



भारत हेवी इलेक्ट्रिकल्स लिमिटेड Bharat Heavy Electricals Limited

CIN: L74899DL1964GOI004281

Date: 12.10.2017

No. AA/SCY/AGM53

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 53rd Annual General Meeting of BHEL
held on 22nd September, 2017**

Please find enclosed herewith a copy of the Minutes of 53rd Annual General Meeting of BHEL held on 22nd September, 2017, for your information and record.

Thanking you,

Yours faithfully,


(I.P. Singh)
Company Secretary
 nder@bhel.in
www.bhel.com

Encl: As above

BHARAT HEAVY ELECTRICALS LIMITED
NEW DELHI

Minutes of the 53rd Annual General Meeting of Bharat Heavy Electricals Limited held on 'Friday', 22nd September, 2017 from 10 AM to 11.30 AM at Manekshaw Centre, Parade Road, Khyber Lines, Delhi Cantt, Delhi

....

PRESENT

1. Shri Atul Sobti
Chairman & Managing Director and Member
2. Dr. Subhash Chandra Pandey
Part-time Official Director
3. Shri Rajesh Kishore
Independent Director
Chairperson-Board Level Audit Committee
4. Shri Keshav N. Desiraju
Independent Director
Chairperson-Nomination & Remuneration Committee
5. Shri R. Swaminathan
Independent Director
Chairperson-Stakeholders Relationship Committee
6. Ms. Surama Padhy
Independent Director
7. Shri D. Bandyopadhyay
Director (HR)
8. Shri Amitabh Mathur
Director (IS&P)
9. Shri Subrata Biswas
Director (E,R&D)
10. Shri T. Chockalingam
Director (Finance)
11. Shri Akhil Joshi
Director (Power) and Member

12. Shri Vijay Prasad Singh
 Director, 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 646 Members representing 154,35,34,378 shares, 2 Authorized Representatives representing 2,77,71,389 and 15 Proxies representing 86,201 shares were present.

IN ATTENDANCE

Shri I.P. Singh

Company Secretary

AUDITORS/ SCRUTINIZER

a) Statutory Auditors		
1)	Shri Pankaj Kumar	: M/s Wahi & Gupta
2)	Shri Sanjay Jain	: M/s DSP & Associates
3)	S/ shri Vikas Jain & Piyush Kaushik	: M/s SBA & Company
b) Secretarial Auditor		
	Shri Pramod P. Agarwal, PCS	: M/s P.P. Agarwal & Co.
c) Lead Cost Auditors		
	S/ shri Jugal K. Puri & K.C. Kohli	: M/s Jugal K. Puri & Associates
d) Scrutinizer		
	Ms. Ashu Gupta, PCS	: M/s Ashu Gupta & Co.

Company Secretary welcomed the shareholders, Chairman & Managing Director (CMD), Directors and other dignitaries on the occasion of the 53rd 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. Shri Atul Sobti, 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 53rd AGM of the Company, Chairman introduced all the Directors, sitting on the dais. He also acknowledged the presence of Shri Vijay Prasad Singh, representative of the President of India.

The Chairman informed that Shri Bhaskar Jyoti Mahanta, JS/DHI and Part-time Official Director, being abroad due to foreign training/ Ex-India Leave has requested leave of absence.

The Chairman informed the Members that Shri Rajesh Kishore, Chairperson of the Board Level Audit Committee, Shri Keshav N. Desiraju, Chairperson of the Nomination & Remuneration Committee and Shri R. Swaminathan,

Chairperson of the Stakeholders Relationship Committee of BHEL were present at the AGM.

The Chairman informed the Members that Shri Pankaj Kumar of M/s Wahi & Gupta, Shri Sanjay Jain of M/s DSP & Associates and Shri Vikas Jain & Shri Piyush Kaushik of M/s SBA & Company, Statutory Auditors as well as Shri Jugal K. Puri & Shri K.C. Kohli of M/s Jugal K. Puri & Associates, Lead Cost Auditors of the Company were present at the meeting. He further informed that Shri Pramod P. Agarwal, Practicing Company Secretary of M/s P.P. Agarwal & Co., Secretarial Auditor of the Company and Ms. Ashu Gupta, Practicing Company Secretary of M/s Ashu Gupta & Co. who has been appointed as Scrutinizer for e-voting & polling process for the 53rd AGM were also present at the meeting.

