	To the BRLMs at the locations specified in the Anchor Investor Application Form
ASBA Application	1)	To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centre or the RTA at the Designated RTA Location or the DP at the Designated DP Location.
	2)	To the Designated branches of the SCSBs

a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

b) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

SECTION 5: OFFER PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

a) During the Bid/Offer Period, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the BRLMs, to register their Bid.

b) In case of Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).

c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

a) The Designated Intermediaries may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.

b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given till one p.m. on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

5.3 BUILD UP OF THE BOOK

a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/ Offer Period.

b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/ Offer Period.

5.4 WITHDRAWAL OF BIDS

a) RIIs can withdraw their Bids until Bid/ Offer Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediaries who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalization of basis of allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to

   i. the Bids accepted by the Designated Intermediaries,

   ii. the Bids uploaded by the Designated Intermediaries,

   iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

e) All bids by QIBs, NIIs & RIIs Bidders can be rejected on technical grounds listed herein.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the Designated Intermediaries or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, which have been detailed at various placed in this GID:-

a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

b) Bids/Applications by OCBs;

c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

d) DP ID & Client ID not mentioned in the Bid cum Application Form/ Application Form;

e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;

f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

h) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

j) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

k) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

l) Bids/Applications at Cut-off Price by NIIs and QIBs;

m) The amounts mentioned in the Bid cum Application Form/Application Forms do not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

o) Bids/Applications for shares more than the prescribed limit by each Stock Exchange for each category;

p) Submission of more than five Bid cum Application Form /Application Form as per ASBA Account;

q) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

r) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

s) Bid cum Application Forms/ Application Forms are not delivered by the Bidders/ Applicants within the prescribed as per the Bid cum Application Forms/ Application Form, Bid/ Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms/ Application Forms;

t) Bids not uploaded in the Stock Exchanges bidding system.

u) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;

v) Where no confirmation is received from SCSB for blocking of funds;

w) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

x) Bids/Applications submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the Issuer or the Registrar to the Offer;

y) Bids/Applications not uploaded on the terminals of the Stock Exchanges; and

z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

b) Under-subscription in any category (except QIB portion) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB category is not available for subscription to other categories.

c) In case of under subscription in the Net Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

d) **Illustration of the Book Building and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes bidding by Anchor Investors.

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹20 to ₹24 per share, Offer size of 3,000 equity shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.70%
1000	23	1,500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.70%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of equity shares is the price at which the book cuts off, i.e. ₹22.00 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Offer Price at or below such Cut-Off Price, i.e., at or below ₹22.00. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding ("Alternate Book Building Process").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/ Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIBs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: OFFER PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Offer Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to any of the Designated Intermediary or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/ Offer Opening Date.

In a Fixed Price Issue, allocation in the net offer to the public category is made as follows: minimum 50% to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor is will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted. The Issuer is required to receive a minimum subscription of 90% of the Net Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

a) In the event the number of RIIs who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

b) In the event the number of RIIs who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the RIIs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the Offer in consultation with the Selling Shareholder and the BRLMs, subject to compliance with the following requirements:

   i. not more than 60%of the QIB Category will be allocated to Anchor Investors;

   ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

   iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

      - a maximum number of two Anchor Investors for allocation up to ₹100 million;
      - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹100 million and up to ₹2500 million subject to minimum allotment of ₹50 million per such Anchor Investor; and
      - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹2500 million, and an additional ten Anchor Investors for every additional ₹2500 million or part thereof, subject to minimum allotment of ₹50 million per such Anchor Investor.

b) An Anchor Investor shall make an application of a value of at least ₹100 million in the Offer.

c) A physical book is prepared by the Registrar on the basis of the Anchor Investment Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

d) **In the event that the Offer Price is higher than the Anchor Investor Offer Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

e) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIBs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED OFFER

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

a) Bidders may be categorized according to the number of Equity Shares applied for;

b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and,

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Issue. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to transfer the funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.

b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.

   Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/ Offer Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories, within six Working Days of the Bid/Offer Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than ₹5 lakhs but which may extend to ₹50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹50,000 but which may extend to ₹3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from the Bidders/Applicants.

