

BSE SENSEX
 31,531

S&P CNX
 9,820

CMP: INR126
TP: INR100 (-24%)
Sell

Motilal Oswal values your support in the Asiamoney Brokers Poll 2017 for India Research, Sales and Trading team. We request your ballot.



Bloomberg	BHEL IN
Equity Shares (m)	2,447.6
M.Cap.(INRb)/(USD\$b)	313.3/4.9
52-Week Range (INR)	183 / 116
1, 6, 12 Rel. Per (%)	-7/-31/-21
Avg. Val, INRm	1063
Free float (%)	36.9

Financials & Valuations(INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	282.2	284.0	314.5
EBITDA	11.0	17.4	19.6
PAT	5.3	11.2	11.9
EPS (INR)	2.1	4.6	4.9
Gr. (%)	-174.1	112.6	6.5
BV/Sh (INR)	131.9	135.5	139.2
RoE (%)	1.6	3.4	3.5
RoCE (%)	0.6	2.2	2.4
P/E (x)	59.6	28.0	26.3
P/BV (x)	1.0	0.9	3.5

Estimate change

TP change

Rating change

Operating performance below expectations; maintain Sell

- 1QFY18 operating performance disappoints:** Sales for the quarter stood muted at INR55.1b (-1.9% YoY), below our estimate of INR58.9b, led by weak execution in Industrial segment (-8% YoY) and flat YoY Power segment sales of INR43.4b. BHEL recorded operating loss of INR0.9b, as against profit of INR0.7b in 1QFY17 (est. of INR62m profit), as other expenses increased 60% YoY to INR8.9b (v/s INR5.6b in 1QFY17) on account of higher employee pay revision provisioning (INR2.5b). PAT improved 3.9% YoY to INR0.8b, led by higher other income (INR4.6b v/s INR2.5b in 1QFY17 and est. of INR0.6b loss).
- Gross margin expanded 330bp YoY to 40.1%,** led by a) expansion of vendor base, b) economic and bulk buying and c) use of in-house material leading to cost savings. According to management, margins would remain around the same levels for the next few quarters.
- L1 in 5GW of orders; slow-moving orders at INR390b.** BHEL is L1 in 5GW of orders, marking an improvement from 2.4GW in 4QFY17. Incrementally, BHEL is declared L1 in NTPC's Patratu project (2.4GW), for which environmental clearance is awaited. Order book stands at INR1014b, of which ~38% is slow-moving. Of the slow-moving orders, BHEL expects projects worth INR180b (Yedadri power project) to start moving over the coming months.
- Maintain Sell:** We maintain our estimates for FY18/19, as higher other income is likely to be offset by higher finance charges incurred on account of contractual obligation provision being provided. We maintain **Sell**, given a) likelihood of constrained execution, b) weak order pipeline for FY18/FY19 and c) continued pressure on margins due to execution of JDU projects and intense competition. We maintain TP of INR100 (P/E of 20x FY19E).

Quarterly Performance

(INR Million)

Y/E March	FY17				FY18				FY17	FY18E	Est 1QE	Var. Vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales (Net)	56,118	66,645	63,254	96,882	55,056	68,659	62,201	98,079	282,222	283,995	58,963	-6.6%
Change (%)	28.7	12.2	18.7	-2.9	-1.9	3.0	-1.7	1.2	10.8	0.6	4.9	
EBITDA	710	1,551	2,239	6,509	-883	3,784	2,204	11,463	11,009	17,403	62	NA
Change (%)	-133.9	-135.4	-113.9	-24.9	-224.3	143.9	-1.5	76.1	-180.6	58.1	-91	
As a % Sales	1.3	2.3	3.5	6.7	-1.6	5.5	3.5	11.7	3.9	6.1	0.1	
Interest	57	50	263	3,136	657	300	350	2,699	3,506	4,006	55	
Depreciation	2,182	2,080	2,088	2,139	2,001	2,317	2,633	3,581	8,488	10,534	2,633	
Other Income	2,493	1,961	1,358	1,452	4,622	2,800	2,500	2,120	0	2,599	1,891	
PBT	965	1,382	1,245	2,686	1,080	3,967	1,721	44,496	6,579	14,905	-735	-247.0%
Tax	188	292	310	530	272	873	300	2,281	1,320	3,726	-147	
Effective Tax Rate (%)	19.4	21.1	24.9	19.7	25.2	22.0	17.4	5.1	20.1	25.0	20	
Reported PAT	778	1,090	935	2,156	808	3,094	1,421	5,021	5,259	11,178	-588	-237.4%
Change (%)	129.5	-160.3	-108.6	-57.4	3.9	183.9	51.9	132.9	-174.1	112.6	-176	
Adj. PAT	778	1,090	935	2,156	808	3,094	1,421	5,021	5,259	11,178	-588	-237.4%
Change (%)	129.5	-160.3	-108.6	-57.4	3.9	183.9	51.9	132.9	-174.1	112.6	-176	

