July 15, 2025

BEL Optronic Devices Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Cash credit	22.0	22.0	[ICRA]AA+(Stable); reaffirmed
Short-term- Non Fund-based facilities	3.0	3.0	[ICRA]A1+; reaffirmed
Total	**25.0**	**25.0**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmation of ratings for BEL Optronic Devices Limited (BELOP) continues to factor in its favourable competitive position as the sole domestic manufacturer of Image Intensifier (I.I.) tubes and strong parentage from being a wholly owned subsidiary of Bharat Electronics Limited (BEL; rated [ICRA]AAA(Stable)/[ICRA]A1+), a Navratna Defence public undertaking (PSU). BELOP is of considerable strategic importance to BEL, which uses the I.I. tubes manufactured by BELOP for manufacturing night vision devices (NVDs) by BEL. The ratings consider the strong management and operational linkages with BEL, as well as the financial flexibility enjoyed by BELOP on account of its parentage. There is a track record of financial support from BEL in the past, notably in the form of equity commitments and loans for projects like XR-5 (to manufacture higher specification I.I. tubes). Further, the ratings are supported by BELOP's strong capital structure, which has nil debt as on date. This, coupled with its strong parentage, adequate free cash balances of ~Rs. 80 crore and undrawn cash credit limits of Rs. 22.0 crore as on March 31, 2025, strengthen BELOP's liquidity position. The ratings also derive comfort from the favourable environment within which the company operates, driven by the Government of India's (GoI) emphasis on the indigenisation of critical defence technologies, and through its sustained increase in defence outlay. These are likely to provide new growth avenues and support BELOP's competitive advantages in the near to medium term.

The ratings, however, are constrained by BELOP's large dependence on a single product and technology – I.I. tubes – and on the Indian defence sector as customers, which resulted in significant revenue volatility in the past. The risk of delays in receipt of orders for I.I. tubes expose BELOP to revenue fluctuations. This is also reflected in the current order book position of Rs. 54.0 crore as of June 2025 (FY2024: Rs. 195.0 crore), providing limited revenue visibility. However, the company's diversification into the production of aviation hoses, and into non-defence product categories such as smart classrooms and the proposed foray into animal husbandry would serve to mitigate revenue volatility risk, despite the possible moderation in margin due to the relatively lower margins in these categories. The ratings are also constrained by the company's scale of operations, which remain moderate in spite of some improvement. Further, the need to maintain adequate raw material availability, coupled with the high lead time associated with imports resulted in significant inventory holding leading to an elongated working capital cycle. However, this is mitigated to an extent by the company's strong liquidity position, which can account for potential temporary cash flow mismatches on account of further lengthening of the working capital cycle.

The Stable outlook reflects ICRA's opinion that BELOP's credit profile will benefit from strong operational and management linkages with its parent, BEL, and the high sectoral entry barriers, which would limit competition and keep its credit indicators at comfortable levels, going forward.

Key rating drivers and their description

Credit strengths

Strong operational and management linkages with BEL – BELOP is a wholly owned subsidiary of BEL, which is a Navratna Defence PSU. BELOP is of strategic importance to BEL as it is the sole domestic manufacturer of I.I. tubes used in the manufacturing of NVDs by BEL. The continued emphasis on indigenisation of sensitive defence technologies and the defence offset policy of the GoI are likely to support BELOP's competitive advantage in the near to medium term.

Financial flexibility derived from being a wholly owned subsidiary of BEL – BEL had extended support to BELOP in the form of equity commitment and loans to fund a major portion of the recently completed XR-5 project for transfer of technology from M/s Photonis, France, to manufacture higher specification I.I. tubes. Over the years, BEL had provided an aggregate loan of Rs. 29.3 crore and equity infusion of Rs. 177.9 crore to BELOP as on March 31, 2025. The funding support is likely to continue in the future, as and when required.

Strong capital structure with nil debt – The strong capital structure of BELOP is characterised by nil debt as on date. The company has free cash balances of ~Rs. 80.0 crore and undrawn cash credit limits of Rs. 22.0 crore as on March 31, 2025. In addition to its debt-free position, BELOP has minimal capex requirements, which is expected to be funded through internal accruals, resulting in minimal reliance on debt-funding and a strong liquidity position.

