



BHARAT HEAVY ELECTRICALS LIMITED
NEW DELHI

**Minutes of 50th Annual General Meeting held on
'Friday', the 19th September, 2014 at 10.00 A.M.
At FICCI Auditorium, Barakhamba Road (Tansen Marg), New Delhi**

PRESENT

1. Shri B. Prasada Rao
Chairman & Managing Director & Member
2. Shri S.K. Bahri
Part-time Official Director
3. Shri Ambuj Sharma
Part-time Official Director
Chairman - Stakeholders Relationship Committee
4. Ms. Harinder Hira
Part-time Non-Official Director
Chairperson - Board level Audit Committee and Remuneration Committee
5. Shri A.N. Roy
Part-time Non-Official Director
6. Shri P.K. Bajpai
Director (Finance)
7. Shri R. Krishnan
Director (HR)
8. Shri W.V.K. Krishna Shankar
Director (IS&P) & Member
9. Shri Atul Sobti
Director (Power) & Member
10. Smt. Sanyukta Samaddar
Director, Department of Heavy Industry
Ministry of Heavy Industries & Public Enterprises,
*(As Representative of the President of India, holding 1543452000 shares i.e.
63.06% of the total paid up share capital of the Company)*

Total 3,007 Members representing 178,68,24,464 shares and 224 Proxies representing 18,97,52,078 shares were present.

IN ATTENDANCE

Shri I.P. Singh

Company Secretary

By Invitation:-

a) Statutory Auditors			
1)	Shri S.K. Khattar	:	S.N. Dhawan & Co.
2)	Shri Mukesh Bansal	:	S.N. Dhawan & Co.
3)	Shri Y.K. Gupta	:	M/s Wahi & Gupta
4)	Shri K.P. Wahi	:	M/s Wahi & Gupta
b) Scrutinizer			
	Shri Pranav Kumar, PCS	:	M/s Pranav Kumar & Associates

Company Secretary welcomed Chairman and Managing Director (CMD), Directors, Shareholders and other dignitaries on the occasion of the 50th Annual General Meeting of the Company. Thereafter, Company Secretary informed that as per Article 47 of the Articles of Association of BHEL, Chairman of the Directors shall be entitled to take chair at every General Meeting of the Company and requested CMD to take the chair. Shri B. Prasada Rao, CMD presided over the meeting pursuant to Article 47 of the Articles of Association of the Company.

While welcoming the Members on the occasion of 50th Annual General Meeting of the Company, Chairman introduced all the Directors, sitting on the dais. He also acknowledged the presence of Smt. Sanyukta Samaddar, representative of President of India.

Chairman informed the members that Ms. Harinder Hira, Chairperson of Board Level Audit Committee (BLAC) & Remuneration Committee and Shri Ambuj Sharma, Chairman of Stakeholders Relationship Committee were present at the AGM.

Chairman informed the members that Shri Pranav Kumar, Practicing Company Secretary of M/s Pranav Kumar & Associates, scrutinizer for e-voting & polling process for 50th AGM was present at the meeting. He further informed that Shri S.K Khattar & Shri Mukesh Bansal of M/s S.N. Dhawan & Co. and Shri Y.K. Gupta & Shri K.P. Wahi of M/s Wahi & Gupta, Statutory Auditors were also present at the meeting.

Chairman stated that pursuant to Section 170 of the Companies Act, 2013, Register of Directors & KMPs and their shareholding and pursuant to Section 189, Register of Contracts or Arrangements in which Directors are interested have been placed on the table and were available for inspection for any person attending the meeting. He further declared that quorum as per Sec 103 of the Companies Act, 2013, i.e. 30 members were present in person and as such the meeting was in order.

The Chairman then delivered his speech, which is enclosed as **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 50th Annual General Meeting. He requested the Members to restrict number of queries to two, as decided in 46th AGM, to allow maximum number of shareholders to participate in the proceedings.

