




# Bharat Electronics Ltd.

**BUY**

Sector: Defence Electronics

25<sup>th</sup> May 2026

<b>Key Changes</b>	<b>Target</b>		<b>Rating</b>		<b>Earnings</b>		<b>Target</b>	<b>Rs.504</b>
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	<b>CMP</b>	<b>Rs.417</b>	
Large Cap	BHE:IN	75,415	BEL	500049	12 Months	<b>Return</b>	<b>+21%</b>	

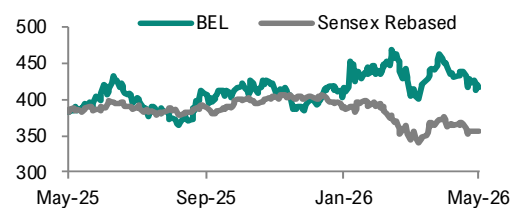
Data as of: 22-05-2026, 18.00 hrs

Company Data	
Market Cap (Rs. cr.)	3,04,489
52 Week High — Low (Rs.)	473 - 361
Enterprise Value (Rs. cr)	3,02,724
Outstanding Shares (Rs cr)	731
Free Float (%)	49.0
Dividend Yield (%)	0.68%
6m average volume (cr)	2.3
Beta	0.92
Face value (Rs)	1.0

Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	51.1	51.1	51.1
FII's	18.1	18.5	19.5
MFs/Institutions	20.9	20.5	20.0
Public	9.8	9.9	9.4
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-4.2%	0.1%	8.7%
Absolute Sensex	-8.3%	-11.5%	-6.8%
Relative Return	4.0%	11.6%	15.5%

\*over or under performance to benchmark index



Y.E March (Rs.cr)	FY26A	FY27E	FY28E
Sales	27,480	32,176	36,752
Growth (%)	16.2	17.1	14.2
EBITDA	8,015	9,315	10,640
EBITDA Margin (%)	29.2	29.0	29.0
PAT Adjusted	6,048	7,017	8,002
Growth (%)	14.4	16.0	14.0
Adjusted EPS	8.3	9.6	10.9
Growth (%)	14.4	16.0	14.0
P/E	50.3	43.4	38.1
P/B	4.3	3.5	2.9
EV/EBITDA	37.8	32.7	28.4
ROE (%)	27.6	26.6	24.9
D/E	0.0	0.0	0.0

Author: Anil R - Sr. Research Analyst

## Strong Order Inflows in FY27; Multi-Year Visibility

**Bharat Electronics Ltd. (BEL) is a Navaratna enterprise with a 37% market share in Indian defence electronics. BEL's core capabilities are in radar & weapons systems, defence communication & electronic warfare.**

- FY26 revenue growth of 16% YoY, driven by better execution across key programmes.
- EBITDA rose 18.4% YoY, while margin improved by 60bps YoY, to 29.2%, led by a better product mix. Net profit rose 14.4% YoY, coming in ahead of expectations.
- The current order backlog is Rs. 73,882cr (2.3x FY27E projected sales), providing strong earnings visibility for the next 3 years. The order pipeline remains strong with an order inflow expectation of Rs 55,000cr, with Rs 30,000cr of QRSAM orders.
- EBITDA margin guidance of >28% appears achievable, supported by product mix, rising indigenous content and cost optimisation. We forecast earnings to grow at a 15% CAGR over FY26–28E.

