

Bharat Electronics (BHE IN)

Q4FY26 Result Update

May 20, 2026

 Estimate Change | Target | Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	Accumulate		REDUCE	
Target Price	453		411	
Sales (INR mn)	3,21,175	3,74,114	3,21,926	3,69,930
% Chng.	-0.2	1.1		
EBITDA (INR mn)	91,567	1,06,772	88,497	1,01,879
% Chng.	3.5	4.8		
EPS (INR)	9.7	11.3	9.5	11.0
% Chng.	1.3	2.8		

Key Data

BAJE.BO | BHE IN

BSE Code	500049
NSE Code	BHE
52-W High / Low	INR 473 / INR 358
Face Value	1
Sensex / Nifty	75,318 / 23,659
Market Cap	INR 3,021 bn / \$ 31,201 mn
Shares Outstanding	7309.78 mn
3M Avg. Daily Value	INR 7,355.84 mn

Shareholding Pattern (%)

Promoters	51.14
FIIs	19.51
Mutual Funds	14.28
Domestic Institutions	6.20
Public & Others	9.37
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(9.7)	(6.3)	(2.3)	13.6
Relative	(5.8)	3.0	11.1	22.5

Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	236,580	274,796	321,175	374,114
EBITDA (INR mn)	67,676	80,153	91,567	106,772
Margin (%)	28.6	29.2	28.5	28.5
PAT (INR mn)	52,883	60,485	70,593	82,716
EV (INR mn)	2,927,771	2,937,599	2,925,942	2,914,767
Total Debt (INR mn)	612	655	655	655
C&C Eq. (INR mn)	6,817	18,269	29,927	41,102
EPS (INR)	7.2	8.3	9.7	11.3
Gr. (%)	31.5	14.4	16.7	17.2
DPS (INR)	3.0	3.0	4.6	5.4
Yield (%)	0.5	0.5	1.1	1.3
RoE (%)	29.6	27.9	26.9	26.6
RoCE (%)	35.3	34.4	32.7	32.3
EV/Sales (x)	12.4	10.7	9.1	7.8
EV/EBITDA (x)	43.3	36.6	32.0	27.3
PE (x)	57.1	49.9	42.8	36.5
P/BV (x)	15.3	12.7	10.5	9.0

Order pipeline remains healthy

Quick Pointers

- Management retained its FY27 revenue growth guidance of ~15%, with 28%+ EBITDA margins and ~Rs550bn+ order intake (inc. QRSAM).
- FY26 order intake increased by 61% YoY to ~Rs300bn while order book remains robust at Rs738.8bn (2.7x TTM sales).

We revise our EPS estimates for FY27/FY28E by +1.3%/2.8% factoring in sustained healthy execution momentum and margin profile. Bharat Electronics (BEL) reported a healthy 4QFY26 performance, with revenues growing 11.6% YoY while EBITDA margins contracted 147bps YoY to 29.1%. Management retained FY27 guidance of >15% YoY revenue growth and Rs550bn order inflow supported by large opportunities such as QRSAM, P75I submarines, next-generation corvettes, Shakti EW systems and MFR radars. The order book remains robust at ~Rs739bn, providing strong multi-year visibility, with key executable programs including electronic fuses (Rs43bn), LRSAM (~Rs35bn), LCA Mk1A LRUs (~Rs35bn), BMP-2 upgrades (Rs28bn+), Ashwini radars and EW systems. The QRSAM order, a key near-term catalyst, is anticipated by June'27 with the first production model expected within 18 months of contract signing. BEL continues to strengthen its positioning in emerging areas such as drones, quantum technologies, AI-led systems, cyber security, directed-energy weapons and indigenous data centres through partnerships with DRDO, startups and academia, alongside increasing investments in R&D and high-performance computing infrastructure. Additionally, rising indigenisation (~80–85%), growing export opportunities and increasing non-defence contribution (from 8% to 15%) are expected to support medium-term growth. The stock is currently trading at PE of 42.8x/36.5x on FY27E/FY28E. We roll forward to Mar'28E and upgrade our rating from 'Reduce' to 'Accumulate' given recent correction in stock price while valuing the stock at a PE of 40x Mar'28E (40x Sep'27E earlier) arriving at a TP of Rs453 (Rs411 earlier).

Long term View: We remain positive on long-term growth story of BEL given 1) strong order backlog & strong multi-year order pipeline 2) diversification in newer business verticals like data centres, cyber-security, drones and quantum communication to aid non-defence growth and 3) govt's focus on product indigenization.

