



Q3FY21 Results

Supplementary Information
Chief Investors Relation Officer
Bharat Heavy Electricals Ltd.
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Introduction

- **Context**

- Subsequent to the declaration of the results of Q3FY21 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	Q3FY21	Q3FY20	Up to Q3FY21	Up to Q3FY20	FY20
Turnover	4,203	5,458	9,543	15,897	20,491
EBITDA	-94	480	-1,585	761	348
Profit before Tax	-293	226	-2,227	47	-662
Profit after Tax	-231	159	-1684	61	-1,473

Business Environment

- Budget with pro-growth policies likely to boost economy in coming fiscal
- Signs of V-shaped recovery post COVID-19 Pandemic
- Improvements noticed in GST collection, electricity demand, PMI etc.
- Economy gradually coming back to pre-COVID levels
- Capacity utilization levels in various industries like Automobiles, Oil & Gas, steel catching up
- Atmanirbhar Bharat initiative with various policy measures encouraging

Operations

- Stringent measures taken to control costs & other miscellaneous expenses, resulting in reduction in cost by Rs 611 Cr. (Rs. 1,413 Cr. in Q3FY21 vs. 2,024 Cr. in Q3FY20)
- Business operations at manufacturing units and project sites resumed to pre-COVID levels
- To provide focused attention to the entire value chain of NTPC's Thermal and Gas business, 'NTPC Projects Business Group (NPBG)' has been formed to act as single point contact for the NTPC projects.
- Focus on project deliveries leading to:
 - Commercial Operation Declaration of 660 MW Unit#7 of Suratgarh.
 - Capacity Addition for Unit#2 of 4x270 MW of Bhadradi TPS at Manuguru in Telangana.
 - Synchronizations of 5 MWp Solar Photovoltaic Power Project of WBPDCCL at Sagardighi—first commercial floating SPV plant commissioned by BHEL.

Order Book

Order Book (Rs Cr)	Power	Industry	Exports	Total
Received, Up to Q3FY21	6,267	2,614	216	9,097
Total as on 31.12.20	86,325	13,057	7,304	1,06,686

- Out of above around 80% orders are executable.
- Major orders received include supply of pump-motor sets for 4x138 MW Kaleshwaram LIS link II (Pkg. 2), 5x138 MW Kaleshwaram LIS Project Link II Pkg 1, 6x125 MW Kaleshwaram LIS Project Link IV Pkg 2
- Delay in orders' finalization, but favorably placed in
 - 2x660 MW NTPC Talcher main plant package
 - 2x660 MW TANGEDCO Udangudi Boiler modification package
 - Fleet Mode Procurement of 12 nos. Steam Generators
 - 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
 - BHEL favorably placed as L-1 bidder for Sulphur Recovery Unit (SRU) for IOCL Panipat, *first ever EPC process package*
- 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

Cash

- Operating Cash Deficit restricted to Rs. 231 Cr. in Q3FY21 vs Rs. 2920 Cr, in Q3FY20
- Total cash deficit up to Q3FY21 Rs. 416 Cr. vs Rs. 3823 Cr. during the corresponding period of the previous year, representing a reduction of 90%.
- Achieved Cash Collection to Net Billing ratio of 112% during Q3FY21 vs 108% in corresponding period FY20
- Total Receivables reduced by Rs. 1666 Cr. (Rs 34805 Cr in Dec'20 vs Rs. 36471 Cr in Mar'20).
- Closing Cash & Bank balances (net of borrowings) as on 31.12.2020 is Rs. 1,069 Cr

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	Q3FY21	Q3FY20	FY20
Trade Receivables	10,920	14,127	12,378
Contract Assets	23,885	23,938	24,093
Total	34,805	38,065	36,471

Category	Central Utilities	State Utilities	Private Sector	Exports
Share, %	34%	47%	12%	7%

Provisions

Rs Crore	Q3FY21	Q3FY20	Up to Q3FY21	Up to Q3FY20	FY20
Creation	331	284	1158	1344	3,087
Withdrawal	415	597	1207	1604	3,055
Write off	33	126	62	161	223
Net Provisions	-52	-187	13	-98	255

Notable successes

- The maiden Indigenous Aircraft Carrier (IAC) -INS Vikrant successfully completed Basin trials at Kochi on 30 November 2020, wherein BHEL has supplied the **Integrated Platform Management System** (IPMS).
- Wins Institute of Chartered Accountants of India's National Award 2019-20 for **Excellence in Financial Reporting**.
- Haridwar Unit of BHEL wins the prestigious Platinum recognition of CII EXIM Bank Award for **Business Excellence** 2020.
- The first in the series of online workshops on collaborative manufacturing 'BHEL Samvaad' - a step towards developing **self-reliance in manufacturing**, under the guidance of the Department of Heavy Industry (DHI) held.
- BHEL receiving 'SKOCH Order of Merit Award' under the category '**Inspirational or Transformational Performance during COVID**' for in-house Development of Electrostatic Disinfectant Unit to fight against COVID-19 Pandemic.

R&D, Innovation

- BHEL has successfully manufactured and tested (short circuit) India's highest rating 500 MVA 400/220/33 kV Auto Transformer, at the National High Power Test Laboratory (NHPTL) at Bina in Madhya Pradesh—a new benchmark in the global transformer industry.
- Design completion of Hydro Mechanical Agitator for Flue Gas Desulphurization (FGD).
- Development of Non-Destructive Technique (NDT) (Infrared thermography) for condition monitoring of solar cells on a mass scale in one go, without interrupting generation schedule of solar power plant.
- Development of Corrosion resistant polymer coating for Flue Gas Desulphurization (FGD) Duct and Chimney Liner.

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. E.g. *Wet-bowl mill and Oxidation Blower- key components for FGD have indigenously developed by BHEL & accepted by the customers.*
- 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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