Retail Equity Research

GEOJIT
PEOPLE YOU PROSPER WITH

Company Update

Bharat Electronics Ltd.

BUY

Sector: Defence Electronics

19th November 2025

Key Changes	Target	Rating	Earnings

Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	BHE:IN	84,673	BEL	500049	12 Months

Target	**Rs.504**
CMP	**Rs.421**
Return	**+20%**

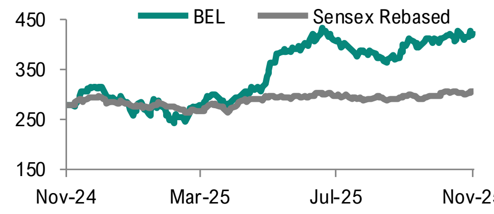
Data as of: 18-11- 2025, 18.00 hrs

Company Data	
Market Cap (Rs. cr.)	3,07,632
52 Week High — Low (Rs.)	436 - 240
Enterprise Value (Rs. cr)	3,07,009
Outstanding Shares (Rs cr)	731
Free Float (%)	49.0
Dividend Yield (%)	0.57%
6m average volume (cr)	2.3
Beta	0.92
Face value (Rs)	1.0

Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	51.1	51.1	51.1
FII's	17.6	18.6	18.1
MFs/Institutions	20.9	20.6	20.9
Public	10.4	9.7	9.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	14.0%	11.4%	52.0%
Absolute Sensex	4.0%	4.5%	9.0%
Relative Return	10.0%	7.0%	43.0%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	23,658	28,099	32,882
Growth (%)	*17.3*	*18.8*	*17.0*
EBITDA	6,768	8,374	9,799
EBITDA Margin (%)	*28.6*	*29.8*	*29.8*
PAT Adjusted	5,288	6,513	7,673
Growth (%)	*31.5*	*23.2*	*17.8*
Adjusted EPS	6.7	8.9	10.5
Growth (%)	*31.5*	*23.2*	*17.8*
P/E	58.2	47.2	40.1
P/B	5.2	4.2	3.4
EV/EBITDA	45.4	36.5	31.0
ROE (%)	*29.6*	*29.3*	*27.5*
D/E	0.0	0.0	0.0

Author: Anil R - Sr. Research Analyst

Robust execution…multi year growth 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.

- BEL delivered robust revenue growth of 26% YoY in Q2FY26, driven by strong execution across key programs such as LRSAM, Himshakti, Akash Army, and LCA avionics. As a result, net profit rose 18% YoY, coming in ahead of expectations.
- EBITDA rose 22% YoY, while gross margin contracted 230 bps on account of higher material costs and product mix. However, operating efficiencies cushioned the impact, limiting margin erosion to 90 bps, at 29.4%.
- The current order backlog is Rs. 74,453cr (2.6x FY26E sales), provides a strong earnings visibility for the next 3 years.
- BEL's EBITDA margin guidance of >27% appears achievable, supported by product mix, rising indigenous content and cost optimisation. We forecast earnings to grow at a 21% CAGR over FY25–27E.

Outlook & Valuation

BEL continues to deliver above expectations on revenue, margins, and execution front, reinforcing our positive view. A robust order backlog, strong inflow momentum (Rs.12,539cr till Oct), and visibility on large programs (QRSAM, NGC, LCA avionics, GBMES) underpin multi-year growth. Upcoming opportunities in AMCA and UAV platforms, along with export expansion (target 10% of turnover in 3 years), strengthen long-term prospects. **We value BEL at 48x FY27E EPS and maintain a BUY rating with a target price of Rs.504.**

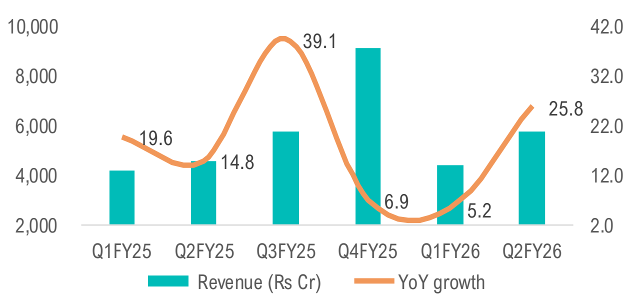
Quarterly Financials standalone

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	5,764	4,583	*25.8*	4,417	*30.5*	10,180	8,782	*15.9*
EBITDA	1,695	1,389	*22.1*	1,240	*36.7*	2,935	2,325	*26.2*
Margin %	29.4	30.3	-88bps	28.1	134bps	28.8	26.5	*236bps*
EBIT	1,577	1,285	*22.7*	1,127	*39.9*	2,704	2,122	*27.4*
PBT	1,734	1,451	*19.5*	1,289	*34.5*	3,024	2,488	*21.5*
PAT	1,286	1,091	*17.9*	969	*32.7*	2,255	1,867	*20.8*
Adj. PAT	1,286	1,091	*17.9*	969	*32.7*	2,255	1,867	*20.8*
EPS (Rs)	1.8	1.5	*17.9*	1.3	*32.7*	3.1	2.6	*20.8*

