


Buy Range ₹990 – 1000

Target ₹1210 – 1230

Recommendation BUY

Highlights

- BDL is currently the sole manufacturer and supplier for Surface to Air missiles (SAMs), Air to Air missiles (Astra), Anti-Tank Guided Missiles (ATGMs), underwater weapons (Torpedoes) to the Indian armed forces. Apart from production of first-generation Anti-Tank Guided Missile (ATGM) – the French SS11B1 – through a license agreement with Aerospatiale, France, it has partnered with several OEMs and DRDO for producing critical guided weapon systems like Agni missile, Trishul technology demonstrator, Akash Surface-to-Air missile (SAM), Long Range SAM, Medium Range SAM, second generation ATGMs etc. It also developed its first in-house third generation ATGM, Amogha-III. Besides, it produces DRDO developed systems for naval forces, including light weight and heavy weight torpedo, anti-torpedo decoy launching system and submarine fired decoy.
- The Indian missile market is expected to reach a cumulative value of ~\$24.5bn over CY17-26 (4.75% CAGR) driven by:- (A) Contracted missile procurements underway such as S-400 Triumf Advanced Air Defence Systems, Barak-8 Surface to Air Missiles (SAMs), and Heavy Weight Torpedoes.(B) Missile procurements for new naval and airborne platforms such as Project 28A Corvettes, Project 17A Frigates, Project 75I Submarines, LCA Tejas, and ALH Dhruv. (C) Modernisation and refurbishment of in-service systems on existing land, airborne and naval platforms such as ATGM upgrades, and missile system upgrades in existing Delhi Class ships.
- BDL has a robust order book of ₹237bn providing healthy revenue visibility of ~10x its FY23 revenue. Incrementally, the ordering pipeline looks equally strong from the next two-three year perspective, with large ticket orders like Astra MK II, QRSAM, MRSAM expected to be finalised. The negative import list, which the government has released, has put equipment like a) Advanced light-weight torpedoes, b) Ship-based MRSAM, c) Ship-based vertical launched short-range surface-to-air missile (VL-SRAM) under an embargo, which will benefit BDL given its strong positioning in the missile sector.
- Increased R&D efforts by BDL enabling development of new products and increase indigenisation content in various platforms. It has increased its R&D activities in recent years to diversify its offerings and grab a larger share in new-gen products reaching 6.1% of sales with growing private participation in the defence sector encouraged by MoD. The management plans to raise the R&D expenditure to 7-8% in coming years.
- BDL manufactures missiles under Technology of Transfer (ToT) from DRDO and from foreign OEMs. As part of BDL contribution to Atmanirbhar Bharat, the company focuses on indigenising technology for self-reliance from the start of any contract. Through indigenisation initiatives, BDL has achieved indigenisation levels of 80-90% in many products and in the case of Foreign OEMs designed products, and in the case of DRDO designed products the indigenisation level is more than 90% in most of the products. BDL continues its efforts to achieve higher levels of indigenisation for all products. It has also signed several MoUs and non-disclosure agreements with various companies for developing new products and transfer of technologies.
- The company has implemented the Make-II procedure, empowering the company to take up projects for indigenisation of items regularly imported. Products developed under Make-II: BDL is designing and developing a 3rd generation indigenous Anti-Tank Guided Missile (ATGM) under the Indian IDDM category of DPP 2020.
- BDL's exports formed merely ~1% of its FY23 revenues. The company is also looking to tap the exports market to capitalise on its expertise and diversify the revenue stream. It has been in talks with friendly nations to export Akash SAM, light weight torpedo, CMDs, ATGMs, etc. BDL received its first export order only in FY18 (for light weight torpedoes) and is currently executing three export orders (two torpedo orders, and one MR-SAM Missile integration). In an encouraging development, Cabinet Committee on Security (CCS) in Dec'20 approved export of the Akash SAM to nine countries: Algeria, Bahrain, Egypt, Indonesia, Kenya, Philippines, Saudi Arabia, UAE and Vietnam. The company received its largest ever export order of \$255mn (~₹21bn) in FY23, with 3-4 more such orders in pipeline expected within the next couple of years. **Current export order book stands at ~₹26bn and wants to increase exports to 25% of revenue from the current levels.**

BHARAT DYNAMICS LTD (BDL)
Company Background

Bharat Dynamics Ltd (BDL), incorporated in 1970, is a government-owned company with 'MiniRatna (category-1)' status. It is currently the sole manufacturer and supplier for Surface to Air missiles (SAMs), Air to Air missiles (Astra), Anti-Tank Guided Missiles (ATGMs), underwater weapons (Torpedoes) to the Indian armed forces. Apart from production of first-generation Anti-Tank Guided Missile (ATGM) – the French SS11B1 – through a license agreement with Aerospatiale, France, it has partnered with several OEMs and DRDO for producing critical guided weapon systems like Agni missile, Trishul technology demonstrator, Akash Surface-to-Air missile (SAM), Long Range SAM, Medium Range SAM, second generation ATGMs etc. It also developed its first in-house third generation ATGM, Amogha-III. Besides, it produces DRDO developed systems for naval forces, including light weight and heavy weight torpedo, anti-torpedo decoy launching system and submarine fired decoy. Other manufactured products include launchers for Konkurs-M and Milan 2T ATGMs, test equipments and airborne defensive system known as Counter Measures Dispensing System (CMDS) apart from the refurbishment and extension of the life of missiles. BDL has four manufacturing facilities located in Hyderabad, Bhanur, Vishakhapatnam and Ibrahimpattam. **Hyderabad Unit** – Produces SAMs, Milan 2T ATGMs, launchers, countermeasures, and test equipment. **Bhanur Unit** – Produces Konkurs-M-ATGMs, Invar (3 UBK 20) ATGMs, MPATGM launchers and spares. **Vishakhapatnam Unit** – Produces light & heavy weight torpedoes, C-303 anti-torpedo system, countermeasures and spares. **Ibrahimpattam Unit** – Set up for production of SAMs including next generation SAMs (under development by DRDO). The company is in the process of setting up of additional manufacturing facilities at Ibrahimpattam (near Hyderabad), Amravati in Maharashtra and Jhansi in UP which will be used to manufacture SAMs (including new generation Missiles), VSHORADs rockets and propellants for various ATGMs. BDL has undertaken initiatives to set up new infrastructure facilities, including the Radio Frequency (RF) SEEKER facility, Warhead production Facility, Surface Mount Technology and High Performance Computing facility at its Hyderabad unit., State-of-the-Art Stores and Environmental Test Facility (in Vizag), and a modular Automatic Storage and Retrieval System facility. The major products executed during FY23 are ATGMs, Akash-SAM, Varunastra and MR-SAM.

Investment Rationale
1. Near monopoly with Indian forces, export offshoot portends growth

Bharat Dynamics Ltd (BDL) remains the sole supplier of Surface-to-Air Missiles, torpedoes, and Anti-Tank Guided Missiles to the IAF, in addition to providing refurbishment and life extension. The sheer opportunity in the Indian missile and torpedoes market is immense, especially for BDL. Akash SAM, for which BDL is the prime vendor, is expected to be the mainstay of India's tactical missile arsenal. BDL's product portfolio includes seven ATGMs, four Torpedoes, four SAMs, three Air-to-Air missiles, seekers, warheads, rocket motors, and laser-guided rockets. The range of its missiles varies from 800 m to 12,000 kms.

