



CHAIRMAN'S STATEMENT



Cmde Siddharth Mishra (Retd)
Chairman & Managing Director

Dear Shareholders,

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

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

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

Financial and Performance Highlights of the Year:

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

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

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

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

Performance vis-à-vis MoU:

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

Significant Achievement:

1) Highlights:

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



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

2) **New Orders:**

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

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

3) **Projects in Pipeline:**

In addition to the new orders, I am happy to share that some indents are in advanced stages of order placement on BDL, for which your company top management has been continuously pursuing for expediting the order placement. Some of the high value orders which are in advanced stage of placement include Akash (3rd & 4th Regiment), Akash (IAF), MRSAM(IAF), Milan-2T, VSHORAD and refurbishment orders.

4) **New Partners in pursuit of Technology Upgradation:**

Keeping in pace with the current trends in the global defence industry, your company is always in pursuit for latest technologies and in process of continuous tie-ups with major weapon Design & Manufacturing giants around the world. As part of this, it has entered into MOUs/ NDAs/ LAToTs with various national and international defence players. Your company participated in Defexpo 2020 held in Lucknow, UP from 05 Feb to 09 Feb 2020 by putting its stalls both indoor and outdoor and signed various MOUs with reputed OEMs around the globe including

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

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

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

5) **New Infrastructure:**

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

6) **Technical breakthroughs:**

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

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



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

7) Quality Systems:

Being a missile manufacturing Company producing single shot devices, quality of the product is of paramount importance and your products should work first time and every time. Hence, these products require stringent Quality standards and high degree of reliability. In pursuit of this objective, your company is always on lookout for acquiring internationally renowned quality standards. As you are aware, the production Units in Kanchanbagh and Bhanur units are certified with International Aerospace Quality Management Standard AS 9100D.

Your Information Technology Division (ITD) is certified with ISO-IEC 27001-2013, Information Security Management Systems (ISMS). In addition, all the three units have been upgraded to ISO 14001:2015 Environment Management System (EMS).

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

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

8) New Initiatives:

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

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

9) Research and Development (R&D):

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

a) Amogha-III:

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

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

- b) CMDS Mk-II with AI feature to provide self-protection to the aircraft against previously known missile threat at designated way points.
- c) Dispenser for AN-32 aircraft for dispensing flares and chaffs.
- d) Tester for Φ 50mm Dispenser Unit (DU) of Su-30 MKI aircraft.
- e) Konkurs Launcher Test Equipment (KLTE) Ver. II and Konkurs Missile Test Equipment (KMTE) Ver. II.
- f) KLTE Ver. II is Micro-controller based test equipment to check the serviceability of Konkurs ATGM launchers, whereas, KMTE Ver. II is used to check the serviceability of Konkurs-M ATGMs. User trials are conducted successfully at 17 Field Ammunition Depot (FAD), Ludhiana and 510 Army



10) **Corporate Governance:**

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

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

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

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

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

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

Future Outlook:

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

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

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

Acknowledgement:

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

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

Jai Hind!!!

Date : 29 June 2020

Place : Hyderabad

Cmde Siddharth Mishra (Retd)

Chairman & Managing Director

DIN:08367035