



भारत हेवी इलेक्ट्रिकल्स लिमिटेड
Bharat Heavy Electricals Limited

No: AA/SCY/AGM54

Date: 09.10.2018

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 54th Annual General Meeting of BHEL
held on 19th September, 2018

Please find enclosed herewith a copy of the Minutes of 54th Annual General Meeting of BHEL held on 19th September, 2018, for your information and record.

Thanking you,

Yours faithfully,

(I.P. Singh)

Company Secretary
companysecretary@bhel.in

Encl: As above

BHARAT HEAVY ELECTRICALS LIMITED
NEW DELHI

Minutes of the 54th Annual General Meeting of Bharat Heavy Electricals Limited held on 'Wednesday', 19th September, 2018 from 10 AM to 11.35 AM at Manekshaw Centre, Parade Road, Khyber Lines, Delhi Cantt, Delhi

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PRESENT

1. Shri Atul Sobti
Chairman & Managing Director and Member
2. Shri Pravin L. Agrawal
Part-time Official Director
3. Shri Keshav N. Desiraju
Independent Director
Chairperson-Nomination & Remuneration Committee
4. Shri R. Swaminathan
Independent Director
Chairperson-Stakeholders Relationship Committee and
Member-Board Level Audit Committee
5. Ms. Surama Padhy
Independent Director
6. Shri Desh Deepak Goel
Independent Director
7. Shri Ranjit Rae
Independent Director
8. Shri D. Bandyopadhyay
Director (HR)
9. Shri Subrata Biswas
Director (E, R&D)
10. Shri Akhil Joshi
Director (Power) and Member
11. Shri Subodh Gupta
Director (Finance)
12. Shri S. Balakrishnan
Director (IS&P)

13. Shri Vijay Prasad Singh
 Director, Department of Heavy Industry
 Ministry of Heavy Industries & Public Enterprises
 (As Representative of the President of India, holding 231,51,78,000
 shares i.e. 63.06% of the total paid up share capital of the Company)

Total 1010 Members representing 235,32,54,854 shares and 32 Proxies representing 147,989 shares were present.

IN ATTENDANCE

Shri I.P. Singh

Company Secretary

AUDITORS/ SCRUTINIZER

a) Statutory Auditors			
1)	Shri A.K. Singhal & Shri Atul Jain	:	M/s DSP & Associates
2)	Shri Rakesh Kumar & Shri Prakash N. Mathur	:	M/s Dhawan & Co.
3)	Shri Ritesh Kumar Jain	:	M/s Mahesh C. Solanki & Co
b) Secretarial Auditor			
	Shri Pramod P. Agarwal, PCS	:	M/s P.P. Agarwal & Co.
c) Lead Cost Auditors			
	Shri Subhash Agrawal	:	M/s R.J. Goel & Co.
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 54th 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 54th 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 Dr. Subhash Chandra Pandey, SS&FA /DIPP and Part-time Official Director has requested for leave of absence due to a meeting in PMO. He further informed that Shri Rajesh Kishore, Independent Director & Chairperson, Board Level Audit Committee has requested leave of absence on account of his continuing ill health and has authorized Shri R. Swaminathan, Independent Director & Member/ BLAC, to represent as Chairperson, Audit Committee.

The Chairman informed the Members that Shri Keshav N. Desiraju, Chairperson of the Nomination & Remuneration Committee and Shri R. Swaminathan, Chairperson of the Stakeholders Relationship Committee and Member-Board Level Audit Committee of BHEL (authorized to represent as Chairperson, Audit Committee) were present at the AGM.

The Chairman informed the Members that Shri A.K. Singhal & Shri Atul Jain of M/s DSP & Associates, Shri Rakesh Kumar & Shri Prakash N. Mathur of M/s Dhawan & Co. and Shri Ritesh Kumar Jain of M/s Mahesh C. Solanki & Co, Statutory Auditors as well as Shri Subhash Agrawal of M/s R.J. Goel & Co., 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 54th 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 employee 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 54th AGM.

