



**BHARAT HEAVY ELECTRICALS LIMITED
NEW DELHI**

Minutes of 51st Annual General Meeting of Bharat Heavy Electricals Limited held on 'Tuesday', 22nd September, 2015 from 10 A.M. to 12 Noon at FICCI Auditorium, Barakhamba Road (Tansen Marg), New Delhi

PRESENT

1. Shri B. Prasada Rao
Chairman & Managing Director and Member
2. Shri Rajesh Kumar Singh
Part-time Official Director
Chairperson- Stakeholders Relationship Committee
3. Ms. Harinder Hira
Part-time Non-Official Director
Chairperson- Nomination & Remuneration Committee
4. Shri A.N. Roy
Part-time Non-Official Director
Chairperson-Board Level Audit Committee
5. Shri Atul Sobti
Director (Power) & (Finance) and Member
6. Shri D. Bandyopadhyay
Director (HR)
7. Shri Amitabh Mathur
Director (IS&P)
8. Shri A.K. Agrawal
Under Secretary, Department of Heavy Industry
Ministry of Heavy Industries & Public Enterprises
(As Representative of the President of India, holding 154,34,52,000 shares i.e. 63.06% of the total paid up share capital of the Company)

Total 1,802 Members representing 154,37,15,983 shares and 55 Proxies representing 55,96,279 shares were present.

IN ATTENDANCE

Shri I.P. Singh

Company Secretary



By Invitation:-

| | | |
|---|--------------------------|--------------------------------|
| a) Statutory Auditors | | |
| 1) | Shri Y.K. Gupta | : M/s Wahi & Gupta |
| 2) | Shri Anuj Gupta | : M/s Wahi & Gupta |
| 3) | Shri Atul Jain | : M/s DSP & Associates |
| b) Secretarial Auditor & Scrutinizer | | |
| | Shri Sachin Agarwal, PCS | : M/s Agarwal S. & Associates |
| c) Lead Cost Auditors | | |
| | Shri Jugal K. Puri | M/s Jugal K. Puri & Associates |

Company Secretary welcomed Shareholders, Chairman and Managing Director (CMD), Directors and other dignitaries on the occasion of the 51st Annual General Meeting of the Company. Thereafter, Company Secretary informed that as per Article 47 of the Articles of Association of 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. Shri B. Prasada Rao, 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 51st Annual General Meeting of the Company, Chairman introduced all the Directors, sitting on the dais. He also acknowledged the presence of Shri A.K. Agrawal, representative of President of India.

Chairman mentioned that Shri S.K. Bahri, AS & FA and Part-time Official Director on the Board of BHEL has informed that in connection with an important meeting of all Chairpersons of CPSEs under Department of Heavy Industry at Utrakhand, he will not be in a position to attend the AGM.

Chairman informed the members that Shri Rajesh Kumar Singh, Chairperson of Stakeholders Relationship Committee, Ms. Harinder Hira, Chairperson of Nomination & Remuneration Committee and Shri A.N. Roy, Chairperson of Board Level Audit Committee (BLAC) were present at the AGM.

Chairman informed the members that Shri Sachin Agarwal, Practicing Company Secretary of M/s Agarwal S. & Associates, Secretarial Auditor of the Company and Scrutinizer for e-voting & polling process for 51st AGM was present at the meeting. He further informed that Shri Y.K. Gupta & Shri Anuj Gupta of M/s Wahi & Gupta and Shri Atul Jain of M/s DSP & Associates, Statutory Auditors as well as Shri J.K. Puri of M/s Jugal K. Puri & Associates, Lead Cost Auditors were also present at the meeting.

Chairman stated that pursuant to Section 170 of the Companies Act, 2013, the Register of Directors & KMPs and their shareholding and pursuant to Section 189, the Register of Contracts or Arrangements in which Directors are interested have been placed on the table and were available for inspection by any person attending the meeting. Further, Chairman stated that the Auditors' Report and Secretarial Audit Report were also available for inspection. He



further declared that quorum as per Section 103 of the Companies Act, 2013, i.e. 30 members were present in person and as such the meeting was in order.

