

प्रतिष्ठा में/ To,
नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड
National Stock Exchange of India Ltd.,
एक्सचेंज प्लाज़ा, प्लॉट नं. सी/1, जी ब्लॉक,
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बांद्रा-कुर्ला कॉम्प्लेक्स/Bandra-Kurla Complex,
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भारत इलेक्ट्रॉनिक्स लिमिटेड

(भारत सरकार का उद्यम, रक्षा मंत्रालय)

पंजीकृत कार्यालय :

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

Bharat Electronics Limited

(Govt. of India Enterprise, Ministry of Defence)

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सं. No. 17565/6/SE/NSEC/SEC

दिनांक/ Date: 27.07.2022

महोदय / महोदया

Dear Sir/Madam,

विषय: निवेशकों/ विश्लेषकों के साथ सम्मेलन कॉल की प्रतिलिपि

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

सेबी (एलओडीआर) विनियम, 2015 के विनियम 30 और 46 के अनुसार, 30 जून, 2022 को समाप्त तिमाही के वित्तीय परिणामों पर चर्चा के लिए गुरुवार, 21 जुलाई, 2022 को पूर्वाह्न 10:00 बजे से 11:00 बजे तक आईआईएफएल सिक्योरिटीज द्वारा आयोजित कॉन्फ्रेंस कॉल की प्रतिलिपि प्राप्त करें।

Pursuant to Regulation 30 and 46 of SEBI (LODR) Regulations, 2015, please find enclosed herewith the transcript of the conference call hosted by IIFL Securities on Thursday, 21st July, 2022 from 10:00 a.m. to 11:00 a.m. for discussion on Financial Results for the quarter ended 30th June, 2022.

उपर्युक्त प्रतिलिपि कंपनी की वेबसाइट www.bel.india.in पर निवेशक-स्टॉक एक्सचेंज के प्रकटन टैब के अंतर्गत भी उपलब्ध है। वेबलिनक का उल्लेख नीचे किया गया है:

<https://bel-india.in/ContentHindi.aspx?MIId=17&CIId=423&LIId=2&link=424>

The aforementioned transcript is also made available on the website of the Company www.bel.india.in under Investors – Stock Exchange Disclosure tab. The Weblink is mentioned below:

<https://bel-india.in/ContentPage.aspx?MIId=17&CIId=423&LIId=1&link=423>

सूचना व अभिलेख हेतु।

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

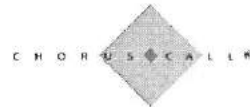
कंपनी सचिव/Company Secretary





**“Bharat Electronics Limited
Q1 FY2023 Earnings Conference Call”**

July 21, 2022



ANALYST: MS. RENU BAID - IIFL SECURITIES LIMITED

**MANAGEMENT: MRS. ANANDI RAMALINGAM – CHAIRMAN AND MANAGING
DIRECTOR IN-CHARGE & DIRECTOR (MARKETING) –
BHARAT ELECTRONICS LIMITED**

**MR. DINESH BATRA – DIRECTOR (FINANCE) –BHARAT
ELECTRONICS LIMITED**

**MR. DAMODAR BHATTAD – GENERAL MANAGER
FINANCE– BHARAT ELECTRONICS LIMITED**

**MR. SREENIVAS – COMPANY SECRETARY– BHARAT
ELECTRONICS LIMITED**

Moderator: Ladies and gentlemen, good morning and welcome to the Q1 FY2023 Earnings Conference Call of Bharat Electronics Limited hosted by IIFL Securities Limited. 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 the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Renu Baid from IIFL Securities Limited. Thank you and over to you Madam!

Renu Baid: Thank you. A very good morning ladies and gentlemen. Today we have with us the management of Bharat Electronics to discuss the 1Q FY2023 results and the outlook going ahead. The management today is represented by Mrs. Anandi Ramalingam – Chairman and Managing Director in charge and Director (Marketing), Mr. Dinesh Batra – Director (Finance), Mr. Damodar Bhattad – GM Finance, and Mr Sreenivas – Company Secretary. Without taking much time I would now like to hand over the call to Mrs. Anandi Ramalingam for her opening remarks thereafter we can start the session with Q&A. Thank you and over to you Madam!

Anandi Ramalingam: Good morning and thank you Ms. Renu. As you all know we have done very well in the Q1 of this year. The results are already being declared and you must have seen that. Maybe to save time on the discussion I would just request our Director (Finance) to give a few of the salient features of the Q1 performance and then we go into the Q&A because we need to close at sharp 11 O'clock.