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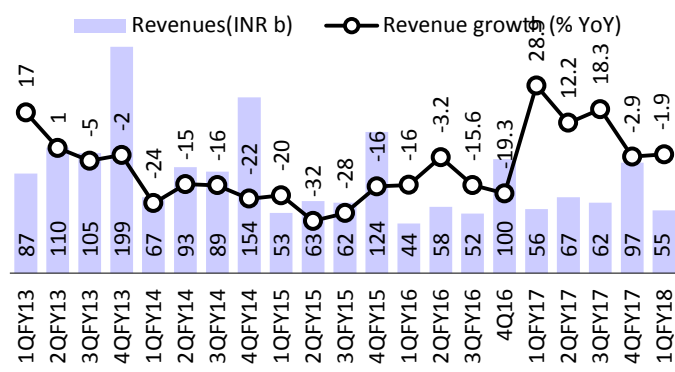
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1QFY18 results meaningfully below estimates, led by weak execution in industrial segment

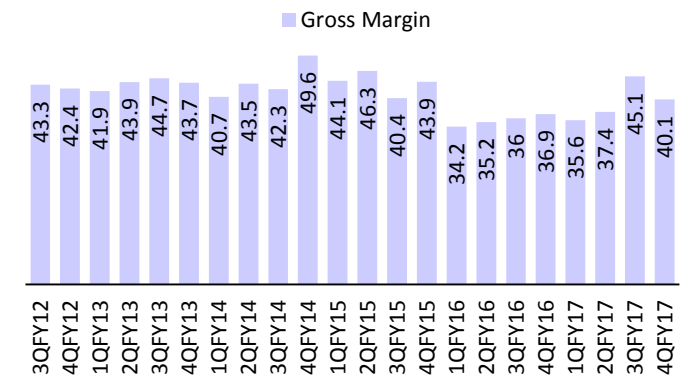
- Sales for the quarter were muted at INR55.1b (-1.9% YoY), below our estimate of INR58.9b. Revenue decline was led by weak execution in Industrial segment (-8% YoY) whereas Power segment sales stood flat YoY to INR43.4b. BHEL registered operating loss of INR0.9b, as against profit of INR0.7b in 1QFY17 (est. of INR62m profit) on account of higher other expenses (up 60% YoY, INR8.9b v/s INR5.6b in 1QFY17). PAT improved 3.9% YoY to INR0.8b led by higher other income (INR4.6b v/s INR2.5b in 1QFY17 (est. of INR0.6b loss).
- Gross margin expanded 330bp YoY to 40.1%, led by a) expansion of vendor base, b) economic and bulk buying and c) use of in house material leading to cost savings. According to management, margins would remain around the same levels for next few quarters.
- Other expenses increased sharply (16.2% v/s 9.9% of sales in 1QFY17) on account of impact of wage revision hike (7th pay commission) taken by the company for INR2.5b. BHEL has taken provision write back of INR2.4b

Exhibit 1: Revenues decline led by weak execution in industrial segment (down 8% YoY)



