सेवा में / To,
नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लि.
National Stock Exchange of India Ltd.
एक्सचेंज प्लाज़ा, सी-1, ब्लॉक जी,
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Mumbai, Maharashtra- 400051
प्रतीक / Symbol: BEL
सं.No. 17565/6/SE/NSEC/SEC

सेवा में / To,
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पी.जे. टॉवर्स, दलाल स्ट्रीट
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मुंबई- 400001, महाराष्ट्र
Mumbai- 400001, Maharashtra.
स्क्रिप कोड/Scrip Code: 500049
सं .No. 17565/4/SE/MUMC/SEC

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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दिनांक/ Date: 28.07.2026

महोदय / महोदया
Dear Sir/Madam,

विषय – दिनांक 27.07.2026 को आयोजित निवेशकों/विश्लेषकों के साथ सम्मेलन कॉल की प्रतिलिपि।
Sub: Transcript of the Conference Call with Investors / Analysts held on 27.07.2026.

सेबी (एलओडीआर) विनियम, 2015 के विनियम 30 और 46 के अनुसार, कृपया सोमवार, 27 जुलाई, 2026 को मेसर्स मोतीलाल ओसवाल फाइनेंशियल सर्विसेज लिमिटेड द्वारा आयोजित सम्मेलन कॉल की प्रतिलिपि 30 जून, 2026 को समाप्त तिमाही 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. Motilal Oswal Financial Services Limited on Monday, 27th July, 2026 for discussion on Financial Results for the quarter ended 30th June, 2026.

आपके सूचनार्थ उपर्युक्त प्रतिलिपि कंपनी की वेबसाइट www.bel-india.in पर निवेशक-स्टॉक एक्सचेंज डिस्क्लोज़र 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

SREENIVAS SRIPADA
Digitally signed by SREENIVAS SRIPADA
Date: 2026.07.28 13:49:10 +05'30'

एस श्रीनिवास/S Sreenivas
कंपनी सचिव/Company Secretary

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

"Bharat Electronics Limited

Q1 FY27 Earnings Conference Call"

July 27, 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: MS. TEENA VIRMANI – MOTILAL OSWAL FINANCIAL SERVICES

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY27 Earnings Conference Call of Bharat Electronics Limited, hosted by Motilal Oswal Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

I now hand the conference over to Ms. Teena Virmani from Motilal Oswal Financial Services for the opening remarks. Thank you, and over to you, ma'am.

Teena Virmani: Thank you, Alaric. Good evening, everyone. On behalf of Motilal Oswal Financial Services, I welcome you all for Bharat Electronics Quarter 1 FY27 results con-call. I would like to thank the management for giving us the opportunity to host the call. And from the management side, we have with us Mr. Manoj Jain, Chairman and Managing Director; Mr. Damodar Bhattad, Director Finance and CFO; and Mr. Sreenivas, Company Secretary.

Without taking much time, I hand it over to Mr. Manoj for his opening remarks, and after that, we will open the floor for Q&A. Over to you, sir.

Manoj Jain: Thank you, madam. Good afternoon, all. So, financial results for Quarter 1 are just uploaded. Actually, our Board meeting ended at 3:45, so after that, we have just uploaded and you might not have seen till now. So, I will just brief the major highlights of the Quarter 1 of financial year '26-'27.

The revenue from operations has increased to INR5,533 crores up to Q1 as compared to INR4,417 crores in the previous year Q1, with a growth of 25.27 percentage. The profit before tax increased to INR1,403 crores as compared to INR1,289 crores in the previous year at the same quarter, with a growth of 8.81%. The profit after tax has increased to INR1,048 crores up to Q1 as compared to INR969 crores up to Q1 previous year, with a growth of 8.17%.

The EBITDA margin up to Q1 is 25.83%. The earning per share increased to INR1.43 up to Q1 as compared to INR1.33 previous year at the same time. The order book position as on 1st July 2026 is INR72,258 crores and orders acquired in this quarter is INR3,754 crores. So, this is the brief financial highlight of Q1 '26-'27 from my side.

So now the floor is open for Q&A.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Amit Dixit with Goldman Sachs. Please go ahead.

Amit Dixit: Yes, hi. Good evening, everyone, and thanks for the opportunity. Couple of questions from my side. The first one is with respect to order inflow that we have witnessed in this Q1 – in this quarter. If I compare it with Q1 FY26 and Q1 FY25, the order inflow has been pretty lean. Just wanted to understand the reasons for that, whether you see a more structural component to it or it is just, the timing of the orders. Just wanted to get a little bit more understanding on that and also QRSAM order which seems to have been delayed? That is my first question, sir.

Manoj Jain: Yes. So, let me tell you, last year, you may be knowing that we were supposed to get orders by 31st March, but one or two orders we got in the week of April. So, that is why we could not meet our actually previous year target, but our first quarter orders were very good, but actually, that was more of a spillover of the January to March quarter. This year, it was more structured. So, whatsoever we were going to get by January to March, actually we got -- actually INR2,000 to INR3,000 more, I can tell you, because we thought around INR25,000, but we finally landed in around INR30,000 plus.

So, that is why there was no backlog per se. Actually, one or two orders were taken from this year first quarter also. So, this year whatsoever we have received, INR307 plus crores it is what was we planned, that only. So, as such, there is nothing to worry. We are definitely going to meet the guidance given about the order inflow for this year.

And QRSAM, we told we were highly optimistic to get it by March, but procedural delays we knew, that is why we told it may go to Q1/Q2, maximum by September we will get and I am still sticking to that.

Just CCS only is waiting for all of us and hopefully, when CCS meets, I think they will clear QRSAM. Our side all inputs, every activity is over from all of our side. So, we are just waiting for the CCS approval and that time we will get the good news about QRSAM.

