

सेवा में / To,
नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लि.
National Stock Exchange of India Ltd.
एक्सचेंज प्लाज़ा, सी-1, ब्लॉक जी,
Exchange Plaza, C-1, Block G,
बान्द्रा-कुर्ला कॉम्पलेक्स, बान्द्रा पूर्व
Bandra Kurla Complex Bandra, East,
मुंबई, महाराष्ट्र - 400051
Mumbai, Maharashtra- 400051
प्रतीक / Symbol: BEL
सं.No. 17565/6/SE/NSEC/SEC

सेवा में / To,
बी.एस.ई. लिमिटेड BSE Limited
पी.जे. टॉवर्स, दलाल स्ट्रीट
P J Towers, Dalal Street,
मुंबई- 400001, महाराष्ट्र
Mumbai- 400001, Maharashtra.
स्क्रिप कोड/Scrip Code: 500049
सं .No. 17565/4/SE/MUMC/SEC

दिनांक/ Date: 22.05.2026

महोदय / महोदया
Dear Sir/Madam,

विषय – दिनांक 20.05.2026 को आयोजित निवेशकों/विश्लेषकों के साथ सम्मेलन कॉल की प्रतिलिपि।।

Sub: Transcript of the Conference Call with Investors / Analysts held on 20.05.2026.

सेबी (एलओडीआर) विनियम, 2015 के विनियम 30 और 46 के अनुसार, कृपया दिनांक बुधवार, 20 मई, 2026 को अपराह्न 04:00 बजे मेसर्स आईसीआईसीआई सिक्योरिटीज लिमिटेड द्वारा आयोजित सम्मेलन कॉल के अनुलिपि के साथ 31 मार्च, 2026 को समाप्त तिमाही और वर्ष के वित्तीय परिणामों पर चर्चा के लिए संलग्न पाएं।

Pursuant to Regulation 30 and 46 of SEBI (LODR) Regulations, 2015, please find enclosed herewith the transcript of the conference call hosted by M/s. ICICI Securities Limited on Wednesday, 20th May, 2026 at 04:00 p.m for discussion on Financial Results for the quarter and year ended 31st March, 2026.

आपके सूचनार्थ उपर्युक्त प्रतिलिपि कंपनी की वेबसाइट www.bel-india.in पर निवेशक-स्टॉक एक्सचेंज डिस्कलोज़र टैब के अंतर्गत भी उपलब्ध है।

For your kind information, the aforementioned transcript is made available on the website of the Company www.bel-india.in under Investors – Stock Exchange Disclosure tab.

यह आपकी सूचना और अभिलेख के लिए है।
This is for your information and record.

सधन्यवाद / Thanking you,
भवदीय/Yours faithfully,
कृते भारत इलेक्ट्रॉनिक्स लिमिटेड
For Bharat Electronics Limited

एस श्रीनिवास/S Sreenivas
कंपनी सचिव/Company Secretary

संलग्न- यथा उपरोक्त। /Encls: As stated Above.

**भारत इलेक्ट्रॉनिक्स**
BHARAT ELECTRONICS
भारत इलेक्ट्रॉनिक्स लिमिटेड

(भारत सरकार का उद्यम, रक्षा मंत्रालय)

पंजीकृत कार्यालय :

आउटर रिंग रोड, नागवारा, बेंगलूर - 560 045, भारत

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“Bharat Electronics Limited
Q4 FY26 Earnings Conference Call”

May 20, 2026



MANAGEMENT: **MR. MANOJ JAIN – CHAIRMAN AND MANAGING
DIRECTOR – BHARAT ELECTRONICS LIMITED
MR. DAMODAR BHATTAD S – DIRECTOR, FINANCE
AND CHIEF FINANCIAL OFFICER – BHARAT
ELECTRONICS LIMITED
MR. S. SREENIVAS – COMPANY SECRETARY – BHARAT
ELECTRONICS LIMITED**

MODERATOR: **MR. VIKASH SINGH – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Bharat Electronics Limited Q4 FY26 Earnings Conference Call, hosted by ICICI Securities Limited.

This conference call may contain certain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Vikash Singh from ICICI Securities Limited. Thank you, and over to you, sir.

Vikash Singh: Thank you, Ria. Good evening, everyone, and welcome to today's Q4 FY26 Bharat Electronics Con-Call. From the management side, we have with us Mr. Manoj Jain, Chairman and Managing Director; Mr. Damodar Bhattad, Director of Finance and CFO; and Mr. S. Sreenivas, Company Secretary.

Without taking any much time, I'll hand over to Chairman sir for his opening remarks. Over to you, sir.

Manoj Jain: Thank you. So, Manoj Jain, CMD, BEL this side. So firstly, I will talk about the financial highlights of financial year '25-'26. So, the revenue from operations has increased to INR27,480 crores in '25-'26 as compared to INR23,658 crores previous year with a growth of 16%.

The profit before tax increased to INR8,075 crores in '25-'26 as compared to INR7,090 crores previous year with a growth of 14%. The profit after tax increased to INR6,048 crores in '25-'26 as compared to INR5,288 crores in the previous year, with a growth of 14%.

The EBITDA has increased to 30% in '25-'26 as compared to 29% in '24-'25. The earnings per share also increased to INR8.27 in '25-'26 as compared to INR7.23 in year '24-'25. The order book position as on 01/04/2026 is INR73,882 crores and order acquired till 31st March 2026 in the previous year was INR30,045 crores. This is a brief financial highlight of financial year '25-'26.

As we told in the beginning of the year about the guidance, we have met all the guidance parameters in the last financial year. Thank you from my side as the opening remarks.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Mr. Amit Dixit from GS.

Amit Dixit: Congratulations for a good set of numbers, sir. A couple of questions from my side. The first question is essentially that the new orders that we are seeing in defense electronics, particularly

centered around new age technologies, quantum computing, drone, etcetera. So how do you see BEL developing capabilities for that?