Thereafter, Chairman informed the Members that the Annual Report 2013-14 containing Notice of 50th AGM together with Explanatory Statement and Annual Accounts of the Company for the Financial Year ended 31st March, 2014 have already been sent to all the Members by post or by e-mail and as such, he sought permission of the Members to take the aforesaid documents as read. The members present agreed to the request of the Chairman.

Chairman requested Company Secretary to read Directors' Report together with Auditors' Report and Report of Comptroller & Auditor General of India (C&AG) comprising 'NIL' comments. The Members requested Chairman to take the Directors' Report as read. Further, Company Secretary read the Auditor's Report.

The Chairman further informed the Members that in pursuance of Section 108 of the Companies Act, 2013 and the prescribed Rules thereto and Clause 35B of the Listing Agreement, the Company had provided e-voting facility through M/s Karvy Computershare (P) Ltd. to the members to cast their vote by electronic means. He stated that the e-voting commenced at 9:00 A.M. on September 13, 2014 and ended on 6:00 P.M. on September 15, 2014. He explained that arrangements have been made to conduct a poll on the items of the agenda in order to provide facility to Members/proxies present at the Annual General Meeting to vote by way of polling who could not exercise their vote through e-voting process.

Thereafter, Company Secretary explained the procedure for Poll on the agenda items of the AGM to the shareholders. He then read the items of business to be transacted for the Annual General Meeting along with relevant resolutions.

The Chairman then invited members to ask their queries, if any, with regard to agenda items be transacted at AGM. He informed that the Company has received two letters from two shareholders Shri N.K. Jain & Shri Din Dayal raising certain queries. Thereafter, Chairman replied appropriately to the relevant questions raised by the shareholders in meeting (including queries sent through letters) and provided necessary clarifications to the satisfaction of the members. During answering the questions he stated about the specific steps taken by the company during the year 2013-14 for improving the order book position of the Company. Thereafter, he declared that voting by poll would be open and those Shareholders who have not casted their vote electronically, can cast their vote (on all the resolutions for the ordinary and special businesses) on the Ballot Paper provided to them & also available with the Volunteers and drop the same in the Ballot Boxes after filling requisite details.

Chairman invited Shri Pranav Kumar of M/s Pranav Kumar & Associates, Practicing Company Secretary, scrutinizer to take over Poll proceeding. After the close of Poll, the

ballot boxes were sealed by the scrutinizer. Chairman stated that the combined result of e-voting done earlier and physical poll along with Scrutinizer's Report would be communicated to the stock exchanges and also displayed on the website of the Company at www.bhel.com and on the website of our e-voting service provider M/s Karvy Computershare (P) Ltd. www.evoting.karvy.com.

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

On the basis of the Scrutinizer's Report for the Electronic Voting dated 15th Sep, 2014 and the Scrutinizer's Report for the poll at the Annual General Meeting dated September 19, 2014, the summary of which is mentioned hereunder, the Chairman declared the results of voting on 20/09/2014 that all the Resolutions for the Ordinary and Special businesses as set out in Item no. 1 to 10 in the Notice of the 50th Annual General Meeting of the Company have been duly passed by the requisite majority. The resolutions for the ordinary and special businesses, duly approved by the members with requisite majority, are recorded hereunder as part of the proceedings of the 50th Annual General Meeting of the members held on 19th September, 2014.

ORDINARY BUSINESS

Item No. 1: Ordinary Resolution to receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014 and the Statement of Profit & Loss Account for the financial year ended on that date together with the Directors' Report and Auditors' Reports thereon

"RESOLVED THAT the Balance Sheet of the Company as on 31st March, 2014 and the Statement of Profit & Loss Account for the year ended as on that date, together with the Directors' Report, Cash Flow Statement, Auditors' Report, comments of the Comptroller and Auditor General of India be and are hereby adopted."

