

Rating: Buy
Period: 12 months

Valuation Summary

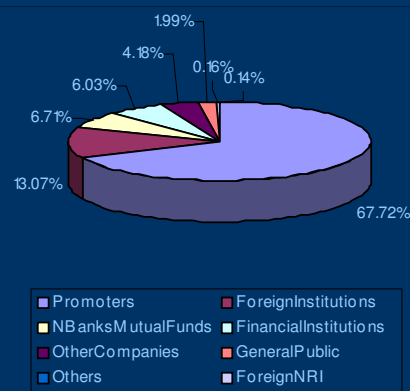
	FY12
Market Cap	Rs.1,07,694 Cr
Net Sales	Rs.7150 Cr
Target Price	Rs.2200

Sector: Engineering Heavy
Price as of 16 Sep: Rs.1,686.45
% Change: (-1.39%)
Shares Outstanding: 489.52 Cr
Market Cap: Rs.82,551.1 Cr
Volume: 1094813

Stock Dashboard

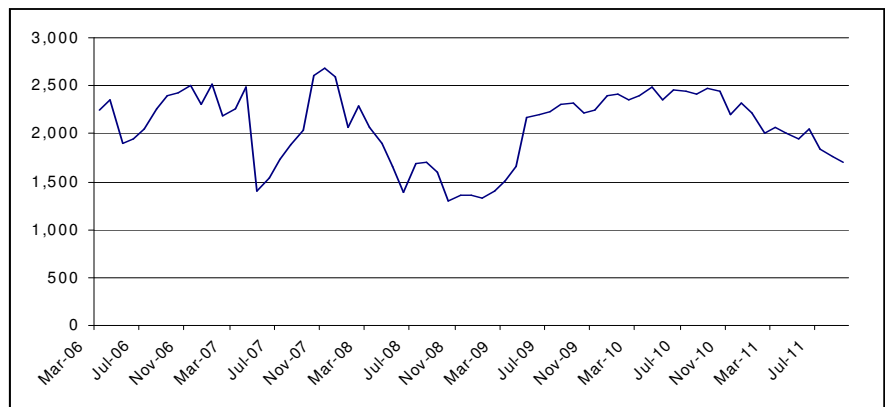
52 Week Range	Rs.2695/ Rs.1662
Debt (Mar'11)	Rs.163.35 Cr
Cash (Mar'11)	Rs.9630.15 Cr
Net Profit Margin	12.97%
Face Value	Rs.10
Div. Yield (%)	1.82
Total Income	Rs.42954.1 Cr
PAT	Rs.6011.2 Cr
Debt Equity Ratio	0.01
Current Ratio	1.32

Share Holding Pattern

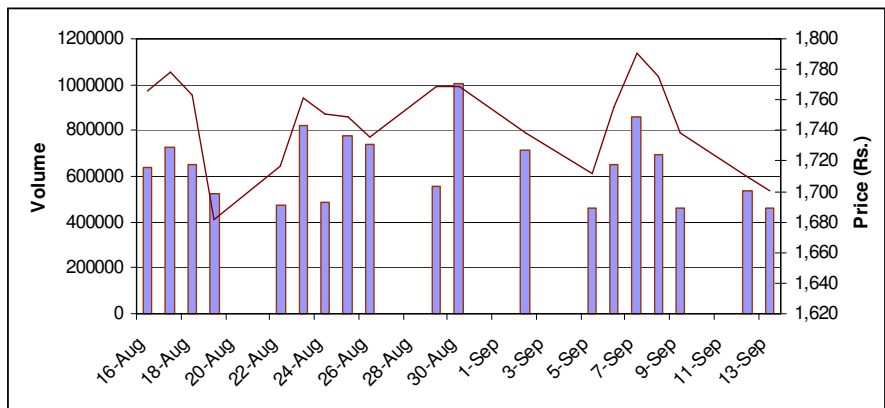


BHEL, a public sector undertaking, is the largest engineering and manufacturing enterprise in India in the energy-related/infrastructure sector. BHEL manufactures over 180 products under 30 major product groups and caters to sectors like power generation & transmission, industry, transportation, telecommunication, renewable energy, etc. The company has installed equipment for over 90,000 MW of power generation and has supplied over 2,25,000 MVA transformer capacity and other equipment operating in the transmission & distribution network up to 400 kV.