Amit Dixit: Great, sir. The second question is around Project Kusha. We have seen that there has been testing of M1 interceptors, there has been some movement around RFP of M2 also. So, just wanted to get your thoughts on when will the testing be complete, when do we expect to get the order and what could be our portion in that?

Manoj Jain: As I told earlier also, the Kusha program is spearheaded by DRDO and we are their largest DCPP partner for various subsystems. So right now, the trial was of the missiles. Then after that, they will do different configuration of missiles, then configuration with radar, control center, as an integrated fashion, etcetera. They will have their own structured way of testing. So, that question actually you have to ask from DRDO.

Let me assure you, from our side, there is no delay in whatsoever subsystem, systems level support which we have to extend to DRDO for this very, very prestigious project. As already told, I think the order will be -- of the order of INR40,000 plus crores we are expecting, but that will be minimum 28-29 which we had indicated last time also.

So, after this series of testing, then there will be lot many more different type of evaluations. After that only, RFP will be issued for commercial activities. So, it is still a long way to go.

So, you have to wait and watch with this different, different R&D level development which is done by DRDO, well supported by BEL.

Amit Dixit: Okay, sir. Great. Thank you so much and all the best.

Manoj Jain: Thank you.

Moderator: The next question comes from the line of Mohit Pandey with Citi Research. Please go ahead.

Mohit Pandey: Yes, evening, sir. Am I audible?

Manoj Jain: Yes, Mohit.

Mohit Pandey: Yes, okay. Yes, sir, first question is again on orders. So, explanation on the Y-o-Y decline is quite clear, but just wanted to get the sense of this year for the base orders are we expecting them to be back-ended or they will be likely evenly spread out through the course of the year? That would be question number one.

Manoj Jain: Okay. Let me tell you, the thing is we don't publish quarter-by-quarter targets for this. That is our internal assessments only, what leads or what PNCs concluded, not concluded and based on that, we have our own internal follow-ups on any slippages, if at all.

But quarter-to-quarter we are not publishing. For us, it is yearly target and which we have already given at the start of the year, the guidance. So, that is INR55,000 plus crores, including QRSAM. So, we are sticking to that and definitely two, three big programs are in the real pipeline of CCS or other type of approvals. So, we are not foreseeing any problem in getting these order inflow for this year.

Mohit Pandey: Understood, sir. Sir, and while we don't publish the balance sheet or cash flow with first quarter, any color you can give on the payments or receivables? Yes, has there been an improvement versus fourth quarter? That would be one.

And secondly, on margins, if you can give any color on -- so this quarter there has been a Y-o-Y decline, any particular thing that you'd like to highlight there? Is this just product mix or are there any one-offs, etcetera, as well?

Damodar Bhattad: As far as the receivables are concerned, the number of days as on 30th June, it is around 140 days. It was 176 days as on 31st March. So, it is at 140 days as on 30th June. So, it has improved over March. So, receivables are good. Cash flows are good. There is not much concern on those front. As far as margins are concerned, as we have already told, current year EBITDA margin guidance we have given of 28%, we remain at that. Quarter-on-quarter, there could be variations because of the composition of product mix.

So, due to that, there are some variations, but otherwise, the current year EBITDA guidance whatever we have given, we maintain that. So, there is no particular cause of concern for the margin on the quarterly basis. We don't have to go by that. Overall on a yearly basis, we maintain the EBITDA margin of 28%, which we have given already.

Mohit Pandey: Understood, sir. Sir, so just to clarify, the margin mix, it's due to product mix and not due to input cost pressure. So, just to clarify that. So, you're saying this is due to product mix variation.

Damodar Bhattad: Yes, Yes, Yes. We are telling it is due to product mix variation, not due to input cost.

Mohit Pandey: Okay, sir. Okay, sir. I'll come back in the queue. Thank you so much and wish you all the best.

Damodar Bhattad: Thank you.

Moderator: The next question comes from the line of Kavish Parekh with 360 ONE Capital. Please go ahead.

Kavish Parekh: Hi team, thanks for the opportunity. Sir, regarding the order book that you're sitting on today, could you help us understand the broad split across categories, say Naval versus Air versus say Land-based systems? And incrementally in terms of order inflows over the next few years, excluding QRSAM, which of these segments do you expect to be the key growth drivers?

Manoj Jain: Let me tell you, Army, Navy, Air Force, more or less it is similar. So, 30%, 30%, 30% out of the total 100% which we are having, so 90% is from defence. So, roughly 30%, 30%, 30% is Army, Navy, Air Force. And order inflow also are more or less in the same line only. QRSAM actually is Army and Air Force combined order. But there are Air Force related also some big ticket -- Navy also some big ticket items will be there.

So, again in the year, this INR55,000 also, more or less it will be evenly distributed across Army, Navy, Air Force. So, as such, there is equal priority, I should say, or equal confidence of all the three forces in this. As on today, the major order as per order book, the main components are Electronic Fuze for Army, LRSAM for Navy, LCA LRUs for Air Force, BMP-2 upgrade again for Army, Ashwini Radar for Air Force, and EW suite Mi-17 V5 again for Air Force, MPR Arudhra Air Force. So, like that, these all major order book is again spreaded across all the three services.

Kavish Parekh: Understood. And as a follow-up to that, would the margin profile differ meaningfully across these segments or is profitability largely product-specific irrespective of the segment? And just if I can continue with my second question, what was the -- what were the key products executed during this quarter, some which you would attribute for the margin decline this time?

