

Stock Note

Bharat Heavy Electricals Ltd

Dec 31, 2025

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Electrical Equipment	Rs. 287.5	Buy in Rs. 284-292 band and add on dips in Rs. 257-262 band	Rs. 316	Rs. 345	2-3 quarters

HDFC Scrip Code	BHELTDEQNR
BSE Code	500103
NSE Code	BHEL
Bloomberg	BHEL:IN
CMP Dec 31, 2025	287.5
Equity Capital (Rs Cr)	696.4
Face Value (Rs)	2
Equity Share O/S (Cr)	348.2
Market Cap (Rs Cr)	100092
Book Value (Rs)	71
Avg. 52 Wk Volumes	11233517
52 Week High	295
52 Week Low	176

Share holding Pattern % (Sep, 2025)	
Promoters	63.17
Institutions	24.85
Non Institutions	11.98
Total	100



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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Our Take:

BHEL, incorporated in 1964 as a Public Sector Undertaking of the Government of India, with a shareholding of 63.17%, has established 16 manufacturing plants spread across India, producing capital goods for the customers in domestic as well as international markets. The company has steadily expanded its product portfolio through both partnerships with global OEMs and in-house product development. The in-house product development is backed by consistent investment of more than 2.5% of revenue on R&D and innovation. The company has two business segments i.e. Power & Industry. These segments are driven by the three business divisions i.e. Power Sector, Industry Sector and International Operations. The Power segment comprises thermal, gas, hydro and nuclear power plant businesses, as well as the spares & services business, and new businesses in coal-to-chemicals, emission control equipment, and spares for Non-BHEL sets. The Industry segment caters to major equipment supply and EPC works across a range of industries, including transportation, transmission, defence, aerospace, captive power plants, process industries, renewables, downstream oil & gas, and energy storage, among others.

BHEL has achieved its highest-ever order inflow of Rs. 92,535 cr in FY25, and closed the year with a record order book of Rs.1,96,328 cr, ensuring strong revenue visibility. In the power sector, orders worth Rs. 81,349 cr were secured, including Rs. 76,930 cr from the thermal power plant business. The industry sector contributed Rs. 11,001 cr of orders, including a major ±800 kV, 6000 MW HVDC order for the Khavda-Nagpur link. Total Order book as on 30th September 2025 stood at Rs. 2,19,600 cr (7.7x FY25 sales).

Valuation & Recommendation:

BHEL's growth is anchored by a robust Rs. 2.2 lakh cr order book, with strong inflows from the power sector and diversification across nuclear, hydro, transmission, defence, railways, and renewables. Its leadership in thermal BTG (54% share of installed capacity, > 80% win rate in recent 800 MW tenders) is reinforced by the government's renewed push for ~80 GW of thermal additions by 2032 and rising peak demand. Importantly, BHEL is poised for strong growth driven by a robust thermal pipeline (~25–30 GW) and sustained inflows across thermal, HVDC, railways, and renewables. Execution is set to ramp up meaningfully from FY27 as newly won projects enter the execution phase while low-margin legacy contracts taper off. Capacity expansion (thermal from 10 GW to 12 GW) and debottlenecking initiatives should enhance operating leverage and margins. At the same time, improved receivable quality, better advances, and closure of legacy projects are likely to strengthen working capital and overall financial performance. Strategic plays in nuclear (SMRs, turbine island packages), rail (Vande Bharat, KAVACH), defence (SRGMs, propulsion modules), transmission (HVDC Khavda–Nagpur link), oil & gas (Barmer refinery), and CPPs (20 GW installed base) provide multi-sectoral tailwinds. Renewables and green hydrogen initiatives, coupled with global expansion across 91 countries, position BHEL to capture opportunities in India's energy transition and infrastructure modernisation, while

JV-led coal gasification projects further bolster long-term order visibility.

We expect the Revenue/EBITDA/PAT to grow at a CAGR of 24%/72%/108% respectively over FY25-28E. We think the base case fair value of the stock is Rs.316 (22.8x FY28E EPS) and the bull case fair value is Rs.345 (24.9x FY28E EPS) over the next 2-3 quarters. Investors can buy the stock in the band of Rs 284-292 (20.7x FY28E EPS) and add more on dips to the band of Rs. 257-262 (18.7x FY28E EPS).

Financial Summary:

(Rs cr)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Operating Income	7511.8	6584.1	14.1	5486.9	36.9	23,893	28,339	37,986	45,951	54,463
EBITDA	580.9	275.0	111.2	-537.1	-208.2	613	1,242	2,545	4,549	6,263
APAT	374.9	106.2	253.2	-455.5	-182.3	282	534	1,637	3,388	4,829
Diluted EPS (Rs)	1.1	0.3	253.2	-1.3	-182.3	0.8	1.5	4.7	9.7	13.9
RoE-%						1.2	2.2	6.4	12.2	15.2
P/E (x)						354.7	187.5	61.1	29.5	20.7
EV/EBITDA						167.8	81.7	40.7	23.1	16.8

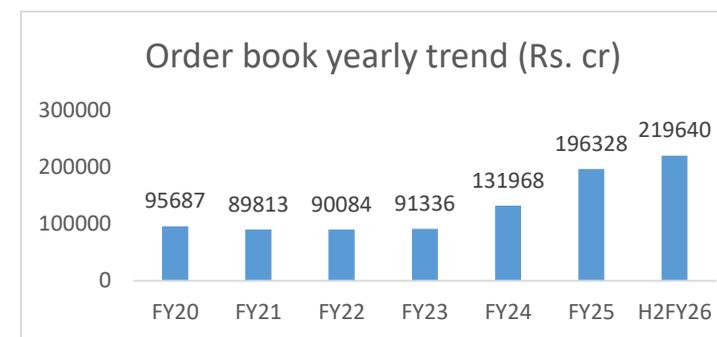
(Source: Company, HDFC Sec)

