NIRMAL BANG
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Institutional Equities

Defence Sector
1QFY25 Result Preview

SELL

July 18, 2024

Downgrade Sector on Super Rich Valuations

Key Points

Meteoric rise in returns by Defence stocks in NBIE coverage

- The Defence stocks within our coverage universe have delivered 58% returns in the last three months, 75% returns in the last six months, 148% returns in the last 12 months and 776% returns in the last three years, buoyed by healthy order books, revenue expansion and the government's major push for indigenization in the Defence sector.

Most stocks have delivered supernormal returns since our IC

- The stocks have delivered phenomenal returns in the last three months: AMPL – 43%, BDL – 76%, BEL – 43%, BEML – 46%, DPIL – 17%, HAL – 42%, MDL – 136% and PDSTL – 92%.

Justifying Defence valuations; The order book backlog conundrum: We believe that the exuberance around the Defence sector has been built solely around strong order books for assigning high valuations. Therefore, the conventional financial metrics do not fully capture the industry's true value, particularly cyclicality, profitability and efficiency. While we remain structurally positive on the Defence sector, the current steep valuations (stocks are trading well above their +2SD valuations despite assuming extremely aggressive earnings growth) do not take into account the risks from execution hiccups, rise in raw material costs, competitive pressures and cash flow generation. Despite assuming extremely strong earnings growth, ROE estimate for FY26 remains ~10-30% for coverage stocks, making it difficult for us to justify exorbitant multiples. We prefer to remain on the sidelines until valuations return to reasonable levels. We therefore downgrade the Defence sector to **SELL**. Our new target multiples of around +2SD for most coverage stocks adequately capture the growth opportunities in the sector.

Long-term outlook positive:

- During FY18-FY24, our coverage's Order Book/Revenue/EBITDA/PAT have clocked a 6-year CAGR of 6%/8%/17%/20% and we are forecasting Revenue/EBITDA/PAT CAGR of 20%/27%/25% during FY25E-FY26E. Given the huge opportunity (domestic as well as exports) and potential long-term growth (as highlighted in our IC report released in April'24), the Defence sector remains well-positioned. Recent conflicts closer to India, Europe and other regions of the world have enhanced the need and necessity to expand Defence capex and localize Defence manufacturing.

Potential risks to the sector:

- **Changes in the global economic and political order:** Any changes in the US presidency and inward-looking policies may lead to a cut in global defence spending. Tighter government budgets may also affect defence spending plans. This could translate into reduced or delayed orders for defence companies, hindering growth.
- **Delays in project execution, caused by technical complexities or bureaucratic hurdles,** can disrupt cash flows and impact profitability. This could lead to fall in stock prices and dampen investor sentiments.
- **Changes in Govt policies:** Shift in government priorities or changes in leadership could alter defence procurement policies, creating uncertainty for the Defence sector.
- **Geopolitical uncertainties:** They can be a double-edged sword. While heightened tensions might lead to increased defence spending in the short term, prolonged instability can create uncertainty and hinder long-term growth prospects.

Company	CMP	New TP	New Rating	Upside/ (Downside)
ASTM IN Equity	919	894	Acc	-3%
BDL IN EQUITY	1,546	1,508	Acc	-3%
BHE IN EQUITY	314	256	Sell	-18%
BEML IN EQUITY	4,823	4,954	Acc	3%
DATAPATT IN EQUITY	3,152	3,017	Acc	-4%
HNAL IN EQUITY	5,016	4,380	Sell	-13%
MAZDOCKS IN EQUITY	5,191	4,143	Sell	-20%
PARAS IN EQUITY	1,355	1,181	Sell	-13%

Company	CAGR FY24-FY26E			ROE
	Revenue	EBITDA	PAT	FY26E
ASTM IN Equity	21%	27%	28%	17%
BDL IN EQUITY	60%	64%	45%	30%
BHE IN EQUITY	15%	17%	16%	26%
BEML IN EQUITY	14%	33%	39%	18%
DATAPATT IN EQUITY	24%	24%	22%	17%
HNAL IN EQUITY	15%	32%	26%	29%
MAZDOCKS IN EQUITY	24%	59%	31%	36%
PARAS IN EQUITY	23%	42%	41%	12%

Please refer to the disclaimer towards the end of the document.