Quarter Summary

Y/e Mar	Q4'26E	Q4'26A	% Var.	Q4'25A	YoY gr. (%)
Net Sales (INR mn)	1,00,191	1,01,772	2.0	91,197	12.0
EBITDA (INR mn)	27,993	29,624	6.0	27,890	6.0
Margin (%)	27.9	29.1	120 bps	30.6	-150 bps
PAT (INR mn)	22,146	22,032	-1.0	21,048	5.0

Source: Company, PL

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EBITDA margins impacted due to higher expenses: Standalone revenue grew 11.6% YoY to Rs101.8bn (PL: Rs100.2bn). Gross margin expanded by 32bps YoY to 48.2%. EBITDA grew 6.2% YoY to Rs29.6bn (PL: Rs28.0bn). EBITDA margin contracted by 147bps YoY to 29.1% due to higher other expenses (+36.4% YoY to Rs11.1bn). PBT grew 2.0% YoY to Rs29.0bn (PL: Rs29.1bn). Adj. PAT rose 4.7% YoY to Rs22.0bn (PL: Rs22.1bn) regardless of a decline in other income (-44.3% YoY to Rs1.1bn) offset by lower effective tax rate (-196bps YoY to 24.1%).

Order book stands strong at ~Rs738.8bn (2.7x TTM sales): Order intake for FY26 stood at ~Rs300bn. Order intake guidance for FY26 is ~Rs550bn including QRSAM orders worth ~Rs300bn expected to be awarded in Q2FY27. The company's order book stood strong at Rs738.8bn.

Exhibit 1 : Healthy execution led to revenue growth of 11.6% YoY to Rs101.8bn while EBITDA margin contracted by 147bps YoY

Rs mn	Q4FY26	Q4FY25	YoY gr. (%)	Q4FY26E	% Var.	Q3FY26	QoQ gr. (%)	FY26	FY25	YoY gr. (%)
Revenue	1,01,772	91,197	11.6%	1,00,191	1.6%	71,220	42.9%	2,74,796	2,36,580	16.2%
Gross Profit	49,022	43,638	12.3%	46,665	5.1%	33,106	48.1%	1,35,003	1,14,770	17.6%
Margin (%)	48.2	47.8	32	46.6	159.2	46.5	168	49.1	48.5	62
Employee Cost	8,259	7,582	8.9%	7,950	3.9%	8,137	1.5%	30,909	27,344	13.0%
as % of sales	8.1	8.3	(20)	7.9	18.0	11.4	(331)	11.2	11.6	(31)
Other expenditure	11,140	8,165	36.4%	10,722	3.9%	3,793	193.7%	23,941	19,751	21.2%
as % of sales	10.9	9.0	199	10.7	24.4	5.3	562	8.7	8.3	36
EBITDA	29,624	27,890	6.2%	27,993	5.8%	21,176	39.9%	80,153	67,676	18.4%
Margin (%)	29.1	30.6	(147)	27.9	116.8	29.7	(63)	29.2	28.6	56
Depreciation	1,651	1,298	27.2%	1,274	29.6%	1,275	29.6%	5,239	4,356	20.3%
EBIT	27,973	26,592	5.2%	26,719	4.7%	19,902	40.6%	74,914	63,320	18.3%
Margin (%)	27.5	29.2	(167)	26.7	81.8	27.9	(46)	27.3	26.8	50
Other Income	1,082	1,942	-44.3%	2,418	-55.3%	1,595	-32.2%	5,904	7,676	-23.1%
Interest	16	58	-72.4%	50	-67.8%	20	-21.2%	67	96	-30.1%
PBT (ex. Extra-ordinaries)	29,038	28,476	2.0%	29,087	-0.2%	21,477	35.2%	80,750	70,900	13.9%
Margin (%)	28.5	31.2	(269)	29.0	(49.9)	30.2	(162)	29.4	30.0	(58)
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT	29,038	28,476	2.0%	29,087	-0.2%	21,477	35.2%	80,750	70,900	13.9%
Total Tax	7,007	7,428	-5.7%	6,941	-	5,576	25.7%	20,266	18,017	12.5%
Effective Tax Rate (%)	24.1	26.1	(196)	23.9	-	26.0	-	25.1	25.4	(32)
Reported PAT	22,032	21,048	4.7%	22,146	-0.5%	15,901	38.6%	60,485	52,883	14.4%
Adj. PAT	22,032	21,048	4.7%	22,146	-0.5%	15,901	38.6%	60,485	52,883	14.4%
Adj. EPS	3.0	2.9	4.7%	3.0	-0.5%	2.2	38.6%	8.3	7.2	14.4%