Source: MOSL, Company

Exhibit 2: Gross margin improved by 330bp YoY led by better product mix (%)



Source: MOSL, Company

Segmental performance: Execution impacted in industrial segment; power segment performance muted; Slow moving/stranded projects stand at INR390b

- 1QFY18 Power segment revenues at INR43.4b flat YoY, while industry segment revenues declined 8.2% YoY at INR12.7b. Execution suffered in the power segment given delay in procuring clearances for the projects in hand whereas industry segment declined as the traction in transportation segment has been below expectations. Margins in the industrial segment stood at 6.3% marginal improvement of 20bps YoY.
- BHEL has signed MoU for Revenue of INR315b for FY17 with government on excellent basis and INR310b on very good basis. The management stated that achievement of the excellent target would be based on timely execution of Ennore, Manuguru and Yedadri project. Of the slow-moving orders, BHEL expects projects worth INR180b (Yedadri power project) to start moving over in the coming months.

Exhibit 3: Segmental breakup

INR m	FY16				FY17				FY18
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Revenues	44,210	60,804	55,529	103,398	57,212	67,800	64,649	98,743	56,070
Power	32,898	47,550	44,021	81,013	43,355	52,541	50,962	81,090	43,356
Growth (%)	(20.6)	0.4	(9.5)	(20.9)	31.8	10.5	18.2	3.1	0
Industry	11,312	13,254	11,508	22,385	13,857	15,260	13,686	17,653	12,714
Growth (%)	(0.2)	(16.2)	(22.9)	(18.7)	22.5	15.1	20.4	(21.0)	-8.2
EBIT	2,183	-624	-12,628	8,522	3,948	5,144	4,722	13,974	5,187
Power	2,154	-190	-11,656	9,496	3,100	5,052	5,903	11,291	4,386
Growth (%)	(59.0)	(102.8)	NM	(27.6)	43.9	(2,764.8)	(150.7)	2.9	41.5
Industry	29	-434	-972	-974	848	91	-1,181	2,683	802
Growth (%)	(92.6)	(247.3)	NM	(136.6)	2,824.8	(121.0)	21.4	NM	-5.5
EBIT margin (%)	4.9	-1.0	-22.7	8.2	6.9	7.6	7.3	14.2	9.3
Power	6.5	-0.4	-26.5	11.7	7.2	9.6	11.6	13.9	10.1
Industry	0.3	-3.3	-8.4	-4.4	6.1	0.6	-8.6	15.2	6.3

Source: Company, MOSL

Exhibit 4: Stranded and slow moving orders in the order book

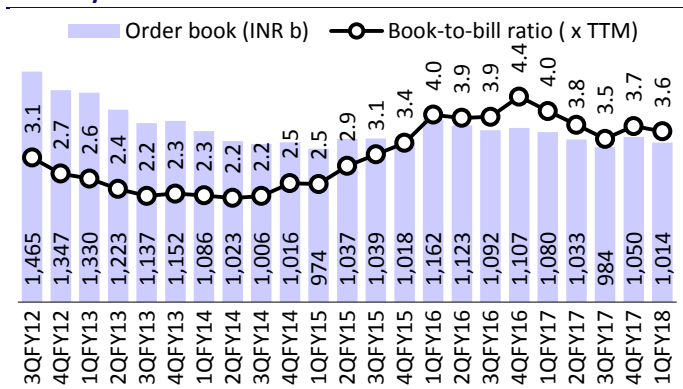
Name of Power Project	Customer	MW
Surana Power, Raichur TPP	Surana Power	420
Malibrahmani, Angul TPP	Monnet Ispat	1,050
Singraulli	DB Power	1,320
IndiabullsNashik Phase II	Rattan India (Phase II)	1,350
Ramgarh CPP	RRVUNL	1,320
UshaJayaswal TPP	Abhijeet Infra Phase 1	1,080
Raghunathpur	DVC	1,320
Manuguru	Telanagana State Genco	1,080
Yedadri Thermal Power Project **	Telanagana State Genco	4,000
Chattisgarh	Visa Power	1,200
Total		14,140