Manoj Jain: Okay. We cannot extrapolate that because of this product margin was less or more as such because again we are giving you only a glimpse of some top 8, 10 projects, not the details because detailed projects are so many. So, firstly, this margin spread across Army, Navy, Air Force is uniform because overall we are having across Army and Air Force separately some subsystems, and system of systems type of projects. So, it is not that in particular one segment or Army we have less margin or Navy more margin, it is not like that. It is spreaded across type of solutions and our solutions are spreaded across various varieties.

The major orders executed in this quarter were LRSAM, MPR Arudhra, Lynx U2, upgradation of periscope, BSF project some supplies, EON-51 systems, Akash some supplies, Himshakti system some supplies, Fuzes and Receivers. So, again, this is only like 10 important projects, but overall projects are many more. So, again, correlating that this particular project has less margin or this has more margin is not correct to estimate because of the total spread across number of projects which we execute even in a quarter also.

Kavish Parekh: Understood. And just the last question from my side, sir, on the counter-drone ecosystem, could you share some thoughts on BEL's role today? Which systems or products are we currently involved in and what components or subsystems do we supply? Here the private sector also appears to account for a sizeable share of the opportunity of the overall market.

Could you share your perspective on which players are doing well in terms of innovation and product development and which areas within the counter-drone market remain relatively untapped today and where do you see opportunities for BEL to expand its presence or say gain market share?

Manoj Jain: Firstly, let me tell you, drone and counter-drone, this market is growing like anything because you might have seen in the recent conflicts also, the real threats and real deterrence, most of them are centering around drone and counter-drone solutions. So, the market is growing exponentially where there is an opportunity for big companies like BEL, mid-sized companies, private sector like Zen Technologies, so many other companies are there, and startups. So, there is growth prospectors for all of us. So, we need not worry or need not eat the pie of other fellow. So, everyone has some unique solutions.

What we are more focused is large high-power laser-based or microwave-based DEW solution integrated D4 solutions. Means real with hard kill. So, more of hard kill based, more complex systems we are more focusing on. But it doesn't mean that we are not working on drone killing drone or EW jammer itself killing or bringing down the drone. So, we are having also some products which we called D2, some products D3, and some products real D4 variety. D4 means this will have hard kill also. So, hard kill, soft kill, only detect and then use some other conventional way of neutralizing, this total complex solution we are more focused. Again, I am stressing, we are more focused on this hard kill based large systems more.

But other players are there and especially startups are there for the D2 type of systems and different, different innovative solutions. But there is a requirement of all type of solutions for drone and counter-drone. So, we don't foresee a challenge and definitely we have put our own CRLs, Central Research Laboratories and PDICs to look into some more innovative solutions either themselves or collaborating with some startups.

So, good startup ecosystem also we are tapping now and a few orders, although right now small, we have taken jointly with startups and we are going in a big way for these type of small, small innovative products also. But the same case may be true for our so-called mid-sized competitors, but of course, this large complex domain solution, right now we are the de facto leader.

Kavish Parekh: Understood. Thanks a lot for that explanation, sir. Thank you so much. All the best.

Moderator: The next question comes from the line of Harshit Patel with Equirus Securities. Please go ahead.

Harshit Patel: Hi sir. Thank you very much for the opportunity. Sir, my first question is, you have highlighted the potential large order materializing from major Naval platforms such as NGC and P75I. Would you also give some color on potential order sizes from the follow-on P75, that is three submarines, P80 that will be next generation destroyers, and the follow-on on P17A, that will be P17B? What could be the potential order sizes for us from these large projects? I understand they might not materialize in FY27 itself, but over FY28 and '29, what could be the sizes for us?

Manoj Jain: Let me tell you, right now it is too early to predict the business volume of that. Like P17 Bravo, P18, or other projects, NGD. So, these projects we are in the configuration finalization, technical interaction, specification finalization, subsystem indigenization, in those type of roles right now.

So, that role we are playing jointly with our DRDO or our Navy friends. So, that activity once it crystallizes for one of the program with the timelines given by them, When it starts discussing BQs, that time only we will really come back to you about real timeframe when we may get this order and the size of the order. Today it may be a bit early.

Maybe one year down the line, at least for maybe NGD we may have better clarity about these two figures. So, these programs are definitely beyond '28, '29. So, not before. So, it takes its own time to finalize the configuration and finalize the exact volume of business for BEL for them, these programs.

Harshit Patel: Understood. Sir, secondly, the media reports suggest that Adani Defence...

Moderator: Harshit, I am sorry to interrupt, your voice is a little muffled. Could you please use your phone on the handset mode in case if it is not on handset?

Harshit Patel: Is this better?

Moderator: Yes, a little better.

Harshit Patel: Thank you. Recent reports suggest that Adani Defence will be the electronics system integration partner to DRDO for the Netra 2. Will we have no role to play over here? Which are the other areas and platforms where we will be competing with this credible competition going forward?

Manoj Jain: Just explaining about this particular Netra 2 project, so this project I think bidding was done maybe one and a half years back roughly. We also participated in the bid, but unfortunately, we were not L1. So, it's part of the competition. So, in some program, somebody will be competitor, somebody will be L1, somebody will be L2.

So, in this particular program, Adani became L1 and they are the system integrator for this program. But of course, subsystem level modules or capabilities of BEL will be made use of by DRDO as well as with Adani. So, our strength of subsystems like Radar, EW, or Data Links and so many subsystems are there in this Netra program.

So, those subsystem level expertise DRDO as well as Adani will tap our thing, but of course, the SI role in this one we missed. We were not L1 and Adani became L1. So, it is part of life, some program as SI we will be L1, some program we may not be L1. But our subsystem strength or our in-house strength of developing these subsystems, that will definitely give us a good business down the line.

Harshit Patel: Understood, sir. Thank you very much for answering my questions. I'll come back in the queue.