Source: Company, PL

Conference Call Highlights:

Guidance: Management retained its FY27 guidance of 15%+ revenue growth with EBITDA margins expected to sustain above 28%. Order inflow guidance stands at over Rs550bn (including QRSAM), with R&D investment and capex guided at ~Rs22bn and ~Rs12bn respectively. The defence and non-defence mix is expected to remain broadly stable at 90% and 10% respectively for FY27

Order book remains robust: BEL's opening order book for FY27 stood at ~Rs738.8bn, underpinned by major programmes including electronic fuses (~Rs43bn, seven-year execution visibility), LRSAM (~Rs35bn), LCA LRUs (~Rs32bn) and BMP-2 upgrades (~Rs28bn+), with most orders executable over the next 2–3 years.

Strong big-ticket opportunity pipeline: Management highlighted several large opportunities for FY27 and beyond, including NGC systems, Shatrughat, Samaghaat EW systems, P75I submarine electronics, Hammer programme, Shakti Phase-IV and MFRX naval radars. BEL noted that periodic large-ticket orders every 3–4 years meaningfully enhance growth trajectory alongside a steady base of annual order inflows.

QRSAM: The QRSAM order is expected by June-end FY27, with only a 5-10% probability of slippage into July'27. All technical evaluations are complete with ministry approvals pending. Margins are expected to remain broadly in line with existing business, with the first production model due within 18 months of contract signing.

Submarine and naval electronics opportunity: BEL expects to supply 50-60% of the electronics content for the P75I submarine programme across six major subsystems, including communication, navigation, combat weapon control and torpedo and missile fire control systems. Discussions with foreign partners are at advanced stages.

Indigenisation and semiconductor exposure: Management expects indigenisation levels to improve from 80%+ to 80–85% over 2–3 years, supporting margin expansion. Semiconductors (~17–19% of production value), sourced primarily from Europe, the US and Taiwan, remain the key localisation bottleneck, though management sees minimal impact from semiconductor inflation or Middle East-related supply disruptions.

Data centre and cyber-security opportunities: BEL is expanding its non-defence vertical through end-to-end data centre and cyber-security solutions, with discussions underway with government entities and CDAC for opportunities worth ~Rs20–100bn. Non-defence revenues (~8–10% currently) are targeted to scale to 15–20% over the medium term.

Export pipeline remains healthy: BEL's export order book stands at ~US\$96mn with execution spread over 2–3 years. Enquiry traction is increasing across communication equipment, SDRs, satellite communication systems and C4I solutions. Exports (~4–5% of revenues) are targeted to exceed 10% over the next 4–5 years, though near-term improvement is expected to remain modest at 1–2%.

Capex cycle and technology investments: FY26 capex of ~Rs9bn is set to step up to ~Rs12bn+ in FY27, directed towards facility upgrades across Bala Samudram, Chitrukut, Vellore, Ghaziabad and Bengaluru. BEL has invested over Rs1bn in AI-focused CPU/GPU infrastructure over the past two years, with a further Rs1–2bn under approval to support next-gen defence electronics, drones and quantum communication.

AMCA and DEW programmes progressing steadily: The AMCA RFP is expected within 15 to 45 days. BEL is concurrently working with DRDO on Directed Energy Weapon (DEW) programmes encompassing laser- and microwave-based systems, alongside development of quantum-safe communication technologies

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	236,580	274,796	321,175	374,114
YoY gr. (%)	17.3	16.2	16.9	16.5
Cost of Goods Sold	121,810	139,793	165,566	192,856
Gross Profit	114,770	135,003	155,609	181,258
Margin (%)	48.5	49.1	48.5	48.5
Employee Cost	27,344	30,909	34,141	38,534
Other Expenses	3,562	23,941	7,387	9,540
EBITDA	67,676	80,153	91,567	106,772
YoY gr. (%)	35.4	18.4	14.2	16.6
Margin (%)	28.6	29.2	28.5	28.5
Depreciation and Amortization	4,356	5,239	5,568	5,954
EBIT	63,320	74,914	85,999	100,818
Margin (%)	26.8	27.3	26.8	26.9
Net Interest	96	67	71	74
Other Income	7,676	5,904	8,447	9,839
Profit Before Tax	70,900	80,750	94,376	110,583
Margin (%)	30.0	29.4	29.4	29.6
Total Tax	18,017	20,266	23,783	27,867
Effective Tax Rate (%)	25.4	25.1	26.0	26.0
Profit After Tax	52,883	60,485	70,593	82,716
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	52,883	60,485	70,593	82,716
YoY gr. (%)	31.5	14.4	16.7	17.2
Margin (%)	22.4	22.0	22.0	22.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	52,883	60,485	70,593	82,716
YoY gr. (%)	31.5	14.4	16.7	17.2
Margin (%)	22.4	22.0	22.0	22.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	52,883	60,485	70,593	82,716
Equity Shares O/s (mn)	7,310	7,310	7,310	7,310
EPS (INR)	7.2	8.3	9.7	11.3