Item No. 2: Ordinary Resolution to Declare Dividend for the year 2013-14

"RESOLVED THAT a final dividend @ 76% (Rs. 1.52 per share of Rs. 2/- each) on the Paid-up Equity Share Capital of Rs. 489.52 Crores [in addition to an interim dividend @ 65.5% (Rs. 1.31 per share of Rs. 2/- each) on the Paid-up Equity Share Capital of Rs. 489.52 Crores already paid during the year 2013-14] as recommended by the Board of Directors be and is hereby declared out of the profits of the Company for the year 2013-14 and that the same (including the effect of rounding off) be paid pursuant to the provisions of the Companies Act, 2013."

Item No. 3: Ordinary Resolution to appoint a Director in place of Shri R. Krishnan (DIN: 03053133), who retires by rotation and being eligible, offers himself for re-appointment

“RESOLVED THAT Shri R. Krishnan who retires by rotation and being eligible, offered himself for re-appointment, be and is hereby re-appointed as Director of the Company.”

Item No. 4: Ordinary Resolution to appoint a Director in place of Shri W.V.K. Krishna Shankar (DIN: 05304782), who retires by rotation and being eligible, offers himself for re-appointment

“RESOLVED THAT Shri W.V.K. Krishna Shankar, who retires by rotation and being eligible, offered himself for re-appointment, be and is hereby re-appointed as Director of the Company.”

Item No. 5: Ordinary Resolution to authorize the Board of Directors to fix the remuneration of the Auditors for the year 2014-15

“RESOLVED THAT pursuant to provisions of Section 139 (5) read with Section 142 of the Companies Act, 2013, the Board of Directors of the Company be and are hereby authorized to fix the remuneration of the Auditors of the Company appointed by the Comptroller & Auditor General of India for the year 2014-15.”

SPECIAL BUSINESS

Item No. 6: Ordinary Resolution relating to remuneration of the Cost Auditors

“RESOLVED THAT pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and 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 for conducting the audit of the cost records of the Company for the financial year ending March 31, 2015 as approved by the Board of Directors of the Company will be put up to the shareholders for ratification by next Annual General Meeting.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Item No.7: Ordinary Resolution for appointment of Shri Atul Sobti (DIN: 06715578) as Director

“RESOLVED THAT Shri Atul Sobti (DIN: 06715578), who was appointed as an Additional Director pursuant to Article 67(iv) of the Articles of Association of the

equipments with superior performance resulting in reduced green house gas emissions, reduced water consumption and less fuel requirement. We have been progressively introducing environment friendly and fuel efficient technologies for our customers with first order for 500 MW in 1978, 660 MW and 800 MW in 2008 and 700 MW in 2010. Our consistent focus on social initiatives reiterates our belief in inclusive growth and equitable development.

Performance during the year

The financial year 2013-14 was an extremely challenging one. It was the second successive year of sub-5% growth, though the economy marginally improved as compared to 2012-13, with GDP growth of 4.7%. Persistent Inflation, high Fiscal deficit and high interest rates have negatively affected the growth potential. The cutback in investments, slow momentum in infrastructure and energy sectors, delayed and stalled projects have also contributed to the performance that was below expectations. Investment and capital expenditure by the industry slowed down.

Nevertheless, your company has been quite successful in navigating through such a constrained business environment. BHEL has achieved a Turnover of Rs 40,338 Crore and a Net profit of Rs 3,461 Crore during 2013-14. The decline in comparison to 2012-13 is largely due to unfavourable externalities. However, the resilience of your company is evident from the net Profit Margin of 9% which is still higher than many industry peers. During the year, your company synchronized/ commissioned all time high power projects of 13,452 MW which is highest in a single year. This includes commissioning of 11,266 MW in utilities comprising 9 nos. of 600 MW sets, 1,698 MW in captive/industrial sets, and 488 MW in the overseas markets. Some of the major projects are 600 MW North Chennai-1, 250 MW Chhabra-3, 600 MW Shree Singaji-1, 600 MW JPL Raigarh-1, 500 MW Rihand-6, 600 MW Avantha Bhandar-1, 250 MW Pragati GT-4, 351 MW Pipavav Module-1, 3x130 MW Parbati Stages-3.

