

Bharat Heavy Electricals Ltd.

BUY

Sector: Capital Goods-Electrical Equipment Products

30th October 2026

Key Changes		Target 	Rating 	Earnings 	Target	Rs.453	
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.387
Large Cap	BHEL:IN	74,460	BHEL	500103	12 Months	Return	+17%

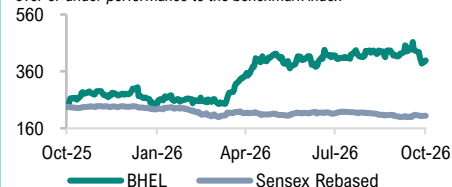
Data as of: 30-Oct-2026, 16:00hrs

Company Data	
Market Cap (Rs.cr)	1,34,878
52 Week High — Low (Rs.)	464 – 239
Enterprise Value (Rs.cr)	1,31,308
Outstanding Shares (cr.)	348.2
Free Float (%)	41.7
Dividend Yield (%)	0.4
6m average volume (cr)	1.4
Beta	1.6
Face value (Rs.)	2.0

Shareholding (%)	Q4FY26	Q1FY27	Q2FY27
Promoters	58.2	58.2	58.2
FII's	7.2	9.5	9.9
MFs/Institutions	24.0	22.4	21.9
Public	10.0	9.0	9.0
Others	0.6	0.9	1.1
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-0.3%	14.1%	53.8%
Absolute Sensex	-4.8%	-3.6%	-12.1%
Relative Return	4.6%	17.6%	66.0%

*over or under performance to the benchmark index



Y.E March (Rs.cr)	FY26A	FY27E	FY28E
Sales	33,782	44,079	54,440
Growth (%)	19.2	30.5	23.5
EBITDA	2,342	4,871	6,723
EBITDA Margin (%)	6.9	11.1	12.4
Adj. PAT	1,600	3,558	5,162
Growth (%)	199.7	122.3	45.1
Adj. EPS	4.6	10.2	14.8
Growth (%)	199.7	122.3	45.1
P/E	84.3	37.9	26.1
P/B	5.1	4.4	3.8
EV/EBITDA	55.9	27.0	19.5
ROE (%)	6.2	12.5	15.6
D/E	0.3	0.2	0.2

Execution prowess supporting growth

Bharat Heavy Electricals Ltd (BHEL), India's largest engineering company, manufactures power, industrial and transportation equipment, including turbines, boilers, transformers and generators.

- The company reported Q2FY27 consolidated revenue of Rs. 9,300cr, up 23.8% YoY, driven primarily by improved execution across its order book, particularly in the power segment, alongside continued progress in its diversified businesses.
- Power segment revenue rose 16.9% YoY to Rs. 6,638cr, supported by thermal project execution and continued capacity additions.
- H1FY27 order inflow was ~Rs. 30,000cr, including ~Rs. 4,000cr in Q2FY27, led by wins across power, hydro, transportation and industrial businesses.
- EBITDA rose 76.6% YoY to Rs. 1,026cr and EBITDA margin expanded 330bps to 11.0%, driven by improved execution and profitability across power and industry.
- PAT increased 119% YoY to Rs. 821cr, as stronger project execution and revenue growth drove higher operating profit.

Outlook & Valuation

BHEL's strong order book of Rs.2.58 lakh crore provides healthy revenue visibility and is expected to drive robust execution-led growth, with revenue/EPS projected to register 27%/79% CAGR over FY26-28. Improving execution across power and industrial businesses, coupled with operating leverage and better fixed-cost absorption, is expected to support EBITDA margin expansion and drive ROE improvement from 6.2% in FY26 to 15.6% in FY28. Its established engineering capabilities and diversified business portfolio reinforce its competitive positioning, while the resulting earnings transformation warrants a valuation re-rating. **Therefore, we upgrade our rating BUY, with a revised target price of Rs. 453 based on 2.9x FY28E P/S.**