Q2FY26 Result Review and Updates:

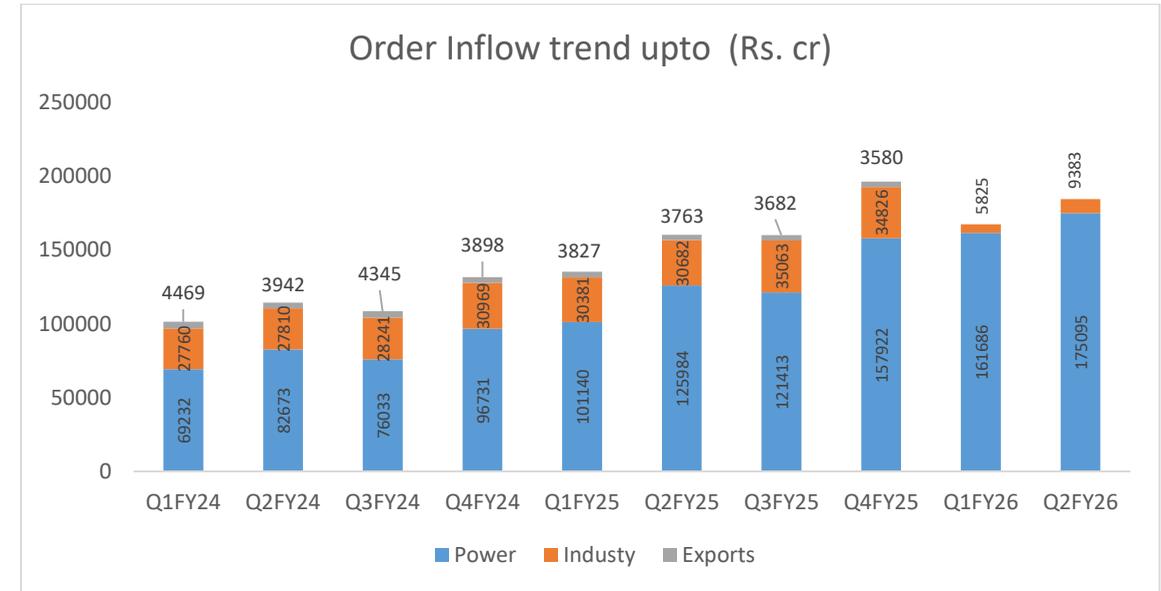
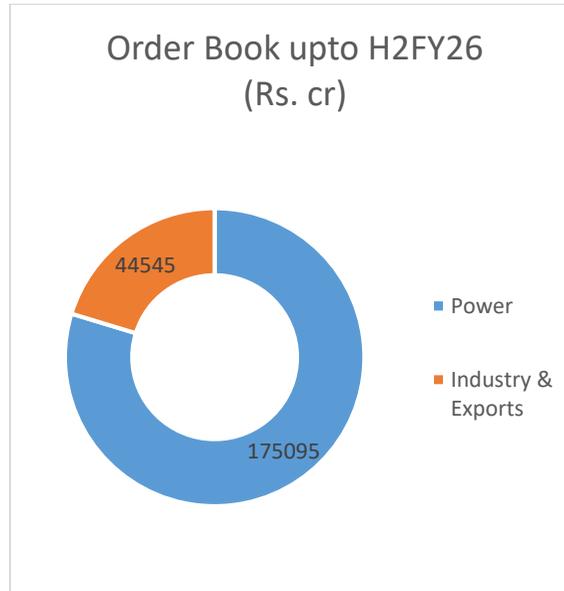
Consolidated revenue of BHEL stood at Rs. 7511.8 cr (+14.1% YoY) in the quarter, with an EBITDA of Rs. 581 cr (111.2% YoY) and a PAT of Rs. 375 cr (253.2% YoY). EBITDA margin increased 356 bps from 7.7% to 4.2% compared to last year. PAT margin increased by 338 bps from 1.6% to 5%. Trade receivables upto Q2FY26 were at Rs. 9,592 cr, and contract assets were at Rs. 29,063 cr.

Segmental revenue: Power segment recorded revenue of Rs. 5,676 cr (+12.8% YoY) with EBIT margin of 10.4% and Industry segment recorded revenue of Rs. 1,836 cr (+18% YoY) with EBIT margin of +15.2%.

