



**भारत हेवी इलेक्ट्रिकल्स लिमिटेड**

**तथा**

**भारी उद्योग विभाग**

**भारी उद्योग एवं लोक उद्यम मंत्रालय**

**भारत सरकार**

**समझौता ज्ञापन 2017-18**

**Memorandum of Understanding 2017-18**

**BHARAT HEAVY ELECTRICALS LIMITED**

**And**

**DEPARTMENT OF HEAVY INDUSTRY**

***Ministry of Heavy Industries & Public Enterprises***

***GOVERNMENT OF INDIA***



## MoU 2017-18 between BHEL and DHI, MHI&PE

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## Brief About BHEL



1	Name of the CPSE	Bharat Heavy Electricals Limited		
2	Status : As per DPE guidelines	Weak		
3	Reasons of Sickness, if applicable	Not Applicable		
4	Whether registered with BIFR, if yes, details	No		
5	Schedule of the CPSE	A		
6	Purpose for which CPSE has been setup and the main business now	<p>The company was set up with the objective to have indigenous Heavy Electrical Equipment industry in India.</p> <p>BHEL is an integrated power plant equipment manufacturer and is engaged in the design, engineering, manufacturing, construction, testing, commissioning and servicing of a wide range of products and services for the core sectors of the economy, viz. Power, Transmission, Industry, Transportation, Renewable Energy, Oil &amp; Gas and Defence.</p>		
7	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years	One (BHEL Electrical Machines Limited)		
	Year	Name of subsidiary	Amount Invested as at end of FY (Rs. Cr.)	Share in its profit (Rs. Cr.)
	2011-12	BHPV (100%)	at Rs.1/-	10.44
		BHEL EML	5.36	-0.19
	2012-13	BHPV(100%)	at Rs.1/-	35.04
		BHEL EML	5.36	-0.28
	2013-14	BHEL EML	5.36	-0.55
	2014-15	BHEL EML	5.36	-2.02
	2015-16	BHEL EML	5.36	-1.52
8	Number and Name of the Joint venture companies along with amount invested and share in its profit during last five years	<p>1) BHEL-GE Gas Turbine Services Pvt. Ltd. (BGGTS)                  2) NTPC BHEL Power Projects Pvt. Ltd. (NBPPL)                  3) Raichur Power Corporation Limited (RPCL)                  4) Dada Dhuniwale Khandwa Power Ltd. (DDKPL)                  5) Power Plant Performance Improvement Ltd. (PPIL)                  6) Latur Power Company Ltd.(LPCL)</p>		
	Year	Name of Joint Venture	Amount Invested (Rs) Crs	Share in its profit (Rs) Crs
	2011-12	BGGTS	2.38	30.38
		NBPPL	25	6.53
		UPCL	32.5	Sold off
		RPCL	331.52	Capital WIP
		PPIL		Under liquidation
		DDKPL	22.5	Under liquidation
		LPCL	2.5	Under liquidation
		Barak Power Pvt. Ltd.		Investment written off during the year
	2012-13	BGGTS	2.38	40.85
		NBPPL	25	2.83
		RPCL	331.52	Capital WIP
		PPIL		Under liquidation
		DDKPL	22.5	Under liquidation
		LPCL	2.5	Under liquidation
	2013-14	BGGTS	2.38	37.87
		NBPPL	50	5.15
		RPCL	331.52	Capital WIP
		PPIL		Under liquidation
		DDKPL	22.5	Under liquidation
		LPCL	2.5	Under liquidation
	2014-15	BGGTS	2.38	34.35
		NBPPL	50	0.83
		RPCL	331.52	Capital WIP
		PPIL		Under liquidation
		DDKPL	22.5	Under liquidation
		LPCL		Under liquidation
	2015-16	BGGTS	2.38	29.68
		NBPPL	50	-6.54
		RPCL	589.32	Capital WIP
		PPIL		Under liquidation
		DDKPL	22.5	Under liquidation
		LPCL		Under liquidation
9	Details of revival plan approved earlier	Not Applicable		