Important Data

Nifty	19,764
Sensex	66,202

Key Stock Data

CMP	₹1011.7
Market Cap (bn)	₹185.4
52WHigh/Low	₹1278/787
Shares o/s(mn)	183.28
Daily Vol.(3MNSEAvg.)	2,054,079
BSE Code	541143
NSE Code	BDL
Bloomberg Code	BDL:IN

Shareholding Pattern (%) – Sep'23

Promoter	74.9
DII's	12.8
FII's	3.1
Public	9.2

Financials

Particulars	FY20	FY21	FY22
Revenue	30,952	19,138	28,174
EBITDA	7,276	3,447	7,261
EBITDA Margin (%)	23.5	18.0	25.8
Net Profit	5,349	2,578	4,999
EPS (₹)	29.2	14.1	27.3
DPS (₹)	8.5	7.4	8.3
RoE (%)	20.5	9.6	16.5
RoCE (%)	18.7	7.3	16.0
P/E (x)	34.7	71.9	37.1
EV/EBITDA (x)	24.6	49.3	22.9
P/BV (x)	7.1	6.9	6.1

Particulars	FY23E	FY24E	FY25E
Revenue	24,894	31,961	49,116
EBITDA	4,082	5,794	9,814
EBITDA Margin (%)	16.4	18.1	20.0
Net Profit	3,522	4,889	8,827
EPS (₹)	19.2	26.7	48.2
DPS (₹)	9.4	10.0	12.0
RoE (%)	11.0	12.6	17.2
RoCE (%)	5.1	8.4	13.4
P/E (x)	52.6	37.9	21.0
EV/EBITDA (x)	34.5	25.3	16.0
P/BV (x)	5.8	4.8	3.7

Source: Company, Way2Wealth

Relative Performance

Return(%)	1Yr	3Yr	5Yr
BDL	13.4	242.7	264.2
Nifty 50	13.0	68.0	91.8
Sensex	12.3	65.6	92.9

Source: Company, Way2Wealth

Jayakanth Kasthuri

jayakanthk@way2wealth.com

91-22-4019 2914

EXISTING PRODUCT PORTFOLIO

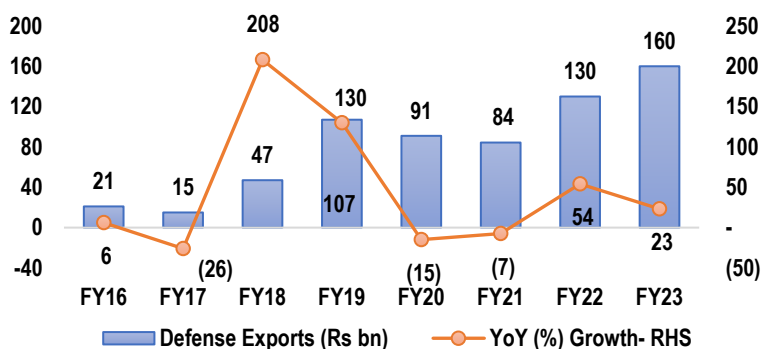
Product	Type	ToT	Customers	Details
Akash SAM	Surface to Air missile	DRDO	IAF	To Target Aircrafts, Helicopters, UAVs
Akash SAM System Support	Support system	DRDO	Army	To Target Aircrafts, Helicopters, UAVs
MRSAM	Medium Range SAM	DRDO + IAI	Army, Navy, IAF	High response quick reaction vertical launch supersonic missile target aircrafts, helicopters, UAVs and other missiles like Astra
Astra MK-I	Air to Air Missiles	DRDO	IAF, Navy	To Target Aircrafts, Helicopters, UAVs
Milan 2T	Anti-Tank Guided Missile	MBDA, France	Army	Man portable 2nd gen ATGM to target moving or stationary tanks Konkurs
Konkurs-M	Anti -Tank Guided Missile	KBP Tula (Russia)	Army	2 nd gen semi-automatic tube launch optically tracked, wire guided and canard controlled missile to target tanks
INVAR	Anti-Tank Guided Missile	Rosoboronexport, Russia	Army	2 nd gen plus mechanized infantry weapon which can be fired from the gun barrel of a T-90 tank to destroy tanks
CMDS	Counter Measure Dispensing System	DRDO	IAF+ Export	Micro controller chaff and flare based airborne defence system (for aircraft protection from heat seeking missiles)
Anti Torpedo Decoy Launching System	Anti-Torpedo System	DRDO	Navy	Meant to counter the threat posed to any submarine by any active/passive homing torpedo
Light Weight Torpedo	Torpedoes	DRDO	Navy	Used for anti-submarine warfare. Can be launched from a ship or a helicopter
Heavy Weight Torpedo (Varunastra)	Torpedoes	DRDO	Navy	Ship launched, electrically propelled underwater weapon
Launchers for the Konkurs M and Milan 2T ATGM	Launchers		Army	Launchers for ATGMs
Test Equipments for Missiles and Launchers	Test Equipments		IAF, Army	Functional monitoring equipment for ATGMs & SAMs

Source: Company, Way2Wealth

Presently, India exports defence equipment to over 75 countries. BDL is also looking to tap the exports market to capitalise on its expertise and diversify revenue stream. It has been in talks with friendly nations to export Akash SAM, light weight torpedo, CMDS, ATGMs, etc. Defence Public Sector Undertakings (DPSUs) and private defence players in exploring international business opportunities. India has set a target of exporting defence equipment worth ₹350bn (\$5 bn) by 2025 and has witnessed significant growth in defence exports, which increased by 662% in the eight years and reached a record ₹160bn in FY23. **India's defence exports have grown at a CAGR of ~34% during FY16-23, albeit off a low base, to reach ~₹160bn in FY23 (+23% YoY).** Exports have been driven mainly by the private sector. Amid export reforms with ease of license to export, SOP on exports, 'Fit for Indian Military use' certification for products, exports still have a long way to go as they need to grow at a CAGR of ~31% over FY20-FY25 to reach MoD's export target of ₹350-360bn by FY25. MoD has pegged export revenue contribution target at ~25% by FY25 for all DPSUs.

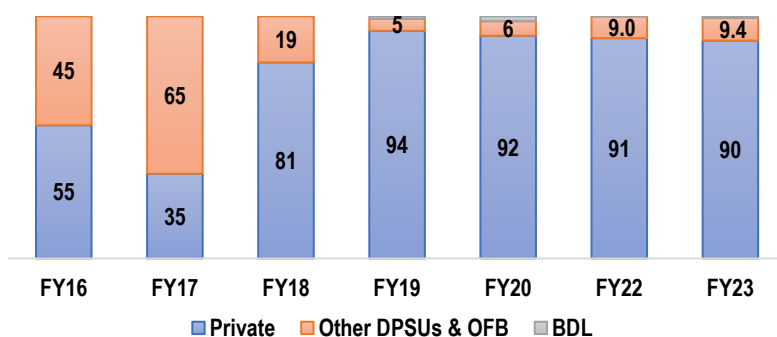
BDL's exports formed merely ~1% of its FY23 revenues. The company received its first export order only in FY18 (for light weight torpedoes) and is currently executing three export orders (two torpedo orders and one MR-SAM Missile integration). In an encouraging development, Cabinet Committee on Security (CCS) in Dec'20 approved export of the Akash SAM to nine countries: Algeria, Bahrain, Egypt, Indonesia, Kenya, Philippines, Saudi Arabia, UAE and Vietnam. The company received its largest ever export order of \$255mn (~₹21bn) in FY23, with 3-4 more such orders in pipeline expected within the next couple of years. Current export order book stands at ~₹26bn and wants to increase exports to 25% of revenue from the current levels.

India's defence exports have jumped off a soft base



Source- Company, Way2Wealth

BDL formed only ~1% of India's Defence exports in FY23



Source- Company, Way2Wealth

2. Indian missile to witness 4.75% CAGR over CY17-26 with missile procurement for new naval and airborne platforms along with modernisation and refurbishment of existing platforms

India's Integrated Guided Missile development program began in 1982 with **five projects**, viz. **Agni, Prithvi, Akash, Trishul and Nag**. As per Frost & Sullivan, the Indian missile market is expected to reach a cumulative value of ~\$ 24.5bn over CY17-26 (4.75% CAGR) driven by :- (A) Contracted missile procurements underway such as S-400 Triumf Advanced Air Defence Systems, Barak-8 Surface to Air Missiles (SAMS), and Heavy Weight Torpedoes. (B) Missile procurements for new naval and airborne platforms such as Project 28A Corvettes, Project 17A Frigates, Project 75I Submarines, LCA Tejas, and ALH Dhruv. (C) Modernisation and refurbishment of in-service systems on existing land, airborne and naval platforms such as ATGM upgrades, and missile system upgrades in existing Delhi Class ships.