Dinesh Batra: Good morning to all of you. I am Dinesh Batra, Director (Finance), Bharat Electronics Limited. I am very pleased to

share about our Q1 performance. In the Q1 we have clocked turnover of 3064 Crores, which is a growth of 95% Y-o-Y, our profit before tax is at 578 Crores and profit after tax at 431 Crores and with these figures we are maintaining our guidance of 15% growth on the annual basis FY 2022-23 and our EBITDA which we told from 21% to 23% and we are quite hopeful of maintaining it around 23%. Our material consumption in the Q1 has come down to 61.95% from 64.95% from the corresponding quarter of previous year which is 3% down and which indicates what we told that our attention is on the material consumption and we are quite hopeful to bring it 200 BPS points from the previous year which was at around 60% for the complete year and this year we are quite hopeful to bring it down to 58 around. Our employee benefit expenses also have come down from the quarter of the previous year and we are having a higher other income and this year we have received 78 Crores from our associate company special dividend from GEBE and our order book position is standing on July 1, 2022 at Rs.55,300 Crores. Just to give you a glimpse of what major orders we have executed during Q1. We have done LRSAM Akash missile system, IACCS, AFNET, and CSS phase II so these are the major highlights of the Q1 financials and again I am reiterating with the figures of Q1 we are confident of achieving 15% growth on the complete year and with this I hand over it back to CMD Madam.

Anandi Ramalingam: Yes Ms. Renu we can continue further with the Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Ankur Sharma from HDFC Life. Please go ahead.

Ankur Sharma: Good morning Madam. Thanks for your time. Three questions from my side. One clearly we have seen a very strong execution

come through in Q1 post Q4 and I remember you said there were some shortages which had affected sales in Q4 and I am clearly seeing some of that kind of going away so if you could just update us how are we placed on that front, have supplies improved, do you believe as we go into the forthcoming quarters that should become less of a concern and we are also hearing from some of the chip manufacturers also that supplies have obviously gotten much better so some comments from your side?

Anandi Ramalingam: Yes Mr. Ankur supplies have started, resumption has started. Q4 of last year we had told that around 2600 Crores of our sales had got impacted due to the chip shortage issues and we are very happy to say that out of that about 821 we could liquidate in the first quarter so 821 Crores got liquidated and the good part is that most of the chip manufacturers have now started giving us a commitment so with those commitments we are quite confident that it will be little tight but we will be able to meet our guidance of 15% growth.

Ankur Sharma: Okay perfect. That is good to know. Madam second question would be on the order inflows. Clearly Q1 obviously has always been a weakest quarter the first half normally is a weakest quarter for us and it has always been more of a second half when we see a substantial pickup in ordering so if you could just highlight the mix of orders which you expect to book this year both the larger size and the regular radars and the smaller size, the optronics and the communication devices, etc., so just some colour there, which are some of the larger projects and some medium size projects which you think could come our way to kind of help us get to that 18000 to 19000 Crores number which we are targeting for this year?

Anandi Ramalingam: Yes we are still retaining the guidance of 18 to 19; in fact we are hoping that we will be able to touch 20000 Crores of order equation this year. As of now I think around 850 Crores has been acquired by us and the major projects which we are likely to acquire in the coming months are Akash Prime which will again be an order from BDL for about 4000 Crores. We have the Himshakti order of electronic warfare system, land based electronic warfare system which we were expecting to get it in the month of March itself will now come through that is around 3200 then there is Rudra radar for the Air Force which we are targeting at around 3000 Crores then we have mid-life of helicopter EW system for Mi-17 helicopters which is around 1500 Crores. Recently DAC has given approval for WLR for another 12 numbers which is about 1000 Crores. Then we have a lot of ship based programmes, NGMV, NGOPV and MPV, CTS, all these ship based programmes we have already tendered out and one of the other ship builders have become L1 and there are umpteen buyer nominated equipments in these, so each one of them is roughly on an average about 2500 from dense kitty and other than this for the naval fire we have another project called the Lynx U2 which is a fire control system for which we have received RFP separately and the bid has also been submitted so this is also a high value project of about 2500 Crores then AMPs are there and of course DMP upgrade programme which again we were thinking that it will happen last year is likely to come through in this year that will be around 2000 Crores and these regular orders of AMC and orders of different types of communication equipment and other things we will continue so we are quite helpful of touching a reasonable figure of 20000 Crores this year. From civil side also some 500 Crores will be there minimum of 500 Crores this will still be maintained, so over and above the base whatever is the major order I have just listed above.

