



भारत हेवी इलेक्ट्रिकल्स लिमिटेड
Bharat Heavy Electricals Limited

No: AA/SCY/AGM56

Date: 12.10.2020

BSE Limited

P.J. Towers, Dalal Street,
MUMBAI – 400001

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block G,
Bandra-Kurla Complex, Bandra (East)
MUMBAI – 400051

Dear Sirs,

**Sub: Minutes of 56th Annual General Meeting of BHEL
held on 28th September, 2020**

Please find enclosed herewith a copy of the Minutes of 56th Annual General Meeting of BHEL held on 28th September, 2020, for your information and record.

Thanking you,

Yours faithfully,

(Rajeev Kalra)
Company Secretary
shareholderquery@bhel.in

Encl: As above

BHARAT HEAVY ELECTRICALS LIMITED
NEW DELHI

Minutes of the 56th Annual General Meeting of Bharat Heavy Electricals Limited held through Video Conferencing on 'Monday', 28th September, 2020 from 10 AM to 11.40 AM at BHEL House, Siri Fort, New Delhi

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PRESENT

1. Dr. Nalin Shinghal
Chairman & Managing Director and Member
2. Shri Shashank Priya
Part-time Official Director
3. Shri Amit Mehta
Part-time Official Director
(and Representative of the President of India, holding 219,96,50,402 shares i.e. 63.17% of the total paid up share capital of the Company)
4. Shri Rajesh Sharma
Independent Director
Chairperson- Board Level Audit Committee and Nomination & Remuneration Committee
5. Shri Raj Kamal Bindal
Independent Director
6. Shri Manish Kapoor
Independent Director
Chairperson- Stakeholders Relationship Committee
7. Shri Subodh Gupta
Director (Finance)
8. Shri S. Balakrishnan
Director (IS&P)
9. Shri Manoj Kumar Varma
Director (Power)
10. Shri Kamalesh Das
Director (E, R&D)
11. Shri Anil Kapoor
Director (HR)

Total 173 Members holding 219,99,99,436 shares attended the Meeting through video conferencing (VC). Quorum was present throughout the Meeting. Deemed venue of the Meeting was the registered office of the Company i.e. BHEL House, Siri Fort, New Delhi.

IN ATTENDANCE

Shri Rajeev Kalra
Company Secretary

AUDITORS/ SCRUTINIZER

a) Statutory Auditors			
1)	Shri Sandeep Sandill	:	M/s Tiwari & Associates
2)	Shri G.K. Gupta	:	M/s Raj Har Gopal & Co.
3)	Shri Rajat Jain & Shri Ritesh Kumar Jain	:	M/s Mahesh C. Solanki & Co.
b) Secretarial Auditor			
	Shri K.K. Sachdeva, PCS	:	M/s K.K. Sachdeva & Associates
c) Lead Cost Auditors			
	Shri Rakesh Singh	:	M/s Shome & Banerjee
d) Scrutinizer			
	Shri Sachin Agarwal, PCS	:	M/s Agarwal S. & Associates

Company Secretary welcomed the shareholders, Chairman & Managing Director (CMD) and Directors on the occasion of the 56th Annual General Meeting (AGM) of the Company. Thereafter, Company Secretary informed that as per Article 47 of the Articles of Association of Bharat Heavy Electricals Limited (BHEL), Chairman of the Directors shall be entitled to take chair at every general meeting of the Company and requested CMD to take the chair. Dr. Nalin Shinghal, CMD presided over the Meeting pursuant to Article 47 of the Articles of Association of the Company.

While welcoming the Members on the occasion of the 56th AGM of the Company, Chairman introduced all the Directors and informed that Shri Amit Mehta, Part-time official Director was also representative of the President of India. He also informed the Members that Shri Rajesh Sharma, Chairperson of the Board Level Audit Committee and Nomination & Remuneration Committee of BHEL and Shri Manish Kapoor, Chairperson of the Stakeholders Relationship Committee of BHEL were present at the AGM.