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	62,554	70,605	82,605	97,605
Tangibles	62,554	70,605	82,605	97,605
Intangibles	-	-	-	-
Acc: Dep / Amortization	31,312	36,552	42,119	48,073
Tangibles	31,312	36,552	42,119	48,073
Intangibles	-	-	-	-
Net Fixed Assets	31,242	34,054	40,486	49,532
Tangibles	31,242	34,054	40,486	49,532
Intangibles	-	-	-	-
Capital Work In Progress	10,925	12,216	13,819	14,877
Goodwill	-	-	-	-
Non-Current Investments	8,464	8,949	13,200	15,376
Net Deferred Tax Assets	5,341	5,870	5,870	5,870
Other Non-Current Assets	1,938	2,081	2,569	3,741
Current Assets				
Investments	-	-	-	-
Inventories	90,697	100,942	121,431	141,446
Trade Receivables	90,920	128,453	140,789	153,746
Cash & Bank Balance	93,973	84,187	95,844	107,019
Other Current Assets	68,278	62,553	80,294	97,270
Total Assets	398,840	435,034	510,712	586,038
Equity				
Equity Share Capital	7,310	7,310	7,310	7,310
Other Equity	189,667	229,666	279,792	328,623
Total Network	196,977	236,976	287,101	335,933
Non-Current Liabilities				
Long Term Borrowings	587	624	624	624
Provisions	-	-	-	-
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	25	30	30	30
Trade Payables	33,151	35,423	45,756	53,298
Other Current Liabilities	173,441	167,851	183,070	202,022
Total Equity & Liabilities	398,840	435,034	510,712	586,037

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	70,900	80,750	94,376	110,583
Add. Depreciation	4,356	5,239	5,568	5,954
Add. Interest	96	67	71	74
Less Financial Other Income	7,676	5,904	8,447	9,839
Add. Other	(6,533)	(5,451)	-	-
Op. Profit before WC Changes	68,819	80,606	100,014	116,611
Net Changes-WC	(47,341)	(45,476)	(26,223)	(25,434)
Direct Tax	(16,674)	(20,187)	(23,783)	(27,867)
Net Cash from Op. Activities	4,804	14,943	50,008	63,311
Capital Expenditures	(10,010)	(9,792)	(13,603)	(16,059)
Interest / Dividend Income	7,005	6,119	-	-
Others	10,489	20,806	(4,210)	(2,118)
Net Cash from Inv. Activities	7,484	17,133	(17,813)	(18,176)
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	-	-	-	-
Dividend Paid	(16,806)	(20,825)	(20,467)	(33,885)
Interest Paid	(96)	(67)	(71)	(74)
Others	(60)	(72)	-	-
Net Cash from Fin. Activities	(16,961)	(20,965)	(20,538)	(33,959)
Net Change in Cash	(4,673)	11,112	11,657	11,176
Free Cash Flow	(5,236)	5,112	36,405	47,252

Source: Company, PL

Quarterly Financials (INR mn)