The 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 declared that quorum was as per Section 103 of the Companies Act, 2013 and as such the meeting was in order.

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

The 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 53rd AGM.

Thereafter, Chairman informed the Members that the Annual Report 2016-17 containing Notice of 53rd AGM together with Explanatory Statement, Directors' Report and Annual Accounts of the Company for the Financial Year ended 31st March, 2017 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.

The Chairman also informed that the Auditors' Report and Report of 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 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 Regulation

44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company had provided remote e-voting facility through M/s Karvy Computershare Private Limited to the Members to cast their vote by electronic means. He stated that the remote e-voting commenced at 9 AM on 19th September, 2017 and ended at 5 PM on 21st September, 2017. 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 AGM 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 AGM 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 the agenda items to be transacted at the AGM. The Chairman replied appropriately to the relevant questions raised by the shareholders in the meeting and provided necessary clarifications to the satisfaction of the Members. While answering the queries he stated about (a) the diversification initiatives being undertaken by the Company with special focus on Solar, Transportation Business, Defence Business etc. especially in view of present trend of shift away from thermal power plants (b) Company's focus on R&D and Innovations (c) actions taken towards revival of projects in Power Sector and dealing with international competition and (d) new initiatives being taken towards employees engagement & motivation.

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 the requisite details.

The Chairman invited Ms. Ashu Gupta of M/s Ashu Gupta & Co., Practicing Company Secretary, Scrutinizer to take over the poll proceeding. After the close of the 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 Private Limited (www.evoting.karvy.com).

The Chairman confirmed that the quorum was present throughout the meeting and that 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 D. Bandyopadhyay, Director (HR) to the esteemed shareholders, Authorized

Representative of the President of India, Auditors, Directors on the Board, Administration & Corporate Communication Departments, Company Secretariat, organizers, volunteers, M/s Karvy Computershare Private Limited, Scrutinizer and the employees of the Company.

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 22nd September, 2017 that all the resolutions for the ordinary and special businesses as set out in Item nos. 1 to 9 in the Notice of the 53rd AGM 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 53rd AGM of the Members held on 22nd September, 2017.

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, 2017 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, 2017 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 2016-17

"RESOLVED THAT a final dividend @ 39% (Rs. 0.78 per share of Rs. 2/- each) on the Paid-up Equity Share Capital of Rs. 489.52 crore as recommended by the Board of Directors be and is hereby declared out of the profits of the Company for the year 2016-17 and the same (including the effect of rounding off) be paid pursuant to the provisions of the Companies Act."

Item No. 3: Ordinary Resolution to appoint a Director in place of Shri Subrata Biswas (DIN: 07297184), who retires by rotation and being eligible, offers himself for re-appointment

"RESOLVED THAT Shri Subrata Biswas (DIN: 07297184), 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 appoint a Director in place of Shri T. Chockalingm (DIN: 07428614), who retires by rotation and being eligible, offers himself for re-appointment

“RESOLVED THAT Shri T. Chockalingam (DIN: 07428614), 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.5: Ordinary Resolution to authorize the Board of Directors to fix the remuneration of the Auditors for the year 2017-18

“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 2017-18.”

