

WEALTH WEEKLY

Weekly Alerts You Can Use!

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	17599	17221	18101	17522	17511	17101-17999	Buy at CMP. Targets at 17749/17999/18101. Stop at 17221.
BANK NIFTY	41041	39951	42751	40098	39916	39771-42671	Buy at CMP. Targets at 41909/42671/43101. Stop at 39951.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
BEL	98.75	77	115	95	98	Positive	BHARAT ELECTRONICS LIMITED (BEL) is a Navratna PSU under the Ministry of Defence, Government of India whose core capabilities include manufacturing of radar & weapons systems, defence communication & electronic warfare for the Army, Navy and the Air Force with 37% market share in Indian Defence Electronics. The rising share of capital outlay as a percentage of total military spending augurs well for BEL. A screaming buy at CMP, and on dips between 83-87 zone, targeting 115-117.50 mark and then aggressive targets at psychological 125 mark. Stop at 77. Holding Period: 9-12 months.

CMP	98.75
Target Price	125
52 Week H/L	114.65/71.92
P/E	26.19
EPS	3.77
P/BV	1.96
Book Value	50.49
Market Cap (in crores)	72,184

Daily Chart of BEL :



BEL (CMP 98.75):

Incorporated in year 1954, Bharat Electronics Limited (BEL) is a Navratna PSU under the Ministry of Defence, Government of India whose core capabilities include manufacturing of radar & weapons systems, defence communication & electronic warfare for the Army, Navy and the Air Force. BEL has also diversified into various areas like homeland security solutions, smart cities, e-governance solutions, space electronics including satellite integration, energy storage products including e-vehicle charging stations, solar, network & cyber security, railways & metro solutions, airport solutions, Electronic Voting Machines, telecom products, passive night vision devices, medical electronics, composites and software solutions.

- BEL is a formidable play on India's defence story as has 37% market share in Indian Defence Electronics. The rising share of capital outlay as a percentage of total military spending augurs well for BEL.
- In line with the government's Make in India (Aatmanirbhar Bharat) initiative, BEL remains quite optimistic on upcoming opportunities in defense as well as non-defence space as government focus on indigenization, spending and initiative's such as PLI schemes.
- Strong balance sheet, double digit returns ratios, a promising order inflow pipeline, large order book, nil borrowings and a superior liquidity profile.
- Focus on R&D: Well, to indigenous and focus on defence modernization. BEL is also looking to focus on R&D both in-house and collaborative mode for increased value addition and intellectual property creation.
- BEL has healthy execution capabilities for its order inflows which stands at INR 60,500 crore in FY23 YTD. According to the management, order inflow run rates would be in the range of Rs. 20,000 crore in FY23. Its order pipeline recently includes, Ministry of Defence (MoD) has signed over 16 different contracts worth ~| 16240 crore with Bharat Electronics (BEL) of which four are for Indian Air Force (IAF), four are for Indian Army (IA) and over eight are for Indian Navy (IN).
- BEL is expediting efforts to increase non-defence revenue to diversify its business. Further, any breakthrough on the exports front could be a key growth catalyst.
- BEL's management expects to maintain margin at 22%. The guidance is based on the existing product mix. The margin in the Civilian segment is at 20%
- BEL has formed a separate business unit for its Medical Electronics and Healthcare business in Bengaluru for addressing products in this sector.
- Project pipeline in large missile systems: Large value contracts like QRSAM and MRSAM are likely to be tendered in a couple of years. The order potential in QRSAM stands at INR500b. However, it won't be tendered at once.
- Electronic Warfare: D-29 orders can come through in FY23 (an INR30b opportunity).
- Ministry of Defence, on March 24, 2023, signed a contract with Bharat Electronics Limited (BEL), Hyderabad for procurement of two Integrated Electronic Warfare Systems 'Project Himshakti' at an overall cost of approximately Rs 3,000 crore.

A screaming buy at CMP, and on dips between 83-87 zone, targeting 115-117.50 mark and then aggressive targets at psychological 125 mark. Stop at 77. Holding Period: 9-12 months.

Mehta Equities

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