Ankur Sharma: Great. Just a last question. We see a big jump in other income so just trying to understand what is driving that jump is it more because of higher cash balances and therefore if you could also help us on the debtor and the receivable position itself on the balance sheet that is all from my side?

Dinesh Batra: You are very right we have higher cash balances so the interest income has gone up and now as interest rates are also firming up so we are getting good returns, also in my opening remark I told this Q1 we have received 78 Crores of special dividend from our associate company GEBE so these two are the reasons for the higher other income.

Moderator: The next question is from the line of Renjith Sivaram from Mahindra Manulife Mutual Fund. Please go ahead.

Renjith Sivaram: Hi Madam congrats on good set of numbers. You had mentioned last time around 2700 Crores of supplies impacted due to chip shortage so is that complete 2700 done and you feel that there is yet more in that?

Anandi Ramalingam: Yes out of that 2600 we could liquidate 821 Crores exactly in this first quarter and the remaining will get liquidated 500 in Q2 and the remaining in Q3 and Q4, so we have started to get funds from the chip manufacturer so we are confident of liquidating the whole 2600 by Q4 of this year.

Renjith Sivaram: This additional amount will continue to happen in the next couple of quarters also till this normalizes is that understanding correct?

Anandi Ramalingam: Yes.

Renjith Sivaram: We have talked about the smart city investment 1500 Crores so what is the status over there?

Anandi Ramalingam: As I have told you last time also we have given a final proposal to the UP government as well as the Ministry of Housing and Urban Affairs, they are now trying to take approval for that so maybe another month or so they said they will be able to get the final administrative approval post which they will call us for a discussion on how to implement the said project but we are sure that it will start somewhere in September and October and large portion of it we may have to do it in the current financial year itself.

Renjith Sivaram: I will join for further questions. Thanks for this.

Moderator: Thank you. The next question is from the line of Lavina Quadros from Jefferies. Please go ahead.

Lavina Quadros: I just wanted to check something because of chip shortages easing you have actually seen revenue growth being very strong in 1Q so you have a backlog which should have been executed last year which is being executed in the course of this year do you think you can actually beat the 15% revenue growth number of this year or is it that this impacted revenue of last year is factoring your guidance just to understand?

Anandi Ramalingam: All the other projects also the commitments from the semiconductor manufacturers are not in line with what we had anticipated. There has been delay so cumulative delay will always be there and the remaining project also a part of it is getting affected. We will try but 15% we are very confident, over and above that we will have to really see how it all pans out maybe in the next 6 months.

Lavina Quadros: Thank you and lastly with the war in Russia Ukraine are you seeing any additional commentaries from the Ministry to

accelerate indigenization or any commentary any reforms you think that could come up further from the Ministry?

Anandi Ramalingam: The Ministry has already indicated to us that we should no longer be dependent on Russian and Ukraine suppliers so they have asked us to find alternative and preferably indigenous one so they have been singled out and lot of indigenous actions have been initiated. Most of them we have at least given them a roadmap on when and how we will be able to indigenize it and in addition to that they are now asking us whether we can take up the maintenance of Russian platforms, see all these platforms have lot of electronics in it so Ministry has asked us and we are examining it and looks like we will be able to do it but just operations of these systems may not be a big problem but then if we have to support them with lot of spares and other things but we are trying to examine and see how much time it will take and whether it is better to use our own system in place of the system which is already there. So that detailed discussion is going on with the Ministry but this is a very good opportunity for us we are also trying to encash on it but we will get some more details in another two to three months.

Lavina Quadros: Thank you.

Moderator: Thank you. The next question is from line of Vishal Biraia from Max Life Insurance. Please go ahead.

Vishal Biraia: Madam good morning. With indigenization we were somewhere around 45% of the BOM that we have which used to be about 50% earlier so in the next few years what would be your internal target as to where would we want the indigenization to be?

Anandi Ramalingam: Indigenization I do not know whether you have got it right. What we were telling you is **(audio cut) 16:19** about 15000

Crores if you see 80% to 82% is from indigenous technology that is either BEL developed or DRDO developed. Most of them also have a foreign content in it because everything is not made within the country so material cost is also there, so material cost that is why we were telling that what if it is standing at 64% we will try to reduce it by doing lot of indigenous development work so it is at the subsystem or the component level but at the main system level already a lot of work has happened and as I told you 82% of the turnover is coming from indigenous technology, out of the 82% may be around 40 to 42 is from DRDO and remaining 40 is from BEL's own developed product and systems. Is it clear is that what you wanted?

Vishal Biraia: Yes absolutely. I was just trying to understand this 42%, 40% to 50% that BEL indigenously does, to what extent will this increase over the next few years, are there any internally targets that you would like to share?