Is it that we are cultivating a system of start-ups kind of working with them to ensure that we get those technologies or we are working with our ecosystem of other subcontractors, established subcontractors, the unlisted or listed companies in this space. I just wanted to understand your thought process around it, the kind of capex that it would involve and how you are building capabilities for these kind of orders that are expected to flow? [Inaudible 0:04:43]

Yes, sure, I will. So, sir, my question was that in the view of the recent orders and developments in the defense electronics space, particularly some of the orders that we have also got in the field of drone electronics, the new age technologies, quantum computing.

I just wanted to understand that how -- and BEL we are developing capabilities for that, whether it is in-house training or whether you are cultivating a system of startup, cultivating those kind of companies that are in new technologies? Or is it through the tried and tested mode, the subcontractors that we already have, and the kind of capex that would be entailed? So just want to understand your broad thought process around this? That is the first question.

Manoj Jain:

Yes, I heard your question properly now. So, these cutting-edge technologies, they have to develop it in part of all the collaboration partners. So, partners for us are DRDO, start-ups, academia and our in-house itself. So, this drone electronics or drone technology or quantum technologies, whether it is QKD or quantum-safe communication, etcetera, we are working on all these 4 pillars of development. So, we have done a good hands-on on these technologies and a few POCs are also given to our defense users. So, we have totally geared up to tap all these technologies through all these 4 spectrums of working. I hope I have answered the question.

Amit Dixit:

Yes, sir, partially. I mean, just wanted to understand whether it will entail more capex from us going ahead and whether since we are working with a lot of stakeholders, whether it will impact our margins going ahead?

Manoj Jain:

Firstly, let me tell you, margins should be better only when new technologies comes in because new technology means more value addition. So, whenever this technology goes to field, definitely, there will be more value addition from us. So, margins will be on the higher side only for that. But right now, there are no big-ticket projects, capex projects on that.

Now coming to capex infrastructure built by BEL on that. Definitely, we have developed a good infrastructure because these technologies require a good computing infrastructure, firstly, because the underlying technology in that is AI. And AI requires a very good computing infrastructure, whether it's CPU or is it GPUs. So that we have invested heavily.

And of the order of minimum INR100-plus crores in last 2 years we have invested and at least around INR100 crores to INR200 crores worth of investments are in different stages of approval. So that is the main capex, which is required. The building and other infrastructure,

testing infrastructure, integration infrastructure, that is definitely much less as compared to the compute infrastructure.

And that also we are creating at 3 to 4 places, including our CRL Ghaziabad, our CRL Bangalore, our DSTC, our Unmanned Systems, our Network and Cyber Security SBU and our Palasamudram facilities. So, at these 5 places, we are investing on capital or other type of infrastructure. But the CPU from GPU infrastructure is actually created already at our CRL Ghaziabad, CRL Bangalore and software SBU and PDIC. These 4 places already has been done. Last year, we have done some upgradation of the infrastructure. And now we are going to create one separate high computing -- high-performance computing infrastructure very soon.

Amit Dixit: Great, sir. The second question is essentially on the semiconductors. So, if you could highlight what part of our total COGS is semiconductors and the recent increase in semiconductor prices, whether we are able to pass it on or we have to absorb this?

Manoj Jain: Let me tell you, all semiconductors right now are imported because still in India, that infrastructure is just coming up. But semiconductors, although they are very, very important component for us, but there are other systems, subsystems, other technology components, including compute resources and other things are there.

So, semiconductor per se is around 17% to 19% of our material cost. VoP, we can say Value of Production. So that is there. So, per se, semiconductor cost increase, if at all, it increases, it affects only this portion only. So overall, on the margin, it may not affect us that much. And of course, we are in the process of indigenizing some of the technology itself. And that way, we will compensate for this price offset.

Moderator: Next question is from the line of Umesh Raut from Nomura.

Umesh Raut: This is Umesh Raut here. Sir, my first question is pertaining to submarine program that is being talked about in between India and European OEM. And this is probably getting finalized with Mazagaon Dockyard with the value of closer to INR90,000 crores. So, about this program, what kind of opportunities in terms of flow-through orders that BEL can expect?

Manoj Jain: Definitely, in all submarine program or ship-based program, major electronics comes from BEL. Of course, in these programs, especially this P-75I program, there will be some foreign component also, because the foreign partner is working with MDL and of course, indirectly is working with us also.

So, some foreign component with good indigenous content will be there. But there are some components which are homegrown and which will be inducted as part of this. So, I can again tell you more than 50% to 60% of electronics in this program will be from BEL. And we are in very, very advanced stage of discussion with MDL and with this foreign partner of MDL for that program.

So, there are around 6 subsystems we call as part of the submarine program. Their technical names are Communication Suite, Navigation Complex System, The Combat Weapon Control System, Combat Information System, Torpedo Fire Control System, Missile Fire Control

System. Like that, some subsystems are there, which are primarily all our electronics driven. So, these all subsystems will be part of our BEL kitty.

Umesh Raut: Understood. Specifically, on this only, so in per ship cost or per submarine level, how much of electronics could be the percentage cost of total shipbuilder -- total submarine value, roughly ballpark number, if you can give?

Manoj Jain: I can't tell you exactly, but around 25% to 30% typically comes to electronics portion generally. But in this particular one, because there is a foreign element also, it is not totally homegrown or in-house. So that's why the ratio may slightly vary 5% plus/minus on this number.

Umesh Raut: Understood, sir. My second question is pertaining to QRSAM program. Where are we in terms of finalization? I think in last call, you mentioned probably by March or June end this year, you are signing this contract with the customer. So, any update about this?

And once we get that program, how soon we can expect execution to start? And whether we will have similar set of margins as compared to our existing business or margins could be lower in initial stages and probably it could be more back ended in terms of higher margins?

