


STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Capital Goods

COMPANY DETAILS

Market cap:	Rs. 3,31,133 cr
52-week high/low:	Rs. 458/240
NSE volume: (No of shares)	720.0 lakh
BSE code:	500049
NSE code:	BEL
Free float: (No of shares)	357.2 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	51.1
FII	18.5
DII	20.5
Others	9.9

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART


Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	15.2	6.4	20.2	69.7
Relative to Sensex	18.0	8.3	18.1	62.1

Source: Mirae Asset Sharekhan Research, Bloomberg

 Reco/View: **BUY**

 CMP: **Rs. 453**

 Price Target: **Rs. 525**
Quick Snapshot

- Revenue grew 24% y-o-y, on strong order execution, exceeding our estimates and company's guidance of 15%.
- EBITDA grew 27.42% y-o-y, despite higher input costs, while margins stood at a healthy 29.74%, above the guidance of 27%+.
- Q3 order inflows remained healthy at Rs 5,716 crores. Inflows for 9MFY26 exceeded Rs 20,400 crore, keeping the company firmly on track to achieve its full-year target of Rs 27,000 crore.
- Future order pipeline looks promising with large orders such as QRSAM and MRSAM are to be awarded in the coming years. we retain a Buy rating with revised PT of Rs. 525. At CMP, the stock trades at 40x/34x its FY2026/FY2027 earnings estimates.

Result overview

- Order pipeline prospects:** BEL's long-term order pipeline remains strong and well diversified across major defence platforms, ensuring growth visibility beyond FY26. Over the medium term, it sees opportunities exceeding Rs 50,000 crore. For FY26, the management is confident of getting significant large orders of QRSAM orders by March 2026 but if not may slip to H1FY27. A few large projects like QRSAM, NRC, Akash NG, Samaghat and Khusha shall support the revenue guidance growth of >15% over a longer timeframe.
- Guidance:** BEL maintained its revenue guidance of 15% for FY26 with margins at 27% and order inflows at 27,000 crore, excluding QRSAM orders. Company plans to incur a capex of Rs. 1000 crore in FY26 and guides a spend of Rs. 16,000 crore on R&D.
- Revenues grew 24% on the back of strongest execution of projects such as LRSAM, HIM shakti, Link fire control, Akash Army, LR systems for Mk1A, Shakti EW systems, etc.
- Margins improved by 80 bps to 29.7% on the back of higher indeginization (Avg 72-75%), Product mix and lower other expenses due to provisions write back Despite higher margins in 9mFY26, the product mix for Q4 is expected to align full year margin guidance of 27%.

Our Call

We continue to prefer BEL given its strong order book, order inflow pipeline, robust execution capabilities. The company's future order pipeline is very promising with large orders such as QRSAM and MRSAM are to be awarded in the coming years. We believe that BEL would play a significant role in successfully implementing the government's Make in India and AtmaNirbhar Bharat initiatives, as it is a key defence and aerospace player. After the strong performance in this quarter, we factor in a revenue/ profit growth of 17%/ 18% and maintain our Buy rating with PT of Rs. 525 based on 44x of FY2028 EPS.

Key Risks

- Delayed order execution and slower pace of fresh orders can affect revenue growth.
- Higher raw-material prices and shortage of critical components may affect margins.
- Competition from private players with the opening of the defence sector.