## BHEL MoU 2017-18

Sl. #	Performance Criteria	Unit	Marks	MoU Targets for the year 2017-18				
				Excl.	V.Good	Good	Fair	Poor
				100%	80%	60%	40%	20%
1	Turnover							
	Revenue from Operations	Rs Cr	10	31,033	30,000	29,000	28,000	27,000
2	Operating Profit/Loss							
	Reduction in operating Loss over previous year	%	20	100	20	15	10	5
3	Return on investment							
	PAT/Average Net Worth	%	20	1.0	0.5	0.41	0.33	0.26
4	Completion of milestones of Clients orders/ agreements without time over-run in respect of milestones scheduled for 2017-18 (as per Annexure-I)	%	10	100	80	70	60	50
5	R&D, Innovation, Technology Up-gradation parameter							
5.1	Indigenous development and completing prototype testing of 420 kN HVDC composite long rod insulators for +/- 800 kV HVDC application	Date	3	15/02/18	26/02/18	10/03/18	20/03/18	31/03/18
5.2	Development of High pressure bypass valve for Advance Ultra Super Critical Power Plant application	Date	3	30/01/18	15/02/18	28/02/18	15/03/18	31/03/18
6	CAPEX (excluding investment in JV) (as per Annexure II)	Rs. Crs	5	192 (Note-1)	170	150	130	110
7	Percentages of value of CAPEX contracts/ projects running/ completed during the year without time/ cost-overrun to total value of CAPEX contracts running/ completed during the year (as per Annexure III)	%	3	100	90	80	70	60
8	Inventory of finished goods and work in progress to Revenue from Operations (Net)	No. of days	3	68	70	74	77	80
9	Trade Receivables (Net) as number of days of Revenue from Operations (Gross)	No. of days	5	222	225	230	235	240
10	Reduction in claims against the Company not acknowledged as debt	%	5	7	5	4	3	2
11	Achievement of MW target of capacity addition by BHEL, as finalised by Ministry of Power / CEA for the year 2017-18	% of MW	3	100	90	80	70	60
12	HR Related Parameters							
12.1	On-line submission of ACR/APAR in respect of all executives (E0 and above) along with compliance of prescribed timelines w.r.t. writing of ACR/APAR	% of number of executives	2	100	95	90	85	80



## BHEL MoU 2017-18

Sl. #	Performance Criteria	Unit	Marks	MoU Targets for the year 2017-18				
				Excl.	V.Good	Good	Fair	Poor
				100%	80%	60%	40%	20%
12.2	Online Quarterly vigilance clearance updation for Senior Executives (AGM & above)	% of number of senior executives	2	100	95	90	85	80
12.3	Preparation of succession plan and its approval by Board of Directors	Date	2	30.09.17	15.10.17	31.10.17	15.11.17	30.11.17
12.4	Completion of Manpower Audit	Date	2	31.01.18	15.02.18	28.02.18	15.03.18	31.03.18
12.5	Talent management and career progression by imparting at least one week training to Senior Executives (within India) in Centre of Excellence e.g. IITs, IIMs, NITs, ICAI etc.	% of senior executives (AGM & Above)	2	10	9	8	7	6

Total	100
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Note-1: If investment in JVs is lower than Rs 178 Cr, difference will be added to the "Excellent" target.

Note-2: 'Revenue from Operations (Net)' is 'Revenue from Operation', as defined in MoU guidelines and 'Revenue from Operations - Gross' includes 'Revenue from Operations', Excise duty & Service tax.

Note-3: Targets are based on estimates submitted by the CPSE for the year 2016-17. In case of better performance of the CPSE as per final results as compared to estimates, the difference may be added to the targets for the year 2017-18.

Note-4: Targets decided in MoU are unconditional and no offset will be allowed. Further evaluation would be subject to compliance of additional eligibility criteria as contained in para 14.2 of MoU guidelines 2017-18.

