

Bharat Electronics Ltd



NSE BEL

Company snapshot	
Mrkt cap (in Cr.)	₹ 336,688
CMP	461
Face value	1.00
High/Low	473/294
P/E	56.40x
ROCE	38.90%
ROE	29.20%
Dividend yield	0.53%
YTD return	14.57%
3-year CAGR	66.71%

Executive summary

Bharat Electronics Ltd (BEL) is a leading Indian public sector enterprise specializing in advanced electronic products for defense and civilian applications. Established under the Ministry of Defence, the company plays a critical role in strengthening India's self-reliance in defense technology through indigenous design, development, and manufacturing. BEL's diverse portfolio includes radar systems, communication equipment, electronic warfare systems, and naval systems, supported by a strong focus on research and innovation.

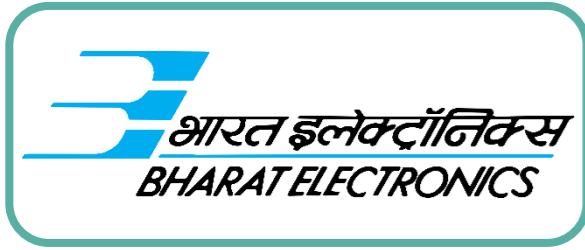
The company has demonstrated consistent financial performance, driven by a robust order book, long-term government contracts, and increasing localization initiatives under the "Make in India" program. Its strong balance sheet, healthy margins, and efficient working capital management further enhance its investment appeal.

BEL is also expanding into non-defense segments such as smart cities, cybersecurity, and space electronics, diversifying its revenue streams. With sustained government support, technological capabilities, and strategic importance in national security, BEL remains well-positioned for stable long-term growth and value creation for stakeholders.

About

Bharat Electronics Limited (BEL) is a premier public sector undertaking in India, primarily engaged in the design, development, and manufacture of advanced electronic products for the defense, aerospace, and civilian sectors. Established in 1954 and headquartered in Bengaluru, BEL has grown into a cornerstone of India's strategic electronics capabilities. The company produces a wide range of products, including radar systems, communication equipment, electronic warfare systems, missile systems, and defense avionics, serving the Indian Armed Forces and paramilitary organizations. Over the decades, BEL has also diversified into civilian electronics, supplying products for homeland security, transportation, and healthcare applications. Its focus on research and development has enabled it to achieve technological self-reliance and contribute significantly to national defense preparedness.

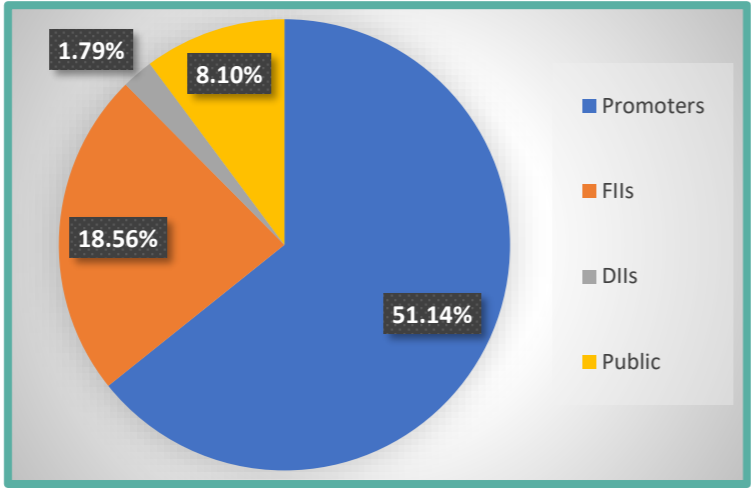
BEL operates with a robust infrastructure comprising multiple manufacturing units, research centers, and regional offices across India. The company emphasizes innovation, quality, and indigenization of critical components, making it a trusted partner for defense modernization programs. Financially, BEL has demonstrated consistent growth, backed by strong order inflows from defense procurement programs and collaborations with international defense companies. The organization also invests in human capital development, training engineers and technicians in cutting-edge electronic technologies. With its strategic importance, technological expertise, and commitment to excellence, Bharat Electronics Limited continues to play a vital role in strengthening India's defense capabilities and advancing the country's position in the global electronics and defense industry.