Orders Trend:



(Source: Company, HDFC Sec)



*Note: H2FY26 figure has industry and exports combined. (Source: Company, HDFC Sec)



1x660 MW Panki Thermal Power Plant

Prominent orders received during Q2 FY 2025-26

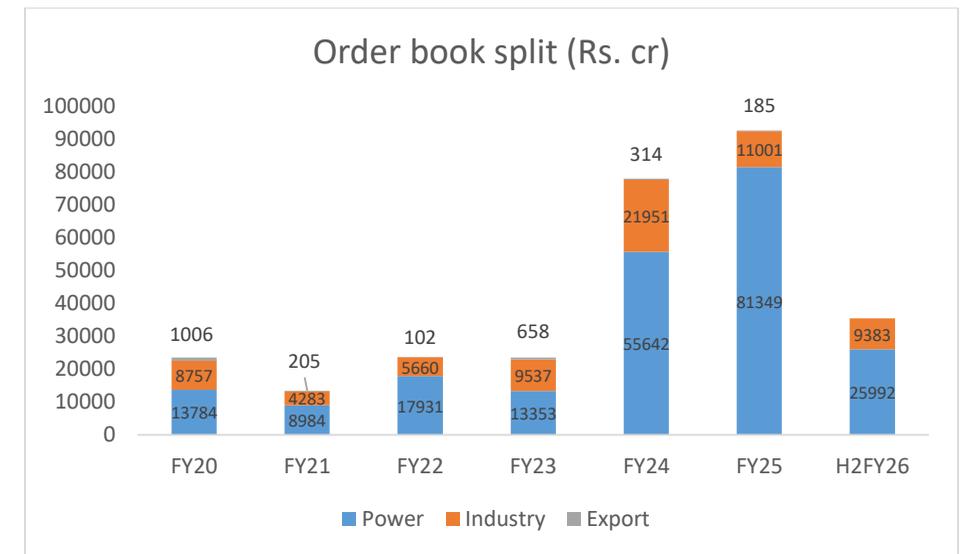
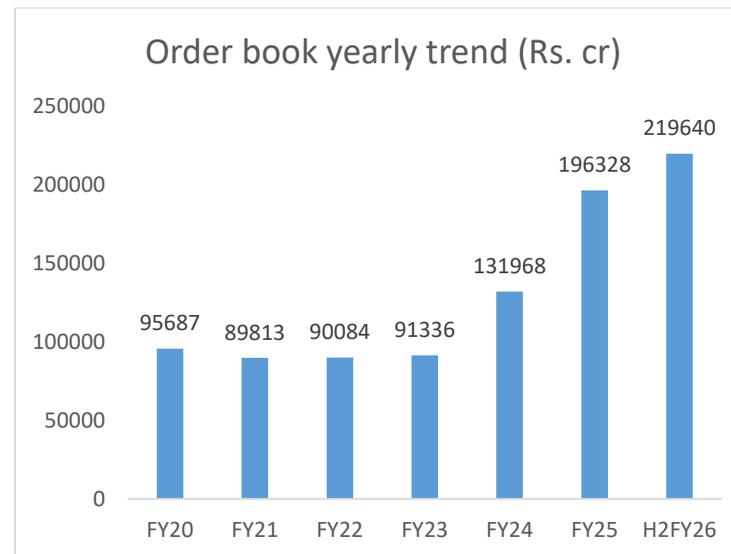
- EPC of 660 MW Amarkantak Thermal Power Project, U#6
- EPC of 660 MW Satpura Thermal Power Project, U#12
- BTG supply, and supervision of E&C, for 800 MW Anuppur Thermal Power Project
- Balance of System pkg for 300 MW Solar PV Project at Khavda
- Supply, and E&C for 150 MW BTG Package from industry
- Design, development and installation of KAVACH equipment, in locomotives and at trackside locations on 36 km section, of the SW Railways - *maiden order for the Kavach system from Indian Railways*
- Supply of Self-Propelled Inspection Cars and other Traction equipment from Indian Railways
- Supply of several power transformers, auto transformers, shunt reactors from utilities and power plants.
- Design & Development of Pump Modules for Advanced Medium Combat Aircraft (AMCA) program
- Supply of Soot Blower spares to Fiji - **BHEL's global reference expands to 93 countries**

(Source: Company, HDFC Sec)

Key Triggers and Developments:

Robust Order Backlog providing Revenue visibility:

As of 30th September 2025, the company has a total outstanding order book value of Rs. 2,19,600 cr, out of which the power sector constitutes Rs. 1,75,095 cr, and the Industry and exports sector constitutes Rs. 44,545 cr. Order inflows upto Q2FY26 are worth over Rs. 35,000 cr with power segment constituting Rs. 25,992 cr and Industry & exports contributing Rs. 9383 cr. The company received the EPC package of 1x800 MW Darlipali Supercritical Thermal Power Project Stage-II in the Sundargarh district, Odisha. NTPC awarded this order with an order size of Rs. 6,650 cr. (excl GST). Apart from this, the company secured EPC packages of 1x660 MW Amarkantak Unit no. 6 and 1x660 MW Satpura Unit no. 12 Supercritical Thermal Power Plants in Madhya Pradesh. This order was awarded by M.P. Power Generating Company Ltd. (MPPGCL) with a size ranging between Rs. 13,000 cr – 15,000 cr (excl. GST). The company maintained its leadership in the power sector by securing 14.6 GW of thermal orders from public and private utilities in FY25 and expects to continue securing projects in a similar trend. Project execution covered about 8.1 GW of capacity addition, commissioning, and synchronisation across India and overseas. For FY26, the company has outlined an additional capacity of 8-10 GW, supported by a gradual ramp-up in execution. The total order pipeline remains healthy, with ~25-30 GW of projects at various stages of planning, clearances, and bidding. high voltage power evacuation projects. The company is also working on . It has a coal gasification project with Coal India Ltd and has already formed a JV with Coal India Limited for the production of ammonium nitrate, which, if achieved, will have the opportunity for substantial orders in the long term. The growing order book, along with better pricing flexibility and payment terms in the newer contracts, will support the operating margin and working capital cycle over the medium term.

