



———— 24th January, 2023 ————

Incorporated in 1970, Bharat Dynamics Ltd. has been developing and manufacturing guided missiles and allied defence products through in-house Research & Development as well as under ToT. Today BDL is one of the leading manufacturers and a supplier of missile systems with the latest technologies to the Indian Armed Forces and friendly foreign countries. Bharat Dynamics manufactures Surface-to-Air Missiles (SAMs), Anti-Tank Guided Missiles (ATGMs), underwater weapons, launchers, countermeasures and test equipment. The company, the sole manufacturer of SAMs, torpedoes and ATGMs in India, is also the exclusive supplier of SAMs and ATGMs to the Indian armed forces. The Hyderabad-headquartered company has three manufacturing facilities in Hyderabad, Bhanu and Visakhapatnam. It is also setting up two more manufacturing facilities at Ibrahimpatnam, near Hyderabad and Amravati in Maharashtra, which will manufacture SAMs and very short-range air defence missiles.

Despite many operational and technical challenges, Bharat Dynamics Limited performed exceptionally well during FY 2022, clocking a Revenue From Operations of ₹2,817 Cr versus a Revenue of ₹1,914 Cr the previous year, representing a 47.18% YoY growth. As a result, The company has achieved a Profit After Tax (PAT) of ₹ ₹ 500 Cr against a Profit After Tax of ₹ 258 Cr reported in the previous Financial Year. BDL also dispersed a dividend of ₹8.30 per share which includes an Interim Dividend of ₹7.30 and a Final Dividend of ₹1.

Investment rationale

- **Defence remains a big area of focus area because of its excessive reliance on imports:** After "Make In India", new slogans such as self-reliance and "Vocal For Local" are gaining prominence. The government initiative of import restriction on certain equipment and setting up of a separate budget for domestic procurement will further lead to a reduction in the import bill, which gives domestic companies an opportunity.
- **Established position as a prime production agency for guided weapon systems to Indian armed forces:** BDL has a well developed vendor network and provides continuous assistance to its vendors in tool development, fixture building, and related technologies. Consequently, it has indigenously developed 90% of its powerful missiles. BDL's established market position and ability to achieve high indigenization led to a consistent order flow.
- **Strong order book backed by improvement in performance:** A 12000 crore order book (3.5 times TTM sales) provides great revenue visibility. Moreover, 20000 crores worth of orders is in the pipeline (Akash surface-to-air missiles, medium-range surface-to-air missiles, Mistral man-portable air defence system, advanced short-range air-to-air missile, etc.)
- **Extensive focus on Research & Development:** The recent changes to government policies allowing private sector companies to participate in defence contracts will provide significant competition to BDL. To deal with these problems, it plans to do more research and development to give its customers new and better products. BDL also intends to make process improvements to make its operations more productive and efficient, which will help keep costs down. For example, it has established a missile development group intending to design and develop missiles. It has also set up different technology labs, such as RF, laser, aerodynamic, and seeker labs, to work on developing seeker technologies.

Stock Data	
CMP	₹ 930.05
52 Week High/Low	₹ 1027/406
Face Value	₹ 10
Market Cap (In Crs)	₹ 17144
NSE	BDL
BSE	541143
Bloomberg	BDL:IN
Sector	Defence

Shareholding Pattern (in %)		
	Jun-22	Sept-22
Promoter	74.93	74.93
FII	2.4	2.88
DII	14.58	13
Public	8.09	9.19

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	0.58	8.94	5.65
BDL	2.42	29.25	108.17

Key Ratios	
P/E	28.72
P/B	5.63
Debt To Equity	0
ROE	16.49%
ROCE	18.75%
Dividend Yield	1%

Company Background

Bharat Dynamics Ltd (BDL) is one of India's largest defense PSUs, producing Surface Air Missiles (SAMs), Anti-Tank Guided Missiles (ATGMs), undersea weapons, launchers, countermeasures, and test equipment. It is the exclusive manufacturer of SAMs, torpedoes, and ATGMs in India, as well as the sole supplier of SAMs and ATGMs to the Indian armed forces. Additionally, it is engaged in the refurbishment and life extension of manufactured missiles. It is also the co-development partner with the DRDO for the next generation of ATGMs and SAMs.

BDL is a wholly-owned Govt company headquartered in Hyderabad and under the administrative control of the MoD, Govt and was conferred the 'Mini-Ratna (Category -1)' status by the Department of Public Enterprises, Government Of India. Founded in 1970, it has over four decades of experience manufacturing missiles, countermeasures, and allied equipment. BDL operates in an environment characterized by increasing complexities in factors influencing national security and continuing economic challenges in India and globally. A significant component of business outlook in this environment is to focus on execution, improving standards and quality and predictability of the delivery of products to the Indian Army. It also continues to invest in technologies to fulfil the requirements of the Indian armed forces and invest in people so that it has the necessary technical skills to succeed without limiting its ability.

BDL has three manufacturing facilities in Hyderabad, Bhanur and Vishakhapatnam. BDL's upcoming facilities include Ibrahimpatnam Unit (Telangana), Jhansi Unit (UP) and Amravati Unit (Maharashtra). Hyderabad manufacturing unit manufactures SAMs, Milan 2T ATGMs, countermeasures, launchers and test equipment. Bhanu unit is involved in manufacturing the Konkurs - M ATGMs, the INVAR (3 UBK 20) ATGMs, launchers and spares and the Vishakhapatnam unit is engaged in the manufacture of lightweight torpedoes, the C-303 anti-torpedo system, countermeasures and spares. Ibrahimpatnam (near Hyderabad) and Amravati in Maharashtra shall be used to manufacture SAMs and Very Short Range Air Defence Missiles (VSHORADMs), respectively.

