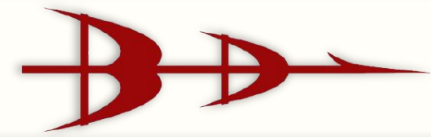


BHARAT DYNAMICS LTD.(BDL)



CMP: INR 1,966/- (10-Jun'25) Target Price: Unrated Company Note

Healthy order book of INR 22,700 Cr. (Apr'25) translating into 6.8x order book / FY25 sales (highest amongst peers), strategic importance to Gol (prime production agency for guided weapons systems) and expected improvement in operating margins

**ABOUT:** Incorporated in 1970 in Hyderabad, BDL is strategically important to Government of India (Gol) being prime production agency for guided weapons systems for Indian defense forces. Also manufactures underwater weapons systems, surface to air missiles and also into refurbishment of vintage defense equipment for Indian army. Manufacturing facilities:

- Existing 3 spread across 1 in Vishakhapatnam (AP) and 2 in Telangana
- Upcoming 3 more spread across 1 each in Maharashtra, UP, Telangana

**ORDER BOOK:** INR 22,700 Cr. (as on 01-Apr'25) up by 16.8% vs 31-Mar'24 including recent order wins as:

- 26-Mar'25: INR 4,362 Cr. supply of armaments to Indian Armed Forces
- 16-Jan'25: INR 2,960 Cr. supply of medium range surface to air missiles for Indian Navy
- We note as per Investor PPT dtd. 29-Nov'24, orders in pipeline in next 2-3 years of INR 20,000 Cr. approx
- Company caters to domestic as well as export orders with potential products for exports as below:



**REVENUE GROWTH:** FY25 operating revenue of INR 3,345 Cr., up by 41.2% Y-o-Y

INR Cr.	FY22	FY23	FY24	FY25
Operating Revenues	2,817	2,489	2,369	3,345
Rev. growth Y-o-Y %		-11.6%	-4.8%	41.2%

**Reason for revenue de-growth in FY23 & FY24:**

- Ongoing Russia-Ukraine war and conflicts in Middle East region caused delays in receipt of certain raw material from foreign OEMs & Company was exploring alternatives to mitigate impact. No such disclaimer was part of FY25 notes to account

**What led to growth in FY25 revenues:**

- Exports contributed ~36% to FY25 revenues (INR 1,200 Cr. for FY25 vs INR 161 Cr. for FY24)
- Domestic revenues remained flat (FY25: INR 2,145 Cr. vs FY24: INR 2,208 Cr.)

**Revenue Estimates:**

- CRISIL expects revenue growth of 13-15% in the medium term led by stable order execution rate.
- Note: Company surpassed CRISIL revenue growth rate estimates of 28%-30% for FY25 by achieving 41%+ revenue growth rate

**Credit Rating:** CRISIL A1+ (Reaffirmed) dtd. 19-Nov'24

- Company has nil debt on its Balance sheet as on Mar'25

STOCK DATA

Particulars	10-Jun'25
NIFTY	25,104.25
Ticker	NSE:BDL   BSE:541143
CMP (INR)	1,966/-
52 Wk H/L (INR)	2,096.00/897.15
Face Value (INR)	5/-
M.Cap (INR Cr.)	72,072
O/s Shares (#)	36,65,62,500

RELATIVE STOCK PERFORMANCE



Candle Bar represents daily movement of Bharat Dynamics Ltd. while line graph indicates NIFTY 50 Index; *Source: Tradingview*

SHAREHOLDING PATTERN

As on	31-Mar'24	31-Mar'25
Promoter (Gol)	74.93%	74.93%
FII	2.95%	3.26%
DII	12.40%	9.46%
Public	9.72%	12.35%
Total	100.00%	100.00%
# shareholders	2,48,158	5,67,591

KEY RISKS & MONITORABLES

- Fixed price contracts leading to margins compression due to raw material cost increase linked to global events. Reliance on DRDO for technical modification of orders while BDL liable for delay damages
- Working capital intensive operations with revenues linked to customer clearances and higher gestation of products
- Monitorable:** Expansion in domestic revenues and ease of raw material procurement issues to aid margins growth

## BHARAT DYNAMICS LTD.(BDL)



CMP: INR /-(10-Jun'25)

Target Price: Unrated

Company Note

- ❑ **MARGINS COMPRESSION:** FY25 gross margins contraction due to higher raw material costs as well as contract provisions / one time adjustments

INR Cr.	FY22	FY23	FY24	FY25
Gross Margin %	58.2%	52.1%	62.1%	49.8%
EBITDA %	25.8%	16.4%	22.6%	14.1%
PAT %	17.3%	13.3%	22.4%	14.9%

- Major customer is Ministry of Defence and Company bids for projects floated on fixed rate contract basis with minimal profitability considering national interest. Company depends on DRDO for technical modification of orders and any delays in finalization renders BDL liable for damages
- Operating Margin Estimates:** 17%-18% in the medium term (Source: CRISIL)

