

Date : 14/01/25

## Techno Funda : Buy Bharat Electronics Limited.

Buy Range : @ 264-272

Target : 1st 282 @ , 2nd @ 310

Stock Info	
Mkt Cap (cr)	195390.4
52-Weeks High/Low	₹340.50/171.75
Avg Volume	42,830,296
No. of eq shares (cr)	731.00
Face Values	1.00
Bse Code	500049
Nse Code	BEL
Free Float (cr)	95467.74

Source : NSE/BSE

Particulars	2023	2024
P/E	23.85	36.97
P/B	5.14	9.02
EV/EBITDA	14.45	23.79
Quick Ratio	1.15	1.21
Current Ratio	1.46	1.55
ROCE	26.92%	32.53%
ROIC	12.10%	14.53%
ROA	8.60%	10.62%
ROE	22.83%	26.40%
DSO	136.00	130.00
DPO	130.00	125.00
DIO	224.00	240.00
Interest Coverage	245.00	645.00

Source : Company, Fin2Research

Particulars	2023	2024
Revenue op. Growth	15.40%	14.29%
EBITDA Growth	22.31%	23.37%
EBIT Grwoth	23.91%	34.23%
PAT Growth	24.42%	33.46%
EPS	4.08	5.45

Source : Company, Fin2Research

Particulars	% of Total Shares
Promoters	51.14%
Mutual Funds/AIF	15.99%
Insurance co. & others	2.74%
Other DII's	1.48%
FII	17.27%
Retails and Others	11.38%
Total	100.00%

Source : BSE

**BEL:** Bharat Electronics Ltd, an aerospace and defense company owned by the Indian government, manufactures a wide range of specialized electronics for both defense and civilian use. The company's investments are focused on research and development to meet the ever-changing needs of its customers and to test products in its pipeline. With approximately three-fourths of its revenue derived from the defense sector, maintaining strong relationships with government officials and military camps is critical. To capitalize on export opportunities, the company established a marketing division. It ships products to countries that have favorable relationships with India and seeks to identify long-term supply chain relationships with global players.

### Key Highlights:

- ❑ The company has achieved a turnover of INR 28,530 crores in comparison to INR 7,365 crores reported up to Q2 of the previous year, reflecting a growth of 15.83%. Additionally, the profit before tax has increased to INR 2,488 crores, as compared to INR 1,777 crores in the corresponding period last year, marking an impressive growth of 45.05%.
- ❑ The company announced securing additional orders worth INR 561 crore since December 23, 2024, including contracts for communication equipment, electro-optics, satcom network upgrades, radar systems, and related services. With these, the company's total orders for the current financial year have reached INR 10,362 crore.
- ❑ The Defence Acquisition Council (DAC) has approved five capital acquisition proposals worth INR 21,772 crore to enhance India's defense capabilities, paving the way for a robust order pipeline for defense companies over the next 2-3 years. The proposals include Acceptance of Necessity (AoN) for Fast Attack Crafts (FAC), Fast Interceptor Crafts (FIC), and Advanced Light Helicopters (ALH) (M) MR, as well as the overhaul of tanks, BMPs, and Su-30MKI aircraft.
- ❑ Navratna Defence PSU Bharat Electronics Limited (BEL) and Israel Aerospace Industries (IAI) have established a joint venture company, BEL IAI AeroSystems Private Ltd, with its registered office in Delhi. This joint venture will serve as the single point of contact (SPOC) for providing long-term technical and maintenance support for Medium Range Surface-to-Air Missile (MRSAM) systems of India's Defence Forces. The collaboration strengthens the longstanding partnership between BEL and IAI, who are engaged in several strategic programs for the Tri-services, and aims to ensure comprehensive lifecycle support for India's air-defense systems.
- ❑ The company operates two Central Research Laboratories, a Product Development and Innovation Centre, and nine Development and Engineering groups specializing in advanced technologies such as AI, big data analytics, IoT, 5G, robotics, computer vision, and AR/VR. It has filed 1,199 IPRs, of which 580 have been granted. Investing 7% of its annual revenue in R&D, the company derives 77% of its turnover from indigenous products.

### Key Risk :

- ❑ BEL has a high dependence on the defense sector for orders, with approximately 85% of its turnover coming from this sector. The company's limited export business means any change in the procurement policy of the defense forces or a significant cutback in defense spending could adversely impact its revenue and order book position.
- ❑ BEL is highly dependent on government contracts and faces significant working capital requirements due to the nature of its business operations.

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**RSI:** At an RSI of 37.48, the stock is nearing the oversold threshold of 30, indicating potential undervaluation in the short term and a possible rebound if buying interest increases. However, if the RSI falls further below 30, it would confirm oversold conditions, suggesting continued selling pressure.

**Support:** There is apparent support around ₹240. If the price falls below this level, it could signal a break in the uptrend.

**Bollinger Bands:** The Bollinger Bands are widening, which suggests increasing volatility. This could be a sign of an upcoming breakout or break down.

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### Guidelines on Report:

- It is recommended to enter in a staggered manner within the prescribed range provided in the report.
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The suggestion is valid for 3-5 months; if we want to carry subsequent positions, we will contact via mail or other mode of communications.
- Once target1 achieved, use trailing stop loss of recommended average price.

### Portfolio Allocation:

- It is not recommended to allocate entire corpus to a single stock or product without first understanding the risk and return associated with that stock or product.
- It is recommended to diversify the corpus in a proportionate manner among various techno-funda research reports and other reports as stated.

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