

Bharat Heavy Electrical Limited



Current Price: 176.90 (as of 05/05/2014)

52 weeks high/Low:207.9/100.15

Target Price : 317.00

Industry Overview

Heavy Electrical Industry covers power generation, transmission & distribution and utilization equipments. These include turbo generators, boilers, various types of turbines, transformers, switchgears and other allied items. The industry has been upgrading the existing technology and is now capable of taking up turnkey contracts also for export markets. The country is planning to add 150,000 MW power generation capacities in the next 10 years. This will generate substantial demand for heavy electrical equipments. The heavy electrical industry is capable of manufacturing transmission and distribution equipment up to 400 KV AC and high voltage DC. The industry has taken up the work of up-gradation and transmission to the next higher voltage system of 765 KV and have upgraded their manufacturing facilities to supply 765 KV class transformers, reactors, CTS, CVT, bushing and insulators, etc. The investments in R & D by the electrical industry are amongst the largest in the corporate sector in India.

Company Overview

Established in 1964, BHEL is India's largest engineering and manufacturing company of its kind engaged in the design, engineering, manufacture, construction, testing, commissioning and servicing of a wide range of products and services for the core sectors of the economy, viz. Power, Transmission, Industry, Transportation, Renewable Energy, Oil & Gas and Defense. Bharat Heavy Electricals Ltd bagged Rs. 30000 mn mega contract for 2x800 MW Supercritical Boilers. Bharat Heavy Electricals Limited (BHEL) has bagged a prestigious EPC contract for setting up a power project involving three coal-fired supercritical thermal units of 660 MW each. Valued at around Rs.79000 mn, the EPC order for setting up NTPC's 1,980 MW North Karanpura Super Thermal Power Project (STPP) in Hazaribagh district of Jharkhand State has been won by BHEL against international Competitive Bidding (ICB). Bharat Heavy Electricals Ltd wins order for 206 MW Hydro Electric Project in Punjab. Bharat Heavy Electricals Ltd has declared 65.5% interim Dividend for fiscal 2013-14 on the enhanced equity capital post-bonus. In value terms, dividend paid amounts to Rs. 3206.30 mn.

Key's Ratio

	FY13	FY14(e)	FY15(e)
EPS	27.03	11.5	17.84
P/E	7.22	16.97	10.94
ROE (%)	21.73	8.46	11.6
ROA (%)	35.98	17.79	23.16
P/BV	1.57	1.44	1.27

Peer Comparison

Bharat Heavy Electrical Limited

Name	Market Cap. (Rs. Cr.)	Net Interest Income	Net Profit	Total Assets	P/E	D/E	EPS	Market Cap/Sales Turnover
Larsen	127,652.90	60,873.26	4,910.65	37,148.28	26.71	65.04	51.37	2.09
BHEL	49,221.24	48,424.65	6,614.73	31,859.30	10.08	2.89	19.83	1.01
Adani Ports	43,036.37	3,361.05	1,754.18	14,503.28	21.76	19.33	9.56	12.81
Siemens	26,798.02	11,352.66	193.95	4,030.30	105.04	0.00	7.13	2.35
ABB	18,936.13	7,721.99	179.31	3,297.67	99.39	14.63	8.90	2.43
Jaiprakash Associate	13,525.31	13,358.37	501.28	33,549.04	30.71	45.55	1.97	1.01

Conclusion: Buy with target price of Rs. 317

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