BDL is Identified as the Prime Production Agency for products under the most successful 'Integrated Guided Missile Development Programme' (IGMDP) of the 1980s. IGMDP is one of India's most successful defence projects, all missiles – Prithvi, Akash, Agni have been successfully inducted. BDL Productionized India's first state-of-the-art Surface-to-Surface Missile Prithvi.

BDL has been consistently a profit making company with strong operating profit. Company marked a PAT of ₹500 Cr and a Revenue of ₹2817 Cr (Gross) in FY 21-22. The company is consistently paying dividend to its share holders. In FY 22, company paid a total dividend of ₹8.30 per share, which includes an interim dividend of ₹7.30 and a final dividend of ₹1.



Industry Overview

The Indian defence industry is a strategically important sector primarily focusing towards enhancing India's war-fighting capabilities. India is the second largest armed force in the world. The Indian Defence industry aims to design, develop and manufacture State-of-the-art sensors, weapon systems, platforms and associated equipment for the military.

As a result of new policies promulgated by the government of India, the industry is in a state of transition. The government of India has launched several initiatives to make India self-reliant in Defence Manufacturing. "Atmanirbharta" is one such initiative in Defence aimed at enhancing domestic manufacturing and making the country a net exporter in this field. Over the last three decades, the rapid innovations in multiple civilian technologies have outpaced military technologies, especially at the sub-component levels in the electronics and software industries. As a result, India has been looking at enhancing its defence exports, reducing imports and becoming self-reliant. The total production value of the Defence and Aerospace sector has grown from 79,071 Crore in FY 2019-20 to 84,643 Crore in FY 2020-21, registering a growth of about 7%. As a result, there has been immense growth in India's defence exports - jumping from 1,940.64 crores in FY 2014-15 to 8,434.84 crores in FY 2020-21.

A Defence export strategy has been formulated to facilitate Defence Public Sector Undertakings (PSUs) and Private Defence Players exploring business opportunities abroad.

India has set a target of exporting defence equipment worth ₹35,000 crores (\$5 billion) by 2025. India has also made rapid strides in defence exports. As a result, India was listed as the 23rd position as a global arms exporter by SIPRI in 2020, the first time that India made it to the list. The aim is to achieve a defence export target of ₹35,000 crores by 2025.

China Strategic Scenario: China has one of the world's most substantial stockpiles of modern long-range surface-to-air missile (SAM) systems, which are integrated into SA-20 battalions bought from Russia and CSA-9 (HQ-9) companies manufactured in China. As in the past, China is vigorously promoting its latest SAMs, such as the HQ-9 and HQ-12, in the export market. Following rumours that several HQ-2 batteries were purchased, there are speculations that Iran is planning to purchase the HQ-9. Other Chinese surface-to-air missiles include the FD-2000, FT-2000, HHQ-9, and CPMIEC HQ-9.



The People's Liberation Army Air Force has superior air defence capabilities against India because of its arsenal's S-400 Triumf SAM system, which can intercept incoming aerial targets at 400 km. In 2018, China began receiving the S-400 Triumf SAM system from Russia, a replacement for the SA-20 and improving China's strategic air defence systems. The S-125 Pechora, 9K33 Osa-AK, 9K38 Igla-1, Akash, and SPYDER missile defence systems are among the Indian Air Force's stock of SAMs. India has purchased the S-400 Triumf SAM system to strengthen its air defences against possible neighbouring air assaults.

Indian Defence Budget: In the Union Budget for 2021-22, the defence sector has been allocated Rs 4.78 lakh crore, including an outlay for the payment of pensions, against last year's Rs 4.71 lakh crore. The total amount includes capital expenditure of Rs 1.35 lakh crore to purchase new weapons, aircraft, warships and other military hardware against the capital outlay of Rs.1.31 lakh crore during 2020-21. Last year, the jump in the revised expenditure for 2020-21 of the Navy and Air Force was much more.

BUDGETARY ALLOCATION FOR DEFENCE SECTOR



Product Portfolio: Surface To Air Missiles (SAM) & Air To Air Missile

Akash Weapon System : Akash Weapon System is indigenously developed by DRDO and is an all-weather, air defence weapon system. It has achieved 96% indigenization. The missile uses a high explosive, pre-fragmented warhead to engage multiple threats simultaneously. It is equipped with an Integral Ramjet Rocket, capable of intercepting multiple targets in various directions at a max height of 18 km. Akash Weapon System has been inducted into the Indian Army, Navy and Air Force and offered for export to our friendly countries.



Medium Range SAM (MRSAM)/(LRSAM): A collaboration between Israeli Aerospace Industries and DRDO with a Transfer of Technology (ToT). It is a high-response, quick-reaction vertical launch supersonic missile designed to neutralize enemy aerial threats – missiles, aircraft, guided bombs and helicopters. Requests have been made to the Indian Army, Navy, and Air Force.



Astra Weapon System: Astra, a Sanskrit word which means a magical weapon, is an indigenously developed Beyond Visual Range Air-to-Air missile comprising Astra Missile and Launcher. Fully indigenized missile developed by DRDO & being manufactured by BDL. Requests have been made to the Indian Army, Navy, and Air Force.