BROAD CLASSIFICATION OF GUIDED MISSILES & TORPEDO MARKET

Weapon Systems	Sub-categories	Drivers
Ballistic Missiles	Intercontinental BM, Intermediate Range BM, Medium Range BM, Short Range BM, Tactical BM Systems	a) New Prithvi Defence Vehicle replacing the Prithvi Air Defence System b) Indian submarine procurement and modernization programs expected to drive submarine launched ballistic missile procurement, including K-series submarine launched ballistic missiles
Tactical Missiles	Surface to Surface, Air to Surface, Surface to Air, Air to Air, ATGMs	Short-ranged weapons designed to counter land, sea or air-based threats. Unlike a ballistic missile system, majority of its flight time is unguided. (a) Cost effective SAMs (b) High production of ATGMs taking in account the huge shortage within the Indian Army and (c) New platform procurement within the Navy and Air force will also drive procurement of air-to-surface, air-to-air and surface-to-surface missiles
Cruise Missiles	Long Range CM, Medium Range CM, Short Range CM	These systems are used to destroy terrestrial targets and designed to glide at fairly constant speed to deliver heavy warheads with high precision. Apart from procurement of naval and airborne platforms which may drive this segment, the BrahMos missile systems fielded may witness range upgrades. More numbers of these upgraded extended range' missiles will be deployed
Special Mission Missiles	Anti-Satellite Missiles, Anti-Radiation Missiles, Electromagnetic Pulse Missiles	These are missiles developed for a specific mission type. Standard missiles can also be modified to perform special missions. (a) Weapons such as DRDO's New Generation Anti-Radiation Missile will be critical towards execution of India's Cold Start Doctrine. (b) Indigenous defence laboratories are expected to allocate a significant outlay towards RDTE (Research, Development, Testing & Evaluation) in specialised weapons such as anti- radiation/satellite missiles/airfield weapons etc.
Torpedo Systems	Light Weight Torpedoes (LWT) and Heavy Weight Torpedoes (HWT)	Torpedoes are self-propelled weapons used to destroy or incapacitate ships, submarines and mines. a) Indian Navy's capability deficit coupled with addition of Kalvari class, Project 75I and nuclear-powered ballistic missile submarines will drive demand for Torpedo Systems. b) MoD's Technology Road Map also indicates addition of super-cavitating torpedoes to the navy's arsenal

Source: Company, Way2Wealth

Tactical Missiles and Torpedoes market split

Particulars	Market Share (%)	Products offered by BDL
Surface to Air Missiles	9.8	Akash 1S, MRSAM, LRSAM
Air to Surface Missiles	6.1	-
Air to Air Missiles	1.8	Astra Mk1
Surface to Surface Missiles	0.6	-
ATGMs	1.4	Konkurs M, Milan 2T, Invar, Nag, Amogha III
Torpedoes	2.2	TAL (LWT), Varunastra (HWT)
TOTAL	21.8	

Source: Company, Way2Wealth

BDL's addressable market over CY17-26 stands at \$ 13.1bn

Particulars	Market Share (%)	Market Size (\$ bn)	Addressed by BDL (USD \$bn)
Ballistic Missiles	3	0.7	-
Tactical Missiles	80	19.6	11.5
Cruise Missiles	7	1.7	-
Special Mission Missiles	1	0.2	-
Torpedo Systems	9	2.2	1.6
TOTAL	100	24.5	13.1

Source: Company, Way2Wealth

3. Increased R&D efforts by BDL enabling development of new products and increase indigenisation content in various platforms

BDL has increased its R&D activities in recent years to diversify its offerings and grab a larger share in new-gen products reaching to 6.1% of sales with growing private participation in the defence sector encouraged by MoD. The management plans to raise the R&D expenditure to 7-8% in coming years. BDL intends to leverage its experience to develop weapons such as new generation SAMs, ATGMs, Air to Air Missile System, heavyweight torpedoes and Drone Delivered Bombs which will enable it to further increase its revenues. BDL is also the joint development partner-cum production agency with the DRDO for the next generation of ATGMs, Air to Air Missile and SAMs. DRDO has recently allowed private players to develop and produce missile systems (under Development cum production partner program) and saw encouraging participation in bidding for Vertically Launched Short-range Surface to Air Missile system (VL-SRSAM) project.

R&D Expenditure as % of Sales

	R&D Expenditure (₹ mn)	% of Sales (RHS)
FY18	402	0.9
FY19	535	1.7
FY20	739	2.4
FY21	430	2.2
FY22	481	1.7
FY23	1520	6.1

Source: Company, Way2Wealth

Major Weapon Systems currently under advanced stage of R&D and expected to go into production within 3-5 years

PRODUCTS	STATUS
Amogha-III	Launched in DefExpo'20. Will be commercialized after successful completion of user trials
NAG-ATGM	User trials completed. BDL has already integrated and supplied IIR Seekers to DRDO
Man Portable ATGM	DRDO has completed three series of successful testing. Last test series was completed in Sep'19
QRSAM	QRSAM was successfully flight tested with full configuration intercepting the mid-air target. Missile was fired at Integrated Test Range at Chandipur on 23Dec19

Source: Company, Way2Wealth

Auxiliary Products under development in BDL's R&D division

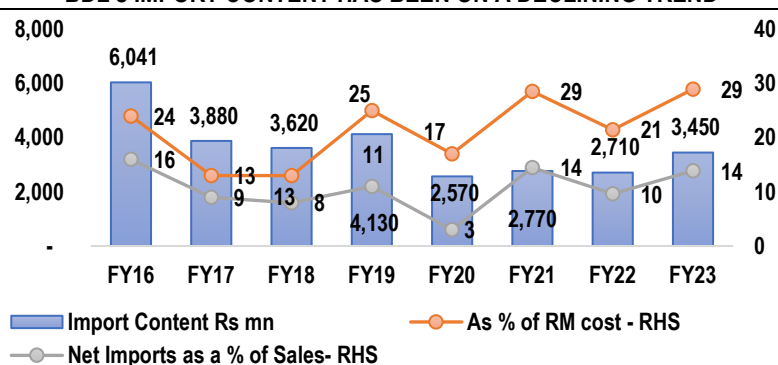
PRODUCTS	DESCRIPTION
CMD5 Mk-II with AI Feature	Will provide self-protection to aircrafts against previously known missile threats at designated way points
Konkurs Launcher Test Equipment Ver II	Micro-controller-based test equipment to check the serviceability of Konkurs ATGM Launchers. User trials were conducted successfully during FY20
Konkurs Missile Test Equipment (KMTE) Ver II	Used to check the serviceability of Konkurs-M ATGMs. User trials were conducted successfully during FY20.
Dispenser for AN-32 Aircraft	Used for dispensing Flares and Chaffs.
Tester for 50mm Dispenser Unit of Su-30 MKI Aircraft	NA

Source: Company, Way2Wealth

BDL's product portfolio across SAMs, ATGMs, Torpedoes with Indigenisation content

Category	Indigenisation Content (%)
Akash SAM	96
LRSAM and MRSAM	NA
The Milan 2T ATGM	71
The Konkurs M ATGM	97
The INVAR (3 UBK 20) ATGM	79
Heavy Weight Torpedo (Varunastra)	87
Light Weight Torpedo (TAL-XP)	91
Counter Measures Dispensing System (CMDS)	NA
Anti-Torpedo Decoy Launching System	NA
Submarine Fired Decoy (SFD)	NA
Launchers for Konkurs M and Milan 2T ATGM	NA
Test Equipments	NA

