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Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst

Ladies and gentlemen, good day, and welcome to BHEL Q2 FY '19 Earnings Conference Call, hosted by B&K Securities Limited. (Operator Instructions) Please note that this conference is being recorded. I now hand the conference over to Mr. Kunal Sheth from B&K Securities. Thank you, and over to sir.

Yes. Hi, Inba, thank you. I would like to welcome the management of BHEL on the call and would like to thank them for giving us this opportunity. From the management, we have Mr. Atul Sobti, Chairman and Managing Director, BHEL; Mr. Subodh Gupta, Director of Finance; and other senior members of the team. Sir, I'll request you to give us some opening remarks, and then we'll open the floor for a Q&A. Over to you, sir.

Okay. Thank you, Kunal. Good evening, friends. I'm Atul Sobti, CMD, BHEL. I have with me my colleagues on the board, Mr. D. Bandyopadhyay, our Director HR; Shri S. Biswas, our Director Engineering R&D; Shri Subodh Gupta ji, our Director Finance; Shri S. Balakrishnan ji, our Director IS&P; Shri Dipankar Guin, our Executive Director Corporate Strategic Management; and Mr. G. K. Hedao, our Executive Director Power Sector Marketing.

A very warm welcome to all of you. Ladies and gentlemen, as you're aware that India has begun to show signs of revival in industrial growth after a prolonged period of subdued economic growth. Capital investment is gradually increasing. It is expected to touch 32% in the FY '19, first time in the last 3 to 4 years.

Index of industrial production registered a growth of 5.2% during April-August 2018, over 2.3% in the corresponding period last year, on the back of strong growth in capital goods and consumer deliverables. The manufacturing PMI increased from 51.7 in August to 52.2 in September, reflecting positive growth.

Specifically for Indian industries, at least 80% cash utilization is expected by more than 60% of the industries, which was just 44% in financial year '16. This is resulting in gradual improvement in sales and margins of the listed companies. So steadily and systematically, Indian industry and economy are on the growth path.

Increase in oil prices and weakening of currency definitely are a risk, but I believe that the growth drivers are more powerful than the risk.

During '17, '18, almost all regions of India, they faced a power deficit in certain months. Power demand projections released by CEA in August '18 expect these power demand to increase by more than 10% in FY '19 versus 6.2% in FY '18. We are also seeing a stabilization in the declining trend of (inaudible) of power plants and uptick in merchant power rates. All these factors signal ensuing demand revival in the power and industry sector. So I feel things are improving in the power sector. Coal-based power plants are going to play an important role, especially with the improved generation technology and deployment of emission control measures in addition to the contribution from renewables.

Beyond power, we also look towards the renewed activity in industry space, particularly the 4 industries. For example, (inaudible) is in the process of purchasing 27 drilling rigs to replace nearly half of the aging (inaudible) rigs. The (inaudible) tender is already issued. Ministry of Steel is working on increasing the steel manufacturing capacity from present 130 million ton to 300 million ton by 2013 (sic) [2030] at an estimated investment of more than USD 120 billion. This includes imports of steelmaking equipment of about USD 25 billion and lot of spares.

Steel industry wants to maximize the sourcing of new contracts from Indian manufacturers under the Make in India. So this is a big opportunity for Indian capital goods manufacturers like BHEL. We at BHEL are in touch with government agencies and steel manufacturers to harness this opportunity.

Indian Railways has major capacity expansion initiatives, which includes investments in rolling stock, capacity creation, safety, modernization of stations, railway track and (inaudible), et cetera.

So Indian capital goods industry, to which heavy electrical and power plant equipment sector contributes around 60%, is now poised for return of growth momentum.

Coming specifically to the events for this (inaudible) strengthening its market leadership further in emission control equipment on some of our plants. The company has entered into a technology collaboration agreement with WAPCOS power environmental [USC] for selective catalytic reduction systems that (inaudible) our systems for DeNOx applications. This in addition to the agreement signed with NANO Co., Ltd. Korea earlier for SCR catalyst for DeNOx implications -- applications in the last quarter.

During the quarter, ladies and gentlemen, we moved orders worth INR 5,159 crore. With this, the total order booked during the first 6 months of FY '19 are INR 9,530 crores, which is more than 2.5x of the order inflow during the corresponding period last financial year.

Some of the significant order received in the quarter are from -- in the Power Sector, orders from NTPC for FGD packages for 3x660 north (inaudible); 3x660 megawatt (inaudible) 2x660 megawatt (inaudible) to 2x500 megawatt (inaudible).

In transportation business segment, major orders from Indian Railways are 104 sets of 3 phase IGBT-based propulsion systems for AC EMU, 20 sets of 3 phase IGBT-based propulsion system for EMU; 352 numbers of traction motors and 21 sets of IGBT-based propulsion equipment, with comprehensive annual maintenance contract for electric locomotives.

In transmission business, order for gas insulated substation on EPC turnkey basis at (inaudible) from Uttar Pradesh Power Corporation Limited.

With this, the total order booking as on 30th September, 2018, stands at around 115,533 crores, which is 19% more than what we had as on 30th September, 2017. I'm pleased to share with you that this is the highest among the last 6 years at the end of the second quarter.

Coming to the financial performance. Turnover for second quarter '18/'19 is INR 6,607 crores as against INR 6,168 crores during the second quarter of '17/'18, a 7% increase. And if we talk of half-yearly achievements, it is INR 12,397 crores in the first half of financial year '19 against INR 11,523 crores during the first half of FY '18, an increase of 8%.

Profit before tax for the second quarter '18/'19 is placed at INR 272 crores, as PBT for the half year of financial '19 is INR 497 crores.

Profit after tax for the second quarter '18/'19 is placed at INR 185 crores as against as INR 115 crores during the second quarter of '17/'18, a 60% increase. And if we talk about the half-yearly figure, it is INR 341 crores in the first half of financial year '19 as against INR 196 crores in the first half of financial year '18, 74% increase.

