

HSIE Results Daily

Contents

Results Reviews

- ONGC:** We maintain REDUCE on ONGC, with a target price of INR276, as we expect fall in oil & gas production. Crude oil and petroleum product prices are expected to remain elevated in the near term. OMCs are still making losses on the sale of auto fuels despite reduction in Special Additional Excise Duty (SAED) by the government and increase in retail selling price by OMCs. We believe that the government may compensate OMCs either by directly selling domestically-produced crude oil at a discount to benchmark prices or by imposing special duties on upstream companies. ONGC's standalone Q4FY26 EBITDA was INR178bn (-6.5% YoY, +2.6% QoQ) while standalone APAT was INR66bn (+3.1% YoY, -20.6% QoQ), marginally lower than our estimates due to lower-than-expected crude oil production volume.
- Siemens:** Siemens India's (SIL) revenue/EBITDA/APAT of 46.2/4.4/3.7bn was a beat/miss on our estimates by +0.2/-7.8/-12% respectively. Revenue growth was driven by strong performance across segments; however, margins were hit by currency depreciation and commodity price increases. SIL has not been able to pass through all of cost increases, with margins having had to bear the brunt, especially on short cycle orders/segments. Digital Industries saw higher import material cost due to substantial Euro appreciation and forex loss impacted profitability. SIL's order book (OB) stood at INR 450.3bn (+9.3% YoY). The strong Q6FY26 order booking of INR 67.3bn (+32.6% YoY) is driven by MO and SI segments, while DI witnessed marginal OI improvement. MO segment saw INR 18bn of bogie orders from the parent. SIL's segments are exposed to government capex, which is expected to grow 11% YoY in FY27, while private capex recovery is contingent on pick-up in consumption. However, the Middle East (ME) conflict has caused supply chain disruptions, commodity price increases, forex depreciation for SIL, affecting profitability. We have lowered our estimates to factor in commodity price and forex impact. Given the robust order backlog and stable order inflows, we retain BUY, with a TP of INR 4,275 (rolled over to 60x June-28 EPS, vs 55x earlier, increased multiple to factor in improved exports and acceleration in data centre ordering).
- Ashok Leyland:** While management indicated that fleet operators are still firm on their medium-term plan of replacing ageing fleets, we remain cautious due to the rising uncertainty around demand drivers for domestic and export markets, as a result of global geopolitical tensions. We value the company's core business at 12.0x Mar-28 EV/EBITDA (vs 12.5x earlier), and add the value of Hinduja Leyland Finance (INR 14) for a TP of INR 182, maintaining an ADD rating.
- Alkem Laboratories:** EBITDA grew 32% YoY, led by 15% YoY sales growth (+9% YoY India, flat QoQ in the US, and 24% YoY in ex-US exports), higher gross margin (+606 bps YoY at 65.9%), offset by higher costs (staff/R&D/SG&A +16%/45%/28% YoY). The company expects (1) India business to beat IPM growth by 100-150bps in FY27, led by increasing share from chronic share (~22% in FY26), scale-up in GLP-1 franchisee, traction from key therapies, and new launches; its MR addition (~14,500 in FY26) will remain strategic with focus on chronic business; (2) to remain cautious on near-term gross and EBITDA margin due to cost escalations (input materials like APIs/ packaging, and logistics – SG&A to see 7-8% YoY growth in FY27E), led by geopolitical

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issue, its targets to improve EBITDA margin by 100 bps p.a. for the next few years; (3) the US business to see high-single-digit growth, led by new launches (expects launch of Tolvaptan in H2FY27E); (4) International export formulations to see high-teen growth over the next few years; and (5) R&D at 4-5% of sales and ETR to be at 27-28% vs earlier guidance of 33-35%. Semaglutide (GLP-1) launch has seen good progress (for its injectable) as the company was able to capture ~11% market share, which should further improve in subsequent months; its oral solid form is progressing in late clinical phase, and the company targets filing for India approval in the near term. Its transaction for recent M&A of Occlutech will be completed by Q2FY27E (foray into ortho and cardiac impact market; we will factor in Occlutech post the completion of transaction process). Factoring in the FY26 performance, outlook, and lower ETR, we have raised our EPS by 2/6% for FY27/28E and revised the TP to INR 6,230 (28x FY28E EPS). ADD stays as we expect the India business to remain steady with ~11% CAGR over FY26-28E and the US business to scale up along with steady margin improvement.

