भारत हेवी इलेक्ट्रिकल्स लिमिटेड
Bharat Heavy Electricals Limited
BHEL House, Siri Fort, New Delhi - 110 049, India

Ref: AA:CSM:72

31 Jul 2020

Corporate Relations Department
BSE Limited
Floor 25, P.J. Towers,
Dalal Street, Mumbai- 400 001
Scrip code: 500103

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
Scrip Symbol: BHEL

Sub.: Disclosure of material impact of CoVID–19 pandemic under SEBI (LODR) Regulations, 2015 vide ref no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 May 20, 2020

Dear Sir/Madam,

Further to our earlier announcements Ref: AA:HR:MR 1 [C] dated 23.03.20 and 31.03.20, and AA:CSM:72 dated 30.06.20, we wish to provide an update on the impact of the COVID-19 pandemic on our business, performance and financials, as under:

Impact on Business Outlook: Business outlook had been persistently challenging due to the continued slowness in ordering witnessed in the power sector. The pace of ordering is yet to pick up post COVID-19. Though leading indicators like demand for electricity have begun reflecting gradual resumption of economic activity nearer to the pre-lockdown period, conversion into resumption in ordering in the power sector will become clearer only in the longer outlook.

Tendering processes in many cases slowed down considerably during the lockdown period, due to difficulties in access to physical documents, delayed response from vendors and travel restrictions. Though all efforts are currently directed towards responding timely to the ongoing and upcoming tenders, possibility of delays due to the prevailing uncertain conditions induced by COVID-19 pandemic cannot be ruled out.

Government of India's 'Aatmanirbhar Bharat' initiative is expected to augment revival of growth for the manufacturing sector. In line with this vision BHEL has invited global OEMs to collaborate for manufacturing in India, leveraging its engineering and manufacturing capabilities, technological strengths and geographical spread across the nation. Nearly 60 relevant responses have been received with more than 50% companies of foreign origin, cutting across several sectors such as Railways, Defence & Aerospace, E-Mobility, Power Equipment, etc. High level teams at BHEL are working to take these forward in a time-bound manner.

Ability to maintain operations including the factories/units/office spaces: In compliance with the orders in respect of lockdown issued by Ministry of Home Affairs, the company's offices, manufacturing units and project sites remained closed for varying periods, except for permitted

essential services. Utilizing its IT infrastructure, the company enabled 'Work From Home' for many sections of employees across offices and units, which helped in continuance of engineering, business and HR activities during the lockdown period and beyond. Subsequent to the Ministry of Home Affairs directives for restarting, manufacturing units and project sites were opened in conformance with the stipulations laid down by respective local administrations. However, limitations on numbers of employees allowed to work at a time due to need for social distancing, supply chain disruptions both nationally as well as internationally, and migration of labour from project sites has restrained full resumption of operations.

Schedule for restarting operations: Pursuant to Ministry of Home Affairs Order No. 40-3/2020-DM-I(A) dated 29.06.20 to re-open more activities in a calibrated manner, in areas outside the containment zones and to extend the lockdown in containment zones up to 31.07.20, the company's manufacturing units/ divisions and project sites have resumed operations with precautions of social distancing.

Steps taken to ensure smooth functioning of operations: BHEL has harnessed its IT infrastructure efficiently to ensure continuity of office work through remote access to systems, digital documents and meetings through video conferencing. After easing of restrictions, optimum work force has been maintained at various units and offices, keeping in view the applicable social distancing norms. Though labour migration at project sites has impacted progress of site work significantly, BHEL is also in dialogue with project developers to encourage mobilisation of labour. As per guidelines for phased re-opening issued by the government, the company is taking all measures to contain spread of COVID-19, and to ensure the health and safety of employees, associates and other stakeholders.

Estimation of future impact of COVID-19 on its operations: The disruptive impact of the COVID-19 pandemic on foreign as well as indigenous supply chains continues to affect operations from the last quarter of the previous financial year itself. After lockdown was lifted, operations in manufacturing units and project sites were started in a limited and staggered fashion. The complete stoppage of operations during the lockdown period, and limited resumption subsequently is impacting BHEL like all other sectors of industry. Return to normal business operations is presently uncertain due to rising COVID-19 cases across the world including India, disrupted supply chains and poor labour availability at project sites. BHEL is a continuously assessing the prevailing conditions for taking the best possible steps, but a reasonable measure of the future impact will be possible only once the overall situation stabilises.

Financials: Q4FY20 and FY20 financial results were declared under Regulation 33 of the LODR on 13 June 2020. The disruption of international supply chains in the first quarter of the calendar year, coupled with the nation-wide lockdown towards end of Q4FY20 have had some impact on the financial parameters, in respect of revenues, profitability and cash inflows. Cash collection activities continue, but delays due to the prevailing conditions are anticipated.

Existing contracts/ agreements where non fulfilment of the obligations by any party will have significant impact on listed entity's business: BHEL is pursuing the matter contractually with its customers in line with the guidelines issued by GoI regarding applicability of Force Majeure Conditions.

This is for your information and records.

Thanking you,

Sincerely,

(Rajiv Bhatnagar)
GM & Head (Corp Strategic Management)

राजीव भटनागर / RAJIV BHATNAGAR
महाप्रबंधक एवं प्रमुख / General Manager & Head
कार्पोरेट स्ट्रैटिजिक मैनेजमेंट / Corporate Strategic Management
भारत हेवी इलेक्ट्रिकल्स लिमिटेड / Bharat Heavy Electricals Limited
बी एच.ई.एल हाउस, सीरी फोर्ट / BHEL House, Siri Fort
नई दिल्ली–110049 / New Delhi-110049