BHEL has always been working to enhance the wealth of its shareholders. In October '17, the company gave bonus issues to its shareholders in the ratio of 1:2. Further during '17/'18, we gave dividend of 91% on announcement (inaudible) of share capital. This was the highest dividend paid during the last 4 years. Continuing with our commitment, today, the board has decided to recommend buyback of equity shares to the tune of 5% of the net worth, at a price of INR 86 crores with the objective to enhance return to the shareholders. Thank you all once again for joining this conference call. We will take the questions now.

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Questions and Answers

Operator [1]

(Operator Instructions) Our first question is from the line of Venkatesh B. from Citi Research.

Venkatesh Balasubramaniam, Citigroup Inc, Research Division - Director and VP [2]

Yes. Sir, first question is, at the end of the first quarter, I think you had close to INR 170 billion of orders, there you were L1. Can you give us the L1 status at this point in time at the end of the second quarter? And also, what was the receivables -- what are the receivables in the balance sheet at the end of the second quarter?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [3]

Okay. So I'll take the first question regarding the orders where we are the lowest, and it is more than 25,000 crores of orders as such where we are favorably placed. Favorably placed means either we are lowest or customer is talking to us for placement of order.

Venkatesh Balasubramaniam, Citigroup Inc, Research Division - Director and VP [4]

Sir, can you list them out, if possible, which are the...

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [5]

I'll give you the major orders. It is (inaudible) 2x660 megawatt, that is NTPC project. There is a (inaudible), this is an West Bengal government project. This is 1x660 megawatt on EPC basis. Then Adilabad, the SCCL is there, that is 1x800 megawatt, that is also on EPC basis. Then there is SG package as well as [TE] package for Neyveli Thermal Power Station, that is a second expansion 2x660 megawatt. Then there is FGD packages of the Nabinagar of -- this is (inaudible) as well as NTPC. Udangudi, also certain (inaudible) modifications over there. Ennore, Bhusawal emission control equipment and (inaudible). These are some of the major orders which we I'm talking in the Power Sector. And if we talk of the (inaudible) services, where the we had the lowest -- this is in already for the FGD retrofit as well as for the Karnataka Power Corporation for the (inaudible) mandatory spares. And a host of spare orders where we are the lowest, are in the discussion stage with the customer. In the industry segment also, we are -- a number of project as such where we are favorably considered, especially from the railways like (inaudible) is there, which is 218 sets propulsion system is there. Then DLW Varanasi is there, 308 total load converters are there, 174 traction motors are there, and DLW Varanasi. Again, many orders are there. Then if we talk of solar in the MAHAGENCO 50-megawatt project, we had the lowest, which is on EPC basis. Then there are HVDC converter transformers, where we are the lowest and there are -- (inaudible) substation also (inaudible) where we are the lowest. If talk about international business, we are negotiating in a project in Tanzania. This is 371 (inaudible) set of power plant where we are favorably placed. And some sort of plants in (inaudible) as well as some service station in the Nigeria. So this totals up to more than, as of now, INR 25,000 crores.

And the second question you want to -- where you wanted to hear about the receivables. If we talk of the, what we call, current receivables, the current receivables as of end of the second quarter is INR 20,354 crores and as against INR 20,740 crores in '17/'18. I'm talking of current receivables. And if we take in terms of the number of days, it works out to be 218 days as against 231 days at the end of '17/'18. These are total of current receivables.

Venkatesh Balasubramaniam, Citigroup Inc, Research Division - Director and VP [6]

Sir, can you give the total receivables? That is...

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [7]

Total receivables, I'll tell you. If we come to the total receivables, which have -- a (inaudible) current receivables are INR 18,638 crores. The total will be will be possibly around 38,900 crore plus.

Venkatesh Balasubramaniam, Citigroup Inc, Research Division - Director and VP [8]

Okay. Sir, but why is this that these receivables have again gone up? At the end of last year, this was around INR 35,500 crores, but now you are at almost INR 38,000 crores. Aren't there steps -- you are taking steps to control this number?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [9]

We are, definitely. First of all, I'd like to explain the composition as well as the reasons of why it has gone up, and then I'll talk about the steps we're taking. The first focus has to be, as I told you, on the current receivables which are due for the next 12 months. I mentioned that, in fact, there is a reduction there. Despite the turnover going up, it is reduction from INR 20,740 crores for the end of the year, which has gone down to INR 20,354 crores, which is a very positive development. Second point which is happening is, payment terms have undergone substantial change in majority of the cases. Earlier, we are getting the advances, now the advances are not coming, then the, what we call, even the deferred payments that we get also gone up substantially. Some of the figures which I'd like to share with you here are like in case of the orders which we have got from the TANGEDCO. In case of Uppur, Ennore, North Chennai, Udangudi, advances of 0%. And more focus is on the deferred payments are there. So like in even case of NTPC also, the order which we have secured for the -- this Patratu project also. In case of Patratu, in fact, up to the receipt, it is 40% payment only which we'll receiving as against earlier which we used to receive to the tune of 90%. So basically, that is one reason. Second reason of receivables slightly going up is the composition of the total turnover is sustaining. Earlier, more turnover was coming from the central PSUs, which is now tilting toward the state utilities. And state utilities now is contributing close to 53% of these receivables. And in the state utilities, payment although is coming, but normally, it takes slight time. This is the second reason which is happening. So composition of the of (inaudible) customer side, which is the second point I mentioned. So third point which I'd like to mention is as such what is -- it is not a really alarming situation, because we are -- the payment terms are getting built in while our taking of orders in our (inaudible) also. Having said that, a series of steps have been taken by BHEL. The series of steps have been taken like for reduction of these receivables, like we have posted officials at the major sites, including the finance guys also for close follow-up with the customer for expediting. And then we have prepared our own receivable policy also for facilitating the -- and strengthening the receivable position of the [relation] of the receivable. Then we are talking directly, interacting with the banks as well as their financiers for the customer so that payment can come directly to us. We have formed a dedicated group of the [project closer] synergy group for realization of final payments in the commission projects. And the continuous efforts are being made for the revival of the (inaudible) projects also, and we have been successful, as you know, in the recent past. Presently, what we are trying to do is payment against deemed completion of the activities, that is collection against the deemed completion is being tried where activities cannot be completed due to the lack of the customer inputs. And we have also revised the mechanism of the project that were outstanding, which is being more rigorously not only the unit's level, but (inaudible) level also in addition to the -- even at the board level also. So we feel that not a substantially jump has taken place in the receivable. Receivable has increased due to the reasons. We are (inaudible) business composition has changed accordingly.