Source: MOSL, Company **the project is yet to reach the start date since no advances have been received

Order intake at INR18b in 1QFY18 (-45% YoY), L1 pipeline stands at 5GW

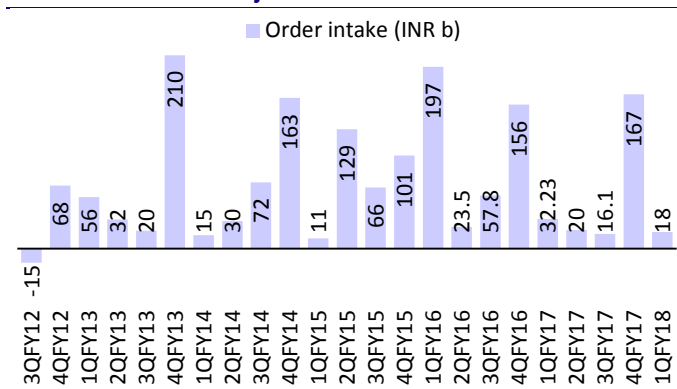
- During 1QFY18, BHEL's order intake stands at INR18b v/s INR32.2b in 1QFY17 decline of 45% YoY on account of non-finalization of any major project. BHEL's order intake had declined from peak levels of ~INR600b in FY10/FY11 to average levels of INR234b in FY17, Order backlog at the end of 1Q FY18 stood at INR1014b, down 6% YoY led by weak order inflow during the quarter.
- BHEL is L1 in 5GW of orders, marking an improvement from 2.4GW in 4QFY17. Incrementally BHEL is declared L1 in NTPC's Patratu project (2.4GW) for which environmental clearance is awaited. Slow moving order book stands at INR390b, of which BHEL expects projects worth INR180b (Yedadri power project) to start moving over in the coming months.
- Incrementally BHEL has participated in 6GW of tenders (1320Mw Talcher project, 960Mw Pollavarum hydro project, THDC Khurja project (1320MW), NPCIL's Gorakhpur order (2x700MW). BHEL will also participate in the NTPC tender for SoX.

Exhibit 5: BTB at 3.6x in 4QFY17 provide decent revenue visibility



Source: Company

Exhibit 6: Order intake at INR19.9b down 38% YoY led by non-finalization of major orders



Source: Company

Exhibit 7: BHEL stands L1 in 5GW of projects

Name of L1 order	MW	Value (INR m)	INR m/MW
Patratu	2400	102,200	42.6
MahagencoBhusawal	660	29,000	44
TANGEDCO Udangudi	1,320	79,200	60
UPRVUNL Panki	660	39,600	60
Total	5,040	147,800	

Source: MOSL, Company

BTB at 3.6x in 1QFY18 (v/s lows of 2.2x in Sept 13) – a key trend driving cyclical factors

- For 1QFY18, BHEL’s BTB stood at 3.6x (from lows of 2.2x in Sept 13).
- We believe that improvement in BTB is an all-important trend for capital goods companies, and has ramifications on several cyclical components including working capital, operating free cash flows and operating leverage.

Valuations and view

- We maintain our estimates for FY18/19 as higher other income will be offset by higher finance charges on account of contractual obligation provision being provided. We maintain **Sell**, given a) likelihood of execution remaining constrained, b) weak order pipeline for FY18/FY19 and c) continued pressure on margins due to execution of JDU projects and intense competition. We maintain our TP to INR100 (P/E of 20x FY19E).



Concall Highlights

Overall business environment

- AT&C losses were 27-28% and gap of INR0.8/unit. However, now AT&C losses are down to 23%, ACS-ARR gap is down to INR0.46; states are looking at 24hrs power, air Pollution eqt. tenders are out – augurs well for power investment.
- Replacement of old with SC is coming; Air pollution eqt tenders also are coming.
- Entered into collaboration with Kawasaki to make metro coaches; a factory to be set up.
- Fall in industry sales - rail orders expected in Q118 have slipped to Q218 especially in solar sector.
- 50% utilization at the moment and target is 6GW each year of commissioning.