Source: Company, Way2Wealth

BDL's IMPORT CONTENT HAS BEEN ON A DECLINING TREND


Source: Company, Way2Wealth

As part of BDL contribution to Atmanirbhar Bharat, the company focuses on indigenising technology for self-reliance from the start of any contract. BDL manufactures missiles under Technology of Transfer (ToT) from DRDO and from foreign OEMs. **Through indigenisation initiatives, BDL has achieved indigenisation levels of 80-90% in many products and in the case of Foreign OEMs designed products, and in the case of DRDO designed products the indigenisation level is more than 90% in most of the products.** BDL continues its efforts to achieve higher levels of indigenisation for all products. BDL has also entered into several MoUs and non-disclosure agreements with various companies for developing new products and transfer of technologies. Technology upgradation has always been an area of priority for BDL in order to keep pace with the current requirements in the global defence industry. In pursuit of this, BDL has entered into MoUs or teaming agreements with several entities, like:

- MoU with MBDA, France, for the manufacturing of Mistral missiles in India for supply to the IAF.
- MoU with a startup, i.e., M/s New Space Technologies, Bangalore, on product development, including integration of BDL payload(s) onto the UAV platforms of M/s NRT for military applications, technical support, armament support, and infrastructure support.
- MoU with BHEL for jointly working on the emerging opportunities in the Indian defence and aerospace market, especially the space sector.
- MoU with Raphe mPhibr Private Limited, Noida, to work together on UAVs and launch systems for the UAV launched Precision Guided missile (ULPGM) project.
- MoU with Dassault Aviation Pvt. Ltd., France, for the integration of BDL weapon systems like Astra and Smart Anti-Airfield Weapon (SAAW) on Rafale aircraft for the Indian Armed Forces and future export markets
- MoU with Thales Belgium S.A. and Thales India Private Limited for the setting up of manufacturing facilities for the Laser Guided Rocket and its major components in India, to be a part of Thales global supply chain for future requirements of Thales export markets and also for the India market.

- MoU with BARIJ Dynamics LLC ("AL TARIQ"), Abu Dhabi, United Arab Emirates, to cooperate together for the manufacturing of Precision Guided munition (PGM) kits in India, both for India as well as the export market.
- MoU with BULTEXPRO LTD., Bulgaria, for setting up the manufacturing facilities for 122mm GRAD BM Rocket launcher Extended range (ER) and non-ER rockets in India, including ToT.
- **BDL has also entered into a Licencing Agreement for Transfer of Technology (LA -ToT) with Research Centre Imarat (RCI, DRDO Lab) for the manufacturing of Ceramic Radomes (GELCAST Process).** *(Ceramic Radomes are considered an essential, state-of-the-art technology for both ballistic and tactical missiles as well as high-performance aircraft to withstand high temperatures during a missile's journey, radomes located at the tip of a missile protect them).*

4. **BDL has taken specific initiatives to achieve self-reliance in defence equipment production with implementation of Make-II procedure to take up projects for indigenisation of items regularly imported**

In the Union Budget 2022-23, there has been a substantial increase in capital allocations for the modernisation and infrastructure development of the Armed Forces, amounting to ₹1.52tn. This represents a 12.82% increase of ₹173.1bn over FY22. Furthermore, the cumulative increase in the Capital Budget since 2019-20 has been ₹489.8bn (47.37%). For FY24, the Ministry of Defence (MoD) has been allocated a total budget of ₹5.94tn, accounting for 13.18% of the total budget (₹45.03tn). The capital outlay for modernisation and infrastructure development has been increased to ₹1.63tn. These increased allocations reflect the government's commitment to sustainable enhancement in modernisation and infrastructure development, aligned with the objectives of 'Atmanirbhar Bharat'.

The Government of India has implemented various policy initiatives under the 'Make in India' programme to promote indigenous design, development, and manufacture of defence equipment in the country, aiming to reduce reliance on imports. These initiatives include prioritizing capital item procurement from domestic sources, announcing 18 major defence platforms for industry-led design and development, implementing 'Positive Indigenisation Lists' with import embargoes, simplifying industrial licensing and FDI policies, launching the iDEX scheme for start-ups and MSMEs, reforms in off-set policy with thrust on attracting investment & transfer of technology and establishing Defence Industrial Corridors in Uttar Pradesh and Tamil Nadu.

The Ministry of Defence (MoD) has notified four Positive Indigenisation Lists (PIL) comprising 411 major weapons platforms/ systems with import embargoes. Additionally, three Positive Indigenisation Lists have been notified for DPSUs, consisting of 2,851 items (1st PIL), 107 items (2nd PIL), and 780 items (3rd PIL) of sub-systems/assemblies/components of DPSUs with import embargoes. **BDL has a share of 50 items in the 1st list, 4 items in the 2nd list, and 2 items in the 3rd list.** Moreover, over 26,000 defence items have been uploaded on the **Self-Reliant Initiatives through Joint Action (SRIJAN)** portal by MoD and offered to the industry for indigenisation. As of Dec'22, 7,031 items have already been indigenised, contributing to both domestic and global markets. The defence imports have reduced from 46% to 36.7% since 2018-19.

Further on 14 May 2023, Defence Minister Mr. Rajnath Singh approved the fourth Positive Indigenisation List (PIL) of 928 strategically important Line Replacement Units (LRUs), sub-systems and components including high-end materials & spares, with import substitution value worth ₹7.15bn. Details of these items are available on SRIJAN Portal with a timeline beyond which they will only be procured from the domestic industry. After the fourth list, 2,500 items are already indigenised and 1,238 (351+107+780) items which will be indigenised within the given timelines. Of 1,238 items, 310 items (1st PIL - 262, 2nd PIL - 11, 3rd PIL - 37) have been indigenised, so far.

MISSILES & ASSOCIATED EQUIPMENTS UNDER POSITIVE INDIGENISATION LISTS

Name of Platform/ Weapon / System/ Equipment	Indicative Year – Import Embargo
<ul style="list-style-type: none"> Short Range Surface to Air Missiles (Land variant) Shipborne Cruise Missiles Multi Barrel Rocket Launcher (MBRL) (Pinaka Variant) Anti-Submarine Rocket Launchers Torpedo Tube Launcher for Light Weight Torpedoes Anti-Submarine Rocket Helicopter Launched ATGM upto 7 Km Anti-Torpedo Decoy System for Ships (Mareech) 	Dec'21
<ul style="list-style-type: none"> Lightweight Rocket Launcher 80 MM Tandem Warhead Rocket Mobile Autonomous Launcher (Brahmos) Advance Light Weight Torpedo (Ship Launch) Ship Based Medium Range Surface to Air Missile (MRSAM) Air to Ground Rocket 68mm 	Dec'22
<ul style="list-style-type: none"> ASTRA-MK I Beyond Visual Range Air to Air Missile (BVR AAM) Smart Anti Airfield Weapon (SAAW) Mk-I Aircraft Loader for MK 54 Torpedo and Harpoon Missile 	Dec'23
<ul style="list-style-type: none"> Long Range – Land Attack Cruise Missile Guided Extended Range (GER) Rocket for Pinaka Multiple Launch Rocket System (MLRS) Ship Based Vertical Launched Short Range Surface to Air Missile (VL SRSAM) Anti-Radiation Missile (ARMs) upto 100 Km 	Dec'25
<ul style="list-style-type: none"> Launcher for Next Generation Anti-Radiation Missile (NGARM) Twin Store Rack for Smart Anti Airfield Weapon (SAAW) Launcher for ASTRA Air to Air Missile 	Dec'26
<ul style="list-style-type: none"> Aircraft Launched Naval Anti-Ship Missiles - Medium Range (NASM-MR) Medium Range Anti-Ship Missile (Ship Launched) Submarine Launched Cruise Missile (Anti-Ship) 	Dec'27

Source- Ministry of Defence , Government of India

BDL has uploaded 1,187 items on the MoD's SRIJAN portal for indigenisation. Vendors have shown interest in 413 items, and 36 sanction orders have been placed. In last three year BDL has indigenised 148 items.

