



भारत हेवी इलेक्ट्रिकल्स लिमिटेड Bharat Heavy Electricals Limited

No. AA/SCY/AGM52

CIN: L74899DL1964GOI004281

Date: 06.10.2016

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 52nd Annual General Meeting of BHEL
held on 22nd September, 2016**

Please find enclosed herewith a copy of the Minutes of 52nd Annual General Meeting of BHEL held on 22nd September, 2016, for your information and record.

Thanking you,

Yours faithfully,

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

Encl: As above

BHARAT HEAVY ELECTRICALS LIMITED
NEW DELHI

Minutes of the 52nd Annual General Meeting of Bharat Heavy Electricals Limited held on 'Thursday', 22nd September, 2016 from 10 AM to 12 Noon 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 A.N. Roy
Part-time Non-official Director
Chairperson-Board Level Audit Committee and
Member-Nomination & Remuneration Committee
 3. Shri Rajesh Kishore
Part-time Non-official Director
 4. Shri Keshav N. Desiraju
Part-time Non-official Director
 5. Shri R. Swaminathan
Part-time Non-official Director
Chairperson-Stakeholders Relationship Committee
 6. Shri D. Bandyopadhyay
Director (HR)
 7. Shri Amitabh Mathur
Director (IS&P)
 8. Shri Subrata Biswas
Director (E,R&D)
 9. Shri T. Chockalingam
Director (Finance)
 10. Shri Akhil Joshi
Director (Power) and member
 11. Ms. Sanyukta Samaddar
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 976 members representing 154,35,27,011 shares and 32 proxies representing 65,16,621 shares were present.

IN ATTENDANCE

Shri I.P. Singh

Company Secretary

BY INVITATION

a) Statutory Auditors		
1)	Shri Deepak Sharda	: M/s Wahi & Gupta
2)	Shri Sanjay Jain	: M/s DSP & Associates
3)	S/ shri Vikas Jain & Akshay Jain	: M/s SBA & Company
b) Secretarial Auditor		
	Shri Sachin Agarwal, PCS	: M/s Agarwal S. & Associates
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 52nd 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 52nd AGM of the Company, Chairman introduced all the Directors, sitting on the dais. He also acknowledged the presence of Ms. Sanyukta Samaddar, representative of the President of India.

Chairman mentioned that Dr. Subhash Chandra Pandey, AS & FA/ DIPP and Part-time Official Director, being out of station in connection with the meeting of FRBM Review Committee with RBI has requested leave of absence. Chairman further mentioned that Shri Rajesh Kumar Singh, JS/DHI and Part-time Official Director, being abroad in connection with an official assignment and Ms. Harinder Hira, Independent Director, due to her prior official engagements, have also requested for leave of absence.

Chairman informed the members that Shri A.N. Roy, Chairperson of the Board Level Audit Committee and Member, Nomination & Remuneration Committee (authorized by Ms. Harinder Hira, Chairperson of the Committee to attend the meeting on her behalf) and Shri R. Swaminathan, Chairperson of the Stakeholders Relationship Committee of BHEL were present at the AGM.

Chairman informed the members that Shri Deepak Sharda of M/s Wahi & Gupta, Shri Sanjay Jain of M/s DSP & Associates and Shri Vikas Jain & Shri Akshay Jain 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 Sachin Agarwal, Practicing Company Secretary of M/s Agarwal S. & Associates, 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 52nd AGM 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 declared that quorum 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**).

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 52nd AGM. 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 2015-16 containing Notice of 52nd AGM together with Explanatory Statement, Directors' Report and Annual Accounts of the Company for the Financial Year ended 31st March, 2016 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 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, 2016 and ended at 5 PM on 21st September, 2016. 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. He informed that the Company had received letter from Shri B. NandaKishore Yadav, shareholder raising certain queries. Thereafter, Chairman replied appropriately to the relevant questions raised by the shareholders in the meeting (including queries sent by Shri B. NandaKishore Yadav) and provided necessary clarifications to the satisfaction of the members. While answering the queries he stated about (a) problems faced by the Company in project execution & profitability last year including projects on-hold especially due to environmental clearances and way ahead etc. (b) the actions taken by the company to improve the operational performance to increase turnover and achieve profits through maximizing order booking, faster execution, controlling direct material cost and other expenses through various cost cutting measures.