Manoj Jain: Okay. So, as I told last time also, we were actually hopeful that by last year, last quarter itself, we may get or else the first quarter of this year. So, we are still fully optimistic that before June end, we may get this order. There is only 5% to 10% chance that it may slip to July. But otherwise, we are confident as on today also that by June end, we may sign this contract.

All the formalities, all other evaluations, all technical CMCs, etcetera, different stages are there. They all are over now in the process of necessary approvals at various stage in ministries. So, we are confident that in next 1, 1.5 months, it should be over. Worst case, it may slip by 1 more month. So, we are not expecting more than that delay as of today.

And regarding the program, once we sign the program within 18 months, we are supposed to give the first of production model. So, we have already started gearing up the initial homework what is required for this, we have already started, so that we don't want to slip on this first target of 18 months. We will definitely give our first of production model within 18 months of signing the contract. And after that, only the real bulk supplies will start.

Regarding the margins, etcetera, it is too early to say whether it will be a bit more than that or a bit less than that because once we finalize contracts -- back-to-back contract with our Tier 1, Tier 2 suppliers, then only we can come to know how much may be that. But definitely, it will be similar orders only. May not have too much change, but exact quantification of the project, we will come to know once we sign that contract with our Tier 1 and Tier 2 suppliers.

Umesh Raut: Understood. My last question is more of on the bookkeeping side. If I look at other expenses for the quarter gone by, those were up by about 36% year-on-year. Any one-off provisioning that you did during the quarter?

Manoj Jain: Yes, DF sir will tell. Yes.

- Damodar Bhattad:** These are basically regular provisions due to increase in operations. For example, performance warranty as the turnover increases, we need to provide more for the performance warranty and certain other expenditure, which are in line with the scale of operations also. There are some, of course, LD-related expenditure also in this. So overall, based on scale of operations, this expenditure has increased.
- Umesh Raut:** So, provisioning for the full year FY26 more or less were similar to FY25?
- Damodar Bhattad:** Total provisions.
- Umesh Raut:** Yes, total provisions as a percentage of sales were similar to FY25 or were there any increase in FY26?
- Damodar Bhattad:** No, FY26 definitely has not increased. It's almost similar only on the similar pattern.
- Umesh Raut:** Understood. Thank you. Thank you so much and all the very best.
- Damodar Bhattad:** Thank you.
- Moderator:** Thank you. Next question is from the line of Dipen Vakil from PhillipCapital. Please go ahead.
- Dipen Vakil:** Thank you for the opportunity, sir and congratulations on a great execution on margin. Sir, my first question is on your existing order book. So, can you help us with the breakup of your existing order book in terms of project-wise? And what will be the time line to execute the current order book?
- Manoj Jain:** Yes. So, the order book of around INR74,000 crores mainly consist of some big ticket few items, I will just list. The electronic fuses, the LRFM, the LCA Mark 1/Mark 1A LRUs for Tejas, BMP-II upgrade, spare services and miscellaneous items, Ashwini radar then EW Suite for Mi-17 V5. So, these are the major projects which we are going to execute in next 2 to 3 years.
- Out of that, I think all items we are supplying next year also, although the electronic fuse is for another 7 to 8 years more 7 years more. And BMP-II upgrade also is for another 2 years. Remaining are 1, 1.5 years, we are going to execute these orders.
- Dipen Vakil:** Got it. Sir, is it possible quantify some of the big-ticket items?
- Manoj Jain:** Yes. Electronic fuses around INR4,300 crores still left for us for next 7 years. LRSAM around INR3,500 crores, LCA around INR3,200 crores, BMP-II upgrade around INR2,800 crores, Ashwini, around INR2,460 crores, Mi-17 V5 around INR2,200 crores spare services, miscellaneous, again around INR2,500 crores. These are some of the major items which are to be executed in '26 and beyond.
- Dipen Vakil:** Got it, sir. Sir, my second question is on the line of your order inflow guidance for the upcoming year. So excluding QRSAM, what can be the order inflow that you're looking at in FY27?

- Manoj Jain:** This data anyway, I will tell in my closing remarks about the guidance for this year.
- Dipen Vakil:** Got it, sir. So, then I'll fall back on the queue, sir.
- Manoj Jain:** Yes. Thank you.
- Moderator:** Thank you. Next question is from the line of Mohit Pandey from Citi Research. Please go ahead.
- Mohit Pandey:** Yes. Good evening, sir, and congratulations on strong execution continuing. The first question is on the DAC approvals that we saw last year, almost INR6 lakh crores. Sir, and this year, we have seen almost INR30,000 crores of base orders. So, is there a possibility of base orders being a step-up next year as these orders come into -- as these approvals come into order in place?
- Manoj Jain:** Definitely, that anyway I will tell in my closing remarks, what we are looking at for this year and beyond. So please wait for the closing remarks.
- Mohit Pandey:** Understood, sir. Sir, second is on the other income. It seems to have come off. So, what could explain that for this quarter?
- Manoj Jain:** During the year, the average interest rates have been less. Average yield from the bank has been less. That is the major reason for the other income decrease.
- Mohit Pandey:** Understood, sir.
- Mohit Pandey:** Of course, FD increase has also caused some effect on that.
- Mohit Pandey:** Sorry, sir, last part, I did not get.
- Manoj Jain:** Foreign exchange impact is also there.
- Mohit Pandey:** Okay.
- Manoj Jain:** Other income reduction is on account of these 2 average interest rate reduction and foreign exchange variations.
- Mohit Pandey:** Understood, sir. Sir, and just also wanted to understand on exports, the share of export orders in the backlog seems to be increasing. So, what is driving that?
- Manoj Jain:** The order book is healthy from export point of view. We have around USD96 million order book for this year and subsequent year. Some of the orders are to be executed in 2 to 3 years. That's why once I will give guidance about this year, I will tell what is executable in this order book in this financial year, what we have planned that will tell at the end of this call.
- Mohit Pandey:** Understood, sir. And one bookkeeping question. If you can share the amount of advances that are there? Yes. So operating cash flow this year seems to have improved. So, is it driven by increase in advances? That is what I want to understand.

