Choice Institutional Equities

BDL: Revenue Recovery Continues; Profitability Remains a Monitorable

November 13, 2026 | CMP: INR 1,064* | Target Price: INR 1,600

BUY

Expected Share Price Return: 53.8% I Dividend Yield: 0.5% I Potential upside: 54.4%

Sector View: Positive

Q2FY27 Result Update

Change in Estimates	✓
Change in Target Price	✗
Change in Recommendation	✗

Company Info	
BB Code	BDL IN EQUITY
Face Value (INR)	5.0
52-wk High/Low (INR)	1,633/974
Mkt Cap (Bn)	INR 385/$ 4.1
Shares o/s (Mn)	366.6
3M Avg. Daily Volume (NSE)	13,71,905

Change in CIE Estimates

	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	46.4	39.5	17.6	69.6	65.1	6.9
EBITDA	8.1	7.4	9.5	12.4	12.3	0.7
EBITDAM %	17.5	18.8	-130bps	17.8	18.9	-110bps
PAT	8.5	8.8	(4.5)	12.6	14.6	(13.9)
EPS (INR)	23.1	24.1	(4.5)	34.3	39.8	(13.9)

Actual vs CIE Estimates

INR Mn	Q2FY27A	CIE Est.	Dev.%
Revenue	16,641	9,133	82.2
EBITDA	1,011	1,461	(30.8)
EBITDAM %	6.1	16.1	-998bps
PAT	1,835	1,857	(1.2)

Key Financials

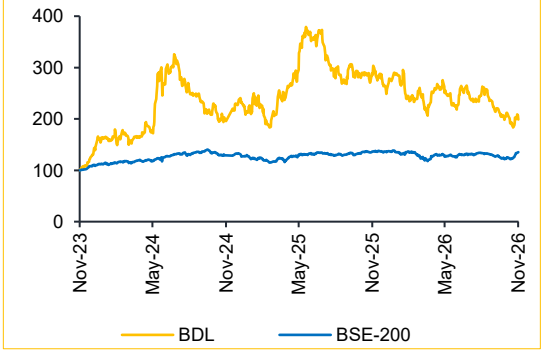
INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	33,451	24,418	46,443	69,595	91,774
YoY Growth (%)	41.2	-27.0	90.2	49.9	31.9
EBITDA	4,724	2,234	8,127	12,388	16,611
EBITDAM (%)	14.1	9.1	17.5	17.8	18.1
Adjusted PAT	5,496	4,203	8,451	12,558	16,587
EPS (INR)	15.0	11.5	23.1	34.3	45.2
ROE %	13.7	9.9	17.3	21.2	22.6
ROCE %	10.0	3.5	14.9	19.3	21.2
PE(x)	70.3	91.9	45.7	30.8	23.3
Price to BV (x)	9.6	9.1	7.9	6.5	5.3

Shareholding Pattern (%)

	Sep-26	Jun-26	Mar-26
Promoters	74.93	74.93	74.93
FIIs	1.76	1.69	2.02
DIIs	10.80	11.53	10.97
Public	12.52	11.85	12.10

Relative Performance (%)

	3Yr.	2Yr.	1Yr.
BSE200	35.3	4.9	-0.9
Bharat Dynamics	98.8	1.4	-31.0



Revenue Recovery Continues; Profitability Remains a Monitorable

BDL delivered a **strong revenue recovery in Q2FY27**, with revenue growing **45.1% YoY and 190.8% QoQ**. However, **operating profitability remained under pressure**, with EBITDA and PAT declining YoY. The sharp contraction in operating margins was partly driven by inventory adjustments, which resulted in higher costs during the quarter. While revenue execution has improved meaningfully, a recovery in operating margins remains critical to supporting sustainable earnings growth.

In our view, **the next leg of growth will be driven by the execution and ramp-up of multiple missile programmes**, particularly Akash, ATGMs, MRSAM/LRSAM and Astra. The recent orders for SAT-SAAW (INR 811 Cr) and heavyweight torpedoes (INR 1,307 Cr) further strengthen medium-term revenue visibility, while QRSAM remains an important potential growth catalyst, subject to the requisite approvals.