If such money is not repaid within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Offer, including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF OFFERS MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations but fails to allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

a) **In case of ASBA Bids**: Within six Working Days of the Bid/ Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bids or for any excess amount blocked on Bidding.

b) **In case of Anchor Investor**: Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

c) In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investors Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

8.3.1 Electronic Mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various modes as mentioned below:

a) **NACH**—National Automated Clearing House is a consolidated system of ECS. Payment of refunds would be done through NACH for Anchor Investors having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refunds through NACH is mandatory for Anchor Investors having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS;

b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code **("IFSC")**, which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders/Applicants through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

c) **Direct Credit**— Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

d) **RTGS**— Anchor Investors having a bank account at any of the centres notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner for unblocking of funds in the ASBA Account are not dispatched within the 15 Working days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Offer Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Acknowledgement Slip	The Slip or document issued by the Designated Intermediary to an ASBA Bidder as proof of registration of the ASBA Bid
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants.
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted.
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchange.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors.
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue.
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant.
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Offer who Bid/apply through ASBA.
Banker(s) to the Offer/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account(s) may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer.
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer.
Bid	An indication to make an offer during the Bid/ Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/ Offer Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application.
Bid / Offer Closing Date	The date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Closing Date.
Bid/ Offer Opening Date	The date on which the Syndicate and the SCSBs may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Opening Date.

Term	Description
Bid/ Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Offer Period for QIBs one working day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Period.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount.
Bid cum Application Form	The form in terms of which the Bidder/Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form.
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant.
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under the SEBI ICDR Regulations, 2009, in terms of which the Offer is being made.
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/ Book Running Lead Manager(s)/Lead Manager/ LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM.
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted.
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account.
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Companies Act	the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price.
DP	Depository Participant
DP ID	Depository Participant’s Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited.

Term	Description
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details.
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html.
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Offer may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale.
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer.
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band.
Employees	Employees of an Issuer as defined under the SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus.
Equity Shares	Equity shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders/Applicants (excluding the ASBA Bidders/Applicants) may issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders/Applicants (excluding the ASBA Bidders/Applicants) on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Offer.
FCNR Account	Foreign Currency Non-Resident Account.
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form.
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India.
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under the SEBI ICDR Regulations, 2009, in terms of which the Offer is being made.
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto.
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000.
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable.

Term	Description
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form.
NACH	National Automated Clearing House
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares.
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than₹200,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form.
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs, FPIs, QFIs and FVCIs.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA.
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961.
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation.
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Offer Price.
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, 1956 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information.
Public Offer Account	An account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date.

Term	Description
Qualified Foreign Investors or QFIs	Non-Resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI. Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis.
Qualified Institutional Buyers or QIBs	As defined under the SEBI ICDR Regulations, 2009.
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus.
Refund Account(s)	The account opened with Refund Bank(s), from which refunds (excluding refunds to ASBA Bidders/Applicants), if any, of the whole or part of the Bid Amount may be made.
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer.
Refunds through electronic transfer of funds	Refunds through NACH, Direct Credit, NEFT, RTGS or ASBA, as applicable.
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate.
Registrar to the Offer/RTI	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form.
Reserved Category/ Categories	Categories of persons eligible for making application/bidding under reservation portion.
Reservation Portion	The portion of the Offer reserved for category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than₹200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than₹200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s).
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Term	Description
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html.
Specified Locations	Refer to definition of Broker Centers.
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed.
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of the Bids in this Offer (excluding Bids from ASBA Bidders/Applicants).
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus.
Systemically important Non-Banking Financial Company	Means a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per last audited financial statements.
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s).
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date.
Working Day	All days other than a Sunday or a public holiday on which commercial banks are open for business, except with reference to announcement of Price Band and Bid/Offer Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA and the circulars and notifications issued thereunder. Unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

The Consolidated FDI Policy consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect prior to August 28, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Consolidated FDI Policy will be valid until the DIPP issues an updated circular. Subject to the provisions of the Consolidated FDI Policy, FDI is allowed under the automatic route up to 49% for companies engaged in the defence sector.

Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. The DIPP makes policy announcements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEMA Regulations. In case of any conflict, the FEMA Regulations prevail. The regulatory framework, over a period of time, thus, consists of acts, regulations, press notes, press releases, and clarifications among other amendments. The consolidated FDI policy circular of 2017, effective August 28, 2017 issued by the DIPP ("**FDI Circular**") consolidates the policy framework in force as on August 28, 2017 and reflects the FDI Policy as on August 28, 2017. Further, the FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP. In terms of the FDI Circular, a defence company is permitted to have FDI of up to 49% under the automatic route. FDI above 49% is under approval route on case to case basis, wherever it is likely to result in access to modern and 'state-of-art' technology in India.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the DIPP or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per existing regulations, OCBs cannot participate in the Offer.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the Book Running Lead Managers are not liable for any amendments, modification, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalised/defined terms herein have the same meaning given to them in our Articles. Subject to our Articles, any words or expression defined in the Companies Act shall, except so where the subject or context forbids; bear the same meaning in these Articles.

Article No.	Article	Particulars
3	Table F shall not apply	Subject as herein under, provided the regulation contained in Table F of Schedule I to the Act shall apply to the Company. Being a Government Company, the provisions of the Act shall not apply or shall apply with such exceptions, modifications and adaptations as directed/ notified by the Central Government from time to time by virtue of powers conferred under Section 462 of the Act.
6	Amount of Capital	The Authorized Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with such rights, privileges and conditions attached thereto as are provided by the Company and with powers to the Company as permitted by the Act and applicable laws to increase, reduce or modify the said capital and to divide the shares of the Company in to several classes and attach thereto preferential, qualified or special rights, privileges or conditions as may be determined by the Company, subject to provisions of the Act and other applicable laws, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Regulations of the Company and allowed by law.
6A	Alteration of Capital	Subject to the provisions of Section 61 of the Act, the clauses relating to alteration of capital as provided in Table F of the Act will be applicable to the Company
9(1)	Increase of Capital by the Company and how carried into effect.	The Company, in a general meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as resolutions shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe and in particular such share may be issued with a preferential or qualified right to dividends and the distribution of assets of the Company and with right of voting at the general meeting of the Company in conformity with Section 47 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Board shall comply with the provision of Section 64 of the Act. Except so far as otherwise provided, any new capital raised and the share issued in that regard shall rank pari pasu with the existing capital and the shares.
11	Reduction of capital	The Company may, subject to the provision of Section 66 of the Act from time to time, by special resolution, reduce its capital in any authorized manner and in particular payoff any part of the Capital on the footing that it may be called up again or otherwise
11A	Buyback of shares	The Company may, notwithstanding anything contained in these articles, but subject to the provisions of Section 68 to 70 and any other applicable provisions of the Act or any other law for the time being in force, purchase its own shares or other specified securities.
12	Subdivision & Consolidation of shares	Subject to the provisions of Section 61 of the Act, the clauses relating to, alteration of capital as provided in Table F of the Act will be applicable to the Company
25	Call on Shares	1) All the provisions contained in Schedule I, Table F of the Act in respect of calls of shares and forfeiture thereof shall apply to the Company, except the proviso to Regulation 13 (i) thereof. Provided that option or right to

Article No.	Article	Particulars
		call on shares shall not be given to any person or persons without the sanction of the Company in general meeting. 2) Any amount paid-up in advance of calls on any share may carry interest, but shall not entitle the holder of the share to participate in respect thereof, in a dividend subsequently declared; 3) There will be no forfeiture of unclaimed dividends before the claim becomes barred by law.
28	Calls to carry interest	1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof (the “due date”), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at such rate as may be fixed by the Board. 2) The Board shall be at liberty to waive payment of any such interest wholly or in part.
29B	Payment in anticipation of calls may carry interest	The Board— 1) May, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; & 2) Upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve percent per annum, as may be agreed upon between the Board and the member paying the sum in advance.
30	Company’s lien on Shares	1) The Company shall have a first and paramount lien – (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and (b) on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company: Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause. 2) The Company’s lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares 3) Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company’s lien 4) Fully paid shares will be free from all lien, while in the case of partly paid shares, the Company’s lien, if any, will be restricted to moneys called or payable at a fixed time in respect of such shares.
31	As to enforce lien by sale	1) The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien: Provided that no sale shall be made— (a) unless a sum in respect of which the lien exists is presently payable; or (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for