The Chairman informed the Members that Shri Sandeep Sandill of M/s Tiwari & Associates, Shri G.K. Gupta of M/s Raj Har Gopal & Co. and Shri Rajat Jain & Shri Ritesh Kumar Jain of M/s Mahesh C. Solanki & Co., Statutory Auditors as well as Shri Rakesh Singh of M/s Shome & Banerjee, Lead Cost Auditors of the Company were present at the Meeting. He further informed that Shri K.K.

Sachdeva, Practicing Company Secretary of M/s K.K. Sachdeva & Associates, Secretarial Auditor of the Company and Shri Sachin Agarwal, Practicing Company Secretary of M/s Agarwal S. & Associates, appointed as Scrutinizer for remote e-voting & electronic voting at the 56th AGM (Insta Poll), were also attending the Meeting.

Based upon information received from Company Secretary, Chairman declared that quorum was available as per Section 103 of the Companies Act, 2013 read with MCA Circular dated 05.05.2020 and as such the Meeting was in order. He apprised that in terms of the MCA and SEBI Circulars regarding conduct of the AGM through VC, whereby physical attendance of the members at the meeting has been dispensed with, there is no requirement of appointment of proxies and accordingly the facility for appointment of proxy has not been made available for this Meeting. He further apprised that the Annual Report alongwith Notice and instructions for e-voting have already been sent to all the Members through e-mail as permitted under the law and the same is also available on the website of the Company, NSE and BSE. He further stated that all efforts feasible under the circumstances have been made by the company to enable Members to participate and vote on the items being considered in the Meeting.

The Chairman stated that pursuant to Section 170 and Section 189 of the Companies Act, 2013, the Register of Directors & KMPs and their shareholding and the Register of Contracts or Arrangements in which Directors are interested, respectively, are available in electronic mode for inspection at the Meeting. He informed that Members who have registered themselves as speaker, can raise query relating to the items of the Notice and addendum to the Notice. However, the Company reserves the right to restrict the number of questions and number of speakers, depending upon the availability of time as appropriate for smooth conduct of the AGM.

The Chairman then delivered his speech (reproduced at **Annexure-I**).

Thereafter, the Chairman with the consent of the Members took the Notice of the 56th AGM (alongwith addendum to the Notice) together with the explanatory statement, Directors' Report and Annual Financial Statements of the Company for the Financial Year ended 31st March, 2020, which had already been sent to all the Members by e-mail, as read. Chairman informed that the Auditors' Report in which there were no qualification and the Report of the Comptroller & Auditor General of India (C&AG) comprising 'NIL' comments have also been sent to the shareholders. Company Secretary read the observations in the Secretarial Auditor's Report and Management's Reply thereon.

The Chairman further informed the Members that in pursuance of Section 108 of the Companies Act, 2013 read with the prescribed Rules thereto and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company had provided remote e-voting facility to its Members in respect of businesses to be transacted at the AGM. He stated that the remote e-voting commenced at 9 AM on 24th September, 2020 and ended at 5 PM on 27th September, 2020. Further, he informed that the Company has

arranged for electronic voting during the AGM (Insta Poll) on all the 10 resolutions to be passed at the Meeting.

Thereafter, Company Secretary explained regarding the Insta Poll facility for voting on the agenda items of the AGM to the shareholders. He then read the resolutions nos. 1 to 10 of the business to be transacted for the AGM along with relevant resolutions. Chairman explained the objective and implications of the resolutions.