## Outlook & Valuation

BEL's strong execution trajectory continues, supported by a healthy order book (~2.3x FY27E revenue) and robust FY27 inflow guidance (~Rs.550bn), led by QRSAM, NGC, P-75I, and EW programs. Opportunities in AMCA, UAVs, and exports further enhance growth visibility. Margins remain resilient, driven by improved product mix, high indigenization (~80–85%), and a greater share of technology-intensive programs. We retain a positive outlook on BEL's earnings visibility and competitive positioning. **We value BEL at 46x FY28E EPS, with a BUY rating and TP of Rs.504.**

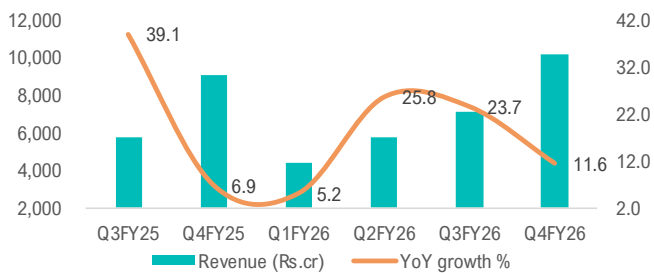
## Quarterly Financials standalone

Rs.cr	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Sales	10,177	9,120	11.6	7,122	42.9	27,480	23,658	16.2
EBITDA	2,962	2,789	6.2	2,118	39.9	8,015	6,768	18.4
Margin %	29.1	30.6	-147bps	29.7	-63bps	29.2	28.6	56bps
EBIT	2,797	2,659	5.2	1,990	40.6	7,491	6,332	18.3
PBT	2,904	2,848	2.0	2,148	35.2	8,075	7,090	13.9
PAT	2,203	2,105	4.7	1,590	38.6	6,048	5,288	14.4
Adj. PAT	2,203	2,105	4.7	1,590	38.6	6,048	5,288	14.4
EPS (Rs)	3.0	2.9	4.7	2.2	38.6	8.3	7.2	14.4

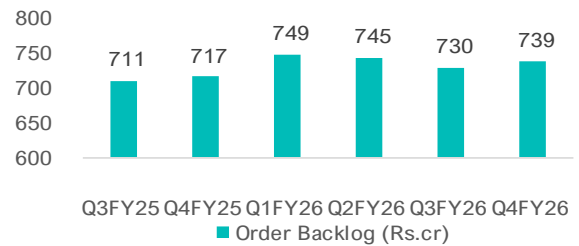
## Key Concall Highlights

- Revenue growth guided at ~15% YoY, supported by strong execution across key programs including LRSAM, Akash, radars, EW systems, avionics, and fuses.
- For FY27, Robust order inflow guidance of >Rs.55,000cr, led by QRSAM, NGC, P-75I submarines, and EW/radar programs..
- QRSAM order is expected shortly, with execution to commence within ~18 months of signing, with multi-year revenue visibility.
- EBITDA margins expected to sustain at >28%, driven by favorable mix, high indigenization (~80–85%), and increased share of technology-intensive programs.
- Export contribution at ~4–5%, with a roadmap to exceed 10% over the medium term, supported by communication systems, SDRs (software defined radars), and C4ISR (An integrated Command & Control solution) opportunities.
- FY27 capex guided at ~Rs.1,200 crore, focused on capacity expansion and investments in AI/compute infrastructure and next-gen technologies.

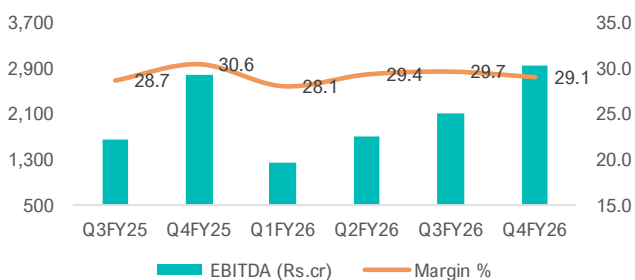
### Revenue



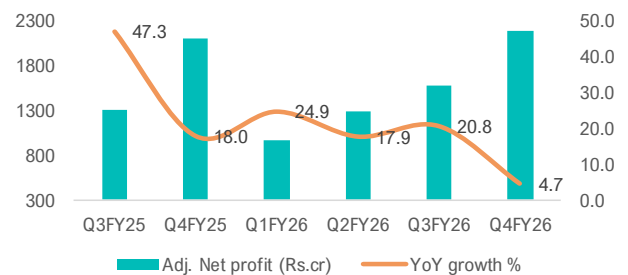
### Order backlog



### EBITDA



### PAT



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	32,882	-	32,176	36,752	(2.1)	-
EBITDA	9,799	-	9,315	10,640	(5.0)	-
Margins (%)	29.8	-	29.0	29.0	(90bps)	-
Adj. PAT	7,673	-	7,017	8,002	(8.6)	-
EPS	10.5	-	9.6	10.9	(8.6)	-



