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SEBI Registration No- INH000018142

Trade View Report-



Published Date	February 18th, 2026
Rating	BUY
Trade Type	Medium Term
Stock Name	BDL
Entry Price	1275
Target	1435
Stop Loss Price	1200
Target%	12.5%
SL%	6%

Rationale-

BDL, India's premier missile manufacturer, trades at premium valuations amid strong defense tailwinds but faces near-term execution hurdles from Q3 FY26 results.

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Company Overview

BDL specializes in guided weapon systems like surface-to-air missiles (Akash series), anti-tank guided missiles (ATGM), torpedoes, and air-to-air missiles, holding a near-monopoly in key segments via MoD contracts and DRDO tech transfers.

As a Navratna PSU, it boasts a debt-free balance sheet, with government promoter stake at 74.9% ensuring policy alignment and stability in a sector with high barriers to entry.

Exports hit ₹1,200 Cr in FY25 (up 640% YoY), bolstered by recent wins like ₹809 Cr ATGM order in Jul 2025, signaling diversification beyond domestic reliance.

Key Financials

FY25 revenue reflected robust execution with implied sales growth driving market cap to ₹556 Bn (PS ratio 14.04), though exact figures underscore steady scaling from prior ₹2,369 Cr base.

PAT reached ₹654 Cr, but Q3 FY26 saw sharp YoY declines to ₹73 Cr on ₹567 Cr revenue (-32%), tied to lumpy project milestones and EBITDA losses from mix shifts—common in long-cycle defense.

ROE at 14.38% trails peers like BEL (29%) but improved from 11.28% in FY23; interim dividend of ₹4.50/share (yield 0.31%) reflects payout discipline at 39%.

Ratios & Valuation

PE ratio of 99.65 and PB of 13.88 signal stretched multiples versus historical 52x/8.8x in FY24, justified by order visibility but vulnerable to corrections (RSI overbought). Liquidity remains solid with current ratio 2.38 (down from 3.07 FY24), supported by zero debt/equity—a rare strength enabling capex flexibility

Growth Drivers

Order book exceeds ₹22,700 Cr (Apr 2025), providing 3+ years revenue visibility from Akash/QRSAM inflows and new SBUs like drones/AI munitions.

Union Budget FY26's ₹6.81 lakh Cr allocation (6% up), with 75% domestic capex under Atmanirbhar Bharat, accelerates indigenization favoring BDL's ecosystem role.

Partnerships like Rafael for Spice bombs and export push to SE Asia/Middle East target 10%+ revenue mix, with FY26E H2 rebound via execution ramp-up eyeing ₹1,500+ targets.

Risks

Project delays from supply chain/tech integration caused Q3 EBITDA negativity, amplifying margin volatility (-19.6% Q1 precedent). Heavy MoD reliance (~80% revenue) exposes to budget slippages; raw material inflation (metals/composites) pressures costs amid debtor days ~90. Valuation risks loom with P/B 12x+ versus DCF fair value hints of 3% overpricing, prompting SEBI RA 'Sell' calls—ideal for dips below ₹1,400.

Disclaimer-

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Intraday- Not more than one day

Short term – 0-15 days

medium term – 1- 3 months

long term – more than a Year

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