The Chairman then took up the queries submitted by the shareholders in writing and those raised by the shareholders who have registered themselves as speaker. Chairman replied appropriately to the relevant questions raised by the shareholders and provided necessary clarifications to the satisfaction of the Members. He replied shareholders' queries with regard to (a) impact of COVID-19 on BHEL performance & steps taken in this regard (b) measures undertaken by BHEL to improve cash collection, reduce debtors, improve project execution, cost cutting/ control, improve bottomline & strengthening its core business activities (c) HR related matters viz. attrition rate (d) CSR contribution for COVID (e) future business prospects including with regard to e-mobility (f) status of EOI floated by BHEL as part of 'Aatmanirbhar Bharat' initiative of Govt. of India (g) AGM expenses related queries, etc.. Chairman apprised that disruptions caused by COVID-19 viz., in the supply chain, delays in order finalisation, liquidity issues of developers, delays in bid submission and finalization and migration of labour have significantly affected the Company's performance. However, BHEL has made all efforts to make sure that the business activities continued even during as well as after the lockdown. Further, as soon as the lockdown conditions were lifted in different parts of the country, BHEL's manufacturing units resumed limited operations in a staggered manner, strictly conforming to the guidelines issued by local administrations. Moreover, power project sites have also resumed operations as and when permitted by the respective local administrations and efforts are on to make sure that the pre-lockdown operations level is achieved in the shortest possible time. It was also apprised that timely execution of projects, sequential supplies, billing & verification, and targeted efforts to close contracts are being strictly implemented for collection of receivables and conversion of contract assets into collectibles. Chairman also informed that BHEL has taken multiple steps to minimize the impact on the topline and bottomline of the company through a slew of initiatives and cost cutting measures.

Thereafter, Chairman declared that voting by Insta Poll would be open for 15 minutes and those shareholders who are attending the AGM but have not cast their vote through remote e-voting, can cast their vote through Insta Poll. Chairman stated that the combined result of remote e-voting and Insta Poll at the AGM will be put up on the Company website within the statutory period.

The Meeting concluded with a vote of thanks, proposed by Shri Manoj Kumar Varma, Director (Power) to the esteemed shareholders, Directors on the Board, CVO, Auditors & Scrutinizer of the Company as well as to the in-house AGM event organizing Departments - Corporate Communication, Company

Secretariat, Corporate HR & Administration and Corporate Digital Transformation.

DETAILS OF RESOLUTIONS PASSED

On the basis of the Consolidated Scrutinizer's Report, the summary of which is mentioned hereunder, the Chairman declared the results of voting on 28th September, 2020 that all the resolutions for the ordinary and special businesses as set out in item nos. 1 to 9 in the Notice of the 56th AGM of the Company and special business as set out in item no. 10 mentioned in the addendum to the Notice, have been duly passed by the requisite majority. The resolutions for the ordinary and special businesses, duly approved by the Members with requisite majority, are recorded hereunder as part of the proceedings of the 56th AGM of the Members held on 28th September, 2020.

ORDINARY BUSINESS

Item No. 1: Ordinary Resolution to receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2020 together with the Directors' Report and Auditors' Report thereon

“RESOLVED THAT the Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2020 together with the Directors' Report and Auditors' Report and comments of the Comptroller & Auditor General of India be and are hereby adopted.”

Item No. 2: Ordinary Resolution to appoint a Director in place of Shri Manoj Kumar Varma (DIN: 08308714), who retires by rotation and being eligible, offers himself for re-appointment

“RESOLVED THAT Shri Manoj Kumar Varma (DIN: 08308714), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as Director of the Company.”

Item No. 3: Ordinary Resolution to appoint a Director in place of Shri Kamalesh Das (DIN: 08376769), who retires by rotation and being eligible, offers himself for re-appointment

“RESOLVED THAT Shri Kamalesh Das (DIN: 08376769), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as Director of the Company.”

Item No. 4: Ordinary Resolution to authorize the Board of Directors to fix the remuneration of the Auditors for the year 2020-21

“RESOLVED THAT pursuant to provisions of Section 139 (5) read with Section 142 of the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorized to fix the remuneration of the Auditors of the Company appointed by the Comptroller & Auditor General of India for the year 2020-21.”