Venkatesh Balasubramaniam, Citigroup Inc, Research Division - Director and VP [10]

Sir, is it possible to share what is the exchange rate gain or loss which is there in the other expenses in the second quarter of last year and in the second quarter of current year? That's my last question, sir.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [11]

I think that also. Just a minute. If we talk of the [ERV] gains in the -- up to the second quarter in '17/'18, it was INR 400 crores, which is now earning INR 359 crores. So there's a reduction of INR 41 crores.

Venkatesh Balasubramaniam, Citigroup Inc, Research Division - Director and VP [12]

So I didn't get that, sir. You said in the -- yes, I'm just clarifying on the answer which he has given.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [13]

Up to quarter 2 '18/'19, the [ERV] gain was INR 359 crores, while the last year, the (inaudible) was INR 400 crores.

Venkatesh Balasubramaniam, Citigroup Inc, Research Division - Director and VP [14]

Okay, so this is you are talking about first half of current year or this first half of last year, correct?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [15]

First half of last year, correct.

Operator [16]

Our next question is from the line of [Dhawan] (inaudible) from SBI Mutual Fund.

Unidentified Analyst, [17]

Could you help us understand what has been the opportunity in terms of you spoke about projects from the THDC Khurja and the other opportunities? Any other where the tenders are open? And how are we looking at order inflow in the current year? And you mentioned last year, it could cross INR 40,000 crores what we book last year.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [18]

I have already -- I have not talked about Khurja so far. I mentioned those opportunities where we are the lowest. Now if we talked about the opportunities which are likely to (inaudible) us, likely to be tendered out in the current financial year in addition to the projects we are lowest. I mentioned that we are favorably placed in (inaudible), (inaudible), Singareni and Neyveli. In addition to that, there are opportunities at THDC Khurja, that is 2x660 megawatt. NIT has already been issued, and bid submission is earlier in the year around the date of October, which is likely to be extended. And we are quite actively participating in that. This is in fact SG, [TE] and BOP. Similarly, there's a (inaudible) is also there, which is going to 2x660 megawatt. Its NIT was issued in August '18, and bid is due in the November. These are the 2 opportunities where we are participating actively. Then there is an NLC (inaudible) is there which is 3x800 megawatt. Expression of interest was issued in September '18. And we'll be against expectation of interest, we will also begin on our interest in that. Then there is -- there was in TANGEDCO, Ennore replacement is (inaudible) 1x660 megawatts, which NIT has been issued on EPC basis. Then NTPC Singrauli, also we are expecting the NIT shortly, and NTPC LARA also. These are few opportunities we are expecting, which are in the pipeline in addition to the project where we are lowest.

Unidentified Analyst, [19]

Sir, do you expect all of these projects to get finalized in...

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [20]

Not exactly. The total megawatt which I mentioned, which are likely to be tendered in '18/'19, they're 10 to 15 megawatt. My take would be that expected ordering in '18/'19 will be 8 to 10 megawatt. This is my hunch.

Unidentified Analyst, [21]

So a continuing question on the receivables. How do you see the receivables going ahead? We are seeing receivables have been rising greater than the revenue growth. How should we look at the...

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [22]

First of all, I like to reinforce this particular point. This -- receivables have gone up. It has nothing to do with that, since our turnover is going up, receivable is going down. It was in the business composition which is undergoing change. Payment terms, knowingly, we know that we have the kind of payment terms which we are bidding are different than the previous. So receivables are bound to go up. Then the composition is changing, state government contribution is going up. And this is the point because of that receivable has gone up. And if you take that what it was out of the total is a new terminology which I am going to share with you, the receivable as part of the total assets, if you see our balance sheet, is half of the total assets is in form of the receivable. If you go and see the balance sheets of our other competitor also, because then also it is close to the 50%. So as such, it's not a really alarming situation. Nevertheless, we are -- I mentioned that series of steps have been taken in that direction, that even in the, what we call, there is reason slow payments by the states. But this will -- but there is no problem that money will be definitely coming from there.

Unidentified Analyst, [23]

And sir, end of the fiscal, should we expect this INR 39,000 crores to come down to the level of (inaudible)

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [24]

I will not like to comment on that, because a lot of development are there. It depends on how -- but we are making all efforts. All the payments will be made by the customers. But from our side, actions are being taken, steps have been taken.

Unidentified Analyst, [25]

Okay. Sir, could you help us with the breakup of private, state and NTPC, like you have being giving (inaudible).

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [26]

I'll tell you that the total receivables breakup. NTPC, et cetera, what we call, in the state sector and private sector. Just one minute. They are basically central PSUs. This is I told you, state utilities, let me talk about the composition of that in terms of the broad percentage. The state utilities are contributing around 53%, central PSUs contributing close to 29%, private are contributing 13% and exports are contributing 5%.

Operator [27]

Our next question is from the line of Venugopal Garre from Sanford C. Bernstein.