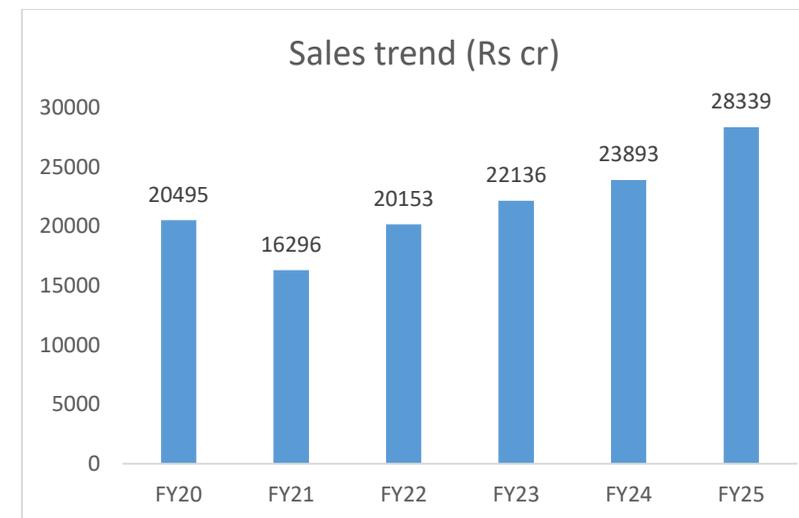


*Note: H2FY26 figure has industry and exports combined. (Source: Company, HDFC Sec)

Diversification in Order Book:

Beyond its core power business, BHEL is positioned to benefit from multi-sectoral growth drivers including the National Rail Plan's Rs.2.65 lakh cr modernisation push (high-horsepower locomotives, Vande Bharat/Metro trains), defence indigenisation with Rs. 1.12 lakh cr domestic procurement, and industry-led capacity expansions in steel (targeting 300 MTPA by 2030), aluminium, zinc, and oil & gas (refinery expansion of ~60 MTPA plus petrochemical projects). Rising investments in green hydrogen, ammonia plants, and battery energy storage systems further expand opportunities. Leveraging its proven engineering base and customer relationships, BHEL is well placed to capture demand across rail, defence, process industries, and clean energy solutions, strengthening its diversification story. While the thermal segment provides revenue visibility over the medium term, continued diversification and growth in other areas will remain key monitors for long-term sustainability. BHEL plans to diversify its order inflows from power and industry from the 70:30 ratio to 50:50 over FY25-27E.

Leading position in the BTG and heavy electrical equipment markets: BHEL holds a dominant position in India's BTG and heavy electrical equipment market, accounting for over half of the nation's installed conventional power capacity. As a Maharatna PSU, its strong execution capabilities reinforce this leadership, with more than 80% share in recent 800-MW thermal tenders. The majority of ongoing thermal projects are being delivered by BHEL, while its diversification into hydropower, nuclear, transmission, defence, and railways provides additional long-term growth avenues.



(Source: Company, HDFC Sec)

Government Ownership: The company has strong financial flexibility, backed by the Government of India with a 63.1% stake. As BHEL is one of the market leader in thermal power equipment segment, it bodes well for the company to capture the ambitious plan of country's

power generation capacity to ~280GW by 2032 with government's support. The company is to capitalise on the opportunity, leveraging its expertise in manufacturing power equipment and experience in setting up thermal power plants.

Order Wins till Date:

Date	Order	Segment	Owner	Order Value	Capacity
30th September 2025	Amarkantak and Satpura power	Power	MPPGCL	Rs. 15000 cr (excl Taxes)	2x660 MW
3rd September 2025	Anuppur power plant	Power	MB Power	Rs. 2600 cr (excl Taxes)	1x800 MW
27th June 2025	Adani power	Power	Adani Power	Rs. 6500 cr (excl Taxes)	6x800 MW
27th March 2025	Korba Thermal power plant	Power	CSPGCL	Rs. 11800 cr (excl Taxes)	2x660 MW
21st March 2025	Ukai Thermal Power Plant	Power	GSECL	Rs. 7500 cr (excl. Taxes)	1x800 MW
14th February 2025	Singareni Thermal Power Plant	Power	SCCL	Rs. 6700 cr (excl. Taxes)	1x800 MW
11th February 2025	Raghunathpur Thermal Power Plant	Power	Damodar Valley Corporation (DVC)	Rs. 6200 cr (excl. Taxes)	2x660 MW
08th February 2025	Koradi Thermal Power Station	Power	Corporation (DVC)	Rs. 8000 cr (excl. Taxes)	2x660 MW
13th November 2024	Telangana Super Thermal Power Plant	Power	MAHAGENCO		3X800 MW
20th September 2024	Sipat Phase III	Power	NTPC	Rs. 6100 cr (excl. Taxes)	1x800 MW
25th August 2024	Kawai Phase II	Power	Adani Power	Rs. 11000 cr (excl Taxes)	2x800 MW
25th August 2024	Kawai Phase III	Power	Adani Power		2x800 MW
25th August 2024	Mahan Phase III	Power	Adani Power		2x800 MW
26th July 2024	Koderma Thermal power plant	Power	Damodar Valley Corporation	Rs. 10000 cr (excl. Taxes)	2x800 MW
5th June 2024	Mirzapur Phase I, Uttar Pradesh	Power	Adani Power	Rs. 3500 cr (excl. Taxes)	2x800 MW
5th June 2024	Raipur Thermal Power Plant	Power	Adani Power	Rs. 3500 cr (excl. Taxes)	2x800 MW
27th March 2024	Raigarh Phase II, Chhattisgarh	Power	Adani Power	Rs. 4000 cr (excl. Taxes)	2x800 MW
3rd March 2024	Singrauli Stage III	Power	NTPC	Rs. 9500 cr (excl. Taxes)	2x800 MW
8th Feb 2024	Yamunanagar	Power	Haryana Power Generation Corp Ltd	Rs. 5500 cr (excl. Taxes)	1x800 MW
12th Jan 2024	Talabira thermal power project		NLC Limited	Rs. 15000 cr (excl. Taxes)	3x800 MW
30th Aug 2023	Lara STPP - II	Power	NTPC	~Rs. 15600 cr	2x800 MW
25th Aug 2023	Dibang Multipurpose	Power	NHPC	Rs. 22400 cr (exc. Taxes)	12x240 MW
21st Aug 2023	Mahan Energen	Power	Adani Power	~Rs. 4000 cr (exc. Taxes)	2x800 MW
12th April 2023	Vande Bharat	Industry	Indian Railways	~Rs. 11500 cr (exc. Taxes)	80 trainsets
4th April 2023	Strategic Equipment	Industry	Ministry of Defence	Rs. 3700 cr (exc. Taxes)	