Moderator: Thank you. The next question comes from the line of Bhalchandra Shinde with Motilal Oswal Financial Services. Please go ahead.

Bhalchandra Shinde: Hi sir, Bhalchandra Shinde here. Sir, would like to know on recent Astra Mark has been opened for the private players. So, how you see that as a trend for the missile programs, so many programs are coming up? So, how we see the private participation opening up in the missile programs especially?

Manoj Jain: Definitely this question you should ask more from a private fellow than from a public sector like BEL who is today not established player in missiles, although we are also aspiring or entering into this missile domain. So, definitely we are right now seeing from the other side like the private fellow is seeing, we also are seeing.

The issue is this particular domain, as you again know, during recent conflicts and last two, three years you have seen how important the missiles are for any war scenario. So, quantity and quality both matters here. So, definitely to keep pace of search requirement, there is scope of so many players other than BDL for this particular search requirement to be met.

So, where BEL and other private fellows also are pitching in. In two, three programs, we are actually collaborating with private fellows and then we have got some orders as DcPP partner. So, as such, this particular domain is very, very important and role is there again for BDL, BEL, and private companies.

So, all of us have a role to play for meeting the search requirement. But let me again assure you, in most of these missile programs, the major electronics today we are the leader because that electronics is more complex complicated than a radar or others where we have so many subsystem and expertise for customized solution. So, that will give us enough future businesses.

Bhalchandra Shinde: And sir, how much one should assume the pipeline over next five years for missile program?

Manoj Jain: That is very difficult to predict. That for that you have to ask either Ministry or maybe NSA office because these are strategic things and most of these strategic things are not even openly discussed by them also. We are seeing based on the projections given by all other countries like European countries or US, etcetera, what type of missile production they are expecting.

Similar inflow will be there for Indian missile programs also. So, we can only extrapolate that, but exact quantities etcetera, we cannot tell you because that is a strategic call which Government of India has to take, not we. We have to gear ourselves for that. So, we are gearing ourselves, that much I can assure you.

Bhalchandra Shinde: Sure, sure. Thank you, thank you, sir.

Moderator: Thank you. The next question comes from the line of Hardik Rawat with IIFL Capital. Please go ahead.

Hardik Rawat: Thanks for the opportunity. Sir, my first question would be with regards to the P&L. So, while we've seen a quite a commendable 13% Y-o-Y growth in revenue, at the same time our other expenses have actually declined by roughly 20%. So, just wanted to understand, are there any sizeable provision reversals that have taken place here or what is the reason for this decline in other expenses?

Damodar Bhattad: During the previous year, the provisions relating to the liquidated damages during this current quarter April to June of '22 was on the higher side based on the delivery schedule of those contracts which were executed during the previous year. Due to which current year that is not there. So, that is the difference where the other expenses have come down.

Hardik Rawat: That is helpful, sir. And sir, second question with regards to the counter-UAV discussion that happened a bit earlier on the call. You mentioned that BEL would be looking more towards the directed energy weapons, both laser-based and microwave-based. So, sir, could you please provide some color as to when should we expect a prototype in its most earliest phases being developed by BEL and by when do you expect commercial sales from this product to begin?

Manoj Jain: No, let me tell you, we have got enough orders already in last three years for this 2 kilowatt laser-based DEW solution and which we have most of that, something like 80% of those orders already we have supplied also. Of course, microwave DEW based solutions right now still under evaluations, although we have the prototype ready. These prototype we had made jointly with DRDO.

But parallelly also we have started some customized configurations especially for export purposes. So, in export also we are getting very good leads, we have given very good demos to some of the countries and they have shown very keen interest on this high-power laser or microwave-based DEW solution.

So, we have our own in-house strengths to make customized different, different products for the basic design, but the basic design originally came from DRDO for us, they were our real development gurus. So, but today we have the capability to customize them or to come out with different versions, upgrades, upgrade on range, upgrade on higher power laser etcetera. So, there are a series of product versions we call it.

So, they are already pipelined and a one or two we have given demonstrations also to our end user as well as to our some of the external countries, export countries who have shown some interest. So, as and when this order, confirmed order comes, I will again let you know.

Hardik Rawat: Got it, sir. Thank you so much.

Moderator: The next question comes from the line of Dipen Vakil with PhilipCapital. Please go ahead.

Dipen Vakil: Hi, thank you for this opportunity, sir, and congratulations on a great execution. Sir, my first question is on your order book, sir. Sir, you currently have INR72,000 crores worth of order book. Can you help us with the order book breakup for like 10 major orders that are there? So, what would be the quantum of these orders?

Manoj Jain: Yes, certainly, certainly. So, the main orders are Fuzes, one minute, one minute, just one minute, the last slide we have, there we had, which I was reading. Product by product I will just tell you. There were first one is Fuzes, of course, largest order book consists of Fuzes because Fuzes requirement is for eight years, so more we have to supply.

And then we have LRSAM orders, then LCA Mark 1 and Mark 1A LRUs for this 83 and 97 aircraft. Then this BMP-2 upgrade, then Ashwini Radar, then EW suite for Mi-17 V5, then MPR Arudhra. So, these are the top seven projects which are there in our order book as on 1st July.

Dipen Vakil: Sir, possible to share quantum of the order book?

Manoj Jain: These seven, eight projects are around INR20,000 crores out of INR76,000 crores. So, but overall we have so many small, small projects consisting of 400, 500 line items minimum. So, these are the top seven items which consist of around INR20,000 crores plus of order book today for me.

Dipen Vakil: Got it, sir. Sir, my second question is that, so for the order pipeline that you have suggested for INR55,000 crores, if we consider excluding QRSAM, which would be the major orders which are currently gaining traction in expected on the expected lines?

