

# Bharat Heavy Electricals Limited

CMP : Rs 83.45

May 29, 2018

## PAT up 112% restricted by higher tax

Net profit (total comprehensive income) of Bharat Heavy Electricals for the quarter ended March 2018 more than doubled (up 139% to Rs 532.47 crore) even while its sales (net of excise) for the period was up by 4% to Rs 10146.95 crore. Sharp jump at bottom-line is largely due to 630 bps expansion in operating profit along with marginal increase in sales, lower interest and depreciation cost as proportion to operating profit and higher other comprehensive income. But for lower other income and higher tax provision, the growth at bottom-line would have been much steeper than reported.

- Expansion in OPM by 630 bps was largely due to lower material and other expenses. Material cost as proportion to sales net of stocks was down by 400 bps to 48.4%. And the OE was lower by 1035 bps to 19.6%. However the staff cost was up by 780 bps to 19.3%. As the increase in staff cost was more than offset by lower material and OE the OPM expanded sharply.
- PBIT was down by 31% to Rs 966.57 crore with segment profit of power down by 19% (to Rs 909.42 crore) and that of Industry was down by sharp 79% to Rs 57.15 crore. The segment margin of power was down by 300 bps and that of industry was down by sharp 1140 bps to 10.9% and 3.8% respectively.
- Other income was down by 13% to Rs 197.92 crore hit by lower interest on deposits. The interest cost was down by 77% (to Rs 72.58 crore) and the depreciation was up by 1% (to Rs 217.07 crore). However the interest and depreciation cost as proportion to Operating profit stood lower at 5.9% and 17.6% respectively compared to 55.1% and 37.6% in corresponding previous period. Thus spurred by lower interest and depreciation the PBT jumped up by 324% to Rs 1139.87 crore.
- EO income for the quarter and corresponding previous period was nil. The taxation jumped to Rs 682.70 crore compared to mere Rs 53.04 crore in the corresponding previous period. Thus hit by ballooning of tax provision, the growth at PAT was restricted at 112% (to Rs 457.17 crore).
- The other comprehensive income was up at Rs 75.30 crore compared to mere Rs 6.83 crore in corresponding previous period. Thus the total comprehensive income was up by 139% to Rs 532.47 crore.

## Yearly performance

Standalone sales were higher by 2% to Rs 28925.71 crore. Further with OPM expand by 300 bps to 6.7%, the operating profit leaped by 82% to Rs 1932.89 crore. After accounting for lower other income, lower interest (as % of OP) and lower depreciation (as % of OP), the PBT was up by 152% to Rs 1584.99 crore. Taxation was up by 490% to Rs 778.39 crore and thus the PAT was up by 63% to Rs 806.60 crore. PPA was nil for the quarter as well as corresponding previous period. Thus the PAT after PPA was up by 63% to Rs 806.60 crore. The other comprehensive income was up at Rs 83.33 crore compared to an expense of Rs 29.00 crore in corresponding previous period. And thus the total comprehensive income was up by 91% to Rs 889.93 crore.

Consolidated sales net of excise was up by 2% to Rs 28940.2 crore but with 310 bps expansion in OPM powered OP to leap by 86% to Rs 1970.11 crore. After accounting for lower OI, lower interest and depreciation, the PBT was up by 164% to Rs 1605.63 crore. The share of profit from JV/associates was a loss of Rs 390.76 crore compared to a loss of just Rs 23.56 crore. Thus hit, the PBT after share of profit from JV was Rs 1214.87 crore, a jump of 107%. After accounting for higher taxation (up 496% to Rs 776.68 crore), the PAT was down by 4% to Rs 438.19 crore. Eventually the net profit (total comprehensive income attributable to owners) was up by 22% to Rs 524.63 crore gained by higher other comprehensive income.

## Other developments

In addition to the interim dividend of Rs 0.80 per share of Rs 2 face value each already paid, the company subject to share holders

## INDEX DETAILS

SENSEX	34949.24
NIFTY (S&P CNX)	10633.30

## SCRIP DETAILS

Industry	Heavy Electrical Equipment
Mkt Cap (Rs in Crore)	30692.90
Book Value (Rs)	88.55
Free Float (%)	36.94
Avg Vol Weekly (NSE)	16294734
52 Week H/L (NSE)	108.00 / 73.95
Dividend Yield (%)	0.00
BSE Code	500103
NSE Code	BHEL

## SHAREHOLDING PATTERN(%)

PARTICULARS	LATEST QUARTER	PREVIOUS QUARTER
Promoters	63.06	63.06
FIIIs	13.04	13.07
DIIIs	18.50	18.16
Others	5.40	5.71
Totals	100	100

## Price Comparison with Sensex



approval to pay a final dividend of Rs 1.02 per equity share of Rs 2 face value each for FY2017-18.