Thereafter, Chairman informed the Members that the Annual Report 2017-18 containing Notice of 54th AGM together with Explanatory Statement, Directors' Report and Annual Financial Statements of the Company for the Financial Year ended 31st March, 2018 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 16th September, 2018 and ended at 5 PM on 18th September, 2018. 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 mentioned that significant improvement in financials has been made possible through prudent strategies of accelerated execution, cost control and resource optimization measures. He also replied shareholders' queries with regard to a) progress made by BHEL with regard to emission control equipment for thermal power plants; b) progress made in transportation segment; and c) improvements in executable order book.

Thereafter, he declared that voting by poll would be open and those shareholders who have not cast 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 19th September, 2018 that all the resolutions for the ordinary and special businesses as set out in Item nos. 1 to 12 in the Notice of the 54th 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 54th AGM of the Members held on 19th September, 2018.

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, 2018 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, 2018 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 2017-18

“RESOLVED THAT a final dividend @ 51% (Rs. 1.02 per share of Rs. 2 /- each) on the Paid-up Equity Share Capital of Rs. 734.28 crore [in addition to an interim dividend @ 40% (Rs. 0.80 per Share of Rs. 2/- each)] on the Paid-up Equity Share Capital of Rs. 734.28 crores already paid during the year 2017-18] as recommended by the Board of Directors be and is hereby declared out of the profit of the Company for the year 2017-18 and 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 Dr. Subhash Chandra Pandey (DIN: 01613073), who retires by rotation and being eligible, offers himself for re-appointment

“RESOLVED THAT Dr. Subhash Chandra Pandey (DIN: 01613073), 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 Akhil Joshi (DIN: 06604954), who retires by rotation and being eligible, offers himself for re-appointment

“RESOLVED THAT Shri Akhil Joshi (DIN: 06604954), 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 2018-19

“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 2018-19.”

SPECIAL BUSINESS

Item No. 6: Ordinary Resolution for ratification of Remuneration of Cost Auditors for financial year 2018-19

“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, 2019 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 Desh Deepak Goel (DIN: 07739221) as an Independent Director

“RESOLVED THAT Shri Desh Deepak Goel (DIN: 07739221), 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. 23.09.2017 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 an Independent Director of the Company.”

Item No. 8: Ordinary Resolution for appointment of Shri Ranjit Rae (DIN: 07942234) as an Independent Director

“RESOLVED THAT Shri Ranjit Rae (DIN: 07942234), 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. 23.09.2017 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 an Independent Director of the Company.”

Item No.9: Ordinary Resolution for appointment of Shri Subodh Gupta (DIN: 08113460) as Director

“RESOLVED THAT Shri Subodh Gupta (DIN: 08113460), 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. 18.04.2018 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 Pravin L. Agrawal (DIN: 05277383) as Director

“RESOLVED THAT Shri Pravin L. Agrawal (DIN: 05277383), 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. 18.05.2018 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.11: Ordinary Resolution for appointment of Shri S. Balakrishnan (DIN: 07804784) as Director

“RESOLVED THAT Shri S. Balakrishnan (DIN: 07804784), 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. 01.06.2018 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.12: Special Resolution for amendment in Articles of Association by insertion of Article 5A regarding buy-back of shares

“RESOLVED THAT pursuant to Section 14 and other applicable provisions of the Companies Act, 2013, the following Article is inserted in the Article of Association after Article 5:

5A. Buy Back of Shares

Notwithstanding anything contained in these articles and in pursuance of section 68, 69, 70 of the Companies Act, 2013, the company, may buy-back its own shares or other specified securities as the Board of Directors may consider appropriate subject to such approvals and sanctions as may be necessary and subject to such limits, restrictions, terms and conditions, etc., as may be required under the provisions of the Act/ Regulations /Rules applicable from time to time including the amendments(s), if any thereto.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps and do all such acts, deeds and things as may be considered necessary, expedient, usual, proper or incidental in relation to the said matter and take such actions and give such directions as they may consider necessary or desirable to give effect to this Resolution and for any matters connected herewith or incidental thereto.”