Manoj Jain: As I told last time also, Shatrughat and Samaghat we may get in another 3 to 6 months timeline. So, biggest is that after QRSAM. Then as I told NGC or P75I, one of these two definitely we may go through, maybe both of them we can go through, because government has to give approval.

Again, they are waiting for CCS approval only, but we are confident out of that, as I told last time, at least 100% probability of having at least one of them and more than 50% probability of getting both of them. So, that's why in these two programs are -- another major subsystems are there in these two programs for which we may get a big order.

Of course, HAMMER project also, we are going to get in this financial year and Shakti Phase 4 project. So, these are also a few more major projects which we are expecting orders in this financial year.

Dipen Vakil: Got it, sir. And sir, apart from these platform orders, a base orders, what would be the quantum of base orders that you are expecting in this year?

Manoj Jain: Put together, I told now, total INR55,000 crores, out of that INR30,000 crores roughly will be QRSAM, then around INR15,000 crores plus is these platform orders, and remaining will be the other base orders of smaller quantities, support, services, or AMCs, all this put together remaining.

Dipen Vakil: Got it, sir. Got it. That's all from my side. Thank you so much and all the best.

Moderator: Thank you. The next question comes from the line of Atul Tiwari with JPMorgan. Please go ahead.

Atul Tiwari: Yes, sir, thanks a lot, sir. Sir, my question is on the likely impact of pay commission…

Moderator: I'm sorry to interrupt, Atul, you're sounding a little muffled. Could you please use your phone on the handset mode in case if it's not on handset?

Atul Tiwari: Yes. Sir, my question is on the likely impact of pay commission provisions on company's margins over next 2, 3 years. So, when will these provisions start, in which quarter, and what will be the likely quantum and the impact on the margin?

Damodar Bhattad: See, current year January '27, current financial year from January '27 onwards the wage revision is due. So, for the current year, the provisions will be made for 3 months period, January to March '27. This is for the current year. Next year, of course, it will be depending on settlement, things settle or not, again if it is settled, it's fine, otherwise it's full provision.

As far as the impact is concerned, because the turnover will be increasing year-on-year, as we have already told that we are projecting a good growth in the coming years, we expect the employee cost to turnover to be in the range of around 12% even in the coming years also, which is now also 12% last year. In the coming years also, we expect it to be in the range of 12% employee cost to turnover percentage since the turnover will also be growing in good scale.

Atul Tiwari: Okay, sir. So, despite the pay commission provisions being implemented, you don't anticipate any change in employee cost to the revenue ratio over next 2, 3 years broadly?

Damodar Bhattad: You are right. Since the employee, since the turnover will be increasing in that scale, so the impact of the employee cost whatsoever increases happen after the wage revision will be absorbed by the turnover increase and the overall percentage we expect to be around 12% itself.

Atul Tiwari: Okay, sir. Thank you, sir. Very clear.

Moderator: Thank you. The next question comes from the line of Vikash Singh with ICICI Securities. Please go ahead.

Vikash Singh: Good evening, sir. Thank you for the opportunity. Sir, my first question pertains to while we are very confident on maintaining the margins in FY27, do our supply chain contracts shield us from any material cost inflation in FY28-'29 as well or those probably would come at a later stage in terms of contracting?

Manoj Jain: No, we are not foreseeing any change because of material clause inflation. The thing is, as I told earlier also, we are in the continuous state of indigenization drive and that will indirectly compensate for this type of material cost escalations or any other issues which can come in near future.

We are actually increasing our investment on indigenization in a much more larger scale and we are reflecting in our MoU with government also. So, these extra efforts which we are putting, again let me assure you, will make us safe from margins, etcetera, or escalations which may happen in future. We are taking these type of proactive steps to control that.

Vikash Singh: So, if you could share your indigenization current versus what you are aiming for in couple of years?

Manoj Jain: No, the thing is aim is in the next 5 years zero import of any module, sub-module level thing. So, barring components, semiconductor components, all other type of subsystems which we are importing, some of the subsystem at RF, microwave, or SBCs, or something compute, etcetera, we are importing as a module.

So, these all modules we have set a target to complete all these indigenization in next 5 years including verification, validation, certification as a form-fit replacement. So, that's we have made our target and we have given enough provisions for that. We are coming out with our indigenization policy also, formally we will release our indigenization policy quoting this fact which I have just recently told you.

So, we are allocating some special budgets for this indigenization drive and we have got very good support from industry also for that. So, our MSME and startups also are aligning us with us to meet this indigenization drive.

Vikash Singh: Noted, sir. So, what would be our annual capex and what percent of that would go for indigenization?

Manoj Jain: Let me tell you, capex we keep outside of indigenization. Indigenization we generally consume if at all our R&D budgets. And that definitely we are going to increase. Our main capex is for infrastructure for our what we call production-related activities, capacity enhancement for that. That as we have given you guidance, INR1,200 plus crores we are investing under capex which will take care of our production and other type of investments.

And this indigenization, etcetera, comes from our R&D budget. And we are anyway we had given guidance also, more than INR2,200 crores R&D budget we have allocated for this year for all type of niche technology development, indigenization, and other collaborative R&Ds.

Vikash Singh: Noted, sir. Sir, lastly, any update on AMCA program?

Manoj Jain: Definitely AMCA program we and L&T are really working together and more or less we have arrived at our internal pricing and all type of sub-module related clarity has happened. We had apex level meetings, which means two senior level meetings also happened and I think one more meeting we will finalize everything so that we are ready to submit our RFP response at the earliest.

Vikash Singh: So, there was some deadline this was extended for the RFP submission. So, what's the new deadline now?