Valuation

	Rs cr				
Particulars	FY24	FY25	FY26	FY27E	FY28E
Net sales	20,268	23,769	27,944	32,431	37,675
OPM (%)	24.9	28.8	28.7	28.8	28.9
Adjusted PAT	3,985	5,323	6,317	7,381	8,637
y-o-y Growth (%)	33.5	33.6	18.7	16.8	17.0
Adjusted EPS (Rs.)	5.5	7.3	8.6	10.1	11.8
P/E (x)	73.5	55.0	46.3	39.7	33.9
EV/EBITDA (x)	55.8	39.2	35.1	31.9	27.2
RoCE (%)	15.8	19.8	20.5	19.7	19.2
RoE (%)	26.4	29.3	28.1	26.4	24.9

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Jan 28, 2026

Concall Highlights:

- Management is confident of achieving order inflows higher than the guidance of Rs 27000 crore for FY26.
- Capex: The company plans to incur an annual capex of Rs. 1000 crore for FY2026. It will be used for a night vision factory in Nimmalur, Electronic Warfare (EW) factory in Ibrahimpatnam, a fuse complex at Nagpur, airborne equipment in EW in Devanahalli, and a facility for the integration of defence systems in missiles.
- The recent FTA with EU will open up opportunities for BEL majorly on the research side as EU has a good research fund.
- BEL has made arrangement to overcome the shortage of critical chip with alternate designs which are more general and is also in talks with all the fab players for the chips.
- Akash missile system: BEL to be lead integrator for Akash NG system since the requirement is to suffice for Airforce. Management is confident of getting the order in FY28.
- Order inflow as on 9M stands at Rs 20400 crore and balance of Rs 27000 crore order inflow guidance would come from LCA (2400 crore) order from HAL (Price conclusion is done). NGC and Shatrughat (3000 crore) in FY26 and 2-3 orders of Rs 1000 crore.
- Non Defence business currently hovers around 6-7% of sales, Management is targeting to reach 10% of sales in the longer term. And this would come from Kavach, Railways, Metro and projects from airport authorities.
- Data Center Business: Very small in size as of now targeting to reach Rs 1000 crore of revenue in the longer terms. Highlighted that have many good leads from state governments.
- Quick Reaction Surface-to-Air Missile (QRSAM) programme, BEL has submitted its RFP response and is now undergoing cost audits and procedural clearances. The management reiterated that they are fully confident that they may get the order before March.
- Currently exports contribute around 3-4% of revenues management has the longer term targets to reach 10% of exports contribution over next 2-3 years' time period.

Results

	Rs cr				
Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Net sales	7,154	5,771	24.0	5,792	23.5
Operating expenditure	5,027	4,101	22.6	4,090	22.9
Operating profit	2,127	1,670	27.4	1,702	25.0
Other income	139	186	(25.7)	163	(15.2)
Interest	2	1.3	53.8	2	23.0
Depreciation	135	111	22.1	126	7.1
PBT	2,128	1,744	22.1	1,737	22.5
Tax	558	442	26.2	450	24.2
Reported PAT	1,570	1,301	20.7	1,288	21.9
Adjusted PAT	1,580	1,311	20.5	1,297	21.8
Adjusted EPS (Rs.)	2.16	1.79	20.5	1.8	21.8
Margin (%)			BPS		BPS
GPM (%)	46.5	48.3	(180)	51.0	(445)
OPM (%)	29.7	28.9	80	29.4	35
NPM (%)	22.1	22.7	(64)	22.4	(30)
Effective tax rate (%)	26.2	25.4	85	25.9	35

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Republic of India	51.14
2	Kotak Mahindra AMC Ltd	2.59
3	Nippon Life India AMC Ltd	2.57
4	Vanguard Group Inc	2.10
5	NPS Trust A/c Retirement Solutions Ltd	2.06
6	SBI Funds Management Ltd	1.92
7	Blackrock Inc	1.89
8	Life Insurance Corp of India	1.17
9	HDFC AMC Ltd	1.03
10	Republic of Singapore	1.01

Source: Bloomberg

Key management personnel

Name	Designation
Manoj Jain	Executive Director-Chairperson-MD
Bhanu Prakash Srivastava	Executive Director
Damodar S Bhattad	Director (Finance) and Chief Financial Officer (CFO)

Source: Company Website

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Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address: Gigaplex IT Park, Unit No 1001, 10th Floor, Building No. 9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

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Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

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