Venugopal Garre, Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst [28]

On the revenue side, I just was wondering now that there's a substantial amount of the order book which is executable, why are we still in this 5% to 6% range of revenue growth? Are there projects where you're still seeing slower execution? Or is it more like this is the way the trend should have been given that quite a few of these projects started only 6 or 8 months back after approvals came in? That's my first question.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [29]

You rightly mentioned about it. Growth of 7% is there in the revenue side, and overall growth is 8%. Basically, what is happening, last year, as you know, we got to the orders close to the INR 41,000 crore. And majority of the order came in the second half of the financial year. What happens normally, what is an execution cycle goes to -- 3 to 4 years, around 4 years. And the actual turnover starts only after 1.5-year period. First year goes into primarily in the, what we call, more of the design phase, et cetera. And that is the reason as of now it is 8% to 9%. From our side, there is no slackness or the slow execution. Rather, internally, we are trying to compress the schedule whatsoever has been agreed with the customers. Then another point is sometimes what is happening, there are certain time-taking process for the vendor's approval as well as (inaudible) approval, et cetera. Because of that, sometimes take this. But there is no, I mean, slowness on the project execution from our side. Definitely it will pick up further. There is a huge order booking now with us. It is bond to pick up in the upcoming days.

Venugopal Garre, Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst [30]

Okay. Sir, my second question is, again, a bit on the working capital side of things. Now I would assume that there has not been much of operating cash in the first half, because the overall working capital has gone up, right. So that would be a fair assessment, right? So the reason I'm asking this is that as you increase the pace of execution of your order book, which you mentioned quite a bit of that having no advances and different payment terms, which is acceptable. And if that happens -- and you also mentioned that a lot of that is priced in the way you have looked at the contract. So primarily, what it means is that while your EBITDA margin would reflect the new paradigm, which is higher EBITDA margin, as these contracts have weaker working capital metrics. But since there's not much of operating cash generation, your borrowings will sort of inch up, which will reflect in higher financing costs. Because I can actually see some borrowing increase too in the first 6 months of the year. So would that be a fair way to look at it, especially when your revenue continues to build up over the next couple of quarters or years?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [31]

So basically, if we talk about the borrowing, that borrowing was only a temporary borrowing, because effectively, we -- our cash which we were having, that was, in fact -- that was in form of FDs or other instruments. We did our own

calculations whether to pick those fixed deposits and go for borrowing, and we found that borrowing was only to the -- as on 30th September, it is only to the tune of INR 717 crores, which is very miniscule kind of borrowing. So I don't think borrowing is bound to go up. Today, also, we are having a substantial cash. You would have seen, I think, close to INR 7,100 crores as on 30th September is there. Basically, if you see that how -- why that cash -- if you could see that how is that -- why has that cash has gone down. One of the major reason is also that there is -- inventory has gone up. You see that lot of material has been brought in the inventory portion. I think inventory has gone up by 1,500 crores.

Unidentified Company Representative, [32]

1,500 crores.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [33]

If you see the opening inventory in the beginning of the year to the closing inventory, INR 1,500 crores [rolled into] inventory also. And definitely, this is a picture when the -- in the middle of the year, it happens. So as such, on cash front, I don't think borrowing is going to go up slowly.

Operator [34]

Our next question is from the line of Rahul Murkya from Jefferies.

Lavina Quadros, Jefferies LLC, Research Division - Equity Analyst [35]

This is Lavina here from Jefferies. I just wanted to understand, on your gross margins, you were at about 42% in the first quarter. You were at about 39.8% in 2Q. Just wanted to understand on the full year if you still think you'll be in the band of 40% to 42%. That's what you all have been discussing especially in light of the currency changes. I just wanted a sense on how you're looking at gross margins right now.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [36]

Basically, gross (inaudible) will -- to go up or go down. But there is not a substantial change in that in the second quarter.

Unidentified Company Representative, [37]

Actually, she was talking about the evolution.

Lavina Quadros, Jefferies LLC, Research Division - Equity Analyst [38]

Q-on-Q.

Unidentified Company Representative, [39]

Yes, sir, yes. Basically (inaudible)

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [40]

Basically...

Unidentified Company Representative, [41]

She's talking about the [gap] after 100 minus this [evolution] part.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [42]

You heard -- if we talk about in the quarter 2, the direct material as a percentage of turnover is 60.2%. If I understood your question properly, it was 60.2% in the -- for quarter 2. And in the quarter 1, it was 58.2%. So value addition was 42% in the quarter 1, and there were also gross margin recorded or value addition in the quarter 2, which has gone down to 40%. Am I correct?

Lavina Quadros, Jefferies LLC, Research Division - Equity Analyst [43]

Yes, sir. So because currency is also depreciated, generally, you all have been saying you always managed to maintain gross margins for the full year basis between 40% to 42%. I just wanted to understand if that stands or not.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [44]

Basically, this is not -- these are marginal change or 2%. And it is the reason because the material -- direct material, percentage of turnover has gone up substantially vis-à-vis quarter 1. In the quarter 1, direct material as a percentage of turnover was 58.2%. It has gone up to 60.2%. And the material consumption [inferred] depends on a host of factors. It depends at how much is the [shop] production, how much is the [water item], how much is the civil. So this quarter-to-quarter minor variation will take place. But overall, as the end of the year, I feel that it will be, I mean, well within our expectations. So quarter to quarter, the (inaudible) impact has not got much winning because material content will be very independent of the composition of (inaudible) [water items], et cetera.

Lavina Quadros, Jefferies LLC, Research Division - Equity Analyst [45]

So on a full year basis, you think it should still be either at last year's levels or plus, minus?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [46]

See, I don't like to give the full number of the full year, but definitely, our efforts are there to contain the material cost. Definitely, material costs go down as well as [margin, revenue distribution] will go up.

Operator [47]

Our next question is from the line of Puneet Gulati from HSBC.

Puneet J. Gulati, HSBC, Research Division - Analyst [48]

Sorry to harp on the receivable thing again. But is it possible to break down the receivable and how much is more than 1 year old and more than 2 years old?