## Standalone Financials

### Profit & Loss

Y.E March (Rs cr)	FY24A	FY25A	FY26A	FY27E	FY28E
<b>Sales</b>	<b>20,169</b>	<b>23,658</b>	<b>27,480</b>	<b>32,176</b>	<b>36,752</b>
% change	14.3	17.3	16.2	17.1	14.2
<b>EBITDA</b>	<b>4,998</b>	<b>6,768</b>	<b>8,015</b>	<b>9,315</b>	<b>10,640</b>
% change	23.5	35.4	18.4	16.2	14.2
Depreciation	412	436	524	605	673
<b>EBIT</b>	<b>4,586</b>	<b>6,332</b>	<b>7,491</b>	<b>8,710</b>	<b>9,966</b>
Interest	7	10	7	3	3
Other Income	756	768	590	649	706
<b>Share of profit</b>	-	-	-	-	-
<b>PBT</b>	<b>5,335</b>	<b>7,090</b>	<b>8,075</b>	<b>9,356</b>	<b>10,670</b>
% change	33.9	32.9	13.9	15.9	14.0
Tax	1315	1802	2027	2339	2667
Tax Rate (%)	24.6	25.4	25.1	25.0	25.0
<b>Reported PAT</b>	<b>4,020</b>	<b>5,288</b>	<b>6,048</b>	<b>7,017</b>	<b>8,002</b>
Adj.*	-	-	-	-	-
Adj. PAT	<b>4,020</b>	<b>5,288</b>	<b>6,048</b>	<b>7,017</b>	<b>8,002</b>
% change	33.7	31.5	14.4	16.0	14.0
No. of shares (cr)	731	731	731	731	731
<b>Adj EPS (Rs)</b>	<b>5.5</b>	<b>7.2</b>	<b>8.3</b>	<b>9.6</b>	<b>10.9</b>
% change	33.7	31.5	14.4	16.0	14.0
<b>DPS (Rs)</b>	<b>2.0</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>

### Cash Flow

Y.E March (Rs cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Deprn.	4,020	5,288	6,048	7,017	8,002
Non-cash adj.	866	(74)	(7)	(41)	(30)
Changes in W.C	(238)	(4,734)	(4,548)	(6,406)	(4,081)
<b>C.F. Operation</b>	<b>4,648</b>	<b>480</b>	<b>1,494</b>	<b>570</b>	<b>3,891</b>
Capital exp.	(642)	(1,001)	(967)	(968)	(1,200)
Change in inv.	(5,775)	1,052	2,085	-	-
Other invest.CF	533	701	612	649	706
<b>C.F - Investment</b>	<b>(5,889)</b>	<b>748</b>	<b>1,747</b>	<b>(319)</b>	<b>(494)</b>
Issue of equity	-	-	-	-	-
Issue/repay debt	(13)	(16)	(14)	(3)	(3)
Dividends paid	(1,462)	(1,681)	(2,083)	(1,681)	(1,681)
Other finance.CF	(3)	(6)	(2)	-	-
<b>C.F - Finance</b>	<b>(1,474)</b>	<b>(1,696)</b>	<b>(2,096)</b>	<b>(1,684)</b>	<b>(1,684)</b>
Chg. in cash	(2,715)	(467)	1,145	(1,432)	1,714
<b>Closing cash</b>	<b>1,149</b>	<b>682</b>	<b>1,827</b>	<b>394</b>	<b>2,108</b>