Quarterly Financial Consolidated

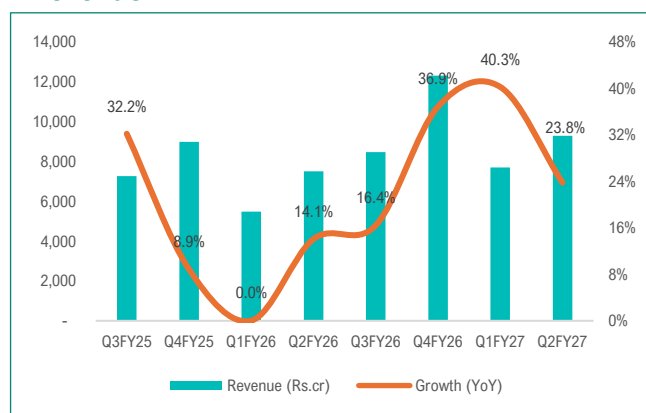
Rs.cr	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)
Sales	9,300	7,512	23.8	7,698	20.8	16,998	12,999	30.8
EBITDA	1,026	581	76.6	504	103.6	1,530	44	3,393.2
Margin (%)	11.0	7.7	330bps	6.5	450bps	9.0	0.3	870bps
EBIT	943	505	86.5	422	123.4	1,365	-106	n.m.
PBT	1,089	499	118.1	508	114.5	1,597	-109	n.m.
Rep. PAT	821	375	119.0	377	117.9	1,198	-81	n.m.
Adj PAT	821	375	119.0	377	117.9	1,198	-81	n.m.
Adj. EPS (Rs)	2.4	1.1	119.0	1.1	117.9	3.4	-0.2	n.m.



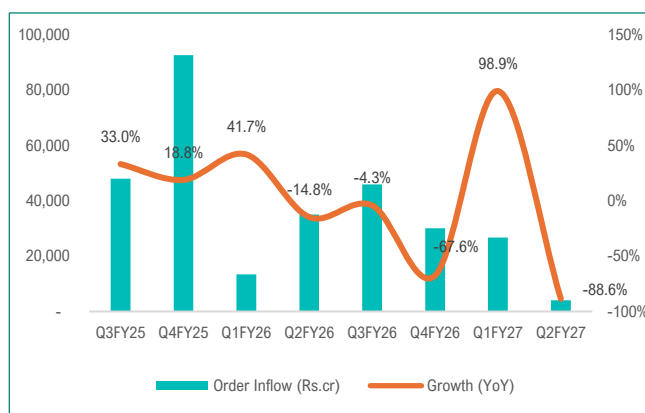
Key Concall Highlights

- BHEL's outstanding order book was Rs. 2.58lakh cr as of September 2026, providing strong revenue visibility and execution opportunities across the thermal and diversified business segments.
- The company is executing 80 Vande Bharat sleeper trainsets as well as expanding its presence in the railway segment through Vande Bharat maintenance and KAVACH projects.
- BHEL demonstrated strong execution momentum in Q2FY27, achieving key project milestones including 660 MW capacity addition at Udangudi STPP, 199 MW synchronization across hydro and industrial projects, full-load operation of Rahughat HEP in Nepal, and delivery of three upgraded SRGMs, contributing to 2,260 MW capacity addition during H1FY27 against the annual target of 4,790 MW.
- The company completed its equity infusion into the Coal India Limited-BHEL joint venture, which is developing a 2,000-tonne-per-day ammonium nitrate plant under the coal gasification programme.
- Key Q2FY27 orders included the FR6B gas turbine, Heo and Tato-I hydro packages, 265 main traction transformers, and green-ammonia and recycle-gas compressors.