Unidentified Company Representative, [49]

So let me answer this question. Basically (inaudible) if we look at the receivable, the -- we have already given in the balance sheet also that current receivables are -- could be down INR 343 crores, plus non-current are only INR 18,659 crores. So now, after this implementation of Ind AS 115 that is applicable from 1 4 year '18, now the current -- the receivables are -- basically, now the receivables have 2 basically [material elements] that's non-current. One is contract assets. And second is your [amount] which will be received after a period of 1 year. So under contract assets, we are booking those things which are unbilled or valuation revenues. So that is one of the reason your receivables have gone down -- or gone up from noncurrent. Where it was earlier INR 14,754 crores, now it has gone up to INR 18,659 crores. So already, we are showing the classification of the balance sheet under 2 categories, current and noncurrent. Now noncurrent includes [per context] asset also as per the definition given in Ind AS 115. And that asset means that unbilled revenue means (inaudible). Claimed revenue based on valuation means the gap between the turnover is the billing. Basically, that is your contract asset. Now this book (inaudible) category.

Puneet J. Gulati, HSBC, Research Division - Analyst [50]

Okay, so INR 18,600 is...

Unidentified Company Representative, [51]

Includes the -- it is around INR 4,000 crores. It includes around INR 4,000 crores. And as CMD has already told you, because of the increased deferred payment terms in future contracts, whatever orders we have in hand, and the composition of customers, this kind of trend is visible, and noncurrent is going up and this current is going down.

Puneet J. Gulati, HSBC, Research Division - Analyst [52]

Yes -- no, no. I'm just trying to understand how much is more than a year old. So they're roughly...

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [53]

Anyway, we'll do that offline. You can contact the director (inaudible). At the moment, I don't have the figures. We will give you the separate - separately the figures.

Operator [54]

Our next question is from the line of Santosh Yellapu from IndiaNivesh Securities.

Santosh Yellapu, IndiaNivesh Securities Limited, Research Division - Senior Research Analyst [55]

The first question is the Y-o-Y increase in noncurrent [data] is INR 97.7 billion versus the first half FY '18 revenues of INR 117.7 billion, cash conversion of 17%. So sir, can you please give color on [how this] trend would change of low cash conversions and what could lead to this change?

Unidentified Company Representative, [56]

So I think...

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [57]

I don't understand the question.

Unidentified Company Representative, [58]

Are you talking of the cash or what?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [59]

Sorry, can you repeat the question?

Santosh Yellapu, IndiaNivesh Securities Limited, Research Division - Senior Research Analyst [60]

Sir, the noncurrent [data]...

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [61]

Noncurrent [data]. The receivables, you're talking of?

Santosh Yellapu, IndiaNivesh Securities Limited, Research Division - Senior Research Analyst [62]

The increase in Y-o-Y noncurrent [data] is INR 97.7 billion, right. And H1 FY '18, the last year's first half revenues were at INR 117 billion. That means the conversion of revenues is just 17% into the cash flow, right. So when will this change (inaudible)

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [63]

(inaudible) this cannot be for the cash. It's not necessarily the (inaudible) revenue growth. That revenue only will get [converted] to cash because cash has got a lot of component. It would come from the previous revenue -- billed revenues also. Some portion will be from the previous revenues, some portion in the present revenue. We cannot [do] direct correlations of 1 to 1. That's just -- last time, this was a [very informal cash system]. This time, this is (inaudible) [cash system]. It will have a lot of composition, the previous in (inaudible). There are -- basically, there will be (inaudible) also, which has (inaudible) into [collective]. From there, it would have come. So direct correlation won't be possible. And of course, (inaudible) another component which is the -- which may be the part of the cash. I think the current correlation won't be possible like that.

Santosh Yellapu, IndiaNivesh Securities Limited, Research Division - Senior Research Analyst [64]

Sir, just to -- I think just to rephrase my question. What I'm trying to understand is the Y-o-Y changes, H1 FY '19 versus H1 FY '18 revenues. The jump only to the tune of INR 621 crores, whereas the noncurrent [data] has grown by INR 97 billion. Can you please explain what led to this kind of result?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [65]

Meaning -- if I understood his question, is -- there is increase of -- in the -- what do you call -- in the income, sorry, there is an increase of 8% while the [debtors] have gone up?

Santosh Yellapu, IndiaNivesh Securities Limited, Research Division - Senior Research Analyst [66]

Yes, sir.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [67]

(inaudible) that is the question?

Santosh Yellapu, IndiaNivesh Securities Limited, Research Division - Senior Research Analyst [68]

Yes, yes, yes.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [69]

Yes, you explain that. Yes, you explain that with him.

Unidentified Company Representative, [70]

Yes, yes. I'll explain it. Because I have just now (inaudible), this -- after this implementation of Ind AS 115, there are certain assets which we were categorizing as current. Now it is to be classified as noncurrent, like valuation data means unbilled revenues. So many things are there, such type, which are now gone into noncurrent category. And because of this reason, this major change, you won't be able to see there.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [71]

Well, that is the reason.

Santosh Yellapu, IndiaNivesh Securities Limited, Research Division - Senior Research Analyst [72]

Will revenues sitting in the...

Unidentified Company Representative, [73]

Sitting -- no, on the current category, only those revenues which are likely to be collected within a period of 1 year. And the second reason is that because the different portion has also gone up and the type of customers now we are handling [failed to release all] the level of noncurrent has gone up, and that has gone from current to noncurrent category.

Santosh Yellapu, IndiaNivesh Securities Limited, Research Division - Senior Research Analyst [74]

Sir, what will be the value of that (inaudible)

Unidentified Company Representative, [75]

It's already given. It is INR 18,660 crores.

Operator [76]

Our next question is from the line of Charanjit Singh from DSP Mutual Fund.