### Balance Sheet

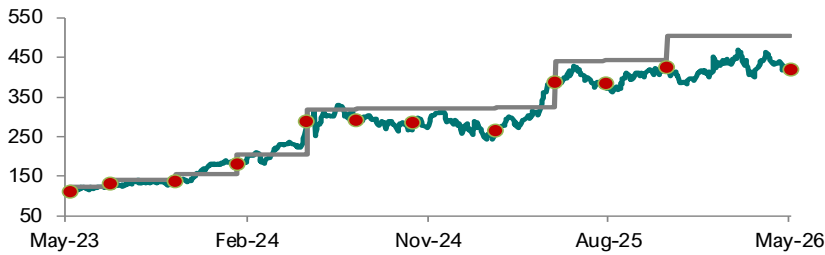
Y.E March (Rs cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	1,149	682	1,827	394	2,108
Accounts Receivable	7,362	9,092	12,845	14,545	17,117
Inventories	7,408	9,070	10,094	11,949	13,906
Other Cur. Assets	18,245	16,004	13,246	19,614	22,403
Investments	768	820	864	864	864
Gross Fixed Assets	5,434	6,255	7,061	8,261	9,461
Net Fixed Assets	2,699	3,124	3,405	4,000	4,527
CWIP	454	469	482	250	250
Intangible Assets	497	624	740	740	740
Def. Tax (Net)	574	534	587	587	587
Other Assets					
<b>Total Assets</b>	<b>39,156</b>	<b>40,418</b>	<b>44,090</b>	<b>52,944</b>	<b>62,502</b>
Current Liabilities	5,287	5,016	5,122	5,862	6,541
Provisions	1,650	1,625	1,927	2,204	2,517
Debt Funds	60	59	62	62	62
Other Liabilities	16,076	14,021	13,282	15,782	18,026
Equity Capital	731	731	731	731	731
Reserves & Surplus	15,351	18,967	22,967	28,303	34,625
Shareholder's Fund	16,082	19,698	23,698	29,034	35,355
<b>Total Liabilities</b>	<b>39,156</b>	<b>40,418</b>	<b>44,090</b>	<b>52,944</b>	<b>62,502</b>
BVPS	66	81	97	119	145

### Ratios

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
<b>Profitab &amp; Return</b>					
EBITDA margin (%)	24.8	28.6	29.2	29.0	29.0
EBIT margin (%)	22.7	26.8	27.3	27.1	27.1
Net profit mgn.(%)	19.9	22.4	22.0	21.8	21.8
ROE (%)	27.1	29.6	27.9	26.6	24.9
ROCE (%)	26.1	29.7	27.7	26.6	24.8
<b>W.C &amp; Liquidity</b>					
Receivables (days)	130.2	126.9	145.7	155.4	157.2
Inventory (days)	238.7	246.9	250.2	244.4	251.0
Payables (days)	176.4	154.4	132.4	121.8	120.4
Current ratio (x)	4.9	5.2	5.4	5.8	6.1
Quick ratio (x)	1.6	1.9	2.9	2.5	2.9
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	3.9	4.0	4.1	4.2	4.1
Total asset T.O (x)	0.5	0.6	0.7	0.7	0.6
Int. covge. ratio (x)	653.2	658.9	1114.8	2903.3	3322.1
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
<b>Valuation</b>					
EV/Sales (x)	15.0	12.8	11.0	9.5	8.2
EV/EBITDA (x)	60.7	44.9	37.8	32.7	28.4
P/E (x)	75.7	57.6	50.3	43.4	38.1
P/BV (x)	6.3	5.2	4.3	3.5	2.9



## Recommendation Summary (last 3 years)



Dates	Rating	Target
07.Nov.23	HOLD	152
08.Feb.24	BUY	204
24.May.24	HOLD	318
06.Aug.24	HOLD	320
30.Oct.24	BUY	323
05.Mar.25	BUY	324
19.Aug.25	BUY	443
19.Nov.25	BUY	504
25.May.26	BUY	504

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%


### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:

 Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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