Anandi Ramalingam: Our internal target is to have full 100% BEL developed because of course we are the most preferential partners for DRDO but then DRDO also you all know that they have got a policy they have also started opening up so it is not that all technology comes to us. The only major programmes or programmes which are very complex and very critical in nature they prefer some company like BEL who has got lot of experience so smaller ones we are not very sure. It will surely go up in fact long back if you see about 5 to 6 years back where most of our indigenous products and systems were from either from DRDO or from other recognized institutions now it is not so, so we have slowly crossed 40% and as you rightly said we have a target we have a target of reaching up to 75% and lot of development work is happening on the civilian business side especially for Airport Authority of India whatever requirement they have we are trying to customize or whatever solutions we

have to meet their requirements and we are doing lot of work for rail and metro business for railways so all these are purely indigenous we are not taking technology or we are not collaborating with any other institution for this so once this comes through whatever is the turnover from our own developed products and systems will surely go up.

Vishal Biraia: Just one last thing we were developing the TCA system for railways and approval was pending so where are we currently based on that?

Anandi Ramalingam: Development is going on, what to say it is quite very normal and in fact it is much more than what we had anticipated good development work has happened but for submission to taking up the certification it may take little more time. This is a domain which is new to us so whatever domain knowledge we had for the services we are now trying to customize so lot of other issues keep coming up now and then but the development is on the right track and hopefully in another six months we should get the certification. For metro anyway we have already completed the trial order which DMRC had given us and they are quite happy with that and they have already issued a circular to all the other metros that this particular solution has to be indigenous they cannot import it so it has already been put under the banned list.

Moderator: The next question is from the line of Amit Mahawar from Edelweiss. Please go ahead.

Amit Mahawar: I have just two questions. Some of the large platforms what are the timelines especially on QRSAM, MRSAM, the LRSAM seems to be delayed and then CIWS, in these three, four can you share the timelines and you can also include **(inaudible) 20:54?**

Anandi Ramalingam: LRSAM phase II is concerned we really do not know when it will happen of course there is a rethinking in navy whether they should go ahead with the current solution or the one which is developed by DRDO, but the one which is developed by DRDO we are working with them for both the radar as well as the weapon control system so either way it will be good for us but then we are not able to really commit on the timelines as far as LRSAM phase II is concerned but for QRSAM we have already given a budgetary quote and army is going to take up the AoN that is Acceptance of Necessity for this particular case maybe another couple of months and post which they may order QRSAM for about two regiments. The total requirement is for four regiments but what we heard is that they will initially go for two regiments and then follow it up with another two maybe after couple of years. As far as MRSAM is concerned MRSAM Air Force also now we have the firing unit which was delivered by IAI for the contract which they got directly from DRDO and that has already been completed. The firing trials have happened post which Air Force has asked us to give a budgetary quote for taking up necessary approvals so the finalization of budgetary quote is in progress at BEL and maybe we will be able to submit in another fortnight post which they will take up for the approval so I think QRSAM as well as MRSAM may happen in the next year 2023-2024 because after they take the AoN then the RFP will be issued then we will respond to the RFP then negotiation will happen then CSA approval so most likely it will be 2023-2024. As far as EW systems are concerned we are still to receive any formal response from HAL on this on both the LCH and the ALH but of course Ministry has already told that it will be BEL solution but when exactly this will happen we are also not very clear because the existing order of ALH is still being executed by HAL so post which the second lot of ALH order which they get only they will be trying to fit our EW suit.

Amit Mahawar: Got it Madam and second question was on your imports. Of all the total imports that BEL has what is the share of imports from particularly Russia and separately from Ukraine if you can spell out and this far have we got any impact in terms of overall disruption that we had so broadly can you share the import share of specifically Russia and Ukraine?

Anandi Ramalingam: The import share of Russia and Ukraine will not be very high it will be less than 5%. See mainly from Russia we buy lot of components which are used in all the tanks T-90, T-72 tanks so maybe around 300 Crores very less and our vendor base in Ukraine is also not very high it is only some 5 to 6 suppliers that is why we are not affected much from these issues post Russia Ukraine crisis.

Amit Mahawar: Got it Madam thank you and best of luck.

Moderator: Thank you. The next question is from the line of Amit Bhide from Morgan Stanley. Please go ahead.

Amit Bhide: I just had a question on the topline your guidance of 15% how much of semiconductor supplies can come through which could raise the revenue growth guidance because if you look at last year's numbers you said that 2600 Crores was based on account of semiconductor shortage so effectively we would reach about 17000 to 18000 Crores of topline which is exactly equal to the semiconductor shortage that we had last year so are we suggesting there is no big real growth this year on account of semi issues?