SPECIAL BUSINESS

Item No. 6: Ordinary Resolution for ratification of Remuneration of Cost Auditors for financial year 2017-18

“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 ended on 31st March, 2018 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.7: Ordinary Resolution for appointment of Shri Bhaskar Jyoti Mahanta (DIN: 07487571) as Director

“RESOLVED THAT Shri Bhaskar Jyoti Mahanta (DIN: 07487571), 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. 03.01.2017 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. 8: Ordinary Resolution for appointment of Ms. Surama Padhy (DIN: 07681896) as an Independent Director

“RESOLVED THAT Ms. Surama Padhy (DIN: 07681896), 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. 02.02.2017 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 herself 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 issue of Bonus Shares

“RESOLVED THAT in accordance with Section 63 and other applicable provisions of the Companies Act, 2013, or any amendment or re-enactment thereof and Article 86A of the Articles of Association of the Company and subject to the regulations issued by the Securities and Exchange Board of India (SEBI) in this behalf and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities, consent be and is hereby accorded to the Board of Directors of the Company (‘the Board’, which term shall be deemed to include any Committee thereof) for capitalization of a sum not exceeding Rs. 244,76,00,000/- (Rupees Two Hundred Forty Four Crores Seventy Six Lakhs only) from the General Reserves or any other permitted reserves/ surplus of the Company for the purpose of issue of Bonus Shares of Rs. 2/- (Rupees Two Only) each, credited as fully paid up to the holders of the Equity Shares of the Company whose names shall appear on the Register of Members on the ‘Record Date’ to be determined by the Board or a Committee thereof for the purpose, in the proportion of 1 (One) Bonus Equity Share of Rs. 2/- for every 2 (Two) fully paid up Equity Shares of Rs. 2/- each held by them and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the paid up Capital of the Company held by each such Member, and not as income.”

“RESOLVED FURTHER THAT the Bonus Shares so allotted shall rank pari passu in all respects with the fully paid up Equity Shares of the Company as existing on the Record Date, save and except that they shall not be entitled to any dividend that may be declared before the Record Date.”

“RESOLVED FURTHER THAT no letter of allotment shall be issued in respect of the Bonus Shares and in the case of Members who hold Shares or opt to receive the Shares in dematerialized form, the Bonus Shares shall be credited to the respective beneficiary accounts of the Members with their respective Depository Participants and in the case of Members who hold Equity Shares in certificate form, the share certificates in respect of the Bonus Shares shall be dispatched, within such time as prescribed by law and the relevant authorities.”

“RESOLVED FURTHER THAT fraction shares, if any, arising out of the issue and allotment of the Bonus Shares shall not be allotted by the Company and the Company shall not issue any Certificate or coupon in respect thereof but all such fractional entitlements, if any, shall be consolidated and the Bonus Shares, in lieu thereof, shall be allotted by the Board to nominee(s) to be appointed by the Board, who shall hold the same as trustee(s) for the members entitled thereto and sell the said Shares so arising at the prevailing market rate and after adjusting therefrom the cost and expenses in respect of such sale, distribute the net sale proceeds to Members in proportion to their fractional entitlements.”

“RESOLVED FURTHER THAT the issue and allotment of the Bonus Shares to Non-Resident Members, Foreign Institutional Investors (FIIs) & other foreign investors and /or distribution of net sale proceeds in respect of fractions to which such members may be entitled, be subject to compliance requirements of RBI, as may be necessary.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of such shares on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board / Committee of the Board be and are hereby authorized to do all such acts, deeds, matters and things whatsoever, including, but not limited to settling any question, doubt or difficulties that may arise with regard to or in relation to the issue or allotment of the bonus shares, settlement of rights of fraction as a result of the bonus issue and to accept on behalf of the Company, any conditions, modifications, alterations, changes, variations in this regard as prescribed by the statutory authority (ies) and which the Board / Committee of the Board in its discretion thinks fit and proper.”