Result of the Electronic Voting and Poll on the Ordinary and Special Businesses at the 54th 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 financial year ended 31 st March, 2018 together with the Directors' Report and Auditors' Report thereon	Votes cast in FAVOUR	3315009770	100	5433	0	3315015203	100
	Votes cast AGAINST	96008	0	0	0	96008	0
	Abstained Votes	3895566	--	0	--	3895566	--

2. Ordinary Resolution for declaration of Dividend for the financial year 2017-18	Votes cast in FAVOUR	3318238617	100	5433	0	3318244050	100
	Votes cast AGAINST	575	0	0	0	575	0
	Abstained Votes	762374	--	0	--	762374	--
3. Ordinary Resolution for re-appointment of Dr. Subhash Chandra Pandey (DIN: 01613073) who retires by rotation	Votes cast in FAVOUR	3042696394	93.09	5433	0	3042701827	93.09
	Votes cast AGAINST	225710601	6.91	0	0	225710601	6.91
	Abstained Votes	34154576	--	0	--	34154576	--
4. Ordinary Resolution for re-appointment of Shri Akhil Joshi (DIN: 06604954) who retires by rotation	Votes cast in FAVOUR	3047411577	93.24	5433	0	3047417010	93.24
	Votes cast AGAINST	220995290	6.76	0	0	220995290	6.76
	Abstained Votes	34154701	--	0	--	34154701	--
5. Ordinary Resolution to authorize the Board of Directors to fix the remuneration of the Auditors for the year 2018-19	Votes cast in FAVOUR	3310488184	99.77	5408	0	3310493592	99.77
	Votes cast AGAINST	7750586	0.23	25	0	7750611	0.23
	Abstained Votes	762824	--	0	--	762824	--
Special Business							
6. Ordinary Resolution for ratification of Remuneration of Cost Auditors for financial year 2018-19	Votes cast in FAVOUR	3317497248	99.98	5433	0	3317502681	99.98
	Votes cast AGAINST	741627	0.02	0	0	741627	0.02
	Abstained Votes	762724	--	0	--	762724	--
7. Ordinary Resolution for appointment of Shri Desh Deepak Goel (DIN: 07739221) as an Independent Director	Votes cast in FAVOUR	3307596046	99.68	5433	0	3307601479	99.68
	Votes cast AGAINST	10642265	0.32	0	0	10642265	0.32
	Abstained Votes	763300	--	0	--	763300	--
8. Ordinary Resolution for appointment of Shri Ranjit Rae (DIN: 07942234)	Votes cast in FAVOUR	3307595406	99.68	5433	0	3307600839	99.68
	Votes cast AGAINST	10642775	0.32	0	0	10642775	0.32

as an Independent Director	Abstained Votes	763115	--	0	--	763115	--
9. Ordinary Resolution for appointment of Shri Subodh Gupta (DIN:08113460) as Director	Votes cast in FAVOUR	3047163993	93.23	5433	0	3047169426	93.23
	Votes cast AGAINST	221242921	6.77	0	0	221242921	6.77
	Abstained Votes	34154715	--	0	--	34154715	--
10. Ordinary Resolution for appointment of Shri Pravin L. Agrawal (DIN: 05277383) as Director	Votes cast in FAVOUR	3036351775	92.90	5433	0	3036357208	92.90
	Votes cast AGAINST	232055085	7.10	0	0	232055085	7.10
	Abstained Votes	34154785	--	0	--	34154785	--
11. Ordinary Resolution for appointment of Shri S. Balakrishnan (DIN: 07804784) as Director	Votes cast in FAVOUR	3047418209	93.24	5433	0	3047423642	93.24
	Votes cast AGAINST	220988737	6.76	0	0	220988737	6.76
	Abstained Votes	34154710	--	0	--	34154710	--
12. Special Resolution for amendment in Articles of Association by insertion of Article 5A regarding buy-back of shares	Votes cast in FAVOUR	3318699151	100	5433	0	3318704584	100
	Votes cast AGAINST	1802	0	0	0	1802	0
	Abstained Votes	300713	--	0	--	300713	--

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

-sd/-
(Atul Sobti)
Chairman

Date: 09.10.2018
Place: New Delhi

Annexure-I

**Chairman's Address
54th Annual General Meeting
19th September, 2018**

Ladies and Gentlemen,

Namaskar!

