



भारत डायनामिक्स लिमिटेड

BHARAT DYNAMICS LIMITED

Date : 05/02/25



**FIN2RESEARCH**  
Investment Advisor Pvt. Ltd.

## Buy Bharat Dynamics Limited

Buy Range : @ ₹1210-₹1240

Target : 1st @₹1310 , 2nd @₹1480

Stock Info	
Mkt Cap (cr)	44,537.34
52-Weeks High/Low	1,794.70-776.05
Avg Volume	8,97,948
No. of eq shares (cr)	36.66
Face Values	5.00
Bse Code	541143
Nse Code	BDL
Free Float (cr)	11,167.12
Source : NSE/BSE	

Particulars	2023	2024
P/E	102.89	104.74
P/B	5.64	8.83
EV/EBITDA	25.38	31.07
Quick Ratio	2.62	2.41
Current Ratio	3.45	3.07
ROCE	9.28%	12.03%
ROIC	5.93%	7.52%
Interest Coverage	105.51	274.06
ROE	11.28%	17.89%
DSO	35.98	38.30
DPO	155.78	256.82
DIO	532.64	773.85
Dividend Yield %	0.93	0.53

Source : Company, Fin2Research

Particulars	2023	2024
Revenue op. Growth	-11.64%	-4.82%
EBITDA Growth	-29.81%	59.12%
EBIT Grwoth	-30.13%	160.11%
PAT Growth	-29.60%	74.15%
EPS	9.61	16.71

Source : Company

Particulars	% of Total Shares
Promoters	74.93%
Mutual Funds/AIF	4.74%
Insurance co. & others	3.65%
Other DIIs	0.32%
FII	3.09%
Retails and Others	13.28%
Total	100.00%

**Bharat Dynamics Ltd:** Bharat Dynamics Ltd specializes in the manufacturing and sale of defense equipment. The company focuses on developing advanced systems such as surface-to-air missiles, air defense systems, heavyweight torpedoes, and air-to-air missiles, alongside other allied defense technologies. Its portfolio includes products like the Akash weapon system, Dispensing System, Milan 2T, Konkurs, and Submarine Fired Decoy, among others.

**Key Highlights:** The Ministry of Defence (MoD) has entered into a contract with Bharat Dynamics Limited (BDL) for the supply of Medium-Range Surface-to-Air Missiles (MRSAM) for the Indian Navy, valued at approximately Rs 2,960 crore. The MRSAM system is a standard feature on multiple Indian Naval ships and is expected to be integrated into most future platforms planned for acquisition. This contract represents a significant milestone in India's ongoing efforts to enhance its defence capabilities and advance the indigenisation of military technology.

BDL and other defence stocks surged after the Cabinet Committee on Security (CCS) approved defence deals worth Rs 80,000 crore. Among the key approvals, the CCS cleared the procurement of 31 Predator drones from the United States. Under this deal, India will acquire 31 High Altitude Long Endurance (HALE) UAVs, with the Navy receiving 15 SeaGuardian drones, while the Army and Air Force will each receive eight SkyGuardian land-based drones.

Another major deal approved by the CCS involves the construction of two nuclear-powered attack submarines at the Ship Building Centre in Visakhapatnam, with an estimated cost of Rs 45,000 crore. This initiative is expected to enhance India's naval and surveillance capabilities, with the submarines significantly strengthening the Navy's operational presence in the Indian Ocean Region.

The company is establishing additional manufacturing facilities in Ibrahimpatnam (Hyderabad), Amravati (Maharashtra), and Jhansi (Uttar Pradesh) to produce surface-to-air missiles (SAMS), including next-generation missiles, very short-range air defense (VSHORAD) rockets, and propellants for various anti-tank guided missiles (ATGMs). It has allocated ₹100 crore for capital expenditure in FY25.

The company's R&D expenditure accounted for 3% of total revenues in FY24, up from 2% in FY22. It continues to invest in R&D activities both internally and in collaboration with the Defence Research and Development Organisation (DRDO) for various development and production programs. Additionally, it is entering into agreements with foreign original equipment manufacturers (OEMs) for manufacturing in India and joint development initiatives.

In May 2024, the board approved an investment in a joint venture (JV) with Bharat Electronics Ltd, Hindustan Aeronautics Ltd, India Optel Ltd, and Tamil Nadu Industrial Development Corporation Ltd. The JV aims to develop defense testing infrastructure for electronic warfare systems.

### Key Risks :

- ❑ 1. Working Capital Requirments : The company's working capital cycle remains extended, with gross current assets (excluding cash) rising to over 700 days as of March 31, 2024, up from 531 days in fiscal 2023. Delays in customer clearances, longer inventory periods, and advance purchases have contributed to this, and GCA days (net of cash) are expected to stay above 550 days.
- ❑ 2. The Ministry of Defence is BDL's major customer, and the company bids on defence projects issued by the ministry on a fixed-contract basis, with minimal profitability in consideration of national interest. BDL relies on the Defence Research and Development Organisation (DRDO) for the necessary technical modifications for its orders. Any delays in finalizing these modifications can result in liabilities for damages, thereby reducing the company's profitability.

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**Price Above Key Moving Averages:** The price is currently above the 10-day, 20-day, and 21-day moving averages. This is a positive sign, suggesting potential upward momentum.

**Increased Volume:** The volume has increased significantly to 1.27M. This is a crucial confirmation of bullish sentiment. Higher volume during a price rise indicates stronger conviction.

**RSI Showing Strength:** The RSI is at 53.63, indicating strengthening momentum. While not yet overbought, it's moving in a positive direction, suggesting growing buying pressure.

**MACD Crossover Potential:** While the MACD is currently negative (-23.25), the divergence is 3.06, and the signal line is at 20.20. This suggests a potential bullish crossover in the near future. A bullish crossover (when the MACD line crosses above the signal line) is often seen as a buy signal.

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