

- ❑ Bharat Electronics limited reported revenue growth from operations of 6.8% YoY to Rs 91,496 million on a consolidated basis in Q4 FY25 as compared to Rs 85,641 million in Q4 FY24. In terms of exports, its is ~10% of total order book. Non-defence currently constitutes 6-7% of revenue and when EVM related execution are there then it jumps to 12-13% of revenue
- ❑ Consolidated EBITDA stood at Rs 28,161 million in Q4 FY25 as compared to Rs 22,872 million in Q4 FY24, a growth of 23.1% YoY with margin of 30.8% up by 407 bps YoY due to better product mix.
- ❑ Consolidated PAT stood at ₹ 21,270 million in Q4 FY 25 as compared to Rs 17,967 million in Q4 FY24, up by 18.4% YoY with a margin of 23.2%, up by 227 bps YoY.
- ❑ Order book position as on 1<sup>st</sup> April 2025 stood at Rs 7,16,500 million. Order book includes LRSAM, Himshakti, Akashteer project, Arudhra radar, Integrated Air Command and Control System (IACCS), Next Generation Corvette (NGC) Program, Make in India Drones & UAVs Systems etc.
- ❑ The company has significantly ramped up its CapEx, increasing its investment from around Rs 6,000 million last year to over Rs 9,000 million this year. Looking ahead, it plans to invest more than Rs 10,000 million annually in CapEx in the coming years. This increased investment will be directed towards setting up new manufacturing facilities at strategic locations across India, with some of these new units expected to be larger than the company's existing establishments.
- ❑ For FY26, company expects revenue growth of ~15% with EBITDA margins ~27% and order inflow of Rs 2,70,000 million. Capex for FY26 will be ~Rs 10,000 million with 90:10 ratio for domestic and export in terms of revenue.
- ❑ We expect BEL to see strong growth going forward due to many factors such as: 1) Moving towards self reliance in defense, 2) Robust pipeline and focus of exports by GOI 3) Strong order inflow to drive the revenue growth 4) Healthy profitability and return indicators. We maintain a **'BUY'** rating on the stock with a revised target price of **Rs 450**.

## Key takeaways from Concall

- ❑ The company is anticipating a strong year in terms of order inflow, with expected domestic orders worth approximately Rs 2,70,000 million, excluding a major deal for the QRSAM system. The QRSAM order alone is projected to be around Rs 3,00,000 million. If this deal materializes within the year, the company's total order book could surpass Rs 5,00,000 million.
- ❑ Additionally, the company is optimistic about securing a significant order for the indigenous S-400 air defense system. If selected as the system integrator, this contract could be valued at around Rs 2,00,000 million. Alongside this, the company expects orders for various subsystems of the indigenous S-400, which would be manufactured by BEL. On the export front, the company is targeting revenues of \$120 million this year, representing a healthy growth of over 15%.
- ❑ Another major boost is expected from the NGC (Next Generation Corvette) program. These would primarily involve subsystems to be sourced from two different shipyards. BEL will come up with some emergency procurement (EP) projects related to arms, ammunitions replenishment, some other spares and a few critical subsystems which will be finalized going forward.
- ❑ The company is actively focusing on the in-house development of key subsystems, exemplified by its work on the Akashteer program, which boasts over 90% indigenous content. It is developing both software and hardware components internally for several major defense programs, including Akashteer, Akash, IACCS (Integrated Air Command and Control System), and BSS (Battlefield Surveillance System). In addition to its product development efforts, the company is also exploring opportunities in contract manufacturing within the Aerospace and Defense sector, which it sees as a scalable area with significant growth potential.
- ❑ BEL products were used in Operation Sindoor gives users more confidence on complex technological solutions which company expects to improve their order book from Indian users and increase their exports. BEL is also involved in subsystems of Brahmos.

## Financials:

(In ₹ mn)	Q4 FY25	Q3 FY25	Q4 FY24	Chg BPS	FY25	FY24	Chg BPS
Net Sales	91,496	57,707	85,641	6.8%	2,37,688	2,02,682	17.3%
Operating Expense	63,335	41,012	62,769	0.9%	1,69,351	1,52,218	11.3%
EBITDA	28,161	16,695	22,872	23.1%	68,337	50,464	35.4%
Other Income	1,946	1,864	2,254	-	7,424	6,701	-
Depreciation	1,376	1,109	1,185	-	4,674	4,432	-
EBIT	28,731	17,449	23,941	20.0%	71,087	52,734	34.8%
Interest	59	13	41	-	97	71	-
PBT	28,673	17,436	23,901	20.0%	70,990	52,662	34.8%
Tax	7,463	4,424	6,044	-	18,119	13,231	-
<b>PAT</b>	<b>21,210</b>	<b>13,013</b>	<b>17,857</b>	<b>18.8%</b>	<b>52,872</b>	<b>39,431</b>	<b>34.1%</b>
Minority Interest	60	103.3	110		355	421	
<b>Consolidated PAT</b>	<b>21,270</b>	<b>13,116</b>	<b>17,967</b>	<b>18.4%</b>	<b>53,227</b>	<b>39,852</b>	<b>33.6%</b>

