



Q2FY21 Results

Supplementary Information
Chief Investors Relation Officer
Bharat Heavy Electricals Ltd.
Nov 6, 2020

Introduction

- **Context**

- Subsequent to the declaration of the results of Q2FY21 on NSE, BSE and www.bhel.com post approval from the Board, following supplementary information is shared for the interest of broader investor community.

- **Cautionary Statement**

- Statements in this “presentation” describing the company’s objectives, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company’s operations include global and Indian demand supply conditions, finished goods prices, cyclical demand and pricing in the company’s principal markets, changes in government regulations, tax regimes, economic developments within India and the countries within which the company conducts business and other factors such as litigation and labour negotiations. The company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

Financial performance

Rs Crore	Q2FY21	Q2FY20	H1FY21	H1FY20	FY20
Turnover	3,444	6,029	5,340	10,439	20,491
EBITDA	-528	403	-1491	281	348
Profit before Tax	-737	165	-1934	-179	-662
Profit after Tax	-556	119	-1,453	-98	-1,473

Business Environment

- Remains challenging due to COVID-19 pandemic
- Economy gradually coming back to pre-COVID levels
- Capacity utilization levels in various industries like Oil & Gas, steel catching up
- Expected recovery in the capex cycle likely to be delayed
- Atmanirbhar Bharat initiative with various policy measures encouraging

Operations

- Business operations at manufacturing units resuming to pre-covid levels
- Operations already reached 90% levels at some of the major project sites
- Availability of workforce remains a challenge at few project sites
- Shop production at 70% vis-à-vis H1FY20, despite pandemic
- Almost 60% reduction in bought-out items, a conscious decision for supplying as per site requirements, for controlling cash outflow
- Maintaining strict discipline in project deliveries
- Continuing to take various measures to expedite project execution
 - Unit#2 of 4X106 MW Kaleshwaram Lift Irrigation Scheme (LIS) Package-10 and Unit#1,2&4 of 4X134.441 MW Kaleshwaram Lift Irrigation Scheme Package-11 have been commissioned in Telangana despite lockdown.

Order Book

Order Book (Rs Cr)	Power	Industry	Exports	Total
Received, H1FY21	3,923	1,144	141	5,208
Total as on 30.09.20	86,920	12,967	7,758	1,07,645

- Out of above around 80% orders are executable.
- Major orders received include E&M works for 12x80 MW Polavaram Hydroelectric Power Stn. and supply of pump-motor sets for Palamuru Rangareddy LIS St-1 & St-4
- Delay in orders' finalization, but favourably placed in
 - 2x660 MW NTPC Talcher main plant package
 - Fleet Mode Procurement of 12 nos. Steam Generators
 - Reactor headers for 700 MWe PHWR Reactors from NPCIL
 - A number of orders for FGD, and boiler modifications for emission control
- Tendering is underway for 6x700 MWe NPCIL (TG island package), 2x800 MW NTPC Singrauli, 2x800 MW NTPC Lara, 2X660 MW Pench TPP- all on EPC basis. Tenders for Flue-gas desulfurization (FGD) of around 30 GW power stations, are in various stages of processing. A similar quantum of new tenders for FGD are likely to be issued during coming quarters.

Diversification

- Focus on new growth opportunities unwavering
- New Opportunities in downstream Oil & Gas, transportation, defence & aerospace, among others being actively pursued
- Solar business restructured by converting it into a profit center as 'Solar Business Division'
 - SBD responsible for complete solar business value chain, including order booking, manufacturing and execution. Likely to improve cost competitiveness and execution performance

Accounts receivables

- Significant impact on realization of dues from the customers because of pandemic
- Customers too facing challenges related to funds and manpower
- Details of total receivables and their distribution among various customer categories is as follow:

Rs Crore	Q2FY21	Q2FY20	Q1FY21	Q1FY20	FY20
Collectibles	11,432	13,841	11,836	15,188	12,378
Contract Assets	23,431	23,768	23,496	22,663	24,093
Total	34,863	37,609	35,332	37,851	36,471