Company's Future Plan



Shareholding pattern	
Promoters	51.14%
FIIIs	18.56%
DIIIs	1.79%
Public	8.10%

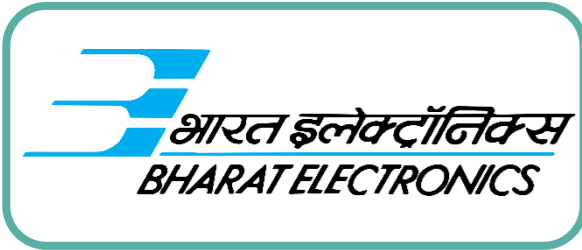


Bharat Electronics Limited (BEL) aims to strengthen its position as a leading defense electronics company by focusing on innovation, diversification, and self-reliance. The company plans to expand its product portfolio in areas like radars, electronic warfare systems, missile systems, and communication technologies, emphasizing indigenization to reduce dependence on imports. BEL also seeks to leverage emerging technologies such as artificial intelligence, cybersecurity, and advanced sensors to address evolving defense and civilian needs. The company intends to modernize manufacturing infrastructure, adopt sustainable practices, and enhance operational efficiency. By fostering strategic partnerships, investing in research and development, and developing skilled human capital.

Recent quarters key takeaways

Particulars	Q3FY25	Q4FY25	QoQ%
Sales	5771	9150	58.55%
Expenses	4101	6334	54.5%
Operating Profit	1669	2816	68.7%
Other Income	186	195	4.84%
Depreciation	111	138	24.32%
Interest	1	6	500.00%
Profit before tax	1744	2867	64.4%
Tax	432	740	71.3%
Net profit	1312	2127	62.1%

- Sales increased by 58.55%, indicating a significant rise in demand, order execution, or project deliveries in Q4 compared to Q3.
- Expenses grew by 54.5%, slightly lower than sales growth, showing improved cost efficiency and better operational control.
- Operating profit jumped by 68.7%, higher than both sales and expense growth, leading to margin expansion—a very positive sign of operational efficiency.
- Other income grew marginally by 4.84%, suggesting that profit growth is mainly driven by core business operations rather than non-operating sources.
- Profit before tax (PBT) rose by 64.4%, and net profit increased by 62.1%, reflecting strong bottom-line growth supported by higher operating profits.
- Tax increased significantly (71.3%) due to higher profits, while interest rose sharply (500%) but remains negligible in absolute terms—indicating low debt and strong financial stability.



About company



SWOT Analysis

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • Leading defense electronics manufacturer in India. • Strong R&D capabilities and technological expertise. • Long-standing government and defense contracts. 	<ul style="list-style-type: none"> • Heavy dependence on government orders. • Limited global presence compared to competitors. • High fixed costs impacting margins during slow orders.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Growing domestic defense modernization programs. • Expansion into emerging technologies like AI, cybersecurity. • Export potential to friendly nations. • Partnerships with global defense firms. 	<ul style="list-style-type: none"> • Intense competition from global and private players. • Rapid technological changes requiring constant innovation. • Policy or budgetary constraints in defense spending.



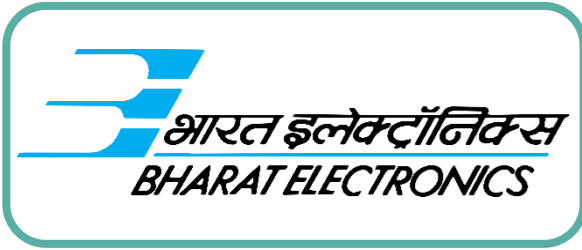
Technology at the Heart of Defense

Bharat Electronics Limited (BEL) stands out as India's foremost defense electronics company, combining innovation, reliability, and strategic importance. Its unique selling proposition lies in delivering cutting-edge indigenous solutions across radars, communication systems, missile electronics, and electronic warfare, ensuring self-reliance in defense technology. BEL's strong emphasis on research and development, coupled with stringent quality standards, enables it to meet complex military requirements while fostering innovation in emerging technologies like AI and cybersecurity. BEL's USP is its ability to seamlessly integrate advanced technology with national security priorities.