Margins	Q4 FY25	Q3 FY25	Q4 FY24	Chg BPS	FY25	FY24	Chg BPS
Operating Margin %	30.8%	28.9%	26.7%	407	28.8%	24.9%	385
Net Margin %	23.2%	22.7%	21.0%	227	22.4%	19.7%	273



## Consolidated Financials:

(In ₹ mn)	FY-24	FY-25	FY-26E	FY-27E
Net Sales	2,02,682	2,37,688	2,78,094	3,19,809
Operating Expense	1,52,218	1,69,351	2,03,009	2,30,262
EBITDA	50,464	68,337	75,085	89,546
Other Income	6,701	7,424	7,683	7,952
Depreciation	4,432	4,674	6,046	6,853
EBIT	52,734	71,087	76,723	90,646
Interest	71	97	61	61
PBT	52,662	70,990	76,662	90,585
Tax	13,231	18,119	13,033	15,399
<b>PAT</b>	<b>39,431</b>	<b>52,872</b>	<b>63,630</b>	<b>75,185</b>

Margins	FY-24	FY-25	FY-26E	FY-27E
Sales Growth %	-	17.3%	17.0%	15.0%
Operating Margin %	24.9%	28.8%	27.0%	28.0%
Net Margin %	19.5%	22.2%	22.9%	23.5%

(In ₹ mn)	FY-24	FY-25	FY-26E	FY-27E
<b>Liabilities</b>				
Equity Share Capital	7,310	7,310	7,310	7,310
Reserves & Surplus	1,55,955	1,92,429	2,56,059	3,31,244
Total Shareholder's Funds	1,63,265	1,99,739	2,63,369	3,38,554
Minority Interest	179	189	189	189
Other Long-term Liabilities	11,501	10,770	10,770	10,770
Deferred Tax Liability	(5,692)	(5,253)	(5,253)	(5,253)
Short-term Liabilities	2,20,268	1,97,526	2,87,365	3,30,470
<b>Total</b>	<b>3,89,521</b>	<b>4,02,971</b>	<b>5,56,440</b>	<b>6,74,729</b>
<b>Assets</b>				
Net Fixed Assets	39,289	46,323	49,970	53,884
Long-Term L&A	512	66	66	66
Non-Current Investments	6,822	5,817	5,817	5,817
Other Non-Current Assets	2,266	2,185	2,185	2,185
Current Asset	3,40,631	3,48,580	4,98,401	6,12,777
<b>Total</b>	<b>3,89,521</b>	<b>4,02,971</b>	<b>5,56,440</b>	<b>6,74,729</b>

Key Ratios	FY-24	FY-25	FY-26E	FY-27E
EPS (₹)	5.5	7.3	8.7	10.3
P/E (x)	70.3	52.6	44.0	37.2
P/B (x)	17.1	14.0	10.6	8.3
ROE	24.4%	26.6%	24.2%	22.2%

Source: Company, Anand Rathi Research

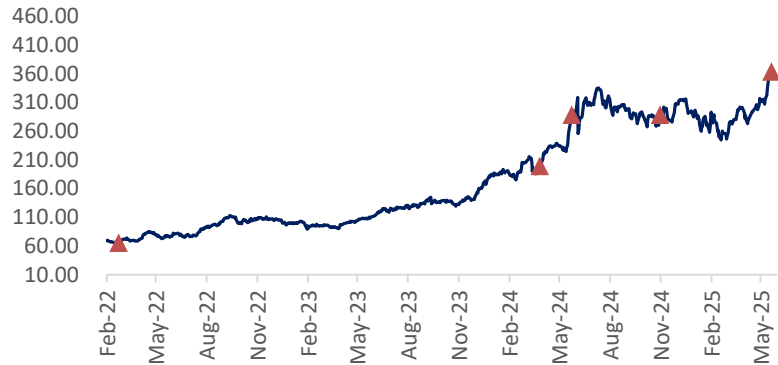
## Key Risks:

- ❑ BEL heavily relies on the Indian defense sector as its primary client, representing approximately 85% of its total turnover. Any alterations to the procurement policies of the defense forces or substantial reductions in defense expenditures could potentially result in adverse effects on the company's revenue and order backlog.
- ❑ Elevated raw material costs and a scarcity of essential components like semiconductors may potentially impact both execution timelines and earnings.
- ❑ Delayed order execution and slower pace of fresh orders can affect revenue growth.



## Rating and Target Price history:

### BEL rating history & price chart



### BEL rating details

Date	Rating	Target Price (₹)	Share Price (₹)
22-Feb-22	BUY	243	197
26-Mar-24	BUY	250	199
23-May-24	BUY	335	288
30-Oct-24	BUY	335	288
21-May-25	BUY	450	383

Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 21 May 2025 close.

Source: Bloomberg, Anand Rathi Research

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