Vertically Launched-Short-Range Surface To Air Missile (VL-SR SAM): VL-SR SAM is a vertically launched Surface To Air Missile with all weather capability used by Indian Navy. It is backed by Highly Agile Configurations & State of the art ECCM features with smokeless propulsion



Product Portfolio: Counter Measures Devices

Counter Measures Dispensing System (CMDS): CMDS is a state-of-the-art Flare and Chaff Dispensing System providing self-protection to aircraft against missiles. It can be activated by the pilot or the radar warning receiver of the aircraft. It has an in-house developed product inducted into Indian Air Force across all the platforms. Multiple export orders were also received for the same.



Multi Influential Ground Mines (MIGM) : MIGM is equipped with multiple sensors for recording influences like Acoustic, Magnetic, Pressure, and UEP/ELFE signatures as generated by Marine vessels. In addition, it has a built-in electronics system comprising Data Acquisition Electronics with an ARM Processor and peripheral devices for processing the data and generating commands to initiate the desired course of action.



C-303 Anti-Torpedo Decoy Launching System: Anti-Torpedo Decoy Launching System is meant to counter the threat posed by any active and/or passive homing Torpedo.

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Product Portfolio: Torpedo

Light Weight Torpedo (TAL) : Light Weigh Torpedo is a state-of-art underwater weapon which can be launched from a ship and a Helicopter. It is developed by DRDO and is an Indigenous Product of up to 91% used in anti-submarine warfare. TAL has been delivered to the Indian Navy and Friendly Foreign Countries



Heavy Weight Torpedo (VarunAstra): VarunAstra is an advanced state-of-the-art ship-launched heavyweight, anti-submarine Torpedo capable of targeting submarines operating in shallow/deep waters. It is an electrically propelled underwater weapon with one of the most advanced automatic guidance systems. The Torpedo uses its intelligence to track the target with a long-range and multi-manoeuving capacity. It is an Indigenous Product with up to 86% Indigenisation and is delivered to the Indian Navy.



Product Portfolio: Anti Tank Guided Missile (ATGM)

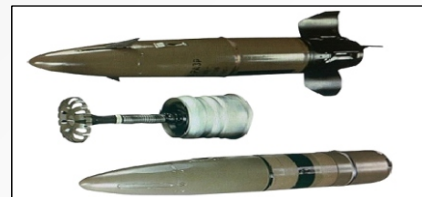
Milan-2T: Milan - 2T is a man-portable (Infantry) second-generation ATGM to destroy Tanks fitted with Explosive Reactive Armour, moving and stationary targets. Is a man-portable (Infantry) second-generation ATGM to destroy Tanks fitted with Explosive Reactive Armour, moving and stationary targets. This Technology Transfer is from MBDA, France. We have achieved an indigenization level of 71%.



Konkurs-M: Konkurs-M is a Second Generation, mechanized infantry ATGM to destroy armored vehicles equipped with Explosive Reactive Armor, moving and stationary targets. A higher homologue of Konkurs missile with improved warhead penetration. This Technology Transfer is from KBP Tula, Russia. We have achieved an indigenization level of 96.3%. It is being delivered to the Indian Army and is also offered for export.



Invar (3 UBK 20) : Invar is a mechanized infantry weapon fired from the gun barrel of a T90 tank to destroy armored vehicles equipped with Explosive Reactive Armor. Used to eliminate armored vehicles, the missile is of a semi-automatic control system, laser beam riding and jamming immune. This Technology Transfer is from Rosoboronexport (ROE), Russia. We have achieved an indigenization level of 87.9%.



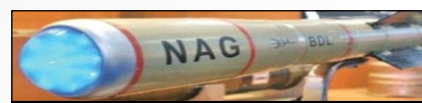
Amogha – III : Amogha-III is a third-generation fire-and-forget Anti-Tank Guided Missile designed and developed by the in-house R&D Division of BDL.



Man Portable Anti-Tank Guided Missile: Man Portable Anti-Tank Guided Missile or MP ATGM is for infantry and Parachute (Special Forces) of the Indian Army. It is 'Soft' and launched from a canister using an Ejection Motor. It uses a state-of-the-art IIR seeker for homing onto the target.



NAG: NAG is a third-generation Anti-Tank Guided Missile with Fire and Forget full attack capability.



FY 22 Key Highlights

- **New Partners in pursuit of technology Upgradation** Technology Upgradation has been a priority of the Defence Companies to keep pace with the current global defence industry requirements. In pursuit of this, BDL has entered into MOU/Teaming Agreements with several entities:
- M/s Tawazun Holding Company, UAE, to identify different business opportunities and jointly implement such business opportunities by way of definitive agreements.
- M/s Newspace Research and Technologies Pvt. Ltd., Bangalore, for Product development, including integrating BDLs payload(s) onto the NRTs platforms for military application, Technical support, Armament support & Infrastructure support.
- BDL is also discussing with foreign OEMs to establish a manufacturing facility in India for several new missile systems. For example, BDL & Thales have signed a teaming agreement to manufacture Laser Beam Riding Missile and submitted its proposal to Indian Army. The ToT for this Project is planned in a phased manner and with maximum IC (Indigenous Content).
- BDL & MBDA France/UK have entered into an offset agreement and MoU for establishing Final Assembly Integration and Testing in India of ASRAAM & Mistral Missiles.
- BDL & ROXEL are discussing forming a JV In India to set up a facility to manufacture EOB propellants for Mis. Sales and Rockets.
- BDL & RAFAEL have signed an MoU for developing and manufacturing an Anti-Torpedo Decoy System for Indian Navy under the make II and are working to conclude a teaming agreement.
- New orders received during FY 21-22: BDL has bagged new orders worth 5198.10 Crore (gross) during the year, further strengthening the current order book position. Some of the significant orders received this year include Konkurs-M ATGM, Astra Weapon System, Akash-IAF order, MRSAM(IN), IG LA-IM, PDV/AAD, and Export orders like CMOS.
- Received supply order for Refurbishment of IGLA-1M missiles valued at 471.41 Crore from Indian Army, MoD.
- Received supply order for Konkurs-M ATGM missiles valued at 3131.82 Crore from IHQ, MoD.
- Received supply order for export of Counter Measure Dispensing System (CMDS) from Airbus, Spain, valued at 173 Crore.
- Received supply order for Medium Range Surface to Air Missile (MRSAM) valued 278.63 Crore from Indian Navy, MoD.
- Received supply order for Astra Mark-I missiles, Launchers and associated equipment valued at 281.95 Crore from Indian Air force, MoD.
- Received supply order for Akash missiles worth 502.81 Crore from Indian Air Force.