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.

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).

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.

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, 2016 that all the resolutions for the ordinary and special businesses as set out in Item nos. 1 to 13 in the Notice of the 52nd 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 52nd AGM of the members held on 22nd September, 2016.

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, 2016 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, 2016 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 2015-16

“RESOLVED THAT a final dividend @ 20% (Rs. 0.40 per share of Rs. 2/- each) on the Paid-up Equity Share Capital of Rs. 489.52 Crores as recommended by the Board of Directors be and is hereby declared out of free reserves of the Company for the year 2015-16 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 D. Bandyopadhyay (DIN: 07221633), who retires by rotation and being eligible, offers himself for re-appointment

“RESOLVED THAT Shri D. Bandyopadhyay (DIN: 07221633), 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 Amitabh Mathur (DIN: 07275427), who retires by rotation and being eligible, offers himself for re-appointment

“RESOLVED THAT Shri Amitabh Mathur (DIN: 07275427), 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 2016-17

“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 2016-17.”

SPECIAL BUSINESS

Item No. 6: Ordinary Resolution for ratification of Remuneration of Cost Auditors for financial year 2016-17

“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, 2017 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 Subrata Biswas (DIN: 07297184) as Director

“RESOLVED THAT Shri Subrata Biswas (DIN: 07297184), 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. 24.09.2015 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.”

Item No. 8: Ordinary Resolution for appointment of Shri Rajesh Kishore (DIN: 02425323) as an Independent Director

“RESOLVED THAT Shri Rajesh Kishore (DIN: 02425323), 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. 18.12.2015 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 an Independent Director of the Company.”

Item No.9: Ordinary Resolution for appointment of Shri Keshav N. Desiraju (DIN: 07372233) as an Independent Director

“RESOLVED THAT Shri Keshav N. Desiraju (DIN: 07372233), 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. 18.12.2015 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 an Independent Director of the Company.”

Item No. 10: Ordinary Resolution for appointment of Shri R. Swaminathan (DIN: 01811819) as an Independent Director

“RESOLVED THAT Shri R. Swaminathan (DIN: 01811819), 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. 18.12.2015 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 an Independent Director of the Company.”

Item No. 11: Ordinary Resolution for appointment of Shri T. Chockalingam (DIN: 07428614) as Director

“RESOLVED THAT Shri T. Chockalingam (DIN: 07428614), 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. 11.02.2016 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: Ordinary Resolution for appointment of Dr. Subhash Chandra Pandey (DIN: 01613073) as Director

“RESOLVED THAT Dr. Subhash Chandra Pandey (DIN: 01613073), 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. 31.03.2016 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. 13: Ordinary Resolution for appointment of Shri Akhil Joshi (DIN: 06604954) as Director

“RESOLVED THAT Shri Akhil Joshi (DIN: 06604954), 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. 10.08.2016 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 52nd 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, 2016 together with the Directors' Report and Auditors' Report thereon	Votes cast for in FAVOUR	2244679554	100	298	100	2244679852	100
	Votes cast for the AGAINST	986	0.00	0	0.00	986	0.00
	Abstained Votes	1962631	---	0	---	1962631	---
2. Ordinary Resolution for in declaration of Dividend for the financial year 2015-16	Votes cast for in FAVOUR	2245083876	100	278	100	2245084154	100
	Votes cast for the AGAINST	1102	0.00	0	0.00	1102	0.00
	Abstained Votes	1962631	---	1000	---	1963631	---