Dinesh Batra: It is not true in fact like last year whatever shortfall on account of semiconductor we tried to fulfill through some other projects so it is not that the total growth is coming from whatever we are completing the last year shortage it is not so this is a real

growth and to grow at the rate of 15% is I feel even that is a struggle. Last year it is not that we could have done, some of the shortfall on the account of semiconductor we try to fulfill from the other projects.

Amit Bhide: Let me Sir ask you differently if I look at the 15% growth it implies only 6% growth for the balance 9 months of the three quarters of the year remaining so is that number suggesting some issue on the backlog some slow moving orders there?

Anandi Ramalingam: No, it is not that see as I told you for the remaining projects also clear commitment we have not got as far as the semiconductors are concerned so wherever the semiconductor commitments have been received by us based on that we are giving a guidance of 15%.

Amit Bhide: So that is what I was asking if you receive the commitment what could be the run rate could it be 20%, could it be 25%?

Anandi Ramalingam: Yes it will be difficult for us to tell. See finally even if we get the commitment we need to see whether we have the capacity, we have the SDUS which we will be able to handle them, so all these issues will be discussed as and when it comes through but there is a possibility that it can go up if all these issues are resolved but we also do not want to give some commitment or something which we are not very sure of.

Amit Bhide: I was just asking what could be the civil revenue growth for the year?

Dinesh Batra: As you said 17900 around but we will be able to clock some 15% will be coming from the civil segment.

Amit Bhide: 15% of revenue would be civil, so it would be a growth of 20%?

Dinesh Batra: See you do not take that what is the growth of the civil our civil is yet to happen in a real way as CMD was telling that lot of projects are under development from the rail, metro and civil aviation, in fact they were not giving orders in the indigenous market Indian market till now so now when that will happen and that will start happening from 2023 to 2024 for the next five years so real growth we will talk in the civil segment then. Today what I am saying out of 18000 Crores around the 15% will be coming in this year from the civil segment.

Amit Bhide: Okay thank you so much Sir.

Anandi Ramalingam: See one more point which I would like to tell you is last year as DFO also telling we compensated for the 2600 to some extent by pulling up some of the smaller projects which we had planned for execution in this current year so that question is already gone so that comfort is not there. See we always keep some small projects for which we can realize the revenue quickly we keep such projects but those projects have all been exhausted.

Amit Bhide: Yes Madam that reconciles it. Thank you so much.

Moderator: Thank you. The next question is from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.

Nitin Arora: Can you update us on this Himshakti order the electronic warfare system and it has been taking quite long can you tell us exactly where it is stuck this upgradation part of the Samyuktha-1 that is my first question?

Anandi Ramalingam: Actually it has not got stuck what happened was when the final CFA approval was to be taken army thought that they can take the latest one because some more technology upgradation they were looking at whether that can happen within the same project so that discussion happened we also examined and we

said a portion of it we will be able to handle but not the complete one, so what we are now proposing is that they will take it up in two different contrasts one will be the earlier one as it is and one the upgrade one which will have the latest technology which army is asking for so that decision took little time so the equation wing also finally told them to process it as two separate orders so the statement of the case for the second order has just been made but the first order is in the pipeline I think it has gone to the NSC National Secretariat Council it has gone there and most probably once it comes back then it will go to CCS directly. Once CCS approval is obtained we should be getting the order.

Nitin Arora: In this 3200 Crores which you mentioned has there been a revision in the contract price and is that yours or ECIL will also be part of it just one clarification?

Anandi Ramalingam: No there is no revision in the price, it is the same only and ECIL is our vendor in this a portion of it we are buying from ECIL that is it.

Nitin Arora: Any update on the Rudra radar on the development side?

Anandi Ramalingam: Rudra radar already CNC is on it is likely to be concluded shortly. It is a very clean case and it is under the approval or Raksha Mantri only so another 2 to 3 months I think we should be getting that order.

Nitin Arora: So it will come this year or FY2024?

Anandi Ramalingam: This year.

Dinesh Batra: Both will come this year.

Anandi Ramalingam: Both will come.