Result of the Electronic Voting and Poll on the Ordinary and Special Businesses at the 53rd Annual General Meeting of the Company:

No. & Resolution	Particulars of Votes cast							
		Electronic Voting		Poll		Voting Result		
		Nos. (A)	%	Nos.(B)	%	Nos.(A)+(B)	%	
Ordinary Business								
1. Ordinary Resolution for adoption of Financial statements of the Company for the year ended 31 st March, 2017	Votes cast in FAVOUR	2200485983	100	75820	0.00	2200561803	100	
	Votes cast AGAINST	661	0.00	0	0.00	661	0.00	

together with the Directors' Report and Auditors' Report thereon	Abstained Votes	11028369	---	0	---	11028369	---
2. Ordinary Resolution for declaration of Dividend for the financial year 2016-17	Votes cast in FAVOUR	2200890908	100	75820	0.00	2200966728	100
	Votes cast AGAINST	1155	0.00	0	0.00	1155	0.00
	Abstained Votes	11027838	---	0	---	11027838	---
3. Ordinary Resolution for re-appointment of Shri Subrata Biswas (DIN: 07297184) who retires by rotation	Votes cast in FAVOUR	1981579553	90.93	75820	0.00	1981655373	90.93
	Votes cast AGAINST	197593311	9.07	0	0.00	197593311	9.07
	Abstained Votes	32746587	---	0	---	32746587	---
4. Ordinary Resolution for re-appointment of Shri T. Chockalingam (DIN: 07428614) who retires by rotation	Votes cast in FAVOUR	1981578926	90.93	75820	0.00	1981654746	90.93
	Votes cast AGAINST	197595138	9.07	0	0.00	197595138	9.07
	Abstained Votes	32745387	---	0	---	32745387	---
5. Ordinary Resolution to authorize the Board of Directors to fix the remuneration of the Auditors for the year 2017-18	Votes cast in FAVOUR	2200162697	99.97	75820	0.00	2200238517	99.97
	Votes cast AGAINST	728758	0.03	0	0.00	728758	0.03
	Abstained Votes	11027996	---	0	---	11027996	---
Special Business							
6. Ordinary Resolution for ratification of Remuneration of Cost Auditors for financial year 2017-18	Votes cast in FAVOUR	2200889601	100	75820	0.00	2200965421	100
	Votes cast AGAINST	1837	0.00	0	0.00	1837	0.00
	Abstained Votes	11028013	---	0	---	11028013	---
7. Ordinary Resolution for appointment of Shri Bhaskar Jyoti Mahanta (DIN: 07487571) as Director	Votes cast in FAVOUR	1975133864	90.64	75820	0.00	1975209684	90.64
	Votes cast AGAINST	204039960	9.36	0	0.00	204039960	9.36
	Abstained Votes	32745627	---	0	---	32745627	---

8. Ordinary Resolution for appointment of Ms. Surama Padhy (DIN: 07681896) as an Independent Director	Votes cast in FAVOUR	2199296074	99.93	75820	0.00	2199371894	99.93
	Votes cast AGAINST	1595283	0.07	0	0.00	1595283	0.07
	Abstained Votes	11028094	---	0	---	11028094	---
9. Ordinary Resolution for issue of bonus shares	Votes cast in FAVOUR	2200891263	100	75820	0.00	2200967083	100
	Votes cast AGAINST	880	0.00	0	0.00	880	0.00
	Abstained Votes	11027758	---	0	---	11027758	---

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

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(Atul Sobti)
Chairman

Date: 11.10.2017
Place: New Delhi

Annexure-I

**Chairman's Address
53rd Annual General Meeting
22nd September, 2017**

Ladies and Gentlemen,

A very warm good morning to each and every one of you.

On behalf of the Board of Directors, I take this opportunity to extend a very cordial welcome to you all in the 53rd Annual General Meeting of your company. The Annual Report for the year ended 31st March 2017 is with you and with your permission, I shall take it as read.

Our Hon'ble Prime Minister of India, Shri Narendra Modi ji has given the clarion call to create a '**New India**' and said, *"There are 125 Crore people and if each one takes one step, then the country would be 125 Crore steps ahead"*. These words capture the essence of the fervour of 125 Crore Indians joining hands to create a 'New India'. This is a journey and your company envisions playing a significant role in this journey. 40,000 employees of your company have together embarked on this journey and see it as an opportunity to create a new BHEL which is more responsive to the environment, has new sources of strength and has new streams of growth that make the company sustainably rising. Our persistent efforts in this journey enabled us to deliver both on growth and profitability in yet another year of challenging business environment. Going forward, our resolute focus will remain on managing the current momentum as well as on building capabilities for charting a higher growth path.