Peer Comparison

Name	Mar Cap	P/E	ROCE %	ROE %
Bharat Electron	₹ 336,688	56.4x	38.88	29.22
Hind.Aeronautics	₹ 292,255	32.9x	33.88	26.07
Bharat Dynamics	₹ 50,329	86.79x	19.66	14.38
Garden Reach Sh.	₹ 30,422	44.14x	36.64	27.60
Data Pattern	₹ 19,705	79.0x	21.00	15.18

The comparison highlights strong profitability across defense companies, with Bharat Electronics leading in ROCE (38.88%) and ROE (29.22%), indicating superior efficiency. Hindustan Aeronautics offers a balanced profile with solid returns and a relatively lower P/E (32.9x), making it more reasonably valued. Garden Reach Shipbuilders also shows high returns with moderate valuation. In contrast, Bharat Dynamics and Data Patterns have high P/E ratios but relatively lower returns, suggesting expensive valuations with comparatively weaker efficiency. Overall, HAL appears most attractively valued.



Financials



Income Statement

(Fig in Cr)

Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	YOY%
Sales	14109	15368	17734	20268	23769	17.3%
cost of material consi	6718	8124	9393	10509	12578	19.7%
Change in Inventory	-125	-280	-393	-562	-821	46%
Gross Profit	7516	7524	8734	10321	12012	16.4%
Gross Margin	53.27%	48.96%	49.25%	50.92%	0.00%	-100.0%
S&G Expenses	2373	2415	2570	2787	3074	10.3%
Other Expenses	1137	1002	1504	2156	1987	-7.8%
Other Income	125	232	281	670	742	10.7%
EBITDA	4131	4339	4942	6047	7693	27.2%
EBITDA Margin	29.28%	28.23%	27.86%	29.84%	0.00%	-100.0%
Depreciation	387	401	429	443	467	5.4%
Interest	10	9	19	12	13	8.3%
Profit before tax	2942	3166	3923	5266	7099	34.8%
PBT Margin	20.85%	20.60%	22.12%	25.98%	0.00%	-100.0%
Tax	842	766	937	1281	1776	39%
Net Profit	2100	2400	2986	3985	5323	33.6%
NPM Magin	14.88%	15.62%	16.84%	19.66%	0.00%	-100.0%

Balance Sheet

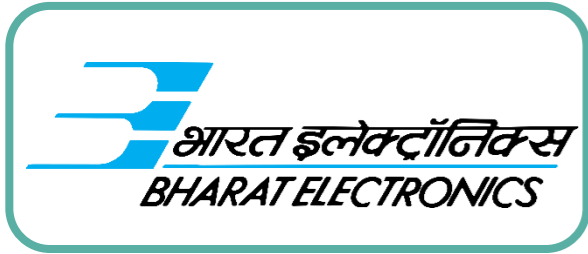
(Fig in Cr)

Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	YOY%
Equity Share Capital	244	244	731	731	731	0.0%
Reserves	10816	12042	13131	15595	19243	23.4%
Borrowings	3	53	61	63	61	-3.2%
Other Liabilities	18430	21574	21567	23136	20788	-10.1%
Total Liabilities	3	53	61	63	61	-3.2%
Non Current Assets						
Net Block	18430	21574	21567	23136	20788	-10.1%
Capital Work in Progress	29492	33912	35490	39524	40824	3.3%
Investments	2652	2675	2963	3035	3419	12.7%
Other Assets	883	1006	855	894	1052	17.7%
Total Non Current Assets	16762	17349	15291	13169	11808	-10.3%
Current Assets						
Receivables	24651	28659	31022	34913	35610	2.0%
Inventory	4970	5595	6450	7450	9120	22.4%
Cash & Bank	5074	7564	8112	11057	9545	-13.7%
Total Current Assets	34695	41818	45584	53420	54275	1.6%
Total Assets	51457	59167	60875	66589	66083	-0.8%

Cash Flow statement

(Fig in Cr)

Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	YOY%
Cash from Operating Activity	5093	4207	1199	4659	587	-87%
Cash from Investing Activity	-2595	-4872	2708	-5924	617	-110.4%
Cash from Financing Activity	-1076	-1078	-1262	-1475	-1696	15.0%
Net Cash Flow	1422	-1742	2645	-2739	-493	-82%