On behalf of the Board of Directors, I take this opportunity to extend a very cordial welcome to all of you in the 54th Annual General Meeting of your company. The Annual Report for the year ending 31st March 2018 is with you and with your permission, I shall take it as read.

I am happy to share that your company delivered a resilient performance during 2017-18. Amidst continued challenging business environment, initiatives taken in the recent past have resulted in significant progress in enhancing profitability and productivity, reinforcing our leadership in power sector, and strengthening non-power business areas. These achievements, along with the strategies in place, are strengthening our pre-eminent position among national assets and assuring our continued contribution in building a 'New India'.

Company performance 2017-18

Now, let us look at some of the achievements in the year 2017-18 reflecting your company's strong fundamentals:

Financial performance

- The company registered a turnover of Rs. 27,850 Crore during 2017-18 against Rs. 27,740 Crore in the previous year. With this, your company has achieved a growth of 11% during last two years [2016-2018].
- Profit Before Tax during 2017-18 was Rs. 1,585 Crore compared to Rs. 628 Crore in the year before, registering an increase of 152%. Net Profit (PAT) stood at Rs. 807 Crore compared to Rs. 496 Crore in 2016-17.
- Your company is proposing to pay a total dividend of 91% for the year 2017-18 on the enhanced paid up share capital, post bonus issue in 2017. Subject to the approval of shareholders, it would be the highest dividend paid during last four years.

Project execution

- During 2017-18, 4,149 MW of power generating capacity was commissioned/ synchronised. In addition, 170 MW of solar PV plants were also commissioned. With this, the worldwide installed base of power generating equipment supplied by BHEL has exceeded 183 GW.

- Your company successfully executed 3x110 MW Kishanganga hydroelectric project, located in remote and difficult terrain in Jammu & Kashmir state. Our Hon'ble Prime Minister, Shri Narendra Modi inaugurated and dedicated this prestigious project to the nation on May 19, 2018. The project will generate 1,350 Million Units (MU) of clean electricity annually. With this, BHEL has contributed more than 40% of the installed power generating capacity in J&K, with more than 40 commissioned sets having generation capacity of 1,652 MW.

Order booking

- Your company reinforced its leadership position by securing all orders for main packages of thermal power projects during the year 2017-18 in a shrunken and highly competitive Indian power sector market. Total orders won during the year are Rs 40,932 Crore - 74% higher than the last year. This includes highest ever orders won in transportation, defence, solar and water business resulting from our unflinching focus on increasing non-coal business. With this, total orders over Rs 1,18,000 Cr- highest during the last five years-are in hand.
- Some of the major orders won were 3x800 MW Patratu - largest power project order on EPC basis ever placed in the country through international competitive bidding, 2x660 MW Udangudi, 1x660 MW Panki, 1x660 MW Bhusawal, Steam Generator package for 2x700 MWe Nuclear power plant at Gorakhpur, 30 nos. of 3-phase IGBT based WAG-9H electric locomotives, 146 sets of 25 kV AC IGBT based 3-phase electrics for mainline EMU trains from Indian Railways and 6 nos. of sewage treatment plants (STP) at Raipur among others.
- Leveraging capabilities in the emission control equipment business, BHEL has secured Flue Gas Desulphurization (FGD) orders for 17 thermal units till March 31, 2018.
- Diversification efforts of your company gained traction with the receipt of the highest ever orders in solar power in megawatt terms and a breakthrough order in the municipal segment for construction of sewage treatment plants. These will help in strengthening capabilities of BHEL in emerging areas.