Order book and execution

- No significant impact of GST - bought out items from small vendors was impacted, but nothing material.
- 5*800MW Yedadri EC also expected soon post Ennore and Manuguru being approved over last few quarters. EC received; final stages of approval to be received from CPCB.
- 10*40MW hydel Maheshwar - PFC took over and all dues cleared for BHEL.
- Private sector power project - SBI Cap has taken a 51% stake and expects a revival.
- INR315b of excellent target for FY18 - will depend on the above three orders being done, including the Yedadri project, where clearances have been delayed (so bigger impact on FY19 sales).
- Executable order book - total order book of INR1.13t, of which INR0.61t is executable and INR0.39t are slow-moving; Q117 executable of INR0.57t, so higher executable order book by 10%; Yedadri will add INR180b.
- Ratan Power Nashik and Amravati to be cancelled - INR63b.
- Visa Power to also be terminated - INR5b; for the balance, provision has been created.

FY18 pipeline and L1 orders

- TANGEDCO Udangudi - L1 in this; however, this matter is with High Court of T Nadu – waiting for a decision and final outcome in Q218; Project is on and will come to BHEL.
- NTPC Patratu - L1 in this, based on BHEL cost estimates and can execute profitability; BHEL is already executing 10*800MW of BTG plus 2*800 for Telengana, so get economies of scale.
- EPC contract for Patratu and includes the SOX/NOX eqt. - INR48m/MW.
- Boiler modification TANGEDCO Ennore, transformer from KSEB, EPC of 15MW and 30MW of solar PV.
- SOX tender eqt. - NTPC tender for 29GW is out, NLC floated tender as well, competition will be very high as well.
- NOX eqt- boiler modification order for INR750cr; expect another INR1500cr for projects under construction.

New tenders

- Talcher (2*660MW), Pakaldul hydel (4*250MW), Hydel (Polavaram 12*80MW)
- NLC and NTPC Singraulli to also come out
- THDC, Khurja(1320MW) to also come out as it has received EC recently
- NPCIL - Gorakhpur(2*700MW)

Gross margins and EBITDA margin

- R&D deduction has been reduced from 200% to 150% to FY20 and then 100% thereafter
- Interest expenses - on unwinding of obligations of long-term obligations for contractual expenses; this is discounted (time value) and reflected in interest expenses as per IND-AS.
- Other income - forex variation gain of INR2.2b on euro depreciation.

- Staff expenses: INR250cr provisioned in Q118 and look to INR9-10b be added in FY18.
- Gross margin improved by 200bp; will keep at same levels.
- Debtors - INR32,439cr, which is same as of Mar17; INR13400cr is due and 19900cr is deferred debts and linked to milestone completion; already provisioned for private projects.
- R&D - INR9b for FY18.
- Provision - Net withdrawal in Q117 of -205cr vs. 239cr in Q118; on the INR250cr provision for employee pay revision, implies net withdrawal of -11cr

Non power expansion

- Kawasaki JV
- Bogey and coaches will be manufactured in the Kawasaki JV
- Will go for brownfield expansion at Jhansi plant
- INR2b invested in bglr factory for solar, and similar spending could come.
- Defence - BHEL does for 30mm guns.