(Source: Company, HDFC Sec)

Thermal order Wins

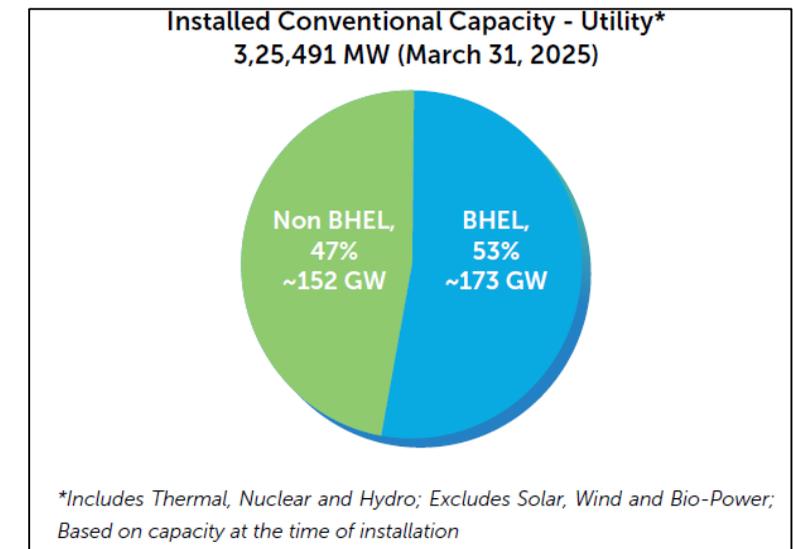
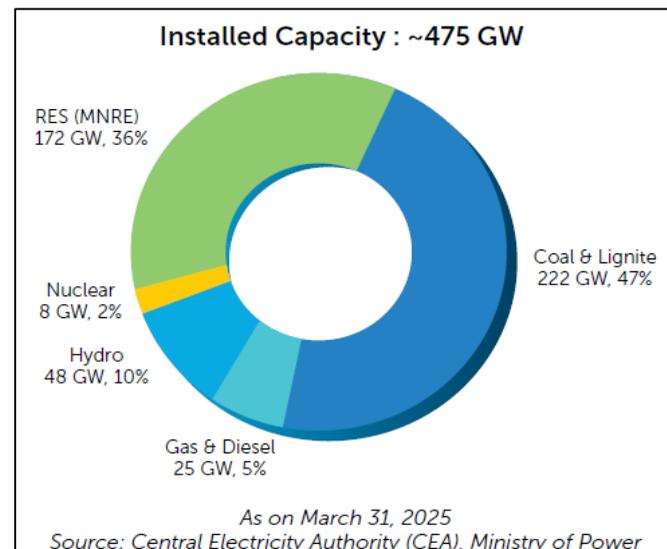
Project	Developer	Capacity
Darlipalli II, Odisha	NTPC	1x800=800

(Source: Company, HDFC Sec)

Industry Triggers:

The government's emphasis on energy security has sustained thermal power tendering, positioning BHEL to leverage its EPC readiness, standardized design frameworks, and strengthened vendor ecosystem to meet rising demand. In nuclear energy, BHEL is aligned with India's long-term targets of 100 GW by 2047 and Small Modular Reactors by 2033, supported by its proven expertise in steam generators and turbine systems. The company has also partnered with Coal India Ltd to establish Bharat Coal Gasification and Chemicals Ltd, thereby reducing import dependence on fertilisers and industrial feedstocks. In transmission, BHEL secured major HVDC terminal station orders on the Khavda–Nagpur corridor, while strategic partnerships in railways, renewables, and defence systems underscore its diversification into long-cycle businesses.

Looking ahead, BHEL is well positioned to benefit from the government's plan to expand thermal capacity to ~280 GW by 2032, alongside steady opportunities in the hydro and nuclear segments, as non-fossil sources are targeted to reach 50% of installed capacity by 2030. After-sales services for thermal and hydro sets remain a stable revenue stream, while the coal gasification vision of 100 million tonnes by 2030 strengthens its JV with Coal India. Growth prospects also extend to Indian Railways' modernisation, with opportunities in high-power locomotives, high-speed trains, and signalling, as well as defence modernisation through partnerships with global OEMs. Robust economic growth and industrial capex in steel, cement, and oil & gas are expected to drive demand for captive power plants and equipment such as motors, transformers, and compressors, further supporting BHEL's multi-sector expansion.