Manoj Jain: Sir, I am not exactly sure whether it was extended by 2 months or 3 months. Actually, I knew that it is extended and that is why in the month of August we are making our response ready by mid-August, but I am not exactly sure about how many months extension we have got. Maybe before end of this call, I will let you know because that my working level team is doing.

We were expecting 2 months extension hopefully. But what we have got, I am not sure, but definitely we will meet that timeline. That much I can assure you, but I will come to know about the exact timeline in few minutes.

Vikash Singh: Noted, sir. Noted. Thank you and all the best.

Moderator: Thank you. The next question comes from the line of Jyoti Gupta with Ashika Group. Please go ahead.

Jyoti Gupta: Good evening, sir. Thank you for the opportunity. I just wanted to understand that, delay in Tejas which we expected somewhere, four Tejas to be delivered the fully loaded ones by August. Apparently, there is no visibility as of now even today. So, the subsequent six which were supposed to come apart from this four in the upcoming 6 months.

Now, if the four doesn't get delivered, then any further don't you think there'll be delays in terms of requirements or supplier requirements for the remaining six Tejas for, so will that not impact your revenue or your margins on that front? Because you mentioned LRU.

Manoj Jain: Yes, Yes, Yes. Let me again clarify, we are only selling these LRUs to HAL and these LRUs are around 11 types of main LRUs related to LCA and then some other EW related additional LRUs which they take time to time. So, these LRUs are electronic modules which are separately tested as per the approved procedures and then we supply them to HAL.

Let me assure you, we have given much more than what they really want to them. So, they already have enough numbers of electronics LRUs as per the contract delivery schedule we have given them and that is available with them. So, let me again assure you, no Tejas will be delayed because of LRUs being supplied by BEL late.

That much will not happen, I can assure you, we have given enough, enough quantities to them to make. Right now, as per the reports from public and media, the main bottleneck is still the engines. So, which HAL will tell you better when they are getting engines and when they are supplying the Tejas aircraft. But LRUs point of view, we have given enough numbers to them.

Jyoti Gupta: No, but I wanted to understand that while you have already supplied more than that is required, will that not affect the pipeline for the further ones because if the current status that is a status quo, What might happen to the Tejas going forward? To LRU going forward could actually become come to a standstill. That was my point.

Manoj Jain: Okay, your point understood. Sometimes generally these electronic modules are separately tested and they can be kept as a stock also. But in case, in case HAL tells us to go slow, we need not make then those modules. We will have the material with us, but we can make the module and test the module based on their supply timelines. As on today, they have not indicated any slowness to us.

So, we are going ahead with our planned capacity and planned planning for this program. So, as such, there is no issue, but in case they tell, it may if at all affect by few hundred crores here and there for us. So, maybe INR200 crores, INR300 crores turnover maybe shifted by few months for me.

But that definitely when we are planning for INR30,000 crores, INR300 crores is less than 1% and these type of business level so-called changes or schedules plans, etcetera. They are part of life and we can definitely absorb these type of less than 1% significance for us type of delivery schedule related negative challenges, I should say. So, that we can do. Okay.

And now let me tell -- about this AMCA program. Now I think the date is shifted by two months. So, 27th August 2026 is the date of RFP submission. So, actually, it was shifted by two months. So, 27th August. So, it is there right now the RFP submission date.

Jyoti Gupta: Thank you so much, sir.

Moderator: Thank you. The next question comes from the line of Aritra Banerjee with Nomura Holdings. Please go ahead.

Aritra Banerjee: Yes, hi sir. I hope I am audible. Thanks for the opportunity. So, I have two questions. One is, you know, we have received LRSAM contract for around 92 billion in FY19, but still a sizeable portion is still unexecuted in order backlog. So, are there any reasons behind this that why it has still not been executed?

Manoj Jain: You are referring to LRSAM. So, LRSAM delivery schedule itself was spreaded over last year very small quantity and this year only major of the quantity is for this particular one will be there. So, as per schedule only we are going. Nothing to worry, nothing delays are there in this program for us.

The leftover activity is around INR3,000 plus crores total we have to supply and out of that majority we will supply this year, maybe some few hundred crores will go to next financial year. But it is as per the delivery schedule only. So, nothing worrying thing in LRSAM program as of now we are seeing.

Aritra Banerjee: Got it, got it, sir. So, could you just repeat the quantum that we will be delivering this year, the amount? I missed it.

Manoj Jain: I am not exactly giving you the exact value, but out of the INR3,000 crores which is leftover right now for LRSAM program, around INR2,200 crores to INR2,300 crores -- INR2,100 crores is planned in this year.

Aritra Banerjee: Okay, okay, okay. And another follow-up question is regarding QRSAM. So, that will also have a similar execution timeline of seven to eight years in the future?

Manoj Jain: No, no. The first order is seven to eight years spreaded because it is having FOPM, then FOPM evaluations, and then only the bulk production will start. So, next order whenever we may get, definitely if it is of the similar quantities, we can supply in three to four years.

Aritra Banerjee: Okay, okay. Understood. Sir, one last question is regarding, you know, the delays in ordering of NGC, QRSAM, all these programs. So, is there any risk of, you know, lower than expected revenue growth in FY25 in case because of the delays in these ordering?

Manoj Jain: No. Let me tell you, financial year '25 per se let us say, these both programs are not constituting in our delivery. These are in our order acquisition target of this year and something will spill over to next year. But they are not in my execution plan for next year. In my execution plan is whatsoever order I already have got and some other smaller orders, so many smaller base orders as we told now, they keep coming for us.

So, those orders will have generally 12 to 18 months type of delivery schedule. So, those orders will keep my next year also. This year and next year – is mainly depending on those type of orders. These large platform orders, they will start giving me big turnover after two years, not immediately.

