



**BHARAT DYNAMICS LIMITED**

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

CIN :- L24292TG1970GOI001353

Corporate Office: - Plot No. 38-39, TSFC Building, Near ICICI Towers, Financial District, Nanakramguda, Hyderabad-500032

Registered Office: - Kanchanbagh, Hyderabad-500058

Tel: 040-23456145; Fax: 040-23456110

E-mail: investors@bdl-india.in; Website: www.bdl-india.in

Ref: BDL/CS/2022/SE-18

Date: 20/05/2022

To, The Manager Compliance Department The National Stock Exchange of India Ltd Exchange Plaza, Bandra-Kurla Complex, Bandra (East) Mumbai- 400051 Scrip Code BDL	To, The Manager Compliance Department BSE Limited Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai- 400001 Scrip Code 541143
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Dear Sir/Madam,

Sub: Annual Secretarial Compliance Report for the year ended 31<sup>st</sup> March 2022 under Regulation 24A of SEBI (LODR) Regulations, 2015.

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We wish to inform that pursuant to SEBI circular no. CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> February, 2019 we are enclosing the Annual Secretarial Compliance report for the year ended 31<sup>st</sup> March 2022.

Kindly take this report on your record.

For Bharat Dynamics Limited

N. NAGARAJA  
COMPANY SECRETARY

Encl: As stated above



# PUTTAPARTHI JAGANNATHAM & CO.

COMPANY SECRETARIES

## ANNUAL SECRETARIAL COMPLIANCE REPORT OF BHARAT DYNAMICS LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

[Under Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements)  
Regulations, 2015]

We, Puttaparthi Jagannatham & Co., a firm of Practicing Company Secretaries, Hyderabad have examined:

- all the documents and records made available to us and explanation provided by Bharat Dynamics Limited ("the listed entity"),
- the filings/ submissions made by the listed entity to the stock exchanges,
- Website of the listed entity
- any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31<sup>st</sup> March, 2022 ("Review Period") in respect of compliance with the provisions of :

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not Applicable to the Company during the review period;**
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not Applicable to the Company during the review period;**
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not Applicable to the Company during the review period;**



(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable to the Company during the review period;**

(g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **Not Applicable to the Company during the review period;**

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; **(to the extent applicable)**

and based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observation/ Remarks of Practicing Company Secretary*
1	Regulation 17(1)(a) of SEBI (LODR) Regulations: -Board of Directors shall have an optimum combination of executive and non-executive Directors with at least One Woman Director and not less than 50% of the Board of Directors shall comprise of Non-executive directors -Board of Directors of the top 500 listed entities shall have at least one Independent Woman Director by April 1, 2019 and the Board of Directors of the top 1000listed entities shall have at least one Independent Woman Director by April 1, 2020.	The Company being one of the top 500 Listed Entity, it does not have atleast One Independent Woman Director till third quarter end.	Till the third quarter end, the Company did not meet the requirement under proviso to 17(1)(a) of the SEBI (LODR) Regulations.  The Government of India has appointed one Independent Woman Director on 27 <sup>th</sup> December 2021 and accordingly the Company has complied with the 17(1) (a) of the LODR Regulations from fourth quarter onwards.
2	Regulation 17(1)(b) of SEBI (LODR) Regulations: - Where the listed entity does not have a regular Non executive Chairperson, at least half of the Board of Directors	During the period under review, the Company had a Executive Chairman and	Till the third quarter end, the Company did not meet the requirement under proviso to 17(1) (b) of the SEBI (LODR) Regulations, where there is a requirement of Six