Damodar Bhattad: No. Over the year, I mean cash flow has been more or less good, as you can see from the cash balance at the year-end. Advances as of the year end is around INR12,500 crores from the customers.

Mohit Pandey: Okay. Okay, sir. Okay, sir. That's it from my side. Thank you so much.

Damodar Bhattad: Thank you.

Moderator: Thank you. Next question is from the line of Atul Tiwari from JPMorgan. Please go ahead.

Atul Tiwari: Yes. Sir, my question is again on the fact that your order book has not grown this year. In fact, it has been flat for some time, because now your annual order inflows are very similar to your revenue number. So, in that situation, how long can you maintain this 15% plus kind of revenue growth? Is it feasible to maintain that level? Or do we come down to a lower level of 12%, 13% over medium term?

Manoj Jain: No, definitely, that answer I will tell at the end of this call. But let me tell you, I think last year also we told, that every year we get some fixed set of orders. And every 3 to 4 years, we get some big-ticket projects. And that big ticket projects will take us with a good healthy position of the order book and execution and a good growth rate. So, like this year, QRSAM, definitely, we are going to get now anytime soon.

And that way, after 2 or 3 years, we again have 1 or 2 big ticket items in pipeline, which are more than INR20,000 crores, INR25,000 crores type of -- one big ticket item definitely will be there to recoup. Otherwise, the constant order flow will be there based on our all-different type of portfolios.

So, with that, definitely, we are going to have a very, very good growth rate. And that anyway, I will tell you at the end of the program. But let me again assure you, there will not be any downtrend. We have seen we are highly optimistic for the next 5 years, at least where our main, main leads are, and we are confident we will have higher trajectory only, not at all a lower trajectory.

Atul Tiwari: And sir, in addition to QRSAM, which is likely to come very soon, could you talk about a few more larger projects, in excess of INR50 billion or INR30 billion order size, which would come to the company over next 2 years?

Manoj Jain: Yes, certainly. So, NGC, there are some so many subsystems of NGC, Next Generation Corvette program, which definitely will come this year. And a few may spill over to next year also, a few subsystems. But at least 50% of the subsystems we are hoping to get this year only in NGC program.

The Shatrughat and Samghat EW solutions, we are hoping very, very soon. P-75I, which I listed just before. So, there are a lot many 6 subcomponents within that. So, we are going to get some order for that this year. HAMMER program, we are expecting very soon.

Shakti Phase IV, we are expecting very soon. MFR-X radar for naval ships also we are expecting very soon. So, these are some of the big-ticket items, which we are going to get mostly in this year itself. A few may spill over to next year. That is '26, '27 and slightly beyond '27, '28, this mix of the projects which I have listed just now to you.

Atul Tiwari: Okay, sir. Thank you.

Moderator: Thank you. Next question is from the line of Jatin Sangwan from Optiver. Please go ahead.

Jatin Sangwan: Thanks for taking my question. My first question is on Project Kusha. So, I was reading somewhere that India is preparing for maiden firing trial of Project Kusha's air defense interceptor by late July. So just wanted if you could give some color around that and what is our role and what kind of order we could get for this prototype?

Manoj Jain: Let me tell you again, this program is spearheaded by DRDO. We are one of the largest Development-cum-Production Partner for them. So as such, this question is more relevant to DRDO. Of course, when we are their DcPP partner, we know whatever portion we are developing for them.

So those portions, various radars, various control centers, communication systems, they are in very, very advanced stage of delivery or prototype realization. I can only tell about what portion I am driving directly. But the total program and trial directive and which missile to be tested first and in what configuration, these all are decided by DRDO. So, this question actually directly relates to them. So, it's me, I am only answerable for these subsystems right now.

Jatin Sangwan: Got it. And the second question is on data center. We had the ambition to target the government data center business. So, what's our order pipeline for this business? And are we seeing any success over there?

Manoj Jain: Data center business, already there are so many players. So, we wanted to give some unique solution. So, uniqueness comes from 2 fronts. One is from security point of view to give a more cyber safe solution that we have taken a few leads where we are adding cybersecurity components of ours.

But otherwise, the server and other components are COTS. So that is one set of target customers for us, where we have got some few hundred crores projects only right now. But a big chunk is waiting for us where we wanted to give totally indigenous total data center solution with hardware and software stake also and cybersecurity components, all are homegrown, a few from our own company and a few from our Indian development partner, C-DAC.

So, we are in a very, very advanced stages of discussions with them to provide end-to-end totally homegrown data center solutions for a large number of customers. So, once we click on that, that orders we are expecting of the tune of INR2,000 crores to INR10,000 crores, somewhere in between.

The first order will be from the -- right now, maybe a few hundred crores we already have, but if good leads are there, we may expect around INR1,000 crores to INR5,000 crores type of business from the first segment of business. But the larger segment of business is through this total homegrown solution of data center, which we are eyeing at little bit more. So, we are in advanced stage of discussions with C-DAC and then their Tier 1, Tier 2 suppliers.

Jatin Sangwan:

Sure. Got it. Thank you.

Moderator:

Thank you. Next question is from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani:

Hi, sir. Thank you for the opportunity and congratulations for a good set of numbers. Sir, first question on the constantly improving gross profit margins. If you see from F '24 to now, we are almost at 49%. So, there is a substantial improvement in the gross profit margin over past 2 to 3 years. And considering that you highlighted what is going to come from the current order book for execution, what is your sense on the gross profit margin for F '27?

Manoj Jain:

Again, I will tell you at the end, although I know the answer for many of this, because unnecessarily I did not want to repeat that. So definitely, I will tell all these points at the end. But let me again tell you this profit margins are because of mix of products. So, product mix year-on-year slightly vary. And based on that, some variations will be there.