We also see **exports emerging as an incremental growth driver**, with Akash gaining traction in international markets, including Armenia, Tajikistan and Turkmenistan. **A sizeable order book, a diversified missile programme pipeline and expanding export opportunities underpin BDL's strong medium-term growth prospects.** However, timely programme execution, conversion of the development pipeline into firm orders and recovery in operating margin remain key monitorables.

View & Valuation: We remain positive on BDL's medium-term growth prospects, supported by its **strong order book of INR 262 Bn (10.7x FY26 revenue), expanding missile portfolio and multiple programmes transitioning towards volume production.** Improvement in revenue execution and recent order additions reinforce our confidence in the underlying growth opportunity. **We believe a recovery in operating profitability, alongside the ramp-up of key missile programmes, could drive drive a meaningful earnings recovery over FY27–29E.** We retain our **'BUY' rating and target price of INR 1,600**, valuing the stock at **40x average FY28E-FY29E EPS**.

Sharp Revenue Recovery; Material Cost Weighs on Margin

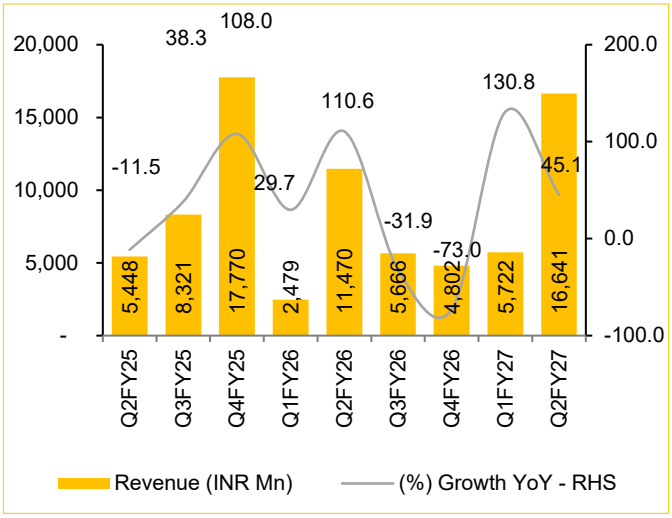
- Revenue for Q2FY27 was up 43.3% YoY and 190.6% QoQ at INR 16,442 Mn (vs CIE est. of INR 9,062 Mn)
- EBITDA was down 46.1% YoY and up 21.7% QoQ at INR 1,011 Mn (vs CIE est. of INR 1,461 Mn). EBITDA margin stood at 6.1%, contracted 1,020 bps YoY and contracted 854 bps (vs CIE est. of 16.1%)
- PAT down 15.0% YoY and up 54.5% QoQ at INR 1,835 Mn (vs CIE est. of INR 1,857 Mn). PAT margin stood at 11.2%, contracted 766 bps YoY and 984 bps QoQ (vs CIE est. of 20.5%)

Particulars (INR Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Revenue (incl OOI)	**16,641**	**11,470**	**45.1**	**5,722**	**190.8**
Material Exp	13,365	6,512	105.2	2,774	381.8
Gross Profit	3,276	4,958	(33.9)	2,948	11.1
Employee Exp	1,278	1,624	(21.3)	1,364	(6.3)
Other Exp	988	1,459	(32.3)	754	31.0
EBITDA	**1,011**	**1,875**	**(46.1)**	**831**	**21.7**
Depreciation	211	191	10.4	202	4.3
EBIT	2,470	2,890	(14.5)	1,663	48.6
Other Income	1,671	1,206	38.6	1,034	61.5
Interest Cost	9	13	(34.6)	6	38.4
PBT	2,462	2,876	(14.4)	1,656	48.6
Tax	626.7	717.3	(12.6)	468.4	33.8
RPAT	**1,835**	**2,159**	**-15.0**	**1,188**	**54.5**
Adj EPS (INR)	5	6	-15.0	3	54.5

Margin Analysis	Q2FY27	Q2FY26	YoY (bps)	Q1FY27	QoQ (bps)
Gross Margin (%)	**19.9**	**43.2**	**(2,330)**	**52.1**	**(3,219)**
Emp. Exp. % of Sales	7.8	14.2	(639)	24.1	(1,634)
Other Exp % of Sales	6.0	12.7	(672)	13.3	(732)
EBITDA Margin (%)	**6.1**	**16.3**	**(1,020)**	**14.7**	**(854)**
Tax Rate (%)	25.5	24.9	52	28.3	(282)
APAT Margin (%)	**11.2**	**18.8**	**(766)**	**21.0**	**(984)**