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

Chairman appealed to the members to maintain peace and decorum till the conclusion of the meeting. He further requested the members to avoid any defamatory remarks about the Company or any matter relating to any individual executives of the Company and informed that personal grievances would also not be entertained in this meeting, as it was not the appropriate forum to discuss such issues. He also requested the Members to restrict their questions only to the business as mentioned in the Notice of the 51st Annual General Meeting. He requested the Members to restrict number of queries to allow maximum number of shareholders to participate in the proceedings.

Thereafter, Chairman informed the Members that the Annual Report 2014-15 containing Notice of 51st AGM together with Explanatory Statement and Annual Accounts of the Company for the Financial Year ended 31st March, 2015 have already been sent to all the Members by post or by e-mail and as such, he sought permission of the Members to take the aforesaid documents as read. The members present agreed to the request of the Chairman.

Chairman requested Company Secretary to read Directors' Report together with Auditors' Report and Report of Comptroller & Auditor General of India (C&AG) comprising 'NIL' comments. On the request of the Members, Directors' Report was taken as read.

Company Secretary read the Auditor's Report. Company Secretary also read the observations in the Secretarial Auditors' Report and management reply thereon.

The Chairman further informed the Members that in pursuance of Section 108 of the Companies Act, 2013 and the prescribed Rules thereto and Clause 35B of the Listing Agreement, the Company had provided remote e-voting facility through M/s Karvy Computershare (P) Ltd. to the members to cast their vote by electronic means. He stated that the remote e-voting commenced at 9 A.M. on September 19, 2015 and ended on 5 P.M. on September 21, 2015. He explained that arrangements have been made to conduct a poll on the items of the agenda in order to provide facility to Members/ proxies present at the Annual General Meeting to vote by way of polling who could not exercise their vote through remote e-voting process.

Thereafter, Company Secretary explained the procedure for Poll on the agenda items of the AGM to the shareholders. He then read the items of business to be transacted for the Annual General Meeting along with relevant resolutions. Chairman explained the objective and implications of the Resolutions to be put to vote at the Meeting.

The Chairman then invited members to ask their queries, if any, with regard to agenda items be transacted at AGM. He informed that the Company has



received letter from Shri N.K. Jain, shareholder raising certain queries. Thereafter, Chairman replied appropriately to the relevant questions raised by the shareholders in meeting (including queries sent by Shri N.K. Jain) and provided necessary clarifications to the satisfaction of the members. While answering the questions he stated about (a) the specific steps taken by the company during the year 2014-15 for improving the order booking (b) challenges & opportunities before the company in view of 100% FDI in Railway projects (c) reasons for decrease in sales & profits as compared to FY 2013-14 and steps taken by the company to improve the same (d) safety of BHEL employees in overseas projects in disturbed countries (e) positive results achieved as well as consequence of steps taken in the areas of securing orders & project delivery etc. Thereafter, he declared that voting by poll would be open and those Shareholders who have not casted their vote electronically, can cast their vote (on all the resolutions for the ordinary and special businesses) on the Ballot Paper provided to them & also available with the Volunteers and drop the same in the Ballot Boxes after filling requisite details.

Chairman invited Shri Sachin Agarwal of M/s Agarwal S. & Associates, Practicing Company Secretary, Scrutinizer to take over Poll proceeding. After the close of Poll, the ballot boxes were sealed by the scrutinizer. Chairman stated that the Result of e-voting done earlier and physical poll would be communicated to the stock exchanges and the Consolidated Scrutinizer's Report displayed on the website of the Company (www.bhel.com) and on the website of our remote e-voting service provider M/s Karvy Computershare (P) Ltd. (www.evoting.karvy.com).

Chairman confirmed that the quorum was present throughout the meeting and the meeting was called, convened, held and conducted as per the provisions of the Act, the Rules and Secretarial Standards made thereunder.

The Meeting concluded with a vote of thanks, proposed by Shri Atul Sobti, Director (Power) & (Finance) to the esteemed Shareholders, authorized representative of the President of India, Auditors, Directors on the Board, Company Secretariat Department, Corporate Communication Department, Administration Department, Organizers, Volunteers, M/s Karvy Computershare (P) Ltd., Scrutinizer and the Employees of the Company.

On the basis of the Consolidated Scrutinizer's Report, the summary of which is mentioned hereunder, the Chairman declared the results of voting on 23rd September, 2015 that all the Resolutions for the Ordinary and Special businesses as set out in Item no. 1 to 10 in the Notice of the 51st Annual General Meeting of the Company 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 51st Annual General Meeting of the members held on 22nd September, 2015.