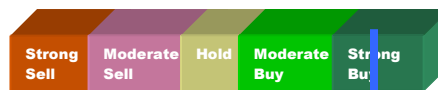
5 - Year Price Movement



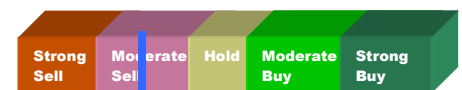
1 - Month Price-Volume Dynamics



Fundamentals Rank



Technicals Rank

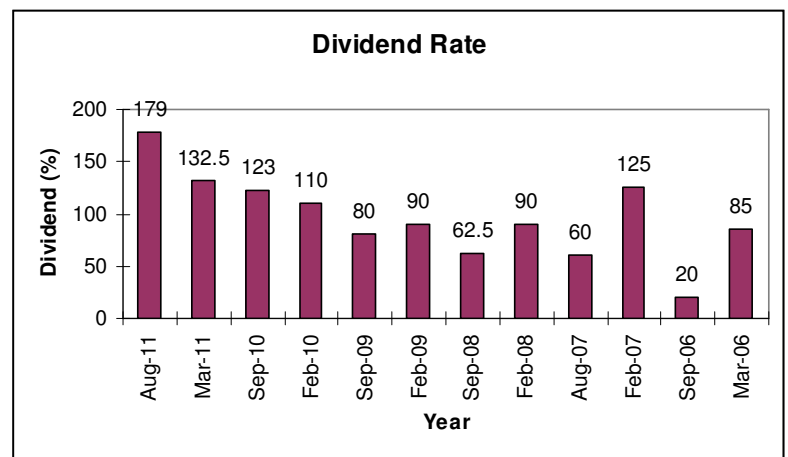


DIVIDEND ANALYSIS

Effective Date	Dividend Type	Dividend (%)
10/08/2011	Final	179%
18/03/2011	Interim	132.5%
01/09/2010	Final	123%
09/02/2010	Interim	110%
01/09/2009	Final	80%
17/02/2009	Interim	90%
01/09/2008	Final	62.5%
13/02/2008	Interim	90%
30/08/2007	Final	60%
13/02/2007	Interim	125%
01/09/2006	Final	20%
22/03/2006	Interim	85%

For the year ending March 2011, Bharat Heavy Electricals has declared an equity dividend of 311.50% amounting to Rs.31.15 per share. At the current share price of Rs 1732.95 this results in a dividend yield of 1.8%.

The company has a good dividend track report and has consistently declared dividends for the last 5 years.



COMPETITOR ANALYSIS

Company Name	Last Traded Price	Market Cap (Rs. Cr.)	Sales Turnover	Net Profit	Total Assets
Larsen & Toubro	1,608.80	98,323.60	43,495.93	3,957.89	29,007.37
BHEL	1,681.45	82,310.34	41,578.80	6,011.20	20,317.19
Suzlon Energy	39.50	7,020.59	4,357.55	-185.66	13,205.53
Alfa Laval	1,969.10	3,575.98	836.03	108.12	422.23
AIA Engineering	309.95	2,923.46	989.54	129.75	842.23
BGR Energy	361.20	2,606.48	4,760.78	324.21	1,635.80
BEML	481.35	2,004.56	2,630.37	149.76	2,956.17

PRICE MOVEMENT OF BHEL

Period	One Week	Two Week	One Month	Three Month	Six Month	One Year
Price Gain	-57.95	-35.40	11.20	-212.65	-242.80	-769.50
Gain in %	-3.24	-2.00	0.65	-10.93	-12.29	-30.75

FINANCIALS ANALYSIS

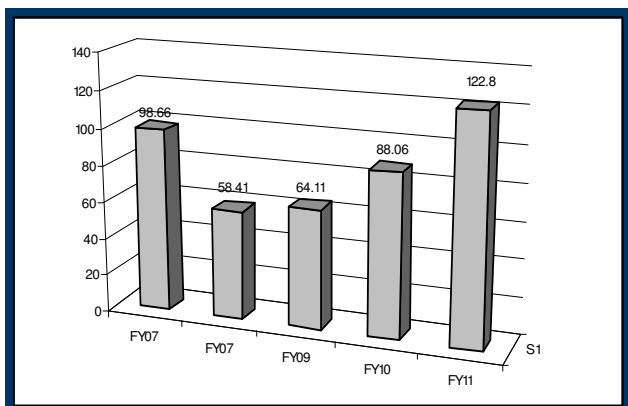
ANNUAL RESULTS

	FY11	FY10	FY09	FY08	FY07
Net Sales	42,022.76	33,226.25	26,614.36	19,541.08	17,362.89
Reported PAT	6,011.2	4,310.64	3,138.21	2,859.34	2,414.70
EPS	122.8	88.06	64.11	58.41	98.66
EBITDA	9,466.08	7,097.41	5,171.49	4,814.98	4,048.05
EBITDA %	22.53	21.36	19.43	24.64	23.31
Total Assets	20,317.19	16,045.11	13,088.18	10,869.39	8,877.59
Total Debt	163.35	127.75	149.37	95.18	89.33
Net Profit Margin (%)	14.30	12.97	11.79	14.63	13.91
Return on Assets	29.59	26.87	23.98	26.31	27.20
Return on Equity	29.83	27.08	24.25	26.54	27.48
Current Ratio	1.32	1.37	1.36	1.38	1.43