Ratios



Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
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Profitability ratio

Sales Growth	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	47.61%	52.86%	52.97%	51.85%	52.92%
EBITDA Margin	-0.89%	-1.82%	-2.22%	-2.77%	-3.45%
EBIT Margin	13.86%	13.85%	13.07%	12.28%	11.62%
PBT Margin	2.44%	1.28%	0.89%	0.90%	0.84%
PAT margin	0.00%	0.00%	0.00%	0.00%	0.00%
ROE	0.25%	0.31%	0.28%	0.29%	0.24%
ROCE	8.06%	6.52%	8.48%	10.64%	8.36%
ROA	0.89%	1.51%	1.58%	3.31%	3.12%

Liquidity Ratio

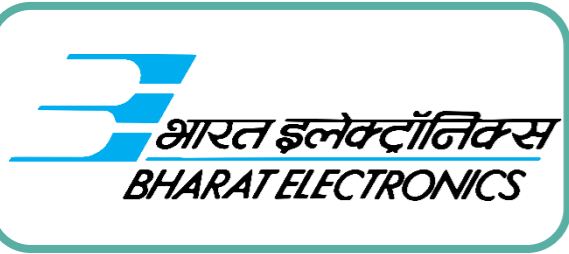
Current Ratio	1.88	1.94	2.11	2.31	2.61
Quick ratio	1.61	1.68	1.81	1.99	2.17
Cash Ratio	0.28	0.35	0.38	0.48	0.46

Solvency Ratio

Debt to Equity	0.00	0.00	0.00	0.00	0.00
Debt to Capital	0.00	0.00	0.00	0.00	0.00
Financial Leverage	4.65	4.82	4.39	4.08	3.31
Debt to EBITDA	0.00	0.01	0.01	0.01	0.01
Interest Coverage	413.14	482.09	260.08	503.94	591.76
Debt to Assets	0.00	0.00	0.00	0.00	0.00

Efficiency Ratio

Inventory Turnover	2.8	2.7	2.7	2.7	2.6
Fixed Asset Turnover	0.8	0.7	0.8	0.9	1.1
Total Assets Turnover	0.3	0.3	0.3	0.3	0.4



Conclusion



Overall assessment

Bharat Electronics Ltd (BEL) presents a strong investment case supported by its strategic importance in India's defense sector and consistent financial performance. The company benefits from a robust order book, driven by government focus on indigenization and defense modernization. BEL has demonstrated impressive growth in revenue and profitability, along with high return ratios (ROCE and ROE), indicating efficient capital utilization.

Despite trading at a relatively higher P/E multiple, the premium is justified by its stable earnings visibility, low debt levels, and strong execution capabilities. Its diversification into non-defense areas such as smart cities and cybersecurity further strengthens long-term growth prospects.

However, dependence on government contracts and policy decisions remains a key risk. Overall, BEL stands out as a fundamentally strong company with steady growth, making it a suitable investment for long-term investors seeking stability, consistent returns, and exposure to India's growing defense sector.

Recommendation

Bharat Electronics Ltd is recommended as a BUY for long-term investment due to its strong fundamentals, strategic positioning, and consistent growth outlook. The company operates in a highly specialized and government-supported defense sector, ensuring stable demand and long-term revenue visibility. Its robust order book, driven by increasing defense spending and the "Make in India" initiative, provides confidence in sustained future growth.

BEL's financial performance remains impressive, with strong revenue growth, expanding margins, and high return ratios (ROCE and ROE). The company also maintains a debt-free or low-debt balance sheet, reducing financial risk and enhancing stability. Additionally, its diversification into non-defense segments such as smart infrastructure and cybersecurity adds new growth avenues.

Although the stock trades at a relatively high valuation (higher P/E), this premium is justified by its strong execution track record, government backing, and predictable cash flows. Investors should, however, be mindful of risks such as dependence on government contracts and policy changes.

Overall, BEL is ideal for long-term investors seeking stable returns, low risk, and exposure to India's expanding defense sector. Accumulating the stock on market corrections would be a prudent strategy.

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