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, 2015 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, 2015 together with the Directors' Report, Cash Flow Statement, Auditors' Report and comments of the Comptroller & Auditor General of India be and are hereby adopted.”

Item No. 2: Ordinary Resolution to declare dividend for the financial year 2014-15

“RESOLVED THAT a final dividend @ 31% (Rs. 0.62 per share of Rs. 2/- each) on the Paid-up Equity Share Capital of Rs. 489.52 Crores [in addition to an interim dividend @ 27% (Rs.0.54 per Share of Rs. 2/- each) on the Paid-up Equity Share Capital of Rs. 489.52 Crores already paid during the year 2014-15] as recommended by the Board of Directors be and is hereby declared out of the profits of the Company for the year 2014-15 and that the same (including the effect of rounding off) be paid pursuant to the provisions of the Companies Act, 2013.”

Item No. 3: Ordinary Resolution to appoint a Director in place of Shri Atul Sobti (DIN: 06715578), who retires by rotation and being eligible, offers himself for re-appointment

“RESOLVED THAT Shri Atul Sobti (DIN: 06715578) who retires by rotation and being eligible, offered himself for re-appointment, be and is hereby re-appointed as Director of the Company.”

Item No. 4: Ordinary Resolution to appoint a Director in place of Shri S.K. Bahri (DIN: 06855198), who retires by rotation and being eligible, offers himself for re-appointment

“RESOLVED THAT Shri S.K. Bahri (DIN: 06855198) who retires by rotation and being eligible, offered himself for re-appointment, be and is hereby re-appointed as Director of the Company.”

Item No.5: Ordinary Resolution to authorize the Board of Directors to fix the remuneration of the Auditors for the year 2015-16

“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 are hereby authorized to fix the remuneration of the Auditors of the Company appointed by the Comptroller & Auditor General of India for the year 2015-16.”



SPECIAL BUSINESS

Item No. 6: Ordinary Resolution for ratification of Remuneration of Cost Auditors for financial years 2014-15 and 2015-16

“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 Years ended 31st March, 2015 and 31st March, 2016, as set out in the Statement annexed to the Notice convening this Meeting, be and is hereby ratified.”

“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.7: Special Resolution for approval of existing Related Party Contract entered into with Raichur Power Corporation Ltd.

“RESOLVED THAT pursuant to the requirements of SEBI circular dated 17th April, 2014 and other applicable provisions of the Companies Act, 2013, if any, the related party transaction entered into with Raichur Power Corporation Limited pertaining to order for plant equipment supply and services for 2x800 MW Yeramarus Power Project valuing Rs. 6300 Crore be and is hereby approved.”

“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. 8: Ordinary Resolution for appointment of Shri Rajesh Kumar Singh (DIN: 06459343) as Director

“RESOLVED THAT Shri Rajesh Kumar Singh (DIN: 06459343), 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. 22.12.2014 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.”

Item No.9: Ordinary Resolution for appointment of Shri D. Bandyopadhyay (DIN: 07221633) as Director

“RESOLVED THAT Shri D. Bandyopadhyay (DIN: 07221633), 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. 01.08.2015 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. 10: Ordinary Resolution for appointment of Shri Amitabh Mathur (DIN: 07275427) as Director

“RESOLVED THAT Shri Amitabh Mathur (DIN: 07275427), 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. 01.09.2015 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.”

Result of the Electronic Voting and Poll on the Ordinary and Special Businesses at the 51st Annual General Meeting of the Company:

| No. & Resolution | Particulars of Votes cast | | | | | | | Result Declared |
|--|---------------------------|------------|---------|------|---------------|------------|------|--------------------------------|
| | Electronic Voting | | Poll | | Voting Result | | | |
| | Nos. (A) | % | Nos.(B) | % | Nos.(A)+(B) | % | | |
| Ordinary Business | | | | | | | | |
| 1. Ordinary Resolution for in adoption of Financial statements of the Company for the year ended 31 st March, 2015 together with the Directors' Report and Auditors' Report thereon | Votes cast FAVOUR | 2255091817 | 100 | 8232 | 100 | 2255100049 | 100 | Approved by requisite majority |
| | Votes cast AGAINST | 1747 | 0.00 | 0 | 0.00 | 1747 | 0.00 | |
| | Invalid votes | 1802092 | --- | 210 | --- | 1802302 | --- | |
| 2. Ordinary Resolution for in declaration of Dividend for the financial year 2014-15 | Votes cast FAVOUR | 2255640044 | 100 | 8232 | 100 | 2255648276 | 100 | Approved by requisite majority |
| | Votes cast AGAINST | 1027 | 0.00 | 0 | 0.00 | 1027 | 0.00 | |
| | Invalid votes | 1659023 | --- | 210 | --- | 1659233 | --- | |



| | | | | | | | | |
|---|----------------------|------------|-------|------|-------|------------|-------|--------------------------------|
| 3. Ordinary Resolution for re-appointment of Shri Atul Sobti (DIN: 06715578) who retires by rotation | Votes cast in FAVOUR | 2018278390 | 90.12 | 8194 | 99.54 | 2018286584 | 90.12 | Approved by requisite majority |
| | Votes cast AGAINST | 221386770 | 9.88 | 38 | 0.46 | 221386808 | 9.88 | |
| | Invalid votes | 17634936 | --- | 210 | --- | 17635146 | --- | |
| 4. Ordinary Resolution for re-appointment of Shri S.K. Bahri (DIN: 06855198) who retires by rotation | Votes cast in FAVOUR | 1996123981 | 89.13 | 8194 | 99.54 | 1996132175 | 89.13 | Approved by requisite majority |
| | Votes cast AGAINST | 243541206 | 10.87 | 38 | 0.46 | 243541244 | 10.87 | |
| | Invalid votes | 17634911 | --- | 210 | --- | 17635121 | --- | |
| 5. Ordinary Resolution to authorize the Board of Directors to fix the remuneration of the Auditors for the year 2015-16 | Votes cast in FAVOUR | 2246265715 | 99.58 | 8232 | 100 | 2246273947 | 99.58 | Approved by requisite majority |
| | Votes cast AGAINST | 9376311 | 0.42 | 0 | 0.00 | 9376311 | 0.42 | |
| | Invalid votes | 1658067 | --- | 210 | --- | 1658277 | --- | |
| Special Business | | | | | | | | |
| 6. Ordinary Resolution for ratification of Remuneration of Cost Auditors for financial years 2014-15 and 2015-16 | Votes cast in FAVOUR | 2255562259 | 100 | 8232 | 100 | 2255570491 | 100 | Approved by requisite majority |
| | Votes cast AGAINST | 79257 | 0.00 | 0 | 0.00 | 79257 | 0.00 | |
| | Invalid votes | 1658582 | --- | 210 | --- | 1658792 | --- | |
| 7. Special Resolution for approval of existing Related Party Contract entered into with Raichur Power Corporation Ltd. | Votes cast in FAVOUR | 2239922463 | 100 | 8232 | 100 | 2239930695 | 100 | Approved by requisite majority |
| | Votes cast AGAINST | 1473 | 0.00 | 0 | 0.00 | 1473 | 0.00 | |
| | Invalid votes | 17376158 | --- | 210 | --- | 17376368 | --- | |



| | | | | | | | | |
|---|----------------------|------------|-------|------|-------|------------|-------|--------------------------------|
| 8. Ordinary Resolution for appointment of Shri Rajesh Kumar Singh (DIN: 06459343) as Director | Votes cast in FAVOUR | 2011820586 | 89.83 | 8194 | 99.54 | 2011828780 | 89.83 | Approved by requisite majority |
| | Votes cast AGAINST | 227849133 | 10.17 | 38 | 0.46 | 227849171 | 10.17 | |
| | Invalid votes | 17630377 | --- | 210 | --- | 17630587 | --- | |
| 9. Ordinary Resolution for appointment of Shri D. Bandyopadhyay (DIN: 07221633) as Director | Votes cast in FAVOUR | 2016420482 | 90.03 | 8232 | 100 | 2016428714 | 90.03 | Approved by requisite majority |
| | Votes cast AGAINST | 223371095 | 9.97 | 0 | 0.00 | 223371095 | 9.97 | |
| | Invalid votes | 17508519 | --- | 210 | --- | 17508729 | --- | |
| 10. Ordinary Resolution for appointment of Shri Amitabh Mathur (DIN: 07275427) as Director | Votes cast in FAVOUR | 2013046933 | 89.89 | 8194 | 99.54 | 2013055127 | 89.89 | Approved by requisite majority |
| | Votes cast AGAINST | 226413407 | 10.11 | 38 | 0.46 | 226413445 | 10.11 | |
| | Invalid votes | 17839759 | --- | 210 | --- | 17839969 | --- | |

All the above resolutions, which were put to vote, were passed with requisite majority.

