



**Dr. Nalin Shinghal**  
Chairman & Managing Director

## Letter to Shareholders

### Dear Shareholders,

It is an honour and a privilege to present the 58<sup>th</sup> Annual Report of the company to our valued shareholders. I am happy to share that your company is back in black after two years of loss.

The past year has been challenging, with the first quarter severely impacted by the devastating second wave of COVID-19 affecting operations of manufacturing/EPC industry across the country. Global supply chain disruptions due to COVID-19 restrictions, as well as geopolitical developments in the fourth quarter leading to drastic increase in input costs, particularly steel, CRGO, CRNGO, amongst others, added to these challenges. However, sustained demand during the year from both private and government sectors as well as improved industrial production activity has helped economic recovery with India's GDP growing by 8.7% during FY 2021-22—the highest amongst the major economies of the world.

Despite these challenging circumstances, sustained efforts made by the company over the past two years towards reorientation of the company's operational ideology, from 'Revenue Centric' to 'Project Centric', business diversification, and prudent financial management, have started bearing fruit, resulting in the highest erection tonnage at project sites in the past five years, highest ever project closures, lowest number of outstanding punch points, highest ever order booking in nuclear power and defence businesses, signing of highest ever number of long term spares supply and service agreements, as well as reduction in other expenses to decadal lows.

### Key performance highlights

- Your company achieved revenue from operations of ₹21,211 Crore in FY 2021-22, an increase of 23% as against ₹17,308 Crore in the previous year

- The company made a profit after tax (PAT) of ₹410 Crore in FY 2021-22 against a loss of ₹2,717 Crore in the previous year
- The trade receivables are at their lowest in the last 10 years, at ₹6,229 Crore against ₹7,213 Crore, in the previous year. The cash & bank balance (net of short term borrowings) has also improved to ₹2,409 Crore from ₹1,868 Crore in the previous year
- Your company secured orders worth ₹23,693 Crore amidst intense competition and subdued market conditions
- The company continues to retain its leadership position in nuclear power segment and emission control business. BHEL received the largest ever orders in nuclear segment under fleet mode, valued at over ₹12,000 Crore.
- The company received the first order for two upgraded SRGMs (main gun on Indian warships) for which BHEL is the sole supplier in the country
- Your company has booked the maiden order for flexible operation of thermal power plant, a requirement in future years for grid stabilization considering the increasing share of renewables in the energy mix. This order is under advanced stage of execution. The company also received the maiden order for propulsion electrics of 'Vande Bharat Express' (Trainsets), marking BHEL's entry into semi-high speed rail segment.
- With over 150 MW floating solar power plants commissioned till date including the country's largest floating solar power plant at Ramagundam, BHEL has become the largest EPC player in floating solar segment in the country with design and engineering capabilities to address a range of complex site requirements including lakes, ponds, canals and reservoirs, amongst others. Such solutions provide the twin benefit of clean electricity generation as well as conserving water by reducing evaporation.
- During the year, your company achieved a capacity addition/ synchronization of 3,305 MW in utility power projects segment

As a responsible corporate citizen, your company extended vital support to not just its employees and their families but also to various stakeholders and society at large during the devastating second wave of COVID-19 pandemic. The company supplied over 80,000 cylinders of medical grade oxygen supporting

almost entire Uttarakhand, western UP, parts of NCR and the city of Bhopal, which helped in saving many lives. Vaccination drives were carried out across manufacturing units/ divisions/ project sites and oxygen generating plants based on CSIR-IIP technology were developed and supplied to hospitals, amongst many other initiatives. Your company also launched a 'COVID Assistance Scheme' for providing aid & support to the dependents of employees who unfortunately succumbed to COVID-19.

### Going forward

The recent geopolitical events and supply chain disruptions have brought into sharp focus the need for self-reliance as well as need to swiftly set up an ecosystem for indigenous design, development and manufacturing of a wide range of equipment/ systems to meet national requirements. The AatmaNirbhar Bharat initiative of Government of India, with focus on Making in India for India as well as Making in India for the World, is providing huge opportunities to Indian manufacturing industry, especially in critical sectors like Energy, Defence, Aerospace, Transportation, etc.

The rise in crude oil prices, as well as the recent energy crisis across Europe has further highlighted the importance of energy security for the nation, and underlined the need for India to rely on utilizing its vast coal reserves for reducing dependence on hydrocarbon imports. Technologies for cleaner use of coal are therefore likely to gain traction in the coming years. To attain the country's net zero targets, nuclear power is expected to come to the forefront in the near future. Additionally, hydro and emission control equipment segments will continue to offer business, albeit in an intensely competitive market. Demand for transmission related products and systems is expected to continue growing—irrespective of the source of power generation. Modernization program of Indian Railways and Defence sectors will further provide new growth opportunities in the future.

In this emerging situation, cost competitiveness with timely and high quality delivery/ execution will be the key to survival in the short and medium term, while the company's engineering and technological prowess will be the key differentiators for long term sustainable growth.

The company's Strategic Plan 2022-27 therefore focuses, in the short term, on turning the company around through initiatives and enablers for timely, cost effective and quality project execution as well as creating an order book pipeline by enhancing its