Future Outlook

The company will witness high growth in the coming years. As of date, the order book position of BDL is around 13140 Crore (Gross). The order book position is picking up, and the company can consolidate orders in various finalisation stages. The company anticipates an order book of 25,000 Cr in the next 2 years. The restrictions imposed by the GoI in term of a negative list of imports in different phases has opened up an opportunity to get continuous orders for these products from the Indian Armed Forces in the ensuing years, which will help to sustain the BDL order book as well as further growth of the company.

In the export market, there is an Interest in BDL's products, like Akash weapon Systems from potential buyers. BDL is in the process of converting the leads received into orders. To further consolidate the order book of the company, there is considerable emphasis by BDL on the necessity of realising export orders, and the company is pursuing the same aggressively.

BDL is also investing in R&D activities both in-house as well as in association with DRDO for various development cum production programmes. In addition, BDL is also entering into multiple agreements with foreign OEMs for manufacturing in India and Joint Development programmes.

Comprehensive Investment Rationale

Mammoth order book gives a long and strong visibility of expansion in revenue and profitability:

Despite being a labor-intensive industry, the company effectively managed the challenges posed by the COVID-19 pandemic and progressed operations, continuously improving internal efficiencies. Currently (FY 22), the company has an order backlog of Cr which is almost 3.5 times of its TTM Revenues which is placed at 3,415 Cr. BDL's order book on 1st April 2022 was 10,170 Cr, new orders worth 2,520 Cr were received up to 30th June 2022, which comes to a total of 12000 Cr worth of order book. The company also anticipates orders in the pipeline worth 25,000 Cr in the next 2 years.

Make In India Defence Companies	Order Book (In Cr)	Trailing Revenue (In Cr)	Order Book/ Revenue (X)
Astra Microwave Products Ltd	1,852	770	2.4
Bharat Dynamics Limited	12,000	3,415	3.51
Bharat Electronics Limited	61,285	17,144	3.57
Cochin Shipyard Limited	21,260	3,287	6.46
Garden Reach Shipbuilders & Engineers Limited	22,930	2,293	10
Hindustan Aeronautics Limited	83,858	26,620	3.15
Mazagaon Shipbuilders Limited	42,000	6,882	6.10
MTAR Technologies Limited	1289	394	3.27
Total	2,46,474	56,620	4.35

BDL's product pipeline is firm, which could significantly increase orders shortly. The key components are:

1. Akash's 3rd and 4th regiment orders for the Indian Army and 'Astra beyond visual range air-to-air missiles' are expected to result in Rs 1300 Cr in order inflow in the medium term.
2. VSHORAD, smart anti-airfield weapon orders and ATGM.
3. DRDO has successfully test-fired VLSRSAM with the seeker and QR SAM, in which the BDL team is involved in testing and integration. The VL-SRSAM is for the Indian Navy and BDL is the sole production agency for this VLSRSAM System.

BDL recently signed a contract with the MoD for Rs 297 crore to manufacture and supply Astra MK-1 aircraft to the IAF and Navy. BDL launched three new products during Defexpo'22:

1. Anti-tank guided missile for MBT ARJUN
2. The Sangramika, a light-weight vehicle-mounted anti-tank guided weapon system
3. The Sanharika, an armoured vehicle-mounted laser-guided short-range anti-aircraft weapon system



RFP for further quantities of MRSAM from Indian Navy has been received and is to be processed. A contract is expected to be finalised in FY 2022-23.

BDL is associated with DRDO for Smart Anti Airfield Weapon (SAAW). BDL is expecting an order for the same in FY 2022-23.

Expanding Infrastructure to cater vast order book.

The company is making a continuous effort to invest in infrastructure. The upcoming manufacturing facilities at Jhansi, Ibrahimpatnam and Amravati will enable the company to cater to the growing demand of its customers. These manufacturing facilities shall be utilized to manufacture SAMs and other new-generation missiles. BDL has also established Seeker Facility Centre and Warhead Production Facility and is implementing Industry 4.0. The company is also installing High Temperature Carbon Composite Manufacturing Facility.

Ø Jhansi: The Company is setting up its sixth manufacturing facility in India, which will be coming up at Jhansi in the UP Defence Corridor. The Jhansi unit will be manufacturing Propulsion System, which will be used in all Anti-Tank Guided and futuristic missiles manufactured by the Company. This is an essential step towards implementing the Backwards Integration Plan to strengthen further the capability to deliver world-class weapon systems to the customers.