SPECIAL BUSINESS

Item No. 5: Ordinary Resolution for ratification of Remuneration of Cost Auditors for financial year 2020-21

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending on 31st March, 2021 as set out in the statement annexed to the Notice convening this Meeting, be and is hereby ratified by the shareholders of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution.”

Item No. 6: Ordinary Resolution for appointment of Shri Shashank Priya (DIN: 08538400) as Director

“RESOLVED THAT Shri Shashank Priya (DIN: 08538400), who was appointed as an Additional Director pursuant to Article 67(iv) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 04.10.2019 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing, from the Director himself pursuant to the provisions of Section 160 (1) of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Item No. 7: Ordinary Resolution for appointment of Shri Anil Kapoor (DIN: 08587329) as Director

“RESOLVED THAT Shri Anil Kapoor (DIN: 08587329), who was appointed as an Additional Director pursuant to Article 67(iv) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 15.10.2019 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing, from the Director himself pursuant to the provisions of Section 160 (1) of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Item No. 8: Ordinary Resolution for appointment of Shri Raj Kamal Bindal (DIN: 07423392) as Independent Director

“RESOLVED THAT Shri Raj Kamal Bindal (DIN: 07423392), who was appointed as an Additional Director pursuant to Article 67(iv) of the Articles of Association of the Company read with Sections 149 and 161 (1) of the Companies Act, 2013 w.e.f. 31.01.2020 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing, from the Director himself pursuant to the provisions of Section 160 (1) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company.”

Item No. 9: Ordinary Resolution for appointment of Shri Manish Kapoor (DIN: 02405818) as Independent Director

“RESOLVED THAT Shri Manish Kapoor (DIN: 02405818), who was appointed as an Additional Director pursuant to Article 67(iv) of the Articles of Association of the Company read with Sections 149 and 161 (1) of the Companies Act, 2013 w.e.f. 31.01.2020 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing, from the Director himself pursuant to the provisions of Section 160 (1) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company.”

Item No. 10: Ordinary Resolution for appointment of Shri Amit Mehta (DIN: 08859397) as Director

“RESOLVED THAT Shri Amit Mehta (DIN: 08859397), who was appointed as an Additional Director pursuant to Article 67(iv) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 02.09.2020 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing, from the Director himself pursuant to the provisions of Section 160 (1) of the Companies Act, 2013, be and is hereby appointed as a Director of the Company.”

Result of remote e-voting and electronic voting at the AGM (Insta Poll) on the Ordinary and Special Businesses of the 56th Annual General Meeting of the Company:

No. & Resolution	Particulars of Votes cast						
	Electronic Voting		Insta Poll		Voting Result		
	Nos. (A)	%	Nos.(B)	%	Nos.(A)+(B)	%	
Ordinary Business							
1. Ordinary Resolution for Adoption of Financial	Votes cast in FAVOUR	2863417109	99.99	181501	0.01	2863598610	100

Statements of the Company for the Financial year ended 31 st March, 2020 together with the Directors' Report and Auditors' Report thereon	Votes cast AGAINST	9505	0	150	0	9655	0
	Abstained Votes	3634861	--	8	--	3634869	---
2. Ordinary Resolution for re-appointment of Shri Manoj Kumar Varma (DIN: 08308714), who retires by rotation	Votes cast in FAVOUR	2785683681	97.24	181451	0.01	2785865132	97.25
	Votes cast AGAINST	78825281	2.75	200	0	78825481	2.75
	Abstained Votes	2552468	--	8	--	2552476	--
3. Ordinary Resolution for re-appointment of Shri Kamalesh Das (DIN: 08376769), who retires by rotation	Votes cast in FAVOUR	2785722746	97.24	181451	0.01	2785904197	97.25
	Votes cast AGAINST	78786639	2.75	200	0	78786839	2.75
	Abstained Votes	2552043	--	8	--	2552051	--
4. Ordinary Resolution to authorize the Board of Directors to fix the remuneration of the Auditors for the year 2020-21	Votes cast in FAVOUR	2857471210	99.75	181481	0.01	2857652691	99.75
	Votes cast AGAINST	7043545	0.25	170	0	7043715	0.25
	Abstained Votes	2546695	--	8	0.01	2546703	--
Special Business							
5. Ordinary Resolution for ratification of remuneration of Cost Auditors for financial year 2020-21	Votes cast in FAVOUR	2864461494	99.99	181481	0.01	2864642975	100
	Votes cast AGAINST	13546	0	170	0	13716	0
	Abstained Votes	2586423	--	8	--	2586431	--
6. Ordinary Resolution for appointment of Shri Shashank Priya (DIN: 08538400) as Director	Votes cast in FAVOUR	2773518850	96.81	181451	0.01	2773700301	96.82
	Votes cast AGAINST	90990929	3.18	200	0	90991129	3.18
	Abstained Votes	2551701	--	8	--	2551709	--