Charanjit Singh, [77]

Sir, if we talk to semi-private (inaudible) suppliers, they have size that's ranging from bidding (inaudible) orders, where the terms are not very conducive. So how is BHEL interacting with NTPC on this aspect? And so is there a scenario where we could see some change in the terms?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [78]

Look, I can't say what other people are doing, why we are participating out there for without the [resource]. But definitely, we are in touch with NTPC, and we are hopeful that the payment terms, which has -- which are now slightly what it was in our -- for the bidders, they are likely to change in the coming tenders. We are hopeful of that. This is our hunch that we're already in the [specials] with them. The vendors, which are going to be announced (inaudible), hopefully, changes will take place in that.

Charanjit Singh, [79]

And sir, on the execution front, we have seen a very muted execution in the first half. And going forward, what is the kind of expectation you have on the execution? And as these -- some of the larger orders which are booked in the second half of last year get into a peak execution phase, where we -- how do you see FY '20 panning out based on that?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [80]

FY '20 will be -- I presume that majority of orders, which was secured in the second half of the last financial year, would pick up our revenue in the FY '20. Because I told you the initial 1.5 years is primarily for the -- either for the ordering or for the designer sector, then revenue picks up. So definitely, this majority of revenue would come in the FY '20.

Operator [81]

Our next question is from the line of Pulkit Patni from Goldman Sachs.

Pulkit Patni, Goldman Sachs Group Inc., Research Division - Equity Analyst [82]

Sir, my first question is since you spoke about your L1 and I see a lot of figures coming from the industrial side, can you highlight if you need to do any incremental CapEx in order to sort of cater to these orders? Or do you think that the maximum capital expenditure will be related to whatever maintenance we are doing today?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [83]

No. CapEx will -- definitely will be there, where services are required. Already, we have sanctioned recently a CapEx from our [ocular timeout] for the technology with this roof or the cells manufacturing. We have approved the CapEx for these cells and (inaudible) 70 -- more than INR 70 crores, INR 70 crores to INR 80 crores at our vendor plant. Solar, we had expanded the capacity to 226 megawatt. We are further examining how to -- I mean, whether to expand it further or not. Similarly, in the metro area, we are already working -- or we identified the place also. Some broad work has already been done in there and [where it is] required, we'll be...

Unidentified Company Representative, [84]

(inaudible) as CapEx.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [85]

Then in case of SCR also, recently, we have [centered] around...

Unidentified Company Representative, [86]

INR 60 crores.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [87]

INR 60 crores of the investment for the SCR catalyst, manufacturing at our vendor plant.

Unidentified Company Representative, [88]

DeNOx.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [89]

And for the DeNOx application. Metro, also, we -- I -- as I told you that as and when we have orders, we'll be going for the expenditure in that area. Then in the e-mobility side also, we are developing overall propulsion systems through R&D. And once it picks up, then we'll be going further.

Unidentified Company Representative, [90]

(inaudible)

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [91]

Okay. Then in that trend, non-power sector, [if we talk], in fact, the non-power generation area in the transformer area, close to INR 50 crores, we are going to spend for development. Nuclear, also, we are already having the plants. And proposal is currently in the (inaudible) CapEx.

Pulkit Patni, Goldman Sachs Group Inc., Research Division - Equity Analyst [92]

Any overall number that you can share, sir, for this and mix?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [93]

For -- at the moment, I won't be able to sum up that. But everything is under discussions and what we call compilation. Exactly, we -- next time, I think I'll be able to share you the better figures. So we offer so many front in the CapEx side. And hopefully, once this gets crystallized, then we'll be able to share you that number. But I mentioned to you, recently, in the last 4 to 5 months, these cells and (inaudible) have been sanctioned. This is close to INR 70 crores. And INR 60 crores for this SCR technology, this has been...

Unidentified Company Representative, [94]

INR 43 crores for transformers.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [95]

INR 43 for transformers. And nuclear, also, close to INR 50 crores, INR 60 crores we'll be spending. These are for all which have been, by large, approved, sort of.

Pulkit Patni, Goldman Sachs Group Inc., Research Division - Equity Analyst [96]

Sure, sir. Sir, my second question is you had mentioned in the previous quarter that we'll be finalizing wage revision. And you also provisioned, I think, about INR 100 crores in the first quarter. Can we understand that your wage provisioning is now completely done or we could expect something more to come on that account?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [97]

So our wage -- so wage, in fact, wage agreement has already been implemented in tiers of executives and supervisors. And also, for business [who are there], they have been [expensitized]. They've been brought to (inaudible). And the only thing that we are in the final stages of negotiation with the workers and [we have several] required, we are making the provisions for that also. Otherwise, for the, what we call, executives and supervisors, this has been implemented, and it has been brought onto the (inaudible) so the [ruling] are making any provisions for that.

Pulkit Patni, Goldman Sachs Group Inc., Research Division - Equity Analyst [98]

So we should expect a steady-state number, sir, from now on?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [99]

Steady-state number, yes.

Operator [100]

Our next question is from the line of Sumit Kishore from JPMorgan.

Sumit Kishore, JP Morgan Chase & Co, Research Division - Research Analyst [101]

My first question is, could you give us a broad breakup of the INR 250 billion L1 position into what is power plants, what is the size of the spare opportunity, FGD and industry? Is it just breakup in numerical terms broadly?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [102]

Okay. This is...

Unidentified Company Representative, [103]

Several quarters.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [104]

(inaudible) basically, if we talk of the spare side, you mentioned about the spare side, in that, we are favorably placed in the spare side close to INR 1,000 crores, okay. And in the industrial segment, we are close to INR 1,500 crores. We are favorably placed. In the international operation side, close to INR 2,000 crores, we are favorably placed. And in the FGD, we are favorably placed to -- by more than INR 3,000 crores. We are favorably placed. And balance of [certain with the] main project which I mentioned, that is already (inaudible). That is (inaudible)

Sumit Kishore, JP Morgan Chase & Co, Research Division - Research Analyst [105]

[Available].