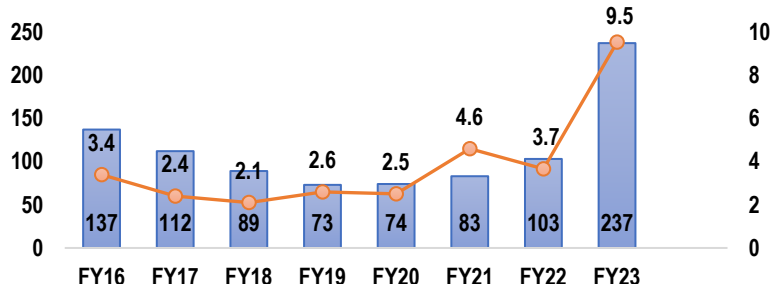
Year	No. of items Targeted for Indigenisation	No. of items Indigenised
2020-21	72	79
2021-22	53	53
2022-23	14	16

Source- Company

BDL has implemented the Make-II procedure, empowering the company to take up projects for indigenisation of items regularly imported. The Integrated Material Manual has been amended to incorporate the indigenisation of components and spares of BDL products. **BDL has implemented the Make-II procedure, empowering the company to take up projects for indigenisation of items regularly imported. Products developed under Make-II: BDL is designing and developing a 3rd generation indigenous Anti-Tank Guided Missile (ATGM) as a Make-II project under the Indian IDDM category of DPP 2020.**

5. Order book at an all-time high; pipeline looks equally promising

BDL has a robust order book of ₹237bn providing healthy revenue visibility of ~10x its FY23 revenue. Incrementally, the ordering pipeline looks equally strong from the next two - three year perspective, with large ticket orders like Astra MK II, QRSAM, MRSAM expected to be finalised. The negative import list, which the government has released, has put equipment like a) Advanced light-weight torpedoes, b) Ship-based MRSAM, c) Ship-based vertical launched short-range surface-to-air missile (VL SRAM) under an embargo, which will benefit BDL given its strong positioning in the missile sector.

Order Book (₹ bn) and Order Book to Sales (x) Trend


Source- Company, Way2Wealth

BDL likely Order Pipeline est ~₹170bn

Platform	Customer	Est Value (₹bn)
Quick Reaction Surface to Air Missiles (QRSAM)	Army	20
Medium Range Surface to Air Missiles (MRSAM)	IAF	20
Astra MK-II (Air to Air Missiles)	IAF	20
Anti Tank Guided Missiles (ATGM)	Army	20
Torpedoes	Navy	20
Amogha III Gen Anti-Tank Guided Missiles (ATGM)	Army	30
Refurbishment orders		20
VSHORAD (Very Short Range Air Defence System)	Army	20
TOTAL		170

Source: Company, Way2Wealth

MAJOR ORDERS RECEIVED BY BDL IN LAST 3-4 YEARS

Fiscal year	Product	Value (₹mn)	Details
FY19	Light Weight Torpedo	983	Secured an export order worth US\$ 14.33mn towards supply of Light Weight Torpedoes.
FY19	MRSAM	2,000	Received an order worth ~₹2bn from DRDO for supply of Medium Range Surface to Air Missile (MRSAM) rear section for Army. MRSAM is a joint development project between DRDO and Israel Aerospace Industries (IAI), Israel with BDL as the Nominated Production Agency
FY19	Konkurs ATGM and Launcher	7,600	Signed a contract with the Indian Army for production and supply of Konkurs Anti-Tank Guided Missiles (ATGM) and launchers. Both missiles and launchers will be manufactured under continued technical collaboration with Russia at the Bhanur Unit of BDL in Telangana State.
FY20	Heavy Weight Torpedo	11,878	Signed a contract worth ~₹11.9bn for supply of Heavy Weight Torpedoes (Varunastra) to the Indian Navy. They will be manufactured at BDL, Visakhapatnam Unit under Transfer of Technology (ToT) from DRDO. Delivery period is 42 months from the date of signing of contract.
FY20	Akash SAM (IAF)	17,000	Supply of Akash missiles along with associated spares to BEL. All 7 Squadrons are to be delivered in three years. Original order placed to BEL is worth ~₹54bn.
FY20	Light Weight Torpedo	442	Signed export contract through PPP route for supply of a Shipset of Light Weight Torpedo (LWT-XP) & Associated Equipment. Total contract value is US\$ 6.3mn and will be executed in FY21.
FY20	Light Weight Torpedo	1,016	Signed 4th export contract for LWT-XP through PPP route for supply of two shipset of Light Weight Torpedo (LWT-XP) & Associated Equipment. The total contract value is US\$ 14.3mn and will be executed in FY21
FY21	MRSAM	2,933	Supply of MRSAM Missile sections for Indian Air Force. The order has to be executed in next 24 months
FY21	Konkurs-M ATGM	6,329	Received Konkurs-M ATGM order along with launchers and test equipments.
FY21	MRSAM	3,730	Supply of MRSAM Missile Rear Sections for Indian Air Force. The order will be executed by Q3FY23 in lots.
FY21	Milan 2T ATGM	11,881	Contract for production and supply of 4,960 Milan-2T Anti-Tank Guided Missiles to Indian Army. The Milan-2T is a Tandem Warhead ATGM with a range of 1,850 meters, produced by BDL under license from MBDA Missile Systems, France. Induction is planned to be completed in three years
8-Jul-21	Akash Surface to Air Missile (SAM)	4,990	This new order would be for an upgraded version of the previously inducted Akash missiles and includes seeker technology, 360-degree coverage, and compact configuration with reduced signature. BDL will be the lead integrator for the new order as well and Bharat Electronics (BEL) will be a supplier to BDL.
17-Nov-21	Counter Measures Dispensing System (CMDS)	1,710	Won contract for Design, Development, Manufacture, Supply and Support of CMDS for Airbus, Spain
2-Dec-21	IGLA-1M missiles	4,700	Secured Indian Army contract worth ₹4.7bn for refurbishment of IGLA-1M missiles
3-Feb-22	Konkurs-M Anti-Tank Missiles	31,318	BDL signs Contract for Supply of Konkurs-M Anti-Tank Missiles to Indian Army

31-May-22	Astra Mark-1	29,710	Supply of ASTRA MK-I Beyond Visual Range (BVR) Air to Air Missile (AAM) and associated equipment for the Indian Air Force and Indian Navy under Buy (Indian-IDDMM) category.
30-Mar-23	Akash Weapon Systems	81,610	Akash Weapon Systems for 3rd & 4th Regiments of Army
30-Mar-23	CMDS	2,610	CMDS for MLH Helicopters.
19-Sep-23	Akash Surface to Air Missiles (SAM)	2,909	Signed contract with IAF for supply of Surface to Air missiles

Source: Company, Way2Wealth

6. BDL has shifted from being a DRDO dependent company to a self-designing missile producer

Long-term pipeline of more than ₹500bn including products like Nirbhaya, QRSAM, Akash NG, MRSAM, Varunastra, ATGMs, Helina, Konkur, and VSHROD. Although NAG has weight problems which the company is working on with DRDO, Helina (an upgraded version of NAG) is one of the best missiles in India. It has started producing Infrared (IR) seekers, Imaging Infra-Red (IIR) seekers, and KU band (small caliber) seekers which will help the company expand its margins. Although the company receives time and cost benefits due to the production of these seekers, capacity constraint exists and hence BDL needs to buy them from other players as well. The company is developing an indigenous seeker that will be able to sustain in multiple weather conditions from -20 degree Celsius to +55 degree Celsius. The company hasn't been able to receive the required amount of a particular seeker for a different country which led to a weakness in revenue. This country thought they would be able to deliver the required quantity but weren't able to do so. X-band RF seekers used by BrahMos are being developed by Data Patterns and Electronics Corporation of India Limited (ECIL). 60% of the missile value is of the seekers, warheads, and propellant. The total opportunity size of VSHROD is ₹200bn. The company has already received a small order and the missile is currently undergoing trials. For LRSAM - 3-4 firing has been done, however, due to some technical problems another two years will be required. Astra - Ballistic firing has been completed; the transition from Mk-I to Mk-II will be extremely smooth. The company has a MoU with Rafale for Astra Mk-II and SAAW (Smart Anti Air Field Weapon). Integration of these missiles onto Rafale may take another two years. The company is in talks with other countries that have Rafale jets for these missiles. The company will be producing 5,000 guided rockets per year for the next 10 years. The price of this will be in the same range as of the Pinaka Guided Rocket.