So that we predict at the start of the year. And generally, we are up to the mark of what we predict. So, this year also we have done the prediction. And that predicted value, I will tell you in my closing remarks.

Amit Anwani:

Right, sir. Sir, second question, you alluded that we are looking for at least 4 to 5 years of good growth. So just wanted to understand on capacity side, where do we stand in terms of capacity utilization and the capex requirement according to the pace of growth which we are expecting? And how much was the capex this year? And what is the guidance for capex for F '27?

Manoj Jain:

Definitely, as you rightly told, if we have to have a good growth, we should have a good investment plan also. So, it is not only the project, it is the capacity also has to be augmented. And that is a continuous journey in BEL. But knowing our large base now and with that large base, this type of a growth, double-digit growth require further investments. We had already done a good plan for that.

And last year, I think we had INR900 crores capital expenditure was booked. This year, anyway, I will tell you at the end, it will be definitely much more than that. But we have much more bigger plans for the next 3 years. Some big projects at Palasamudram, at Chittrakoot, and Vellore facility, they are in pipeline for us in addition to our Ghaziabad and Bangalore.

Large investments are planned to upgrade the facilities for diversified products and the new dimension of the product which we are going to enter. And that large capex projects are in pipeline. So that put together all definitely will make sure that we don't have a capacity limitation when we execute the project for years to come.

Amit Anwani: All right, sir. But currently, where we stand like 70%, 80% or how much from the current capacity still is possible 1 more year, 2 more years?

Manoj Jain: No, it is nothing like that this present capacity for 1 year or 2 years, etcetera, because we have, again, a mix of products. Something we produce in-house at component level, till module and system level. And some of the projects we are doing only system integration capability. So, system integration related projects require much less infrastructure, much more skills.

At component or subcomponent level, it requires a great capital infrastructure also specialized infrastructure. So as such, we can't tell you my present capacity is for how many more years. So, we have to invest at different places for different type of infrastructure. Like for semiconductor component assembly and manufacturing, we require SMT machines and our clean rooms and our different type of MMIC related -- MMIC handling type of processes, etcetera.

At other end, we require large space for methane integration type of projects. So, we are investing on both fronts. As such, we are not seeing any choking for us for next few years, maybe 3 to 5 years. As such, there is no choking for the capital infrastructure. But we are continuously adding so that we don't face this type of choking for next 10 to 15 years also.

Amit Anwani: Right, sir. Sir, finally, on status on the AMCA project, so we are hearing that land has been finalized for that INR15,000 crores project. So, any status from your side in terms of RFPs and any other development which might have happened on that side? Thank you.

Manoj Jain: Yes. Certainly, as you may be knowing that we are one of the 3 selected bidders for receiving the RFP. Pre-RFP related meetings already happened. So now we are expecting mostly this month and next month, the formal RFP will be received by us. I mean we as a consortium partner, BEL and L&T. So, L&T was our lead bidder. So, L&T will receive the RFP mostly anytime in the next 15 days to 1.5 months. And then we will start responding to the RFP.

Regarding development and the land acquired, etcetera, that is done by DRDO because again, we will be the DcPP partner only for the 5 number prototype. But the program is being run by ADA, Aeronautical Development Agency. So that land and that test facility is actually taken by ADA, and that will be used for AMCA program. So, we will also use during this development jointly with ADA, that facility also.

But we are also -- we start investing on our own infrastructure once we receive RFP, and once we are selected as the selected bidder, then of course, we will -- our investment on capital will increase. Right now, we have only done the basic plans, assuming in case we are the selected bidder, what we have to do. So that type of plans only we have done, but real execution or real investment will only happen once we are selected as the successful bidder at the outcome of this RFP.

Amit Anwani: Thank you so much, sir, and all the best. Thank you.

Manoj Jain: Thank you.

- Moderator:** Thank you. Next question is from the line of Ankur Sharma from HDFC Life. Please go ahead.
- Ankur Sharma:** Thanks. My question has been answered.
- Moderator:** Thank you. Next question is from the line of Harshit Patel from Equirus Securities. Please go ahead.
- Harshit Patel:** Thank you very much for the opportunity. Sir, firstly, on the pricing in the nomination-based contract, when the new PBT norms were announced by the Ministry of Defense back in FY '20, it was expected that the margins would come under pressure. On the contrary, margins for -- not just you, but the whole defense ecosystem has expanded. So, what has enabled this performance?
- Manoj Jain:** As I told last year also, again, I am telling you it is the indigenization, indigenization of critical technology, indigenization of modules, system, subsystems. That has definitely helped all of us for that. And that's why we are putting all our efforts in increasing this indigenization score for all of us.
- So, one thing is by our own in-house efforts, we have created even a separate indigenization cell in BEL to closely monitor our own development as well as the development done by our MSME and other start-up and other partners. We are closely monitoring and supporting our ecosystem partners to increase this indigenization. The more faster we do indigenization, the more profitable all of us will be. That much I can assure you, it is only and only indigenization, which has really helped all of us.
- Harshit Patel:** Understood. But sir, when we indigenize a certain subsystem or a module, that is definitely known by DRDO, by the Ministry of Defense, by the ecosystem. So, whenever the order statement comes, why the Ministry of Defense is not cutting down on the price? Why they are letting PSUs in the entire ecosystem? So -- I mean much more margins than what they have traditionally announced.
- Manoj Jain:** The thing is, firstly, the role of MOD is to support the industry and to create the good environment of this Atmanirbharta or indigenization. So definitely, they should not cut the root itself. The thing is when they do benchmarking of the price, there are various methods of benchmarking of what is the price of this item, if I import, let's say, price benchmark price.
- With that -- and then we do subsequent optimization and indigenization, that can be flowed back by us for our profit, which we will eventually what we do with these profits. This profit will again flow back in the capital or in the R&D. So, this cycle -- don't want us to break. They are actually supporting us to do more indigenization or more Atmanirbharta and the policy allows that to happen.
- Harshit Patel:** Perfect, sir. Sir, lastly, if you could update us on the Uttam radar program, are the quantities and scope finalized by HAL? And when do you think the supplies from our end could begin in terms of development of the subsystems that we -- versus the other player that is also involved, where are we in this particular program?