2017 also marks the 25th year of BHEL being a public listed company. This has been a very rewarding journey for the shareholders. On behalf of BHEL, let me first express profound gratitude to you, our shareholders, for continuously reposing faith in BHEL.

The year that was...

Now, let us look at some of the achievements in the year 2016-17 reflecting your company's strong fundamentals:

Financial performance

- BHEL recorded a turnover of Rs. 28,840 Crore, a growth of 10.7% over the previous year - after reversing the declining trend of the last three years.
- The company also returned to profitability with a Profit Before Tax (PBT) of Rs. 628 Crore, compared to a loss of Rs. 1,164 Crore (IND-AS restated) in the previous fiscal. Net Profit (PAT) stood at Rs. 496 Crore, against a net loss of Rs. 710 Crore (IND-AS restated) in the previous year.

- Your company would be paying a total dividend of 79% for the year 2016-17 that includes a final dividend of 39% subject to approval by the shareholders during the meeting. We have thus maintained the track record of paying dividends uninterrupted since 1976-77.
- The Board of Directors of your company has also recommended issue of bonus shares in the ratio of 1 bonus share for every 2 existing shares.

Project execution

- Your company contributed 45,274 MW of power generation capacity during the 12th Five Year Plan (2012-17), surpassing the government's target for BHEL by 9%, strongly complemented by our sustained focus on expeditious project execution.
- 8,570 MW of power generating equipment both for utilities and captive was commissioned/ synchronised during the year in Indian and overseas markets. With this, the total installed base of power generating equipment supplied worldwide by BHEL is around 180 GW.
- Four supercritical sets including three sets of 660 MW rating & one unit of 800 MW rating have been successfully commissioned during the year. With this, we are pleased to inform that BHEL has commissioned 15 SG (Steam Generators) and 13 TG (Turbine Generators) - supercritical sets till date.
- Your company commissioned its single largest 50 MW Solar PV power plant at NTPC Ananthapur.
- 76/62 mm Super Rapid Gun Mount (SRGM), the most distinctive & noticeable armament, and Auxiliary Control System (ACS) was commissioned on INS Chennai, the third ship of the Kolkata-class stealth guided missile destroyers of the Indian Navy. I would like to share here that all the three ships of this class have been equipped with BHEL manufactured SRGM and ACS.
- Despite major security concerns and immense logistic barriers, BHEL successfully commissioned all the three units of the prestigious 3x14 MW Salma hydropower project (Afghan India Friendship Dam) in Afghanistan.

Order booking

- Your company booked orders worth Rs. 23,489 Crore in 2016-17. With this, the company has orders worth Rs. 1,05,200 Crore for execution in 2017-18 and beyond. BHEL secured the largest ever export order on EPC basis - the first ever overseas contract valued over Rs 10,000 Crore for setting up the 2x660 MW Maitree Thermal Power Plant (TPP) in Bangladesh, a result of our persistent efforts towards globalization.

- We also won a major order from Power Grid Corp. of India Ltd. for ± 800 kV, 6000 MW HVDC terminals associated with the HVDC Bipole link between the western and southern grid of India. Other significant orders include 18x145 MW Palamuru Rangareddy Lift Irrigation Scheme stages 2&3 from Govt. of Telangana - having the largest rating of pump motor sets ordered for supply in India, and 57.6 MLD ultrafiltration water package order from NTECL Vallur TPS.
- With the highest total SPV power plant orders won during the year for 131 MW, your company's total solar portfolio now exceeds 370 MW.

Innovation led growth

- With strong focus on innovation and R&D, your company invested more than 2.5% of its turnover on R&D during the year. Your company also filed the highest-ever 508 patents and copyrights in a year, enhancing its intellectual capital to 3,915 patents and copyrights filed, which are in productive use in the company's business.
- BHEL is developing the first Advanced Ultra Supercritical (AUSC) technology for higher efficiency thermal power plants, jointly with NTPC and IGCAR under the aegis of Government of India. The project will reinforce the leadership of your company in the power sector.
- Your company is further focusing on commercialization of higher rating Power Conditioning Units for solar power plants, IGBT technology, and other recently developed products.