(Source: Company, HDFC Sec)

Power Sector: As on March 31, 2025, India has installed power capacity of ~475 GW and an annual electricity generation of around 1,829 Billion Units (BUs). Notably, electricity generation has grown 5% year on year, a trend expected to continue in the near to medium term. Power demand continues to surge, with India registering an all-time high peak electricity demand of 250 GW in FY 2024-25. Looking ahead, the Government projects that the nation's annual peak demand will grow by ~16 - 18 GW until FY2029-30. In line with this, the Government has renewed its focus on thermal capacity addition of around 80 GW by 2032 to ensure the nation's energy security. In response to the nation's growing power demand, the central and state governments are pushing for new thermal capacity orders to ensure power adequacy, grid stability, and long-term reliability. As a result, FY 2024-25 witnessed a robust ordering of thermal power projects, and BHEL expects this momentum to continue in FY 2025-26 also, sustaining strong demand for thermal equipment. BHEL maintained its lion's share of 54% in the country's total installed thermal capacity of utility-scale power projects, along with 56% of nuclear power installed capacity (secondary side) and 46% of hydro power installed capacity in the country, by the end of FY 2024-25. Overall at utility scale, including thermal, nuclear and hydro segments, BHEL enjoys 53% share in the total installed conventional capacity of the country.

Nuclear: India's ambitious goal to achieve 100 GWe of capacity by 2047 and the planned operationalisation of five indigenously developed Small Modular Reactors (SMRs) by 2033 are the major triggers. Future perspective is further bolstered by clean energy mandates for data centers and proposed policy amendments to the Atomic Energy Act and Civil Liability for Nuclear Damage Act, which are expected to invite private participation and foreign investment. BHEL's position in this segment is rooted in its status as the only Indian manufacturer of nuclear steam turbines and generators, which account for 56% of the country's total installed nuclear capacity on the secondary side. The company has a 50-year track record of supplying the highest number of nuclear steam generators (45 units) in India and is currently executing EPC work for Turbine Island Packages for six units at the GHAVP and Kaiga plants.

Industrial Sector:

The Rail Transportation segment is defined by a massive Rs. 2.65 lakh cr allocation for modernisation, the introduction of next-gen rolling stock like High Horsepower Electric locomotives, and the rapid expansion of Vande Bharat trains, including variants like Vande Metro. Aggressive deployment of the KAVACH safety system also represents a major upcoming opportunity. BHEL's play involves a strategic consortium to manufacture and maintain 80 Vande Bharat trainsets for 35 years. To address safety requirements, BHEL has entered a technology partnership to develop a SIL4 certified Train Collision Avoidance System (KAVACH) and is collaborating with global OEMs to develop battery and hydrogen-powered locomotives.

In Defence & Aerospace, the Ministry of Defence is focusing on indigenisation, earmarking 75% of its modernisation budget (~Rs. 1,12,000 cr) for domestic procurement in FY26. There is a specific demand for indigenous electric propulsion systems for naval vessels and compact airborne modules. BHEL's track record includes supplying Super Rapid Gun Mounts (SRGMs) to the Indian Navy, with the recent

commissioning of an upgraded version onboard INS Nilgiri. Furthermore, BHEL is among the few firms worldwide capable of designing compact heat exchangers and pump modules for military aircraft and helicopters.

The Transmission segment is triggered by the need to extract 600 GW of renewable power by 2031–32, which requires doubling India's HVDC capacity to ~67 GW and adding 12.7 Lakh MVA of transformation capacity by 2032. BHEL's play centres on its 40-year experience in HVDC technology, recently securing a major order for the ± 800 kV, 6000 MW Khavda–Nagpur link. The company maintains state-of-the-art facilities for high-voltage products, including converter transformers and thyristor valves, positioning it to capitalize on the shift toward a 50% clean energy mix by 2030.

The Oil & Gas industry is expected to grow by a planned refinery expansion of ~60 MTPA by 2030 and a government vision to turn India into a net exporter of petrochemicals. BHEL's scope includes supplying critical process equipment, such as the Main Fractionator Column (its highest tonnage to date at ~750 tonnes), for the HRRL Barmer Refinery. BHEL has also demonstrated its EPC capability by completing its first EPC compressor project for ONGC Uran and is indigenizing Triple Module Redundancy (TMR) governors to reduce import reliance.

For Captive Power Plants (CPP), the industry trigger is driven by massive expansions in metals and mining, with the steel industry targeting 300 MTPA capacity by 2030 and significant growth in the Aluminum and Zinc sectors. BHEL's play is dominant, with more than 70% of Indian refineries currently using BHEL-supplied captive plants. With an installed base of ~20 GW in CPPs, BHEL is leveraging long-standing relationships with players like SAIL, NALCO, and Vedanta to provide process-integrated EPC solutions.

In the Industrial Products segment, triggers include the government's sustained capital expenditure drive in core sectors and a rising demand for the latest technology-based products for efficiency and capacity upgrades. BHEL's play leverages its extensive manufacturing capabilities to supply electrical machines, oil rigs, and valves. Notable achievements include the development of high-rating, flameproof 1600 kW motors for hazardous applications in refineries, aligned with the Make in India initiative.