- **Bharat Dynamics:** BDL recorded a weak FY26 performance, reflected through 27% revenue contraction on account of slower-than-anticipated execution of orders and shifting of deliveries of key missile systems (Akash Weapon) to FY27E. EBITDA margin contracted to 9.2% in FY26, from 14.1% in FY25, led by operating deleverage due to slower execution. The company's order book stands at INR 260bn (FY25: INR 228bn) with book to bill of 10.6 and estimated order inflow for the year at INR 56bn (FY25: INR 67bn). The company expects an order inflow of INR 150bn in FY27E. It has also planned capex for two facilities for which production is expected to start by Q2FY27. We believe these facilities will help the company diversify its product portfolio and liquidate the current order book. We expect revenue to start kicking in from these facilities from Q4FY27. We pencil in a 53% revenue CAGR over FY26-FY28E on account of Akash weapon deliveries and the current order book and future order inflows bouncing from a weak FY26 base. Due to subdued results, we change PAT estimates in the range of 3-8% and arrive at a TP of INR 1,080 (35x FY28E EPS); maintain REDUCE.

ONGC

Crude production down; offset by higher realization

We maintain REDUCE on ONGC, with a target price of INR276, as we expect fall in oil & gas production. Crude oil and petroleum product prices are expected to remain elevated in the near term. OMCs are still making losses on the sale of auto fuels despite reduction in Special Additional Excise Duty (SAED) by the government and increase in retail selling price by OMCs. We believe that the government may compensate OMCs either by directly selling domestically-produced crude oil at a discount to benchmark prices or by imposing special duties on upstream companies. ONGC's standalone Q4FY26 EBITDA was INR178bn (-6.5% YoY, +2.6% QoQ) while standalone APAT was INR66bn (+3.1% YoY, -20.6% QoQ), marginally lower than our estimates due to lower-than-expected crude oil production volume.

- Standalone financial performance:** Revenue was up 2.7% YoY and 13.9% QoQ, owing to higher realization. Oil price realization was INR7,329/bbl (USD79.7/bbl), up 13.2% YoY and 30.5% QoQ. Gas realization was flattish sequentially at INR 23.4/scm while up 1% YoY. Oil sales volume was down 4.9% YoY and 2.7% QoQ to 4.6mmt. Gas sales volume was down 3% YoY and 4.6% QoQ to 3.8bcm. Production of value-added products was down 8% YoY and 10% QoQ, owing to gas supply constrain. Revenue from value added product was down 20% YoY and 13% QoQ to INR24.2bn. Operating expenditure stood at INR99.83bn (+14.1% YoY, +30.2% QoQ). It was higher owing to foreign exchange loss of INR11.8bn. EBITDA for the quarter reported at INR178bn (-6.5% YoY, +2.3% QoQ). Exploration well cost and survey well cost was INR51bn (+1.2% YoY, +150% QoQ). Other income reduced sequentially to ~INR26.3bn (+26.7% YoY, -15.1% QoQ).
- Conference call takeaways:** (1) In FY26, new well gas constitutes 17% of production and 21% of revenue from ONGC nomination gas portfolio and it is expected to increase. Revenue from new well gas stood at INR66.78bn. (2) Reservoir complexities affected the production from 98/2 field in Eastern Offshore. The West Asia crisis affected pipeline replacement project and Daman Upside Development Project (DUDP) affecting the oil and gas production from Western Offshore. Further, some production got affected for a brief spell of time due to hook up operation of pipeline, compressor and turbines in two existing wells and surface facilities in Western offshore. (3) In FY26, 400 developing wells and 100 exploratory wells drilled. (4) OPaL: Reported EBITDA of INR12bn in FY26. (5) Capex: In FY27, ~INR30bn will be spent on E&P activities while INR10bn on non-E&P businesses.
- Change in estimates and valuation:** We have increased our FY27/28E EPS estimates by +25.5%/+7.4% to INR42.9/43.2, factoring in the higher crude oil price realization and favorable rupee-dollar exchange rate. We value ONGC's standalone business and OVL at 6.5x Mar-27E EPS at INR213 and investments at INR63, leading to a TP of INR276.