Today, BHEL's equipment boast of world-class performance attributes like, lower auxiliary power consumption, superior boiler efficiency, better plant heat rate & plant load factor (PLF) and finally lower life-cycle cost. Customers of BHEL, while remaining profitable, are able to serve the nation in accordance with prevalent and acceptable social and ecological standards. Analysis of thermal power plant performance reports from Central Electricity Authority (CEA), India and North American Electric Reliability Corporation (NERC), USA explicitly indicates superior performance of BHEL thermal sets which ultimately leads to most optimal utilization of fossil fuel coal in such power plants. During the year, overall PLF of BHEL supplied coal based sets at 66.90% was higher than the national average of 65.60%

including 36 sets which registered PLF of over 90%. 175 BHEL coal based sets achieved OA higher than 90%. BHEL supplied Nuclear sets registered an OA of 88.6 % and PLF of 81.5 % in 2013-14.

As the economy is expected to move at prerecession levels in near term, the capital expenditure cycle could kick off in a big way in the next few quarters. This will improve business environment and BHEL will benefit from emerging opportunities.

Orders inflow under unfavourable externalities

BHEL secured orders worth Rs. 28,007 Crore from its diversified business segments viz. Power and Industry covering both domestic and international markets. Despite severe market shrinkage and stiff competition in Power Sector, BHEL increased its market share from 68% in 2012-13 to 72% in 2013-14 which includes highest ever Mega EPC order worth Rs. 7900 Crore for 3x660 MW Supercritical units from NTPC for North Karanpura. The company ended the year with an order book of Rs. 1, 01, 566 Crore.

Preparing for Growth

Today, as BHEL celebrates the Golden Jubilee year in its journey of sustained growth and leadership, it is also the time for us to ponder about the future. Company faces many challenges. Profit has been impacted due to low volumes. Certain ongoing projects have got impacted as the Indian Power Sector continues to be besieged with issues relating to fund constraints, land acquisition, clearances and coal linkages. These testing times in recent few years have given us the opportunity to consolidate our strengths, identify areas for future growth and leverage on the intrinsic capabilities to build strong foundations for coming years.

Your company will achieve this through the anchors of capability enhancement, project execution, cost competitiveness & quality, diversification, engineering & technology, and people development as per the '6-Point Agenda' adopted.

1. **Capability Enhancement:** Enhancing the capability to deliver excellence is the key pillar of strength to address current turbulent times. Large scale of operations creates a competitive advantage for BHEL as it converts high assets base into economies of scale by spreading fixed costs, pooling resources and creating critical mass in a significant portion of power project value chain. BHEL has augmented its manufacturing capacity for Power Plant equipment to 20,000 MW p.a., Power Transformers to 45,000 mVA p.a., Seamless Steel Tubes to 86,500 MT p.a. and created New Manufacturing Units - Centralized Stamping Unit at Jagdishpur and Power Plant Piping Unit at Thirumayam besides merger of BHPV Vizag with BHEL to leverage its scale.

2. **Accelerated Project Execution:** Faster execution and delivery on time are needs of the competitive business environment of the day. Your company adopted key strategy of accelerating project execution with focus on intermediate milestones, delivery cycle reduction, and deployment of additional Tools & Plants. Execution capabilities have been strengthened with various initiatives such as addition of 129 heavy cranes at project sites suitable for erection of 600/660 MW sets. During 2013-14, your company synchronized/ commissioned 30% more power projects as compared to previous year. Further in Transmission business area, your company constructed and successfully commissioned 765/400 kV substation 6 months ahead of schedule at Raichur in Karnataka, the Southern end of 765 kV Raichur-Sholapur transmission link of PGCIL. With this, the Southern Grid is now synchronised with the N-E-W Grid thus forming the synchronously operated National Grid thereby fulfilling the ambition of One Nation - One Grid-One Frequency.
3. **Product Cost Competitiveness & Quality:** To address prevailing pricing pressures, your company is focusing on indigenisation in new technology areas and development of Indian vendors for reducing import content along with optimization of designs, standardization of equipment modules, reducing rework cost, enhancing performance parameters and de-packaging of bought-out-items & civil works, which are adopted across all business areas.