7. Ordinary Resolution for appointment of Shri Anil Kapoor (DIN: 08587329) as Director	Votes cast in FAVOUR	2777099862	96.94	181451	0.01	2777281313	96.95
	Votes cast AGAINST	87410442	3.05	200	0	87410642	3.05
	Abstained Votes	2551174	--	8	--	2551182	---
8. Ordinary Resolution for appointment of Shri Raj Kamal Bindal (DIN: 07423392) as Independent Director	Votes cast in FAVOUR	2864372036	99.98	157540	0.01	2864529576	99.99
	Votes cast AGAINST	137273	0.00	24111	0	161384	0.01
	Abstained Votes	2552174	--	8	--	2552182	--
9. Ordinary Resolution for appointment of Shri Manish Kapoor (DIN: 02405818) as Independent Director	Votes cast in FAVOUR	2736943001	95.55	157540	0.01	2737100541	95.56
	Votes cast AGAINST	127146305	4.44	24111	0.00	127170416	4.44
	Abstained Votes	2971276	--	8	--	2971284	--
10. Ordinary Resolution for appointment of Shri Amit Mehta (DIN: 08859397) as Director	Votes cast in FAVOUR	2772788956	96.79	181431	0.01	2772970387	96.80
	Votes cast AGAINST	91602944	3.20	220	0	91603164	3.20
	Abstained Votes	2669585	--	8	--	2669593	--

All the above resolutions, which were put to vote, were passed with requisite majority. The meeting was called, convened, held and conducted as per the provisions of the Act, the Rules made thereunder, Secretarial Standards and MCA Circular dated 05.05.2020.

-sd/-
(Dr. Nalin Shinghal)
Chairman

Place: New Delhi
Date: 09.10.2020

Annexure-I

**Chairman's Address
56th Annual General Meeting
28th September 2020**

Dear Shareholders,

Namaskar!

On behalf of the Board of Directors & employees of BHEL, I have great pleasure in welcoming you all to the 56th Annual General Meeting of your Company. It is an honour and a privilege for me to present the 56th Annual Report to our valued shareholders.

The report of the Directors and Audited Accounts for the year ending 31st March 2020, with the reports of Auditors and comments of Comptroller and Auditor General have already been circulated to the shareholders, and with your permission, I shall take them as read.

I am addressing to you at a time when the entire world is combating the COVID-19 pandemic, which has far reaching consequences on societies, economies and businesses across the globe. For us, the pandemic has added yet another layer of complexity to an already challenging business environment with falling GDP growth rates and decline in ordering of thermal power projects. Now that the world is slowly coming to terms with this unprecedented crisis, it is time for us to adjust to the 'new normal' and reorient ourselves accordingly.

COVID response & contribution

Your company has taken up a number of initiatives to deal with COVID-19 situation and responded with agility to minimize the impact on its stakeholders. Business continuity & preparedness has been ensured to the extent possible during the lockdown through the 'work-from-home' mode, in areas such as design and engineering, training, knowledge sharing and other HR related activities, finance related activities, etc. During the lockdown, work continued at critical sites with the support of local authorities, which resulted in recommissioning of 1x800 MW Kothagudem thermal project and commissioning of Bhadradi Unit-1 in Telangana.