3. Ordinary Resolution for re-appointment of Shri D. Bandyopadhyay (DIN: 07221633) who retires by rotation	Votes cast in FAVOUR	2010461217	89.55	180	64.75	2010461397	89.55
	Votes cast AGAINST	234623661	10.45	98	35.25	234623759	10.45
	Abstained Votes	1962631	---	1000	---	1963631	---
4. Ordinary Resolution for re-appointment of Shri Amitabh Mathur (DIN: 07275427) who retires by rotation	Votes cast in FAVOUR	2020068019	89.98	180	64.75	2020068199	89.98
	Votes cast AGAINST	225016809	10.02	98	35.25	225016907	10.02
	Abstained Votes	1962781	---	1000	---	1963781	---
5. Ordinary Resolution to authorize the Board of Directors to fix the remuneration of the Auditors for the year 2016-17	Votes cast in FAVOUR	2244885578	99.99	278	100	2244885856	99.99
	Votes cast AGAINST	199360	0.01	0	0.00	199360	0.01
	Abstained Votes	1962671	---	1000	---	1963671	---
Special Business							
6. Ordinary Resolution for ratification of Remuneration of Cost Auditors for financial year 2016-17	Votes cast in FAVOUR	2245005592	100	278	100	2245005870	100
	Votes cast AGAINST	79326	0.00	0	0.00	79326	0.00
	Abstained Votes	1962691	---	1000	---	1963691	---
7. Ordinary Resolution for appointment of Shri Subrata Biswas (DIN: 07297184) as Director	Votes cast in FAVOUR	2020069180	89.98	180	64.75	2020069360	89.98
	Votes cast AGAINST	225015608	10.02	98	35.25	225015706	10.02
	Abstained Votes	1962821	---	1000	---	1963821	---
8. Ordinary Resolution for appointment of Shri Rajesh Kishore (DIN: 02425323) as an Independent Director	Votes cast in FAVOUR	2245004647	100	130	46.76	2245004777	100
	Votes cast AGAINST	80231	0.00	148	53.24	80379	0.00
	Abstained Votes	1962731	---	1000	---	1963731	---
9. Ordinary Resolution for appointment of Shri Keshav N. Desiraju (DIN: 07372233) as	Votes cast in FAVOUR	2245082251	100	130	46.76	2245082381	100
	Votes cast AGAINST	2627	0.00	148	53.24	2775	0.00

an Independent Director	Abstained Votes	1962731	---	1000	---	1963731	---
10. Ordinary Resolution for appointment of Shri R. Swaminathan (DIN: 01811819) as an Independent Director	Votes cast in FAVOUR	2245081236	100	130	46.76	2245081366	100
	Votes cast AGAINST	3642	0.00	148	53.24	3790	0.00
	Abstained Votes	1962731	---	1000	---	1963731	---
11. Ordinary Resolution for appointment of Shri T. Chockalingam (DIN: 07428614) as Director	Votes cast in FAVOUR	2020013111	89.97	130	46.76	2020013241	89.97
	Votes cast AGAINST	225071767	10.03	148	53.24	225071915	10.03
	Abstained Votes	1962731	---	1000	---	1963731	---
12. Ordinary Resolution for appointment of Dr. Subhash Chandra Pandey (DIN: 01613073) as Director	Votes cast in FAVOUR	2001548845	89.15	130	46.76	2001548975	89.15
	Votes cast AGAINST	243536032	10.85	148	53.24	243536180	10.85
	Abstained Votes	1962732	---	1000	---	1963732	---
13. Ordinary Resolution for appointment of Shri Akhil Joshi (DIN: 06604954) as Director	Votes cast in FAVOUR	2020014497	89.97	180	64.75	2020014677	89.97
	Votes cast AGAINST	225070380	10.03	98	35.25	225070478	10.03
	Abstained Votes	1962732	---	1000	---	1963732	---

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

-sd/-
(Atul Sobti)
Chairman

Date: 04.10.2016
Place: New Delhi

Annexure-I

**Chairman's Address
52nd Annual General Meeting
22nd September, 2016**

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 52nd Annual General Meeting of your company. The Annual Report for the year ended 31st March 2016 has been with you and with your permission, I shall take it as read.

