

BHARAT HEAVY ELECTRICALS LTD.

(BSE : 500103, NSE : BHEL)

DATE 9/4/24

WE AT AS RESEARCH TECHNIC ,INITIATE OUR COVERAGE ON BHARAT HEAVY ELECTRICALS LTD.

BHEL is one of the largest engineering and manufacturing companies of its kind in India engaged in design, engineering, construction, testing, commissioning and servicing of a wide range of products and services with over 180 product offerings to meet the ever-growing needs of the core sectors of economy.

ABOUT THE BUSINESS :

Bharat Heavy Electricals Limited (BHEL) is an Indian central public sector undertaking and the largest government owned power generation equipment manufacturer. It is owned by the Government of India, with administrative control by the Ministry of Heavy Industries. Established in 1956 with the help of Soviet technology, BHEL is based in New Delhi.

PROS :

- Company has been maintaining a healthy dividend payout of 20.1%
- Debtor days have improved from 62.0 to 48.9 days.

CONS :

- Stock is trading at 3.40 times its book value
- Company has low interest coverage ratio.
- The company has delivered a poor sales growth of -4.11% over past five years.
- Company has a low return on equity of -2.25% over last 3 years.
- Earnings include an other income of Rs.565 Cr.



MARKET SNAPSHOT :

MARKET CAP	₹ 88,775 Cr.
ROE	1.70 %
CURRENT PRICE	₹ 255
BOOK VALUE	₹ 74.9
ROCE	3.33 %
HIGH	₹ 276
LOW	70.7
DIVIDEND YIELD	0.16 %
FACE VALUE	₹ 2.00

SHARE HOLDING PATTERN:

PROMOTERS	63.17%
FIIS	7.04%
DIIS	17.58%
PUBLIC	12.23%
NO.OF SHAREHOLDERS	12,65,436

RESEARCH ANALYST :

P.SUNANDINI

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KEY POINTS :

- BHEL IS THE BEST PROXY PLAY FOR PRIME MINISTER'S GOVERNMENT.
- UNDER THE RULING PARTY ,BHEL HAS POSITIONED ITSELF WELL TO CAPITALISE ON ALL SECTORS OF THE ECONOMY WHICH ARE EXPECTED TO DO WELL.
- THE COMPANY IS THE LARGEST ENGINEERING AND MANUFACTURING ENTERPRISE OF ITS KIND.
- IT IS ONE OF THE LARGEST EMPLOYER IN THE INDIAN CAPITAL GOODS INDUSTRY.
- BHEL HAS EXECUTED 463 COAL SETS, 424 HYDRO SETS ,103 GAS SETS,12 NUCLEAR SETS AND 60 No's, MW SCALE GRID- CONNECTED SOLAR PV PLANTS ACROSS ALL STATES AND 6 UNION TERRITORIES OF THE COUNTRY.
- THE COMPANY HAS TAKEN A NUMBER OF INITIATIVES IN THE AREAS OF BUSINESS DIVERSIFICATION , PROJECT EXECUTION, TECHNOLOGY DEVELOPMENT , QUALITY, MANPOWER DEVELOPMENT ETC. IN RECENT YEARS.
- TO THIS END, ONE OF THE MOST IMPORTANT CHANGES THAT BHEL HAS SEEN IN RECENT TIMES IS THE CHANGE IN OPERATIONS IDEOLOGY FROM BEING "REVENUE CENTRIC" TO " PROJECT CENTRIC".
- THE COMPANY HAS TAKEN UP FOCUSED EFFORTS IN THE AREA OF PROJECT EXECUTION, INCLUDING IMPLEMENTATION OF AN INTEGRATED PROJECT MANAGEMENT SYSTEM (IPMS), SEQUENTIAL DISPATCHES,ADVANCE ENGINEERING PLANNING AND ACTION, ENHANCED DELEGATION, ETC WHICH HAVE STARTED PAYING OFF.

PIVOT TABLE :

SUPPORT			RESISTANCE				
S3	S2	S1	PIVOT	R1	R2	R3	PRV CLOSE
250.55	252.55	254.8	256.8	259.05	261.05	263.3	253.75
242.9	245.85	250.9	253.85	258.9	261.85	266.9	247.3
238.53	243.52	248.23	253.22	257.93	262.92	267.63	243.3
244.17	247.18	250.22	253.23	256.27	259.28	262.32	239.8
246.48	249.02	251.63	254.17	256.78	259.32	261.93	239.1
244.72	247.28	251.52	254.08	258.32	260.88	265.12	237.2

- ACTIONS TO MITIGATE CLIMATE CHANGE ARE OF PARAMOUNT IMPORTANCE ACROSS THE GLOBE FOR A SUSTAINABLE FUTURE AND OUR COUNTRY HAS ADOPTED THE 'PANCHAMRIT' GOALS INCLUDING COMMITMENT TO BECOME NET ZERO BY 2070.

- THE SHARE PRICE CAN GO UPTO 267 IF IT BREAKS 262 ON THE UPPER SIDE.

- THE SHARE PRICE CAN GO UPTO 238 IF IT BREAKS 243 ON THE LOWER SIDE.

- FINALLY, BHEL IS GOING TO PLAY AN IMPORTANT ROLE IN BUILDING AN AATMANIRBHAR BHARAT UNDER THE RULING PARTY IN NEAR FUTURE.

PEER COMPARISON :

Sector: Capital Goods - Electrical Equipment Industry: Electric Equipment

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	Sales Qtr Rs.Cr.
1	Siemens	5652.6	103.9	201300.61	0.18	4435.8
2	A B B	6496	110.3	137655.72	0.37	2757.49
3	B H E L	252.7		87991.73	0.16	5503.81
4	CG Power & Indu.	512	91	78199.46	0.29	1978.75
5	Suzlon Energy	43.35	118.15	58485.02	0	1560.47
6	Hitachi Energy	6920	290.6	29328.13	0.05	1274.2
7	Apar Inds.	6901.15	33.33	27720.73	0.58	4013.16

DISCLAIMER: INVESTMENT/TRADING IN SECURITIES MARKET IS SUBJECT TO MARKET RISK,PAST PERFORMANCE IS NOT A GUARENTEE OF FUTURE PERFORMANCE.THE RISK OF LOSS IN TRADING AND INVESTMENT IN SECURITIES MARKET INCLUDING EQUITIES AND DERIVATIVES CAN BE SUBSTANTIAL.