Standalone financial summary

YE March (INR bn)	4QFY26	3QFY26	QoQ(%)	4QFY25	YoY(%)	FY24*	FY25*	FY26*	FY27E*	FY28E*
Revenues	359.3	315.5	13.9	349.8	2.7	6,430.4	6,632.6	6,622.5	8,146.4	8,228.4
EBITDA	177.7	173.2	2.6	190.1	(6.5)	1,086.5	915.6	958.0	1,086.7	1,094.9
APAT	66.5	83.7	(20.6)	64.5	3.1	583.1	315.9	429.1	539.9	544.0
AEPS (INR)	5.3	6.7	(20.6)	5.1	3.1	46.4	25.1	34.1	42.9	43.2
P/E (x)						5.9	10.9	8.0	6.4	6.3
EV/EBITDA (x)						4.1	5.4	5.1	4.3	4.2
RoE (%)						18.9	9.3	12.0	14.0	13.0

Source: Company, HSIE Research | *Consolidated

Changes in estimates

YE March	FY27E			FY28E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	931	1,087	16.8	1,049	1,095	4.4
EPS	34.2	42.9	25.5	40.3	43.2	7.4

Source: HSIE Research

REDUCE

CMP (as on 27 May 2026)	INR 274
Target Price	INR 276
NIFTY	23,907

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 220	INR 276
EPS change	FY27E	FY28E
	+25.5%	+7.4%

KEY STOCK DATA

Bloomberg code	ONGC IN
No. of Shares (mn)	12,580
MCap (INR bn) / (\$ mn)	3,448/36,025
6m avg traded value (INR mn)	5,105
52 Week high / low	INR 308/229

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(2.0)	12.3	12.1
Relative (%)	4.6	23.8	19.0

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	58.89	58.89
FIs & Local MFs	19.69	19.31
FPIs	7.42	7.97
Government	10.30	10.30
Public & Others	3.70	3.53
Pledged Shares	0.00	0.00

Source: BSE

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Siemens

Disruptions affect margins; strong order booking

Siemens India's (SIL) revenue/EBITDA/APAT of 46.2/4.4/3.7bn was a beat/miss on our estimates by +0.2/-7.8/-12% respectively. Revenue growth was driven by strong performance across segments; however, margins were hit by currency depreciation and commodity price increases. SIL has not been able to pass through all of cost increases, with margins having had to bear the brunt, especially on short cycle orders/segments. Digital Industries saw higher import material cost due to substantial Euro appreciation and forex loss impacted profitability. SIL's order book (OB) stood at INR 450.3bn (+9.3% YoY). The strong Q6FY26 order booking of INR 67.3bn (+32.6% YoY) is driven by MO and SI segments, while DI witnessed marginal OI improvement. MO segment saw INR 18bn of bogie orders from the parent. SIL's segments are exposed to government capex, which is expected to grow 11% YoY in FY27, while private capex recovery is contingent on pick-up in consumption. However, the Middle East (ME) conflict has caused supply chain disruptions, commodity price increases, forex depreciation for SIL, affecting profitability. We have lowered our estimates to factor in commodity price and forex impact. Given the robust order backlog and stable order inflows, we retain BUY, with a TP of INR 4,275 (rolled over to 60x June-28 EPS, vs 55x earlier, increased multiple to factor in improved exports and acceleration in data centre ordering).