Your company has also risen to the occasion to support the national efforts on Covid-19 through monetary contribution of Rs 15.72 Crore to PM CARES fund as well as through development of multiple innovative products for in-house use and for various government departments/ municipalities. Some of them are BHELMister, a spray assembly for mass sanitisation, an electrostatic disinfectant spray machine in association with CSIR, etc. We continue to provide support to the local communities in every possible way.

Key performance highlights

Even though the lockdown was imposed in the country from 25th March 2020, the impact of COVID-19 on your company's operations was being felt much earlier, on account of disruptions in material supplies from China, Italy, etc., which started from January 2020 itself and significantly affected the performance during the entire quarter.

- Despite the sharp decline of nearly 14% in the IIP of capital goods, your company has been able to match the order inflows to that of FY 2018-19, with total order booking of Rs. 23,547 Crores in FY 19-20 as compared to Rs. 23,859 Crores in the previous year. Major focus on non-power related order booking resulted in garnering a 25% increase in the Industry sector order booking in FY 2019-20 which is the highest in the last 9 years.
- With a view to deal with multiple legacy issues such as delayed project execution, rising customer outstandings, non-closure of old contracts, etc., the company has shifted focus from turnover to project execution, which we believe was imperative for the organization in the current situation and will yield multiple benefits in years to come.
- During the year, subdued market conditions coupled with execution impediments including non-availability of clearances & fund constraints at customers' end, were further aggravated due to COVID-19 in the fourth quarter and resulted in the company recording a turnover of Rs. 20,491 crores as against Rs. 29,423 crores in the previous year.
- Focus on budgetary control and cost optimization measures by the organization resulted in containment of the loss (Profit Before Tax) at Rs. 662 crores.
- The company has been taking strenuous measures to give focus on project completion and increasing cash collections, which resulted in achieving a cash collection to billing ratio of 114%, the highest in the last ten years. The collectible debtors underwent a reduction of 22% during the year.
- BHEL has firmly established itself as the leader in the domestic emission control equipment market with the largest market share. The company till date has secured orders for 63 Flue-Gas Desulphurisation units and 11 Selective Catalytic Reduction units in India and abroad.
- A number of initiatives were taken by the company in new business areas like transportation, defence & aerospace, energy storage business, amongst others, which are expected to improve the performance in years to come.

Economic & Business Environment

Global economic growth, which has been subdued for the past three years, is expected to contract further in FY 2020-21. High frequency indicators of Indian economy also indicate a decline in industrial production activity and consumption demand. The Government has taken a number of steps to revive the economy and these are expected to provide traction in the coming quarters. Our Hon'ble Prime Minister's call for 'AatmaNirbhar Bharat' will provide further momentum to the Make in India initiative and spur domestic manufacturing.

National Infrastructure Pipeline 2019 envisages an investment of about Rs. 111 lac crore till 2024-25, which is expected to provide opportunities to engineering and manufacturing companies like BHEL. Power sector specific reforms such as liquidity infusion to DISCOMS, proposed amendment to Electricity Act 2003, etc., will provide the much-needed impetus for the long-term growth of the sector. Although ordering for new coal-based power generation equipment remains weak, demand for emission control business is strong and growing.

The rail transportation sector is seeing traction on account of opportunities generated by the modernization and decarbonisation of operations of Indian Railways, metro rail projects in various cities and introduction of new technologies for high speed rail. Additionally, the thrust on indigenization in defence & aerospace sectors including the recent initiative of Government of India to progressively ban import of certain defence weapons and platforms is expected to boost domestic manufacturing.