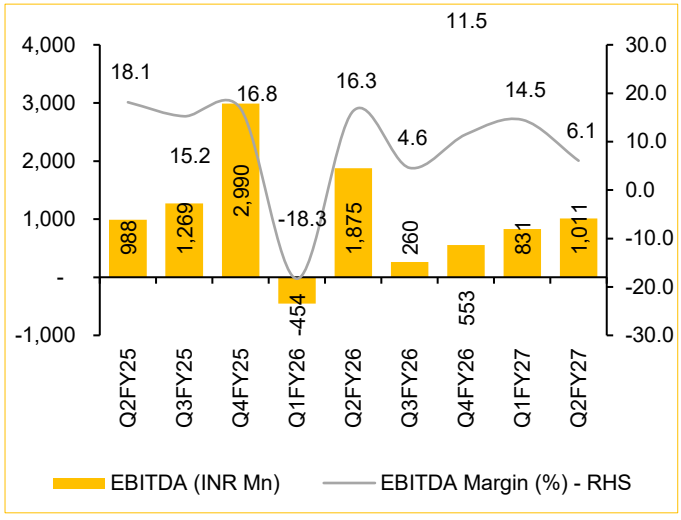
Putta Ravi Kumar
Email: ravi.putta@choiceindia.com
Ph: +91 22 6707 9908

Revenue up 43.3% on a YoY



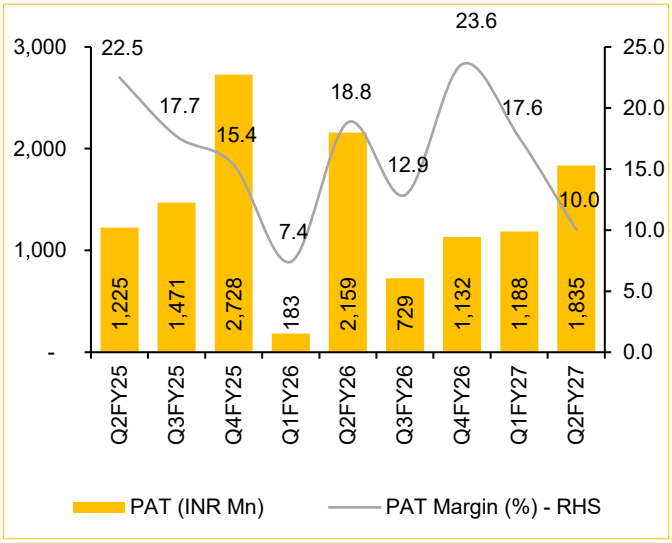
Source: BDL, Choice Institutional Equities

EBITDA up 21.7% on a sequential basis



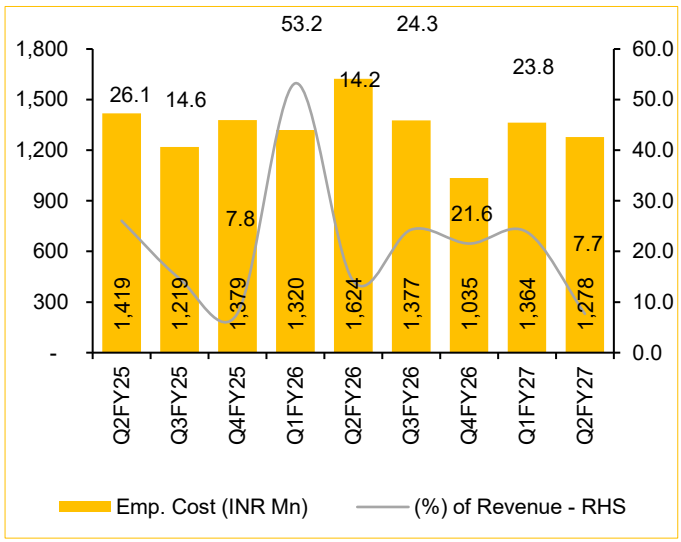
Source: BDL, Choice Institutional Equities