Innovation led growth

- BHEL has designed and developed state-of-the-art IGBT based 3-phase drive propulsion equipment for India's first ever air-conditioned AC EMU train for Mumbai suburban application. The propulsion equipment includes 3-phase traction motor, traction transformer, IGBT traction converter, IGBT auxiliary converters, IGBT based air-conditioning converter and train control & management system (TCMS) - the heart of the train system. The propulsion control system incorporates regenerative electrical braking,

yielding substantial energy savings. This AC EMU has been successfully running and providing safe and comfortable journey to the commuters of Mumbai since 25th December 2017. It has covered more than 1,00,000 km.

- With strong focus on innovation and R&D, your company invested more than 2.5% of its turnover, to the tune of Rs. 753 Crore on R&D during the year. Your company also filed the highest-ever 530 patents and copyrights in a year, enhancing its intellectual capital to 4,357 patents and copyrights filed, for productive use in the company's business.

Our efforts are progressing well but there's still a lot of hard work ahead. Keeping the future requirements at the front, the company is focussing on outcome based Engineering & Technology initiatives.

The future...

India is the fastest growing major economy in the world. Supported by demographic dividend, technology developments, and economic reforms, it is envisaged to become a US\$ 5 trillion economy by 2025 and US\$ 10 trillion by 2030 from present US\$ 2.6 trillion. This will translate into humongous demand and opportunities in energy and infrastructure sector.

April 28, 2018 is a historic day in the development journey of India. This day onwards, every single village of India has access to electricity. Taking the momentum forward, government is targeting to achieve 100% household electrification by end of this year. This improvement in accessibility and availability of electricity which is expected to spur its demand and consumption is one of the most significant changes underway in India's power sector, where your company is one of the leaders.

In addition to the above, railways, ports, urban infrastructure, environmental solutions, and core industries like cement, coal, steel and petrochemicals are slated for massive investment in coming years to fuel India's growth aspirations.

This makes it a very exciting time. It is bringing many more opportunities for your company, particularly in the areas of clean energy, energy storage, e-mobility, emission control equipment, urban transport and infrastructure development, among others.

Creating BHEL of Tomorrow

This is a significant moment for your company to move to the next level of performance by converting the emerging opportunities into potential success stories. Therefore, your company has embarked on a transformational journey of 'Creating BHEL of Tomorrow', with the threefold objective of enhancing responsiveness to emerging opportunities, building new levers of robustness and laying foundation for a sustainably rising BHEL.

Our seminal strategy framework, which is the pillar of this transformational journey, consists of three strategy themes spread over concurrent time horizons: Survive, Revive, and Thrive (SRT) - a concept envisioned by your company. The three themes are targeted simultaneously and the strategies under these address the immediate and future challenges of the company.

Survive: After a declining performance trend for three years up to 2015-16, the first goal of your company during the last two years has been to regain profitability and growth. We gave utmost priority to expeditious Execution of orders, coupled with strict cost control, efficient utilisation of resources through Consolidation, and enhancing speed of response through Simplification. Strong focus on conversion of non-executable orders into executable ones; consolidation and restructuring of corporate functions and business groups; manpower audit; simplification of policies and procedures, and greater application of IT in business processes were some of the initiatives which your company successfully executed. This was our ‘Survival’ strategy, which enabled us not only to reverse the declining performance trends, but also pursue the momentum of improved performance.

Revive: While it is satisfying to see the company back on growth path, our strategies to build new sources of strength are the imperative for sustained ‘Revival’ of the company. This includes building Assertiveness to protect leadership in our core business and the grit of never settling for anything less, holistic Development of our most important asset - our people, in alignment with future business requirements, and maximum harnessing of Digitalization to create new growth opportunities and improve operational excellence. Portfolio expansion in core business; policy and structural changes for giving impetus to employee development and motivation; development of IoT based solutions for utilities; and digitalization of all employee-utility services are being executed. This is the key to growth in the medium term and to surpass our own benchmarks.