Ø Amravati: Your Company has acquired 553 Acres 34 Guntas at Amravati on a lease basis for one of its projects. One of the primary conditions 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 compensation to the Company. Pending receipt of extension of time period, company has provided for impairment amounting to ₹3358.57 lakh during 2021-22.

Ø Ibrahimpatnam: Bharat Dynamics Ltd (BDL) has undertaken the construction of a missile production facility at Ibrahimpatnam in Ranga Reddy district, Telangana, India. The project involves the construction of missile production facility with a capacity of 6,000 sophisticated medium range missiles on 256ha of land. The project will include the construction of warehouses, an administrative building, parking space and related infrastructure, and the installation of security system and related machinery. Land acquisition process has been completed. Planning activities are underway.

The company has an existing robust manufacturing facility at Vishakhapatnam, Bhanur and Hyderabad.

Hyderabad



- ATGMs
- SAMs
- Countermeasures
- Refurbishment of missiles

Vishakhapatnam



- Torpedo Lightweight/Heavyweight
- Torpedo Decoy

Bhanur



- Konkurs-M ATGM
- INVAR ATGM
- A to A missiles

Focus On Automation Backed By Extensive Research

BDL maintains the highest quality standards in its products by adopting best QA practices like AS 9100, Zero defects, etc. Furthermore, BDL has continuously upgraded its manufacturing technologies and processes to the state-of-the-art, including industry 4.0, robotics-operated workshops, the latest Surface Mounted Device assembly lines, etc. As a consequence of the quest, manufacturing costs are decreased, productivity standards are benchmarked, the management system is modernized, and there is reduced reliance on foreign technology. Furthermore, to boost efficiency, the company plans to automate where its manufacturing methods are practical.

The company thinks that the recent adjustments to government regulations would significantly increase competition by enabling firms from the private sector to bid on defense contracts. In order to meet these difficulties, BDL plans to step up its R&D efforts and create cutting-edge products for its clients. The amount that BDL spends on research and development has seen a considerable increase over the last several years. The company thinks that creating new items would help it diversify its offers and lessen dependence on certain products. In order to design and build missiles, the company has also developed a missile development group. BDL is also working to create products based on artificial intelligence. Efforts to innovate domestically manufactured products are also being given priority.

Key New Products in the Pipeline

- Amogha III
- Akash (NG)
- ULPGM UAV Launched Precision Guided Missile.
- MPATGM Man Portable Anti Tank Guided Missile.
- VLSRSAM: Vertically Launched Short Range Surface to Air Missile
- MTE: Mobile Target Emulator.
- Helina (Dhruvastra)
- NAG
- Dishani
- Garudastra
- MISTRAL
- ASRAAM: Advanced Short Range Air to Air Missile.
- QR-SAM: Quick Reaction Surface to Air Missile.
- SAAW: Smart Anti Airfield Weapon.
- MIGM Multi Influential Ground Mines.
- ERASR Extended Range Anti Submarine Rocket.

BDL is continuously engaged in new product development & upgradation of existing products to meet customer requirements. As part of it, the company's Design & Engineering division focuses on the following projects:

Amogha-III:

- BDL has been designing and developing Amogha-III, 3rd Gen Man Portable ATGM, as per the Project 5'Inction Order Issued by Indian Army under Make II Category.
- Prototypes of all sub-systems have been developed. In addition, the assembly/ Integration and the lab test of Sub-Systems have been conducted.
- Field firing tests of the missile were conducted at various stages of development from 30 Sep 2019 to 28 Feb 2022.

Counter Measures Dispensing System (CMDS) for C295 aircraft: BDL has been developing CMDS for C29S aircraft. BDL has signed an export contract for the CMDS with aircraft manufacturer M/s Airbus Defence & Space, Spain.

Konkurs Launcher Test Equipment (KLTE) Ver. II and Konkurs Missile Test Equipment (KMTE) Ver. I: BDL designed and developed Konkurs Launcher Test Equipment (KLTE) and Konkurs Missile Test Equipment (KMTE). Series production of these test equipment was started this year against an order of ~ 86 Crores from the Indian Army.

Associated with DRDO as Development Partner as well as Production agency for various programs

Key Initiatives

Tot Agreements with Major Foreign OEMs. New Avenues being explored with leading Foreign OEMs for production of new Missile weapon systems in India.

Has set up exclusive Missile Development Group for development of Futuristic Weapons

Designed and developed unguided bombs for dropping from drones

Exports Are Expected To Be A Key Avenue of Growth for BDL

The needs of the Indian armed forces are BDL's primary focus, and the company strives to meet those demands. BDL is making significant efforts to penetrate international markets, and it has received support from the Indian government. In addition, the Cabinet Committee on Security (CCS) has approved the sale of the Akash Weapon System to nine different nations, which means that BDL is ready to begin fulfilling export orders. Several countries have already given BDL export prospects for Akash. BDL is consequently planning to increase the size of its client base in the global market. BDL has sufficient manufacturing capacity to meet domestic and international demand for its goods. BDL is always looking for new foreign customers for the export of its interests to achieve its goal of increasing its footprint on the worldwide market.

BDL has already established a presence in the Export Market by exporting Light Weight Torpedoes to a friendly foreign nations. Through a private channel partner, the business has secured five export orders so far for the shipment of Light Weight Torpedoes to a friendly foreign country. Four of the five export orders have already been fulfilled; the fifth order is being executed and will be fulfilled following the contract conditions. Additionally, BDL received a second export contract for the delivery of CMDS to Airbus in Spain. Currently, the total amount of export orders being worked on amounts to around 349 Crore. The business is also considering capacity expansion via modernization to support increased exports. Furthermore, the government's "ease of doing business" policies have created several chances for the corporation to export its exportable goods to friendly nations. New export policies has been framed in line with the guidelines from Ministry OF Defence.