Article No.	Article	Particulars
		the time being of the share or to the person entitled thereto by reason of his death or insolvency 2) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof. 3) The purchaser shall be registered as the holder of the shares comprised in any such transfer. 4) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected, by any irregularity or invalidity in the proceedings with reference to the sale.
32	Application of proceeds of sale	1) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. 2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale
32B	Provisions as to lien to apply mutatis mutandis to debentures, etc.	The provisions of these Articles relating to lien shall mutatis mutandis apply to any other securities, including debentures of the Company
33	If money payable on share not paid, notice be given to Member	If a member fails to pay any call, or instalment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment
35(2)	In default of payment, shares to be forfeited	Neither the receipt by the Company for a portion of any money, which may from time to time be due from any member in respect of his shares, nor any indulgence that may be granted by the Company in respect of payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture in respect of such shares as herein provided. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.
37	Forfeited share to be the property of the Company and may be sold, etc.	1) A forfeited share shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit. 2) At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit
43	Form of Transfer	Shares in the Company shall be transferred in the form prescribed by the Act or the Rules made there under or in such other form as may be prescribed by the Government from time to time in this behalf
44	Execution of Transfer	The instrument of transfer of any share in the Company shall be duly executed by or on behalf of both the transferor and transferee.
48	Board may refuse to register transfer	1) The Board may, subject to the right of appeal conferred by the Act decline to register – (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or (b) any transfer of shares on which the Company has a lien. 2) In case of shares held in physical form, the Board may decline to

Article No.	Article	Particulars
		recognise any instrument of transfer unless – a) The instrument of transfer is duly executed and is in the form as prescribed in the Rules made under the Act; b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and c) the instrument of transfer is in respect of only one class of shares
57A	Provisions as to transfer of shares to apply mutatis mutandis to debentures, etc	The provisions of these Articles relating to transfer of shares shall mutatis mutandis apply to any other securities, including debentures of the Company
58A	Transmission Clause	Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either (a) to be registered himself as holder of the share; or (b) to make such transfer of the share as the deceased or insolvent member could have made
58B	Board's right unaffected	The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency
60	Power to borrow	The Board may, from time to time, at its discretion subject to the provisions of these Articles, Section 73 to 76, 179 and 180 of the Act or Applicable Law, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; by a resolution of the Board, or where a power to delegate the same is available, by a decision/resolution of such delegate, provided that the Board shall not without the requisite sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of the Company and its free reserves.
70	Twenty-one days' notice of meeting to be given	Subject to the provisions contained in Section 101 of the Companies Act a general meeting may be called by giving not less than clear twenty one days' notice in writing or through electronic mode in such a manner as may be prescribed in the Rules. A general meeting may be called on giving shorter notice with the consent of members as required by Section 101 of the Act.
74	Quorum for General Meeting	No business shall be transacted at any General Meeting unless a quorum of members is present as per the provisions of the Act, at the time when the meeting proceeds to business
76(1)	Right of President to appoint any person as his representative	The President, so long as he is a shareholder of the Company, may, from time to time, appoint one or more persons (who need not be a member or members of the Company) to represent him at all or any meetings of the Company
77	Chairman of General Meeting	The Chairman of the Board shall be entitled to take the Chair at every general meeting, whether ordinary or extraordinary, or if there be no such Chairman, or if it any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as Chairman, the members present shall elect another Director as Chairman, and if no Director shall be present, or if all the Directors present decline to take the Chair, then the Members present shall elect one of their