- Q6FY26 financial snapshot:** Revenue stood at INR 46.2bn (+8.4/+20.5% YoY/QoQ, in-line vs. our estimate). EBITDA stood at INR 4.4bn (-5/+5.2% YoY/QoQ, a 7.8% miss). Consequently, APAT came in at 3.7bn (-18/+1.8% YoY/QoQ, a miss of 12%).
- Segment-wise performance:** Smart infrastructure (SI) (55.6% revenue contribution): revenue at INR 25.9bn (+39.9/+22.2% YoY/QoQ), EBIT margin at 11.1% (-496.6/-330.5bps YoY/QoQ); Mobility (MO) (17.9% revenue contribution): revenue at INR 8.3bn (+19.3/+2.1% YoY/QoQ), EBIT margin at 6.6% (+131/+230bps YoY/QoQ); Digital industries (DI) (25.2% revenue contribution): revenue at INR 11.7bn (+14.6/+30.2% YoY/QoQ), EBIT margin at 2.3% (-224.1/+136bps YoY/QoQ); and Others (1.3% revenue contribution): revenue at INR 613mn (+33.6/+35.9% YoY/QoQ), EBIT margin at 7.3% (-442.4/+2.4bps YoY/QoQ).

Consolidated financial summary (INR mn)

Particulars	6QFY25	2QFY25	YoY (%)	5QFY25	QoQ (%)	FY26	FY27E	FY28E	FY29E
Revenue	46,175	42,590	8.4	38,307	20.5	248,456	207,960	239,220	274,124
EBITDA	4,439	4,675	(5.0)	4,219	5.2	28,242	23,808	29,510	34,328
APAT	3,704	4,516	(18.0)	3,639	1.8	26,969	19,785	24,380	28,346
EPS (INR)	10.4	12.7	(18.0)	10.2	1.8	75.7	55.6	68.5	79.6
P/E (x)						51.2	69.8	56.7	48.7
EV/EBIDTA (x)						46.9	54.5	43.3	36.5
RoE (%)						19.9	13.5	14.8	15.3

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY27E			FY28E		
	New	Old	% Change	New	Old	% Change
Revenue	207,960	201,432	3.2	239,220	239,529	(0.1)
EBITDA	23,808	24,540	(3.0)	29,510	29,966	(1.5)
EBITDA (%)	11.4	12.2	(75.1)	12.3	12.5	(16.4)
APAT	19,785	20,147	(1.8)	24,380	24,580	(0.8)

Source: HSIE Research

BUY

CMP (as on 27 May 2026)	INR 3,879
Target Price	INR 4,275
NIFTY	23,907

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 3,625	INR 4,275
EPS Change %	FY27E -1.8	FY28E -0.8

KEY STOCK DATA

Bloomberg code	SIEM IN
No. of Shares (mn)	356
MCap (INR bn) / (\$ mn)	1,381/14,433
6m avg traded value (INR mn)	1,513
52 Week high / low	INR 3,930/2,826

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	13.5	17.1	17.6
Relative (%)	20.1	28.6	24.5

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	75.00	75.00
FIs & Local MFs	8.35	8.59
FPIs	6.85	6.80
Public & Others	9.79	9.6
Pledged Shares	-	-

Source: BSE

Pledge shares as a % of total shares

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Ashok Leyland

Challenging near-term business environment

While management indicated that fleet operators are still firm on their medium-term plan of replacing ageing fleets, we remain cautious due to the rising uncertainty around demand drivers for domestic and export markets, as a result of global geopolitical tensions. We value the company's core business at 12.0x Mar-28 EV/EBITDA (vs 12.5x earlier), and add the value of Hinduja Leyland Finance (INR 14) for a TP of INR 182, maintaining an ADD rating.