HUGE OPPORTUNITY FOR BDL IN MISSILES PROCUREMENT PROGRAMS IN NEXT 3-4 YRS

Future Programmes	Expected Order Realisation	Association with
LBRM (Laser beam riding missile)	FY23-24	Thales, UK
SAAW (Smart Anti Air Field Weapon)	FY24-25	DRDO
ULPGM (UAV Launched precision Guided Munition)	FY24-25	DRDO
Drone Fired (3.5kg) Bomb	FY24-25	In house R&D
Drone Fired (1kg) Bomb	FY24-25	In house R&D
Spike ER2 (anti-tank guided missile)	FY24-25	Rafael Advanced Defence Systems
LGR – Laser Guided Rocket (70mm)	FY24-25	Thales,Belgium
QRSAM	FY25-26	DRDO
Dhruvastra/Helina ATGM	FY25-26	DRDO
NAG ATGM	FY25-26	DRDO
ALWT (Advanced Light Weight Torpedo)	FY25-26	DRDO
MIGM (Multi Influence Ground Mines)	FY25-26	DRDO
Dishani-SONOBUOY	FY25-26	DRDO
GRAD Rockets (122mm)	FY25-26	Splav State Research and Production Enterprise
Akash NG SAM	FY26-27	DRDO
MPATGM (Man portable Anti-tank guided missile)	FY26-27	DRDO
VLSRSAM	FY26-27	DRDO
EHWT (Electric Heavy Weight Torpedo)	FY26-27	DRDO
AMOGHA-III ATGM	FY26-27	In house R&D
JISHNU - Drone Fired Missile	FY26-27	In house R&D
MISTRAL (Air to Air missile)	FY26-27	MBDA
ASRAAM (Advanced Short Range Air-to-Air Missiles)	FY26-27	MBDA
LRLACM (Long Range Land Attack Cruise Missile)	FY27-28	DRDO

Source: Company, Way2Wealth

KEY RISKS & CONCERNS

- **Dependence on fiscal budget allocations** - BDL derives ~100% of its revenues from Defence sector, and the quantum of its revenues is directly tied to the capital allocations made by the Ministry of Defence to the armed forces. Though these allocations have been increasing year on year on an absolute basis, they still lag the requirements of defence forces which may impact the payments of ongoing projects. Uncertainties revolving around the pandemic and government's stretched fiscal situation might have a bearing on the defence budget in upcoming year. The company is actively exploring export markets with the encouragement from the Government of India.
- **Increased FDI limit might entail additional competition** - Government of India has recently raised the FDI limit in the defence sector from 49% to 74% under the automatic route. Though BDL remains the market leader in missiles manufacturing and integration space, the market has been witnessing the entry of a few private sector players.
- **Technology obsolescence risk** - BDL manufactures and service products that incorporate advanced technologies making it susceptible to obsolescence risks. To mitigate this, BDL has increased investments in its in-house R&D and is also concurrently working with DRDO in development of several projects.
- **Policy Risk** - BDL is subject to a number of procurement rules and regulations of the MoD, Government regulations and other rules and regulations. The business could be adversely affected in case of any sudden and unforeseen changes in the applicable rules. Restrictions on current and future export of the products and other regulations could adversely affect its business, results of operations and financial conditions.
- **Supplier/Service Provider Risk** - BDL 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 BDL is continuously striving to expand its vendor base and sufficiently safeguarded with liquidated damage clause in case of any failure on the performance. It's also developing multiple vendors where single source suppliers currently exist across its programmes to reduce its dependence and continuity in the programme.

VIEW

Bharat Dynamics (BDL), India's premier and sole manufacturer of certain missiles, is expected to witness continued momentum in its order book as India lays significant thrust on its indigenous missile development program. Given that the company is DRDO's production agency, it will maintain steady inflow of orders, and growth will be uninterrupted. The company has a long term order pipeline in excess of ₹500bn, providing a strong revenue visibility. Exports, which are minimal currently, has the potential to grow meaningfully as the Cabinet Committee on Security has approved the export of Akash missiles to nine countries. The company aims at 25% revenue from exports in the medium to long term. The management has stated that it is taking necessary actions like seeking alternative sources to procure these inputs as well as improve execution efficiency at its production facilities as faced in 2HFY23 and Q1FY24. We expect the execution pace to pick in the 2HFY24 once the supply chain issues are solved. This would enable BDL to achieve its FY24 revenue target of ₹32bn. However, BDL's inability to counter the issue over the short term does hinder revenue growth. Gross Margin expansion witnessed in Q1FY24 is expected to flow in operational profits and bottom-line.

For BDL, the long term growth remains intact led by (1) Government's thrust on defence indigenisation and modernisation; (2) Pick up in execution of order backlog; (3) Exploring more export opportunities on the back of already secured export orders; (4) Step up in R&D investment to develop in-house products and (5) Seeking out collaboration with foreign OEMs for local manufacturing. Hence, based on the above mentioned factors we recommend it as a **BUY** stock with **Target Range ₹1210-1230** trading at **P/E 21.0x FY25E EPS ₹48.2**.

Q1FY24 Revenue/ EBITDA declined 57%/178% respectively while Profit grew ~5% YoY; Supply chain normalisation remains key monitorable going forward

BDL witnessed a revenue decline of -11.6%/ 57.2% YoY in FY23/Q1FY24 to ₹24.9bn/₹2.98bn due to 1) delay in imports of electronics and critical explosive materials from OEMs, 2) design changes in production of a naval product, and 3) delay in supply of MRSAM kits which resulted in incomplete production. Thus, revenue fell short of guidance by ~₹7bn. The management has stated that it has taken necessary actions like seeking alternative sources to procure these inputs as well as improve execution efficiency at its production facilities. BDL's closing order book jumped from ₹103bn in FY22 to ₹237bn in FY23, owing to large orders received during the year for Akash weapon systems (~₹82bn), Astra missiles (~₹30bn), and Exports (\$255mn), coupled with weak execution. Furthermore, management expects total order inflows of ~₹200bn over the next 3 years.

Based on the order book, the management is guiding for ₹32bn revenue in FY24, which likely includes the shortfall recovery. However, BDL anticipates strong revenue growth in FY25 to ~₹50bn and FY26 to ~₹60bn (34.1% implied FY23-26 CAGR), driven by strong execution of orders in hand. There is good traction in export markets, especially for Akash weapon systems and Astra missiles, with a healthy order pipeline in place for the next 1-2 years. MoUs signed with international firms during Aero India 2023 will bring key new technologies to India.