- Nitin Arora:** Thank you so much. All the best.
- Moderator:** Thank you. The next question is from the line of Harshit Patel from Equinus Securities. Please go ahead.
- Harshit Patel:** Hi Sir. Thank you very much for the opportunity. My first question would be on our capex plan could you give us an update on the capex that we were doing at multiple locations like Palasamudram, Nimmaluru, Nagpur what is the status, when we will be commercialized and what would be our overall capex outlook for the next two years?
- Dinesh Batra:** What all projects you told these all were part of our around 3000 Crores of capex which we had planned and out of which some 2000 Crores has already happened and Nimmaluru is very nearing completion this year I am very hopeful it will get completed. Nagpur land has been acquired and now the perimeter wall the construction is on. Palasamudram there was an issue of certain limitations being put up by the authority as they had brought it under the red zone and certain clarifications, etc., were required so those things discussions are going on and I am quite hopeful that now our building plans, etc., will be finalized after getting the clarification from the Andhra Pradesh Industrial Authorities and all other projects are underway, whatever capex we had planned. This year we are hopeful of achieving around 1000 Crores of capex and most of our capex plans are on the way. It is underway as we had scheduled except this Anantapur that is Palasamudram is called where some land issues from the authorities were cropped up after our acquiring of land.
- Harshit Patel:** Sure understood Sir. Thank you very much for the update. My second question would be on our content in LCA Tejas Mark 1A I believe we are already supplying DFCC that is digital flight

control computer and also ADC so apart from that what are the other products that are going into LCA Mark 1A so out of 36000 Crores order that HAL had got so out of that what is passed on to us, now on top of that whenever the Uttam radar will come into picture I think right now we are buying it from one of the Israeli company, but when Uttam AESA radar is going into it does that improve our content in that particular project, what part we will be playing in that particular radar project?

Anandi Ramalingam: Other than the DFCC data computer we are supplying lot of weapon systems packages like the pylon interface box and other boxes, so altogether our share is about 3300 Crores about 10% currently, we have already got the order from HAL and as you rightly said once the Uttam radar is approved then for the production agency of Uttam radar is BEL only. BEL has only manufactured the prototype also and that is now subjected to trial so this should increase our content maybe each radar maybe about 50 to 60 Crores. Initially do not know the number that we take right now they may go in for some 60% of imported or 50% of indigenous that is not yet finalized the proportion is not yet finalized, the ratio is not finalized so post which we will be able to give you a firm indication of our contribution to LCA Mark 1A.

Harshit Patel: Just a followup to that as you rightly mentioned our content is right now 10% to 12% of the overall order so around 3000 Crores so where the 10% to 12% number can go up in the future projects like LCA Mark 2, AMCA can we have something like 20% to 25% kind of content or would that be too much?

Anandi Ramalingam: No, we are also targeting about 20% to 25%. We are now developing the EW suite which also they were procuring earlier from a company called Saab of Europe so EW suite as well as the radar and the machine computer also if it gets delivered

from them then that content will obviously go up much more than 25%.

Harshit Patel: Understood that. Madam thank you very much for answering my question.

Moderator: Thank you. The next question is from the line of Abhijit Mitra from ICICI Securities. Please go ahead.

Abhijit Mitra: Thanks for taking my question. The question is more on the possible order that you see from the rotary wing platforms of HAL over the next couple of years what can the potential order intake be and just to understand the radar warning receiver and the MOSS in Tejas Mark 1 will that come to BEL or will it come to India as a competitive tender or what is your view on that?

Anandi Ramalingam: As I was mentioning earlier right now it is well imported source which HAL is getting as far as EW suite is concerned but parallelly we are developing G-8 and HAL has also been told that they should stop importing henceforth so that will surely happen. Not only the radar warning receiver, MOSS but also we are targeting DIRCM directed infrared counter measures system so if that also comes through it will surely go up much further.

Abhijit Mitra: Just to add a followup here because you have got interestingly the RWR and the MOSS, order of C295 right so those are also for the back ended production in India or?

Anandi Ramalingam: Pardon.

Abhijit Mitra: The second batch would be produced in India?

Anandi Ramalingam: Completely it will be produced in India. You are telling about the aircraft or?

Abhijit Mitra: C295 aircrafts yes because the first batch will be flown in and the second batch will be produced here so all this is for the second batch?

Anandi Ramalingam: Pardon.

Abhijit Mitra: This order of C295 is for the second batch right that will be produced in India?

Anandi Ramalingam: It is for the complete as you rightly said some aircrafts are getting delivered directly by Airbus remaining will done along with Tata's in India but this order which we have got is for the complete lot.

Abhijit Mitra: Okay so then why is this dichotomy between Tejas Mark 1A and cannot there be cross marketed?

Anandi Ramalingam: LCA Mark 1A or Tejas is a fighter aircraft whereas C295 is a transport aircraft so the requirements are slightly different.