Manoj Jain: Again, the question should be asked from HAL the more, because it is HAL and DRDO. They are [inaudible 0:38:12], LRDE, they are the DRDO partner with LRDE, who is original designer of Uttam radar. And HAL is the system integrator of Uttam radar to LCA. So, the question should be asked to them when and what stage these tests are. As far as I know, they were in the very, very last stage of testing and clearing this radar for LCA.

But exactly, I don't know because the question is more asked for LRDE and HAL. As and when they finalize, they will issue RFPs for the subsystem or components to us. As per my recall, as of now, I have not received any inquiry from them for this program. So that much is my side status, but the correct status you can get either from LRDE or from HAL.

Harshit Patel: Right, sir. Thank you very much for answering my questions.

Moderator: Thank you. Next question is from the line of Sumit Kishore from Axis Capital. Please go ahead.

Sumit Kishore: Good evening and thanks for the opportunity. My first question is on the net working capital cycle at the end of FY26. It seems to have increased sharply as compared to FY25. Could you speak about the variances which have led to this outcome? It seems the receivable days have also gone up by about 30-odd days. Your comments, please.

Management: Yes. Current ratio is around 1.97 as compared to 1.76. You are right that receivables have gone up in the current year as compared to last year. There were some constraints from the customer side during the previous year, which money was subsequently received in April and May. So that is the reason why at the year-end, the number appears to be higher than last year. But this amount what was to be received in the previous year has since been received in the current year.

Sumit Kishore: Okay. So, the more sustainable level of receivable cycle should be, what, 130, 140 days of sales or...?

Management: It has been in the constant around 140 to 150 days for the past 4, 5 years. I think it should be around that level only.

Sumit Kishore: Got it. My second question is on the operating cash flow to EBITDA ratio. So basically, your EBITDA in FY26 was about INR8,000 crores and your cash flow from operations as reported in the BSE filing was about INR1,490-odd crores, so which is a conversion ratio of about 19%. In FY25, this ratio was about 6.8%.

And if I look at the cumulative operating cash flow reported over the last 4 years to cumulative EBITDA reported over the last 4 years, the conversion factor is about 33%. So -- I mean typically, companies in the capital goods sector would have better conversions of EBITDA to operating cash flow. Your comments, please.

Management: See, overall, I mean breakup of the operating cash flow item-wise has been given, the statement which has been uploaded on the stock exchanges. All the details of each individual items have already been given. So that way, all I can say is of answering you so much

technically that what is the ratio, all I can say is the current cash position is reasonably okay for us to sustain the plans which we have got for the future.

Sumit Kishore: Okay. Okay. Thank you so much and wish you all the best.

Moderator: Thank you. Next question is from the line of Kavish Parekh from 360 ONE Capital. Please go ahead.

Kavish Parekh: Hi, sir. Thanks for the opportunity. Sir, firstly, on the current supply chain environment, given the macro situation, are you witnessing any disruption in sourcing or availability of critical components? And semiconductors, you did talk about earlier, but could you also indicate the key countries or regions, especially in the Middle East from which you import critical components and whether you see any impact on execution time lines or margins in the near-term?

Manoj Jain: No, the supply chain per se is definitely slightly affected, especially the Middle East crisis. And some of the subcomponents for major designs, major programs like LRSAM, etcetera, were coming from Middle East. So definitely, there was a delay of around 1, 1.5 months for us. And that's why we wanted to achieve slightly better revenues. There was a minor setback, but that setback was only for a few months.

So overall, I am not seeing any major impact for us for our turnover revenues, etcetera, when we see the year. So, year-on-year, I don't see any much challenge. And same thing is about semiconductors also. Very, very few semiconductor comes from Middle East, actually some detectors and other high-end detectors, etcetera.

Otherwise, major semiconductor ICs, etcetera, comes from Europe or U.S. type of sources or from Taiwan. So, we are not per se affected that much when we see yearly targets or yearly spend about this Middle East crisis. Some variations month-to-month or up to 1 quarter to next quarter spilling over, etcetera, are there, which are part of life for us.

And we are doing sufficient planning based on what we can speculate and then make our own targets, our own monthly targets and quarterly targets based on that. We do some minor corrections, etcetera. But as such, we are not foreseeing any major challenge for us.

Kavish Parekh: Right. Understood, sir. Secondly, you did highlight indigenization as one of the key levers for margin expansion that you've delivered over the past several years now -- a few years now. What will be the current level of indigenization across your product portfolio? And how has this evolved over the past few years?

And going forward, what is the scope or headroom to further increase localization? And to do that, do you see any bottlenecks, whether in terms of technology access or local component ecosystem, testing cycles, capabilities with local vendors, etcetera?

Manoj Jain: Indigenous content, as you know nowadays, Government of India policy itself is minimum 60% in all our new projects. So, we are of the order of 80% to 85% mostly in our indigenous content for various programs. So, it depends upon the different type of product and product

mix. Our homegrown products or our DRDO driven products, sometimes that is even 90% also.

Some other programs where still we are depending on TOT, which we have taken a few years back, we are around 55%, 60%, 65%. But overall, it will be more than 80%. And right now, the main limitation which we are foreseeing is the semiconductors only because otherwise module subsystems level, enough infrastructure in India has been created.

So, we are not seeing much challenge for that. But semiconductor, it will take at least a few more years before the semiconductor ICs will start getting from India itself. So that will affect us on the indigenization score slightly. But next 2 to 3 years, between 80% to 85% on an average indigenous content will be there for our products.

Kavish Parekh: Understood, sir. And lastly, any incremental opportunities that you see on the non-defense side or international markets, which is the export piece to be materialized over the next, say, 12 to 18 months?