Moving ahead resolutely

Your company is transforming itself from being a primarily Power Sector player to a Global Engineering Enterprise through focus on technology and business driven R&D, strengthening quality culture, improving pace of execution, empowering and skilling people, and taking up diversification activities. These initiatives will lay the foundations of a strong and growing BHEL.

For this, a slew of transformation initiatives have been undertaken across the company along with declaration of 2020 as the Year of Transformation. Focused and all-out efforts are being made in the areas of:

1. ***Business Expansion & Diversification:*** Your company is maintaining leadership in its core businesses by focusing on expanding the offerings through renewed thrust on spares & services segment, increasing the value proposition through digital enablers, strengthening of emission control business, and development of energy-efficient and environment friendly power plants using AUSC technology.

In addition, it is focusing on growing non-power business such as rail transportation, defence & aerospace, EPC in downstream oil & gas, Industry

4.0 solutions for power sector and process industries and contract manufacturing in high technology areas.

Further, your company has taken a three pronged approach for maximum utilisation of the new opportunities under 'AatmaNirbhar Bharat' initiative, and for ensuring significant contribution, to the national objective. These are:

- In-house development and manufacture of items currently being bought out/ imported by the company
- In-house development and manufacture of major items in the country's engineering imports basket
- Working with global OEM's for manufacturing items for India as well as for exports, i.e., 'Make in India, Make for the World'

Your company believes in creating opportunities in adversity and had floated an Expression of Interest (EOI) inviting global manufacturing companies to leverage on BHEL facilities & capabilities to set up manufacturing base in India. This EOI has received an excellent response and some MoU's have already been signed. Further, dedicated teams are working towards capitalizing these opportunities quickly.

2. **Execution:** Timely and cost-efficient project completion is a priority for your company. Material supply suiting project requirements, implementation of IT based solutions for real-time site data capture and project management, improvement in integrated project engineering, advance engineering and procurement activities, empanelment of EPC civil agencies for pre-bid tie ups, are some of the major steps taken in this direction.

As a result of these steps, your company commenced civil works at project site of 1x660 MW Sagardighi TPP Extension Unit#5 on the zero date itself (1 July 2020) which is a notable first for it.

3. **Cost Optimisation:** Keeping in mind the impact on profitability, a two-pronged approach has been adopted for cost optimization, first the review & improvement of designs and second is the improvement in procurement processes. Additional steps adopted for improved inventory management and focused vendor development will further add to the bottom line of the company.
4. **Quality:** BHEL has been at the forefront of the Quality movement in the country since 1980s. It gives me immense pleasure to share that Singrauli Units 1, 4 & 5 of rating 200 MW each, supplied and commissioned by BHEL in 1982, 83 & 84 respectively have recorded a PLF of over 100% in Q1 of 2020-21 which is a testimony to BHEL's high quality standards. Further, BHEL sets account for 57% of the total thermal power generated in the country. Also, the operational availability of majority of BHEL sets has been exemplary with 4 nuclear sets clocking uninterrupted operation for more than 300 days.

We have initiated a company-wide ‘Quality first’ initiative to help revitalize this quality tradition which will enable us to offer products and solutions aligned with the stringent quality requirements of the global market. A strong quality culture is being nurtured through ‘Empowerment, Education, Engagement and Encouragement’.

5. **Receivables Management:** In order to improve the liquidity position, multiple steps have been taken for - quick realization of outstanding dues in ongoing projects through timely and quality execution, prioritizing pending works in old commissioned projects to enable release of payments and vacation of bank guarantees, and quick conversion of contract assets to collectibles by achieving various project milestones.
6. **People:** In line with the philosophy that a dedicated and motivated workforce is the foundation of any organization, a number of initiatives have been taken towards leadership development, reform of performance management system, strengthening of internal communication, training/retraining for continued learning through e-based platforms, simplifying policies for making them employee centric, etc.
7. **Technology development:** BHEL has traditionally been a leader in technology through focused R&D and has been the highest R&D spender in capital goods sector in India (~3.8% of the turnover in FY 2019-20). A number of initiatives have been launched for indigenization of items and development of core technical competencies, e.g., Flue Gas Desulphurization sub-systems, Air cooled condensers, higher capacity pumps, propulsion systems and various imported high-value bought-out items. Your company is also working on projects of national importance such as installation of India’s highest efficiency thermal power plant based on Advanced Ultra Supercritical Technology (AUSC) in collaboration with NTPC (MoU signed in FY2019-20), pilot plant for conversion of high ash coal to methanol and high efficiency PERC cells amongst others.