- Quarterly performance:** EBITDA margin, at 14.6%, declined 46bps YoY but improved 128bps QoQ, above ours and Bloomberg consensus estimates of 14.4% and 14.3% respectively, driven by better price realizations, revenue mix, and focus on cost reduction. Despite 20.5% QoQ rise in volumes, operating costs went down only marginally (as a % of sales), with main benefits coming from better gross margins (higher by 82bps QoQ).
- Cautiously optimistic:** Management is cautiously optimistic on the business, going forward, as while baseline demand drivers remain intact for now, there is rising uncertainty due to geopolitical tensions, commodity cost inflation, and diesel price hikes. It mentioned no significant slowdown in May'26 for both the MHCV and LCV segments, and large fleet operators are still sticking to their fleet replacement plan made for the next 12-18 months. It remains confident that while some setback in demand is expected at the end of Q1 or in Q2, it expects this to convert into pent-up demand rather than lost demand, which will bounce back in H2FY27, as the average age of the fleet continues to remain high. On exports, it highlighted no significant slowdown in retail demand, although wholesales should drop in Q1FY27.
- Diesel price hike and availability a challenge:** It indicated that diesel price hikes have started to have some impact on customer sentiment, though it does not expect it to be a major impact for up to INR10-15 hike in diesel prices. However, there are issues with regard to availability of diesel in certain pockets of the country, which management believes could be due to hoarding. It has taken a price hike of 1-1.5% in Apr'26 (over the 1% hike taken in Jan'26). For the remainder of the cost inflation impact in Q1, it expects to mitigate it by focusing on value engineering and controlling operating expenses.
- Other key highlights:** 1) Capex for FY27 to be INR7.5-10bn (in FY26, it was ~INR10bn), with most of it budgeted for product development. 2) Hinduja Leyland Finance's AUM grew 24% YoY to reach INR590bn; it expects the reverse merger to move as per plan and get consummated in H1FY27. 3) On the battery business, it expects production to start in Q2FY28, with the initial focus on packing for captive use and energy storage, followed by a sale to a third party and then cell manufacturing.

Quarterly/annual financial summary

YE Mar (INR mn)	4Q FY26	4Q FY25	YoY (%)	3Q FY26	QoQ (%)	FY26	FY27E	FY28E
Net Sales	1,41,605	1,19,067	18.9	1,15,339	22.8	4,40,070	4,70,205	5,45,403
EBITDA	20,655	17,910	15.3	15,350	34.6	57,323	59,045	76,690
EBITDA %	14.6	15.0	-46bps	13.3	128bps	13.0	12.6	14.1
APAT	14,047	12,595	11.5	11,045	27.2	39,140	39,774	52,700
Diluted EPS(INR)	2.39	2.14	11.5	1.88	27.2	6.7	6.8	9.0
P/E (x)						24.5	24.2	18.2
EV / EBITDA (x)						15.9	15.5	11.8

Source: Company, HSIE Research

ADD

CMP (as on 27 May 2026)	INR 164
Target Price	INR 182
NIFTY	23,907

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 195	INR 182
EPS %	FY27E	FY28E
	-5.6%	-3.6%

KEY STOCK DATA

Bloomberg code	AL IN
No. of Shares (mn)	5,874
MCap (INR bn) / (\$ mn)	961/10,042
6m avg traded value (INR mn)	3,935
52 Week high / low	INR 215/115

Note: Company issued a bonus of 1:1 on 17th July 2025.

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(22.5)	2.4	36.6
Relative (%)	(15.8)	13.9	43.5

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	51.51	51.51
FIs & Local MFs	13.73	13.06
FPIs	24.41	24.57
Public & Others	10.35	10.86
Pledged Shares	21.03	20.49