Manoj Jain: Definitely, both of these areas are very, very important for us to maintain this double-digit growth. So, nondefense right now, it is 8% to 10%. We wanted to steadily increase it to 15% to 20%. And the same thing is about exports, which is 4% to 5% right now over a period of time, but that period of time is around 4 to 5 years. We want to increase it to more than 10% of our turnover.

But in near future of next 1, 1.5 years, the increase will be maybe 1% or 2%, not more. But definitely, on the increasing side only, both fronts, nondefense as well as exports are increasing. Their contribution is increasing only in our overall turnover or overall revenues.

Kavish Parekh: All right. That was helpful. Thank you so much. All the very best.

Moderator: Thank you. Next question is from the line of Teena Virmani from Motilal Oswal Financial Services. Please go ahead.

Teena Virmani: Thanks for taking my questions. Sir, my question is related to net working capital and part of it you have already answered. My question is related to the customer advances because that number also as a percentage of sales or as the number of days has also been coming off from past 2 years. And how do we see it going forward from the new orders that you are likely to get, particularly the bigger orders like QRSAM and all, what kind of customer advances will be there? So how to look into this aspect?

Management: See, the contract for QRSAM is under finalization. So, we'd not like to comment much on that as to what are the terms and what are the prices because that is under finalization. The overall advances, as I told you, is around INR12,500 crores as on 31st March '26. And as far as the operating cash is concerned and cash flow is concerned, as I told, it is good for us to sustain the expansion plans, what we are contemplating in the coming years.

Teena Virmani: But in terms of the advances that you get from the incremental order inflow because order inflows for the company has been fairly good in last couple of years. So, the customer advances are not moving in line with those. So how do we...

Management: It depends on the various payment terms of every contract. Every contract is different, and it depends on the payment terms which are initiated in the contract. So, there are contracts where there are advances stage payments, whereas there are some other contracts where the terms are a little different. So it is that way. It's a mix of both the contracts.

Teena Virmani: Okay. Understood. So, it's not like uniform across all the projects because mostly everything is coming into a ministry of defense?

Management: It is this term and this is by Modi term and it's final for all the contracts, it is not that way.

Manoj Jain: And when we do our costing, we take care of this parameter also. What is the advances or schedule of payment for every program we take based on that. So, nothing is alarming as such for us.

Teena Virmani: Understood. And my last question is regarding the bigger export opportunities, which -- do you think that that can materialize in, let's say, next 1 to 2 years on the bigger platforms that you are working upon? Or it will be like the smaller type of export orders that so far you have been doing?

Manoj Jain: No, definitely, smaller orders, once we were there that the repeat business is there for those orders. But some other big-ticket items also we are working right now. And communication equipment was one such project where last year itself, we have got very good order and opportunity for this type of communication equipment, especially SDRs and others and communicate -- satellite communication systems. So those type of large order are expected for these 2. And after Ops Sindoor, we have got very good leads for truncated C4I solutions also, customized C4I solutions for various countries.

So, they are also system-oriented solutions. So, some big-ticket items, big ticket leads are there related to that. But of course, whatever we had received earlier in last 5 years, that related repeat orders from the same customers are also coming up as a regular business for us.

Teena Virmani: And how long will it take for these big tickets to materialize?

Manoj Jain: They are different varieties. Like one of the lead was materialized last year, just, I think, in the month of March. That way this year also, there are 1 or 2 big ticket items are there. But as you know, in exports, the real challenge is to acquire an order because there are so many geopolitical situations, complications, etcetera. So, until we receive an order for us, it is a lead only.

We don't -- really can't predict this -- I will get by such time. Much more certainty, I can tell you about our own indigenous program or our own Indian programs. But in export, that type of certainty is not there. That's why we take so many leads in our pipeline and then only give you

some calculated score based on our experience; how much will definitely we may realize in this year. But there is always a doubt when it comes to export order acquisition.

Teena Virmani: Got it, sir. That's it from my side.

Moderator: Thank you. Next question is from the line of Hardik Rawat from IIFL Capital. Please go ahead.

Hardik Rawat: Thanks for the opportunity. Sir, firstly, I wanted to get a clarification of something you mentioned with regards to the P-75 order. What you mentioned is that typically electronic systems make up anywhere between 25% to 30% of the project cost. And since you have foreign players, BEL's share would be around 50% to 60%, which would mean that roughly anywhere between 15% to 18% of the overall project size should come to us. Would that be the correct understanding based on your comments?

Manoj Jain: Macro level, you are right, but micro level when we will go to individual line item, it will be minor plus/minus can be there. But definitely, it is a big order for us. It will be a big order for us. But as I told, some of the items are coming from the foreign partners. So that partner related work share [inaudible 0:52:37].

Hardik Rawat: Yes, sir. So -- hello.

Manoj Jain: Yes, please continue.

Hardik Rawat: So, your answer wasn't audible. I think you were speaking for the submarine order in terms of the receipt and execution if you could share on -- elaborate further on that now?

Manoj Jain: I was telling whatsoever your prediction of calculation is more or less right. However, there is a small surprise element because some of the foreign component items, how much and what module we will indigenize in that because some of the things they may indigenize from some other Indian partner also, So that nitty-gritty of those foreign component still has to be finalized with them. So that's why this prediction may go by a few percent here and there.

Hardik Rawat: Got it, sir. And once the order is received, sir, any idea as to how long would the execution cycle be as in what are our expectations once the order is received?

Manoj Jain: I think it is a -- of the order of 5 years, if I am not wrong roughly. Because again there are six submarines. So, there is definitely a submarine development plan timeline that will be decided by MDL. I don't foresee any challenge for us per se for making those electronic items.

But that depends upon the submarine development time, manufacturing time. Based on that only they will expect my delivery schedule to align with them. So that's why I will align with their delivery schedule. We don't have any capacity or other limitation for the program as such.