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Exhibit 1: Revised targets for Defence stocks in NBIE coverage

NBIE Defence Universe	CMP	New Target Price (NTP)	Upside/ (Downside)	Old Target Price (OTP)	% change (NTP/OTP)	New Rating	Old Rating
Astra Microwave Products Ltd	919	894	-3%	968	-8%	Acc	Buy
Bharat Dynamics Ltd	1,546	1,508	-3%	1,563	-4%	Acc	Acc
Bharat Electronics Ltd	314	256	-18%	328	-22%	Sell	Buy
Bharat Earth Movers Ltd	4,823	4,954	3%	3,676	35%	Acc	Acc
Data Patterns (India) Ltd	3,152	3,017	-4%	3,226	-6%	Acc	Acc
Hindustan Aeronautics Ltd	5,016	4,380	-13%	5,469	-20%	Sell	Buy
Mazagon Dock Shipbuilders Ltd	5,191	4,143	-20%	3,724	11%	Sell	Acc
Paras defence & Space Technologies Ltd	1,355	1,181	-13%	916	29%	Sell	Acc

Source: Nirmal Bang Institutional Equities Research

Exhibit 2: Most stocks in the sector are trading above 2SD multiples

NBIE Defence Universe	Fwd P/E	5-Year P/E Avg	+1 Std Dev	+1.5 Std Dev	+2 Std Dev	New Multiple	Rating
Astra Microwave Products Ltd	44	28	35	39	43	43 (+2 SD)	Acc
Bharat Dynamics Ltd	44	21	33	38	43	43 (+2 SD)	Acc
Bharat Electronics Ltd	43	16	25	30	35	35 (+2 SD)	Sell
Bharat Earth Movers Ltd	37	38	50	56	62	38 (5 Yr. Avg P/E)	Acc
Data Patterns (2Yr) Ltd	65	50	62	68	74	62 (+1 SD)	Acc
Hindustan Aeronautics Ltd	27	11	17	21	24	24 (+2 SD)	Sell
Mazagon Dock Shipbuilders Ltd (3Yr)	31	11	17	21	25	25 (+2 SD)	Sell
Paras Defence and Space Technologies Ltd (2Yr)	83	72	80	83	87	72 (2 Yr. Avg P/E)	Sell

Source: Nirmal Bang Institutional Equities Research

Exhibit 3: Stock performance of companies under coverage over various time periods

	Returns					Post_IC Returns
	18 July,21 to 18 July,24	18 July,22 to 18 July,24	18 July,23 to 18 July,24	18 Jan,24 to 18 July,24	18 April,24 to 18 July,24	5 April,24 to 18 July,24
Company	**3- Year Return**	**2- Year Return**	**1- Year Return**	**6- Month Return**	**3- Month Return**	**3- Month Return**
Astra Microwave Products Ltd	416%	331%	152%	62%	32%	43%
Bharat Dynamics Ltd*	727%	334%	168%	80%	71%	76%
Bharat Electronics Ltd	423%	269%	147%	67%	36%	43%
Bharat Earth Movers Ltd	357%	351%	s	53%	40%	46%
Data Patterns (India) Ltd	NA	340%	52%	63%	15%	17%
Hindustan Aeronautics Ltd	834%	465%	161%	69%	36%	42%
Mazagon Dock Shipbuilders Ltd	1896%	1866%	199%	124%	140%	136%
Paras defence & Space Technologies Ltd	NA	123%	101%	83%	95%	92%