I am extremely humbled today, as I deliver my first address in this meeting as the Chairman and Managing Director of your company, after assuming the office on January 1, 2016. While reflecting on the year gone by, I also intend to give you a glimpse of the future direction of your company, and share with you the steps we are taking in this journey of transforming and creating an organization that will thrive on its new sources of strength and its unyielding focus on execution.

2015-16 was a very challenging year for your company. The volatility in economic and business environment is changing the way we operate and create wealth for our shareholders. However, I assure you that our team of 42,000 employees continues to work hard to achieve our immediate target of regaining growth.

The Year That Was

Your company is in the midst of the toughest times it has faced since its inception. The uncertain global economic order caused by weak recovery, volatile commodity prices, slowing trade and, China's growth transition is the 'new normal'. The desired pace of growth continues to elude the domestic industrial sector as it faces continued pressure from subdued capex and capacity underutilization. Power generation equipment industry, in particular, has been facing a tough time for the last few years, accentuated by the ongoing energy transition. However, we are seeing traction from the government to revive stressed projects, bring reforms in DISCOMs and fast track clearances for new projects. However, Capital Goods sector being a long-cycle business, tends to lag the general economy both in downturn and recovery. Additionally, geopolitical disturbances in our target export markets and fluctuating energy prices have also dampened the international business. The overall subdued business environment due to these factors and the current business mix affected the financial performance, with the company registering a turnover of Rs. 26,587 Crore and a net loss of Rs. 913 Crore during the year.

But, the real strength of an organization lies in discovering opportunities in its challenges. This is what we believe in, and despite the hurdles, we have achieved some outstanding benchmarks in 2015-16 which reflect your company's strong fundamentals:

Project Execution:

- An unprecedented feat in the execution of projects was achieved by commissioning/ synchronizing an all-time high 15,059 MW of power generation equipment, up by 26% from the previous year. With this, the worldwide installed base of power generating equipment supplied by BHEL has exceeded 1,70,000MW.
- This includes capacity addition by utility projects aggregating to 13,061 MW, up by 23% against the capacity addition target set by the Ministry of Power and 59% more than the achievement of previous year.
- 2,980 MW (including three supercritical sets) was added during 2015-16 under the Power Development Program of Uttar Pradesh State by BHEL, which is a landmark achievement.
- Like in 2014-15, all the hydroelectric power projects that went on stream in India, during 2015-16, totalling 810 MW, were commissioned by BHEL.
- Commissioned the Pole -1 of ± 800 kV, 6000 MW Multi terminal NE-Agra HVDC Project, the largest HVDC transmission project in the world.
- 500 MW Kosti TPS – Sudan's largest thermal power plant, and two 220 kV substations in Afghanistan were commissioned by BHEL.

Order Booking:

- Your company booked orders worth Rs. 43,727 Crore - the highest in the last five years, with 42% growth over 2014-15. With this, the company has orders worth Rs. 1,10,730 Crores for execution in 2016-17 and beyond.
- This includes country's largest-ever order in utility segment - 5x800 MW Yadadri TPS from TSGENCO; first 800 MW supercritical orders from TANGEDCO, i.e., 1x800 MW North Chennai Stage III & 2x800 MW Uppur; three major orders of 765 kV substations under stiff international competitive bidding for the National Green Energy Corridor project; and first commercial order for 400 kV GIS.

Supercritical Portfolio:

- BHEL has been at the forefront to install environment-friendly supercritical coal-fired power plants within the country. Orders for 48 Steam Generators (SG) & 41 Turbine-Generators (TG) for supercritical plants have been

secured till FY16. Ten SG sets and eight TG sets have been commissioned, out of which four SG & two TG sets are in successful operation for more than one year.