Source : BSE

Pledged shares as % of total shares

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Alkem Laboratories

Steady Q4; India and medtech scale-up are key

EBITDA grew 32% YoY, led by 15% YoY sales growth (+9% YoY India, flat QoQ in the US, and 24% YoY in ex-US exports), higher gross margin (+606 bps YoY at 65.9%), offset by higher costs (staff/R&D/SG&A +16%/45%/28% YoY). The company expects (1) India business to beat IPM growth by 100-150bps in FY27, led by increasing share from chronic share (~22% in FY26), scale-up in GLP-1 franchisee, traction from key therapies, and new launches; its MR addition (~14,500 in FY26) will remain strategic with focus on chronic business; (2) to remain cautious on near-term gross and EBITDA margin due to cost escalations (input materials like APIs/ packaging, and logistics – SG&A to see 7-8% YoY growth in FY27E), led by geopolitical issue, its targets to improve EBITDA margin by 100 bps p.a. for the next few years; (3) the US business to see high-single-digit growth, led by new launches (expects launch of Tolvaptan in H2FY27E); (4) International export formulations to see high-teen growth over the next few years; and (5) R&D at 4-5% of sales and ETR to be at 27-28% vs earlier guidance of 33-35%. Semaglutide (GLP-1) launch has seen good progress (for its injectable) as the company was able to capture ~11% market share, which should further improve in subsequent months; its oral solid form is progressing in late clinical phase, and the company targets filing for India approval in the near term. Its transaction for recent M&A of Occlutech will be completed by Q2FY27E (foray into orthro and cardiac impact market; we will factor in Occlutech post the completion of transaction process). Factoring in the FY26 performance, outlook, and lower ETR, we have raised our EPS by 2/6% for FY27/28E and revised the TP to INR 6,230 (28x FY28E EPS). ADD stays as we expect the India business to remain steady with ~11% CAGR over FY26-28E and the US business to scale up along with steady margin improvement.

- Q4 highlights:** Sales grew 15% YoY to INR 36.03bn as India (66% of sales) grew 9% YoY to INR 23.24bn, with growth in gastro, VMN, pain, anti-diabetics, derma, and respiratory offset by muted anti-infectives. The US (22%) was flat QoQ to USD 84mn (+20% YoY), and international sales (13%) grew 24% YoY. Strong GM at 65.4% (+606 bps YoY) and higher staff (+16%), R&D (+45% YoY), and SG&A (+28%) costs led to INR 5.17bn EBITDA (+32% YoY) and a 14.4% margin (+191 bps YoY). Given higher interest (+90% YoY) and other income (+37% YoY), lower depreciation (-6% YoY), and adjustment for exceptional cost of INR 1.35 bn, PAT stood at INR 3.16bn (+4% YoY).
- Key con call takeaways:** As of Mar-26, net cash was ~INR 54.74bn. The company is not looking for any big-sized M&As in the near term. It expects Enzene Bio to see strong scale-up in the next few years; Enzene India business is close to achieving EBITDA break-even and international business break-even in the next 2-4 years. Semaglutide: Looking for international markets like the US (filing expected in FY28/29) and entry into RoW in the near term.

Quarterly financial summary

(INR mn)	4QFY26	4QFY25	YoY (%)	3QFY26	QoQ (%)	FY24	FY25	FY26	FY27E	FY28E
Net Revenue	36,033	31,438	15	37,368	(4)	126,676	129,645	147,123	164,741	179,511
EBITDA	5,174	3,913	32	8,280	(38)	22,455	25,122	30,052	34,266	38,236
APAT	3,167	3,059	4	6,802	(53)	19,346	21,322	24,451	23,971	26,598
EPS (INR)	26.5	25.6	4	56.9	(53)	161.8	178.3	204.5	200.5	222.5
P/E (x)						33.7	30.6	26.7	27.2	24.5
EV/EBITDA (x)						29.1	25.7	21.7	18.8	16.6
RoCE (%)						19	20	21	20	20

Source: Company, HSIE Research

ADD

CMP (as on 27 May 2026)	INR 5,452
Target Price	INR 6,230
NIFTY	23,907

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 5980	INR 6230
	FY27E	FY28E
EPS %	2.2	6.2

KEY STOCK DATA

Bloomberg code	ALKEM IN
No. of Shares (mn)	120
MCap (INR bn) / (\$ mn)	652/6,811
6m avg traded value (INR mn)	662
52 Week high / low	INR 5,934/4,716

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.3)	(4.1)	3.5
Relative (%)	3.3	7.4	10.5