	<p>shall comprise of Independent Directors.</p> <p>- Provided that where the regular Non-Executive Chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of Board of Director or at one level below the Board of Directors, at least half of the Board of Directors of the listed entity shall consist of Independent Directors.</p>	<p>did not comply with the requirement of half of the Board of Directors shall comprise of Independent Directors till third quarter end.</p>	<p>Independent Directors on the Board.</p> <p>The Government of India has appointed five new Independent Directors including One Independent Woman Director on the Board in December 2021. Furthermore, one position of Independent Directors is still vacant.</p>
3	<p>Regulation 17(2A) of SEBI (LODR):</p> <p>The quorum for every meeting of the board of directors of the top 1000 listed entities with effect from April 1, 2019 and of the top 2000 listed entities with effect from April 1, 2020 shall be one-third of its total strength or three directors, whichever is higher, including at least one Independent Director.</p>	<p>The Company has no Independent Directors till the third quarter end; hence there were no independent directors present at the board meetings till third quarter end.</p>	<p>The Company did not meet the requirement of 17(2A) of SEBI (LODR) Regulations.</p> <p>However, the Company has complied with the regulation 17(2A) of SEBI (LODR) Regulations on appointment of five new Independent Directors on the Board by Government of India from the fourth quarter onwards.</p>
4	<p>Regulation 18(1) (b) of SEBI (LODR) Regulations:</p> <p>Every listed entity shall constitute Independent Audit Committee with minimum 3 Directors as its members and with two-third of its members as the Independent Directors.</p>	<p>There were no Independent Directors till the third quarter end to constitute an Independent Audit Committee.</p>	<p>The Company did not meet the requirement of Regulation 18(1) (b) of SEBI (LODR) Regulations.</p> <p>However, the Company has complied with the 18(1) (b) of SEBI (LODR) Regulations on appointment of five new Independent Directors on the Board by Government of India from fourth quarter onwards.</p>
5	<p>Regulation 19(1) (a) and (b) of SEBI (LODR) Regulations:</p> <p>The Board of Directors</p>	<p>The Company does not have enough Non-</p>	<p>The Company did not meet the requirement of Regulation 19(1) (a) and (b)</p>



	shall constitute the Nomination and Remuneration Committee (NRC) comprising minimum 3 Directors and all of them shall be Non-executive directors.	executive directors to constitute the Nomination and Remuneration Committee till the third quarter end.	of SEBI (LODR) till the third quarter end.  However, the Company has complied with the 19(1) (a) and (b) of SEBI (LODR) Regulations on appointment of five new Independent Directors on the Board by Government of India from fourth quarter onwards.
6	Regulation 19(1)(c) of SEBI (LODR) Regulations: The Nomination and Remuneration Committee shall have atleast 50% of the Directors as Independent Directors.	The Company does not have enough Non-executive directors to constitute the Nomination and Remuneration Committee till the third quarter end.	The Company did not meet the requirement of Regulation 19(1) (c) of SEBI (LODR) till the third quarter end.  However, the Company has complied with the 19(1) (c) of SEBI (LODR) Regulations on appointment of five new Independent Directors on the Board by Government of India from fourth quarter onwards.
7	Regulation 20(2)/(2A) of SEBI (LODR) Regulations: The Stakeholder Relationship Committee shall have atleast one member as Independent Director and the Chairman to be a non-executive director.	The Company has no Independent Director till the third quarter end to fulfill the condition of atleast one member as Independent Director in the Stakeholder Relationship Committee.	The Company did not meet the requirement of Regulation 20(2)/(2A) of SEBI (LODR) till the third quarter end.  However, the Company has complied with the 20(2)/(2A) of SEBI (LODR) Regulations on appointment of five new Independent Directors on the Board by Government of India from fourth quarter onwards.



8	<p>Regulations 21(2) of SEBI (LODR) Regulations:</p> <p>The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director.</p>	<p>The Company has no Independent Director till the third quarter end to fulfill the condition of at least one member as Independent Director in the Risk Management Committee.</p>	<p>The Company did not meet the requirement of Regulation 21(2) of SEBI (LODR). However thereafter the Company has complied with the regulation 21(2) of SEBI (LODR) Regulations on appointment of five new Independent Directors on the Board by Government of India from fourth quarter onwards.</p>
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\*It is observed that the Company being a Government Company under the Administrative Control of Ministry of Defence, the power to appoint Directors (including Independent Directors) and the terms and conditions of such appointments including remuneration, evaluation vests with the Government of India (GOI). The Company is following up regularly with the Administrative Ministry for filling up the vacancies of Independent Directors.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No	Action taken by	Details of Violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observation/ Remarks of Practicing Company Secretary, if any.
1	Stock Exchanges (BSE & NSE)	Reg. 17(1) of SEBI (LODR) Regulations: Non-compliance with the requirements pertaining to the composition of Board including failure to appoint Woman Director for the	Fine of Rs. Rs.27,50,000/- (Rs.13,75,000/- for BSE & NSE each) for the said quarters payable by the Company for non-compliance with SEBI (LODR) Regulations.	It is observed that the Company has submitted a reply stating that they should not be held liable to pay the fine and applied for waiver of fine since non-compliance is not due to any negligence/default