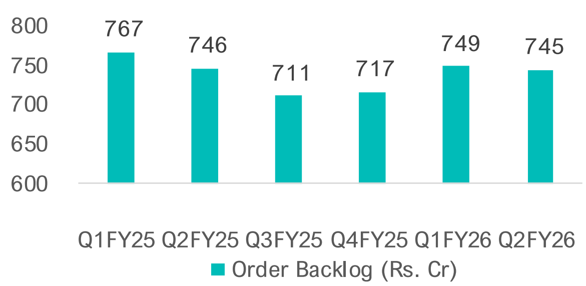
Key Concall Highlights

- EBITDA margins are expected to sustain >27% due to favorable product mix and cost optimization.
- Order Pipeline: Emergency procurement orders worth Rs.1,350cr received; Rs.2,000cr in pipeline.
- The much-awaited QRSAM order is expected by FY26-end, with an execution timeline of over 5–6 years.
- Large Programs: NGC subsystems (~Rs.4,500cr this year), LCA avionics (~Rs.2,500cr), GBMES (~Rs.1,500–2,000cr).
- The exports target is 10% of turnover in the next 3 years (currently 3–4%).
- Capex planned Rs.1,400cr for the Defence System Integration Complex in Andhra Pradesh for QRSAM and future programs.
- Long-Term Bets: AMCA consortium participation; Archer UAV prototypes completed; Archer-NG and MALE UAV bids planned.
- In the execution front, H2 deliveries include LRSAM, Himshakti, Akash Army, Arudhra radar, D-29 EW, avionics LRUs, and electronic fuses.

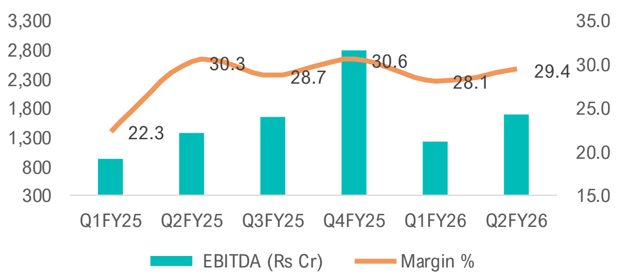
Revenue



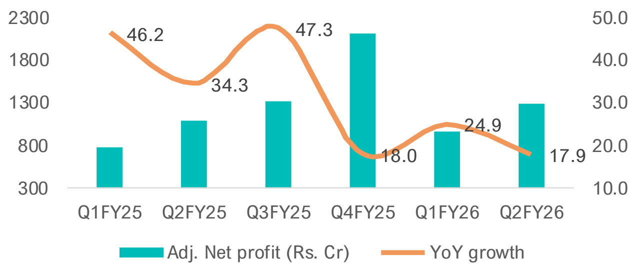
Order backlog



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY26E**	**FY27E**
Revenue	28,071	32,759	28,099	32,882	*0.1*	*0.4*
EBITDA	7,916	9,238	8,374	9,799	*5.8*	*6.1*
Margins (%)	28.2	28.2	29.8	29.8	*+41bps*	*+160bps*
Adj. PAT	6,414	7,667	6,513	7,673	*1.5*	*0.1*
EPS	8.8	10.5	8.9	10.5	*1.2*	*0.0*