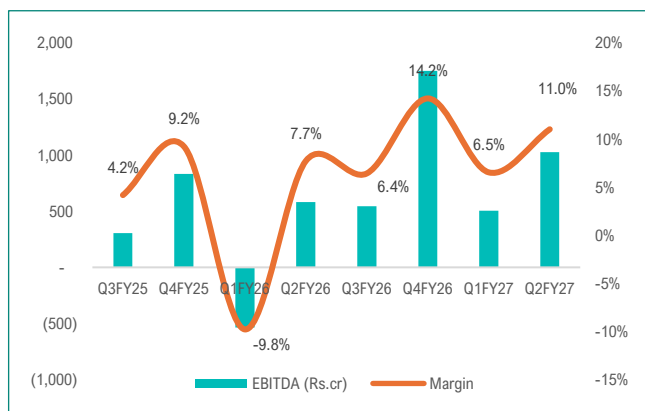
Revenue



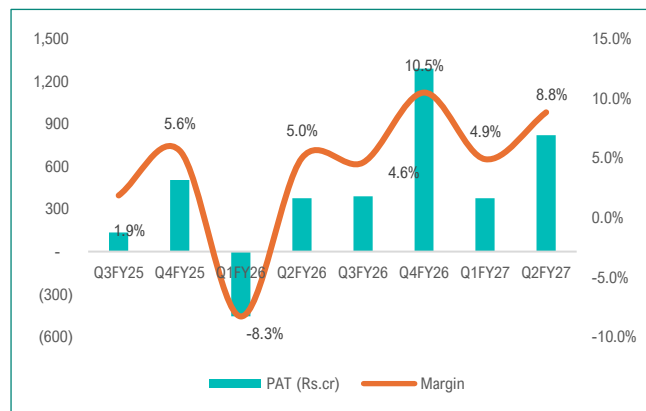
Order Inflow



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs. cr	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	43,911	52,612	44,079	54,440	0.4	3.5
EBITDA	4,589	6,287	4,871	6,723	6.1	6.9
Margins (%)	10.5	12.0	11.1	12.4	60bps	40bps
Adj. PAT	2,975	4,418	3,558	5,162	19.6	16.8
Adj. EPS	8.5	12.7	10.2	14.8	20.2	16.7

Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Sales	23,893	28,339	33,782	44,079	54,440
% change	7.9	18.6	19.2	30.5	23.5
EBITDA	613	1,242	2,342	4,871	6,723
% change	-39.1	99.0	92.2	111.9	38.9
Depreciation	249	272	316	347	375
EBIT	364	970	2,026	4,523	6,348
Interest	731	748	756	605	545
Other Income	610	524	869	1,164	1,267
PBT	243	746	2,139	5,082	7,071
% change	-66.1	207.3	186.8	137.6	39.1
Tax	-40	212	538	1,525	1,909
Tax Rate (%)	-16.3	28.4	25.2	30.0	27.0
Reported PAT	282	534	1,600	3,558	5,162
PAT att. to common shareholders	282	534	1,600	3,558	5,162
Adj*	-	-	-	-	-
Adj PAT	282	534	1,600	3,558	5,162
% change	-56.9	89.2	199.7	122.3	45.1
No. of shares (cr)	348.2	348.2	348.2	348.2	348.2
Adj EPS (Rs.)	0.8	1.5	4.6	10.2	14.8
% change	-56.9	89.2	199.7	122.3	45.1
DPS (Rs.)	0.3	0.5	1.4	2.4	2.9

Balance Sheet

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	6,157	7,612	11,867	9,368	9,344
Accounts Receivable	4,785	5,884	6,796	9,257	10,431
Inventories	7,221	9,869	13,335	15,934	19,434
Other Cur. Assets	16,379	19,394	19,458	17,877	20,794
Investments	256	276	677	1,225	1,323
Gross Fixed Assets	6,739	7,007	7,583	8,183	8,858
Net Fixed Assets	2,326	2,535	2,818	3,045	3,318
CWIP	467	490	515	540	567
Intangible Assets	89	118	161	164	167
Def. Tax Assets	4,201	4,068	3,533	3,586	3,640
Other Assets	17,120	17,838	17,402	18,518	19,418
Total Assets	59,002	68,083	76,560	79,513	88,436
Current Liabilities	16,414	19,373	24,288	26,120	30,388
Provisions	2,489	2,586	2,355	2,308	2,261
Debt Funds	8,833	8,852	8,019	5,799	5,649
Other Liabilities	6,827	12,550	15,382	14,775	14,281
Equity Capital	696	696	696	696	696
Reserves & Surplus	23,742	24,026	25,820	29,815	35,161
Shareholders' Funds	24,439	24,722	26,516	30,511	35,858
Minority Interest	-	-	-	-	-
Total Liabilities	59,002	68,083	76,560	79,513	88,436
BVPS	70	71	76	88	103