PAT witnessed a 54.5% growth on a QoQ basis



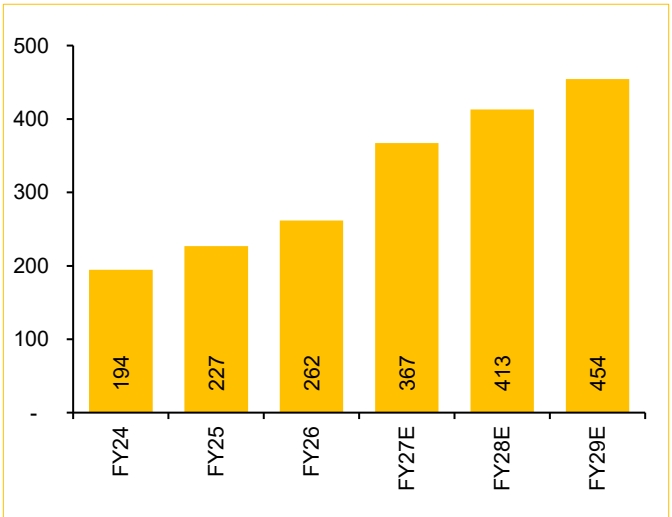
Source: BDL, Choice Institutional Equities

Employee cost trend



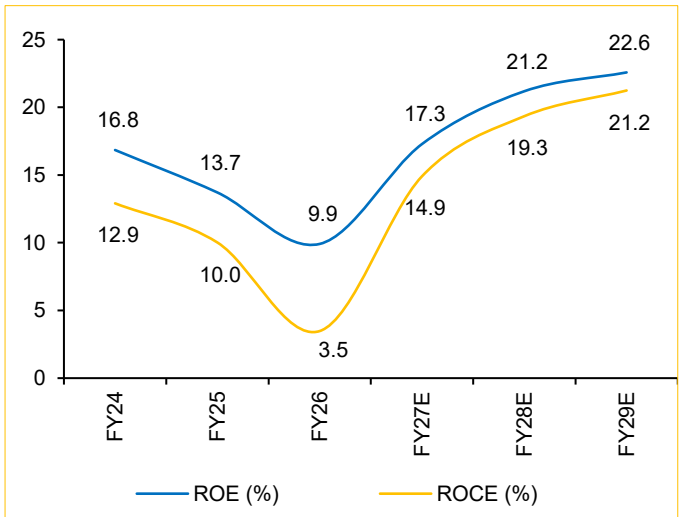
Source: BDL, Choice Institutional Equities

Order book forecast to see healthy growth over FY27–29E



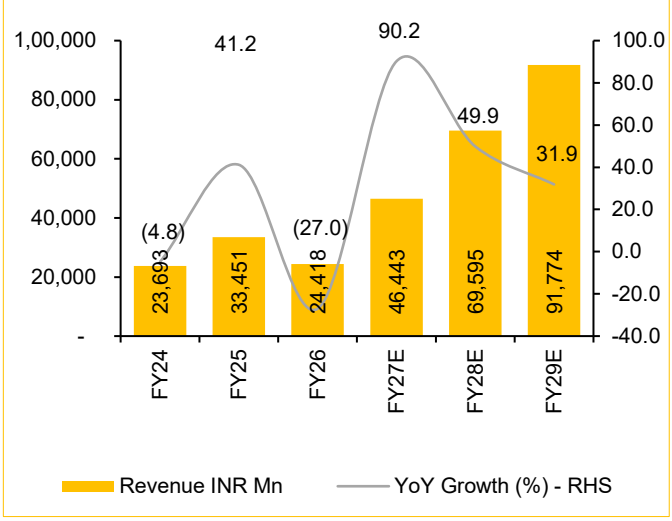
Source: BDL, Choice Institutional Equities