- ❑ **FINANCIAL SNAPSHOT:**

INR Cr.	FY22	FY23	FY24	FY25
Operating Revenues	2,817	2,489	2,369	3,345
Rev. growth Y-o-Y %		-11.6%	-4.8%	41.2%
Other Income	78	155	362	350
Less: COGS	(1,179)	(1,191)	(897)	(1,678)
Less: Emp. Exp.	(571)	(532)	(600)	(549)
Less: Other Exp.	(342)	(357)	(335)	(646)
EBITDA	726	408	537	472
PAT	500	352	613	550
Gross Margin %	58.2%	52.1%	62.1%	49.8%
EBITDA %	25.8%	16.4%	22.6%	14.1%
PAT %	17.3%	13.3%	22.4%	14.9%
CFO	530	2,130	412	167
CFI	(573)	(1,171)	(722)	(407)
CFF	(149)	(171)	(148)	(220)
CFO+CFI+CFF	(192)	788	(459)	(460)
Cash & Bank Bal.	1,900	3,859	4,228	4,190
CFO / EBITDA %	72.9%	521.9%	76.7%	35.4%
Debt	7	5	4	2
Equity	3,031	3,211	3,637	4,009
D/E	0.0x	0.0x	0.0x	0.0x
Inventory	1,654	1,822	1,982	2,645
Receivables	304	185	310	826
Payables	552	464	798	1,506
NWC	1,406	1,543	1,495	1,966
Inventory Days	214	267	305	289
Receivables Days	39	27	48	90
Payables Days	72	68	123	164
NWC Days	182	226	230	215
Fixed Assets	874	809	824	857
CWIP (Incl. Intangible under dev.)	41	74	73	230
Fixed Assets Turnover	3.2x	3.0x	2.9x	4.0x

Order book (INR 22,700 Cr.) to FY25 sales of 6.8x providing visibility for revenue growth

CRISIL estimates rev. growth of 13%-15% in medium term. Though we expect Company to grow faster than this

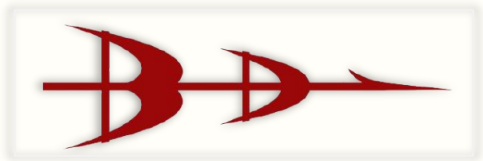
CRISIL expects operating profit margins to be in range of 17%-18% in the medium term. We expect this to be achievable

Debt free Company. We have considered lease liabilities as part of debt

To remain elongated given nature of business

Upcoming manufacturing facilities: one each in Maharashtra, UP, Telangana

BHARAT DYNAMICS LTD.(BDL)



CMP: INR /-(10-Jun'25)

Target Price: Unrated

Company Note

PEER COMPS: Order Book position as on 31-Mar'25 along with market comparable of select peer group

Company Name	M.Cap# (INR Cr.)	PE Ratio	PEG Ratio	Order Book^ (INR Cr.)	Order Book Growth %	M.Cap to Order Book	Order Book to Sales	EV/EBITDA
BDL	72,072	131.1x	~	22,700	16.8%	3.2x	6.8x	143.7x
Astra Microwave	11,109	72.1x	2.6x	1,952	(0.4%)	5.7x	1.9x	42.5x
BEL	2,90,418	54.6x	1.6x	71,650	(5.6%)	4.1x	3.0x	41.1x
Data Patterns	17,487	78.8x	3.6x	730	(32.6%)	24.0x	1.0x	63.2x
DCX Systems	3,504	89.8x	~	2,855	256%	1.2x	2.6x	500.8x
			© Minerva Capital Research Solutions					
Kaynes Technology	35,804	122.2x	2.0x	6,597	60.3%	5.4x	2.4x	86.7x
Cochin Shipyard	59,402	71.8x	12.8x	22,500	1.5%	2.6x	4.7x	64.7x
Garden Reach Ship	37,037	70.3x	1.5x	22,680	0.1%	1.6x	4.5x	79.1x
Mazagaon Dock	137,022	56.8x	2.3x	32,260	(16.3%)	4.2x	2.8x	58.7x
HAL	341,821	40.9x	4.2x	189,300	101%	1.8x	6.1x	31.6x
Ideaforge Technology	2,563	-ve PAT	~	14	(89%)	188.5x	0.1x	-ve EBITDA
Bharat Forge	64,076	70.2x	212.9x	9,420	74%	6.8x	0.6x	25.8x
			© Minerva Capital Research Solutions					
Premier Explosives	3,362	115.9x	32.5x	750	(22.3%)	4.5x	1.8x	56.9x
Solar Industries	153,019	118.8x	2.5x	17,000	227%	9.0x	2.3x	78.2x
Mishra Dhatu Nigam	8,271	74.5x	3.6x	1,832	4%	4.5x	1.7x	39.3x
MTAR Technologies	5,409	102.1x	~	979	7%	5.5x	1.4x	46.0x
Paras Defence	6,544	107.3x	1.0x	900	59%	7.3x	2.5x	66.6x

Notes: #As on 10-Jun'25 |~Negative due to year on year PAT de-growth |^As on Mar'25 while order book growth is FY25 vs FY24 |\*EV refers to Enterprise Value computed as M.Cap plus total Debt as on Mar'25 less cash & bank balances as on Mar'25



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- Hold: -5% to 15%
- Reduce: -15% to -5%
- Sell: < -15%