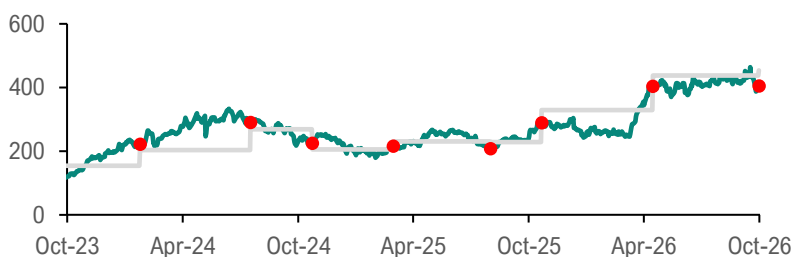
Cash Flow

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	531	806	1,916	3,905	5,537
Non-cash adj.	-139	6,135	7,679	2,052	-1,214
Other adjustments	-	-	-	-	-
Changes in W.C	-4,105	-4,749	-3,758	-4,312	-2,570
C.F. Operation	-3,713	2,192	5,837	1,645	1,753
Capital exp.	-224	-268	-576	-599	-675
Change in inv.	1,113	-2,873	-3,153	-548	-98
Other invest.CF	441	410	694	689	690
C.F – Investment	1,331	-2,731	-3,035	-459	-83
Issue of equity	-	-	-	-	-
Issue/repay debt	3,423	-13	-845	-2,220	-150
Dividends paid	-139	-87	-175	-818	-1,010
Other finance.CF	-628	-756	-786	-646	-534
C.F – Finance	2,656	-857	-1,806	-3,684	-1,694
Chg. in cash	274	-1,396	996	-2,498	-24
Closing cash	6,157	7,612	11,867	9,368	9,344

Ratios

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	2.6	4.4	6.9	11.1	12.4
EBIT margin (%)	1.5	3.4	6.0	10.3	11.7
Net profit mgn.(%)	1.2	1.9	4.7	8.1	9.5
ROE (%)	1.2	2.2	6.2	12.5	15.6
ROCE (%)	1.3	2.1	4.5	8.9	11.9
W.C & Liquidity					
Receivables (days)	60.4	68.7	68.5	66.5	66.0
Inventory (days)	151.8	165.5	184.3	187.7	188.6
Payables (days)	200.2	175.1	159.1	139.4	131.1
Current ratio (x)	1.4	1.5	1.6	1.6	1.7
Quick ratio (x)	0.6	0.7	0.9	0.9	0.8
Turnover & Leverage					
Gross asset T.O (x)	3.6	4.1	4.6	5.6	6.4
Total asset T.O (x)	0.4	0.4	0.5	0.6	0.6
Int. coverage ratio (x)	0.5	1.3	2.7	7.5	11.7
Adj. debt/equity (x)	0.4	0.4	0.3	0.2	0.2
Valuation					
EV/Sales (x)	6.0	5.0	3.9	3.0	2.4
EV/EBITDA (x)	232.9	113.7	55.9	27.0	19.5
P/E (x)	496.0	262.2	84.3	37.9	26.1
P/BV (x)	5.7	5.7	5.1	4.4	3.8

Recommendation Summary (Last 3 years)

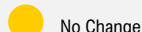


Dates	Rating	Target
21-Feb-24	SELL	203
14-Aug-24	SELL	269
20-Nov-24	SELL	205
28-Mar-25	HOLD	231
29-Aug-25	HOLD	229
18-Nov-25	BUY	329
13-May-26	HOLD	438
30-Oct-26	BUY	453

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:**



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

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