Abhijit Mitra: Yes that is true absolutely but I am saying cannot these capabilities be cross marketed?

Anandi Ramalingam: No it can be but that is why I said that the development is happening. In a helicopter you will have to that the firm fit also is very, very important. It has to be as light as possible because the space there is very less so all this customization and the technological development is happening now and we are quite confident that maybe after some few numbers they should be able to take our solution.

Abhijit Mitra: Sure and just one couple of lines on the rotary aircraft possible order so that you see over the next couple of years?

Anandi Ramalingam: All the other rotary aircraft like ALH and CHF we are already supplying the electro-optic payload which is manufactured at our Chennai plant that is being supplied. Then we are also supplying the head up display also we are supplying from our Panchkula unit and slowly we are trying to see whether we will be able to pitch in our EW system along with the DIRCM.

Abhijit Mitra: Got it. That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Vishal Biraia from Max Life Insurance. Please go ahead.

Vishal Biraia: Sir I am just coming back to the railway TCA order what could be the potential size because it seems that it could be Rs.70 Crores per kilometer as the opportunity so how big is the opportunity that you are targeting?

Anandi Ramalingam: May be around Rs.12000 Crores of course it is a rough estimate it is not a very detailed one but it will be around Rs.10000 Crores to Rs.12000 Crores.

Vishal Biraia: Of this what will be imported?

Anandi Ramalingam: Pardon.

Vishal Biraia: Of this Rs.10000 Crores to Rs.12000 Crores what will be imported currently out of it?

Anandi Ramalingam: All of it is getting imported.

Vishal Biraia: When you mentioned that DMRC has written to the other metros that this should not be imported anymore so can this 10% to 12%?

Anandi Ramalingam: Not the TCA it is the ATS automatic train supervising system.

Vishal Biraia: Rs.10000 Crores to Rs.12000 Crores is we are referring to TCA?

Anandi Ramalingam: Yes exactly.

Vishal Biraia: We received approval for the metro side and the railways are still in trials?

Anandi Ramalingam: Railways are still on trials yes.

Vishal Biraia: Okay fair enough Madam. Thank you.

Moderator: Thank you. The next question is from the line of Harshit Kapadia from Elara Capital. Please go ahead.

Harshit Kapadia: Thank you for the opportunity and congrats for good set of numbers. A couple of questions from my side. Could you also help us with the EBITDA margin guidance for FY2023 given that your material consumption is going to come down by 200 bps so can we expect sharp rise in the EBITDA margin for FY2023?

Dinesh Batra: I am maintaining the margin around 21% to 23% then I give the range but I am very hopeful of coming around 23% and that is after taking into account of some 200 bps points reduction in the material consumption but that is the whole year we have to control it as the prices are increasing, inflation is going up, etc., interest rates are forming so that will be a big challenge to maintain it around 23% but we are very hopeful because we have not to take into account only the material consumption but there are other expenses also so we are keeping close watch on those so we will maintain it around 21% to 23%.

Harshit Kapadia: Fair enough Sir. A couple of questions in the non-defence side so can we expect the execution of the EVM and VVPAT order to be done in FY2023?

Anandi Ramalingam: Partially in FY2023 may be about 40% because this also got affected because of the semiconductor ship shortage just last week we got a commitment from the supplier so a part of it will get delivered by March that is Q4 of this year and the remaining will be Q1 of next year so maybe in the ratio of 40 to 60.

Harshit Kapadia: Understood and that order size for this was close to Rs.4000 Crores is that correct madam?

Anandi Ramalingam: No Rs.1500 Crores.

Harshit Kapadia: Rs.1500 Crores sorry and could you help us to get more clarity on the space electronic I know we had lost out on the first tender are you seeing more tenders coming out from the space side on the rocket can highlight anything?

Anandi Ramalingam: No other tender has come through but we are in discussion with ISRO. We are just seeing if there is any other opportunities will come through. Meanwhile L&T has asked us whether we will be interested in manufacturing some of that orders which they are getting for the PSLV rocket launchers so we are in discussion with them. We will have to see if it is viable and if it makes sense for us we will start that.

Harshit Kapadia: Thanks and all the best.

Moderator: Thank you. The next question is from the line of Venkatesh from Logictree. Please go ahead.

Venkatesh: Good morning. My question is in terms of the order book out of the total order book of Rs.55000 Crores if we are able to execute Rs.18000 odd Crores in this year the remaining would get executed would it be fair to say over the next two years FY2024 and FY2025 and if it is the case what kind of

replenishment of orders do you expect over the next two years to keep going on from FY2025 onwards?