ROE & ROCE trend



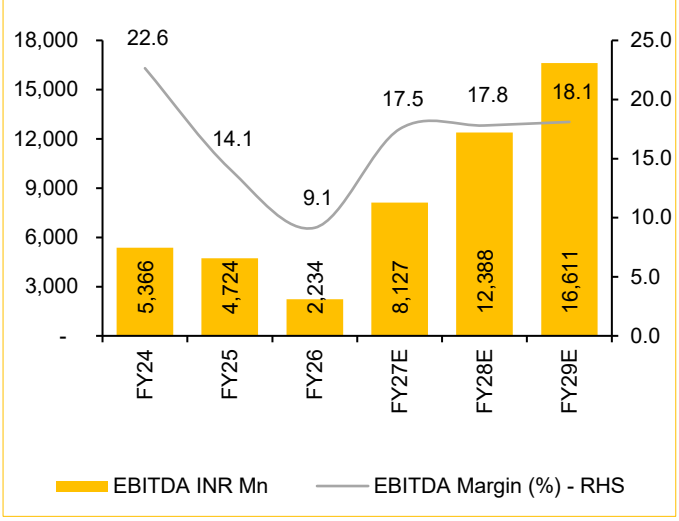
Source: BDL, Choice Institutional Equities

Revenue expected to expand ~55.5% CAGR over FY26–29E



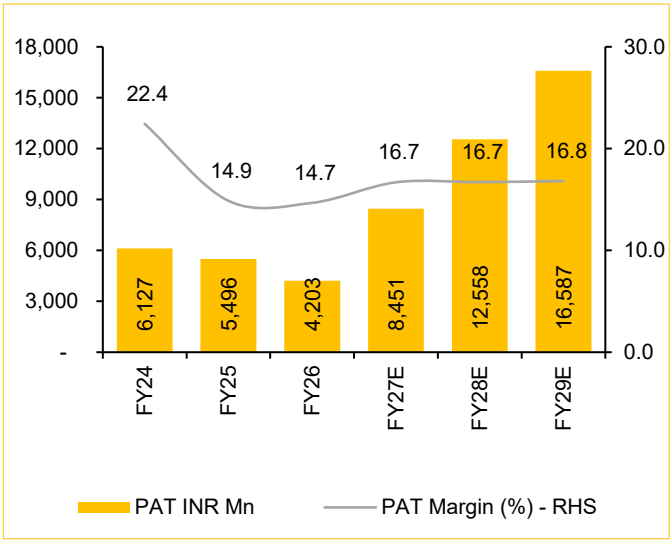
Source: BDL, Choice Institutional Equities

EBITDA margin anticipated to improve significantly



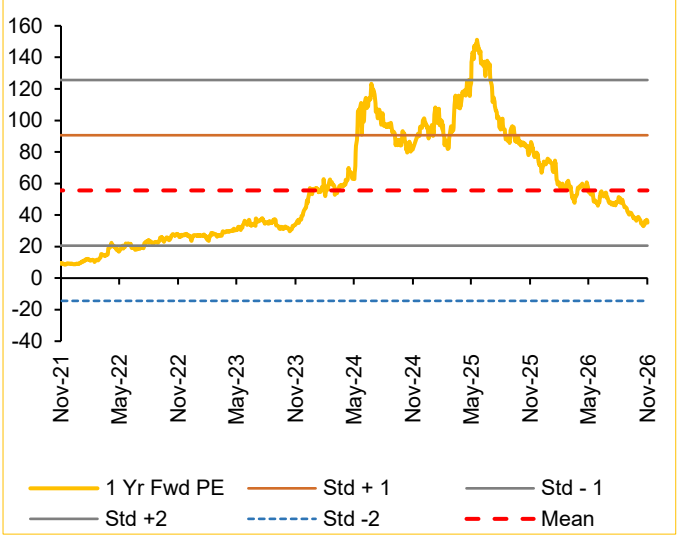
Source: BDL, Choice Institutional Equities

PAT likely to expand 58.0% CAGR over FY26–29E



Source: BDL, Choice Institutional Equities

One-year forward PE band



Source: BDL, Choice Institutional Equities

Income Statement (Consolidated – INR Mn)

Particulars	FY26	FY27E	FY28E	FY29E
Revenue	24,418	46,443	69,595	91,774
Gross Profit	12,193	21,131	31,735	41,941
EBITDA	**2,234**	**8,127**	**12,388**	**16,611**
Other Income	4,238	4,180	5,568	6,883
Depreciation	759	840	923	1,005
EBIT	5,712	11,467	17,033	22,489
Interest Expense	34	46	63	73
PBT	5,678	11,420	16,970	22,415
Reported PAT	4,203	8,451	12,558	16,587
EPS (INR)	**11.5**	**23.1**	**34.3**	**45.2**