The order backlog as end of March 31, 2018 stood at Rs 118136 crore.

## Bharat Heavy Electricals: Results

Particulars	Q4FY18	Q4FY17	Var. (%)	FY18	FY17	Var.(%)
Sales	10146.95	9779.47	4	28925.71	28447.04	2
OPM (%)	12.1	5.8		6.7	3.7	
OP	1231.6	568.66	117	1932.89	1061.36	82
Other inc.	197.92	227.42	-13	693.05	765.92	-10
PBIDT	1429.52	796.08	80	2625.94	1827.28	44
Interest	72.58	313.59	-77	254.55	350.61	-27
PBDT	1356.94	482.49	181	2371.39	1476.67	61
Dep.	217.07	213.9	1	786.4	848.84	-7
PBT	1139.87	268.59	324	1584.99	627.83	152
Provn for taxation	682.7	53.04	999	778.39	131.97	490
PAT	457.17	215.55	112	806.6	495.86	63
PPA	0	0		0	0	
Net Profit	457.17	215.55	112	806.6	495.86	63
Other Comprehensive Income	75.3	6.83	999	83.33	-29	LP
Total Comprehensive Income	532.47	222.38	139	889.93	466.86	91
EPS (Rs)*	#	#		2.2	1.4	

## Bharat Heavy Electricals: Segment Results

Sales	Q4FY18	Q4FY17	Var. (%)	% to total	FY18	FY17	Var.(%)	% to total
Power	8308.07	8109	2	85	23064.17	22794.78	1	82
Industry	1520.53	1765.34	-14	15	5034.25	6045.64	-17	18
Total	9828.6	9874.34	0	100	28098.42	28840.42	-3	100
PBIT								
Power	909.42	1129.07	-19	94	2792.14	2534.58	10	94
Industry	57.15	268.25	-79	6	179.55	244.15	-26	6
PBT before tax and interest	966.57	1397.32	-31	100	2971.69	2778.73	7	100
Less: Interest	72.58	313.59			254.55	350.61		
Add: Other unallocable income	245.88	-815.14			-1132.15	-1800.29		
PBT	1139.87	268.59			1584.99	627.83		
Segment Assets								
Power	40812.18	37602.38	9	64	40812.18	37602.38	9	64
Industry	8522.98	9188.25	-7	13	8522.98	9188.25	-7	13
Unallocated	14453.99	14439.57	0	23	14453.99	14439.57	0	23
Total CE	63789.15	61230.2			63789.15	61230.2		
Segment Liability								
Power	24541.3	23250.32	6	79	24541.3	23250.32	6	79
Industry	4799.21	5480.91	-12	15	4799.21	5480.91	-12	15
Unallocated	1847.56	204.53	803	6	1847.56	204.53	803	6
Total CE	31188.07	28935.76			31188.07	28935.76		

## Bharat Heavy Electricals: Consolidated Results

Particulars	FY18	FY17	Var.(%)
Sales	28940.42	28477.03	2
OPM (%)	6.8	3.7	
OP	1970.11	1057.03	86
Other inc.	678.01	753.19	-10
PBIDT	2648.12	1810.22	46
Interest	255.16	351.3	-27
PBDT	2392.96	1458.92	64
Dep.	787.33	849.79	-7
PBT before JV profit/loss	1605.63	609.13	164
Share of profit from JV/ associate	-390.76	-23.56	999
PBT	1214.87	585.57	107
EO Exp	0	0	
PBT	1214.87	585.57	107
Provn for taxation	776.68	130.39	496
PAT	438.19	455.18	-4
PPA	0	0	
PAT after PPA	438.19	455.18	-4
Other Comprehensive Income (net of tax)	83.47	-28.91	LP
Total Comprehensive income net of tax	521.66	426.27	22
Minority interest	-2.97	-2.08	43
Net profit	524.63	428.35	22
EPS (Rs)*	1.2	1.2	

## Bharat Heavy Electricals: Consolidated Segment Results

Sales	FY18	FY17	Var.(%)	% to total
Power	23064.17	22794.78	1	82
Industry	5048.65	6077.11	-17	18
Total	28112.82	28871.89	-3	100
PBIT				
Power	2792.14	2534.58	10	94
Industry	172.75	239.02	-28	6
PBT before tax and interest	2964.89	2773.6	7	100
Less: Interest	255.16	351.3		
Add: Other unallocable income		-1494.86	-1836.73	
PBT	1214.87	585.57		
Segment Assets				
Power	40812.66	37601.2	9	64
Industry	8544.93	9210.89	-7	13
Unallocated	14187.09	14535.36	-2	22
Total CE	63544.68	61347.45		
Segment Liability				
Power	24541.3	23250.32	6	79
Industry	4829.44	5504.69	-12	15
Unallocated	1843	204.53	801	6
Total CE	31213.74	28959.54		

## NOTES :-

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