Anandi Ramalingam: After maybe as I told you next year we will be getting both QRSAM and MRSAM these are all big orders. QRSAM will be in the range of Rs.20000 Crores and MRSAM also will be in the range of Rs.15000 Crores to Rs.20000 Crores so once those orders come up the order book will really shoot up. What we are now telling is the normal orders which we have been getting for the last two to three years just like how we got Akash seven squadron order and LRSAM order that will really made us to go beyond the Rs.50000 Crores order book so similar thing can happen in the next year or so.

Dinesh Batra: In fact I would like to add on this. Order book is a dynamic thing it is not that today Rs.55300 Crores and it will be executed in the next two years they are with the staggered delivery depending on the platforms available and it keeps on building up. If we are saying Rs.20000 Crores order inflow this year and some Rs.18000 Crores get executed so it will be standing around Rs.60000 Crores next year and that will get again executed next two to three to four years so it is a dynamic thing it is very difficult to say that the whole thing will get executed.

Venkatesh: Fine. Thank you Sir and the second question is you talked about the ship building orders so if you talk about some of these ship yard companies in India Mazagon and GRSE what kind of order execution or order inflows do you think can happen with respect to ship yard this year FY2023?

Anandi Ramalingam: That is what we told you for NGOPV, NGMV, CTS, MPV altogether around Rs.12000 Crores. This year itself we are targeting. For all these programs the CNC is already concluded and we are expecting the order anytime now.

Venkatesh: Okay madam and my last question was exports has target, internally do you have a number that you think over the next few years you want to reach in terms of topline or as a percentage of overall sales whatever it makes sense to me?

Anandi Ramalingam: Our target is to reach 10% of turnover through exports but currently it is very less. You are asking about exports is not it?

Venkatesh: Yes, but is that not a very massive opportunity madam because I think we are looking at exporting more orders in terms of electronics, defense everything?

Anandi Ramalingam: True but then it has its own challenges. I have been keeping on telling of course earlier we never used to get the clearances from all the services but of late we are getting clearances but conditional clearance that we will have to reduce whatever the features or make it a little different and all, so a lot of customization work is also required so what happens is many of the tenders which we participate they ask us whether their equipment is readily available so that puts a real challenge on us so we are also a little selective but then the opportunities are quite huge and in the order acquisition front we have done quite well last year we got an order of about \$180 million and this year we are targeting about \$400 million to \$450 million of acquisition so with it is not now hopefully in the next two to three years it should stabilize and we should at least steady the target of about 10% of our turnover coming from exports. We have set up lot of overseas marketing offices and we are now at least started participating in all these tenders that is our good point of it.

Venkatesh: Madam thank you so much.

Moderator: Thank you. Ladies and gentlemen, due to time constraints this will be the last question for today and the question is from the line of Bharat Parekh from CLSA. Please go ahead.

Bharat Parekh: Good morning madam and congratulations on the improved execution. If I may request for details of the order inflows for the last year FY2022 some of the larger orders if you can highlight apart from the D-29 electronics system and IEWR which we know that will be helpful if you can give the details of Rs.18000 Crores?

Anandi Ramalingam: The major orders you yourself have told D-29 then the IEWR then some orders we got from **(inaudible) 50:59?**

Bharat Parekh: How much would that be madam?

Anandi Ramalingam: Totally it was around Rs.3500 Crores I think. Then the avionics package from LCA. Then we got the electronic warfare suite for D-29 and of course also the export order for C-295. Then we had a commander TI for T-90 tanks which was again around Rs.900 Crores. So I will tell you the major one. Then we got some fuse order also for our Pune plant. One major anti drone system for all the three services and some export orders all put together around Rs.1900 Crores. I think our major one is Rs.19000 Crores. The major ones I have told you.

Bharat Parekh: Of this avionics for LCA and EW for D-29 if you can help us with the value please?

Anandi Ramalingam: D-29 was around Rs.1688 Crores and avionics package was Rs.264 Crores, altogether maybe around Rs.2200 Crores or so.

Bharat Parekh: Thank you so much and wish you the best of luck.

Moderator: Thank you. As that was the last question for today I now hand the conference to Renu Baid from IIFL Securities. Over to you Madam!

Renu Baid: Well on behalf of IIFL Securities I would like to thank the management of Bharat Electronics for giving us this opportunity to host the call. Madam and Sir would you like to make any closing comments before we close this call closing remarks.

Anandi Ramalingam: We maintain the guidance of 15% growth in revenue and about 21% to 23% of EBITDA margin and an order intake of minimum of Rs.20000 Crores.

Moderator: Thank you. On behalf of IIFL Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.