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Retail Equity Research

Bharat Heavy Electricals Limited

BUY

Sector: Capital Goods-Electrical Equipment Products

18th November, 2025

Key Changes	Target ▲		Rating ▲		Earnings ▲
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid Cap	BHEL:IN	84,951	BHEL	500103	12 Months

Target	**Rs. 329**
CMP	**Rs. 286**
Return	**+15%**

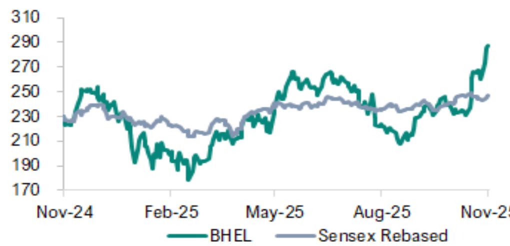
Data as of: 17-Nov-2025, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	1,00,283
52 Week High — Low (Rs.)	291 - 176
Enterprise Value (Rs. cr)	82,561
Outstanding Shares (cr)	348.2
Free Float (%)	36.8
Dividend Yield (%)	0.2
6m average volume (cr)	0.9
Beta	1.9
Face value (Rs.)	2.0

Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	63.2	63.2	63.2
FII's	7.2	6.4	6.2
MFs/Institutions	16.4	18.5	18.6
Public	12.6	11.5	11.4
Others	0.7	0.6	0.5
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	29.0%	14.1%	27.7%
Absolute Sensex	5.4%	3.2%	9.5%
Relative Return	23.6%	10.9%	18.2%

***over or under performance to benchmark index**



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	28,339	37,114	47,664
Growth (%)	*18.6*	*31.0*	*28.4*
EBITDA	1,242	2,765	4,766
EBITDA Margin (%)	*4.4*	*7.5*	*10.0*
PAT Adjusted	534	1,759	3,211
Growth (%)	*89.2*	229.6	82.5
Adjusted EPS	1.5	5.1	9.2
Growth (%)	*89.2*	*229.6*	*82.5*
P/E	140.9	42.8	23.4
P/B	3.0	2.8	2.4
EV/EBITDA	61.6	29.3	17.0
ROE (%)	*2.2*	*6.8*	*11.1*
D/E	0.4	0.4	0.4

Profit Growth Accelerates Fast

Bharat Heavy Electricals Ltd (BHEL), a public sector entity, is India's largest engineering company. It supplies power plant equipment such as gas turbines, generators, thermal sets, diesel shunters, turbo sets, hydro sets, power transformers, switchgears, circuit breakers and boilers. It also manufactures compressors, valves, rectifiers, pumps, capacitors and oil rigs, and undertakes castings and forgings.

- BHEL's Q2FY26 revenue increased 14.1% YoY to Rs. 7,512cr, driven by an 18.0% YoY surge in the industry segment to Rs. 1,836cr and a 12.9% YoY increase in the power segment to Rs. 5,676cr.
- Order inflows for Q2FY26 stood at Rs. 35,000cr, down 14.8% YoY. The power segment declined 32% to Rs. 25,992cr, while the industry segment increased 239% to Rs. 9.383cr.
- BHEL contributed to the prestigious NASA-ISRO NISAR mission by supplying space-grade solar panels and lithium-ion batteries, highlighting its advanced engineering capabilities and technological credibility in space applications
- EBITDA grew 111.2% YoY to Rs. 581cr in Q2FY26, driving an EBITDA margin expansion of 350bps to 7.7% due to a 42% decrease in other expenses to Rs. 237cr
- PAT increased more than threefold to Rs. 375cr supported by a 56.9% YoY increase in other income to Rs. 175cr.

