

RECOMMENDATION SNAPSHOT				
*CMP	Target	Potential Upside	MCap (Rsbn)	Recommendation
Rs2588	Rs3000	16%	29.2	Hold

*as on 27th Oct, 2026

About the Company:

Bharat Bijlee Limited (BBL) is one of the leading players in the electrical engineering industry in India. The company operates through two divisions namely Power Systems and Industrial Systems. The different products of the company include Transformers, Projects, Electric Motors, Elevator Systems, Drives and Automation. The manufacturing facilities of BBL are located at Airoli in Navi Mumbai.

Results: Quick Glance:

- The net sales reported a growth of 55.5% to Rs7,362mn as compared to Rs4,734mn in the same quarter last year
- The Ebitda margins for the quarter stood at 8.0% as compared to 7.4% in the comparative quarter last year
- The company reported profit of Rs460mn as compared to Rs282mn in the same quarter last year
- The EPS for the quarter stood at Rs40.73 as compared to Rs24.98 in the corresponding period of last year
- On the segmental front, the Power division reported a growth of 60.5% (q-o-q basis) and growth of 69.4% (y-o-y basis) whereas, Industrial division reported a growth of 8.4% (q-o-q basis) and 38.5% (y-o-y basis)
- For H1FY27, the revenues came in at Rs12,833mn as compared to Rs9,383mn; growth of 36.8% while the PAT stood at Rs657mn as against Rs561mn. The EPS came in at Rs58.1 in H1FY27 as compared to Rs49.6 in H1FY26

Financials:

Performance (Q2FY27)									
Q2FY27 Result (Rs mn)	Sept-26	Sept-25	y-o-y	Jun-26	q-o-q	H1FY27	H1FY26	y-o-y	FY27E
Total Revenue	7362	4734	55.5%	5472	34.5%	12833	9383	36.8%	25221
EBITDA	587	348	68.7%	288	-	876	685	27.9%	1745
Other Income	160	117	36.3%	109	46.7%	269	220	22.1%	514
Interest	76	39	95.6%	78	(3.2%)	154	59	-	310
Depreciation	62	52	18.7%	58	6.0%	120	101	19.2%	240
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	150	92	61.9%	65	-	214	184	16.5%	424
Net Profit	460	282	63.1%	196	-	657	561	17.0%	1285

Outlook and Recommendations:

The heavy electrical equipment sector is benefiting from the continuous grid modernization, industrial electrification, and expanding renewable power capacity. Equipment suppliers are witnessing both strong order backlogs and raw material volatility. For Q2FY27, the company has reported strong set of numbers across the PnL. The revenues reported growth of 55.5% y-o-y with margins at 8% and PAT reporting strong growth of 63.1% y-o-y. There has been a spike in the **interest costs** (Rs76mn compared to Rs39mn in the same quarter last year) during the quarter, which if not we would have seen better profitability. The factors to highlight include sustained quarterly order inflows in power transformers and industrial motors, raw material pricing trends, particularly copper and electrical steel and execution timelines on long-gestation electrical equipment contracts. The double-digit surge in profit highlights the solid demand dynamics within capital goods and power transformer infrastructure; however sustainable earnings trajectory will remain linked to input costs and execution timeliness. The key primary driver of growth during the quarter has been the Power segment that reported growth of 69.4% y-o-y. The Industrial segment also contributed through growth of 38.5% y-o-y. BBL continues to be the conductor of the electrical orchestra; electrical engineering being the key to strong growth across major sectors with its offerings being power transformers, switchyards, electric motors, drives & automation systems and permanent magnet technology machines to name a few. It is one of the leading players in the domestic transformer as well as the electrical motor industry and receives repeat orders from various SEBs and private players, along with a healthy retail presence in the motors segment.

Outlook and Recommendations (contd.):

In terms of **power systems**, the market has been growing at 15% 3-year CAGR, while BBL has been faster than market growth with CAGR of 25%. Different players across the segment are aggressively expanding capacities which would lead to pricing pressures going ahead. Capex for this segment is chalked at Rs2200mn; with the largest expansion in transformer industry being undertaken; expected to be completed by Q4FY27, and should lead to higher revenues in couple of years. As indicated earlier, the company had embarked on capacity expansion of transformer manufacturing facility at its Airoli works to increase the current capacity of 18000MVA to 28000MVA at a capital outlay of about Rs1700mn, to be funded out of internal accruals. Subsequently, considering the conducive market conditions and its strategy, the Management has revised the plan to increase the capacity to 35000MVA. The **transformer business** continues to focus on diversifying and widening its customer base across the national geographies to complement the strong base in public electricity utilities. The company has successfully entered into manufacturing of **400kv class of transformers**. Not only orders for 440kv class transformers were secured, but BBL has started execution of these orders and few units were successfully commissioned as well. In the **Industrial** segment, **Motor** business continues to be a segment of focus where product development across sectors like water management and coal mining is gathering steam. The company has been consistently expanding in this segment over the last 5-6 years and has adequate capacity in place to cater to the increasing demand. **Drives/Automation** segment focus is on providing server solutions and not the mass market. The company has indicated of success with 2 major manufacturers in terms of auxiliary drive for EVs; the challenge now being govt norms for value addition and the costs associated with it. For the **Magnet Technology Machines (MTM)**, with the markets growing at 7-8%; the company is reevaluating marketing strategies for smaller cities, expecting significant growth going forward. Although the MTM business continues to face headwinds influx of various imported brands, which has caused severe price competition adversely affecting profitability; the company continues to expand basket of Synchronous AC Servo motors manufactured in-house by the MTM business. The company has launched a new series of Smoke Extraction Motors suitable for temperature of 300°C. It supplied some of its largest MV motors, 1250kW 4 P TEFC motors, to Madhya Pradesh Jal Nigam (MPJN), an agency that implements group water supply schemes for rural areas across the state for a project under the MPJN's mandate that focuses on providing water supply including intake wells and water treatment plants. These high-performance motors offer superior efficiency levels, and a lower-than-committed temperature rise, proving to be a great choice for this critical infrastructure project. On the **working capital front**, there is change of dynamics reflected through the increase in inventory levels but decrease on the receivables front. This highlights on the assumption that while sales collections improved during the quarter, the company has built up significant stock levels, possibly in the anticipation of continued demand or due to longer production cycles for transformers and turnkey projects. Overall, BBL is continuously investing resources in enlarging its technologically advanced, superior, and sustainable product offerings and in augmenting its facilities to capitalise on emerging opportunities. We recommend a hold on the stock for a revised target of Rs3000.

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