Article No.	Article	Particulars
		member to be Chairman
83	Chairman's decision conclusive	The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
84	Members in arrears not to vote	No member shall be entitled to vote, either personally or by proxy for another Member at any General Meeting or meeting of a class of shareholders or upon a poll, in respect of any shares registered in his name on which any calls or other sum presently payable by him has not been paid or in regard to which the Company has, and has exercised, any right of lien.
86	Votes of Joint-members	In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members
86A	Vote by Member of unsound mind, minor etc.,	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians
86B	Vote in respect of shares of deceased/ insolvent member	Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the Transmission Clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such shares unless the Board shall have previously admitted his right to vote at such meeting in respect thereof
89	Appointment of proxy	Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a member may vote by a representative duly authorised in accordance with Section 113 of the Act, and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents as the body could exercise if it were an individual member.
90	Proxy to vote on a poll	A proxy shall not have the right to speak at such meeting and shall not be entitled to vote except on a poll where Applicable Law provides otherwise.
99	Number of Directors	The number of Directors of the Company, which shall be not less than 3. These directors may be either whole time functional directors or part time directors. The Directors are not required to hold any qualification shares. Composition of the Board shall be in accordance with the provisions of Section 149 of the Act and other Applicable Laws. Provided that where there are temporary gaps in meeting the requirements of Applicable Law pertaining to the composition of the Board of Directors, the remaining Directors shall (a) be entitled to transact the business for the purpose of attaining the required composition of the Board; and (b) be entitled to carry out such business as may be required in the best interest of the Company in the meantime
101	Appointment of Directors	1) (a) The Chairman/Vice-Chairman/Chairman & Managing Director (CMD)/Managing Director/Chief Executive Officer (CEO) of the Company shall be appointed by the President and the terms and conditions of his appointment shall be determined by the President, subject to the provisions of the Act. An Individual may be appointed or reappointed by the President as the Chairman of the Company as well as the Managing Director or CEO of the Company at the same time. Such person shall preside at all meetings of the Board as well as General Meetings of the Company.

Article No.	Article	Particulars
		(b) Subject to the provisions of the Act, in addition to the Chairman/Managing Director/CEO, the President shall also appoint Vice-Chairman, Whole-time/Functional Directors and other Directors in consultation with the Chairman. No such consultation will be necessary in case of appointment of the Director(s) are representing the Government. 2) The Directors appointed shall be entitled to hold office for such period as the President may determine. (Substituted at the 15th AGM held on 30-09-1985) 3) The President shall have the power to remove any Director appointed by him from office at any time in his absolute discretion. 4) The President shall have the right to fill any vacancy in the office of the Directors caused by retirement, removal, resignation, death or otherwise, shall be by reappointment or by fresh appointment. 5) The Directors shall be paid such salary and/or allowances as the President may, time to time determine. Subject to the provision of the Act, such additional remuneration as may be fixed by the President may be paid to any or more Directors for extra or special services rendered by him or them 6) The non-official part time directors may be paid sitting fee for attending the meetings of the Board of Directors or any committee thereof as may be decided by the board from time to time not exceeding the maximum limits as prescribed under the Act. The fee shall also be paid for attending any separate meeting of the Independent Directors of the Company in pursuance of any provision of the Act. The fee shall also be payable for participating in meetings through permissible Electronic Mode
102	General power of Company vested on Directors.	Subject to the Provisions of the Act and to such directives or instructions, as the President may issue from time to time, the business of the Company shall be managed by the Directors who may exercise all such powers and do all such acts and things as the Company is authorized to exercise and do. Provided that the Directors shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other Act or by the Memorandum or Articles of the Company to be made by the Company in General Meeting. No regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
111	Meeting of Directors	a) The Directors may meet together as a Board from time to time for the conduct of the business of the Company, adjourn or otherwise regulate its meetings, as it thinks fit. A meeting of the Board shall be called by giving not less than seven days' notice in writing to every Director at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means. b) The notice of the meeting shall inform the Directors regarding the option available to them to participate through Electronic Mode, and shall provide all the necessary information to enable the Directors to participate through such Electronic Mode. c) A meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one Independent