Finally, the Renewables businesses (Solar, Green Hydrogen, BESS, e-Mobility) are triggered by the national target of 500 GW RE capacity by 2030, the National Green Hydrogen Mission, and a projected need for 47 GW/236 GWh of battery storage by 2032. In e-Mobility, the PM e-drive scheme is accelerating EV infrastructure. BHEL's play includes a technology licensing agreement with BARC for alkaline electrolyser systems and the successful development/certification of 122 kW and 60 kW EV chargers. For energy storage, BHEL is offering integrated BESS solutions, while its solar strategy involves MoUs for floating and grid-interactive projects.

International operations

Exports are a critical avenue for value creation and diversification, with BHEL striving to expand its presence across its 91-country global footprint. To achieve this, the company is focused on innovating its offerings to specifically meet evolving international market requirements. A significant near-term opportunity lies in the hydro segment, where major international projects are anticipated to be finalized in the coming years. BHEL is strategically positioned to capitalise on these opportunities, leveraging recent successes such as its maiden entries into Botswana and Costa Rica, as well as its first-ever generator order from the Russian Federation. Furthermore, the company continues to execute a robust pipeline of overseas projects in Bhutan, Nepal, and Nigeria, reinforcing its ability to deliver comprehensive power and industrial solutions globally.

BHEL's international operations are like a skilled explorer charting new territories; having already planted flags in over 91 countries, the company is now refining its tools to build even deeper roots in the global energy landscape.

Risks & Concerns:

Project execution risk: Orders typically take 4-5 years of gestation period and could lead to slower generation of revenues due to the nature of such projects, despite large order books.

Working capital Intensive: BHEL continues to have a high working capital requirement with sizeable receivables, including contract assets and inventory levels.

Material Costs and Supply Chain Vulnerabilities: Rising direct material costs are a major threat to project profitability. Furthermore, BHEL relies on complex global supply chains for raw materials and components; disruptions caused by geopolitical tensions, trade barriers, or natural disasters can lead to significant execution delays and increased costs.

Company Background:

BHEL, incorporated in 1964 as a Public Sector Undertaking of the Government of India, with a shareholding of 63.17%, has established 16 manufacturing plants spread across India, producing capital goods for customers in the domestic as well as international markets. The company has steadily expanded its product portfolio through both partnerships with global OEMs and in-house product development. The in-house product development is backed by consistent investment of more than 2.5% of revenue on R&D and innovation. The company has two business segments i.e. Power & Industry. These segments are driven by the three business divisions i.e. Power Sector, Industry Sector and International Operations. The Power segment comprises thermal, gas, hydro, and nuclear power plant businesses, as well as the spares & services business, and new businesses in coal-to-chemicals, emission control equipment, and spares for Non-BHEL sets. The Industry segment caters to major equipment supplies, and EPC works for a number of industries, including transportation, transmission, defence, aerospace, captive power plants, process industries, renewables, downstream oil & gas, and energy storage, among others.

Manufacturing Plants/ Unit Locations

BHEL Manufacturing Units

Bengaluru	1. Electronics Division (EDN) 2. Electronics Systems Division (ESD) 3. Solar Business Division (SBD)
Bhopal	4. Heavy Electrical Plant (HEP)
Goindwal	5. Industrial Valves Plant (IVP)
Haridwar	6. Heavy Electrical Equipment Plant (HEEP) 7. Central Foundry Forge Plant (CFFP)
Hyderabad	8. Heavy Power Equipment Plant (HPEP)
Jagdishpur	9. Fabrication Stamping & Insulator Plant (FSIP)
Jhansi	10. Transformer Plant (TP)
Rudrapur	11. Component Fabrication Plant (CFP)
Ranipet	12. Boiler Auxiliaries Plant (BAP)
Tiruchirappalli	13. High Pressure Boiler Plant (HPBP) 14. Seamless Steel Tube Plant (SSTP)
Thirumayam	15. Power Plant Piping Unit (PPPU)
Visakhapatnam	16. Heavy Plates & Vessels Plant (HPVP)

BHEL Repair Units

Mumbai	1. Electrical Machine Repair Plant (EMRP)
Varanasi	2. Heavy Equipment Repair Plant (HERP)

(Source: Company, HDFC Sec)

Consolidated Financials:

Income Statement

(Rs cr)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	23893	28339	37986	45951	54463
Growth (%)	2.3	18.6	34.0	21.0	18.5
Operating Expenses	23280	27098	35441	41402	48199
EBITDA	613	1242	2545	4549	6263
Growth (%)	-35.7	102.7	105.0	78.7	37.7
EBITDA Margin (%)	2.6	4.4	6.7	9.9	11.5
Depreciation	249	272	323	358	324
Other Income	610	524	722	1149	1362
EBIT	974	1494	2944	5340	7301
Interest expenses	731	748	761	824	862
PBT	243	746	2183	4517	6438
Tax	-40	212	546	1129	1610
PAT	282	534	1637	3388	4829
Share of Asso./Minority Int.	0	0	0	0	0
Adj. PAT	282	534	1637	3388	4829
Growth (%)	-56.9	89.2	206.6	107.0	42.5
EPS	0.8	1.5	4.7	9.7	13.9