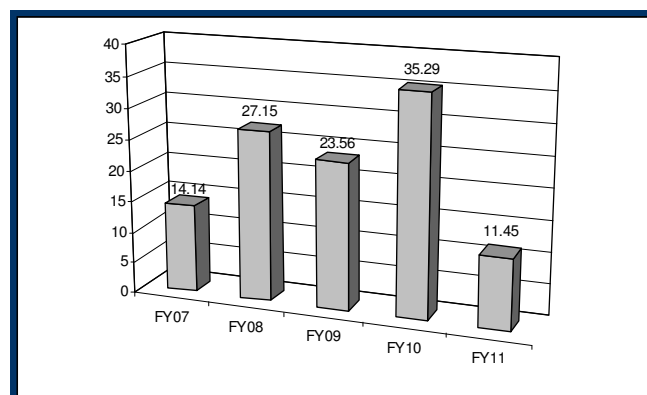
QUARTERLY RESULTS

	Jun '11	Mar '11	Dec '10	Sep '10	Jun '10
Net Sales Turnover	7,217.46	18,380.50	9,023.32	8,490.65	6,601.04
Reported PAT	815.51	2,798.04	1,403.23	1,142.28	667.65
EPS	16.66	57.16	28.67	23.34	13.64
EBITDA	1,361.88	4,457.03	2,224.64	1,794.38	1,128.47
EBITDA %	18.86	24.24	24.65	21.13	17.09

EPS ANALYSIS



P/E ANALYSIS



COMPANY ANNOUNCEMENTS: RECENT HEADLINES AND SNIPPETS

Sep 06, 2011: BHEL to Handle Raw Material Management for NMDC

State owned Bharat Heavy Electricals Limited (BHEL) contracted with country's biggest miner NMDC, to handle its raw materials at its steel plant at Nagamar in Chhattisgarh. The deal is expected to be around Rs.1,395 crore. The deal would require BHEL to set up material handling system for handling 10 Million tones of raw material per year catering to the needs of different units of NMDC Steel plant.

Sep 02, 2011: Government gives nod to 5% Disinvestment of BHEL

The government has given an approval for divesting 5 per cent of the paid up equity of Bharat Heavy Electricals Limited (BHEL), a PSU engaged in execution of heavy engineering / electrical equipment manufacturing projects through book building process in the domestic market. Government of India has a share holding of 67.72 per cent in the total paid up capital of Rs.489.52 crore of the company and will come down to 62.72 per cent after the disinvestment.

August 12, 2011: BHEL Equipments Win against that of China

On the dispute regarding the quality assessment of the power equipment manufactured by China against that produced by Bharat Heavy Electricals Limited (BHEL), government stated that the Chinese equipments register a poor quality. It further added that the equipments by BHEL are of much better quality. "Power plants set up with Chinese equipment have not shown better performance than those using equipment supplied by Bharat Heavy Electricals Ltd (BHEL)," Minister of Heavy Industries and Public Enterprises Praful Patel said in a written reply to Lok Sabha.

July 26, 2011: Bharat Heavy Electricals Ltd - Announces Q4 and FY 11 Results

The Company has posted a net profit of Rs. 8155.10 million for the quarter ended June 30, 2011 as compared to Rs. 6676.50 million for the quarter ended June 30, 2010. Total Income has increased from Rs. 67644.90 million for the quarter ended June 30, 2010 to Rs. 75201.10 million for the quarter ended June 30, 2011.

POWER BULL NOTES:

- BHEL has growing competition with Chinese Industry like Dongfong Electric, Chinese Dragon & Indian local competitors mentioned above.
- Government diluted more than Rs.4000 Cr worth of equity to the public in the last 4 months. This significantly increased the supply of the stock to the public and resulted in the stock getting undervalued.
- BHEL is fundamentally a good company with Power Bull rating of **4.5 out of 5**.
- EBITDA margins have commendably been maintained at **18.86%** QoQ even as raw material costs have significantly increased.
- On the bottom-line front, the company reported a Net Profit Growth from Rs.667.65 Cr to Rs.815.51 Cr. This was **~22.14%** QoQ jump mainly due to a strong operating performance and higher top line growth.
- We believe international volume growth would remain positive with the investment cycle pickup in H2FY12. Hence, we maintain our positive outlook on BHEL business though input costs term.

DISCLOSURES:

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