Ratio Analysis	FY26	FY27E	FY28E	FY29E
Growth Ratios				
Revenue (%)	(27.0)	90.2	49.9	31.9
EBITDA (%)	(52.7)	263.9	52.4	34.1
PAT (%)	(23.5)	101.1	48.6	32.1
Margin Ratios				
EBITDA Margins (%)	9.1	17.5	17.8	18.1
PAT Margins (%)	14.7	16.7	16.7	16.8
Performance Ratios				
ROE (%)	9.9	17.3	21.2	22.6
ROCE (%)	5.3	9.4	12.9	15.8
Turnover Ratio (Days)				
Inventory	691	330	310	290
Debtors	63	65	65	65
Payables	424	170	160	150
Leverage Ratio				
Net Debt to Equity (x)	(1.1)	(1.0)	(0.8)	(0.6)
Valuation Metrics				
Outstanding Shares (Mn)	366.6	366.6	366.6	366.6
Price (INR)	1049.4	1049.4	1049.4	1049.4
Market Cap (INR Bn)	384.7	384.7	384.7	384.7
PE (x)	91.5	45.5	30.6	23.2
EV (INR Bn)	337.6	334.9	336.9	337.2
EV/EBITDA (x)	151.1	41.2	27.2	20.3
Book Value (INR/Share)	115.7	133.3	161.7	200.4
Price/BV (x)	9.1	7.9	6.5	5.2

Source: BDL, Choice Institutional Equities

Balance Sheet (Consolidated – INR Mn)

Particulars	FY26	FY27E	FY28E	FY29E
Net Worth	42,410	48,885	59,269	73,466
Total Debt	0	0	0	0
Other Long-term Liab.	36,747	41,803	38,282	32,126
Trade Payables	28,348	21,631	30,507	37,716
Other Current Liabilities	35,110	58,053	82,818	99,116
Total Liabilities	**1,42,615**	**1,70,372**	**2,10,876**	**2,42,423**
Net Fixed Assets	7,495	8,154	8,731	9,226
Capital WIP	1,741	2,787	2,784	1,835
Intangible Assets	2,532	2,598	2,685	2,742
Other Non-curr. Asset	3,277	5,612	7,695	9,217
Inventories	46,256	41,989	59,108	72,917
Trade Receivables	4,229	8,271	12,394	16,343
Cash & Bank Balance	47,093	49,836	47,827	47,470
Other Current Assets	29,991	51,126	69,653	82,674
Total Assets	**1,42,615**	**1,70,372**	**2,10,876**	**2,42,423**

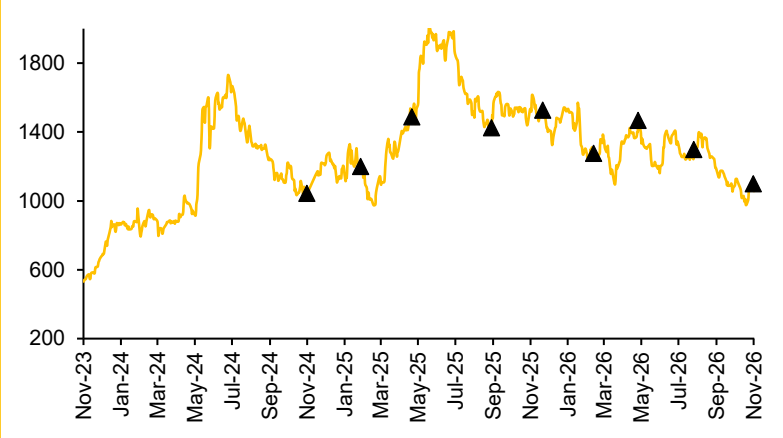
Cash Flow Statement (Consolidated – INR Mn)

Particulars	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	6,040	4,655	7,415	10,394
Cash Flows from Investing	3,196	(4,946)	(3,667)	(2,131)
Cash Flows from Financing	(1,942)	3,033	(5,757)	(8,621)