- 55% of the total supercritical sets commissioned in the country during 2015-16 were contributed by BHEL.
- Company's first highest rating 800 MW supercritical set at RPCL Yeramarus and first 700 MW supercritical set at KPCL Bellary have been successfully commissioned.

Innovation led Growth:

With strong focus on innovation and creative development, your company invested 3.36% of its turnover on R&D during the year. Your company also filed the highest-ever 477 patents and copyrights in a year, enhancing its intellectual capital to 3,441 patents and copyrights filed, which are in productive use in the company's business.

We are proud of our achievements but are fully aware of the looming challenges. The company is addressing them with its persistent efforts and not only capitalizing on the new opportunities, but also building capability to tackle such challenges. As an organization, we cannot influence most of the external factors but can definitely change what is going on within us. It is time for your company to embrace the new and adapt to the market realities. The new journey has begun.

Creating BHEL of Tomorrow

In this journey of 'creating BHEL of tomorrow', it is our passionate endeavour to transform BHEL into an organization which is **'Responsive, Robust and Rising'** to the needs of its stakeholders. This involves orienting our strategy towards enhancing responsiveness by layering and being simple; building new sources of strength for a robust future and effective diversification to attain a balanced portfolio for creating a sustainable and rising organization. I firmly believe that this will be the bedrock of our growth in the coming years.

Responsive BHEL!

What we choose to embrace, to be responsive of, is a reflection of our intent. With a view to create a more agile organization, we are focusing on **Execution, Consolidation and Simplification** (ECS) as the first step. In this process, we are identifying the weak links and putting in place an organization structure that is more productive and that enables us to achieve higher operational efficiency. At the same time, we are reviewing and realigning our systems, policies and processes to move towards simplification by eliminating low value added activities. Accelerated execution is one of the most important factors for us to be responsive to customer's needs. Our continual efforts in this direction

have resulted in commissioning/ synchronization of power projects of more than 10,000 MW per annum for the fourth consecutive year, with this year being the first to cross an all-time high mark of 15,000 MW.

Robust BHEL!

Your company is looking forward to build new strengths on the rock-solid foundation that we have built in our journey of over half of a century. We derive this strength from our deep-rooted focus on research & development. Standing true to the spirit of innovation-led growth strategy, your company has maintained R&D expenditure at plus 2.5% of the turnover for more than five years in a row. The company has also strengthened its focus on indigenization of supercritical technology to enhance its competitiveness. Recent in-house developments include 765 & 1200 kV UHVAC transformer & reactor, IGBT propulsion technology for locomotives and ACEMU, STATCOM for industrial & grid applications, Gas Insulated Substation (GIS) upto 420kV, Hotel load Converter 2x500 kV for Shatabdi train (Chennai to Coimbatore), Phase Shifting Transformer (PST) and 500/ 630 KW Power Conditioning Unit (PCU) for solar PV generation.

As digital tools and technologies are profoundly differentiating the way business is being conducted, your company has put in place an organization structure to embrace IT as a strategic tool for opening up fresh stream of opportunities in new as well as traditional business areas.

Most importantly, to fulfil this target of a robust organization, we are focusing on the people development strategy driven by the growing aspirations of the millennial generation of the company. We are gearing up to embrace social technologies for increasing employee engagement and working towards development of employee competencies in line with the business plans through implementation of various learning & development initiatives.

Rising BHEL!