** Stock split of 2:1 post IC*

Source: Nirmal Bang Institutional Equities Research

Astra Microwave Products Ltd (AMPL): The management's guidance remains unchanged, with Rs80bn order inflow for FY24-FY28E and a total addressable market of Rs390bn. The present order backlog stands at Rs1.9bn or 1.8x FY25E anticipated revenue and gives visibility for the next 1.5 years. The order execution mix of 70:30 in terms of domestic: export profitability is likely to change faster than sales in the medium term. AMPL signed a collaboration agreement with Teledyne e2v HiRel to deliver semiconductor services for the Aerospace, Defence, and reliability electronics markets. AMPL has advanced from manufacturing sub-systems/components to developing & producing critical microwave and radio frequency equipment, including GaN Transmit/Receive Modules (TRMs), NavIC chips (Navigation with Indian Constellation) & key radars and EW systems. Currently, order visibility is low, but the order pipeline is likely to increase, led by ASEA radars for LCA-MK 1A, EW, counter-drone measurement systems, and space business. During FY25E-FY26E, we expect Revenue/EBITDA/PAT to expand by 22%/28%/27%. The stock has run up by 43% since our Defence sector report (April 5, 2024) and it is currently trading at 1-yr forward P/E of 44x, which is above 5-yr. avg. P/E of 28x. We have assigned "ACCUMULATE" rating on AMPL with a target price (TP) of Rs894, valuing it at 43x March'26E EPS + 2SD above the long-term average.

Exhibit 4: Higher domestic mix

AMPL	FY25E			FY26E		
(Rs mn)	Old	New	*Change (%)*	Old	New	*Change (%)*
Net Sales	11,069	10,962	*(1.0)*	13,545	13,411	*(1.0)*
EBITDA	2,495	2,429	*(2.7)*	3,198	3,108	*(2.8)*
Adj. PAT	1,604	1,553	*(3.2)*	2,042	1,974	*(3.3)*
Adj. EPS	17	16	*(3.1)*	22	21	*(3.3)*

Source: Nirmal Bang Institutional Equities Research

Bharat Dynamics Ltd (BDL): The company's order backlog, estimated at ~Rs200bn (9x TTM revenue), indicates excellent growth potential and provides additional confidence in future growth prospects. The order pipeline remains strong (both domestic as well as exports), with various SAM (surface-to-air missile) variants such as Akash NG, Quick Reaction (QRSAM) and Vertical Launched Short Range (VLSRSAM), ATGM (Anti-Tank Guided Missile) such as Helina/Dhruvastra, Nag, MPATGM, Smart Anti-Airfield Weapon (SAAW), Astra MK2, torpedoes and so on. The products/projects under development include Amogha-III ATGM, drone-fired missiles & bombs, LBRM (Laser Beam Riding Missile), Mistral short-range missile system, ASRAAM (Advanced Short Range Air-to-Air Missile), SPIKE ER2, and so on. During FY25E-FY26E, we expect Revenue/EBITDA/PAT to clock a CAGR of 77%/ 36%/28%. The stock has run up by 76% since our Defence sector report (April 5, 2024) and it is currently trading at 1-yr. forward P/E of 44x, which is above 5-yr. avg. P/E of 21x. We have assigned "ACCUMULATE" with a TP of Rs1,508, valuing it at 43x March'26E EPS + 2SD above the long-term average.

Exhibit 5: Strong order book provides growth visibility

BDL	FY25E			FY26E		
(Rs mn)	Old	New	*Change (%)*	Old	New	*Change (%)*
Net Sales	34,990	34,410	*(1.7)*	61,943	61,016	*(1.5)*
EBITDA	9,825	10,573	*7.6*	14,988	14,354	*(4.2)*
Adj. PAT	9,471	10,031	*5.9*	13,328	12,854	*(3.6)*
Adj. EPS	26	27	*5.9*	36	35	*(3.6)*