-sd/-
(B. Prasada Rao)
Chairman

Date: 05.10.2015
Place: New Delhi



**Chairman's Address
51st Annual General Meeting
22nd September, 2015**

Ladies and Gentlemen,

Good morning and thank you for joining us today.

On behalf of the Board of Directors, I take this opportunity of extending a very cordial welcome to you all in the 51st Annual General Meeting of your company. The Annual Report for the year ended 31st March 2015 has been with you and with your permission, I shall take it as read.

It's India now

The constituents of **global economy** are more deeply interconnected today than ever before. World's major economies have been experiencing divergent growth paths. Tides are now clearly shifting. In the emerging world situation **Indian economy is all set to accelerate.**

In the State emblem adopted by the Govt. of India on 26th January, 1950, three lions are visible, the fourth lion being hidden. Last year, the Prime Minister's clarion call of 'Make in India' has (as though) set this fourth lion on the move. This flagship program of the Government has generated lot of excitement across the world and has enormous potential and promise to catapult the Indian Industry into a new phase of growth trajectory. The world economic outlook by IMF puts India's growth rate at 7.5% for 2015-16 & 2016-17, the highest amongst all the countries. The emerging growth scenario has therefore created a need for maximizing the 'Value addition' in 'Manufacturing' based on 'Technology depth'. Your Company's vision of a '*Global engineering enterprise providing solutions for a better tomorrow*' is in full convergence with the Government's multiple initiatives.

Today, when India is at the threshold of a new paradigm driven by thrust on developing & augmenting manufacturing capabilities, it is an opportune time for the company to dwell on its sustainable contribution to nation building and actualise its vision with new enablers put rightly in place. Technology development and Indigenization of critical technologies, veritable enablers, have been our focus as is evident from the developments of recent years:

- **Power:**
Demonstrating its commitment to 'Make in India' mission, BHEL commissioned country's first indigenously manufactured, highest rating 800 MW Supercritical boiler at APPDCL Krishnapatnam-2 & country's first 660 MW indigenously manufactured supercritical set at NTPC Barh-5. These are very important milestones for the country seeking to achieve self-reliance in the field of state-of-the-art supercritical technology.
- Leveraging on its vast experience of over five decades' of working with coals having varying characteristics and taking into account the current



uncertainty of coal supply, BHEL has in-house developed 'Fuel Flexible Boiler', which is capable of firing coal with range from 100% Indian to 100% imported. BHEL will supply the first Fuel Flexible Boiler for 800 MW supercritical thermal power project of TSGENCO at Kothagudem.

- That your company has been a forebearer of self-sufficiency in indigenous manufacturing of heavy electrical equipment in the country is manifested by the fact that BHEL constitutes a mammoth 20,000 MW per annum manufacturing capacity for power plant equipment in the country. Continuing its golden legacy of nation building while facing stiff domestic & international competition, today your company commands 55% share in the country's total installed capacity (Coal, Gas, Diesel, Hydro and Nuclear Sets) and 62% share of the total generation from Thermal Utility Sets (Coal based).

- **Transmission:**

Your company's focus on developing more efficient UHV transmission systems is bolstered by its development of 765 kV range of transformers and shunt reactors. With successful design, manufacture and supply of 765 kV shunt reactor to PGCIL Wardha, BHEL has established itself to address all kind of requirements of power generating and transmission utilities for 765 kV voltage class. In the year 2012, BHEL became the first indigenous manufacturer to design, manufacture and commission India's first 1200 kV Transformer at Ultra High Voltage Test station, Bina.

BHEL successfully developed, manufactured and commissioned India's first 'Phase Shifting Transformer' (PST) at TSGENCO Kothagudem Thermal Power Station in Telangana. PST improves transmission efficiency, and hence it is an outstanding Smart Grid solution considering the benefits it would contribute to transmission networks.