Exhibit 8: Operating metrics

	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
Order Intake (INR b)									
Power	443	176	226	175	211	366	46	294	309
R&M	21	23	29	34	38	18	27	30	33
Industry	114	79	45	50	52	51	62	74	89
International Business	37	2	20	26	7	1	100	10	11
Cancellations	0	58	0	0	0	0	0	0	-
Total Order Intake	605	221	319	285	308	437	235	408	441
% YoY	2%	-63%	45%	-11%	8%	42%	-46%	74%	8%
Segmental Revenues									
Power (including international business)	348	379	396	325	240	202	228	225	250
Industry	90	102	106	79	70	58	60	66	73
Total Revenues	450	495	502	403	309	261	288	291	323
EBITDA Margins (%)	19.9	20.3	19.4	11.6	7.0	-5.4	3.9	6.1	6.2
Contribution Margins (%)	40.3	41.5	43.5	42.4	43.9	36.7	39.4	41.4	41.6
Staff Costs (%)	13.5	11.4	5.2	3.1	-8.2	-1.3	0.4	15.8	10.0
Other Expenses (%)	9.5	9.4	12.2	15.7	18.9	21.0	16.3	13.2	13.5
Employees (in 000)	46.7	49.4	48.4	47.5	44.9	42.2	40.1	38.1	38.1
INR M/empl	0.0	1.1	1.2	1.2	1.2	1.3	1.3	1.6	1.8
Cash / (Debt), INR B									
Cash	96	67	77	119	98	101	105	127	92
Retention Money	97	135	129	181	181	202	182	164	147
Debt	-1	-1	-14	-27	-1	-1	-1	-1	-1
Net Cash / (Debt)	192	200	192	273	279	302	286	290	239
INR/sh	79	82	79	112	114	123	117	119	97
Net Profit (INR B)	57	69	66	35	14	-7	5	11	12
EPS (INR / sh)	23.2	28.2	27.0	14.2	5.8	-2.9	2.1	4.6	4.9
ROE (%)	28.1	27.2	23.7	10.9	4.3	-2.1	1.6	3.4	3.5

Financials and Valuations

Income Statement

(INR Million)

Y/E March	2013	2014	2015	2016	2017	2018E	2019E
Total Income	484,247	391,089	301,830	254,826	282,222	283,995	314,493
Change (%)	0.9	-19.2	-22.8	-15.6	10.8	0.6	10.7
Staff Cost	57,528	59,338	54,500	53,798	53,999	62,516	68,767
Mfg. Expenses	273,552	225,188	169,205	161,188	171,100	166,495	183,745
Selling Expenses	59,262	61,363	57,133	53,507	46,114	37,581	42,342
EBITDA	93,905	45,200	20,992	-13,667	11,009	17,403	19,638
Change (%)	-5.2	-51.9	-53.6	-165.1	-180.6	58.1	12.8
% of Net Sales	19.4	11.6	7.0	-5.4	3.9	6.1	6.2
Depreciation	9,534	9,829	10,773	9,357	8,488	10,534	11,548
Interest	1,253	1,326	917	3,595	3,506	4,006	4,006
Other Income	11,217	16,160	12,205	14,977	7,564	12,042	11,791
Extra-ord. Items (net)	-4	-61	-101	0	0	0	0
PBT	94,331	50,144	21,406	-11,642	6,579	14,905	15,875
Tax	28,184	15,535	7,210	-4,546	1,320	3,726	3,969
Rate (%)	29.9	31.0	33.7	39.0	20.1	25.0	25.0
Reported PAT	66,147	34,608	14,196	-7,096	5,259	11,178	11,906
Adjusted PAT	66,152	34,669	14,297	-7,096	5,259	11,178	11,906
Change (%)	-4.0	-47.6	-58.8	-149.6	-174.1	112.6	6.5

Balance Sheet

(INR Million)