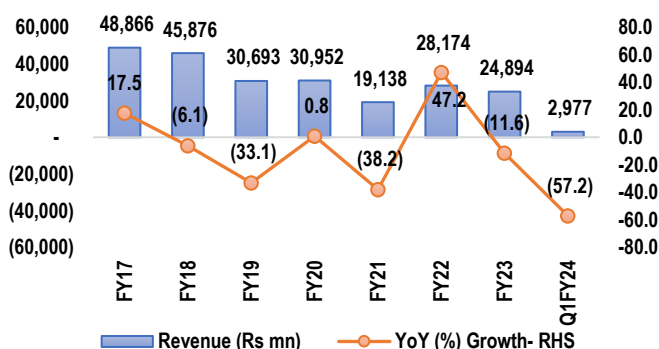
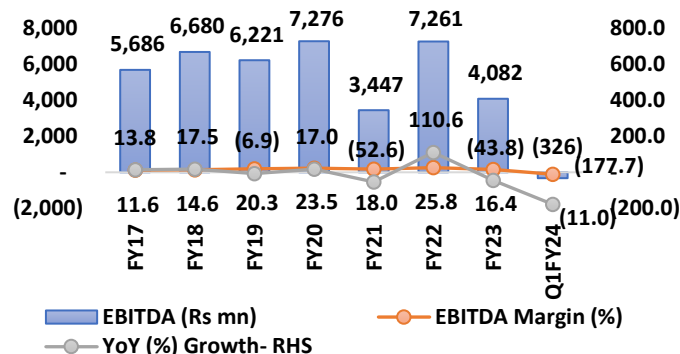
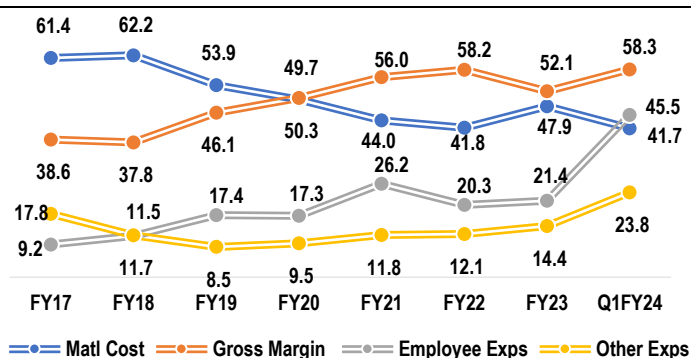
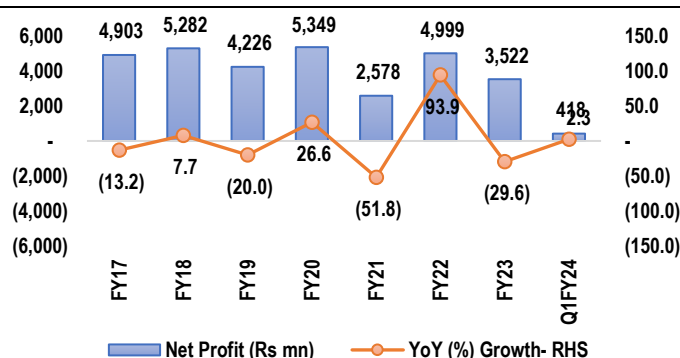
Q1FY24 PERFORMANCE

(₹mn)

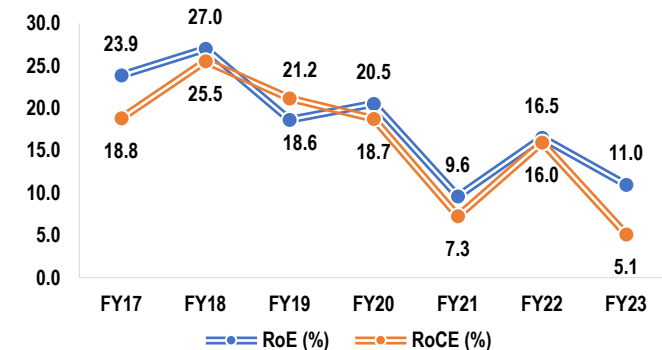
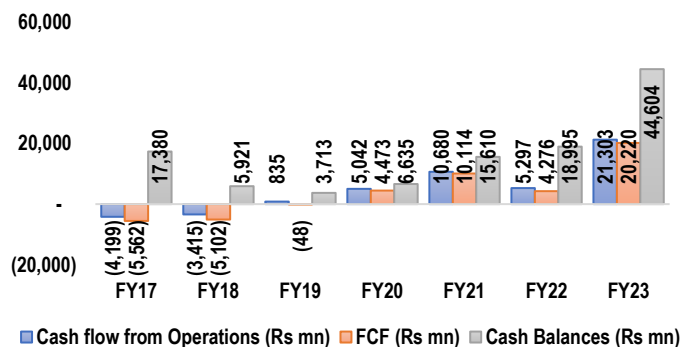
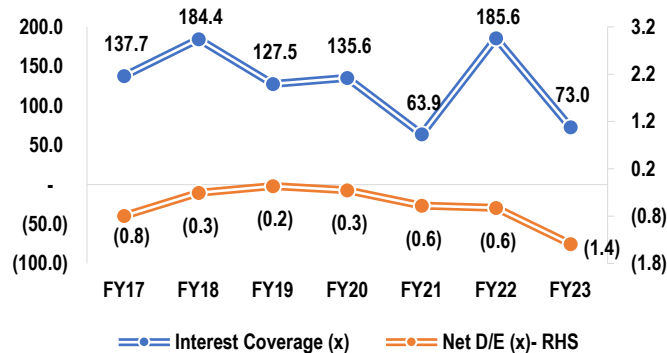
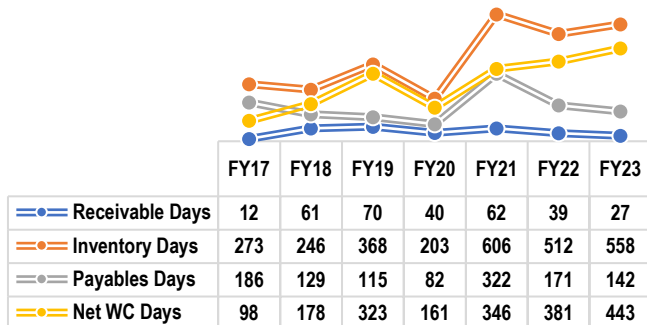
Particulars	Q1FY24	Q1FY23	YoY (%)	Q4FY23	QoQ (%)	FY23	FY22	YoY (%)
Revenue	2,977.2	6,948.0	(57.2)	7,982.6	(62.7)	24,893.9	28,174.0	(11.6)
Cost of Matl	1,774.1	6,054.9	(70.7)	2,431.6	(27.0)	12,103.3	12,633.7	(4.2)
Inventory Changes	(531.3)	(1,651.1)	(67.8)	1,299.4	(140.9)	(190.4)	(843.6)	(77.4)
Employee Exps	1,353.4	1,358.7	(0.4)	1,343.2	0.8	5,324.6	5,706.6	(6.7)
Other Exps	707.3	765.4	(7.6)	1,074.2	(34.2)	3,574.4	3,416.6	4.6
EBITDA	(326.4)	420.1	(177.7)	1,834.3	(117.8)	4,082.0	7,260.7	43.8
EBITDA Margin (%)	(11.0)	6.0	(1,701)	23.0	(3,394)	16.4	25.8	(937)
Other Income	1,074.5	367.6	192.3	371.7	189.1	1,554.0	1,112.1	39.7
Finance Cost	7.8	20.5	(61.9)	8.5	(8.0)	45.4	34.2	32.5
Depreciation	168.9	233.9	(27.8)	139.4	21.1	772.6	903.5	(14.5)
Exceptional Item	-	-	NM	-	NM	-	(335.9)	(100.0)
PBT	571.4	533.4	7.1	2,058.1	(72.2)	4,818.0	7,099.1	(32.1)
Tax	153.2	134.8	13.7	530.5	(71.1)	1,296.3	2,099.9	(38.3)
Net Profit	418.2	398.6	4.9	1,527.6	(72.6)	3,521.7	4,999.2	(29.6)
EPS (₹)	2.3	2.2	4.9	8.3	(72.6)	19.2	27.3	(29.6)
Adjus. Profit	418.2	398.6	4.9	1,527.6	(72.6)	3,521.7	5,335.1	(34.0)
Adjus.EPS (₹)	2.3	2.2	4.9	8.3	(72.6)	19.2	29.1	(34.0)

As % of Sales	Q1FY24	Q1FY23	YoY (bps)	Q4FY23	QoQ (bps)	FY23	FY22	YoY (bps)
Matl Cost	41.7	63.4	(2,164)	46.7	(499)	47.9	41.8	601
Gross Margin	58.3	36.6	2,164	53.3	499	52.1	58.2	(601)
Employee Exps	45.5	19.6	2,591	16.8	2,863	21.4	20.3	113
Other Exps	23.8	11.0	1,274	13.5	1,030	14.4	12.1	223