- **Transportation:**

BHEL supplied Insulated Gate Bipolar Transistor (IGBT) propulsion equipment today account for over 40% of IGBT based locomotives in operation by the Indian Railways. BHEL is poised to make electric locomotives up to 6000 HP rating with IGBT based propulsion systems and microprocessor-based VVVF (Variable Voltage Variable Frequency) controls.

Indian Railways are finalising tenders for two new locomotive factories which will be producing high power, high speed Electric and Diesel Locomotives. BHEL is partnering with leading players for both the opportunities.

- **Defence**

Over the years, your company has made significant contributions in Defence sector for Naval guns and IPMS (Integrated Platform Management System). Currently 'Make in India' initiatives in Defence Sector are opening up large opportunities in Naval and Field Guns, and Submarines,



etc. BHEL is actively pursuing these opportunities by partnering with Global OEMs.

- **Renewables**

Your Company has been in the field of Solar Photo Voltaic (SPV) for nearly three decades now. The Company has developed capabilities to supply complete SPV systems on EPC basis for both off-grid and grid-interactive requirements. Company has also geared itself to take up EPC of large size Solar projects (i.e. greater than 50 MW) to address the emerging market trends and the increased potential in this segment.

- **Water Business**

Your Company now offers turnkey solutions from concept to commissioning for various feed water characteristics ranging from pre-treatment to tertiary treatment, including pre-treatment-sedimentation, filtration, RO based sea water desalination plant, UF-RO-EDI based DM Plant, Effluent treatment plant, Membrane based sewage treatment plants (STP), Zero Liquid discharge (ZLD) for industries, and complete plant water system for Power Plants.

Besides executing a number of water treatment plants integral to various power stations, Company also made foray in Industrial segment and bagged order for 96 MLD membrane based Raw water filtration plant for Petrochemical Industry at Dahej.

I must say that all these achievements have fructified because of the company's relentless and passionate focus on innovation. BHEL, starting with technology support from Global OEMs, has developed into an entity with cognisable indigenous capabilities. In times of both growth and slowdown, BHEL's spend on R&D has been consistently more than 2.5% of its turnover for last 5-7 years. This is the highest R&D spend by an Indian company in the engineering and manufacturing segment. We have been filing more than one patent/copyright a day. I am sure, that our multifarious future endeavours will lead to larger value addition for the nation at large.

As in the previous years, I would like to now present the major highlights of your Company's performance.

Performance during the year

Financial year 2014-15 saw the highest Power capacity addition in the country, however, the Generation sector is still to come out from the stressful conditions which adversely affected the Power Sector development for past 3-4 years. Major constraints like non-availability of long-term coal linkages to the identified projects, inability to ramp up the indigenous Coal and Gas production, rising prices of the imported fuel, poor financial health of State Distribution companies, land acquisition and issues related to environment clearances, etc. had been hampering the Sector. In last one year, certain proactive steps by Govt. of India such as allocation of coal blocks through e-auction, rationalization of fuel prices and expeditious clearance of projects have provided much needed relief, however, the retarding force which was



created by market shrinkage of last 3-4 years continued to impact our operations for the second consecutive year. Your company faced the challenges with exceptional resilience to these headwinds. From managing growth to managing slowdown, your company has demonstrated its strong inherent competitiveness as reflected from sustained market leadership, continued focus on innovation and excellent project execution performance.

BHEL secured orders worth Rs. 30,814 Crore during 2014-15 - an increase of 10% over previous year despite intensely competitive domestic and overseas markets. In a shrinking market in Power Sector, BHEL maintained its leadership position with market share of 72% for the second consecutive year. By expanding its offerings, the company secured 89% of its total orders in Power Sector on EPC (Engineering, Procurement & Construction) basis. The company ended the year with an outstanding order book of Rs. 1,01,018 Crore.

BHEL has achieved a Turnover of Rs. 30,947 Crore and a Net profit of Rs. 1,419 Crore during 2014-15. For the third time in a row, your company synchronized/ commissioned power projects of more than 10,000 MW in a single year.