Y/E March	2013	2014	2015	2016	2017	2018E	2019E
Share Capital	4,895	4,895	4,895	4,895	4,895	4,895	4,895
Reserves	299,546	325,575	335,951	325,638	318,049	326,679	335,870
Net Worth	304,441	330,471	340,846	330,534	322,944	331,574	340,766
Loans	14,152	26,548	610	1,263	896	896	896
Differed Tax Liability	-15,507	-19,690	-22,207	-31,348	-38,414	-38,414	-38,414
Capital Employed	303,086	337,329	319,249	300,449	285,426	294,056	303,247
Gross Fixed Assets	108,247	120,734	125,910	132,980	141,447	149,967	159,401
Less: Depreciation	63,281	73,604	84,510	93,360	101,848	112,382	123,931
Net Fixed Assets	44,966	47,131	41,400	39,620	34,572	37,584	35,471
Capital WIP	11,335	6,220	5,010	3,070	3,070	3,070	3,070
Investments	4,292	4,202	4,350	6,634	6,614	6,664	6,714
Curr. Assets	625,185	650,670	611,704	586,133	529,632	562,477	570,892
Inventory	117,638	97,976	101,017	96,374	73,724	74,187	82,154
Debtors	398,882	399,530	376,373	356,031	318,633	312,854	346,451
Cash & Bank Balance	77,321	118,729	98,127	100,860	104,918	127,332	92,231
Loans & Advances	29,345	31,910	34,437	31,648	2,169	17,916	19,868
Other Current Assets	2,000	2,525	1,750	1,221	30,188	30,188	30,188
Curr. Liab. & Prov.	382,692	370,893	343,215	335,105	288,462	315,739	312,899
Creditors	103,562	94,090	94,569	94,528	89,815	96,152	101,632
Other Liabilities	189,708	173,543	138,242	126,168	106,718	127,081	108,826
Provisions	89,421	103,260	110,404	114,408	91,929	92,507	102,441
Net Current Assets	242,494	279,777	268,489	251,029	241,170	246,738	257,993
Misc. Expenses	0	0	0	0	0	0	0
Appli. of Funds	303,086	337,329	319,249	300,449	285,426	294,056	303,248

Financials and Valuations

Ratios

Y/E March	2013	2014	2015	2016	2017	2018E	2019E
Basic (INR)							
EPS	27.0	14.2	5.8	-2.9	2.1	4.6	4.9
Change (%)	-4.0	-47.6	-58.8	-149.6	-174.1	112.6	6.5
Cash EPS	30.9	18.2	10.2	0.9	5.6	8.9	9.6
Book Value	124.4	135.0	139.3	135.0	131.9	135.5	139.2
DPS	5.4	2.8	1.2	0.4	0.4	0.9	1.0
Payout (incl. Div. Tax.)	20.0	20.0	19.9	-13.8	20.0	20.0	20.0
Valuation (x)							
P/E	4.7	9.0	21.9	-44.2	59.6	28.0	26.3
Cash P/E	7.0	7.0	12.5	138.5	22.8	14.4	13.4
EV/EBITDA	2.7	4.9	10.3	-15.6	19.0	10.7	11.3
EV/Sales	0.5	0.6	0.7	0.8	0.7	0.7	0.7
Price/Book Value	1.0	0.9	0.9	0.9	1.0	0.9	0.9
Dividend Yield (%)	4.2	2.2	0.9	0.3	0.3	0.7	0.8
Return Ratio (%)							
RoE	23.7	10.9	4.3	-2.1	1.6	3.4	3.5
RoCE	21.9	9.2	2.7	-2.8	0.6	2.2	2.4
RoIC	29.9	10.8	2.9	-6.2	0.9	2.5	2.5
Turnover Ratios							
Debtors (Days)	301	373	455	510	412	402	402
Inventory (Days)	89	91	122	138	95	95	95
Creditors. (Days)	78	88	114	135	116	124	118
Asset Turnover (x)	8.6	7.3	6.5	6.0	6.6	7.0	8.2
Leverage Ratio							
Debt/Equity (x)	-0.2	-0.3	-0.3	-0.3	-0.3	-0.4	-0.3