Article No.	Article	Particulars
		Director, if any, shall be present at the meeting, or in case of absence of Independent Directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the Directors and shall be final only on ratification thereof by at least one Independent Director. Where the Company does not have, for the time being, any Independent Director, a Board meeting may be called at a shorter notice where such notice is approved by a majority of Directors present at such meeting. d) The Board shall meet at least once in every four months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit. e) Every Director present at any meeting of the Board or of a Committee thereof shall sign his name in a book to be kept for that purpose. The names of Directors who have participated in Board meetings through Electronic Mode shall be entered and initialled by the Company Secretary, stating the manner in which the Director so participated.
126	Declaration of dividend	The Company in Annual General Meeting may declare a dividend to be paid to the members according to their respective rights and interest in the profits and may fix the time for payment but no dividend shall exceed the amount recommended by the Board. However the Company in general meeting may declare lesser Dividend. No Dividend shall bear interest against the Company.
128	Dividends only to be paid out of profits	No dividend shall be declared or paid by the Company for any financial year except out of profits after providing for depreciation in accordance with the provisions of the Act or out of profits of the Company for any previous financial year or years arrived at after providing for the depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by Government for the payment of dividend in pursuance of a guarantee given by the Government, and no dividend shall carry interest as against the Company. The declaration of the Board as to the amount of the profits of the Company shall be conclusive.
135	Mode of Dividend Payment	Unless otherwise directed any dividend may be paid by ECS/NECS or by cheque or warrant or by a payslip or receipt having the force of a cheque or warrant or such other applicable modes, sent through the post to the registered address of the Member or person entitled or in case of joint-holders to that one of them first named in the Register in respect of the joint-holding.
137	Capitalization of Reserves	i) The Company in general meeting may, upon the recommendation of the Board, resolve- (a) That it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and (b) That such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions. (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Clause (v), either in or towards (a) paying up any amounts for the time being unpaid on any shares held by such members respectively; (b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b)

Article No.	Article	Particulars
		above; (d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares (e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation. (iii) Whenever such a resolution as aforesaid shall have been passed, the Board shall (a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares, if any; and (b) generally do all acts and things required to give effect thereto. (iv) The Board shall have power (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable infractions; and (b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares; (v) Any agreement made under such authority shall be effective and binding on such members.
150	Liquidator may divide assets in specie	Subject to the applicable provisions of the applicable laws, the Act and the Rules made there under- a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid, and may determine how such division shall be carried out as between the members or different classes of members. c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributors if he considers necessary, but so that no member shall be compelled to accept any shares or other securities wherein there is any liability. d) The above clauses are to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.
151	Indemnity	a) Subject to the provisions of the Act, every Director, Managing Director, Key Managerial Personnel, Manager and other Officer or servant of the Company shall be indemnified by the Company against and it shall be the duty of the Board to pay out of the funds of the Company, all costs, losses, damages and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him as such Director, Managing Director, Key Managerial Personnel, Manager or other Officer or servant or in any way in the discharge of his duties including travelling expenses and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Managing Director, Key Managerial

Article No.	Article	Particulars
		Personnel, Manager or other Officer or servant in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted by the Court. b) Subject to the provisions of the Act no Director of the Company, Managing Director, Key Managerial Personnel, Manager or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director, Key Managerial Personnel, or Officer or for joining in any receipt or other act of conformity or for any loss or expenses, happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from bankruptcy, insolvency or tortuous act of any person, company or Corporation with whom any moneys, securities of effects shall be entrusted or deposited or any loss caused by an error of judgment or oversight on his or their part or for any other loss or damage or misfortune, whatever, which shall happen in the execution of duties of his or their office or any relation thereto, unless the same happens through his own dishonesty, negligence, default, breach of duty or breach of trust.
152	Individual Responsibility of Directors	No Director, or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer of the Company or for joining in any receipt or other act for conformity, or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by the order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effect shall be deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own negligence, default, misfeasance, breach of duty or breach of trust.
154	Rights of the President to issue Directives	Notwithstanding anything contained in these Articles, the President may, from time to time, issue such directives or instructions as may be considered necessary in regard to the finances, conduct of business and affairs of the Company. The Company shall give immediate effect to the directions or instructions so issued. In particular, the President shall have the power:- (i) To give directions to the Company as to the exercise and performance of its functions in matters involving national security or substantial public interest. (ii) To call for such reports, accounts and other information with respect to property and the activities of the Company, as may be required from time to time. (iii) To approve the Company's five-year and annual plans of development and the Company's capital budget; (iv) To approve agreements involving foreign collaboration proposed to be entered into by the Company. Provided that all directives issued by the President shall be in writing addressed to the Chairman. The Board shall, except where the President