Aritra Banerjee: Got it, sir. Thanks for answering my questions and all the best for the coming quarters.

Moderator: Thank you. The next question comes from the line of Bhavya Gandhi with Bajaj Alternate Investment Management. Please go ahead.

Bhavya Gandhi: Yes, hi sir. Thanks for the opportunity. Sir, just wanted to understand because you've guided earlier for 21% to 23% EBITDA margin. So, for the following quarters, we'll require closer to 23% EBITDA margin on an average basis. Is that really achievable, sir, going forward for the coming quarters?

Manoj Jain: Definitely yes. We have variability of 25% to 31% EBITDA margins based on the product mix in quarter-to-quarter etcetera, but at the year end, let me again assure you, we will cross 28%.

Bhavya Gandhi: Got it. And sir, over the years, you had earlier alluded also that you want to increase the R&D spend to closer to 8%. So, on a longer-term basis, on a two to three year basis, this kind of margins is sustainable because R&D expenses currently at 6% to 2% contribution further to R&D expenditure, will it take a hit on the EBITDA margins going forward on a longer-term basis? This is slightly two to three year basis.

Manoj Jain: No, no, no. There only is the real tricks. More you invest in R&D, likely chance of more EBITDA is there because you are making niche technology, you are developing something, you are doing more indigenization. So, I don't foresee that 6.5% or 6.8% right now to increase to 8% will hit on margins. Actually, I feel it may finally make my EBITDA margins more sustainable although my product mix may here and there change.

So, this are based on previous experience of ours in last 15 years we have seen. We are continuously increasing our R&D expenditure and with R&D expenditure, we have seen the returns are coming in different, different forms. One is self-sufficiency in technology and of course, indigenization, more indigenization gives us more EBITDA margins.

Bhavya Gandhi: Perfect, sir. And is it possible to quantify the indigenization figure currently?

Manoj Jain: As such indigenization figures, I think indigenous content across platforms is the one figure. So, for major platforms, we give that type of a figure. But for company level indigenization figure, there is no final formula. Overall, our turnover 78% to 80% comes from indigenous products and technologies.

Bhavya Gandhi: Got it, got it. Fair enough. Thank you so much, sir. Really appreciate. Thank you.

Moderator: The next question comes from the line of Rahul with Macquarie Group. Please go ahead.

Rahul: Yes, hi. Good evening, sir. So, I have two questions. Which are the international markets or partnerships and product segments, you know, offer the best opportunity for you to increase your export revenue and reduce, you know, your dependence on the Indian defence budget cycle?

Manoj Jain: Almost all products and technologies which we are right now delivering to our Indian customers, there is a huge demand of that in international market also. But the main, main products where we are seeing are Radios. You might have seen last year we have received largest order of around INR2,000 crores worth next generation software defined radios, Satcom solutions, and then D4 type of solutions.

We have increased our TR module type of build to print type of a market because for airborne segment especially. Because there whatsoever our quality and our infrastructure is there, we are increasing our presence in that type of a high professional grade airborne modules.

So, that also will be at module level and system level as I told -- about mainly about communication, our WLR type of a weapon systems. So, those type of things there is a long list. We are very, very confident that we are going to give you much more better export-related figures than what we are currently having.

Rahul: Sure. Sir, my second question is, you've indicated your plan to increase exports to about 10% and I think you also talked about increasing R&D. I want to know which are the specific areas that you're directing your incremental R&D spend. This will help us understand the direction that BEL is taking. And I think you already talked about microwave-based and laser-based weapon system. So, any more areas that you could call out where you are looking at spending more incremental R&D?

Manoj Jain: Let me tell you, again, because we are in defense electronics domain, each and every area is important for us because each and every area has some technological upgradation, like example of AI. The AI is not limited to only Army or Navy or Air Force or only to Radar or laser systems. AI as a technology is required across all domains. So, we are spending our R&D also across all domains. Of course, slightly more increase in R&D is on some of the big platforms type of projects for us, means large equipments like some of the Radar, Sonar, EW, that type of a program. In a mission mode also we have taken a few more projects.

But overall, I can tell you, we are spending evenly across subsystem, systems, and equipment and on indigenization drive for subsystem module level. So, as such, we are spreading all our R&D efforts in all directions including diversification into civilian domain like Rail, Metro, Aviation sector, so like that also we are doing, Space. So, diversifying into this new areas and consolidating our strengths in present areas by infusing newer and newer technology. So, there only this whole of -- majority of the R&D funds will go.

Rahul: Sir, my last question is on your employee cost that you talked about. Now, when it goes for incremental agreement that will be there, this will be valid for how much time period and typically what is the last time the hike that was taken? Because let's say you you have a INR3,000 odd crores expense towards employee. I'm just trying to think how much could this be in FY27 or 2028. Is it 10% or how does it work?

Damodar Bhattad: Last time the hike was in January 2017. That was for a 10-year period. So, the next hike is in 2027 January 1st.

Rahul: Okay.

Damodar Bhattad: That is how I told that for the current year, for one quarter the impact will be there. As far as the hike is concerned, how much will be the hike, we cannot tell at this time what will be the hike because for that there are certain committees which are set up at government level and then they guide us.

But broadly taking into account certain parameters of what we got last time and what we may get this time, that is how I predict. We had estimated that the employee cost to turnover could remain in the range of 12% in the coming year and coming years also -- in the next year also.

Because the scale in turnover will be increasing by that time, so even if the employee cost 3 months provision is there in the current year, even next year either provision or full settlement may happen, but overall impact on the employee cost to turnover percentage may not be significant.

Rahul: Sure. Thank you very much, sir, and all the very best.

Moderator: Thank you. The next question comes from the line of Shriram Kapoor with Jefferies Group. Please go ahead.