Outlook & Valuation

BHEL delivered a steady performance, driven by strong project execution across thermal, hydro and industrial systems, supported by diversification into renewables, rail transportation and defence manufacturing. The management remained focused on improving operational efficiency, expanding the clean energy and nuclear portfolio and leveraging digital solutions for smarter project management. Strategic initiatives in EV infrastructure, advance train protection systems and aerospace components are poised to drive long-term growth visibility. Although, continued execution discipline and working capital optimisation are key near-term priorities, we are positive and upgrade **our rating on the stock to BUY from HOLD, with a revised target price of Rs. 329, based on 2.4x FY27E P/S.**

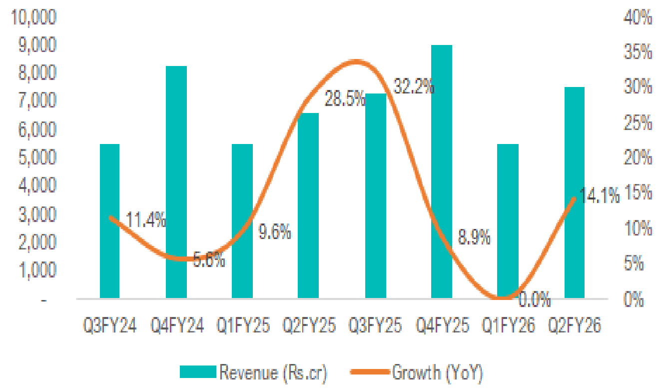
Quarterly Financials Consol.

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	7,512	6,584	*14.1*	5,487	*36.9*	12,999	12,069	*7.7*
EBITDA	581	275	*111.2*	-537	*n.m.*	44	106	*-58.6*
Margin (%)	*7.7*	*4.2*	*350bps*	*-9.8*	*1750bps*	*0.3*	*0.9*	*-60bps*
EBIT	505	215	*135.2*	-612	*n.m.*	-106	-13	*-691.9*
PBT	499	141	*253.0*	-608	*n.m.*	-109	-138	*20.9*
Rep. PAT	375	106	*253.2*	-456	*n.m.*	-81	-105	*23.4*
Adj PAT	375	106	*253.2*	-456	*n.m.*	-81	-105	*23.4*
Adj. EPS (Rs)	1.1	0.3	*253.2*	-1.3	*n.m.*	-0.2	-0.3	*23.4*

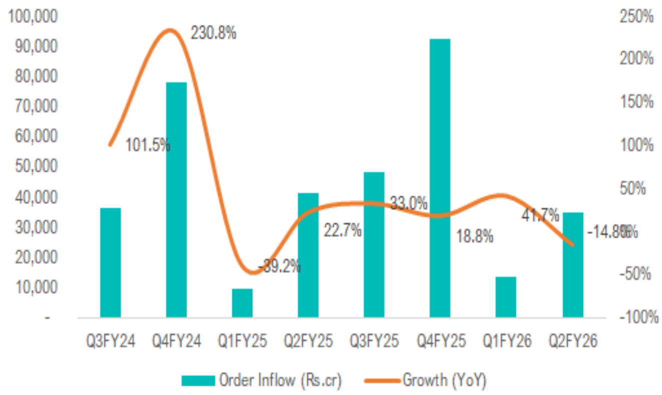
Key concall highlights

- BHEL received major EPC orders during Q2FY26, including the EPC contract for the 660 MW Unit 6 at the Amarkantak Thermal Power Project and the 660 MW Satpura Unit 12 project at the Satpura Thermal Power Project, underscoring strong new order momentum.
- BHEL secured a BTG supply and supervision E&C contract for the 800 MW Anuppur Thermal Power Project, signalling deeper engagement in larger scale thermal project.
- BHEL won the balance of system package for a 300 MW solar-PV project at Khavda, marking its push into solar-infrastructure solutions beyond conventional power.
- BHEL has secured its first order for the KAVACH train-protection system from Indian Railways (covering a 36 km section, which marks its entry into advanced rail safety electronics.
- New capacity additions of 1630 MW across three projects: Yadadri TPS U#1 (800 MW), Khurja STPP U#2 (660 MW) and Punatsangchhu -II HEP U#5 (170 MW) to boost power generation.
- BHEL extended its MoU with NPCIL for collaboration in implementing nuclear power plants based on PHWR technology, strengthening its long-term participation in India's nuclear energy expansion plans.

