

Fundamental Actionable Idea



13-Aug-25

Bharat Dynamics

CMP ₹1486, TP ₹1900, 28% **Upgrade to Buy**, MTF Stock

- Bharat Dynamics delivered strong 30% YoY growth in execution in 1QFY26 on a strong order book and the easing of supply chain issues as compared to last year. EBITDA margins were negative on account of negative operating leverage in a seasonally weak quarter. EBITDA loss, though, declined YoY. PAT performance was ahead of the consensus estimates.
- With a strong order book of nearly INR233b, we expect execution to scale up further in the coming quarters, particularly from Akash, Astra Mk1, MRSAM and armament projects.
- We expect BDL to benefit from a strong prospect pipeline of nearly INR500b and an emergency procurement program. We had initiated coverage on BDL in Jul'25 with Neutral recommendation due to high valuations. Since then, the stock has come down by 25% and is now trading at reasonable valuations of 39x/29x FY27E/FY28E EPS. We, thus, upgrade the stock to BUY from Neutral with an unchanged TP of INR1,900, based on 42x Sep'27E EPS.

View: Buy