Credit challenges

Exposed to product and sector concentration risks – BELOP is highly dependent on orders for I.I. tubes from the MoD, which accounted for ~60% of revenues in FY2025. Further, the customer profile remains concentrated with a significant portion of revenues being derived from the Indian defence forces. This exposes it to product and sector concentration risks making the top line highly volatile due to the irregular nature of order inflows from the defence sector. However, as a part of its diversification initiatives, the company has set up a manufacturing facility in Pune for the supply of aviation hoses primarily for the Russian fleet of aircrafts and helicopters of the Indian defence forces. It has also forayed into the non-defence sector through projects focused on establishing smart classrooms/centres of excellence in Government schools and Kendriya Vidyalayas (KVs) in collaboration with technology partners. BELOP has also developed and patented tools used for artificial insemination in cattle, which could further diversify revenue streams in the future. ICRA believes that the revenue potential from these new lines of business can mitigate the sectoral and customer concentrations risks to some extent over the medium term. However, successful scale up of these businesses remains to be seen.

Moderate scale of operations – BELOP reported a moderate operating income (OI) of Rs. 196.9 crore in FY2025. As of June 2025, the company's pending order book stood at Rs. 54.0 crore providing limited revenue visibility for the near term. The risk of delays in the receipt of orders from the defence sector expose BELOP's revenue to fluctuations. This is mitigated to an extent by the company's continued investments towards the acquisition of more advanced iterations of I.I. tubes technology from its TOT partner - M/s Photonis – which will support its market position in this segment. Further, diversification into other defence product categories (aviation hoses) and the non-defence sector (smart classrooms and animal husbandry) are expected to reduce revenue volatility, albeit with a possible moderation in margins.

Liquidity position: Strong

BELOP's unencumbered cash and bank balances stood at Rs. 82.9 crore as on March 31, 2025. Further, it has total unutilised cash credit limits of Rs. 22.0 crore. Against this, the company has minimal capex commitments of Rs. 2-3 crore and no debt obligations, which it is expected to be met through its balance sheet liquidity and cash accruals.

Rating sensitivities

Positive factors – The ratings of BELOP are unlikely to be upgraded in the near to medium term owing to its limited scale and high product concentration.

Negative factors – The ratings of BELOP might be downgraded if there is any deterioration in the credit profile of its parent, BEL, or if there is any weakening in linkages with BEL. The ratings could also come under pressure if there is a sustained period of weak earnings by BELOP leading to liquidity erosion.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology]
Parent/Group support	BELOP is a 100% subsidiary of BEL, a Navratna Defence PSU, rated at [ICRA]AAA (Stable)/ [ICRA]A1+. ICRA expects BEL to be willing to extend financial support to BELOP out of its need to protect its reputation from the consequences of a Group entity's distress.
Consolidation/Standalone	Standalone

About the company

BELOP, based in Pune, is a Defence PSU and a wholly owned subsidiary of BEL. The company was formed in 1990 as BE-Delft Electronics Ltd., a joint venture between BEL and Delft Instruments, Netherlands. Subsequently, Delft Instruments exited from the JV and transferred its entire equity shares to BEL, making the company a subsidiary of BEL with effect from July 30, 2002. It was renamed as BEL Optronic Devices Ltd. in April 2003. BEL's share in BELOP increased from 92.79% to 100% w.e.f. July 30, 2015.

BELOP manufactures niche product image intensifier tubes (I.I. tubes), which form the heart of NVDs and are mainly used in defence and law enforcement agencies. BELOP signed the transfer of technology (ToT) agreement with France-based Photonis in 2011 to get the latest proprietary technology. The agreement allowed BELOP to manufacture 'XD-4' tubes providing enhanced operating parameters for the NVDs. In 2015, BELOP has signed another ToT agreement with Photonis for the advanced 'XR-5' tubes, which provide further enhancement in technology. The company is also in talks for entering the TOT agreement with Photonis for 4G technology. As a part of its diversification efforts, BELOP has set up a production facility for manufacturing aviation hoses, and is also involved in establishing smart classrooms/centres of excellence in Government schools and KVs with technology partners, among other initiatives.