Power projects totalling 11,941 MW were commissioned/ synchronized during the year, inclusive of 10,230 MW Utility sets, 1,392 MW Captive sets/ Industrial sets in the country and 319 MW in overseas markets. 2014-15 marked turnaround in Indian Hydropower sector with addition of 736 MW to Central utilities, highest in a decade. This entire 736 MW of Hydroelectric projects were successfully commissioned by BHEL.

Today, BHEL equipment boast of world-class performance attributes like, lower auxiliary power consumption, superior boiler efficiency, better plant heat rate & Plant Load Factor (PLF) and finally lower life-cycle cost. Various performance reports from Central Electricity Authority, India and North American Electric Reliability Corporation (NERC), USA explicitly indicate superior performance of BHEL thermal sets, which ultimately leads to most optimal utilization of fossil fuel coal in such power plants. During the year, overall PLF of BHEL supplied coal based sets at 65.20% was higher than the national average by 70 bps. This includes 27 sets which registered PLF of over 90% and 76 sets achieved PLF between 80% - 90%. 181 BHEL coal based sets achieved Operating Availability (OA) higher than 90%. BHEL supplied Nuclear sets registered an OA of 92.3% and PLF of 83.7% in 2014-15.

Positioning for Future

Company still faces many challenges but recent policy initiatives taken by the Government are likely to improve business environment and provide momentum to existing and upcoming projects. Your company is focusing to leverage on the intrinsic capabilities to build strong foundations for the coming years:

- Your Company's resolve to focus on clean coal technologies and chart a low carbon growth path is manifested in several dimensions.



- BHEL manufactured & commissioned India's first 660 MW (SG & TG) and 800 MW (SG) sets with supercritical technology resulting in ~11% reduction in CO₂ emissions, less fuel consumption & ultimately leading to lower cost for its customers.
- In-house developments like Fuel Flexible Boiler, portfolio of more efficient UHV Transmission systems & products and low lifecycle cost of equipment are facilitating use of affordable and environmentally sustainable energy systems.
- In the field of Photovoltaics, your company has generated expertise in the critical parts of the value chain, viz., Silicon Wafer to Cell, Cell to PV Module, Erection, Commissioning and Operations & Maintenance of MW-size Solar PV power plants. BHEL has installed a 5 MWp grid interactive solar power plant at its Boiler Auxiliaries Plant, Ranipet which is powering operations & ensuring CO₂ mitigation of around 5600 MT CO₂-e per year. Another 1.5 MW PV plant is being commissioned at its Heavy Power Equipment Plant, Hyderabad.
- Faster execution and on-time delivery are indispensable to sustain market leadership. Your company has already augmented its capacity for Power plant equipment manufacturing to 20,000 MW p.a. BHEL signed an MOU with the newly formed Telangana State for 6,000 MW Power projects and received two major EPC orders from TSGENCO for 1x800 MW Kothagudem TPS & 4x270 MW Bhadradi TPS. This has been followed by a landmark single largest EPC order worth around Rs. 18,000 Crore received recently for setting up 5x800 MW Supercritical Thermal power project at Yadadri, in Nalgonda district of Telangana. The company is all set to create new benchmarks in execution. We are also favourably placed in a number of other new tenders.
- 'Make in India' initiative seeks to make India a competitive manufacturing hub. For your company, the opportunity lies in the higher value-added manufacturing. In line with this, your company, particularly in power sector, is focusing on increasing our value contribution in a shrinking market. In sync with its strategy of capturing EPC business and enlarging scope of offer, BHEL received 89% of the Power sector orders on EPC basis as compared to 52% in 2013-14. This includes order for country's first ever EPC contract for 800 MW rating Supercritical Power Project secured from GSECL for 1x800 MW at Wanakbori. In addition to this, BHEL is expanding its portfolio of equipment & systems by adding Flue-Gas Desulphurisation (FGD), Water Management system, Air Cooled Condenser, and other Balance of Plant (BoP) systems. Increasing level of indigenisation in Supercritical Technology and development of Adv. Ultra Supercritical Technology (AUSC) are focus areas in Power sector.
- Over the time, your company has taken various initiatives to expand its presence in Industry segment and build a robust portfolio of businesses by leveraging the Company's strengths, investments in existing facilities and by exploring new business models with focus on collaboration with value chain partners. The company set a new record in its Solar Photovoltaic (PV) business in a single year by supplying 50 MWp of SPV modules