Source: Nirmal Bang Institutional Equities Research

Bharat Electronics Ltd (BEL): In FY24, BEL successfully secured orders worth ~Rs350bn, including electronic fuses, EW systems, communication systems for naval warships, fire control systems, Akash prime weapon/system, radars, sonars, software-defined radios, night vision devices, tactical communication systems and other projects in the Non-Defence sectors. The order for electronic fuses is for 10-year duration while the duration of other contracts is 2-5 years. This has resulted in a strong order book of Rs760bn for BEL, to be executed over the next 2-3 years. The company had already guided for delays in the finalization of large projects like QRSAM and hence its guidance of Rs500bn order inflows for the next two years excludes QRSAM inflow. Execution over the next two years would come from projects like Akash, LRSAM, Himshakti, Arudra radar, air defence control, etc. We anticipate a Revenue/EBITDA/PAT CAGR of 16%/13%/12% during FY25E-FY26E. The stock has run up by 43% since our defence sector report (April 5, 2024) and it is currently trading at 1-yr. forward P/E of 43x, which is above 5-yr. avg. P/E of 16x. We have assigned "SELL" with a TP of Rs256, valuing it at 35x March'26E EPS + 2SD above the long-term average.

Exhibit 6: Well positioned to benefit from defence spending

BEL	FY25E			FY26E		
(Rs mn)	Old	New	*Change (%)*	Old	New	*Change (%)*
Net Sales	2,31,672	2,31,709	*0.0*	2,68,331	2,68,495	*0.1*
EBITDA	59,000	60,971	*3.3*	67,088	68,839	*2.6*
Adj. PAT	46,285	47,759	*3.2*	52,080	53,390	*2.5*
Adj. EPS	6	7	*3.2*	7	7	*2.5*

Source: Nirmal Bang Institutional Equities Research

Bharat Earth Movers Ltd (BEML): The company serves major clients with a track record of repeat orders, including PSUs such as Coal India Ltd., the Ministry of Defence, and the Railway industry. Over the next 4-5 years, we expect to receive ~Rs400bn in orders, including ~Rs160bn for new HMVs & ARVs besides upgrading its existing fleet. In addition, there is an order for 10 Vande Bharat sleeper train sets. The company expects to receive orders worth Rs100bn+ for metro cars, including projects in Bengaluru, Mumbai, Hyderabad, Chennai, and Patna. Further development opportunities are emerging in export markets such as Latin America and the Middle East. BEML signed a Memorandum of Understanding (MoU) with the Delhi Metro Rail Corporation to supply rolling stock for the Bahrain Metro Rail Project Phase 1. Meanwhile, it is executing a solid metro order book of over Rs50bn. We predict Revenue/EBITDA/PAT CAGR of 18%/51%/78% during FY25E-FY26E. The stock has run up by 46% since our IC report on Defence sector (April 5, 2024) and it is trading at 1-yr. forward P/E of 37x, which is lower than 5-yr. avg. P/E of 38x. We have assigned "ACCUMULATE" with a TP of Rs 4,954, valuing it at 38x March'26E EPS at 5y. avg. P/E.

Exhibit 7: Metro + Mining Equip. + Defence = All triggers in place...

BEML	FY25E			FY26E		
(Rs mn)	Old	New	*Change (%)*	Old	New	*Change (%)*
Net Sales	46,627	44,489	*(4.6)*	55,055	52,452	*(4.7)*
EBITDA	5,389	5,230	*(2.9)*	7,475	7,878	*5.4*
Adj. PAT	3,171	3,043	*(4.0)*	5,134	5,428	*5.7*
Adj. EPS	76	73	*(4.0)*	123	130	*5.7*

Source: Nirmal Bang Institutional Equities Research

Data Patterns (India) Ltd (DPIL): The company has a healthy order book position, with a robust pipeline of orders totaling Rs20-30bn over the next 2-3 years. It will continue to participate in orders received from BEL, but it hopes to secure orders directly from MOD through competitive bidding. The company's long history of modernization programs/platforms, such as Arudhra Radar, Ashwini LLTR, Dharashakti, M-17 and Aerostat upgrades, Lightweight EW requirements, airborne surveillance radar, radar warning receivers, Next Gen completely open for LCA Mk - IA and Sukhoi 30 will drive the business in the short to medium term. It is continuously looking into the export potential in the UK and Europe. During FY25E-FY26E, we expect Revenue/EBITDA/PAT to clock a CAGR of 25%/23%/19%. The stock has run up by 17% since our IC report on defence sector (April 5, 2024) and it is currently trading at 1-yr. forward P/E of 65x, which is above 2-yr. avg. P/E of 50x. We have assigned "ACCUMULATE" with a TP of Rs3,017, valuing it at 62x March'26E EPS + 1SD above the long-term average.