Key financial indicators (audited)

Standalone Financials -BEL Optronic Devices Limited	FY2024	FY2025
Operating income (Rs. crore)	139.8	196.9
PAT (Rs. crore)	16.6	20.7
OPBDIT/OI (%)	36.9%	28.9%
PAT/OI (%)	11.9%	10.5%
Total outside liabilities/Tangible net worth (times)	0.1	0.1
Total debt/OPBDIT (times)	0.0	0.0
Interest coverage (times)	132.3	210.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	July 15, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based Limit – Cash credit	Long-term	22.0	[ICRA]AA+ (Stable)	June 14, 2024	[ICRA]AA+ (Stable)	April 06, 2023	[ICRA]AA+ (Stable)	-	-
Non-fund based facilities	Short-term	3.0	[ICRA]A1+	June 14, 2024	[ICRA]A1+	April 06, 2023	[ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Cash credit	Simple
Short-term – Non-fund based facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA’s website: Click here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Fund-based limit - Cash credit**	-	-	-	22.0	[ICRA]AA+(Stable)
NA	**Non-fund based facilities**	-	-	-	3.0	[ICRA]A1+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis- Not Applicable

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3300
ashish.modani@icraindia.com

Suprio Banerjee
+91 22 6114 3443
suoriob@icraindia.com

Rohit Agarwal
+91 22 6169 3329
rohit.agarwal@icraindia.com

Anirudh Goel
+91 22 6169 3300
anirudh.goel@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

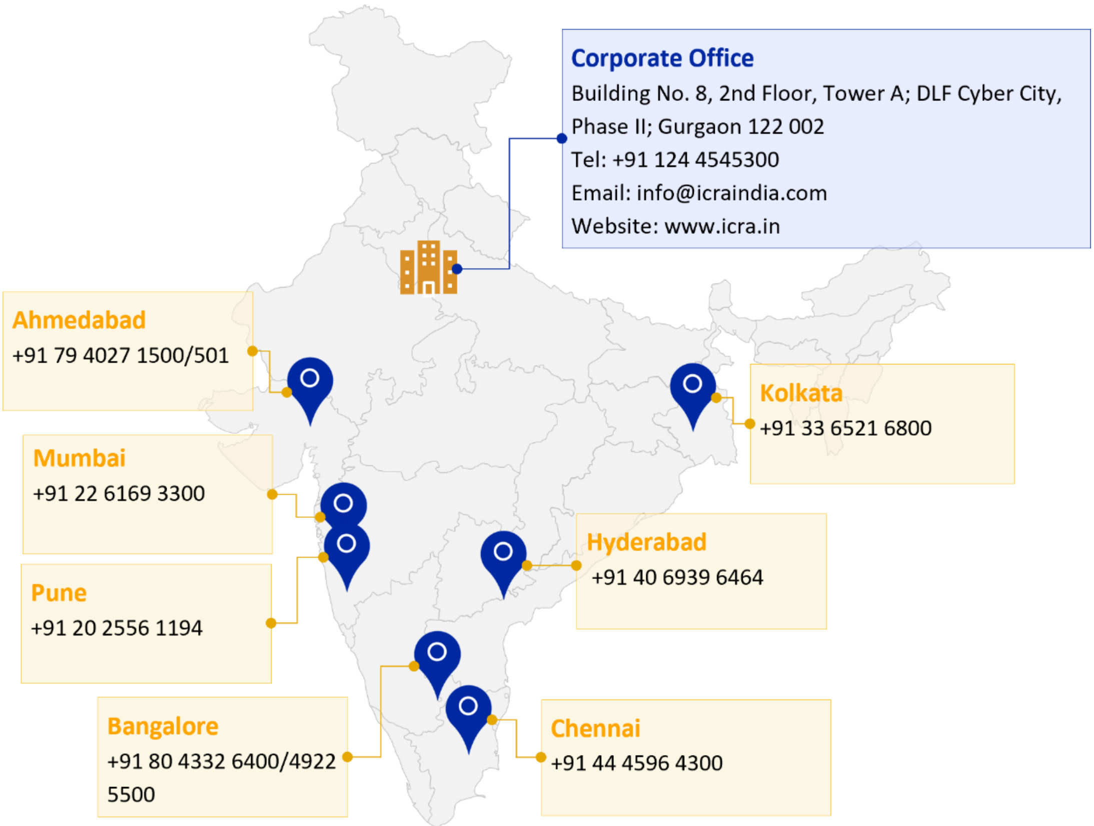
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.