(Atul Sobti)  
Chairman & Managing Director  
Bharat Heavy Electricals Limited

(Girish Shankar)  
Secretary to the Government of India  
Ministry of Heavy Industries and Public Enterprises  
Department of Heavy Industry

Date: 12<sup>th</sup> April 2017  
Place: New Delhi

Annexure-I: Milestone Targets for MoU 2017-18			
Sl. #	Project / Milestones	Rating (MW)	Target
<b>CENTRAL SECTOR</b>			
1	<b>Rourkela</b> Boiler Erection Start	250	31 Oct'17
2	<b>New Neyveli, U#2</b> Box Up	500	31 Jan'18
3	<b>NPGCL Nabinagar, U#2</b> Hydro Test	660	31 Dec'17
4	<b>North Karanpura, U#2</b> Ceiling girder erection	660	31 Oct'17
5	<b>North Karanpura, U#3</b> Ceiling girder erection	660	31 Jan'18
6	<b>Gadarwara, U#2</b> Hydro Test	800	30 'Nov'17
7	<b>Darlipalli Stg-I, U#1</b> Hydro Test	800	30 Nov'17
8	<b>ONGC Hazira GTG Fr 6B</b> FSNL	32	30 Nov'17
9	<b>CPCL Manali - Utility Boiler</b> Hydro Test	35 (150 TPH)	30 Nov'17
<b>STATE SECTOR</b>			
10	<b>Yelahanka</b> HRSG Hydro Test	370	31 Oct'17
11	<b>IB Valley, U#3</b> Hydro Test	660	28 Feb'18
12	<b>Suratgarh, U#8</b> Light Up	660	30 Sep'17
13	<b>North Chennai Stg III</b> Boiler Erection Start	800	30 Sep'17
14	<b>Krishnapatnam Stg II</b> Boiler Erection Start	800	30 Jun'17
15	<b>Vijayawada Stg V</b> Boiler Erection Start	800	30 Jun'17
16	<b>Kothagudem</b> Hydro Test	800	31 Dec'17
17	<b>Wanakbori</b> Hydro Test	800	31 Mar'18
<b>PRIVATE SECTOR</b>			
18	<b>IPC(H)L, Haldia U#2</b> Turbine Box up	150	31 Jan'18
19	<b>Reliance Industries Ltd, Jamnagar</b> STG Syn	93.6	30 Nov'17
20	<b>Nirma Limited</b> Barring Gear	70	31 Oct'17
21	<b>Rohit Sulfactants Pvt. Ltd (RSPL) U#2</b> Dispatch of Steam Turbine	20	31 Oct'17

**Annexure-II : Planned CAPEX in the year 2017-18  
(Excluding investment in JVs)**

CAPEX Projects/ Items	Value Rs Crs	Completion Schedule	Funding
<b>A. Projects</b>			
4.5 MLD Sewage treatment Plant at Bhopal unit	5.84	31 Mar '18	Own resources
12TPH Coal Fired Boiler at Jhansi unit	5.09	31 Jan '18	Own resources
Modernisation of Sub-station at Hyderabad unit	4.16	31 Jan '18	Own resources
High Voltage Test Kit and Automatic Digital Schering Bridge at HEEP Haridwar unit	3.39	31 Mar '18	Own resources
Construction of New Shed and Storage Room at CFFP Haridwar unit	2.08	31 Jan '18	Own resources
<b>B. Items</b>			
Enabling Works (Yadadri, Ennore, Uppur, Karanpura, Rourkela, Bhadradi, Ramman, Ramagundam, Krishnapatnam, Mangdechhu, Tuticorin, Vijayawada, Punatsagchhu, Wanakbori etc sites)	87.63		Own resources
Various Civil work at different BHEL units (Factory and/or Township)	37.67		Own resources
Minor Capital & Lump Sum Provision at all BHEL units & Regions	30.10		Own resources
Miscellaneous Items at all BHEL units & Regions	16.49		Own resources
<b>Total</b>	<b>192.44</b>		