Source: Company, Way2Wealth

PAST PERFORMANCE
Revenue -10.6% CAGR FY17-23

EBITDA -5.4% CAGR FY17-23

Cost as % of Sales

Net Profit -5.4% CAGR FY17-23


Source: Company, Way2Wealth

Strong receivables management and negligible debt enabling robust cash balances & return ratios


Source: Company, Way2Wealth

FINANCIALS & VALUATIONS

Particulars	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Revenue	48,866	45,876	30,693	30,952	19,138	28,174	24,894	31,961	49,116
EBITDA	5,686	6,680	6,221	7,276	3,447	7,261	4,082	5,794	9,814
EBITDA Margin (%)	11.6	14.6	20.3	23.5	18.0	25.8	16.4	18.1	20.0
Net Profit	5,241	5,282	4,226	5,349	2,578	4,999	3,522	4,889	8,827
EPS (₹)	28.6	28.8	23.1	29.2	14.1	27.3	19.2	26.7	48.2
DPS (₹)	8.6	7.3	6.9	8.5	7.4	8.3	9.4	10.0	12.0
RoE (%)	23.9	27.0	18.6	20.5	9.6	16.5	11.0	12.6	17.2
RoCE (%)	18.8	25.5	21.2	18.7	7.3	16.0	5.1	8.4	13.4
Cash Balances	17,380	5,921	3,713	6,635	15,610	18,995	44,604	51,596	68,468
FCF	(5,562)	(5,102)	(48)	4,473	10,114	4,276	20,220	8,472	10,536
Receivable Days	12	61	70	40	62	39	27	26	25
Inventory Days	273	246	368	203	606	512	558	545	530
Payables Days	186	129	115	82	322	171	142	140	135
Net D/E (x)	(0.8)	(0.3)	(0.2)	(0.3)	(0.6)	(0.6)	(1.4)	(1.0)	(0.8)
P/E (x)	35.4	35.1	43.9	34.7	71.9	37.1	52.6	37.9	21.0
EV/ EBITDA (x)	29.6	26.9	29.2	24.6	49.3	22.9	34.5	25.3	16.0
P/BV (x)	8.4	9.5	8.2	7.1	6.9	6.1	5.8	4.8	3.7

Source: Company, Way2Wealth

PEER COMPARISON

COMPANY	CMP	MCAP	Revenue (₹ mn)				EBITDA (₹ mn)				EBITDA Margin (%)				PAT (₹ mn)				EPS (₹)			DPS (₹)		
	(₹)	(₹ mn)	FY21	FY22	FY23	Q1FY24	FY21	FY22	FY23	Q1FY24	FY21	FY22	FY23	Q1FY24	FY21	FY22	FY23	Q1FY24	FY21	FY22	FY23	FY21	FY22	FY23
BDL	1,011.70	1,85,416.50	19,138	28,174	24,894	2,977	3,447	7,261	4,082	-326	18	25.8	16.4	-11	2,578	4,999	3,522	418	14.1	27.3	19.2	7.4	8.3	9.4
BEL	137.7	10,06,556.50	1,40,638	1,53,682	1,77,344	34,654	31,811	31,662	39,229	6,725	22.6	20.6	22.1	19.4	20,654	23,489	29,862	5,386	4.3	3.2	4	1.5	1.3	4
HAL	1,969.70	13,17,252.70	227,550	2,46,200	2,69,279	39,153	53,490	54,090	66,790	8,796	23.5	22	24.8	22.5	32,390	50,800	58,250	8,142	48.4	75.9	87.1	30	50	40
Cochin Shipyard	1,035.20	1,36,164.00	28,189	31,900	23,305	4,441	7,198	6,289	2,651	821	25.5	19.7	11.4	18.5	6,102	5,866	3,345	1,094	46.4	44.6	25.4	15.5	16.8	17

COMPANY	CMP	MCAP	RoE (%)			RoCE (%)			P/E (x)			EV/EBITDA (x)			P/BV (x)			MCAP/Sales (x)		
	(₹)	(₹ mn)	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
BDL	1,011.70	1,85,416.50	9.6	16.5	11	7.3	16	5.1	71.9	37.1	52.6	49.3	22.9	34.5	6.9	6.1	5.8	9.7	6.6	7.4
BEL	137.7	1,006,556.5	20	21.5	24	27.2	19.5	19.6	32.0	43.0	34.4	30.1	29.9	25.1	3	2.7	7.3	7.2	6.5	5.7
HAL	1,969.70	1,317,252.7	21	26	25	29	27	20	40.7	25.9	22.6	23.3	21.7	16.7	4.3	3.4	2.8	5.8	5.4	4.9
Cochin Shipyard	1,035.20	1,36,164.00	15.6	14.1	7.6	14.2	11.2	4.4	22.3	23.2	40.7	16.9	17.7	36.4	3.4	3.1	3.1	4.8	4.3	5.8

COMPANY	CMP	MCAP	Cash flow from Operations (₹ mn)			FCF (₹ mn)			Cash Balances (₹ mn)			Net D/E (x)			Interest Coverage (x)			NWC Days		
	(₹)	(₹ mn)	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
BDL	1,011.70	1,85,416.50	10,680	5,297	21,303	10,114	4,276	20,220	15,610	18,995	44,604	(0.6)	(0.6)	-1.4	63.9	185.6	73	346	381	443
BEL	137.7	1,006,556.5	51,035	41,612	11,552	46,371	36,151	5,931	50,082	61,034	68,604	(0.5)	(0.1)	-0.8	464.8	707.4	292.1	213	198	180
HAL	1,969.70	1,317,252.7	152,627	1,00,328	88,297	1,39,454	85,323	70,485	71,774	143,477	203,166	(0.4)	(0.7)	-0.8	22	112.9	154.3	628	553	186
Cochin Shipyard	1,035.20	1,36,164.00	6,558	14,151	20,511	3,122	11,908	17,226	22,089	32,127	46,718	(0.4)	(0.6)	-0.9	16.5	18.8	13.2	45	72	86

Source: Company, Way2Wealth

Technical View
Weekly Chart


After experiencing an all-time high in the month of July 2023, where BDL fell from a high of 1278 to 956, the stock is showing signs of a resumption from current levels. With the formation of consolidation candlestick pattern at bottom levels over the past three weeks with steady volumes are the indication of trend reversal on the upside. Along with this, momentum indicators like stochastic started trading in the oversold zone which also suggest pullback move from lower level. Observation of the above considering factors, one can initiate a buy BDL at current market price for short to medium term gains. Technically the chart structure on BDL is suggesting upward movements in near term with targeting towards 1145/1162 levels. Break out of 1162 levels would invite further buying and then the stock may face the upside targets of 1278 or new all-time high. On the lower side, the support lies at 956 and 912 levels. Breakdown of 878-862 levels on closing basis would negate the short to medium term uptrend.

Technical Indicators/Overlays

Bollinger Bands (Upper - Lower)	1202.15 -801.45
Short Term - 20 & 50 Days EMA	918 & 691
Long Term - 100 & 200 Days EMA	555 & 456
Annualised Volatility	48.91
ADX	46.8
MACD	154.58
RSI	61.65
Average True Range(ATR)	173.4
AD Line	4.38 Cr
Standard Deviation	160.04
Pivot Levels - R1, R2	1044 & 1079
Pivot Point	1009
Pivot Levels - S1, S2	939 & 974
ROC (%)	6.98

S. Devarajan

Head – Technical & Derivatives Research

devarajan.s@way2wealth.com

91-22-4019 2996

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Disclosure of Interest Statement BHARAT DYNAMICS LTD (BDL) as on 18th October 2023

Name of the Security	BHARAT DYNAMICS LTD (BDL)
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained.	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	Yes (10 Nos, 09Nov21)
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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