Standalone Financials

Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	**17,646**	**20,169**	**23,658**	**28,099**	**32,882**
% change	*15.2*	*14.3*	*17.3*	*18.8*	*17.0*
EBITDA	**4,048**	**4,998**	**6,768**	**8,374**	**9,799**
% change	*22.3*	*23.5*	*35.4*	*23.7*	*17.0*
Depreciation	408	412	436	484	524
EBIT	**3,640**	**4,586**	**6,332**	**7,889**	**9,275**
Interest	15	7	10	6	6
Other Income	360	756	768	801	962
Share of profit	**-**	**-**	**-**	**-**	**-**
PBT	**3,985**	**5,335**	**7,090**	**8,684**	**10,231**
% change	26.2	33.9	32.9	22.5	17.8
Tax	978	1315	1802	2171	2558
Tax Rate (%)	24.5	24.6	25.4	25.0	25.0
Reported PAT	**3,007**	**4,020**	**5,288**	**6,513**	**7,673**
Adj.*	**-**	**-**	**-**	**-**	**-**
Adj. PAT	**3,007**	**4,020**	**5,288**	**6,513**	**7,673**
% change	*28.0*	*33.7*	*31.5*	*23.2*	*17.8*
No. of shares (cr)	731	731	731	731	731
Adj EPS (Rs)	**4.1**	**5.5**	**7.2**	**8.9**	**10.5**
% change	*28.0*	*33.7*	*31.5*	*23.2*	*17.8*
DPS (Rs)	1.7	2.0	2.3	2.3	2.3

Balance Sheet

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	3,864	1,149	682	1,842	4,234
Accounts Receivable	7,022	7,362	9,092	11,163	13,063
Inventories	6,412	7,408	9,070	10,864	12,713
Other Cur. Assets	13,075	18,245	16,004	19,030	22,279
Investments	664	768	820	820	820
Gross Fixed Assets	4,958	5,434	6,255	7,105	8,305
Net Fixed Assets	2,596	2,699	3,124	3,490	4,166
CWIP	362	454	469	250	250
Intangible Assets	556	497	624	624	624
Def. Tax (Net)	503	574	534	534	534
Other Assets					
Total Assets	**35,054**	**39,156**	**40,418**	**48,617**	**58,683**
Current Liabilities	4,923	5,287	5,016	5,432	6,357
Provisions	1,462	1,650	1,625	1,932	2,261
Debt Funds	59	60	59	39	19
Other Liabilities	15,028	16,076	14,021	16,684	19,524
Equity Capital	731	731	731	731	731
Reserves & Surplus	12,851	15,351	18,967	23,799	29,791
Shareholder's Fund	13,582	16,082	19,698	24,530	30,522
Total Liabilities	**35,054**	**39,156**	**40,418**	**48,617**	**58,683**
BVPS	56	66	81	101	125

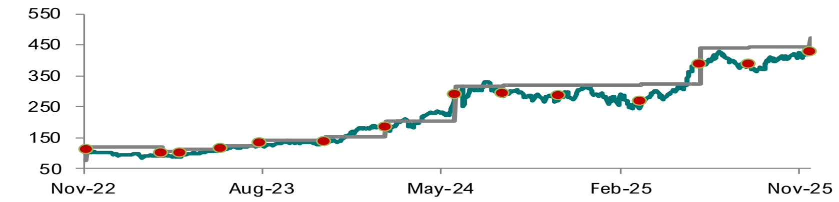
Cash Flow

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	3,007	4,020	5,288	6,513	7,673
Non-cash adj.	266	866	(74)	(310)	(432)
Changes in W.C	(2,118)	(238)	(4,734)	(3,505)	(2,904)
C.F. Operation	**1,155**	**4,648**	**480**	**2,697**	**4,337**
Capital exp.	(562)	(642)	(1,001)	(631)	(1,200)
Change in inv.	3,005	(5,775)	1,052	-	-
Other invest.CF	341	533	701	801	962
C.F - Investment	**2,782**	**(5,889)**	**748**	**170**	**(238)**
Issue of equity	-	-	-	-	-
Issue/repay debt	(70)	(13)	(16)	(26)	(26)
Dividends paid	(1,242)	(1,462)	(1,681)	(1,681)	(1,681)
Other finance.CF	(11)	(3)	(6)	-	-
C.F - Finance	**(1,312)**	**(1,474)**	**(1,696)**	**(1,707)**	**(1,707)**
Chg. in cash	2,625	(2,715)	(467)	1,160	2,392
Closing cash	**3,864**	**1,149**	**682**	**1,842**	**4,234**