Hardik Rawat: Okay. That's really helpful. My second question is with regards to the new products that are under development, especially the directed energy weapon system. Sir, if you could elaborate a bit on this as to what is BEL is doing here and how are we working with DRDO on this project?

Manoj Jain: Definitely, we started working with DRDO in this program. Of course, our CRL Bangalore was doing something on their own also jointly with IISc and our own internal strength. But the majority of this DEW development, we are depending largely on DRDO, the CHES is there for the laser-based DEW and MTRDC for microwave-based DEW.

So, we are their largest development production partner for most of the DEW programs. However, we have also started indigenizing some of the critical subsystems of these programs on our own. So that overall indigenous content becomes more and more and overall Atmanirbharta in this critical technology segment become more and more. So that we are doing with our internal funded programs being spearheaded by our CRL and well supported by our product development and innovation center.

So that also is in pipeline for us. But majorly, we are depending on DRDO right now for these 2 programs development, and we are supplying some developmental orders for them as well as where we are supplying some user-driven programs. So, we are supplying to users some of the DEW as part of our D4 projects, etcetera. But some of the large DEW programs, we are their DcPP partner, and we are supplying to them these modules based on the design done by them.

Hardik Rawat: Got it, sir. That's very helpful. Sir, lastly, again, getting back on the point that was highlighted earlier by another participant on our margins. If I look at our margins, thanks to the kind of improvement that you've seen in gross margins owing to indigenization, what you mentioned. These are record high at about 29%-odd and congratulations, sir, that we have consistently outperformed what we have guided.

So, but this sort of big question that starting fourth quarter FY27, we might see some sort of increase in provisioning due to the commission changes, although that does not affect us directly, but I'm assuming that considering last time when there was a change in the commission, our employee cost also increased by 20% plus on a Y-o-Y basis.

Did you expect these kind of margins to be sustainable at least what we have -- sort of achieved in FY26? Is there any dilution that you're expecting, how severe this dilution could be and could the increased employee cost have a hand in this going forward, assuming that our gross margin profile by virtue of the indigenization that we have achieved and that we are going to achieve should remain high. Your comments here, sir, please?

Manoj Jain: Yes. When we give guidance, we take care of all the parameters. So just at the end now another few minutes, when we will give guidance to you for this year, definitely, we have taken care of all the parameters, including wage revision of our employees, which is due in 1/1/27. So, on the last quarter, we may expect a little bit more wage expenses. But taking into consideration that our indigenization, our all-product mix of this year, based on that only, we will -- we have arrived at the guidance, which I'm going to tell you very shortly.

Hardik Rawat: Got it, sir. This is really helpful. Thank you so much, and all the best.

Manoj Jain: Madam, we can take one last question, and then we will have closing remarks and guidance.

Moderator: Understood. Okay, sir. Next question is from the line of Jyoti Gupta from Ashika Institutional Equities. Please go ahead.

Jyoti Gupta: Good evening, sir. Great set of numbers. I do have many questions, but I'll ask this one. With strong cash generation, how is BEL thinking about capital allocation? Is it through higher dividends, acquisitions, technology investments or inorganic expansion?

Manoj Jain: Madam, definitely, we should work on all the parameters if we have to grow with double-digit growth for next 5 to 10 years. So, we have our own defense plan. We have a Strategic Planning Group, headed by a General Manager, who plans all these things and well supported by our corporate finance group. And they come out with these plans where to do this allocation and which area to invest more for the next few years to come.

And it is definitely a logical mix of various parameters for various portfolios, which you have mentioned. So that is our internal plan, which we generally don't come out. But let me again assure you, we take care of from all fronts so that our growth is consistent.

Jyoti Gupta: I'm sure you will, sir. So, I'm hoping over the next 5 years, you would be looking at top 2 to 3 technology platforms or products where you think that you can materially change the revenue and profitability profile?

Manoj Jain: Well, it's not 2 or 3. We have at least 8 to 10 different high-end technology-driven programs where we are investing at least INR200-plus crores on each one of those technology programs. So, they are covering almost all major areas where BEL is right now a leader. So, to continue to be a leader, we have to do good investment in those product technologies. So that is there in our technology road map plan.

That plan we formally don't disclose, but in various technological forums, indirectly, we mentioned that to all of you. Maybe at next occasion sometime when this type of a technical event is organized by you, we will definitely come out and give you those project details.

Jyoti Gupta: Great. And I'll take -- the rest of the questions I'll discuss with you offline. Thank you so much.

Manoj Jain: Thank you. Shall we -- madam, have closing remarks?

Moderator: Yes, sir, I was about to say. That was the last question of the day. I now hand the conference over to management for closing remarks.

Manoj Jain: Yes. So, as we told future outlook for year '26-'27, after taking into consideration our present base, our present product mix, our present order book, etcetera, and seeing all other challenges or geopolitical situations in mind. So, we are retaining our revenue growth of more than 15%. So definitely, we are going to have more than 15% as a revenue growth for '26-'27. EBITDA margins will be more than 28%.

The order inflow we are expecting this year more than INR55,000 crores. That includes, of course, QRSAM, which we are expecting very soon. R&D investment, we are continuously

increased in the last 2 years to keep pace of the technology and to see -- enter into the new areas of business operation.

So, this year, we have targeted a value of around INR2,200 crores investment in R&D. And same thing is the capex also, again, 20%-plus growth. So, we are targeting more than INR1,200 crores as a capital investment for this year.

And defense to non-defense ratio, more or less, it will be 90% to 10%, maybe plus/minus 1%. It may vary based on our new plans for non-defense business. But that we will anyway tell you in the middle of the year, whether it is slightly changed. But as of now, the guidance is 90% to 10% for defense and non-defense business. So, this is a guidance for the year from my side as closing remarks. Thank you.

Moderator:

Thank you. On behalf of Bharat Electronics Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.