Exhibit 8: Strategically positioned to transition from a components/sub-systems player to a systems manufacturer

DPIL	FY25E			FY26E		
(Rs mn)	Old	New	*Change (%)*	Old	New	*Change (%)*
Net Sales	6,360	6,371	*0.2*	7,947	7,961	*0.2*
EBITDA	2,539	2,770	*9.1*	3,330	3,402	*2.2*
Adj. PAT	2,207	2,285	*3.5*	2,779	2,725	*(1.9)*
Adj. EPS	39	41	*3.6*	50	49	*(2.0)*

Source: Nirmal Bang Institutional Equities Research

Hindustan Aeronautics Ltd (HAL): The order backlog currently stands at Rs940bn (3x FY24 revenue). The company expects significant revenue growth in the next few years, driven by increased execution of big contracts such as Tejas MK1A aircraft, which still accounts for ~35% of the present order book. In the next 1.5-3 years, HAL will likely get Rs1.6-1.7tn in contracts. In addition, HAL will receive several large-scale contracts (such as AMCA, deck-based fighters for the Navy, multirole helicopters and so on) over the next 3-5 years. MRO contract execution is projected to remain strong, with constant order inflows and shorter execution durations. We predict Revenue/EBITDA/PAT CAGR of 16%/26%/24% during FY25E-FY26E. The stock has run up by 42% since our IC report on defence (April 5, 2024) and it is currently trading at 1-yr. forward P/E of 27x, which is above 5-yr. avg. P/E of 11x. We have assigned "SELL" with a TP of Rs4,380, valuing it at 24x March'26E EPS + 2SD above the long-term average.

Exhibit 9: Execution to pick up pace with a strong order book

HAL	FY25E			FY26E		
(Rs mn)	Old	New	*Change (%)*	Old	New	*Change (%)*
Net Sales	3,48,213	3,49,975	*0.5*	4,03,023	4,05,067	*0.5*
EBITDA	1,42,069	1,33,954	*(5.7)*	1,71,574	1,69,295	*(1.3)*
Adj. PAT	1,05,863	98,638	*(6.8)*	1,25,984	1,21,903	*(3.2)*
Adj. EPS	159	148	*(6.8)*	189	182	*(3.2)*

Source: Nirmal Bang Institutional Equities Research

Mazagon Dock Shipbuilders Ltd (MDL): The company aims to deliver one destroyer, a frigate and a submarine. As of FY24-end, the order book stood at Rs385bn. The possible order book includes P75-I, P17A Stealth Frigates-4, Next-Gen Destroyers-4, P17 Bravo Project-2 [equally split between MDL (2) and GRSE (2)], P75 Kalvari Class Submarines-3 and commercial vessel orders from Malaysia, Brazil, Indonesia, and the UAE. During FY25E-FY26E, we expect Revenue/EBITDA/PAT to expand by 27%/64%/50%. The stock has run up by 136% since our IC report on defence sector (April 5, 2024) and it is currently trading at 1-yr. forward P/E of 31x, which is above 3-yr. avg. P/E of 11x. We have assigned "SELL" with a TP of Rs4,143, valuing it at 25x March'26E EPS + 2SD above the long-term average.