Category	Central Utilities	State Utilities	Private Sector	Exports
Share, %	33%	49%	11%	7%

Cost optimization

- Stringent measures taken to control other miscellaneous expenses, resulting in reduction in cost by 410 Cr. (Rs. 910 Cr. in H1FY21 vs. 1,319 Cr. in H1FY20)
- Company-wide exercise underway to optimise material costs. Targeting to realise more than 300 basis points reduction on yoy basis in material cost (66.9% FY20 to 63.5% FY21)
- Had 33,752 employees as on Mar 31, 2020. Around 1500 employees superannuating during FY21.

Provisions

Rs Crore	Q2FY21	Q2FY20	Q1FY21	Q1FY20	FY20
Creation	612	531	215	529	3,087
Withdrawal	600	629	192	378	3,055
Write off	14	22	15	13	223
Net Provisions	26	-76	38	164	255

Cash

- Operating Cash Deficit restricted to Rs. 65 Cr. in H1FY21 vs Rs. 2353 Cr, in H1FY20
- Total cash deficit up to Q2FY21 Rs. 231 Cr. vs Rs. 3049 Cr. during the corresponding period of the previous year
- Achieved Cash Collection to Net Billing ratio of 119% during H1FY21 vs 113% in corresponding period FY20
- Trade Receivables reduced by Rs. 946 Cr. (Rs. 11,432 Cr. in Sep'20 vs Rs. 12,378 Cr. in Mar'20)
- Contract Assets reduced by Rs 663 Cr. (Rs. 23,431 Cr in Sep'20 vs Rs. 24,093 Cr in Mar'20)
- Closing Cash & Bank balances (net of borrowings) as on 30.09.2020 is Rs. 1255 Cr.

Notable successes

- Received appreciation from Druk Green Power Corporation, Bhutan for swiftly restoring Unit#1 (93.3 MVA, 11 kV, 50 Hz, 300 rpm) of 4x84 MW Chukha Hydropower Plant in Bhutan despite ongoing pandemic
- India's highest rated, first of its kind, indigenously developed PHWR (Pressurised Heavy Water Reactor) Reactor at NPCIL's Kakrapar (700 MWe-Unit 3) attained a sustained chain reaction for the first time (first criticality) on 22 July 2020. Unit installed with BHEL manufactured Turbine-Generator package, Control Centre Instrumentation package and, Reactor Headers and Motors for Primary Coolant Pumps

R&D, Innovation

- Developing digital substation solutions in collaboration with POWERGRID. involves field trail of BHEL manufactured 400 kV Fibre Optic Current Transformer (FOCT), Merging Unit (MU), Switchgear Controller (SGC) and Bay Control Unit (BCU) at POWERGRID's Bhiwadi substation
- Working with Energy Efficiency Services Limited (EESL) to develop network of Smart Grid based Distribution Transformer Monitoring System (DTMS) for power distribution sector, on pan-India basis
- Continues to focus on development of Advanced Ultra Supercritical (AUSC), Hydrogen energy, indigenous propulsion system for MEMU targeting Traction & Auxiliary Converter, Train Control Management System (TCMS) & Vehicle Control Unit in alignment with national technology development priorities

Atmanirbhar Bharat

- Localization of critical components, especially in defence & aerospace and transportation, among others likely to become a significant opportunity
- Identified various high value imports done by BHEL such as critical component for FGD for indigenization with the twin objective of cost optimization and business opportunity
- Expression of Interest (EOI) floated by BHEL inviting Global OEMs to leverage BHEL facilities & capabilities for manufacturing partnerships received good response
- Formed a new dedicated business group – “Make in India Business Development Group” for focused approach
- Signed three MoU’s with international majors in the fields of Maglev Train, Marine Gas Turbines for defence applications and Armoured Trucks



Thanks!

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