Other cost reduction measures in different areas of operations through competitive buying, supply risk mitigation, IT application, operations improvement, and better employee productivity remain continuous endeavours

4. **Diversification:** Given the current business environment, particularly in power sector we are focusing on increasing our value contribution in a shrinking market. Towards this, company has been adopting two pronged strategy; focus on EPC business and enlarging scope of offer. BHEL is expanding its portfolio by adding Flue-Gas Desulphurisation (FGD), Water Management system, Air Cooled Condenser, and other Balance of Plant (BoP) systems. Your company is fully harnessing potential in Spares & Services area, forging partnerships with Power Plant Developers for UMPPs. Increasing level of indigenisation in Supercritical Technology, development of Adv. Ultra Supercritical power equipment, and introduction of state-of-the-art CFBC technology are major strategies in Power Sector.

Industry segment too is feeling the effect of the contraction in investments. As planned, BHEL has taken various initiatives in recent past to expand its presence in Transportation (Rail), Solar, Defence and Transmission business areas, both by way of investments in existing facilities and by exploring new business models with focus on collaboration with

value chain partners for capitalising new business opportunities. Plan to set up an integrated manufacturing facility for 480 MW Solar PV systems in Maharashtra is a significant step in this direction. For business diversification, BHEL is focussing on product development (e.g. 765 & 1200 kV transformer & Defence equipment), collaboration with stakeholders, capabilities' consolidation (e.g. water business) and gaining experience in new technology areas (e.g. NE Agra ± 800 kV HVDC transmission line) to enhance share of Industry Segment in turnover-mix.

In Hydro power sector, BHEL has augmented its capabilities to manufacture upto 300 MW Hydro sets. Adding to its nuclear capabilities, India's first 1000 MW Nuclear set at Kudankulam-1 was synchronised in 2013 where your company successfully carried out erection and commissioning of TG.

Your company is also exploring collaboration opportunities in target countries to grow exports business by forging opportunity-specific and market-specific alliances to strengthen BHEL's role as an EPC Contractor in the International markets. During the year, we have commissioned 488 MW of projects in overseas market which includes 12 MW Finchaa-2 in Ethiopia, 100 MW Namchein-2 in Vietnam, 2x125 MW Kosti in Sudan and 126 MW Grodno-2 in Belarus.

5. **Engineering & Technology:** Innovation, an integral aspect of our business strategy to enhance competitiveness and offer contemporary solutions to our customers, is going to power your company's future. BHEL, started with technology support from Global OEMs, has developed indigenous capabilities. Keeping up with its commitment to R&D led growth strategy, BHEL spent Rs. 1,114 Crore in 2013-14 which was 2.76% of the turnover as against 2.49% for the previous year. This is the highest R&D spend by an Indian company in the engineering and manufacturing segment. Company's total intellectual capital of 2,589 patents and copyrights is a reflection of the R&D efforts with highest ever IPRs (434) filed during the year. Turnover from in house developed products amounted to Rs. 8,110 Crore which is 20 % of the company Turnover. In view of current coal situation in the country, your company has developed new fuel flexible supercritical boilers which can operate and maintain steam generation in the extreme cases of 100% specified Indian coal as well as 100% specified imported coal. This design will ensure continuous running of the Unit at rated capacity for different types of Indian or imported coal either individually or in combination. BHEL is playing a key role in research, development, demonstration and deployment (RDD&D) with development of India's first coal fired Advanced Ultra Supercritical (AUSC) power plant in association with Indira Gandhi Centre for Atomic Research (IGCAR) and NTPC. Giving further impetus to this endeavour, Government of India has also allocated Rs 100 crore in Union Budget 2014-15 for preparatory work on 'ultra-modern supercritical coal based thermal power technology'.