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab & Return					
EBITDA margin (%)	22.9	24.8	28.6	29.8	29.8
EBIT margin (%)	20.6	22.7	26.8	28.1	28.2
Net profit mgn.(%)	17.0	19.9	22.4	23.2	23.3
ROE (%)	23.5	27.1	29.6	29.5	27.9
ROCE (%)	24.3	26.1	29.7	29.4	27.9
W.C & Liquidity					
Receivables (days)	135.7	130.2	126.9	131.6	134.5
Inventory (days)	222.9	238.7	246.9	256.9	259.6
Payables (days)	176.7	176.4	154.4	134.6	129.8
Current ratio (x)	4.8	4.9	5.2	5.8	6.1
Quick ratio (x)	2.2	1.6	1.9	2.4	2.7
Turnover & Leverage					
Gross asset T.O (x)	3.8	3.9	4.0	4.2	4.3
Total asset T.O (x)	0.5	0.5	0.6	0.6	0.6
Int. covge. ratio (x)	246.1	653.2	658.9	1252.2	1449.2
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	17.2	15.2	13.0	10.9	9.2
EV/EBITDA (x)	75.1	61.3	45.4	36.5	31.0
P/E (x)	102.3	76.5	58.2	47.2	40.1
P/BV (x)	7.6	6.4	5.2	4.2	3.4

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

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.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

DISCLAIMER & DISCLOSURES

Certification: I, ANIL R, author of this Report, hereby certify that all the views expressed in this research report reflect our personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Investments Limited, hereinafter referred to as GIL.

For general disclosures and disclaimer: Please Click here.

Regulatory Disclosures:

Group companies/ Fellow subsidiaries of Geojit Investments Ltd (GIL) are Geojit Financial Services Limited (GFSL), Geojit Technologies Private Limited (Software Solutions provider), Geojit Credits Private Limited (NBFC), Geojit Fintech Private Ltd, Geojit IFSC Ltd (a company incorporated under IFSC Regulations), Qurum Business Group Geojit Securities LLC (a subsidiary of holding company in Oman engaged in Financial Services), Barjeel Geojit Financial Services LLC (a joint venture of holding company in UAE engaged in Financial Services), and BBK Geojit Consultancy and Information KSC (C) (a joint venture in Kuwait-engaged in Financial services). In the context of the SEBI Regulations on Research Analysts (2014), GIL affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc. that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above-mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

1. **Disclosures regarding Ownership:**

GIL confirms that:

(i)It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein, at the time of publication of the research report.

(ii)It/its associates have no actual beneficial ownership of 1% or more in relation to the subject company (ies) covered herein, at the end of the month immediately preceding the date of publication of the research report.

Further, the Analyst confirms that:

(i) He, his associates and his relatives shall take reasonable care to ensure that they do not have any financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company, at the time of publication of the research report.

(ii) He, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered, at the end of the month immediately preceding the date of publication of the research report.

2. **Disclosures regarding Compensation:**

During the past 12 months, GIL or its Associates:

(a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company. e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

3. **Disclosure by GIL regarding the compensation paid to its Research Analyst:**

GIL hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

4. **Disclosure regarding the Research Analyst's connection with the subject company**: It is affirmed that I, ANIL R, Research Analyst (s) of GIL have not served as an officer, director or employee of the subject company.

5. **Disclosure regarding Market Making activity:** Neither GIL/its Analysts have engaged in market making activities for the subject company.

6. **Disclosure regarding conflict of interests:** GIL shall abide by the applicable regulations/ circulars/ directions specified by SEBI and Research Analyst Administration and Supervisory Body (RAASB) from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. GIL will endeavour to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.

7. "Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors."

8. Clients are required to keep contact details, including email id and mobile number/s updated with the GIL at all times.

9. In the course of providing research services by GIL, GIL cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit GIL to execute any trade on their behalf.

10. GIL will never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. The Clients are advised not to share such information with anyone including GIL.

11. **Standard Warning:** "Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

12. Disclosures regarding Artificial Intelligence tools.

Neither Geojit Investments Limited nor its Analysts have utilized any AI tools in the preparation of the research reports.

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

GRIEVANCES

Step 1: The client should first contact the RA using the details on its website or following

contact details: Compliance officer: Ms. Indu K. Address: 7th Floor, 34/659-P, Civil Line Road, Padivattom, Ernakulam,; Phone: +91 484-2901367; Email: compliance@geojit.com. For Grievances:grievances@geojit.com. **Step 2:** If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at www.scores.sebi.gov.in **Step 3:** The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at https://smartodr.in

Corporate Identity Number: U66110KL2023PLC080586, Research Entity SEBI Reg .No: INH000019567; Depository Participant : IN-DP-781-2024.

ANIL R Digitally signed by ANIL R Date: 2025.11.19 10:11:29 +05'30'