Shriram Kapoor: Hi sir, thanks for the opportunity. Just wanted to ask about your 15% revenue growth guidance for this year. So, given that you've done 20% in the first quarter itself, are we on track or likely beating this 15% revenue growth? Could it be higher?

Manoj Jain: Definitely, as I told last year also, target is 15%. Last month we may surprise you by maybe 0.5%, 1%, 1.5%. I don't know how much more we can have, but our balanced plan is 15% and I am confident we will reach 15%. Quarter-to-quarter there are variation from previous year to this year, so that are generally there in all our defense-related projects. So, as such, we are confident to meet or exceed 15% guidance.

Shriram Kapoor: Noted, sir. And just secondly, if you could -- so you mentioned some of these programs that you expected in FY27, you know, Shatrughat, Samaghat, Shakti Phase 4, HAMMER. Could you quantify some of these products -- these programs that how much -- what are the potential order sizes for some of these? And if you could go a bit deeper into the HAMMER program that you have signed up with Safran and what is that overall market potential there?

Manoj Jain: So, we are only talking about the first order, immediate first order which we may get in this financial year for these 3 programs. Because subsequently there will be definitely many more orders for all the 3. So, for Shatrughat and Samaghat, I think I told you around INR9,000 plus crores, we may get from Shatrughat and Samaghat. And about Shakti, it will be around INR2,000 crores. And about HAMMER also it is around INR2,500 plus crores.

So, these three orders we are going to get in this financial year itself. And subsequent their repeat orders there is a good potential for them to have repeat orders, but repeat orders definitely will come after two plus years only. Because this execution itself will take around two years. So, beyond that only the repeat order will come once we supply major quantities of present orders, then only.

Shirom Kapur: Understood, sir. And just lastly, the way you have given that the LRSAM you expect around 2,100 billion delivery worth of deliveries in FY27, which are some of the other programs that you're expecting to contribute to your FY27 revenues, if you could quantify them?

Manoj Jain: Definitely we had done our planning and recently we have finished our roll-on plan meeting also reaffirming how much for which, which program we may get. So, Akash Army we are going to generate revenue more than INR1,000 crores, around INR1,200 crores. D-29 EW systems, MPR Arudhra, BMP-2 upgrade, LCA LRUs, so these are around INR500 crores to INR1,000 crores each one of them will give to us. So, overall, in this our INR30,000 plus crores journey, these are the six, seven important projects which will fetch me these types of turnovers.

Shirom Kapur: Understood, sir. Thank you very much. Appreciate the answer.

Moderator: Thank you. The next question comes from the line of Vipul Kumar Shah with Sumangal Investments. Please go ahead.

Vipul Shah: Hi sir, thanks for the opportunity. So, my question is regarding raw material cost which has shot up very sharply sequentially and over year over year also. Of course, it may be due to product mix, but it is has increased by almost 8% to 10% sequentially and year over year. So, is that due to any commodity price inflation or is that any one-off there or product mix, and how do you take any corrective action for that? So, your comments will be welcome, sir.

Manoj Jain: Let me again assure you, which was told earlier also, it is mainly because of product mix only. The thing is traditionally also because of our product mix; our material cost varies from 50% to 59%. Typically, it was around 55%, but based on the product mix, sometime it drifts, drops down by 3% to 4%, sometime it increases by 3% to 4%. So, that is the so-called healthy sign for our business of operations. So, right now we are not foreseeing any pressure from this RMC.

We have analysed thoroughly, this particular one and based on the product mix only, the final conclusion was it was because of product mix, it was not because of some pressure because of raw material related consumption or input cost suddenly increase etcetera. If it will be there, definitely we will share with you the first.

Vipul Shah: And sir, what is our export pipeline and where do you see our exports two to three years down the line?

Manoj Jain: As I told you, export we are having great leads right now. But leads to getting the order sometime takes a little bit more time. So, presently I am having around USD465 million order book with me. But the leads which we are pursuing is at least four to five times more than that. And the leads, we may get it, that I can't directly predict, but definitely this year we have given our internal guidance of around USD300 million we should definitely fetch out of the leads which we are having.

That is spreaded across again some 15 to 20 important products. So, we are confident to slowly and slowly increase our presence in export market because -- as you also remember and I told earlier, we want to finally aim at 10% of our revenues through export. So, we are working systematically to see that we reach that goal in next five years.

Vipul Shah: And sir, one small suggestion, if you can put a presentation with every result where you can form in a tabular fashion the platform-wise execution for each year for at least two years, it will be very helpful for investors and analysts to understand the company. This is a suggestion if that is practically possible or not, you please think over. Thank you very much and all the best, sir.

Manoj Jain: Thank you for your suggestion. Definitely much more detailed things come in our annual report which is really comprehensive where we take care of everything. But every quarter whether we can give that type of a thing, we will see and we will see SEBI guidelines and other things also. But definitely right now we are complying to whatsoever guidelines as per Company Act and SEBI are there. But your suggestion is welcome, we will explore that that other than annual report, can we publish these types of data in the form of some presentation, we will look into your suggestion, certainly.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Manoj Jain: Yes. My closing remarks again is same as my starting remarks of the thing, that the Q1 was good, met our internal expectations, whatsoever we had planned, we have more or less executed all of that. And the future outlook remains the same.

The revenue growth of 15%, EBITDA margin 21% to 23%, order inflow of more than INR20,000 crores including QRSAM, the R&D investment more than INR2,200 crores, capex more than INR1,200 crores with a typical defence non-defence business of 90:10.

So, this guidance definitely we are working towards and I am confident we will achieve this guidance for this financial year. This is my closing remark for this quarter.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Motilal Oswal Financial Services, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.