### Annexure-III : CAPEX Monitoring Projects for MOU 2017-18

SN	Project	Value (Rs Cr)	Completion Schedule
1	4.5 MLD Sewage treatment Plant at Bhopal unit	5.84	31 Mar'18
2	12TPH Coal Fired Boiler at Jhansi unit	5.09	31 Jan'18
3	Modernisation of Sub-station at Hyderabad unit	4.16	31 Jan'18
4	High Voltage Test Kit and Automatic Digital Schering Bridge at HEEP Haridwar unit	3.39	31 Mar'18
5	Construction of New Shed and Storage Room at CFFP Haridwar unit	2.08	31 Jan'18
	<b>TOTAL</b>	<b>20.56</b>	



### Trend Analysis

Sl. #	Financial Performance Criteria	Unit	Target V/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year		
									Actual Upto Dec'16	Estimated	
<b>PART : A</b>											
1	Revenue from Operations-Gross (Incl Service tax, Excise duty & other operating income)	Rs. Crs		50,261	50,963	41,058	31,647	27,079	19,643	30,002	
	Revenue from Operations- Net (Excl Service tax & Excise duty, Incl Other operating income)		Actual	47,979	48,425	39,109	30,242	25,630	18,612	28,527	
			MoU	43,500	47,000	43,000	43,320	44,000	--	29,600	
2	a. Profit Before Tax	Rs. Crs		10,302	9,432	5,014	2,140	-1,477	359	409	
	b. Other Incomes			1,266	1,122	1,616	1,220	1,450	672	888	
	c. Extraordinary & Exceptional items			--	--	--	--	--	--	--	--
	d. Prior Period Items			-19	0	-6	-10	-6	--	--	--
	e. Operating Profit/ Loss (a-b+/-c+/-d)		Actual	9,055	8,311	3,404	930	-2,921	-313	-479	
		MoU	--	--	--	--	--	--	-732		
3	a. PAT	Rs. Crs		7,040	6,615	3,461	1,419	-913	280	310	
	b. Net Worth at year end			25,373	30,444	33,047	34,085	33,053	33,298	32,863	
	c. Average Net Worth			22,764	27,909	31,746	33,566	33,569	33,175	32,958	
	d. PAT/ Average Net Worth	%	Actual	30.93%	23.70%	10.90%	4.23%	-2.72%	0.84%	0.94%	
			MoU	--	--	--	--	--	--	--	
	e. Paid-up Share Capital			489.52	489.52	489.52	489.52	489.52	489.52	489.52	
	f. Gol share			67.72%	67.72%	63.06%	63.06%	63.06%	63.06%	63.06%	
g. Reserves and surplus			24,884	29,955	32,558	33,595	32,564	32,808	32,373		
4	Total Expenses			38,923	40,113	35,705	29,312	28,551	18,925	29,006	
5	Total Incomes			49,244	49,546	40,725	31,463	27,080	19,284	29,415	
6	Total expenses/ Total Incomes			0.79	0.81	0.88	0.93	1.05	0.98	0.99	
7	Details of other incomes	Rs. Crs									
	a. Interest			814	605	631	811	763	514	639	
	b. Dividend			17	19	21	30	34	24	30	
	c. Other Misc. Incomes			435	498	964	380	653	134	219	
d. Total			1,266	1,122	1,616	1,220	1,450	672	888		
8	a. Cash and Bank Balance and equivalent			6,672	7,732	11,873	9,813	10,086	9,595	10,412	
	b. Investment in mutual funds			--	--	--	--	--	--	--	
	c. Investment in shares other than subsidiary/ JVs			--	--	--	--	--	--	--	
	d. Total (a+b+c)			6,672	7,732	11,873	9,813	10,086	9,595	10,412	
	e. Cash credit/ Over-draft loan/ Short-Term loan			--	--	--	--	--	--	--	
	f. Balance in Current account			--	--	--	--	--	--	--	
9	Dividend paid/ declared for the year, excluding Dividend Tax			1,566	1,323	693	284	98	Nil	357	
<b>PART : B</b>											
1	Installed Capacity in respect of each product			--	--	--	--	--	--	--	
2	Capacity Utilization in respect of	%		--	--	--	--	--	--	--	
3	Contribution of each product in sales	%		--	--	--	--	--	--	--	
4	New orders received during the year	Rs. Crs	Actual	--	--	--	--	--	--	--	
			MoU	--	--	--	--	--	--	--	
5	Exports as a percentage of Revenue from Operations	%		--	--	--	--	--	--	--	
6	Development or Revenue from new products or product with new features		Actual	--	--	--	--	--	--	--	
			MoU	--	--	--	--	--	--	--	