BDL participated in events such as EDEX at Egypt and Airshow at Dubai in the year 2021-22 which has positioned as a major global event to showcase India's ability in defence manufacturing

Tanzania Could Be India's Next Defense Customer as Key Delegation led by the country's defense minister, Dr. Stergomena Lawrence Tax, visited the manufacturing facilities of Bharat Dynamics Limited (BDL). The Tanzanian delegation was briefed about the products that BDL is offering for exports, which included the Anti-Tank Guided Missiles, Surface to Air Missiles, Underwater weapons, Counter Measure Dispensing System, Drone delivered bombs, and Drone delivered missiles. With China making further excursions into the IOR, India wants to raise its security profile in the Western Indian Ocean and East Africa. As part of this effort, New Delhi is looking to strengthen its defense ties with Tanzania.

Potential Products For Exports



Akash Sam



Konkurs missile



Light weight torpedo



SAAW



CMDS



Astra

Opportunities

BDL's multiple years of expertise in manufacturing various defence equipment and has experienced senior management and staff having vast experience in defence equipment manufacturing.

Increased thrust on Defence indigenization under the "Make in India" policy has thrown up more opportunities for BDL with its primary customer as Ministry of Defence.

BDL has a strong supply chain comprising of technically qualified vendors and suppliers to ensure timely delivery of materials.

The opening up of the export market and 'ease of doing business' have facilitated the Company to execute export orders.

Threats

Higher dependency on a single customer, i.e. Ministry of Defence (MoD)

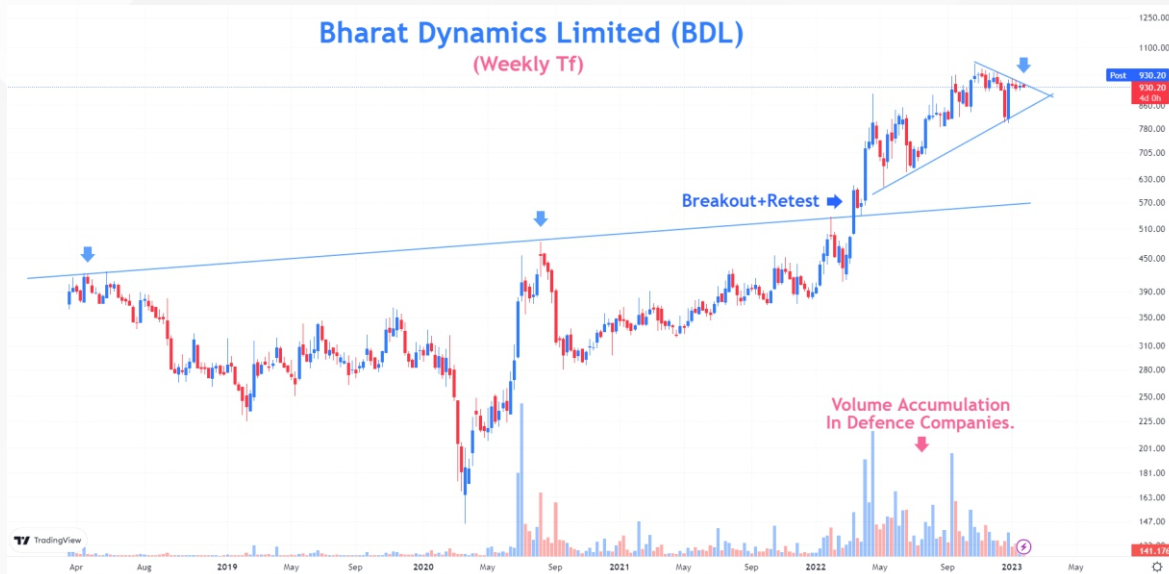
Cancellation of orders can weaken the order book and future revenue.

Slowdown in economic activities and lower defence budget by GoI could adversely impact BDL's business.

Company is dependent on multiple key Original Equipment Manufacturers ("OEM") for subassemblies / components, single source suppliers and sub-contractors. Any failure on the performance of any of them could have a material impact on Company's operations.

Risk & Concern	Efforts For Mitigation
The company is primarily dependent on a single customer, the Indian armed forces through the Ministry of Defence(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.	Having rich expertise in this business and a well-established infrastructure, Company has ability to handle adverse situations and also gear up to face competition from private sector. Further in order to expand the customer base, BDL is actively exploring export markets with the encouragement from the Government of India.
The company is subject to a number of procurement rules and regulations of the MoD, Government regulations and other rules and regulations. The Company's business could be adversely affected in case of any sudden and unforeseen changes in the applicable rules.	Company is complying with all rules and regulations as per the policies of Government of India and is also taking necessary precautions in advance where possible in anticipation of any changes in the rules.
The company's operations are based out of three units in Telangana and Andhra Pradesh. The loss of, or shutdown of, BDL's operations at any of its units in Telangana and Andhra Pradesh will have a material adverse effect on Company's business, financial condition and results of operations. Some of BDL's workforce is represented by labour unions so the Company's business could be harmed in the event of a prolonged stoppage of work.	The Company always continues to maintain cordial relations with all the employees and as such does not foresee material adverse effects in this regard.
BDL manufactures products that incorporate advanced technologies. The introduction of new products and technologies involves risks and the Company may not realize the degree or timings of benefits initially anticipated.	The Company has activated its own Research & Development department and started increasing its investment in R&D to encounter technology risks. In addition to this, the Company also concurrently works with DRDO in development of several projects.