As relationship between ecology and technology is changing, BHEL is committed to offer fuel efficient and environment friendly technologies and products to its customers. First BHEL make 660 MW Supercritical unit was commissioned for NTPC at Barh and first 800 MW Boiler was synchronised for APPDCL at Krishnapatnam during 2013-14. BHEL also delivered CFBC for burning multiple fuels and HRSG for recovering waste heat in addition to development of IGCC for coal gasification technologies in India.

6. **People Development:** The force behind BHEL's sustained leadership journey is its dedicated workforce of more than 47,000 employees. The gradual reduction of average age of employees from 48.96 yrs in 2006 to 40.84 yrs in 2013 shows demographic profile at BHEL is moving in favour of millennial generation. Therefore, People Development strategy of BHEL is focused on developing each employee's competencies, performance and potential in alignment with business plans.

During last 1-2 years, much celebrated growth story of Indian power sector has dampened due to issues like fuel supplies, land acquisition, environment clearance and macroeconomic factors discouraging developers and investors in new projects. Some of our customers in recent past are struggling with regulatory and governance issues resulting in slow execution of projects. This is putting strain on their finances. Your company generally being largest stakeholder in these projects is also affected resulting in rise in debtors to uncomfortable levels. We have put in place structural arrangements to accelerate cash collections. They are ably addressing various issues like closure of punch-points with customers, scheduling of supplies taking note of financial behaviour of customers, tie-ups with financial institutions for direct payments and taking up the issues with government in case of financially constrained Utilities. Because of our multi-pronged strategy, we are able to arrest rate of increase of debtors.

Governance & Inclusive Development

Your company believes that conducting business in a manner that complies with the Corporate Governance procedures and Code of Conduct, exemplifies each of our core values and positions us to deliver long-term returns to our shareholders, favourable outcomes to our customers, attractive opportunities to our employees and making the suppliers our partners in progress & enriching the society. We are addressing the issue of social development and inclusive growth through our focus on capacity building, empowerment of communities, development of backward regions, and up-liftment of the marginalised & under-privileged sections of the society.

Retaining Resilience

Our Hon'ble Prime Minister has given a clarion call to 'Make in India' and this has been identified as one of the key missions of the new government. In this regard, government is trying to leverage synergies with other countries like Japan and China to reenergise manufacturing and infrastructure sectors which may catapult India to return to a much higher growth trajectory. Therefore, the future is filled with both exciting opportunities & gruelling challenges. With the golden legacy of 50 illustrious years on its side, BHEL has embraced this business dynamism by expanding its offerings and enhancing competitiveness seeking to realize its long term vision and stay relevant with the changing times. Our growth strategies emerging from diversification are linked with growth in economy and subsequent investment in infrastructure, have long gestation period. Creating new business avenues and maximizing utilization of available infrastructure will be the key to future growth and stakeholders' wealth enhancement.

I am grateful to my fellow Directors on the Board and the members of the Management Committee for their wisdom and continuous support. I would also like to extend special thanks to each and every shareholder of BHEL, whose trust and confidence has been the motivating force in all our endeavours. I thank all our customers and business associates in India and abroad for their unstinted loyalty and steadfast patronage of our products and services. Various ministries of Government of India particularly the Department of Heavy Industry have been providing valuable guidance and support in all our efforts. Finally, a word of thanks to more than 47,000 employees of BHEL who are making these successes happen. I am extremely proud of their high level of commitment to the company & their outstanding performance over this period and have full confidence in their ability to deliver even greater success going forward.

I am deeply indebted to the Leaders and employees of yesteryears who have brought us here- *50 years of Engineering Excellence*. Being trusted to deliver excellence sets the standard very high, and we strive to achieve that everywhere, every day. The new and changing India will have an insatiable appetite for wide range of products & services offered by BHEL. Therefore the Board of your company is confident of realising its vision of becoming a global engineering enterprise providing solutions for a better tomorrow and honouring our Golden Legacy.

I look forward to your unwavering support in this challenging but exciting process of building a vibrant India.

With best wishes,

New Delhi
September 19, 2014

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(B PrasadaRao)
Chairman & Managing Director

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