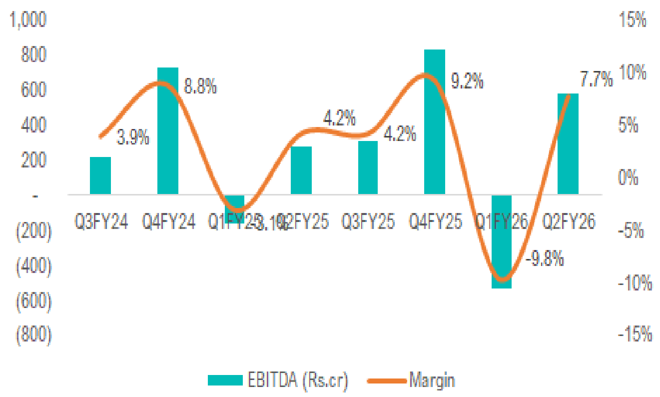
Revenue



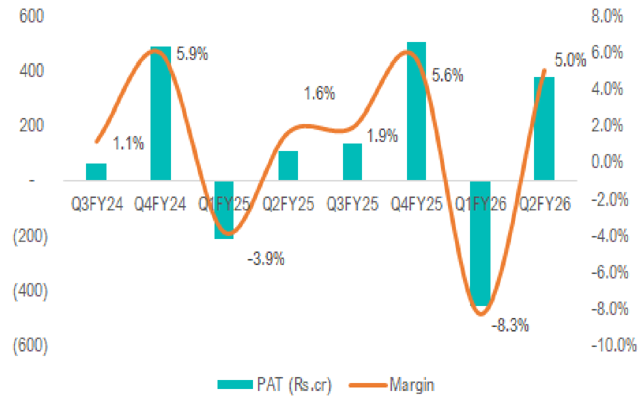
Order Inflow



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	36,461	46,797	37,114	47,664	*1.8*	*1.9*
EBITDA	2,552	4,516	2,765	4,766	*8.3*	*5.5*
Margins (%)	*7.0*	*9.7*	*7.5*	*10.0*	*50bps*	*30bps*
Adj. PAT	1,750	3,209	1,759	3,211	*0.5*	*0.1*
EPS	5.0	9.2	5.1	9.2	*0.5*	*0.1*

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	**22,136**	**23,893**	**28,339**	**37,114**	**47,664**
% change	*9.8*	*7.9*	*18.6*	*31.0*	*28.4*
EBITDA	**953**	**613**	**1,242**	**2,765**	**4,766**
% change	*6.5*	*-39.1*	*99.0*	*126.9*	*77.1*
Depreciation	260	249	272	346	379
EBIT	**692**	**364**	**970**	**2,419**	**4,387**
Interest	521	731	748	801	849
Other Income	545	610	524	727	744
PBT	**716**	**243**	**746**	**2,346**	**4,282**
% change	*52.1*	*-66.1*	*207.3*	*214.6*	*82.5*
Tax	61	-40	212	586	1,070
Tax Rate (%)	*8.6*	*-16.3*	*28.4*	*25.0*	*25.0*
Reported PAT	**654**	**282**	**534**	**1,759**	**3,211**
Adj.*	-	-	-	-	-
Adj. PAT	**654**	**282**	**534**	**1,759**	**3,211**
% change	*47.1*	*-56.9*	*89.2*	*229.6*	*82.5*
No. of shares (cr)	348.2	348.2	348.2	348.2	348.2
Adj EPS (Rs.)	**1.9**	**0.8**	**1.5**	**5.1**	**9.2**
% change	*47.1*	*-56.9*	*89.2*	*229.6*	*82.5*
DPS (Rs.)	0.4	0.3	0.5	1.3	2.0

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	6,698	6,157	7,612	5,114	5,349
Accts. Receivable	3,128	4,785	5,884	6,996	8,937
Inventories	6,756	7,221	9,869	12,553	15,584
Other Cur. Assets	12,512	16,379	19,394	21,043	22,323
Investments	235	256	276	320	368
Gross Fixed Assets	6,516	6,739	7,007	7,341	7,756
Net Fixed Assets	2,309	2,326	2,535	2,498	2,508
CWIP	445	467	490	515	540
Intangible Assets	77	89	118	149	152
Def. Tax -Net	4,247	4,201	4,068	4,149	4,211
Other Assets	20,514	17,120	17,838	18,694	19,592
Total Assets	**56,920**	**59,002**	**68,083**	**72,030**	**79,565**
Current Liabilities	18,060	16,414	19,373	19,682	23,897
Provisions	4,101	2,489	2,586	2,198	2,154
Debt Funds	5,420	8,833	8,852	11,002	11,177
Other Liabilities	4,961	6,827	12,550	11,971	11,505
Equity Capital	696	696	696	696	696
Res. & Surplus	23,682	23,742	24,026	26,481	30,135
Shareholder Funds	24,378	24,439	24,722	27,177	30,832
Minority Interest	-	-	-	-	-
Total Liabilities	**56,920**	**59,002**	**68,083**	**72,030**	**79,565**
BVPS	70	70	71	78	89