Technical Outlook



Bharat Dynamics has given a Multi-Year Breakout and has retested the breakout line. After the retest the price shot up by almost 100% in last 1 year from a low of 406 to a high of 1026.95.

This strong trend is supported by Moving Averages as the 20 Days Moving Average > 50 Days Moving Average > 100 Days Moving Average. This further indicates that improvement in the fundamentals is rewarded with the upward price movement which add rationale to the bullish momentum.

Moving Averages Days	Simple Moving Average (Daily TF)	Exponential Moving Average (Daily TF)
5	934.30	928.20
10	927.80	925.80
20	928	905.25
50	794.60	796.10
100	590.50	659.25
200	446.85	521.50

Pivot Levels : FIBONACCI

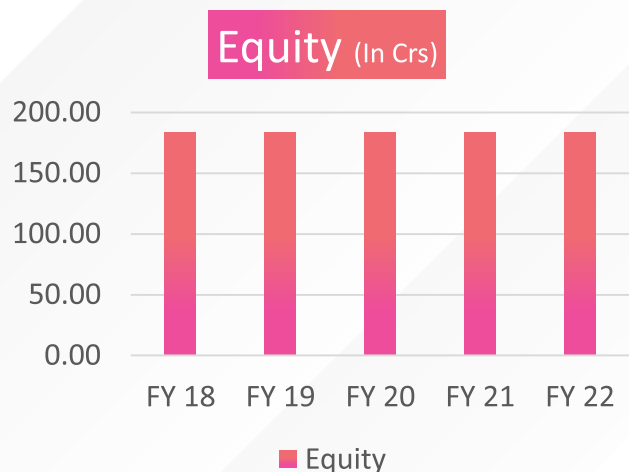
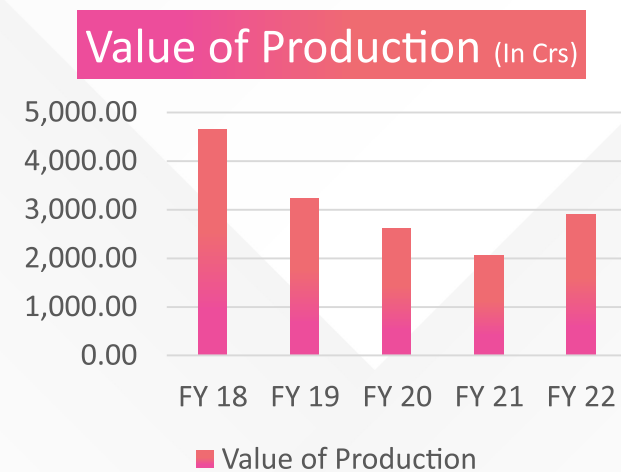
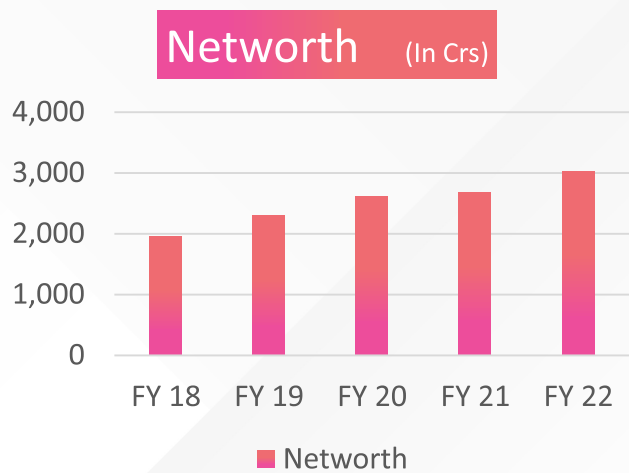
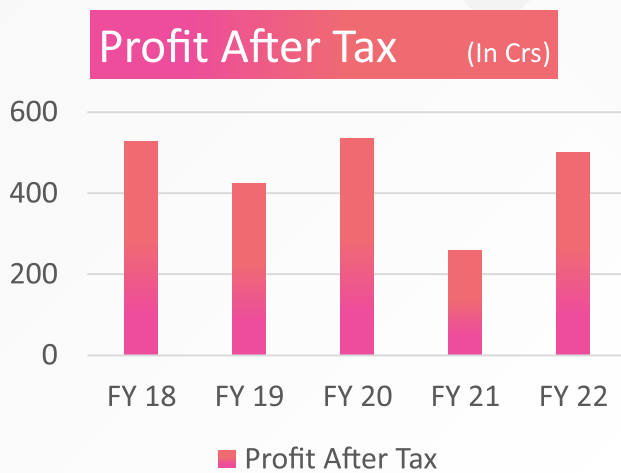
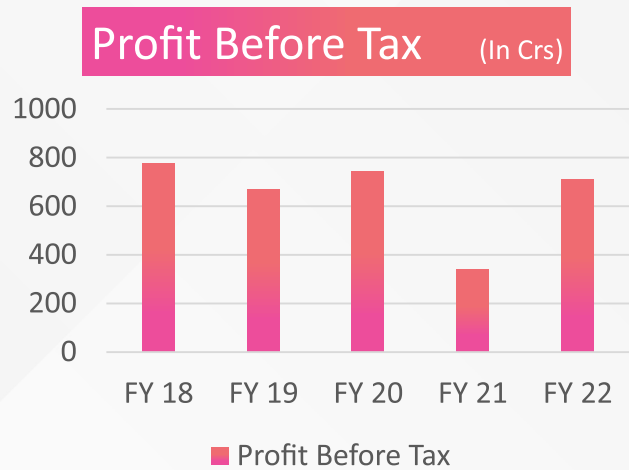
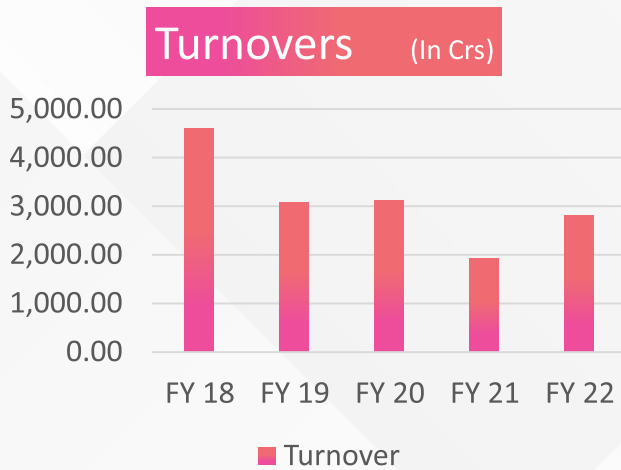
R1 944.05	Pivot 933.97	S1 923.88
R2 950.28		S2 917.65
R3 960.37		S3 907.57