Our efforts are bearing results but there's still a lot of hard work ahead. We are adeptly changing in line with the future requirements.

The road ahead...

Forces of change like climate change, technology disruptions, fragile geopolitics, newer regulations, suboptimal investment from private sector and changing energy-mix are leading to emergence of newer challenges for your company. Initiatives taken by the government such as Ujwal DISCOM Assurance Yojana (UDAY), Goods and Services Tax (GST), push to 'Make-in-India' and visibility in resolution of stranded projects are very encouraging for sustained growth of the economy.

All the same, we continue to march forward with zeal in our journey of '*Creating BHEL of tomorrow*', a BHEL that is 'Responsive, Robust and Rising' to the needs of its stakeholders. We have already taken some important steps in this journey and have resolved ourselves for many more with focus on maintaining the current momentum of profitability, protecting the core business

while building new capabilities, and diversifying by harnessing the emerging opportunities.

Creating BHEL of Tomorrow: Sustaining momentum of growth

For sustaining momentum of growth and profitability, the company is focusing on expeditious execution of orders and implementing structural changes for making your company agile:

- Efforts are being made to convert stranded/ slow moving orders into executable ones. Around Rs. 12,000 Crore of non-executable orders have been converted to executable ones during the year.
- We have created customer focused business groups for nuclear, hydro, defence & aerospace, and transportation for strengthening diversification efforts. We have also consolidated various structures to increase organizational agility. Further initiatives will entail consolidation of smaller and consistently underperforming businesses and establishments.
- A dedicated '*Project Closure Synergy Group*' has been created to ensure early closure of project sites, optimize manpower utilization, resolving outstanding issues with various stakeholders, and realizing cash.
- We have revised various company policies with focus on simplification and decentralization to eliminate low value added activities and multiplicity of processes.

Creating BHEL of Tomorrow: Growth in medium term

The key to growth in medium term is to protect leadership in the core business, reorient people strategy and harness digital technologies for higher value proposition:

- We are asserting leadership in the core business by enhancing value proposition in the existing portfolio. Developing new products and services such as emission control equipment, lift irrigation systems, enhanced offerings for nuclear power, and expanding spares and services business are complementing the efforts to expand our core business. Foray into power generation as a co-developer of 2x800 MW Yeramarus TPS is one of the strategies for capturing more business in the power value chain.
- We have taken various initiatives in response to changing demography of employees and the business mix. These comprehensively cover various aspects of people development. Some of these initiatives are formation of trust for post-retirement medical benefits; simplification of pre-mature voluntary retirement from 55 years of age; introduction of 'Sabbatical Leave' to pursue goals and interests of employees; 'Project Leave' for employees posted at project sites; and career enhancement opportunity to

supervisors with requisite engineering degrees. Initiatives towards employee engagement in your company have been recognized in the business world by being adjudged as one of the '*Top 25 Best Companies to Work for*' in India by the prestigious Business Today magazine – BHEL is the only PSU to figure in this distinguished list. We are also enhancing application of technology in the learning endeavours of employees with the objective of 'Ease of learning, Ease of sharing, Ease of access'.

- 'Corporate Digital Transformation' group has been formed for developing capabilities in diagnostics and predictive maintenance services as a business opportunity and enhance productivity of our operations.