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	51.2	51.2
FIs & Local MFs	21.54	21.39
FPIs	9.97	10.15
Public & Others	17.29	17.26
Pledged Shares	-	-

Source: BSE

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Bharat Dynamics

Lumpiness of order execution leads to a weak quarter

BDL recorded a weak FY26 performance, reflected through 27% revenue contraction on account of slower-than-anticipated execution of orders and shifting of deliveries of key missile systems (Akash Weapon) to FY27E. EBITDA margin contracted to 9.2% in FY26, from 14.1% in FY25, led by operating leverage due to slower execution. The company's order book stands at INR 260bn (FY25: INR 228bn) with book to bill of 10.6 and estimated order inflow for the year at INR 56bn (FY25: INR 67bn). The company expects an order inflow of INR 150bn in FY27E. It has also planned capex for two facilities for which production is expected to start by Q2FY27. We believe these facilities will help the company diversify its product portfolio and liquidate the current order book. We expect revenue to start kicking in from these facilities from Q4FY27. We pencil in a 53% revenue CAGR over FY26-FY28E on account of Akash weapon deliveries and the current order book and future order inflows bouncing from a weak FY26 base. Due to subdued results, we change PAT estimates in the range of 3-8% and arrive at a TP of INR 1,080 (35x FY28E EPS); maintain REDUCE.

- Q4FY26 highlights:** The revenue stood at INR 4,802mn, down 73% YoY, EBITDA at INR 552mn, down 82% YoY, and APAT at INR 1,132mn, down 59% YoY. The EBITDA margin fell to 11.5% in Q4FY26 from 16.8% in Q4FY25.
- FY26 highlights:** Revenue at INR 24,418mn (-27% YoY, miss by ~40%) was due to slower execution of orders. EBITDA at INR 2,234mn (-53% YoY, miss by ~72%) was due to EBITDA margin compression to 9.2% in FY26 from 14% in FY25 led by operating leverage due to slower execution. APAT was at INR 4,203mn (-23.5% YoY, miss by ~44%). The lower slip in APAT was aided by high other income of INR 4,238mn in FY26 against INR 3,504mn in FY25.
- Strong order book with a book to bill of 10.6:** The order book stands at around INR 260bn as of 25 March, 2026, with an estimated order inflow of INR 56.3bn. The company expects an order inflow of INR 150bn in FY27. The current book to bill of 10.6 along with future order inflows provide revenue visibility in the long term. BDL has also successfully completed First-Off Production Model (FOPM) of Advanced Akash Weapon System, with upgraded sub systems enhancing performance. This paves the way for delivery of Akash Systems to the Indian armed forces in FY27E-FY29E.
- Revenue from capex to kick in from FY27:** BDL inaugurated their INR 5bn naval systems manufacturing facility in Andhra Pradesh on 15 May, 2026, to meet the growing requirements of underwater weapons. BDL is also establishing two facilities in Hyderabad and Jhansi to help the company diversify its portfolio and liquidate the orderbook. The Ibrahimpatnam facility will have eight assembly lines to manufacture new weapon systems and will also include testing facilities. The Jhansi facility will manufacture propellants, grad rockets and in-house R&D of new energetics. We expect revenue from these facilities to kick in from Q4FY27.

Financial Summary

(INR mn)	Q4FY26	Q4FY25	YoY	Q3FY26	QoQ	FY25	FY26	FY27E	FY28E
Net Revenues	4,802	17,770	-73%	5,666	-15%	33,451	24,418	39,260	57,094
EBITDA	552	2,990	-82%	260	113%	4,724	2,234	7,459	10,779
APAT	1,132	2,728	-59%	729	55%	5,496	4,203	8,440	11,369
Diluted Consol EPS (INR)	3.1	7.4	-58%	2.0	55%	15.0	11.5	23.0	31.0
P/E (x)						85.5	111.8	55.7	41.3
EV/EBITDA						91	189	54	38
RoE (%)						14.4%	10.2%	18.6%	21.6%