What will define us in the new phase of our journey is how well we rise to the impending challenges. Our goal is to create an organization which will convert problems into possibilities and leverage on the new opportunities emerging from 'Make in India'. Thus, our absolute focus is on creating a balanced portfolio of products & services with enhanced focus on non-fossil fuel based power and industry business. To harness emerging opportunities in renewables sector, BHEL is in the process of augmenting its manufacturing capacity and enhancing EPC capability for large scale solar PV based plants. Company is also working towards expansion of its defence portfolio which currently includes Super Rapid Gun Mount (SRGM) & Integrated Platform Management System (IPMS) for naval ships, thermo pressed components, compact heat exchanger for Tejas, turret castings for T72 tanks and other strategic equipment. We continue to strengthen our transmission portfolio and are set to leverage opportunities arising in HVDC business. With the revival of demand from railways, and emerging opportunities from Dedicated Freight Corridor

(DFC) and urban metro transportation, company is focusing on business opportunities in metro coaches, high speed trains and equipment for high HP locomotives.

With focus on diversification, company is equally pivoted to maintain its leadership in the power sector. In order to ensure energy security, coal will continue to remain the dominant fuel for power generation in the foreseeable future in view of its abundant domestic reserves and affordability. Towards this, we have focused on enlarging scope of offer and enhancing competitiveness by adding flue-gas desulfurization system, air cooled condenser, water management system and are in the process of expanding offerings for environmental solutions.

BHEL, together with NTPC and IGCAR is developing world's first Advanced Ultra Super Critical (AUSC) technology for higher efficiency thermal power plants, during the next three years. As a result of our concerted efforts, the Government of India has recently approved financial support of Rs. 900 crore (out of the project cost of Rs. 1,554 Crore) for this development. The main power plant equipment will be manufactured with advanced indigenous technologies which no other company in the world has developed so far. This will go a long way in enhancing the engineering & technological capabilities of BHEL.

Governance & Sustainable Development

Your company believes in conducting business in a manner that complies with the philosophy of Corporate Governance, exemplifies each of our core values and positions us to deliver consistent stakeholders' value enhancement, favourable outcomes to our customers, opportunities to our employees, making the suppliers our partners in progress and enriching the society. Recognising these principles and philosophy of values and their practice, your company's excellence and the achievements of its employees won many recognitions during the year. Major ones include the 'CBIP Award 2015' for Best Power Equipment Manufacturing Organisation by Central Board of Irrigation and Power and 'Top PSU Award 2015' from Dun & Bradstreet India.

BHEL believes in sustainable development with focus on its economic, ecological and social tenets. Major thrust areas include efficient energy management, use of cleaner technologies, addressing the issue of social development and inclusive growth through focus on capacity building, development of backward regions and, up-liftment of the marginalised & under-privileged sections of the society.

Around 8.08 million units of energy were generated through in-house solar power installations in 2015-16. An in-house green coverage of 4.7 million sq. metres and plantation of more than 3 million trees till date is a testimony of company's commitment towards greener environment. In line with the Hon'ble Prime Minister's vision for skill development, BHEL trained more than 11,000 vocational trainees and more than 7,000 Act apprentices in 2015-16. BHEL is

also providing support for installation of 25 clusters comprising 276 biogas digester toilets on the banks of river Ganga near Haridwar and Rishikesh including safe and clean drinking water facility at each location.

Partners in Our Journey

These are challenging times, but I am sure that our best years lie ahead. BHEL has the '*strategy, structure, and staff*' to ensure that, in both good and tough times, we make steady progress. We will not leave any stone unturned in our quest to unlock the potential and take your company to greater heights. We will continue to put unwavering emphasis on creating customer value and bolster our inherent strengths to enhance shareholder value.

Finally, I would like to express my sincere gratitude to all our stakeholders: business partners including customers and vendors for reposing their faith in us, employees for their persistent commitment, members of the Board for their wisdom, members of the Management Committee for efficiently utilizing the company's resources, and you, our shareholders, for evincing 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 in our efforts. I am confident that we will continue to receive this support in the future.

I see a challenging, yet, exciting journey ahead for us - one of new beginnings, new opportunities and new horizons.

With best wishes,

-sd/-

(Atul Sobti)

Chairman & Managing Director

New Delhi

September 22, 2016