On the upper side the stocks looks ready for targets of 1026, 1300 and 1500. On the lower side the weakness shall kick in below 800 on closing basis

Peer Comparison

Particulars	Bharat Dynamics Limited	Astra Microwave	Paras Defence	Zen Tech	Hindustan Aeronautics Limited
CMP (23-01-2023)	930.05	277.45	560	192.20	2524
Price/Earnings (X)	28.72	47.19	64.20	101.16	14.46
Price/Book (X)	5.63	4.11	6.51	7.19	4.37
Price/Sales (X)	3.56	2.65	13.55	23.34	2.02
EV/EBITDA (X)	9.70	20.53	43.94	157.39	5.38
EV/Sales (X)	2.88	2.63	13.30	22.44	1.44
Enterprise Value (? In Cr)	8,118	1934	2394.56	1565.48	35383.53
Market Capitalisation (? In Cr)	17,144	2,140	2,190	1,528	84,370
Current Ratio (X)	2.14	2.31	5.42	3.84	1.80
Quick Ratio (X)	1.50	1.06	4.20	3.49	1.22
Inventory Turnover Ratio (X)	0.83	1.60	1.09	1	0.57
Dividend Pay-out Ratio (%)	29.14	25.79	0	40.05	26.29
Return On Net Worth (%)	16.49	6.83	8.01	0.95	26.40
Return On Capital Employed (%)	18.75	11.40	11.03	1.72	15.88
Return On Asset (%)	7.61	4.20	5.92	0.53	8.72
Asset Turnover Ratio (%)	0.45	0.78	0.44	0.18	0.45
Total Debt/Equity (X)	0	0.10	0.09	0.06	0
Net Profit Margin (%)	17.74	5.48	14.94	3.74	20.65
Basic EPS (?)	27.28	4.65	7.73	0.25	152.11
Diluted EPS (?)	27.28	4.65	7.73	0.25	152.11
Book Value (?)	165.35	68.08	96.82	27.05	576.09
Dividend (?)	8.30	1.40	0	0.10	50
Revenue/Share (?)	153.72	84.86	46.15	8.77	736.27
PBT/Share (?)	38.73	6.09	9.33	0.42	156.44
Net Profit/Share (?)	27.28	4.65	6.90	0.33	152.11

Particulars	FY 22	FY 21	FY 20	FY 19	FY 18
Financial Position (? In Cr)					
Equity Share Capital	183	183	183	183	183
Reserve & Surplus	2,847	2,501	2,423	2,085	1,773
Net Worth	3,030	2,684	2,606	2,268	1,956
Gross Fixed Assets	6,563	5,961	5,685	5,468	6,598
Net Fixed Assets	5,523	4,899	4,573	4,309	5,317
Current Liabilities	2,581	2,520	2,314	2,919	4,231
Other Liabilities	952	756	763	280	410
Contingent Liabilities	471	357	422	521	426
Operating Results (? In Cr)					
Revenue from operations	2,817	1,913	3,095	3,069	4,587
Other Income	111	94	115	135	172
Total Income	2,928	2,008	3,211	3,205	4,760
Total Expenditure	2,215	1,663	2,464	2,529	3,983
Earnings Before Interest & Tax (EBIT)	713	344	747	675	777
Interest	3	3	4	4	3
Tax	209	83	207	248	245
Profit/(Loss) After Tax	499	257	534	422	528
Ratios					
EBDIT/Gross turnover	29.71	22.95	27.25	24.69	18.32
Net profit margin (%)	17.74	13.46	17.28	13.76	11.51
Return on net worth (%)	16.49	9.60	20.51	18.62	26.99
Return on capital employed (%)	18.75	10.02	22.16	26.50	32.83
Return on asset (%)	7.61	4.32	9.40	7.72	8.00
Debt To Equity Ratio	0.00	0.00	0.00	0.00	0.00
EPS	27.28	14.06	29.18	23.06	26.65
Number of employees	1,756	1,727	1,710	1,744	1,781
Cash Flows					
Operating Activities	529	1,068	504	83	976
Investing Activities	-573	-733	-33	169	-271
Financing Activities	-148	-172	-190	-268	-768
Net Cash Flows	-191	161	280	-14	-63



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