Source: Company, HSIE Research

REDUCE

CMP (as on 27 May 2026)	INR 1,282
Target Price	INR 1,080
NIFTY	23,907

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 1,120	INR 1,080
	FY27E	FY28E
EPS Change %	-8%	-3%

KEY STOCK DATA

Bloomberg code	BDL IN
No. of Shares (mn)	367
MCap (INR bn) / (\$ mn)	470/4,911
6m avg traded value (INR mn)	2,381
52 Week high / low	INR 2,097/1,086

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	1.3	(14.8)	(34.6)
Relative (%)	8.0	(3.3)	(27.6)

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	74.93	74.93
FIs & Local MFs	10.94	10.97
FPIs	2.29	2.02
Public & Others	11.83	12.10
Pledged Shares	-	-

Source: BSE

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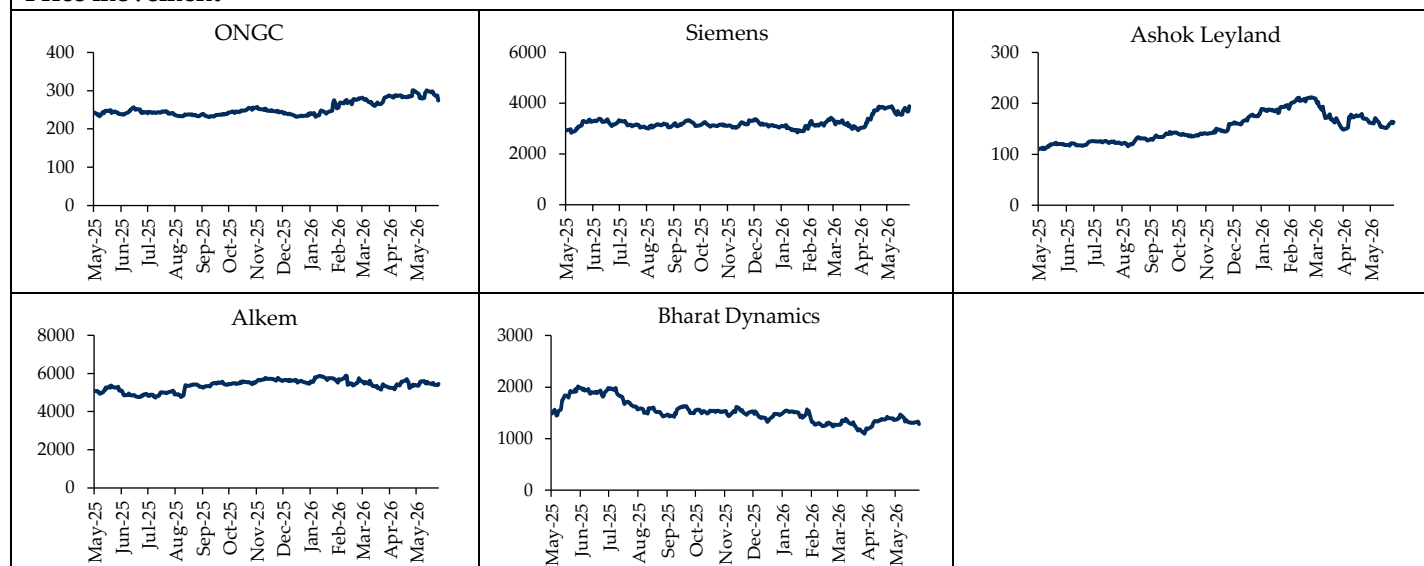
Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
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Aditya Iyer	ONGC	PGDM	NO
Parikshit Kandpal	Siemens	CFA	NO
Aditya Sahu	Siemens	MBA	NO
Jay Shah	Siemens	CA	NO
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Mehul Sheth	Alkem Laboratories	MBA	NO
Amit Kumar	Bharat Dynamics	CFA	NO
Nikunj Khetan	Bharat Dynamics	PGDM	NO
Aryan Singh Dalal	Bharat Dynamics	BCom	NO

Price movement



Disclosure:

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