DuPont Analysis	FY26	FY27E	FY28E	FY29E
Tax Burden	74.0%	74.0%	74.0%	74.0%
Interest Burden	99.4%	99.6%	99.6%	99.7%
EBIT Margin	23.4%	24.7%	24.5%	24.5%
Asset Turnover	0.2	0.3	0.3	0.4
Equity Multiplier	3.4	3.5	3.6	3.3
ROE	**9.9%**	**17.3%**	**21.2%**	**22.6%**

Source: BDL, Choice Institutional Equities

Historical Price Chart: Bharat Dynamics Limited (BDL)



Date	Rating	Target Price
Nov 16, 2024	BUY	1,445
Feb 10, 2025	HOLD	1,190
May 28, 2025	REDUCE	1,785
Aug 12, 2025	BUY	1,965
Nov 14, 2025	BUY	1,965
Feb 01, 2026	BUY	1,965
May 29, 2026	BUY	1,500
Aug 14, 2026	BUY	1,600
Nov 13, 2026	BUY	1,600

Institutional Research Team			
Utsav Verma, CFA	Head of Institutional Research, India Equity Strategy and SMIDs	utsav.verma@choiceindia.com	+91 22 6707 9440
Purvi Mundhra	Economist	purvi.mundhra@choiceindia.com	+91 22 6707 9241
Ambrish Shah	Analyst – Power	ambrish.shah@choiceindia.com	+91 22 6707 9251
Ashutosh Murarka	Analyst – Building Materials	ashutosh.murarka@choiceindia.com	+91 22 6707 9521
Bhavik Shah, CFA	Analyst – Metals & Mining	bhavik.shah@choiceindia.com	+91 22 6707 9521
Deepika Murarka	Analyst – Healthcare	deepika.murarka@choiceindia.com	+91 22 6707 9513
Dhaval Popat	Analyst – Energy	dhaval.popat@choiceindia.com	+91 22 6707 9949
Ishank Gupta	Analyst – NBFCs	ishank.gupta@choiceindia.com	+91 22 6707 9827
Karan Kamdar	Analyst – Consumer Discretionary, SMIDs	karan.kamdar@choiceindia.com	+91 22 6707 9451
Kunal Bajaj	Analyst – Technology	kunal.bajaj@choiceindia.com	+91 22 6707 9901
Maitri Sheth	Analyst – Pharmaceuticals	maitri.sheth@choiceindia.com	+91 22 6707 9511
Putta Ravi Kumar	Analyst – Defence	ravi.putta@choiceindia.com	+91 22 6707 9908
Preeyam Tolia	Analyst – FMCG & Retail	preeyam.tolia@choiceindia.com	+91 22 6707 9987
Subhash Gate	Analyst – Autos	subhash.gate@choiceindia.com	+91 22 6707 9233
Vijiya Rao	Analyst – AMC & Insurance	vijiya.rao@choiceindia.com	+91 22 6707 9531
Avi Jhaveri	Sr. Associate – Technology	avi.jhaveri@choiceindia.com	+91 22 6707 9901
Bharat Kumar Kudikyala	Sr. Associate – Building Materials	bharat.kudikyala@choiceindia.com	+91 22 6707 9930
Samarth Goel	Sr. Associate– Small and Midcaps	samarth.goel@choiceindia.com	+91 22 6707 9451
Heer Gogri	Associate – Small and Midcaps	heer.gogri@choiceindia.com	+91 22 6707 9433
Heet Chheda	Associate – Autos	heet.chheda@choiceindia.com	+91 22 6707 9233
Pankti Karania	Associate – Energy	pankti.karania@choiceindia.com	+91 22 6707 9251
Prakhar Tibrewala	Associate – SMIDs	prakhar.tibrewal@choiceindia.com	+91 22 6707 9433
Rushil Katiyar	Associate – Technology	rushil.katiyar@choiceindia.com	+91 22 6707 9535
Shreya Mehra	Associate – Technology	shreya.mehra@choiceindia.com	+91 22 6707 9535
Stuti Bagadia	Associate – Pharmaceuticals	stuti.bagadia@choiceindia.com	+91 22 6707 9511
Vinay Rawal	Associate – Small and Midcaps	vinay.rawal@choiceindia.com	+91 22 6707 9433

CHOICE RATING DISTRIBUTION & METHODOLOGY	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

Disclaimer & Disclosure

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Choice Equity Broking Private Limited is a registered Research Analyst Entity (Reg. No. INH000000222) CIN. NO.: U65999MH2010PTC198714. Reg. Add.: Sunil Patodia Tower, J B Nagar, Andheri (East), Mumbai 400099. Tel. No. 022-6707 9999 . Compliance Officer-Prashant Salian. Tel. 022-6707 9999-Ext. 896. Email-Compliance@choiceindia.com. Grievance officer-Deepika Singhvi Tel.022-67079999- Ext-834.