Thrive: To take the company to the next level, where we aspire to ‘Thrive’ and move towards the vision of becoming a global engineering enterprise, we continue to focus on Globalization, and Diversification to increase business from non-coal areas, and further strengthen our Innovation capabilities. Accordingly, we have created and restructured business verticals for emerging opportunities. Development of technologies such as advanced ultra-supercritical technology for power generation, propulsion system for electric vehicles and conversion of coal to methanol have been taken up in mission mode. Alongside developing technologies in-house, we are collaborating with global technology leaders and have entered into technology collaboration agreement with ISRO for Li-ion cells and Kawasaki Heavy Industries for stainless steel metro coaches.

These nine elements: Execution, Consolidation, Simplification as part of Survival strategy; Assertiveness, Development, Digitalization as part of Revival strategy; and Globalization, Diversification, Innovation as part of our Thrive strategy – are together named as Nine Elements for Executing Vision (NEEV). These form the bedrock of the strategic plan ‘The Road to 2022’ of your

company, providing direction to the transformation journey of ‘Creating BHEL of Tomorrow’.

As demonstrated during the last two years, your company will continue to work diligently on each of these elements with similar zeal and zest in future.

Governance & Sustainable Development

Your company conducts its business with the highest legal, ethical and professional standards for stakeholders’ prosperity and growth on a sustainable basis. The company strives to achieve all its goals through sound business decisions, prudent financial management and high standards of ethics throughout the organization.

Several corporate social responsibility initiatives in the form of socio-economic and community development programmes undertaken by your company are aligned with national priorities so to have an amplified impact on communities around. We continue to serve society through our contribution in education, health, skill development, and improvement in the living conditions and hygiene in villages & communities spread across the country.

Your company has been actively involved in skill development initiatives of the Government of India. During 2017-18, BHEL provided skill development opportunities to more than 24,000 individuals under various schemes like Graduate apprenticeship, Diploma apprenticeship, Vocational apprenticeship, Trade apprenticeship, etc. BHEL was recognized as Champion of Change under the category of ‘Best Central Public Sector Enterprises’ by the Ministry of Skill Development & Entrepreneurship for engaging maximum number of apprentices under the Apprentices Act, 1961.

Our sustained efforts towards conservation of energy, deployment of energy efficient measures and installation of renewable energy based systems in our operations are our contribution towards protecting the environment. From our various solar-power related initiatives alone, we achieved carbon footprint avoidance to the extent of 15,454 MT CO₂-e during 2017-18.

Under ‘Swachh Bharat’ and ‘Clean Ganga’ initiatives, among other things, BHEL is continuing support for construction of 25 clusters of Bio-Digester toilets with 276 units in Haridwar and Rishikesh. Your company extended financial support to NGO ‘Rastotthana Parishat’ for free medical support to 90 Thalassaemia patients in Bengaluru, financial support for distribution of helping aids to ‘Divyang Jan’ and partnered with MAHAGENCO for providing financial support for 9 drinking water plants with water ATMs in Maharashtra villages.

Continuing the tradition of winning laurels, the organization and its employees won several prestigious awards during the year 2017-18. Notable among these are Prime Minister’s Shram Awards to 42 employees; Vishwakarma Rashtriya Puraskars to 63 employees; Golden Peacock Innovation Management Award; ICC PSE Excellence Award for excellence in Human Resource Management,

Contribution of Women in PSEs, R&D and Technology development; EEPC INDIA Northern Region Award for Engineering Export Excellence; FICCI-AIOE National Award for outstanding achievement in Industrial Relations; and 'Model Employer' by Ministry of Labour & Employment, Government of India.

Partners on the Journey

Aspirations in our journey cannot be achieved without acknowledging dedicated and committed efforts of each & every member of BHEL family. I would like to express sincere thanks and gratitude to our esteemed customers and other business partners for their continued confidence in us, our employees for their passion and perseverance, members of Board for their guidance, and you, our shareholders for support and trust in the company. I would like to thank Ministries of Government of India, particularly the Department of Heavy Industry for their valuable guidance and support in all our endeavors.

BHEL's immense contribution in nation building endeavors makes your company the finest example of successful 'Make in India'. We are committed and ready to take this mission forward in building a 'New India' which is prosperous, confident and happy.

Thank you
Jai Hind!

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

New Delhi
September 19, 2018