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [106]

[Available], yes.

Sumit Kishore, JP Morgan Chase & Co, Research Division - Research Analyst [107]

Sir, my second question is at -- in [pie chart], for instance, that you are favorably placed, that orders seem to have got [effort] given all this state government's position to it. That was in the newspaper. Then -- and on [ETIO], as per media (inaudible) central [hydro forms] to look at buying distressed assets before setting up these thermal plants. I mean, do you have any comments on this? Could with this potentially defer some of the order prospects to the next financial year?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [108]

Our [twin] 2 660 megawatt [venture] (inaudible) as you know, the environment clearance has been granted by the (inaudible). And [PBC] board has also cleared the (inaudible) proposals. In fact, I was in (inaudible) only 2, 3 days back. Let us see that discussions are on. As of now, whatever -- we are hopeful that this order will be appealed during the current financial year. We are just waiting and watching the -- when (inaudible) because while the clearance [under these government] comes, then a proposal will be put up to the NTPC board for placement of order of (inaudible). That's everything (inaudible) [ready] only (inaudible) as expected. Let us see. I'll not -- I like to comment more on this, but we are [quite full] in the current financials.

Sumit Kishore, JP Morgan Chase & Co, Research Division - Research Analyst [109]

And the [TIO] advisory to [hydro forms] as (inaudible) on buying distressed assets?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [110]

That's okay. That's -- and I think these (inaudible) advisories are there to find the distressed assets. And in fact, in distressed asset also (inaudible) we are seeing that majority of the buyers who want to buy that distressed asset, they want to buy those distressed assets where the (inaudible) will be next year. In fact, we are being approached by many people about -- what do you call, about the status of those equipment, what -- which are held, how much more money would be required for completion of these projects. We're in touch with those people for the distressed assets.

Unidentified Company Representative, [111]

(inaudible) which was (inaudible)

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [112]

And in any case, this -- look, I mentioned that for this -- or Khurja as well as the (inaudible) both have -- they are (inaudible) this THDC. They are already gone for the (inaudible) as well as Khurja for utilities (inaudible) for the (inaudible). So that is okay. When is that announced? This is -- they are doing everything.

Sumit Kishore, JP Morgan Chase & Co, Research Division - Research Analyst [113]

Okay, well noted. And finally, on provision, if could you give us a breakup in other expenses, what is the extent of provisions in 2Q FY '19 versus 1Q?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [114]

(inaudible)

Sumit Kishore, JP Morgan Chase & Co, Research Division - Research Analyst [115]

Versus 2Q FY '18.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [116]

For reasons -- you want to know for Q2 '18/'19 and for Q2 '17/'18?

Sumit Kishore, JP Morgan Chase & Co, Research Division - Research Analyst [117]

Yes, please.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [118]

Yes. For provisions, for Q2 '18/'19 was INR 515 crores. And for Q2 '17/'18 was almost of the same, INR 545 crores.

Operator [119]

We'll take the next question from the line of Ashish Shah from IDFC Securities.

Ashish Shah, IDFC Securities Limited, Research Division - Analyst [120]

Sir, 2 questions. One -- this one is the (inaudible) depreciation was lower on account of an investment just one that you disclosed. So what I want to know is what should be considered as a recurring depreciation from electricity onwards?

What should be the recurring level of depreciation one can assume?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [121]

(inaudible) INR 450 crores to...

Unidentified Company Representative, [122]

INR 450 crores to INR 500 crores.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [123]

INR 450 crores to INR 500 crores. As of now, that will depend on the [different] investment (inaudible) investor.

Ashish Shah, IDFC Securities Limited, Research Division - Analyst [124]

Annually, one then is (inaudible) to INR 500 crores (inaudible).

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [125]

Yes.

Ashish Shah, IDFC Securities Limited, Research Division - Analyst [126]

Okay. Second question is that will be nature of the contracts (inaudible) and the receivables (inaudible) will be extended. Does that also lead to higher ECL provision or that we would not have to do that with [related] contract (inaudible)

Unidentified Company Representative, [127]

Actually, that will depend as the year ends. This review of ECL provision will be done at the year-end because I just told this upcoming implementation of Ind AS 115. Now the classification of current and noncurrent will call a different call. One contract asset is there, which will go to your noncurrent asset. Probably, I think the amount of ECL provision should go down. It should not be more. Now it should go down because most of the things will [shoot] to noncurrent. So noncurrent, which cannot be realized or which is not realizable contractually will not retract any ECL.

Ashish Shah, IDFC Securities Limited, Research Division - Analyst [128]

So I just want to (inaudible) distribution (inaudible)

Unidentified Company Representative, [129]

Yes, (inaudible). I think -- yes, certainly.

Operator [130]

Our next question is from the line of Ankur Sharma from Motilal Oswal Securities.

Ankur Sharma, Motilal Oswal Securities Limited, Research Division - VP [131]

Just one question. If you could just break down your order inflow into the quarterly -- the Q2 number into power industry and exports and also the order book in a similar fashion?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [132]

Okay. This is -- if we talk about the [actuals] up to the quarter 2, I mentioned that we'll have received close to INR 9,530 crores. We have -- up to quarter 2. And that comprises the power sector mainly up INR 4,205 crores, special services with INR 1,438 crores. Industry sector is INR 3,250 crores, and exports to the tune of INR 636 crores. You want a similar breakout in the case of quarter 2 also? (inaudible) quarter 2. These -- I have given you the figure of -- to the quarter 2.

Ankur Sharma, Motilal Oswal Securities Limited, Research Division - VP [133]

Yes, quarter 2 press release, sir.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [134]

Quarter 2, specifically, if you see the main projects, we have got INR 2,950 crores; the [space and] services, INR 556 crores; industrial [business] segment, we got INR 1,653 crores; and international operations, INR 10 crores.