Exhibit 10: Peak revenue booking in FY25

MDL	FY25E			FY26E		
(Rs mn)	Old	New	*Change (%)*	Old	New	*Change (%)*
Net Sales	1,13,356	1,15,529	*1.9*	1,43,802	1,46,561	*1.9*
EBITDA	17,691	21,766	*23.0*	26,407	35,783	*35.5*
Adj. PAT	19,819	22,281	*12.4*	26,825	33,425	*24.6*
Adj. EPS	98	110	*12.4*	133	166	*24.6*

Source: Nirmal Bang Institutional Equities Research

Paras Defence and Space Technologies Ltd (PDSTL): As of April 24, the closing order book was ~Rs6bn. The management expects the order book to sustain at 2x the full-year revenue in FY25. The company expects an order book of Rs25bn by FY28-end, accounting for 60% of total contracts. Order inflow is predicted to be evenly split between optical and optronics systems. The Defence Engineering segment offers greater cash flow flexibility. Both businesses generate 50-50% of sales, with optics and optronics systems producing bigger profits. The company is considering a relationship with Mitsubishi (Japan) for periscope systems. Japan has already purchased periscopes from Thales (France), which represents a significant possibility for PDSTL. During FY25E-FY26E, we expect Revenue/EBITDA/PAT to clock a CAGR of 28%/52%/56%. The stock has run up by 92% since our IC report on defence (April 5, 2024) and it is currently trading at 1-yr. forward P/E of 83x, which is above 2-yr. avg. P/E of 72x. We have assigned "SELL" with a TP of Rs1,181, valuing it at 72x March'26E EPS at 2 yr. avg P/E.

Exhibit 11: Strong order book visibility

PDSTL	FY25E			FY26E		
(Rs mn)	Old	New	*Change (%)*	Old	New	*Change (%)*
Net Sales	3,234	2,991	*(7.5)*	4,215	3,828	*(9.2)*
EBITDA	718	675	*(5.9)*	1,086	1,028	*(5.3)*
Adj. PAT	466	409	*(12.3)*	687	640	*(6.9)*
Adj. EPS	12	10	*(12.3)*	18	16	*(6.9)*

Source: Nirmal Bang Institutional Equities Research

Exhibit 12: Sector return ratios

Return Ratios	RoCE			RoE		
	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Astra Microwave Products Ltd	19%	20%	23%	15%	15%	17%
Bharat Dynamics Ltd	7%	13%	17%	18%	26%	30%
Bharat Electronics Ltd	28%	30%	29%	26%	27%	26%
Bharat Earth Movers Ltd	11%	12%	18%	11%	11%	18%
Data Patterns (India) Ltd	16%	18%	19%	15%	16%	17%
Hindustan Aeronautics Ltd	21%	26%	28%	29%	30%	29%
Mazagon Dock Shipbuilders Ltd	22%	27%	34%	35%	31%	36%
Paras defence & Space Technologies Ltd	8%	10%	16%	7%	9%	12%

Source: Nirmal Bang Institutional Equities Research

Outlook on 1QFY25 - Lean quarter: slow execution despite solid order book

- Weak quarter for the Defence industry due to sluggishness in executing orders ahead of general elections and cyclicality.
- While the management of companies in our coverage universe has guided the delivery of programs/platforms in FY25, the timelines are not well-defined.
  - **AMPL:** Sub-systems of Arudhra radars, radar systems, and sub-systems for communications.
  - **BDL:** Aakash missile system, LRSAM, ATGMs, and Heavy & lightweight torpedoes.
  - **BEL:** Himshakti, Akash, LRSAM, Arudhra MPR, and Shakti EW system.
  - **BEML:** Vande Bharat coaches, LHB coaches, HMV (high mobility vehicles), and ARV (Armoured Recovery Vehicles).
  - **DPIL**: Seeker technology for Brahmos and radar orders - BEL.
  - **HAL:** Eight LCA Mark 1, Dornier – 23, Rd-33 engines, STT 40 basic trainer and civil ALH.
  - **MDL:** One destroyer under P15B, One frigate under P17A and One P75 Kalvari Class Submarine.
  - **PDSTL:** Flow forming tubes and six periscopes for a submarine periscope refurbishment.