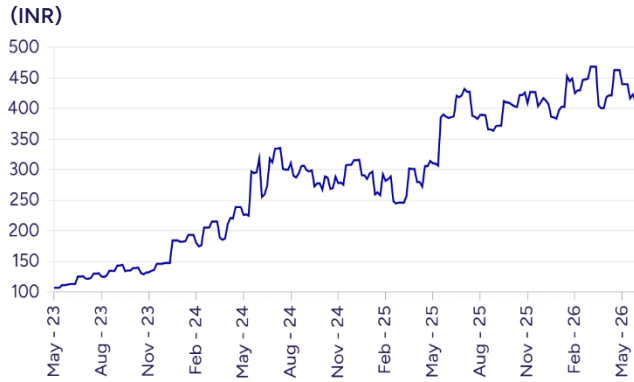
Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	44,168	57,637	71,220	101,772
YoY gr. (%)	5.2	25.8	23.7	11.6
Raw Material Expenses	20,651	28,279	38,114	52,749
Gross Profit	23,517	29,357	33,106	49,022
Margin (%)	53.2	50.9	46.5	48.2
EBITDA	12,399	16,953	21,176	29,624
YoY gr. (%)	32.4	22.1	28.1	6.2
Margin (%)	28.1	29.4	29.7	29.1
Depreciation / Depletion	1,129	1,185	1,275	1,651
EBIT	11,271	15,769	19,902	27,973
Margin (%)	25.5	27.4	27.9	27.5
Net Interest	14	17	20	16
Other Income	1,636	1,591	1,595	1,082
Profit before Tax	12,892	17,343	21,477	29,038
Margin (%)	29.2	30.1	30.2	28.5
Total Tax	3,201	4,482	5,576	7,007
Effective Tax Rate (%)	24.8	25.8	26.0	24.1
Profit After Tax	9,691	12,861	15,901	22,032
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	9,691	12,861	15,901	22,032
YoY gr. (%)	24.9	17.9	20.8	4.7
Margin (%)	21.9	22.3	22.3	21.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	9,691	12,861	15,901	22,032
YoY gr. (%)	24.9	17.9	20.8	4.7
Margin (%)	21.9	22.3	22.3	21.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	9,691	12,861	15,901	22,032
Avg. Shares O/s (mn)	7,310	7,310	7,310	7,310
EPS (INR)	1.3	1.8	2.2	3.0

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	7.2	8.3	9.7	11.3
CEPS	7.8	9.0	10.4	12.1
BVPS	26.9	32.4	39.3	46.0
FCF	-	0.7	5.0	6.5
DPS	3.0	3.0	4.6	5.4
Return Ratio (%)				
RoCE	35.3	34.4	32.7	32.3
ROIC	55.2	42.1	38.6	36.8
RoE	29.6	27.9	26.9	26.6
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	229	258	246	236
Valuation (x)				
PER	57.1	49.9	42.7	36.5
P/B	15.3	12.7	10.5	8.9
P/CEPS	52.7	45.9	39.6	34.0
EV/EBITDA	43.2	36.6	31.9	27.2
EV/Sales	12.3	10.6	9.1	7.7
Dividend Yield (%)	0.5	0.5	1.1	1.3
FCFF Yield (%)	-	0.1	1.2	1.5
PEG Ratio	1.8	3.4	2.5	2.1

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	09-Apr-26	REDUCE	411	440
2	29-Jan-26	Reduce	411	453
3	07-Jan-26	Hold	407	416
4	31-Oct-25	Hold	407	426
5	07-Oct-25	Hold	374	410
6	30-Jul-25	Hold	374	387
7	09-Jul-25	Hold	374	422
8	20-May-25	Hold	374	364
9	09-Apr-25	BUY	340	281
10	31-Jan-25	BUY	340	279

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	ABB India	HOLD	6523	7013
2	Apar Industries	Accumulate	9629	10767
3	BEML	Accumulate	1922	1603
4	Bharat Electronics	REDUCE	411	440
5	BHEL	REDUCE	321	377
6	Carborundum Universal	REDUCE	986	1102
7	Cummins India	Hold	4182	4907
8	Elgi Equipments	Accumulate	603	500
9	Engineers India	Buy	261	209
10	GE Vernova T&D India	Accumulate	4650	4385
11	Grindwell Norton	Accumulate	1887	1680
12	Harsha Engineers International	Hold	461	439
13	Hindustan Aeronautics	BUY	5423	4386
14	Hitachi Energy India	Hold	26108	27315
15	Ingersoll-Rand (India)	Buy	4589	3798
16	Kalpataru Projects International	BUY	1466	1258
17	KEC International	Accumulate	558	488
18	Kirloskar Pneumatic Company	BUY	1715	1448
19	Larsen & Toubro	BUY	4632	4055
20	Praj Industries	Accumulate	340	337
21	Siemens	ACCUMULATE	3409	3223
22	Siemens Energy India	Accumulate	3274	3086
23	Thermax	REDUCE	3969	4678
24	Triveni Turbine	HOLD	638	638
25	Voltamp Transformers	Accumulate	10503	10002

PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

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We/I Mr. Amit Anwani MBA (Finance), Mr. Hitesh Agarwal MBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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