Cash Flow Statement

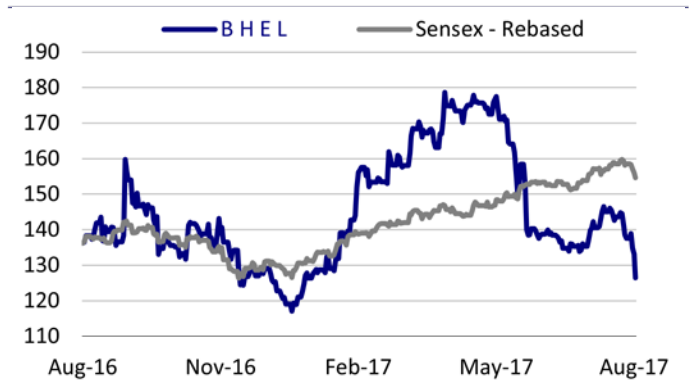
Y/E March	2013	2014	2015	2016	2017	2018E	2019E
PBT bef. EO Items	94,331	50,144	21,406	-11,642	6,579	14,905	15,875
Add : Depreciation	9,534	9,829	10,773	9,357	8,488	10,534	11,548
Interest	1,253	1,326	917	711	717	717	717
Less : Direct taxes paid	28,228	19,718	9,728	4,595	8,385	3,726	3,969
(Inc)/Dec in WC	-53,449	4,126	-9,314	20,193	13,917	16,846	-46,356
CF from Operations	22,187	44,381	13,137	13,314	20,599	38,559	-22,902
EO Income	0	0	0	0	0	0	0
CF from Op. Incl. EO Items	22,187	44,381	13,137	13,314	20,599	38,559	-22,902
(Inc)/dec in FA	-9,390	-6,879	-3,833	-5,733	-3,345	-13,546	-9,435
Free Cash Flow	12,797	37,502	9,304	7,580	17,254	25,013	-32,337
(Pur)/Sale of Investments	325	90	-148	-2,284	20	-50	-50
CF from Investments	-9,065	-6,789	-3,981	-8,018	-3,325	-13,596	-9,485
(Inc)/Dec in Networth	28	-475	-583	-2,100	-11,649	0	0
(Inc)/Dec in Debt	12,918	12,396	-25,938	653	-368	0	0
Less : Interest Paid	1,253	1,326	917	711	717	717	717
Dividend Paid	15,466	8,104	3,237	1,116	1,199	2,549	2,715
CF from Fin. Activity	-2,521	3,817	-29,758	-2,564	-13,216	-2,549	-2,715
Inc/Dec of Cash	10,601	41,409	-20,602	2,733	4,058	22,414	-35,101
Add: Beginning Balance	66,720	77,321	118,729	98,128	100,860	104,918	127,332
Closing Balance	77,321	118,729	98,128	100,860	104,918	127,332	92,231

Corporate profile

Company description

BHEL is India's dominant producer of power and industrial machinery and a leading EPC company, established in the late 1950s as the government's wholly-owned subsidiary. The company has 14 manufacturing divisions, 8 service centers, 4 power sector regional centers besides project sites spread across all over India and abroad. It has a manufacturing capacity of 20GW spread across multiple factories in India; including for thermal, hydro and gas projects.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Jun-17	Mar-17	Jun-16
Promoter	63.1	63.1	63.1
DII	16.6	16.4	17.9
FII	15.8	15.9	14.2
Others	4.5	4.6	4.8

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
LIFE INSURANCE CORPORATION OF INDIA	14.3
COMGEST GROWTH PLC-COMGEST GROWTH EMERGING MARKETS	1.4
PINEBRIDGE INVESTMENTS GF MAURITIUS LIMITED	1.1
LAZARD EMERGING MARKETS PORTFOLIO	1.1
MAGELLAN	1.1

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Atul Sobti	Chairman & Managing Director
T Chockalingam	Director (Finance)
D Bandyopadhyay	Director (Human Resources)
I P Singh	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
Akhil Joshi	SubrataBiswas
Amitabh Mathur	A N Roy
HarinderHira	Keshav N Desiraju
R Swaminathan	Rajesh Kishore
Subhash Chandra Pandey	BhaskarJyotiMahanta

*Independent

Exhibit 6: Auditors

Name	Type
Anjaneyulu& Co	Statutory
DSP & Associates	Statutory
J V Ramanujam& Co	Statutory
Jugal K Puri& Associates	Cost Auditor
M B Gabhawala& Co	Statutory

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY18	4.6	5.3	-12.7
FY19	4.9	7.5	-34.2

Source: Bloomberg

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