Delays in order inflows and receipt of payments:

- During our interactions with the management, we gathered likely delays in order inflows and receipt of payments despite timely execution of projects due to elections in the said quarter.

Marginal improvement in margins:

- The coverage universe's revenue declined by ~57% QoQ in a lean quarter but grew by ~19% YoY. We expect the EBITDA margin for our coverage universe to improve by 655bps YoY. We expect HAL to report a better EBITDA margin (up 1,129bps YoY) followed by MDL (up 643bps YoY) and BEL (up 258bps YoY).

The stock price run-up does not justify current valuations: The average stock return of our Defence coverage universe has been 148% in the last one year and 75% in the last six months. The coverage stocks have climbed by 62% after NBIE published a detailed IC report on the Defence sector on April 05, 2024.

We remain positive in the Defence sector due to a robust order book, pick-up in execution and benefits accruing from ongoing geopolitical tensions. However, the current stock prices do not reflect fair valuations. We therefore downgrade the Defence sector to SELL. Our new target multiples of around +2SD for most coverage stocks adequately capture the growth opportunities in the sector.

Key Risks: Management commentary on the order pipeline, exports, Non-defence segments and supply chain issues will be the key monitorables.

Exhibit 13: 1QFY25 Earnings Estimates

Rs. Mn	Revenue			EBITDA			EBITDA margin			PAT		
	1QFY25E	*YoY %*	*QoQ %*	1QFY25E	*YoY %*	*QoQ %*	1QFY24	4QFY24	1QFY25E	1QFY25E	*YoY %*	*QoQ %*
Astra Microwave Products Ltd	1,498	*12.0*	*-57.7*	58	*89.2*	*-92.8*	2.3	22.8	3.9	-37	*NA*	*NA*
Bharat Dynamics Ltd	3,325	*11.7*	*-61.1*	-110	*NA*	*NA*	-11.0	37.0	-3.3	463	*10.8*	*-84.0*
Bharat Electronics Ltd	39,089	*10.6*	*-54.4*	8,450	*25.6*	*-63.1*	19.0	26.7	21.6	6,776	*25.8*	*-62.3*
Bharat Earth Movers Ltd	6,115	*6.0*	*-59.6*	-517	*NA*	*NA*	-8.8	24.5	-8.5	-703	*NA*	*NA*
Data Patterns (India) Ltd	1,061	*18.3*	*-41.8*	326	*16.8*	*-65.0*	31.1	51.0	30.7	273	*5.8*	*-61.6*
Hindustan Aeronautics Ltd	46,788	*19.5*	*-68.3*	15,760	*79.7*	*-73.3*	22.4	40.0	33.7	11,248	*38.3*	*-73.9*
Mazagon Dock Shipbuilders Ltd	29,332	*35.0*	*-5.5*	4,203	*144.8*	*-19.8*	7.9	16.9	14.3	4,911	*56.2*	*-25.9*
Paras defence & Space Technologies Ltd	517	*7.0*	*-35.1*	124	*14.9*	*1.5*	22.4	15.4	24.1	64	*6.0*	*-36.1*

Source: Nirmal Bang Institutional Equities Research

Exhibit 14: Company-wise 1QFY25 estimates

AMPL	1QFY24	4QFY24	1QFY25E	*YoY%*	*QoQ%*
Closing Order Book	15,800	19,560	19,733	*24.9*	*0.9*
Net Sales	1,337	3,540	1,498	*12.0*	*(57.7)*
EBITDA	31	807	58	*89.2*	*(92.8)*
Net Profit	-67	544	-37	*NA*	*NA*
EPS (Rs.)	-0.7	5.7	-0.4	*NA*	*NA*

BDL	1QFY24	4QFY24	1QFY25E	*YoY%*	*QoQ%*
Closing Order Book	2,02,230	1,94,680	2,06,897	*2.3*	*6.3*
Net Sales	2,977	8,541	3,325	*11.7*	*(61.1)*
EBITDA	-326	3,164	-110	*NA*	*NA*
Net Profit	418	2,888	463	*10.8*	*(84.0)*
EPS (Rs.)	1.1	7.9	1.3	*10.8*	*(84.0)*