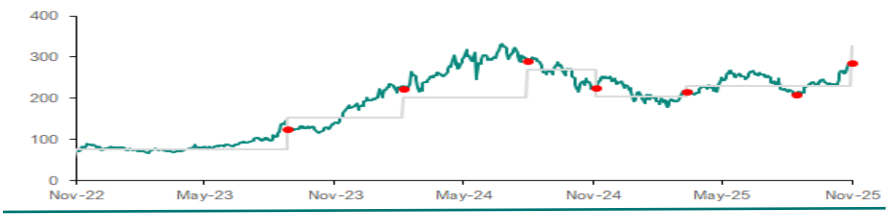
Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	**914**	**531**	**806**	**2,105**	**3,591**
Non-cash adj.	-1,160	-139	6,135	-3,546	175
Other adjustments	-	-	-	-	-
Changes in W.C	-495	-4,105	-4,749	-2,145	-2,371
C.F. Operation	**-741**	**-3,713**	**2,192**	**-3,587**	**1,395**
Capital exp.	-181	-224	-268	-334	-415
Change in inv.	1,384	1,113	-2,873	-44	-48
Other invest.CF	277	441	410	373	341
C.F - Investment	**1,480**	**1,331**	**-2,731**	**-5**	**-122**
Issue of equity	-	-	-	-	-
Issue/repay debt	640	3,423	-13	2,150	175
Dividends paid	-139	-139	-87	-440	-707
Other finance.CF	-412	-628	-756	-617	-506
C.F - Finance	**89**	**2,656**	**-857**	**1,093**	**-1,038**
Chg. in cash	829	274	-1,396	-2,498	235
Closing Cash	**6,698**	**6,157**	**7,612**	**5,114**	**5,349**

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	4.3	2.6	4.4	7.5	10.0
EBIT margin (%)	3.1	1.5	3.4	6.5	9.2
Net profit mgn.(%)	3.0	1.2	1.9	4.7	6.7
ROE (%)	2.6	1.2	2.2	6.8	11.1
ROCE (%)	2.1	1.3	2.1	5.1	8.2
W.C & Liquidity					
Receivables (days)	50.7	60.4	68.7	63.3	61.0
Inventory (days)	149.1	151.8	165.5	168.2	167.6
Payables (days)	197.6	200.2	175.1	155.5	148.8
Current ratio (x)	1.2	1.4	1.5	1.5	1.5
Quick ratio (x)	0.6	0.6	0.7	0.6	0.6
Turnover &Leverage					
Gross asset T.O (x)	3.4	3.6	4.1	5.2	6.3
Total asset T.O (x)	0.4	0.4	0.4	0.5	0.6
Int. covge. ratio (x)	1.3	0.5	1.3	3.0	5.2
Adj. debt/equity (x)	0.2	0.4	0.4	0.4	0.4
Valuation					
EV/Sales (x)	1.0	3.7	2.7	2.2	1.7
EV/EBITDA (x)	24.3	144.9	61.6	29.3	17.0
P/E (x)	37.3	305.0	140.9	42.8	23.4
P/BV (x)	1.0	3.5	3.0	2.8	2.4

Recommendation Summary (Last 3 years)



Dates	Rating	Target
16-Nov-22	HOLD	77
12-Sep-23	BUY	154
21-Feb-24	SELL	203
14-Aug-24	SELL	269
20-Nov-24	SELL	205
28-Mar-25	HOLD	231
29-Aug-25	HOLD	229
18-Nov-25	BUY	329

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: Upgrade No Change Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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