Trend Analysis										
Sl. #	Financial Performance Criteria	Unit	Target V/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year	
									Actual Upto Dec'16	Estimated
<b>PART : B</b>										
7	Production efficiency parameters		Actual	--	--	--	--	--	--	--
			MoU	--	--	--	--	--	--	--
8	Completion of milestones of clients orders/ agreements without time overrun	%	Actual	--	--	--	--	--	--	100
			MoU	--	--	--	--	--	--	90
9	R&D, Innovation, Technology up-gradation parameter	projects	Actual	--	--	7	5	3	--	2
			MoU	--	--	7	5	3	--	2
10	Market share in Indian Power Sector	%	Actual	--	--	--	--	--	--	--
			MoU	--	--	--	--	--	--	--
11	CAPEX		Actual	1,122	752	544	395	311	--	275
			MoU	--	--	796	400	340	--	200
12	CAPEX contracts/ projects running/ completed without time/ cost overrun to total value of CAPEX		Actual	--	--	--	--	--	--	--
			MoU	--	--	--	--	--	--	--
13	Inventory of Finished Goods and Work in Progress	Rs. Crs	--	5,972	5,843	4,820	5,156	4,956	--	5,562
14	Inventory of Finished Goods and Work in Progress to RO (Net)	%	Actual	12.45	12.07	12.32	17.05	19.34	--	19.5
			MoU	--	--	--	--	--	--	--
15	Inventory of finished goods of more than one year	Rs. Crs	--	--	--	--	--	--	--	--
16	Inventory of finished goods of more than one year as a percentage of RO	Rs. Crs	Actual	--	--	--	--	--	--	--
			MoU	--	--	--	--	--	--	--
17	Trade Recievables (net)	Rs. Crs	Actual	21,488	22,808	22,005	20,370	17,069	--	18,187
			MoU	--	--	--	--	--	--	--
18	Trade Recievables (net) as number of Days of RO(Gross)	Days	Actual	156	163	196	235	230	--	221
			MoU	--	--	--	--	--	--	--
19	Claims against the Company not acknowledged raised by:	Rs. Crs								
			Central Governement Department	591	679	894	1,088	991	--	--
			State Governments/ Local Authorities	2,372	3,260	3,660	3,919	5,839	--	--
			CPSEs	322	308	1,273	1,052	2,052	--	--
			Others	904	1,330	1,749	1,543	2,213	--	--
			Total	Actual	4,189	5,576	7,576	7,601	11,097	--
MoU	--	--	--	--	--	--	--	10,542		
20	Loans Disbursed/ Total Funds Available		Actual	--	--	--	--	--	--	--
			MoU	--	--	--	--	--	--	--
21	Overdue loans/ Total loans (Net)		Actual	--	--	--	--	--	--	--
			MoU	--	--	--	--	--	--	--
22	NPA/ Total Loans (Net)		Actual	--	--	--	--	--	--	--
			MoU	--	--	--	--	--	--	--
23	Cost of raising funds as compared to similarly rated CPSEs/ entities		Actual	--	--	--	--	--	--	--
			MoU	--	--	--	--	--	--	--
24	Return (share of profit/ loss) on Investment in Joint Ventures	%	Actual	--	--	--	--	--	--	--
			MoU	--	--	--	--	--	--	--
25	Achievement of MW target of capacity addition by BHEL, as finalised by Ministry of Power / CEA for the year	%	--	114	117	87	119	123	56.1	100

Note: MoU values are at 'Very Good' target level and as per definition of corresponding year MoU guidelines.