Balance Sheet

Particulars	FY24	FY25	FY26E	FY27E	FY28E
SOURCE OF FUNDS					
Share Capital	696	696	696	696	696
Reserves	23742	24026	25489	28702	33357
Shareholders' Funds	24439	24722	26185	29399	34053
Minority Interest	0	0	0	0	0
Total Debt	8856	9015	11015	12515	14015
Net Deferred Taxes	-4201	-4068	-4168	-4168	-4168
Other Non-curr. Liab.	6803	12387	16714	18381	21785
Total Sources of Funds	35897	42057	49746	56126	65685
APPLICATION OF FUNDS					
Net Block & Goodwill	2600	2981	3005	3080	2780
CWIP	282	162	65	32	16
Investments	256	276	276	276	276
Other Non-Curr. Assets	17120	17838	23909	28923	34280
Total Non-Current Assets	20259	21256	27254	32310	37351
Inventories	7221	9869	13217	15107	16413
Debtors	4785	5884	7805	9442	11937
Cash & Equivalents	6157	7612	7609	7324	8787
Other Current Assets	16379	19394	20814	25179	29842
Total Current Assets	34542	42760	49446	57052	66980
Creditors	8539	9541	13009	16366	18652
Other Current Liab & Provisions	10364	12418	13946	16870	19994
Total Current Liabilities	18903	21959	26954	33236	38646
Net Current Assets	15639	20801	22491	23816	28334
Total Application of Funds	35897	42057	49746	56126	65685

(Source: Company, HDFC Sec)

Cash Flow Statement

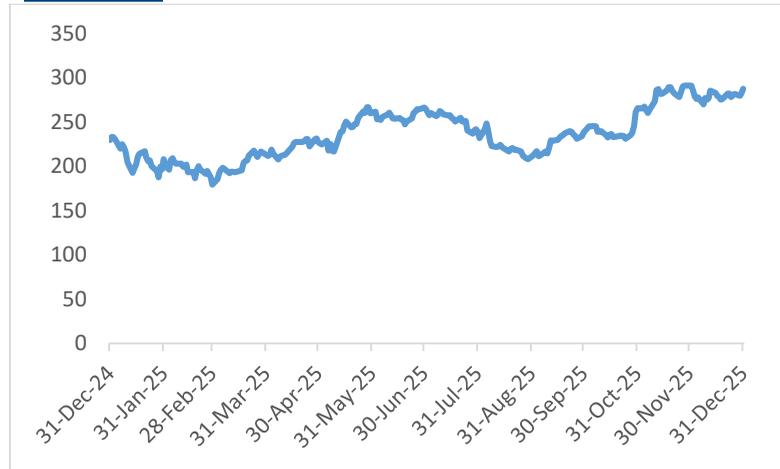
(Rs cr)	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	243	746	2,183	4,517	6,438
Non-operating & EO items	-1,220	-982	-1,845	-3,347	-1,953
Interest Expenses	238	346	761	824	862
Depreciation	249	272	323	358	324
Working Capital Change	-3,064	1,965	-1,694	-1,610	-3,055
Tax Paid	-158	-154	-546	-1,129	-1,610
OPERATING CASH FLOW (a)	-3,713	2,192	-818	-388	1,008
Capex	-224	-268	-250	-400	-8
Free Cash Flow	-3,936	1,924	-1,068	-788	1,000
Investments	1	6	0	0	0
Non-operating income	1,554	-2,469	0	0	0
INVESTING CASH FLOW (b)	1,331	-2,731	-250	-400	-8
Debt Issuance / (Repaid)	3,345	-131	2,000	1,500	1,500
Interest Expenses	-589	-701	-761	-824	-862
FCFE	374	-1,371	171	-112	1,638
Share Capital Issuance	0	0	0	0	0
Dividend	-139	-87	-174	-174	-174
Others	39	63	0	0	0
FINANCING CASH FLOW (c)	2,617	-919	1,065	502	464
NET CASH FLOW (a+b+c)	235	-1,458	-3	-286	1,463

Key Ratios

(Rs cr)	FY24	FY25	FY26E	FY27E	FY28E
Profitability Ratios (%)					
EBITDA Margin	2.6	4.4	6.7	9.9	11.5
EBIT Margin	4.1	5.3	7.7	11.6	13.4
APAT Margin	1.2	1.9	4.3	7.4	8.9
RoE	1.2	2.2	6.4	12.2	15.2
RoCE	3.1	4.5	8.3	13.5	16.2
Solvency Ratio (x)					
Net Debt/EBITDA	4.4	1.1	1.3	1.1	0.8
Net D/E	0.1	0.1	0.1	0.2	0.2
PER SHARE DATA (Rs)					
EPS	0.8	1.5	4.7	9.7	13.9
CEPS	1.5	2.3	5.6	10.8	14.8
BV	70.2	71.0	75.2	84.4	97.8
Dividend	0.3	0.5	0.5	0.5	0.5
Turnover Ratios (days)					
Debtor days	60.4	68.7	65.8	68.5	71.6
Inventory days	106.8	110.1	110.9	112.5	105.6
Creditors days	140.8	116.4	108.3	116.7	117.3
VALUATION					
P/E	354.7	187.5	61.1	29.5	20.7
P/BV	4.1	4.0	3.8	3.4	2.9
EV/EBITDA	167.8	81.7	40.7	23.1	16.8
EV / Revenues	4.3	3.6	2.7	2.3	1.9
Dividend Yield (%)	0.1	0.2	0.2	0.2	0.2
Dividend Payout (%)	30.8	32.6	10.6	5.1	3.6

(Source: Company, HDFC Sec)

Price chart



(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions.

These stocks

have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential

Add - +5% to +15% return potential

Reduce - -10% to +5% return potential

Sell - >10% downside return potential

Disclosure:

I, **(Rishab Jain)**, Research Analyst, **(MBA)**, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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