BEL	1QFY24	4QFY24	1QFY25E	*YoY%*	*QoQ%*
Closing Order Book	6,54,000	7,59,340	7,78,280	*19.0*	*2.5*
Net Sales	35,329	85,641	39,089	*10.6*	*(54.4)*
EBITDA	6,725	22,872	8,450	*25.6*	*(63.1)*
Net Profit	5,385	17,971	6,776	*25.8*	*(62.3)*
EPS (Rs.)	0.7	2.5	0.9	*25.8*	*(62.3)*

BEML	1QFY24	4QFY24	1QFY25E	*YoY%*	*QoQ%*
Closing Order Book	98,000	1,18,720	1,29,357	*32.0*	*9.0*
Net Sales	5,769	15,137	6,115	*6.0*	*(59.6)*
EBITDA	-505	3,704	-517	*NA*	*NA*
Net Profit	-750	2,568	-703	*NA*	*NA*
EPS (Rs.)	-18.0	61.7	-16.9	*NA*	*NA*

DPIL	1QFY24	4QFY24	1QFY25E	*YoY%*	*QoQ%*
Closing Order Book	9,671	10,831	11,725	*21.2*	*8.3*
Net Sales	897	1,823	1,061	*18.3*	*(41.8)*
EBITDA	279	930	326	*16.8*	*(65.0)*
Net Profit	258	711	273	*5.8*	*(61.6)*
EPS (Rs.)	4.6	12.7	4.9	*5.8*	*(61.6)*

HAL	1QFY24	4QFY24	1QFY25E	*YoY%*	*QoQ%*
Closing Order Book	8,33,721	9,40,000	9,17,033	*10.0*	*(2.4)*
Net Sales	39,154	1,47,688	46,788	*19.5*	*(68.3)*
EBITDA	8,768	59,013	15,760	*79.7*	*(73.3)*
Net Profit	8,141	43,087	11,248	*38.2*	*(73.9)*
EPS (Rs.)	12.2	64.4	16.8	*38.3*	*(73.9)*

MDL	1QFY24	4QFY24	1QFY25E	*YoY%*	*QoQ%*
Closing Order Book	3,91,170	3,85,610	3,98,400	*1.8*	*3.3*
Net Sales	21,728	31,037	29,332	*35.0*	*(5.5)*
EBITDA	1,717	5,241	4,203	*144.8*	*(19.8)*
Net Profit	3,143	6,630	4,911	*56.2*	*(25.9)*
EPS (Rs.)	15.6	32.9	24.3	*56.2*	*(25.9)*

PDSTL	1QFY24	4QFY24	1QFY25E	*YoY%*	*QoQ%*
Closing Order Book	4,138	6,000	6,203	*49.9*	*3.4*
Net Sales	483	797	517	*7.0*	*(35.1)*
EBITDA	108	123	124	*14.9*	*1.5*
Net Profit	60	100	64	*6.0*	*(36.1)*
EPS (Rs.)	1.5	2.6	1.6	*6.0*	*(36.1)*

Source: Nirmal Bang Institutional Equities Research

Exhibit 15: Defence sector aggregate 1QFY25 estimates

NBIE Industry Coverage	1QFY24	4QFY24	1QFY25E	*YoY%*	*QoQ%*
Closing Order Book	22,08,729	24,34,741	24,67,627	*11.7*	*1.4*
Net Sales	1,07,674	2,94,202	1,27,725	*18.6*	*(56.6)*
EBITDA	16,796	95,854	28,294	*68.5*	*(70.5)*
EBITDA Margin	16%	33%	22%	*655bps*	*(1,043)bps*
Net Profit	16,588	74,498	22,995	*38.6*	*(69.1)*
EPS (Rs.)	17	190	33	*91.1*	*(82.9)*

Source: Nirmal Bang Institutional Equities Research

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