Creating BHEL of Tomorrow: Foundation for long-term sustenance

The foundation for long-term sustenance rests on strengthening the capabilities to innovate and on bringing more diversity in turnover both in business-mix and geographical-mix:

- We continue to invest more than 2.5% of turnover on R&D and innovation – the highest in the country among engineering and manufacturing companies. Current focus areas include the development of Advanced Ultra Supercritical (AUSC) technology, passive solar trackers, 1200 kV UHVAC transformers and reactors, and IGBT propulsion technology for ACEMU and DEMU.
- We are building a more diversified portfolio capitalizing on emerging opportunities in solar power, transportation, defence, aerospace and water business to increase the share of business from non-coal areas. Manufacturing capacity for solar cells and solar modules has been expanded to 105 MW and 226 MW per annum respectively. Continuing with the strategy of building capacity and capability through in-house resources, and collaboration with global technology leaders, we have recently entered into technology collaboration agreement with Kawasaki Heavy Industries Ltd., Japan for the manufacture of stainless steel coaches and bogies for Metro Rail.
- Export strategies are being aligned with global dynamics with focus on market expansion and market penetration. Execution of 2x660 MW Maitree TPP in Bangladesh, the first overseas power project of this rating and exacting parameters will open a stream of new opportunities in export markets.

Governance & Sustainable Development

Your company conducts business with the highest ethical standards for the growth and prosperity of all stakeholders on a sustained basis. The company strives to achieve all its goals through sound business decisions, prudent

financial management and high standards of ethics throughout the organization in letter and in spirit.

We continue to serve the community through various socio-economic and community development programmes to promote skill development, education, improvement of living conditions and hygiene in villages and communities located in the vicinity of our manufacturing plants and project sites spread across the country.

Excellence of your company and achievements of its employees won many recognitions during the year. Major ones include the *Prime Minister's Shram Awards*; *Vishwakarma Rashtriya Puraskars*; *National Safety Award*; *PSE Excellence Awards for excellence in R&D, Technology Development & Innovation*; *EEPC INDIA National Award for Export Excellence*; *Golden Peacock HR Excellence Award*; *Top 25 Best Companies to Work for in India by Business Today*; *Top PSU Award under Heavy Engineering from Dun & Bradstreet* and; *ICAI National Award for Excellence in Cost Management 2016*.

In line with the Hon'ble Prime Minister's vision for skill development, BHEL trained 23,810 individuals under various schemes including 4,728 Act-apprentices in 2016-17. I would like to share with all of you that the Hon'ble Prime Minister presented a cheque of the highest amount of Rs. 1.79 Crores to BHEL as a mark of appreciation for BHEL's active participation by engaging a large number of apprentices under the National Apprenticeship Promotion Scheme (NAPS), representing the organisation's contribution to Prime Minister's 'Skill India' initiative.

Your company achieved carbon footprint avoidance of 14,378 MT CO₂ equivalent during 2016-17 by generating 14.82 MU energy through in-house solar power installations. BHEL has partnered with HelpAge India, PHD Rural Development Foundation (PHDRDF) and Wockhardt Foundation for providing financial support for running operations of total 10 Mobile Medical Units (MMUs) in the vicinity of its project sites and manufacturing units, benefitting more than one lakh patients during 2016-17. Under GoI's 'Swachh Bharat' and 'Clean Ganga' initiatives, BHEL is providing support for construction of 25 Clusters of Bio-Digester toilets in Haridwar and Rishikesh.

The journey continues...

Finally, I would like to express my sincere gratitude to all our stakeholders: business partners including customers and vendors for showing faith in us, employees for their passion and commitment, members of the Board for their wisdom, members of the Management Committee for efficiently managing the company's resources and operations, and above all - you, our shareholders, for placing trust in our ability to steer forward BHEL in these challenging times.

Various ministries of Government of India, particularly the Department of Heavy Industry, have been providing valuable guidance and support to our

efforts. Thank you all for your continued support that I greatly appreciate and cherish. Your company has invested more than 50 years in nation building endeavours. The current movement towards building a 'New India' also offers us encouraging prospects. Team BHEL believes that we have the technology strength, manufacturing prowess, committed manpower, and innovation ecosystem to contribute in this movement.

With renewed vigour, great confidence and relentless determination, we look forward to an exciting future ahead and solicit your continued support in the journey ahead.

Best wishes,
Jai Hind!

-sd/-
(Atul Sobti)
Chairman & Managing Director

New Delhi
September 22, 2017