Ankur Sharma, Motilal Oswal Securities Limited, Research Division - VP [135]

Okay. And the breakout of the order book, sir, as of September.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [136]

Total order book. Total order book, as you see, this is 1 lakh, 45 -- 1 lakh, 15,533 crores. Out of that, close to INR 96,000 crores from -- sorry, just a minute. Power sector is INR 90,000 crores. Industry sector is close to INR 12,000 crores, and international operation is the balance, INR 13,000 crores.

Operator [137]

Our next question is from the line of Abhishek Puri from Deutsche Bank.

Abhishek Puri, Deutsche Bank AG, Research Division - India Utilities Analyst [138]

Sir, if you can tell us this INR 250 billion L1 position that you have, what is the status of the other projects like the (inaudible) and whether they will be impacted with the model code of conduct, which will be kicking in before the central elections?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [139]

Yes. First of all, I'll talk about (inaudible) we already discussed [total FC]. I mean, things are moving. Now (inaudible) there. In case of (inaudible), the negotiations have already taken place with the [western] government and now things have been finalized. And we are hopeful in the next 1 month also, it may get materialized. This is regarding the (inaudible) they are waiting for the [EC] clearance, which is, I think, expected shortly. And in the month of November and maximum up to December, in this quarter, I'm expecting this will come. This is coming to the SCCL. In fact, this is (inaudible). Definitely, because of this election declaration in Telangana -- although we were expecting that we will finalize shortly before the (inaudible) of election. This will -- I mean, that finalized the (inaudible), I think, after the...

Unidentified Company Representative, [140]

After the elections.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [141]

After the elections already. But a lot of discussions have already taken place because you know that certain equities from the state government also. So their approval is required for that. So this will get finalized after that. And really, in fact, in case of the (inaudible) 2 660 megawatt, this technical evaluation is going on and discussions are then going on.

Abhishek Puri, Deutsche Bank AG, Research Division - India Utilities Analyst [142]

So would the decision of (inaudible) ignite or (inaudible) power development or NTPC depend on the model code of conduct (inaudible)

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [143]

No, no, no. Nothing, no, no, no. In case of (inaudible) already, no issue. In case there really is no issue. (inaudible) I mentioned that because of the Telangana elections, the Telangana and the equity. Also, nobody has told us, but my feeling is that it will wait for the final elections are over. Elections are, I think, in December, isn't it?

Unidentified Company Representative, [144]

7 December.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [145]

7 December. So after that, (inaudible). Otherwise, a lot of discussions have already taken place with the customer.

Abhishek Puri, Deutsche Bank AG, Research Division - India Utilities Analyst [146]

Got it. So -- and so secondly, on the receivables trend, so correct me if I'm wrong if this noncurrent receivable is -- which is more than 1 year, that has gone up by more than INR 4,000 crores. That is only because of the accounting change or is it..

Unidentified Company Representative, [147]

It's mainly because -- Abhishek, it is mainly because of accounting change.

Abhishek Puri, Deutsche Bank AG, Research Division - India Utilities Analyst [148]

Okay.

Unidentified Company Representative, [149]

Oh, sorry, Abhishek, sorry. So it is mainly because of accounting change. I have just told you now that valuation [data payment]. Earlier, we were reporting in the current category. Now these are basically contract assets, which are unbilled revenues. So this would be -- basically, there's a shift to -- and secondly, as CMD has told now that because of the skewed payment terms, the deferred proportion is more as compared with the current. So there is also because of that (inaudible) there's a change from current to noncurrent.

Abhishek Puri, Deutsche Bank AG, Research Division - India Utilities Analyst [150]

Okay. But would this worsen further because now the new contracts are coming with this payment term and they will not be in your revenues as much as you said the peak of revenues, you start to book from 1.5 years to 3 years typically. That is the cycle.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [151]

So peak -- the relative peak revenue will start 1 to 1.5 years afterwards only. But it will not be worsened because the faster orders are under execution. In fact, you take example of this Bhadradri is there, which is going on even the [terminal projection] also there. We are hopeful that many of these orders will come to the peak in the fourth quarter of the current financial year also.

Abhishek Puri, Deutsche Bank AG, Research Division - India Utilities Analyst [152]

Okay. And PFC (inaudible) funding these projects typically?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [153]

Yes.

Abhishek Puri, Deutsche Bank AG, Research Division - India Utilities Analyst [154]

Are they making new payments directly or they're routed to the state.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [155]

They're routed to the state. But normally, when (inaudible) end of the financial year, they are also eager to -- this was the money. So we are not finding any problem in these projects, definitely. (inaudible) financing is (inaudible).

Operator [156]

Ladies and gentlemen, that was the last question. I now hand the floor back to Mr. Kunal Sheth for closing comments. Over to you, sir.

Kunal Sheth, - [157]

Yes. Hi. Thank you, everyone, for participating. Thank you, BHEL management, for giving time out. Sir, would you like to add any closing comments?

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [158]

Just I'd like to mention that the power sector levels concerns in the recent years, like the low [PLFS] has subdued demands are gradually subsiding, and the dilution of the standard assets and improvement in the finances are now visible. And we are noticing the impact of all these factors, and the final steps, we are -- we have taken to enhance our non-core business. We are confident that better moment in the orders as well as project execution will be there in the coming quarters. And we are working in the direction, and our focus on the (inaudible) and the kind of initiatives we have taken in the energy story, railways, water, industrial products, other areas, they will give the (inaudible) in the coming years. And thank you very much to all the participants for taking interest in BHEL. Thank you very much.

Kunal Sheth, - [159]

Thank you so much, sir, and best of luck for future quarters.

Atul Sobti, Bharat Heavy Electricals Limited - Chairman & MD [160]

Thank you, Kunal.

Operator [161]

Thank you. Ladies and gentlemen, on behalf of B&K Securities, that concludes this conference. Thank you for joining us. You may now disconnect your lines.