Article No.	Article	Particulars
		considers that the interest of the National Security requires otherwise, incorporate the contents of directives issued by the President in the Annual Report of the Company and also indicate its impact on the financial position of the Company.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered into or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of the Draft Red Herring Prospectus) which are or may be deemed material have been attached to the copy of this Draft Red Herring Prospectus. These contracts, copies of which shall be attached to the copy of the Red Herring Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10.00 a.m. to 4.00 p.m. on all Working Days (Monday to Friday) from the date of filing the Red Herring Prospectus until the Bid/Offer Closing Date:

A. Material Contracts for the Offer

1. Offer Agreement dated January 22, 2018 entered amongst our Company, the Selling Shareholder and the BRLMs.

2. Registrar Agreement dated January 22, 2018 entered amongst our Company, the Selling Shareholder and the Registrar to the Offer.

3. Public Offer Account Agreement dated [●] among the Selling Shareholder, our Company, the BRLMs, the Banker(s) to the Offer and the Registrar to the Offer.

4. Syndicate Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs and the Syndicate Members.

5. Share Escrow agreement dated [●] among our Company, the Selling Shareholder and the Escrow Collection Bank.

6. Underwriting Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs, and the Syndicate Members.

7. Tripartite Agreement dated January 10, 2018 amongst CDSL, our Company and the Registrar to the Offer.

8. Tripartite Agreement dated January 11, 2018 amongst NSDL, our Company and the Registrar to the Offer.

B. Material Documents

1. Certified copies of our Memorandum of Association and Articles of Association, as amended from time to time.

2. Certificate of incorporation dated July 16, 1970 and a fresh certificate of incorporation dated October 27, 2017 consequent to conversion of our Company to a public limited company and change in the name of our Company.

3. Resolutions of our Board dated December 26, 2017, authorising the Offer.

4. Letter (bearing reference number 4/27/2017-DIPAM-II-A (Vol. II) dated December 13, 2017 from DIPAM, conveying the approval granted by the GoI for the Offer for Sale.

5. Letters (bearing reference no. H-62012/1/2015-D(BDL)Pt. II) issued by the MoD (on behalf of the President of India), dated December 26, 2017 approving the divestment of such number of equity shares being 12.00% of the shareholding in the Company and such number of further Equity Shares as permitted under applicable law for allocation and allotment to eligible employees of the Company under the Employee Reservation Portion, held by the President of India, acting through the Ministry of Defence, Government of India as part of the Offer for Sale.

6. Letter (bearing reference number H-62012/1/2015-D(BDL)Pt. II) dated December 26, 2017 from the President of India, Ministry of Defence, for lock-in of the equity shares.

7. Letter bearing reference No. H-62011/5/2013-D (BDL) dated December 08, 2015 issued by MoD for the appointment of V. Udaya Bhaskar.

8. Letter bearing reference No. H-62011/4/2013-D (BDL) dated July 01, 2015 issued by MoD for the appointment of S. Piramanayagam.

9. Letter bearing reference No. H-62011/1/2015-D (BDL) dated November 26, 2015 issued by MoD for the appointment of V. Gurudatta Prasad.

10. Letter bearing reference No. H-62011/2/2015-D (BDL) dated September 29, 2016 issued by MoD for the appointment of K. Divakar.

