Bharat Electronics Ltd. (BEL)

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CMP: ₹419 (07 Jul, 2026)	M Cap: ₹ 3,06,389 Cr.	Target : ₹ 485

Key Information*##

NSE Code	BEL
BSE Code	500049
Shares o/s (Cr)	730.98
FV (₹)	1
Latest EPS (Consl) ₹	8.29
Latest PE Ratios (x)	50.54
Latest BV (Consl) ₹	32.82
52 Wk H (₹)	473.45
52 Wk L (₹)	361.2

3 Years Price Chart*

Shareholding Pattern

	Sep'25	Dec'25	Mar'26
President of India	51.14%	51.14%	51.14%
FIIs	18.14%	18.51%	19.51%
DIIs	20.88%	20.47%	20.00%
Public	9.84%	9.87%	9.37%

Clientele

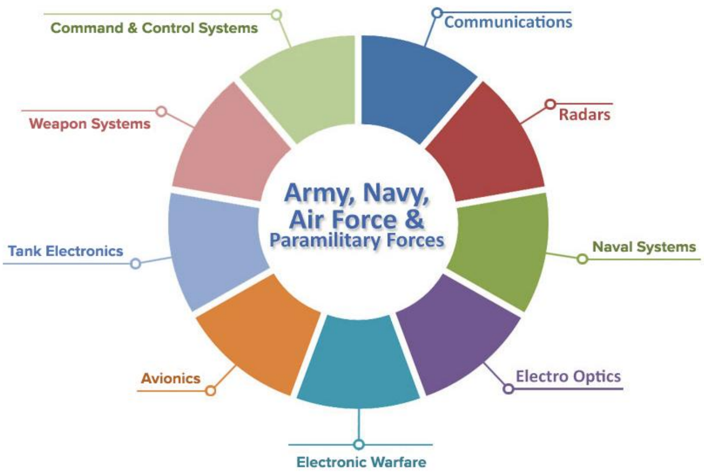
Products & Services	Customers
Telecom, Terminals & Networks	DoT, Paramilitary Forces, Railways, DRDO
Broadcast Systems & Satcom Products	All India Radio (AIR), Doordarshan (DD), ISRO
EVM	Election Commission of India
Solar Products & Systems	Police, Government & Private Organizations, Individuals
Turnkey Systems, e-Governance Networks	ISRO, Police, State Governments, PSUs
Components	AIR, DD, the National Radio & TV Broadcasters, Instrumentation Industry, Switching Industry, Entertainment Industry, Telephone Industry, Individuals

Established by India's Ministry of Defence in 1954, Bharat Electronics is a key player in India's defence ecosystem. The company designs and manufactures "state-of-the art electronic equipment/components". BEL is among the elite group of PSUs, which has been conferred the Navratna status PSU under the Ministry of Defence.

Investment Rationale

- **Govt. push to Defence:** GoI's FY27 defence budget stands at a record high of ₹7.85 lakh cr (approx. US$ 87 bn), accounting for ~15% of central government's total expenditure and roughly 2% of projected GDP. BEL is the premier "go-to" strategic partner for the Indian Armed Forces. It is the vanguard of India's indigenous defence manufacturing, focusing on designing and producing cutting-edge military hardware to reduce reliance on foreign imports. Because BEL manufactures the underlying electronic brains for naval warships, missile defence units (like QRSAM), and fighter jets, it captures a slice of revenue from nearly every major military platform budgeted by the government.

- **Near-Monopoly on Critical Military Technology:** BEL is a major supplier of products and turnkey systems to the Indian Defence Forces. It supplies the "brains" of the Indian military. They are the primary manufacturer of critical, high-tech systems like radars, missile guidance computers, electronic warfare (EW) systems, sonar technology, and avionics. It dominates ~55% of the country's defence electronics sector.



- **New Technology Platform:** BEL is building capabilities in drones, quantum technologies, and other cutting-edge defense electronics through a mix of partnerships, DRDO, startups, academia, and in-house work. It has already completed proof-of-concepts for some of these technologies and has invested heavily in computing infrastructure. BEL is aiming to reduce dependence on imported technology through significant pivot toward R&D with ₹2,200 cr allocation.

➢ **Robust Orderbook:** As on 1 April 2026, the company sits on a robust orderbook of ₹73,882 cr (including an Export Order Book of USD 495 Million) which is 2.7x its FY26 consolidated topline, providing strong medium-term revenue visibility. During FY26, BEL secured orders that included export orders worth USD 346 Mn. BEL expects an additional order inflow of about ₹30,000–32,000 crore order inflow from the Quick Reaction Surface-to-Air Missile (QRSAM) project, which can significantly boost its medium-term growth pipeline and strengthen revenue visibility for the coming years. BEL expects total fresh order inflows to exceed ₹55,000 Cr, including the QRSAM project.

➢ **Strong Management Guidance:** The management has guided over 15% topline growth and 28% EBIDTA Margin along with a 20% YoY capex growth to support capacity expansion. Higher margin guidance indicates improved operational efficiencies and high-value product mix. For FY27, Capex would be above ₹1,200 cr. The revenue mix would be in favour of defence with only 9-10% coming from nondefense business.

Key Risks

☑ **Revenue Dependence:** The business is heavily exposed to changes in the government's defence budget, procurement policies, and any unexpected deferrals in capital expenditure.

☑ **Execution Risk:** Developing complex radar, electronic warfare, and missile systems involves high technological complexity that can lead to delays in execution and prolong revenue recognition.

☑ **Currency Risk:** Revenue from exports are exposed to currency and geopolitical risks.

Valuations & Recommendation

Backed by the Government of India, BEL maintains a robust, multi-billion dollar, contractually guaranteed order book that provides immense financial stability. With growing order book and rising strategic importance in indigenous defence systems, BEL remains one of the key beneficiaries of India's ongoing defence capex and Make-in-India focus. For FY27, BFL expects to achieve at least 15% revenue growth and EBIDTA margin at 28%. Order book visibility remains robust with the upcoming QRSAM project as a major catalyst. With a massive order book exceeding ₹73,000 cr and ₹26,750 cr of annual turnover, BEL is a cornerstone of India's strategic defence ecosystem. The projected order QRASM inflow provides multi-year revenue visibility.

At the current price the stock trades at 51x its FY26 EPS, 44x FY27E EPS and 36x FY28E EPS. We recommend a **BUY** with a target price of ₹485 (forward multiple of 50x for FY27E EPS and 42x FY28E EPS).

Financials

	Q4FY26	Q4FY25	YoY	Q3FY26	QoQ	FY25	FY26 (Reported)	FY27E	FY28E
Net Sales	10224	9150	11.7%	7154	42.9%	23769	27610	31917	36978
EBIDTA	2982	2816	5.9%	2127	40.2%	6837	8049	9894	11833
EBIDTA M	29.2%	30.8%		29.7%		28.8%	29.2%	31.0%	32.0%
Profit for the Period	2226	2127	4.7%	1580	40.9%	5323	6062	7022	8505
Profit Margin	21.8%	23.2%		22.1%		22.4%	22.0%	22.0%	23.0%
EPS (Dil) Adj	3.04	2.91	4.6%	2.16	40.9%	7.28	8.29	9.61	11.63

##Sources: NSE, BSE PIB, Capitaline Database, Website, EFL Research

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EFL's recommendation nomenclatures (12 months investment horizon)	
BUY	>15%
Accumulate	5% to 15%
Hold	5% to -5%
Reduce	-5% to 15%
Sell	< -15%
NR (Not Rated)	No specific call on the stock
UR (Under review)	Stock being reviewed – rating may change shortly

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