Email- ig@choiceindia.com

The Company uses artificial intelligence tools as part of its research process, including data analysis and content generation. Notwithstanding the foregoing, all analysis, views, and recommendations are independently formulated and duly reviewed by qualified research analysts prior to issuance.

General Disclaimer:

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

This report ("Report") is prepared by Choice Equity Broking Private Limited as a Research Entity (hereinafter referred as "CEBPL") in its capacity as a SEBI-registered Research Analyst and is intended solely for informational and educational purposes. This Report is meant exclusively for the recipient and shall not be circulated, reproduced, or distributed, in whole or in part.

This Report does not take into account the specific investment objectives, financial situation, risk profile, or particular needs of any individual or class of investors and does not constitute a personal recommendation or investment advice. Any views, opinions, or recommendations expressed herein are based on publicly available information and internal analysis and are subject to change without notice.

Nothing contained in this Report shall be construed as an offer, solicitation, or inducement to buy, sell, or subscribe to any securities, derivatives, or other financial instruments, nor shall it be considered as investment, legal, accounting, or tax advice. Recipients are advised to conduct their own independent analysis and are encouraged to seek independent professional advice before making any investment or trading decisions.

The information contained in this Report has been compiled from sources believed to be reliable; however, CEBPL does not represent or warrant the accuracy, completeness, or reliability of such information. CEBPL, its directors, employees, or associates shall not be liable for any losses, damages, or expenses arising directly or indirectly from the use of or reliance upon this Report.

Investments in securities are subject to market risks. The price and value of investments and the income from them may fluctuate, and investors may incur losses. Past performance is not indicative of future results. Opinions expressed herein are as of the date of this Report and may differ from views expressed in other research reports due to differences in methodology, assumptions, or time horizons.

Disclaimers in respect of Jurisdiction:

This Report is not intended for distribution to, or use by, any person or entity who is a citizen or resident of, or located in, any jurisdiction where such distribution, publication, or use would be contrary to applicable laws or regulations, or would subject CEBPL to any registration or licensing requirements in such jurisdiction.

No action has been taken or will be taken by CEBPL in any jurisdiction outside India where such action would be required for distribution of this Report. Accordingly, this Report shall not be directly or indirectly distributed, published, or circulated in any such jurisdiction except in compliance with applicable laws and regulations.

Recipients of this Report are required to inform themselves of, and comply with, all applicable legal and regulatory restrictions at their own expense and without any liability to CEBPL. Any dispute arising out of or in connection with this Report shall be subject to the exclusive jurisdiction of the competent courts in Mumbai, India.

Disclosure on Ownership and Material Conflicts of Interest:

- "CEBPL", its Research Analyst(s), their associates and relatives may have any financial interest in the subject company covered in this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have actual or beneficial ownership of one percent (1%) or more of the securities of the subject company, as on the last day of the month immediately preceding the date of publication of this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have any other material conflict of interest at the time of publication of this Research Report.

Disclosure on Receipt of Compensation:

- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months.
- "CEBPL" or its associates may have managed or co-managed public offerings of securities for the subject company during the past twelve months.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for products or services other than investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates have not received any compensation or other benefits from the subject company or any third party in connection with the preparation or publication of this Research Report.
- Research Analyst may have served as an officer, director or employee of the subject company covered in this Research Report.
- "CEBPL" and Research analyst may engage in market-making activity in the securities of the subject company.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. www. https://choiceindia.com/research-listing

Copyright:

This research report is confidential and intended solely for the recipient. Unauthorized reproduction, distribution, or disclosure of this report, in whole or in part, in any form or by any means, without the prior written permission of the Company is strictly prohibited.

PUTTA RAVI KUMAR

Digitally signed by PUTTA RAVI KUMAR
Date: 2026.11.13 15:40:32 +05'30'