11. Letter bearing reference F. No. 14(8)/2016/IFDP-II dated March 09, 2016 issued by MoD for the appointment of Ashwani K. Mahajan.

12. Letter bearing reference No. H-62011/7/2014-D (BDL) dated December 01, 2015 issued by MoD for the appointment of Sushama V. Dabak and Ajay Pandey.

13. Letter bearing reference No. H-62011/2/2016-D (BDL) dated September 13, 2017 issued by MoD for the appointment of Ajay Nath, K. S. Sampath and K. Latha.

14. Audited financials of our Company for six month period ended September 30, 2017.

15. Copies of annual reports of our Company for Fiscal Years 2013, 2014, 2015, 2016 and 2017.

16. Examination reports of the Statutory Auditor dated December 26, 2017 on the Restated Financial Statements included in this Draft Red Herring Prospectus.

17. Statement of special tax benefits from Statutory Auditors dated January 22, 2018.

18. Written consent of the Statutory Auditor, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "Auditor" or "Statutory Auditor" and "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of examination report dated December 26, 2017 of the Statutory Auditors on the Restated Financial Statements of our Company for the six month period ended September 30, 2017 and the financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the statement of tax benefits dated January 20, 2018, included in this Draft Red Herring Prospectus.

19. Consents of the Bankers to our Company, BRLMs, Syndicate Members*, Registrar to the Offer, the Refund Bank* Directors of our Company, Company Secretary and Compliance Officer, Banker(s) to the Offer, industry source and legal counsels, in their respective capacities.

20. SEBI Exemption Letter bearing reference no. SEBI/HO/CFD/DIL1/OW/P/2018/1679/1 dated January 17, 2018 granting certain relaxations and exemptions under the SEBI ICDR Regulations and SEBI Listing Regulations.

21. SEBI Exemption Letter bearing reference No. SEBI/HO/CFD/DIL1/OW/P/2017/ 18400/1 dated August 03, 2017 granting certain exemptions under the SEBI ICDR Regulations and the SEBI Listing Regulations.

22. In-principle listing approvals dated [●] and [●] from BSE and NSE respectively.

23. SEBI observation letter dated [●].

24. Due diligence Certificate dated January 22, 2018 addressed to SEBI from the BRLMs.

25. The Office Memorandum (F. No. 5/2/2016-Policy) dated May 27, 2016, issued by DIPAM, titled "*Guidelines on Capital Restructuring of Central Public Sector Enterprises*".

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

** The aforesaid will be appointed prior to filing of the Red Herring Prospectus with RoC and their consents would be obtained prior to the filing of the Red Herring Prospectus with RoC.*

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, and the rules/guidelines/regulations issued by the GoI or the rules, guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

____

Udaya Bhaskar Varanasi
Chairman and Managing Director

____

Piramanayagam Subrahmaniam
Director (Finance) and Chief Financial Officer

____

Voleti Gurudatta Prasad
Director (Production)

____

Kappagantula Divakar
Director (Technical)

____

Ashwani Kumar Mahajan
Nominee Director

____

Sushama Vishwanath Dabak
Part time Non-Official and Independent Director

____

Ajay Pandey
Part time Non-Official and Independent Director

____

Ajay Nath
Part time Non-Official and Independent Director

____

Keezhayur Sowrirajan Sampath
Part time Non-Official and Independent Director

____

Kumar Latha
Part time Non-Official and Independent Director

Date: January 22, 2018
Place: Hyderabad

DECLARATION

On behalf of the Selling Shareholder, I certify that the statements and undertakings made in this Draft Red Herring Prospectus about or in relation to the Selling Shareholder and the Equity Shares offered pursuant to the Offer for Sale are true and correct.

Signed on behalf of the Selling Shareholder

____

Name: Mr. Chandandeep Singh
Designation: Planning Officer (MS), Department of Defence Production
On behalf of the President of India, acting through the Ministry of Defence, Government of India

Date: January 22, 2018
Place: New Delhi