including solar power plants commissioned for NTPC Talcher and NTPC Unchahar for 10 MW each. Your company also received the largest value single order for 64 sets of IGBT based Traction Converters from Chittaranjan Locomotive Works of Indian Railways. BHEL is well positioned to capitalize on the premium 765 kV voltage segment. BHEL is also executing world's largest ± 800 kV, 6000 MW Multi-terminal HVDC NE-Agra project. 76/62 Super Rapid Gun Mount (SRGM) along with Auxiliary Control System (ACS) were successfully commissioned on-board the indigenously-built naval warship INS Kolkata D-63. To capitalize on the opportunities in Defence sector, Your Company has formed a consortium with Mishra Dhatu Nigam Ltd (MIDHANI) and Hindustan Shipyard Ltd. (HSL) for jointly bidding for indigenously building P-75 (I) submarines for the Indian Navy.

- Your company is also exploring collaboration opportunities in target countries to grow exports business by forging opportunity-specific and market-specific alliances to strengthen BHEL's role as an EPC player in the International market.
- R&D expenditure of the company has been more than 2.5% of the turnover for more than 5 years now. Your company invested Rs.1,019 Crore on R&D, and recorded a turnover of Rs.7,300 Crore from in-house developed products and services. BHEL also filed the highest-ever 453 patents and copyrights in a year, enhancing the company's intellectual capital to 3,010.
- Focus on cost optimization through increased indigenisation of super critical technologies, higher value additions, increased vendor base and design/ layout optimization efforts aided the company in enhancing competitiveness. Company's focus on cash realization during the year has resulted in retaining cash surplus position and arresting rising trend of debtors.
- The most valuable asset of the company is its dedicated workforce of about 45,000 employees. With the demographic profile at BHEL moving in favour of millennial generation, People Development strategy of BHEL is focusing on developing each person's competencies in alignment with business plans through implementation of initiatives like performance linked pay, career planning, succession planning and e-learning modules for developing leadership competencies in association with Harvard Manage Mentor, an affiliate of Harvard Business School.

All these initiatives will enhance your Company's capacity to contribute to national priorities and create value for its stakeholders.

Governance & Inclusive Development

Your company believes that conducting business in a manner that complies with the Corporate Governance procedures and Code of Conduct, exemplifies each of our core values and positions us to deliver long-term returns to our shareholders, favourable outcomes to our customers, attractive opportunities to



our employees and making the suppliers our partners in progress & enriching the society.

We are also addressing the issue of social development and inclusive growth through our focus on capacity building, empowerment of communities, development of backward regions, and upliftment of the marginalised & underprivileged sections of the society to contribute to the National vision of inclusive growth.

Awards & Accolades

Your company was awarded 'EEPC's Top Export Award' for the twenty fifth year in succession and 'World Intellectual Property Organisation Award' for 'Innovative Enterprises'. This is in addition to many more recognitions and awards your company and its employees won during the year.

Marching on the Journey Ahead

I believe that India has the capability and the resolve to reach the zenith of its growth potential and with long-term drivers in place, BHEL is poised to harness the emerging opportunities.

I am grateful to you, our stakeholders – all business partners including customers for reposing faith in us, employees for their resolve and unstinted devotion, our Members on the Board for their wisdom and continuous support; members of the Management Committee for efficiently steering the company's resources and you, our shareholders for evincing trust & faith in BHEL & its Management. Various Ministries of GoI particularly the Department of Heavy Industry have been providing valuable guidance and support in our efforts.

Energy & Infrastructure, being the fulcrum of economic development, would continue to depict a rising trend till demand-supply deficit is addressed in its entirety. Energy security and climate change issues are determining the future course of development. This represents a huge opportunity to be leveraged by your company with its wide range of quality products & services. Therefore the Board of your company is confident of realising its vision of becoming a global engineering enterprise providing solutions for a better tomorrow, and honouring our Golden Legacy.

As I conclude, I would like to once again draw your attention to our National emblem which carries three more things at its base- a wheel, a bull and a horse. Let it continue to inspire us to march on the path of dharma (righteousness) slogging like a bull yet remaining swift as a horse.

Thank you!

New Delhi
September 22, 2015

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(B Prasada Rao)
Chairman & Managing Director