Amongst other achievements, your company has also commissioned 1.7 MWp Solar PV Plant at Bina for Indian Railways, which is a landmark achievement in the history of solar power, as this is world’s first solar project feeding solar power directly to the traction system (single phase 25 kV).

We are confident that with multiple initiatives presently in progress as well as envisaged, the stage is set for sustained growth for years to come.

Sustainable Development & Governance

Your company manages its environmental impacts across the entire manufacturing value chain. Internally, various initiatives are in place to optimally manage key aspects of materials, water, energy, emissions and biodiversity in the larger interest of society. BHEL also facilitates its customers

in managing their environmental and social impacts throughout the entire operational lifecycle of the power plants by offering them state-of-the-art engineering and technology inputs for reducing greenhouse gas emissions - as well as water consumption, better heat rate, less auxiliary power consumption with less fuel requirement.

Your company has established a total of 28 MWp of Solar Photo Voltaic (SPV) power plants including rooftop & ground based SPV systems, solar water heaters, solar street lighting, etc., within BHEL premises, resulting in generation of 32.43 million units and carbon footprint avoidance of 31,130 MT CO₂-e during 2019-20 (17.5% higher as compared to 2018-19). The company has also undertaken a number of projects related to water and energy conservation, tree plantation, waste management, resource conservation, etc. I am happy to share that all townships of BHEL are certified as 'Single Use Plastic Free' zones after audit by an external agency.

With a strong commitment of repaying the society at large, your company actively contributes towards socio-economic upliftment of the people in villages and communities located in the vicinity of its manufacturing plants and project sites spread across the country.

Your company believes that 'results are important' but it is equally concerned with 'how it achieves these results'. Commitment to this principle is the foundation of your company's Corporate Governance Policy which rests upon the four pillars of Transparency, Full Disclosure, Independent Monitoring and Fairness to all. With a clear vision and purpose based on a solid foundation of values, your company is committed to ensuring optimization of returns and satisfaction levels accruing to all its stakeholders.

Continuing the tradition of securing prestigious national and international recognitions, the organization and its employees have won several awards during the year. Eighty-eight employees of your company received Vishwakarma Rashtriya Puraskars. Recognizing the efforts of the company towards health and safety of its employees, the company was awarded with nine National Safety Awards for outstanding achievements in terms of the longest accident-free period and lowest accident frequency rate. Other notable awards include Asia Pacific Entrepreneurship Awards 2019, D&B PSU Award, ICC PSE Excellence Award, Institution of Engineers' Safety Innovation Award 2019, AIMA Innovation Practitioner's Case Study Award, Golden Peacock Award, Apex India Excellence Awards 2019, Central Power Research Institute's Valued Customer Award, World HRD Congress's National Best Employer Brand Award.

Acknowledgement

I would like to express my deep gratitude and appreciation for the continued faith and support of our esteemed shareholders, customers, business associates, as well as other partners in our journey. Engagement and support from each member of the BHEL family, and my fellow Directors on the Board remains our

source of strength. I would like to thank various Ministries of the Government of India, particularly the Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises for their continuous guidance and support in our efforts.

I am confident, that with your continued support, a transformed BHEL will continue to be at the core of self-reliance in engineering and manufacturing in the country.

With best wishes,

-sd/-
(Dr. Nalin Shinghal)
Chairman & Managing Director

New Delhi
September 28, 2020