		quarters June 2021, September 2021, December 2021.		by the Company. The Company being a Government of India Enterprise, the power to appoint Directors (including Independent Directors) vests with the Government of India (GOI).
2	Stock Exchanges (BSE & NSE)	Reg. 17(2A) of SEBI (LODR) Regulations: Non-compliance with the requirements pertaining to quorum of Board meetings for the quarters June 2021, September 2021, December 2021.	Fine of Rs.80000/- (Rs.40000/- for BSE & NSE each) for the said quarter payable by the Company for non-compliance with SEBI(LODR) Regulations.	Further it is submitted that the appointment of five new Independent Directors on the Board of the Company has been done at the end of third quarter i.e. December 2021 by Government of India and the Company has complied with the requirements from the start of fourth quarter, <i>except to the extent of requirement of 50% Independent Directors on the Board.</i>
3	Stock Exchanges (BSE & NSE)	Reg. 18 of SEBI (LODR) Regulations: Non-compliance with the requirements pertaining to constitution of Audit Committee for the quarters June 2021, September 2021, December 2021.	Fine of Rs.1100000/- (Rs.550000/- for BSE & NSE each) for the said quarter payable by the Company for non-compliance with SEBI (LODR) Regulations.	
4	Stock Exchanges (BSE & NSE)	Reg. 19 of SEBI (LODR) Regulations: Non-compliance with the requirements pertaining to constitution of Nomination and Remuneration Committee for the quarters June 2021, September 2021, December 2021.	Fine of Rs.11,00,000/- (Rs. 5,50,000/- for BSE & NSE each) for the said quarter payable by the Company for non-compliance with SEBI(LODR) Regulations.	
5	Stock Exchanges (BSE & NSE)	Reg. 20 of SEBI (LODR) Regulations: Non-compliance with the requirements pertaining to constitution of	Fine of Rs. 11,00,000/- (Rs. 5,50,000/- for BSE & NSE each) for the said quarter payable by the Company for non-compliance with SEBI(LODR)	



		Stakeholders Relationship Committee for the quarters June 2021, September 2021, December 2021.	Regulations.	
6	Stock Exchanges (BSE & NSE)	Reg. 21 of SEBI (LODR) Regulations: Non-compliance with the requirements pertaining to constitution of risk management Committee for the quarters September 2021, December, 2021.	Fine of Rs.5,96,000/- (Rs.2,98,000/- for BSE & NSE each) for the said quarter payable by the Company for non-compliance with SEBI (LODR) Regulations.	

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	Observations of the practicing company secretary in the previous reports	Observations made in the secretarial compliance report for the previous years	Action taken by the listed entity, if any	Comments of the practicing company secretary on action taken by the listed entity

  




1	Non-compliance with the requirements pertaining to the composition of Board including failure to appoint Woman Director for the quarter ended June 2020, September 2020, December 2021.	The Company did not comply with the requirement of 50% of Independent Directors on the Board.	The Company has submitted a reply letter stating that they should not be held liable to pay the fine and the same be waived off since non-compliance is not due to any negligence/default by the Company. The Company being a Government of India Enterprise, the power to appoint Directors (including Independent Directors) vests with the Government of India (GOI). Further, the appointment of Independent Directors on the Board of the Company is in the process at Department of Public Enterprise.	It is hereby opined that the Company has taken appropriate action by submitting a letter that it should not be held liable for payment of penalty since non-compliance is not due to any negligence/default by the Company. Further the Company being a Government of India Enterprise, the power to appoint Directors vests with the Government of India (GOI).
2	Non-compliance with the requirements pertaining to the composition of Board including failure to appoint Woman Director for the quarter ended June 2020, September 2020,	The Company did not comply with the requirement of 50% of Independent Directors on the Board.	The Company has submitted a reply letter stating that they should not be held liable to pay the fine and the same be waived off since non-compliance is not due to any negligence/default by the Company. The Company being a Government of India Enterprise, the power to appoint Directors (including Independent Directors) vests with the Government of India (GOI). Further, the appointment of Independent Directors on the Board of the Company is in the process at	It is hereby opined that the Company has taken appropriate action by submitting a letter that it should not be held liable for payment of penalty since non-compliance is not due to any negligence/default by the Company. Further the Company being a Government of India Enterprise, the power to



	December 2021.		Department of Public Enterprise.	appoint Directors vests with the Government of India (GOI).
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Place: Hyderabad  
Date: 18<sup>th</sup> May, 2022



For Puttaparthi Jagannatham & Co.

CS Navajyoth Puttaparthi  
Partner

FCS No: 9896; C P No: 16041

Peer Review Certificate No. 1158/2021

UDIN: F009896D000338884

