



# भारत हेवी इलेक्ट्रिकल्स लिमिटेड

## Bharat Heavy Electricals Limited

24<sup>th</sup> June 2021

### DISCLOSURE ON CREDIT RATING TO STOCK EXCHANGE BY BHEL

M/s CARE has downgraded the rating on the long-term bank facilities of the Company (vide communication dated 23<sup>rd</sup> June 2021) from :-CARE AAø to :-CARE AA-ø while reaffirming the outlook to :-Stableø. The rating on the short term facilities have been reaffirmed at :-CARE A1+ø. The instrument wise ratings are as under:

Bank Facilities	Rating Action	Primary reason mentioned by the Rating Agency
Long-Term Rating	<b>CARE AA-/Stable</b>  (Rating downgraded from :-CARE AAø to :-CARE AA-ø  Outlook reaffirmed to :-Stableø)	The revision in the long-term ratings of BHEL takes into account a lower-than-expected execution of orders in FY21 primarily due to the lockdown due to Covid-19 pandemic, resulting in significant decline in total operating income and operating loss for the company, and a consequent deterioration in the company's debt protection metrics. Notwithstanding persistent initiatives of the company to rationalize its overheads, the margins are likely to remain under pressure in FY22 also.  The revision in the ratings also factors in the diminishing order inflow both in 'power' as well as 'industry' segments. Furthermore, the ratings continue to factor in the company's elongated working capital cycle as a result of increasing contract assets given the adverse payment terms in its orders, which is partly offset by an improved collection of trade receivables.
Short-Term Rating	<b>CARE A1+(Reaffirmed)</b>	